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DOCTORAL THESIS

**The impact of economic perceptions on support for the incumbent
government: testing different perspectives on how individuals assess the state
of the economy**

(SUMMARY)

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SUMMARY

Introduction

Starting from the question “Are you better off than last year?”, this thesis is trying to offer a comprehensive answer. The mentioned question reveals not only the state of the economy but also the health of democracy. Governments strive to create an environment that fosters economic growth, employment opportunities, and improved living standards for their citizens, while citizens assess the government’s performance during elections as their main objective is to increase the level of well-being. Therefore, the evaluation of government performance by the electorate is a fundamental aspect of the democratic process. Elections provide citizens with the opportunity to express their views on how the government has managed public affairs and to decide whether it has succeeded in improving their situation compared to the previous year¹. If most of the population feels that they are better off than they were in the previous year, it can work in favor of the incumbent government, potentially securing their re-election. Conversely, if citizens feel that their circumstances have worsened, it can lead to a change in leadership as they seek an alternative that promises a better future (Fiorina 1978; Lewis-Beck and Stegmaier 2000).

In this context, the opening question emerges as one of the most crucial inquiries posed during elections, carrying immense significance for politicians and citizens alike because the answer to this question has the potential to profoundly impact the outcome of an election (Anderson 2007; Bechtel and Hainmueller 2011; Dalton and Klingemann 2007; Healy and Malhotra 2013). Therefore, the process that citizens undergo to reach an answer to this question, as well as the resulting implications, represent the main focus of this thesis.

Answering this question as an individual has never been easy: it requires not only collecting information but also analyzing this information. In general, individuals collect and interpret information from their environment through perception² (Kahneman 2003; Koehler and Harvey 2008; Simon 1957). Additionally, individuals may use cognitive heuristics or mental shortcuts such as stereotypes³ and confirmation bias⁴ to simplify complex information and make

¹ Citizens often consider not only their personal experiences but also the overall trajectory of the nation.

² The process by which individuals form perceptions involves the utilization of expectations to interpret sensory information. The analysis of sensory information from the environment is a bottom-up process, while the use of prior knowledge and expectations to interpret sensory information involves a top-down process.

³ Stereotypes represent generalizations about groups of people.

⁴ Confirmation bias represent the tendency to interpret information in a way that confirms pre-existing beliefs.

sense of their surroundings (Dale 2015; Greifeneder, Bless, and Fiedler 2017). However, when it comes to assessing the well-functioning of the economy individuals have limited information processing capacities because keeping track of changing prices for specific goods or of general trends in inflation is a complex human activity (Kakes and Schinasi 2004). Therefore, if we read again the question at the beginning of this section, we observe that it requires two answers from the respondent: (1) what instruments individuals use to assess the economic contexts and (2) how the outcome of the assessment will affect their political behavior, particularly during elections periods?

The subject of the research

To offer an answer to these questions, the thesis constructs its arguments from the rational choice models, based on the economic voting theory, without ignoring the other voting models (partisanship model, etc.) (Gheorghiuță 2010). First, what instruments do individuals use to assess the economy? Research findings suggest that individuals assess the performance of the economy in a variety of ways, both objectively and subjectively. Objectively, individuals assess aggregate economic metrics such as gross domestic product (GDP), inflation and unemployment rate, while subjectively, individuals use the information collected after discussing with friends, family, or colleagues⁵. Therefore, studies investigating the effect of the economy on individuals' political behavior on politics rely either on aggregate data such as GDP growth, unemployment rate, and inflation rate or on individual data such as individuals' perception towards economic, political, and institutional views. Studies reveal that when relying on aggregate indicators, voters need a complex understanding of how the economy operates and what macroeconomic indicators signify at a particular time. However, individual-level economic data eliminates this requirement, allowing for economic analysis based on personal perceptions (about economic indicators 'evolution, level of corruption, trust, party attachment, or self-declared political orientation). This approach is a more plausible mechanism for processing limited information available to voters and avoids the unrealistic assumption that voters possess in-depth knowledge of electoral decision-making. Moreover, the relationship between the evaluation of government economic performance and other factors influencing the vote, such as social status or political values, is complex and interwoven. Therefore, individuals' economic perceptions can play a crucial role in

⁵ Talking to friends, family, and colleagues can provide individuals with a more personal perspective on the economy.

determining the outcomes of elections and have to be considered in further studies (De Boef and Kellstedt 2004; MacKuen, Erikson, and Stimson 1992). The theory of economic voting emphasizes that economic perceptions can be considered a heuristic used by individuals when deciding which political party or candidate to support (Hansford and Gomez 2015).

