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Voting in Open Economies

The Electoral Consequences of Globalization

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What are the electoral consequences of global market integration? Although recent discussions of politics and markets have much to say on globalization's implications for policy outcomes, the impact of market integration on representative democracy has received scant attention. This article addresses this omission. We extend the globalization literature to develop two competing hypotheses regarding the influence of open economies on electoral accountability. Predictions are tested using a new data set covering elections from 75 countries over 27 years. Results support a government constraint hypothesis: Exposure to the world economy weakens connections between economic performance and support for political incumbents. By redirecting concerns from the policy implications of globalization and toward its electoral consequences, findings highlight the influence of voter perceptions and of vote-seeking politicians in the politics of globalization.

Keywords: *globalization; electoral accountability; economic voting; voter perceptions; strategic politicians*

The increase in recent years of transnational flows of goods, services, and capital is by now well documented. Average trade levels in the advanced industrial democracies rose from 32% to 38% of GDP during the 1990s. Among low-income and middle-income countries, the change in trade levels has been more noticeable, rising on average from one-third to nearly 50% of

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GDP during the same period. Flows of foreign direct investment have risen even more dramatically, from $324 billion in 1995 to $1.5 trillion in 2000 (World Bank, 2002). This increase in global trade and capital flows has spawned intense debates about globalization's consequences for political and social life. In political science, most of the debate centers on the extent to which economic globalization affects governments' policy room to maneuver. However, this emphasis on policy consequences has left unexamined important questions about globalization's effect on other important aspects of democratic politics, in particular its potential electoral impact.

Does economic openness alter the calculus of voting? We know surprisingly little about the relationship between globalization and the vote. Available evidence from public opinion surveys suggests that voters link exposure to global capitalism to the policy capacity of elected politicians: For example, a 2001 public opinion survey of 15 European democracies found that nearly half of respondents believe that governments cannot control globalization (Christensen, 2003), and a 2002 poll conducted in 17 Latin American countries found that although half of the respondents said their government's policy was at least partially responsible for their country's economic problems, many also cited globalization (16%), the lack of domestically produced goods (16%), or the IMF (15%; Latinobarómetro, 2002).

This apparent voter skepticism regarding policy-making control contrasts with a growing body of work in comparative political economy that asserts national policy makers' continued relevance, even in an age of globalization. Anecdotal evidence from public opinion surveys, however, is insufficient to examine the electoral consequences of economic interdependence. A systematic investigation is required. What effect, if any, does the opening of national economies to international competition have on the relationship between the economy and elections? Are voters in open economies more or less likely to hold their leaders accountable for past performance? That is, to what extent does economic integration affect electoral accountability in the world's democracies?

Although the literatures on the political economy of globalization and on the relationship between economic performance and election outcomes are both vast, they rarely speak to each other. By linking debates about the policy consequences of globalization to a discussion of the nature of democratic accountability in the contemporary world, this article makes important contributions to both research areas. By exploring voter reactions to globalization, we push research beyond the policy consequences of economic openness, thereby expanding the scope of debate about the impact of globalization on democratic governance. And by considering the economy beyond national borders, we demonstrate the degree to which the international setting conditions how voters assign responsibility to national policy makers.

In the next section we develop our argument and place it in context of recent developments in the political economy of globalization and in the study of democratic accountability. We then introduce a pair of competing hypotheses and test their predictions using a new data set of 560 elections in 75 democracies—a sample that allows us to examine the electoral consequences of globalization across a broad range of countries. We conclude by leveraging our empirical results to delve deeper into the causal mechanisms linking openness to electoral accountability and by discussing the study's broader implications for the domestic political impact of globalization.

Economic Globalization and Electoral Accountability

A central debate in comparative and international political economy pertains to whether the integration of national markets for goods, money, and labor affects policy outcomes. Many scholars argue that social-democratic solutions are unattainable in a world in which impersonal and unaccountable financial markets shape the rules. In such an environment, states compete with one another for capital investment. To attract capital, national policies converge, characterized by spending cuts, lower taxes, balanced budgets, and a general weakening of the state's productive and redistributive capacity. Many draw on this logic to paint an uncertain future for independent national policies (e.g., Andrews, 1994; Hays, 2003; Mishra, 1999; Moses, 2000; Rudra, 2002; Wibbels & Arce, 2003).

Others question the economic and political logic of this convergence hypothesis. A growing number of political scientists contend that governments maintain a broad range of credible policy options. These scholars identify factors that remain integral to the maintenance of distinct national policies. Some point to particular path-dependent trajectories, often stemming from pre–World War II bargains between capital and labor and between various producer groups, which insulate states from global pressures (Pierson, 2001). Others focus on how domestic institutions or welfare-production regimes diffuse global economic forces (Franzese, 2002; Hall & Soskice, 2001; Iversen, 2005; Swank, 2002) or combine with partisan politics to produce specific policy outcomes (Garrett, 1998b; Huber & Stephens, 2001). Some people even assert there is a "virtuous circle between activist government and international openness" (Garrett, 1998a, p. 789). These arguments support a divergence hypothesis: Because of a variety of domestic factors—history, institutions, and/or partisanship—national policy makers maintain room to maneuver in the global economy.

