

Economic voting in Latvia and Lithuania in 2010-2012

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Abstract

The retrospective economic voting theory suggests that voters reward the parties in government if the economy is performing well and punish them when the economy is performing badly. The most recent global financial and economic crisis seems to provide support to the predictions of the theory, with a number of incumbent parties in Europe losing electoral support or even office due to worsening economic conditions. In this context the relatively strong performance of leading government parties in Latvia in 2010 and 2011 and in Lithuania in 2012 stands out as an exception, especially given that the decline in economic output in these two countries in the period of recession ranged between 15 and 20 percent. This paper seeks to explore and understand the extent of economic voting in these two countries in the period of the crisis. Using municipality-level electoral data and the European Election Study of 2009, the paper finds that the retrospective economic voting was relatively limited in Latvia and largely absent in Lithuania. Retrospective voting was dampened by the shift in the partisan composition of the government at the beginning of the crisis, which blurred the responsibility for poor economic outcomes by spreading it across most of the parties in the system. Furthermore, voters' punishment was also limited due to the expectations regarding the recovery of the economy. Taken together, these findings provide evidence that in newer democracies electoral accountability based on the evaluation of economic performance can be more complex than simply punishing the incumbent government or following the transitional identity of the parties, as suggested previously in the literature.

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Introduction

The classic economic voting hypothesis, supported by solid evidence, suggests that the state of economy affects the incumbent party's support in elections. While various contexts condition the strength of this relationship, on average, voters reward the parties in government if the economy is performing well and punish them for poor economic outcomes, both in established and transitional democracies (Lewis-Beck and Stegmaier, 2007, 2008). The most recent global financial and economic crisis seems to support the predictions of the theory, with a number of European governments losing electoral support or even office due to worsening economic conditions, although there were some notable exceptions to this rule. Latvia, in particular, seems to stand out. Despite 21.0 percent cumulative decline in the gross domestic product (GDP) in 2008-2009, and a growth of unemployment levels to double-digit numbers, the main party in government, the Unity (V), came first in the 2010 election with 31.9 percent of the vote, and was also able to form the government after the snap election in September 2011, although with the reduced vote share (18.8 percent).¹ Its fellow Baltic state, Lithuania, experienced a less steep but nevertheless staggering 14.8 percent GDP decline in 2009, as well as substantial growth in unemployment. However, the vote share of the leading party in government, the Homeland Union-Lithuanian Christian Democrats (TSLKD), was only moderately lower in the first post-crisis general election in 2012 (15.1 percent) as opposed to the last election before the crisis in 2008 (19.7 percent).

While the relative success of government parties in these two Baltic states could be taken as an indication that voters in these countries acted in contradiction to the established retrospective economic voting theory, such a conclusion requires a more systematic analysis. The goal of this paper, therefore, is to explore the extent to which economic voting was present in Latvia and Lithuania in the time of the economic crisis. Building on a well-established research field of comparing subnational economic and electoral outcomes in post-communist democracies (Fidrmuc, 2000; Pacek, 1994; Tucker, 2006), this study uses the municipality-level data from

¹The Unity was initially the coalition of three parties until 2011, when these parties formally merged.

three parliamentary elections in these countries (2010 and 2011 in Latvia and 2012 in Lithuania), and complements it with the analysis of the 2009 European Election Study data. The analysis suggests that high unemployment and the decrease in average salaries had only a limited effect on the vote share of government parties in the two countries, and this was especially so in the Lithuanian case. I argue that two factors explain these findings. First, the modest economic recovery that followed the peak of the crisis in 2009 improved voters' prospective expectations and made them more likely to support government parties, even if the economic indicators did not reach the pre-crisis levels. Second, the leading parties in the governments that served during the crisis period were in opposition before the crisis. Consequently, voters attributed some of the responsibility for poor economic outcomes to pre-crisis incumbents, which further weakened the economic voting aimed at incumbent during the crisis. At the same time, the entry of a new party in the 2011 election in Latvia encouraged economic voting.

The argument of the paper is organized in the following manner. The paper firstly introduces the context of economic crisis in the two considered Baltic states. This section is followed by a discussion of theoretical expectations. The next section discusses data and methods. This is followed by the presentation and discussion of statistical analysis. The last section concludes.

Context: economic crisis in Latvia and Lithuania

The main events of the period of economic crisis in Latvia and Lithuania are summarized in Figure 1, which provides information about the levels of economic growth and unemployment in the two countries together with the timing of elections and crucial changes in the government composition. In both countries the recession of 2008-2009 was preceded by an economic boom under the presence of fixed currency exchange rates. The boom was largely fuelled by cheap credit from mostly foreign-owned banks that increased domestic demand, but also led to high current account deficits, a real estate bubble and increasing inflation (Purfield and Rosenberg, N.d.). The governments of Latvia and Lithuania have further contributed to the over-heating of the economy by running moderate public budget deficits despite these very high economic growth

rates (Kattel and Raudla, 2013).² In Latvia, the government formed after the 2006 election was led by Aigars Kalvītis from the centre-right People's Party (TP), and was a coalition government that also included the Union of the Latvian First Party and the Latvian Way (LPP/LC), the Union of Greens and Farmers (ZZS) and the nationalist party For Fatherland and Freedom/LNNK (TB/LNNK). This government was forced to resign in December 2007 due to the popular protests related to the appointment of the head of the anti-corruption agency (Ikstens, 2008). This led to the formation of another coalition government that included the same parties, but was led by Ivars Goldmanis from the LPP/LC. In Lithuania, the pre-economic crisis government was formed in July 2006 by Gediminas Kirkilas from the Lithuanian Social Democratic Party (LSDP), and was also a coalition government that included the Lithuanian Popular Peasants' Union (LVLS), the Liberal and Centre Union (LiCS), the Civic Democracy (PDP) and the New Union (NS; from January 2008 only).³

While the economic slowdown in both countries has started some time before the global financial crisis, the latter has been crucial in converting the imbalances in these over-heated economies to major recessions. The crisis decimated both the internal and external demand, the former through the cut of the supply of cheap credit from abroad, and the latter through the slowdown in the trading partners of Latvia and Lithuania. This resulted in an extreme strain on public finances, especially in Latvia, where pre-crisis imbalances were more substantial and where the government was also forced to bail out the second largest bank (owned by domestic owners as opposed to others owned mostly by Scandinavian banks). As a result, in December 2008 Goldmanis' government requested the EU and IMF for financial support. In exchange for this financial support, Latvia agreed to implement a severe austerity programme, but kept its currency peg. However, parties in Goldmanis' government were unable to agree on the details of this programme, which led to the fall of the government in February 2009. The austerity measures were therefore introduced by the new government formed by Valdis Dombrovskis from the centre-right New Era party (JL), with the other coalition partners being the Civic Union (PS, another

²In contrast, Estonia had moderate budget surpluses during the boom years.

³See the results of elections in Latvia and Lithuania in Tables 1 and 2.

small centre-right party), the TP, the ZZS and the TB/LNNK, while the LPP/LC withdrew to opposition.⁴ The TP, which has been accused by the New Era party for creating financial crisis, also resigned from the government in March 2010 citing its disagreements with austerity measures introduced by the Dombrovskis' government under the IMF supervision (Ikstens, 2011).

