[20 December 2016]

# Party Positions and Patrimonial Economic Voting Evidence from Australia, 2001-2016\*

Timothy Hellwig

Department of Political Science

Indiana University

Bloomington

thellwig@indiana.edu

Ian McAllister

School of Politics and International Relations

Australian National University

Canberra, ACT 0200

ian.mcallister@anu.edu.au

Paper prepared for the Joint Quantitative Political Science Conference for Asia and  
Australasia University of Sydney, 9-11 January 2017

\* The 2001 to 2016 Australian Election Studies were collected by Clive Bean, Ian McAllister and a variety of other collaborators. The data are available from http://australianelectionstudy.org/.

# Abstract

It has long been demonstrated that the economy matters for how voters decide. Researchers have recently expanded their examination of the economy’s impact to consider how asset ownership bears on the voter’s decision. The conventional wisdom is that ownership provides incentives to support centre-right parties insomuch as their market-embracing policies offer the best means of ensuring high returns to investments. In contrast, centre-left parties present asset owners with greater risk insomuch as their redistributive policies increase the relative returns to labour but decrease returns to capital. However, by assuming that the policy preferences signaled by these alternative governments are distinct, the conventional view fails to take into account the roles of party strategies and party systems. Far from being universal, we argue that the predictions of patrimonial voting depend on the position-taking strategies of political parties in general and on the centre-left’s decision to oppose or accept free market policies in particular. Evidence from six general elections in Australia—a country in which large proportions of the population own homes and, increasingly, shares of stock—provides support for our claims. By highlighting the role of party politics, we suggest that the political consequences of an ‘ownership society,’ often cultivated by the mainstream right, are not guaranteed but depend on the policies advanced by their competitor on the mainstream left.

# Party Positions and Patrimonial Economic Voting Evidence from Australia, 2001-2016

In the rich literature on electoral behavior, there is general agreement that economic performance matters for the voter’s decision. There is much less agreement on how to measure economic performance. Most studies treat the economy as a valence issue. The valence, or reward-punishment, model maintains that the public largely agrees on economic outcomes; the only question is which party is best able to deliver on them. More recently, scholars have explored alternative dimensions linking the economy to the vote. One such alternative dimension treats the economy as a positional issue, such that voters support the party closest to their own on matters of economic policy. Another dimension includes the voter’s own economic assets in the equation, in the form of property ownership. Asset owners are said to support centre-right parties while those without assets opt for the centre-left alternative. In this ‘patrimonial’ economic voting model, the voter takes centre stage and becomes a key player in understanding how the economy shapes electoral outcomes (Nadeau, Foucault, and Lewis-Beck, 2010).

This paper extends the research on patrimony and economic voting. It is distinguished from previous work by arguing that the current model omits a critical variable from consideration: the role of political parties. The patrimony approach maintains that voters will choose the party at the ballot box that has economic policies that will most benefit them as an owner of assets. This means in practice that voters who have significant material assets will choose a party of the right, while those who rely mainly on labour force participation for their income will choose a party of the left. This prediction rests on two related assumptions: first, that parties occupy unique and relatively stable positions along a left-right continuum, and second, that the labels ‘left’ and ‘right’ contain policy-relevant information. However, one or both of these assumptions often go unmet. Parties do not occupy fixed places in policy space but move to attract votes and in response to other parties (Downs, 1957; Adams and Somer-Topcu, 2009). And regardless of their positioning, parties of the left can be strong supporters of voters acquiring material assets while parties of the right can be champions of the labour force. Furthermore, the extent to which parties champion particular policies varies over time and depends on factors within and outside of the party system (Green and Jennings, forthcoming). In short, if ownership models of economic voting are correct, then the policies espoused by the party alternatives should matter.

We test the proposition that parties and party systems have a key role to play in the patrimony model. The case study is Australia, which since the 1950s has had historically high levels of home ownership, now numbering around two in three of the population. It also has one of the highest levels of popular share ownership in the world, around one in three of the population. By using a unique dataset containing comparable measures of ownership of these economic assets and party positions over six elections, we test the importance of party positions in shaping how the owners of economic assets cast their votes. Consistent with analyses of patrimonial voting in other democracies, we find that asset owners are more likely to support the centre-right. The magnitude of this effect, however, depends on the relative policy positions advertised by parties. When the Liberal and Labor parties are perceived to be far apart, then ownership strongly influences party choice. But when the parties converge in policy space, ownership has little or no effect. We further show that this party system effect is driven not by the positions of the Liberals on the right, as most stories of policy reform would have it, but of Labor on the left.

The findings of the study have three implications. First, for students of economic voting our results serve as reminder that the supply side matters. Though not often stated in such terms, one of the normative attractions of patrimonial models of economic voting is that they inherently link performance assessments and policy preferences in ways that valence models do not: that is, asset owners prefer liberal economic policies insomuch as they improve the performance of their own personal economy. Our findings with respect to party positions indicate that all previous research on patrimonial economic voting fails consider the extent to which policy options vary and, with it, the impact of asset ownership on the vote. Second, scholars of political parties have emphasized, with increasingly regularity, that polarization matters for how parties represent voters’ interests (Dalton, 2008; Ezrow, 2007; Spoon and Kluever, forthcoming). This study adds to this body of research in new ways, by suggesting that party placements can weaken or strengthen the importance of individual characteristics on the vote. And third, our finding that the position-taking strategies of parties on the left matter more than those of the right speaks to and is consistent with arguments about the survival of social democracy in advanced capitalist economies (Kitschelt, 1994; Beramendi et al, 2015).

We next examine the theory behind economic assets and the vote. We then develop our theoretical contribution with respect to the elite- or supply-side of the equation and advance a set of hypotheses. We then test the hypotheses using survey data from the Australian Election Study surveys conducted between 2001 and 2016. We show that voter decisions are shaped not only by their status as owners but also by the policies that the parties advocate. Critically, the positions espoused by parties on the left have a greater influence on the patrimonial vote than those who generally benefit from ownership—the centre-right. We conclude by highlighting how the supply side of electoral politics deepens our understanding of the influence of patrimony across election contexts.

# The Study of Economic Assets and the Vote

Since the 1970s, the study of the economy and the vote has gone through three major stages. In the first stage, macroeconomic indicators were used to identify a political/business cycle, so that if the two converged, an incumbent government could be expected to reap an electoral reward (Mueller, 1970; Tufte, 1978). This approach soon gave way to research on economic attitudes, which sought to disentangle whether voters evaluated economic performance by looking back or looking ahead, and if their evaluations were based on their own household economy or on that of the nation as a whole (Fiorina, 1981; Kiewiet, 1983). In the third stage scholars have viewed the economy as a valence issue, so that governments that preside over prosperity are re-elected, while those that preside over stagnation are thrown out of office (Clarke et al, 2011). A common element in all three approaches is the treatment of the voter’s economic position as largely peripheral to how the economy shapes her voting intention.

Research on economic voting may be on the threshold of a fourth stage, where the voter is seen to have an objective stake in the economy which shapes her vote at least as much as her attitudes and beliefs. In a series of articles, Nadeau, Foucault and Lewis-Beck (2010; 2011; see also Lewis-Beck and Nadeau, 2011; Lewis-Beck, Nadeau and Foucault, 2013) refer to this approach as ‘patrimony’ or the ownership of property. They argue that the ‘compleat economic voter’ is a person for whom three aspects of the economy are important: valence, or which party she believes will most effectively manage the economy; her position on economic policy, such as support for collectivism or private enterprise; and patrimony, or the amount of property ownership she holds.

