

It's Unemployment, Stupid! Why Perceptions about the Job Situation Hurt the Liberals in the 1997 Election

RICHARD NADEAU

*Université de Montréal
Montreal, Quebec*

ANDRÉ BLAIS

*Université de Montréal
Montreal, Quebec*

NEIL NEVITTE

*University of Toronto
Toronto, Ontario*

ELISABETH GIDENGIL

*McGill University
Montreal, Quebec*

Les Libéraux ont presque perdu leur majorité au parlement en 1997. Cet article démontre que les perceptions sur la situation du chômage a nuit aux Libéraux et leur a coûté le support de presque trois pourcent des votes. Nous examinons les raisons selon lesquelles les canadiens n'ont pas donné un jugement plus positif sur la situation du travail malgré une diminution du taux de chômage officiel au Canada durant le dernier mandat des Libéraux. Les résultats de cette recherche soulèvent de nombreuses questions sur les attitudes des voteurs en ce qui concerne la diffusion et la pénétration de l'information, tant générale qu'économique, dans l'électorat ainsi que sur les critères avec lesquels les voteurs jugent les gouvernements. L'étude examine finalement les incitatifs que ces gouvernements pourraient avoir dans la création des cycles des affaires politiques.

The Liberals almost lost their parliamentary majority in June 1997. This article argues that perceptions of the unemployment situation hurt the Liberals and cost them the support of almost three percentage points of votes. We examine the reasons why Canadians did not render a more positive judgement on the job situation despite a decrease of the official unemployment rate in Canada during the Liberal mandate. The results of this study raise a number of questions about voters' behaviour, about the diffusion and penetration of both general and economic information within the electorate, about the criteria with which voters judge governments, and on the incentives these governments might have to manufacture political business cycles.

INTRODUCTION

The impact of the economy on elections has drawn considerable attention. The proposition that the electoral fortune of an incumbent government hinges to a great extent on the state of the economy has been confirmed in a number of countries; Canada is no exception to this pattern (Archer and Johnson 1988; Clarke and Kornberg 1992; Happy 1992; Nadeau and Blais 1993, 1995; Guérin and Nadeau 1998). Of course, the impact of specific economic issues varies across space and time (Lewis-Beck 1991). Whereas inflation apparently plays a central role in voters' evaluations in the United States (Norpoth 1984), unemployment has been a key economic dimension explaining electoral outcomes in Canada (Nadeau and Blais 1993, 1995).

Stressing the importance of unemployment, Nadeau and Blais (1993, p. 787) argue that "federal election outcomes are strongly affected by increases or decreases in the unemployment rate. It would seem that incumbent governments in Canada have been unable to escape the blame for, or divert attention from, rising unemployment." According to this logic, the Liberal government should have faced the electorate with a certain amount of confidence in June 1997. After all, during the course of their mandate, the unemployment rate decreased by almost two percentage points, from 11.2 percent when they took power to 9.3 percent at outset of the 1997 campaign. But as will become evident, the job situation was not a winning issue for the incumbent government.

This paper argues that negative perceptions about unemployment provide a partial explanation for the Liberals' modest victory in the last election. Despite evidence to the contrary, a huge majority of Canadians believed that the job situation had not improved during the Liberals' mandate and these negative perceptions hurt the incumbent government. Voters' unfulfilled expectations about job creation, combined with the perception that better times were ahead, produced ambiguous assessments of the

government's economic performance. This in turn produced a mixed electoral outcome that raises intriguing questions about voters' psychology and the meaning of electoral mandates.

ECONOMIC VOTING IN 1997

The objective of this paper is to estimate the impact of economic perceptions on the support received by the incumbent Liberal government in the June 1997 election. We use data from the 1997 Canadian Election Study. The study consists of a three-wave survey conducted by the Institute for Social Research at York University. During the campaign, a total of 3,949 eligible voters were interviewed (around 110 for every day of the campaign); 3,170 of these were re-interviewed in the post-election survey, and 1,727 returned a mailout questionnaire. The response rate is 59 percent (Northrup 1998). All variables, except reported vote and leaders' assessments (see below) come from the campaign wave of the study.

The general model used in this study is presented in equation (1). This model includes the short- and long-term factors most susceptible to account for the support provided for incumbent governments in general, and for the Liberal Party in particular (see Clarke and Kornberg 1992; Nadeau, Niemi and Amato 1994; Nevitte *et al.* 1999). The long-term factors in equation (1) refer to the traditional support of certain individuals and social or regional groups for the Liberal Party. Meanwhile, the short-term factors take into account aspects of this support that are more directly linked to the particular circumstances of the 1997 election, such as the popularity of the leaders and economic performance.

$$\begin{aligned} \text{Liberal Vote} = & \beta_0 + \beta_1 \text{Catholic} + \beta_2 \text{Foreign-born} \\ & + \beta_3 \text{Region} + \beta_4 \text{Partisan identification} \\ & + \beta_5 \text{Leaders} + \beta_6 \text{Economy} \\ & + \text{Random error.} \end{aligned} \quad (1)$$

The coding of the variables and the form of equation (1) deserve a brief explanation. In keeping with

the reward-punishment perspective (Kiewiet and Rivers 1985), the vote variable separates those who supported from those who voted against the incumbent government.¹ Among the individual characteristics of voters, Catholics and foreign-born Canadians are expected to be more supportive of the Liberals (Meisel 1972; Mendelsohn and Nadeau 1997).² Region is a fundamental cleavage in Canada (Johnston *et al.* 1992) and three dummy variables denoting respondents from the Maritimes, Quebec, and the western provinces (with Ontario in the intercept term) are included. Party identification, though perhaps not as determinant in the Canadian setting (Stewart and Clarke 1998) as in others, is also an important component of the voting decision. Two dummy variables distinguish Liberal and other parties identifiers from non-partisans.