Second, how economic perceptions are used to influence political behavior? On one side, during electoral campaigns, politicians often highlight their economic policies and positions (Gherguț 2009), in order to gain electorate, shape individuals' economic perceptions, and in turn influence their vote. On the other side, individuals use cognitive heuristics, such as the "pocketbook" heuristic, to evaluate those economic policies based on their personal financial situation. For instance, if individuals perceive their financial situation as being stable and improving, they may be more likely to support the incumbent candidate or party. Contrary, if individuals perceive their financial situation as worsening, they may be more likely to support the opposition candidate or party. Thus, economic perceptions serve as a critical determinant of electoral outcomes, influencing individuals' political decisions and ultimately shaping the political landscape (the stages of economic voting theory are detailed in Figure 1, Chapter 1).

Furthermore, this thesis delves into two main areas of economic voting research. First, it explores how individuals form economic perceptions and second, it explores how the economic perceptions impact the support for the incumbent government. To investigate the factors that shape economic perceptions and how these perceptions influence citizens' support for the incumbent government, this thesis employs a mixed approach by using both quantitative and qualitative research methods. Employing a mixed research design, the thesis analyzes the potential determinants of economic assessment such as macroeconomic indicators, political views, individual beliefs, and others. The thesis focuses on a post-communist country with a history of democratic governance, where economic conditions have been the subject of intense public debate in recent years (Romania). Additionally, the thesis also uses an extended sample of countries to analyse if the support for the incumbent is influenced by the country's macroeconomic performance in the core and periphery of Europe core. To empirically assess the main hypotheses, this thesis employed several datasets of the parliamentary elections in Romania and in other European countries between 2009 - 2016.

The research objectives and questions

In terms of specific research objectives, this thesis has three main objectives. The first objective aims at identifying the key factors that influence an individual's economic perceptions, including personal characteristics, political and institutional views, as well as perceptions towards general economic conditions (e.g., inflation and unemployment rate, as well as GDP growth). Through this objective, I aim at enhancing our comprehension of how the broader social framework influences individual economic opinions by analyzing the correlation between these groups of potential factors and their effect on economic attitudes. The formation of economic opinions is influenced by various mental factors. This is because when people form their opinions, it's not just a simple process; it involves both thinking and feeling.⁶ (Camerer, Loewenstein, and Prelec 2005; Newell and Shanks 2014; Russell 2003). One important cognitive process involved in forming economic perceptions is the use of mental frameworks. Individuals use mental frameworks to organize and make sense of complex economic information, such as inflation rates or gross domestic product.

However, mental frameworks can be influenced by a variety of factors, including education, political views, as well as personal experience (Tversky and Kahneman 1974) as the qualitative analysis of this thesis emphasizes. Take for example an individual who has received formal education in economics. This individual may adopt distinct mental frameworks in comparison to those who have not received such an education. This is because their exposure to varying mental models or frameworks can influence how they comprehend and interpret economic information, resulting in different economic perceptions and attitudes. The formation of economic perceptions also entails the utilization of heuristics, which refer to mental shortcuts used by individuals to make quick and efficient judgments and decisions. These shortcuts can be helpful in processing large amounts of economic information but can also lead to biases in judgment (Kahneman and Tversky 1979). Individuals may use the availability heuristic, in which they rely on the most readily available information, to make judgments about economic conditions, even if that information is not representative of the broader economy (Kahneman, Slovic, and Tversky 1982; Vis 2019). Affective processes also play a role in forming economic perceptions. Emotional responses to economic information can influence economic attitudes,

⁶ Cognitive processes involve the use of mental frameworks and heuristics to process information, while affective processes involve emotional responses to information.

such as optimism or pessimism about the economy. Individuals may experience anxiety or fear during times of economic uncertainty, leading to more negative economic perceptions (Fiksenbaum, Marjanovic, and Greenglass 2017; Langford 2002). Conversely, positive emotions, such as hope or trust, may lead to more positive economic perceptions.

