Positional Issues, Valence Issues and the Economic Geography of Voting in British Elections

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Abstract:
A body of research has built up in recent years linking the changing geography of party support in British elections to variations in the country’s economic geography. Consistent with the economic vote model, government support has been shown to be higher than average in affluent areas and lower than average in poorer areas. However, the great majority of such studies have concentrated on elections between 1979 and 1997, a prolonged period of one-party rule. The paper argues that this means existing research cannot differentiate between the very different predictions of positional and valence approaches to economic voting since both suggest identical outcomes during Conservative administrations. By contrasting a period of Conservative rule with a period of Labour rule, however, the paper provides the first true test of the competing claims of the positional and valence arguments for an understanding of Britain’s electoral geography.
Two broad theoretical families have dominated the analysis of electoral behaviour: positional theories, which emphasise voters’ social locations and long-term ideologies and loyalties; and valence theories, which explain the voting decision in terms of (usually) short-term judgements of government competence and performance. While these accounts are often discussed as though they are mutually incompatible, they share some common ground. Both make use of the concept of partisan identification (though they conceptualise it in very different ways). And economic interests (albeit once again conceptualised in rather different ways) underpin both approaches.

Economic factors have also provided powerful explanations of the geography of the vote, helping analysts understand why voters in some areas tend to vote for one party, while voters in other areas tend to vote for another, and why this might change over time. As we argue below, much of the literature on the economic geography of the vote has implicitly assumed that it is a manifestation of valence politics, ignoring the positional perspective entirely. In this paper, we seek to remedy this imbalance in the literature by considering both the valence and the positional aspects of the economic geography of the vote, employing evidence from recent British elections. We begin by outlining the positional and valence theories in some detail, emphasising their different claims about the role of economic factors. This provides a basis for considering their different implications for electoral geography. We then describe our research design, and discuss our findings.

**Positional and valence models of voting**

The analysis of British electoral behaviour has undergone a revolution in recent years. Crudely, positional theories dominated the literature from the 1950s to the 1970s, but valence theories have grown in importance since the 1980s, and have now largely replaced positional theories as the main explanations of vote choice – not just as a reflection of new academic theoretical orientations but also in response to changes in voter behaviour, as exemplified by the decline of partisan identification since the 1970s. Both theories can involve economic claims but, as discussed below, each has different implications for electoral behaviour.

Traditional accounts of voting emphasised positional identities based on major social cleavages, often harking back to past (and even almost forgotten) periods of social upheaval (Lipset and Rokkan, 1967). People supported one party rather than another because of their membership of collectivities associated with that party. One of the theoretical underpinnings of this view was the Michigan model of partisan identification, which claimed that new voters were socialised into support for particular parties, learning their party allegiance from their parents and from others in their residential and work communities. These party loyalties, once acquired, became heuristic devices for judging politics (if ‘my’ party supports a measure, it must be good) and strengthened over time. For most voters, as a result, support for a particular party was long-lasting, stable, and persistent. In Britain, some voters supported Labour at election after election because they felt it was the party for people like them. Similarly, Conservative and (to a lesser extent, largely due to restricted opportunity – the Liberals did not contest many seats until
the early 1970s) Liberal voters also supported their parties habitually and from an almost
tribal loyalty. In this view, party choice said more about the sociology of the vote than
about the politics.

Economic factors enter the positional account via forces producing politically salient
stratifications of society. For instance, for much of the twentieth century class formed a
major cleavage in British electoral politics. Around three quarters of manual workers
routinely voted Labour, and a similar proportion of white collar professionals voted for
the Conservatives (Pulzer, 1967; Butler and Stokes, 1969). In large part, the class
cleavage reflected the different economic demands of the two major classes. Working
class voters supported Labour in no small measure because of its commitment to welfare
provision, workers’ rights, public ownership and the social wage. Middle class voters
supported the Conservatives because of their commitment to market forces, low taxes and
private ownership. And as a result of the Welfare State reforms introduced by the 1945
Labour government, a further, consumption, cleavage was added to the production-based
class cleavage (Dunleavy, 1979; Dunleavy and Husbands, 1985): those dependent on the
state for major services and jobs (such as council house tenants and public sector
employees) tended to vote Labour, while individuals working in or consuming services
from the private sector (e.g. home owners or private sector employees) were more likely
to vote Conservative.

For the purposes of this paper, however, the key point is that positional arguments see the
impact of economics in relatively static terms. Put starkly, ‘have-nots’ vote for the party
of the left; ‘haves’ vote for the party of the right. Long-term social change (for instance,
the transition from an industrial to a post-industrial economy, and the concomitant shift
from a society with a working class majority to one dominated by the middle classes) will
affect the balance of party support. In the UK, for instance, Labour faced mounting
electoral difficulties in the 1980s in part (but not solely) because the manual working
class was in numerical decline, while the Conservatives benefited from the expansion of
middle class jobs and lifestyles (Crewe, 1986; Heath et al., 2001). But the relative bases
of support for each party will, ceteris paribus, remain unchanged.

