

## **ECONOMIC VOTING IN CANADIAN FEDERAL ELECTIONS**

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As in other advanced industrial democracies, election outcomes in Canada seem to be affected by economic conditions. Over the last twenty years, various analyses have shown that the economy has a significant and substantial impact on the electoral fortune of Canadian federal incumbent parties. In the face of such empirical evidence, there remains little doubt that, at the federal level at least, Canadian citizens hold the incumbent government accountable for its performance in the economic sphere.

While prior studies are unanimous in confirming the existence of a relationship linking electoral outcomes to macroeconomic conditions in Canada, authors disagree on which economic factors matter most to the vote. Some argue that unemployment is the most important economic determinant of federal election outcomes, whereas others contend that it is inflation and income. Likewise, it is not clear whether it is the national or the provincial economy that matters. Indeed, some studies link federal election results to national macroeconomic conditions, while others present evidence of federal economic voting using provincial economic measures. Many of these discrepancies stem from major differences in the research designs adopted. But others might be attributable to a lack of attention given to political or historical factors that may affect the relationship between the economy and the vote.

The purpose of this paper is to explore and address some of these issues by proposing an enhanced model of economic voting in Canadian federal elections for the period 1953-2000. This paper is the first step in a much larger project investigating national and provincial economic voting in Canada over the past 50 years. As such, the current paper's scope is limited to federal voting.

The current analysis uses aggregate-level electoral outcomes and macroeconomic data to estimate the effect of macroeconomic conditions on the vote in federal elections. In addition, it takes into account important political and historical factors such as identifiable periods of economic crises and volatility, general perceptions of the political parties' ability to manage the economy, as well as the federal division of powers found in Canada.

### **Vote functions in Canada**

Aggregate models of economic voting can be classified under two types (see Paldam 1981; Lewis-Beck 1988; Lewis-Beck and Stegmaier 2000). The first type consists of popularity functions. These models explore the effect of macroeconomic conditions on short-term fluctuations in government popularity and generally consist of monthly or quarterly time-series of aggregated public opinion data. In Canada, various popularity functions have been developed using the same three objective macroeconomic indicators to measure economic performance: unemployment, inflation, and real income growth. The early Canadian popularity functions proved largely inconclusive (Monroe and Erickson 1986; Clarke and Zuk 1987; Erickson 1988) but more recent works have succeeded in uncovering a more robust and systematic effect of the economy on government popularity (Pétry and Harmatz 1995; Johnston 1999). While popularity functions are useful tools to detect and explain short-term fluctuations in government support during inter-election periods, they do not directly assess the impact of the economy on the vote itself. In that sense, they only partially illuminate what is arguably the most crucial part of the story, and they do not provide satisfactory answers to the questions of whether, and to what extent, economics matters in the end.

Vote functions constitute the second type of aggregate economic voting models. They use actual election outcomes as the dependent variable and, contrary to popularity functions, they explore the direct effect of economic factors on electoral outcomes. So far, six attempts have been made at developing vote functions for Canadian federal elections. Despite the fact that the models developed in these analyses are rather similar, they lead to mixed and conflicting conclusions. In two of his studies, Happy (1986; 1989) finds that inflation and income growth have a significant effect on the vote, but not unemployment. In a third study, however, the author reports a significant and negative effect of unemployment on election outcomes (Happy 1992). Carmichael (1990) finds that inflation has a significant impact on the vote, but only during the period following the 1972 federal election. Finally, Nadeau and Blais (1993; 1995) report a strong negative effect of unemployment on incumbency voting but no significant effect for inflation and real disposable income. Table 1 sums up the conclusions from those six studies.

[TABLE 1 ABOUT HERE]

The contradictory results found in these studies may be due in part to differences in the research designs. Nadeau and Blais use a time-series design based on aggregate national data, while Happy relies on a pooled time-series cross-sectional design with provincial data. Carmichael's research design is similar to Happy's, but uses regional instead of provincial electoral data. Another difference has to do with the dependent variable used in their models. As is common practice within the economic voting literature, both Happy and Carmichael examine the vote share received by the incumbent party. In somewhat of a departure from this well-established tradition, Nadeau and Blais prefer using the Liberal party vote share in each election.

