

Economic Voting in Korean Elections after Democratization

Hyeon-Woo Lee

Korean Social Science Data Center

Introduction

Many factors influence the electoral results. One of them in the western countries is the economic condition. Whether they are personal or national economic conditions, the importance of economic factors in elections cannot be ignored. This paper focuses on economic voting and investigates whether economic voting worked in the Korean elections after 1987. It is generally accepted that Korean democratization was achieved in 1987¹. Before that year, democratization was the prevailing issue in elections because many Koreans still thought that the government was an authoritarian regime. Though the opposition parties insisted political democracy as first priority and urgent task required for Korea to accomplish, the ruling parties emphasized efficient and fast economic development led by ruling elites.

Achievement of democratization brought on dramatic changes in the electoral environment. First, after the political cleavage between the ruling and the opposition parties vanished, no issue could be substituted for the vacuum of the cleavage. Since the leading political parties were concerned with only political system or legitimacy, they did not prepared their own concrete policies in other areas. Hence, the voters could not differentiate the parties any more. Then, the most crucial factor in both the presidential and the congressional elections in Korea has been regional voting since democratization².

Second, like the western countries where economic issues are becoming crucial in elections after the collapse of the communism, Korean voters began to pay attention to the economy. Electoral surveys suggested that the economic issues were considered most important in Korean elections. However, even when the economic issues were regarded important, the lack of partisan differences did not help voters to get a candidate elected based on economic voting. Parties needed to develop the economic policies to receive voters' support, after IMF

crisis in 1997. Among determinants of voting behavior, regionalism has played a critical role in the elections³.

This paper investigates the effects of economic voting in Korean elections after democratization. Many studies of Korean elections focused on regional voting and emphasized on its influence. It is true that regionalism determines most of the election results, regardless of the presidential or the congressional elections. But voting behavior, according to voter's hometown, cannot explain choices of the voters who came from the places, where regionalism is weak or not dominant such as Seoul, Kyunggi and Kangwon provinces. Then the raised question is what factors lead them to make voting decisions without regionalism. Regionalism does not explain every thing to Korean elections. Considering various condition voters take into account, other factors besides regionalism should be considered.

This paper looks into the role of the economy on voting decision. For this purpose, it will analyze 5 elections after democratization, which consist of 3 congressional elections and 2 presidential elections. This work begins with literature review of economic voting in Korea as well as the western countries. Next, Korean electoral situations pertaining to regionalism are explained. Followed by the analysis of economic voting in Korean elections. Using the survey data of each election, this analysis will compare the effects of economic voting. It will address the questions of how much economic factors influence the voting decisions and under what conditions they can exert. Especially, this paper focuses on the 15th presidential election in 1997 not only because voters are likely to respond more sensitively in presidential elections than congressional ones⁴ but also because crisis of foreign currency insolvency which occurred a month before the presidential election may have some affect. During the electoral campaign, the issue of responsibility of the economic crisis was the dominant feature on the newspapers and TV news. Therefore, no election has been more influenced by the economic issues than the 15th presidential election.

Literature Review of Economic Voting

Controversies over Economic Voting

As a pioneer of an economic voting model regarding party choice, Downs built a two-party setting where a voter chooses the party that will offer him or her the highest benefit, in terms of so-called utility income, during the coming election period⁵. However, it is Kramer's seminal paper that made students investigate the effect of the economic condition on electoral outcomes⁶. He found that changes in

economic conditions influence US congressional elections and presented empirical evidence. He proposed an economic voting model in which a rational individual follows the decision rule in the light of his own self-interest.

Based on retrospective voting, he argued that a "relevant decision rule for voters would be based on readily available information. The past performance of the incumbent party, in particular, gives some indication of what it would do if returned to office, and of the effectiveness of its policies and personnel"⁷. With respect to party choice, the decision rule assumed is that the incumbent party is supported if its performance is considered satisfactory. In this case, voters want to continue the present situation. If, on the other hand, the incumbent's performance is not satisfactory, voters decide to vote for the opposition party.

Controversies in economic voting may be divided into three topics. First argument is what kinds of economic factors are used to determine voter's choice. That is, whether voters employ their subjective perceptions of the economic condition or the objective economic indicators⁸. The contribution of the economy to the government's overall record depends on the extent to which the economy is perceived to be the serious problem facing the country. However, perceptions of economic states do not always fluctuate proportionally with changes in observed economic indicators. For instance, sensitivity to the changes in different economic conditions- whether in recession or prosperity- is different, then political burdens are also different⁹. Therefore, perception of the economy is more accurate measurement than the objective economic indicators.

The second issue is concerned with the controversy over pocket-book versus sociotropic evaluation. Consider a voter who lacks comprehensive knowledge of the national economy, we may accept the argument that a voter chooses the candidate based on his or his family's economic condition. However, empirical studies of economic voting found that voting behavior relies on the national economic condition rather than personal financial condition¹⁰. These studies concluded that a voter judges the national economic condition with the simple criteria of 'better off, same, or worse off and that he/she supports or blames the incumbent on the basis of this simple perception.

The critical defect of the pocket book voting model, however, is that it relates all of the changes of personal economic condition to the voter's choice. There may be other causes independent of economic policy by the government. For instance, retirement or illness due to physical changes on personal economic condition, but few blame the government for their personal economic difficulties. That is, to

estimate the effect of pocketbook voting, it is necessary to distinguish the effects of economic policy and personal factors on personal economic condition¹¹.