Beginning in the 1980s, however, a more political interpretation of partisan identification
came to the fore. Processes of partisan and class dealignment, occurring throughout the
1970s in most western democracies, weakened the traditional sociological underpinnings
of party support (e.g. Dalton, 1996). In Britain, the class cleavage dissolved and by the
mid-1990s could no longer predict how individuals might vote (Alt et al., 1983; Franklin,
1985; Clarke et al., 2004). The processes underlying dealignment are complex. In part, it
reflected a weakening of class loyalties generally. In part, too, it reflected the emergence
(in Britain at least) of viable political parties other than Labour or Conservative: the
development of truly multi-party politics increased the choice set available to voters and
hence reduced the absolute class cleavage (Heath et al., 1985). But most of all, it was a
consequence of the political shocks of the early 1970s, when the post-war consensus
broke down and governments of neither the left nor the right seemed able to cope with
renewed economic recession (Abramson, 1992). This political shock coincided in the UK
with the emergence of a new phenomenon: the affluent worker (Goldthorpe et al., 1968).
Manual workers who began their working lives before World War II had experienced the inter-war Depression: in the 1960s, they voted Labour in large numbers as an expression of class loyalty. Their children, however, who had entered the workforce during the post-war boom, had memories only of prosperity. They, too, voted Labour in large numbers in the 1960s, but for very different reasons. While their parents’ Labour vote was expressive, theirs was instrumental: the children voted Labour because they felt the party delivered prosperity. But, crucially, their support was conditional: if Labour was no longer able to provide rising living standards, they were quite prepared to vote for another party.

Goldthorpe et al.’s ‘affluent worker’ study provided an early example of the growing importance of valence politics (see also Stokes, 1963; Key, 1968). Whereas positional politics often involves competition over (sometimes radically) different views of the ‘good life’ (e.g. demands for more spending on government services versus demands for tax cuts), valence politics generally involves judgements over shared goals. For instance, almost everyone wants better health care provision, making this a valence issue. The political question is not what government should provide, but how effectively a generally agreed goal is provided. In valence politics, therefore, voters decide which party to support based on their evaluations of which is most likely to provide that generally agreed goal well. Competence and delivery matter more in valence politics than do ideology or sociology. Recent evidence suggests that valence issues increasingly dominate electoral behaviour: voters reward results and competence (Clarke et al., 2004).

Valence politics underlies the phenomenon of economic voting. In economic voting, the performance of the economy is the crucial yardstick against which parties are judged. Most voters agree that a strong and growing economy is desirable: the question is which party is best able to deliver it. Economic voting theory often focuses on the performance of parties in government and of their main opposition rivals. The argument is that governments which preside over periods of economic growth will normally win re-election, while those whose record covers periods of recession risk electoral defeat.

While the basic idea of economic voting is easily explained, however, analysing it has proved controversial. For instance, there are debates in the literature over whether objective or subjective measures of economic performance should be used. Analyses using objective measures typically correlate support for the government with economic indicators such as unemployment and inflation rates (e.g. Lewis-Beck, 1988). Rising unemployment and inflation are bad news for government re-election prospects, while falling rates are good.

However, studies based on the use of objective measures cannot take into account the extent to which economic conditions that might be seen as exceptional at one point in time can become relatively normal at another. An example can be found in one of the first analyses of economic voting in the UK. In their pioneer study, Goodhart and Bhansali (1970) reported that between 1961 and 1968, government support in monthly opinion polls dropped by one percentage point for every rise of 10,000 individuals unemployed. However, the 1960s were a period of low unemployment in the UK: only
half a million were out of work. By the early 1980s, over 3 million were out of work, yet the Conservative government was re-elected in 1983 when, on Goodhart and Bhansali’s model, its vote share should have collapsed. One reason why the objective economic vote function of the 1960s no longer fitted in the early 1980s was that public perceptions had changed: by the later date, voters had become more used to high unemployment and were more worried about high inflation than they had been twenty years before.

As a result, an alternative approach to the analysis of economic voting emphasises the subjective economy, measured in terms of how voters feel about the state of the economy. Such analyses are typically based on the analysis of survey questions tapping into voters’ perceptions of economic change. There are controversies within this subjective literature too, however. In part, these reflect debates over the appropriate time frame over which voters might evaluate the economy (MacKuen et al., 1992; Erikson et al., 2000). Retrospective voting theories assume that voters use their judgements of past performance when deciding who to support: parties whose economic performance (especially their recent performance) in office is held to be strong win votes, while those whose records are weak lose votes (e.g. Fiorina, 1981). Prospective theories argue that rational voters should discount the past and make their judgements based on evaluations of the state of the economy in the future (e.g. Sanders et al., 1987; Sanders, 1996, 2004). In part, too, they differ on whether voters are influenced primarily by their evaluations of their personal situations (such egocentric voters would typically ask ‘am I better or worse off?’) or by their evaluations of the general economic situation (sociotropic voters, who might ask ‘is the country as a whole, or is my local area, getting better or worse off?’).

As with positional voting, however, for this paper we can focus on one salient aspect of the role of the economy in valence politics. As argued above, the economy is a crucial feature of valence politics as it is of positional politics. But the implications are different. While the economy plays a static role in positional politics, it plays a dynamic role in valence politics. In valence politics, those who feel they are becoming better off are likely to vote for the government, whatever its political complexion, while those who feel they are becoming worse off will tend to vote against it. The key issue, from a valence perspective, is how things are changing, not where they currently are. Whether unemployment rates, for instance, are low or high is likely to be of less importance for valence politics than whether they are rising or falling: valence voters will reward a government which produces falling unemployment, even if the headline rate is high; equally, they should punish a government which allows low unemployment rates to increase.

