# The long shadow of the opposition:
## Electoral benchmarking against previous governments [*]

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### Abstract

Voting is a comparative decision between parties. Curiously, however, research on how the economy influences the vote almost uniformly neglects the opposition in favor a simple reward-or-punish model focused on the the governing party. We demonstrate in this research letter that the economic performance of the main opposition party the last time it was in office conditions how voters hold the current government accountable for the economy. When the opposition presided over a strong economy when last in government, voters hold the present governing party more accountable for economic downturns. Obversely, negative accountability is laxer in the present when the opposition performed poorly in the past. These results contrast sharply with depictions of elections as simple referendums on the incumbent and of voters as myopic. Performance in government influences party reputations that are not so quickly forgotten.

Words: 3875

# 1  Introduction

In the British general election of 2015, the Conservative Prime Minister David Cameron competed for re-election in precarious economic circumstances. The economy had slowed to a pedestrian 0.25% growth rate in the quarter before the election, less than a third of its growth rate in each of the previous four quarters.[1] Forecast models based on economic performance as well as most polling (Sturgis et al., 2016) predicted a close result and a likely hung parliament. When the ballots came in, however, the Conservatives were triumphant, winning 331 out of 650 seats and allowing them to drop their hapless coalition partners to govern alone. What happened? While undoubtedly many factors contributed to the wayward forecasts (Fisher and Lewis-Beck, 2016), we argue here that this result also reflects a previously unidentified empirical regularity in how voters assess and hold politicians accountable for the economy: Labour had presided over an even weaker economy when last in power.[2]

Voting implies comparison. When individuals vote for a party, they express a belief that that party is superior to the others. No shortage of research investigates how voters compare parties on issue positions (Grofman, 2004) or on campaign style and performance (Vavreck, 2009) but when it comes to economic performance, most research abandons party comparisons. Scholars most often treat the economy as a simple valence issue – more growth is better for the incumbent. During booms or busts this may not matter because it is clear to all how the economy is performing; but when the economy muddles through it is less clear how voters can

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[1]https://fred.stlouisfed.org. Real Gross Domestic Product at Market Prices in the United Kingdom, Percent Change from Preceding Period, Quarterly, Seasonally Adjusted.

[2]Ibid. Quarterly growth rates averaged .2% and .08% over Labours final year and full term, respectively.

assess its performance.

Recent literature has suggested that voters assess incumbent performance relative to expectations (Malhotra and Margalit, 2014) and that economic performance relative to the past (Palmer and Whitten, 1999) and to other countries (Kayser and Peress, 2012) best predicts economic voting. We argue here that voters assess economic performance under the incumbent party relative to how well the economy performed the last time the opposition was in power. Parties generate economic competence reputations while in office that persist over time and can be a boon or drag on their opponents when they are in power by setting a benchmark against which voters judge their economic stewardship. Cross-party comparison, in short, extends to economic performance.

Using a panel of monthly polls from 1950 to 2013 for Australia, Canada, the United States and the United Kingdom – systems inclined toward single-party majority government – we demonstrate that past opposition performance conditions the economic vote. Voters do not consider the incumbent's economic performance in isolation, rather the state of the economy is contextualised by comparison to the opposition party's previous performance.

This research letter makes two primary contributions. First, it provides evidence of a theoretically novel comparative context in which voters assess the economy. The economic vote is one of the most studied topics in political science and because economic performance is in most years and countries the most important issue to voters (Heffington, Park and Williams, 2017), it offers the best hope for understanding electoral accountability. Frustratingly, however, empirical models employing objective economic measures – as opposed to survey based economic perceptions – have proven unrobust (Paldam, 1991; Anderson, 2007;

Kayser, 2014). Models and measures that better match how voters assess the economy should attenuate this problem and contribute to the understanding of democratic accountability.

Second, our results contrast, albeit obliquely, with an understanding that voters are myopic and mostly influenced by economic performance shortly before elections (Achen and Bartels 2016; Healy and Lenz 2014; Wlezien 2015, but see Hellwig and Marinova 2015). Economic memories persist and they affect the vote. Recent economic outcomes indeed matter most but they matter in comparison to economic reputations of opposition parties formed in the past.

## 2    Reputations and the vote

Previous scholarship has similarly posited that performance in government, including economic performance, can contribute to reputations for competence or accumulate in party identification (Fiorina, 1981; MacKuen, Erikson and Stimson, 1989; Johnston, 2006) as a sort of "running tally." Others have posited that performance in government in numerous areas, again including economic performance, accumulates in a single reputation for "macrocompetence" (Green and Jennings, 2012b). Individual survey questions about how well respondents feel that given parties manage the economy have, of course, also long existed (e.g., Belanger and Gelineau, 2010; Belanger and Nadeau, 2014; Clarke et al., 2004).

As Green and Jennings point out, however, various competence assessments are highly correlated, suggesting that any one measure, even if it is explicitly about the economy, is in fact influenced by other events. This, of course, complicates

3

efforts to assess the effect of past economic performance on the present.[3] We solve this problem by employing objective economic measures rather than subjective competence assessments. We choose to focus on the economy rather than on other policy outcomes because of its continual measurement, perennial importance to voters (Heffington, Park and Williams, 2017; Beyer and Breunig, 2017) and important role in the vote (Lewis-Beck and Stegmaier, 2015).