The final issue, among the controversies of economic voting, is what period of economic conditions a voter takes into account for voting. To put it concretely, the question is whether a voter bases the voting decision on the incumbent's performance during his tenure or with candidates' competence to deal with the economic problems in prospect. Retrospective voting implies that a voter stays with a party or switch on the basis of assessments of past performance. The government is blamed or rewarded for changes in economic conditions, so that the voting decision is subject to the performance of the government regarding uncontested standards¹².

The retrospective voting model has been popular for several reasons. First, it seems to be intuitively plausible for the public because it is the simplest and most straightforward model. It is generally accepted that ordinary voters are not well informed about political and economic issues¹³. Second, past performance is cheap and reliable information, so the concept of information costs supports retrospective voting¹⁴. In fact, retrospective voting is relatively cheap because individuals may draw upon more relevant information concerning the government's past performance.

On the other hand, prospective voting argues that a voter does not look solely at the past. Since voters choose the candidate who has the capability to deal with the nation's economic problems efficiently and make the future better, they consider something more than the punishment or reward of the incumbent, which is the main idea of retrospective voting. Prospective evaluations appear to be a second force in determining voting behavior. Extensive analyses on prospective voting found that future expectations of economic conditions influence voting behavior.¹⁵

Even though I do not assume that voters are extremely well informed, it seems reasonable that they are to recognize the fact that voting is for the future rather than the past. For prospective voting, Kiewiet proposes the concept of policy voting and draws a distinction between retrospective and prospective voting. He identifies two preconditions for policy voting: that voters "(1) see either inflation or unemployment as a serious problem and want to see it alleviated, and (2) perceive differences between the parties in the amount of effort and/or skill they apply in combating that problem"¹⁵. Simple retrospective voting supposes absence of the information about the other alternative. In the real world, however, voters perceive party differences in goals and performance. Thus, prospective economic evalua-

tion should be given more attention¹⁷.

It should be noted that retrospective and prospective voting are not opposite concepts. Even the simplest prospective voting model, it extrapolates past information to evaluate expected future utility. Lewis-Beck does not see retrospective and prospective voting as mutually exclusive. He argues that both of them can affect vote choice¹⁸. Even the most impressive evidence of prospective voting depends on an index of leading indicators that are based on past performance¹⁹.

To investigate the effect of economic voting in Korean elections, I will take account of the retrospective and sociotropic voting model with survey data. There are some reasons that I employ retrospective voting rather than prospective one. Since all of the leading parties, in each election, were conservative, they could not be distinguished based on their partisan platforms. Therefore, prospective voting based on policy voting may not work. As explained before, taking sociotropic voting rather than pocketbook model enables the analysis to avoid noise caused by personal economic conditions. However, I will examine the possibility of prospective voting with the data of the 15th presidential election.

Studies of Economic Voting in Korea

Elections have been meaningful processes since the 13th presidential election in 1987²⁰. According to the standards established by previous elections, by virtue of democratization, the 1987 presidential election and the 1988 National Assembly election were comparatively free and honest. However, the most prominent characteristic in Korean elections has become regionalism since that year. Subsequently, studies on the elections have focused only on regionalism. Regionalism, in Korea, is based on the home province of a party's presidential candidate or leader. This has been the dominant form of voter alignment in the presidential, National Assembly and even local elections. Thus, the region has been, not only the strongest predictor, but also the only explanatory variable of voter's choice in the election that has shown statistical significances. The result from a number of studies on elections with too much emphasis on regionalism leads to the problem that they do not take into account voting behavior, which is not governed by regionalism. Despite the fact that economic issues are becoming more important in politics, the effects of economic issues on electoral outcomes were treated marginally. Compared with many papers and books on economic voting in Western countries, only a few papers consider the economic factors in voting models in Korea.

One of the studies of economic voting in Korea is Kim Jae-Han's paper, which found empirical evidence that Korean voters, who worried

about economic problems were not likely to blame the government, instead they supported the incumbent²¹. This is the ironic phenomenon to economic voting. According to the economic voting model, voters would shift supports from the incumbent to the challenger, when they perceive bad economic situation. However, Korean voters did not punish the incumbent, despite the poor economic performance of the government. The main reason for such behavior was that supporters of the ruling party were more likely to consider the inflation problem serious than those of the opposition party. Because of such disproportional predisposition toward economic concern between the supporters of the ruling party and the opposition parties, those who worried about the economy seem to support the incumbent party, in spite of the poor performance of the government. With empirical analysis of the 14th National Assembly election, Kim insisted that regionalism is so dominant that economic issues do not affect voter's decisions. Therefore, evaluation of competence of candidates or parties does not have a causal relationship with voting behavior.

Pak Kyung-San investigated possibilities of retrospective voting and prospective voting in detail. He found the importance of regionalism and evaluation of candidates in the 14th presidential election as other researchers did²². In his research, prospective model was more useful than retrospective voting in that candidate Kim Young-Sam had significantly more support from voters concerned about inflation than any other candidates. To explain the finding, Pak argued that Kim Young-Sam attempted to persuade voters by stating that he was different from the former president Rho Tae-Woo and based on that voters were persuaded. Another plausible explanation, according to Pak, was that voters who supported the ruling party and the opposition party have different political attitudes. On the one hand voters likely to support the ruling party were sensitive to economic problems. On the other hand, voters favoring opposition party gave more weight to the political issue of democratization. Due to the biases of different voter supports, empirical results revealed that voters who worried about economic issue seemed to support Kim Young-Sam. His argument is not different from what Kim Jae-Han said. His conclusion insisted that even though economic voting was found, it had, at best, only limited influence on voting behavior. However, his finding is an exception, in that other studies of Korean elections denied the effects of economic voting.