The effect of party leaders on electoral behaviour has been widely demonstrated (McAllister 1996). To account for the fact that voters do make comparisons between leaders to inform their vote decision (Nadeau, Niemi and Amato 1996), a variable measuring the difference between Jean Chrétien's popularity and that of the other leaders is also included in the model.

What impact did economic perceptions have on the vote? Numerous studies on this question (see Lewis-Beck 1988; and Norpoth 1996 for a review of these works) have shown that the link between the economic situation and electoral behaviour is complex, and the range of variables used in this study take this complexity into account. According to most analyses, perceptions about the economy are more directly linked to voting than such objective economic indicators as the unemployment rate or the rate of inflation (see Mackuen, Erikson and Stimson 1992; Nadeau and Lewis-Beck 1999). These perceptions are measured in our study using the six questions listed below:

1. Financially, are you better off, worse off, or about the same as a year ago?

2. Do you think that a year from now, you will be better off financially, worse off or about the same as now?
3. Over the past year, has Canada's economy gotten better, gotten worse, or stayed about the same?
4. And in the next 12 months? Will Canada's economy get better, get worse or stay about the same?
5. Do you think that unemployment has gone up, gone down, or stayed the same since the Liberals came to power?
6. And in the next few years, do you think that unemployment will go up, go down, or stay about the same?

Economic perceptions differ in their scope and time horizon. Pocketbook or egocentric evaluations refer to individuals' perceptions of their own personal financial situation (questions 1 and 2) whereas sociotropic assessments concern voters' perceptions of the overall economy (questions 3 and 4). Retrospective judgements are about the past (whether the respondent's financial situation or the economy in general had improved or worsened over the past year: see questions 1 and 3) whereas prospective judgements concern the future (whether the personal situation or the overall economy would improve or deteriorate in the coming year: see questions 2 and 4).

The inclusion of specific judgements about unemployment (questions 5 and 6) is not commonplace in the economic voting literature. But given the salience of unemployment in the 1997 election,³ and the available evidence pointing to the importance of unemployment in voting decisions more generally (see Lewis-Beck 1988, p. 90), two variables measuring voters' retrospective and prospective perceptions of unemployment were added to the analysis.⁴

Which types of economic perceptions should exert the strongest impact on the vote? Previous work suggests that national perceptions matter more than pocketbook considerations and that both

retrospective and prospective economic judgements have an impact (Lewis-Beck 1988; Clarke and Stewart 1994; Clarke and Kornberg 1992; Nadeau and Lewis-Beck 1999). The inclusion of six variables measuring economic perceptions in our model allows us not only to see if this finding extends to the 1997 Canadian election but also to establish which perceptions — general ones about the overall performance of the economy or more specific ones about unemployment — had a greater impact on the vote.

Before embarking on the analysis of the vote function, a brief description of voters' economic perceptions provides useful information. Table 1 shows that most perceptions were on the positive side at the time of the election. Voters were strongly optimistic about the future performance of the Canadian economy, mildly optimistic about the evolution of their own personal situation and mildly positive about the past performance of the economy. The exception to this pattern is that voters were mildly negative about the recent evolution of their own pocketbook.

Compared to recent elections, perceptions were much more positive in 1997 than in 1993 (Table 2). But it is perhaps the comparison with 1988 that is the most interesting. In 1988, there was little difference between egocentric and sociotropic and between retrospective and prospective perceptions. Judgements were more differentiated in 1997, as Canadians were more positive about the future than about the past, and about the economy in general, rather than about their own personal situation.

The most striking feature emerging from Table 1 concerns negative perceptions about unemployment. Canadians' mildly negative views about the future evolution of job creation stood in sharp contrast with their optimism about the overall economy. Even more striking is the glaring gap between the objective evidence and the subjective evaluations of voters: more than 80 percent of the respondents did *not* believe that unemployment had been going down during the Liberal mandate, and nearly 40 percent even thought that unemployment had been going up. Canadians' misinformation about unemployment in 1997 is a surprising finding in light of previous

TABLE 1
Economic Perceptions in the 1997 Federal Election in Canada

	<i>Personal</i>		<i>National</i>		<i>Unemployment</i>	
	<i>Retrospections</i>	<i>Prospections</i>	<i>Retrospections</i>	<i>Prospections</i>	<i>Retrospections</i>	<i>Prospections</i>
Better	18	30	34	40	19	28
Same	53	54	44	50	42	38
Worse	29	16	22	10	39	34
	-11	+14	+12	+30	-20	-6

Note: Don't knows, refusals and other responses vary from 1 percent (for personal retrospections) to 12 percent (for unemployment prosppections), with sample sizes ranging from 3,475 to 3,924. Percentages are calculated excluding these categories. Including these respondents in the middle category, as we did for the regression analyses, leaves relative frequencies basically intact with the following balances of -11, +12, +12, +27, -19, -5 for the six variables.

