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**Does bad or worse make a difference? Economic voting in Western Balkan Countries –
The role of Macroeconomics in the incumbents' vote share 1990-2013**

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Abstract

In this paper, I examine economic voting in the former Yugoslav countries of Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia and Kosovo. Through an analysis of aggregate level data from the period of the fall of communism and breakup of Yugoslavia until the most recent elections, I test the role of macroeconomic parameters on incumbents vote share. Having in mind, specific developments in these countries, I argue that economy has only limited influence on vote choice. Several results stand out from this paper. Economic voting takes place in the countries of Western Balkan, although to a limited extent. In line with previous research on other post-communist countries, unemployment change has the strongest explanatory power among economic parameters joint with Consumer Price Index. The war causalities also shape vote choice, as well as effective number of parties, governmental stability and ideology. Old regime parties are more severely punished for their economic performance and there is no strong evidence for influence of economic crisis on voting. In general, voting behavior in these countries is more than just economy, consequences of the bloody breakup of Yugoslavia, nationalism and political context too strongly influence vote choice in countries of former Yugoslavia.

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Introduction

Strong in US and western Europe, research on the role of macroeconomic parameters as determinants of vote choice and the success of incumbents post-communist countries remains inconclusive and contradictory. Particularly, economic voting in the nations of the Western Balkans has been the subject of very few academic studies, with .almost no comparative research on the effects of macroeconomics on vote choice. Therefore, in this paper, I examine economic voting in the former Yugoslav countries of Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia and Kosovo. Through an analysis of aggregate level data from the period of the fall of communism and breakup of Yugoslavia until the most recent elections, I will test the basic postulates of the economic voting theory for a new set of countries, investigating the role of the macroeconomic parameters in explaining the incumbents vote share.

Despite similar historical developments, the countries of the former Yugoslavia have experienced different trends of economic development and transition processes. While Slovenia has shown significant economic progress, which resulted in EU integration and engagement in the European Monetary Union (Crnigoj 2007), other countries, such as Kosovo, Bosnia and Herzegovina and Macedonia, have very high unemployment and low GNP growth. Consequently, this paper examines how economy shapes electoral behavior of citizens of these seven countries of former Yugoslavia. Macroeconomic parameters ostensibly influence electoral processes in these countries as with other post-communist countries of Eastern Europe, however the specific severe consequences of the breakup of Yugoslavia and the bloodshed in the early phase and cooperation with ICTY (International Criminal Tribunal for the former Yugoslavia) as a consequence of the war in the later stage might also have exerted a very strong explanatory effect on voter decisions. The numerous inter-ethnic conflicts and inter-related complex and still on-going process of state formation in this region continues to strongly shape domestic political scenes and the influence of the economy as a determinant of vote choice.

The economy, as I will show below as considered by scholars, has been a determinant of vote choice in post-communist countries. However, the findings differ and are often controversial, so therefore the effect of the economy on the electoral success of incumbents is not as clear when compared with the findings for established democracies. As a result and in line with similar post-communist backgrounds, the role of the economy should be limited to explaining

voting behavior in Western Balkan countries. Moreover, the rise of nationalism leading to a civil war and ethnic conflicts and the strong transnational pressure through different forms and tools have also strongly influenced voter preferences and have thus shaped party behavior. Hence, constructing a general model that predicts voting behavior in these seven countries is a demanding and adventurous task because it is a dynamic period of more than twenty years including the breakup of the federation, ethnic conflicts, the rise of new states, disputes among neighbors and strong transnational influence.

The paper is organized into six sections. The following section offers a theoretical explanation of the main postulates of economic voting and empirical evidence of the role of macroeconomic parameters on the vote share of incumbents in post-communist countries. Additionally, this section presents specific characteristics of the Western Balkan countries and their role as explanatory variables of vote share. In the fourth section, I will present my research question and hypotheses, then discuss the dataset and statistical model that I am testing and its variables in section five. The main findings of my analysis and interpretation of the results are presented in section six. The chapter ends with some concluding remarks on the results and a discussion of methodological issues.

Theoretical background

Economic Voting in post-communist countries

Numerous research has shown that voters consider governments accountable when deciding to reward or punish the parties in power at elections. Electoral accountability is typically equated with retrospective economic voting. Voters punish incumbents when the economy is doing poorly and reward them when the economy is doing well. Although not the only measure of government performance in office, the economy is highly salient to most voters (Roberts 2008). Retrospective voting and economic accountability have been understudied for countries of the Western Balkans. There is a lack of comparative research on the influence of macroeconomics on the vote share of incumbents, and, furthermore, only sporadic research includes economic determinants correlated with vote choice at certain elections in a Western Balkan country. Therefore, the theoretical expectations for this paper are derived from research conducted on economic voting in the post-communist countries of Central and Eastern Europe.