At this point, I need to explain why empirical studies of Korean elections did not support economic voting even in the cases that the economic problems were seriously considered. Prospective voting belongs to the category of issue voting. Whereas, issue voting requires

some preconditions. First, an issue should be salient enough that voters can perceive the importance of the issue and have their own opinion on that issue. Second, voters not only know the implications of the issue but also consider it serious. If they recognize the issue but do not realize its importance, the issue does not influence their voting decisions. Finally, voters should perceive the difference on issue positions of the parties or the candidates²³.

In the respect of these criteria, it is possible to explain why economic voting has not been found in Korean elections. Above all things, the economic problems were not a major issue for a long time. In history, Korean military governments attempted to compensate for lack of political legitimacy with economic development. Thanks to economic development initiated by the government, economic problems had not been made an issue so that the ruling parties could get political supports from voters. Of course, Korean voters worried about the economy, but their concern was on continuous economic growth. In other words, voters' economic concern was not resulted from inflation or any employment problem but from ceaseless benefit from the steady economic growth.

Another reason of weak economic voting is the influence of regionalism. Regional voting is powerful, in that the influence of other factors affecting voter's choice such as evaluation of candidates or parties has been ignored. Thus, strong regionalism affects other factors in voting decisions, other factors except regionalism cannot be useful to explain voting behavior in the 13th and the 14th presidential and congressional elections²⁴ For instance, voters from Honam province give the highest scores in every evaluation to the candidates coming from Honam region. The same phenomenon applies to Choongchung and Yongnam, where regionalism is dominant.

Empirical Analysis of Korean Elections

Important Problems

As explained before, economic conditions affect electoral outcomes only when the economic issues are salient. Therefore, before estimating the effect of economic voting the first task is to find how serious voters perceive the economic problems. Table 1 shows the importance of economic issues in each election. This table is made based on the question of what is the most important problem facing this country.

According to the table, economic issues are the most serious national problem in every election. More than a half of respondents thought the economic conditions were the most salient issue in three of

four elections. Especially, economic issues were ranked from all three most important problems in the 15th presidential election survey. IMF crisis dramatically changed the Korean economy. A lot of Koreans suffered from economic recession and mass layoffs drove people to be frustrated and angry. Data in Table 1 shows how difficult the economy was in 1997 and the incidence of the economic disaster meets the first requirement for economic voting. However, it should be noted that the fact because many voters worried about economic issue it does not necessarily guarantee economic voting. In addition, it is necessary for voters to blame government for the economic problems to satisfy the assumption of economic voting. Although the survey data does not provide the information about government's responsibility for the economic problems, in so far as economic voting is concerned with voting behavior rather than attitude toward evaluation on economic condition; it is possible to examine the effect of economic voting with information about voting decision. A voting model including economic factors and other variables influencing voter's choice enables us to find the effect of economic conditions on party or candidate choice.

Economic Voting

To examine the effect of economic voting in the presidential and the National Assembly elections, other variables, in addition to the economic factor should be considered. The following models consider the demographic variables such as age, education, and partisan bias, so-called *Yo* and *Ya*²⁵. Additionally, regionalism should be included in the model, since it exerts significant influence on the Korean elections and the perception of the economy is employed to estimate the effect of economic voting. Table 2 displays the analysis results from the presidential and the National Assembly election after 1990.

For the 14th National Assembly election, the coefficient of age indicates that the old would vote for Democratic Liberal Party (DLP). Old voters, who wanted political stability, were inclined to choose DLP, the ruling party. The variable education resulted that the effect on partisan choice is not significant, which implies no differences between educational levels to support the ruling party. This result is quite different from the pattern of the previous elections, in which the highly educated were less likely to vote for the ruling party. In the previous elections democratization was the dominant issue and highly educated voters gave more weight to the political value of democracy, which resulted in votes against the authoritarian ruling party.

While those who have *Yo* biases are more likely to support DLP, voters having *Ya* biases are less likely to voter for the incumbent party. More importantly, voters' perception of the national economy reveals

Table 1: Important Issues in Elections

	National Assembly Elections		Presidential Elections	
	14th	15th	14th	15th
1 st	economic issue (inflation, recession) 56.1%	economic issue (regional development) 34.1%	economic issue (inflation, economic recovery) 49.7%	economic issue (inflation) 39.1%
2 nd	political issue (corruption, democratization) 11.2%	political issue (political stability) 25.4%	political issue (corruption,, political stability) 31.2%	economic issue (IMF crisis) 26.6%
3 rd	rural issue (free import) 8.3%	political issue (clean politics) 21.4%	political issue (change of gov't) 15.8%	economic issue (economic development) 10.5%

Source: *Korean Social Science Data Center*

that it does not affect voting. The assumption that those voters, who thought the economic condition as problematic, voted less for the ruling party than the other voters was not proven. Considering the most important issues in the elections according to Table 1, it is strange not to find economic voting. More than a half of the respondents pointed out that the economic issue was the most serious problem, but they did not decide voting according to the issue perception. In other words, they did not punish or reward the government based on the economic situation.

A couple of explanations help us understand why economic voting did not exist in the elections in 1992. First possibility is that although, voters perceived the economic problems, they would not denounce the government. Then it is necessary to look into the national economy. Macroeconomic indicators at that year displayed a not so gloomy economic situation. Compared with the rates in other election years such as 2.5% and 2% in 1988 and 1996 respectively, the unemployment rate was not high. The annual GNP increasing rate of 8.9% indicated healthy economic condition. What voters worried about was whether or not to lose their jobs or to decrease their real income, but to maintain the economic gain. In fact, there was not a serious economic recession, except for the oil shocks before IMF crisis in 1997. Thus when the economic issues were raised, they were not so severe that voters did adhere to economic voting but considered political issues or regionalism²⁶.

