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ECONOMIC VOTING RECONSIDERED
Crisis and Charisma in the Election of Hugo Chávez

KURT WEYLAND
University of Texas at Austin

This article examines the impact of Venezuelans’ economic assessments on the election of a radical reformer, President Hugo Chávez. Multinomial logit analysis of pre-electoral survey data shows that sociotropic perceptions of recent losses and high hopes for future improvements significantly boosted support for Chávez. When political judgments and issue positions are considered, people’s prospective assessments retain their significant effect, whereas negative retrospective evaluations indirectly affect vote intentions for Chávez, namely, via rejection of the established political elite. These findings seem to corroborate claims of economic voting literature but cannot be interpreted in narrowly materialistic terms. Instead, the striking gulf between despair about the past and exalted hopes for the future shows the impact of Chávez’s charisma. Rather than reflecting a dispassionate assessment of likely developments, people’s expectations of a dramatic turnaround seem driven by the psychological need to believe that current problems must find a solution, which “Americanist” literature has documented.

Keywords: elections; public opinion; populism; charisma; cognitive psychology

Political scientists have long debated the impact that economic factors, both the objective economic situation and people’s subjective assessments, have on political choice. Many authors argue that economic conjunctures clearly affect people’s voting decisions and the popularity ratings of the government (e.g., Fiorina, 1981; Key, 1966; Kinder & Kiewiet, 1981; Lewis-Beck, 1988; MacKuen, Erikson, & Stimson, 1992). In this essentially materialistic view, economic conditions occupy a central place in people’s concerns. And because citizens hold the government at least partially responsible for the country’s economic performance and their own well-being, conjunctural upswings and downturns produce rising or falling support for

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the established political authorities. Numerous studies, increasingly focused on Third World nations and former Communist countries as well (e.g., Domínguez & McCann, 1995; Gélineau, 2000; Harper, 2000; Magaloni, 2000; Rose, Mishler, & Haerpfer, 1998, chap. 8; Stokes, 2001; Weyland, 1998), have investigated the effect of objective economic conditions or subjective economic assessments on electoral choice and governmental popularity.

But other authors argue that if political factors and ideological attitudes are taken into account, economic conditions and assessments have little, if any, influence on individual vote choice, aggregate electoral outcomes, and governmental popularity. One reason is that economic discontent may induce citizens to withdraw from politics and abstain in elections. The incumbent government may survive hard times if people lack the hope that the opposition could improve the situation (Radcliff, 1994). Furthermore, political and ideological factors may overpower the effect of economic conditions and assessments. Rather than responding to material factors or subjective economic evaluations, people may base their political choices primarily or exclusively on their ideological orientation or on their position on specific issues, such as political regime type or the proper role of the state (e.g., Domínguez & McCann, 1995). These noneconomic factors may even drive economic assessments. For instance, a supporter of extensive state interventionism may automatically rate the economic performance of a neoliberal government low, whereas a free-market enthusiast will approve of it. Thus if ideological commitments shape people’s information about the economy and their focus and standard of evaluation (e.g., inflation vs. unemployment), economic assessments are intervening variables not independent causes. Accordingly, they should not shape political choice if political and ideological factors are controlled for (Echegaray, 1996, pp. 611-612).

In another challenge to the economic voting literature, Stokes (2001) argues that cognitive schemes shape the political inferences that people draw from economic conditions. Economic gains therefore do not necessarily boost support for the government. Instead, if short-term economic improvements are seen as the unsustainable result of an irresponsible spending spree, they may reduce presidential popularity, and downturns may strengthen support for the government if they appear as necessary countermeasures to economic problems caused by the preceding administration. Thus political judgments concerning responsibility and blame mediate the impact of economic costs and benefits. In a similar vein, Weyland (2002) invokes the robust cognitive-psychological finding of people’s strong loss-aversion (Kahneman & Tversky, 2000) to argue that deep crises and the resulting prospects of serious losses induce many people to support bold, draconian, painful, and risky sta-
bilization plans that promise a quick recovery, yet with highly uncertain prospects of success; under such dire circumstances, citizens do not prefer prudent, less costly measures, as the standard cost-benefit analysis underlying the economic voting literature assumes. This pronounced risk acceptance contrasts with the excessive caution prevailing in good times; when economic prospects are positive, people tend to stick with suboptimal options, rather than experimenting with more promising but untested alternatives. This exaggerated risk-aversion, which again reflects people’s strong fear of losses, also deviates from conventional cost-benefit calculations. According to Weyland, who draws on the new literature in behavioral economics (e.g., Kahneman & Tversky, 2000; McFadden, 1999; Thaler, 2000), a basic human motivation—strong loss-aversion—thus makes people diverge from the postulates of economic voting arguments.

In sum, the political importance and effects of economic factors remain a topic for lively debate. These discussions are of particular relevance for studying politics in contemporary Latin America, where economic conjunctures have fluctuated drastically and crises have erupted frequently; where painful adjustment programs have garnered popular support in some cases but not in others; and where several political leaders who have enacted draconian neoliberal reforms have won and maintained massive backing in opinion polls and elections. These unexpected developments make it urgent to test economic voting arguments against rival hypotheses that stress political, ideological, or cognitive factors, and the stark variations in Latin America’s economic and political fortunes provide interesting cases for conducting such assessments.

As a preliminary step, the present article investigates a particularly important case, namely, the election of Hugo Chávez as president of Venezuela in December 1998. The stunning victory of this political outsider and leader of a bloody coup in 1992, who garnered a strong 56.2% of the vote 6 years later, ushered in a profound transformation of Venezuelan politics. Interestingly, the election of Chávez, who espoused radical populist rhetoric, is not an idiosyncratic exception. Political populism has emerged in many countries of Latin America and other regions, including Eastern and Western Europe (Canovan, 1999; Mudde, 2000; Weyland, 1999). Therefore, my investigation of the Venezuelan case suggests insights that may be broadly applicable.