We posit, of course, that economic conditions when the current opposition were last in office serve as a benchmark for voters evaluating economic performance under the current incumbent. How to measure the competence reputation of the opposition has vexed previous scholars (Butt, 2006). We acknowledge that a portion of the opposition's competence reputation is driven by individuals' vote preferences and the competence assessment of the incumbent party (Green and Jennings, 2012a). Some of the opposition's economic competence reputation from its previous time in office nevertheless persists in present-day media reports and in voters memories, although it decays with time.[4]

When the opposition has not been out of office for too long, voters can compare present economic performance to that under the previous government now in opposition. Evidence of such benchmarking against performance under past governments complements other recent findings that economic performance is context specific. Kayser and Peress (2012) demonstrate that better economic performance relative to comparison countries outperforms simple macroeconomic aggregates in predicting vote choice. A given rate of growth or unemployment can only be as-

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[3]Moreover, to the best of our knowledge, the research that does relate competence to the economic vote (Belanger and Gelineau, 2010; Belanger and Nadeau, 2014) treats it as a covariate.

[4]Media effects on voters' economic perceptions are non-trivial (Hetherington, 1996; Kayser and Leininger, 2015).

sessed as high or low in a comparative context. Voters are insufficiently informed to draw cross-national comparisons themselves but the press reports more positively on the economy when it outperforms that of comparison countries. Hansen, Olsen and Bech (2015) show in the a specific case that Danish voters respond strongly to changes in the prospective wealth of Denmark relative to neighboring Sweden and Aytac (2017) confirms cross-national benchmarking in the economic vote in Western but not in Eastern Europe.

Our results most strongly contribute to the understanding of benchmarking against other parties and across time. Since Palmer and Whitten (1999), we have understood that previous economic conditions influence expectations against which voters evaluate the economy under the present government. No previous research, to the best of our knowledge, has considered the voters' decision as that between the present incumbent's performance and that of the opposition the last time they were in office. Previous economic performance matters in general, of course. Because voters are making an explicit decision between parties, however, economic conditions the last time the present opposition was in government offer the most relevant benchmark.

In the remaining pages, we specifically examine the potential for the past economic performance of political parties to condition the effect of the classic economic vote. That is, voters benchmark the incumbent's current performance against the opposition's previous performance, when choosing whether to vote for them or not. We examine this relationship using vote intention opinion polls in Australia, Canada, the United States and the United Kingdom from 1950 to 2013.

# 3 Research Design

## 3.1 Dependent variable

For our dependent variable we use data on intentions to vote for the incumbent party, from opinion polls collected by Jennings and Wlezien (2016). While these data are collected at the daily level, we collapse them to be monthly by taking the arithmetic mean of the polls for each month. We do this, to be comparable to the economic data, which is measured at either monthly or quarterly intervals. Monthly poll observations are preferable to actual election data – which are available only once every few years – when looking for dynamic effects.

## 3.2 Main independent variables

To operationalise economic performance, we use two standard measures from the economic voting and party evaluation literatures (Healy and Malhotra, 2013; Kayser, 2014; De Boef and Kellstedt, 2004): consumer confidence[5] and GDP growth.[6] The data for consumer confidence are measured at the monthly level, and data for GDP growth at the quarterly level.

We define the opposition's previous performance as the mean of the given indicator during the last term that the opposition was in power. While we focus on performance based upon the entire last term of office, we also compute versions of this measure, using their last twelve and six months in office, for robustness.

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[5] https://data.oecd.org/leadind/consumer-confidence-index-cci.htm
[6] https://data.oecd.org/gdp/gross-domestic-product-gdp.htm

## 3.3 Sample

Our sample consists of Australia, Canada, the United Kingdom, and the United States from 1952 - 2013, all countries prone to single party government with a pattern of alternation in government and a well defined opposition. Polling data are generally available for the entire period, apart from the United States where polls most often only occur around presidential elections. The consumer confidence series, however, only starts in 1960.

## 3.4 Estimation

Given the dynamic nature of vote intention polls, we use an Error Correction Model specification for our OLS estimates.[7]

Our main specification follows a standard interaction effect specification, where the product of the economic indicator and the opposition's past performance is included along with the constituent terms. It tests for an explicit conditioning effect of the opposition's economic performance on how the governing parties' economic performance influences vote intentions. By explicitly modelling benchmarking in this manner, we serve to preempt any concerns that the effect of benchmarked economic performance arises from its correlation with economic performance in general.

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[7]Recent critiques of the use of ECMs with political data seem to be more narrowly applicable than originally asserted (Enns et al., 2016). Moreover, the monthly periodicity and relatively long series of our data are atypical of political science data.

$$\Delta\text{poll}_{i,t} = \alpha_i + \rho\text{poll}_{i,t-1} + \beta_1\Delta\text{econ}_{i,t} + \beta_2\text{econ}_{i,t-1} + \beta_3\text{econ}_{i,t}^{Opp} +$$

$$\beta_4\Delta\text{econ}_{i,t} \times \text{econ}_{i,t}^{Opp} + \beta_5\text{econ}_{i,t-1} \times \text{econ}_{i,t}^{Opp} + \epsilon_{i,t} \qquad (1)$$

In all models we also include country fixed effects ($\alpha_i$) to account for country specific unobserved time-invariant heterogeneity and calculate robust standard errors.

# 4    Results

We now turn to presenting the results of the statistical analysis. Given the dynamic specification of our regression models and space limitations in this research letter, we largely focus on presenting relevant quantities of interest. However, the results for the main error correction models for the whole-term definition of past performance are displayed in table 1.[8] We find that economic performance, when conditioned by or evaluated with respect to the opposition, has a significant association with support for the incumbent. This is the case for both GDP growth and consumer confidence.