Source: 1997 Canadian Election Study.

TABLE 2
National Prospections and Retrospections in the 1988, 1993 and 1997 Federal Elections in Canada (%Better – %Worse)

	1988	1993	1997
Personal retrospections	+18	-28	-11
Personal inspections	+25	+8	+14
National retrospections	+23	-57	+12
National inspections	+18	+2	+30

Source: 1997, 1993, and 1988 Canadian Election studies. For 1988 and 1993 see Northrup and Oram 1989, 1994.

findings about voters' economic information (Sigelman and Yanarella 1986) and retrospective assessments of specific economic conditions (Conover, Feldman and Knight 1986).

THE FINDINGS

The results are displayed in Table 3. Following Markus (1992, p. 830), our vote choice model is specified as being linear in form rather than as a log-odds or probit model. As can be seen from the comparison of the OLS and logistic results in column 1 and 2 (logistic regression is generally preferred over ordinary least squares when the dependent variable is dichotomous: DeMaris 1992), this choice makes little practical differences in the case at hand. Since OLS coefficients are more readily interpretable (Achen 1986) and more useful for evaluating the impact of specific variables on the vote (see Amemiya 1985, pp. 285-86), we focus on these coefficients in our presentation.⁵

The "control" variables operate in predictable ways. Catholics and foreign-born Canadians remained loyal to the Liberals. The regional dummies also make a lot of sense, reflecting the incumbent losses in the Maritimes, and weaker performance in Quebec and the west. Finally, and not surprisingly,

the impact of the leader variables and party identification is substantial.

For the economic variables, the results are quite consistent with those from previous work; they show that sociotropic judgements dominate egocentric evaluations and that both backward and forward-looking perceptions matter.⁶ The dominant effects on the vote come from retrospective perceptions of unemployment and prospective assessments of the economy.⁷ The probability of voting for the Liberals turns out to be eight points higher among those who were optimistic about the future of the overall economy than among those who were pessimistic. The impact of perceptions about unemployment is the same, the probability of voting for the government being also eight points higher among those who (rightly) perceived unemployment to have gone down than among those who (wrongly) thought it had been going up.

The impact of these misperceptions about unemployment happens to be significant. Their effect can be examined using simulations based on various scenarios concerning the distribution of perceptions of unemployment. A plausible scenario rests on the observation that the drop in the unemployment rate qualified as a small one. Consequently, it could be argued that there was no important change, so that it was equally right for voters to think that

TABLE 3
A Regression Analysis of the Liberal Vote in the 1997 Federal Election

	(1) <i>Logit</i>	(2) <i>OLS</i>
Constant	-.47(.18)**	.38(.03)**
Atlantic	-.98(.25)**	-.13(.03)**
Quebec	-.27(.17)	-.04(.02)*
West	-.54(.16)**	-.06(.02)**
Catholic	.39(.14)**	.05(.02)**
Foreign-born	.50(.18)**	.07(.02)**
Leaders	.06(.004)**	.005(.000)**
Liberal identifier	1.15(.17)**	.28(.03)**
Other parties identifier	-1.15(.18)**	-.15(.02)**
Personal retrospections	-.05(.10)	-.01(.01)
Personal prospections	.10(.10)	.02(.01)
National retrospections	.13(.10)	.01(.01)
National prospections	.33(.12)**	.04(.01)**
Unempl. retrospections	.30(.09)**	.04(.01)**
Unempl. prospections	-.16(.09)	-.01(.01)
R2 (adjusted)	.44	.45
% CC	84	–
N	2,181	2,206

Notes: The dependent variable in this table takes the value of 1 if the respondent reported a vote for the Liberals and 0 if he/she reported a vote for another party. Other answers (abstention, spoiled ballot, refusals, don't know, etc.) were coded missing.

Entries in column (1) are unstandardized logistic regression coefficients with standard errors in parentheses ; R2 for the logistic regression is the Cox & Snell pseudo-R2. Entries in column (2) are unstandardized OLS regression coefficients with standard errors in parentheses.

** p < 0.01.

* p < 0.05.

unemployment had stayed the same or that it had gone down. According to our estimates, if half of the respondents had thought that unemployment had been going down and if the other half had thought that it had stayed the same, the Liberals would have increased their vote by almost three percentage points, enough to erase much of their losses in Parliament.⁸

The main conclusion is that economic voting in the 1997 election derived from a mix of relatively

negative assessments of the Liberal record on unemployment and a more diffuse sense of optimism concerning the future performance of the economy, an optimism related in part to the elimination of the federal government's deficit. Voters' unfulfilled expectations about job creation, combined with the perception that better times were ahead, apparently produced ambiguous assessments of the government's economic performance. This, in turn, produced a mixed electoral outcome.