Economic geography, electoral geography and positional vs. valence politics

The valence ‘revolution’ in psephology has also influenced electoral geography. Why this should be can be readily appreciated. The existence of a pronounced geography of economic performance in most moderate to large countries is well-known. The economic cycle does not affect all regions in the same way or at the same time (Massey, 1984). While some regions are enjoying a boom, others can experience a slump. This was well-illustrated by the growth and decline of the so-called north-south economic divide in the
UK during the 1980s and 1990s (e.g. Martin and Rowthorn, 1986; Lewis and Townsend, 1989; Pattie and Johnston, 1990). Recession in the early 1980s hit hardest in northern industrial centres as old manufacturing firms retrenched or closed. The service economy of the south, in contrast, boomed as a result of the de-regulation of financial markets under the Thatcher government. As a result, the economic gap between the poorer north and the more affluent south of Britain widened. In the late 1980s and early 1990s, however, the north-south economic divide narrowed as the southern service economy in its turn suffered a recession, while local economies in the north recovered. Economic voting theory would lead us to expect support for the government to be highest among those who felt it was handling the economy well and lowest among those who felt it was handling it badly. But, because of the significant spatial variations in economic performance just discussed, how well or badly voters felt the government was handling the economy would in all probability be influenced, at least in part, by where they lived and what they saw happening to their local area.

The changing electoral geography of the UK over the last two decades has been consistent with this analysis. As the economic north-south divide widened in the 1980s, so too did the equivalent electoral divide (Johnston et al., 1988; Martin, 1988). Support for the Labour opposition grew in the recession-bound north, while it was the governing Conservatives who benefited most in the booming south. As the economic divide began to narrow in the later 1980s, so too did the electoral divide. At the 1992 election, support for the Conservative government stopped falling in the recovering north, but slipped in the now recession-bound south, where the opposition Labour vote began to recover (Johnston and Pattie, 1992a).

The relationship between economic and electoral geographies is not restricted to such broad-brush regional trends. Constituency election results correlate well with local economic conditions. The local unemployment rate is a frequently used indicator of local economic conditions, partly because of its clear link to economic performance (affluent and growing regions will have low and/or falling unemployment rates, while poorer and declining areas will have high or growing unemployment), and partly because (in the UK at least) constituency-level unemployment data are readily available. Analyses of the relationship between constituency unemployment and voting patterns throughout the 1980s and 1990s consistently reported that the higher the rates of unemployment locally, the lower was the constituency share of the vote for the government. In their analysis of voting at the 1983 UK General Election, Owens and Wade (1988) found that the vote share won by the Conservative government in each constituency was negatively related to the local unemployment rate at the time of the election, and to changes in the rate in the year before the election, but was positively related to average local income levels, and to changes in average local incomes Analyses of constituency voting at the 1987 and 1992 elections revealed similar patterns (Johnston and Pattie, 1992b; Pattie et al., 1995).

Furthermore, other local economic indicators have also been shown to be related to constituency voting patterns. For instance, local housing markets can be volatile. This is important for economic well-being as buying a house is not only one of the largest financial transactions most adults ever engage in (exposing themselves to substantial
amounts of mortgage debt in the process) but can also have a significant effect on disposable income. When housing markets are buoyant, and prices are rising rapidly, home owners can see the value of their main asset, their home, increase dramatically in a relatively short period of time. When this happens, they can either realise the gain (by down-sizing or by moving to a region where house prices are lower, and pocketing the profit), or they can borrow against their assets. But house markets can also slump. When this happens, home owners’ assets decrease, lowering their borrowing power. And some home owners may find that the market value of their home drops below the value of their outstanding mortgage, leaving them in negative equity. One aspect of the service sector recession in the south east of England in the early 1990s was the collapse of the local housing market. Home owners in the region, who had seen the value of their properties rise rapidly during the 1980s, now saw it fall again, placing many in negative equity. Other regions of the country, however, were less severely affected – or not affected at all – by the market collapse (Dorling, 1994). Not surprisingly, therefore, the constituency geography of the vote at the 1992 General Election was also affected by the geography of the local housing market (Pattie et al., 1995). The higher local house prices were in an area prior to the election, the more they had increased in the months before the poll (or the less they had decreased, given the recession), and the fewer local households in with negative equity, the better the Conservative government’s constituency vote share held up.

The electoral impact of economic geography can also be measured at the level of individual voters. Several studies in recent years have shown that voters’ perceptions of how their local region’s economy has fared relative to the national average is related to the actual state of the local economy and has an independent influence on their vote choice – in addition to their egocentric and national sociotropic evaluations (Pattie and Johnston, 1995, 1997, 1998, 2001; Johnston and Pattie, 1997, 2001; Pattie et al., 1997). Indeed, there is evidence that some (altruistic) voters put those evaluations of their local regional economy ahead of their personal economic situations in determining whether to reward the government by voting for its return to power (Johnston et al, 2000).