We first calculate the short run effects of economic performance. Figure 1 displays how incumbent support changes after a standard deviation increase in consumer confidence and GDP growth, conditional upon the opposition's previous performance. The three rows in the figure show how this effect varies dependent upon the period of time considered relevant for the opposition's performance. For both indicators we see evidence that the opposition's past performance contextu-

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[8]The regression tables that measure opposition economic performance as the mean of their last six and twelve months in office, respectively, are located in the appendix.
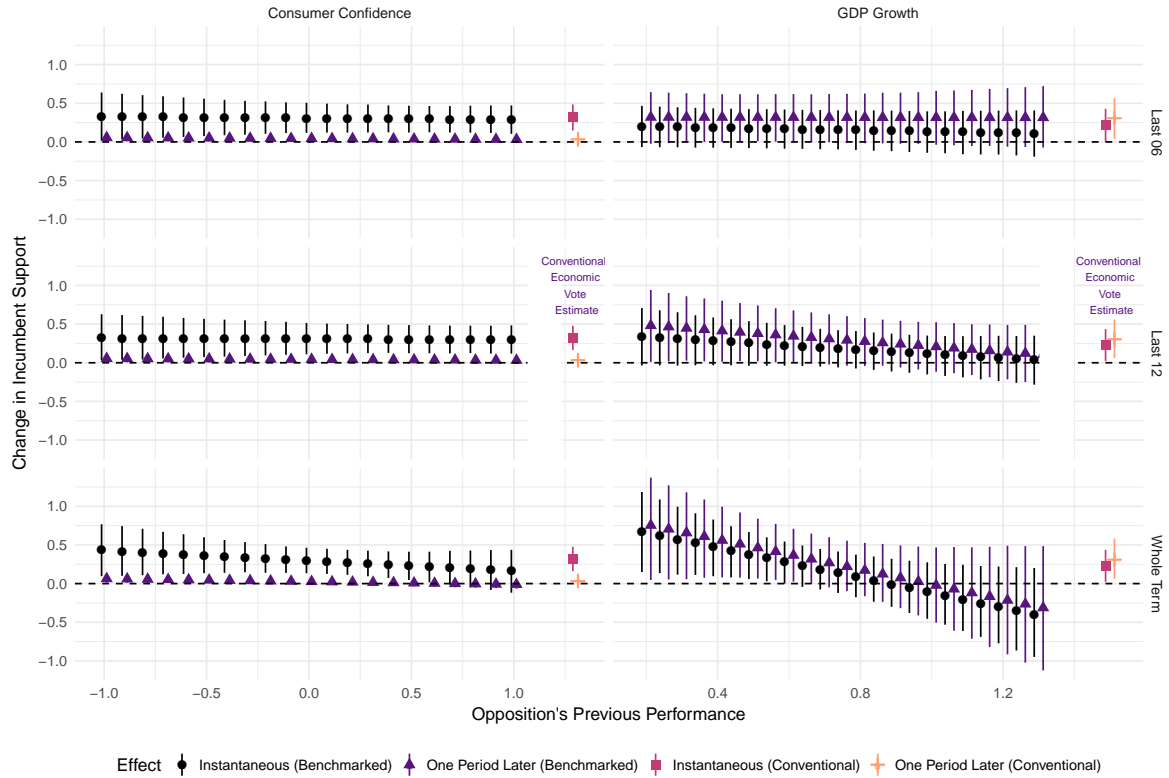
Figure 1: *The change in opinion poll support for the incumbent from a permanent one standard deviation change in consumer confidence (≈ 0.24) or quarterly GDP growth (≈ 1.35%), conditional upon opposition's previous performance. Points indicate point estimates, and vertical lines indicate the 95% confidence intervals. The rows vary the portions of the terms in office from which the opposition's economic performance is averaged and compared, while the columns indicate the measure of economic performance used. Interaction effects calculated using the estimates from models 2, 4, A10, A14, A18, and A22 in tables 1 and 4-7 respectively. The conventional economic voting estimates are calculated from models 1 and 3 in table 1. The consumer confidence is standardized, such that a value of 0 indicates average (mean) consumer confidence, while -1 indicates one standard deviation below the mean of consumer confidence.*

Table 1: The Opposition's Past Economic Performance Conditions the Economic Vote

|  | GDP Growth | | Consumer Confidence | |
|---|---|---|---|---|
|  | (1) | (2) | (3) | (4) |
| Lag Vote Intention | −0.08*** | −0.08*** | −0.08*** | −0.08*** |
|  | (0.01) | (0.01) | (0.01) | (0.01) |
| $\Delta$ Economy | 0.17** | 0.65*** | 1.31*** | 1.23*** |
|  | (0.08) | (0.25) | (0.34) | (0.35) |
| Economy$_{t-1}$ | 0.24** | 0.74** | 0.24*** | 0.25*** |
|  | (0.10) | (0.34) | (0.06) | (0.07) |
| Opp. Prev. Economy |  | 0.42 |  | −0.15 |
|  |  | (0.49) |  | (0.13) |
| $\Delta$ Economy × Opp. Economy |  | −0.72** |  | −0.55 |
|  |  | (0.33) |  | (0.58) |
| Economy$_{t-1}$ × Opp. Economy |  | −0.72 |  | −0.15* |
|  |  | (0.45) |  | (0.08) |
| $n$ | 1457 | 1236 | 1154 | 1071 |
| RMSE | 2.62 | 2.65 | 2.60 | 2.59 |
| Country Fixed Effects | Yes | Yes | Yes | Yes |

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$. Robust standard errors in parentheses

alises the effect of (retrospective) economic voting. When the present opposition performed poorly when previously in office, current increases in consumer confidence and GDP growth are associated with increases in support for the present incumbent. However, if the opposition oversaw high levels of consumer confidence and GDP growth when they were last in office, then this effect is muted.

Substantively, the effect size is substantial. The economic vote for the current government when the opposition last presided over a weak economy (average GDP growth of only 0.2 % over a whole term), yields an instantaneous increase in incumbent support of nearly 0.7 points – approximately three times the size of the same-sample conventional economic vote (0.23 points). This suggests that improving economic performance is more beneficial for incumbent support when it

serves to differentiate the incumbent from the opposition, which is the case when the opposition party performed poorly.