PERCEPTIONS AND MISPERCEPTIONS

Economic perceptions matter. But perceptions do not always accord with reality. In 1997, a substantial proportion of the Canadian electorate failed to see that the unemployment rate had decreased; this was a slight decrease but a decrease it was.

But what were the origins of these misperceptions? Political knowledge is usually linked with age, gender, education, and income (Nadeau, Niemi and Levine 1993; Delli Carpini and Keeter 1996). Limited exposure to mass media messages and restricted ability to comprehend the information that is received are related to misunderstandings about issues (Zaller 1992; Price and Hsu 1992). Other factors conducive to misinformation include partisan biases, reliance on contextual and attitudinal “cues” derived from individuals’ “life spaces” (e.g., personal experiences, local context, etc.), and global impressions and feelings about the subject in question (see Nadeau and Niemi 1995). The relative importance of these various factors can be assessed with the following specification:

Unemployment
retrospections = $\beta_0 + \beta_1 \text{ Age} + \beta_2 \text{ Sex (male)}$
 $+ \beta_3 \text{ Education} + \beta_4 \text{ Income}$
 $+ \beta_5 \text{ Job situation}$
 $+ \beta_6 \text{ Provincial unemployment}$
 $\text{rate} + \beta_7 \text{ Partisan identification}$
 $+ \beta_8 \text{ Awareness} + \beta_9 \text{ TV News}$
 $+ \text{Random error} \quad (2)$

The dependent variable in this particular model takes the value of one for the respondents who believed that unemployment went up since the Liberals took power, -1 for those who thought otherwise and zero for individuals thinking that it stayed the same or who were unable or unwilling to answer the question (see also note 4). The other variables are coded in a conventional way (see the Appendix for further details). Age measures the respondent’s age, sex takes the value of one for men and zero for women, education taps the level of formal educa-

tion using an 11-point scale (from no schooling to Master’s degree or doctorate), and total household income is measured on a ten-point scale (from less than \$20,000 to \$100,000). The two variables included to measure the impact of respondents’ more immediate experiences on their overall judgement about unemployment in Canada are his or her job situation (employed and feeling secure about keeping their jobs, employed but feeling insecure or unemployed) and the unemployment rate in the province of residence. Attention to the media is measured with two variables, namely a scale from zero to ten, tapping individual assessments of the intensity of their news monitoring during the campaign, and a factual knowledge scale, a type of variable now commonly used to measure respondents’ news intake (see Price and Zaller 1993).

The results of this analysis are shown in the first column of Table 4.⁹ As expected, perceptions about unemployment are driven by various personal (being or having been unemployed), regional (provincial unemployment rate), and partisan cues (being Liberal or not). But the most striking feature of Table 4 is the weak impact of those factors that are usually linked to political knowledge. Attentiveness, in particular, was of almost no help in getting it right about unemployment. Correct perceptions about unemployment were neither linked to education nor to general awareness of politics, and only very weakly related to media consumption during the election.

These non-findings for education and awareness are both clearcut and somewhat intriguing. To check if this result is peculiar to unemployment, we used the same set of explanatory variables and ran regressions with national retrospections and prospectations as dependent variables. The results for these variables, measuring in the first case the respondent’s judgement about the past performance of the economy and in the second his or her expectations about its future course (see note 4), are displayed in columns 2 and 3. They clearly show the differences between perceptions about

TABLE 4
A Regression Analysis of Economic Perceptions in the 1997 Federal Election

	(1) <i>Unemployment Retrospections</i>	(2) <i>National Retrospections</i>	(3) <i>National Prospections</i>
Constant	-.10(.09)	-.23(.09)**	-.18(.07)*
Age	-.002(.00)**	.000(.00)	.002(.00)*
Gender (male)	.08(.03)**	.17(.03)**	.12(.02)**
Education	.10(.07)	.37(.07)**	.18(.06)**
Income	.05(.05)	.15(.05)**	.16(.04)**
Unemployment rate	-.015(.01)**	-.018(.01)**	-.005(.01)
Job situation	-.10(.04)**	-.11(.04)**	-.11(.03)**
Personal retrospections	.10(.02)**	.16(.02)**	.12(.02)**
Liberal identifier	.18(.04)**	.17(.04)**	.24(.03)**
Other parties identifier	-.03(.04)	.01(.04)	.12(.03)**
Awareness	-.03(.04)	.19(.04)**	.12(.04)**
Attention to TV news	.08(.05)	.12(.05)**	.10(.04)**
R2 (adjusted)	.05	.13	.11
N	2,651	2,652	2,654

Notes: Dependent variables are described in the Appendix.

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

** $p < 0.01$.

* $p < 0.05$.

unemployment and the economy in general. The variables usually linked to political attentiveness such as education, factual knowledge, and media attention, are all strongly linked to general perceptions and weakly linked to perceptions about unemployment.

