

Master Thesis

Economy and Elections in Norway 1981-2009

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Abstract

This paper discusses the perceived and actual macroeconomic impact on Norwegian voters. Using data from the Norwegian Election Study from the eight latest parliamentary elections, the paper tests the theory of economic voting on the Norwegian electorate during the course of three decades. Unlike many other studies in the field, this is just as much a study of the parties' economic profile as it is the assessment of the voter's attitudes and behavior. By using a consistent OLS-model for each election, the paper refutes the reward-punishment mechanism of economic voting. The voter's negative bias can be termed negative grievance asymmetric voting where the punishment mechanism is more dominant than the reward response. This negative bias is related to the fact that the Norwegian voters are not attributing the parties in government for the economic success in the last twenty years. The Norwegian incumbent parties have a problem of attribution and a lack of credibility, since they cannot convince the voters that the prosperous economic record is a result of their virtue. An alternative explanation to the economic voting approach is that the economy's role in developed democracies can be understood as contested issue ownership between the parties. The different Norwegian parties strive to be perceived as competent economic managers in issues like taxation policy, oil revenue management and especially employment policies. The overall macroeconomic picture seems to explain very little, but the voters are policy specific and sensitive in some areas of economic policy-making when they judge the incumbent government's performance. A general argument from this thesis is that how the economy is perceived seems to be more important than the actual macroeconomic picture per se.

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Introduction

Since the 1970s, scholars studying the political economy of elections have produced a vast amount of literature in an attempt to map the interdependence between economic factors and electoral results. The straightforward logic of *economic voting* is that governments are responsible for the economic policies, and the voters will reward or punish governments for their performance on the election day. Numerous studies done on the field have yielded ambiguous results and researchers have incorporated a multitude of explanatory variables in their analysis (Lewis-Beck and Paldam 2000). The few studies done about Norway show no clear effect of economic voting (Madsen 1980; Miller and Listhaug 1984; Listhaug 2005 Narud and Aardal 2007), however no studies so far have assessed the link between the economy and electoral results in Norway using a consistent and comprehensive model. Therefore, this thesis aims to analyze the significance of economic voting in the parliamentary elections using data from the Norwegian Election Survey. A major challenge in this respect is to explain why economic voting in Norway is only confirmed in a few cases. One possible answer could be the depoliticization of the macroeconomic factors, however not all the variables become irrelevant and the main goal of this study is to identify which of these variables still matter for the voters and under what conditions.

To my knowledge, this thesis is one of the most comprehensive studies on economic voting in Norway yet, and thus it can contribute to the understanding of the lack of a relationship between economy and elections. Narud and Aardal argue that the strong Norwegian economy over the last two decades have had an affect on voters, something that they have characterized by a “dissatisfaction of increased expectations” as the voters seem to demand more in terms of economic and material prosperity than before (Narud and Aardal 2007).

These “increased expectations” are linked to the term of *grievance asymmetrical voting* where voters punish governments regardless of the economic situation, and the thesis will combine this punitive voter behavior when I analyze how economic policy is perceived. In this respect will I use the concept of *issue ownership* that indicates which party is most competent at different economic issues. To have the issue ownership on various economic policies is contested among parties in the fields of, for example, unemployment, inflation and growth, and thus enables us to distinguish whether parties are seen as good managers of the economy. As a third theoretical framework for analysis, I evaluate to what degree the voters *attribute* responsibility for the economic situation to the parties in government. The notion of attribution is related to whether incumbent government can convince the voters that they are the one to credit or to blame for the economic circumstances. As I show in this thesis, a surprisingly large part of the economic development in the last three decades are not believed to be attributed to partisanship, something that has created a problem for governments that relish re-election.

A starting point for studies of economic voting comes from Downs. Downs argued voters are rational and selfish, and have the propensity to support parties that benefit their own economic wellbeing (Downs 1957). Voters are not concerned about politics per se, but they rather want to know what sort of benefits they derive from certain economic policies and will evaluate parties thereafter. Downs’ position in the debate is that of *pocketbook* voting, which means party choice is inferred from individual self-interest (Fiorina 1978; Fiorina 1981). The *sociotropic approach*, contrary to the pocketbook assumptions, argues that voters base their party choice depending on their perception of the national economy¹ (Kinder and Kiewiet

¹ In between these two contrasting views, lies the possibility that voters make their choice by looking at the economic effect on certain social groups, as suggested by Brady and Sniderman (1985).

1989). The sociotropic voters do not hold the government accountable for their own economic situation, as opposed to what Downs predicted. The sociotropic critique of individual pocketbook voting claims it is the social aggregate wellbeing, or the perceived national economic situation that determines voter's choice.

Downs' rational judgment of parties enables us to construe two further meanings of economic voting: whether voters evaluate parties *retrospectively* or *prospectively*. The retrospective voters are analogous to that of a peasant that "harvests" economic results from the incumbent government. The prospective voter is comparable to a banker who "invests" in the future economic achievements of governments. Most studies indicate that retrospective evaluations are stronger (Lewis-Beck and Paldam 2000; Powell and Whitten 1993 and Kinder et.al 1989), but the inherent instability between pocketbook and sociotropic evaluations still give way to an interesting question, namely what type of economic voter response happens where. Little work has been done on explaining questions such as, for example, how voters attribute responsibility to parties for policy-making (Anderson 2007), or which parties are seen as competent managers of the economy (Petocik 1996). In table 1, I have summarized the different perspectives on the theoretical debate on economic voting, all of which are tested empirically in this thesis².

² Further and detailed information on the variables used to test the four ideal types is discussed in chapter 2.

Table 1: *Ideal typical models of economic voting tested in this paper*

	Retrospective	Prospective
Pocketbook	Voters as “peasants”	Voters as “bankers”
Sociotropic	Backward looking, national economy most important	Forward looking, national economy most important – Fears unemployment in this thesis

Despite the simple logic of rewarding or punishing government for their economic management, the empirical evidence is blurred and inconclusive. Two of the most often quoted scholars in the study of economic voting, Lewis-Beck and Paldam, argue economic voting can at best explain one third of the change in votes (Lewis-Beck and Paldam 2000). A considerable group of studies disconfirm that there is any statistical relationship between the economy and the voter choice (Mattila 1996; Cheibub and Przeworski 1999; Paldam 1991), and this inherent instability of the importance of economy in elections is of scholarly interest. If the economy is left out of the sonar for the voters, we need to know which factors make the debate on economic policies redundant.

Moving from the general debate on the field to the specificity of economic voting in Norway, it is clear this has not been comprehensively scrutinized, nor sufficiently explained in the case of Norway. This is not due to data shortage, and I find it a paradox how economic voting has not been studied systematically given the large collection of data in the Norwegian Election survey since its conception in 1971. How can it be that voters do not seem to respond to the positive and negative developments of the economy, and are there any macroeconomic variables that the voters are sensitive too? These empirical questions give way to a threefold research question: I will attempt to explain *if economic voting exists*, if so *who votes*

according to this pattern and provide an analysis about *which economic factors* that are politicized in Norwegian politics.

The first aim of this study is to fill a gap and provide an empirically conclusive *evidence of economic voting* in Norway using recent longitudinal, cross-sectional data to test the sensitivity of the results. Most studies so far have been single-election studies that do not critically assess the set of independent variables from the economic voting literature³ (Narud and Valen 2007; Aardal 2007; Pacek and Radcliff 1995; Miller and Listhaug 1984), and only Listhaug has tested his model over several elections (Listhaug 2005). This study builds on Listhaug's work by analyzing the elections up until 2009 with the purpose of testing the reliability and sensitivity of the results. In order to meet one of the research challenges for the scholars of economic voting when it comes to testing different socioeconomic variables (Lewis-Beck and Paldam 2000), this study also test the results for different economic background factors.

Obviously, some have stronger incentives to vote economically than others, and as a corollary, the second aim of this study is to analyze *who* votes economically. By bringing in a wide selection of background variables we can more easily understand the prerequisites of voting economically. Recent studies have focused on the informational aspect of economic voting in Norway (Iversen 2010; Kalstø 2009; Jensen and Kalstø 2011), and this is one step in the right direction to understand who holds the government responsible for their economic policies. As Lewis-Beck and Paldam point out, we still know little about the voters'

³ By "critically assess" I mean how scholars up until now have rendered the discussion of relevant independent variable as being of second importance and the incorporation of explanatory factors are too little in connection with the general literature on economic voting. This is not to say that it is not contextually relevant to the Norwegian case, in fact quite the contrary is the case.

knowledge of macroeconomics (Lewis-Beck and Paldam 2000; Aardal 2007), and therefore a more intensive look at socioeconomic variables can contribute to our understanding of what it takes to vote economically. The model presented in this paper is more encompassing than previous studies both in terms of analyzing the social background of voters, but also through the inclusion of attitudinal variables.

A third aim is to give *substantive explanations* of why economic voting is not present, something that is aided by a longitudinal study that analyzes multiple elections. Moreover, the non-existence of reward-punishment mechanisms in Norwegian voting behavior seems to be the rule rather than the exception, and I will try to shed light on the peculiarities of the Norwegian political structure that facilitates this economic ignorance; or simply how other issues overshadow the economy. The choice of a case study allows me to look at the particularism and exceptionalism of the Norwegian context and critically assess which factors that are transferrable to other democracies.

To shortly answer the research question, the thesis states that Norwegian voters are *sociotropic* in their economic evaluations, and in this respect my results contrast previous studies that find evidence of pocketbook voting. All in all, the logic of economic voting is largely biased in a negative direction and in most of the elections between 1981 and 2009, an *asymmetrical grievance* pattern is found where governments are thrown out of office despite having a good economic record. For governments this is a problem as it creates a high cost of governance. An additional penalizing notion is how the Norwegian governments that seek re-election have a *problem of attribution* (Anderson 2007), where the voters do not credit governments for feasible economic policies but believe the country's economic development

is more conditioned by exogenous factors, for example, the welfare state, oil revenues and international economic fluctuations. The negative attribution seems to dominate the voter's macroeconomic evaluations and, as a consequence, only negative aspects are endogenous to party politics. If the voter's attribution is largely negative, then also the economic voting reaction pattern will be skewed. One of the original approaches of this paper is the integration of the concept of *issue ownership* as an explanatory theoretical term that complements the often failing theory of economic voting. Even though the macroeconomic development does not produce a punish-reward voter reaction, the loss and gains of issue ownership to economic policies can to some extent give explanations to governmental change in Norway.

The thesis is structured into three parts. Chapter one is a literature review where the international debate on economic voting is connected to the system specific factors of Norwegian politics. Here I discuss and evaluate how different institutional, social, cultural and structural elements can have an effect on the chain of accountability in economic policy-making. Chapter two introduces the data, the relevant variables and the models used to empirically test the theory of economic voting. This chapter provides a discussion of the strengths and weaknesses of the methodological choice. Chapter three includes the originality and empirical results of this thesis. In the first section of this chapter each election is contextually analyzed, whilst in the latter half of chapter three, the general trends of the data are presented. The overall evidence from the thesis suggests that the economic voting pattern is absent, but still one has to mention there is also erratic evidence of sociotropic voting. Despite the rejection of sanction- and support dichotomy, the significance of the economy in Norwegian elections can largely be explained through the concepts of issue ownership and the problem of attribution of economic policy-making for the parties.

Chapter 1: Literature Review

1.1 It's the economy stupid!⁴ A summary of previous studies of economic voting in Norway

Two decades of stable economic progress for the Norwegian economy has made material prosperity a given thing for the voters, which makes them focus on issues other than economy. However, although we cannot establish a positive link between economic management and electoral result, there is no need for resignation.