However, findings contradict strong expectations, with Harper (2000) concluding that economic factors had at best a modest effect on party choice in some post-communist countries of Central and Eastern Europe. Analyzing early elections in three post-communist countries, including Bulgaria, Lithuania and Hungary, Harper (2000) claims that the return to parliamentary power of ex-communist parties in these societies was not simply a function of economic voting. Vote shares for governments do not respond in the expected ways to standard economic indicators. A number of studies have shown that poor economic performance does not hurt the fortunes of incumbent governments (Lewis-Beck, 1988; Paldam, 1991; Przeworski and Cheibub, 1999; Wilkin et al., 1997). Using both micro- and macro- level data from eleven newly established democracies in East Central Europe, Tverdova (2007) also finds that national economic perceptions are disconnected from the objective economic reality, instead mostly driven by personal economic evaluations and political attitudes or "retrospective and prospective" economic voting.

In another study examining 34 elections in ten Central and Eastern European countries, Roberts (2008) identifies a phenomenon that he refers to as hyperaccountability. Accordingly, voters hold incumbents accountable for economic performance, particularly for unemployment, although distinguishing between large and small losses rather than vote losses and gains. This result is significant in several respects considering other studies. Governments that preside over high unemployment rates lose votes, all else equal, and the effect is substantively large. The result may partly placate the fears of many observers that these new democracies are of ''low quality''. Voters seemingly are quite capable of holding politicians accountable for economic performance early in the transition (Roberts 2008). However, the hyperaccountability effect might negatively influence government performance and efforts to be accountable because no matter what, it will be punished by the voters. This might be one of the explanations for the high level of corruption in the region (Krastev 2004, Grzymala-Busse 2003).

Contrary to the hyperaccountability hypothesis, the reward-punishment hypothesis contends that voters evaluate government performance on major economic indicators, such as inflation or unemployment, and reward or punish the incumbent based on the ability to maintain these macroeconomic indicators at desirable levels (Sanders, 2000). In other words, the government is accountable for economic policymaking. However, this reward and punishment is not symmetrical. One exception to the above mentioned hypothesis comes from what is know in the literature of economic voting as "grievance asymmetry", a

psychological mechanism whereby people appreciate an improvement in the economy less than they dislike the corresponding deterioration (Nezi 2012). Pioneering findings on the "grievance asymmetry" hypothesis show that unemployment growth is one of these asymmetric determinants of economic voting (Mueller 1970).

Another problem with the reward – punishment hypothesis, especially characteristic for post-communist countries of the Western Balkans with party pluralism and electoral volatility, is that it is much more difficult for voters to assign responsibility to the government in some systems than in others, with Anderson (2000) writing that "the Responsibility Hypothesis is "perfectly" suited to explain economic voting in two party-systems where the government is the one with the majority, but once there are minority governments with shifting coalitions, responsibility is illusive." Although Anderson (2000) explores several closely related theories using vote intention data from thirteen Western European democracies, the limitation of the reward-punishment hypothesis is very clear for Western Balkan countries too.

Economic parameters do not equally affect parties from different ideological families. Party affiliation has an important role in economic voting, and consequently parties with different ideological positions face different consequences. This is a result of the different preferences of voters and the strength of their party identification. In post-communist countries, the nature of political parties, their ideological positions and relationship with the communist regime are factors considered by scholars as influencing vote choice. In one such study using an original data set of regional level economic, demographic, and electoral variables across twenty national presidential and parliamentary elections from Russia, Poland, Hungary, Slovakia and the Czech Republic, Tucker (2006) demonstrates that there is substantially stronger empirical evidence for the Transition Model that predicts that New Regime parties will perform better in areas of the country where the economy is stronger and Old Regime parties will perform better where the economy is weaker. Moreover, Tucker (2006) shows that the effect of the economy on Incumbent parties is largely conditional on their status as New Regime parties, Old Regime parties, or neither type of party.

Previous research on economic determinants of vote share in Western Balkan countries show that determinants other than the economy drive voting behavior. Drawing upon survey data from the 2007 elections, Henjak (2007) argues that economic issues, notably the division between transitional winners and losers, do not play an important role in determining support for the two main political parties in Croatia. Henjak (2007) also shows that voter opinions on

economic issues are more salient in recent elections and political party affiliations most structure voter evaluations of economic conditions. However, economic issues are less relevant in structuring voting behavior in Croatia than issues related to culture and history, and unless a major realignment takes place, party statements will largely condition supporter evaluations of economic issues (Henjak 2007).