Another persuasive explanation of the lack of economic voting stems from the perspective of prospective voting. According to prospective voting, when a voter is not satisfied with the current economic condition, he searches an alternative candidate. For this process, he compares the candidates to find better suited candidate to handle the problem. The opposition parties in Korea lacked experience as a ruling party, which meant that the voter gave little creditability to their ability. The voters with no experience of an economic problem would not easily shift supports from the major party to the opposition one. For this reason, the empirical research did not find economic voting in both National Assembly and presidential elections in 1992.

Such voting behavior was also found in the 14th presidential election. It is natural that the effects of the variables in the both elections be similar because the two elections were conducted in the period of 9 months. Although many electoral studies of the Western countries found that presidential elections are more sensitive to the economy than congressional election, there were no differences in the economic voting between in the 14th National Assembly and the 14th presidential election.

The results of 15th National Assembly election in 1996 looked different from the previous results. The reason that the coefficient of regional variable Yongnam province is negative and insignificant can be explained by the fact that south and north Yongnam had different regionalism at that time. If the variable were divided into south and north Yongnam, the coefficient of south Yongnam would show positive and significant value, whereas that of north Yongnam would not. The most striking finding in the model is the coefficient of variable economy. It is negative and significant, which denotes that the more a voter believes that the national economy was worsened, the more the voter is likely to support the ruling party. This result is opposite to the economic voting model supposing reward and punishment in voting behavior. There was no idiosyncratic political situation to explain the odd result. Since other research using different data found retrospective economic voting^{27,1}, I cast doubt on the measurement errors in the survey data.

The 15th presidential election may be characterized with regionalism and IMF crisis. Furthermore, three major party candidates ran for the election. IMF crisis of foreign currency insolvency happened just 3 weeks before the 15th presidential election. Consequently candidates of the opposition party blamed the Grand National Party (GNP) for the economic disaster and Lee Hoi-Chang, a candidate of the ruling party, stated in his defense that it was not his fault. In spite of his attempt to split from the government, according to the result in Table 2, voters who thought the government should be responsible for IMF crisis voted against the ruling party. The amount of the effect caused by the IMF crisis was as much as that of regionalism of Honam province. Such voting behavior was in accordance with retrospective economic voting. The effects of other variables such as regionalism and Yo and Ya bias are almost the same as those of the previous elections. For precise empirical research ordinary least square (OLS) regression method cannot analyze voting behavior on the whole, and whether prospective economic voting worked cannot be tested. So I will discuss the 15th presidential election in the next chapter.

The 16th National Assembly election was conducted after the momentum of the transition of power. It was during the 15th presidential election in 1997 that the opposition party changed to the ruling party for the first time in Korea. In fact, even though the names of the parties are different, the New Korean Party (NKP) is the successor of the DLP and GNP is a descendant of NKP. While the Millennium Democratic Party (MDP), as the ruling party, gained 115 seats including proportional seats, GNP, the opposition party, won 133 seats out of total 273. The effects of regionalism and Yo and Ya biases are

TABLE 2: Analyses of Voting Behavior (1992-2000)^a

	National Assembly elections			Presidential elections	
	14th (1992. 3) (DLP)	15th (1996. 4) (NKP)	16th (2000. 4) (MDP)	14th (1992. 12) (DLP)	15th (1997. 12) (GNP)
Intercept	.36**(.08) ^b	.17**(.06)	.39*(.10)	.42**(.08)	.26**(.07)
Age	.03*(.01)	.05**(.01)	-.01(.01)	.04**(.01)	.03**(.01)
Education	-.02(-.02)	.03(-.02)	-.03(-.02)	-.03(-.01)	.03*(.01)
Yongnam Province	.09**(.03)	-.03(-.03)	-.15**(.04)	.11**(.03)	.07**(.03)
Honam Province	-.11**(.03)	-.09*(.04)	.23**(.04)	-.23**(.03)	-.17**(.03)
Yo	.30**(.03)	.27**(.03)	.20**(.04)	.26**(.03)	.38**(.03)
Ya	-.30**(.03)	-.23**(.04)	-.17**(.04)	-.31**(.03)	-.19**(.03)
Economy	.01(.01)	-.05**(.01)	.03**(.01)	.00(.01)	-.16**(.02)
R2	.31	.20	.25	.44	.44
N	963	974	805	1116	1108

a : Dependent variables are the ruling party supports. b : Standard errors are in parentheses.

** : p<.001; * : p<.05

DLP: the Democratic Liberal Party; NKP: the New Korean

Party; MDP: the Millennium Democratic Party; GNP: the Grand National Party
Yongnam and Honam provinces imply respondents' hometowns.

the same as the previous elections. Voters from Honam province and biased Yo have higher probability to vote for MDP, than any other party. Since the ruling party has changed in the 15th presidential election, those voters, who had the Yo predisposition, biased toward the ruling party, wanted to choose the candidates nominated by MDP. On the contrary, people biased toward the opposition party were inclined to support the candidates recommended by GNP. These effects of variable Yo and Ya revealed to change according to the status of the parties. That is, when DLP was in power, the supporters of the party thought themselves as Yo biased, but when GNP, a successor of DLP, became the opposition party, the supporters claimed that they had the Ya predisposition. Thus Yo and Ya biases are not different from party identification in the western countries. For economic voting, the coefficient of the economy is positive and statistically significant. It implies that voters who evaluated the national economy positively were likely to vote for the ruling party. This finding provides the evidence of economic voting in the 16th National Assembly election.