An older study by Listhaug and Miller shows that economic factors (rather than class and ideology) are increasingly influencing the citizens' evaluations of political parties has lead to a decline in class voting⁵ (Miller and Listhaug 1984). Sometimes economic voting is seen as the post-materialistic subsequent voting model that replaced class-based voting. Norway was for decades an organized class society and the notion of *class politics*, which many authors have stated is an obsolescent political term, is still relevant considering how it stabilizes voting patterns (Ringdal and Hines 1999). But this new independent voter assessment cannot itself explain voting choice. For example, Madsen finds no significant results of economic voting, but confirms that unemployment is negatively affecting the incumbent governments' popularity (Madsen 1980). Other studies done in the field of the Scandinavian cases confirms that *unemployment* is the most relevant variable that voters respond to in times of changing economic conditions (Hibbs and Madsen 1981; Mattila 1996; Jonung and Wadensjö 1979). People's knowledge of unemployment rates is high, which makes it the most important

⁴ The quote is taken from Bill Clinton campaigning against George H. W. Bush in 1992 when he was arguing about how Bush had not addressed economic matters sufficiently.

⁵ They develop the "small state" argument of how open, small scale economies like Norway are prone to fluctuations in the international economy leaving decisions about economic policy out of the government's hands.

explanatory variable, and Norway's political culture and social democratic legacy can explain the intolerance for unemployment. Inflation is probably a "good number two-variable", but considering that during the 1990s inflation disappeared as a political issue in Western Europe, it became more depoliticized in Western Europe (Lewis-Beck and Paldam 2000).

Listhaug has studied the period between 1985 and 1997, and concluded that only in the 1989- and the 1993-election did the voting pattern reflect that of the conventional reward-punishment reaction (Listhaug 2005). The 1989-election showed significant results for retrospective evaluations and prospective pocketbook assessment and indicated, for example, how the Centre-right party coalition⁶ received protest votes from dissatisfied Labor Party constituents. He also argued that one of the reasons for the bourgeois victory was that the opposition coalition had a credible political program to deal with the economic turmoil of 1989. In 1993, voters indicated positive retrospective evaluations and rewarded the Labor Party for bringing the economy "back on track" after the economic downfall in the beginning of the decade⁷. One analysis of the 2001-election reported no retrospective or prospective effects at all (Narud and Valen 2007). To make the picture even more blurred, an analysis of the 2005-election the retrospective evaluations resurfaced and were again significant (Narud and Aardal 2007). As Nannestad and Paldam argue, one of the great challenges for researchers are simple differences in model specifications that can result in contrasting evidence of economic voting. In the next section, I will discuss the theoretical reasons and factors that are relevant for the substantial explanations of economic voting.

⁶ The coalition consisted of the Conservative Party, the Christian Democrats and the Centre Party.

⁷ The unemployment dropped after reaching levels above 6 percent, which in Norwegian terms is officially defined as "high unemployment". The inflation rate dropped and the GDP grew in before the 1993 election something the Labor Party capitalized on.

1.2 Factors that promote economic voting

There are several institutional and structural factors in Norway that work in favor of holding the government responsible for the economic policies and most of them relate to the fact that the Norwegian democracy is well functioning, mature and that democratic values are embedded in the culture and the political-administrative institutions. In this section, I discuss five factors that may contribute to economic voting. The factors are as follows: high institutional trust, informed voters, a collectivist culture, a critical and tabloid presentation of the economy by the media and the politicization of the oil revenues.

The first factor is *institutional trust*, and there are reasons to believe it has been high over time (Bjørnskov 2007; Newton 2001; Miller and Listhaug 1990). When the political institutions are reliable and trustworthy, voters can hold the politicians responsible, as they know which government institution to hold responsible. One of the reasons why Norway has had continuously high levels of institutional trust is due to a party system that has channelized new dissatisfaction into new parties⁸. For example, the creation of the Socialist Left Party was split from the Labor Party, the far-right Progress Party was formed after a long period of inability of the centre-right parties to create a coalition and the Coastal Party has represented the sectorial interests of Northern Norway in some elections.

Secondly, the degree of institutional trust is in some cases interconnected with how *informed* and sophisticated the voters are (Przeworski 1991; Duch 2001). There are reasons to believe Norwegian voters are informed, and they are not less likely to be misled by political opportunism or even prospective voting. Brender and Drazen argue that voters become more

experienced over time with regards to the “fiscal manipulation” by the incumbent government (Brender and Drazen 2005). In other words, the evidence of political business cycles⁹, or electoral expansionary fiscal policy are not likely to be found in Norway¹⁰. Therefore, it can be argued that voters are more likely to punish incumbent parties for deficits and wasteful spending. In addition, given the extensive welfare regime they will expect government aid when their personal economy worsens. However, high voter information can also have an opposite effect as voters will be aware over what sort of influence and power governments have in the economic policy area. Voter information can be linked to “problem of attribution” for Norwegian governments where party color is perceived to play a minor role in public policy (Anderson 2007).

Who is responsible for the voters’ personal economy is the third argument. I would claim that the Norwegian *collectivist culture* and state dependency in dire times can affect citizens’ expectations of what the government should do for them. While liberal market economies emphasize self-reliance, the Norwegian economy is heavily regulated in comparison and people have an embedded attitude that you go to the state when you need help (Aardal and Listhaug 1987; Miller and Listhaug 1984). To generalize the cultural factor, Lewis-Beck has, for example, argued how the sociotropic evaluations are important in the US, because your pocketbook economy is seen as an individual responsibility, whereas the citizens’ state dependency in Europe’s welfare states should be conducive for pocketbook orientations. State-reliance and a collectivist political culture is an interesting claim we can interpret as an argument for personal economic evaluations in Norway. Also, the meager empirical evidence

⁹ This theory is inferred from developed economies, on how good macroeconomic conditions prior to elections can be beneficial for the incumbent government’s re-election chances. The excessive use of public spending in an election year is the evidence of political business cycles, or “election-year economics”.

¹⁰ Pacek and Radcliff’s (1995) study of 17 industrialized democracies shows significant effects on economic voting in Norway in their study, even though Norway’s extensive welfare system should have eliminated the impact of economic voting due to short-term fluctuations according to the authors own hypotheses.

that does exist, such as Listhaug's study of Norwegian elections from 1985 to 1997 and Nannestad and Paldam's study of economic voting in Denmark from 1986 to 1992 suggests that the pocketbook orientations are stronger than the sociotropic judgments (Listhaug 2005; Nannestad and Paldam 1997).

Fourthly, it can be argued that *media* has a role that both hampers and promotes the economic voting behavior as it can inform or misinform the citizens. Several recent studies have showed that the Norwegian media's presentation of the economy might disjuncture from the economic reality (Jensen and Kalstø 2011). The media can tabloidize or bring salience to economic issues as their reports on the economy often negative overstatements stories are negative, and conversely, positive developments in economic matters are played down biasing citizens to grievance asymmetric voting (Kalstø 2010; Jørgensen 2010). For example, Headline topics about industry lay-offs, can frame the economic situation so it seems worse than it really is and create media influenced punish-biased asymmetries, something that contributed to a governmental change in the 2005-election. Despite the country's record of keeping inflation and unemployment at bay since the early 1990s, the perceived economic realities can be manipulated and the real picture does not necessarily match the public opinion. This study does not elaborate on how voters disseminate Norwegian media's information supply, but if the public opinion diverges from the economic realities, it requires further scrutiny. As I discuss in the next paragraph, voters are readjusting their expectations because of the assumed potential the oil income gives elected governments, and this is a reconstituting process driven by the media, parties, politicians, corporations and political associations.

The fifth and final factor is the exceptionalism of the Norwegian economy, namely the *oil revenues* that contribute to roughly 25 percent to the country's GDP. Since the 1997-election voters have reported a stronger desire for greater fiscal expansion thanks to the wealth from the North Sea (Narud and Valen 2007)¹¹. "Relative deprivation" sentiments are byproducts of the country's economic prosperity and create greater expectations on behalf of governments. Kalstø argues popular demands are insatiable even though the welfare spending increases and the economic situation continuously improves (Kalstø 2010).

Since the creation of the State's Oil Fund¹² in 1990 there has been an increased politicization of the oil revenues that has implications for the party politics. One camp spearheaded by the Labor Party is advocating fiscal conservatism admonishing against increasing inflation, interest rates and weakened Norwegian competitiveness. The social dissatisfaction with this cautious use of the oil money in the Norwegian state's economic management is articulated by the far-right Progress Party, who argues for more expansionist policies that meet the demands of improved welfare services and believe the oil revenues can soften the tax burden for citizens. The premise for the Norwegian economic policies is largely defined from the so-called "four-percent rule" in the State's Oil Fund that states that the state budget cannot include more than four percent of the funds annual return. In election campaigns the oil revenues are often used as political cannon fodder for speedy solutions to the society's problems, and the incumbent party must often convince voters that economic prudence is necessary. Wealth creates expectations, and in the Norwegian case it is not because it creates income inequalities among people, but instead it is a question on how the elected governments face high demands, as I discuss in the next paragraph.

¹¹ 1997 was when questions on the use of oil revenues were included in the Norwegian Election Survey, and had this been included in the survey before we might have registered these opinions earlier.

¹² The fund was renamed as the Governments Pension Fund Global in 2001.

The inherent flaw in economic voting theory with respect to Norwegian politics is that it assumes a symmetric voter reaction. Dissatisfaction as a result of ever increasing economic expectations has given way to asymmetric economic voting. This implies that a lack of sufficient economic progression can make voters to opt for the opposition parties; or alternatively, voters do not reward politicians for prosperous economic policies but rather just punish them for poor management. This grievance asymmetry is what Listhaug calls the “resource curse” for Norwegian governments, where an increased public awareness of the economic muscles provided by the oil revenues, creates unreasonable high demands from the voters (Listhaug 2005). Aardal has perhaps the sharpest formulation about the general voters dissatisfaction with governments as a combination of the state’s great resource and a lack of fiscal expansionism:

Why should I as a citizen pay so much tax given that the government’s wealth is continuously increasing? Why cannot the government solve the conspicuous societal problems when the piggy bank is so great (Aardal 2007)?¹³

In the 1981- 1989-, 1997-, 2001- and 2005-elections the voters threw out governments with successful economic management (Jensen and Kalstø 2011). The opposite was the case in the re-election of the governments in 1985, 1993 and 2009, cases that confirm a reward mechanism. The numerous counterintuitive empirical cases require us to look at the factors in the Norwegian political structure that can make economic voting irrelevant.

¹³This quote is translated from Aardal’s quote in Norwegian to English by the author.

1.3 Why economic voting might not exist

The reasons why there is no economic voting in Norway seem greater than the persuasiveness of arguments that may be conducive for economic voting discussed in the last part. In this section, I discuss six relevant factors taken from the literature on why voters *do not* punish or reward politicians for their economic policies symmetrically. Clearly not all these factors are empirically testable through variables in the Norwegian Election Survey, but they provide a contextual framework in order to understand the regression models. The following discussion includes: Norway's small and open economy, the multiparty system and the minority government coalitions, the comprehensive welfare state, the importance of sector affiliation and the stickiness of class voting, contested issue ownership and the empirical record of frequent government reshuffling despite a prosperous economy for the last two decades.

Firstly, the evidence from election studies done in the 2009-election amidst the financial crisis confirms the argument that Norway is a *small and open economy* where the government's power is limited and economic outcomes are exogenous and contingent upon the international economic system (Jensen and Kalstø 2011; Miller and Listhaug 1984). For example, the public opinion did not blame the Norwegian government for the 2008 financial crisis but rather foreign actors such as the U.S. There are reasons to believe economic voting is less prevalent in small open economies than in large dominant nations as global economic shocks spills over to the small and open economies due to their integration in the international market (Midtbø 1998).

A second reason why economic voting might not be present is the sevenfold *multiparty system and minority governments* that are the rule rather than the exception. The most

influential description of the origins of the Norwegian party system was written by Rokkan, who explains the current parties as the manifestation of social cleavages in the industrial society (Rokkan and Valen 1974). Although this chief theory is obsolescence, some cleavages that are still latent and manifested through party representation are the urban-rural- (Oslo versus the rest of the country) and the cultural-countercultural cleavage (largely religion and dialects). The Norwegian party system¹⁴ was for a considerable time a “dominant party system”, where the Labor Party was the dominant party up until the 1970s (Sartori 1976). This epoch came to a definite end in 1981, when the bourgeois parties were able to win, dominate the political agenda and form a majority government that was a de-facto alternative to Labor Party governments. Between 1989 and 2005 no governments were able to get re-elected, so the life of Norwegian governments is never longer than the four year tenure¹⁵.

