Fixed versus Flexible Electoral Cycles with application to the recent change by Canada's Federal Government*

J. Stephen Ferris
Economics Department
Carleton University

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Abstract

Why would the governing party in a Westminster parliamentary system ever surrender the right to choose the timing of the next election in favour of a fixed electoral cycle that precisely dates future elections? This analysis suggests an answer relation to Canada's recent (2007) adoption of a four year fixed governing term by arguing that the institutional combination of a fixed maximum (rather than minimum) term and the right to choose the next election date allows opportunism to generate an externality that can result in election calls arising too soon. Evidence from Canada is introduced consistent with the cost of that externality rising through time. In such circumstances a change in institutional rules that sets a higher minimum term would realize net social advantage. The approach also suggests that as the efficiency potential of a fixed term comes to dominate the status quo, it will be the political party with relatively little success in using election timing for electoral advantage that will initiate change. The true test of the efficiency hypothesis will come only with the election of an opposition party. While the current elimination of discretion may seem desirable when in opposition, the desirability of may well change when in power.

1. Introduction

In Canada there has been a trend for incumbent governments to surrender their right to choose the timing of the next election in favour of a system that fixes the next election date and thus the length of each governing cycle.[1] Beginning with British Columbia in 2001, nine provincial/territorial governments (the sole exception being Nova Scotia) together with the federal government have enacted legislation adopting four year terms.[2] On the surface, this change in the institutional rule determining governing durations poses a challenging accountability versus stability trade-off for political theorists. However, at least in Canada, the enacted legislation circumvents this trade-off by preserving the principal that the governing party can continue to term only with the confidence of the House. Taking this to mean that the fundamental system of parliamentary government remains unaltered, this paper is concerned with the narrower question of why a majority government in a Westminster parliamentary system would ever choose to give up the right to pick the most opportune moment to call the next election.

The reason this question is of interest is that a large number of studies have shown that governing political parties in the Westminster parliamentary system behave as if the right to

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[1] At the federal level in Canada, Bill C-16 *An Act to Amend the Canada Elections Act* passed in 2007 reads "Subject to an earlier dissolution of Parliament, a general election must be held on the third Monday in October in the fourth calendar year following a previous general election, with the first general election to be held on Monday, October 19, 2009". However it also contains a clause stating "Nothing in this section affects the powers of the Governor General, including the power to dissolve Parliament at the Governor General's discretion". Because the Canadian Constitution remains unaltered and because none of the federal governments elected since the passage of this bill have lasted the designated term, it is currently unclear whether or not the Act has effectively fixed governing durations even for majority governments. See also Tremblay (2008/2009) and Stoltz (2010).

[2] With the exception of Alberta and British Columbia, all jurisdictions have picked a recurring four-year election cycle dated to take place sometime in the fall. British Columbia has its fixed date in May while Alberta has a three month window from March 1 through May 31, rather than a fixed date.

choose the timing of the next election has value [Smith (1996, 2003), Kayser (2005), Ferris and Voia (2010), Roy and Alcantara (2012), Dickson, Farnworth and Zhang (2013)]. By showing that the dating of the next election responds to favourable external circumstances, political parties in Canada behave in a manner consistent with the belief that they can strategically improve their re-election chances. Even when the governing party has a minority position in the House and so can continue to govern only with the cooperation of other parties, the ability to initiate an election call gives the Prime Minister and his/her party additional electoral flexibility over their rivals. Hence it seems counterintuitive for the governing party to surrender voluntarily such an advantage.

In general there are two types of reasons why such an institutional reform would be adopted. The first is that fixed electoral terms could have come to generate net efficiency advantages that could be shared amongst all interacting parties. For example, many have argued that fixed governing terms would provide greater predictability and/or transparency benefits to all participants and hence lower organization costs such that the overall electoral process would become more efficient for voters as well as political parties (see, for example, Hazell, 2010, p. 10). In such a case the governing party would have an incentive to adopt the superior system and realize the political reward for bringing about its adoption. Acquiring or increasing a reputation/brand name for institutional innovation could allow the political party to appeal to voters who gain from more cost effective political decision making.

For an economist, however, the adoption of a rule that fixes an election date relative to the use of discretion suggests the existence of a time inconsistency problem. That is, given that the current constitution sets a maximum term length but not a minimum, the government's ability

to choose its most appropriate date could lead to elections being held on average too early. The costs of holding too many elections too often and/or leaving election promises unfulfilled could be circumvented by establishing an effective minimum that is longer on average than that arising under the discretionary system.[3] The desirability of a change in an election rule would then be signalled by a change in pattern of elections towards more frequent election calls.