Both sides in this debate draw broad inferences about the effects of globalization on democratic governance. However, although they advance our understanding of the influence of globalization on objective measures of social well being (e.g., Burgoon, 2001; Swank, 2002), economic performance (Garrett, 1998b), or quality of democratic institutions (Li & Reuveny, 2003; Rudra, 2005), existing accounts cannot help us understand the extent to which globalization affects voter perceptions of policy efficacy and, in turn, vote outcomes. Even if it is true that globalization has a negligible impact on social policy or material well being, a point on which we in this article are agnostic, it does not follow that globalization has no impact on voter behavior and electoral results.

Despite speculation that globalization defies placement into existing social divisions that structure vote choice (Dalton, 2002, p. 194), and that it "may change the character of economic voting" (Lewis-Beck & Stegmaier, 2000, p. 213), existing studies of mass behavior have focused on narrower aspects of globalization such as voter preferences for trade liberalization or protectionism (e.g., Hays, Ehrlich, & Peinhardt, 2005; Kaltenthaler, Gelleny, & Ceccoli, 2004; Mayda & Rodrik, 2005) and connections between global commerce and worker insecurity (Mughan & Lacy, 2002; Scheve & Slaughter, 2004). These works leave unexamined a fundamental question for students of democracy: the extent to which economic globalization affects citizens' use of elections to "discern whether governments are acting in their interest and sanction them appropriately" (Manin, Przeworski, & Stokes, 1999, p. 40).

If competitive elections are the *sine qua non* of democracy, then scholars have ignored a critical question: To what extent does globalization affect voters' propensity to reward or punish incumbent governments? If globalization does sever accountability linkages, then we must add another item to the list of globalization's real or purported adverse consequences. If, in contrast, globalization has no effect on or even enhances accountability, then we have reason to be bullish about the compatibility between democracy and globalized markets.

The Responsibility Consequences of Economic Globalization: Hypotheses

In this section, we develop and compare competing hypotheses about the impact of economic openness on one important facet of democratic performance: retrospective accountability for the economy. Theories of retrospective voting assume that voters use information about national economic performance to evaluate incumbent governments—an assumption that has held up across a wide range of national contexts. Scholars have long argued that voters have good reason to believe that politicians' actions can affect their well being. These beliefs derive from the fact that in established democracies, Keynesian models of economic management developed in the relatively closed economies of the post–World War II era gave the state broad responsibility in macroeconomic policy (Anderson, 1995). Similarly, many emerging democracies carry a legacy of state-led development in which the public sector influenced most facets of the economy; responsibility for economic growth and distribution thus fell squarely on the shoulders of state managers (Kurtz, 2004).[1] Empirical research has confirmed that voters hold governments accountable for economic performance on such issues as employment, economic growth, and inflation.

What effect does the opening of the world's economies have on voters' perception of politicians' competence as economic managers and, in turn, on their propensity to hold these politicians accountable for national economic performance? Does greater economic interdependence undermine the ability of elections to work as mechanisms of accountability, or does globalization enhance this essential function of representative democracy?

Available evidence—albeit cursory—hints that voters no longer hold politicians to the same standards they once did on matters of economic management. For example, in 1974, before the second oil shock, more than 90% of citizens in Britain, Italy, West Germany, and Sweden believed that it was their government's responsibility to provide for job security. By 1996, fewer than 7 in 10 voters in these countries held such beliefs. Similar trends characterize attitudes on government responsibility for price stability.[2] Moreover, voters have little faith in governments to reverse these trends: A 2003 survey of citizens in 15 European democracies, for example, found that 54% of publics felt that their countries lack sufficient influence to shape the process of globalization (European Commission, 2003).

Although they do not provide systematic insight into connections between globalization and democratic accountability, public opinion data such as these support an assumption that voters respond to signals of increased national interdependence by adjusting their beliefs about politicians' ability to influence the economy. As voters grow increasingly skeptical that policy makers can control the economy, the relationship between a government's survival and its ability to create an environment for growth should become weaker. If citizens believe that globalization reduces policy makers' influence over the economy, then they may be less likely to reward or punish national politicians for economic performance.

Elites' strategic behavior may also influence voters' skepticism. Politicians everywhere seek to claim credit for successes and avoid blame for failures. In closed economies, it is difficult for politicians to escape blame for poor economic performance.[3] Globalization, however, provides politicians with a tool to blame poor economic performance on factors beyond their control. Thus, politicians' incentives to shift blame to forces beyond their control should increase under more open economies—and voters have greater incentives to believe them. Belief in the debility of policy control in open markets and policy makers' strong incentives to avoid blame feed voter perceptions that governments are less competent to shape economic outcomes. The implication is that globalization weakens connections between the national economy and the vote. This brings us to our first hypothesis, labeled the *government constraint* hypothesis because it follows from voters' beliefs that globalization constrains politicians: Greater exposure to the world economy reduces electoral accountability in the world's democracies.

