The broadly held view that promarket reforms are good for most people is in conflict with the equally broadly held view that, in democracies, reforms will generate widespread resistance. Resistance is expected because reforms typically produce economic downturns, at least over the short term. Under normal circumstances, we expect citizens to withdraw support from governments during periods of economic decline. If citizens withdraw support, then governments, worried about the next election, may abandon reforms. But our expectations should be different of new democracies pursuing promarket reforms. Citizens may believe governments when they claim that things have to get worse before they get better or that economic stagnation is the fault of the past model. Research in Poland, Peru, and Mexico, reported in this special issue, supports these expectations. Hence under democracy there is more scope for support of painful reforms than frequently acknowledged.

INTRODUCTION
Public Opinion and Market Reforms: The Limits of Economic Voting

SUSAN C. STOKES
University of Chicago

> The adjustment process is one of administered hardship, and the distribution of losses should not be transparent. Therefore leaders and policymakers should resist pressure to make such public statements. . . . Austerity policies should be uneven, sometimes internally inconsistent, and if possible camouflaged. Losses and benefits to various constituents should not be made clear. The higher the potential political and economic costs of structural adjustment, the greater the premium on obfuscation.
>
> —John Waterbury (1989, p. 54)

When it comes to promarket reforms, otherwise affable social scientists advocate tactics worthy of Machiavelli because they believe, like Machiav-

---

AUTHOR'S NOTE: *Thanks to Jorge Buendía, James Fearon, Simon Jackman, and Adam Przeworski for comments and to Gretchen Helmke for valuable research assistance and comments.*

COMPARATIVE POLITICAL STUDIES, Vol. 29 No. 5, October 1996 499-519

elli, that the goal justifies the tactics. What's more, whereas Machiavelli was willing to sacrifice an occasional foreign prince and disloyal adviser in the interest of Italian unity, many contemporary social scientists believe that those who are apparently sacrificed along the road to a liberalized economy are in fact its eventual beneficiaries. "From a long-term perspective, the social benefits of reform outweigh the costs," assert Stephan Haggard and Steven B. Webb (1993, p. 158). Although there will be winners and losers, and the losers must be compensated, the implication is that a majority eventually will be winners.

As Rodrik (1994) noted in a recent review, the broadly held view that reforms are good for most people is in conflict with the equally broadly held view that reforms will generate widespread resistance. The puzzle—if reforms are good for a majority, why don't they mobilize majority support?—gets resolved in the literature in several ways. First, some authors contend that it is not "the people" who derail reforms in democracies but special interests, such as entrenched state bureaucrats, rent-seeking industrialists, and protected labor unions. Writing about Venezuela, Sachs (1993) exhibits this thinking:

> The political parties and major corporatist interests in the society (such as the trade unions and employer federations), had increasingly failed to "aggregate" social interests in a truly pluralistic and democratic manner. Increasingly, they had become the leading participants in a feeding frenzy in which privileged groups plundered the dwindling resources of the ever-weakening state. (p. 3)

The second way these views are reconciled is by postulating citizen myopia. The logic is as follows. Market reforms are good for the majority, but they impose short-term costs on many. Rising unemployment, falling wages, higher prices on state-subsidized goods and services are the predictable short-term effects of fiscal adjustment and structural reforms. Reforms hurt the rural and urban lower classes most, in developing societies a majority of the population. The poor will focus on short-term losses and ignore long-term benefits. Sectors of the bourgeoisie also may focus on short-term pain, caused, for example, by temporarily high interest rates. Summarizing Krueger, Edwards (1990) writes that these economic agents will "generally recognize the short-run costs associated with reforms, but usually have difficulties perceiving their long-run benefits" (p. 5).

Indeed, a common view is that myopia got the economy into a fix in the first place. In societies with maldistributed income and widespread poverty, the poor and working classes demand improvement in their material existence and ignore budget constraints (Berg & Sachs, 1988; Sachs, 1990). Myopia among citizens infects partisan politics, producing the politics of populism

(Dornbusch & Edwards, 1991; Sachs, 1990). Populist politicians spend public funds to mobilize votes and in so doing generate unsustainable budget deficits, inflation, and, in the end, the need for austerity. The populist "cycle" (Dornbusch & Edwards, 1991) is actually a downward spiral. And myopia is chronic: After the painful period of adjustment, citizens will thirst for populist largesse, even though it has left them worse off than before the populist cycle started.

Faced with an economic crisis, these authors contend, the public will wish to delay adjustment because it is fixated on short-run pain. The public can be expected to use whatever instruments of resistance are available: lobbying, strikes, looting, elections. Because elected governments are more vulnerable to such pressures than are dictatorships, the dilemma is acute in democracies. Worse, elected governments have the time perspective of a single term and are likely to be as short-sighted as their constituents. But myopia also implies that politicians bent on reforms can manipulate a business cycle of reforms, imposing them in anticipation of longer-term payoffs. Hence the calls for swift, stealthy measures that will beat democracy to the punch.

The populist myopia explanation for resistance to purportedly beneficial reforms has been bolstered by some case studies (see Dornbusch & Edwards, 1991; Sachs, 1990; Skidmore, 1977). But skeptics abound. Two cross-national statistical studies find that democracies are not less likely than dictatorships to impose stabilizations (Haggard & Kaufman, 1989; Remmer, 1990). A third qualitative study suggests that voters do not always oust incumbents who have pursued reforms (Nelson, 1992; recent reelections of Alberto Fujimori of Peru and Carlos Menem of Argentina support Nelson's contention).