A different reason for adopting institutional change would be because the change allows a better way for the incumbent political party to achieve strategic re-election advantage. That is, because the discretion to choose an election date allows the incumbent governing party to behave opportunistically by calling an election at an opportune moment, an incumbent would voluntarily surrender that advantage if foreknowledge of the next election date offered the incumbent better opportunistic advantage. In terms of election strategies, the ability to choose the election date allows the incumbent party to "surf" on favourable exogenous events, while the fixed election terms allows the incumbent government to better "manipulate"-- deliberately use public policy to achieve favourable outcomes.[4] This suggests that a second reason for institutional change could come from a fall in the perceived gains from surfing and/or a rise in the gain that can be made from manipulating policy for strategic advantage.

In the following pages these alternative explanations are considered in relation to the federal government's 2007 adoption of a four year fixed election term. The first—the ability to

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[3] It is interesting to note that New Zealand which has a fixed maximum term of three rather than the more usual four years has recently attempted to extend the term limit back up to four years. See The Dominion Post C8 March 2 2013. For a discussion of the ongoing debate in Australia, another country with a three year term, see http://www.australiancollaboration.com.au/pdf/Democracy/Electoral-terms.pdf

[4] While parliamentary governments with discretion can also be expected to use policy to influence election outcomes, policies must be timed to target "expected" election dates that are often revised to take advantage of unanticipated circumstances. Given that monetary policy, for example, takes up to two years before generating its expected effect, this makes the effective use of policy for electoral advantage less reliable. See Ferris and Voia (2012) for Canada and Abrams (2006) who fully documents one particular episode for the U.S.

capture the efficiency gains from institutional change—relies on the initiating party being able to internalize a portion of a net efficiency gain. The mechanism that allows for this possibility is the long life-span of the political party. By initiating efficiency gains the political party hopes to distinguish itself favourably from its rivals and so enhance its reputational capital or brand name. From this perspective the preconditions for institutional change are the emergence of a new efficiency gain from moving to a fixed election term and a viable political party structure that can internalize the long run benefits arising from institutional reform. The second reason —the adoption of a superior mechanism for political opportunism— requires a demonstration that the net benefits of surfing have fallen relative to manipulation. Finally, it should be noted that these two reasons may not be mutually exclusive. The possibility of either realizing a new short run advantage or eliminating a persistent short run disadvantage could be the factor that precipitates the adoption of a superior long-run institutional outcome.

2. An efficiency case for moving from discretion to a rule

Models of election timing within a Westminster parliamentary system typically view the incumbent government as choosing an optimal stopping point by trading off the certain value of remaining in office (with the uncertainty of later re-election) against the uncertain advantage of holding the election now [Balke (1990), Smith (1996, 2003), Kayser (2005), Ferris and Voia (2010)]. Given that the constitution fixes a maximum term limit that is known to its opposition, the incumbent government has an advantage in surprising its opponents by holding an election earlier should external events unexpectedly improve its re-election prospects. For example, the emergence of internal dissent within the main opposition party, the popularity arising from the

choice of a new leader, the warm glow of being in the upper stage of a business cycle and/or expectation of an upcoming decline in real income are all events that would give the incumbent party an incentive to call an election early to disadvantage its rivals. Since it is also likely that an incumbent government will introduce its priority legislation earlier rather than later in its mandate, the cost of leaving election promises unfulfilled becomes successively smaller as the end of the mandate approaches. Hence when one considers only the governing party's perspective, it is not surprising to find governments choosing to serve less than their full term.

But while the governing party may chose the optimal election date by trading off its private benefits and costs, it is not clear that social benefits and costs coincide. In particular, while the party and the voting electorate both lose from the premature termination of a promised legislative agenda, the private advantage of surprising and thus disadvantaging one's political rival is not similarly socially beneficial.[5] Opportunism is by definition redistributive rather than socially productive. This implies the existence of an externality built into the election rule, one that could lead to elections being held too frequently from a social rather than private perspective.[6]

In the case of Canada, even though the Canadian constitution allows governments to last for up to five years, very few Canadian governments have chosen to remain in office for their full mandate (Ferris and Voia, 2010). Indeed, between 1867 and 2012 Canada has had forty one federal elections, implying that an election has been held, on average, every 3.56 years. A

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[5] This is not inconsistent with the co-presence of some social advantage. For example, some writers have argued that election timing can be used to signal competency which would provide an information advantage to the electorate. See for example Rogoff and Sibert (1988) and Smith (1996).