Examining the basis of political divisions in Macedonia, Panov and Taleski (2013) similarly find that economic perceptions and socio-economic status do not shape the political divisions among voters in the Republic of Macedonia. Perception of the communist past and consequently the perception of the economy during communism is the strongest explanatory factor of the determinants of political divisions in Macedonia. Voters that perceive the communist past positively and believe that there was higher economic performance during that period are more likely to support the left, while voters with strong opposite views of the communist past and economy tend to support the right. The economy tested through different socio-economic statuses and economic preferences has a very limited effect on political divisions in Macedonia.

The "Balkan powder keg" and the influence of wars on vote choice

Analyzing determinants of electoral behavior in countries of former Yugoslavia should take into account the specific circumstances caused by the breakup of Yugoslavia and the biggest and most tragic bloodshed in Europe since the Second World War. In this sense, determinants influencing vote choice in the Balkan "powder keg" might significantly differ when compared with the influence of the economic parameters in post-communist countries of Central and Eastern Europe. "The Yugoslav loose federation, built with the predominate concern to promote -brotherhood and unity- of the post-war Yugoslavia (Cviic, 1995: 823) failed to resolve economic problems and political antagonisms polarized around national issues. The crisis came to a head after the Cold War when Yugoslavia lost much of its geopolitical importance to the United States. In a process of dissolution, the independent states of Slovenia, Croatia, Bosnia and Herzegovina and Macedonia were created" (Delevic 1998). Hence, the breakup of Yugoslavia, the wars and consequences of these wars should seriously be considered when analyzing voter and party behavior. Hibbs Jr (2000) claims that the best predictor of electoral outcomes in the US is a model that incorporates basic economic parameters combined with cumulative numbers of American military personnel killed in action. Hibbs' "bread and peace" basically combines the effect of the economy and

wars on vote share, which effectively corresponds with the situation in Western Balkan countries and the consequences of the civil war and ethnic conflicts. "Previous studies of domestic aspects of the American military involvement in Korea and Vietnam deliver two conclusions that guided Hibbs' investigation of war effects on presidential voting outcomes: (i) Declining political support for the wars per se, as well as war-induced deterioration of presidential approval ratings in the polls, are best explained by cumulative growth of American casualties, particularly cumulative numbers of American military personnel killed-in-action, and (ii) The political costs were born primarily by the party initiating American participation (the "war party"; in both cases the Democrats)"(HIbbs 2000). The findings of the analysis of Hibbs are consistent with these conclusions. The vote losses associated with conflicts in Korea and Vietnam are best tracked by the cumulative numbers of American military personnel killed-in-action (CUM KIA) during each four-year term preceding the elections of 1952, 1964, 1968 and 1976 (Hibbs Jr. 2000).

Nevertheless, the military situation for all cases of war in Western Balkan countries significantly differ from the case of the US and consequently it is unclear whether the "Bread and Piece" model would have the same influence and predictive power for Western Balkan countries. Moreover, it is expected that the war and its consequences will significantly influence the vote share and that the economy is pretty much limited as a determinant of the electoral success of incumbents. Additionally, the economy during such a time period is at the service of the war needs. The case of the Western Balkan countries confirms this to a great extent and it is particularly clear in the case of Serbia in the early nineties for the economy.

Political context and International pressure as determinants of vote choice in Western Balkan countries

With the escalation of the conflict in the early 1990s as a result of rising nationalism, the role of international actors has significantly increased. While seeking to encourage stabilization, integration and peace building, the intervention of international organizations had different outcomes and and thus different consequences on vote choice. Also tools utilized by international actors during the constant presence and influence on domestic political processes in the last twenty years have differed across countries and time.

Given the significant percentage of the Serbian population in Croatia and Bosnia (12% and 33% respectively) as well as Milosevic's rise to power based on Serbian nationalism, the

outbreak of the war was seemingly unavoidable. Nationalism proved to be winning card in the newly independent states as well. In such a setting, sanctions were a tool for stopping the war by containing the pan-Serbian policy of Milosevic (Delevic 1998).