These results raise an intriguing question: Why was the Liberals' message on job creation apparently so ineffective that even the attentive public had a hard time getting it straight about unemployment? One possibility is that the Liberals' record on job creation was mixed and, thus, the message to deliver ambiguous. Unemployment decreased during the Liberals' mandate but was still in the neighbourhood of 10 percent with most of the improvement having taken place in the first two years of the mandate (see

Figure 1).¹⁰ Another possibility is that the Liberals' message itself, with the admission that "unemployment and underemployment remain unacceptably high"¹¹ was unconvincing. Capitalizing on the government's uneasiness on this issue, the Conservatives insisted that the unemployment rate was still unacceptably high at 10 percent,¹² and the NDP and the Bloc Québécois stressed that the number of unemployed had remained virtually unchanged during the Liberal mandate.¹³ Then, there is the campaign's immediate context to consider. The rise in the unemployment rate from 9.3 percent to 9.6 percent was announced a few days after the election call (*Globe and Mail* 1997) and this gave opponents ammunition that produced negative coverage.¹⁴ That explanation is certainly consistent with the evidence reported in Figures 2 and 3 which show that voters'

FIGURE 1
Evolution of Unemployment Rate, 1993-1997



FIGURE 2
Perceptions About Unemployment (five-day moving averages)

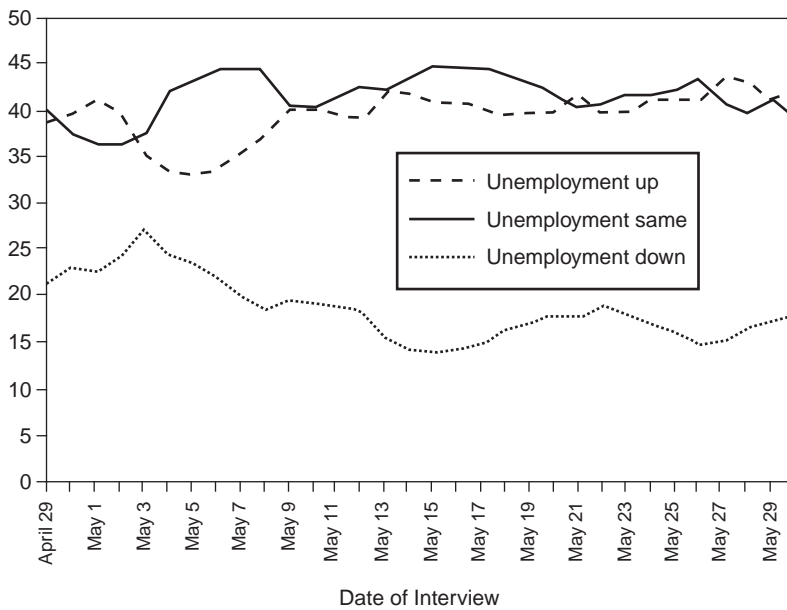
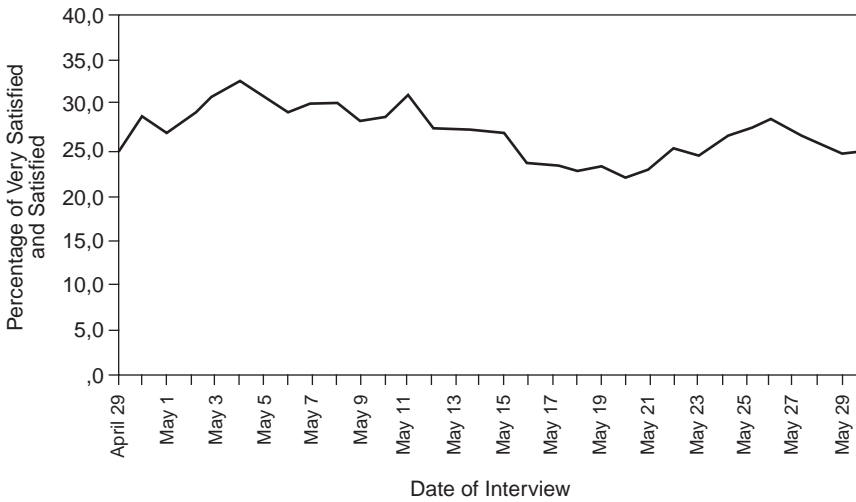


FIGURE 3
Job Creation, Satisfaction with the Liberals (five-day moving averages)



evaluations of unemployment and of the Liberals' record on job creation did not improve, and perhaps even deteriorated, during the campaign.

These interpretations suggest yet another intriguing strategic question: Was it not in the interest of the Liberals to remind voters that unemployment declined during their mandate? Interestingly enough, the Liberals chose to evade the issue. The Liberals remained relatively silent about the evolution of the unemployment figures during the course of their mandate. Why were they silent? The reasoning must have been that a party whose motto in the 1993 election campaign had been "jobs, jobs, jobs" could hardly be satisfied with an unemployment rate of almost 10 percent. Any attempt to correct misperceptions about unemployment could well run the risk of backfiring by "priming" the job-creation issue. Instead, the Liberals chose to focus on their major economic accomplishment, deficit reduction, and to focus voters' attention on expectations about the economic future of the country, which, as we have seen, were quite positive. The results in Table 3 suggest that this strategy was a reasonable one.