The patrimony model as developed by Nadeau, Foucault and Lewis-Beck has examined the role of economic assets in shaping electoral outcomes using several country case studies, all of which have confirmed the importance of a party’s left-right position. In a 2010 article, they analyze three French legislative election surveys to show that assets are more important than class and income in shaping voting choice. They argue that ownership of assets predisposes an individual to favour state deregulation of the economy and as a result, to have a strong disposition to support parties of the right (Nadeau, Foucault and Lewis-Beck, 2010; see also Bélanger et al, 2014). In a subsequent work, they extend the analysis to the US (Lewis-Beck and Nadeau, 2011), Britain (Lewis-Beck, Nadeau and Foucault, 2013), and Denmark (Stubager, Lewis-Beck, and Nadeau, 2013), while others have examined the Portuguese (Costa Lobo, 2013) and Spanish cases (Fraile and Lewis-Beck, 2013). In each case, researchers find asset owners to be more likely to support the centre-right.[[1]](#footnote-1) More particularly, Nadeau et al. show that three aspects of possible economic voting—valence, position on economic policy, and level of property ownership—all have independent effects on the vote. As with the French findings, they show that these effects are independent of social class.[[2]](#footnote-2)

Demonstrating the impact of assets on electoral choice represents an important advance on previous research. However, perhaps more important is the distinction that is drawn between low-risk and high-risk assets. Low risk assets include owning a house or apartment and having a bank saving account; these are chosen by individuals who have an aversion to risk. Such assets require relatively little information in order to maintain them, and the possibility that government policy may significantly alter their value is relatively low (Lewis-Beck, Nadeau and Foucault, 2013: 249-250). Over the course of time, such assets should exhibit slow but continuous growth, and represent a reasonably safe investment for the individual over the lifecourse. By contrast, owning shares and an investment property is a high risk proposition. The value of such assets can be volatile, with changes coming from market forces and, more particularly, from shifts in government policy. Owning an investment property requires a high degree of administrative skill with respect to physically maintaining the property, dealing with tenants, and ensuring that the asset delivers a consistent income stream. Maximising the tax implications of an investment property also requires a degree of skill. Similarly, assembling and maintaining a share portfolio, particularly if it is diversified, requires initiative and planning, a high level of information, and a degree of business acumen. As such, the level of risk associated with the ownership of both an investment property and a share portfolio should be positively correlated with the probability of voting for centre-right parties (Lewis-Beck, Nadeau and Foucault, 2013: 251).

Recent advances in the literature on patrimonial economic voting have gone beyond the effect of risk to examine the influence of the asset’s value on political behaviour. Using a Swedish case study, Persson and Martinsson (2016) show that the level of risk associated with an asset is only a partial explanation. By measuring the value of an asset, derived from taxation records, they show that the value of shares and real estate have a significant effect on vote choice, while the value of other assets, such as bonds and funds, have little or no effect. Persson and Martinsson regard this distinction as logical, since they argue that it is the former group of assets that are most likely to be affected by government policies. In this circumstance, voters will take more interest in party policies that may affect the value of their asset. By theorizing a connection between asset value and party policies, this research represents an advance over previous studies. However, none of the extant scholarship, Persson and Martinson included, examines the assets-policy relationship empirically, nor does it acknowledge or incorporate to consider the relative positions of the parties vis-à-vis the regulation of asset ownership. The objective of this study is to do so.

# Party Strategies and Party Systems

The patrimonial approach to economic voting has much to commend it. First, in tandem with ‘valence’ and ‘positional’ economic voting, it helps address one of the criticisms of much of the research, namely that the effect of economic conditions on the vote varies considerably, both between individuals and across electoral contexts (Anderson, 2007). By examining economic voting from three perspectives across time and space, such variations can be more fully accounted for. Second, the patrimonial approach extends economic voting into the ‘real world’ of what economic assets a voter owns. To date, this has been examined primarily through personal wealth as reflected in income (Brooks and Brady, 1999; Gelman, Kenworthy and Su, 2010), although it is often expressed indirectly in human capital and a personal social class position. By gauging economic influences through ownership, patrimonial approaches are immune to the criticism, directed at valence models of individual vote choice, that the correlation between economic perceptions and party preferences does not amount to causation (Evans and Andersen, 2006). And third, the patrimonial model is distinguished from other forms of economic voting in its focus on government policies and the effect of these policies on the value of an asset and, thus, on the individual’s material well-being.

The last of these features is particularly relevant to democratic accountability. By arguing that political incumbents are rewarded for good economic outcomes and punished for bad ones, valence models of economic voting are silent on whether voters correctly trace observable outcomes back to the incumbents’ policies. While some maintain that voters receive signals about government competence and make rationally retrospective decisions (Duch and Stevenson, 2008), others characterize voters as ‘blindly’ retrospective, unable to link policymaker decisions to economic outcomes (Achen and Bartels, 2016). On the face of it, the patrimonial approach ‘rescues’ economic voting as a form of policy-based voting by linking a person’s position in the economy to vote choice: owners of material assets choose parties of the right; owners of labour alone choose parties of the left.

These virtues aside, we argue that the predictions of patrimonial economic voting rest on two untenable assumptions. First, the model assumes that parties compete predominantly on left-right economic issues. The patrimonial vote requires voters to have a very specific set of choices; these choices were codified in political parties that emerged in most countries during the first half of the twentieth century and arose in tandem with industry, urbanization, and organized labour. On one side is a pro-market center-right party whose policies trade off unemployment for price stability and high returns to capital, while on the other side is a leftist opposition favoring market correcting policies designed to redistribute income from asset holders to the working class.

While this characterization of party competition may have applied to some countries during much of the postwar era, it is no longer the case in today’s postindustrial economies. A large literature in political economy and sociology challenges this notion of an economic left-right divide structuring political competition. Kitschelt (1994) demonstrated some time ago that changes in the organization of national economies has activated new electoral constituencies and suppressed others. Accordingly, the dominant axis of party competition tilted, away from left-right to left-libertarian/right-authoritarian. More recent work shows that with globalization and the fragmentation of national labor markets in the twenty-first century came further divisions with respect to how policy preferences translate into electoral support (Dancygier and Walter, 2015; Kitschelt and Rehm, 2015). And in a series of studies, Kriesi and colleagues (Kriesi et al, 2008, 2012) argue that party systems have increasingly become ‘triangulated’ whereby the left-right divide has been replaced by a two-dimensional space of party competition.

But even if we subscribe to the view of a dominant left-right dimension, a second questionable assumption undergirding predictions of the patrimonial model is that parties occupy a relatively fixed position in policy space. This is to say that, for example, the Gaullists in France, are always to the ‘right’ of the socialists, and that the policy distance between the two competitors is fixed. There is much evidence, however, pointing that parties’ policy positions in fact are not fixed but vary over time in response to the dynamics of party competition. Within a party system, parties adjust their positions in response to shifts by their competitors (Budge, Ezrow, and McDonald, 2010; Adams and Somer-Topcu, 2009). Outside the party system, parties adapt their positions to economic and other environmental factors, and even to pressures from abroad (Böhmelt et al, 2016; Ezrow and Hellwig, 2014). Changes in position are clear, even in systems characterized by single-dimensional left-right competition. In short, parties adapt their strategic position in response to a wide range of factors, endogenous as well as exogenous.

This is illustrated by the left-right positions of the main governing party alternatives in Britain and Australia since the late 1970s, as reflected in their manifestos (Figure 1) (Klingemann, Hofferbert and Budge, 1994; Budge at al, 2001; see also Benoit and Laver, 2006). In Britain, the Conservative Party is always located to the right of Labour, and in Australia the same is true of the Liberal Party’s position relative to Labor. But the relative distance between the main parties in both countries has changes greatly over time. In Britain we observe Labour moving sharply rightward after Tony Blair ascended to party leader in 1994. In Australia, Labor marches rightward during the 1990s, a shift evident in the party’s acceptance and even embrace of more liberal economic policies. Over the 2000s the party drifted to the left as party leader Kim Beazley sought to distinguish Labor from the governing Liberals. The larger point is a familiar one to students of political parties: even on one dimension, party positions are not fixed. Rather, in order to achieve electoral objectives, parties necessarily adjust—not only in terms of ‘left’ and ‘right’ but also in terms of issue emphasis—in order to maximize votes (Adams, Merrill and Grofman, 2005).

We draw on these insights to revise the model of patrimonial economic voting. The political impact of asset ownership should be shaped by the policy packages on offer by the parties. Patrimonial economic voting should be stronger when the centre-left party espouses traditional redistributive polices, since this will be seen as a threat to asset ownership and push those who have taxable assets in the form of savings, property, businesses, and shares toward favoring the center-right alternative. However, when the centre-left party moderates and adopts centrist or ‘third way’ policies, patrimonial economic voting should be weak to non-existent. Such strategies have been adopted by social democratic parties in many advanced democracies as the centre-left adjusts to shifting voter preferences. Such has been the case with the German Social Democrats and British Labour during the 1990s, the Social Democrats in Sweden and Denmark during the 2000s, and Australian Labor more recently.

**Figure 1: Left-Right Positions of Major Parties, Australia and Britain**

Source Comparative Manifesto Project.

The changing positions of individual parties, of course, have the potential to reshape the party system overall. An extension of this is that as polarization within the party system increases, so too will the magnitude of the effect of ownership on the vote. This will occur because voters will see more policy differences between the parties and therefore greater levels of economic advantage to themselves in having one or other party in office. This leads to three hypotheses:

Hypothesis 1 (naïve patrimony): Owners of property and shares are more likely than non-owners to vote for centre-right parties.

Hypothesis 2 (strategic parties): The relationship between the ownership of property and shares and the vote for centre-right parties depends on the policy strategies of the centre-left alternative. Ownership has a stronger effect on a vote for the right when the centre-left alternative pursues an extreme leftist strategy than when the centre-left moderates its position.