Turning to the long-run impact of economic performance, figure 2 displays the long-run multipliers for a permanent standard deviation increase in the economic indicator. As was the case for the short-run effects, we see evidence that the past performance of the opposition party conditions the impact of the economic vote. The long-run multiplier for both consumer confidence and GDP growth generally declines in magnitude the better the economic conditions were when the opposition was previously in office. This is particularly the case when looking at economic growth over the entire previous term of the opposition.

In summary, the results provide evidence that current vote intentions for the incumbent are affected by the incumbent's economic performance relative to that when the opposition was last in office. This result is generally robust to both including benchmarking against the incumbent's own past performance and to the choice of benchmarking window (above 6 months) for the opposition's previous performance. Unsurprisingly, the conditioning effect of the opposition's performance does decay as the opposition's last period in office recedes in time.[9]

# 5  Conclusion

Retrospective electoral accountability is usually framed as a question of rewarding or punishing incumbent governments for their performance. It is nevertheless, we argue, not only about the government. We demonstrate here that voters, when rewarding or punishing governments for economic performance – a perennial top

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[9]Results for these robustness tests are located in the appendix.
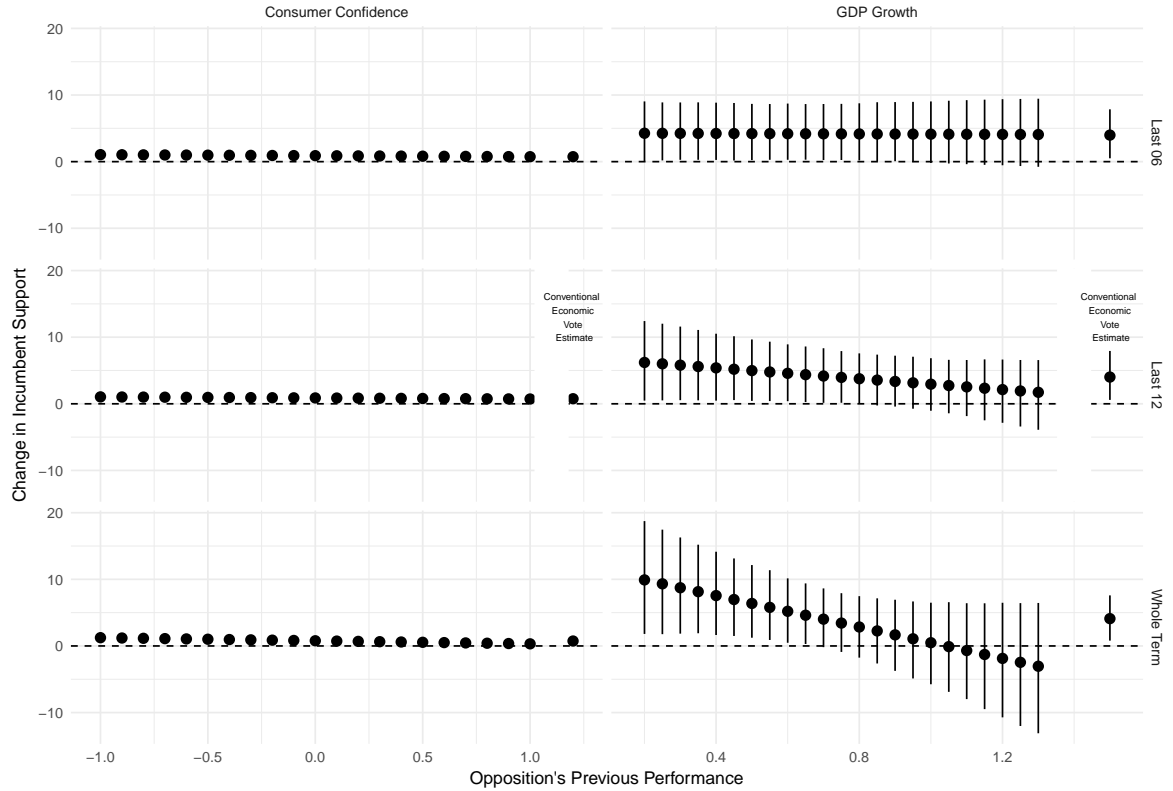
Figure 2: *Poll support long run multipliers (LRMs) for a permanent one standard deviation change in consumer confidence (≈ 0.24) or GDP growth (≈ 1.35%) compared to opposition's previous performance, conditional upon the time since the opposition was last in power. Points indicate point estimates, and vertical lines indicate the 95% confidence intervals. The rows vary the portions of the terms in office from which economic performance is averaged and compared, while the columns indicate the measure of economic performance used. Interaction effects calculated using the estimates from models 2, 4, A10, A14, A18, and A22 in tables 1 and 4-7 respectively. The conventional economic voting estimates calculated from models 1 and 3 in table 1.*

concern of voters – nevertheless do so by comparing parties. Voters, on average, do not simply respond to Pavlovian stimulus, as a simple interpretation of the reward-punishment framing would suggest, but rather make their vote choice by comparing conditions under the present government to those under the opposition the last time it was in power. Our results suggest that retrospective accountability

12

is more complex than previously thought, that parties develop persistent reputations for economic competence while in office, and that electoral accountability is inseparable from electoral choice between parties.