**An electoral geography shortcoming – and a proposed solution**

A sizeable body of work has built up, therefore, suggesting that Britain’s changing economic geography has an influence on its changing electoral geography. Almost all of this work was underpinned by a valence politics view of economic voting: Britain’s electoral geography was affected by the geography of economic winners and losers, who were, in their turn, rewarding or punishing the government of the day for its handling of the economy. However, the great majority of studies were undertaken during the long period of Conservative rule between 1979 and 1997. As a result, while the results discussed above are consistent with valence politics (those becoming more affluent vote for the government – the Conservatives – while those becoming less so vote for the main party of opposition – Labour), they are also consistent with the positional perspective (the affluent vote for the main party of the right – the Conservatives – while the less affluent vote for the main party of the left – Labour).
While there is strong evidence of valence politics playing a role in the decision-making of individual voters, therefore, evidence for its impact on constituency and regional voting trends has been at best circumstantial to date. However, the change of government at the 1997 General Election provides a natural experiment by means of which we can untangle the relative roles of economic factors in positional and valence politics for an understanding of electoral geography. Unlike the Conservative years of the 1980s and early 1990s, at the New Labour government’s re-election battles in 2001 and 2005 the relative predictions of positional and valence economic voting for Britain’s electoral geography point in different directions. Positional theories, emphasising the importance of deep-seated sociological loyalties, would imply a lower vote for Labour, the party of government, in the most affluent areas, and a high vote in the least affluent areas. Valence politics, on the other hand, emphasises the importance of performance and competence, so we would expect the Labour government to do best in areas where the local economy was improving and worst where it was declining.

As discussed above, the positional economic vote theory is best tested by looking at the static picture: how well or badly off are people in a constituency now? As in previous research, measures of constituency unemployment rates and average house prices near to the time of an election give good measures of static economic conditions locally. Dynamic data, stressing change over time, are better suited to testing the valence perspective, however: how much better or worse off are people becoming in different constituencies? In what follows, dynamic measures of local economic conditions are provided by looking at changes in the local unemployment rate and in average house prices in the months before the election.

Analysis focuses on constituency voting in England and Wales at two elections: 1992 and 2005. These contests were chosen as they were different in one crucial respect for our analysis, but similar in several other ways. The important difference was that the incumbent government was Conservative in the first contest and Labour in the second. The elections were similar in that both were defended by a government which had been in office for some years (the Conservatives since 1979; Labour since 1997), which had been re-elected by a convincing majority at one or more previous elections (Conservatives in 1983 and 1987; Labour in 2001), but was losing popularity in the country in the run-up to the contest to be analysed. Examining two otherwise similar elections defended by different governments allows us to examine the relative merits of positional and valence economic votes for an understanding of electoral geography. If the positional argument holds, then static measures of economic conditions should have the same relationship with constituency vote share in both elections: Labour should do best in the least affluent areas, and the Conservatives should do best in the most affluent. But if the valence theory holds, then areas where the local economy has improved should vote predominantly Conservative in 1992 but Labour in 2005, while where the local economy has declined, voters should mainly back Labour at the earlier contest and Conservatives at the latter.

Positional economic voting….?
The positional economic voting case, as we have seen, makes clear predictions about the relationship between economic and electoral geography. If positional economic voting takes place, support for Labour, the main party of the left, should always be highest in the least affluent areas, other things being equal and lowest in the most affluent areas. Support for the main party of the right, meanwhile, should be the mirror image: always highest in the most affluent areas and lowest in the poorest.

We assess these predictions using regression models. The two major parties’ constituency shares at each of the 1992 and 2005 elections are regressed against a static indicator of local affluence and against the party’s vote share at the preceding election (1987 and 2001 respectively). By including past vote share in the models, we in effect control for long-term patterns of party support. Hence any economic vote effects revealed by the regression equations are net of other potential influences on the vote.

The first set of analyses focuses on the impact on party support of the constituency unemployment rate on the eve of the election. In the 1992 election models, we use the unemployment rate in December 1991: for the 2005 election models, we employ the June 2005 unemployment rates. Each represents the most up to date information available to parties and voters at the time of each election.

The results of the models are shown in table 1. Since full data are available for all British constituencies in both elections, we have repeated our models both for Britain as a whole and for England and Wales only. As one would expect, there is considerable stability over time in the geography of the Labour and Conservative vote. Both parties’ vote shares in the election being analysed were strongly and positively related to their vote shares at the previous contest, with coefficients close to unity. Britain’s electoral geography seldom changes radically from one election to another.

That said, it clearly does change to some extent, since party fortunes wax and wane. And part of the residual variation can be accounted for by local unemployment patterns. The local unemployment rate is significantly related to vote share in all four GB equations, and in three of the England and Wales only models (the exception is the model for Labour vote in 2005). Each of the significant coefficients is signed as predicted by the positional economic vote argument: positive in Labour models, negative in Conservative models. Other things being equal, Labour did indeed do better (and the Conservatives worse) in less affluent areas, and worse (better) in the more affluent, even when each party’s past performance is held constant.

It is worth noting, too, that the ‘best fit’ models reported in table 1 all employ the natural logarithm of the eve-of-poll unemployment rate. Experimentation with different model specifications showed this was the most appropriate model form. The substantive interpretation is that Labour’s vote share rises, and the Conservatives’ falls, as local unemployment increases, but that the rate at which this occurs is slower at relatively high unemployment levels than at relatively low levels. The point is illustrated graphically in figure 1, which shows the bivariate relationship between local unemployment and the Labour vote at the 2005 election in England and Wales. Where local unemployment rates
are low, relatively small differences in unemployment from seat to seat have relatively large impacts on Labour’s vote there. But where local unemployment is above average (around 3 per cent of the working population in 2005), large differences between seats in the proportion out of work have smaller impacts on variations in the party’s support. A loess nearest neighbour regression trend line applied to the data in figure 1 shows the pattern clearly: the rate of ascent of the curve slows as unemployment rises.