In addition to these empirical points, theoretical objections to the populist myopia view are raised. One echoes the special interest theory of democracy mentioned earlier: Elected governments in the developing world are sensitive not to "the whims of the voting majority" but to the military and business (Remmer, 1990, p. 355). A second objection is that voters may approve of governments that manage the economy well, even if that means enduring austerity (Nelson, 1992). A sense of crisis may lead voters to favor reforms (Grindle & Thomas, 1991; Keeler, 1993; Nelson, 1992; Remmer, 1991), or a recent history of authoritarian rule may lead them to cut elected governments some slack (Haggard & Kaufman, 1992; Remmer 1991). Moreover, particular groups of citizens may be agnostic *ex ante* about how they will fare under reforms (Haggard & Kaufman, 1989).

Another set of skeptics views reforms as imposing real and not just short-term costs on a large number of people. Hence resistance to reform reflects a conflict of interests, a conflict that is deeper and more legitimate than that suggested by special interests in a "feeding frenzy." The costs may be borne by the urban popular sectors (Walton & Ragin, 1989), the labor movement (Roxborough, 1989), and the lower-income strata (Cortés & Rubalcava, n.d.); by all who are uncertain *ex ante* whether they will be shielded from severe losses such as unemployment (Fernandez & Rodrik, 1991) or, more abstractly, by those whose resources will be tapped for fiscal adjustment (Alesina & Drazen, 1991).

Explanations of economic crises that point to causes beyond the control of national governments also, by implication, challenge the populist myopia model. Changes in the lending behavior of foreign creditors or an unfavorable shift in the terms of trade, trade volumes, or world interest rates all are exogenous shocks making adjustment necessary that have little to do with domestic policy in developing countries. Similarly, high inflation, a principal symptom of crisis, may reflect supply rigidities or inertial forces (for a review, see Conway, 1992).

Against the populist myopia model, some authors find that democracy as a mechanism for economic adjustment offers advantages over dictatorships. Elections install new governments that can draw support from new constituencies (Waterbury, 1989) and claim mandates for reform (Keeler, 1993; Waterbury, 1989); new governments also can blame outgoing incumbents for the crisis necessitating adjustment (Haggard & Webb, 1993). Elected governments that consult with civil society are better information-processing devices than dictatorships and are therefore less likely to make large errors in carrying out major economic transformations (Bresser Perreira, Maravall, & Przeworski, 1993; Przeworski, 1991).

Finally, Rodrik (1994) recently has challenged the very notion that reforms impose short-term costs. On the one hand, his claim is simply empirical. He contends that disinflation in countries suffering triple-digit inflation will be expansionary, not contractionary, and that substituting regular taxes for the inflation tax will be neutral for aggregate demand and good for many individuals.[1] More interesting for our purposes is his contention that even if the economy fails to grow over the short run after stabilization, citizens might well think they are better off than they would have been if stabilization had been delayed. "Even if the economy continues to decline, one has to ask whether the outcome would not have been worse in the absence of the program" (Rodrik, 1994, pp. 21-22).

1. The claim is tendentious. In all but a handful of countries, the short-term effect of stabilization has been lower output and investment and higher unemployment.

Rodrik's claim raises the question, How might we expect people living through adjustment programs to interpret the economic changes they see around them? Their reasoning might be like Rodrik's: They see the economy stagnating poststabilization but reason that, absent reform, times would have been harder still. Therefore, in relative terms, there is no short-term "downturn" and no rationale for opposition (except from those who would lose in the long term).

But Rodrik's logic is not the only one people living through reforms could adopt. They might simply compare their welfare after reforms are initiated to their welfare immediately before. Or they might believe politicians and experts who tell them that things have to get worse before they get better, interpreting decline as a source of optimism for the future and short-term improvements as signalling a failed reform. Politicians and experts also tell citizens that defenders of the old order will resist reforms. If politicians are believed, when things get bad the public may think that opponents are gaining the upper hand and that the future is bleak. Or people may be concerned about the distributive aspects of reforms and their impact on one's own absolute welfare. Hence they might support reforms even when their welfare declines if they think that others are suffering even more, just as they might oppose reforms when their welfare improves if they think others are doing better.

Rodrik's claim about the cognitive orientation of voters under reforms, whatever its specific merits, at least begins to pry open what until now has been a black box: the response of public opinion to adjustment policies in developing and postcommunist countries (for an exception, see Przeworski, 1991, chap. 4). The contributors to this special issue hope to pry the black box open a bit further by analyzing the response of public opinion to economic reform programs in three countries: Poland, Peru, and Mexico. The remainder of this introduction goes as follows. First, I derive propositions about the response of public opinion to economic conditions during major programs of stabilization and structural reform. Doing so requires a review of the economic voting literature.[2] Next, I explain how we examined these propositions in the three countries we studied. I end with a preview of our findings.

2. The articles in this issue are concerned exclusively with public opinion. As Paldam (1991) notes, research into public opinion and voting behavior in the advanced industrial democracies supports the "economic voting" thesis: Both voters and poll respondents support governments in good economic times and withdraw support in bad times. I know of no literature that discusses the differences between responding to polls and voting. Yet clearly they are different: Poll respondents are merely expressing a view, whereas voters are deciding who will run the government. Further, the survey questions we look at simply ask whether the respondent approves or disapproves of the president and program, whereas elections confront voters with alternatives.