The 1998 election constitutes a particularly good test case for examining the importance of economic versus political-ideological and cognitive deter-

1. The unavailability of equivalent survey data from other Latin American countries makes it infeasible to conduct a broadly comparative study.
minants of vote choice. At the time of the contest, Venezuela had suffered a pronounced economic downturn, the incumbent government’s cautious neoliberal reforms had elicited strong ideological opposition, and the established political regime had fallen into considerable disrepute. It had a dismal track record in alleviating the country’s economic, social, and political problems, due in part to egregious corruption among the “political class.” Which of these problems, rooted in the areas of economics, ideology, or politics, was most important for triggering the election of a charismatic savior who promised radical change? In particular, do economic factors remain significant predictors of vote intentions when political and ideological variables are taken into account? And do these factors shape political choice in the straightforward fashion postulated by the economic voting literature, or are they mediated by cognitive schemes that cause deviations from standard cost-benefit calculations?

The statistical analysis of an important pre-electoral survey below finds that people’s subjective economic assessments did indeed have an important impact on the 1998 election. Specifically, negative retrospective evaluations and optimistic prospective expectations significantly boosted support for Chávez. When political and ideological control factors are considered, positive prospective assessments remain significant, whereas discontent with past economic developments has an indirect effect, fueling disaffection with Venezuela’s political class, which in turn induces people to opt for the populist outsider Chávez.

Although these findings can be accommodated by economic voting arguments, they should not be interpreted in a simple, materialistic fashion. The very strength of optimism among Chávez supporters is difficult to explain in those terms, given the grave, longstanding problems facing Venezuela and the questionable track record of this candidate, who lacked administrative experience and failed to present a clear socioeconomic program. It seems that many citizens simply felt compelled to believe in Chávez’s charisma, independent of realistic assessments of his likely success. In fact, later surveys show that expectations in the new president’s capacity for problem solving were strikingly divorced from evaluations of his actual performance. Furthermore, diachronic and cross-national comparisons suggest that people have particularly exalted hopes in prominent political leaders when facing severe crises, whereas under more normal circumstances, expectations pinned on leaders—even those with good, promising track records—are quite moderate. Based on all this evidence, the article argues that the depth of Venezuela’s problems in 1998 paradoxically triggered exalted optimism.

2. On the context of this important election, see McCoy (1999).
among many citizens. Because realistic assessments would have yielded frustrating, painful conclusions, many Venezuelans seem to have felt a psychological need to be strikingly hopeful. Although this psychological line of reasoning, which has been documented for the U.S. case as well (Haller & Norpoth, 1994; Jones & Haller, 1996), deviates from the logic underlying economic voting arguments, it makes sense in light of the pronounced loss-aversion prevailing among most people (Kahneman & Tversky, 2000; Payne, Bettman, & Johnson, 1992, pp. 96, 122). Specifically, it serves to alleviate the tremendous distress plaguing the citizens of a crisis-ridden nation. Thus the present article suggests that people’s judgments are more complicated than the economic voting literature assumes—as economists themselves have come to recognize (McFadden, 1999; Thaler, 2000; see also Lupia, McCubbins, & Popkin, 2000, part 2).

THE SETTING: VENEZUELAN POLITICS IN THE 1990s

To understand the context and significance of Chávez’s election, a brief overview of Venezuela’s turbulent history in the 1990s is required. The decade began with a radical reform effort, which sought to reverse the economic decline that Venezuela had suffered during the 1980s; this push for change also intended to ease or even break the stranglehold of oligarchical party cliques over the country’s longstanding democracy. As a relative outsider in the long-predominant Acción Democrática party (AD), President Carlos Andrés Pérez (1989-1993) enacted a neoliberal shock program designed to open up the economy to foreign competition and free it from cancerous state interventionism. At the same time, Pérez tried to weaken the well-entrenched elite of AD, which had turned from a social-reformist mass movement into a patronage-obsessed machine party. For this purpose, the new president pushed for the institution of direct elections for mayors and state governors, proposed internal party democratization, and supported a group of young reform-oriented cadres inside his party (C. Blanco, personal communication).

3. This civilian regime was instituted in 1958 and had thereafter acquired unusual stability for Latin American standards.

4. Pérez was a charismatic, personalistic leader who was opposed to the entrenched leadership of AD but supported by much of the rank and file. He won the party’s presidential candidacy in an internal primary, defeating the hand-picked candidate of incumbent AD President Jaime Lusinchi.

These ambitious projects, however, elicited strenuous opposition. The absence of an acute, open crisis made many citizens reject Pérez’s tough stabilization plan, and unprecedented riots erupted, shaking the stability of Venezuelan democracy. Politically weakened, the president’s comprehensive market-reform program faced ever stronger resistance, which resulted increasingly from his own party’s fear that a reduction of state interventionism would cost it precious patronage. AD’s opposition was exacerbated by Pérez’s political reform effort, which threatened the political standing of the established party apparatus and was seen as an indication of presidential hostility (H. Celli, personal communication, May 31, 1996; A. Hospedales, personal communication, May 29, 1996). The incumbent party oligarchy therefore interpreted the market reform effort as part of a comprehensive assault on its power and privileges. Increasingly abandoned by his own party, Pérez experienced growing political isolation and eventually suffered impeachment on charges of financial irregularities. The president’s political failure even prompted fundamental challenges to Venezuela’s democracy, especially the coup led by Hugo Chávez in February 1992 and a second military uprising in November 1992 (overviews in Corrales, 2000; Crisp, 1998, pp. 21-29).

These troubles and travails delegitimized the established regime in the eyes of many citizens. Therefore, the two predominant parties AD and COPEI (Comité de Organización Política Electoral Independiente), which had garnered 93% of the votes in the 1988 presidential elections, received less than 50% in the 1993 contest. Ex-president and COPEI-founder Rafael Caldera, who had bolted from his party and run as an independent, won as a charismatic leader who attracted many protest votes. Caldera ruled during his first 2 years in a populist, autocratic, and erratic fashion. In its economic policy, the new government marked distance from neoliberalism. But a succession of ill-conceived stabilization plans failed to bring lasting improvements, and inflation reached an alarming 8% per month in early 1996. To avoid a collapse, Caldera reluctantly agreed to enact a tough orthodox adjustment package (Agenda Venezuela), which managed to lower price increases. Caldera’s new economic team also embraced structural market-reforms, such as privatization, deregulation, and pension reform, but due to limited presidential commitment and considerable societal opposition, implementation proceeded only haltingly (T. Petkoff, personal communication, July 3, 1998; F. Rojas Parra, personal communication, June 16, 1998).