The results reported in table 1 are entirely consistent with the positional economic vote theory. Local affluence or poverty is related to support for parties of the right or left respectively. Contrary to the valence model, it does not matter which party is in government at the time of the election. Labour does best, other things being equal, and the Conservatives do worst, where unemployment is highest, both when the Conservatives are the incumbent government (as in 1992) and when Labour is defending its record (as in 2005).

Further confirmation of this observation is provided if we measure local economic conditions by the state of local housing markets (table 2). Here, the static measure of economic conditions is given by an estimate of the average constituency house price (in thousands of pounds) prior to the election. For the 1992 election, we use average house prices in 1991; for 2005, we employ the average – standardised for house type and size – house price in 2003 (the most recent year for which data were available at this scale). Although the house price data are not exactly contemporaneous with the times of the elections, the relative geographies of affluence they reveal are unlikely to have changed dramatically before polling day, so we are confident that the basic relationships discussed below are robust.

As before, the local economic conditions coefficients in table 2 broadly confirm the positional economic vote perspective (since no data were available for the Scottish seats in 2005, the Great Britain analyses are restricted to the 1992 election). In every model of Conservative voting, and in the model for Labour’s 2005 vote in England and Wales, the house price coefficients were significant and correctly signed. The higher house prices were locally, the better the Conservatives did there, other things being equal, and the worse Labour did.

….. Or valence economic voting?

What of the valence perspective, which argues that governments benefit, other things being equal, from improving economic conditions, while they are punished for economic decline? To test this argument, we use measures of change in the unemployment rate over time (between 1983 and 1991 for the 1992 election, and between 1997 and 2005 for the 2005 contest), and the percentage change over time in average house prices (between 1989 and 1991 and between 2001 and 2003 respectively). We employ percentage change measures here since they best capture the relative rate of change: absolute measures of change are affected by how poor or affluent an area was to start with, and so are not ideal for our purpose. One again, regression models are employed and a control is included for constituency vote share at the preceding election.
While the positional theory leads to an expectation that coefficients for economic variables will always have the same sign in equations for a particular party’s vote share, whether or not that party is the incumbent government, the valence theory does not. Valence models predict that the government party’s vote share will be positively related to measures of economic improvement, and negatively related to measures of economic decline, irrespective of the ideological predisposition of the government. In the difficult economic circumstances of 1992, therefore, we would expect support for the government – the Conservatives in that election year - to be lowest where unemployment was growing most rapidly, or where house prices were falling by the largest relative amount. Or, in the rather better economic environment of 2005, support for the Labour government should be lower in areas where house prices rose, or unemployment fell, relatively slowly than where the situation was improving more rapidly.

Because of the adoption of new constituencies in Scotland prior to the 2005 election, we are unable to calculate rates of change in our economic measures for seats north of the border for analyses of voting at that contest. Our Great Britain models are therefore restricted to 1992 data. That notwithstanding, however, the results of these analyses are consistent with the predictions of the valence theory. Turning first to the impact of unemployment change on party support, the analyses in table 3 show that increasing unemployment locally is always associated with falling support for the government, other things being equal: the relevant coefficients are always negative and significant, whether we are looking at the Conservative government in 1992, or the Labour government in 2005, and whether (in 1992, at least) we examine trends in the whole of Great Britain, or just in England and Wales. And in 1992 at least, the Great Britain models show that Labour, the main opposition, did better, other things being equal, in seats where unemployment was worsening than where it was improving (as demonstrated by the positive and significant coefficient for unemployment change). That said, when attention is focussed just on England and Wales, unemployment change was not related to support for the opposition in either election: the relevant coefficient was insignificant in both in the 1992 Labour model and in the 2005 Conservative model.

Some support for the valence perspective is also provided by models utilising measures of change in local housing markets (table 4). Government vote share was positively related to percentage increase in average house prices in the Great Britain model for 1992 Conservative vote and in the 2005 England and Wales model for Labour vote. Intriguingly, however, change in local housing market conditions was not related to support for the Conservative government in 1992 when analysis was restricted to England and Wales only. But – as the valence model would lead us to expect - the Conservative opposition in 2005 did better in English and Welsh seats where the local housing market had fared relatively poorly prior to that election than in seats where the housing market had boomed, other things being equal.

**Putting it together: combined models**
The evidence outlined above suggests that both valence and positional economic voting have a bearing on the geography of the vote in the UK. But does one perspective have greater analytical success in accounting for constituency vote shares than the other? To find out, the regression models were repeated, including both positional and valence measures simultaneously. The analyses provide some support for both approaches.

Turning first to the combined models for unemployment (table 5), positional economic voting was evident in 5 out of the six models tested (since we have no data on unemployment change for Scottish constituencies in 2005, models for all British constituencies could only be estimated for the 1992 election). Only in the model for Labour’s 2005 vote share in England and Wales was there no support for the positional approach. In all other models, the unemployment rate just before the election was positively related to Labour support, and negatively related to Conservative support, even when we control for each party’s past vote share locally, for change in unemployment over time, and (by comparing 1992 with 2005) when we control for the partisanship of the incumbent government.

The valence model finds some support too. In both 1992 and in 2005, the governing party’s constituency vote share was lower in constituencies where unemployment had become relatively worse than in seats where it had improved. And for England and Wales at the 2005 election at least, the relationship between support for the Conservative opposition and the rate of change in unemployment locally was as expected: the worse things got (and the more unemployment grew), the better the Conservatives did. That said, valence factors seemed to have the predicted effect in only 4 out of the 6 models: unemployment change had no significant impact on support for the Labour opposition in 1992, once controls had been included for past vote and for the unemployment rate at the time of the election.