ECONOMIC VOTING AND PUBLIC OPINION OF REFORMS

In contending that voters will turn against their government during bad economic times, the populist myopia school echoes what a recent author has called “a central tenet” of political science: “that governments come and go on the strength of their economic performance” (Jackman, 1995, p. 5). Thus voters view their government as responsible for the state of the economy and hold it accountable by reelecting it if the economy is healthy and voting it out if the economy is ailing.

The seductively simple formulation is confirmed by elections in the advanced industrial democracies with some regularity (see Hibbs, 1987; Lewis-Beck, 1988; Northop, Lewis-Beck, & Lafay, 1991; Paldam, 1991). Reviewing economic models of voting, Chappell and Keech (1990) observe that “the expected signs for inflation and unemployment are negative, and those for income growth positive” (p. 324). But a host of complications lies below the surface of this “central tenet.” Here I address those with direct implications for the politics of stabilization in developing and postcommunist countries. The central tenet, or what I will call “normal economic voting,” implies the following features of voters’ response (although the economic voting literature often leaves these features implicit): (a) Voters extrapolate the government’s past record into a prediction about future economic performance, (b) voters view the government as having caused past economic performance (Berle, 1963), and (c) in assessing past performance, voters make neither invidious nor solidaristic comparisons.

If voters do not in fact display any one of these features, we would not necessarily expect normal economic voting. If people pay attention to other kinds of signals than past economic performance in forming predictions about the future—signals such as politicians’ rationalizations of past downturns or their promises that the future will be different—they would not necessarily punish poor past performance. Similarly, voters might reelect a government that presided over bad economic times if, in the voters’ views, the government was not to blame. And if voters have distributional as well as individual welfare concerns, they might, say, oust a government that they viewed as having improved their welfare but less than it had improved the welfare of others.

I turn now to a discussion of alternatives to normal economic voting and suggest empirically observable patterns of response that would tend to suggest different types of individual calculuses of support.

1. *Normal economic voting.* Voters use the past performance of the government to predict future performance and see the government as responsible for that performance.

Observational expectation: If voters favor the government when the economy improves and turn against it when the economy deteriorates, this pattern is consistent with normal economic voting.

2. *Intertemporal voting.* "Unless the unemployment rate grows to 8% to 10% this year, we will not be doing our job," a Czechoslovak finance minister declares. "It will cost us, but together we will make the Great Change," runs a Peruvian presidential candidate's slogan. We need a "tough, costly, and severe adjustment, requiring major surgery, no anesthesia," warns an Argentinean president-elect (Smith, 1991, p. 53).

The message is that people must suffer hard times in the near future if they are to enjoy prosperity later. It is a common theme in societies undergoing stabilization and structural reforms because, contra Rodrik, when these programs bring down inflation, stabilize external accounts, and create conditions for future growth, these successes generally come at the cost of a period of declining output, falling income, increased unemployment, and other ills. Following Przeworski (1993, this issue), I call the belief that if things get worse they will later get better *intertemporal.*

Politicians who wish to generate a mandate for reforms before elections and retain support despite the pain after elections employ a rhetoric that anticipates the J-shaped curve of economic performance. To the extent that people believe these predictions, their responses to economic conditions may depart from normal economic voting in two ways. First, they are paying attention to what politicians say about the future rather than simply looking at economic performance under the incumbent's watch; they are thus prospective rather than retrospective (see Fiorina, 1981).[3] Second, rather than believing that past economic performance predicts future performance directly, the public is viewing the past and the future as inversely related. Particularly if the economy goes down, the public becomes optimistic about the future. And if the economy improves early on, the public may believe that

3. McGraw, Best, and Timpone (1995) and Sniderman, Glaser, and Griffin (1990) provide evidence of a prospective orientation. McGraw and associates found that experimental subjects' approval of a hypothetical legislator was sensitive to the legislator's *ex post* justifications of measures that had harmed voters. Sniderman and associates show that better-educated voters drew from a whole range of sources and only indirectly from the past performance of the national economy in deciding how to vote in the 1980 presidential election in the United States.

reforms are failing and turn against the government, contrary to the predictions of normal economic voting.

Observational expectation: Intertemporal voting is consistent with the finding that poor economic performance makes the public optimistic about future economic performance and supportive of the government. Similarly, intertemporal voting is in evidence if good economic performance makes voters pessimistic about future economic performance and more likely to oppose the reform program and the government.

3. *Government as antidote to the economy.* "Fiscal adjustment is made necessary by the errors and mismanagement of the prior government," a Peruvian finance minister claims. "The causes of the striking economic indolence rest deeply embedded in the previous economic system," the official document of the Polish economic program begins. Normal economic voting requires that people believe the government is responsible, in a causal sense, for the performance of the economy. We would not necessarily expect the public to turn against a government that was known to have adopted the best policies possible but had presided over an economy that, for reasons beyond its control, had performed badly. Moreover, if citizens see their government as locked in a struggle against hostile forces for control over the economy, and if they view the current government's reforms as not the cause of but an antidote against "economic indolence," they may respond to deterioration by supporting the government overseeing reforms.

There are compelling reasons to believe that voters in developing or postcommunist countries may not view their governments as being in control of the economy. Reforms cover a vast range—from trade liberalization, to fiscal reform, to privatization of state enterprises, to monetary policy, and so on. At any given point after the initiation of reforms, the public might well believe that the enduring features of the inherited economic model or agents of the old regime, rather than the new model that the current government is attempting to put in place, are responsible for declining incomes, resurgent inflation, or unemployment. And to the extent that market reforms do entail pain up front, the reformist government may attempt to exonerate itself and implicate ghosts of the past. The old model, the public will be told, has its defenders in the parliament, the courts, the state enterprises, labor unions, and business associations. These opponents of change, as well as the budget deficits run up by the former government, are responsible for the hardship. The economic reform program, far from being the cause of hardships, is an antidote to them.