The presence of minority governments and inter-party horse-trading that follows from it makes economic evaluations more challenging for the voters, and this makes the accountability for economic policies more blurred than that of majority governments (Narud and Valen 2007). When the minority government is also a coalition, it means the opposition parties do not necessarily capture the votes of the dissatisfied voters when the economy is in a poor state, but they might as well swing their support to an incumbent government coalition partner (Powell and Whitten 1993). For example, Aardal and Narud argue that there was a lack of clarity of government alternatives in the 2001-election. Their study confirms Anderson’s hypothesis that “clarity of government alternative” is a prerequisite for economic

¹⁴ The regularly represented parties are listed here with the Norwegian name in parenthesis: Socialist Left Party (Sosialistisk Venstreparti), Labor Party (Arbeiderpartiet), The Centre Party (Senterpartiet), The Liberal (Party), The Christian Democrats (Kristelig Folkeparti), The Conservatives (Høyre), The Progress Party (Fremskrittspartiet).

¹⁵ Gro H. Brundtland’s third government was re-elected in 1993, but did not win the 1989 election.

voting (Anderson 2000). If that is the case, then the block formation of a Socialist-Agrarian and a Centre-right coalition from the 2005-election and forward can bring about more “clarity of coalitions”, and might lead to a re-emergence of economic issues among Norwegian voters (Anderson 2000; Narud and Aardal 2007). In historical terms, the clarity of governments or coalitions would have been most detrimental for minority Labor Party where all responsibility is attributed to the single governing party, or when Centre-right coalitions were present the voters would penalize the Conservative Party as the leading party in governments.

Thirdly, the *Norwegian welfare state* is likely to moderate the importance of economy in electoral politics, especially in the short run. Extensive welfare states can mediate the voter’s reaction to short-term economic fluctuations, so that they do not punish the incumbent party for mismanagement of the economy. In other words, the welfare state marginalizes the importance of the economy for the electorate, especially in bad times, but economic voting will prevail in times of prosperity (Pacek and Radcliff 1995). However, quite the opposite seems to happen in Norway as the election studies show (Bloom and Price 1975; Narud and Aardal 2007; Jensen and Kalstø 2011), because voters do not credit parties for economic progress, but rather punish parties that do not deliver in terms of the people’s expectations. Other similar studies of the Scandinavian countries also show a weak connection between economic conditions and government popularity (Mattila 1996; Sørensen 1987). The welfare state is likely to be a necessary, but not a sufficient condition for the lack of accountability for the economic policies.

Fourthly, one might argue economic voting has replaced the importance of class voting, but still it is likely the choice of party is related to *sector affiliation* or socioeconomic group

affinity. Ringdal's study of class based voting in Norway indicates that class based voting compared to other European countries has decreased from extraordinary high levels in the 1950s to a more normalized level in the 1990s (Ringdal 1999). Class voting is linked to Kirschen's study of economic issues and party preference, where leftist parties are more committed to the employment rate because of their electorate's preferences, while the rightist parties are more concerned with inflation rates for the same reason (Kirschen 1964).

Aardal and Listhaug argue the social democratic parties are more popular among voters who "fear unemployment" (Aardal and Listhaug 1986), and it is known that white-collar workers are more likely to give support to the Conservative Party (Ringdal 1999). This socioeconomic commitment is less valid for the populist Progress Party, whose electoral support is more fluid as they derive a significant portion of support from both blue-collar and white-collar workers leaving them in a grey zone between concerns for employment vis-a-vis inflation¹⁶. Also the corporatist channel stabilizes voting patterns, as both labor and business interests are highly organized in Norway, something that conserves class voting opposed to the rational and independent economic voters. Despite nascent decorporatization, unionized voters still prefer the Socialist Left Party or the Labor Party; the agrarian interests are still vested in the rurally oriented Centre Party and business associations are loosely linked to the Conservative Party.

Fifthly, the parties' *issue ownership* has become more blurred and this may have a negative effect on economic voting. The term issue ownership is linked to Kirschen's argument that

¹⁶ Anderson's study finds no significant effect for economic variables such as unemployment or inflation rate for the electoral change in share of votes the Progress Party received between 1980 and 1990. The only significant variable found to explain electoral change, was the increase of immigration in Norway throughout the 1980s (Anderson 1996).

parties are linked to socioeconomic interest, but the concept is more multidimensional and relates to more than economic matters. Still, the parties' issue ownership is not stable, but contested among parties in election campaigns and linked to "performance", e.g. which parties are best in dealing with economic crisis (Petrocik 1996). Jensen and Kalstø conclude that the 2009-election and re-election of the Labor Party led coalition was mainly because the Labor Party had issue ownership to employment politics and crisis management. Therefore the Labor Party was seen as most credible in securing jobs, an issue they owned after they led Norway through the crisis of the 1930s and the dip of after the housing market bubble in 1991. The tyranny of choices in a multiparty system of seven political parties means voters usually can trust more than one party to be competent on an issue (Kalstø 2010), for example, both the Labor Party and the Progress Party compete over ownership to health politics as both support increased welfare spending in the health sector.

As pointed out in this study, the Labor Party can at times lose its monopolized issue ownership to fighting unemployment. The economic downfall in 1981 gave way for a Centre-right government and they demonstrated how also conservative parties could claim issue ownership to economic policies that ensure low unemployment and inflation. However, as I will argue in the discussion of each election specifically, issue ownership depends on the issues that are conspicuous and debated during the election campaign. Hence, the context in which a certain issue becomes the focal point of the election debate can by and large predict much of the success or failure of parties, which depends on how convincing the party's issue ownership is in the eyes of the voters. The 2001-election is a good example for understanding how issue ownership can outplay the role of bare economic evaluations. In 2000 the fuel prices hiked and this led to public debate with regards to the tax and VAT system. The Progress Party managed to fusion the public outrage for high fuel prices with the

management of the oil revenues. This spilled over to the election campaign where economic policies, such as tax and fees, were heavily debated¹⁷, and as the tax policies elevated to a determining issue for the 2001-election it provided the momentum and benefitted the Centre-right parties. Simultaneously, the Labor Party was accused of abandoning its commitments to the poor and for not defending strong social policy schemes. To have issue ownership is not to be permanently associated with possessing policy competence, on the contrary it can be lost when parties relinquish their political responsibility or lack policy innovation. Disfavoring issues as in the election campaign in 2001 for the Labor Party, or the loss of issue ownership can be one explanation why the voters threw out the incumbent government. On a general note, as unemployment is the most sensitive social variable for the voters the contestation of “owning” credibility in the unemployment issues can easily become the focal point for the economic political debate in Norway.

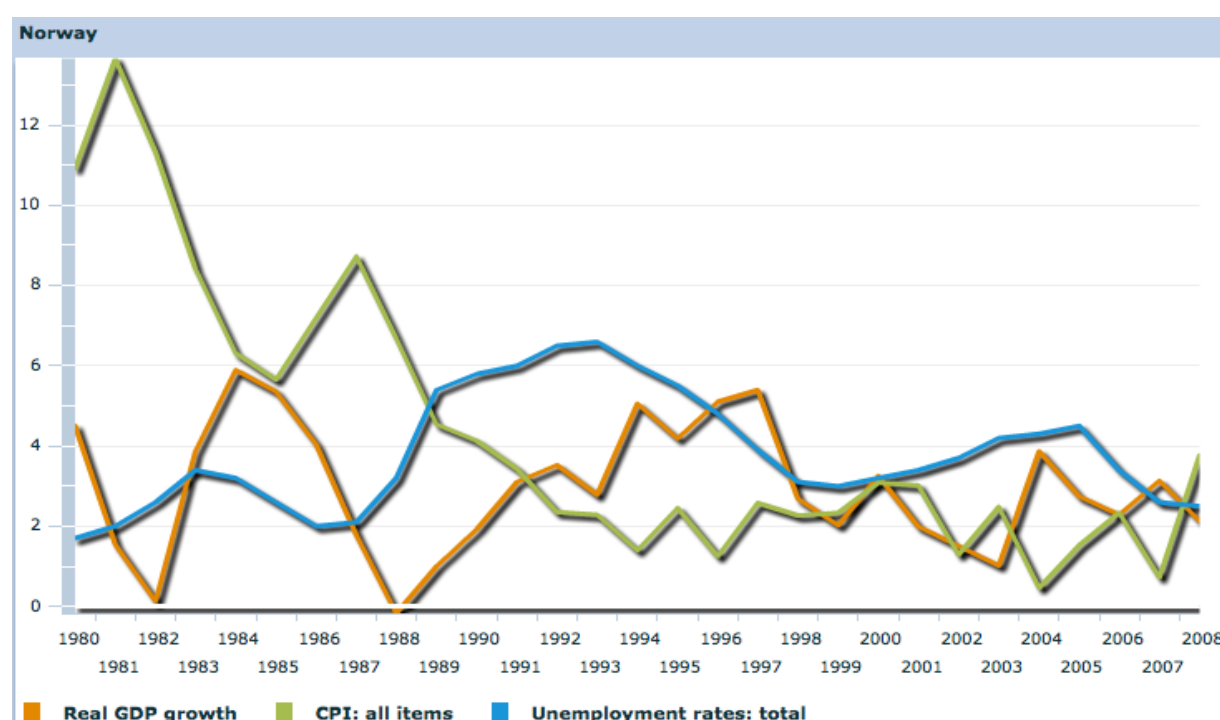
Sixthly, the *prosperous economic situation* in the last twenty years in terms of unemployment, inflation and stable GDP growth is evident (Figure 1). From the figure¹⁸ one can speak of a decline in economic variation in key economic indicators in Norway in the last thirty years. As the empirical evidence in chapter 3 of this thesis suggests, the greater economic anguish in the 1980s revealed more statistical findings of pocketbook voting, and conversely the sociotropic evaluations are more relevant when the macroeconomic picture was positive for a longer period of time (from the mid 1990s and on). The effect that the more stable macroeconomic development has for economic voting is an interesting and multifaceted question I stress throughout this paper. As already emphasized, a good economic track record does not win elections in Norway, and it is a paradox why no government can

¹⁷ Of course education, health and elder care were also among the most prominent issues as well. They always are.

¹⁸ The numbers and graph are taken from Country Statistical Profiles from OECD StatExtracts. URL: http://stats.oecd.org/Index.aspx?DataSetCode=CSP2010_- Found October 14th 2011.

manage to profit from the country's positive development. This argument is related to Narud and Valen's findings on how the Norwegian voters attribute the low unemployment rate in the last decades to for the most part to "other causes" than the government's policy.

Figure 1: Macroeconomic indicator for the last three decades in Norway. GDP growth, Inflation (CPI) and Unemployment rates.



1.4 Contextual framework and bringing in new concepts: Issue ownership, grievance asymmetry and problems of attribution

The magnitude of factors relevant to economic voting is a reminder that one needs to isolate the economic variables to see the extent they can explain Norwegian elections or not. However, the literary review points out that studies of economic voting should make the parties just as an important element of analysis as the voters themselves. In the last section, I have discussed factors that can *strengthen* the case for economic voting in Norway, such as

high institutional trust, informed voters, a collectivist culture, a critical and tabloid media and the politicization of the oil revenues. I have also presented factors that work *against* this logic such as: Norway's small and open economy, the multiparty system and the minority government coalitions, the comprehensive welfare state, sector affiliation, contested issue ownership and a prosperous economy over the last two decades accompanied with frequent government reshuffling and no re-election of governments.

Since the data offers an excellent variable selection related to attitudes and perceptions about the economy and parties, I will proceed by testing different variables that measure the public opinion's impression of the economy and the management skills of the parties elected to control it. As the general literature on economic voting often does, I will combine the theory of sociotropic and pocketbook voting with the concepts of retrospective and prospective voting, and thereby test four possible hypotheses. I understand prospective voting as a strategy where voters predict the future performance of political candidates and use this judgment to pick a candidate. Conversely, retrospective voting is backward looking and evaluative, where the voters assess the performance of the incumbent party¹⁹.