In Lithuania, the beginning of the economic crisis coincided with the parliamentary election in October 2008. The election was won by the opposition conservative Homeland Union Lithuanian Christian Democrats (TSLKD), which formed a coalition government with the new frivolous Nation Resurrection Party (TPP) and two small liberal parties the Liberal Movement (LS) and LiCS (which, as mentioned above, was also included in the pre-election government). In response to the sudden contraction in the economic output, the government did not call for international financial assistance, but shortly after coming to office it nevertheless introduced austerity measures similar to those in Latvia, and sustained them throughout its term in office.

Economic recession in both countries ended by 2010, but unemployment levels remained high and economic growth was modest. In Latvia, the first post-recession election took place in October 2010. The main competitor among the government parties was the Unity alliance, which included the JL (the party of the prime minister Dombrovskis), the PS and SCP. Another important government party was the ZZS, which, as mentioned above, participated in both pre-crisis and crisis governments. Another government party, the TB/LNNK, faced with the decrease in popularity, formed a pre-electoral coalition with an extra-parliamentary nationalist party All for Latvia (VL). Among the opposition parties, the former government parties TP and LPP/LC formed a pre-electoral coalition as well, and presented themselves as an alternative to austerity policies advocated by the Unity alliance. The last major contender in the election was the ethnic Russian coalition Harmony Centre (SC). The Unity won the election (closely followed by the SC) and formed a coalition government (again led by Dombrovskis) with the ZZS, while the alliance between the TP and LPP/LC lost the majority of its support. The government continued the implementation of the austerity programme amid the restored economic growth, although with

⁴The government was also supported by few deputies of the emerging splinter party called the Society for Different Politics (SCP).

the resistance of the ZZS (Ikstens, 2012). The government lasted less than a year however, as the parliament was recalled in July 2011 by the referendum initiated by the president Valdis Zatlers, who presented his decision as the fight against three allegedly corrupt parties (ZZS, TP and LPP/LC) led by rich businessmen (Ikstens, 2012). In the snap election in September 2011, the SC was a clear winner, but it was left out from yet another Dombrovskis' government that included the weakened Unity alliance, the new Reform Party established by Zatlers (who lost his presidential re-election before the parliamentary election) and the nationalist alliance. Both the ZZS and the LPP/LC lost votes in the election, with the latter also dropping out of the legislature (the TP dissolved itself before the election).

In Lithuania, the first post-recession parliamentary election took place in October 2012. The election returned the LSDP to power (in a coalition with three other parties), while the TSLKD experienced a moderate electoral decline, the LRLS gained some support and the LiCS (which absorbed the TPP prior to the election) lost its legislative representation. A new party, the Way of Courage (DK), also gained seats in the legislature, building on the anti-elite sentiments related to the public controversy raised by an alleged pedophilia case.

Theoretical expectations

The retrospective voting theory provides the baseline predictions for the relationship between economic and electoral outcomes in the Latvian and Lithuanian elections. According to this theory, voters punish or reward the incumbent government based on the performance of the economy. Thus, at the aggregate level, objective economic indicators should be correlated with electoral outcomes, while at the individual level voters with more negative retrospective evaluations of the economic situation should be less likely to support incumbent parties.⁵ Economic voting should be particularly strong when economic performance of a country is poor (Lewis-Beck and Nadeau, 2012), which was the case in both Latvia and Lithuania.

⁵Egocentric retrospective evaluations may also affect the support for incumbent parties. However, the literature suggests that sociotropic evaluations tend to be more important in explaining vote choice.

At the same time, it is well established in the literature that the strength of retrospective economic voting is conditioned by the clarity of responsibility for policy outcomes and the availability of alternative governments (Anderson, 2007). Some of the key institutional features in Latvia and Lithuania, such as high party system fragmentation, multi-party cabinets and relatively low party cohesion, should somewhat reduce the strength of economic voting. Furthermore, open economies of both countries should further decrease the propensity of voters to associate economic outcomes with government performance. Economic voting in Latvia may be further depressed by the very strong ethnic cleavage, which divides the majority ethnic Latvians and the Russian minority. These contextual features, however, stayed constant in both countries in the period under analysis, and the extent of their impact on economic voting cannot be estimated in the context of the present analysis.

The comparative analysis of Latvia and Lithuania, however, provides some leverage in understanding two other contextual features that could reduce the levels of economic voting. First, in both Latvia and Lithuania the change in the party composition of government took place at the beginning of the crisis, either as a result of the collapse of Godmanis' government in February 2009, or the election in Lithuania in October 2008. Thus, the parties in power during the crisis could blame their predecessors for the mismanagement of the economy that led to the crisis, thus making the accountability for poor economic outcomes blurred. These accusations were credible, since, as mentioned above, during the years of high economic growth that preceded the crisis, the governments in both countries ran moderate public budget deficits. Indeed, the TP and LPP/LC parties in Latvia were widely blamed for mismanaging the economy (Ikstens, 2011) and the LSDP was in the same position in Lithuania. The responsibility for economic recession in both countries could have therefore been divided not only between multiple parties in cabinets, but also between the incumbent parties during the crisis period and pre-crisis incumbents.

While the lack of clarity of responsibility should reduce the strength of economic voting aimed at the incumbent parties (Powell Jr and Whitten, 1993), this particular contextual feature also provides theoretical implications at party level. More specifically, the relationship between the

objective economic indicators and retrospective economic evaluations on the one hand, and the support for the parties that were in government during the recession period but not before it on the other hand, should be weakly positive or non-existent at all. These parties are the Unity in Latvia and the TS and LRLS in Lithuania. Furthermore, in the election after the recession, the economic indicators and retrospective evaluations should also have a weak or no effect at all on the support of the parties that were in opposition during the recession but in government before it. This is because voters attribute some responsibility for poor economic outcomes to these parties. These parties are the TP and LPP/LC in Latvia and the LSDP and LVLS in Lithuania.⁶ Finally, the support of these parties that were in government during both periods (i.e. before and during the recession) should be particularly sensitive to economic indicators and evaluations. In Latvia these parties were the ZZS and, to a smaller extent, the TB/LNNK; in Lithuania, the LiCS participated in government both before and after the crisis.⁷

Another contextual feature that could affect the levels of economic voting is the presence of new parties in elections. New parties participated in all elections considered here, but only two of these parties, the Zatlers Reform Party (ZRP) in Latvia in 2011 and the Way of Courage (DK) in Lithuania in 2012, were able to obtain seats in the legislature. All other new parties in all three elections fell far below the legal thresholds of representation. New parties provide voters with the possibility of radical change in government composition, and should therefore increase the levels of economic voting. The effect of new parties, however, should be conditional on the extent to which they emphasise the issue of the economy in their programmes. The ZRP in Latvia, while running mainly on the issue of the fight against corruption, also emphasised economic issues in its programme, for example, by criticizing the Unity alliance for the handling of the economic crisis (Ikstens, 2012). It was also expected to become one of the largest parties in the legislature (which

⁶The other two Lithuanian parties that were in government before 2008 disappeared, either through the absorption by larger parties (the NS) or the effective termination of their activities (the PDP).

⁷The TB/LNNK in Latvia was also in government both before the recession and after it (until the 2010 election). However, as mentioned above, in the 2010 election it formed a pre-electoral coalition with the VL party, which was outside of parliament before the election. The records of preference voting indicate that the VL candidates obtained more support than those of TB/LNNK. Thus, this coalition can not be considered as an incumbent in the analysis of the 2010 election.

it did), thus providing voters with a more credible change. The DK in Lithuania in contrast was primarily a small single-issue party that focused on the specific perceived injustice, and should have therefore be less likely to be a beneficiary of economic voting. This implies that economic voting should have been stronger in the 2011 election in Latvia than in the 2012 election in Lithuania and in particular the 2010 election in Latvia.