Hypothesis 3 (party polarization): The relationship between the ownership of property and shares and the vote for centre-right parties depends on the range of available policy alternatives. The greater the distance between parties’ policy appeals, the stronger the influence of ownership on party choice.

In the remainder of the paper, we test these three hypotheses using the six Australian Election Study surveys conducted between 2001 and 2016. Before turning to the results of the analyses, we examine the patterns of household economic assets in Australia.

# Asset Ownership in Australia

As in most advanced societies, the major economic asset of the average Australian household is housing, with home equity making up about half of all household wealth (Marks, Headey and Wooden, 2005: Table 1).[[3]](#footnote-3) Indeed, Australia has one of the highest levels of home ownership in the world, with two in every three adults owning their own home. During the first half of the twentieth century, the level of home ownership was constant at around half of all households.[[4]](#footnote-4) From the early 1950s onwards, home ownership was actively encouraged by the government in order to create a responsible electorate to ward off the risk of communism, and to integrate immigrants. Successive governments therefore made home ownership as affordable as possible, through large-scale government lending at favourable rates. By the mid-1960s, around one-third of all home loans were funded by government schemes. Between 1950 and 1970, Figure 2 shows that the level of home ownership rose from 50 to 70 percent of all households and has remained at that level ever since.

**Figure 2: Housing Tenure, 1947-2014**

Estimates are a percentage of dwellings.

Source Australian Bureau of Statistics, <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/1301.0Main+Features1292012>

However, as per our strategic parties hypothesis, it would be a mistake to attribute or otherwise credit high levels of home ownership to the policies of the centre-right Liberal Party. While it is true that home ownership increased as a result of policies introduced during the long period of Liberal government from 1950 to 1972, Labor also strongly supported the principle of home ownership. With both major parties supporting the principle of home ownership, this has meant that the type of housing tenure enjoyed by an individual voter has had relatively little effect on the vote, in contrast to other countries such as Britain (Donoghue, Tranter and White, 2003; McAllister, 2011: 163-167).

A more contentious issue has been policy towards the taxation of properties other than the family home. In 1985 Labor introduced a capital gains tax which applied to all assets but excluded the family home. In order to make the new tax more palatable to the public, ‘negative gearing’ was introduced. Negative gearing allows an investor to claim a tax deduction for borrowing money to acquire an income generating investment (Fane and Richardson, 2005). Negative gearing has been mainly used to purchase investment properties, but it can also be used to purchase shares. Measured against the population, property investors represented 8.3 percent of the population in 2012, up from 6.7 percent in 2000 (Grudnoff, 2015: Figure 5).

The consequences of negative gearing for house prices and the costs of renting have generated considerable debate, much of it occurring within the Labor Party on the centre-left. While both major parties have supported the policy, there has been disagreement within Labor about reducing the tax advantages, if not abolishing it altogether. Such debate means that while home ownership remains a low risk asset, owning an investment property is decidedly high risk, since a change in tax policy could substantially reduce the income it produces. In the 2016 federal election, for example, Labor in opposition proposed abolishing the tax deductibility of investment properties, with the aim of increasing affordability for first-time homeowners.[[5]](#footnote-5)

In much the same way that government policy led to increased home ownership during the 1950s, share ownership grew rapidly in Australia during the 1990s. This growth was driven initially by the large-scale privatization of public assets, such as the Commonwealth Bank and Telstra (formerly Telecom). Within the OECD, Australia had one of the largest privatization programs between 1990 and 1997; in terms of value, it was second only to the UK, and as a percentage of GDP second only to New Zealand (Reserve Bank of Australia, 1997: Graph 2). Total share ownership increased from 14 percent of the population in 1991, the first year for which data are available, to 54 percent in 1999 (Figure 3). Thereafter, the level of ownership remained at just over half of the population, gradually declining from the mid-2000s onwards. In 2014, just over one in three of the population owned shares. Even taking into account the decline, it remains one of the highest levels of share ownership in the world (Grout, Megginson and Zalewska, 2009: Table 1).

The decline in overall share ownership that began in the mid-2000s has been largely driven by the global financial crisis and decreasing family wealth, which has forced some investors from the share market. However, Figure 3 reveals that the level of direct investment has remained relatively stable over this period. The bulk of the decline in share ownership is accounted for by a decrease in indirect share ownership, which has declined by about two-thirds. These investors might be assumed to have a weaker commitment to the share market than direct investors, and find it easier to move their wealth into other areas following the GFC. However, even at one in three of the population, Australian’s exposure to the stock market is underestimated, since the definition does not include general superannuation funds (White, Tranter and Hanson, 2004: 101).[[6]](#footnote-6)

**Figure 3: Share Ownership, 1991-2014**

Estimates are as a percentage of the total population aged 18 and over. Estimates for indirect ownership are not available for 1991 and 1994.

Sources Australia Stock Exchange surveys, available from http://www.asx.com.au/education/research-surveys.htm.

In Australia, superannuation, or the system of employer and personal contributions to one’s retirement savings, represents an important source of savings and, thus, ownership of assets. Between 2002 and 2010 the proportion of households with superannuation holdings rose from 76 percent to 82 percent. The growth in superannuation has also been driven by the deregulation of the industry and the option to self-manage a person’s own superannuation investments. Indeed, major policy changes to superannuation rules in 1999 have meant that the self-managed superannuation industry has grown rapidly. In 2001 there were just under 100,000 funds; by 2015 there were 550,000 funds, covering more than one million individuals. In addition to housing (54 percent) and superannuation (16 percent), wealth is composed of businesses and farms (9 percent) and shares and other investments (7 percent).[[7]](#footnote-7)

With respect to parties’ positions, Liberal and Labor have been in broad agreement about the desirability of share ownership. The major privatization policies of the late 1980s and early 1990s occurred under a Labor government, with the explicit aim of increasing the numbers of individual shareholders. This policy mirrored that of the British Conservative government in the 1980s, which aimed to create a property-owning democracy (Studlar, McAllister and Ascui, 1990). The incoming Liberal government in 1996 continued the policy of privatization which had begun under Labor, and privatized Qantas, the national airline, several airports, and oversaw the full privatization of Telstra (Goot, 1999).[[8]](#footnote-8)

Australia therefore represents an ideal case study to examine the impact of assets on the vote. Not only is the popular ownership of assets high by international standards, they are widely dispersed across the population, and not just in the hands of a small wealthy minority. And equally important for our purposes, the parties have not adhered to a conventional left-right position on their treatment of the assets, with both parties being generally supportive of both home and share ownership. The major differences have occurred on their tax treatment, with the Liberals being more likely to reduce or otherwise shift tax burdens away from asset owners, Labor to increase them. In this context, the role of the political parties is crucial to evaluating the effect of ownership of these assets on vote choice.

# The Impact of Assets on the Vote

We now draw on the Australian case to test arguments about how asset ownership influences individual voter choice and, following our theoretical discussion, how such patrimonial economic voting depends on the policies championed by governing party alternatives. The data come from the six Australian Election Study (AES) surveys conducted between 2001 and 2016.[[9]](#footnote-9) The AES provides the longest running series on individual asset ownership of any national election study and, as such, is uniquely suited for testing research claims. By leveraging this over-time data, we bring to bear the largest dataset to date in the study of patrimonial economic voting and, unlike some studies, are able to test claims on using recalled vote choice rather than vote intentions. The dependent variable for all analyses is the respondent’s self-reported first preference vote in the election to the House of Representatives, coded 1 for those who voted for the Liberal-National Coalition and 0 otherwise.[[10]](#footnote-10)

Since 2001 the AES has consistently asked respondents about their home and share ownership. From these we code dummy variables for home ownership (either outright or paying a mortgage) and share ownership (own shares of stock in at least one company), respectively.[[11]](#footnote-11) Together these variables tap into different levels of ownership risk, an important consideration in research on patrimony and the vote. Researchers have argued that much of the basis for the patrimonial vote is due to insurance against risk, such that the ownership of high-risk assets carries a stronger effect on the vote than low-risk assets (Lewis-Beck, Nadeau and Foucault, 2013; Nadeau, Foucault and Lewis-Beck, 2010; Stubager, Lewis-Beck and Nadeau, 2013).[[12]](#footnote-12)

In addition to patrimonial economic voting, we also assess the influence of valence or positional forms of economic voting using measures of economic performance evaluations and of preferences on economic policy. The former is measured using the standard retrospective sociotropic survey item coded to reflect the party of the incumbent governments. Economic policy preferences are measured by an item asking about preferences for taxes versus spending. Models also include controls covering age, gender, education, income and country of birth, as per previous research on voting behaviour in Australia (McAllister, 2011).[[13]](#footnote-13)

The first column of Table 1 reports results of regressing vote choice (1 = Liberal or National, 0 = otherwise) on valence, position, the two asset variables, and controls. Given the nature of the data, this and all subsequent models are estimated using binary logit with election year fixed effects to account for any unobserved election heterogeneity. The economic assessment variables register the expected effects, with the valence and position variables each returning positive coefficients. With respect to valence, this means that when individuals perceive that economic conditions have improved, they are more likely to support the incumbent party.[[14]](#footnote-14) The results on position show that those who favour reducing taxes over spending on social services are more likely to support the Coalition. Importantly, we find that asset ownership shapes the vote. The effect of becoming a homeowner increases the probability of choosing the Coalition by 6 percent, while entering the stock market has the effect of doing so by 9 percent, according to post-estimation analyses.[[15]](#footnote-15) The model 1 results therefore confirm what we expect: economic voting exists in Australia, and it takes place through channels of valence, position, and, per our first hypothesis, patrimony.