The second objective aims to investigate the influence of economic perceptions on supporting the incumbent. It aims at assessing how the factors identified in answering the first objective interact to shape voter decisions. Additionally, it aims to examine the extent to which economic and political views moderate this relationship. In general terms, factors such as perceptions towards macroeconomic indicators or political views can interact in complex ways to shape an individual's decision to vote for the incumbent. Simply put, while the factors identified in answering the first objective can influence economic perceptions, economic perceptions themselves can also influence vote choice, particularly in the context of incumbent elections where the economy and the incumbent's economic record are often key issues (Lewis-Beck and Stegmaier 2008).

The third objective aims at examining how individuals' economic perceptions affect the support offered to the incumbent government in both core and peripheral European countries. Specifically, it aims at analyzing the differences in the effects of economic perceptions on government support depending on the level of macroeconomic development of core and peripheral European countries (Wallerstein 1993). Employing a comparative analysis, I aim at deepening our understanding of how economic perceptions influence government support in different contexts. The main theoretical contribution I want to make through this objective is to evaluate whether the individual decision to support or not the incumbent depends on the regional macroeconomic performance (core countries versus peripheral countries).

Methodology

This thesis applies a mixed a mixed methodological approach: quantitative and qualitative methods. Therefore, this thesis completes, through the interviews conducted with the Romanian electorate, the image offered by the data collected through the 2012 wave of the Romanian Elections Study (RES) and the 2019 European Electoral Study (EES). Third, this thesis not only includes in its empirical analysis all the four perspectives emphasized by economic voting literature: retrospective/prospective and sociotropic/egotropic perspective, but it

also compares the relationship between economic perceptions and government support following the theory of world system which groups the European countries based on their macroeconomic performance (core and peripheral countries). In this way, this thesis offers an in-depth overview on the effect of economic perceptions in influencing individuals to support the incumbent in different settings.

Description of the datasets

To test the hypotheses of Chapter 3 and Chapter 4, this thesis relies on the individual data from the 2012 wave of the Romanian Elections Study (RES). The survey has collected information from private individuals (households) in Romania and the final dataset includes a sample of around 1,300 respondents, aged 18 and over. There are two reasons to employ this dataset. First, the standardized sampling, questionnaire, and coding of the RES Survey allow for the comparison of household characteristics and behavior across several waves of Romanian elections. Second, beyond the classical questions focusing on political and demographic indicators, etc., the 2012 wave of the Romanian Elections Study offers for the first-time questions focusing on economic conditions evaluations from both egotropic and sociotropic, as well as from retrospective and prospective perspectives, therefore making it best suited for testing the relationship between various socio-demographic and political indicators, and economic behavior.

In chapter 5, to test the hypotheses, this thesis relies on the individual level of the data collected through the 2019 European Electoral Study (EES) which was conducted after the European Parliament elections. There are two reasons to employ this dataset. First, the standardized sampling, questionnaire, and coding of the EES surveys allow for the comparison of elections and behavior across European countries. The EES data set includes 22 countries in total. Second, the 2019 EES wave comprises questions about economic perceptions with both its main elements: retrospective and prospective economic conditions, as well as perceptions towards political positions and well-being, therefore making it best suited for testing the economic behavior hypothesis. I use the EES data set from 2019. It includes a sample of 22,030 adults, aged 18 and over (NAs were excluded from our final data set).

Description of the main variables

In chapter 3 the main dependent variable is economic perception. This thesis defines economic perception as the way individuals assess their own and their country's economic context by looking retrospectively and prospectively (M. S. Lewis-Beck et al., 2008a; Stancea & Muntean, 2023). In terms of independent variables, this chapter tests the dependent variable on four main groups of variables. The first group tests how general macroeconomic indicators impact the perception of individuals of the economic context (either a positive or a negative perception). Three main variables are included in this group as follows: (1) unemployment, (2) income, and (3) inflation. All three variables are measured on a five-item scale, where 1 indicates a high decrease and 5 indicates a high increase in these indicators.

