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The Political Conditioning of Subjective Economic Evaluations: The Role of Party Discourse

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Abstract

Classic and revisionist perspectives on economic voting have thoroughly analyzed the role of macro-economic indicators and individual partisanship as determinants of subjective evaluations of the national economy. Surprisingly, however, top-down perspectives analyzing the capacity of parties to cue and persuade voters about national economic conditions are absent in the debate. We use a novel dataset containing monthly economic salience in party parliamentary speeches, macro-economic indicators and individual survey data covering the four last electoral cycles in Spain (1996-2011). Our results show that the salience of economic issues in the challenger’s discourse

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substantially increase negative evaluations of performance when this challenger is the owner of the economic issue. This type of party conditioning of public economic evaluations is independent from the state of the economy, and can affect citizens with different ideological orientations. By contrast, the persuasion capacity of incumbent parties is more constrained by the real economy.
1 Introduction

Punishing governments when the economy goes badly and rewarding them when the economy goes well is one of the pillars of democratic accountability. For decades, political scientists have thoroughly analyzed the validity and implications of this simple reward-punishment model applied to the economy. The economic voting literature has grown upon the idea that changes to the real world economy affect citizens’ assessments of the economy’s performance, and that citizens’ economic evaluations influence their voting behavior. The existence of alternative determinants of subjective economic evaluations to explain the former causal nexus, however, has increasingly been a matter of debate. A new revisionist perspective argues that the classic reward-punishment model suffers from endogeneity biases, and that subjective perceptions of the national economy are partly a function of pre-existing party preferences.

The determinants of the type of economic discourse in parties’ communication strategies have recently received some attention. The difference in party economic positions and the competence signal of the

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1for a review see M. S. Lewis-Beck and Stegmaier (2000, 2009)
2Tilley, Garry, and Bold (2008); M. Lewis-Beck, Nadeau, and Elias (2008); Fraile and Lewis-Beck (2010)
3Wlezien, Franklin, and Twiggs (1997); Evans and Andersen (2006); Tilley and Hobolt (2011); Evans and Pickup (2010); van der Eijk, Franklin, Demant, and van der Brug (2007); Tilley et al. (2008)
4Vavreck (2009)
5Hellwig (2012)
have proved to be important conditioning factors strengthening the link between the economy and vote choice. However, the actual capacity of party discourse to actually persuade voters about economic performance is absent in this debate. This is surprising, since the capacity of parties in setting certain issues in the agenda and activating certain dimensions of conflict over others has proved to be remarkable in other sub-fields of political behavior. Previous research on the political conditioning of economic perceptions has normally considered individual-level factors like party identification or party choice. This literature follows the Michigan tradition of political research and considers partisanship as a “perceptual screen” influencing how voters reconcile information about policy outcomes with political choices. This conception of political conditioning, however, forgets the role of external sources of political cueing and therefore only accounts for individual-level mechanisms. Moreover, party identification is known to be a very stable individual trait, so it cannot be responsible for short-term changes in subjective economic evaluations.

In this article we use a novel dataset of monthly party salience on economic issues obtained through content analyses of party questions in plenary debates in the Parliament. We have matched this dataset with objective macro-economic indicators and survey data on individual determinants of evaluations of the national economy, like ideological predispositions. Our

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6R. M. Duch and Stevenson (2008)
7Evans and Tilley (2011); C. J. Anderson and Just (in press)
8R. Duch and Stevenson (2010); Tilley and Hobolt (2011)
analyses cover four electoral cycles in Spain (1996-2011). This time span and context is a conservative test for the effect of partisan sources of political conditioning of the economy, given the important variation in real macro-economic conditions from remarkably good to dramatically bad. This time span includes two electoral cycles when each of the two main Spanish parties (the conservative Partido Popular and the socialist Partido Socialista Obrero Español) were in a single-party government. This context is thus ideal to test how (lagged) party discourse can matter, by observing the two main Spanish parties as incumbents and challengers, and across varying macro-economic conditions. The proportional and multiparty system in Spain makes it a comparable case across Western democracies. The strong pivotal role of the two main Spanish mainstream parties and their alternation in power, however, allow us to better identify the effect of a single party discourse when in government and in opposition.

Our analyses show that party salience on the economy has a substantial effect in conditioning public economic perceptions. This is beyond the strong effect of objective macro-economic conditions, ideology and vote choice. However, party discourse needs two conditions to be effective. First, the party needs to be the issue owner and therefore hold a stronger reputation to deal with economic issues (which in this case is the right-of-center Partido Popular). Second, the party needs to be in opposition, since the effect of the incumbent’s discourse vanishes when controlling for the real economy. These findings have important implications for both classic and revisionist
perspectives on the study of subjective economic perceptions. In line with classic perspectives, incumbent parties are very constrained by how the economy is really doing, and therefore their capacity to condition public opinion and pervert classical processes of accountability is very limited. In line with revisionist perspectives, however, the risk of political conditioning by parties with good economic reputation in opposition is remarkable. Moreover, this capacity to shape public opinion does not depend on how the economy is really doing, and does not only affect partisans or citizens with similar ideological views.

2 Conditioning factors of Economic Perceptions

Conventional wisdom in political science holds that the state of the economy affects electoral outcomes. One of the main traditions in the economic voting literature relies on aggregate data. Vote shares or approval ratings of the incumbent party over time are regressed on levels or changes of macro-economic conditions. Another tradition of research in the economic voting literature has dealt with survey data to demonstrate the association between economic performance and electoral outcomes at the individual level. The survey approach to economic voting has usually relied on the

van der Eijk et al. (2007)
respondents’ views about the state of the economy.\textsuperscript{10}

A considerable amount of research in the second tradition has suggested that sociotropic economic perceptions are associated with vote choices\textsuperscript{11}. The magnitude and robustness of this association, however, is much higher in research using objective aggregate indicators\textsuperscript{12}. The effect of subjective evaluations of the economy on election results appears to largely depend on institutional factors\textsuperscript{13}, and on individual-level characteristics explaining how voters articulate their perceptions of the economy or attribute political responsibility\textsuperscript{14}. Thus, assessing sources of heterogeneity among individuals regarding the articulation of economic perceptions appears to be an important enterprise in this literature.

The systematic analysis of the whole range of factors that connect objective macro-economic performance and individual subjective perceptions is still underdeveloped. In one of the scarce works directly tackling the individual heterogeneity of economic perceptions,\textsuperscript{15} highlight four factors mediating the link between the objective and the subjective economy: (1) personal financial experience, (2) group self-interest, (3) political attitudes, and (4) information and media exposure,

\textsuperscript{10}van der Eijk et al. (2007); R. M. Duch and Stevenson (2008); Nadeau, Lewis-Beck, and Bélanger (in press)
\textsuperscript{11}R. M. Duch and Stevenson (2008); M. S. Lewis-Beck and Stegmaier (2007)
\textsuperscript{12}M. S. Lewis-Beck and Paldam (2000)
\textsuperscript{13}Powell and Whitten (1993); Hellwig and Samuels (2008)
\textsuperscript{14}C. Anderson (2007); M. S. Lewis-Beck and Stegmaier (2007); van der Brug, van der Eijk, and Franklin (2007)
\textsuperscript{15}R. M. Duch, Palmer, and Anderson (2000), 637-639
Political attitudes as a source of heterogeneity in evaluations of the national economy is by far the most developed line of research, and has generated an intense debate about the degree of exogeneity of these evaluations.\textsuperscript{16} Political attitudes refer to the effect that ideology and partisanship have on economic evaluations. The main expectation is that individuals with strong attachments to the incumbent may perceive the national economy more positively. There is increasing evidence that party identification acts as a “perceptual screen” filtering facts from political reality.\textsuperscript{17} However, the effectiveness of this screen also depends on the clarity of responsibility as it regards the management of the economy.\textsuperscript{18}

The role of political factors like economic policy, political events and media coverage have been shown to condition levels of consumer confidence beyond the effect of the macro-economy.\textsuperscript{19} The literature assessing the mechanisms through which partisan cues can affect economic evaluations has not considered yet what parties say about the economy. The capacity of parties to politicize existing dimensions of political competition has proved to be crucial in other subfields of political behavior, like for example class cleavages\textsuperscript{20} or support for the political system.\textsuperscript{21} This seems to be

\begin{flushleft}
\textsuperscript{16}Evans and Andersen (2006); M. Lewis-Beck et al. (2008); Evans and Pickup (2010); Nadeau et al. (in press)
\textsuperscript{17}Tilley and Hobolt (2011); Evans and Pickup (2010); van der Eijk et al. (2007); Tilley et al. (2008); Parker-Stephen (2013b)
\textsuperscript{18}Parker-Stephen (2013a)
\textsuperscript{19}De Boef and Kellstedt (2004)
\textsuperscript{20}Evans and Tilley (2011)
\textsuperscript{21}C. J. Anderson and Just (in press)
\end{flushleft}
particularly relevant for the economic voting literature also, as focusing on a presumably stable trait such as party identification can give very little leverage to account for short-term changes in economic evaluations. The study of the possible political conditioning of economic evaluations should take into account voters’ partisanship, but also parties’ capacity to cue voters. This approach can be relevant for the controversy at stake. If top-down processes of political conditioning exist, a scenario of bad economic times and strong levels of partisanship for an incumbent party, for example, might not be enough to bias economic perceptions towards more positive evaluations. The direction and magnitude of the bias will depend on the capacity of the challenger to actually set economic issues into the public agenda, and persuade different kinds of voters across the ideological spectrum that the economy goes badly.