Yet this recovery resulted partly from increasing international oil prices, whose drastic drop after late 1997 therefore led to another recession. This renewed crisis disappointed the hopes raised by the upswing of 1997 and suggested to citizens that the painful adjustment of 1996 had been in vain. As a result, negative economic assessments became increasingly widespread during 1998, and presidential popularity and economic policy approval plummeted. Fed up with the incapacity of the established regime to resolve the country’s problems, more and more Venezuelans opted for a radical outsider who promised a profound political transformation. Former coup leader Hugo Chávez, who attacked the political class and its oligarchical regime, criticized neoliberalism, called for a drastic political housecleaning, and promised a social revolution, therefore won the 1998 election by a landslide. His main opponent, Henrique Salas Römer, also was a political outsider, but because he projected a more moderate image than Chávez, he received last-minute support from AD and COPEI, which in desperation abandoned their own presidential candidates. With this additional backing (Christiansen, 1998), Salas garnered a respectable 39.97% of the vote.

After taking office in February 1999, Chávez lived up to his political promises and revamped Venezuela’s institutional structure. In a paraconstitutional way, he convoked a Constituent Assembly that besides drawing up a new charter, marginalized the existing, opposition-controlled congress and purged the judiciary. The new constitution strengthened presidential powers by allowing immediate reelection and diminished legislative veto points by creating a unicameral congress. The frequent plebiscites and elections that Chávez held along the way consolidated the political predominance of his supporters and sealed the downfall of AD and COPEI.

Yet while effecting a radical elite renovation and transforming the institutional rules of Venezuelan democracy—unfortunately, in a more autocratic direction—the Chávez government did not manage to bring any net improvement in the dire economic and social situation. On the contrary, GDP fell by 7.2% in 1999 and rose by a meager 3.2% in 2000 and 3.5% in 2001, despite a drastic rise of oil prices, which normally causes a boom in Venezuela. Due to this anemic growth, unemployment rose to 15% to 20% of the workforce. Thus Chávez’s political transformation has so far not brought many material benefits to the large mass of the population. How much time his supporters will concede Chávez to fulfill his promises remains to be seen.

6. Molina (2000, p. 11), by contrast, speculates that AD’s and COPEI’s endorsements hurt Salas.

7. On Chávez’s rise and presidency, see Carrasquero, Maingon, and Welsch (2001); McCoy (1999); and Petkoff (2000).
DETERMINANTS OF ELECTORAL CHOICE IN 1998

THE ROLE OF ECONOMIC ASSESSMENTS

What accounts for the election of charismatic leader and radical reformer Hugo Chávez? Why did so many Venezuelans choose the boldest—that is, most risky—candidate and thus prefer dramatic discontinuity over more moderate efforts at change? Specifically, how important were negative economic assessments, triggered by the renewed recession of 1998 as well as Venezuela’s longstanding economic difficulties? The following statistical analyses test whether economic factors had a significant impact on people’s vote choice, even when ideological and political factors—specifically, popular aversion to neoliberal principles and rejection of the established political regime and its well-entrenched leadership—are taken into account. The subsequent section will interpret these statistical findings and assess whether economic factors operated either in the straightforward fashion postulated by the economic voting literature or via mediating cognitive schemes.

The statistical analysis draws on an opinion survey designed by leading scholars from several Venezuelan universities and research institutes and conducted by the well-respected polling firm Datos, based in Caracas. This pre-electoral survey was held from November 13 to 27, 1998, that is, between the congressional and the gubernatorial elections of November 8 and the presidential contest of December 6. With a probabilistic sample and national coverage, the poll relied on 1,500 interviews in respondents’ homes. It asked a number of important questions that allow for an assessment of the competing arguments mentioned above. In particular, it queried respondents on their retrospective and prospective evaluations of the economy, both at the personal or family and the national level (i.e., pocketbook vs. sociotropic assessments; Kinder & Kiewiet, 1981).

The first analysis examines the impact of economic assessments on vote intentions for Hugo Chávez, his main rival Henrique Salas Römer, and other candidates (Table 1). In this multinomial logit model, prospective abstention serves as a point of reference. As is common in electoral analyses, the model includes as control factors two basic sociological variables, namely, education level and social class.

As predicted by economic voting arguments, economic assessments had a significant impact on electoral preferences for Chávez. All four types of evaluations have the expected signs. That is, retrospective judgments have nega-

8. I am extremely grateful to Professor Friedrich Welsch (Universidad Simón Bolívar, Caracas) for providing generous access to these data.
<table>
<thead>
<tr>
<th>Economic Assessments and Vote Intentions in 1998</th>
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<tr>
<td>Chávez</td>
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<tr>
<td>Education</td>
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<tr>
<td>Class</td>
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<td>Retrospective sociotropic</td>
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<td>Prospective sociotropic</td>
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<td>Retrospective pocketbook</td>
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<td>Prospective pocketbook</td>
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n = 925
Log likelihood = -1138.2972
Prob. > $\chi^2$ = 0.0000

*p < .1. **p < .05. ***p < .01.
tive coefficients, whereas prospective assessments have positive coefficients, and this holds both for pocketbook and for sociotropic evaluations. Thus discontent with the recent past, which was triggered by Venezuela’s renewed economic problems, strengthened support for Chávez, who also benefited from hopes for future improvements.9

Sociotropic assessments, however, prove much more significant as predictors of the Chávez vote than pocketbook assessments. Whereas prospective sociotropic expectations are significant at the .001 level and retrospective sociotropic evaluations at the .05 level, retrospective pocketbook assessments prove statistically insignificant, and prospective pocketbook expectations are significant only at the .05 level. Thus concern for the well-being of the whole country—much more than a focus on individual benefits—induced Venezuelans to back Chávez. Specifically, supporters of this political outsider felt that the country had become worse off in the recent past, but they had high hopes for the future. The odds for respondents who perceived a recent deterioration to vote for Chávez were 1.48 times higher than for those who saw no change, and optimists were 1.69 times more likely to support the eventual winner than people who foresaw no change in the nation’s well-being.10

By contrast, only retrospective pocketbook assessments significantly affected vote intentions for Salas Römer. Specifically, Venezuelans who perceived recent gains for themselves were much more likely to opt for Chávez’s opponent than were citizens who reported no change in their individual well-being (odds ratio of 1.54). Thus egocentric winners backed the politician who at the end of the campaign turned into the principal anti-Chávez candidate and therefore won strategic support from established political forces. In fact, not only the subjectively better-off tended to vote for Salas but also the objectively better-off. Higher education levels clearly enhance his support, and socioeconomic status (class) also has a positive effect, though not at conventional levels of statistical significance. Thus Salas became the candidate of the privileged and the elite; therefore, he was easy prey for anti-system candidate Hugo Chávez.