Chapter 4 uses as a dependent variable the variable that asked the respondents to rate their satisfaction with the incumbent government's activity. This variable is labeled *government support (USL alliance)* and the respondents rate their support on a continuum-ordered scale from 0 to 10, where 0 indicates no satisfaction and no support, and 10 indicates total satisfaction and support. I exclude from the exploratory analysis the *no-answer* category. For the independent variables, the central one is *economic perceptions*. This variable is measured with a battery of four questions, resulting in four main exploratory variables.

Chapter 5 uses as a dependent variable: incumbent government support and it uses it as a proxy variable for electoral accountability. This thesis assumes that a higher level of support for the incumbent government (regardless of the vote option at the last election) increases the chances of voting for the incumbent in the next elections. This chapter includes in the analysis one main exploratory variable of interest: *economic perceptions of economic conditions*. Based on the previous literature, this thesis uses sociotropic economic perceptions, which refer to individual perceptions about the state of the economy in their country (Feldman, 1982; Lau & Sears, 1981). In the EES survey, respondents were asked 'Would you say that in the next 12 months, the state of the economy in [your country] will get a lot better, better, will stay the same, will get worse, or will get a lot worse?' and 'Would you say that compared to the last 12 months, the state of the economy in [your country] got better, better, remained the same, or got worse?'. These questions lead to a 5-point scale ranging from an 'a lot better', over 'stayed the same' to 'a lot better'.

Description of the empirical models

Considering that the dependent variable in chapter 3 is a continuous variable. Therefore, in testing the relationship between the main exploratory variables and economic perceptions, the most straightforward statical model is to use the economic perceptions measured for each perspective as dependent variables and to estimate four OLS models to assess how the explanatory variables are related to economic perceptions.

This chapter assumes that assessing the economic condition egotropically (both retrospectively and prospectively) is negatively affected by some tested indicators, and positively affected by others. To estimate the significance and weight of this relation, this thesis computes the following equations for each perspective of assessing the economic context.

Economic perspective_i

$$\begin{aligned} &= \beta_0 - \beta_1 * \text{Unemployment perception} + \beta_2 * \text{Inflation perception} + \beta_3 \\ &* \text{Income perception} + \beta_4 * \text{Political interest} + \beta_5 * \text{Scale left - right} \\ &+ \beta_6 * \text{Party attachment} + \beta_7 * \text{Corruption} + \beta_8 * \text{Economic news} + \beta_9 \\ &* \text{Trust} + \beta_{10} * \text{Wellbeing} + \beta_{11} * \text{Age} + \beta_{12} * \text{Gender} + \beta_{13} \\ &* \text{Education} + \beta_{14} * \text{No. of people in the household} + \beta_{15} \\ &* \text{Trade union membership} + \varepsilon \end{aligned} \quad (1)$$

Following, in Chapter 4, the thesis applies and presents the findings of the explanatory model that measures the effects of economic perceptions on supporting the incumbent. Because we have multiple independent observations with h-explanatory variables and because the response variables are continuous, this thesis applies four OLS regression models, having the following equation:

Government support_{t_i}

$$\begin{aligned} &= \beta_0 - \beta_1 * \text{Economic perception} + \beta_2 * \text{Unemployment perception} + \beta_3 \\ &* \text{Inflation perception} + \beta_4 * \text{Income perception} + \beta_5 * \text{Political interest} + \beta_6 \\ &* \text{Scale left - right} + \beta_7 * \text{Party attachment} + \beta_8 * \text{Corruption} + \beta_9 \\ &* \text{Economic news} + \beta_{10} * \text{Wellbeing} + \beta_{11} * \text{Age} + \beta_{12} * \text{Gender} + \beta_{13} \\ &* \text{Education} + \beta_{14} * \text{People in the household} + \beta_{15} \\ &* \text{Economic perception} x \text{ party attachment} + \varepsilon \end{aligned} \quad (2)$$

To test the hypotheses of Chapter 5, this thesis transformed the main dependent into a binary variable and employed a logistic regression model. It uses three different binary dependent variables that, separately, take the value of one if individuals are in one of the following categories: (1) approving government actions; (2) disapproving government actions; and (3) undecided, and zero otherwise. The logistic regression specification has the following form:

$$\log\left(\frac{p(x)}{1-p(x)}\right) = \alpha_0 + \alpha_1x_1 + \alpha_2x_2 + \dots + \alpha_ix_i \quad (3)$$

The thesis chooses to rely on logistic regression models because they are used for categorical and binary dependent variables. Furthermore, these kinds of models are attractive since they do not assume linearity, normality, or homoscedasticity.