Model 1 shows, for the first time, that the patrimonial model works in Australia. However, like all previous work, this specification fails to consider how supply side factors govern ownership effects on electoral behaviour. The implicit assumption is that the party dominating the right side of the political spectrum, the Liberals, are the champion of free market, anti-state intervention policies. Similarly, on the left, Labor is assumed to embrace policies which intervene in the economy in the cause of income redistribution. Recognizing that parties shift positions over time, we challenge this naïve view and instead incorporate voters’ perceptions of party policy positions in our model of voter choice. Advancing the economic voting literature in general, and the research on patrimony in particular, we argue that the penchant for asset owners favour the centre-right coalition parties depends on the proposals of the main centre-left alternative. When Labor adopts policies that emphasize intervention in the economy rather than the free market, we asset owners have strong incentives to favour the centre-right. However, when the left co-opts centre-right policies, then the patrimonial vote should be weak to non-existent.

To test this argument, the remaining models in Table 1 incorporate voters’ perceptions of the parties’ policy positions, gauged in terms of left-right positions. Parties’ positions as perceived by voters provide the appropriate measure, rather than objective positions. First, voters update their beliefs with respect to the influence of party policies on the risks attached to asset ownership based on perceived rather than actual policies. Second, even if we were to consider actual policy proposals, it is not clear how best to measure them, be it by coding enacted policies, party platforms (as in Figure 1), or parliamentary speeches. Third, respondent left-right assessments at the individual level provide us with considerable variation in how individuals perceive parties across the six electoral contests. Note that below we employ an alternative measure of party policy differences and find results to be robust to choice of indicator.

**Table 1: Asset Ownership, Party Positions, and the Coalition Vote**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Model 1 | | Model 2 | | Model 3 | | Model 4 | |
|  | -------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------- | |
|  | Est | (SE) | Est | (SE) | Est | (SE) | Est | (SE) |
| *Economic assessments* |  |  |  |  |  |  |  |  |
| Valence | 2.310\*\* | (.078) | 2.293\*\* | (.079) | 2.293\*\* | (.079) | 2.289\*\* | (.079) |
| Position | 1.425\*\* | (.057) | 1.432\*\* | (.058) | 1.433\*\* | (.058) | 1.426\*\* | (.058) |
| *Economic assets* |  |  |  |  |  |  |  |  |
| Owns house | .215\*\* | (.048) | .191\*\* | (.048) | .752\*\* | (.185) | .185\*\* | (.048) |
| Owns shares | .392\*\* | (.039) | .360\*\* | (.040) | .360\*\* | (.040) | 1.127\*\* | (.180) |
| *Party positions* |  |  |  |  |  |  |  |  |
| Liberal Party position |  |  | -.010 | (.009) | .030 | (.017) | .016 | (.011) |
| Labor Party position |  |  | -.181\*\* | (.010) | -.147\*\* | (.018) | -.162\*\* | (.012) |
| Owns house x Liberal position |  |  |  |  | -.056\*\* | (.019) |  |  |
| Owns house x Labor position |  |  |  |  | -.047\* | (.022) |  |  |
| Owns shares x Liberal position |  |  |  |  |  |  | -.078\*\* | (.019) |
| Owns shares x Labor position |  |  |  |  |  |  | -.057\*\* | (.020) |
| *Controls* |  |  |  |  |  |  |  |  |
| Age | .185\*\* | (.013) | .162\*\* | (.014) | .162\*\* | (.014) | .163\*\* | (.014) |
| Female | -.109\*\* | (.037) | -.101\*\* | (.038) | -.109\*\* | (.038) | -.101\*\* | (.038) |
| University education | -.061 | (.040) | -.076 | (.040) | -.078 | (.037) | -.076 | (.041) |
| Australian born | .247\*\* | (.042) | .221\*\* | (.043) | .221\*\* | (.043) | .223\*\* | (.044) |
| Family income | .299\*\* | (.051) | .276\*\* | (.052) | .274\*\* | (.052) | .276\*\* | (.052) |
|  | ------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------- | |
| Constant | -3.609\*\* | (.115) | -2.532\*\* | (.143) | -2.927\*\* | (.190) | -2.773\*\* | (.152) |
| N | 14,240 |  | 14,240 |  | 14,240 |  | 14,240 |  |
| Log Likelihood | -8583.13 |  | -8378.40 |  | -8373.40 |  | -8368.62 |  |
| AIC | 17196.25 |  | 16790.80 |  | 1674.84.80 |  | 16775.23 |  |

\* p<0.05, \*\* p<0.01, two-tailed test. Cells report logit coefficients with standard errors in parentheses. The models include survey fixed-effects.

Sources Australian Election Study surveys, 2001-2016.

We begin, in model 2, by adding the Liberal and Labor policy positions to the baseline specification. We see that the vote is unaffected by the positions taken by the Liberals. The same is not true, however, for Labor. As Labor takes more moderate positions, voter support for the Coalition declines (recall that left-right measures are coded so right is higher and left lower, per standard practice). Alternatively, the Coalition fares better, and by implication Labor worse, when Labor moves leftward. More specifically, the -0.18 logit coefficient in model 3 translates into a 4 percent decline in the probability of voting for the Coalition for each rightward step along the zero to 10 left-right scale. For example, if Labor is perceived at holding a solidly leftist position (for example, at three on the scale), then the respondent votes for the Coalition with a probability 0.38. But if Labor is viewed more moderately (five on the scale), then the probability of voting centre-right declines to 0.30. Thus, for Labor moderation pays off. When the Labor Party moves rightward to claim the middle ground, voters have less incentive to choose the Coalition, regardless of their status as owners. While this finding places an important caveat on patrimonial economic voting, it is consistent with more general insights about the electoral payoffs of position-taking by centre-left parties, a point emphasized by Kitschelt’s (1994) pioneering work on the left’s electoral dilemmas (see also Blyth and Katz, 2005; Kriesi et al, 2008).

The remaining models in Table 1 examine how this position-taking effect shapes patrimonial economic voting. Liberal and Labor party positions are interacted with home ownership in model 3 and with share ownership in model 4. The nonlinear and unconditional nature of the coefficient estimates from the interactive modelling requires that we perform post-estimation analyses to assess the substantive results. Accordingly, we calculate a series of expected vote probabilities. These are produced by first manipulating combinations of party positions and ownership characteristics and then calculating the probability of voting for the centre-right from the logit models.[[16]](#footnote-16)

Expected probabilities are reported in Table 2. The first row provides a set of baseline expectations by vote probabilities produced by setting Labor and Liberal policy positions to their in-sample mean values. In this case, we see that voters who do not own assets select the Coalition with a probability of 0.41. Owning one’s own home increases that probability by just 0.04, to 0.45, while owning shares increases the probability of voting for the Coalition to 49 percent.

**Table 2: Party Positions and the Expected Probability of Voting for Coalition**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Party Position | | Expected Probability of Voting for Coalition | | | | |
| Liberal | Labor | Does not own assets | Owns home | Probability difference | Owns shares | Probability difference |
| Mean (6.7) | Mean (4.2) | 0.41 | 0.45 | 0.04\* | 0.49 | 0.09\* |
| Centrist (5) | Centrist (5) | 0.36 | 0.42 | 0.06\* | 0.48 | 0.11\* |
| Extreme (8) | Centrist (5) | 0.39 | 0.40 | 0.02 | 0.43 | 0.05\* |
| Centrist (5) | Extreme (2) | 0.48 | 0.57 | 0.10\* | 0.64 | 0.15\* |
| Extreme (8) | Extreme (2) | 0.49 | 0.55 | 0.05\* | 0.59 | 0.10\* |

Cells report expected probabilities and first differences that a given individual votes for the Coalition given different perceptions of party positions and asset ownership. Expected probabilities for the effects of home ownership and share ownership are produced using estimates from Table 1 models 3 and 4, respectively. \* *p* < 0.05 for probability differences, confidence intervals simulated using CLARIFY (King et al, 2000).