The models for local housing market conditions tell a similar story (table 6). Multicollinearity is a greater potential problem here than in the unemployment models: the correlation between average house prices in 2003 and house price change in England and Wales between 2001 and 2003 was -0.687, for instance. Interpreting these results requires some caution, therefore. That said, there is support for the positional perspective in four out of the six equations: the higher the average house price in a constituency, the higher the Conservatives’ vote share there at both the 1992 and 2005 elections, and (at the 2005 election in England and Wales) the lower the vote share of the Labour party. Valence voting finds some support too, though less than was the case for unemployment. Improving local housing market conditions had a positive effect on support for the Conservative government throughout Britain in 1992 (though the significant correlation was not replicated in the England and Wales only models). And the better the local housing market performed in England and Wales in the run-up to the 2005 election, the lower was the vote share won there by the Conservative opposition. However, once past party strength and current housing market conditions were taken into account, changing housing market conditions locally had no effect upon support for Labour, irrespective of whether the party was in government or opposition at the time.
Overall, therefore, the combined models find support for both perspectives. That said, the coefficients reported in tables 5 and 6 illustrate two further points which are worth emphasising here. First, the positional perspective seems to provide a more consistent explanation of constituency voting patterns than does the valence perspective. Fully nine out of the twelve positional coefficients are significant, and all are correctly signed. By comparison, only five out of the twelve valence coefficients are significant (though once again, all are correctly signed). Second, both perspectives are more effective in predicting the Conservatives’ constituency vote share (whether the party is in or out of office) than they are at predicting Labour’s vote share. All six of the positional coefficients in the Conservative models, and five of the 12 Conservative valence coefficients, were significant and correctly signed. This contrasts with only three significant positional coefficients and one significant valence coefficient in the Labour models.

Quite why there should be such an asymmetry in the impact of economic factors (whether positional or valence) between the Conservative and Labour models is unclear. Several plausible explanations do not actually stand up to scrutiny. For instance, it might be argued that the asymmetry shows that economic factors are held to be more important for the Conservatives than for Labour. It is certainly true that for much of the post-war period the Conservatives were seen as better economic managers than were Labour, irrespective of who was in office. However, this reputation for economic competence was lost in the aftermath of the 1992 ERM crisis. Between then and 2005, polls consistently showed that more voters thought Labour was now the party best able to handle the economy than thought the Conservatives would be best, a dramatic reversal of the post-war status quo (Sanders, 1999; Clarke et al., 2004, p. 63). We might therefore expect the economy to play a large part in accounting for Conservative support in 1992, and for Labour support in 2005, but to play a small part in accounting for Labour’s 1992 and the Conservatives’ 2005 performance. However, this does not happen – perhaps because these indicators, especially unemployment, are no longer as salient for the electorate as they were in the 1970s and 1980s. For instance, the 1979 general election was fought against a growing recession and rapidly rising unemployment reaching then post-war record levels. This gave the Conservative opposition’s most memorable poster of that contest considerable resonance: it showed a picture of a long queue of people outside an unemployment office, alongside the slogan “Labour isn’t working” and tapped into realistic fears of losing one’s job. In the near-full employment environment of the 2005 election, however, few voters realistically feared being out of work. The Conservatives, once more in opposition, used its campaign at that election to attack Labour on service delivery, sleaze and the Iraq war, not on the economy. Unemployment did figure in the campaign, but in a negative way: the Labour government ran a poster campaign reminding voters of high levels of unemployment under the two previous Conservative PMs, and suggesting a return to high levels if a new Conservative PM were to take office. But few voters seem to have noticed.

In a similar vein, we might argue that economic performance can have a considerable effect (whether for good or ill) on government support, but will have more limited effects on support for opposition parties. But even if that were so, it fails to explain why local economic conditions are no more consistent an explanation of Labour’s constituency vote
in 2005 (when the party was in government) than was the case in 1992 (when it was in opposition). Nor does it account for the continued importance of the local economy in an account of the electoral geography of the Conservative vote, irrespective of whether the party was in power (1992) or in opposition (2005).

A third argument might be that while the 1992 election was fought against the backdrop of a recession, the 2005 election took place during a (prolonged) economic boom. Past work has suggested that the effects of recession and growth on government popularity are asymmetric: governments are more likely to be punished for economic failure than to be credited with economic success (e.g. Alt, 1979). But if this is the case, why are Conservative constituency fortunes shaped by local economic conditions whether the party is in our out of power nationally and why did Labour not benefit more clearly from poor local conditions in 1992?

A fourth possible explanation is a variant of the third. The other major difference between the 1992 and 2005 contests was the very different way in which war against Iraq affected the latter election compared to the former. The 1991 Gulf War had been relatively short, had UN approval and was widely seen as legitimate, successfully achieved its aims (the liberation of Kuwait), and was generally popular at home. However, any positive effect it might have had on support for the Conservative government was hugely overshadowed by concerns over the state of the economy (which damaged government support) and by the positive effects of Mrs. Thatcher’s replacement by John Major as PM and party leader (Clarke and Stewart, 1995; Sanders, 1996). In 2005, by contrast, the 2003 invasion of Iraq had come to be seen as a defining moment for the New Labour government. The war itself had been very unpopular (generating, for instance, some of the largest public protests ever seen in the UK), was widely seen as illegitimate and, worse yet, the post-war security situation in Iraq was deteriorating rapidly, with no clear sign of when British and American troops might be withdrawn. As a result, public disquiet over the government’s Iraq policy might well have substantially limited Labour’s ability to benefit from economic good news in 2005. If this is the case, then the asymmetry in the apparent impact of constituency economic conditions on the Conservative and Labour governments might in part be a function of the effects of the Iraq war in 2005.