Besides the contextual features that could limit the level of retrospective economic voting in the two countries, voters may also vote based on prospective evaluations. While these evaluations tend to correlate with retrospective evaluations (Erikson, MacKuen and Stimson, 2000; Duch and Stevenson, 2008), this should be less the case given sudden changes in economic conditions in Latvia and Lithuania during the period under analysis. Thus, towards the end of the economic boom voters could hold pessimistic expectations about the change in the economic situation, while at the peak of recession they might expect for the economy to recover. If retrospective and prospective evaluations diverge, and the electorate relies more on the latter than on the former when voting, the relationship between electoral and economic outcomes at the aggregate level should grow weaker, as objective economic indicators play a less important role in affecting voters' decisions. The observable implications of this interpretation can therefore be tested with the combination of individual and aggregate data. At the individual level, prospective economic evaluations of the electorate should have a strong effect on the propensity to vote for the incumbent parties independently from retrospective evaluations. At the aggregate level, the relationship between economic and electoral outcomes should be weak.

Furthermore, Tucker (2006) argues that economic voting in post-communist democracies is structured by the distinction between communist successor parties (Old Regime parties) and their opponents that supported economic reforms in the transitional period (New Regime parties) (see also Pacek (1994), Fidrmuc (2000), Bell (1997) and others). This distinction nevertheless is probably less relevant for the recent elections in Latvia and Lithuania, because of the relatively time period that passed since the transition to democracy and the extensive rates of changes in party identity and new party emergence in both countries. Thus, while Tucker's Transitional

Identity Model may still be relevant for understanding economic voting in the two countries, it is more likely that more traditional retrospective economic voting has become more important. This is also supported by the study of Roberts (2010), who suggests that democracies in Central and Eastern Europe suffer from hyper-accountability, whereby all governments lose votes, although those governments that preside over poor economic outcomes tend to lose more votes.⁸ However, if the transitional identity of parties in Latvia and Lithuania still matter, the variation in the relationship between individual parties' electoral support and economic outcomes should reflect that.

Data and measurement

The present analysis uses two types of data: (1) the municipality-level aggregate data from the 2010 and 2011 elections in Latvia and the 2012 elections in Lithuania, and (2) the 2009 European Election Study data.⁹ In the ideal scenario the survey data from all three elections would be used for testing the theoretical expectations, but such data is unfortunately unavailable. Other cross-national electoral surveys also fall short of the task. For instance, the third wave of the Comparative Study of Electoral Systems (CSES) includes the 2010 Latvian election, but retrospective economic evaluations question were not asked in this survey, while Lithuania did not participate in this wave at all. The standard Eurobarometer surveys conducted in the period under consideration do not include the vote intention question. The 2010 wave of the European Social Survey (ESS) was conducted in Lithuania but not in Latvia, and it does not include the vote intention question either. Given these constraints, the analysis relies heavily on the aggregate subnational level data, which, while problematic for making inferences about individuals, also has important advantages (Tucker, 2006). The risk of ecological fallacy due to the analysis of the aggregate level data, however, is attenuated by the use of the survey data.

⁸Šumskas (2003) and Jastramskis (2011) also find some evidence for retrospective economic voting in Lithuania.

⁹Egmond, Marcel van; Brug, Wouter van der; Hobolt, Sara; Franklin, Mark; Sapir, Eliyahu V. (2013): European Parliament Election Study 2009, Voter Study. GESIS Data Archive, Cologne. ZA5055 Data file Version 1.1.0, doi:10.4232/1.11760

One possible problem with the use of the EES surveys is that their timing does not coincide with the dates of the general elections. While this solution has been chosen due to the lack of alternatives, this should not be an issue of serious concern for several reasons. First, the surveys were conducted in June 2009, right after the trough of the recession, when the first signs of the stabilization in the economic situation were emerging (see Figure 1). Thus, while economic growth returned only somewhat later, voters' expectations about the future economic situation may have already been affected by these signs of stabilization. Furthermore, the standard retrospective evaluations question focuses on the last 12 months. Had the surveys conducted later been used, the answers to this question would have already been contaminated by the economic growth in 2010 and later. While the economic voting literature emphasizes that voters only respond to the economic conditions in the periods adjacent to elections when judging the performance of the incumbent government, this seems to be unlikely in the case of Latvia and Lithuania. Indeed, modest growth after 2010 is unlikely to have completely compensated for an extremely deep recession in 2009.

The subnational electoral data comes from the websites of the electoral commissions of both countries. The electoral system in Latvia is open-list PR with 5 electoral districts of the average magnitude of 20, and each of 118 municipalities belong to one of these districts (with the capital Riga being both a single municipality and single district).¹⁰ Latvia conducted an administrative reform in 2009, which reduced the number of municipalities. Since the analyses use the previous vote share as a predictor variable, the electoral data from 2006 within the 2009 boundaries was collected by summing up the electoral returns at the electoral ward data based on the location of these wards in the municipalities in 2009. Lithuania uses mixed electoral system with 71 single member districts and a single national PR district electing the remaining 70 members. There are 60 municipalities, but their borders do not coincide with those of SMDs, with some SMDs including whole or parts of two or more less populous municipalities, and some city municipalities including several SMDs. Given that the socio-demographic variables

¹⁰One more municipality was created in 2011, but it was excluded from analysis for the lack of economic indicators that preceded its creation.

were measured at the municipality level, the municipality-level electoral data was constructed by summing up the ward-level electoral returns based on the location of the ward (each ward is part of only a single municipality). Only the PR tier electoral data was used.

The statistical offices of both Latvia and Lithuania provide two economic indicators at the level of municipality: the level of unemployment and average salary. Both of these variables have been used in the previous studies on economic voting in Central and Eastern Europe (Tucker, 2006), and therefore I follow them in this research as well. Two types of analyses are conducted using these variables. The first analysis examines the effect of their estimates at the time of election. The second analysis uses the difference in their values in the election year and in the year of the last parliamentary election (for the 2011 election in Latvia and the 2012 election in Lithuania) or the change in government composition (for the 2010 election in Latvia). The second set of analyses is more in line with the standard theory of economic voting, as it tests whether the changes in economic conditions change the vote shares of parties. The first analysis, however, accounts for the possibility that voters respond to the present economic outcomes.

The analyses include several types of control variables. First, the previous vote share is controlled for, as it allows testing how economic conditions change the vote shares of parties.¹¹ Second, the analysis also controls for a number of socio-demographic factors. While the effect of these variables is likely to be largely incorporated within the previous vote share, the party systems in Latvia and Lithuania were still relatively unstable in the period under consideration, with the changes of the translation of cleavage structures into the support for different parties still possible, especially under the conditions of harsh economic crisis. More specifically, for both countries the analysis includes the share of inhabitants that are of Russian, Ukrainian or Belarusian ethnicity, are 60 years or older, have higher education, and are employed in (1) agriculture and (2) industry. The logged share of the population size in municipalities is also included for both countries. Additional socio-demographic control variables for Lithuania are the share of inhabitants that

¹¹Tucker (2006) does not control for this variable in his analyses of economic voting in the 1990s, as parties in that period had less well established roots in society and were less stable organizationally. Both of these factors are less relevant, although not absent, in this study.

are of Polish origin and live in urban areas. Finally, I include (but do not report) dichotomous variables in order to account for district-specific effects in Latvia.