Yet there are two reasons to question the government constraint hypothesis. First, and most apparent, its predictions are inconsistent with a number of accounts in the literature of the continued relevance of autonomous national policy making. According to policy-divergence claims, resistant domestic institutions and/or viscous industry and worker interests impede a cross-national convergence of policy outcomes. Even under globalization, governments retain a range of supply-side policy tools to employ for pursuing partisan strategies for growth (e.g., Boix, 1998). If this is true, then we should observe no difference between relatively more open or closed economies in terms of electoral accountability. To the extent that globalization leads to economic dislocation and increases pressures on governments for income redistribution, adjustment insurance, and industry protection, economic openness might even contribute to greater responsiveness on the part of elected politicians.[4]

Second, the government constraint hypothesis may assume an unfounded degree of voter ignorance. Rather than accepting the notion that globalization restricts politicians' policy options, sophisticated voters might be able to separate the (growing) relative share of domestic economic performance attributable to external forces from the (declining) relative component of performance attributable to national governments. Similar to the exogenous shocks attributable to technological innovations, oil prices, wars, and the like, economic openness has little to do with the competence of elected policy makers (see Alesina, Longdregan, & Rosenthal, 1993). By diversifying risk across national markets, economic integration smoothes spatial and temporal variations in economic performance (Iversen & Cusack, 2000, but see Rodrik, 1997). Lower volatility, in turn, makes expected outcomes more predictable. In open economies, the argument goes, rational voters attribute any observed deviation from economic expectations to incumbent government policies. In this way, exposure to world markets would increase voters' capacity to extract information about politicians' performance in office, thus enhancing accountability in terms of the economy–vote relationship.

For both of these reasons, then, we can advance an alternative to the government constraint hypothesis. Our second hypothesis, which we label the *government competence* hypothesis because it posits continued government capacity to influence policy under globalization, is as follows: Greater exposure to the world economy either has no effect on or enhances electoral accountability in the world's democracies.

The few studies that have empirically investigated the relationship between globalization and accountability develop different arguments and have thus far produced inconsistent results. Hellwig (2001) asserts that trade openness upsets the traditional connections between voters and elected policy makers in closed economies. He argues that governments in open markets must respond to constituencies beyond national borders who place additional constraints on policy makers' room to maneuver, thereby reducing accountability ties. Scheve (2004) presents a contrasting argument. Showing empirically for a sample of OECD economies that greater trade openness reduces the volatility in national growth rates, Scheve extends work by Alesina et al. (1993) to argue that openness improves voters' ability to gauge the competence of government policies for the economy. Economic openness, he contends, strengthens the connection between economic performance and incumbent support.

Both of these studies are beset by limitations. First, both analyze only a limited set of advanced industrial democracies. This limits variation in terms of country exposure to world markets, domestic political institutions, and level of development—three factors that may play a critical role mediating the relationship between globalization and accountability. Second, both studies measure openness in terms of trade openness alone and therefore cannot tell us whether other aspects of globalization exert a similar impact on electoral accountability. Trade levels and financial flows, for example, do not necessarily covary; nor are their effects uniform across different national economies and different domestic constituencies. And third, Hellwig's study measures the economy using respondent's self-evaluation of national economic performance. Recent research on economic voting, however, calls into question the usefulness of using survey responses as an unbiased measure of democratic accountability (Duch, Palmer, & Anderson, 2000).

Data and Measurement

To explore our hypotheses, we examine accountability for the economy in every national-level executive and legislative election from 1975—the start of the "Third Wave" of democratization—to 2002 in every country with a population of one million or more that received a democracy rating of +6 or better on Polity IV's ranking of democratic quality (the range is -10 to +10).[5] Our original dataset contains 560 elections from 75 countries that fit these criteria. The number of cases we include is several times larger than existing comparative research on electoral accountability (cf. Powell & Whitten, 1993; Samuels, 2004; Whitten & Palmer, 1999; Wilkin, Haller, & Norpoth, 1997).

Our dependent variable, *incumbent vote*, is the percentage of votes received by incumbent head of government's party.[6] To control for past election outcomes, we include the party's percentage of the vote in the previous election (*previous vote*). Including *previous vote* requires that we omit each country's initial election from regression analysis. Thus, the number of cases we explore statistically is 442: This includes 331 legislative and parliamentary elections (407 elections minus 1 from each of the 75 countries in the sample) and 111 executive elections (153 elections minus 1 from 42 countries that held direct presidential elections). Of these, we dropped 16 cases, for a total of 426 observations. Appendix A lists the elections included and information on missing cases. Appendix B provides information on data sources for election results.

Studies of economic voting typically employ GDP growth, inflation, or unemployment to measure national economic performance. We use the annual percentage change in real per capita GDP as our measure of economic performance (*economy*).[7] Following previous research, we explore two components of economic globalization: trade and capital flows. As a measure of exposure to international trade, we take the sum of country exports and imports as a proportion of its GDP (*trade openness*). To assess the impact of capital market openness, we use gross private capital flows as a share of GDP (*capital flows*). Gross capital flows are arguably an exogenously determined measure of capital mobility, whereas capital controls are not, and data are available across a range of countries. For all economic variables, we use data from the year preceding the election if the election was held in the first 6 months of the year, and we use data from the election year if the election was held in the latter half of the year.[8] All economic series are taken from the World Bank's (2004) *World Development Indicators*, with missing data collected from country finance ministries when possible.

Models also include a set of controls. Because our data include all national-level elections, we include a dummy variable for presidential elections (*presidential election*). This variable is interacted with economy to control for whether voters attribute responsibility for the economy differently in presidential elections compared to elections for national assemblies (Samuels, 2004). In presidential and semipresidential systems, we include a dummy variable for whether the incumbent president was running for re-election (*re-election*). This variable should return a positive coefficient, because incumbents running again have advantages in terms of recognition and organization. In addition to regime-specific differences, in more fragmented systems, electoral volatility for incumbent parties is reduced. Accordingly, we employ a measure of the *Effective Number of Parties* and expect that it will be negatively associated with the dependent variable.[9] To address potential differences owing to levels of economic development, we include a measure of GDP per capita in thousands of constant U.S. dollars (*income*). A positive coefficient on this variable indicates that, all else equal, an incumbent's vote prospects are brighter in more prosperous democracies. Finally, we include a set of regional dummy variables, with the advanced industrial democracies serving as the baseline category for comparison.