Fortunately it is easy to check whether the Iraq conflict ‘dampened’ the impact of constituency economic conditions on Labour support in 2005. If this is the case, there should be no such asymmetry at New Labour’s previous – and much more successful – re-election battle in the 2001 election, which occurred before the onset of the post-9/11 ‘war on terror’ and the Iraq conflict. The models reported in Tables 5 and 6 were therefore re-run for the 2001 constituency results in England and Wales, using economic data on unemployment rates and average house prices in 2001, on change in the unemployment rate between 1997 and 2001, and on the percentage change in average house prices between 1999 and 2001 (table 7). However, even when we factor out the negative impact of the Iraq conflict on Labour support by looking at the 2001 contest, the asymmetry persists. Three out of the four constituency economic indicators prove significant and correctly signed in the models for Conservative vote share in 2001.
(including both the ‘valence’ measures). But only one – the housing market valence measure - is significant in the Labour models (though the housing market positional measure – average house prices in 2001 – comes close to statistical significance: the p-value is 0.054). Labour did better in 2001, other things being equal, in seats where house prices grew relatively rapidly than where the local housing market was performing less well. In other words, plausible though an Iraq effect might be, it cannot account for the asymmetry between Labour and the Conservatives in the impact of local economic conditions on their constituency vote shares. The result remains a puzzle.

Conclusions

Theories of economic voting have proved highly successful in accounting for the changing electoral fortunes of governing parties. Economic success, other things being equal, should boost government support, while economic failure should damage it. Applied to analyses of electoral geography, this implies that the geography of government support should be related to the geography of affluence and poverty. However, existing analyses confound two potentially very different ways in which economic geography might affect electoral geography. The positional account relates ideological predispositions to place in the economic hierarchy: support for parties of the left should be highest in the least affluent areas, while support for parties of the right should be highest in the most affluent. From a valence perspective, however, what matters is performance: irrespective of the ideological leaning of the party in office, government support should increase in areas where living standards are increasing, and should fall where they are in decline. But since most past studies of constituency voting and economic conditions in the UK have focussed on elections held under Conservative governments, they have not been able to differentiate between the positional and valence perspectives, since under these circumstances both make the same predictions. Indeed, it would be true to say that few existing studies of the economic geography of the constituency vote in the UK have even been aware that there was a potential conflict between valence and positional perspectives on the electoral role of economic conditions.

By comparing a period of Labour rule with a Conservative period of office, however, it is possible to get some purchase on the issue. The paper has argued that the positional perspective is best evaluated by static measures of economic conditions, while the valence perspective is best evaluated by dynamic measures showing change over time. Analyses of constituency voting patterns at the 1992 and 2005 elections have borne this out. Support for Labour is always highest in the poorest areas, other things being equal, while support for the Conservatives is always highest in the most affluent. But, irrespective of which party is in power, the government of the day gets more support, other things being equal, where economic conditions are improving than in communities where they are worsening. Both the valence and the positional perspective on the electoral impact of the economy have a part to play in understanding the electoral geography of Great Britain, therefore. But the results reported here demonstrate the need for clarity in how these different perspectives are dealt with analytically.
Notes

1 We are grateful to Danny Dorling and Bethan Thomas for access to their data on local housing markets.

2 Due to a change in Scottish constituency boundaries prior to the 2005 election, housing data were not available for the new Scottish seats. Scotland has therefore been omitted from the analyses.

3 For instance, take two areas, one where average house prices start at £70,000 and the other where they are £250,000. If house prices increase over the next year in both areas by the same absolute amount, say by £60,000, an absolute measure would lead us to expect similar impacts on party support. But a moment’s reflection shows that the price rise is more dramatic for the first area (where it represents an 86% increase in the average value of local properties) than in the second (where local home owners experience a much more modest 24 per cent rise in their home’s value).

4 Multicollinearity between the economic measures is a risk here. However, while they are correlated together in sensible ways, the correlation coefficients are not strong. For instance, in England and Wales at the 2005 election, the average absolute correlation (ignoring sign) between house prices, unemployment, change in house prices and change in unemployment was just 0.30. This ranged from a low of 0.04 for the correlation between average property prices in 2003 and the change in the unemployment rate between 1997 and 2005, to a high of -0.69 for the correlation between house price and house price change. Only this latter correlation exceeded +/- 0.4, however.
Bibliography


Table 1 Positional economic voting: constituency unemployment and Conservative and Labour constituency vote shares in England and Wales.