2.1 Party discourse as a conditioning factor

When including parties in economic voting studies, the main objects of study are three. First, the type of economic discourse and campaign that will most likely be followed by opposition and incumbent parties. Second, the conditioning role of party positions. And third party competence signals. These three have been found to be significant in activating the

\[^{22}\text{Vavreck (2009)}\]
\[^{23}\text{Hellwig (2012)}\]
\[^{24}\text{R. M. Duch and Stevenson (2008)}\]
link between economic factors and the vote. The effect of party discourse on public economic perceptions, however, is still a prominent gap in the literature.

Figure 1 shows what would be a traditional expectation of political conditioning of the economy. On the X-axis is the “Real Economy” and on the Y-axis the “Perceived Economy”. In a perfect setting we would expect citizens perceptions to match the cues given by the real economy; however, we know that this is not to be the case. As Parker-Stephen\textsuperscript{25} has found, for instance, partisan attachments alter this linear relationship and make government partisans more optimistic, and opponents more pessimistic. However, this partisan effect only exists in a middle ranged zone since at too good or too bad economic climates citizens converge in their perceptions\textsuperscript{26}.

Figure 1: Political Conditioning of the Economy

\footnotesize\textsuperscript{25}Parker-Stephen (2013b)
\footnotesize\textsuperscript{26}Parker-Stephen (2013b)
Following this line of argument we argue that it is in this middle zone where party discourse can effectively condition economic perceptions of citizens. However, instead of discourse having the capability of affecting these perceptions in a positive and/or negative way (as depicted in figure 2a) we argue that it can only affect them negatively (as figure 2b shows). Specifically, we reach this argument by merging the theory of issue ownership 27 with that of negativity bias 28.

Figure 2: Political Conditioning by Party Discourse

(a) Positive and Negative conditioning

(b) Negative conditioning

Perceived Economy

Real Economy

Perceived Economy

Real Economy

Issue ownership theory is an influential framework in economic voting studies, and it allows us to derive observable implications regarding the effect of party discourse. Issue ownership theory predicts that voters will evaluate parties or candidates on important issues, and that some issues will naturally advantage

27 Petrocik (1996)  
28 Vonk (1996); Singh and Teoh (2000); Soroka (2006); Soroka and McAdams (in press)
or disadvantage one party over the others. In issue ownership terms, the party should prime an issue that it owns. The theoretical presumption is that when a party owns an issue it is perceived by the electorate as being better and more credible at handling problems in that issue area. For instance, in the United States, Democrats are considered to own the issue of health care, and Republicans are believed to own the issue of national security. Similarly, in Western European countries, socialist parties are perceived to own welfare politics, while right-wing parties are believed to own the issue of immigration and economic growth, and green parties are believed to own environmental issues. When a party owns an issue, and public opinion considers that issue as important, the theory predicts that the party’s candidates should benefit electorally. A more refined interpretation of issue ownership has led researchers to consider some specific economic topics as likely to benefit the electoral prospects of certain types of parties. From this perspective, inflation is likely to benefit center-right parties, whereas unemployment is likely to connect with the issue priorities and competence reputation of center-left parties. Recent comparative economic voting studies, however, have found mixed evidence for this refined version of issue ownership applied to the study of the economy and the vote.

29Petrocik (1996)
30Budge and Farlie (1983); Riker (1986); Petrocik, Benoit, and Hansen (2003)
31Petrocik (1996)
32Budge, Robertson, and Hearl (1987)
34Hellwig (2012)
The ownership of the economy or a high political reputation to deal with it becomes crucial according to this theoretical framework. The issue owner is thus expected to have more economic credibility and therefore to be able to condition public opinion more clearly. This expectation implies a direct effect of the issue owner’s discourse beyond and independently from the real economy. The idea that parties’ economic discourse is a sole function of the macro-economy would imply that the former is in some sense a mirror image of the latter. If incumbents are to influence public opinion when the economy goes well, and if challengers have to do so when the economy goes badly, the true driver of the effect is the macro-economy and thus party discourse has very little leverage to shape public perceptions. If party discourse has any substantive relevance in the process of political conditioning of economic perceptions, this means that those parties holding a better reputation of handling economic issues should be able to persuade voters beyond how things are really going.

There are reasons, however, to suspect that the credibility of the issue owner’s messages will differ depending on whether it is in or out of power. In her study about how voters evaluate economic competence in Britain, Butt\textsuperscript{35} shows that retrospective evaluations of economic performance influence evaluations of the incumbent, but that this is not so regarding the challenger. While citizens can rely on an up-to-date performance record to judge the incumbent (through the real macro-economy, for example), the judgement

\textsuperscript{35}Butt (2006)
about the discourse and hypothetical performance of the challenger can be more responsive to ideological predispositions and partisan cues. The actual experience of living under the current government is certain and readily available, and therefore the discourse of the incumbent should have a much more limited power to persuade voters. By contrast, the evaluation of the prospective performance and current discourse of the challenger can be more subject to partisan sources of information and persuasion. While the incumbent has to deal with “real events”, the challenger can be judged “only by talk”. This is consistent with De Boef and Kellstedt’s findings that presidents in the US cannot always use the power of the press to maintain high approval ratings, and that presidents in power “cannot use rhetoric to consistently dupe the public”.

The stronger potential for opposition parties in setting economic issues in the agenda and conditioning public perceptions beyond the real macroeconomic facts is also supported by research in political psychology documenting negativity bias in information reception. Negative information has a significantly larger effect in impression formation. From a political behaviour perspective, Claggett showed that the relationship between macroeconomic conditions and the response of the congressional electorate is asymmetric. Contractions reduce the vote share of the incumbent party but

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36 Butt (2006) 
37 Popkin (1995), p. 29 
38 De Boef and Kellstedt (2004) 
39 Vonk (1996); Singh and Teoh (2000) 
40 Claggett (1986)
the incumbent party is not rewarded for economic expansions. Lau also found evidence that negative information is more influential than positive information in affecting evaluations of presidential candidates. More recently, media studies have provided evidence that negative views are more likely to attract media’s attention and to be set in the public agenda.

Based on these predictions, and if party discourse is able to shape public evaluations of economic performance, one can expect that the owner of the economy will be more successful than the party not owning it in shaping public perceptions. Moreover, both the constraints of real facts for incumbent parties and the negativity bias framework expect the discourse of the challenger to be more likely to set economic issues in the agenda and to condition public opinion. Table 1 summarizes these predictions.

<table>
<thead>
<tr>
<th></th>
<th>Non Issue Owner</th>
<th>Issue Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incumbent</td>
<td>No effect</td>
<td>No effect</td>
</tr>
<tr>
<td>Opposition</td>
<td>No effect</td>
<td>Effect</td>
</tr>
</tbody>
</table>

Our reasoning implies that important partisan sources of political conditioning of economic evaluations may be at play, and that this should be to a large extent independent from the real economy and individual ideological predispositions. However, our expectations acknowledge the role

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41 Claggett (1986)
42 Lau (1985)
43 Soroka (2006); Soroka and McAdams (in press)
of the real economy and classic accountability, in the sense that incumbent parties’ real performance should be more important than their discourse. Moreover, we only expect party effects among economically credible parties. It is important to stress that our theory does not intend to resolve the controversy between classic and revisionist perspectives. Our attempt is rather to include a substantively important factor that has been overlooked in the literature, and to deepen our understanding of when and why external partisan cues should shape public opinion.