TABLE 5
Issue Importance and Issue Performance in the 1997 Federal Election

	<i>Important</i> %	<i>Satisfied</i> %
Creating jobs	84	26
Fighting crime	69	43
Protecting social programs	59	40
Reducing the deficit	60	56
Preserving national unity	56	50

Notes: Question wording: Importance. "To you personally, in this election, [Issue] is it very important, somewhat important or not very important?" Entries are the percentages in the category very important. Performance. "How good a job do you think the Liberal government has done in: [Issue]? Very good, quite good, not very good or not good at all?" Entries are the percentages in the categories very good and quite good.

OTHER ISSUES

Unemployment was not the campaign's only issue. As Table 5 shows, crime, the deficit, protecting social programs and national unity were also on voters' minds during the campaign. Voters' assessments of the government's performance on these issue dimensions varied markedly: quite positive on unity and the deficit, average on fighting crime and protecting social programs, and very negative on job creation.

TABLE 6
A Regression Analysis of the Impact of Issues on the Liberal Vote

	(1)
Constant	.41(.03)**
Atlantic	-.15(.03)**
Quebec	-.05(.02)*
West	-.05(.02)**
Catholic	.05(.02)**
Foreign-born	.07(.02)**
Leaders	.005(.000)**
Liberal identifier	.26(.03)**
Other parties identifier	-.16(.02)**
National prospections	.04(.01)**
Unemp. retrospections	.02(.01)*
Creating jobs	.03(.01)**
Reducing the deficit	.01(.01)
Preserving national unity	.02(.01)*
Protecting social programmes	-.01(.01)
Fighting crime	.03(.01)**
R2 (adjusted)	.47
N	2,138

Notes: The dependent variable in this table takes the value of 1 if the respondent reported a vote for the Liberals and 0 if he/she reported a vote for another party. Other answers (abstention, spoiled ballot, refusal, don't know, etc.) were coded missing.

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

** p < 0.01.

* p < 0.05.

By adding these variables to our model tapping assessments of the Liberals' performance, we can also measure the impact of these issues.¹⁵ Four issues appear significantly linked to Liberal support: job creation, crime, national unity, and the deficit. The first two emerge as the strongest predictors (see Table 6). The coefficients for economic perceptions are reduced but still significant. According to our estimates, if as many people had been satisfied as dissatisfied by Liberal performance on job creation, and if, as previously hypothesized, half of the respondents had thought that unemployment had been going down while the other half had thought it had stayed the same, the Liberals would have had about three more points.¹⁶ This is the same estimate we arrived at on the basis of economic perceptions alone.

CONCLUSION

Negative perceptions about unemployment hurt the Liberals in June 1997. Unemployment was the key issue in 1993 and the Liberals ran their campaign promising "jobs, jobs, jobs." The very low level of satisfaction about the government's record on job creation seems to indicate that the Liberals' performance in fighting unemployment fell short of meeting voters' expectations. The Liberals raised these expectations, perhaps unrealistically, in 1993 and they paid a price for this in 1997.

One key lesson from the last election seems to be that when a problem is considered serious, and unemployment certainly is in Canada, a slight improvement may not be good enough. This result confirms the observation that voters evaluate the performance of governments in relative rather than absolute terms (Alt 1979; Mosley 1984). But it also introduces a significant nuance: unemployment, even in decline, probably remained too high at the election time to elicit a satisfactory judgement of the Liberals' job-creation record. The mitigated result of the last election suggests that Canadians' capacity to adapt to high levels of unemployment and their consequent disposition to adjust their

criteria for judging governmental economic performance (Nadeau and Blais 1993) have clear limits. These limits no doubt explain the paradox of the last election where the Liberal Party lost ground despite an improvement in the employment situation, even while becoming the first government in recent Canadian electoral history to be re-elected despite an unemployment rate bordering on 10 percent.

Another important lesson is that voters' retrospective horizons seem to be short, and this lesson suggests two interpretations of voter behaviour. One interpretation would explain Canadians' severity on the employment question as resulting from the high level of unemployment at election time, and from the fact that its recent trend gave little ground for optimism (see Figure 1). From this perspective, Canadians' negative evaluation of the job situation and their scepticism about the future seem rather reasonable and well-founded.

However, this is not the only possible interpretation. In fact, one must ask if these assessments do not in fact reveal a certain myopia on the part of voters. Nadeau and Blais (1993) show that it is the decline of unemployment in the two years preceding an election that is electorally profitable for incumbent governments in Canada. This same tendency has been observed elsewhere, and has been interpreted in terms of political business cycles (see Nordhaus 1975; Hibbs 1987). Indeed, the last Liberal mandate might well qualify as an ideal test case for this theory since the decline in unemployment occurred essentially during the first two years of the mandate. That this improvement did not weigh heavily on Canadians' assessments of unemployment does not allow for an immediate rejection of the hypothesis that voters suffer from short-sightedness which incumbent governments can exploit, or at least must take into account.

The potential business-cycle optic draws attention to the matter of the timing of the election itself. In the year following the 2 June 1997 election, both the general economic situation and more particu-

larly the employment situation improved markedly. In these circumstances, the strategic question to ask is whether the advantage that the Liberals wished to gain by calling an election while the Conservative Party was reorganizing was not more than offset by what appeared to be uneven achievements in terms of job creation. This interpretation gains plausibility given the rise in the Liberals' popularity after the 1997 election, which might well be attributable to continued improvement in the economic climate.