A) All Great Britain

\[
\begin{array}{cccc}
\text{Constant ln(% unemployed}_{t-1}) & \% \text{ vote}_{t-1} & R^2 & N \\
\hline
\text{% voting:} & & & \\
\text{Conservative 1992} & 5.45 & -1.83** & 0.93** & 0.97 & 633 \\
\text{Conservative 2005} & 0.62 & -1.02** & 1.02** & 0.96 & 628 \\
\text{Labour 1992} & 0.41 & 3.94** & 0.92** & 0.94 & 633 \\
\text{Labour 2005} & -0.26 & 0.96* & 0.85** & 0.93 & 628 \\
\end{array}
\]

B) England and Wales only

\[
\begin{array}{cccc}
\text{Constant ln(% unemployed}_{t-1}) & \% \text{ vote}_{t-1} & R^2 & N \\
\hline
\text{% voting:} & & & \\
\text{Conservative 1992} & 4.33 & -1.57** & 0.95** & 0.96 & 561 \\
\text{Conservative 2005} & 0.48 & -1.06** & 1.03** & 0.95 & 569 \\
\text{Labour 1992} & 1.25 & 2.82** & 0.98** & 0.95 & 561 \\
\text{Labour 2005} & -0.78 & -0.02 & 0.88** & 0.95 & 569 \\
\end{array}
\]

* significant at p=0.05
** significant at p=0.01

+ natural log of % unemployed in 2005
Table 2 Positional economic voting: constituency average house prices and Conservative and Labour constituency vote shares in England and Wales.

A) All Great Britain

<table>
<thead>
<tr>
<th></th>
<th>Constant</th>
<th>Average house prices$_t$ (£’000s)</th>
<th>% vote$_{t-1}$</th>
<th>$R^2$</th>
<th>N</th>
</tr>
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<td>0.94**</td>
<td>0.97</td>
<td>633</td>
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<td>0.02</td>
<td>0.99**</td>
<td>0.93</td>
<td>633</td>
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B) England and Wales only

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<th>Constant</th>
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<th>% vote$_{t-1}$</th>
<th>$R^2$</th>
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<td>561</td>
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<td>Conservative 2005</td>
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<td>1.03**</td>
<td>0.95</td>
<td>569</td>
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<td>Labour 1992</td>
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<td>0.95</td>
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* significant at p=0.05
** significant at p=0.01
Table 3 Valence economic voting: change in constituency unemployment and Conservative and Labour constituency vote shares in England and Wales.

A) All Great Britain

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<tr>
<th>% voting:</th>
<th>Constant</th>
<th>% unemployed</th>
<th>% vote_{t-1}</th>
<th>R^2</th>
<th>N</th>
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<td>1.00**</td>
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B) England and Wales only

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<th>Constant</th>
<th>% unemployed</th>
<th>% vote_{t-1}</th>
<th>R^2</th>
<th>N</th>
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<td>569</td>
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<td>Labour 2005</td>
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<td>-0.03*</td>
<td>0.88**</td>
<td>0.95</td>
<td>569</td>
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</table>

*  significant at p=0.05  
** significant at p=0.01
Table 4 Valence economic voting: change in constituency average house price and Conservative and Labour constituency vote shares in England and Wales.

A) All Great Britain

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<tr>
<th>% voting:</th>
<th>Constant</th>
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<th>% vote$_{t-1}$</th>
<th>R$^2$</th>
<th>N</th>
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<td>0.93</td>
<td>633</td>
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B) England and Wales only

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<th>% voting:</th>
<th>Constant</th>
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<th>% vote$_{t-1}$</th>
<th>R$^2$</th>
<th>N</th>
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<td>Labour 2005</td>
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<td>0.09**</td>
<td>0.86**</td>
<td>0.95</td>
<td>569</td>
</tr>
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* significant at p=0.05
** significant at p=0.01
Table 5 Position or valence? Combined models with unemployment

A) All Great Britain, 1992

<table>
<thead>
<tr>
<th></th>
<th>Conservative %</th>
<th>Labour %</th>
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<tr>
<td>Constant</td>
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<td>ln(% unemployed)</td>
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<td>0.92**</td>
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<td>0.94</td>
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<td>N</td>
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B) England and Wales only

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<tr>
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<tr>
<td>1992</td>
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<tr>
<td>Constant</td>
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<td>ln(% unemployed)</td>
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<td>0.97**</td>
</tr>
<tr>
<td>R^2</td>
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<td>0.95</td>
</tr>
<tr>
<td>N</td>
<td>561</td>
<td>561</td>
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</tbody>
</table>

| 2005           |                |          |
| Constant       | 3.07           | -2.31    |
| ln(% unemployed) | -1.51**     | 0.24     |
| % unemployed   | 0.04**         | -0.03*   |
| % vote_{t-1}   | 1.01**         | 0.88**   |
| R^2            | 0.95           | 0.95     |
| N              | 569            | 569      |

* significant at p=0.05
** significant at p=0.01
Table 6 Position or valence? Combined models for local housing markets

A) All Great Britain, 1992

<table>
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<tr>
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<td>% vote_t-1</td>
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<td>0.99**</td>
</tr>
<tr>
<td>R^2</td>
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<td>0.93</td>
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B) England and Wales only

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<td>Ave house prices_t (£’000s)</td>
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<td>R^2</td>
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<tr>
<td>N</td>
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<td>569</td>
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* significant at p=0.05
** significant at p=0.01
Table 7 Positional and valence economic voting and constituency vote shares at the 2001 General Election in England and Wales: regression models

<table>
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<tr>
<th></th>
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<td>II</td>
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<td>1.28</td>
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</tr>
<tr>
<td>Ave house prices&lt;sub&gt;t&lt;/sub&gt; (£’000s)</td>
<td></td>
<td>-0.01**</td>
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<td>R&lt;sup&gt;2&lt;/sup&gt;</td>
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<td>0.94</td>
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<tr>
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<td>568</td>
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</table>

+ significant at p=0.10  
* significant at p=0.05  
** significant at p=0.01
Figure 1 Labour vote share and constituency unemployment rates at the 2005 General Election in England and Wales