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# Appendix

## A.1 Regression Tables for Alternative Specifications and 6 Month and 12 Month Opposition Windows

Table A.2: Past Performance in Economic Growth

| | Model A1 | Model A2 | Model A3 | Model A4 |
|---|---|---|---|---|
| Lag Vote Intention | $-0.08$*** | $-0.08$*** | $-0.08$*** | $-0.09$*** |
| | (0.01) | (0.01) | (0.01) | (0.01) |
| $\Delta$ Growth | 0.17** | 0.65*** | | |
| | (0.08) | (0.25) | | |
| Growth$_{t-1}$ | 0.24** | 0.74** | | |
| | (0.10) | (0.34) | | |
| Opp. Prev. Growth | | 0.42 | 0.03 | 0.02 |
| | | (0.49) | (0.30) | (0.30) |
| $\Delta$ Growth $\times$ Opp. Growth | | $-0.72$** | | |
| | | (0.33) | | |
| Growth$_{t-1}$ $\times$ Opp. Growth | | $-0.72$ | | |
| | | (0.45) | | |
| $\Delta$ Benchmark$_{Opp}$ Growth | | | 0.12 | 0.26 |
| | | | (0.13) | (0.22) |
| Benchmark$_{Opp}$ Growth$_{t-1}$ | | | 0.20** | 0.58*** |
| | | | (0.10) | (0.18) |
| Time Since Opp. in Gov. | | | | $-0.05$*** |
| | | | | (0.02) |
| $\Delta$ Benchmark$_{Opp}$ Growth $\times$ Time Since Opp. | | | | $-0.02$ |
| | | | | (0.04) |
| Benchmark$_{Opp}$ Growth$_{t-1}$ $\times$ Time Since Opp. | | | | $-0.06$** |
| | | | | (0.02) |
| $n$ | 1457 | 1236 | 1235 | 1226 |
| RMSE | 2.62 | 2.65 | 2.65 | 2.64 |
| Country Fixed Effects | Yes | Yes | Yes | Yes |

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$. Robust standard errors in parentheses

A.2

Table A.3: Past Performance in Consumer Confidence

| | Model A5 | Model A6 | Model A7 | Model A8 |
|---|---|---|---|---|
| Lag Vote Intention | −0.08*** | −0.08*** | −0.08*** | −0.10*** |
| | (0.01) | (0.01) | (0.01) | (0.02) |
| Δ Cons. Conf | 1.31*** | 1.23*** | | |
| | (0.34) | (0.35) | | |
| Cons. Conf$_{t-1}$ | 0.24*** | 0.25*** | | |
| | (0.06) | (0.07) | | |
| Opp. Prev. Cons. Conf | | −0.15 | 0.15 | 0.08 |
| | | (0.13) | (0.15) | (0.15) |
| Δ Cons. Conf × Opp. Cons. Conf | | −0.55 | | |
| | | (0.58) | | |
| Cons. Conf$_{t-1}$ × Opp. Cons. Conf | | −0.15* | | |
| | | (0.08) | | |
| Δ Benchmark$_{Opp}$ Cons. Conf | | | 1.22*** | 1.34** |
| | | | (0.35) | (0.64) |
| Benchmark$_{Opp}$ Cons. Conf$_{t-1}$ | | | 0.27*** | 0.35*** |
| | | | (0.07) | (0.13) |
| Time Since Opp. in Gov. | | | | −0.07*** |
| | | | | (0.02) |
| Δ Benchmark$_{Opp}$ Cons. Conf × Time Since Opp. | | | | −0.02 |
| | | | | (0.07) |
| Benchmark$_{Opp}$ Cons. Conf$_{t-1}$ × Time Since Opp. | | | | −0.01 |
| | | | | (0.01) |
| $n$ | 1154 | 1071 | 1069 | 1069 |
| RMSE | 2.60 | 2.59 | 2.60 | 2.59 |
| Country Fixed Effects | Yes | Yes | Yes | Yes |

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$. Robust standard errors in parentheses

A.3

Table A.4: GDP Growth (6 Months)

| | Model A9 | Model A10 | Model A11 | Model A12 |
|---|---|---|---|---|
| Lag Vote Intention | $-0.08^{***}$ | $-0.08^{***}$ | $-0.08^{***}$ | $-0.09^{***}$ |
| | (0.01) | (0.01) | (0.01) | (0.01) |
| $\Delta$ Growth | $0.17^{**}$ | 0.16 | | |
| | (0.08) | (0.11) | | |
| Growth$_{t-1}$ | $0.24^{**}$ | $0.25^{*}$ | | |
| | (0.10) | (0.14) | | |
| Opp. Prev. Growth | | $-0.13$ | 0.09 | 0.15 |
| | | (0.12) | (0.13) | (0.13) |
| $\Delta$ Growth $\times$ Opp. Growth | | $-0.06$ | | |
| | | (0.10) | | |
| Growth$_{t-1}$ $\times$ Opp. Growth | | $-0.00$ | | |
| | | (0.12) | | |
| $\Delta$ Benchmark$_{Opp}$ Growth | | | 0.12 | 0.17 |
| | | | (0.12) | (0.21) |
| Benchmark$_{Opp}$ Growth$_{t-1}$ | | | $0.21^{**}$ | $0.39^{***}$ |
| | | | (0.10) | (0.14) |
| Time Since Opp. in Gov. | | | | $-0.05^{**}$ |
| | | | | (0.02) |
| $\Delta$ Benchmark$_{Opp}$ Growth $\times$ Time Since Opp. | | | | $-0.01$ |
| | | | | (0.03) |
| Benchmark$_{Opp}$ Growth$_{t-1}$ $\times$ Time Since Opp. | | | | $-0.03$ |
| | | | | (0.02) |
| $n$ | 1457 | 1236 | 1235 | 1226 |
| RMSE | 2.62 | 2.66 | 2.65 | 2.65 |
| Country Fixed Effects | Yes | Yes | Yes | Yes |

$^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.1$. Robust standard errors in parentheses