In terms of robustness, this thesis employs several robustness checks using various statistical methods. Furthermore, this thesis also conducted for Chapters 3 and 4 several interviews with Romanian citizens. Interviews are conducted with low and highly educated individuals, from both developed and developing regions, with different occupations and different wellbeing levels. Therefore, the interviews complete the image offered by the empirical model by showing in a more detailed manner which factors contribute to the formation of economic perceptions. A total of 10 participants were selected and invited to participate in the study. The interviews were conducted face-to-face, and each interview lasted for approximately 45 minutes to one hour in a quiet and private setting to ensure that participants felt comfortable and could express their opinions freely. The interviews were recorded using a digital recorder and were later transcribed, while the data were analyzed using thematic analysis. The process of analysis involved 3 stages: (1) the data were first transcribed and then read multiple times to identify key themes and patterns, (2) the themes were then organized into broader categories based on their similarity and relevance to the research questions, and (3) the categories were then analyzed to identify the factors that contribute to the formation of economic opinions.

Results

The results align, at least from a general perspective, with previous findings from the literature, confirming that there are various factors that influence how individuals perceive economic

contexts. Therefore, this thesis main result is that in Romania, the economic context starts to matter for politics.

The findings in Chapter 3 highlight a consistent trend: when individuals perceive a high unemployment rate, they tend to hold a more negative view of the overall economic situation, regardless of their perspective—sociotropic or egotropic. While both perspectives show this negative association, those assessing the economy from a sociotropic angle seem to be slightly more influenced by unemployment rates. This pattern remains consistent in both retrospective and prospective assessments, indicating that concerns about unemployment impact both current and future economic perceptions. Additionally, those who believe their income is increasing tend to hold a more positive outlook on the economy's future.

For chapter 4, the results support the idea that positive expectations about future economic performance tend to increase the support for the government. The retrospective assessment shows a significant positive effect on the incumbent, while prospective assessment emphasizes the impact of retrospective economic perceptions, especially regarding the national economy. This suggests that people weigh overall economic conditions more than personal economic situations when evaluating the government. The analysis also delves into factors like political interest, ideology, corruption perception, and wellbeing, highlighting their roles in influencing government support. For instance, ideological differences from the incumbent and perceptions of high corruption levels negatively impact support.

The results in Chapter 5 confirm prior findings in economic voting literature, showcasing a positive link between optimistic economic perceptions and support for the incumbent government. Notably, this association is stronger in countries positioned at the periphery of Europe compared to core countries. However, nuances emerge between the two groups: improvements in economic conditions hold greater weight for citizens in peripheral countries due to factors like economic development disparities and historical contexts affecting trust in governments. Interestingly, household wellbeing plays a significant role in core countries' support for the government but not in peripheral nations. Additionally, political orientation, interest, and trust in national institutions affect support differently in core and peripheral countries, highlighting varying political contexts and social attitudes. Furthermore, the analysis underscores gender and age disparities in government support across different European regions, suggesting potential cultural and generational influences. While socio-demographic factors like

perceived social class affect government support in some countries, variables such as education and residence show no significant impact. Overall, the results affirm the influence of economic expectations on government support and emphasize differences in perceptions and values between core and peripheral European nations, offering a comprehensive understanding of factors shaping political attitudes across these regions.

Robustness tests further corroborate these findings, reinforcing the importance of economic expectations in determining government support, not only in Romania but also in a comparative perspective: core and periphery of Europe.