Sources Australian Election Study surveys, 2001-2016.

The remaining rows report a series of counterfactual scenarios as produced by (1) placing both main parties at centrist policy positions (5 on the 0-10 scale), (2) shifting the Liberals to the extreme right with Labor taking a centrist position, (3) Labor moving to the extreme left against a moderate Liberal Party, and (4) both parties taking extreme positions. Expected probabilities and first differences show that ownership has the strongest influence on the vote when Labor seeks out an extreme position against a moderate Liberal Party. Alternatively, assets have the weakest purchase on the vote when the Liberals veer to the right against a centrist Labor Party. These findings highlight an important asymmetry with respect to economics and partisanship: when it comes to assets and support for centre-right parties, the strategic positioning of the main centre-left competitor is of paramount importance. In line with hypothesis 2, the relationship between the ownership of property and shares and the vote for centre-right parties depends on the policy strategies of the centre-left alternative. Patrimonial economic voting is stronger when the centre-left espouses traditional redistributive polices and weaker when the centre-left adopts centrist ‘third way’ policies.

In order to measure the influence the parties’ positions in terms of the distance between the two main parties, Table 3 again models assets, positions, and the vote. In model 1 we add the distance between the Liberal and Labor positions to the baseline specification, produced simply by subtracting Labor’s perceived position from the Liberal’s. The results show that, other things being equal, the Coalition gains support when the parties take divergent positions. Models 2 and 3 interact the Liberal-Labor distance with house and share ownership, respectively. In both cases the interaction term carries a negative coefficient, implying that as parties diverge in their policy appeals, the strength of patrimonial voting increases. In other words, when the Liberal and Labor parties champion different policies—that is, the distance between them is great—then voters rely more heavily on asset ownership to inform their vote. But if voters fail to see much of a difference in the parties’ policies, then they have less reason to associate asset ownership with voting for the right.

These findings, shown more clearly in Figure 4, provide solid support for hypothesis 3 on the effects of party polarization. Graphs report the expected probability that a respondent votes for the Coalition as the policy distance between the two parties ranges from zero, such that they are perceived to proffer identical policies, to its maximum, that is, by placing Labor at zero on the scale and the Liberals at 10.[[17]](#footnote-17) We observe that those who do not own assets select the Coalition with little to no regard for where the parties stand in the left-right space. For these voters, party position matters little, but those who own assets do pay attention to party locations. This effect, moreover, is stronger for the higher-risk share ownership than for lower-risk home ownership.

**Table 3: Asset Ownership, Party Position Distance, and the Coalition Vote**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Model 1 | | Model 2 | | Model 3 | |
|  | -------------------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------------------- | |
|  | Est | (SE) | Est | (SE) | Est | (SE) |
| *Economic assessments* |  |  |  |  |  |  |
| Valence | 2.303\*\* | (.078) | 2.305\*\* | (.078) | 2.304\*\* | (.078) |
| Position | 1.431\*\* | (.057) | 1.435\*\* | (.057) | 1.459\*\* | (.057) |
| *Economic assets* |  |  |  |  |  |  |
| Owns house | .212\*\* | (.048) | .044 | (.073) | .212\*\* | (.048) |
| Owns shares | .385\*\* | (.039) | .384\*\* | (.039) | .222\*\* | (.066) |
| *Party positions* |  |  |  |  |  |  |
| Liberal-Labor distance | .051\*\* | (.007) | .015 | (.014) | .035\*\* | (.009) |
| Owns house x Liberal-Labor distance |  |  | .048\*\* | (.016) |  |  |
| Owns shares x Liberal-Labor distance |  |  |  |  | .044\*\* | (.014) |
| *Controls* |  |  |  |  |  |  |
| Age | .175\*\* | (.013) | .175\*\* | (.013) | .175\*\* | (.013) |
| Female | -.114\*\* | (.037) | -.115\*\* | (.037) | -.116\*\* | (.037) |
| University education | -.070 | (.040) | -.071 | (.040) | -.070 | (.040) |
| Australian born | .244\*\* | (.043) | .245\*\* | (.043) | .243\*\* | (.043) |
| Family income | .294\*\* | (.051) | .295\*\* | (.051) | .294\*\* | (.051) |
|  | ------------------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------------------- | |
| Constant | -3.701\*\* | (.116) | -3.579\*\* | (.123) | -3.638\*\* | (.118) |
| N | 14,240 |  | 14,240 |  | 14,240 |  |
| Log Likelihood | -8556.43 |  | -8551.90 |  | -8551.81 |  |
| AIC | 17144.87 |  | 17137.81 |  | 17137.62 |  |

\* p<0.05, \*\* p<0.01, two-tailed test. Cells report logit coefficients with standard errors in parentheses. The models include survey fixed-effects.

Sources Australian Election Study surveys, 2001-2016.

**Figure 4. Effect of Asset Ownership on Probability of Coalition Vote**



Graphs display expected probability of voting for the Liberal-National Coalition as the distance in perceived locations of the Liberal and Labor parties increases from 0 to 10 on the left-right scale. Probabilities calculated from Table 3 models 2 and 3.

These findings underline the importance of voter perceptions of where the parties are located in left-right space. To the extent that these indicators gauge voter perceptions of what the parties stand for, they supply reliable measures of a party’s position and of the degree of party system polarization generally. However, while the left-right scale captures general policy orientations, a question remains about whether the scale is chiefly economic, or whether it is partly shaped by positions on other issues.[[18]](#footnote-18) This concern should, if anything, imply more conservative estimates of the effect of party positions on patrimonial voting. Nonetheless, out of concern for the left-right dimension’s policy content, we re-estimate the models using an alternative indicator that specifically references the parties’ economic positions. Since 2004 the AES has consistently asked respondents which party’s policies—Liberals’ or Labor’s—come closer to their own view on management of the economy.[[19]](#footnote-19) With this measure, we create a variable scored 1 if the respondent is able to identify either of the two main parties as being closer to their own view—a response which necessitates that the respondent perceives a difference in party policies. Other responses are coded 0. Re-estimating the models substituting this measure for the left-right policy distance variable shows that assets matter for the vote, but only among those respondents who detect a difference in the parties’ economic policies. Specifically, the probability of voting for the Coalition is increased by 7 percent for homeowners and by 11 percent for those who own shares, relative to non-owners. In contrast, ownership has no effect on the vote probabilities among those who do not view a difference between the parties’ economic policies. This result thus provides an additional confirmation of the third hypothesis regarding party policy polarization.[[20]](#footnote-20)

In sum, consistent with the extant research, we find that home and share ownership increase the likelihood of supporting centre-right parties. But unlike the previous research, we show that the magnitude of the ownership effect can vary widely and, critically, that it is shaped by the policies parties choose. Our results therefore refine, in new and important ways, our understanding of patrimonial economic voting. The current theory of patrimonial voting predicts that the possession of assets will increase the probability of voting for a centre-right party. This naïve theory is supported by our research, as we would expect. However, we have also shown that parties and party system polarization play an important role in this process. It is not only the position of the centre-right party that matters, but the strategy of the centre-left party as well. When the centre-left party moves further left, then patrimonial voting will increase. Similarly, when party polarization increases, then voters will see clearer policy positions between the parties and display greater support for a centre-right party.

# Conclusion

Questions surrounding the impact of the economy on election outcomes remain hotly contested. To some, the economy serves as the best barometer for predicting whether a government loses or wins an election. For others, the question is whether economic conditions matter relative to non-economic issues, bearing in mind most voters’ limited knowledge. Recent voting behaviour research points to the continued relevance of the economy. In particular, researchers note that the economy bears on the vote in distinct ways, including assessments of economic management, economic policy preferences, and the ownership of economic assets. Each dimension has an independent and direct effect on the vote. Patrimonial approaches further distinguish between low and high risk economic assets, with the individual’s personal choice depending on her overall appetite for risk. Again, there are demonstrated effects on the vote, depending on how the parties say they will regulate the ownership of these assets through tax policy. And third, the theory incorporates economic attitudes, with asset ownership shaping the voter’s view of the political world, and through those attitudes determining how she will behave at the ballot box.