Analysis

To test for the impact of economic openness on electoral accountability, we regress *incumbent vote* on (a) *economy*, (b) a measure of economic globalization, and (c) the interaction of economy and openness. In all models, we employ ordinary least squares regression. To control for potential heteroskedasticity within country-groups, models are estimated with Huber-White robust standard errors clustered according to country.[10] Simple reward-punishment models of economics and elections assert that *economy* should be positively correlated with the dependent variable. These models, however, make no allowances for the economy beyond national borders. If predictions of the government constraint hypothesis are correct, then we should observe a negative sign on the interaction term, meaning that openness reduces voter tendencies to hold incumbent policy makers responsible for economic performance. If, in contrast, the government competence hypothesis is correct, the interaction of the economy with openness should show no effect or even be positive.

able 1
Electoral Accountability and Economic Globalization Dependent Variable: Incumbent Vote

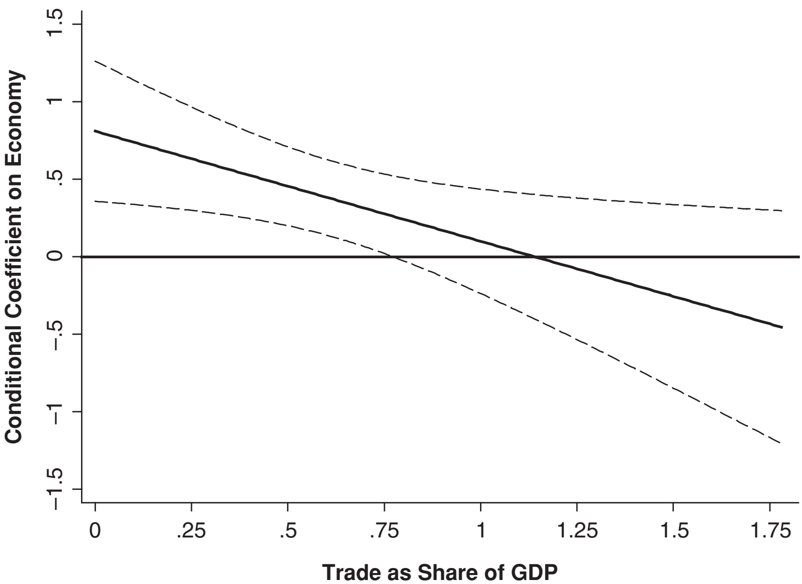
	Model 1		Model 2	
Independent Variable	Coefficient	*SE*	Coefficient	*SE*
Previous vote	.478**	.079	.495**	.081
Economy	.811**	.231	.489*	.223
Trade openness	2.583	1.558		
Capital flows			2.238	5.333
Economy × Trade Openness	–.710*	.313		
Economy × Capital Flows			–.887	1.172
Presidential election	–1.430	1.374	–1.211	1.344
Economy × Presidential Election	.261	.313	.268	.286
Re-election	6.151**	1.927	5.149**	1.799
Effective number of parties	–2.959**	.483	–2.952**	.502
Income	.172**	.043	.177**	.051
Africa	3.372	3.151	7.310*	2.755
Asia	2.679*	1.190	2.143	1.246
Central and Eastern Europe	–3.579	1.935	–3.514	2.115
Latin America and the Caribbean	2.957*	1.466	2.774	1.497
Constant	20.283**	4.501	20.881**	4.534
Joint *F* test[a]	4.76**		4.88**	
R^2	.633		.643	
F statistic of model fit	53.42**		47.97**	
N	424		413	

Note: Cells report OLS parameter estimates and robust standard errors clustered within countries.
a. Tests joint significance of the components and interaction term for *economy* and measure of globalization.
$^{**}p < .01$. $^{*}p < .05$. (two-tailed test)

Table 1 presents the regression results. We present two models, one with *trade openness* as indicator of economic globalization; the other with *capital flows*. Both models show that the *economy* has the expected positive and statistically significant impact on the percentage of votes received by the incumbent party. Control variables also comport with our expectations. In particular, the positive coefficient on the *Economy × Presidential Election* interaction suggests that economic voting effects may be stronger in presidential elections relative to the baseline assembly elections (Samuels, 2004).

More to the point, however, Table 1 shows that for both indicators of globalization, the interaction with GDP growth and economic openness is negative,

Figure 1
Effect of Economic Performance on Incumbent Vote Share Under Varying Levels of Trade Openness