[6] Note that the existence of an externality need not mean that the externality should be corrected--the externality becomes a viable social problem only when the cost of correcting it becomes lower than the problem itself. The argument proposed here requires the private value of opportunism to have risen relative to the social recently, leading to the desirability of the rule change.

first view of election frequency is then not inconsistent with the hypothesis that incumbent discretion has led to overly short governing durations in Canada. From this perspective the adoption of a fixed four year electoral term would increase duration on average and result in greater electoral predictability, more fulfilled legislative agendas and lower overall electoral costs.

However, it is quickly recognized that the Westminster parliamentary system allows a government to last only as long as it can maintain the confidence of (a voting majority in) the House. The historic inability of minority governments to do so has meant that the governing durations of minority governments are typically much shorter (1.4 years on average). Moreover because the current legislation setting the four-year governing term for majority governments does not affect the confidence provision of the Canadian constitution, the dynamics and durations of minority governments should be largely unaffected. Hence a more appropriate measure of the governing duration that arose under discretion would be the average duration of majority governments and, when minority governments are excluded, the average duration rises to 4.2 years.[7]

It follows that for the post-Confederation time period in Canada, the adoption of a fixed four year term would have shortened rather than lengthened governing durations, making the data inconsistent with the hypothesis that cost savings would have been realized through the early adoption of a fixed election dating rule. From an institutional perspective, the granting of discretion to the governing party to choose the next election date that fits so well with the over-riding principle of requiring parliamentary dissolution upon losing the confidence of the

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[7] Only six of Canada's forty post Confederation governments have lasted longer than 4.8 years and two of these were during the two world wars, 1917 and 1940 (Elections Canada, Appendix 3).

House did not conflict with duration needed to maintain the efficient operation of the government.

However while tying a maximum governing term with timing discretion may have been appropriate for the period as a whole, the circumstances underlying the time inconsistency externality may change through time. In particular, any innovation that increases the magnitude of the private gain that the governing party could realize through opportunism would increase its social cost and hence the case for a fixed term. The constant improvement in information that has taken place through time suggests that this may have been the case. For example, the stream of later twentieth century improvements in polling technology has given all political parties better access to information on their current standing with voters and voter preferences for future government action. But while access to information may be symmetric across parties, it is only the governing party that is in a position to utilize that information by changing policy and in choosing a more advantageous time for its election call. The growing professionalism of political organization has also allowed these actions to become increasingly effective.[8] Thus while better information may make the surprise to voters and the opposition smaller, there may not be much that can be done in the short run to counter the incumbent's timing. Finally, because it forms the government, the governing political party will receive relevant economic information prior to its general release giving it both more timely current information and higher quality insight into expected future events. This encourages the use of that information to surprise through election timing. Together these considerations

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[8] Serious political polling began in Canada only in the middle 1960's and quickly spread, generating the new fear of it creating a "bandwagon" effect. While polling has often been criticized for some of its spectacular failures '[i]n Canada gross inaccuracies in assessing the state of public opinion are believed to have been relatively few" (Jackson and Jackson, 1990, p. 51 quoted in Emery, 1994). For similar growth in professionalization in campaigning see Mancini and Swanson, 1996.

suggest that the ability to use election timing to advantage has improved through time and that

with its more intensive use, governing durations should have become shorter on average.

 To test this hypothesis I looked for evidence that the length of the endogenous governing

cycle has been shortening. Here the historical trend in governing durations, particularly its

most recent parliamentary history, has been more consistent with this hypothesis. To see this I

regressed Canadian parliamentary durations across consecutive parliaments (from 1878 to

2008), while controlling for minority governing status and the more liberal of the two major

party types. Doing so resulted in[9]

 Governing Duration = 4.34 - 0.023 trend – 2.23 minority government + 0.48 Liberal
                    (14.2) (2.08)   (7.18)   (1.66)

with Adj R^2= .602 and D.W. = 2.36 and duration measured in years.[10] It follows that over the

one hundred forty four years since Canadian Confederation there has been a significant

downward trend in duration towards ever shorter length parliaments. This is after accounting

for the fact that recently minority governments have been more frequent and are more than

two years shorter on average than majority governments. When one looks specifically at

Canada's most recent parliamentary experience, the decline suggested by the regression

equation is even more apparent. The six majority governments leading into the 2007

institutional change--from Mulroney in 1984 through Martin in 2006—had an average

governing length of 3.7 years, much below the full period average of 4.2 years. In such

circumstance, the adoption of a fixed four year term would have increased governing durations.