In addition to flagging issues concerning the psychology of political actors, the 1997 election also raises more fundamental questions. During the election, in order to avoid raising the salience of job creation as an electoral issue, the Liberals chose to insist on their record on deficit reduction, which was not their central commitment in 1993. The fact that this strategy proved successful enough to ensure the Liberals' re-election raises perplexing questions about the meaning of electoral mandates.

NOTES

Data were drawn from the 1997 Canadian Election Study, for which the authors are co-investigators. The study was funded by the Social Sciences and Humanities Research Council of Canada. Copies of the questionnaires, technical documentation, and data set can be obtained at <http://www.isr.yorku.ca/ISR>. We thank Éric Bélanger for his research assistance, and the editor and four anonymous reviewers for their comments on an earlier version of the paper. Remaining errors are the sole responsibility of the authors.

¹Abstainers, voters who refused to reveal whom they voted for, and those who spoiled their ballot, were excluded from the analysis. Their inclusion does not substantially modify the conclusions of this study. Complete definitions of all the variables used in this study are presented in the Appendix.

²Other such socio-demographic variables as age, gender, education, and income (see the Appendix for a description of these variables) were also included in our preliminary analyses, but none emerged as statistically significant. This result conforms overall to earlier work

on Canadian electoral behaviour, and these variables were excluded from our analysis in order to simplify the presentation of results.

³Unemployment was spontaneously selected as the most important issue by 35 percent of the respondents and job creation was rated as a very important issue by almost 85 percent (the same figures for reducing the deficit, protecting social programs and reducing taxes were, respectively, 60, 59 and 42 percent, see Table 5). The question wording for the open-ended question was: "What was the most important issue to you personally in this election?"

⁴To simplify the presentation of the findings, the following labels are used throughout the paper: personal retrospections (question 1), personal projections (question 2), national retrospections (question 3), national projections (question 4), unemployment retrospections (question 5), unemployment projections (question 6). The coding for the six variables is the same, with the value of one being assigned to positive or optimistic evaluations, -1 for negative or pessimistic evaluations and zero for neutral evaluations. The small number of respondents unable to make a judgement were assigned a value of zero. Excluding them from the analysis does not alter our findings. Further details are displayed in the Appendix.

⁵Logit and OLS coefficients are not directly comparable. However, when the logistic coefficients were transformed into changes in probability (see Petersen 1985), both sets of coefficients prove almost identical. Details about the transformation of the logistic coefficients are available upon request.

⁶Simpler models (excluding regional dummies and socio-demographic characteristics, for instance) produce similar results.

⁷The correlations among economic perception variables suggest that our findings are not plagued by collinearity.

	<i>pers. retro.</i>	<i>nat. retro.</i>	<i>pers. fut.</i>	<i>nat. fut.</i>	<i>unemp. retro.</i>	<i>unemp. fut.</i>
<i>pers. retro.</i>	1.00					
<i>nat. retro.</i>	0.22	1.00				
<i>pers. fut.</i>	0.31	0.17	1.00			
<i>nat. fut.</i>	0.17	0.40	0.27	1.00		
<i>unemp. retro.</i>	0.13	0.19	0.08	0.12	1.00	
<i>unemp. fut.</i>	0.14	0.20	0.13	0.27	0.22	1.00

⁸The result of three points is obtained by multiplying the hypothetical variation of perceptions of unemployment by the value of the coefficient of the unemployment retrospection variable ($0.7 \times 0.04 = 0.028$). The hypothetical variation of perceptions of unemployment is obtained by subtracting the hypothetical value of perceptions ($0.5 = 0.50 (1) + 0.50 (0) + 0.00 (-1)$) from the observed value ($-0.2 = 0.19 (1) + 0.42 (0) + 0.39 (1)$). In the extreme scenario where 100 percent of Canadians would have observed a decrease in unemployment, support for the Liberal Party would have increased by five points ($1.2 \times 0.04 = 0.048$).

⁹Attention to newspapers and regional dummies (with unemployment excluded) were also included but never approached statistical significance. The dependent variable being ordinal, the analyses were also conducted with ordered probit regression (see Greene 1993). The results were very similar to those obtained with OLS.

¹⁰Unemployment dropped from 11.2 to 9.5 percent between 1993 and 1995, but was slightly on the rise at 9.7 percent in 1996.

¹¹*Securing our Future Together: The Liberal Plan – 1997*, p. 31.

¹²*Que l'avenir commence: Plan de Jean Charest pour le Canada du XXIe siècle*, p. 2.

¹³NDP. *A Framework for Canada's Future*, p. 5; Bloc québécois. *Plate-forme électorale*, pp. 7-8.

¹⁴For instance, André Pratte, *La Presse's* chief electoral correspondent wrote: "Our unemployment rate, if it went down, is still very high." *La Presse*, Sunday 11 May 1997, p. A6. Preston Manning and Alexa McDonough's reactions to the release of the unemployment figures are illustrative: "In Calgary, Reform Leader Preston Manning charged that Prime Minister Jean Chrétien had broken his campaign promise to make jobs a priority. He said that the numbers released yesterday offered little relief from a record of 79 consecutive months in which the jobless rate has remained at more than 9 per cent. [...] In Edmonton yesterday, New Democrat party leader Alexa McDonough told a labour convention that the current unemployment numbers are almost identical to those posted when Mr. Chrétien took office in 1993" (*Globe and Mail* 1997).