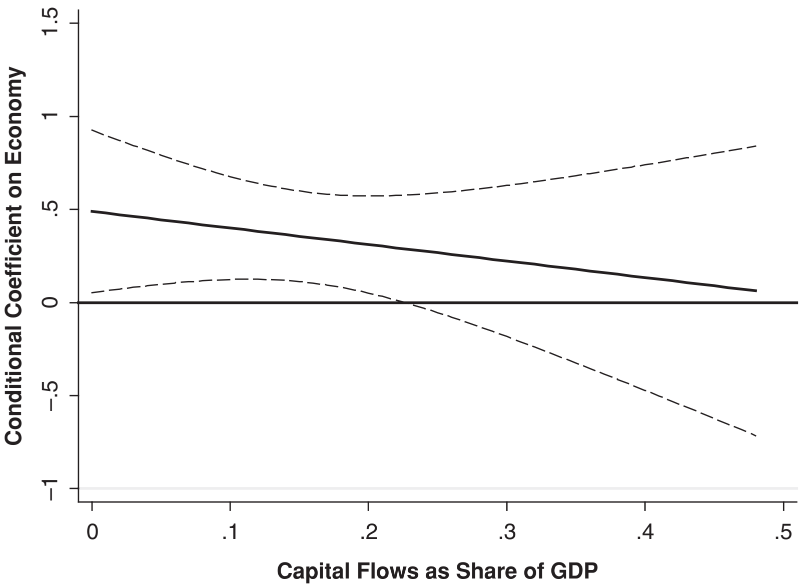


Note: Solid lines display the coefficients on the economy (conditional on trade) as a share of GDP and dashed lines display 95% confidence intervals calculated from Model 1.

suggesting that globalization may reduce the positive connection between the economy and the incumbent's fortunes.[11] However, it is not possible to infer the extent to which globalization affects electoral accountability directly from the unconditional coefficients and standard errors from the interaction models in Table 1. Although the coefficient on the *Economy* × *Capital Flows* term is not statistically significant, the reported standard error pertains only to two specific combinations of values: the marginal effect of *Economy* when *Capital Flows* equals 0 or the marginal effect of *Capital Flows* when *Economy* equals 0.

Figures 1 and 2 better illustrate the degree to which exposure to the global economy conditions the effect of economic performance on election results. The figures plot the conditional coefficients produced by Models 1 and 2 across the sample range of *trade openness* and *capital flows*, respectively. Dashed lines display 95% confidence intervals calculated from model conditional standard errors.[12]

Figure 2.
Effect of Economic Performance on Incumbent Vote Share Under Varying Levels of Capital Flows



Note: Solid lines display the coefficients on the economy (conditional on capital flows) as a share of GDP and dashed lines display 95% confidence intervals calculated from Model 2.

Figure 1 shows that trade openness reduces the positive relationship between economic performance and vote share for the incumbent. For closed economies (*trade openness* = 0), the effect of a 5% increase in per capita economic growth increases the vote share for the incumbent by more than 4% ($5 \times .81$). But when trade levels reach that of one-half that of GDP (*trade openness* = .5), a 5% shock to economic growth contributes only half as much to the incumbent's fortunes ($5 \times .42 = 2.1\%$ increase in vote share). Once exposure to international trade exceeds 77% of GDP, the positive effects of *economy* on *incumbent vote* are no longer statistically significant, as shown by the 95% confidence-interval bands. Nearly one-third (28%) of democratic elections from 1978 to 2002 have occurred when trade was greater than 77% of GDP.

Figure 2 shows that the exposure to international capital flows also reduces the relationship between economic performance and election outcomes. If a country's capital markets are completely closed to the outside, the effect of a 5% shock to per capita growth boosts incumbent vote share by 2.5% ($5 \times .49$), all else equal. But when exposure to private capital flows is at the sample median of 14% of GDP, the same 5% surge in economic growth contributes to only a 1.8% increase ($5 \times .36$) in the incumbent's vote share. The coefficient on *economy* falls from acceptable levels of statistical significance when *capital flows* exceeds a level of .23. This characterizes 27% of elections in our sample, a percentage likely to increase in the future as financial markets become more and more integrated.

Findings can be further illustrated by way of counterfactual examples from actual elections. For example, during the 1990s, South Korea President Roh Tae-Woo's Democratic Liberal Party (DLP) oversaw strong economic growth. It was not surprising that the party used economic performance as part of its campaign to increase its legislative representation in the March 1992 election. With a growth rate of 8.22% and a level of exposure to international trade of 57% of GDP, Model 1 predicts a 3.4% increase in the DLP's vote share.[13] But if *trade openness* were .87, the level that Korea attained in 2002, our model predicts that the DLP would have reaped only 1.6% at the polls in 1992 ($.19 \times 8.22 = 1.6$) from such robust economic performance.

Consider also a case in which the economy is performing poorly. In Hungary in 1993, the economy was stagnant (*economy* = –.29), and the incumbent Hungarian Democratic Forum (MDF) was defeated, receiving only 12% of the vote in the elections the following spring. The 1994 election, however, occurred before the effects of market reforms could take hold. By the 2002 election, the economy's exposure to international trade had more than doubled, from 64% in 1994 to 131% of GDP. Our model suggests that had trade openness in 1994 been at 2002 levels, the MDF would not have been punished for poor economic performance during its watch.[14]

Finally, consider the effect of capital market liberalization on electoral accountability. In Austria in 1979, the change in per capita GDP during the preceding year measured 5.3%. Given relatively closed capital markets (*capital flows* = .14), our model predicts that strong economic growth would increase the incumbent Austrian Socialist Party's vote share by 1.9%. However, had capital market openness been at the level present during the 2002 election (.42), our model predicts that the party's vote share attributable to the economy would have been close to 0 (0.6%) in 1979.

The immediate implications of our results are straightforward: Voter propensities to hold incumbents to accounts for the economy diminish as national economies become more exposed to the outside world. Both of our indicators of economic interdependence—trade and capital flows—generate this effect. Results from the statistical analyses therefore support the government constraint hypothesis while calling into question the government competence hypothesis: As exposure to the world economy increases, the connection between retrospective economic performance and support for the political incumbent weakens.