The survey analysis uses the question on the intention of the vote choice in the next general election. The sociotropic retrospective and prospective economic evaluations questions are the main independent variables. The analyses for both countries also control for the partisanship of voters, social class, and the vote in the last general election. Religiosity, measured by the frequency of attending religious services, is included as another control variable for Lithuania. Given the importance of the ethnic cleavage in Latvia, the analysis of its survey data includes the dummy variable indicating ethnic Russian/Belarusian/Ukrainian identity (codes based on an open question where respondents were asked to indicate a group with which they identify). Overall, the model is similar to the standard economic voting models (Lewis-Beck and Nadeau, 2012; Duch and Stevenson, 2008).

Electoral data analysis

Following Tucker (2006), I use the seemingly unrelated regression (SUR) framework for modelling logit-transformed parties vote shares at the municipality level.¹² The use of this method accounts for the compositional nature of the data and the covariance between the vote shares of parties. Given that one of the control variables is the vote share in the previous election, only those parties that participated in the previous election are included. These parties fall in four categories with regard to their incumbency status during the crisis and before it. Some parties were in government both and during the crisis (the ZZS in Latvia and the LiCs in Lithuania). Other parties were in power only before the crisis (the LPP-LC and, to some extent, the TP in Latvia, and the LSDP and LVLS in Lithuania) or during it (the Unity in Latvia and the TSLKD and LRLS in Lithuania). Finally, other parties were in opposition in both periods (the SC in Latvia

¹²Tomz, Tucker and Wittenberg (2002) provide the detailed explanation of the application of the SUR method for modelling vote shares.

and the DP and TT in Lithuania).¹³ All other parties are used as a reference category, with their vote shares summed up and used in the construction of the logit-transformed vote shares for all parties included in the analysis.

Tables 3, 4, 5 and 6 provide the results of statistical analyses for the two elections in Latvia. The results support the baseline expectation of the presence of retrospective economic voting, but only to a somewhat limited extent. More specifically, the levels of unemployment had a significant effect on the vote share of the parties in government (the Unity and the ZZS) in both 2010 and 2011, but the substantive size of these effects is relatively low. In the 2010 election, the change in the level of unemployment from the 90th percentile (20.3 percent) to the 10th percentile (8.2 percent) of the observed distribution across municipalities increases the vote shares of the Unity and the ZZS by 1.1 and 3.9 percentage points, respectively.¹⁴ In the 2011 election, the change in unemployment from the 90th (17.6 percent) to the 10th percentile (8.2 percent) increases the vote shares of the Unity and the ZZS by 4.0 and 2.1 percentage points, respectively. Furthermore, in the 2010 election the change in the levels of unemployment also has a significant effect on the vote share of the ZZS. However, given parties absolute vote shares (the vote share of the Unity was 31.9 percent in 2010 and 18.8 percent in 2011, while the ZZS obtained 20.1 percent of the vote in 2010 and 12.2 percent in 2011) and substantial changes in them between elections, these effects, while important, seem too small to determine the outcomes of the elections.

The analysis also supports the theoretical expectations about the impact of the contextual features on the strength of economic voting. First, voters have indeed seemed to distribute the responsibility for the economic crisis between the parties that were in power before the crisis and during it. More specifically, in the 2010 election the effect of economic performance was much stronger in the case of the ZZS than in the case of the Unity, presumably due to the membership of the former in government in both periods (note also that the Unity alliance held the Prime Minister position). While in 2011 economic outcomes had a stronger effect on the vote share of

¹³In addition, as mentioned above, the case of the coalition between the VL and the TB/LNNK in Latvia in 2010 is somewhat dubious, as only the second party participated in government.

¹⁴The values of other variables are held at their means or modes.

the Unity, the latter was also a larger party. Overall, when the effect across the two elections is combined, the ZZS was punished by voters due to poor economic outcomes more than the Unity. Furthermore, the parties that were in government before the crisis did not benefit from withdrawing to the opposition during the crisis, as seen by non-significant coefficients of economic variables for the alliance of TP and LPP/LC in 2010 and the LPP/LC in 2011. However, the main party in opposition, the Russian alliance SC, did not benefit from economic voting either, which suggests that ethnic Latvian voters were unwilling to cross the ethnic cleavage even despite economic hardships. Finally, voters also seemed to have considered the alliance between the VL and TB/LNNK as a government party in 2010 and, more surprisingly, in 2011 as well, since this alliance performed better in areas with higher average salaries (in 2010) or lower unemployment (in 2011). While one of the parties in the alliance was indeed in government in 2010, the effect in 2011 may be attributed to the support of the alliance to the austerity policy implemented by the government (Ikstens, 2012).

The analysis of the Latvian case also supports the importance of the entry of new parties for the strength of economic voting. The effect of economic variables on the vote share of government parties was stronger in 2011 than in 2010, despite the fact that the government was in office for a shorter period of time before the second election than before the first one. This can be explained by the ability of the new party in 2011, the ZRP, to enter obtain the support of the voters dissatisfied with economic performance. In order to test this expectation more explicitly, the first and second columns in Table 9 present the OLS models of the the vote share of the ZRP in 2011. The first model shows that this party obtained around 0.4 percentage point of the vote for each percentage point in unemployment levels.

Tables 7 and 8 provide the results of statistical analyses for the 2012 election in Lithuania. In contrast to the baseline prediction of retrospective economic voting (as well as the theories that emphasise parties transitional identity), economic variables have little effect on parties electoral support. The notable exception is the LiCS, the liberal party that served in government both before and after the crisis. The increase in the average salary from the 10th percentile to the

90th percentile of the observed distribution of the values of this variable increases the support of this party by 1.8 percentage points. Furthermore, in the case of this party the coefficient of the unemployment variable is negative in line with theoretical expectations and close to the 0.05 significance level. The change in the values of the unemployment variable from the 90th percentile to the 10th percentile increases the vote share of this party by further 1.2 percentage points. The change in unemployment is also a significant predictor of the vote share of this party, as seen in Table 8. This supports the theoretical expectations concerning the incumbents during the crisis and before it. The vote shares of the parties that served in government either only before the crisis (the LSDP and LVLS) or during it (the TSLKD and LRLS), or were in opposition in both periods (the DP and TT) were not affected by economic variables. The new DK party also did not seem to have mobilised on economic hardships of voters. This is further supported by the OLS analysis of its vote share presented in the third and fourth columns of Table 9. Economic variables do not reach have a statistically significant effect on the vote shares of this party.

Overall, the results of the aggregate data analysis provide more support to the retrospective economic voting theory in the case of Latvia than in the case of Lithuania. This could be attributed to a somewhat milder economic recession in Lithuania, or to the later timing of the election. However, both cases suggest that the lack of clarity for economic outcomes was indeed blurred by the shift in government composition at the beginning of the crisis. These parties that stayed in government in both periods were punished by the voters most consistently. The effect of new parties on economic voting, however, seems to be conditional on the importance of the issue of the economy in their programmatic appeals.