All the mentioned factors for and against economic voting have theoretical importance as they provide a context to explain the statistical output from the OLS-models used. But how can the already existing factors be complemented with a new relevant theoretical framework? If the voters are to hold governments responsible for their policies, they actually need

¹⁹ For further description see Fiorina, M. (1981), *Retrospective voting in American national elections*, New Haven, Yale University Press.

knowledge of macroeconomics, yet little is known of how much the public knows²⁰. Although this study does not have data to analyze the voter's competence in macroeconomic matters, this is an argument for also to take the public opinion aspect into consideration when analyzing economic voting, as I attempt to do. For example, Aardal argues the Norwegian voters are quite informed about the economy as the deviation between what people think of economic conditions and the actual figures are modest (Aardal 2007).

The theory of economic voting and the group of studies on Norway indicate that the mediating factors seem to matter for our understanding of the absence of economic voting; micro-level perceptions of issue ownership and macro-level grievance asymmetries and problems of attributions for policies that concern the electorate as a whole. The questionnaire from the Norwegian Election Survey provides valid questions to apply these three theoretical concepts.

Something that is constantly contested between parties and that changes from election to election is the notion of *issue ownership* of different policies (Petocik 1996). I believe it is important to look at economic voting which is mainly evaluative, but also in a case study one can discuss issue salience and which parties are perceived as “competent managers” or “issue owners” to deal with various political challenges. The concept of issue ownership can be explained as a term that deals with reputation, performance and suggests that parties need to build a positive political record. Petocik makes the plausible assumption that voters are more interested in seeing that “issues get fixed” than to vote ideologically and they will compare the parties' abilities and plans to deal with important issues (Petocik 1996).

²⁰ This is one of the major research challenges for individual-level analysis of economic voting (Lewis-Beck and Paldam 2000).

As I show when analyzing each election, voters often believe issues like unemployment are entirely out of the hands of the politicians. As Anderson claims, the degree to which voters attribute government responsibility varies from election to election (Anderson 2007). The voter's evaluations will not translate into a vote for or against the government unless the citizens attribute considerable responsibility for the economic conditions to the incumbent government. Attribution is a complex thing as it serves as a cognitive limitation for voters and can cause asymmetries or biases and can exonerate parties for responsibilities. For example, Norwegian governments are likely to suffer from a *problem of attribution*, because they cannot convince the voters that the fruits of the economic outcomes are linked to their policies.

Scholars often assume that the public opinion needs to be responsive, aware and bothered by changes in their personal and the national economy. If the voters held the governments accountable for the achievements of the Norwegian economy over the last two decades there should have been far fewer governmental changes than what has been the case. The main economic factor for this high "cost of governance" on Norwegian governments is caused by increased material expectations. This long term macroeconomic effect on voters make up the substance of *grievance asymmetries* in elections. The concept of grievance asymmetry originally comes from psychology and states that humans suffer from an aversion for losses or risking losing material possession they already have (Tversky and Kahneman 1992). Through experiments, Tversky and Kahneman calculated how subjects are less willing to risk what they already possess compared to how much they value potential gains. In relations to economic circumstances these grievance asymmetries are likely to have at least two possible

forms. Firstly, there might be upper and lower economic threshold values where the public opinion respond in a negative or positive way to the policies of the party in power, and secondly, the degree to whether the economy is falling or growing might matter more than the fact that, say the unemployment is kept fairly low over a period of time (Anderson 2007). For example, expectations play a part, one can imagine that the increased demands of the voters force the government to deliver very high economic results. Where growth is taken for given there might be very high evaluation criteria for governments, and can lead to expectations where modest consolidated prosperity is equivalent to no prosperity at all.

In Norway, macro-level grievance asymmetry is caused by the upward material spiral in the last decades due to oil revenues, fiscal conservatism and lack of major economic crisis which prove to be a major challenge for parties as the popular expectations will continue to increase unless any major economic setback lowers them. Even though economic voting does not unfold exactly the way Downs predicted through a deterministic and symmetric reward-punish dichotomy, one important development of the concept of economic voting is the revelation of grievance asymmetries where voters' punish governments that perform rather well, but not well enough.

Chapter 2: Data, model and variables

In most cases, researchers studying the interdependence of economy and elections have two options: either to use aggregated economic data as independent variables and incumbent parties' vote percentage as a dependent variable (usually in cross-country analysis), or to use survey data on the individual level with other more socio-economic independent variables (single-country analysis). Harper argues that the choice of dependent variable (vote percentages or individual party preference), and the level of analysis (individual survey-data or cross-country comparison of economic indicators) can affect the likelihood of finding statistically significant results²¹. Pacek and Radcliff claim that much of the individual-level literature uses survey data that either describes people's intentions to vote; or as in my choice of data their reported vote ex post elections (Pacek and Radcliff 1995: 46). As individual-level data also captures the transfer of votes between parties, the survey allows for the analysis of the centerpiece of economic voting: Do voters change party in changing economic circumstances?

The data I will use is the *National Election Survey* that is the most frequently used dataset for students of voting behavior in Norway. This election survey is a comprehensive dataset that enables the possibility for testing a variety of hypotheses²². As pointed out by Listhaug, the use of survey data has some advantages, for example, the researcher can monitor voter studies over time alongside different political and economic events in order to describe variations of economic voting (Listhaug 2005). The Norwegian election survey is a cross-

²¹ For instance, Pacek (1994) who used vote share as a dependent variable described economic voting to be most affected by unemployment rates because the electoral districts with higher unemployment rate than the rest of the country is likely to engage in a punishing retrospective sociotropic voting behavior.

²² Another methodological possibility would be to look at economic measures and their correlation with the percentile change of vote as often applied in cross-country studies of economic voting. However, this would require a more comprehensive data gathering than using the existing election surveys designed for scholarly studies of voting behavior.

sectional study which means it is a descriptive “snapshot” of attitudes collected in the period right *after* a parliamentary election (Brady and Johnson 2008). The supposed weakness of cross-sectional studies is that the data are only collected every four years when elections are held. Still, the scrutiny and longevity of the last eight elections should enable us to infer something about long-term attitudinal change. One of the goals of this paper is to compare the importance of economic matters between subjects, and this is where cross-sectional analysis can be helpful. The richness of the variables in the election survey can prove to be a research challenge, especially when selecting the dependent variable. This issue will be addressed in the following section.

2.1 Modeling economic voting: The dependent variable

Only when economic responsibility is clearly understood can we define an appropriate dependent variable. Even though my choice of independent variables differs from that of other studies done on the Norwegian electorate, to compare the consistency of my results with previous studies requires a valid measure of the dependent variable, and that is if the respondents “voted for an incumbent party”. Corollary, I follow Aardal and Listhaug who uses the dependent variable as a dummy variable, where 1 is “the respondent voted for the incumbent /coalition party” and 0 is “the respondent did not vote for the incumbent/coalition party”²³ (Listhaug 2005; Narud and Valen, 2007; Narud and Aardal 2007). The first model is a forward linear stepwise regression of the socioeconomic variables in order to test *who* votes according to the assumed economic voting paradigm. The second part of the regression includes different versions of *economic assessment* (retrospective/prospective and pocketbook/sociotropic). In the third and final step, I add a set of attitudinal variables relevant

²³ Aardal uses “sympathy for the incumbent party” rather than “voted for the incumbent party” in the analyzing the 2001-election (Narud and Valen 2007). But in the 2005-election he applied the same dependent variable as I use, namely to vote for one of the incumbent parties.

for the election period to be able to give *substantive explanations* for why there were or were not proof economic voting. In addition to the OLS-models, I analyze frequency data of relevant variables to measure the respondents view on the macroeconomic situation during the election year.

Although the linear model has its weaknesses, the choice of a regression model has some advantages with relation to the data and previous studies. Firstly, it eases the task of making my model comparable to other studies done on Norway. Secondly, the regression coefficients are easier to interpret than in, for example, a logistic model that requires comprehensive recoding of a large number of variables in the Norwegian Election Survey²⁴. A third notion is the problem of low R-square in previous studies, but the model I use seeks to isolate the economic effect on elections is more important than to produce a high model fit. One has to have in mind that my research question has a negative sign, that is, I expect to find no statistical relationship between voter's choice and the macroeconomic development. The modest explained variance should not be of concern, but rather the model needs to capture as many aspects of economic policy as the data permits in order to determine which areas that matter for the voters.

2.2 Independent variables – Step 1: socioeconomic variables

I include a variety of socioeconomic variables that are relevant control variables and affect voting choice²⁵.

²⁴ Normally, researchers would prefer a logistic regression model when a dichotomous dependent variable is used. However, it is harder to interpret these coefficients and therefore linear regression coefficients are preferable. I have controlled the results using logistic regression models and the results coincide.

²⁵ All of the independent variables are in italic.

- 1) *Gender* has become a more politicized area in Norway mainly due to structural reasons such as increased female work participation in the labor market. Females are overrepresented in the public sector, and this fact has affected the voting patterns and it is known that Norwegian women are more likely to support leftist parties (Ringdal 1999).
- 2) There are reasons to believe *sector* of occupation has become an increasingly important element that determines voters' choice. Theoretically, there are reasons to believe that voters in the private sector are more prone to unemployment, more concerned about inflation and, corollary, more likely to vote economic. For example, the legal constraints for the termination of a contract are higher in the public sector than in the private sector, ergo the private sector workers are more prone to economic fluctuations and layoffs. Knutsen's study of sector affiliation in Scandinavia suggests that this is an increasingly important determinant for party choice (Knutsen 2001). Still, the significance of sector on voters' choice is not clear-cut and deterministic; for example, voters in the public sector might just as well vote for the Socialist Left Party or the Conservative Party (Aardal 1999; Berglund 2004). Sector and class dealignment suggest the core constituents to the Centre Party (rural and agrarian) and the Labor Party have diminished as post-industrial Norway has evolved. But for the Conservative Party, which is largely a middle and upper class party, changes in economic structure do not result in a loss of key constituent groups such as urban business interest.
- 3) *Education* matters as it distinguishes the sophisticated and informed voters from the more parochial and ill-informed voter. Knowledge and education is also important to be able to disseminate media framed information about the economy from the actual situation. One study reveals that compared to other European countries, the

Norwegian media's reporting is far more negatively biased and discrepant about economic development as opposed to the actual state of the economy (Jørgensen 2010). Even though the media is negatively biased, empirical evidence confirms that the public opinion still has a proximate and accurate perception of the economy (Aardal 2007). As sociologists point out education in itself matters for partisanship because it has increased the social status of the workers (Engelstad 1999). But the blurring of educational differences and increased social status of workers are thought to favor the rightist parties. Education makes our class category as in a state of flux, and means we never really identify us with our current class during our lifespan, but rather yearn to reach the next level. Studies on about education levels and party identification suggest that the Conservative Party attracts the highest share of educated voters (Berglund 2004).

- 4) *Union membership* is one of the reasons why Norway has been characterized by a high degree of class voting. The relationship between the mass organizations such as centralized unions and a dominant Labor party created a polarized but predictable voting pattern between the socialists versus a non-socialist bloc. Therefore, the variable I use in the models asks whether the respondent is organized in any form of union that relates to one's occupational status.
- 5) *Income* is included as it says something about the material well-being of the respondents, and I assume the more deprived people vote more after their pure economic interests²⁶. In the Norwegian welfare state with considerable provisions, it can be argued that income is not likely to affect economic voting too much as material well-being is not necessarily linked to income (Pacek and Radcliff 1995). In addition, the compressed wage structure makes income differentials depoliticized. However,

²⁶ The operationalization of "income level" can be contested, and the Norwegian Election Survey varies between the use of "low", "medium" and "high" categorization used by the National Bureau of Statistics and the respondent's income in absolute terms.

income differentials have increased and the surrounding debate has intensified during the last ten years, and this makes this variable more relevant.