3 Research Design

In this section we describe the data collected for the purposes of testing the expectations laid out before. Three elements are critical in this task: 1) choosing the country to analyze, 2) obtaining a measure of party salience, and 3) assessing voters’ economic evaluations. Each of these three elements is explained below.

3.1 Spain: from bounty to crisis

The expectations of different economic voting models have been largely tested in Anglo-American democracies. The reward-punishment logic is a very intuitive model to apply in two-party majoritarian democracies, where there are usually single-party governments and one clear challenger. We
believe that extending the test to a multi-party proportional system like Spain, which is a less studied context in the economic voting literature, can increase the comparative power of the propositions sketched out above. Spain is also a relevant context to test our theoretical propositions, since it went from relatively good macro-economic conditions to be one of the Western democracies more punished by the global economic meltdown. This is thus a conservative test for party discourse, given the presumably important effects of macro-economic conditions.

The time span analyzed covers four electoral cycles. The two first cycles (March 1996-March 2000, and April 2000-March 2004) had a right-wing single party government, and the two last cycles (April 2004-March 2008, and April 2008-November 2011) had a left-wing single party government. This allows us to vary the ideological orientation of incumbent parties. We focus on the two main parties competing in general elections in Spain, namely the left-wing socialist incumbent Partido Socialista Obrero Español (PSOE) and the right-wing conservative Partido Popular (PP) in the opposition. In spite of the presence of many other parties in the Spanish political spectrum, the PP and PSOE could govern over two electoral cycles respectively without the need of any coalition partner. In spite of acknowledging the role that other parties exert in the Spanish national Parliament, we keep the distinction between one main incumbent and one main challenging party which is inherent in the theory sketched out above.

Fraile and Lewis-Beck (2010)
The party with a stronger reputation of dealing with economic issues is the PP. Apart from an intuitive link between economic priorities and economic issues in Western Europe, the link between economic competence and right-wing parties is particularly likely in Spain given the bad macro-economic performance of the country during its democratic stabilisation (during the 80’s and early 90’s) under socialist rule. Furthermore, the PP is -according to survey data such as the European Election Studies- the party most able to handle the issue of the Economy over the time span analyzed. Previous research on economic voting in the Spanish context shows that the link between macroeconomic conditions and the PSOE’s electoral results is non-existent. This finding confirms the lack of connection between economic priorities, economic competence reputation and the PSOE’s electoral prospects. Rather than economic considerations, an electoral coalition of primarily blue-collar workers, rural voters, and voters dependent on state-subsidized income explain the historical disconnection between PSOE’s electoral victories and economic fluctuations.

Figure 3 shows the evolution of the Unemployment Rate(solid line) and of

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45 Budge and Farlie (1983); Van der Brug (2004)

46 While the results for 2004 overall show a majority preference for the PSOE it is important to highlight that the EES2004 survey was carried after an exceptional election conditioned by the terrorist attacks in Madrid on March 11, and during the honeymoon stage of the new socialist government. Upon closer inspection those in the middle of the ideological spectrum consider the PP as most able by a 64%-34% margin. This is further corroborated with the EES1999 and EES2009 studies, where a majority (>50%) prefer the PP in handling the economy.

47 Hamann (2000)
the rate of change of the Consumer Price Index (dashed line)\textsuperscript{48}, which are the indicators available at the monthly level and used in the analyses below. These were obtained from the Instituto Nacional de Estadística\textsuperscript{49} datasets. Unfortunately, data on GDP is only collected every three months, thus decreasing considerably the number of time points available in the analysis. This is why we only report the results concerning unemployment and inflation, for which we have available monthly data.\textsuperscript{50} The graph shows three vertical lines dividing each of the four governments in our study. As it can be appreciated, during the time when the right-wing PP was in power (1996-2004) there is a clear improvement of unemployment rates, but there is a gradual and steady increase of inflation which can be seen in the mostly positive change over time. In spite of the general feeling of good economic competence on the PP’s side reflected by the famous slogan “España va bien” ("Spain is going well"), the increase of prices exacerbated by the introduction of the Euro in Spain (around the middle of the 1996-2004 period) and the maximal inflation rate value observed along the whole time span analyzed could have been used by the PSOE as a shadow over the macro-economic reality during the PP’s incumbency. Even if, on average, the PSOE’s incumbency clearly had a worse macro-economic performance (especially due to the global economic meltdown in the 2008-2011 period), there was still

\textsuperscript{48} For graphical purposes we are using a six month moving average.
\textsuperscript{49} www.ine.es (14/01/2013)
\textsuperscript{50} Our main findings for the 2004-2011 period remain unchanged when replicating our models with GDP, and party discourse effects appear stronger for the 1996-2004 period. Results available in table A.2 in the online appendix.
some macro-economic variation that the challenger’s discourse could have used in its benefit between 1996 and 2004. Similarly, not everything was dramatically good or bad during the years when PSOE was in office. Even if both unemployment and inflation rates increased to maximal levels at the end of the time span analyzed, unemployment rates went actually down during the first PSOE’s legislature (2004-2008). Briefly, the macro-economic variation seems to be sufficient within each incumbency period as to test the effect of party discourse not as a mirror image of macro-economic variation, but as an independent effect beyond economic reality.

Figure 3: Evolution of Macroeconomic indicators over time
3.2 Party Questioning of Government

In order to measure issue attention of the two major Spanish parties, we rely on the questions made by party members in the plenary sessions of the Spanish parliament. In most ‘plenos’ there is a section where the different members of parliament can question the representatives of the government present.

Attention to issues by political parties has received increasing attention in the literature. Most studies have focused on the salience of issues to political parties ahead of elections, by using party manifestos or expert surveys. While these studies have advanced our knowledge of parties on strategic actors in the issue domain they have shed little light into the actual electoral dynamics and how they affect issue politics and vice-versa. That is, the degree to which parties highlight more or less different issues through short spans of time. As such plenary questions constitute an ideal source for measuring attention during the electoral cycle.

Party debates in Congress represent a unique source of data that has proved to be useful for many analysis of legislative behavior. The assumption is that parties’ attention to different issues in Parliament is a good proxy to measure the issue hierarchy in the parties’ general communication strategy.

In the same way that manifestos are a source of data to measure issue

\[51\text{see for instance Budge and Bara (2001); Benoit and Laver (2006); Klingemann, Volkens, Bara, Budge, and McDonald (2006); Steenbergen and Marks (2007); Hooghe et al. (2010)}\]
emphasis even if most citizens do not actually read manifestos, research using parliamentary questions and speeches assumes that parties communication strategies will reach public opinion through the media and the public debate. Exchanges between legislators in plenary sessions have been used to obtain the ideological positioning of these legislators 52; or to understand the dynamics of who speaks and who doesn’t 53. In the Danish and Belgian cases debates in the floor of the parliament have allowed for the study of who sets the agenda 54. These two studies, for instance, find that MP’s focus mostly on their owned issues and on the issues raised by the media. As can be seen from this short sample speeches from the parliamentary floor are a relevant source of dynamics of parliament but also -and more relevant to this study- of the issue priorities of MP’s and their parties.

Table 2 shows some of these interactions in the Spanish Parliament. Specifically it shows a question by a member of the governing PP party and of the opposition PSOE in a pleno carried out in November 2003. Similarly it shows a question by the governing PSOE and the opposition PP made in December 2004. All the four questions refer to the issue of the economy, however, the tone with which these questions are asked makes evident who is the party in opposition. The harsher, more negative, questions -or framing- always comes from the opposing party, while the subtle -more nuanced-

52 Slapin and Proksch (2008); Proksch and Slapin (2010); Falco-Gimeno and Vallbé (2013)
53 Proksch and Slapin (2011, 2012); Bäck and Debus (2013)
54 Green-Pedersen and Mortensen (2010); Vliegenthart and Walgrave (2011)
question comes from the government side. The tone of these questions, which comes as no surprise, supports the underlying theme of this study. Because the opposing party will always be negative regarding the economy— as it has no advantage to do otherwise— when it raises the attention over this issue it should affect citizens' view of the topic.