As with intertemporal politics, we would expect the public to favor the antidote—the economic reform program—whenever the symptoms of the illness flare up. As in intertemporal politics, and as opposed to normal economic voting, citizens should approve of the government when the economy gets worse. And to the extent that this, like other antidotes, has its own painful side effects, citizens may turn against the government's program once conditions improve.

Like intertemporal politics, this pattern reflects a basically prospective mind-set: The public takes account of other information, including the pronouncements of politicians, rather than just past economic performance. Yet an exonerating posture toward the government and an antidotal posture toward reforms should be empirically distinguishable from intertemporal politics. In the former, economic decline generates public optimism. In the latter, economic decline should not be associated with optimism. Indeed, hardships may mean that the government is losing its battle against the old model, and the public may become pessimistic when it observes the economic downturn.

Observational expectation: If bad times fail to produce public optimism but do produce support for the government and reforms, this response is consistent with viewing reforms as an antidote against hardships. Similarly, if good times make the public optimistic about the economy but turn it against reforms, this may be evidence of an antidotal posture.

4. *Welfare and distribution.* Normal economic voting may dissolve in the face of class differences and the perceptions they generate. If opinions of the government and its economic program are a function not only of people's individual welfare but also of their sense of how they have fared compared with others, normal economic voting may not occur. Evidence suggests that in some settings a *social comparison principle*—how one has fared compared to others—will dominate a *personal welfare principle*—how one has fared without consideration of the welfare of others—in shaping public opinion of legislators (see McGraw, Best, & Timpone, 1995).

Consider the responses of people experiencing market reforms who make both intertemporal and class comparisons. The envious might perceive hardships as signalling overall economic improvement in the future but believe that they have suffered disproportionally. And the solidary might also view hardships as signalling better times ahead but think that those around them have been forced to sacrifice too much. I call this pattern of response *distributional.* In either case, the responses would depart from those of normal economic voting: Deterioration leads people to withdraw support from the government not because of pessimism about their own future welfare but because of the general welfare effects of reforms. The structure of our data does not permit us to explore this question directly. But in socially polarized countries such as Peru and Mexico and other developing countries where reforms have been implemented, we should be attentive to the possibility that the perceived distributional effects of reforms will be a powerful determinant of support.

Table 1 illustrates contrasting empirical observations consistent with normal economic voting, intertemporal politics, antidotal posture, and distributional concerns. Assuming economic *decline*, the public's response may be one of *optimism or pessimism* about future economic performance or *support or opposition* to the government and the economic program. Normal postures fall into the southeast cell, where deterioration is interpreted as forecasting further deterioration and hence elicits opposition. Intertemporal postures fall into the northwest cell: The public's expectation that economic performance will follow a J-curve means that deterioration generates optimism about the future and support for the program and the government. Antidotal attitudes fall into the southwest cell: Economic deterioration means that the well-intentioned government does not control the economy, perhaps because the enemies of change have gained ground. The public's response is to interpret deterioration now as signalling further deterioration in the future and yet to rally around the government and reforms. Finally, a distributional response falls into the northeast cell. As the economy deteriorates, people prone to invidious comparisons may believe, following intertemporal predictions, that the economy as a whole will improve but that their own welfare has suffered more than that of others. They would therefore become optimistic about the future of the economy but oppose reforms. People prone to solidaristic comparisons, in turn, may respond to economic deterioration with the intertemporal belief that the future will bring improvement but believe that others are suffering excessively in the interim: They would become optimistic but would oppose reforms and the government.

To summarize, I have outlined four ways in which people living through a process of promarket reforms may respond to economic hardships. They may observe their own losses, infer that decline will continue in the future, and blame the government (normal). They may observe their own losses, infer that prosperity is around the corner, and credit the government (intertemporal). They may observe their own losses, infer that hardships will continue in the future, blame the government's opponents, and support reforms as an antidote to decline (antidotal). Finally, they may observe their own losses, infer that the economy as a whole will improve, but see themselves as suffering more than others and turn against the government (distributional).

Table 1
Alternative Patterns of Public Responses to Economic Deterioration

	Support Reforms/ Government	Oppose Reforms/ Government
Optimistic about future of economy	Intertemporal	Distributional (envy or solidarity)
Pessimistic about future of economy	Exonerating or antidotal	Normal economic voting

CASES AND METHODS

The articles in this issue analyze the dynamics of public opinion during periods of promarket reforms in Poland, Peru, and Mexico. The cases were selected because of broad similarities in the economic programs being administered and because the authors had access to similar data sets comprising monthly public opinion poll results gauging support for the government and the economic program.

There are reasons to expect variations in the individual calculuses of support among our three cases. We would expect a normal response in settings where the government is firmly in control, and thus the public tends to see it as responsible for economic performance; where no major political transition has taken place, and the "ghosts of the past" justification for poor performance is unavailable to the government; and where reforms have been in place for long enough that the public will be impatient with arguments that with a little more sacrifice prosperity is just around the corner. All these conditions described Mexico during the government of Carlos Salinas (1988-1995), which Buendía analyzes. The opposition played virtually no role in the policy process; claims of opposition obstruction would have rung hollow. And despite a protracted liberalization, no transition had occurred; thus there could be little doubt that the PRI, in power continuously for 60 years when Salinas took office, was firmly in control of policy making. The Mexican reform program began after the default in August 1982 under the De la Madrid government. Hence reforms under the Salinas government were a continuation of the process that began 6 years before Salinas's election, and the public would not have been restive with calls to be patient through another downturn.