In sum, people who cared about the fate of the whole country disproportionately planned to vote for populist Chávez; those who had received recent personal benefits preferred his main opponent. This finding shows the populist nature of Chávez’s support base; such plebiscitary leaders commonly

9. The country’s situation was regarded as worse than a year before by 69.95% of respondents, whereas only 3.85% saw improvement. By contrast, 36.95% were hopeful about the country’s future and only 34.75% were pessimistic. And a full 56.22% held positive prospective pocketbook assessments.
10. Computed from the coefficient estimates in Table 1.
make supra-individual appeals and focus citizens’ attention on the nation as a whole. Thus economic assessments had a significant impact on vote intentions for the eventual winner and his principal adversary, but in strikingly different ways.

These findings show that discontent with recent economic conjunctures significantly boosted the Chávez vote. The renewed crisis of 1998, which followed more than 15 years of economic decline and nipped the recovery of 1997 in the bud, clearly created resonance for his appeals to dislodge the established political leadership. Yet despite their negative assessments of the past, Chávez supporters were hopeful about the future. In their view, the economy was going badly, but the situation could be improved. Therefore, they were susceptible to Chávez’s promises to turn the country around and effect a “revolution” (see Carrasquero & Welsch, 2000, pp. 181-183).

The willingness of potential followers to entertain such optimism is crucial for an outsider who promises a profound transformation. The gulf between condemnation of the recent past and great expectations for the future provides a tremendous opportunity for charismatic leadership (cf. Weber, 1976, pp. 654-661). In fact, Chávez’s charismatic personality probably helped to instill hope in his followers. As the literature on U.S. politics has found (Haller, 1995), electoral campaigns, which induce many candidates to promise improvements, and upcoming elections, which allow citizens to “throw the rascals out” and replace them with more promising leaders, tend to instill hope in people. In Venezuela in 1998, this campaign-induced optimism was especially pronounced. Chávez succeeded in convincing his followers that he could lift their crisis-ridden country out of the morass. Therefore, he attracted disproportionate support from Venezuelans who were hopeful for the future.

By contrast, pessimists tended to prefer abstention, which reached a high 36.55% of the electorate in the 1998 contest. The latter finding confirms Radcliff’s argument (1994) that discontent may trigger nonparticipation. But the present analysis refines this claim by suggesting the crucial role of optimism versus pessimism about the future. Whereas discontent coupled with pessimism leads to abstention, discontent combined with optimism actually stimulates voting, though for a radical reformer.

In conclusion, economic assessments had a clear effect on vote intentions for Hugo Chávez. This charismatic populist received particularly strong support from Venezuelans who complained about a recent deterioration in the well-being of their country, but who had high hopes for future improvements. By contrast, Chávez’s main rival, Salas Römer, found disproportionate backing among Venezuelans who were objectively and subjectively better-off, despite the crisis plaguing the country.
A TEST OF COMPETING ARGUMENTS

Do sociotropic economic discontent and hope remain significant predictors of the Chávez vote once ideological and political factors are taken into account? And do recent pocketbook gains continue to drive support for Salas Römer? The following multinomial logit model includes two sets of variables that measure popular aversion to neoliberalism and rejection of the established political regime and its leadership, respectively—that is, alternative explanations for Chávez’s victory.11

To ascertain people’s stance toward neoliberalism, the survey tapped their attitudes concerning the privatization of state-owned enterprises and asked about their preferred degree of state interventionism (Table 2). To gauge political discontent, it asked about satisfaction with the way democracy was working in Venezuela.12 This question provides the best available indicator for popular assessments of the performance of the political class, which had long been accused of stifling and corrupting democracy and turning it into an oligarchical “partyarchy” (partidocracia).13

Popular dissatisfaction with the actual state of democracy has a highly significant impact on vote intentions for Hugo Chávez. The odds for respondents who reported low satisfaction to back the eventual victor were 1.33 times higher than for people who were somewhat satisfied. Supporters of this radical populist clearly tended to reject the way in which the political class had been running the country and to agree with the mounting criticism of the established political system. Thus political discontent played an important role in inducing Venezuelans to vote for a risky outsider. By contrast, dissatisfaction with the performance of democracy had no significant effect on vote intentions for Salas Römer. As mentioned above, Chávez’s main opponent attracted strategic support from many sympathizers of the established political parties, who saw him as the only viable alternative to the former coup

11. Molina (2000) uses the same data to test for the impact of a much wider range of factors but without a good theoretical justification for including such variegated variables nor sufficient attention to the potential interaction between them, and Canache (2002, pp. 81-86) conducts an interesting test of political factors but does not take economic assessments into account.

12. Privatization was rejected outright by 31.47% of respondents, whereas 58.77% advocated the sale of those public enterprises that “functioned badly,” and 9.76% total privatization. A full 76.12% recommended more state intervention in the economy; only 7.89% wanted to see less, and the remaining 15.99% no change. Finally, a mere 5.76% were highly satisfied with the functioning of democracy in Venezuela, and another 38.85% were somewhat satisfied; by contrast, 39.72% reported little satisfaction, and another 15.67% were completely disaffected.