Even when research designs are similar, like those of Happy and Carmichael, the results differ greatly. For example, unemployment and income sometimes have a significant effect on incumbency voting, and sometimes they don't. As a result, the actual contribution of unemployment, inflation, and income growth to explaining the incumbent's share of the vote in Canadian federal elections still remains unclear.

Another question left unanswered by these early studies has to do with the target of economic voting. It is not clear whether federal electoral outcomes are a function of national rather than provincial economic performance. Carmichael as well as Nadeau and Blais only introduce measures of the national economy in their vote functions, while Happy uses indicators of the provincial economy in his models. Yet, none of these studies compares the relative impact of national and provincial economic conditions on the vote, thus leaving this issue entirely unresolved.

### **Theoretical Framework**

Are Canadian voters effectively punishing and rewarding the incumbent federal political party for its past economic performance? If so, which economic factors have the greatest impact on the vote? And, are there economic and political factors that favor or hinder the emergence of economic voting?

Drawing upon the extant literature, we develop a model that addresses these three questions. We believe that the vote functions previously examined in Canada do not pay sufficient attention to three important factors that may affect the relationship between the economy and the vote: historical episodes of economic volatility, ownership of economic

issues by political parties, and attribution of responsibility to the federal government for both national and provincial economic performance.

The basic model draws upon the expectations of the classic literature. In Canada, as in other countries, inflation and unemployment are believed to play a central role in shaping the electoral performance of the incumbent. Because inflation has a direct effect on the purchasing power of individuals, it is expected to have a negative impact on the vote. Hence, the incumbent party should be hurt by higher levels of inflation. Because individuals feel threatened by the possibility of being unemployed and thus losing their source of income, higher rates of unemployment should also be hurtful to the incumbent party.

However, there are reasons to believe that the impact of inflation and unemployment on government support will not be constant over time. In periods of higher volatility, for example, it is possible that inflation gain salience and thus hurt the incumbent more than in relatively more stable contexts. The same is true for unemployment. The underlying logic is that as the indicators become more volatile, they generate a feeling of uncertainty and economic insecurity among the electorate, and consequently become more salient issues to the voters (Gélineau 2002). As issues become salient, they are more likely to influence party support and voting behaviour (Miller et al. 1976; Abramowitz 1994; van der Eijk and Franklin 1996; Wlezien 2002). Although, theoretically, the concept of salience revolves around an individual-level mechanism, in practice, it has clear aggregate-level implications. In the aggregate, the most salient economic factors are likely to correspond to those macroeconomic indicators that display high levels of volatility. The key to this puzzle is to identify the most salient economic issues.

If we look at the evolution of inflation and unemployment in Canada since the 1950s, it is possible to identify certain critical periods where macroeconomic indicators have reached higher levels of instability. As illustrated in Figure 1, the annual rate of unemployment has been consistently higher during the 1976-2000 period than the 1953-1975 period. It also fluctuated more. The volatility argument would thus lead us to believe that unemployment should have a greater impact on the vote in the post-1976 period. Using the same argument, a rapid look at Figure 2 would suggest that inflation should have a greater impact on the vote during the 1973-1982 period. During this episode, inflation increased significantly and price levels appeared relatively out of control.

[FIGURES 1 AND 2 ABOUT HERE]

In addition, political factors may also shape the extent to which economic factors will affect the vote. Some political parties are usually perceived by voters as more competent than others in dealing with particular issues and problems (Trilling 1976). These parties are said to “own” certain issues on which they enjoy an electoral advantage. With respect to economic issues, the literature on issue ownership indicates that, in general, left-wing parties own the jobs issue while right-wing parties are best able to deal with inflation (Budge and Farlie 1983; Petrocik 1996). From an economic voting point of view, the theoretical implication is that during times of high inflation or high unemployment, voters are more likely to support whichever party they perceive as best able to manage the economic crisis at hand (Sanders 1999). If that party happens to be the one seeking re-election, then it is likely it will be relatively immune from electoral retribution and may even benefit from high unemployment rates or price levels.