In summary, investigation of the elections in Korea shows consistent effects of these variables. For variable age, as voters gets older, voters choose the ruling party rather than the opposition party because they preferred political stability over political check between the leading parties, by supporting the opposition party. Respondents' education level in the past elections did not influence partisan choice. On the other hand regionalism has influenced voting behavior crucially. The three leading parties won huge supports in their party leaders' respective strongholds. Coefficients of variable Yongnam and Honam province showed consistent and exclusive supports for the dominant party of each region. DLP and GNP, in both presidential and National Assembly elections, dominated Yongnam province, whereas NCNP (National Congress for New Politics) and MDP were represented by the Honam province. It is noteworthy that the effect of Honam province on voting decision is almost twice as that of Yongnam region. It suggests regional cohesion is higher in Honam province, than any other regions. For Yo and Ya biases, they also reveal consistency effect on voting. Considering frequent changes of partisan names, the biases may be treated as partisanship because when the ruling party came to the opposition party, the supporters declare themselves Ya from Yo.

Retrospective and Prospective Voting in the 15th Presidential Election

Before the 15th Presidential Election in 1997, Korea faced economic disaster that Koreans had not experienced. The issue of democratization was not a salient issue any more after 629 declaration

in 1987, which was a cornerstone in Korean democracy. Thus, IMF crisis and the disappearance of the political issue meant that the economic issue, in addition to regionalism, might be a major issue. Voters' sensitivity to the economic disaster was at high levels during the presidential election campaign. On December 1997, Kim Dae-Jung, candidate for the main opposition party, insisted on a TV debate the necessity of renegotiation of the IMF arrangements. After Kim's speech, unfortunately, the IMF discussions did not work out well because IMF raised doubts whether Korea would keep the promise in the case that Kim would be elected. Consequently, GNP condemned Kim's imprudent comments and polls showed that while the other candidates maintained their popularity, Kim's popularity went down from 33% to 29%.

High responses to economic issues and vanishing responses to political issues brought adequate condition to examine economic voting. Empirical research on economic voting in this paper is summarized as follows:

(1) If sociotropic voting influenced the voting decision, voting for GNP or the opposition parties would depend on the evaluation of the incumbent's national economic performance.

(2) If prospective voting influenced the voting decision, voters would vote for the candidate considered to be competent to deal with the current economic crisis.

It is necessary to explain the second hypothesis in more detail. According to the argument of prospective voting, even though voters thought that GNP, as the ruling party, was responsible for the current economic crisis, if they were to consider candidate Lee of GNP as the best person to combat the current disaster, in spite of the responsibility of the government, they would vote for him. In fact, an election is a decision-making procedure to choose a leader for the future, not to punish or reward the incumbent.

Three candidates obtained more than 15% of votes in the 15th presidential election. Therefore, the analysis includes respondents who claimed to have voted for Lee Hoi-Chang, Kim Dae-Jung, and Rhee In-Je who were candidates, GNP, NCNP and NPP(the New Party by the People) respectively. If a model was to be applied that utilized the three candidates as a dependent variable, multinomial logit model should be employed. The dependent variable is categorical and for dichotomous categorical data, a logistic analysis is generally used. However, the dependent variable in this analysis is polytomous because it is composed of three category values, so that logistic analysis cannot

be applied. Regression or logit analysis is appropriate to analyze the continuous or dummy dependent variable respectively. However, it cannot take into account all of the three candidates support, simultaneously²⁸.

Table 3 displays the coefficient and its statistical significance level of each variable in the comprehensive model. In this model voting for Lee is selected as a base-line. To interpret a coefficient in the multinomial logit model, it is not an absolute value but the relative probability value to the selected base line. For interpretation of the second column in Table 2, for instance, a positive and significant coefficient in the equation showed that one unit increase in an independent variable induces net shifts from choice of Lee to Kim. On the contrary a negative coefficient implies shifts in choice of Kim to Lee.

The result of voting for Kim, relative to Lee based on regionalism, is the coefficient of Yongnam. It is negative and with all things being equal, those who came from Yongnam were more likely to vote for Lee. On the other hand, it is found that voters from Honam were inclined to choose Kim rather than Lee. These two findings imply that regionalism-affected voter's choice. Since the coefficients in the multinomial logit are exponential, it is not correct to state that the impact of regionalism of Honam in voting is double that of Yongnam. It is possible to only note that the influence of regionalism in Honam is greater than in Yongnam.

Another finding is that the Yo and Ya biases also affect the voter's choice. Since the bench mark in the variable for Yo and Ya biases are Neutral (independents), the coefficient of variable Yo indicates that voters who had Yo biases were more likely to vote for Kim, whereas those who had Ya biases were more apt to support Lee than Neutrals, as previously stated. However, demographic variables such as income, education and age pointed that they did not affect voting decisions. These insignificant effects were also revealed by other research on the 14th Presidential Election. The second column in Table 3 displays analysis of relative voting for Rhee to Lee. The coefficients of regionalism are not significant because Lee and Rhee were not differentiated on provincial biases. Their support base is commonly Yongnam province. Looking at Yo and Ya biases, Rhee received more support from Ya-biased voters and Lee from Yo biased ones. One thing notable in Table 3 is that the effect of Ya bias is stronger on Kim than Rhee. In fact, Rhee left GNP during the primary campaign, hence he could not have the identity of an opposition party leader. Furthermore, there was a rumor that Rhee was supported by president Kim Young-Sam, so Ya-biased voters doubted if he would be Kim's

successor. On the other hand, those who attributed the IMF crisis to the incumbent were leaning toward Kim or Rhee rather than Lee. This result implies that despite GNPs' efforts to dissociate themselves from president Kim Young-Sam's regime, voters still considered GNP as the ruling party and therefore retrospective voting took place in the belief that the economic crisis was evidently attributed to the ruling party.