We estimated several additional models to test the robustness of our results. Because model fit and stability of coefficients may be heavily influenced by the party or candidate's fortunes in the previous election, we ran a model interacting *previous vote* with all other right-hand-side variables. A small number of these interactions produce statistically significant effects (e.g., the coefficient on *Previous Vote* × *Presidential Election* is negative, suggesting that presidential elections are more volatile). In no case, however, do these models significantly improve model fit or affect the substantive interpretations of causal relationships.

We also explored whether results are driven by two factors identified in the literature in comparative voting behavior and in comparative political economy—the "clarity of government responsibility" (Powell & Whitten, 1993) and level of economic development.[15] Regarding the former, we find that trade and capital market integration reduce economic voting effects even when separating high-clarity elections from low-clarity elections. Regarding the latter, we find that although economic development does not substantially affect our results for trade openness, financial market integration supports the government constraint hypothesis in high-income economies (about 45% of the elections in our sample) but not in less-developed economies. Although the data do not provide us with leverage to explain this finding, we might speculate that limited information flows through the mass media and/or distinct organization of labor (with many employed in primary sectors) mean that the world economy has less of an influence on election outcomes in less-developed economies than in richer, more established democracies.[16] This exception notwithstanding, results provide solid evidence that voters in more open economies generally reward or punish incumbents relatively less than voters in more closed economies.

Discussion: Real or Perceived Constraints?

This study raises an important question: Given globalization's adverse consequences for retrospective accountability for the economy, does objective exposure to trade and capital flows actually reduce the policy room to maneuver? Or rather, are global economic shocks filtered by voters' perceptions of growing constraints on policy responsiveness? This is an important yet difficult question to answer, because doing so requires separating actual world market forces from public perceptions of those forces. Unfortunately, aggregate analyses of economic and electoral data are unable to distinguish between these two causal mechanisms.

Still, our empirical results provide good reasons to believe that voter perceptions (and elites' role in shaping those perceptions) mediate between actual market integration and voter behavior. First, our results provide no evidence that openness facilitates voter responsibility attributions. This result contrasts with Scheve (2004), who argues that openness gives voters better information to distinguish expected growth volatility (e.g., fluctuations owing to integrated export and financial markets) from unexpected volatility (e.g., that associated with incompetent economic managers). We find that voters in more open economies are less likely to evaluate incumbents on the basis of fluctuations in economic growth. Instead of increasing the share of economic competence attributable to domestic politicians, rising exposure to the world economy may well reduce it. Arguments based on the information-enhancing role of openness fail to consider the importance of voters' perceptions of incumbents' competence. Our findings support an argument that by reducing perceived competency, globalization reduces voters' propensity to connect economic performance and incumbent performance.

Second, arguments supporting the role of perceptions—rather than actual constraints—as prime mover receive support through a consideration of differences between the two indicators of globalization. Trade is the most well-known and most publicized aspect of economic openness among voters. It is therefore not surprising that the trade openness indicator of globalization has a larger impact on electoral accountability. However, in terms of the capacity of policy to influence short-term growth rates, the capital market imposes a greater constraint than trade openness. For example, the free flow of capital across state borders arguably reduces states' ability to levy taxes, run deficits, and fund their public sectors. Yet the effect of capital flows, although consistent with the predictions of the government constraint hypothesis, is less substantial than the effect of trade openness. This finding may suggest that perceptions of constraint play a considerable role in economic voting in open economies.

Finally, our findings are also consistent with claims that politicians play an instrumental role in shaping the globalization–accountability connection. Although others have emphasized the role of governments as providers of policies to compensate or protect the losers from globalization (Garrett, 1998b; Ruggie, 1982; Swank, 2002), this study suggests that globalization also encourages governments to shirk from responsibility. Strategic politicians may use economic openness as a scapegoat for poor performance outcomes—even if those outcomes can be traced back to their own competence as economic managers. Although national economies acquire efficiency gains when its firms engage in world markets, politicians find it difficult to articulate the benefits of globalization. Incumbents frequently seek to avoid being held responsible for globalization's impact on disaffected groups of voters.[17]

Concluding Remarks

A prominent debate in comparative and international political economy centers on whether economic globalization contributes to a convergence of policy outcomes. This focus on globalization's *policy* consequences, however, has left unexamined important questions about its *electoral* impact. We find strong support for the claim that globalization attenuates accountability linkages between voters and elected officials: Voters residing in more closed economies are likely to sanction national leaders for past performance outcomes, but voters in open economies are relatively less likely to attribute reward or blame to domestic politicians for economic performance. To the extent that researchers draw on the economy–vote connection as a indicator of democratic accountability, this finding furthers our understanding of the domestic consequences of global markets, and does so in ways overlooked by previous studies.

Results from this study should motivate further work on globalization and democratic government. First, given the discussion in the previous section, future work at the micro level should investigate the connections between voter biases, elite blame avoidance, and mass perceptions of globalization. Research in particular should test whether the winners from globalization (e.g., owners of transferable general skills) are more or less likely to hold governments responsible than the losers. Second, while the present study tests the applicability of reward-punishment theories of economic voting under globalization, data constraints prevented us from exploring additional relationships between globalization and democracy. Does globalization necessarily reduce democratic responsiveness? Or rather, has globalization shifted the bases of democratic competition—away from the economy and toward noneconomic issues? Third, additional work is needed to uncover potential differences in the relative competence of different political incumbents. For example, we might expect that globalization imposes fewer constraints on the survival of center-right governments, whose preferred policy outcomes are less likely to be affected by market liberalization. Fourth, our findings imply that globalization may contribute to the demobilization of national electorates; this hypothesis merits further exploration. Finally, in showing that openness moderates connections between the economy and national politicians, this study leaves open the question of whether responsibility attributions have shifted onto other political actors. Future analyses should explore supranational or subnational sources of responsibility attributions in open economies.