We would expect an antidotal response in settings where a sharp break in type of regime has occurred and where the economic model being pursued similarly represents a sharp break with the past. Both conditions describe Poland, as analyzed by Przeworski, during the Balcerowicz program, the first comprehensive market reform program implemented in that country after the fall of communism. Not only was the regime new and plausibly seen as struggling against vestiges of the past, but the fact that the prior regime was widely despised is likely to have made the rhetoric of self-exoneration more palatable to the public.

The Peruvian case is intermediate between Mexico and Poland, both in the extent to which the government could plausibly describe itself as struggling against powerful enemies of change and in the newness of the economic experiment being pursued. In the first Fujimori administration (1990-1995), analyzed by Stokes, the political transition was a decade old, and economic policy making in the preceding years had been erratic; politicians used both intertemporal and antidotal rhetorics but it was not obvious how convincing Peruvians would find these claims. Hence Peru does not generate as clear *ex ante* expectations about the prevailing logic of individual support as do Mexico and Poland.

It is worthwhile signaling other differences among our cases, because these differences in context also may explain varying findings among the three. Two contrasts are particularly salient. The first is one of political regime. Peru and Poland are democracies by commonly accepted criteria: Elections in which most adult citizens can vote are held regularly, and these elections can result in the ruling party being turned out of office, freedoms of association and expression being generally upheld, and elected civilians having power over nonelected and military personnel.[4] Mexico, in contrast, is not a competitive electoral democracy but a one-party hegemonic system. We do not believe that Mexicans feel more inhibited than, say, Peruvians in expressing their views to pollsters, but opposition to the president could have

4. Caveats on Peru: During the period Stokes studied, some provinces were under states of emergency, which meant that civilian authorities were subject to the military command structure, and rights of association and expression were curtailed, although residents of emergency zones had the formal right to vote. In April 1992, a coup d'etat temporarily suspended the constitution. Free association was curtailed for a period, but freedom of expression was not much affected. Unscheduled elections to form a constitutional assembly or national legislature were held in November 1992; local elections scheduled for that month under the precoup political calendar were delayed until January 1993. In November 1993, a referendum was held in which a new constitution was approved; presidential and parliamentary elections were held in April 1995, the same date when they would have been held had the prior constitution been in force. In sum, democracy was suspended for a time in Peru in the early 1990s, say between April 1992 and November 1993 (or perhaps April 1995), but one hesitates to call the interlude a dictatorship.

a different meaning in a country that has not experienced other than a PRI president in 60 years.[5]

The second salient contrast has to do with the differences in the distribution of income and wealth, which is significantly more equal in Poland than in Mexico or Peru. Przeworski (1991) has suggested that greater initial income equality (as in countries such as Poland) will make people more sensitive to declines in aggregate consumption due to reforms, because the number of newly poor will be greater than in countries where the initial distribution of income is highly skewed (such as Peru and Mexico). Indeed, we find notably lower proportions of respondents supporting the reform program in Poland toward the end of the Balcerowicz period than in Peru at the end of Fujimori's term, and support for the Mexican stabilization program increased after the first 2 years of Salinas's term and remained strong thereafter.

The three articles in this issue analyze the impact of aggregate economic conditions on opinions about the economic reform program and of the government or president. Economic data are from official sources; opinion data are from monthly polls conducted by a government agency in Mexico, a government-sponsored institute in Poland, and a private firm in Peru. In contrast to most studies of presidential approval, we have considered not only expressions of approval and disapproval but also uncertainty or agnosticism ("no opinion," "don't know"). We followed this course for theoretical reasons and because the nature of opinions in the countries we studied called for it. To the extent that the public's response to major market reforms was prospective, either intertemporal or antidotal, we expect changes in economic conditions to generate a good deal of uncertainty, even confusion, rather than clear-cut approval and disapproval. Moreover, in countries such as Poland, where the political institutions implementing reforms were novel, and Peru, where the government's program represented a startling reversal of campaign promises, confusion would hardly be surprising. Indeed, levels of uncertainty were high and widely varying: In Poland the proportion of respondents reporting "don't no" regarding the Balcerowicz Plan ranged from 27% to 66%, Peruvian "don't knows" about the Fujimori economic program ranged between 10% and 24%, and between 5% and 13% of Mexicans didn't know their opinion of President Salinas.

Our decision to pay attention to uncertainty had methodological consequences. We used a multinomial logit time-series analysis in which the

5. Polls did a good job predicting the outcome of the 1994 presidential election. For example, an exit poll conducted by Mitofski International projected results very close to the official returns.

dependent variable was the proportion of respondents in a given month's poll who responded that they approved, disapproved, or had no opinion of the economic reform program (Poland and Peru) and of the government (Poland) or the president (Mexico and Peru). Coefficients in multinomial logit models have an interpretation different from that of coefficients in the regression models common in studies of public opinion. The coefficients reported can be interpreted as the change in probability of support, opposition, or no opinion given a one-unit change in the independent variable, evaluated at its mean. Thus a coefficient of –.02 for inflation in a model for presidential support means that a one-point increase in inflation will reduce the probability of a "support" response by 2%.[6]

Our articles also depart from common approaches to time-series analysis. We have done little to model dynamic effects through cointegration, principally because our time series are short: 20 months in the Polish case, 41 in Peru, and 41 in Mexico. In the Polish and Peruvian analyses, this shortcoming of the data raises fewer problems than might appear because simple inspection of these time series shows considerable variation from month to month. Given the depth of the transformations taking place and the sometimes surprising behavior of the government, given its own rhetoric, the public responded with much uncertainty and with approval levels that varied widely from month to month. (For further discussion of dynamic effects and autocorrelation, see the individual articles.)