However, Delevic (1998) contends that while the sanctions, aided to a great extent by pre-existing economic difficulties and macroeconomic mismanagement, had a devastating effect on the Yugoslav economy, thus helping make Serbian President Milosevic more cooperative, they were of no decisive importance for stopping the war in Bosnia. From data initially available, Yugoslavia experienced hyperinflation, with its peak of 313,000,000% in January 1994 (Hanke and Krus 2012). Because the BH dinar and the RS dinar were both initially pegged to the Yugoslav dinar, and based on the available annual inflation data, scholars know that the Republika Srpska and Bosnia and Herzegovina experienced hyperinflation with its highest peak of 322% in June 1992 (Brown et al., 1996). Croatia also experienced high rates of inflation, but did not reach the level of hyperinflation of Yugoslavia (CNB, 2012). "Moreover, poverty, which increased as a result of the sanctions, made people more receptive to authoritarian and totalitarian regimes, making democratization ever more difficult to achieve" (Delevic 1998).

Hence, the presence of the international factor as a condition of the pre-existence of dangerous nationalism and media control have been used as a tool by parties in power to increase support and justify policies for the protection of their own people. The notion of "us against them" and the presentation of the foreign factor as an actor supporting the others and trying "to take a part of us" is present from the beginning until the most recent developments. Even after the end of the war, the international factor has played a crucial role regarding the cooperation of the countries involved in the war in Bosnia with the International Criminal Tribunal for Yugoslavia (ICTY). This issue, as a consequence of the war, has shaped or still shapes political behavior in Serbia, Croatia and Bosnia and Herzegovina, and has been one of the main sources of the resurrection or continuation of nationalism. The European Union, in this sense, using conditionality, has played the most important role as an international factor influencing domestic political processes and consequently vote choice.

Even in countries that did not participate in the bloodshed in Bosnia and have transitioned through a peaceful transformation in the early nineties, such as Macedonia, international factors have still played an important role in resolving subsequent disputes between neighboring countries and inter-ethnic conflict in 2001. For example, the dispute between

Greece and Macedonia concerning the official name of the latter during membership talks for NATO in 2008 led to a rise in nationalist sentiments and blame shifting problems,including the economic situation, to the other country.

The mechanism of influence of the international factor and presence of international pressure, thus, is complex and interdependent on the character of the parties in power and the outcome of the pressure. Whether parties share nationalistic political views and the outcome of the pressure includes the acceptance of international positions and compromising influences whether the effect of international pressure is positive or negative on the vote share for incumbent parties or coalitions.

Research question and Hypotheses

The main aim of this paper is to investigate the relationship between retrospective economic voting and the incumbent vote share in post-communist countries of the Western Balkans. As I have mentioned above, there is lack of empirical evidence regarding the influence of the economy on vote choice in Western Balkan countries, although the experience of other post-communist countries in Central and Eastern Europe have shown mixed findings. While Anderson et al. (2003) and Duch (2001) find evidence of economic voting in Hungary in 1994 and 1998, Duch (1995) concludes that economic difficulties reducesupport for governments in four countries and Przeworski (1996) shows that government popularity varies with the unemployment rate in Poland, Harper (2000) contends that there is only a modest effect of the economy on voting and Henjak (2007) did not find an influence of economic determinants on vote choice in Croatia. Hence, the first hypothesis to be tested in this paper is:

H1 The economy has a limited influence on incumbent vote share

Previous research on established democracies or the post-communist countries of Central and Eastern Europe also shows that there is a variation of the influence of different macroeconomic parameters on vote choice. GDP annual growth percentage, inflation rates and employment rate changes are the most frequently considered determinants of economic voting. The influence of unemployment change has been widely identified in various environments as a strong explanatory factor of voting (Przeworski 1995, Roberts 2008) and I expect that unemployment growth will also negatively influence incumbent vote share in the countries of the Western Balkans. While my expectations about the influence of inflation

rates is very modest, the percentage of foreign investments should be considered as a possible explanatory factor of vote choice in Western Balkan countries. Foreign investment, according to Henjak (2007), is one of the most important economic strategies of almost every government in these countries therefore necessitates inclusion in testing .

H2 The higher the percentage of unemployment growth, the lower the vote share of incumbent parties

Taking into account specific circumstances in Western Balkan countries, I also consider the consequences of the war and subsequent international pressure as determinants of vote choice. Following the Hibbs (2000) approach, I will also test whether the number of civil war causalities influences the vote share of incumbents. Taking into account that most of the victims in the wars emanate from Bosnia, it is expected that this variable has specific importance for voting behavior in Bosnia and Herzegovina. As previously mentioned, the direction of the effect of the transnational pressure is more difficult to identify.