As suggested above, it is usually assumed that issue ownership is closely related to the parties' respective ideologies and policy stands (e.g., Kiewiet 1981; Whitten and Palmer 1999). The Canadian experience, however, suggests that it is not party ideology per se that matters, but rather popular perceptions of party competence in effectively handling economic problems. At the federal level, the Liberal party, whose ideology and policy stands are close to the center, has been shown to own most policy issues in the public eye in Canada (Bélanger 2003). While there have been some variations over time in the Liberals' ownership of the unemployment and inflation issues, they enjoyed a clear lead over their adversaries in terms of perceptions of competence in handling inflation during the oil crisis of the 1970s (see Bélanger 2003). Hence, we might expect that the high levels of inflation observed in the 1970s possibly led to more electoral support for the liberal government because voters expected it to be able to control rising inflation, which was the primary economic concern of the public at that time. As for unemployment, the Liberals share some ownership of this issue with the left-wing New Democratic Party, so that we do not have any particular expectation with respect to unemployment.

Finally, the division of powers in the Canadian federal system is such that the federal government is responsible for questions of national prosperity and provincial governments are responsible for local economic issues. Accordingly, the federal government should be held accountable for national economic performance, but not necessarily for provincial economic conditions. Nonetheless, many federal policy programs, while striving for national economic prosperity, focus on specific regions or provinces as they aim at reducing disparities in regional economies. For this reason, and as Cutler (2002) recently argued, the local impact of federal economic policies may have a substantial effect on federal voting behaviour.

Accordingly, our model of economic voting assesses the relative impact of national and provincial economic conditions on the federal vote in an attempt to shed light on this issue.

### **Data and Methodology**

Our data analysis is based on a pooled time-series cross-sectional design that includes all 16 Canadian federal elections that were held between 1953 and 2000. Accordingly, the dependent variable consists of the percentage of the vote received by the incumbent party in each province in each federal election. This research design approximates the models used by the classic aggregate-level economic voting literature in Canada (Carmichael 1990; Happy 1986; 1989; 1992). The use of a pooled time-series cross-sectional design has two advantages. From a statistical standpoint, it allows for more degrees of freedom in the model's estimation. In addition, it allows us to evaluate the extent to which the provincial economic performance has an effect on the federal vote.

The independent variables are aggregate measures of inter-election economic performance at the national and provincial levels. As in previous studies, we look at three economic indicators: the unemployment rate (seasonally adjusted percentage), the percentage annual change in the consumer price index, and the percentage annual change in real personal disposable income per capita. Since quarterly or monthly time-series national and provincial data for these three indicators are only available for the post-1970s period, we decided to rely on annual data. In doing so, we can extend our analysis as far back as the early 1950s. Each macroeconomic indicator was then weighted for the month in which the specific federal election occurred. The time horizon is the year prior to the election. Electoral and economic data were obtained from Elections Canada and Statistics Canada, respectively.

The statistical analysis relies upon the ordinary least squares (OLS) regression methodology with robust standard errors, using the Huber-White sandwich estimator of variance to address potential problems of heteroskedasticity. Because of the cross-sectional nature of the dataset, residuals cannot be assumed to be independent within provinces. For this reason, a cluster specification identifying the province to which each observation belongs is introduced in each regression analysis.

In addition to the macroeconomic indicators, our model includes a set of three control variables. First, a lag of the dependent variable is included on the right-hand side of the equations as a proxy for party identification and as a control for aggregate vote stability between elections. Second, a dummy variable is introduced to identify elections where the incumbent party was first elected less than a year before. The retrospective economic voting model assumes that citizens assess the government's past economic performance. For voters to be able to judge its past performance, the incumbent has to have been in place for some time. In Canada, two federal elections clearly do not meet this condition (Nadeau and Blais 1993, 778). The Conservative governments of John Diefenbaker (1958) and Joe Clark (1980) dissolved Parliament about nine months after the election that brought them to power. Both were minority governments. In those two elections, it is safe to assume that voters did not have much time to assess the economic performance of the new government, and therefore we should control for the presence of these two contests in our sample.