6. Multinomial logit is a model of choice among several discrete alternatives, $j = 0, 1, 2, \dots, J$, where $J+1$ is the number of choices in which the probability that an individual i makes a choice j is

$$p_{ij} = \exp(\beta_j X_i) \,/ \sum_{k=0}^{k=J} \exp(\beta_k X_i)\,,$$

with the vector β_0 standardized at 0 for $j = 0$.

In addition to individual data, all three articles analyze grouped data in which the observed probabilities are the proportions of the respondents who each month support, oppose, or are agnostic with regard to the economic policy or the government (president); and the independent variables are the states of the economy, such as the level of real wages, the unemployment (or employment) rate, and inflation, as well as some political shocks. Thus the model we estimate, by maximum likelihood, is

$$p_{jt} = \exp(\beta_j X_t) \,/ \sum_{k=0}^{k=J} \exp(\beta_k X_t)\,,$$

$t = 1, 2, \dots, T$, where T is the number of periods.

Table 2
Public Responses to a Deterioration of the Economy in Poland, Peru, and Mexico

	Support Reforms/ Government	Oppose Reforms/ Government
	Intertemporal	Distributional
Optimistic about future of economy	Peru: wages Poland: wages?	
	Antidotal	Normal
Pessimistic about future of economy	Poland: inflation	Mexico: inflation, unemployment, wages Peru: inflation, unemployment Poland: unemployment

A PREVIEW OF RESULTS

Paralleling Table 1, Table 2 summarizes the impact of aggregate economic deterioration on public responses in Poland, Peru, and Mexico. Our most startling result is that, against the findings of the economic voting literature, economic deterioration sometimes caused growing support for governments and their policies. In Peru, rising real wages elicited an intertemporal re-

---

The partial effect of any independent variable on the probability p_j is

$$\frac{\delta_{pj}}{\delta X} = p_j \left[\beta - (1/J) \sum_{k=0}^{k=J} p_k \beta_k \right].$$

Hence the coefficients β_js do not have an interpretation in themselves, and we need to calculate the partial derivatives. What we call throughout *partial effects* are such derivatives, evaluated at the means of the independent variables.

Finally, logit normally treats grouped observations—in our case proportions approving, disapproving, or having no view—as if they were values obtained from a sample of 1. This greatly overestimates the variance of the coefficients. The standard way to cope with this problem is to weigh the observations by the numbers from which each proportion was derived. Yet this procedure sometimes tends to blow the t-values beyond the limits of credulity. We have ended up using the weights because the MLE estimates of standard errors do generate some insignificant coefficients.

sponse—pessimism about the future and opposition to the government. A milder version of this same response is visible in the Polish data: Rising real wages did not spark support for reforms but agnosticism. (In Mexico, wages were positively and significantly associated with approval, and the effect intensified as social class declined.) Why did changes in real wages in Poland and Peru spark intertemporal responses? Both elite glosses on the causes of inflation and people's own direct experiences may have created a connection in their minds between wage increases and inflation. Thus Stokes suggests that Peruvians drew from the recent experience of unsustainable expansionism ending in hyperinflation during the prior García government the lesson that rising wages spelled bad news about future inflation. Politicians, academics, and the press reinforced this interpretation of the García debacle.

Another finding at odds with normal economic voting is that Poles supported the government and reforms when inflation rose, even though rising inflation made them pessimistic about the future, a response consistent with an antidotal posture. (We found no evidence at the mass level of distributional responses, although our data were inadequate to pursue this possibility fully.)

Rising unemployment generated pessimism about the future and opposition to the government and reforms in all three countries. For reasons that are considered in Przeworski's article, all three populations interpreted rising unemployment rates as foretelling future deterioration and turned against the government and the program. Apparently, unemployment is such a catastrophic event that when people think the probability of losing their job is high, they interpret this unambiguously as bad news and hold the government accountable. Inflation in Peru and Mexico elicited this same pattern of response. Thus rising unemployment universally, inflation in Mexico and Peru, and falling wages in Mexico alone elicited a response consistent with normal economic voting.

To summarize, although we find some evidence of a normal pattern of response, we also find evidence of two of our other three patterns: intertemporal and antidotal. We posit, but leave for future research drawing from a wider range of cases, that these relatively anomalous findings are the result of contextual features generally absent in advanced capitalist democracies in which normal economic voting reigns: dramatic and well-publicized changes in the nature of the economic model, a transformation of the political model, a rhetoric and perhaps a reality of J-shaped economic trajectories, and economic crises spawning bouts of hyperinflation.[7]

A second finding worth highlighting is relevant to questions of myopic responses to reforms and their distributional impact. Recall the populist myopia explanation of resistance. It claims, though not generally explicitly, that reforms will be socially beneficial, but improvement over time will be not monotonic but J-shaped. In societies with much poverty and unequal distributions of income and wealth, the poor will demand policies that increase their welfare over the short term but at the cost of long-term welfare, society's and their own. Hence the claim of the populist myopia school is that the poor ought to be intertemporal, but poverty-induced myopia leaves them incapable of deferring consumption.[8]