Own contribution and originality of the work

The novelty of this thesis is threefold. First, in conducting the analysis in order to test the hypotheses formulated for each chapter, this thesis offers an understanding of the topic from several disciplines. The thesis uses arguments from behavioral economics to explain how individuals might react to different economic indicators, as well as arguments from sociology and political science to explain how individuals shape their political behavior depending on how they perceive economic conditions. The reason to use arguments from various related fields when studying how people make decisions arises from the idea that the decision-making process involves two key aspects. One aspect is connected to how a rational individual perceives economic reality, while the other relates to perception, which is often influenced by the values associated with an individual's beliefs. Thus, utilizing the arguments from several disciplines is indispensable. Second, by employing a mixed methodological approach, this thesis completes, through the interviews conducted with the Romanian electorate, the image offered by the data collected through the 2012 wave of the Romanian Elections Study (RES) and the 2019 European Electoral Study (EES). Third, this thesis not only includes in its empirical analysis all the four perspectives emphasized by economic voting literature: retrospective/prospective and sociotropic/egotropic perspective, but it also compares the relationship between economic perceptions and government support following the theory of world system which groups the European countries based on their macroeconomic performance (core and peripheral countries). In this way, this thesis offers an in-depth overview on the effect of economic perceptions in influencing individuals to support the incumbent in different settings.

This thesis aims at providing a comprehensive understanding of how individuals form their economic opinions and the resulting implications for political behavior and decision-making. This is accomplished through an examination of personal characteristics, political and institutional views, as well as macroeconomic indicators that influence whether individuals hold optimistic or pessimistic economic perceptions. To investigate the connection between the economy and politics, this thesis is structured into six chapters, where one chapter is theoretical, and the others are both theoretical and empirical. The thesis concludes with a final chapter where the main and general conclusions of the empirical analysis are discussed. Following, a description of each chapter is offered to help the reader form a general perspective on the structure and topic of the thesis.

Conclusions and research limitations

“Are you better off?” No matter how an individual might answer this question, the response might impact the political behavior of that individual as we observed in the previous chapters of this thesis. Research on economic voting supports the assumption that when the economy is performing well the incumbent’s chances of reelection are higher than when the economy is performing poorly (Bochsler & Hänni, 2019; Fiorina, 1978; M. S. Lewis-Beck, 1988). Although important indicators such as political orientation or party attachment can affect political behavior, when interacted with economic indicators their impact on behavior (Evans & Andersen, 2006; Stancea & Muntean, 2023) decreases. As a result, although voters do not focus solely on economic issues, they tend to place greater weight on these matters than on others.

Therefore, the assumption that the economy plays a crucial role in shaping election outcomes is supported in the literature, as well as in the findings of this thesis.

Nevertheless, some significant questions remain open: On which factors do individuals rely on forming their economic perceptions, and how do these economic perceptions impact political behavior in different countries that are grouped based on the theory of the world system? As previous chapters show, this thesis offers some empirical answers to these questions and contributes to the growing effort of empirical research investigating the factors that affect citizens’ formation of economic perceptions and, in consequence, their impact on political behavior.

Chapter 2 highlights the importance of considering contextual factors, such as the political and economic context in which economic perceptions are formed and the cultural norms and values that shape individuals' perceptions. The results obtained in Chapter 3 emphasize several important implications. First, they suggest that macroeconomic indicators such as unemployment, inflation, and income are important determinants of economic perceptions, both in terms of how people perceive the economy affecting society as a whole and how it affects them personally. Second, political interest, political orientation, and party attachment can significantly impact the way people perceive the economy. These factors can influence how individuals process economic information and how they evaluate the performance of incumbent politicians. Third, the results indicate that individuals who perceive a high level of corruption are more likely to have negative retrospective economic perceptions. This may be because corruption can erode trust in institutions and the government, which can ultimately harm economic performance. Similarly, the level of trust that individuals have in their institutions and government can influence their economic assessment, with individuals who have higher levels of trust being more likely to have positive economic perceptions. Fourth, socio-economic factors are also important determinants of economic perceptions, although the strength of this relationship varies depending on the specific factor being considered. In a nutshell, the findings strengthen the empirical evidence that positive (negative) economic perceptions are strongly and positively (negatively) associated with macroeconomic, political, and institutional indicators. In this context, this chapter provides valuable insights into the relationship between macroeconomic perception, political views, institutional factors, and economic perceptions. The results demonstrate the importance of including various determinants when investigating the formation of economic perception. The next logical step was to investigate how economic perceptions, formed based on the factors identified in Chapter 3, influence the political behavior of individuals, in particular their support of the incumbent government. Therefore, Chapter 4 contributes to the growing effort of empirical research investigating the effects of economic voting on citizens' decisions to support the incumbent government. This chapter documents that individuals who hold a positive perception of either their personal or societal economic situation, as assessed through prospective means, are more likely to support the incumbent. Furthermore, an egotrophic evaluation does not appear to have any positive or negative effect on retrospective evaluations of the economy. Additionally, the study highlights that citizens who demonstrate a