13. See Coppedge (1994). Questions about party affiliation and affinity include Chávez’s own Movimiento V República (which receives 31.67% of nominations) and are therefore not valid indicators for popular rejection of the established “political class.”
<table>
<thead>
<tr>
<th></th>
<th>Chávez</th>
<th></th>
<th>Salas Römer</th>
<th></th>
<th>Other Candidates</th>
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<td>.3491239**</td>
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<td>State interventionism</td>
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<td>.1571740</td>
<td>.061</td>
<td>.2805120*</td>
<td>.1615791</td>
<td>.083</td>
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<td>.024</td>
<td>.1260163</td>
<td>.1272188</td>
<td>.322</td>
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<td>.7254696</td>
<td>.201</td>
<td>-2.550246***</td>
<td>.7507755</td>
<td>.001</td>
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n = 847
Log likelihood = -1019.6696
Prob. > χ² = 0.0000

*p < .1, **p < .05, ***p < .01.
monger. It is no wonder, then, that backing for Salas was not inspired by profound political discontent. In fact, positive assessments of the state of democracy in Venezuela are the only statistically significant predictor of vote intentions for other candidates, among whom the standard bearers of the established parties, AD and COPEI, predominated. Specifically, respondents who professed strong satisfaction with the established political regime were 1.81 times more likely to vote for those candidates than were people who were somewhat satisfied. Obviously, voters who remained loyal to those discredited political forces until the bitter end did not tend to share the widespread criticism of the ways in which AD and COPEI had run the country.

Attitudes toward neoliberalism have only a weak impact on vote intentions for Chávez and Salas. Interestingly, support for Chávez did not come disproportionately from Venezuelans who opposed the market reforms that were advanced, with little enthusiasm, by the incumbent government. In particular, rejection of privatization completely lacked a significant effect. Preference for state interventionism was a marginally significant predictor of both the Chávez and the Salas vote. But in affecting support for the two main rivals in similar ways, this factor cannot account for the distinctiveness of Chávez’s political base. In fact, support for the extension of state interventionism was very widespread, prevailing among 76.12% of all respondents with an opinion on this issue.

The fact that opinions on these ideological issues were not highly significant in influencing the Chávez vote again shows the populist nature of his political support. Latin American populists do not advance a clearly defined ideology or a specific program on crucial issues. Instead, they seek to muster backing from a diverse range of people with diffuse, often emotional, appeals. Accordingly, vote intentions for Chávez were not strongly associated with a stance on central policy issues. The same is true for Salas Römer, another personalistic leader with a heterogeneous support base.

Most of the economic assessments that shaped vote intentions in the simple model retain their effect when political and ideological factors are taken into account. All four types of evaluations have the expected signs as predictors of the Chávez vote. That is, discontent with recent economic developments and expectations of future improvements make survey respondents more likely to opt for the former coup maker. With the inclusion of people’s judgments about the state of Venezuelan democracy, however, retrospective sociotropic assessments are no longer statistically significant. Instead, the evaluation of the established political class’ performance serves as an intervening variable that mediates the impact of economic assessments. As survey researchers have documented, people’s main explanation for the economic difficulties facing Venezuela was the incompetence and malfeasance of AD
and COPEI (Keller, 1996, pp. 67-70; Romero, 1997, pp. 20-22). Those parties, which attracted strong support during the boom years of the 1970s, saw their backing erode with the protracted economic difficulties of the 1980s and the 1990s. Thus negative evaluations of the economy undermined support for the incumbent political elite, which in turn induced many Venezuelans to back a radical populist outsider. In sum, economic discontent played an important indirect role, fueling political frustration and helping to trigger a drastic political transformation.

Whereas the effect of retrospective assessments is mediated, hope for the country’s future retains a strong direct association with support for Chávez. Optimists are 1.68 times more likely to opt for this radical populist than respondents who foresee no improvement—virtually the same odds ratio as in the simple model. Positive expectations coincide with the willingness to back this plebiscitary leader, who promised to turn the country around. Thus this advocate of profound transformation had disproportionate support from Venezuelans who were discontent with the country’s economic and political situation, but who believed in the possibility of drastic improvement. Thus even when competing factors are taken into account, economic assessments—especially sociotropic prospective evaluations—remain important for explaining the electoral victory of a radical populist in Venezuela. Interestingly, however, the perception of recent losses, which can have a clear basis in hard facts, is no longer statistically significant, whereas hopes for the future, which are more likely to be driven by subjective considerations, retain a clear direct effect. Thus although the present findings confirm some basic claims of the economic voting literature, they do not support its materialistic versions.

While concern for the nation strengthened electoral backing for Chávez, perceptions of recent improvements in individuals’ economic situation continued to boost the Salas vote (odds ratio of 1.42). Similarly, more extended education and—at a relaxed level of statistical significance—higher socioeconomic status (class) were again associated with support for Salas (whereas class had absolutely no impact on vote intentions for the eventual winner, and education was only marginally significant). Thus better-off sectors tended to back Salas, whereas a much more balanced cross-section of the population planned to cast their ballot for Chávez.

In sum, Chávez’s support base had a typically populist character. It was socially heterogeneous and multiclass, as his backers hailed from all walks of life (cf. Conniff, 1982, pp. 14-16). It focused on the well-being of the country more than on individual pocketbook interests. And it combined discontent about the past with hopes for the future, thus providing a propitious launching ground for charismatic leadership: In the eyes of his followers, the new presi-
dent would take over a country in crisis and quickly turn it around. By contrast, his main opponent drew support preferentially from subjectively content and objectively privileged sectors. Given the serious problems afflicting Venezuela, it is therefore not surprising that Chávez won by a landslide.

**INTERPRETATION**

The preceding statistical analysis finds that economic assessments played an important direct and indirect role in the 1998 presidential contest in crisis-ridden Venezuela. Even when political and ideological factors are taken into account, some of these variables remain significant predictors of vote intentions for the two main contenders. Interestingly, different assessments matter for Chávez and Salas, demonstrating the divergent appeals of the two leading candidates to the mass public.

Yet whereas the election of daring outsider Hugo Chávez seems to corroborate important claims of the economic voting literature, the statistical findings are also compatible with cognitive-psychological arguments that invoke people’s strong loss-aversion and predict risk acceptance—such as voting for a populist outsider—in crisis situations. Both of these arguments predict that economic problems cause discontent with incumbents and induce people to embrace alternative leaders. Thus although these two lines of reasoning diverge quite starkly in theoretical terms, the statistical analysis as such has difficulty assessing which one of them is more convincing. Therefore, it is necessary to go beyond the data-set observations analyzed with statistical techniques and consider “causal-process observations,” that is, “information about context or mechanism” that “offer[s] an alternative source of inferential leverage” (Collier, Brady, & Seawright, in press, p. 28; for an instructive empirical application, see Brady, in press). This additional type of information sheds light on the nature of Chávez voters’ economic assessments, especially their hopes for the future: Were they plausible reflections of objective conditions and probable future developments, or were they wishful thinking driven by strong loss-aversion? Essentially, how realistic were these expectations?