Yet our studies find that people enduring reforms were capable of perceiving intertemporal trade-offs, the poor just as much as the rich. Had the wealthy adopted an intertemporal or antidotal posture toward economic conditions while the poor focused on past conditions in formulating a view of reforms, this might have been evidence that the poor were myopic, had a short time preference rate, or were uncertain about the future benefits of reforms. But in Peru and Poland, our findings are the opposite. In both countries, poor respondents were prospective—antidotal or intertemporal—in the same respects that wealthy respondents were. The poor seemed to be equally prone as the rich to fear that increases in wages now will be eaten up by inflation later, and in Poland the poor were equally prone to support the reform program during inflation surges. In all three countries, rich and poor alike saw unemployment as ominous; the poor were more sensitive to it, undoubt-

7. In an analysis of the political impact of economic crisis in Latin America, Remmer (1991) gets some results that are anomalous, given the predictions of normal economic voting. I suggest that her finding may be evidence of intertemporal or antidotal responses by voters. She estimates the impact of economic conditions on the incumbent parties in presidential elections in 12 countries between 1982 and 1990. She finds that incumbent parties suffered larger losses at the polls when inflation went down (significant), the incumbent party's share of the vote was larger when inflation rose and when GDP fell (not significant), and the party system was less stable when the exchange rate depreciated (:784). From the perspective of normal economic voting, the signs on all these coefficients are wrong.

8. The poor may be truly myopic and push for expansionary policies that they would not desire, retrospectively, had they known what their results would be. But it may also be that poverty forces them to adopt a short time preference rate, in which case they are not myopic but simply at risk of starvation. There may be, however, more uncertainty attached to the success of reforms than the populist myopia literature acknowledges.

edly because they were more likely to lose their jobs, but the signs of the coefficients in all three countries are the same across social classes.[9]

An additional finding in both Peru and Poland suggests that resistance to reform among the poor may reveal not that they are myopic but that they indeed pay a higher price. In both countries, we found that support for reforms began high among all classes and remained relatively high among the rich but declined notably among the poor. Pending fuller research into the distributional impact of reforms, we are led to conclude that both the wealthy and the poor were forward-looking at the outset of reforms, but the poor suffered more in lost wages and unemployment. After a period of forbearance, the poor observed their own greater losses and abandoned their prospective posture: They stopped believing that if things were bad now they would get better later, or they stopped exonerating the government for their losses.

We embarked on these studies with the hope of shedding light on the politics of economic reform in new and emerging democracies. At the outset I noted the common view that democracy is hostile to adjustment because under democracy, the people, narrowly focused on their current material conditions, will block it. Our studies do not support this view. Under democracy there is more scope for support of painful reforms as well as more rational bases for resistance to reforms than is frequently acknowledged. Hardships that were justified, were not catastrophic, and did not last forever garnered support. Wages could fall and, at least in one case, inflation could even spurt upward without the public turning against reforms.

In some settings, the way politicians framed the experience of painful reforms could apparently get citizens to pay attention to things other than their immediate suffering. But there were limits to these feats of persuasion. Polarization of income and wealth in Peru made it unlikely that the people would accept politicians' exhortations to accept intertemporal trade-offs. Mexico's political leadership did not even try to frame declining income and rising unemployment in antidotal terms: The idea that some actor other than the regime in power for 60 years was responsible for economic conditions would have been ludicrous.

Support eroded if governments asked citizens to persist indefinitely on the promise of a better future or on the claim that hardship was someone else's fault. In Peru and Poland, support for reforms began high but later declined

9. The one exception, mentioned earlier, is that in Mexico only the middle class responds significantly to changes in real wages, and among the wealthy the sign of the coefficient for wages is reversed. Buendía explains this not in terms of different time orientations but in terms of differing dependence of the classes on wages for income.

among those who were most vulnerable to the hardships. And in Mexico, 7 years into the reform process, politicians had stopped even asking the public to be patient. Finally, no one was willing to suffer catastrophic losses, such as unemployment, on the promise of future prosperity or with the excuse of ghosts of the past. Governments that ask people to accept lower wages as the price for fighting inflation would seem to be on solid ground, at least for a time, but governments that are complacent in the face of rising unemployment are not.

REFERENCES

Alesina, A., & Drazen, A. (1991). Why are stabilizations delayed? *American Economic Review, 81*(5).

Berg, A., & Sachs, J. (1988). The debt crisis: Structural explanations of country performance. *Journal of Development Economics, 29*, 271-306.

Berle, A. A. (1963). *The American economic republic.* New York: Harcourt, Brace, and World.

Bresser Perreira, L. C., Maravall, J. M., & Przeworski, A. (1993). *Economic reforms in new democracies: A social-democratic approach.* New York: Cambridge University Press.

Chappell, H. W., & Keech W. R. (1990). Citizen information, rationality, and the politics of macroeconomic policy. In J. A. Ferejohn & J. H. Kuklinski (Eds.), *Information and democratic processes.* Champaign-Urbana: University of Illinois Press.

Conway, P. (1992). Debt and adjustment. *Latin American Research Review, 27*(2), 151-166.

Cortés, F., & Rubalcava, R. M. (n.d.). *Structural change and concentration: An analysis of the distribution of household income in Mexico, 1984-1989.* Unpublished manuscript, Colegio de México.