Third, we introduce a variable that controls for the presence of strong regional parties in recent elections. Not only do these parties reduce the incumbent party's vote share by their mere presence on the ballot, but they also inhibit the expression of an economic vote by appealing to voters on the basis of non-economic issues or grievances (Godbout and Bélanger

2002). A dummy variable for the Canadian Alliance (formerly the Reform Party) is included in the four Western provinces for the 1993, 1997, and 2000 elections. Another dummy variable is introduced to control for the strong performance of the Bloc Québécois in Quebec during the 1993 election (the two following elections are not considered because the incumbent Liberals were as electorally strong in Quebec as the Bloc Québécois). No control variable is included for the Social Credit party because, while it was successful in some regions during the 1950s and 1960s, it did mobilize support on the basis of economic grievances (Pinard 1971).

## Results

Table 2 presents the results from a basic model of economic voting in Canadian federal elections. The first three columns introduce each macroeconomic indicator one at a time to assess the separate effect of unemployment, inflation, and real disposable income on the vote. The fourth column is a regression that incorporates the three indicators simultaneously.

[TABLE 2 ABOUT HERE]

As illustrated by Table 2 (columns 1 thru 3), unemployment and real disposable income have a statistically significant and separate effect on incumbency vote for the entire period 1953-2000, but not inflation. Like in Nadeau and Blais's (1993; 1995) previous studies, we find that a one-point increase in the unemployment rate translates into a loss of nearly two points in the incumbent's share of the vote (column 1). The impact of income growth appears substantial as well, with a one percentage point increase in disposable income before the election resulting in a little over one point increase in incumbent support (column 3). However, the effect of disposable income disappears when we include it along

with unemployment and inflation in the same equation (column 4). This is not surprising given that unemployment and income are closely correlated (Pearson's  $R = -.54$ ), probably a product of Okun's law which states that increases in unemployment always induce losses of income growth (see Hibbs 1987). Thus, this preliminary model of economic voting indicates that, in the end, only unemployment seems to matter to federal election outcomes in Canada.

The model presented in Table 3 takes us one step further by assuming that the relative impact of economic performance on the vote will vary through time. More precisely, the model presented in Table 3 takes into account periods in which unemployment and inflation displayed greater volatility and reached higher levels. For this reason, we assume that unemployment will have a greater effect on the vote during the post-1976 period. Before 1976, the mean unemployment rate was 4.9% with a standard deviation of 1.1 point, while after 1976, unemployment had a mean of 8.9% and a standard deviation of 1.7 point. We also suggest that inflation will have a greater impact on the federal vote during the oil crisis of the 1970s (elections of 1974, 1979, and 1980). During this period, annual inflation averaged 9.3%, a significant departure from the 2.5% average in times of relative price stability (pre-1973 and post-1981).

[TABLE 3 ABOUT HERE]

By including these new time specifications, the economic voting model now discriminates between these various historical periods of economic volatility and reveals an even more interesting story than its earlier version. Indeed, while unemployment has a significant impact on the vote in both periods, pre- and post-1976, its effect is more powerful during the period of greater volatility. The regression coefficients indicate that a one-point increase in the unemployment rate generates a loss of 1.4 point in the incumbent's vote share

prior to 1976 and a loss of 2.6 points after 1976. A t-test of the two coefficients confirmed that they are statistically different from one another.

This result implies that the total effect of unemployment on the vote is much greater after 1976, when unemployment was higher and fluctuated more. In other words, a one-point increase in the unemployment rate did not have the same meaning for people voting during the 1950s or the 1960s than for people voting during the 1980s or 1990s. Our results suggest that voters react more strongly to the job situation during times of volatility and uncertainty. This represents a major handicap for today's incumbent governments compared to their 1950s and 1960s predecessors, and will continue to be unless the unemployment rate can be returned to its post-War golden age. The overall impact of unemployment on the vote would then be reduced both ways: its net effect per se on the vote would be smaller, and voters would react less strongly to it.