H3 The number of human causalities during the wars negatively influences incumbent vote share

Building on the arguments of Tucker (2006) in post-communist countries that the main conditional economic voting effects distinguish between old and new regime parties, or parties connected with the former communist regime versus those associated with the opposition to communism similarly to Roberts (2008), I will also test the influence of party origin on vote share. According to Tucker (2006), new regime parties should do better when circumstances are positive and less well when they are negative, since voters may associate these parties and hold them responsible for the changes during the transition. "If these changes are successful, the parties are rewarded; if not, they are punished. Standard retrospective voting thus applies to these parties, though unusually without regard to incumbency. Old regime parties should be treated in the reverse way" (Roberts 2008).

H4: Improved economic conditions will increase the vote share for new regime incumbent parties and decrease the vote share for old regime parties.

Finally, taking into account the influence of the economic and financial crisis on the economies throughout the world, I will test whether the crisis has caused voters to use retrospective economic voting when voting in Western Balkan countries. This idea is in line with the claims of Duch (2001) that voters become aware of economic conditions only later

in the transition, and by that time, economic parameters become stronger predictors of vote share. In the case of Western Balkan countries, these expectations should be even stronger taking into account the specific history, including the breakup of Yugoslavia and bloodshed in the nineties. It is expected that the economy more influences vote share in the later phase of the transition than in the dynamic and turbulent early phase of the nineties. Roberts (2008) has also finds similar results on the ground in ten post-communist countries of Central and Eastern Europe, so testing the same hypothesis in Western Balkan countries could shed additional light on the claim that time is an important indicator of economic voting. While the analysis of Roberts (2008)included electoral cycles until 2006, this research goes further by taking into account the effect of the most recent global crisis on economic voting.

H5 The influence of economic parameters will be stronger during than before the most recent global economic and financial crisis

Data and methodology

Even after more than twenty years of democratic elections in countries of the Western Balkans, data remains a serious obstacle in conducting research on economic voting. While there is already a sufficient number of electoral cycles in the seven countries, the reliability of the economic data remains a serious problem. Accordingly, data is missing for the early stage of democracy in the nineties, so therefore the first elections in each country after the fall of communism are not included in the dataset. Furthermore, the incumbent communist party received nearly 100% of the vote in previous elections held in uncontested circumstances, so only pluralistic and democratic and free elections are included in the analysis. While, electoral fraud and irregularities have hampered democratic legitimacy, the elections included in the sample satisfy the minimum criteria for free and fair elections.

Different sources have been utilized to construct the dataset. Electoral data is from the Parties and Elections Project, a comprehensive database on parliamentary elections in European countries and autonomous subdivisions since 1945, including Western Balkan countries since 1990, and additional information on the political parties, political leaders, composition of governments and electoral laws. For a robustness check, the results are compared and upgraded with official electoral results from state electoral commissions.

World Bank data and early stage data from domestic official sources constitute the economic data for this analysis. As I have previously mentioned, despite the additional effort to collect

information for inflation rates or unemployment data from the early nineties, there are few elections for which this data is not provided in the dataset. The data about war victims has been collected via the Uppsala Conflict Data Program (UCDP) and International Peace Research Institute, Oslo (PRIO) Conflict Dataset and World Bank information about victims in the wars.

The dataset consists of vote shares at each pair of elections for the incumbent parties represented in parliament in these countries. The analysis is focused on parliamentary elections because all of these countries are parliamentary democracies. While direct presidential elections are held in most of the countries expect Kosovo, parliamentary governments have executive branch power. Already discussed, party pluralism and electoral volatility characterize the communist countries of the Western Balkan, with a majority of the governments in the all countries during these twenty years of democratic elections having been coalition governments. Therefore, it is more difficult to assign responsibility to the government in some systems than in others because "The Responsibility Hypothesis is "perfectly" suited to explain economic voting in two party-systems where the government is the one with the majority, and once there are minority governments with shifting coalitions, responsibility is illusive" (Anderson 2000), thus also complicating the data collection process. For the purposes of this paper, incumbent vote share is calculated as a cumulative vote share of all parties included in the government. The ideological position of the government or its connection with the old regime has been identified on the basis of the position of the biggest political party on the political spectrum which holds the post of the Prime Minister in most cases although with some exceptions, The effective number of parties has been calculated using the formula offered by Laakso and Taagapera (1979).

Cognizant that voters are myopic and capable of focusing only on the most recent economic developments (Bartels 2008), I am using the economic information only for the last year of the electoral term. The variables that include change are operationalized by subtracting the rates of the specific economic parameters for all years of current and previous electoral cycle. International Pressure is coded as a dummy variable providing information on whether there was or was not international pressure. Various actions, such as sanctions, EU conditionality, ICTY cooperation pressure or vetoes of NATO membership have been considered as form of international pressure.