Table 2: Examples of questions to the government

| VII\textsuperscript{th} Legislature. November 26\textsuperscript{th}, 2003 | MP Salvador Sanz Palacio (PP) | Can the first Vice-President of the Government explain about the evolution of prices in the month of October? 55 |
| MP Jesus Cuadrado Bausela (PSOE) | What type of economic measures does the government plan to adopt in light of the distortions in the food market that are causing so many problems to farmers and consumers? 56 |

| VIII\textsuperscript{th} Legislature. December 15\textsuperscript{th}, 2004 | MP Angel Pintado Barbano (PP) | Is the government thinking of taking any measures to palliate the grave situation of wine's commercialization? 57 |
| MP Alejandro Alonso Nunez (PSOE) | What is the strategy that the Government is going to develop given the current situation of the wine-making industry? 58 |

We obtained the plenary debates from the publicly available data of the Spanish Parliament. From these we selected all the plenary sessions where there was a specific moment for Questions to the Government. Table 3 shows the total number of plenary sessions where questions were being asked. It also shows the number of questions asked on average in each session by each of the two main parties. And the total number of questions asked per
legislature, by party.

Table 3: Average number of questions asked in plenos and total per legislature

<table>
<thead>
<tr>
<th>Legislatura</th>
<th># Plenos</th>
<th>PP</th>
<th>PSOE</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>VI (1996-2000)</td>
<td>72</td>
<td>9 (612)</td>
<td>9 (638)</td>
<td>4 (277)</td>
</tr>
<tr>
<td>VII (2000-2004)</td>
<td>66</td>
<td>10 (800)</td>
<td>8 (660)</td>
<td>4 (342)</td>
</tr>
<tr>
<td>VIII (2004-2008)</td>
<td>56</td>
<td>8 (683)</td>
<td>8 (680)</td>
<td>6 (437)</td>
</tr>
<tr>
<td>IX (2008-2011)</td>
<td>9</td>
<td>9 (260)</td>
<td>4 (112)</td>
<td>4 (108)</td>
</tr>
</tbody>
</table>

It becomes clear that the Partido Popular and the Partido Socialista dominate the debates in the plenary sessions. It is interesting to note that regardless of their role, as government or opposition parties, they behave quite similarly. On average, both the PP and the PSOE have a similar number of interactions per plenary which is almost four times what the rest of the parties combined get. It is interesting to notice that in the last legislature (2008-2011) there is a big drop in the number of sessions with questions and of questions (specially by the PSOE). However, we see no concern in this. We acknowledge that as the crisis worsened the PSOE implemented its agenda control mechanisms to minimize its exposure, it diminished the number of sessions with questioning and it limited interventions of its own members. Party questions in Parliament therefore provide a detailed account of the issue priorities of political parties.

To analyze the questions and obtain issue attention measures, we use a similar quantitative text analysis approach to that of Sagarzazu\(^59\) which applies

\(^{59}\text{Sagarzazu (2011)}\)
cluster analysis to textual data. This approach is of the “Bag of Words” family of text analysis mechanisms that considers words as independent observations\(^{60}\). The underlying assumption behind using clustering analysis for obtaining issue measures is that words that belong to the same issue have similar patterns of behavior, as opposed to words that belong to different issue areas, which can be identified via clustering techniques\(^{61}\). Specifically, we estimate the distances of the correlations between the different words and cluster the words based on these distances.

In order to be able to apply quantitative text analysis techniques to a raw text corpus, a series of preparatory steps are required. First, all questions need to be converted into plain text files, all HTML code tags need to be removed, and all words need to be changed to lowercase. Second, stop words, punctuations, numbers, currencies and party labels from the documents are eliminated. Third, a stemmer was used to convert words to their stemmed root\(^{62}\). Fourth, with the dataset reduced to stem counts we computed matrices that indicate how many times each stem occurs in each press release. Finally, following common practice in the literature, we removed very frequent words occurring in more than 95% of the questions and very rare words occurring in less than 5% of the texts\(^{63}\).

\(^{60}\)e.g. Slapin and Proksch (2008); Laver, Benoit, and Garry (2003); Grimmer (2010); Quinn, Monroe, Colaresi, Crespin, and Radev (2010)

\(^{61}\)Sagarzazu (2011)

\(^{62}\)From this point forward we will refer to words and stems interchangeably.

\(^{63}\)see Klüver (2009); Proksch and Slapin (2008)
Having generated the initial word count matrix we begin an iterative process in which we cluster words based on the distances between them. In each step we multiply the word matrix by its transposed matrix to retain a word-to-word matrix where each cell indicates the number of times that two words are mentioned together. In order to correct for overdispersion -caused by too frequent and too infrequent joint mentions- we normalized this matrix by means of the squared root of each cell. We then estimate the distances between the word correlations and use this as the measure of closeness between different words needed for the clustering analysis. This measure allows the clustering algorithm to establish the groups based on the proximity of the elements. The final stage of the process involves estimating the different word clusters. Specifically we use a hierarchical clustering algorithm which infers relationships from the data itself. Clustering techniques are mathematical tools that allow the classification of data according to latent characteristics. The result of applying the clustering algorithm to the distances between the words is a tree-like structure where words are organized by how close or distant they are between them. In each iteration the tree was automatically divided into clusters, we tried with varying sizes from 5 to 20 clusters. Based on this division we assessed the

---

64. Jain, Murty, and Flynn (1999)
65. Jain et al. (1999)
66. We used the R function hclust from the package cluster for the hierarchical clustering.
68. Everitt (1980); Gordon (1981)
69. Everitt (1980); Gordon (1981)
organization of the words and the clusters, and in each iteration we removed non-political words that were not members of any particular cluster but that instead because they are mentioned in different issues irrespectively are close to words from many clusters and as such tend to remain high in the tree structure -and alone-. By doing this analysis we were able to obtain a clear structure of words and clusters based on the co-occurrence of words. This structure was remarkably consistent throughout the different iterations. After four iterations we were able to identify seven politically relevant clusters. These are: Economy, Education, Health, Infrastructure, International Relations, Gender, and State matters. The main words that clustered under each cluster are shown in table 4.

---

70 In the different iterations we removed verb stems or pronouns with little to non political meaning. Examples include: dear, form, stopping, and use.
71 A fifth iteration as attempted however it made the clusters too fine grained to the point were some of their meaning was lost.
Table 4: Top 10 key terms per issue area

<table>
<thead>
<tr>
<th>Infrastructure/Transport</th>
<th>Economy</th>
<th>Education/Research/Sports/Culture</th>
<th>Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>airport</td>
<td>taxes</td>
<td>education</td>
<td>health</td>
</tr>
<tr>
<td>highway</td>
<td>economy</td>
<td>research</td>
<td>sanitation</td>
</tr>
<tr>
<td>freeway</td>
<td>production</td>
<td>teach</td>
<td>pension</td>
</tr>
<tr>
<td>construction</td>
<td>produce</td>
<td>program</td>
<td>social security</td>
</tr>
<tr>
<td>railways</td>
<td>tariffs</td>
<td>science</td>
<td>insurance</td>
</tr>
<tr>
<td>infrastructure</td>
<td>crisis</td>
<td>society</td>
<td>age</td>
</tr>
<tr>
<td>investment</td>
<td>rent</td>
<td>industry</td>
<td>health service</td>
</tr>
<tr>
<td>port</td>
<td>agrarian</td>
<td>sport</td>
<td>public</td>
</tr>
<tr>
<td>network</td>
<td>control</td>
<td>culture</td>
<td>system</td>
</tr>
<tr>
<td>traffic</td>
<td>receipts</td>
<td>tourism</td>
<td>compensation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>International Relations</th>
<th>State matters</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>accord</td>
<td>autonomies</td>
<td>gender</td>
</tr>
<tr>
<td>commission</td>
<td>constitutional</td>
<td>violence</td>
</tr>
<tr>
<td>cooperation</td>
<td>constitution</td>
<td>victim</td>
</tr>
<tr>
<td>conflict</td>
<td>judiciary</td>
<td>equality</td>
</tr>
<tr>
<td>defence</td>
<td>parliament</td>
<td>women</td>
</tr>
<tr>
<td>Europe</td>
<td>territory</td>
<td>protection</td>
</tr>
<tr>
<td>war</td>
<td>Basque</td>
<td>youth</td>
</tr>
<tr>
<td>Iraq</td>
<td>Catalonia</td>
<td>human trafficking</td>
</tr>
<tr>
<td>Morocco</td>
<td>interior ministry</td>
<td>condition</td>
</tr>
<tr>
<td>international</td>
<td>central</td>
<td>fight</td>
</tr>
</tbody>
</table>
Besides checking for the face validity of the words and the clusters we looked for external validity. Given that we are looking at speeches in the floor of parliament it can be assumed that the questions will resemble the structure of the parliamentary committees (which is similar to the structure of cabinet portfolios). As such we checked the seven issue areas with the 17 permanent legislative commissions. Given that we have less issues than committees we will expect to have several committees grouped into one of our issue areas. Table 5 shows this comparison. As it can be seen the resemblance of the committee structure and the issues identified is quite similar. Most of the committees can be identified by only one issue area, with the only exception of the Taxes and Public Administrations committee which deals both with economic aspects but also with state matters. The only committee we could not match to a single issue area was the Budget/Appropriations committee, given that budget discussions tend to be involved in every policy area. 