A number of inferences derived from causal process observations caution against an economistic interpretation of the statistical results and provide support for cognitive-psychological arguments over strict economic voting hypotheses. First, the present investigation relied on people’s subjective assessments of economic circumstances, not on objective indicators. Scholars have found that there is often a striking divergence between individuals’ perception and economic reality. This divergence even affects people’s assessment of changes in their individual well-being during the recent past,
for which there is ample hard evidence. For instance, many people who have made clear absolute gains nevertheless report to be worse off (Graham & Pettinato, 2000, pp. 96-101). In a similar vein, 60% to 80% of Venezuelans consistently report that they “live better than the majority of the people”—obviously, a statistical impossibility (e.g., Consultores 21, 1994, p. 72).\(^{14}\)

Strikingly, even among the poorest sectors, a substantial percentage think they are better off than the majority (e.g., 43% in June 1994, 51% in December 1996, and 48% in September 1998); among the lower class (*clase popular baja*), this percentage reaches a clear majority (64% in June 1994, 65% in December 1996, and 69% in September 1998; see Consultores 21, 1994, June, Question 6; Consultores 21, 1996, Question 7; Consultores 21, 1998, Question 6). Thus people’s assessments of their current well-being and of recent changes in their economic situation do not necessarily reflect economic reality.

Future expectations can be even more divorced from objective facts. Indeed, they can be driven by political hopes and wishful thinking. For instance, analyses of U.S. elections show that the promises made by competing candidates and the hopes produced by the prospect of government turnover trigger pronounced optimism during election campaigns (Haller, 1995). Citizens have faith that their preferred candidate will overcome difficulties and usher in a bright future. Furthermore, “Americanists” have found that bad economic situations paradoxically trigger disproportionate optimism. Due to strong loss-aversion, people cannot stand believing in further deterioration; instead, they eagerly expect improvements (Haller & Norpoth, 1994; Jones & Haller, 1996). Thus difficulties produce wishful thinking.

If these tendencies toward optimism are notable in a consolidated economic and political system like the United States, they are even more pronounced in a crisis-ridden setting like Venezuela. Given the multiple problems afflicting that country in the late 1990s, citizens had a particularly high need to believe in a savior, who could magically resolve the problems. In fact, when asked why they thought the situation of the country would improve during the coming year, a full 43% of optimistic respondents in late 1998 mentioned “the new president” or “the new government,” and another 8% stressed “Chávez’s qualities” (Consultores 21, 1999, p. 8). And popular “trust in that the president can manage the country well during his mandate” shot up from 10% in late 1998, under Chávez’s discredited predecessor Rafael Caldera, to 66% in early 1999, right after Chávez himself took office; with the change of government, lack of such trust collapsed from 76% to 17% (Datos,

\(^{14}\) Although the question itself is formulated broadly (“live better”), it follows immediately on a battery of questions that inquire about personal economic situations.
Thus Venezuelans were prepared for a leap of faith and ready to pin their hopes on a charismatic leader.

Thus it seems that the positive expectations for the future that were so pronounced among Chávez supporters were not dispassionate extrapolations from current trends but crisis-driven and candidate-induced wishful thinking. The factual basis for these high hopes was slim indeed, given that Chávez had a dubious track record, that he had not proposed any clear economic program, and that several earlier leaders had made similar promises without delivering. Balanced probability assessments required that these past disappointments lead citizens to heavily discount the even more ambitious promises advanced by Chávez. Yet contrary to such sensible prudence, these past failures seem to have induced substantial numbers of people to become even more willing to believe in a new savior. Their very desperation led many people to gamble by putting all their chips on this charismatic leader, who offered the last hope for rescuing the country, but whose past performance gave little indication that he really had the capacity to achieve his bold goals. Thus more than anything else, the striking optimism of Chávez supporters was an indication of their willingness to run a risk by placing their hopes on an unpredictable outsider. This crisis-driven boldness looks quite similar to the tendency toward risk acceptance in the domain of losses that Weyland (2002) has documented for a number of other presidential elections in Latin America.

The excessive nature of Venezuelans’ optimism is indicated by the fact that in late 1998, 80% to 87% of respondents considered it likely that the incoming Chávez government would resolve five of the major endemic problems that had been plaguing the country for decades: low salaries, crime and lack of safety, unemployment, corruption, and inflation. Overcoming any one of these difficulties, which the preceding governments had combated in vain, was a tall order; resolving all five of them would have required sheer magic. Pushed to the brink by worsening difficulties, Venezuelans were eager to believe in such magic (see Coronil, 2000). These exalted expectations, triggered by Venezuela’s grave crisis, went far beyond the normal hopes that people commonly attach to new presidents (cf. Haller, 1995), as a diachronic comparison suggests. In January 1989, for instance, when Venezuela was in much less dire straits, expectations of President-elect Carlos Andrés Pérez were much more moderate: Only 33% of respondents considered it likely that the new government would resolve the problem of inflation; 41% (against 44% skeptics) expressed the same expectation regarding the external debt, 41% (vs. 53%) regarding “the bad economic situation”; and 48% (vs. 44%) regarding unemployment (Consultores 21, 1989, Questions 41-44). Thus hopes were limited at that time, although Pérez had engineered an economic boom during his first term in office (1974-1979) and many citizens supported
him precisely because they hoped he would restore that prosperity. Thus popular expectations for Pérez’s second term appear as comparatively reasonable, having some basis in the ex-president’s earlier performance. If they can serve as an indication of the hopes that a prominent leader elicits under more normal circumstances, then the optimism reigning in 1998 among Chávez supporters clearly seems extraordinary and exaggerated. This striking increase in Venezuelans’ willingness to believe in a savior resulted most likely from the grave deterioration that had occurred during the intervening decade. The country’s deepening crisis seems to have predisposed many citizens to develop greatly inflated hopes, which were difficult to justify on the basis of Chávez’s questionable track record.