Dornbusch, R., & Edwards, S. (1991). The macroeconomics of populism. In R. Dornbusch & S. Edwards (Eds.), *The macroeconomics of populism in Latin America* (pp. 7-13). Chicago: University of Chicago Press.

Edwards, S. (1990). The sequencing of economic reform: Analytical issues and lessons from Latin American experiences. *The World Economy, 13*(1), 1-14.

Ferejohn, J. (1986). Incumbent performance and electoral control. *Public Choice, 50*, 5-25.

Fernandez, R., & Rodrik D. (1991). Resistance to reform: Status quo bias in the presence of individual-specific uncertainty. *American Economic Review, 81*(5), 1146-1155.

Fiorina, M. (1981). *Retrospective voting in American national elections.* New Haven, CT: Yale University Press.

Grindle, M. S., & Thomas, J. W. (1991). *Public choice and policy change: The political economy of reform in developing countries.* Baltimore: Johns Hopkins University Press.

Haggard, S., & Kaufman, R. (1989). The politics of stabilization and structural adjustment. In J. Sachs & S. Collins (Eds.), *Developing country debt and economic performance* (pp. 319-350). Chicago: University of Chicago Press.

Haggard, S., & Kaufman, R. (1992). Economic adjustment and the prospects for democracy. In S. Haggard & R. Kaufman (Eds.), *The politics of economic adjustment.* Princeton, NJ: Princeton University Press.

Haggard, S., & Webb, S. (1993). What do we know about the political economy of reform? *The World Bank Research Observer, 8*(2), 143-168.

Hibbs, D. A., Jr. (1987). *The political economy of industrial democracies.* Cambridge, MA: Harvard University Press.

Jackman, S. (1995). *Perception and reality in American political economy.* Unpublished doctoral dissertation, University of Rochester.

Keeler, J.T.S. (1993). Opening the window for reform: Mandates, crises, and extraordinary policy-making. *Comparative Political Studies, 25*(4), 433-486.

Lewis-Beck, M. S. (1988). *Economics and elections.* Ann Arbor: University of Michigan Press.

McGraw, K. M., Best, S., & Timpone, R. (1995). What they say or what they do? The impact of elite explanation and policy outcomes on public opinion. *American Journal of Political Science, 39*(1), 53-74.

Nelson, J. M. (1992). Poverty, equity, and the politics of adjustment. In S. Haggard & R. Kaufman (Eds.), *The politics of economic adjustment* (pp. 221-269). Princeton, NJ: Princeton University Press.

Northop, H., Lewis-Beck, M. S., & Lafay, J. D. (Eds.). (1991). *Economics and politics: The calculus of support.* Ann Arbor: University of Michigan Press.

Paldam, M. (1991). How robust is the vote function? A study of seventeen nations over four decades. In H. Northop et al. (Eds.), *Economics and politics: The calculus of support.* Ann Arbor: University of Michigan Press.

Przeworski, A. (1991). *Democracy and the market.* New York: Cambridge University Press.

Przeworski, A. (1993). Economic reforms, public opinion, and political institutions: Poland in the Eastern European perspective. In L. C. Bresser Perreira, J. M. Maravall, & A. Przeworski (Eds.), *Economic reform in new democracies: A social-democratic approach* (pp. 132-198). New York: Cambridge University Press.

Remmer, K. (1990). Democracy and economic crisis: The Latin American experience. *World Politics, 52*(3), 315-355.

Remmer, K. (1991). The political impact of the economic crisis in Latin America in the 1980s. *American Political Science Review, 85*(3), 777-800.

Rodrik, D. (1994). *Understanding economic policy reform.* Unpublished manuscript, Columbia University.

Roxborough, I. (1989). Organized labor: A major victim of the debt crisis. In B. Stallings & R. Kaufman (Eds.), *Lost promises: Austerity and development in Latin America.* Boulder, CO: Westview.

Sachs, J. (1990). *Social conflict and populist policies in Latin America.* San Francisco: ICS Press.

Sachs, J. (1993). Introduction. In M. Naim, *Paper tigers and minotaurs: The politics of Venezuela's economic reforms.* Washington, DC: Carnegie.

Skidmore, T. E. (1977). The politics of economic stabilization in postwar Latin America. In J. Malloy (Ed.), *Authoritarianism and corporatism in Latin America* (pp. 149-190). Pittsburgh: University of Pittsburgh Press.

Smith, W. C. (1991, Winter). State, market and neoliberalism in post-transition Argentina: The Menem Experiment. *Journal of Interamerican Studies and World Affairs, 33*(4), 45-82.

Sniderman, P. M., Glaser, J. M., & Griffin, R. (1990). Information and electoral choice. In J. A. Ferejohn & J. H. Kuklinski (Eds.), *Information and democratic processes* (pp. 117-135). Champaign-Urbana: University of Illinois Press.

Walton, J., & Ragin, C. (1989). Austerity and dissent: Social bases of popular struggle in Latin America. In P. Canak (Ed.), *Debt, austerity, and development in Latin America* (pp. 216-232). Boulder, CO: Westview.

Waterbury, J. (1989). The political management of economic adjustment and reform. In J. Nelson (Ed.), *Fragile coalitions: The politics of economic adjustment* (pp. 39-56). New Brunswick, NJ: Transaction Books.

Susan C. Stokes is an associate professor of political science at the University of Chicago. She is the author of Cultures in Conflict: Social Movements and the State in Peru *(1995). She has been engaged in research into democratic accountability and economic policy making in Latin America since the return to democracy.*