The results presented in Table 3 also suggest that inflation had a stronger effect on the vote during the oil crisis (1974, 1979, and 1980 elections). During the oil crisis, a one-point increase in inflation corresponded to a loss of 0.6 percent in votes, while it generated a loss of only 0.37 percent in relatively more stable times. A t-test of the two coefficients confirmed that they are statistically different from one another.

Notwithstanding these results, we have reasons to believe that the Liberal vote wasn't affected by rising inflation at the beginning of the oil crisis. Even with the inflation rate moving from 4.5% in 1972 to 9.4% in 1974, the Liberals managed to gain a plurality of votes in the 1974 federal election. We believe that Trudeau's Liberals succeeded in persuading the public that it could manage the rising price levels.

Table 4 presents evidence of the Liberal immunity to inflation during the 1970s by re-estimating the vote function (with inflation only) for Conservative and Liberal governments separately. The estimates for the Conservative vote (six elections, in column 1) indicate that the Conservative party was significantly hurt by inflation when seeking re-election in 1980 (during the oil crisis) and lost as much as 18 percentage points ( $-1.95 \times 9.33$ ) in that election due to inflation, everything else being equal. This effect is statistically significant even after controlling for the fact that the Clark government was elected only nine months before, and suggests that even new short-lived governments are held accountable in the face of an economic crisis. In other times, however, the effect of inflation appeared relatively absent on the Conservative vote (elections of 1958, 1962, 1963, 1988, and 1993).

[TABLE 4 ABOUT HERE]

By contrast, the overall impact of inflation on the Liberal vote during the oil crisis (1974 and 1979 elections) appears to be positive (column 2, Table 4), thus suggesting that the party enjoyed ownership over the issue of inflation. Faced with rising price levels, voters chose to support Pierre Trudeau's liberal government, hoping it could manage the crisis (it must be noted that although they lost the 1979 contest, they nonetheless managed to obtain 40% of the vote, four points more than the winning Conservative party). We think that this phenomenon can account, at least in part, for the lack of effect for inflation sometimes found in the previous literature on federal economic voting in Canada. In addition, and contrary to the Conservatives, the model suggests that, in more stable times, inflation has a significant negative impact on the Liberal vote.

Finally, to verify whether the provincial economic performance has any effect on the federal vote, we introduce provincial measures of the economy in our model. Table 5 shows

that macroeconomic indicators measured at the provincial level are as much correlated to the vote than national measures, except for provincial unemployment (Pearson's R of -.09 compared to -.47 for national unemployment). The correlation statistics also indicate that national and provincial measures of unemployment and real disposable income are only moderately correlated with one another, suggesting that provincial economic performance will possibly have an independent effect on federal incumbent voting.

[TABLE 5 ABOUT HERE]

Table 6 presents new estimations of our basic model (presented in Table 2), in which we substitute national economic indicators for provincial ones. Interestingly, the results presented in Table 6 are virtually identical to those presented in Table 2, with the exception that the magnitude of the coefficients is much smaller. As expected, both provincial unemployment and income growth at the provincial level have a significant impact on the vote share of the federal incumbent. As with national economic measures, unemployment seems to exert the single most influence on the vote (column 4, Table 6). Notice that the total sample size drops to 151 in columns 2 thru 4 of Table 6 because inflation and real disposable income data were not available for Prince Edward Island for the period 1953-1974.

[TABLE 6 ABOUT HERE]

Finally, our analysis suggests that when including both provincial and national economic measurements into the same equation, the effect of provincial real disposable income disappears and the effect of provincial unemployment is significantly lessened (provincial inflation is not included in the model because it correlates too highly with the national inflation rate – see Table 5). Furthermore, the inclusion of both provincial and national economic measures in the equation does not affect the significant impact of national

measures (compared to results found in Table 2), thus leading us to believe that national economic performance has a stronger effect on the federal vote than provincial performance.