Comparisons with other presidential elections in Latin America during the 1990s also show how exalted the hopes pinned on Chávez were. For instance, although many Argentines in late 1999—after 10 years of government by Carlos Menem—were longing for an alternation in power and advocated significant changes in economic and social policy, they had modest expectations of the frontrunner in the presidential contest, opposition leader Fernando de la Rúa. Although this candidate had established a reasonable track record as mayor of Buenos Aires, only 32% of his own supporters foresaw much or considerable change resulting from his election; 50% predicted only some or little change, and 8% expected no change at all (Estudio Graciela Römer, 1999, p. 10). Thus hopes for improvement were limited at a time when the economy was not doing particularly well but not yet suffering a serious crisis. Popular expectations of the incoming government of Ricardo Lagos in Chile (2000-present) were similarly moderate. Although the country had achieved an excellent average growth rate of approximately 6% per year during the preceding decade, only 50% of respondents in March 2000 thought they would be economically better off during Lagos’s 6-year term. Expectations were circumspect although the president-elect had established a good reputation as government minister during the 1990s and 58% of respondents predicted that Lagos himself would conduct a good (41%) or very good administration (17%; MORI poll reported in “Altas expectativas,” 2000). Thus Chileans rated the likely performance of their new president as

15. When asked about the “most important reason for why they voted for Carlos Andrés Pérez,” a plurality of 33% mentioned his “good first government” and “experience” (grouped together by the polling firm) (Consultores 21, 1989, Question 15).

16. Also, whereas 42% of respondents in early 1994 had “considerable trust” that new President Rafael Caldera “could manage the country well during his term,” a high 66% had such trust in Chávez immediately after he took office in early 1999 (Datos, 2000).

17. In October 1999, 22% of respondents had a positive assessment of the economic conjuncture, whereas 39% held a negative view (Estudio Graciela Römer, 1999, p. 4).
good, but they did not expect wonders. Similarly, moderate hopes prevailed in Brazil in mid- to late 1994, after the Real Plan designed by Fernando Henrique Cardoso had stopped the country’s renewed march into hyperinflation, boosted growth, and brought significant income gains, especially for the lower classes. In this promising setting, citizens’ expectations that the presidential elections of early October, which Cardoso was bound to win, would bring further improvements were limited. In late September, only 21% of respondents felt that “the result of the elections can change life a lot”; most people believed the outcome of the contest would change their life only a little (33%) or not at all (39%; Datafolha poll reported in CESOP, 1994, p. 29). Thus in the absence of an open, acute crisis, citizens pinned only modest hopes on leading presidential candidates, even on likely winners with good track records.

By contrast, when people are afflicted by grave problems, they are much more willing, even eager, to believe in saviors who promise to turn the country around. For instance, during Brazil’s presidential campaign of late 1989, when the country was irresistibly sliding into hyperinflation, many people were strikingly hopeful. In November 1989, after Fernando Collor de Mello, a newcomer to the national political elite, had won the contest’s first round, 41% of respondents were “optimistic about the future of Brazil” and an additional 13% were very optimistic; only 15% were pessimistic or very pessimistic (IBOPE, 1989). In fact, among all the Gallup polls held between 1981 and 1993 that tapped people’s expectations at year’s end, the 1989 survey—conducted immediately after Collor’s run-off victory—found the highest level of optimism ever, with 60% (Arruda, 1994). And when the president-elect was about to take office in March 1990, 17% were very optimistic and another 58% optimistic, whereas only 9% expressed pessimism (IBOPE, 1990, March). These hopes were stimulated to a good extent by the incoming president, who projected an image of dynamism and energy. Indeed, Brazilians were ready to believe in a savior: A whopping 90% in a survey held in February 1990 thought that “what Brazil needs is a great leader” (IBOPE, 1990, February).

The thoughts that underlie and stimulate such exalted, crisis-driven hopes are well documented for the presidential campaign of mid-1990 in Peru, where hyperinflation was imposing drastic further losses on an already impoverished population and where two powerful guerrilla movements were assailing the state, causing large-scale violence. In systematic, qualitative interviews, people from the popular sectors stressed “the need for hope (esperanza) in a situation of despair (desesperanza)” (Boggio, Romero, & Ansión, 1991, p. 101). Precisely because objective conditions were so dire, people had to believe in future progress so as not to see their aspirations for
improvement completely frustrated (Boggio et al., 1991, pp. 81-83, 93-95, 100-102). As in the case of Chávez, Peruvians pinned these hopes on Alberto Fujimori precisely because he was a political outsider, distant from the established political class. As a perceptive observer noted, “Peruvians knew their politicians well enough to know that they could be expected to fulfill no dreams, and in that profound cynicism and the need to dream once more [italics added] lay Fujimori’s strength” (Guillermoprieto, 1990, p. 123). And as in Venezuela in 1998, these popular expectations had little objective basis as Fujimori’s track record was obscure. Divergent from reasonable probability assessments, it was precisely this absence of a track record that persuaded many citizens to vote for the outsider Fujimori, as the systematic, qualitative interviews confirm (Boggio et al., 1991, pp. 101-102) and the following anecdote illustrates: During the presidential campaign, Javier Diez Canseco, a leftist senator, “approached a vender who had a poster of Fujimori tacked up on her stall, and asked, ‘Señora, why are you voting for him?’ The woman looked Diez Canseco in the eye. ‘Because he hasn’t done anything yet’” (Reported in Guillermoprieto, 1990, p. 124). Thus the very crisis triggered hope, due to the psychological need to avoid despair, and the very absence of experience induced people to pin their hope on an unknown outsider. Although these judgments clearly deviate from the logic underlying economic voting arguments, they make sense in terms of the above-mentioned psychological logic: Because most people are highly loss-averse (Kahneman & Tversky, 2000; Payne, Bettman, & Johnson, 1992, pp. 96, 122), they tend to be overly optimistic (Taylor & Brown, 1988), especially when objective circumstances are grim; in such crises, they accept great political risks by supporting obscure outsiders with questionable track records (Weyland, 2002, chap. 5).