Table 3: Multinomial Logit Model of Economic Voting

	<i>Kim Dae-Jung/Lee Hoi-Chang</i>	<i>Rhee In-Je/Lee Hoi- Chang</i>
Intercept	-.63(.96) ^a	1.79(.96)
Income	.01(.06)	.01(.06)
Education	.00(.15)	.03(.16)
Age	-.00(.01)	-.03*(.01)
Kangwon province	-1.23*(.56)	-.96(.59)
Chungchung province	.02(.02)	.82(.59)
Honam province	2.69**(.82)	.43(1.01)
Yongnam province	-1.45**(.40)	-.24(.27)
Yo	-1.57**(.35)	-1.30**(.32)
Ya	1.68(.31)	1.44**(.33)
Personal economic condition	.00(.00)	.00(.00)
Government - performance	.01(.24)	.17(.24)
Competence of Kim	1.60**(.33)	-1.38**(.28)
Competence of Lee	-2.67**(.54)	-4.71**(.57)
Attribution of IMF to GNP	.90**(.26)	.91**(.27)
Correctness	89%	51%

* p<.05; ** p<.01 a: Standard errors are in the parentheses.

Above all, this analysis finds that the variable of prospective voting also impinges on voting behavior. Voters who thought Kim could handle the economic problems better supported him more than Lee (the coefficient is 1.60). The coefficient of the variable of competence of Lee is -2.67, which implies that respondents, who evaluated Lee as having better capability to deal with the economic problems than Kim, would vote accordingly. These results are consistent and statistically

significant. Such consistency is also found in voter's choice between Lee and Rhee. What is more important is that the coefficients of the variables of prospective voting (the competence of Kim and Lee) are much greater than those of retrospective voting (attribution of the IMF crisis). It indicates that prospective voting than retrospective voting influenced voter's choice in the 15th presidential election, more. It is worth noting that since prospective voting and retrospective voting are not opposite in meaning, they can coexist and be significant in one comprehensive model. Research on coexistence of the two concepts in a model argues that voters use double standards for voter's choice. They would evaluate an incumbent based on retrospective voting and challengers based on prospective voting²⁹.

For complete analysis of economic voting, it is necessary to look into the relationship between economic voting and regionalism. That is, if evaluation of the candidates were influenced by regionalism, then national data used in Table 2 are divided into subgroups by regionalism; the coefficients of the evaluation would vary significantly according to different regions. Here I build a hypothesis for the relationship between regionalism and prospective voting.

Hypothesis 1: If the evaluation of the candidates were affected by regionalism, influence of the positive evaluation of Kim on voter's choice in Yongnam area would be very small or insignificant. However, evaluation of Lee and Rhee played an important role in choice of Lee or Rhee.

Even if Kim was perceived as most competent, the atmosphere of anti-Kim atmosphere in Yongnam prevented voters from voting for him. Thus, the positive evaluation of Kim could not have had influence on voter's decision because of regionalism in Yongnam. However, regionalism did not lead voters to vote between Lee and Rhee because both of them represented the regional emotion of Yongnam. In the case where regionalism cannot help in choosing a candidate, voters may consider the second standard for voter's decision, which is economic voting or evaluation of the candidates' competence to solve the economic problems because the issue as considered as the most striking issue. Thus, the relative evaluation of competence between Lee and Rhee might be a critical factor in Yongnam. Relative voting between Kim and Lee supports Hypothesis 1 in that evaluation of Kim did not affect voting for him. Furthermore, even evaluation of Lee or attributing the IMF crisis to GNP did not impinge on voting decision in Yongnam.

Ya-biased voters compared with Neutrals were more likely to vote for Kim than Lee, but prospective economic evaluation of Kim did not

significantly help his support. Some variables, which are meaningful in the model using national data, lose significance in the model with Yongnam data, which implies that the regionalism of anti-Kim feeling was so dominant that it nullified the effects of other variables. Thus, only regionalism explained the fact that Kim was not chosen in Yongnam. But the story between Lee and Rhee is quite different. As argued above, since voters could not make their voting decision between Lee and Rhee with regionalism, they needed another criterion in addition. The prospective economic voting could be utilized as the second criterion. The empirical analysis supports this argument with the result that the coefficient of competence of Lee was much larger than that of any other variable in the model of Rhee/Lee in Table 4. In conclusion, as expressed in Hypothesis 1, relative voting between Kim/Lee depended on regionalism in Yongnam province. For the case of relative voting between Rhee/Lee, however, in which regionalism would not be applied to the voting decisions, prospective economic evaluation was a crucial factor.

TABLE 4: Multinomial Logit Model of Yongnam Area

	<i>Kim Dae-Jung/Lee Hoi-Chang</i>	<i>Rhee In-Je/Lee Hoi-Chang</i>
Intercept	-5.68*(2.58) ^a	2.17(1.89)
Income	-.01(13)	.00(.11)
Education	.26(.31)	.12(.26)
Age	.04(.02)	-.02(.02)
Yo	-2.89**(1.12)	-1.48**(0.51)
Ya	2.17**(0.65)	1.58*(0.62)
Personal economic condition	.00(.00)	.00(.00)
Government performance	.45(.55)	-.29(.38)
Competence of Kim	1.12(.69)	-1.99**(0.47)
Competence of Lee	-1.77(.99)	-5.15**(1.07)
Attribution of IMF to GNP	.97(.54)	.63(.46)

* p<.05; ** p<.01 a: Standard errors are in parentheses

Hypothesis 2: Evaluation of the candidates' competence to handle the economic problems was the most influential factor on voter's choice in Seoul and Kyunggi, where regionalism is relatively weak.