- 6) Finally, following Listhaug's model, I include age as a socioeconomic control variable (Listhaug 2005).

2.3 Step 2: Independent variables that measure economic voting

- 1) In order to test if voters are retrospective and pocketbook oriented, the question used is formulated in the following way:

We are interested in people's current economic status. Would you say that you and your household's economy is better, the same or worse off than it was a year ago?²⁷

- 2) The prospective pocketbook question is posed in the following manner:

Let's think ahead towards the years to come. Do you think your economic situation would be like today, better than today or do you think it would be worse than today?²⁸

- 3) The only sufficiently and valid measure for sociotropic voting is retrospective, and the question is asked in the following way:

Would you say that the economic situation in the country has improved in the last 12 months, is it almost unchanged or is it worse today?²⁹

Unfortunately, the prospective sociotropic voting option is not testable from the questionnaire in the Norwegian Election study. However, I have included the variable that asks if the respondent "fears unemployment in the coming year", which serves as a proxy variable for prospective sociotropic given what we know about the significance of unemployment for the

²⁷ The respondents can answer "better", "same" or "worse".

²⁸ Alternatives for respondents are "better", "about the same" or "worse".

²⁹ The survey gave three alternatives: "improved", "unchanged" or "worse".

Norwegian electorate (Madsen 1980). The “fear of unemployment” is tested as an attitudinal variable in step 3 of the regression model.

2.4 Step 3: Attitudinal independent variables

The third set of variables is related to voters’ attitudes, ideological affiliation and partisan attribution. Over time the electoral context changes which effects the election campaigns and thus not all attitudinal variables are replicated in each survey. However, a further specification will be given in the cases where special questions are asked.

- 1) I include an attribution question on how voters perceive *inflation as something that is caused by the government or due to other factors*. Considering that this thesis inquires into the accountability of economic policies, there is a need to analyze what sort of fields voters believe the government can do anything about. From the general literature on economic voting it is clear that inflation and unemployment are the “big two” economic variables by which the voters respond to (Lewis-Beck and Paldam 2000).
- 2) The second attribution questions asks if the voters think the *government influences the employment level or is it affected by other factors?* The existing literature on economic voting in Scandinavia points out that unemployment is the most “socially sensitive” variable that is significant on most occasions (Anderson 1996; Jordahl 2006; Midtbø 1998). This is likely to be further safeguarded by the Norwegian welfare regime that does not allow for much unemployment, or how the strong unions can mobilize against policies that lead to joblessness.

- 3) As a general attribution variable I include if *voting affect government policy*³⁰. This is likely to be contingent on the presence of, for example, minority or majority governments.
- 4) I include a variable that is the best proxy variable for prospective, sociotropic voting. This variable asks the respondents to assess if they believe unemployment is likely to affect the household in the coming years. More specifically, the question reads whether the respondents *fear unemployment* themselves or in the household in the coming years³¹. This variable can also be argued to cover prospective pocketbook voting. Further it is an interesting variable, because it measures any discrepancy between the real and the perceived chances of becoming jobless.
- 5) *Tax money and wasteful spending*³² is an important issue, especially in the case of Norway where the tax level is comparatively high. This variable can also say something about the output legitimacy of the government economic policies (Narud and Aardal 2007).
- 6) The parties' *issue ownership* changes from election to election. This question has been formulated in different ways throughout the history of the Norwegian Election Survey. One way this can be operationalized in the data is through variables where voters are asked to rank the most important issues. Hence, I use a recoded control variable for those who *put economy as the most or second most important issue* when they vote. On other occasions the survey question is phrased even more specific, for example, *please specify which party that has the most convincing tax policy or who is best at fighting unemployment*. By including these questions it is possible to assess

³⁰ Respondents can answer to this point if they “strongly agree, agree somewhat, yes and no, disagree somewhat or strongly disagree”.

³¹ The question is presented in the following way: Have you yourself or other members of your household been unemployed or experienced particular difficulty in getting a job during the past for years? And the answer options are “fear unemployment, maybe fears unemployment or do not fear unemployment”.

³² The formulation of the tax related question is: Do you think that those who govern waste a large part of the money we pay in taxes, that they waste some of it, or that they actually waste very little of this money?

whether there is a consistency between issue importance and economic voting. In some of the datasets issue ownership is not available as a possible independent variable. Consequently to measure the importance of different economic indicators like growth, inflation, tax inflation etc., I will analyze the percentages of voters that report the salience on the various economic issues (frequencies analysis).

- 7) The use of *oil revenues* and the public opinion stance on a more expansionary economic policy were included in the question battery from the 1997-election. Since the creation of the oil revenue-based Norwegian Pension Fund in 1990, people's awareness of the size and resources that are available for governments has politicized the role of the country's oil resources. I have argued earlier that the oil revenues have contributed to grievance asymmetries, and the fact that there has been a readjustment and increased expectations that work as an "electoral cost of governing" for the incumbent governments³³. In the next section with empirical results, I discuss how all these variables affect government popularity and how the voters have acted during the last eight parliamentary elections in Norway.
- 8) The voter's *attribution* for policies are captured by looking at the variables that measure tax waste, and by looking at frequency data on whether the voters believe inflation, employment and growth are affected by partisanship and government. These variables are categorical and ask whether the incumbent parties influence the economic indicators, or if "other factors" seem to matter more.

³³ Let us imagine two persons A and B discussing a question of current interest. We have listed two statements the two persons put forward. A says: To avoid an increase in interest, and higher prices, we should not use more of the oil income than we do at present. B says: To solve current problems in society we may use considerably more of the oil income than we do at present. Which one of these persons would you agree more with?

Chapter 3: The elections and results

In this chapter, the empirical evidence and the results of the regression models between 1981 and 2009 are presented. A brief contextual analysis will be given for each election for the purpose of comparing the economic issues with the rest of the general political debate in the given time. Where the variables make it hard to draw inferences about issue ownership and attribution for macroeconomic outcomes, I analyze the frequencies data and these values are found in the footnotes throughout the section. The attribution questions are formulated differently throughout the data sets, but they are operationalized in a way that allow us to determine if voters believe certain economic indicators are policy influenced or not. Although the grievance asymmetry is not a variable but an analytical concept, I will stress which elections when the voters are particularly penalizing and clearly goes against the logic of economic voting. A periodic and more sophisticated analysis is given at the end of this chapter when I give a more general discussion of the role of the economy in Norwegian politics.

3.1 The 1981-election: Willoch becomes Norway's neoliberal galleons figure, and the Conservative Party's landslide (31.7% of the popular vote)

The 1981-election election was a milestone in Norwegian political history, not just because it was the re-launch of the Conservative Party as a de facto alternative to the Labor Party, but also because of the great neoliberal turnaround and deregulation that followed the trends in other parts of the developed world³⁴. When one looks at the prevalence of debates on tax

³⁴35.8% believed the party had the best tax policies. 83.6% reported "some" or "a lot" misuse of our welfare benefits and 82.6% iterated the same sentiments with regards to tax money.

politics during the election campaign, it greatly benefitted the Conservative Party³⁵. The Conservative Party leader Willoch was seen as the prime minister candidate that would bring about changes such as dealing with the relatively high dissatisfaction with tax waste and social aggravation for the misuse of welfare benefits. The Conservative Party's consolidated position as the issue owner with the most sustainable tax policies was the economic factor that made a difference in the 1981-election.

What is noticeable in table 2 is the absence of any sufficient variable to measure retrospective pocketbook and retrospective sociotropic voting. In the table, the significant result for prospective pocketbook voting tells that the “pessimists” opted for the challenging bourgeois opposition. One can infer from this that the ideological economic policies were credible for both the ideological left and right in 1981³⁶. As is the case in most of the models, the economic model that includes the socioeconomic and the economic voting variables have a really low explained variance. The highly significant variable that measures satisfaction with the Labor Party's tax policy summarizes a changed context where as the dissatisfied voters were changing party. The overgrown bureaucracy that was funded by high taxes created resentment and was “de-legitimized” more so than in the previous decades. Further, the significant issue ownership coefficient³⁷ meant that employment policies were advantageous for winning new votes for the challenging Conservative Party.

³⁵ Tax politics (7.9%) were second only to abortion (10.4%) in the available issues to choose from the most important policy areas when casting a ballot.

³⁶ The sample size for the Election Survey in 1981 was 1596 respondents.

³⁷ There is no available variable that measures issue ownership of the incumbent Labor Party government, something that is also the case in many of the other election studies.

Table 2: 1981-election beta coefficients

Independent variables included	1.Socio-economy	2.Economic voting	3.Attitudes
Age	-0.145**	-0.101**	-0.038
Gender	-0.021	-0.047	0.027
Employed in private or public sector	-0.087*	-0.075	0.019
Member of a union	-0.042	-0.030	-0.030
Education	0.074	0.053	0.044
Income	-0.050	-0.054	-0.013
<i>Household's economy last year</i>	-	-	-
<i>Personal economic prospect</i>		0.245***	0.088**
<i>Norway's economic situation last year</i>	-	-	-
Fears unemployment			-0.059*
Unemployment Centre-right government			-0.070*
Inflation Centre-right government			0.056
Tax politics Labor Party			-0.603***
Tax politics Conservative Party			0.063*
Waste tax money			0.239
R-squared (adjusted)	0.022	0.078	0.505

*Means the variable is significant on a 0.05 level, variables with ** are significant on a 0.01 level and ***-variables are highly significant at a 0.001-level³⁸.

3.2 The 1985-election: Economic optimism and renewed confidence for the Willoch government (45.3% of the popular vote)

When the voters rewarded Willoch's majority government with a new term, it is partly explainable with the logic of economic voting. Table 3 shows strong effects of sociotropic

³⁸ The coding of the variables are as follows: the *dependent variable* is coded with 1=respondent voted for the incumbent party or parties and 0=voted for one of the opposition parties. The first *independent variable* age is coded the following: 18-34 years=0, 35-49 years=2, 50-65 years=3, 65 years or more=4, Gender is coded where men=0 and women=1. The variables that ask if the voters is employed in the public or the private sector is coded 0=private sector and 1=public sector or organization. The "member of a union" variable is coded 0=is a member of a work related organization, while 1=is not union organized. Education has the following coding 0=elementary and junior high school, 1=lower vocational education, 2=higher vocational education and 3=university level education. The income variable that measures the household's annual wages earned in nominal Norwegian Kroner is an 8 cut continuous variable. All the variables that measure economic voting is coded 0=worsened economy, 1=same economic situation or 2=better economy. The "fear of unemployment" variable is coded as 0=the respondent fears unemployment, 1=there is a possible chance of unemployment in the household, 2= the respondent does not fear joblessness. The variables for "issue ownership for the Centre-right parties" are in the 1981-dataset coded as 0=inflation/employment will increase with the Centre-right parties in government, 1=the level will stay the same and 2=it will decrease. "The tax policies issue ownership variables" are dichotomous variables that measure if party X has the best tax policy=1 or not=0. The variable that ask about tax waste is coded 0=lots of governmental tax waste, 1=some tax waste and 2=very little waste. Issue ownership variables: "Economic issue is an important issue", 0=not mentioned as important, 1=mentioned as important. "Oil revenue management is an important issue", 0=not mentioned as important, 1=mentioned as important.

evaluations of the Willoch government, and the Centre-right government was by far the most feasible alternative for securing jobs. As the theory of economic voting predicts, all the economic evaluation variables have a negative sign that imply that the minority of dissatisfied voters punished the incumbent bourgeois government. Even though all of the coalition parties in the Willoch II government³⁹ lost marginal shares of the parliamentary seats compared to the 1981-election, the incumbent government had been in power in an economic upswing⁴⁰. In table 3 the high share of strictly significant variables are related to how the incumbent government received as much as 45.3% of the vote. The strongly negative signs of sociotropic evaluation and employment policies of the incumbent Centre-right government, show that the voters were split between those who believed Willoch's far reaching reforms would come at the expense of keeping unemployment levels low or not.