In sum, diachronic and cross-national comparisons strongly suggest that many citizens’ faith in Chávez in 1998 was not based on a realistic assessment of his capacities but on a need for hope, which was probably driven by the ever more serious problems afflicting the country. Later data from other Venezuelan surveys corroborate the unrealistic nature of popular expectations of this charismatic outsider’s ability to overcome the country’s grave problems. In particular, polls commonly documented a striking gulf between people’s evaluations of the new president’s actual performance and their continued belief in his capacity for problem solving. In January 2000, for instance, only 50% of respondents felt that President Chávez “had already solved one of the problems that [they] want[ed] him to solve as president,” whereas 47% thought he had not, but at the same time, 84% evaluated the government as good (Consultores 21, 2000, Questions 43, 71). And after Chávez had completed 19 months in office, only 30% to 32% of survey respondents saw sig-
significant progress on crucial issues such as unemployment and crime, but 80% continued to believe that the president had the capacity to resolve these problems (Christiansen, 2000). Even in November 2001, when Chávez had produced few, if any, socioeconomic improvements in almost 3 years as president and when only 22% of respondents therefore evaluated his government’s performance as good or very good (Consulta 21, 2001, p. 8), 53% thought that the president “was capable of resolving the problems of Venezuela” and 50% regarded it as very or fairly likely that “under his government, the changes would occur that [the respondent] desires for Venezuela” (Toledo, 2001, Tables 5-6; Consultores 21, 2001, p. 34). Thus many people’s expectations of Chávez were divorced from concrete performance assessments; in fact, citizens were often hard pressed to specify their reasons for supporting the president (Datanálisis, 2000, pp. 9-10; Consultores 21, 2001, p. 24).

Based on all this contextual evidence, it seems that many people’s hopes in Chávez were derived from faith in his charisma, not from a careful assessment of his likely performance, based on his track record. Comparisons with other crisis and noncrisis cases suggest that the widespread, intense belief in Chávez’s charisma was a direct reaction to the worsening difficulties plaguing Venezuela. Given how bad the current situation was and how much deterioration had occurred in the 1990s, many citizens had to believe that this daring outsider would finally produce dramatic improvements; otherwise, what hope would there be? Thus the worse things became, the more people felt psychologically compelled to expect a turnaround. Despair, not dispassionate assessment, bred these expectations; they were based on wishful thinking not realistic probability calculations. Chávez’s rise thus resulted in part from “situational charisma” (Tucker, 1968, pp. 744-747; cf. Madsen & Snow, 1996, pp. 142-147), that is, the need for people afflicted by multiple, longstanding, and deepening crises to find a savior. By 1998, many Venezuelans had become “charisma-hungry” (Tucker, 1968, p. 745): They eagerly believed in populist promises without performing a thorough reality check.

In sum, a wealth of causal process observations suggest that the pronounced optimism of Chávez’s followers was a direct response to economic factors, but not in the simple way postulated by economic voting arguments. People believed in future improvements not because there was any clear indication of a likely turnaround; in fact, the economic and social situation deteriorated considerably after the new president took office. Instead, people held

18. In informal conversations conducted in the summers of 1998 and 2000, many Venezuelans advanced precisely this line of reasoning. For similar reasoning in the United States, see Haller and Norpoth (1994) and Jones & Haller (1996).
this hope precisely because they faced such dire straits and because the situation had only worsened over the years. Whereas this reasoning clearly diverges from conventional logic, it makes sense in light of people’s loss-aversion: It eases the tremendous distress suffered by the inhabitants of a crisis-ridden country.

My explanation advances a more complex causal argument than the claim of the economic voting literature that people’s prospective assessments, which reflect the objective probabilities of future developments, drive their electoral choice (see MacKuen et al., 1992). By contrast, Venezuelans’ hopes for the future were divorced from objective probability assessments and were instead driven by the depth of the crisis, which created a psychological need to believe in salvation, and by the personal appeal of a potential savior, who promised bold measures to overcome the crisis. Thus pressing problems allowed for situational charisma, and a new leader with strong personal charisma used this opportunity to boost his populist leadership. The importance of personal charisma suggests that Chávez’s support depended in part on personal characteristics, such as the attraction of his crude diction and belligerent rhetoric to some Venezuelans but not others. This personal appeal, which the survey did not tap directly, would have to be ascertained through in-depth interviews or focus groups—an important task for future research.

CONCLUSION

This article shows that economic assessments had a significant direct and indirect effect on the 1998 presidential election in Venezuela. The winner, radical populist Hugo Chávez, elicited disproportional support from citizens who perceived recent losses but hoped for future improvements in the well-being of the whole country. By contrast, his main opponent Henrique Salas Römer was backed by people who individually enjoyed recent gains, despite the problems plaguing the nation. In addition, profound dissatisfaction with the current state of Venezuela’s political system and the performance of the established political class contributed to Chávez’s victory, but not to Salas’s strong showing. Thus in part, it was the economy that gave Chávez the victory, but political factors mattered as well, mediating the effect of retrospective economic assessments.

Yet whereas the present statistical findings are in line with economic voting arguments, a closer look reveals that a simple economistic interpretation would be misguided. Instead, the stark contrast between the desperate objective situation and the widespread perception of recent losses, on one hand, and the exalted hopes for the future pinned on an unpredictable outsider, on
the other, strongly suggests the presence of pronounced wishful thinking. The gulf between people’s modest performance evaluations of the Chávez government and their continued faith in the president’s enormous capacity for problem solving provides further evidence. Whereas economic factors certainly were important in triggering this wishful thinking, psychological processes not considered by the economic voting literature also played a crucial role. As even economists have recently stressed (McFadden, 1999; Thaler, 2000; see also Stokes, 2001; Weyland, 2002), human beings seem to be more complex and multifaceted than the simple model of *homo oeconomicus* assumes.

In arriving at this important substantive conclusion, the article also shows the usefulness of the methodological recommendation to go beyond the statistical analysis of data-set observations and examine causal-process observations, that is, “information about context or mechanism” (Brady, in press; Collier et al., in press, pp. 28-34). Viewed on their own, my statistical findings appear to corroborate economic voting arguments. But an investigation of the context suggests a different interpretation. Venezuela’s deep crisis, which earlier governments had tried in vain to resolve, makes people’s high hopes in outsider Chávez seem quite unrealistic; yet precisely this crisis created the psychological need to believe in a savior. Thus causal-process observations support psychological arguments that emphasize people’s well-documented loss-aversion. In sum, a comprehensive, pluralistic methodology is required for arriving at convincing theoretical conclusions.

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