As it can be seen both from an internal stand-point (face validity) and an external validity check, our issue clusters provide a reasonable classification of parliamentary questions into relevant policy issues.

As we are particularly interested in the attention parties give to the economy we will focus solely on this issue. In order to illustrate how issue attention varies over the course of the four legislative terms, figure 4 plots the attention that the PSOE and the PP payed to the economy as a proportion of the total time the party spoke. This figure shows two interesting dynamics that occur

72Calvo and Sagarzazu (2011)
Table 5: Key terms in Economic area

<table>
<thead>
<tr>
<th>Committee</th>
<th>Issue Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Food, and Environment</td>
<td>Economy</td>
</tr>
<tr>
<td>Economy and Competitiveness</td>
<td>Economy</td>
</tr>
<tr>
<td>Taxes and Public Administrations</td>
<td>Economy / State Matters</td>
</tr>
<tr>
<td>Constitutional</td>
<td>State Matters</td>
</tr>
<tr>
<td>Interior</td>
<td>State Matters</td>
</tr>
<tr>
<td>Justice</td>
<td>State Matters</td>
</tr>
<tr>
<td>Culture</td>
<td>Education / Research / Sports / Culture</td>
</tr>
<tr>
<td>Education and Sports</td>
<td>Education / Research / Sports / Culture</td>
</tr>
<tr>
<td>Industry, Energy and Tourism</td>
<td>Education / Research / Sports / Culture</td>
</tr>
<tr>
<td>Equality</td>
<td>Gender</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Infrastructure</td>
</tr>
<tr>
<td>Foreign Affairs</td>
<td>International Affairs</td>
</tr>
<tr>
<td>International Cooperation for Development</td>
<td>International Affairs</td>
</tr>
<tr>
<td>Defense</td>
<td>Health</td>
</tr>
<tr>
<td>Employment and Social Security</td>
<td>Health</td>
</tr>
<tr>
<td>Health and Social Services</td>
<td>-</td>
</tr>
<tr>
<td>Budget</td>
<td></td>
</tr>
</tbody>
</table>

in the four legislatures. First, a similar attention dynamic that can be found in the VI<sup>th</sup> and VIII<sup>th</sup> legislatures, in these two sections (the first and third) we can see no major differences between both parties. These legislatures are similar not only in the attention to the economy by the parties but in the fact that they were the result of a change in control of parliament and end in a re-election of the governing party. The second dynamic can be seen on the other two sections. In these (the second and fourth) we see more attention to the economy by the party in the opposition (PSOE in the second section - VII<sup>th</sup> legislature-, PP in the last - IX<sup>th</sup> legislature). While the dominance of the PSOE is more clear in the VII<sup>th</sup> legislature than
the PP’s dominance in the IXth legislature the overall pattern is still there throughout. Coincidentally, the issue attention of each party overrides that of the rival party when both PP and PSOE are in opposition, and in the period prior to their access to power. This descriptive evidence is consistent with our intuition that parties’ have more incentives to stress economic issues and to have more potential persuasion power when in opposition, and not when there is a macro-economic reality that speaks for their performance as incumbents.

3.3 Spanish monthly survey

For each month or time point with available party discourse data, we have matched monthly survey data conducted by the Centro de Investigaciones
Sociologicas (CIS) in Spain.\textsuperscript{73} The CIS conducts monthly barometers together with many other types of surveys in Spain.\textsuperscript{74} Each of the monthly barometers contains a random sample of the Spanish population with valid answers to our dependent variable between 2,376 and 4,874 individuals. The pooled dataset that we obtain after matching all the monthly surveys for which we have data on party discourse contains 320,793 individuals across 127 time points.

The dependent variable that is available in each of the surveys used in the models below is the assessment of the current national state of the economy. The wording of the question is: “As regards the general economic situation in Spain, how would you assess it?” The possible answers are “very good”, “good”, “neither good nor bad”, “bad” and “very bad”. The economic voting literature tends to rely on retrospective evaluations of the economy, which are unfortunately just available in 58 surveys during the time span analyzed. The wording of the item is: “do you think that the current economic situation is better, the same, or worse than a year ago?”. Since we have more time points available for the item capturing current national conditions, this is the one that we use in the models reported below. In any case, the correlation between both items is moderately high (r=0.42, p=0.000). When running a factor and a principal components analysis, both items clearly load on the same dimension with factor loadings of 0.54 and 0.71 respectively. When replicating the fully specified models shown below with retrospective evaluations as the

\textsuperscript{73}See technical documentation and sampling procedures of each survey in www.cis.es (15/01/13)

\textsuperscript{74}Except for August of each year, when the CIS does not conduct any survey.
dependent variable, our substantive results remain unchanged. Figure 5 plots the aggregate responses to the Subjective National economy question. The solid line represents the percentage of respondents who answer that the economy is Good or Very Good. In dashed line are those who answered that it was neither good nor bad. And in a dotted line are those who answered it was Bad or Very Bad.

Figure 5: Evolution of Subjective economic evaluations over time

We use two indicators to control for ideological predispositions. First, we use the standard left-right scale from 1 to 10, which is well-known for summarizing a number of ideological predispositions and for being a good vote choice predictor in Western Europe. The wording of the item is: “When talking about politics, people normally use the expressions ‘left’ and ‘right’. In this card there is a set of boxes going from left to right. Where would you

\footnote{Results available in Table A.3 of the online appendix.}
place yourself?”. Unfortunately, there is no indicator available for the whole
time span that we are analyzing on party identification, in the way that this
item is asked and used in American politics, for instance. Alternatively, we
use vote recall in the last national election. Vote choice has been used in
previous research as a proxy for partisan orientation in the economic voting
literature. Finally, we also include a set of control variables available in
the CIS surveys like age, gender, educational level, and professional status
(being unemployed).

Our modelling strategy conceptualizes our dataset as a two-level structure
where different individuals (level 1) are nested in different months or time
points (level 2). In order to obtain accurate standard errors and non-inflated
levels of significance for our time-level variables (namely party discourse
and macro-economic indicators), we predict individual economic assessments
using hierarchical ordinal logit models. We choose this modelling strategy
because our outcome and some of the important determinants of economic
perceptions identified in the literature (like partisan predispositions and
all our control variables) are measured at the individual level, while our
hypothesized party effects and the macro-economy are time-level indicators.
This also allows us to use the full statistical power of our dataset. Our time or
level-2 equation, however, has a time series structure, since monthly averages

\[76\] van der Eijk et al. (2007); Tilley et al. (2008)
\[77\] Summary statistics of our variables can be found in Table A.1 of the online appendix.
\[78\] Using Stata 12’s GLLAMM package.
\[79\] Hox (2010)
are regressed over time. To make sure that our main results are not biased by
temporal autocorrelation, we conducted several tests, and included the lagged
monthly average of our dependent variable as a predictor. Our substantive
results remained unchanged (see robustness checks and Appendix). All the
variables in our models have been centered around their mean, in order
to obtain meaningful intercept variances. It is important to note that the
validity of our strategy relies on the assumption that our time random effects
are not correlated with any of the covariates included in the model. Our
statistical model can be formalized as follows:

\[
\text{Logit}(Y_{it}) = \alpha + \beta_1 X_{it} + \beta_2 Z_{t-1} + \beta_3 E_{t-1} + \Theta V_i + u_t + \epsilon_{it} \quad (1)
\]

Where,

- \(Y_{it}\) is the level of economic evaluation for a given individual \(i\) at time \(t\)
- \(\alpha\) is the cut-off point of economic evaluations when all other covariates are 0
- \(X_{it}\) is individual-level ideological predispositions (left-right and vote choice at time \(t\))
- \(Z_{t-1}\) is lagged party discourse
- \(E_{t-1}\) is lagged macro-economic indicators (unemployment and inflation)
- \(\beta_k\) are the fixed parameters for party discourse, macro-economic condition and ideological predispositions
- \(u_t\) is the random intercept at the time-level
- \(\epsilon_{it}\) is the prediction error of each observation
Θ is the vector of fixed parameters for the individual level control variables \((V_i)\)

4 Results

Table 6 reports a set of nested hierarchical ordinal logit models predicting economic evaluations (coded from positive to negative) corresponding to the period when the conservative PP was in power (March 1996-March 2004). The first model shows the direct effect of party discourse with no controls. The second model controls for macro-economic variables, the third controls for ideological predispositions, and the fourth reports a fully specified model with the whole set of controls. The fourth model shows the most satisfactory level of fit to the data, given a substantial and significant reduction in the AIC and BIC indexes. As explained above, the bad economic performance of Spain under socialist governments before 1996, the good economic reputation ratings of PP in this period, and most importantly the perceptions of citizens as to which party is most able to handle the economy allow us to consider the PP as having an advantage in terms of economic issue ownership.