What the theory has so far lacked is a consideration of the supply-side—the political parties that present their policies to the voters. Currently, the theory assumes static parties, with centre-right and centre-left parties making their conventional policy appeals within a largely static party system. But as we know, the policy positions of parties constantly evolve in response to a wide range of factors, not least their strategic environment. Through a process of party adaptation, parties occupy a policy space that they believe will maximize their vote (Dalton, Farrell and McAllister, 2011: 218ff). Our results, using a unique over-time dataset covering a country that has one of the highest levels of asset ownership in the world, show the crucial importance to patrimonial voting of where the parties positions themselves. Without considering the role of parties and that of the party system, the theory of patrimonial economic voting is hardly ‘compleat.’ And more generally, this study contributes to a growing body of research linking party strategies and party systems to voter behavior (Hellwig, 2012; Williams and Whitten, 2015; Williams et al, 2016).

While our case study is a single country case, our supply-side perspective brings us closer to a comparative understanding why ownership may have greater political effects in some settings than in others. One of the first and most heralded attempts at broadening the basis of ownership occurred in Britain in the 1980s under Margaret Thatcher. Thatcher’s policies, most notably selling council houses at a discount to their tenants, was viewed as a success for the Conservatives by broadening their constituency and contributing to an unprecedented four consecutive general election victories. Our study suggests, however, that much of that success was due not to the Tories’ embrace of market principles, but to the opposition Labour Party’s decision to veer leftward, providing voters with a clear difference in the policies on offer. As our earlier Figure 1 showed, and as our theory implies, the political success of Thatcher’s privatisation of council homes had as much to do with the position-taking strategies of Labour than it did with the execution of the reforms themselves.

This insight—that party positions matter—provides a basis for understanding why, as a meta-analysis of the extant literature implies, that assets have a greater electoral effect in some countries than in others. Reflecting on the research to date, Stubager, Lewis-Beck, and Nadeau (2013: 440) suggest that differences in the operation of the welfare state may explain the differences. Observing the patrimonial vote to be strongest in Denmark, weakest in the US and Britain, and with France in between, they reason that ‘the variation in welfare state regimes goes hand in hand with the level of taxation and, thereby, government interference in the economy.’ Indeed, of the above, Denmark represents the most comprehensive welfare state, the US and Britain the most residual of welfare states, and France a middling or conservative welfare regime. However, the welfare state explanation, however, still rests on an unrealistically static conception of party politics and cannot easily accommodate over-time differences. Our supply-side story, however, points to an alternative explanation. Patrimonial economic voting is weakest in recent elections the US and Britain—and, arguably, Portugal as well (Costa Lobo, 2013)—because the main parties have differed little with respect to their positions on the economy. The French and especially Danish party systems, by contrast, offer voters a wider range of policy-based choices and, in turn, a greater incentive to vote for policies affecting ownership. As more data become available, future work should directly test alternative explanations for the size of the patrimonial vote by way of cross-national analyses.

## References

Achen, Christopher H. and Larry M. Bartels. 2016. *Democracy for Realists: Why Elections Do Not Produce Responsive Government*. Princeton, NJ: Princeton University Press.

Adams, James, and Zeynep Somer-Topcu. 2009. ‘Do Parties Adjust Their Policies in Response to Rival Parties’ Policy Shifts? Spatial Theory and the Dynamics of Party Competition in Twenty-Five Postwar Democracies.’ *British Journal of Political Science* 39: 825-846.

Adams, James F., Samuel Merrill and Bernard Grofman. 2005. *A Unified Theory of Party Competition*. Cambridge: Cambridge University Press.

Anderson, Christopher. 2007. ‘The End of Economic Voting? Contingency Dilemmas and the Limits of Democratic Accountability.’ *Annual Review of Political Science* 10: 271-296.

Bélanger, Éric, Richard Nadeau, Mathieu Turgeon, Michael S. Lewis-Beck, and Martial Foucault. 2014. ‘Patrimony and the French Presidential Vote Choice: Evidence from the 2012 Election.’ *French Politics* 12: 59-68.

Benoit, Kenneth, and Michael Laver. 2006. *Party Policy in Modern Democracies*. London: Routledge.

Beramendi, Pablo, Silja Häusermann, Herbert Kitschelt, and Hans-Peter Kriesi, eds. 2015. *The Politics of Advanced Capitalism*. Cambridge: Cambridge University Press.

Blyth, Mark M., and Richard S. Katz. 2005. ‘From Catch all Politics to Cartelization: The Political Economy of the Cartel Party.’ *West European Politics* 28: 34-61.

Böhmelt, Tobias, Lawrence Ezrow, Roni Lehrer, and Hugh Ward. 2016. ‘Party Policy Diffusion.’ *American Political Science Review* 110: 397-410.

Brooks, Clem and David Brady. 1999. ‘Income, Economic Voting, and Long-Term Political Changes in the US, 1952-1996.’ *Social Forces* 77: 1339-1374.

Budge, Ian, Lawrence Ezrow, and Michael McDonald. 2010. ‘Ideology, Party Factionalism and Policy Change: An Integrated Dynamic Theory.’ *British Journal of Political Science* 40: 781-804.

Budge, Ian, Hans-Dieter Klingemann, Andrea Volkens, Judith Bara and Eric Tannenbaum et al. 2001. *Mapping Policy Preferences: Estimates for Parties, Electors and Governments 1945–1998.* Oxford: Oxford University Press.

Cameron, Sarah and Ian McAllister. 2016. *Trends in Australian Political Opinion: Results from the Australian Election Study, 1987-2016*. Available from http://australianelectionstudy.org/

Clarke, Harold D., David Sanders, Marianne C. Stewart and Paul Whiteley. 2011. ‘Valence Politics and Electoral Choice in Britain, 2010.’ *Journal of Elections, Public Opinion and Parties* 21: 237–53.

Cobb-Clarke, Deborah and Vincent A. Hildebrand. 2009. ‘The Asset Portfolios of Native-born and Foreign-born Australian Households.’ *Economic Record* 85: 46-59.

Costa Lobo, Marina. 2013. ‘Dimensions of the Economic Vote: Valence, Positional and Patrimony Voting in Portugal’s 2011 Elections.’ *Electoral Studies* 32: 460–64.

Dalton, Russell J., David Farrell and Ian McAllister. 2011. *Political Parties and Democratic Linkage: How Parties Organize Democracy.* Oxford: Oxford University Press.

Dancygier, Rafaela and Stefanie Walter. 2015. ‘Globalization, Labor Market Risks, and Class Cleavages.’ In Pablo Beramendi et al, eds. *The Politics of Advanced Capitalism*. Cambridge: Cambridge University Press.

Donoghue, Jed, Bruce Tranter and Robert White. 2003. ‘Homeownership, Shareownership and Coalition Policy.’ *Journal of Australian Political Economy* 52: 1-25.

Downs, Anthony. 1957. *Economic Theory of Democracy*. New York: Harper and Row.

Duch, Raymond M. and Randolph T. Stevenson. 2008. *The Economic Vote: How Political and Economic Institutions Condition Election Results*. Cambridge: Cambridge University Press

Evans, Geoffrey and Robert Andersen. 2006. ‘The Political Conditioning of Economic Perceptions.’ *Journal of Politics* 68: 194-207.

Ezrow, Lawrence. 2007. “The Variance Matters: How Party Systems Represent the Preferences of Voters.” *Journal of Politics* 69: 182-192.

Ezrow, Lawrence and Timothy Hellwig. 2014. ‘Responding to Voters or Responding to Markets? Political Parties and Public Opinion in the Era of Globalization.’ *International Studies Quarterly* 58: 816-827.

Fane, George and Martin Richardson. 2005. ‘Negative Gearing and the Taxation of Capital Gains in Australia.’ *Economic Record* 81: 249–261.

Finlay, Richard. 2012. ‘The Distribution of Household Wealth in Australia: Evidence from the 2010 HILDA Survey.’ *Reserve Bank of Australia Bulletin* March Quarter: 19-27. Available from <http://www.rba.gov.au/publications/bulletin/2012/mar/pdf/bu-0312-3.pdf>

Fiorina, Morris P. 1981. *Retrospective Voting in American National Elections*. New Haven, Conn: Yale University Press.

Fraile, Marta and Michael Lewis-Beck. 2013. ‘Multi-Dimensional Economic Voting in Spain: The 2008 Election.’ *Electoral Studies* 32: 465–69.

Gelman, Andrew, Lane Kenworthy and Yu-Sung Su. 2010. ‘Income Inequality and Partisan Voting in the United States.’ *Social Science Quarterly* 91: 1203-1219.

Goot, Murray. 1999. ‘Public Opinion, Privatisation and the Electoral Politics of Telstra.’ *Australian Journal of Politics and History* 45: 214-238.