It is generally accepted that regionalism is least effective in Seoul and Kyunggi province. If this is true, other important factors will affect the voting behavior. Considering the circumstances during the presidential campaign, the competence of the each candidate may be an important factor.

Table 5 shows that evaluation of the candidates as well as Yo and Ya biases influenced voting decisions in Seoul and Kyunggi after controlling other variables. Respondents considering Kim, as being the most competent were likely to vote for him and respondents giving the best evaluation to Lee would likely to support him. This prospective voting can also apply to voting in the case of Rhee. In Table 5, the coefficient of competence of Kim is 2.12 and it is statistically significant. It says that positive evaluation of Kim's competence among the three candidates led voters to vote for him after controlling other variables. On the other hand, the coefficient of competence for Lee, -2.51, indicates that those voters, who considered Lee the best person to handle the IMF problem, were more likely to support Lee rather than Kim.

Table 5: Multinomial Logit Model of Seoul and Kyunggi Area

	<i>Kim Dae-Jung/Lee Hoi-Chang</i>	<i>Rhee In-Je/Lee Hoi-Chang</i>
Intercept	-0.62(1.54) ^a	.83(1.61)
Income	.08(.08)	.12(.09)
Education	-.11(.24)	.02(.27)
Age	.01(.01)	-.03(.02)
Yo	-1.39**(.46)	-1.17*(.49)
Ya	1.99**(.45)	1.76**(.48)
Personal economic condition	.00(.00)	.00(.00)
Government performance	-.17(32)	-.34(33)
Competence of Kim	2.12**(.45)	-.61(.42)
Competence of Lee	-2.51**(.73)	-.36**(.69)
Attribution of IMF to GNP	.93(37)	1.23**(.40)

* p<.05; ** p<.01 a: Standard errors are in the parentheses

Thus, the effects of prospective voting are conditional. Prospective voting is not found in an area where regionalism was dominant, such as Honam. Regionalism prevailed in Yongnam, but only to exclude Kim. The other two candidates- Lee and Rhee- represented Yongnam, so that the prospective voting rule was employed to choose the one from the two candidates.

Summary and Discussion

This paper examined various disputes over economic voting and tested empirically whether economic voting was valid in Korean elections. After democratization in 1987, no salient political issue emerged and lack of partisan difference drove voters to vote in accordance with regionalism. Under the political condition, candidates and parties exerted regionalism to mobilize voters in their respective home region. Especially, provocation of regionalism more frequently happened in the National Assembly elections because of the electoral system. Transition of votes into seats in the elections in the single-member district system exaggerates seat shares of the dominant party.

This research was motivated by the question of what are the determinants to vote for the voters without regionalism. As long as economic issues are dominant, research on economic voting should be conducted. Unlike the previous studies of Korean elections, this paper focused on economic voting. Other variables including regionalism are included as controlling variables. The results of the paper revealed that demographic variables such as age and education did not influence the voting behavior. Before 1987 when authoritarian government was in power, the highly educated and the young were more likely to support the opposition party because they supported the political value of democracy. In 1990s, however, both of the leading parties advocated democracy and it was difficult to recognize partisan differences. Therefore, the factors of age and education have lost their contribution in voter's choice.

Economic disaster, so-called IMF crisis, changed voters' attention to economic issues. People's concern about the economy is different from what it was. Koreans wanted to get the same amount of economic benefits through steady economic development like the past, hence economic concern was not seriously taken into account. For instance, as long as they stood, they patiently supported the ruling party because the opposition party that had no experience in governing, thus was not reliable. However, in recent times, they worry about unemployment and decrease of real income, not about economic benefits. It is time for voters to blame for the bad economy. Changing of characteristics of economic concern drives voters to vote for choices dependent on the

economic condition. The empirical evidences support this argument. According to the empirical research, economic voting behavior is found in the 15th presidential election and in the 16th National Assembly election, which were conducted after IMF crisis.

Another subject in this paper is whether prospective voting was effective. Empirical analysis on the 15th presidential elections with multinomial logit method provided the evidence of prospective voting. Although voters thought the ruling party GNP was responsible for the economic crisis, if they selected Lee, nominated by GNP as the better candidate for handling the urgent problems than any other candidates, then they would vote for Lee. In relation with regionalism, economic voting was conditional. Evaluation of candidate Kim's competence was not an issue in Yongnam region because anti-Kim circumstances in the region kept voters from voting for him. Therefore, coefficient of Kim's competence is insignificant in the empirical findings in the model. This finding implies that no other factor is more crucial than regionalism in Korean elections. Choices between Lee and Rhee were a different story because a provincial bias of both candidates was Yongnam province. Since voters could not choose one of them according to the first criterion, regionalism, they employed the second criteria, economic voting. Therefore, coefficient of Lee's competence is much greater in the model with Rhee than with Kim, which implies effect of Lee's competence on voting with Rhee is greater than that with Kim.

Through this work it is not possible to insist that economic voting presumed to be effective in Korean election. It investigated only three current National elections and two presidential elections. Among them economic voting was found only in two election. Therefore, generalization of economic voting in Korean elections is not possible. However, this work contributes to find the possibility of economic voting. When preconditions of economic voting are satisfied, the possibility of economic voting at works is found.

Economic voting is a kind of issue voting. Voting behavior in the classical democratic theory is assumed rational. Issue voting is considered more desirable than voting behavior based on partisanship or candidate evaluation. From this perspective, each voter is supposed to compare and evaluate competence of the parties as well as the current problems and to vote for the better party or candidate. Economic voting follows the above procedure. If economic voting is valid in Korean elections, the parties will develop their own economic policy to respond to voters' demands. As long as responsiveness is a critical factor to support democratic politics, economic voting as an example of issue voting is desirable.