Individual level analysis

Another explanation for the relatively limited evidence of economic voting in Latvia and its almost complete absence in Lithuania may be related to the dominance of prospective voting. Table 10 and 11 provide the results of the conditional logit analyses of individual voting behaviour

in the two countries at the time of the European election in 2009.¹⁵ The correlation between the sociotropic retrospective and prospective economic evaluations, as expected, is limited in both countries (0.17 in Latvia and 0.25 in Lithuania). Thus, both variables are included in the same models, with higher categories indicating more negative evaluations. Unfortunately, some of the smaller parties had to be excluded from the analysis, as very few respondents indicated their preference for them.¹⁶ This is particularly the case in Lithuania, where only four parties (TSLKD, LSDP, DP and TT) were included. In the Latvian case, the parties included are somewhat different from those considered in the aggregate level analyses, due to the changes in the party system that took place between June 2009 and October 2010. More specifically, the LPP/LC and TP are considered as separate parties, also because the latter was still in government in June 2009 as opposed to the LPP/LC. The TB-LNNK is also considered separately from the VL party, as the parties were not in a coalition at the time when the survey was conducted. The parties that formed the Unity coalition in 2010 were combined in the analysis. Finally, another ethnic Russian party, the PCTVL, is also included in the analysis.

Figures 2 and 3 provide the predicted probabilities of vote choice for the parties derived from the model estimates for different values of economic evaluation variables. These estimates support the expectations about the varying effect of retrospective evaluations depending on the incumbency status before and during the crisis, even if levels of statistical significance are in most cases insufficient to make reliable inferences. In Latvia, the predicted probability of voting for the ZZS and TB/LNNK was the lowest when retrospective evaluations were the most negative. Negative retrospective evaluations were not related to the propensity to vote for the LPP/LC and TP.¹⁷ Finally, the predicted probability of voting for the parties that later formed the Unity alliance and the SC block was higher for more negative values of retrospective economic evaluations. The

¹⁵The conditional logit model provides the possibility to test the effect of both choice- and individual-specific variables. While it makes the IIA assumption as opposed to complex models, such as mixed logit, the Hausman-McFadden test suggests that this assumption holds for all excluded party categories.

¹⁶The minimum number of respondents for the inclusion of the party in the analysis was set to 19 (in the case of the TP).

¹⁷The TP was in government at the time of the survey, so one would expect a negative relationship. The lack of this effect may be explained by the opposition of the party to the party of prime minister and austerity policies of the government (Ikstens, 2012), or by the low number of respondents indicating preference for the party.

somewhat surprising direction of the effect in the Unity alliance parties case could be related to the fact that they joined the government just few months before the survey, but it still emphasises that voters were somewhat unlikely to punish the parties that came to power only during the crisis.

Retrospective evaluations had a very limited effect in the case of Lithuania, thus supporting the results of the aggregate-level analysis. The predicted probability of voting for the crisis incumbent (TSLKD), the pre-crisis incumbent (LSDP) and one of the opposition parties (DP) is somewhat higher under more negative evaluations. The predicted probability of voting for the other opposition party, the TT, was somewhat surprisingly lower under more negative economic evaluations.

Furthermore, the results with regard to the prospective economic evaluations also support the theoretical expectations. The predicted probability of voting for the main parties in government, the Unity alliance in Latvia and especially the TSLKD in Lithuania, was much higher under more positive prospective evaluations. Prospective economic voting can therefore be one of the main reasons why economic outcomes had no or only a limited effect on the vote shares of these parties. While voters were unhappy about the performance of the economy, they did not punish these parties due to the expectations regarding the improvement in economic situation. The somewhat stronger effect of prospective economic voting in Lithuania is also in line with the absence of the relationship between electoral and economic outcomes in this country, as opposed to somewhat limited but still important effects in Latvia.

Conclusion

The goal of this paper was to understand the response of voters to the economic crisis in Latvia and Lithuania, the countries that experienced extremely deep recessions in 2008-2009, but managed to return to moderate growth rates relatively quickly. The paper finds that, despite the depth of the crisis, the retrospective economic voting was only limited in Latvia and largely absent in Lithuania. It suggests that retrospective voting was dampened by the shift in the partisan composition of the government at the beginning of the crisis, which blurred the responsibility for

poor economic outcomes by spreading it across most of the parties in the system. Furthermore, voters' punishment was also limited due to the expectations of the recovery of the economy. At the same time, when presented with fresh alternatives in the form of new parties, as was the case in Latvia in the 2011 election, voters did not hesitate to punish the parties in government.

These results stand in contradiction to the assumption of myopic voters who punish incumbent governments based on the performance of the economy in the short period preceding the election. Even in newer democracies such as Latvia and Lithuania, voters seem to be able to follow and remember the changes in government composition, and economic conditions under these governments. Furthermore, voters also seem to follow their prospective evaluations of the economy as opposed to simply sanctioning the incumbent government. In combination, these findings provide evidence that in newer democracies electoral accountability based on the evaluation of economic performance can be more complex than simply punishing the incumbent government or following the transitional identity of the parties, as suggested by the previous literature.

Table 1: Election results in Latvia, 2006-2011

Party/ coalition	2006	2010	2011
People's Party (TP)	19.56 (23.0)		
New Era (JL) (2006) / Unity (V) (2010 and 2011)	16.38 (18.0)	31.9 (33.0)	18.8 (20.0)
Green and Farmers' Union (ZZS)	16.71 (18.0)	20.11 (22.0)	12.2 (13.0)
Harmony Centre (SC)	14.42 (17.0)	26.61 (29.0)	28.4 (31.0)
Latvian First Party / Latvian Way Party (LPP/LC)	8.58 (10.0)	7.82 (8.0)	2.41 (0.0)
For Fatherland and Freedom-LNNK (TB-LNNK) (2006) / "All For Latvia!" (VL) - TB/LNNK (2010 and 2011)	6.94 (8.0)	7.84 (8.0)	13.9 (14.0)
Zatlers' Reform Party (ZRP)	-	-	20.8 (22.0)

Notes: (1) The results for the LPP/LC in 2010 represent the support of the coalition between the LPP/LC and TP. (2) The Unity alliance in 2010 included the JL, the Civic Union (PS), which was a splinter of the JL and TB-LNNK, and the Society for Other Politics (SCP), a splinter of the TP. These three parties merged before the 2011 election.

Table 2: Election results in Lithuania, 2008-2012

Party	2008	2012
Homeland Union – Lithuanian Christian Democrats (TS-LKD)	19.6 (31.2)	15.7 (23.4)
Lithuanian Social Democratic Party (LSDP)	11.8 (18.4)	19.2 (27.0)
National Resurrection Party (TPP)	15.1 (11.3)	
Order and Justice (TT)	12.7 (10.6)	7.6 (7.8)
Liberals' Movement of the Republic of Lithuania (LRLS)	5.7 (7.8)	9.0 (7.1)
Labour Party (DP)	9 (7.1)	20.7 (20.6)
Liberal and Centre Union (LiCS)	5.3 (5.7)	2.2 (0.0)
Election Action of Lithuania's Poles (LLRA)	4.8 (2.1)	6.1 (5.7)
Lithuanian Peasant Popular Union (LVLS)	3.7 (2.1)	4.1 (0.7)
New Union (NS)	3.7 (0.7)	
Way of Courage (DK)	-	8.3 (5.0)

Notes: (1) The TPP was absorbed by the LiCS before the 2012 election. (2) The NS was absorbed by the DP before the 2012 election.