[TABLE 7 ABOUT HERE]

## **Conclusion**

The previous analysis sought to determine whether economics matters to the vote in Canadian federal elections, to identify the most relevant economic factors and, most importantly, to identify the conditions under which these factors matter the most. Our exercise was motivated by the contradicting findings of prior work on economic voting in the Canadian federal context. We think that part of the confusion is due to the fact that previous studies have not paid sufficient attention to a number of political and/or historical factors that possibly affect the relationship linking the economy and the federal vote in Canada. In the paper, we presented an improved version of the traditional model that helps illuminate some of these issues by exploring three factors that seem of relevance to the study of economic voting in Canada in the post-World War II period.

First, our analysis found that in periods of relatively higher economic volatility, macroeconomic conditions have an enhanced effect on the performance of the incumbent party at the polls. The implication is that, under conditions of economic instability and crisis, incumbents are more vulnerable to economic deterioration. This should thus create an incentive for governments to invest more efforts at sound economic management.

Second, our analysis demonstrated that politics also matters. More precisely, it showed that perceptions of party competence regarding the management of economic problems also have an effect on the extent to which macroeconomic conditions will affect incumbent vote.

As a result, it is possible for governments to convince the electorate that they can effectively deal with rising inflation or unemployment, and win votes despite deteriorating economic conditions. This is what seems to have happened with the Liberal party during the 1970s. Political parties fight for issue ownership, and the results presented in this paper suggest that such fights are warranted.

Third and finally, our analysis showed that the provincial economic performance only has limited impact on the federal vote in Canada. As a result, federal incumbents do not gain much from taking credit for the economic prosperity of any particular province. Of course, the remaining question is whether provincial economic conditions affect the electoral support of provincial incumbents. This is an issue we intend to explore in future research endeavours.

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**Table 1. Summary of Findings from Previous Vote Functions in Canada**

Study	Period	<i>Significant effect found for</i>		
		<i>Unemployment</i>	<i>Inflation</i>	<i>Income</i>
Happy (1986)	1930-79	NO	YES	YES
Happy (1989)	1930-79	NO	YES	YES
Carmichael (1990)	1945-88	NO	YES *	NO
Happy (1992)	1953-88	YES	YES	YES
Nadeau & Blais (1993)	1953-88	YES	NO	NO
Nadeau & Blais (1995)	1953-93	YES	NO	NO

\* Only after the 1972 federal election

**Table 2. Separate and Combined Effects of National Unemployment, Inflation, and Income on Federal Incumbent Vote**

	(1)	(2)	(3)	(4)
Lagged incumbent vote share	.64 (.04)**	.62 (.06)**	.67 (.05)**	.64 (.04)**
New short-lived governments	9.85 (2.21)**	10.61 (2.40)**	12.50 (1.74)**	9.24 (2.73)**
Bloc 1993	-21.47 (1.10)**	-31.32 (.93)**	-26.25 (1.38)**	-21.31 (1.18)**
Reform/Alliance	-4.81 (1.52)**	-10.83 (1.76)**	-6.40 (1.81)**	-4.64 (1.69)**
Unemployment	-1.91 (.12)**	—	—	-2.01 (.30)**
Inflation	—	-.34 (.21)	—	.14 (.26)
Income	—	—	1.25 (.32)**	-.13 (.42)
Constant	23.04 (2.04)**	12.86 (2.64)**	4.89 (2.33)*	23.47 (2.29)**
R-squared	.67	.55	.58	.67
<i>N</i>	160	160	160	160

Entries are unstandardized OLS coefficients with robust standard errors in parentheses.

\*\*  $p < .01$  \*  $p < .05$  (one-tailed)

**Table 3. Taking Account of Economic Volatility in Canadian Federal Economic Voting Models**

	(1)	(2)
Lagged incumbent vote share	.64 (.04)**	.61 (.06)**
New short-lived governments	9.09 (2.23)**	10.50 (2.43)**
Bloc 1993	-20.15 (1.20)**	-31.43 (.97)**
Reform/Alliance	-5.05 (1.44)**	-10.94 (1.84)**
Post-1976 dummy	9.39 (2.42)**	
Unemployment pre-1976	-1.42 (.64)*	
Unemployment post-1976	-2.62 (.40)**	
Inflation during normal times		-.37 (.21)*
Inflation during oil crisis		-.59 (.29)*
Constant	20.47 (3.04)**	13.58 (2.96)**
R-squared	.68	.55
<i>N</i>	160	160

Entries are unstandardized OLS coefficients with robust standard errors in parentheses.