Even if party discourse appears as significant in the first and third models, its statistical significance vanishes when (and only when) controlling for unemployment and inflation in the second and fourth models. Consistently
with our expectations, despite the PP’s reputational advantage and the increasing improvement of the economy over the 1996-2004 period, the effect of the objective economy outperforms the persuasion capacity of the issue owner as an incumbent. It is important to stress that the significance of the effect of party discourse resists the inclusion of attitudinal and socio-demographic variables, and only disappears when controlling for the objective economy. The persuasion capacity of both an incumbent party with a significant economic reputation (but constrained by the objective facts) and an opposition party with a weaker economic credibility was very limited between 1996 and 2004.\(^{80}\)

Table 7 replicated the same analyses for the 2004-2011 period, when the PSOE was in government and the PP in opposition. Consistently with our expectations, the discourse of the party in power becomes insignificant when (and only when) controlling for the real macro-economy in models 2 and 4. When specified without controls or together with ideological heuristics in models 1 and 3, the effect of PSOE’s insistence on the economy seems to decrease negative economic evaluations, as it would correspond to an incumbent party. Despite having an important advantage in economic reputation at the start of the period, the persuasion effect of the PSOE’s\(^{37}\)

---

\(^{80}\)The signs of party discourse for the 1996-2004 period may seem counter-intuitive. The positive sign of PP discourse is mainly driven by non-PP voters, who reacted negatively to PP’s discourse. This effect, however, is small (below 5 per cent probability change) and barely significant. This is consistent with the negativity framework used above. The governing party’s discourse is only able to slightly increase negative perceptions among non-supporters, even if this effect is non-significant. See Table A.9 and Figure A.1 in the online Appendix.
discourse is again tied to the real facts and overshadowed by the effect of unemployment and inflation. By contrast, the effect of the PP’s discourse is positive and significant across all model specifications, meaning that it worsened public economic evaluations in a consistent manner. As expected, this effect takes place when the conservatives were in opposition.

As noted above, our theoretical framework assumes a more prominent role and capacity of opposition parties to set economic issues in the agenda. In order to find evidence for this assumption, we constructed a measure capturing the total amount of attention to economic issues by the parties with representation in the Spanish Parliament over the time span analysed (PP, PSOE, Izquierda Unida, Grupo Mixto and Catalan and Basque nationalists). We interpret this measure as a proxy for general economic saliency in the Parliament. When regressing this measure on lagged economic attention of the two main parties and a time trend, only the party in opposition has a positive and significant effect on general economic saliency (PSOE in the 1996-2004 period, and PP in the 2004-2011 period). By contrast, the effect of the incumbent party discourse is non-significant in the 1996-2004 period, and negative in the 2004-2011 period. This confirms the higher constraints of governing parties in setting economic issues in the agenda beyond what the real macro-economy says.\textsuperscript{81}

\textsuperscript{81}The results in Tables 6 and 7 hold also when controlling for this total amount of attention to economic issues index. Results available in Table A.4 of the online appendix.
Table 6: Direct effects of party discourse during PP incumbency (1996-2004)

<table>
<thead>
<tr>
<th></th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSOE discourse&lt;sub&gt;t-1&lt;/sub&gt;</td>
<td>-1.852***</td>
<td>-0.473</td>
<td>-1.831***</td>
<td>-0.605</td>
</tr>
<tr>
<td></td>
<td>(0.473)</td>
<td>(0.439)</td>
<td>(0.453)</td>
<td>(0.571)</td>
</tr>
<tr>
<td>PP discourse&lt;sub&gt;t-1&lt;/sub&gt;</td>
<td>4.085***</td>
<td>1.281</td>
<td>3.985***</td>
<td>0.924</td>
</tr>
<tr>
<td></td>
<td>(0.708)</td>
<td>(0.747)</td>
<td>(0.780)</td>
<td>(1.005)</td>
</tr>
<tr>
<td>Unemployment&lt;sub&gt;t-1&lt;/sub&gt;</td>
<td>-</td>
<td>0.188***</td>
<td>-</td>
<td>0.182***</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.025)</td>
<td></td>
<td>(0.029)</td>
</tr>
<tr>
<td>Inflation&lt;sub&gt;t-1&lt;/sub&gt;</td>
<td>-</td>
<td>0.077***</td>
<td>-</td>
<td>0.078***</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.016)</td>
<td></td>
<td>(0.018)</td>
</tr>
<tr>
<td>Left-right ideology</td>
<td>-</td>
<td>-</td>
<td>-0.196***</td>
<td>-0.213***</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.004)</td>
<td>(0.004)</td>
</tr>
<tr>
<td>Vote PSOE</td>
<td>-</td>
<td>-</td>
<td>0.150***</td>
<td>0.123***</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.017)</td>
<td>(0.017)</td>
</tr>
<tr>
<td>Vote PP</td>
<td>-</td>
<td>-</td>
<td>-0.666***</td>
<td>-0.652***</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.016)</td>
<td>(0.016)</td>
</tr>
<tr>
<td>Gender</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.448***</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.012)</td>
</tr>
<tr>
<td>Age</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0.001***</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.000)</td>
</tr>
<tr>
<td>Education</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0.258***</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.007)</td>
</tr>
<tr>
<td>Unemployed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.353***</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(0.021)</td>
</tr>
<tr>
<td>Cut 1</td>
<td>-4.352***</td>
<td>-4.927***</td>
<td>-4.696***</td>
<td>-5.408***</td>
</tr>
<tr>
<td></td>
<td>(0.039)</td>
<td>(0.155)</td>
<td>(0.040)</td>
<td>(0.176)</td>
</tr>
<tr>
<td>Cut 2</td>
<td>-0.948***</td>
<td>-1.523***</td>
<td>-1.149***</td>
<td>-1.804***</td>
</tr>
<tr>
<td></td>
<td>(0.031)</td>
<td>(0.154)</td>
<td>(0.032)</td>
<td>(0.174)</td>
</tr>
<tr>
<td>Cut 3</td>
<td>1.434***</td>
<td>0.859***</td>
<td>1.403***</td>
<td>0.809***</td>
</tr>
<tr>
<td></td>
<td>(0.031)</td>
<td>(0.153)</td>
<td>(0.032)</td>
<td>(0.174)</td>
</tr>
<tr>
<td>Cut 4</td>
<td>3.264***</td>
<td>2.689***</td>
<td>3.277***</td>
<td>2.704***</td>
</tr>
<tr>
<td></td>
<td>(0.034)</td>
<td>(0.154)</td>
<td>(0.035)</td>
<td>(0.174)</td>
</tr>
<tr>
<td>Time intercept variance</td>
<td>0.481***</td>
<td>0.319***</td>
<td>0.488***</td>
<td>0.301***</td>
</tr>
<tr>
<td></td>
<td>(0.018)</td>
<td>(0.017)</td>
<td>(0.019)</td>
<td>(0.028)</td>
</tr>
<tr>
<td>N individuals</td>
<td>106666</td>
<td>106666</td>
<td>106666</td>
<td>106666</td>
</tr>
<tr>
<td>N time</td>
<td>63</td>
<td>63</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>Log likelihood</td>
<td>-122275</td>
<td>-122254</td>
<td>-117248</td>
<td>-115464</td>
</tr>
<tr>
<td>AIC</td>
<td>244564</td>
<td>244526</td>
<td>234516</td>
<td>230959</td>
</tr>
<tr>
<td>BIC</td>
<td>244631</td>
<td>244613</td>
<td>234611</td>
<td>231113</td>
</tr>
</tbody>
</table>
Table 7: Direct effects of party discourse during PSOE incumbency (2004-2011)