The public opinion believed that the woeful days of the troubles in the early 1980s were finally behind, and 48.5% of the voters thought the Norwegian economy had improved in the election year of 1985. The externality of the economic joyride was some government led inflation, but the voters did not report much confidence in the managerial competence of the general economic policies of the Centre-right government⁴¹. A year later the bourgeois government became a minority government in a fragile parliamentary alliance with the Progress Party, but the coalition leading Conservative Party was punished for abandoning their liberal tax policies after a vote of no confidence in 1986.

³⁹ The Willoch II government was a majority government that consisted of the Conservative party with the prime minister, the Christian Democrats and the Centre Party.

⁴⁰ As many as 34.4% thought the employment levels would decrease with voting one of the Centre-right parties already in power.

⁴¹ 17.75% believed economic issues were a determinant for party choice. This is a weighed average of those who put "economy" as either the first or second most important issue for casting a vote.

Table 3: 1985-election beta coefficients

Independent variables included	1.Socio-economy	2.Economic voting	3.Attitudes
Age	-0.078**	-0.093***	-0.092***
Gender	-0.081**	-0.004	0.030
Employed in private or public sector	-0.078**	-0.045	0.029
Member of a union	0.184***	0.178***	0.146***
Education	0.194***	0.147***	0.075**
Income	0.039	0.053	0.019
<i>Household's economy last year</i>		-0.131***	-0.059*
<i>Personal economic prospects</i>		-0.135***	-0.081**
<i>Norway's economic situation last year</i>		-0.212***	-0.163***
Fears unemployment			-0.097***
Unemployment Centre-right government			-0.302***
Inflation Centre-right government			0.260***
R-squared (adjusted)	0.073	0.194	0.342

*Means the variable is significant on a 0.05 level, variables with ** are significant on a 0.01 level and ***-variables are highly significant at a 0.001-level.

3.3 The 1989-election: The election of Jan P. Syse's Centre-right government (38.2% of the popular vote)

The 1989-election⁴² marked the return of the centre-right parties of the Conservatives, the Christian Democrats and the Centre Party, who showed they could maintain a coalition as in the glory days of the early 1980s. However, their success was short-lived, because the government resigned already in 1990 after the Centre Party left the coalition as a protest against the EU-application forwarded by the partners in the coalition government. Consequently, the Labor Party's party leader Gro H. Brundtland, formed her third minority government. The 1989-election was also influenced by the uncertainty due to an emerging banking crisis that culminated with government bailouts and partial bank nationalization in 1991⁴³.

⁴² The sample size for the Election Survey in 1989 was 2195 respondents.

⁴³ Greater economic concerns in 1989 contrasted the two previous elections. 35.1% reported their household economy had deteriorated in the last year, while as many as 42.9% expressed a concern on how the Norwegian economy was worse than one year before.

What is staggering in 1989 is how the Centre-right parties gained issue ownership to fight unemployment and how the voters blamed the Labor Party's policies as the source for joblessness⁴⁴. The rightist parties' superiority in creating jobs indicates that the importance of employment is greater than inflation among the electorate (Madsen 1980). The Labor Party was acknowledged for being successful in bringing the inflation down, but inflation does not matter much for election results. Despite the issue ownership of anti-inflationary measures, the "wind of the time" was more emphasis on market steering and less political support for state intervention thus putting the Labor Party in a challenged position⁴⁵, and only 38.2% indicated they were happy with the developments of the national economy. All in all, a clear majority believed that the social democratic economic policies were both ineffective and wasted precious tax money, even though the macroeconomic picture lends little support to such views. Table 4 tells us we must reject the economic voting proposition for this election, despite the significant star for the retrospective sociotropic voting.

⁴⁴ A considerable 35.9% stated the incumbent Labor Party government was to blame for the country's unemployment rate. Never before in an election had the Norwegian voters feared unemployment as much as in the 1989-election, and as much as 31.7% believed that there was a fair chance of being out of work in the coming year.

⁴⁵ The statement is formulated "the market should steer the economic development". 13.8% completely agreed with this claim while 32.1% somewhat concurred with this argument. 45.9% of the respondents fully agreed and believed the market should steer the economic development, and only 38.2% indicated they were happy with the developments of the national economy.

Table 4: 1989-election beta coefficients

Independent variables included	1.Socio-economy	2.Economic voting	3.Attitudes
Age	-0.0103**	-0.099**	-0.075
Gender	-0.016	0.011	-0.011
Employed in private or public sector	-0.026	-0.025	0.039
Member of a union	-0.104**	-0.094**	-0.035
Education	0.165***	0.164***	-0.283***
Income	-0.063	-0.70*	-0.011
<i>Household's economy last year</i>		-0.067*	-0.059*
<i>Personal economic prospect</i>		0.029	0.003
<i>Norway's economic situation last year</i>		-0.119***	-0.076*
Fears unemployment			-0.006
Centre-right government, unemployment			-0.306***
Centre-right government, inflation			0.103***
Wasting tax money			0.080*
R-squared (adjusted)	0.046	0.063	0.235

*Means the variable is significant on a 0.05 level, variables with ** are significant on a 0.01 level and ***-variables are highly significant at a 0.001-level.

3.4 The 1993-election: Macroeconomic recovery gives renewed confidence for

Brundtland's Labor Party government (36.9% of the popular vote)

The 1993-election was dominated by the intensification of the EU-debate leading up to the referendum in 1994⁴⁶. Even though the economy did not become the focal point of the election, uncertainty about the economic future prevailed, and 21.5% of the respondents said they feared a tougher year. The highly significant sociotropic variable can be read as the party with the best plan for economic recovery won a lot of votes for having a credible plan to reconsolidate the national economy. The decision to join the European Economic Area (EEA)

⁴⁶ The sample size for the 1993-election survey was 2194 respondents.

was one of the most encompassing macroeconomic decisions made by a Norwegian government, but it was done with the public's blessing⁴⁷.

Even though the Labor Party was accredited for bringing the country's economy "back on track", a considerable pessimism was still lurking, for example, one out of four voters believed the economy would be worse in the subsequent year. In 1993 the arrows were pointing upwards and one might suspect that the Labor Party's perceived strong grasp on economic policies was dominant but withering. Few voters declared any gratification for the economic success, and the insignificant pocketbook coefficients tell that the incumbent government received little credit for improving people's household economy. Maybe people were increasingly separating and deconstructing the bond between the Norwegian welfare state as an agency of low unemployment from the long serving Labor Party's policies?⁴⁸. Generally the 1993-data indicates a low tolerance for economic inequalities, a strong belief in the public sector's job creation⁴⁹ and the strong backfiring from voters on the Conservative Party's EU advocacy was probably counterproductive for the political right. Looking exclusively at economic evaluations, I would argue that the 1993-election was more a victory of the legitimacy of the welfare state than for the policies of the Labor Party.

⁴⁷ 30.9% fully agreed with the EEA accession whilst 31.0% of the respondents were somewhat agreeing with the implementation. With national sovereignty at stake no wonder the election campaign resulted in a rural, anti-EU mobilization and the election winner this time was the Centre Party (greatest EU-opponent), while the election losers were the Progress Party and the strongest EU-supporting party, the Conservative Party.

⁴⁸ 14.5% believed the unemployment levels would increase with a Centre-right government, and even more feared a soaring inflation with possibility of an exit of the Labor Party government.

⁴⁹ 22.9% found the public sector to be the best agent for job creation.

Table 5: 1993-election beta coefficients

Independent variables included	1.Socio-economy	2.Economic voting	3.Attitudes
Age	0.050	0.046	0.018
Gender	-0.019	0.013	0.009
Employed in private or public sector	0.023	0.027	-0.005
Member of a union	-0.082*	-0.081*	-0.046
Education	-0.195	-0.206***	-0.173***
Income	0.033	0.009	0.006
<i>Household's economy last year</i>		-0.008	0.001
<i>Personal economic prospect</i>		-0.003	0.002
<i>Norway's economic situation last year</i>		-0.179***	-0.110***
Fears unemployment			-0.018
Centre-right government, unemployment			-0.218***
Centre-right government, inflation			0.176***
Waste of tax money			0.057
R-squared (adjusted)	0.035	0.063	0.147

*Means the variable is significant on a 0.05 level, variables with ** are significant on a 0.01 level and ***-variables are highly significant at a 0.001-level.

3.5 The 1997-election: The “mini-minority” Bondevik government, and the success of the socioeconomic centrist parties (26.1% of the popular vote)

The 1997-election⁵⁰ was remarkable in two aspects: Firstly, it led to a minority government not clearly rightist nor leftist consisting of the Christian Democrats, the Centre Party and the Liberals, all of which are party minnows. Secondly, the ultimatum of the Labor Party leader Jagland where he stated that the party would not form a government unless it did at least as well as in the 1993-election failed to mobilize all potential Labor Party voters. During the electoral campaign health and social policy became important issues and something that brought the electoral campaign to a field the Christian Democrats enjoyed issue ownership⁵¹.

⁵⁰ The sample size for the 1997-election survey was 2055 respondents.

⁵¹ On aggregate health, social question and welfare were seen as a top issues for 27.1%, and economy were only important for 21.7% of the individuals taking the survey. Economy here is a bundled category including employment, taxes, social equalization and redistribution, the scope of the public sector, industrial politics, monetary policy, management the State's Oil Fund and other economic questions.

The economic voting asymmetry is typically evident in the 1997-election considering that the economy was improving but the Labor Party government did not get credit for it. The question of expansive and restrictive oil revenue management used was first included in the Norwegian Election Survey of 1997, and it tells that 56.3% of the voters wanted to spend more and break with the conservative principle ushered by the incumbent social democratic government. In fact these social sentiments might have been higher given the restrictive formulation of the question that reads⁵²: “Can we use more of the income from the oil resources to aid the shortcomings in the health sector and elder care?”⁵³ The problem for the Labor Party in 1997 might have been their failure to communicate their economic success, but an even greater misjudgment was the failure to meet the growing expectations with more expansive state budgets.

Table 6 shows no significant results for the economic voting variables⁵⁴, and the low inflation and the low unemployment were not accredited to the preceding Labor government but rather to exogenous factors⁵⁵. The regression coefficients indicate that voters held the social democratic government responsible for the fiscal priorities of their tax money. But as neither the Conservative Party nor the Progress Party challenged the incumbent government providing “a clear coalition alternative”, there was little contestation for the issue ownership over economic policies that could dethrone the Labor Party (Anderson 2000).

⁵² Had the researchers and survey methodology been more open, probably even more respondents would have supported a more expansive finance policy.

⁵³ 77.6% said they believed “it makes a difference who is in power”.

⁵⁴ The frequency data describes an optimistic voter mass. With regards to pocketbook assessments of the Labor government, 50% report that their economy is unchanged in the last year and is not going to be affected by any governmental reshuffling⁵⁴. In terms of sociotropic orientations, 48% of the voters consider the country’s economy to have improved in the last year, while only 2% percent stated that the economic situation had worsened.

⁵⁵ According to the voters (only 30% of the voters believed the government is the agent of low unemployment while more convincingly 45 % attribute inflation stability to be the work of the government).

Table 6: 1997-election beta coefficients

Independent variables included	1.Socio-economy	2.Economic voting	3.Attitudes
Age	0.022	0.020	0.053
Gender	-0.026	-0.016	0.001
Employed in private or public sector	0.033	0.036	0.011
Member of a union	-0.108***	-0.105***	-0.084**
Education	-0.211***	-0.220***	-0.226***
Income	0.036	0.028	-0.005
<i>Household's economy last year</i>		0.007	-0.023
<i>Personal economic prospect</i>		-0.029	-0.023
<i>Norway's economic situation last year</i>		-0.045	-0.042
Fears unemployment			-0.061
Oil revenue management important issue			0.183***
Waste of tax money			0.116***
Economy important issue			0.073*
R-squared (adjusted)	0.048	0.049	0.091

*Means the variable is significant on a 0.05 level, variables with ** are significant on a 0.01 level and ***-variables are highly significant at a 0.001-level.