The dependent variable is the vote share of incumbent parties, and, bearing in mind that it is a continuous variable, Ordinary Least Squares (OLS) will be used to test theoretical claims I explained before. In order to test all offered hypotheses, different models will be examined for different data subsets.

Empirical findings and discussion of results

The main economic parameters, such as GDP growth, inflation and change of unemployment rates, have been most frequently taken as determinants of economic voting, while I additionally include the percentage of foreign investments and Consumers Price Index (CPI). I consider these two economic variables important for Western Balkan countries because (i) attracting foreign investments is one of the most important economic strategies of almost every government in these countries and (ii) CPI defined as "a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services" sufficiently captures the economic capacities of ordinary citizens. Since, to the best of my knowledge, there is a lack of comparable quarterly data for all of the countries, which would have allowed me to examine the months immediately preceding each election, only annual data is available, so for each country, I use values from the year of the election if the election was held in the second half of the year and values from the previous year if the election was held in the first half of the year. Model 1 in Table 1 includes only these economic variables plus the vote share from the previous elections for incumbent parties. Results show that the model with only economic variables fits well in explaining almost half of the variation of the incumbent vote share. While taking into account the reasonably small number of observations, statistical significance should not be interpreted with special attention, still Unemployment change and Consumers Price Index are the only variables which are statistically significant. This is not surprising, since a change of unemployment rates has been identified by numerous previous research as one of the strongest indicators of economic voting in post-communist countries and in general (Przeworski (1995), Roberts 2008, Lewis –Beck & Nadeau 2012). Even further, the strongest evidence in favor of the grievance asymmetry hypothesis has been based on unemployment growth (Mueller 1970). Therefore, its effect on electoral outcome has been confirmed even on the ground in countries from former Yugoslavia. Nevertheless, comparing with the finding of Roberts (2008) for post-communist countries in Central and Eastern Europe, the effect of unemployment is not even closely as strong as in the the Western Balkans. Moreover, we do not observe the

Table 1 Economic Voting in Western Balkan Countries

	Model 1	Model 2	Model 3
Previous Vote	0.21(0.16)	0.02(0.17)	-0.05(0.18)
GDP Growth	0.34(0.63)	0.11(0.50)	-0.17(0.51)
Unemployment	0.50**(0.24)	0.86**(0.30)	0.90**(0.32)
Inflation	-0.05(0.07)	0.02(0.35)	0.04(0.35)
Consumer Price Index	0.14**(0.06)	0.12**(0.05)	0.11*(0.06)
Foreign Investments	-0.17(023)	0.24(0.32)	0.24(0.31)
International Pressure		-0.50(3.9)	1.47(4.3)
Government's ideology		-1.9(1.9)	-5.4(4.5)
Government's Stability		-3.9(4.8)	-2.47(1.9)
Effective Number of Parties		3.2**(1.5)	3.0*(1.5)
Civil War Losses			-0.16*(0.08)
Constant	19.03**	17.9*	26.2**
N	25	24	24
Adjusted R^2	0.47	0.72	0.75

*** p< 0.001, **p<0.05, *p<0.1 (Robust St. Errors)

hyperaccountability effect in Western Balkan countries. The change of unemployment rates influences voters to hold governments accountable for their economic performance, but do not even closely negatively affect governments as in the case with CEE countries (Roberts 2008). The other statistically significant variable is Consumer Price Index. Taking into account the changes that citizens in these countries have faced during the last more than twenty years, it is not surprising that this variable together with unemployment rates influence the vote choice of citizens. CPI as a measurement expresses the economic capacity of the citizens more closely than inflation, for instance, and these findings show that personal economic interests and capacities influence voters when making the decision to hold the government accountable for the economic situation in their country. As I mentioned, inflation effects on vote share are statistically insignificant and absolutely minor. Having taken into consideration the special circumstances of the countries and not only hyperinflation in Serbia, Bosnia and Herzegovina and Montenegro in the early nineties and high inflation in Croatia because of the war, voters did not punish governments for their bad performance in this aspect. Lately, inflation rates are more stable, but also do not drive voter behavior.

Surprisingly, the level of foreign investments does not play any role in influencing incumbent vote share. This goes against the strong emphasis of governments on this economic parameter. However, on the other side, voters do not directly feel the effect of foreign investments on their own pocket and this most probably therefore diminishes the effect on voting decisions. The same logic applies when explaining the lack of effect of GDP growth on vote choice.