A.4

Table A.5: Past Performance in Consumer Confidence (6 Months)

| | Model A13 | Model A14 | Model A15 | Model A16 |
|---|---|---|---|---|
| Lag Vote Intention | −0.08*** | −0.08*** | −0.08*** | −0.10*** |
| | (0.01) | (0.01) | (0.01) | (0.02) |
| Δ Cons. Conf | 1.31*** | 1.26*** | | |
| | (0.34) | (0.40) | | |
| Cons. Conf$_{t-1}$ | 0.24*** | 0.29*** | | |
| | (0.06) | (0.07) | | |
| Δ Cons. Conf × Opp. Cons. Conf | | −0.09 | | |
| | | (0.32) | | |
| Cons. Conf$_{t-1}$ × Opp. Cons. Conf | | −0.05 | | |
| | | (0.05) | | |
| Δ Benchmark$_{Opp}$ Cons. Conf | | | 0.89** | 0.88 |
| | | | (0.36) | (0.59) |
| Benchmark$_{Opp}$ Cons. Conf$_{t-1}$ | | | 0.29*** | 0.36*** |
| | | | (0.07) | (0.11) |
| Opp. Prev. Cons. Conf | | −0.15* | 0.14 | 0.09 |
| | | (0.09) | (0.11) | (0.10) |
| Time Since Opp. in Gov. | | | | −0.09*** |
| | | | | (0.03) |
| Δ Benchmark$_{Opp}$ Cons. Conf × Time Since Opp. | | | | 0.00 |
| | | | | (0.07) |
| Benchmark$_{Opp}$ Cons. Conf$_{t-1}$ × Time Since Opp. | | | | −0.01 |
| | | | | (0.01) |
| $n$ | 1154 | 1071 | 1069 | 1069 |
| RMSE | 2.60 | 2.59 | 2.60 | 2.59 |
| Country Fixed Effects | Yes | Yes | Yes | Yes |

$***p < 0.01$, $**p < 0.05$, $*p < 0.1$. Robust standard errors in parentheses

A.5

Table A.6: GDP Growth (12 Months)

| | Model A17 | Model A18 | Model A19 | Model A20 |
|---|---|---|---|---|
| Lag Vote Intention | −0.08*** | −0.08*** | −0.08*** | −0.09*** |
| | (0.01) | (0.01) | (0.01) | (0.01) |
| Δ Growth | 0.17** | 0.28 | | |
| | (0.08) | (0.18) | | |
| $\text{Growth}_{t-1}$ | 0.24** | 0.42* | | |
| | (0.10) | (0.22) | | |
| Opp. Prev. Growth | | 0.10 | 0.11 | 0.11 |
| | | (0.21) | (0.17) | (0.17) |
| Δ Growth × Opp. Growth | | −0.19 | | |
| | | (0.17) | | |
| $\text{Growth}_{t-1}$ × Opp. Growth | | −0.25 | | |
| | | (0.21) | | |
| Δ $\text{Benchmark}_{Opp}$ Growth | | | 0.12 | 0.21 |
| | | | (0.13) | (0.21) |
| $\text{Benchmark}_{Opp}$ $\text{Growth}_{t-1}$ | | | 0.21** | 0.48*** |
| | | | (0.10) | (0.16) |
| Time Since Opp. in Gov. | | | | −0.06*** |
| | | | | (0.02) |
| Δ $\text{Benchmark}_{Opp}$ Growth × Time Since Opp. | | | | −0.02 |
| | | | | (0.03) |
| $\text{Benchmark}_{Opp}$ $\text{Growth}_{t-1}$ × Time Since Opp. | | | | −0.04** |
| | | | | (0.02) |
| $n$ | 1457 | 1236 | 1235 | 1226 |
| RMSE | 2.62 | 2.66 | 2.65 | 2.64 |
| Country Fixed Effects | Yes | Yes | Yes | Yes |

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$. Robust standard errors in parentheses

Table A.7: Past Performance in Consumer Confidence (12 Months)

| | Model A21 | Model A22 | Model A23 | Model A24 |
|---|---|---|---|---|
| Lag Vote Intention | −0.08*** | −0.08*** | −0.08*** | −0.10*** |
| | (0.01) | (0.01) | (0.01) | (0.02) |
| Δ Cons. Conf | 1.31*** | 1.25*** | | |
| | (0.34) | (0.41) | | |
| Cons. Conf$_{t-1}$ | 0.24*** | 0.28*** | | |
| | (0.06) | (0.07) | | |
| Δ Cons. Conf × Opp. Cons. Conf | | −0.04 | | |
| | | (0.30) | | |
| Cons. Conf$_{t-1}$ × Opp. Cons. Conf | | −0.05 | | |
| | | (0.04) | | |
| Δ Benchmark$_{Opp}$ Cons. Conf | | | 0.87** | 0.85 |
| | | | (0.37) | (0.60) |
| Benchmark$_{Opp}$ Cons. Conf$_{t-1}$ | | | 0.28*** | 0.36*** |
| | | | (0.07) | (0.11) |
| Opp. Prev. Cons. Conf | | −0.12 | 0.16 | 0.11 |
| | | (0.08) | (0.11) | (0.11) |
| Time Since Opp. in Gov. | | | | −0.09*** |
| | | | | (0.03) |
| Δ Benchmark$_{Opp}$ Cons. Conf × Time Since Opp. | | | | 0.00 |
| | | | | (0.07) |
| Benchmark$_{Opp}$ Cons. Conf$_{t-1}$ × Time Since Opp. | | | | −0.01 |
| | | | | (0.01) |
| $n$ | 1154 | 1071 | 1069 | 1069 |
| RMSE | 2.60 | 2.59 | 2.60 | 2.59 |
| Country Fixed Effects | Yes | Yes | Yes | Yes |

***$p < 0.01$, **$p < 0.05$, *$p < 0.1$. Robust standard errors in parentheses

A.7

## A.2 The Decay of Benchmarking

A potential concern is that the conditioning effect of opposition performance should decrease over time. To model how the effect of economic performance benchmarked against that of the opposition weakens over time, we use the following specification. In particular, we add a variable that is the number of years since the opposition was in office and interact this with the benchmarked economic information. This allows for the effect of economic performance to decrease over time. Here we specify benchmarking as the difference between the economic indicator and the benchmark, as this allows for an easier interpretation than a triple interaction effect model.