<table>
<thead>
<tr>
<th></th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSOE discourse$_{t-1}$</td>
<td>-5.471***</td>
<td>-0.021</td>
<td>-5.553***</td>
<td>-0.493</td>
</tr>
<tr>
<td></td>
<td>(1.806)</td>
<td>(0.498)</td>
<td>(1.620)</td>
<td>(0.344)</td>
</tr>
<tr>
<td>PP discourse$_{t-1}$</td>
<td>6.644***</td>
<td>1.568**</td>
<td>6.916***</td>
<td>1.860***</td>
</tr>
<tr>
<td></td>
<td>(1.077)</td>
<td>(0.509)</td>
<td>(1.020)</td>
<td>(0.528)</td>
</tr>
<tr>
<td>Unemployment$_{t-1}$</td>
<td>-</td>
<td>0.124***</td>
<td>-</td>
<td>0.127***</td>
</tr>
<tr>
<td></td>
<td>(0.008)</td>
<td>(0.008)</td>
<td>(0.008)</td>
<td>(0.008)</td>
</tr>
<tr>
<td>Inflation$_{t-1}$</td>
<td>-</td>
<td>0.119***</td>
<td>-</td>
<td>0.108***</td>
</tr>
<tr>
<td></td>
<td>(0.006)</td>
<td>(0.006)</td>
<td>(0.006)</td>
<td>(0.006)</td>
</tr>
<tr>
<td>Left-right ideology</td>
<td>-</td>
<td>-</td>
<td>0.080***</td>
<td>0.065***</td>
</tr>
<tr>
<td></td>
<td>(0.004)</td>
<td>(0.004)</td>
<td>(0.004)</td>
<td>(0.004)</td>
</tr>
<tr>
<td>Vote PSOE</td>
<td>-</td>
<td>-</td>
<td>-0.283***</td>
<td>-0.336***</td>
</tr>
<tr>
<td></td>
<td>(0.013)</td>
<td>(0.013)</td>
<td>(0.013)</td>
<td>(0.013)</td>
</tr>
<tr>
<td>Vote PP</td>
<td>-</td>
<td>-</td>
<td>0.209***</td>
<td>0.241***</td>
</tr>
<tr>
<td></td>
<td>(0.017)</td>
<td>(0.017)</td>
<td>(0.017)</td>
<td>(0.017)</td>
</tr>
<tr>
<td>Gender</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.289***</td>
</tr>
<tr>
<td></td>
<td>(0.011)</td>
<td>(0.011)</td>
<td>(0.011)</td>
<td>(0.011)</td>
</tr>
<tr>
<td>Age</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0.002***</td>
</tr>
<tr>
<td></td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
</tr>
<tr>
<td>Education</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0.225***</td>
</tr>
<tr>
<td></td>
<td>(0.006)</td>
<td>(0.006)</td>
<td>(0.006)</td>
<td>(0.006)</td>
</tr>
<tr>
<td>Unemployed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.437***</td>
</tr>
<tr>
<td></td>
<td>(0.017)</td>
<td>(0.017)</td>
<td>(0.017)</td>
<td>(0.017)</td>
</tr>
<tr>
<td>Cut 1</td>
<td>-5.540***</td>
<td>-4.654***</td>
<td>-5.641***</td>
<td>-4.984***</td>
</tr>
<tr>
<td></td>
<td>(0.141)</td>
<td>(0.076)</td>
<td>(0.135)</td>
<td>(0.089)</td>
</tr>
<tr>
<td>Cut 2</td>
<td>-1.804***</td>
<td>-0.919***</td>
<td>-1.892***</td>
<td>-1.204***</td>
</tr>
<tr>
<td></td>
<td>(0.135)</td>
<td>(0.065)</td>
<td>(0.129)</td>
<td>(0.079)</td>
</tr>
<tr>
<td>Cut 3</td>
<td>0.479***</td>
<td>1.364***</td>
<td>0.424**</td>
<td>1.155***</td>
</tr>
<tr>
<td></td>
<td>(0.135)</td>
<td>(0.065)</td>
<td>(0.129)</td>
<td>(0.080)</td>
</tr>
<tr>
<td>Cut 4</td>
<td>2.252***</td>
<td>3.137***</td>
<td>2.234***</td>
<td>2.996***</td>
</tr>
<tr>
<td></td>
<td>(0.135)</td>
<td>(0.066)</td>
<td>(0.129)</td>
<td>(0.080)</td>
</tr>
<tr>
<td>Time intercept variance</td>
<td>1.075***</td>
<td>0.263***</td>
<td>1.100***</td>
<td>0.352***</td>
</tr>
<tr>
<td></td>
<td>(0.088)</td>
<td>(0.018)</td>
<td>(0.081)</td>
<td>(0.016)</td>
</tr>
<tr>
<td>N individuals</td>
<td>115978</td>
<td>115978</td>
<td>115978</td>
<td>115978</td>
</tr>
<tr>
<td>N time</td>
<td>63</td>
<td>63</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>Log Likelihood</td>
<td>-137091</td>
<td>-136996</td>
<td>-135665</td>
<td>-133995</td>
</tr>
<tr>
<td>AIC</td>
<td>274196 40</td>
<td>274009</td>
<td>271349</td>
<td>268023</td>
</tr>
<tr>
<td>BIC</td>
<td>274264</td>
<td>274096</td>
<td>271446</td>
<td>268177</td>
</tr>
</tbody>
</table>
As expected by the classical punishment-reward model of economic voting, worsening macro-economic conditions in terms of unemployment and inflation are strongly and significantly associated with worsening economic evaluations. Classical refined issue ownership theories expecting inflation and unemployment to benefit center-right and center-left parties respectively, however, are not validated in our data \(^{82}\). This is consistent with recent comparative economic studies, where the heterogeneity across inflation and unemployment effects across ideological incumbent orientation is not validated \(^{83}\). The revisionist model is also validated with our data, since left-right ideology an vote choice are also consistently associated with economic perceptions. Right-wing and PP voters had more favorable views when PP was in power, and left-wing and PSOE voters had more favorable views when PSOE was in power.

Figure 6 reports the results of a probability simulation in order to account for the magnitude of the effects described above. This simulation was performed on the basis of the fourth model of Table 7, which corresponds to the fully specified model for the 2004-2011 period. After running the model, we obtained 10,000 random draws of the coefficients obtained. The Y axis of the graph in Figure 6 corresponds to the change in probabilities and its 95 per cent confidence intervals when going from a minimal to a maximal value of party discourse. The rest of the covariates have been fixed at their mean. The

\(^{82}\)Hibbs and Vasilatos (1982); C. J. Anderson (1995)
\(^{83}\)Hellwig (2012)
X axis corresponds to each of the five categories of our dependent variable ("very good", "good", "neutral", "bad", and "very bad")

Figure 6: Change in Probability of Subjective Economic Evaluations caused by changes in Level of Party Discourse

As shown in Figure 6, the conditioning effect of the PP’s discourse when in opposition affected mostly the respondents with very positive views. For this group the change in probabilities when there is a change in discourse is quite significant, with a drop of around 15% when discourse is at its highest. This 15% drop sees a mirror increase in the Neutral and Bad categories where a change in party discourse increases the probabilities of having Neutral or Bad views of the economy by 6% (in each). Party discourse thus tends to increase the probability of having moderately bad views on economic performance and to decrease very positive views of it. The magnitudes of change caused
by party discourse are rather remarkable and very significant.\textsuperscript{84} The effects of the macroeconomic variables and of vote choice are as expected. Macroeconomic indicators remain the most influential variables, and vote choice has important effect -even if smaller than the effect for discourse-. The effects of the control variables are very consistent across model specifications. Being a man, having lower levels of education, being young, and being unemployed are also consistently associated with more negative economic evaluations.