Political variables are also included in Model 2 in addition to economic ones. The effective number of parties, stability and ideological position of governments, and the presence of international pressure importantly contribute to the explanatory power of the model. The model explains 72 % of the variance of the incumbent vote share. We observe, once again, the same trends with the economic determinants. Moreover, the coefficient for employment change is bigger than in the previous model. The effective number of political parties seems to play an important role in explaining incumbent vote share, or is statistically significant and the coefficient is strong. Although statistically insignificant, government stability and ideological position are substantially important. Results show strong evidence that the instability of governmental coalitions is one of the reasons for citizens to punish parties. Regarding ideology, results show that voters are more eager to punish left-wing than right-wing governments, something easily explained as related to the rise of nationalism more closely associated with right-wing governments in these countries. International pressure is apparently not a factor influencing vote share, but this can be, to a great extent, the result of the poor operationalization of the variable.

Finally, Model 3 includes the number of victims during civil wars and conflicts to test H3 dealing with the influence of armed conflicts on vote share in Western Balkan countries. Results show clear patterns, as voters punish governments for every causality during the wars and conflicts. This is an important finding considering that each of the seven countries in the Western Balkans in one way or another has been involved in armed conflicts and bloodshed with casualties.

Building on the argument of Tucker (2006) that the effect of the economy on Incumbent parties is largely conditional on their status as New Regime or Old Regime parties, empirically confirmed with a regional dataset on five post-communist countries and additionally by Roberts (2008) for 34 elections in ten post-communist countries, Table 2 shows the results of models 4 and 5 testing this hypothesis for the seven post-communist ex-

Yugoslav countries. I have limited the number of independent variables only to the main economic parameters and the most important political variables.

Table 2 Economic Voting and the effects of old regime and new regime parties

	Model 4 New Regime Party	Model 5 Old Regime Party
Previous Vote	-0.05(0.26)	0.18(0.03)
GDP Growth	0.83(0.87)	0.71*(0.08)
Unemployment	1.00**(0.38)	0.27*(0.03)
Inflation	-0.52(0.56)	1.28**(0.13)
Consumer Price Index	0.17(0.17)	0.17**(0.06)
Government's Stability	-3.17(8.3)	-8.19(1.32)
Effective Number of Parties	3.8(2.5)	-1.27(0.39)
Constant	8.15	23.7**
N	15	9
Adjusted R^2	0.69	0.92

*** $p < 0.001$, **$p<0.05$, *$p<0.1$ (Robust St. Errors)

While I am very careful to substantially interpret these results because of the very small subsamples especially problematic in the case of the old regime party governments, we can still identify some interesting and controversial findings. It seems that citizens indeed hold old regime parties more accountable, findings in line with Tucker (2006) and Roberts (2008). Surprisingly, all economic parameters are statistically significant and influence the vote share for old regime parties, while both political parameters are statistically insignificant. Nevertheless, comparing with the results for new regime parties, the coefficient for change of unemployment rates in the subsample with new regime party governments is substantially higher and statistically significant. This indicates that while other factors shape the vote of the incumbents for old regime party governments, the strongest indicator of economic voting for the entire sample has almost a four times higher coefficient for new regime party governments.

At the end, the financial and economic crisis has shook the entire world, with most of the countries around the globe affected by the devastating consequences. Parties in power face serious consequences in neighboring countries strongly hit by the crisis, such as Greece and Italy, (Nezi 2012). Additionally, building on claims by Duch (2001) that "voters become

aware of the economic conditions only later in the transition and that by time economic parameters become stronger predictors of vote share", Table 3 shows the results of the tests on H5 concerning the effects and timing of the crisis on incumbent vote share.

Table 3 Economic Voting and the effects of old regime and new regime parties

	Model 6 Before the Crisis 2008	Model 7 After the Crisis 2008
Previous Vote	-0.21(0.26)	0.10(0.51)
GDP Growth	1.16(2.15)	-0.02(0.98)
Unemployment	1.38**(0.37)	0.98(0.79)
Inflation	0.31(0.68)	-1.87(1.24)
Consumer Price Index	0.03(0.09)	0.20**(0.03)
Government's Stability	0.62 (7.01)	-7.14(7.74)
Effective Number of Parties	5.9**(2.6)	1.2(2.3)
Constant	9.4	19.67
N	13	11
Adjusted R^2	0.76	0.87