Grout, Paul A., William L. Megginson and Anna Zalewska. 2009. ‘One Half Billion Shareholders and Counting: Determinants of Individual Share Ownership Around the World.’ Available from <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1364765>

Grudnoff, Matt. 2015. ‘Top Gears: How Negative Gearing and the Other Capital Gains Discount Benefit the Top 10 percent and Drive Up House Prices.’ Sydney: The Australia Institute. Available from <http://www.tai.org.au/content/top-gears-how-negative-gearing-and-capital-gains-tax-discount-benefit-drive-house-prices>

Hellwig, Timothy, and Ian McAllister. 2016. ‘Does the Economy Matter? Economic Perceptions and the Vote in Australia.’ *Australian Journal of Political Science* 51: 236-254.

Hellwig, Timothy. 2014. ‘The Structure of Issue Voting in Postindustrial Democracies.’ *Sociological Quarterly* 55: 596-624.

Kiewiet, Donald R., 1983. *Macroeconomics and Micropolitics: The Electoral Effects of Economic Issues*. Chicago: University of Chicago Press.

Kitschelt, Herbert. 1994. *The Transformation of European Social Democracy*. Cambridge: Cambridge University Press.

Kitschelt, Herbert and Philipp Rehm. 2015. ‘Party Alignments, Change and Continuity.’ In Pablo Beramendi et al, eds. *The Politics of Advanced Capitalism*. Cambridge: Cambridge University Press.

Klingemann, Hans-Dieter, Richard Hofferbert and Ian Budge. 1994. *Parties, Policies and Democracy.* Boulder, Co: Westview Press.

Kriesi, Hanspieter et al. 2008. *West European Politics in the Age of Globalization*. Cambridge: Cambridge University Press.

Kriesi, Hanspieter et al. 2012. *Political Conflict in Western Europe*. Cambridge: Cambridge University Press.

Lewis-Beck, Michael S. and Richard Nadeau. 2011. ‘Economic Voting Theory: Testing New Dimensions.’ *Electoral Studies* 30: 288-294.

Lewis-Beck, Michael S., Richard Nadeau and Martial Foucault. 2013. ‘The Compleat Economic Voter: New Theory and British Evidence.’ *British Journal of Political Science* 43: 241-261.

McAllister, Ian. 2011. *The Australian Voter: Fifty Years of Change*. Sydney: UNSW Press.

Marks, Gary, Bruce Headey and Mark Wooden. 2005. ‘Household Wealth in Australia: Its Components, Distribution and Correlates.’ *Journal of Sociology* 41: 47-68.

Mueller, John. 1970. ‘Presidential Popularity from Truman to Johnson.’ *American Political Science Review* 64: 18-34.

Nadeau, Richard, Martial Foucault and Michael S. Lewis-Beck. 2010. ‘Patrimonial Economic Voting: Legislative Elections in France.’ *West European Politics* 33: 1261–77.

Nadeau, Richard, Martial Foucault, and Michael Lewis-Beck. 2011. Assets and Risk: A

Neglected Dimension of Economic Voting. *French Politics* 9:97–119.

Persson, Mikael and Johan Martinsson. 2016. ‘Patrimonial Economic Voting and Asset Value—New Evidence from Taxation Register Data.’ *British Journal of Political Science*. doi:10.1017/S0007123416000181

Reserve Bank of Australia. 1997. *Privatisation in Australia*. Reserve Bank of Australia Bulletin. Available at [www.rba.gov.au/publications/bulletin/1997/dec/pdf/bu-1297-2.pdf](http://www.rba.gov.au/publications/bulletin/1997/dec/pdf/bu-1297-2.pdf)

Singh, Shane and Judd Thornton. 2013. ‘Compulsory Voting and the Dynamics of Partisan Identification.’ *European Journal of Political Research* 52: 188-211.

Stubager, Rune, Michael S. Lewis-Beck, and Richard Nadeau. 2013. ‘Reaching for Profit in the Welfare State: Patrimonial Economic Voting in Denmark.’ *Electoral Studies* 32: 438-444.

Studlar, Donley T., Ian McAllister and Alvaro Ascui. 1990. ‘Privatization and the British Electorate: Microeconomic Policies, Macroeconomic Evaluations, and Party Support.’ *American Journal of Political Science* 34: 1077-101.

Tufte, Edward. 1978. *Political Control of the Economy*. Princeton NJ: Princeton University Press.

White, Rob, Bruce Tranter and Dallas Hanson. 2004. ‘Share Ownership in Australia: The Emergence of New Tensions.’ *Journal of Sociology* 40: 99-120.

Williams, Laron K., Katsunori Seki and Guy D. Whitten. 2016. “You’ve Got Some Explaining To Do: The Influence of Economic Conditions and Spatial Competition on Party Strategy.’ *Political Science Research & Methods* 4: 47-63.

Williams, Laron K. and Guy D. Whitten. 2015. ‘Don’t Stand So Close to Me: Spatial Contagion Effects and Party Competition.’ *American Journal of Political Science* 59: 309-325.

# Appendix

The question wordings and codes for the variables included in the analyses are as follows. The dependent variable is vote, measured by the question: ‘In the federal election for the House of Representatives on Saturday 2 July, which party did you vote for firstin the House of Representatives?’ Economic assets are measured by ownership of a house and shares. The questions are: ‘Do you own outright, are you buying or renting the dwelling in which you now live?’; ‘Do you own shares in any company listed on the Australian Stock Exchange?’ Both are scored as dummy variables. Share ownership includes shares registered in the respondent’s name or that of a family company. Economic performance is measured by the standard retrospective sociotropic survey question: ‘How do you think the general economic situation in Australia now compares with what it was 12 months ago?’ In election years with Liberal (Labor) incumbent governments, this version is coded with higher values corresponding to positive (negative) economic evaluations. Economic policy preferences are measured by the question: ‘If the government had a choice between reducing taxes or spending more on social services, which do you think it should do?’ The variable is coded so that ‘reducing taxes’ takes on high values and ‘spending on social services’ low values. Both measures are scaled from zero to one. The relative policy locations of the main parties are measured by the question: ‘In politics, people sometimes talk about the ‘left’ and the ‘right’… Where would you place each of the federal political parties?’ The control variables are age, gender, education, income and country of birth.

**Appendix Table A: Variables, Scoring, Means**

|  |  |  |  |
| --- | --- | --- | --- |
| Variable | Coding | Mean | SD |
| *Dependent variable* |  |  |  |
| Coalition vote | 1 = Liberal or National vote for, 0 = other | 0.44 | 0.50 |
| *Economic assessments* |  |  |  |
| Valence | Normalized from 0 for ‘a lot worse’ to 1 for ‘a lot better’ | 0.52 | 0.27 |
| Position | Normalized from 0 for ‘spending on social services’ to 1 for ‘reducing taxes’ | 0.52 | 0.34 |
| *Economic assets* |  |  |  |
| Owns house | 1 = owns residence, 0 = does not own residence | 0.74 | 0.44 |
| Owns shares | 1 = owns shares, 0 = does not own shares | 0.40 | 0.49 |
| Assets scale | Scale coded 1 for owns house and shares, .5 for one only, 0 for neither | 0.57 | 0.36 |
| *Party positions* |  |  |  |
| Liberal Party position | Perceived position of Liberals from 0 (left) to 10 (right) scale | 6.67 | 2.37 |
| Labor Party position | Perceived position of Labor from 0 (left) to 10 (right) scale | 4.19 | 2.21 |
| Liberal-Labor position distance | Absolute difference between Liberal and Labor positions | 3.66 | 2.67 |
| Liberal-Labor economy difference | 1 = identifies Labor or Liberal as closest to own view on management of the economy, 0 = no difference | 0.76 | 0.43 |
| *Control variables* |  |  |  |
| Age | Years in deciles | 5.33 | 1.67 |
| Female | 1 = female, 0 = male | 0.52 | 0.50 |
| University education | 1 = university education, 0 = other | 0.55 | 0.50 |
| Australian born | 1 = yes, 0 = no | 0.73 | 0.45 |
| Income | Quintiles | 0.38 | 0.39 |

Sources Australian Election Study surveys, 2001-2016.