Table 3: SUR analysis results for Latvia 2010 (1)

	V	ZZS	VLTLNNK	LPP/LC+TP	SC
Intercept	1.277* (0.577)	1.464* (0.705)	0.210 (0.770)	-1.535 (0.841)	0.301 (0.736)
Unemployment	-0.019* (0.008)	-0.029** (0.009)	-0.017 (0.010)	-0.009 (0.011)	0.006 (0.010)
Average salary	0.000 (0.001)	0.001 (0.001)	0.002* (0.001)	0.000 (0.001)	0.001 (0.001)
Russian speakers	-0.002 (0.003)	-0.005 (0.003)	-0.005 (0.004)	0.015*** (0.004)	0.021*** (0.003)
Elderly	0.012 (0.010)	0.006 (0.012)	0.005 (0.013)	0.027 (0.014)	0.015 (0.012)
Higher education	-0.007 (0.008)	-0.017 (0.009)	-0.005 (0.010)	-0.004 (0.011)	-0.001 (0.009)
Agriculture	0.002 (0.006)	0.000 (0.007)	-0.003 (0.008)	-0.002 (0.008)	-0.007 (0.007)
Industry	-0.007 (0.005)	0.003 (0.006)	0.003 (0.007)	-0.006 (0.007)	-0.004 (0.006)
Log(population)	0.039 (0.030)	0.017 (0.036)	0.010 (0.040)	0.073 (0.043)	-0.002 (0.037)
Vote 2006	0.650*** (0.046)	0.491*** (0.054)	0.718*** (0.066)	0.685*** (0.100)	0.355*** (0.039)
R ²	0.896	0.809	0.856	0.303	0.893
Adj. R ²	0.883	0.786	0.838	0.216	0.879
Num. obs.	118	118	118	118	118

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Table 4: SUR analysis results for Latvia 2010 (2)

	V	ZZS	VLTLNNK	LPP/LC+TP	SC
Intercept	1.109* (0.543)	1.471* (0.651)	0.092 (0.738)	-2.084** (0.777)	0.707 (0.684)
Change in unemployment	-0.016 (0.012)	-0.044** (0.014)	0.018 (0.016)	0.023 (0.016)	0.004 (0.014)
Change in average salary	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)
Russian speakers	-0.003 (0.003)	-0.005 (0.003)	-0.005 (0.004)	0.014** (0.004)	0.021*** (0.003)
Elderly	0.009 (0.010)	0.004 (0.012)	-0.003 (0.013)	0.024 (0.014)	0.013 (0.012)
Higher education	-0.001 (0.007)	-0.014 (0.009)	0.011 (0.010)	0.005 (0.010)	0.002 (0.009)
Agriculture	0.003 (0.006)	0.002 (0.007)	0.000 (0.008)	0.000 (0.008)	-0.006 (0.007)
Industry	-0.005 (0.005)	0.004 (0.006)	0.008 (0.007)	-0.002 (0.007)	-0.005 (0.006)
Log(population)	0.045 (0.030)	0.026 (0.036)	0.010 (0.041)	0.074 (0.043)	-0.006 (0.037)
Vote 2006	0.652*** (0.046)	0.498*** (0.054)	0.740*** (0.067)	0.699*** (0.100)	0.376*** (0.040)
R ²	0.895	0.816	0.849	0.312	0.893
Adj. R ²	0.881	0.793	0.830	0.225	0.879
Num. obs.	118	118	118	118	118

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Table 5: SUR analysis results for Latvia 2011 (1)

	V	ZZS	VLTBLNNK	LPP/LC	SC
Intercept	-1.599** (0.474)	-1.570* (0.663)	-1.584** (0.537)	-1.056 (1.321)	-1.468* (0.578)
Unemployment	-0.033*** (0.007)	-0.027** (0.009)	-0.024** (0.008)	-0.016 (0.019)	-0.007 (0.008)
Average salary	0.000 (0.000)	0.000 (0.001)	0.000 (0.001)	0.001 (0.001)	0.000 (0.001)
Russian speakers	0.015*** (0.002)	0.019*** (0.003)	0.015*** (0.003)	0.024*** (0.005)	0.033*** (0.003)
Elderly	0.005 (0.008)	-0.007 (0.011)	0.006 (0.009)	-0.035 (0.023)	-0.006 (0.010)
Higher education	0.008 (0.006)	-0.010 (0.009)	0.015* (0.007)	-0.023 (0.018)	0.001 (0.008)
Agriculture	0.006 (0.005)	0.010 (0.007)	0.012* (0.005)	-0.031* (0.013)	-0.009 (0.006)
Industry	0.009* (0.004)	0.004 (0.006)	0.013** (0.005)	-0.018 (0.012)	0.001 (0.005)
Log(population)	0.008 (0.025)	0.018 (0.035)	-0.021 (0.028)	-0.044 (0.071)	-0.017 (0.031)
Vote 2010	0.416*** (0.047)	0.609*** (0.061)	0.525*** (0.045)	0.431** (0.131)	0.612*** (0.051)
R ²	0.725	0.600	0.815	0.568	0.960
Adj. R ²	0.691	0.550	0.792	0.514	0.956
Num. obs.	118	118	118	118	118

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Table 6: SUR analysis results for Latvia 2011 (2)

	V	ZZS	VLTBLNNK	LPP/LC	SC
Intercept	-2.312*** (0.497)	-2.044** (0.651)	-1.995*** (0.530)	-0.896 (1.233)	-1.637** (0.535)
Change in unemployment	0.012 (0.024)	0.006 (0.032)	-0.011 (0.026)	0.054 (0.060)	-0.017 (0.026)
Change in average salary	0.001 (0.001)	0.001 (0.001)	0.000 (0.001)	0.003 (0.002)	0.000 (0.001)
Russian speakers	0.014*** (0.002)	0.018*** (0.003)	0.014*** (0.003)	0.023*** (0.005)	0.033*** (0.003)
Elderly	0.001 (0.009)	-0.010 (0.012)	0.002 (0.010)	-0.040 (0.023)	-0.007 (0.010)
Higher education	0.016* (0.006)	0.001 (0.008)	0.024*** (0.007)	-0.020 (0.016)	0.004 (0.007)
Agriculture	0.008 (0.005)	0.012 (0.007)	0.014* (0.006)	-0.032* (0.013)	-0.008 (0.006)
Industry	0.016*** (0.004)	0.010 (0.006)	0.018*** (0.005)	-0.014 (0.011)	0.002 (0.005)
Log(population)	0.012 (0.028)	0.022 (0.037)	-0.018 (0.030)	-0.041 (0.071)	-0.017 (0.031)
Vote 2010	0.475*** (0.049)	0.643*** (0.059)	0.555*** (0.045)	0.433*** (0.127)	0.607*** (0.050)
R ²	0.658	0.563	0.794	0.573	0.960
Adj. R ²	0.615	0.508	0.768	0.519	0.956
Num. obs.	118	118	118	118	118

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Table 7: SUR analysis results for Lithuania 2012 (1)