$$\Delta\text{poll}_{i,t} = \alpha_i + \rho\text{poll}_{i,t-1} + \beta_1\Delta\text{bench}_{i,t}^{Opp} + \beta_2\text{bench}_{i,t-1}^{Opp} + \beta_3\text{econ}_{i,t}^{Opp} +$$
$$\beta_4\text{time}_{i,t}^{Opp} + \beta_5\Delta\text{bench}_{i,t}^{Opp} \times \text{time}_{i,t}^{Opp} + \beta_6\text{bench}_{i,t-1}^{Opp} \times \text{time}_{i,t}^{Opp} + \epsilon_{i,t}$$

where $\text{bench}_{i,t}^{Opp} = \text{econ}_{i,t} - \text{econ}_{i,t}^{Opp}$.

Figure A.3 displays how incumbent support changes in the immediate months from a standard deviation increase in consumer confidence relative to when the opposition was last in power. We see that consumer confidence has a positive statistically significant relationships with changes in incumbent support. This effect is stronger the more recent the opposition was in power. While there is a large amount of uncertainty around the instantaneous effect it is relatively strong, leading to an instantaneous increase in incumbent support by roughly 0.5 percentage points, significantly so if the opposition was in government within the last twelve years. The effect is weaker in the subsequent month, but is statistically significant at conventional levels.

Figure A.3 also plots the same quantities of interest, for a standard deviation increase in economic growth relative to when the opposition was last in power. The results are similar to those found using consumer confidence. When the incumbent performs better at economic growth than when the opposition was previously in government, public support increases. The one month later effect is, for example, usually statistically significant when the opposition was in government within the last eight years.

Figure A.4 displays the long-run multipliers for the effect of consumer confidence relative to when the opposition was last in government, conditional upon how long it has been since the opposition was in government. We can see that there are positive and statistically significant long run multipliers regardless of how past performance is operationalised. Furthermore, the longer the opposition has been out of office, the less benchmarking occurs. Figure A.4 also displays the same quantities of interest, for the effect of economic growth relative to when the
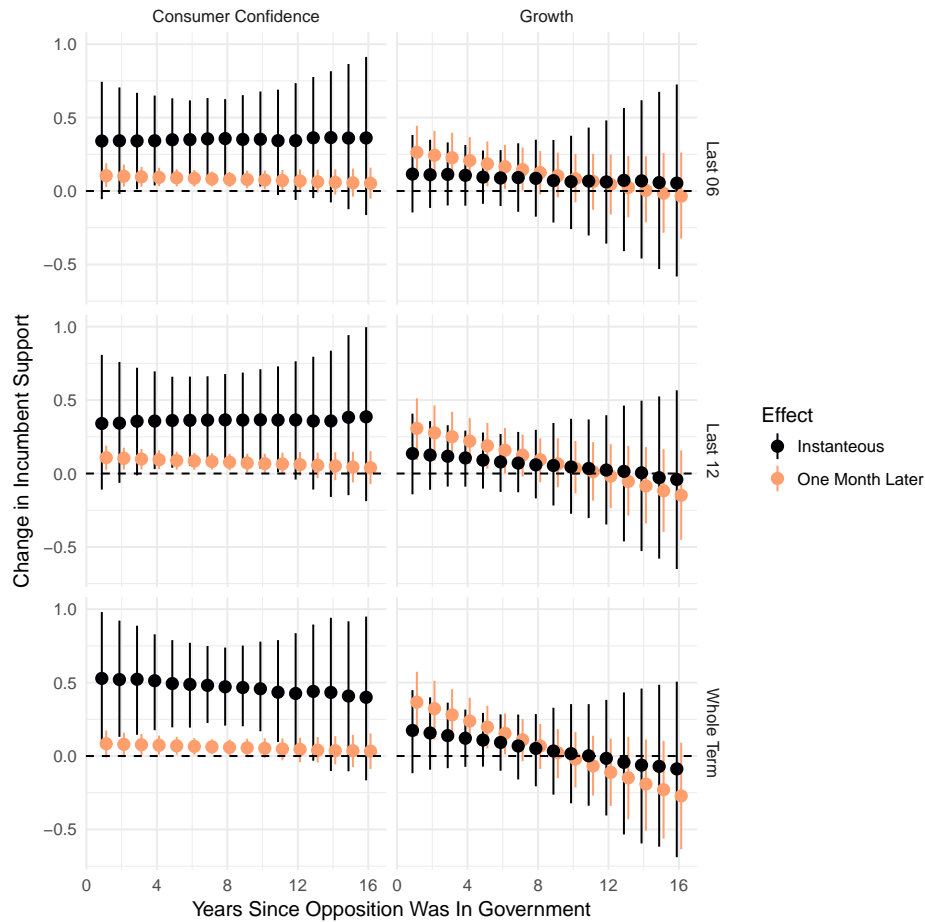
Figure A.3: *The change in opinion poll support for the incumbent from a perma-*
*nent one standard deviation change in consumer confidence (first column) or GDP*
*growth (second column) relative to the opposition's previous performance, condi-*
*tional upon the time since the opposition was last in power. Points indicate point*
*estimates, and vertical lines indicate the 95% confidence intervals. The rows vary*
*the portions of the terms in office from which economic performance is averaged*
*and compared. Calculated using the estimates from Models A4, A8, A12, A16,*
*A20, and A24 in tables 2-7 respectively.*