¹⁵The categories of these variables which correspond to the issues presented in Table 5, are -1 for respondents

very or somewhat dissatisfied with the Liberals' performance about these specific issues, +1 for those very or somewhat satisfied and 0 for individuals who were unable or unwilling to answer the questions (see Table 5 and the Appendix).

¹⁶The impact for the "creating jobs" variable (1.2 percentage point) is obtained by multiplying the change in the mean evaluation on this variable (0.41, i.e., from -0.41 to 0) by the coefficient for the same variable in Table 6 (0.03). The impact for the "unemployment retrospections" variable (1.4) is similarly obtained (see note 8). The total impact of the unemployment variable is this 2.6 percentage points, a figure close to the result we arrive at from Table 3.

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APPENDIX

VARIABLES DESCRIPTION

Liberal vote = 1 if the respondent reported a vote for the Liberal Party, and 0 if the respondent reported a vote for another party (the other categories—abstention, spoiled ballot, refusal, don't know—are excluded).

SOCIO-DEMOGRAPHIC VARIABLES

Catholic = 1 if the respondent is Catholic, 0 otherwise.

Foreign-born = 1 for foreign-born citizens, 0 otherwise.

Age = Respondent's age (in years).

Gender: Male = 1, female = 0.

Education = Highest level of education completed (11 categories ranging from no schooling [0] to master's degree or doctorate [10]; rescaled from 0 to 1).

Income = Total household income before taxes and other deductions for 1996 (10 categories from less than \$20,000 [0] to more than \$100,000 [9]; rescaled from 0 to 1).

REGIONAL VARIABLES

Atlantic = 1 if the region of residence is the Atlantic provinces, 0 otherwise.

Quebec = 1 if the region of residence is Quebec, 0 otherwise.

West = 1 if the region of residence is the western provinces, 0 otherwise.

POLITICAL VARIABLES

Partisan identification:

Liberal = 1 if the respondent is a Liberal identifier, 0 otherwise.

Others = 1 if the respondent identifies with another party, 0 otherwise.

Leaders = Jean Chrétien's score on a 0-100 feeling thermometer minus the highest score among the other leaders. On this thermometer, 0 means that the respondent does not like the leader at all, and 100 means that he/she likes the leader very much.

Issues: Evaluation of the Liberal performance on various issues. The following questions were used:

“How good a job do you think the Liberal government has done in:

- creating jobs?
- reducing the deficit?
- preserving national unity?

- protecting social programmes?
- fighting crime?

Very good, quite good, not very good, not good at all, don't know, refused. ”

The coding for the variables was: very good and quite good = 1, don't know and refusals = 0, not very good and not good at all = -1.

MEDIA ATTENTION

Attention to TV News = 0-10 scale where 0 means no attention at all to news about election on TV, and 10 a great deal of attention (rescaled from 0 to 1).

Awareness = 4 items information scale: knowledge of President of the US, federal Minister of Finance, provincial Premier and first woman to become Prime Minister of Canada (rescaled from 0 to 1).

Cronbach's alpha = 0.60

The percentages of correct answers to the questions were:

	%
- Bill Clinton:	84
- Paul Martin:	37
- Kim Campbell:	41
- Provincial Premier:	77

The overall distribution of this variable is as follows:

	%
0-1 correct answer:	23
2 correct answers:	29
3 correct answers:	27
4 correct answers:	21

ECONOMIC VARIABLES

Economic perceptions = Variables measuring voters' retrospective and prospective assessments of their personal finances, of the Canadian economy and of unemployment using the following questions:

- *Personal retrospections*: “Financially, are you better off, worse off, or about the same as a year ago?” (worse = -1, same / don't know = 0, better = 1)
- *Personal propections*: “Do you think that a year from now, you will be better off financially, worse off or about the same as now?” (worse = -1, same / don't know = 0, better = 1)
- *National retrospections*: “Over the past year, has Canada's economy gotten better, gotten worse, or stayed about the same?” (worse = -1, same / don't know = 0, better = 1)
- *National propections*: “And in the next 12 months? Will Canada's economy get better, get worse or stay about the same?” (worse = -1, same / don't know = 0, better = 1)
- *Unemployment retrospections*: “Do you think that unemployment has gone up, gone down, or stay the same since the Liberals came to power?” (up = -1, same / don't know = 0, down = 1)
- *Unemployment propections*: “And in the next few years, do you think that unemployment will go up, go down, or stay about the same?” (up = -1, same / don't know = 0, down = 1)

Job situation = Employed and not worried about losing job = 0, employed but worried about losing job = 0.5, currently unemployed or laid-off during the past year = 1.

Unemployment rate = Provincial unemployment rate (deseasonalized) for the first quarter of 1997.

Source: Statistics Canada, Cat. No. 71-201. *Historical Labour Force Statistics*. Ottawa: Supply and Services Canada.