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4 Economics, Popularity, and Vote Intentions: A Longitudinal Analysis with Aggregate Data

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The present article summarizes and updates the main conclusions of our research on the impact of economics on the popularity of incumbent politicians and on the voting intentions of the Portuguese electorate (Veiga 1998; Veiga and Veiga 2004a; 2004b). The main objective of this research is to determine to what extent voters hold politicians responsible for economic performance during the period they are in power. The responsibility hypothesis was introduced into the literature by Downs (1957), according to whom rational voters analyze the measures announced and implemented by policymakers in order to make inferences on future policies and votes for the party with which they associate the highest expected utility.[1] The first empirical articles analyzing the influence of economic variables on electoral results and on politicians' popularity appeared in the 1970s with the pioneering works of Mueller (1970), Goodhart and Bhansali (1970), and Kramer (1971) for the United States and United Kingdom. Since then, many others have been published, increasing the number of countries and the period of time analyzed.[2]

The evolution of the economy conditions electoral results. At the same time however, it is also true that politicians can implement their economic policy program and influence the economy only after being elected. Therefore, the interaction between the economy and the political system occurs in both directions. The literature on political business cycles investigates how incumbents manipulate the economy in order to increase their chances of re-election (Nordhaus 1975), or to favor the sections of the population that support them (Hibbs 1977).