opposition was last in government. As was the case with the instantaneous effects
of improved performance relative to the opposition, the results are similar both in
sign and statistical significance. When the incumbent oversees economic growth
that is larger than when the opposition was previously in office, they receive more
public support. However this effect dissipates quicker than the case of consumer
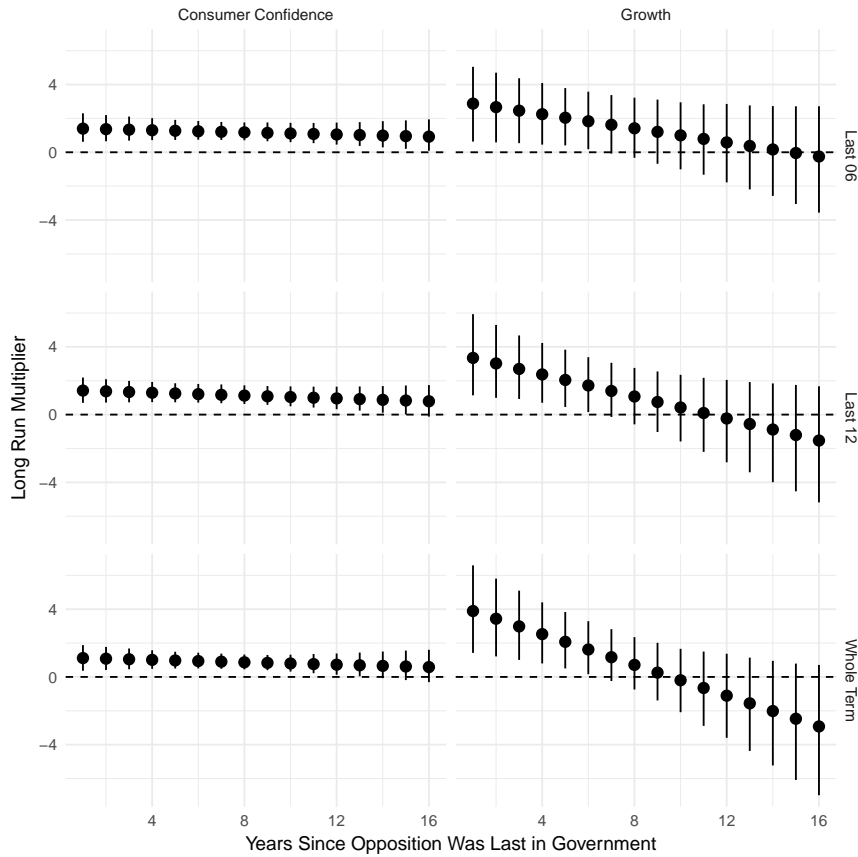confidence.

A.9

Figure A.4: *Poll support long run multipliers (LRMs) for a permanent one standard deviation change in consumer confidence or GDP growth compared to opposition's previous performance, conditional upon the time since the opposition was last in power. Points indicate point estimates, and vertical lines indicate the 95% confidence intervals. Calculated using the estimates from Models A4, A8, A12, A16, A20, and A24 in tables 2-7 respectively.*

## A.3   Controlling for Incumbent Benchmarking

As a further robustness check, we control for the possibility that governments' performance is benchmarked by their own past performance. To do so we compute the measures for defining incumbent past performance in the same way as is done for the opposition's past performance, and include this both as an additive control and the product terms with the differenced and lagged economic indicators. Table A.8 displays the results from doing so.

Table A.8: Controlling for Incumbent Benchmarking

| | GDP Growth | | | Consumer Confidence | | |
|---|---|---|---|---|---|---|
| | Whole Term | Last 12 | Last 6 | Whole Term | Last 12 | Last 6 |
| Lag Vote Intention | -0.08*** | -0.08*** | -0.08*** | -0.08*** | -0.08*** | -0.08*** |
| | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) |
| $\Delta$ Economy | 0.71** | 0.16 | 0.18 | 1.15*** | 1.20*** | 1.14*** |
| | (0.29) | (0.21) | (0.13) | (0.37) | (0.43) | (0.42) |
| $Economy_{t-1}$ | 0.73* | 0.36 | 0.35* | 0.25*** | 0.29*** | 0.29*** |
| | (0.42) | (0.28) | (0.19) | (0.07) | (0.08) | (0.08) |
| Opp. Prev. Economy | 0.32 | 0.07 | -0.11 | -0.21 | -0.15* | -0.16* |
| | (0.51) | (0.22) | (0.12) | (0.13) | (0.09) | (0.09) |
| Incumbent Prev. Economy | 0.07 | 0.12 | 0.15 | -0.04 | 0.05 | 0.06 |
| | (0.29) | (0.24) | (0.19) | (0.10) | (0.07) | (0.08) |
| $\Delta$ Economy × Opp. Economy | -0.73** | -0.17 | -0.08 | -0.59 | -0.21 | -0.24 |
| | (0.34) | (0.17) | (0.10) | (0.59) | (0.31) | (0.34) |
| $Economy_{t-1}$ × Opp. Economy | -0.62 | -0.18 | -0.03 | -0.18** | -0.07 | -0.07 |
| | (0.48) | (0.21) | (0.12) | (0.08) | (0.05) | (0.05) |
| $\Delta$ Economy × Incumb. Economy | -0.07 | 0.19 | 0.08 | -0.13 | 0.11 | 0.24 |
| | (0.21) | (0.17) | (0.12) | (0.42) | (0.33) | (0.33) |
| $Economy_{t-1}$ × Incumb. Economy | -0.02 | 0.09 | -0.09 | 0.02 | 0.05 | 0.05 |
| | (0.30) | (0.24) | (0.18) | (0.10) | (0.06) | (0.06) |
| $n$ | 1216 | 1216 | 1216 | 948 | 948 | 948 |
| RMSE | 2.65 | 2.65 | 2.65 | 2.49 | 2.49 | 2.49 |
| Country Fixed Effects | Yes | Yes | Yes | Yes | Yes | Yes |

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Robust standard errors in parentheses

A.11