\*\*  $p < .01$  \*  $p < .05$  (one-tailed)

**Table 4. Impact of Inflation on the Vote for Conservative and Liberal Incumbents**

	<i>Conservatives</i>	<i>Liberals</i>
Lagged incumbent vote share	.70 (.06)**	.69 (.05)**
New short-lived governments	21.94 (1.65)**	—
Bloc 1993	-28.42 (1.36)**	—
Reform/Alliance	-20.25 (2.97)**	-4.23 (1.86)*
Inflation	.06 (.88)	-1.29 (.40)**
Inflation during oil crisis	-1.95 (.72)**	1.13 (.36)**
Constant	4.80 (4.97)**	12.91 (3.58)**
R-squared	.78	.61
<i>N</i>	60	100

Entries are unstandardized OLS coefficients with robust standard errors in parentheses.

\*\*  $p < .01$  \*  $p < .05$  (one-tailed)

**Table 5. Correlations Between National and Provincial Measures of the Economy at the Time of Federal Elections**

	Vote	N-Un	N-Infl	N-Inc	<i>P-Un</i>	<i>P-Infl</i>	<i>P-Inc</i>
Vote	1.00						
N-Un	-.47	1.00					
N-Infl	-.06	.17	1.00				
N-Inc	.14	-.54	.20	1.00			
<i>P-Un</i>	-.09	.66	.08	-.36	1.00		
<i>P-Infl</i>	-.03	.17	.98	.19	.09	1.00	
<i>P-Inc</i>	.14	-.30	.17	.64	-.24	.13	1.00

**Table 6. Separate and Combined Effects of Provincial Unemployment, Inflation, and Income on Federal Incumbent Vote**

	(1)	(2)	(3)	(4)
Lagged incumbent vote share	.69 (.04)**	.61 (.06)**	.62 (.05)**	.66 (.05)**
New short-lived governments	9.79 (1.77)**	10.41 (2.55)**	10.90 (1.94)**	10.75 (2.43)**
Bloc 1993	-27.63 (1.42)**	-30.80 (.97)**	-29.10 (1.14)**	-26.96 (1.09)**
Reform/Alliance	-9.87 (1.52)**	-10.32 (1.62)**	-8.59 (1.94)**	-9.25 (1.96)**
Unemployment (P)	-.69 (.14)**	—	—	-.63 (.17)**
Inflation (P)	—	-.27 (.21)	—	-.18 (.23)
Income (P)	—	—	.38 (.20)*	.22 (.15)
Constant	13.75 (1.84)**	12.55 (2.53)**	9.63 (2.00)**	13.97 (2.16)**
R-squared	.59	.54	.55	.59
<i>N</i>	160	151	151	151

Entries are unstandardized OLS coefficients with robust standard errors in parentheses.

\*\*  $p < .01$  \*  $p < .05$  (one-tailed)

**Table 7. Comparing the Effect of National and Provincial Measures of the Economy on Federal Election Outcomes**

	(1)	(2)
Lagged incumbent vote share	.62 (.05)**	.66 (.05)**
New short-lived governments	9.87 (2.35)**	12.23 (1.94)**
Bloc 1993	-21.13 (1.11)**	-25.89 (1.33)**
Reform/Alliance	-3.93 (1.62)**	-6.31 (1.80)**
Unemployment (N)	-2.26 (.11)**	—
Unemployment (P)	.30 (.13)*	—
Income (N)	—	1.23 (.37)**
Income (P)	—	.01 (.11)
Constant	24.02 (2.03)**	5.28 (2.43)*
R-squared	.68	.57
<i>N</i>	160	151

Entries are unstandardized OLS coefficients with robust standard errors in parentheses.

\*\*  $p < .01$  \*  $p < .05$  (one-tailed)

**Figure 1. National Unemployment Level in Canada, 1953-2000**

**Figure 2. National Inflation Rate in Canada, 1953-2000**