3.6 The 2001-election: The launch of the second Bondevik government and a new

Conservative Party dominated coalition (27.5% of the popular vote)

The reinstatement of the Conservative Party was also a victory for the party's economic policies, for example, 43.5% of the voters preferred their market friendly tax policies. The Labor Party did not fare well in economic matters anymore, and over half of the respondents stated that the low unemployment rate preceding the election year was *not* caused by the virtue of social democratic policies⁵⁶. Voters were negative with respect to their prospective personal economy, and one out of five respondents believed they were facing a tougher year for the household economy. Notwithstanding another great economic year for the Norwegian state⁵⁷, never before had as much as 85% of the respondents expressed that the state wasted "some" or "a lot" of the tax revenues.

⁵⁷ The 2001-survey shows that the new archrival of the Labor Party, the Progress Party, had a more desirable tax policy than the Labor Party.

The singular significance of the oil-revenue variable in table 7 can be interpreted as the incumbent Labor Party was out of sync with the general population with regards to what to do with the oil revenues. A two-third majority supported using some of the money for general welfare, and in particular more to the health sector, basic education and elder care. The social contention was not a symptom of tax fatigue, but rather due to lack of fiscal expansionism by the Labor Party. Therefore, the preferred party in economic policies and the issue owner of managing the oil revenues was the more expansionist Conservative Party. The Labor Party had spilled its chances and almost 30% indicated that the Stoltenberg government had done a “really poor job” in administrating the oil revenues⁵⁸.

Table 7: 2001-election beta coefficients

Independent variables included	1.Socio-economy	2.Economic voting	3.Attitudes
Age	0.109	0.112	0.111
Gender	-0.090	0.101	0.034
Employed in private or public sector	-0.055	-0.052	-0.058
Member of a union	-0.069	-0.059	0.004
Education	-0.126	-0.105	-0.039
Income	-0.065	-0.103	-0.058
<i>Household's economy last year</i>		-0.025	-0.070
<i>Personal economic prospect</i>		-0.029	-0.047
<i>Norway's economic situation last year</i>		-0.057	0.027
Fears unemployment			0.148
Waste of tax money			0.036
Labor Party's management of the oil revenues			-0.266***
R-squared (adjusted)	0.040	0.037	0.068

Means the variable is significant on a 0.05 level, variables with ** are significant on a 0.01 level and *-variables are highly significant at a 0.001-level.*

⁵⁸ This question regarding the Labor Party's management of the oil management is formulated in the following way: Consider the Stoltenberg government's management of the oil income: How would you assess the government's job? 0=Very good job, 1=Good job, 2=Poor job, 3=Very poo job.

3.7 The 2005-election: A historical election and new party coalitions in Stoltenberg's redgreen majority government (48.0% of the popular vote)

In the 2005-election the voters were given two clear choices: to keep the incumbent government of Bondevik II, or the “redgreen experiment” as the Centre-right parties called it. For the first time, the Labor Party would lead a coalition with the government novice the Socialist Left Party and the realigned left-leaning Centre Party. The Conservative Party made their historically worst result in modern times (14.1%), mainly caused by a disagreement between the Progress Party's chairman Carl I. Hagen and incumbent Prime Minister Bondevik for not including the largest rightist party in the government (The Progress Party gained 22.1% of the votes). What was remarkable in the 2005-election was the total domination of the Labor Party for being the best party in issues such as tax policies and fighting unemployment. The losing and beleaguered Conservative Party, known for its prudent and business friendly policies and even the reactionary anti-tax attitudes of the Progress Party, lost the issue ownership of economic policies to the Labor Party.

Looking at table 8 forces us again to reject the theory of economic voting. How can as many as 47.3% of the respondents say that the Norwegian economy has improved in the last year and simultaneously not attribute the success to incumbent government?⁵⁹ The answer is much likely twofold: Firstly, the popular pressure for using the oil revenues did not transmit to the government's policies. Even though the incumbent Conservative Party had criticized the economic prudence of the Labor Party earlier, they did not deliver in terms of using more oil money in the state budgets. Secondly, the tax cuts that the Conservative Party had fought for

⁵⁹ Even though table 8 reveals that pocketbook evaluations were not significant, an interpretation of the frequency data would tell that the household's economic status was on an upward spiral. 35.9% reported their personal economic situation had improved, and 31.5% said the next coming year would be even better than the last. In comparison the only note on pessimism is the little increase in woeful prospects of unemployment were one out of five said they “are afraid of becoming unemployed”.

proved to be incongruent with the voters' attitudes, and left-leaning voters saw no reason to reduce the tax levels (60.4% of the voters were opposed to major tax breaks)⁶⁰.

Table 8: 2005-election beta coefficients

Independent variables included	1.Socio-economy	2.Economic voting	3.Attitudes
Age	-0.095***	-0.091***	-0.106***
Gender	-0.015	-0.002	-0.006
Employed in private or public sector	-0.112**	-0.104	-0.096***
Member of a union	-0.090***	0.092	0.088***
Education	0.197***	0.196***	0.165
Income	0.182***	0.170***	0.139***
<i>Household's economy last year</i>		-0.016	-0.023
<i>Personal economic prospect</i>		0.016	-0.029
<i>Norway's economic situation last year</i>		-0.091***	-0.086***
Fears unemployment			0.028
Waste of tax money			0.004
Best party for unemployment			-0.153***
Best party tax policies			0.008
Use of oil money			0.039
R-squared (adjusted)	0.094	0.101	0.117

Means the variable is significant on a 0.05 level, variables with ** are significant on a 0.01 level and *-variables are highly significant at a 0.001-level.*

3.8 The 2009-election: The re-election of the incumbent Jens Stoltenberg's red-green majority coalition (47.8% of the popular vote)

In the election of 2009, the voters gave the Stoltenberg government consisting of the Labor Party, the Socialist Left Party and the Centre Party four new years. The lowering of the unemployment levels and the failure to mount a coherent opposition alternative can partly explain Stoltenberg's renewed term. Generally, voters expressed confidence in the

⁶⁰ The question is formulated as follows: "In the current situation, the government has the economic possibility to lower taxes. 23.1% completely agreed, while the majority 60.4% are somewhat or fully disagreeing with this statement".

government's management of the economy in the wake of the financial crisis of 2008-09⁶¹ (See table 9). Despite a dissatisfaction of getting too little value for the taxes paid, the crisis management of Stoltenberg's red-green alliance probably "saved" the government (Jensen and Kalstø 2011).

Even though the reasons for the encroaching crisis were external to Norway, the belief in the government's capability to find a policy remedy seemed stronger than before. The variables that measure issue ownership⁶² show how the Labor Party "owned" the key economic policy areas of employment and tax policies. Maybe the exceptional uncertainty made voters realize the government needed resources for massive transfers and expansionary policies in order to respond to the crisis and thereby accepted the Labor Party's traditionally high tax rate? This point is strengthened in table 9 that show how the educated voters were more reluctant to support the rightist parties than they usually are, and that the social pressure for the use of oil revenues is far lower than in the previous elections. With regards to economic voting, the Norwegian population did not express any dissatisfaction with the economic circumstances, and especially concerning the household economy respondents expressed almost no fear for the future⁶³. As in the 1993-election the Labor Party was a "safe choice" in times of macroeconomic uncertainty.

⁶¹ For example, 33% expressed "very good" crisis management by the red-green coalition and a noticeable 59.8% stated it was "pretty good". 73.3% of the population did not express any fear of becoming unemployed in the subsequent year after the election. The election survey of 2009 comprised 1782 respondents. There are 718 missing observations for the independent variable of employment in the private or public sector.

⁶² Issue ownership is formulated in two questions related to economic policies: Which is the best party for tax policies and unemployment.

⁶³ 33.3% argued the household economy had improved, and 11.1% reported it had declined over the last year. For the forthcoming year 27.2% believed in an improvement of the personal finances and a marginal 7.7% believed things would get worse. Only 20.3% reported that national economy had gotten worse in the year preceding the election, and more so than before did the voters express that how the government color really matters for politics (32.5%).

Table 9: 2009-election beta coefficients

Independent variables included	1.Socio-economy	2.Economic voting	3.Attitudes
Age	-0.008	0.002	-0.025
Gender	0.097**	0.112**	0.025
Employed in private or public sector	-0.060	0.049	0.002
Member of a union	-0.184**	-0.174**	-0.029
Education	-0.042	0.043	-0.056*
Income	-0.047	-0.045	0.019
<i>Household's economy last year</i>		-0.121***	0.023
<i>Personal economic prospect</i>		0.015	0.033
<i>Norway's economic situation last year</i>		-0.047	-0.020
Government's management of the financial crisis			-0.074**
Best party for tax policies			-0.535***
Best party for unemployment			0.157***
Use of oil revenues			-0.061*
Waste of tax money			0.020
Fears unemployment			-0.016
R-squared (adjusted)	0.047	0.062	0.500

*Means the variable is significant on a 0.05 level, variables with ** are significant on a 0.01 level and ***-variables are highly significant at a 0.001-level.

3.9 Discussion of results

In this section I will offer a general analysis of the results from the models, both in light of theory and for the time period studied. This study iterates the suspicions about how the economy has a minor importance for Norwegian voters and empirically disconfirms economic voting theory. With eight elections analyzed using comparable data, results reveals how the salience for economic evaluations has modestly declined among the voters. But still this thesis adds some surprising elements to the international debate on economic voting that can explain why it is so. To explain this, I will return to the research question that asked *if, by whom and the reasons for the lack of economic voting*.

Does economic voting exist?

The main puzzle that this thesis dealt with was formulated in the research question and aimed to analyze *if* economic voting has existed in the last eight parliamentary elections. To the extent that the voting patterns mimic the logic of economic voting, it is evident that this is not the case in most of the elections. “Unfortunately” there was not a general election during the greatest macroeconomic dip in 1990-1991, which means the voters’ punitive mechanism could be adequately tested. “Lack of sufficient economic progress” is a more proper terminology than soaring inflation or joblessness. Only the 1985-, 1993- and 2009-elections indicate a reward-punish mechanism in terms of re-election of incumbent governments in favorable macroeconomic circumstances. The five other elections studied in the period between 1981 and 2009 has shown that governmental reshuffling takes place where the voters are relatively inattentive to economic factors. A negative grievance asymmetry voting is often the *modus operandi* of Norwegian voters, and this is linked to the voters perceptions on how the economic outcomes are contingent on exogenous factors rather than the incumbent government’s policies.

When addressing the question the question of what type of economic voting that does exists, this study disconfirms Lewis-Beck’s argument on how European voters, largely thanks to welfare states, are more likely to be pocketbook- rather than sociotropic oriented (Lewis-Beck 1988). The Norwegian voters do not seem to hold the governments accountable for the ups and downs of their personal economy. In five of the latest elections significant results of retrospective sociotropic voting were found. If one had a valid measure of *prospective sociotropic voting*, besides the best available proxy variable on whether the respondents “fear unemployment” that was applied in this thesis, one could have made better inference with

regards to the Norwegian voters outlook on the future national economy and voting choice. The few cases that confirm *pocketbook voting* are erratic between prospective and retrospective orientations⁶⁴, and these variables seized to have an impact beyond the 1989-election.

The results of the types of economic voting in this paper confirm the idiosyncratic evidence of sociotropic economic voting found by Narud and Aardal in their analysis of the 2005-election and Listhaug's study of the period between 1985 and 1997 (Narud and Aardal 2007; Listhaug 2005). One remarkable statistical finding is that in times with more drastic shifting economic circumstances, as in the 1980s and early 1990s, the regression models indicate that personal egocentric evaluations were more conspicuous for the voters (Figure 1). This pattern suggests that the material position of voters must be sufficiently good or bad for it to have an impact on which party they support on the ballot box. Put differently, unless the economic difficulties are harsh enough so that the voters will domesticate the problems, it is unlikely to affect the voting choice.