Appendix A

Country	First Election[a]	Country	First Election[a]
Argentina	1983	Korea, Republic of	1988
Australia	1975	Latvia	1993
Austria	1975	Lesotho	1998
Bangladesh	1991	Lithuania	1992
Belgium	1977	Macedonia	1994
Benin	1991	Madagascar	1993
Bolivia	1985	Malawi	1994
Botswana	1979	Mali	1992
Brazil	1986	Mexico	1997
Bulgaria	1990	Moldova	1994
Canada	1979	Mozambique	1994
Chile	1989	Namibia	1994
Colombia	1978	Netherlands	1977
Costa Rica	1978	New Zealand	1975
Czech Republic	1996	Nicaragua	1990
Denmark	1975	Norway	1977
Dominican Rep.	1978	Panama	1994
Ecuador	1979	Papua New Guinea	1977
El Salvador	1984	Paraguay	1993
Estonia	1992	Peru	1985
Finland	1975	Philippines	1986
France	1978	Poland	1990
Germany	1976	Portugal	1976
Greece	1977	Romania	1992
Honduras	1985	Russia	1996
Hungary	1990	Senegal	1993
India	1977	Seychelles	1993
Ireland	1976	Slovakia	1994
Israel	1977	Slovenia	1992
Italy	1976	South Africa	1994
Jamaica	1976	Spain	1979
Japan	1976	Sri Lanka	2000

(continued)

Appendix A (continued)

Sweden	1976	Ukraine	1994
Switzerland	1975	United Kingdom	1979
Taiwan	1995	United States	1976
Thailand	1992	Uruguay	1989
Trinidad and Tobago	1976	Venezuela	1978
Turkey	1979		

Note: We could not identify the incumbent party in eight cases, and we could not locate electoral data for eight additional cases. We could not identify incumbent party: Austria 1999 and 2002 presidential elections (president's legislative party; incumbent presidents were independents); Benin, 1995, legislative elections; Colombia, 2002, presidential elections; Ecuador, 1998 and 2002, presidential elections; Slovakia, 1999, presidential election, and Slovenia, 2002, presidential election (incumbent candidate was an independent). These were the missing electoral data: Madagascar: 1993, 1998, and 2002 legislative elections; Mali: 2002 legislative election; Philippines: 1987, 1992, and 2001 legislative elections; and Ukraine: 1998 parliamentary election.

a. The first election refers to the t-1 election included in the data set.

Appendix B

Sources for Election Results and Identification of Incumbents

- Election results archive, Center on Democratic Performance, Binghamton University: http://cdp.binghamton.edu/era/
- Parties and elections in Europe: http://www.parties-and-elections.de/indexe.html
- Political transformation and the electoral process in Eastern Europe, University of Essex: http://www.essex.ac.uk/elections/
- Political database of the Americas, Georgetown University: http://www.georgetown.edu/pdba/Elecdata/elecdata.html#data
- Elections around the world: www.electionworld.org
- Election resources on the Internet: http://electionresources.org/
- Keesings contemporary archives, 1976-2004.
- Zárate's European governments: http://www.terra.es/personal2/monolith/00europa.htm
- Zárate's world political leaders: http://www.terra.es/personal2/monolith/00index.htm
- Rulers: www.rulers.org
- International foundation for electoral systems' election guide: http://www.ifes.org/eguide/elecguide.html
- Inter-American Development Bank. (2002). *Democracies in development*. Washington, DC: IDB (CD-ROM).

- Nohlen, Dieter. (Ed.). (1993). *Encyclopedia electoral Latinoamericana y del Caribe.* San José, Costa Rica: Instituto Interamericano de Derechos Humanos.
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- Deheza, Grace Ivana. (1997). *Gobiernos de coalición en el sistema presidencial: América del sur* [Coalition governments in presidential systems: South America]. Unpublished doctoral dissertation, European University Institute, Florence, Italy.

Other sources for particular countries included the following:

- Bangladesh: Chowdhury, Mahfuzul H. (2003). *Democratization in South Asia: Lessons from American institutions*. Aldershot, UK: Ashgate.
- Bolivia: Gamarra, Eduardo, & Malloy, James. (1995). The patrimonial dynamics of party politics in Bolivia. In S. Mainwaring & T. R. Scully (Eds.), *Building democratic institutions: Party systems in Latin America* (pp. 399-433). Stanford, CA: Stanford University Press.
- Brazil: Nicolau, J. (2003). Dados eleitorais do Brasil [Brazilian electoral data]. Retrieved November 2003, from www.iuperj.br/deb/port/.
- Chile: Chilean government Web site. (2003). Retrieved November 2003, from www.elecciones.gov.cl.
- Costa Rica: personal correspondence, Professor Michelle Taylor-Robinson, Texas A&M University.
- Ecuador: Mejía-Acosta, A. (2000). *Weak coalitions and policy making in the Ecuadorian Congress (1979-1996)*. Presented at the 2000 meeting of the Latin American Studies Association, Chicago.
- Korea (Republic of): Daily report, East Asia. (1992, March 26). *Foreign Broadcast Information Service*, pp. 22-23; Moriss, P. (1996). Electoral politics in South Korea. *Electoral Studies*, *15*(4), 550-562; Kang, W. T. & Jaung, H., (1999). The 1997 election in Korea. *Electoral Studies*, *18*(4), 599-608.
- Lithuania: personal correspondence, Professor Algis Krupavicius, Policy and Public Administration Institute, Kaunas University of Technology.