	TSLKD	LRLS	LiCS	LSDP	LVLS	DP	TT
Intercept	-1.099 (0.720)	-0.968 (1.040)	-4.815 (2.755)	1.332 (0.734)	-3.112* (1.534)	-1.355 (0.778)	0.792 (1.372)
Unemployment	-0.018 (0.014)	-0.008 (0.020)	-0.094 (0.048)	-0.012 (0.013)	-0.005 (0.029)	-0.025 (0.015)	-0.017 (0.026)
Average salary	0.003 (0.003)	0.002 (0.004)	0.023* (0.010)	0.000 (0.003)	0.004 (0.007)	0.004 (0.003)	-0.001 (0.006)
Polish	-0.006 (0.005)	-0.010 (0.006)	0.030 (0.021)	-0.019*** (0.004)	-0.022** (0.008)	-0.005 (0.004)	0.004 (0.007)
Russian	0.004 (0.005)	0.007 (0.007)	0.033* (0.016)	-0.002 (0.004)	-0.011 (0.010)	0.006 (0.005)	0.011 (0.008)
Elderly	0.025 (0.013)	0.021 (0.018)	0.125** (0.045)	0.018 (0.012)	0.046 (0.027)	0.051*** (0.014)	-0.005 (0.024)
Higher education	-0.016 (0.016)	-0.004 (0.022)	-0.060 (0.052)	-0.059*** (0.015)	-0.041 (0.033)	-0.037* (0.017)	-0.036 (0.029)
Urban	-0.001 (0.002)	0.001 (0.003)	0.000 (0.006)	0.003 (0.002)	0.000 (0.004)	0.000 (0.002)	0.001 (0.004)
Agriculture	-0.006 (0.010)	0.008 (0.015)	-0.019 (0.034)	-0.029** (0.010)	0.027 (0.021)	0.001 (0.011)	0.008 (0.018)
Industry	-0.007 (0.008)	-0.008 (0.012)	-0.019 (0.027)	-0.019* (0.008)	-0.013 (0.017)	0.001 (0.009)	-0.001 (0.015)
Log(population)	0.025 (0.045)	0.003 (0.064)	-0.198 (0.159)	0.006 (0.044)	0.134 (0.096)	0.067 (0.049)	-0.085 (0.084)
Vote 2008	0.622*** (0.064)	0.513*** (0.092)	1.217** (0.385)	0.485*** (0.063)	0.470*** (0.109)	0.563*** (0.066)	0.879*** (0.106)
R ²	0.900	0.753	0.412	0.922	0.812	0.856	0.743
Adj. R ²	0.877	0.696	0.278	0.904	0.769	0.823	0.684
Num. obs.	60	60	60	60	60	60	60

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Table 8: SUR analysis results for Lithuania 2012 (2)

	TSLKD	LRLS	LiCS	LSDP	LVLS	DP	TT
Intercept	-0.998 (0.713)	-0.929 (1.022)	-3.804 (2.757)	1.290 (0.726)	-2.762 (1.486)	-1.270 (0.779)	0.769 (1.330)
Change in unemployment	-0.023 (0.017)	-0.011 (0.024)	-0.143* (0.059)	-0.003 (0.016)	-0.011 (0.035)	-0.029 (0.018)	-0.032 (0.030)
Change in average salary	0.002 (0.005)	-0.003 (0.007)	0.019 (0.017)	0.003 (0.005)	0.016 (0.011)	-0.001 (0.006)	-0.005 (0.009)
Polish	-0.006 (0.005)	-0.011 (0.006)	0.028 (0.021)	-0.019*** (0.004)	-0.019* (0.008)	-0.006 (0.004)	0.002 (0.007)
Russian	0.004 (0.005)	0.007 (0.007)	0.035* (0.015)	-0.003 (0.004)	-0.012 (0.009)	0.006 (0.005)	0.011 (0.008)
Elderly	0.021 (0.012)	0.019 (0.018)	0.107* (0.043)	0.014 (0.012)	0.040 (0.026)	0.046** (0.013)	-0.005 (0.022)
Higher education	-0.010 (0.014)	0.000 (0.020)	-0.020 (0.048)	-0.055*** (0.014)	-0.034 (0.030)	-0.028 (0.016)	-0.039 (0.026)
Urban	-0.001 (0.002)	0.001 (0.003)	0.002 (0.007)	0.003 (0.002)	0.001 (0.004)	0.000 (0.002)	0.000 (0.004)
Agriculture	-0.003 (0.010)	0.009 (0.014)	-0.003 (0.033)	-0.028** (0.009)	0.028 (0.020)	0.005 (0.011)	0.009 (0.018)
Industry	-0.003 (0.007)	-0.007 (0.011)	0.011 (0.025)	-0.018* (0.007)	-0.008 (0.016)	0.007 (0.008)	0.000 (0.014)
Log(population)	0.038 (0.042)	0.015 (0.059)	-0.091 (0.152)	-0.004 (0.041)	0.140 (0.087)	0.087 (0.046)	-0.083 (0.076)
Vote 2008	0.626*** (0.065)	0.494*** (0.095)	1.227** (0.393)	0.491*** (0.064)	0.518*** (0.113)	0.568*** (0.066)	0.855*** (0.109)
R ²	0.899	0.754	0.401	0.921	0.819	0.851	0.750
Adj. R ²	0.876	0.698	0.263	0.903	0.777	0.817	0.693
Num. obs.	60	60	60	60	60	60	60

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Table 9: OLS analysis of new party vote share

	ZRP2011(1)	ZRP2011(2)	DK2012(1)	DK2012(2)
Intercept	33.562** (10.053)	36.313*** (9.801)	2.073 (6.341)	1.263 (6.113)
Unemployment	0.424** (0.143)		0.048 (0.121)	
Average salary	-0.015 (0.010)		-0.024 (0.027)	
Change in unemployment		-0.394 (0.482)		0.205 (0.143)
Change in average salary		-0.023 (0.020)		0.046 (0.044)
Russian	-0.416*** (0.042)	-0.396*** (0.042)	-0.182*** (0.039)	-0.194*** (0.037)
Elderly	0.023 (0.176)	0.106 (0.183)	-0.098 (0.111)	-0.104 (0.104)
Higher education	0.043 (0.133)	-0.125 (0.126)	0.364* (0.136)	0.351** (0.122)
Agriculture	-0.039 (0.102)	-0.064 (0.106)	-0.101 (0.087)	-0.116 (0.083)
Industry	-0.133 (0.090)	-0.225* (0.088)	0.086 (0.070)	0.055 (0.064)
Log(population)	0.185 (0.532)	0.093 (0.560)	0.576 (0.395)	0.322 (0.356)
Polish			-0.101*** (0.026)	-0.093*** (0.025)
Urban			-0.018 (0.017)	-0.013 (0.017)
R ²	0.753	0.731	0.659	0.674
Adj. R ²	0.725	0.700	0.590	0.608
Num. obs.	118	118	60	60

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Table 10: Conditional logit model of vote choice in Latvia, 2009

	Choice-specific	LPPLC	PCTVL	SC	TBLNNK	TP	ZZS
Intercept		-6.798** (3.303)	-10.859* (6.185)	-6.349** (3.117)	0.689 (2.288)	-0.392 (3.016)	-1.241 (2.593)
Retrospective		0.569 (0.644)	1.508 (1.181)	0.904 (0.602)	-1.076** (0.515)	-0.390 (0.587)	-0.715 (0.504)
Prospective		0.370 (0.306)	0.297 (0.322)	0.391* (0.202)	0.599 (0.393)	0.057 (0.320)	0.581* (0.335)
Ethnic Russian		3.252*** (1.252)	2.535** (1.279)	2.951*** (1.123)	-13.641 (3,256.7)	2.074 (1.529)	-14.303 (3,282.2)
Class		0.380 (0.312)	0.170 (0.328)	0.104 (0.217)	-0.269 (0.394)	-0.142 (0.382)	0.257 (0.361)
Previous vote	2.363*** (0.235)						
Party ID	1.680*** (0.149)						