*** $p < 0.001$, **$p < 0.05$, *$p < 0.1$ (Robust St. Errors)

The results, which once again should be interpreted with reservations because of the small subsamples, do not show strong evidence in favor of the hypothesis about the effect of the economic crisis on voting. While, indeed the explanatory power of Model 7 concerning elections in times of crisis is stronger, only the CPI is statistically significant, with the change of unemployment rates having a smaller coefficient and being insignificant. Actually, no other variable except CPI is statistically significant. The results for elections before the crisis are also not encouraging since only the unemployment rate and effective number of parties are strong indicators of vote choice during this period. There are several explanations as to why there is no evidence of support for the claims of the effect of time and crisis on economic voting. Most of the countries in the sample, with exception of Slovenia and to some extent Croatia, faced serious economic problems concerning levels of macroeconomic parameters even before the crisis. The unemployment rates have been consistently high and above 30% in Bosnia and Herzegovina, Kosovo and Macedonia and lower, but still considerably high in Serbia and Montenegro. Serbia faces constant higher rates of inflation of their currency and foreign debt has been increasing in all countries during last twenty years of the transition (Delevic 2009). Therefore, the economic and financial crisis did not directly

cause such devastating consequences because the economies of these countries were already in a poorer state. Secondly, domestic problems leading to the rise of populism and nationalistic feelings, such as current developments with the independence of Kosovo, the separation of Montenegro from Serbia, the veto by Greece of Macedonia membership to NATO because of the name dispute, and constant ethnic tensions in Bosnia and Herzegovina, could also strongly influence vote choice. Thirdly, the high level of corruption could also be a possible explanation for electoral outcomes. In general, the findings from Models 6 and 7, although not expected, are not surprising.

Conclusions

The aim of this paper was to investigate the role of macroeconomics on incumbent vote share in post-communist countries of former Yugoslavia. While previous research shows that the economy has a very strong explanatory power of electoral outcomes, research on the countries of the Western Balkans offer new cases to investigate these postulates. Countries of former Yugoslavia have passed through specific and significantly different transitions compared with other post-communist countries. Even with communist rule in Yugoslavia considered as more liberal, having had a significantly better economic situation and with the concept of brotherhood and unity as the main paradigm of the socialist ideology (Cvijic 1995), the breakup of Yugoslavia resulted in the most tragic bloodshed in Europe since WWII. These circumstances have influenced political transformation and shaped the political behavior of individuals.

Even with these aggravating circumstances, several results stand out from this paper. Economic voting takes place in the countries of Western Balkan, although to a limited extent. In line with previous research on other post-communist countries, unemployment change has the strongest explanatory power among economic parameters. Results also show that the Consumers Price Index influences vote support for incumbent parties. This is an important finding considering that the CPI captures the consumer capacity of ordinary citizens. Results show that voters indeed consider their well-being when deciding to punish or reward the government. Nevertheless, results do not show evidence of hyperaccountability identified by Roberts (2008) in ten post-communist countries of Central and Eastern Europe. The effects of the economy are more limited in shaping electoral outcomes in Western Balkan countries, likely the result of the specific consequences of the transformation and political context.

This paper shows that wars influence electoral outcomes, as voters hold governments accountable for casualties. The results also show that the stability and ideological positions of governments influence electoral outcomes. Voters more severely punish unstable governments with left-wing ideologies, in line with the findings that old regime party governments are held more accountable than new regime party governments. Unexpectedly but also not surprising, there is no strong evidence that the economic crisis and timing have caused voters to focus more on economic determinants when deciding to punish or reward the parties in power.

The voting behavior picture of countries of former Yugoslavia is not only explained by the economy, since nationalism is a significant factor. Empirical analysis is not necessary to question how Milosevic, besides electoral fraud, won elections during times of astronomic hyperinflation and the demise of the economy. Perceptions of the past still shape the political behavior of the countries of Western Europe. Political parties and voters are captured in the shadow of communist past. Perceptions of the communist past have been identified as strong indicator of voting in most of the countries (Siber 2005, Henjak 2007, Panov & Taleski 2013). However, this paper also shows that, besides specific circumstances, general theories of voting established and tested in western democracies, although very modest, apply for the countries of former Yugoslavia as well.

Testing electoral behavior in Western Balkan countries still faces the serious problem of the lack of sufficient data. While there are already considerably enough electoral cycles even after eliminating the first plural elections and the ones that did not meet the minimum democratic criteria of fair and free elections, a problem remains regarding coherent economic data for early elections in some of the countries, which reduces the sample. Further research in this area should focus on this problem as well as improving the operationalization and explanation of the mechanisms of the influence of nationalism in the political processes. Even with these limitations, this paper certainly still contributes to research on the state of voting behavior in Western Balkan countries.

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