On average, the explained variance between the "socioeconomic models" and "the economic voting models" is modest. In terms of changed R-square between the socioeconomic and the economic voting variables, the average change for the eight elections is only 2.5 percentage points and the two models have modest explanatory power. Only when the attitudinal variables are included, questions that are far more specifically formulated in the survey, can we see a sizeable growth in adjusted R-square. These results suggest that the overall

⁶⁴ Evidence for prospective pocketbook was found in 1981 and 1985 but this might be because the 1981-dataset lacked any variable that measured retrospective evaluations. Retrospective pocketbook evaluations were relevant in the 1985- and 1989-election.

sentiments on the economy have far less significant effect than the specific questions on tax policies, oil revenue use or employments policies. In this respect, I would modify Narud and Aardal's description of the Norwegian electorate as being characterized by a "dissatisfaction of ever increasing expectations". Instead these expectations and grievances are much more *policy specific*. The punishment mechanism of rational Norwegian economic voters is, for example, dissatisfaction with tax policies and oil revenue management rather than dissatisfaction with the complete macroeconomic picture. This point is relevant for to subsequent studies of economic voting in other countries as well. While the voters might not be particularly responsive to the general macroeconomic situation, they might very well be highly sensitive to specific issues in the economic policy-making (other than unemployment and inflation). Maybe scholars should pay more attention to how economic variables are perceived instead of searching for direct effects from the ups and downs of macroeconomic variables.

Relevant socioeconomic factors

The second aim of this study was to discuss the socioeconomic prerequisites of economic voting. However, to infer that the significance of these variables is due to economic assessments must be done with caution. In the models, education is related to economic voting, and one can imagine two interpretations for this: First, with the exception of the financial crisis-election in 2009, educated voters tend to support the Conservative Party and the party's centrist coalitions partners⁶⁵. The second interpretation for the consistency of education being a relevant variable relates to the voter information aspect. For example, one

⁶⁵ This confirms other studies' findings (See Berglund 2004; Engelstad 1999).

can argue that these results confirm how education, knowledge and information are all preconditions for being able to evaluate the economic policies of governments.

The second consistent significant variable from the socioeconomic model is the unionized workers. Here lie three possible interpretations: Firstly, it confirms the *socioeconomic group base voting* which is a middle category between the individual and national level, or between pocketbook and sociotropic voting, as argued by Brady and Sniderman (Brady and Sniderman 1985). Secondly, it tells us that unionized workers vote identically, and class base voting still stabilizes the voting patterns in post-industrial Norway, as predicted by Ringdal (Ringdal 1999). Organized employees are much more likely to vote for the Labor Party than the Conservative Party or centrist parties. A third interpretation can be inferred from the results of the last three elections, because there has been a diminished link between union membership and support for the Labor Party. In fact, in the 2005-election the Conservative Party, the Liberal Party and the Christian Democrats attracted more votes of organized labor.

To round up the impact of the socioeconomic variables, the data show how sector, income, age and gender seem to have modest or near-to-zero influence on whether voters supported the incumbent government or not. Despite that both international and national evidence suggest that voting is becoming more determined by the sector of the workers, (Knudsen 2001) little evidence can support this argument from the data. In the next section, I return to the substantive explanation for the modest role of economy for the voters.

Reasons for the non-existence of economic voting

In this study, I argue that there is a problem for governments to reap the benefits of an economic record as the voters are informed enough to know they are largely conditioned by exogenous factors. This is largely related to the comprehensive welfare state argument (Pacek 1994) and the small-state argument (Miller and Listhaug 1984). A government cannot in a credible manner convince the voter that the low unemployment level is the works of the incumbent party, or that the budget surplus is not driven by a high oil price but rather by the government's fiscal prudence.

But what can be inferred about how voters attribute the government for the responsibility for the macroeconomic development? There seems to be no empirical evidence for the argument of how majority governments make accountability for the incumbent parties any easier for the voters than during times of minority government. On two occasions where majority governments were put to the test in an election, in 1985 and 2009, the explained variance of the models is not noticeable bigger than during times of minority governance. Further, the theoretical proposition that the coalition leading party has the highest cost of governance is also falsified. In 1985, the incumbency was most detrimental for the Christian Democrats rather than the major party, the Conservative Party. The same pattern was repeated in 2009 when the Socialist Left Party proved to be the election loser rather than the Labor Party who held the most ministerial posts in the government. As argued throughout the thesis, there is a genuine problem of attribution for economic policies for the Norwegian governments and it is evident in the data. In the period studied, an average of only 25% of the respondents believed the low unemployment was due to government policies, while average of 41% reported that other causes had an affect on this. Voters tend to hold the governments more responsible for

the inflation level. An average of 41% of the voters attributed the inflation level to the incumbent parties' policies, and on the other hand, 26% of the respondents thought that the government had nothing to do with the price increase⁶⁶.

The greatest contribution this thesis provides is shedding light on how the economy is perceived might explain more about the role of the macro economy in democratic politics than the real picture. The data from three last decades show that economic issues are never the most important ones for voters during election campaigns. Welfare, immigration, health, abortion or the debate on EU-membership are issues that have easily overshadowed the prominence of economic matters. On an aggregate level, longitudinal data from the Norwegian Election Survey shows that the population is split in half on whether voting can have an influence on policies or not. A crude interpretation of these figures makes it possible to assume the electorate is parochial but demanding and materialistic. This is naturally an overstatement, and the nuances of the significance of economic policies among the voters are far more complex than that. I suggest three explanations for the economic parochialism that I will discuss in this section: *contested issue ownership* in economic policy-making, *grievance asymmetrical voting* driven by a dissatisfaction of ever increasing expectations and the *problem of attribution* for governments to credibly convince voters that the economic record is affected by partisanship.

One of the findings of this study has been that the *perceived* economic factors can affect how incumbent parties perform in elections: this political struggle for being perceived as a competent manager results in *contested issue ownership* to employment, tax policies,

⁶⁶ Also the inflation numbers are an average. The question is not covered in all datasets, but for five elections.

inflation control and oil revenue management. To be viewed as a “competent economic manager” is largely attributed to the Labor Party, and their issue rivals are the Conservative Party and occasionally the Progress Party. For example, one has to go back to the neoliberal golden days of the early 1980s where the business minded Conservative Party enjoyed the highest confidence from the public opinion for being the best party for price stability. Even though the Labor Party has monopolized inflation control, de facto contestation of issue ownership revolves around the question about which party is seen as having the most desirable tax policies, managing the oil revenues and being credible in fighting unemployment. These factors are discussed in turn in the following paragraph together with how they are related to the logic of economic voting.

Firstly, when the bourgeois parties managed to win in 2001, 1989 and 1981, the Labor Party relinquished or the rightist parties won the issue ownership to employment. The empirical record does in this respect reproduce the results of other studies that have found that government’s popularity depends on being capable of dealing with unemployment (Hibbs and Madsen 1981; Mattila 1996; Jonung and Wadensjö 1979). During the elections in the 1980s, the centre-right parties won three elections in a row and simultaneously the data confirms that they were the most competent manager to create and secure jobs. From this fact we can draw two further hypotheses: To lose the issue ownership over unemployment issues is detrimental for the Labor Party, and it hints to the crux of the matter for Norwegian economic policy-making, namely that the parties should profile themselves to be the preferred party for job creation and domestic job security.

Note however, it is not the Norwegian voter's fear of unemployment or people's experience of unemployment that matter, but rather how the parties are profiled to deal with these issues. In other words, when the Labor Party loses their normalized grip on dealing with unemployment they are in trouble. Even though "fear of unemployment" did not yield many statistically significant results, there is a compelling finding on how the Labor Party is almost always in government or is elected to government when the fear of unemployment is rising⁶⁷. The 1993-election is a good example to illustrate this point. After three successive victories for the Conservative Party and its companions followed the principle of economic deregulation that was by and large the cause of the macroeconomic turmoil in 1991. Ultimately, the Conservative Party lost issue ownership to employment policies and the voters gave them an ample reminder of this in the election that greatly benefitted the Labor Party. Perhaps we cannot rule out Kirschen's half a century old prediction on how parties are socioeconomic committed to certain groups, between social democracy and social groups prone to unemployment.

The most contested economic policy areas between parties are the tax policies and the management of the oil revenues through a large oil fund. Here lies an interesting paradox: while the public opinion shows modest dissatisfaction with the Labor Party's tax policies, there is weighty public disagreement with how the Labor Party has cautiously used the oil revenues to launch fiscal expansionist policies. On average, there is marginally greater dissatisfaction with tax waste after periods of Labor Party governments than during Centre-right governments. Three major parties the Labor Party, the Conservative Party and the

⁶⁷ On average during the almost thirty years studied, during times of election or re-election of Labor Party governments, the fear of unemployment is 21.2%. On the other hand, while during the Conservative Party led governments only 16.7% of the respondents fear unemployment.

Progress Party, compete over having the most feasible tax policies. Quite often the two bourgeois parties are in just as stiff competition with each other as they are with the Labor Party. For example, there was an ideological rightist wind over the 2001-election where both the Progress Party and the Conservative Party were much more aligned with the voters in tax issues than the Labor Party. But luckily for them, the Labor Party does not have a social democratic challenger that threatens the party's policy profile in issues such as tax and employment issues. In the 1997-, 2001- and 2005-election the Progress Party and the Conservative Party captured votes by challenging the consensus on a conservative use of the oil revenues. However, during the financial crisis of 2008-2009 the voters shifted away from this expansionist line and supported the traditionalist line of oil revenue management of the Labor Party. Even though preliminary data does not allow us to fully understand how the politization of the oil revenues is accommodated in party politics, I would argue no party can give credible fiscal expansionary commitments to the voters.

Conclusion

This thesis has analyzed the interdependence of economy and elections in Norway between the 1981- and the 2009-election. According to the findings, Norwegian voters do not seem to fit to the pseudo-rational predictions of economic voting as the macroeconomic situation has been favorable for the country as whole. Nevertheless, grievance asymmetric voting by a demanding electorate has made governance challenging for even the most virtuous cabinets. The study suggests two possible explanations for the lack of any reward-punishment reaction by the voters: Firstly, the loss and gain of issue ownership works as an economic predictor for whether cabinets gets re-elected or not. This pertains to economic matters such as employment issues and oil revenue spending. Secondly, the voters display little confidence in the government's ability to affect macroeconomic outcomes. The perceived inability of parties to make a real macroeconomic impact creates a "problem of attribution" for governments because they cannot in a credible way convince the voters that the success is their merit. The study provides some methodological points to further studies of the political economy of elections. Voters in developed market economies and democracies like Norway are not likely to be responsive to the general macroeconomic picture if the economic variance is not great enough. With that said, voters might be highly sensitive to the specific economic issue that are not captured by generalized variables about economic development. In the Norwegian case, such salient and limited economic issues where voters hold the government accountable are the use of oil money, tax policies and employment.

To the general debate on economic voting, the study suggests that pocketbook orientations are more prominent in uncertain economic times where economic hardship is domesticated to the household economy. However, the sociotropic evaluations are the most consistent statistical finding, and these results go against the cultural explanations and the previous

studies done on Norway (Lewis-Beck and Paldam 2000; Miller and Listhaug 1984; Listhaug 2005 Narud and Aardal 2007). A methodological point to add to the academic debate shows that the inclusion of attitudinal variables on how the economy is perceived explain more than the ups and downs of macroeconomic indicators. The study also contributes to clarify which economic factors that are still politicized, such as for example oil revenue management in particular. Here also other factors such as state indebtedness, international competitiveness and industrial policy could have been included if valid variables existed.

One further stream of studies of economic voting could address the question of which economic areas are attributed to the government's policy and which are not, or a similarly, if the degree of attribution of economic policies might be limited to the macroeconomic knowledge of voters. A clear limitation of this thesis is the exceptionalism of the Norwegian economic structure and the absence of a great economic setback after 1991. The evidence imply that, the *perceived* political competition between parties in terms of being the best economic manager and to communicate economic achievements, is more important than *the real economic* developments. To decide whether this is a contextual limitation of Norwegian politics, or if this is transferable to other democracies remains an open question.

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