Given the time series nature of our level-2 equation, we replicated the fully specified model adding a lagged monthly average of the dependent variable as a predictor. This allows us to rule out the possibility of temporal autocorrelation bias. After this test the effect of the PP’s discourse remained at conventional levels of significance, while the effect of unemployment vanished. We also replicated our main models (fully specified models in Tables 6 and 7 above) including a time trend in the fixed part of the equation, and our substantive results remained unchanged. Only the PP’s discourse remains strongly significant when in opposition, while the coefficients of unemployment fails to reach statistical significance in the

\textsuperscript{84} Overall, the results indicate that the objective macro-economy is the strongest driver of subjective economic perceptions. The effect of unemployment is associated with a 35 per cent of probability increase to have a neutral opinion, and with about a 30 per cent of probability increase to have a bad opinion. The effect of inflation is the strongest when predicting neutral opinions (45 per cent of probability increase), and weaker than unemployment when predicting negative views (20 per cent increase). Being a PP (PSOE) voter is associated with a 5 per cent increase (decrease) to have neutral and negative economic views.
1996-2004 period).\(^{85}\)

4.1 Heterogeneous effects

It could be argued that the direct average effect of the PP’s discourse when in opposition was partly driven by the dramatic turn of the real economy in the second part of the 2004-2011 period. As stated above, in order to claim substantively meaningful conditioning effects of party discourse, the effect of this discourse has to be independent from the real economy. This does not only imply that the direct effect of party discourse needs to preserve its level of significance when controlling for real economic indicators (as shown above), but that the effect of partisan discourse cannot depend on any value of unemployment and inflation. In order to test this independence of party discourse, we ran tests modelling the PP and PSOE’s party discourse as a function of economic indicators over the whole time span considered here, none of the models turned up as significant \(^{86}\). This implies that the effect of the issue owner was equally visible at high and low levels of unemployment and inflation.

In order to further check for heterogeneous effects, we also re-run the fully specified models shown in Tables 6 and 7 for each electoral cycle.\(^{87}\) Consistently with our previous models, party discourse fails to reach

\(^{85}\)Results available in Tables A.6 and A.7 of the online appendix.
\(^{86}\)Results available in Table A.7 of the online appendix.
\(^{87}\)Results available in Table A.8 of the online appendix.
statistical significance in the 1996-2000 and 2000-2004 periods. Interestingly, however, the effect of PP discourse during the PSOE’s incumbency is more clearly observable in the 2004-2008 period \( \log \text{odds} = 0.97; \) standard error = 0.57; \( p = 0.08 \). When simulating probabilities, the effect of party discourse on "good" and "very bad" evaluations is non-significant, but the relative effect size of party discourse decreasing "very positive" and increasing "neutral" and "bad" views is almost identical to the simulations reported in Figure 6. When looking at the 2008-2011 period on its own, the effect of PP discourse on negative economic evaluations is only visible around the middle of the electoral cycle. More specifically, there is a positive contemporaneous bivariate correlation between economic perceptions and PP discourse \( (r = 0.31) \) between October 2009 and November 2010. This corresponds to 14 months right in the middle of the electoral cycle. By contrast, the fluctuation of PP discourse at the very beginning and very end of the 2008-2011 cycle does not correspond with the steady increase of negative economic evaluations in public opinion. This finding implies that party discourse has an effect as long as economic turbulences are not so strong as to overshadow other effects. Despite the idiosyncratic last electoral cycle analyzed, however, the average effect of PP discourse on negative economic evaluations emerges as strong and significant when analysing the 2004-2011 period altogether. This means that the coefficient of PP discourse across all model specifications in Table 7 is able to pick up the consistent hypothesised relationship between PP discourse and economic perceptions throughout the whole 2004-2008
period and throughout the middle of the 2008-2011 period.

Similarly to the previous check, it can be argued that the substantive effect of party discourse could be minimized if it only has an observable effect on very close voters or partisans. If that was the case, party discourse would have an interesting mobilizing effect of its own party constituency rather than a more transversal persuasion effect across more distant ideological spaces. To check for this possibility a set of interactions between party discourse and vote choice across the whole time span analyzed were modelled. In this case, some interactions between party discourse and partisan predispositions turn up as significant. When simulating the actual magnitude of the effects, however, the effect size of these interactions are minimal and sometimes barely significant. Moreover, the effect size of party discourse is usually equivalent for partisans and non-partisans\textsuperscript{88}.

\textsuperscript{88}The magnitudes and significance of the interactions with vote choice are shown in Figure A.1 and Table A.9 of the online appendix.
5 Conclusion

The study of the antecedents of citizens’ assessments of the economy’s performance has important implications for public opinion literature, economic voting studies, and democratic accountability in general. The effect of objective macro-economic indicators and individual ideological predispositions has centered the attention of the debate over the last decade. Even if the role of parties in activating issues of political competition has proved to be important in close research areas, a top-down perspective on the effect of party discourse on public economic perceptions was lacking until now. We believe that a complete portrait of the political conditioning of economic evaluations cannot be done without analyzing what parties say about the economy. In this article we made a step forward in understanding an additional mechanism through which subjective evaluations of the economy may not always match economic reality.

We modelled novel monthly data on party salience on the economy through their interventions in the Parliament, macro-economic changes, and survey data predicting economic evaluations over four electoral cycles in Spain (1996-2011). Our results, via content analysis techniques and ordinal logit hierarchical regressions, confirm the association of macro-economic changes (which are the strongest aggregate determinant of economic evaluations) and political predispositions like left-right ideology and vote choice with economic evaluations. In all, we find evidence of both classic and revisionist
interpretations of economic perceptions in a relatively understudied context like Spain. When adding the salience of economic issues in the discourse of the two main parties in competition, we find that party discourse can matter beyond and independently from macro-economic conditions and individual-level heuristics. Two conditions need to be met in our data for party messages to have an effect, however. First, the party conditioning public economic perceptions has to be the issue owner, which in this case is the main right-wing party (PP) for almost the whole time span analyzed. Second, the issue owner has to be in opposition. These results confirm the idea that while the incumbent has to deal with facts, in the absence of an up to date record of performance, the challenger can be judged by talk and therefore has more leverage and credibility to persuade voters. Moreover, our results are consistent with negativity biases documented in psychological and political science literatures, whereby negative inputs are more likely to be set in the public agenda and to make an impression in public opinion.

Overall, our results suggest that the impact of party discourse is remarkable even if highly conditional. The high conditionality of our findings is consistent with current research on framing effects and public opinion showing that external cues are not equally likely to manipulate the public’s views in contemporary democracies. Once the relevant conditions are met, however,

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89 Popkin (1995)
90 Lau (1985); Vonk (1996); Singh and Teoh (2000); Soroka (2006)
91 Zaller (1992); Chong and Druckman (2007, 2010)
our results suggest important persuasion effects from parties, which are able
to shape public opinion independently from how the economy is really doing
and in ideological spaces that are not necessarily proximal. This implies that
parties need to be brought into the equations used in economic voting studies.
Previous research has shown how parties have the capacity to increase the
link between the economy and electoral results by adopting distinct economic
positions \(^{92}\) and by sending appropriate competence signals \(^{93}\). Our research
builds upon this and shows that parties are also able to shape economic
evaluations.

Our findings cannot be interpreted as a sign that objective facts and classical
democratic accountability play no role. Not only macro-economic levels are
the strongest determinant of citizens’ subjective economic views, but to
be effective parties need to have both economic credibility and freedom to
articulate a discourse free from the cost of governing. This interpretation
allows us to also build upon recent research analyzing parties economic
communication strategies. We confirm Vavreck’s proposition that, in bad
economic times, incumbent parties optimal strategy is to bring advantageous
non-economic issues into the agenda \(^{94}\). This is so because even if the
opposition party does not have a high economic reputation, economic reality
will exert a negative effect on its own. Our analyses also suggest, however,
that talking about the economy in good economic times will not have any

\(^{92}\) Hellwig (2012)  
\(^{93}\) R. M. Duch and Stevenson (2008)  
\(^{94}\) Vavreck (2009)
direct persuasion effect in favour of the incumbent. Opposition parties are more likely to set the economy into the agenda and to actually condition public views in a way that is not necessarily consistent with economic reality.

Future research will have to test the validity of our propositions in new countries and economic contexts. Spain is a conservative test for party persuasion effects, given the blatant and salient decrease in objective economic performance over the last years. It is also a relatively highly comparable case across Western democracies, given the proportional and multiparty character of its electoral system. It is also true, however, that the prominent role of the two main Spanish mainstream parties allows us to identify the dynamics between government and opposition more easily than in systems with coalition governments and less clarity of responsibility.

More systematic measures of issue ownership and economic credibility will also have to be discussed and analyzed, in order to generalize when and why economic credibility is a necessary condition for parties to effectively persuade public opinion.
References