N=379; Log Likelihood -245.42; reference category - V; * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Table 11: Conditional logit model of vote choice in Lithuania, 2009

	Choice-specific	DP	LSDP	TT
Intercept		-4.546 (3.940)	-0.452 (3.341)	3.223 (3.142)
Retrospective		0.214 (0.706)	0.129 (0.575)	-0.448 (0.541)
Prospective		0.935** (0.369)	0.578* (0.332)	0.695** (0.318)
Class		-0.034 (0.407)	-0.342 (0.363)	-0.553 (0.342)
Religiosity		0.036 (0.408)	-0.264 (0.388)	-0.405 (0.360)
Previous vote	2.947*** (0.334)			
Party ID	2.370*** (0.347)			

N=317; Log Likelihood -53.569; reference category - TSLKD; *p<0.1;
p<0.05; *p<0.01

Figure 1: Economic indicators in Latvia and Lithuania, 2006-2012 (based on Eurostat data)

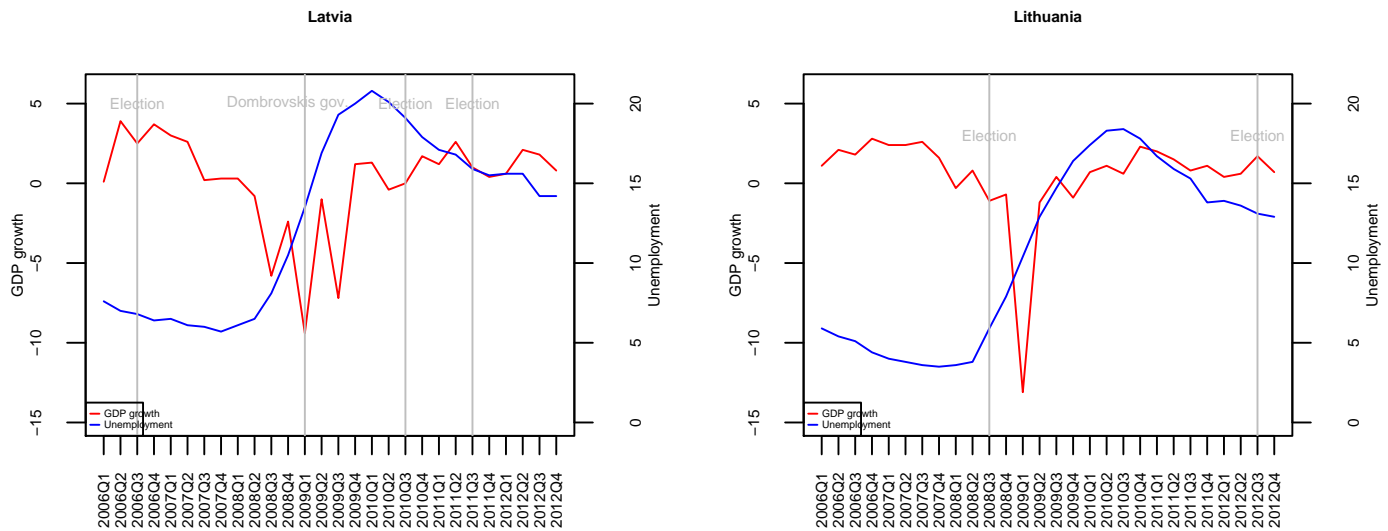
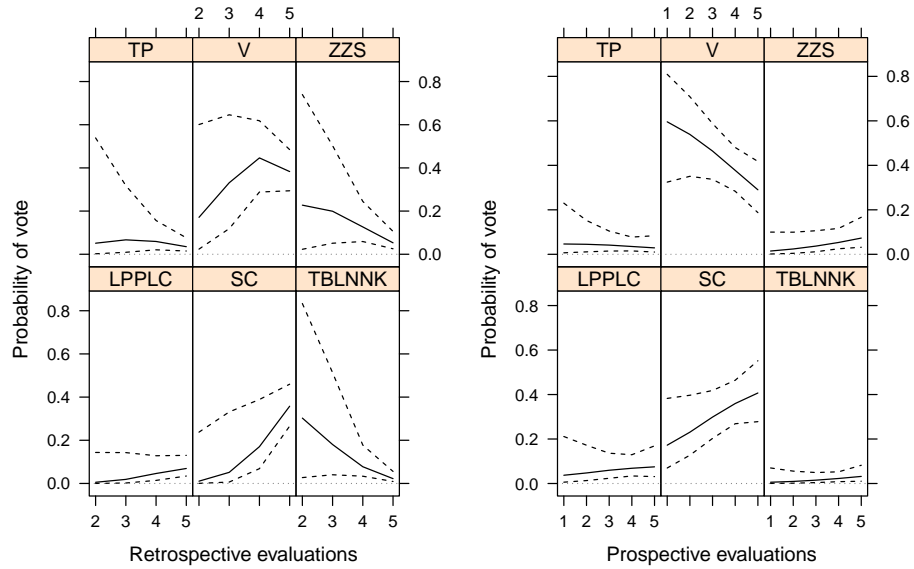
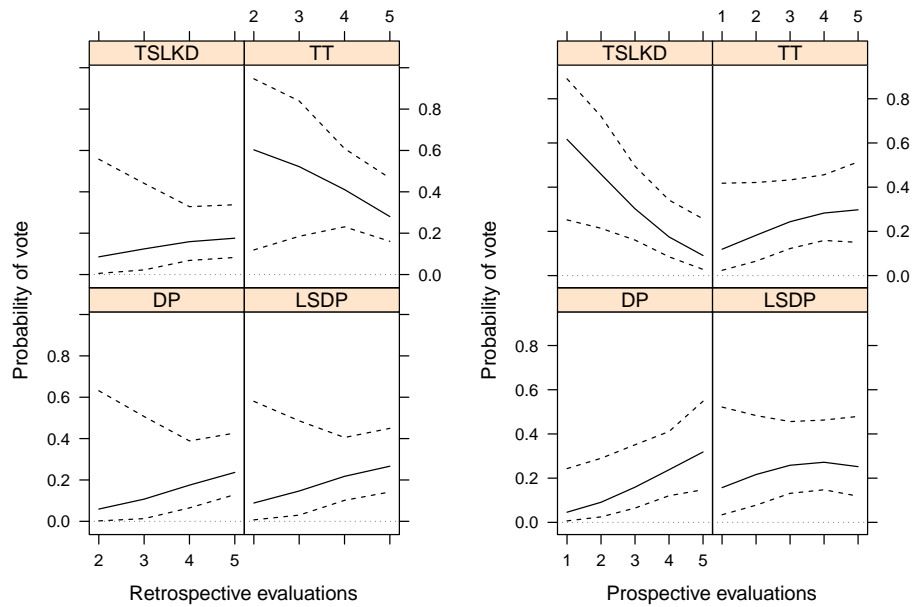


Figure 2: Predicted probabilities of vote choice in Latvia, 2009



Note: Higher values of the economic evaluations variables indicate more negative evaluations.

Figure 3: Predicted probabilities of vote choice in Lithuania, 2009



Note: Higher values of the economic evaluations variables indicate more negative evaluations.

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