Notes

1. In 1987 president Chun Doo-Hwan and his successor Roh Tae-Woo accepted the constitutional amendment that the opposition party and the activists of democratic movements claimed; the main purpose of which was a return of direct presidential elections from indirect ones by electoral college.
2. Ki-Sook Cho, *Regional Elections and Rational Voters* (Seoul: Nanam, 2000).
3. Regionalism implies provincial biases. Political leader Kim Young-Sam and Kim Jong-Pil dominate Yongnam and Chungchong regions respectively. And Kim Dae-Jung receives exclusive supports in Honam.
4. Michael S. Lewis-Beck, *Economics and Elections: The Major Western Democracies* (Michigan: University of Michigan Press, 1990).
5. Anthony Downs, *An Economic Theory of Democracy* (New York: Harper, 1957), chapter 3.
6. Gerald H. Kramer, "Short-term Fluctuations in U.S. Voting behavior, 1896-1964" *American Political Science Review* 65 (1971): 131-45.
7. *Ibid.*, p. 134.
8. Pamela Johnston Conover and Stanley Feldman, "Emotional Reactions to the Economy: I'm Mad as Hell and I'm Not Going to Take It Anymore" *American Journal of Political Science* 28 (1984): 50-78.
9. David J. Smyth, Susan W. Taylor, and Pami Dua, "Structural Change in the United States Social Preference Function, 1953-1988" *Applied Economics* 23 (1991): 763-8.
10. Stanley Feldman, "Economic Self-interest and Political Behavior" *American Journal of Political Science* 26 (1982): 446-66; Donald R. Kinder and D. Roderick Kiewiet, "Economic Discontent and Political Behavior: The Role of Personal Grievances and Collective Economic Judgments in Congressional Voting" *American Journal of Political Science* 23 (1979): 495-527; Donald R. Kinder and D. Roderick Kiewiet, "Sociotropic Politics" *British Journal of Political Science* 11 (1981): 129-61; M. Stephen Weather, "Economic Voting and the 'Symbolic Politics' Argument: A Reinterpretation and Synthesis." *American Political Science Review* 77 (1983): 158-74.
11. Gerald H. Kramer, "Ecological Fallacy Revisited: Aggregate versus Individual-level Findings on Economics and Elections and Sociotropic Voting" *American Political Science Review* 77 (1983): 92-111.
12. William R. Keech, *Economic Politics: The Costs of Democracy* (New York: Cambridge University Press, 1995), chapter 3 and 6.
13. Angus Campbell, Philip E. Converse, Warren E. Miller, and Donald E. Stokes, *The American Voter* (New York: Wiley, 1960).
14. Morris P. Fiorina, *Retrospective Voting in American National Elections* (Connecticut: Yale University Press, 1981); V. O. Key, *The Responsible Electorate: Rationality in Presidential Voting 1936-1960* (New York: Vintage, 1966).
15. Morris P. Fiorina, *Ibid.*; Lewis-Beck, *Ibid.*; Brade Lockerbie, "The Temporal Pattern of Economic Evaluations and Vote Choice in Senate Elections" *Public Choice* 69 (1991): 279-94.
16. D. Roderick Kiewiet, "Policy-oriented Voting in Response to Economic Issues" *American Political Science Review* 75 (1981): 448-59.
17. Hyeon-Woo Lee, "Policy Voting and Partisan Theory: A Study of Conditional Economic Voting Model" (Ph.D. diss., University of North Carolina at Chapel Hill, 1996).
18. Michael S. Lewis-Beck, *lb id.*
19. Michael B. MacKeun, Robert S. Erikson, and James A. Stimson., "Peasants or Bankers: The American Electorate and the US Economy" *American Political Science Review* 86(1992): 597-611.

20. This research does not include the 13th presidential and National Assembly elections because they were administrated just after democratization.
21. Jae-Han Kim, "The 14th Presidential Election and the Korean Economy" *Korean Political Science Review* 27 (1993): 99-120.
22. Kyung-San Pak, "Economic Voting in the 14th Presidential Election" *Korean Political Science Review* 27 (1993): 185-208.
23. Campbell et al. *Ibid.*, 169-87; John H. Aldrich, John L. Sullivan, and Eugene Borgida, "Foreign Affairs and Issue Voting: Do Presidential Candidates 'Waltz Before a Blind Audience...?'" *American Political Science Review* 83 (1989): 123-41.
24. Kap-Yun Lee, *Korean Elections and Regionalism* (Seoul: Ohreum, 1998).
25. Yo indicates party predisposition toward the ruling party. Ya implies party predisposition toward the opposition party. They are the similar concept with partisanship in the western countries.
26. Table 2 displays only the results of the ruling parties because retrospective voting is an incumbency oriented model.
27. Chan-Wook Park, "An Analysis of the 15th Korean General Election with Survey Data." in Sejong Institute ed., *Analyses of the 15th National Assembly Election* (Seoul: Sejong Institute, 1996), pp. 17-62; Sun-Pil Kwon, "Policy Issues in the 1996 General Election." *Korean Observer* 28 (1997): 75-104.
28. William H. Green, *Econometric Analysis* (New Yor: Macmillan, 1991), chapter 20.
29. Arthur H. Miller and Martin P. Wattenberg, "Throwing the Rascals Out: Policy and Performance Evaluations of Presidential Candidates, 1952-1980" *American Political Science Review* 79 (1985): 359-72.