keen interest in politics and have a high level of wellbeing are more inclined to support the incumbent when evaluating their performance, both retrospectively and prospectively. In Chapter 5 of this thesis, the objective was to extend the analysis of the relationship between economic perceptions and political behavior by focusing also on other countries within Europe. On one side the findings strengthen the findings of previous research that positive (negative) economic expectations are strongly and positively (negatively) associated with incumbent government support, regardless of previous vote choice. On the other side, the comparative analysis reveals that while better economic expectations are extremely important for CEE and GIIPS countries, the countries from the Europe Core tend to be more impacted by the individual's perceptions of their household wellbeing.

However, like any scholarly endeavor, this research is not without its limitations. Recognizing these limitations is essential for a comprehensive understanding of the research findings and to offer important directions for further research. First, this thesis encounters the generalizability problem. Even though this research has made significant contributions in unraveling the complexities of economic perceptions and political behavior, particularly in a post-communist country, the findings of Chapter 3 and Chapter 4 are based on a specific geographic and cultural context. The extent to which these findings can be generalized to other post-communist countries or diverse populations warrants further investigation. Replicating this study across different socio-economic, political, and cultural contexts can provide a more holistic understanding of the phenomenon. This thesis uses (in Chapter 5) as an additional test of the comparative analysis of Romania's region in order to observe if there are differences between more developed and less developed regions. However, further studies can consider investigating how economic voting theory applies to different regions within countries in a more concrete research design.

A second group of research limitations are the ones imposed by methodological aspects. This thesis primarily employs survey-based research methods to analyze economic perceptions and measure incumbent support. While surveys offer valuable insights, they are subject to response biases, recall errors, and subjective interpretations. Future research could incorporate diverse methodologies, such as experimental designs to triangulate the findings presented in this thesis or structural equation modeling (SEM). One of the main reasons is that SEM offers distinct advantages in unraveling multiple latent variables potentially affecting the relationship

between economic perceptions and political behavior. Moreover, SEM enables the simultaneous examination of both direct and indirect effects among constructs, facilitating a comprehensive understanding of the complex relationship between these variables and allowing for the identification of mediating and moderating effects that contribute to nuanced insights. Another argument for using SEM in further analysis is that this method provides a robust framework for assessing model fit, which ensures the validity and reliability of the proposed relationships. The main reason for not applying this method in the present research lies in the lack of resources to collect original data, which would have been necessary to construct the latent variables.

Third, this thesis may raise the problem of temporality. Even if insightful, the results presented in the previous chapters provide a snapshot of the relationship between perceptions' formation, economic opinion, and incumbent support during a specific time frame (2012 – 2016). However, political and economic landscapes are constantly evolving, and the impact of economic perceptions on incumbent support may vary over different electoral cycles. For instance, in the context of current global challenges such as recovering from the COVID-19 pandemic, inflation issues, the conflicts in Ukraine and Israel, individuals' perceptions on the impact of these crises on the economy, and consequently, their perceptions of who should govern the country, may significantly differ from periods characterized by economic growth, development, and stability. Therefore, longitudinal studies tracking these dynamics over time could unravel how the relationship between economic perceptions and incumbent support adapts in response to changing circumstances.

As a concluding remark, this thesis contributes to the growing literature on the relationship between economic perceptions and incumbent support, specifically within the context of a post-communist nation: Romania. This research fills a critical gap by focusing on a relatively under-explored area, offering new insights into how citizens in transitioning economies perceive their economic situations and how this influences their political decisions. This thesis goes beyond examining the general impact of economic perceptions on individual political behavior, it also conducts a comparative analysis of different models of economic assessment, namely retrospective/prospective and sociotropic/egotropic.

In response to the initial question, "Are you better off than you were four years ago?", this thesis provides a comprehensive answer and concludes that individuals often rely on their

perceptions towards different facets of the economy (retrospective/prospective and sociotropic/egotropic) when deciding their political actions.

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