(continued)

Appendix B (continued)

- Panama: personal correspondence, Carlos Guevara-Mann, University of Notre Dame, IN.
- Papua New Guinea: Retrieved May 21, 2004, from http://www.worldfactsandfigures.com/countries/papua_new_guinea.php.
- Philippines: personal correspondence, Professor Allen Hicken, University of Michigan.
- Taiwan: Government of Taiwan. (2001). *Major ROC election results in recent years*. Retrieved April 20, 2004, from www.gio.gov.tw/taiwan-website/5-gp/elections/.
- Thailand: personal correspondence, Professor Allen Hicken, University of Michigan.
- Ukraine: personal correspondence, Professor Sarah Birch, University of Essex, UK.
- Uruguay: *Elecciones 1999/2000*. (2000). Montevideo, Uruguay: Ediciones de la Banda Oriental.
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Notes

1. The decline in government intervention in national business cycles—in both developed and developing countries—may be a response to globalization, particularly to capital market integration. Alternatively, consensus about the credibility of neoliberal policy regimes may be explained by a diffusion of ideas (e.g., McNamara, 1998). Although this is relevant to the relationship between globalization and democracy, we leave such questions for future research.

2. Data are from the Political Action study and the International Social Survey Program's Role of Government survey.

3. Research on comparative economic voting implies that political institutions may enable politicians to avoid electoral punishment (Powell, 2000; Powell & Whitten, 1993; Whitten & Palmer, 1999). These works, however, do not question the premise that voters collectively hold national policy makers accountable for the economy. A consideration of the economy beyond national borders leads one to question this premise.

4. This is an extension of the "embedded liberalism" argument first advanced by Ruggie (1982). Recent studies (e.g., Mosley, 2003, chapter 5; Swank, 2002, pp. 41-51) suggest that openness may be related to representation or accountability but do not directly examine this connection.

5. In the few cases in which Polity IV does not rank a country, we included a case if it ranked 3.5 or lower on Freedom House's average democratic quality, which ranges from 1 (*most free*) to 7 (*least free*).

6. For executive elections, we use results from the first or only round of elections.

7. Only GDP data are available for our sample of 75 countries. But even absent data constraints, we have reservations using alternative measures for economic performance. Unemployment figures from less-developed economies have been found to be unreliable (Agénor & Montiel, 1999). Expectations about the impact of inflation are far less clear than for that of GDP growth, because it is unclear whether voters respond to the level or change in inflation.

8. Quarterly figures would be preferable but are unavailable for most countries in the sample.

9. This measure is calculated as the inverse of the sum of the squared seat proportion for each party in the legislature (lower house if a bicameral system).

10. Although estimating linear interactive models using OLS produces estimates that are unbiased and consistent, standard errors are inaccurate when researchers fail to account for the common error components within units—in our case, countries. Huber-White standard errors clustered within country units are appropriate for data sets in which the number of observations exceeds the number of nonmissing within-panel time periods. The errors are robust to any type of error correlation within each country-group and assume only that observations are independent across country-groups. Furthermore, two characteristics of our data suggest against estimating models using procedures developed specifically for pooled time-series cross-sectional data. First, within-country series are noncontinuous and contain very few years in common across countries. Second, in many instances, a country experienced more than one national-level election within the spate of the year—this characterizes 142 of our elections. We have no theoretical reason to assume the presence of serial-unit or cross-unit correlation of errors. We also estimated models using nonlinear feasible generalized least squares techniques with a heteroskedastic error structure. Substantive results do not change from what we report below.

11. Bivariate analyses indicate that models are not plagued by multicollinearity. The correlation between *Economy* and *Trade Openness* is .06, and the correlation between *Economy* and *Capital Flows* is .09.

12. Conditional coefficients and standard errors are calculated as described in Brambor, Clark, and Golder (2006) and Kam and Franzese (2005).

13. The conditional coefficient on *Economy* when *Trade Openness* equals .57 is .41 ($.41 \times 8.22 = +3.4\%$).

14. The conditional coefficient on *Economy* when *Trade Openness* equals 1.31 is −.12 ($[-.12] \times [-.29] = +.03\%$).

15. Informed by Powell (2000), we created a dummy variable for clarity of responsibility that equals 1 if a single party controls the executive and legislature and 0 otherwise. Economic development is measured by a dummy variable that equals 0 for high-income economies, as identified by the World Bank's *Global Economic Prospects and the Developing Countries*. We entered each of these variables into the regressions independently and interacted them with our measures of economic performance and economic openness. Results of ancillary regressions are available on request.

16. To the extent that elections in less-developed economies are characterized by distinct processes, this is attributable to the effects of *Capital Flows*, not *Economy*. We ran a model that included only the *Economy* × *Less-Developed Economies* interaction (without globalization

measures) and found that the magnitude of economic voting in less-developed economies does not differ from that in high-income democracies (joint $F = .43$, $p = .65$).

17. In this way, this study is consistent with arguments advanced by works such as Hay and Rosamond (2002) and Schmidt (2002), who focus on globalization and elite discourse.

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