**Appendix Table B: Replication of Table 3 with Coalition Partisanship**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Model 1 | | Model 2 | | Model 3 | |
|  | -------------------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------------------- | |
|  | Est | (SE) | Est | (SE) | Est | (SE) |
| *Economic assessments* |  |  |  |  |  |  |
| Valence | 2.217\*\* | (.082) | 2.176\*\* | (.082) | 2.175\*\* | (.082) |
| Position | 1.313\*\* | (.059) | 1.317\*\* | (.059) | 1.313\*\* | (.059) |
| *Economic assets* |  |  |  |  |  |  |
| Owns house | .232\*\* | (.050) | .080 | (.075) | .232\*\* | (.050) |
| Owns shares | .365\*\* | (.041) | .364\*\* | (.041) | .246\*\* | (.068) |
| *Party positions* |  |  |  |  |  |  |
| Liberal-Labor distance | .020\*\* | (.007) | -.014 | (.015) | .008 | (.009) |
| Owns house x Liberal-Labor distance |  |  | .045\*\* | (.017) |  |  |
| Owns shares x Liberal-Labor distance |  |  |  |  | .033\* | (.015) |
| *Controls* |  |  |  |  |  |  |
| Coalition partisan | 3.109\*\* | (.135) | 3.109\*\* | (.135) | 3.107\*\* | (.135) |
| Age | .138\*\* | (.014) | .138\*\* | (.014) | .138\*\* | (.014) |
| Female | -.139\*\* | (.038) | -.140\*\* | (.038) | -.140\*\* | (.038) |
| University education | -.066 | (.041) | -.068 | (.042) | -.067 | (.042) |
| Australian born | .235\*\* | (.044) | .235\*\* | (.044) | .234\*\* | (.044) |
| Family income | .258\*\* | (.053) | .259\*\* | (.053) | .258\*\* | (.053) |
|  | ------------------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------------------- | |
| Constant | -3.390\*\* | (.120) | -3.280\*\* | (.126) | -3.346\*\* | (.123) |
| N | 14,240 |  | 14,240 |  | 14,240 |  |
| Log likelihood | -7991.53 |  | -7987.98 |  | -7989.17 |  |

\* p<0.05, \*\* p<0.01, two-tailed test. Cells report logit coefficients with standard errors in parentheses. The models include survey fixed-effects.

Sources Australian Election Study surveys, 2001-2016.

**Appendix Table C: Asset Ownership, Party Economic Policy Difference, and the Coalition Vote**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Model 1 | | Model 2 | | Model 3 | |
|  | -------------------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------------------- | |
|  | Est | (SE) | Est | (SE) | Est | (SE) |
| *Economic assessments* |  |  |  |  |  |  |
| Valence | 2.128\*\* | (.085) | 2.129\*\* | (.085) | 2.132\*\* | (.085) |
| Position | 1.427\*\* | (.062) | 1.426\*\* | (.062) | 1.424\*\* | (.062) |
| *Economic assets* |  |  |  |  |  |  |
| Owns house | .255\*\* | (.052) | .134 | (.118) | .253\*\* | (.052) |
| Owns shares | .376\*\* | (.043) | .376\*\* | (.043) | .064 | (.099) |
| *Party positions* |  |  |  |  |  |  |
| Liberal-Labor economy difference | .920\*\* | (.053) | .806\*\* | (.104) | .769\*\* | (.067) |
| Owns house x economy difference |  |  | .145 | (.127) |  |  |
| Owns shares x economy difference |  |  |  |  | .380\*\* | (.107) |
| *Controls* |  |  |  |  |  |  |
| Age | .177\*\* | (.014) | .177\*\* | (.014) | .177\*\* | (.014) |
| Female | -.136\*\* | (.040) | -.136\*\* | (.040) | -.137\*\* | (.040) |
| University education | -.053 | (.043) | -.053 | (.043) | -.055 | (.043) |
| Australian born | .235\*\* | (.046) | .235\*\* | (.046) | .233\*\* | (.046) |
| Family income | .289\*\* | (.055) | .290\*\* | (.055) | .290\*\* | (.055) |
|  | ------------------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------------------- | | ------------------------------------------------------------------------------------------------------------------- | |
| Constant | -4.258\*\* | (.136) | -4.161\*\* | (.160) | -4.126\*\* | (.140) |
| N | 12261 |  | 12261 |  | 12261 |  |
| Log Likelihood | -7282.32 |  | 12261 |  | 12261 |  |
| AIC | 14595.93 |  | 14596.65 |  | 14585.39 |  |

\* p<0.05, \*\* p<0.01, two-tailed test. Cells report logit coefficients with standard errors in parentheses. The models include survey fixed-effects.

Sources Australian Election Study surveys, 2004-2016.

1. Note that studies find that the path through which assets shape the vote differs. In some cases, the main effects of property are mostly direct (Fraile and Lewis-Beck, 2013; Stubager et al, 2013) and in others the effects are chiefly indirect, running through political ideology or partisanship (Costa Lobo, 2013; Lewis-Beck et al, 2013). [↑](#footnote-ref-1)
2. Other work, using more restricted measures, has shown that the concept may also have implications for voting in US presidential elections (Lewis-Beck and Nadeau, 2011). [↑](#footnote-ref-2)
3. During the late 1990s and early 2000s this proportion declined, as other sources of wealth have become more important (Finlay, 2012: 23). The precise rate of the decline in this period is a matter of debate: ABS data suggests a relatively small decline, but other studies suggest a larger figure (Marks, Headey and Wooden, 2005: 49-50). Among immigrants, Cobb-Clark and Hildebrand (2009) show that immigrants have generally less wealth than the native born, but proportionately more is in housing. [↑](#footnote-ref-3)
4. Estimates are based on census data, sourced from http://www.rba.gov.au/publications/submissions/inquiry-into-home-ownership/home-ownership-rates.html [↑](#footnote-ref-4)
5. Labor’s proposal included an exemption for newly built properties so as not to unduly affect the performance of the building industry. [↑](#footnote-ref-5)
6. The 1992 ‘superannuation guarantee’ was part of a major reform of the superannuation rules introduced by the Keating Labor government, intended to ensure better retirement income. [↑](#footnote-ref-6)
7. The remainder is composed of bank accounts (5 percent) and vehicles (4 percent) (Marks, Headey and Wooden, 2005: 54). [↑](#footnote-ref-7)
8. Telstra (previously Telecom) was privatised in three different stages, known as ‘T1’, when one-third of the government’s ownership was sold in 1997, ‘T2’, when 16 percent were sold in 1999, and ‘T3’, when government ownership dropped to 17 percent in 2006. The remaining government owned shares were placed in a public service superannuation fund. [↑](#footnote-ref-8)
9. Each survey is a national sample of the electorate conducted immediately after each federal election; full details of the methodology can be found in Cameron and McAllister (2016). [↑](#footnote-ref-9)
10. Full details on variable codes are provided in the Appendix. [↑](#footnote-ref-10)
11. This includes shares registered in the respondent’s name or that of his/her family company. Note that the format of the question differs slightly in the 2013 survey. [↑](#footnote-ref-11)
12. Some but not all of the six election studies under consideration provide information on other assets beyond residence and shares. An analysis of the 2013 AES, which includes a more extensive battery of items, reveals that home ownership is by far the most prevalent type of low-risk assets and shares are the most common form of high-risk assets. This finding, which aligns with previous research, suggests that the results we report below for home and share ownership would apply to low- and high-risk assets more generally. [↑](#footnote-ref-12)
13. The model does not include partisanship on grounds that it is so closely related to the vote that it accounts for much of the variance in the model. A dummy variable for those who identify with one of the coalition parties on the right-hand side correctly predicts 88 percent of the cases. Indeed, compulsory voting and frequent elections means Australia has one of the highest levels of partisan identification in the world (Singh and Thornton, 2013). Nonetheless, we replicate the analysis with a measure of partisanship—scored 1 for those who call themselves ‘a very strong supporter’ of the Liberal or National parties—and report the results in Appendix Table C. [↑](#footnote-ref-13)
14. Recall that the coding on valence is reversed for elections when the Coalition was in opposition and Labor was the party of government. Analyses of each survey separately show that with the exception of the 2016 election (with a Coalition government), the magnitude of the effect of economic evaluations is constant across election years. Also see Hellwig and McAllister (2016). [↑](#footnote-ref-14)
15. The marginally greater influence of shares compared to homeownership comports with previous findings that high-risk assets have a stronger effect. [↑](#footnote-ref-15)
16. All other variables in the model are set to their in-sample mean or modal values. [↑](#footnote-ref-16)
17. Again, the remaining variables in the model are held at their mean or modal values. [↑](#footnote-ref-17)
18. Existing analyses of issue dimensionality in Australia find that variance on left-right can be attributed to economic considerations (tax-spend) as well as to other issues, chiefly health care and immigration (Benoit and Laver, 2006; Hellwig, 2014). [↑](#footnote-ref-18)
19. In the 2004 and 2007 surveys, the item pertained to interest rate policies rather than management of the economy. The results of our analyses are robust across all surveys. [↑](#footnote-ref-19)
20. See the Appendix for details of models and estimation. [↑](#footnote-ref-20)