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[9] In Canada this is the Liberal Party of Canada (Liberal). Partisan type was included to test whether ideological preference played any role in determining whether a party is more or less likely to stay in office longer. The result (significant at 11%) suggests that the more liberal political party stayed somewhat longer in its mandate than did its more conservative rival.

[10] The number of observations is 40 and the absolute value of the t-statistic is in brackets below the OLS coefficient estimate.

The need for longer governing terms would not be as significant an issue if parliament was at the same time accomplishing the same or more legislative work within ever shorter periods of time. However, the opposite seems true. In Figure 1 the number of bills passed by the House of Commons (HoC) and by the HoC and Senate combined for the thirty parliaments following the 11th parliament in 1908 is shown.[11] As that diagram illustrates, there has been a persistent decline in the number of bills passed across successive parliaments and the same pattern is repeated if we looked at bills passed per year.[12]

-- insert Figure 1 about here --

To assess the trend in parliamentary performance more formally, I used regression analysis to analyze two dimensions of legislative efficiency: the total number bills passed during each parliament and the number of bills passed per year by successive parliaments. The regressions then test the hypothesis that efficiency in this sense has declined across successive parliaments controlling for the length of each parliament and for the degree of competition in the House of Commons (percentage of seats held by the governing party), the average degree of electoral competition across constituencies (Average Winning Margin), and a measure of partisanship (Liberal).[13] The regression results of these two tests are shown in Table 1 for the thirty successive parliaments on which I have data (the 11th parliament through the 40th).

-- insert Descriptive Statistics and Table 1 about here –

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[11] Aggregate data on bills initiated and passed (receiving royal ascent) are readily available from the Parliament of Canada only from the second session of November 1911 onward. See the website listed in references.

[12] The sharp troughs on the diagram correspond to parliaments governed by minority governments. Note that in the following regressions the separate addition of minority status adds no explanatory power. This implies that the effect of minority status on the two dependent variables has been captured in their shorter duration.

[13] Note that the regressions do not control for any change in the average quality of each piece of legislation. Hence the results imply an overall decline in federal legislative efficiency only if the quality of the legislation passed has not improved sufficiently to offset the measured deterioration in quantitative performance.

The results show that after controlling for the length of each parliament and minority status, the total number of bills passed and the number of bills passed per year have trended downward across consecutive parliaments leading to the present. Over the last thirty parliaments, the number of bills passed by the HoC fell by over 50 bills per year and 180 overall. If one extends the notion of efficiency to include the ratio of bills passed relative to bills introduced, this ratio has fallen by over 30 percent over the same interval.[14]

The effect of the control variables are of interest in their own right. The insignificance of the minority government dummy variable suggests that the effect of minority government on bills passed arises primarily through their shorter durations. This is reinforced by the scale economies that are indicated in parliamentary length. The results suggest that not only do parliaments with longer durations accomplish more but also that longer parliaments accomplish proportionally more—increasing the number of bills passed per parliamentary year. The controls also highlight some of the divergent effects of political competition found in other studies. For example, the regressions indicate that parliaments in which political competition within the House is lower (the governing party has a larger governing majority) pass fewer bills in total and fewer per year. This is consistent with the hypothesis that less competition generates more rent seeking (Solé-Ollé (2006), Ferris, Park and Winer (2008)). In this case rent seeking is showing up as less legislative effort. In addition, the larger is the average winning margin across electoral constituencies, the larger has been the number of bills passed and the number passed per year. This is consistent with the hypothesis that less competition in the

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[14] That is, where ratio = ratio of bills passed to bills introduced,
Ratio = 0.305 − 0.012 Trend + .055 Duration + 0.530 ratio(-1) where $AdjR^2$= .875 and DW = 2.12. The absolute
      (1.92)   (2.90)   (4.15)   (4.34)
value of the t-statistics are in brackets below the coefficient estimates.

constituencies gives the governing party less control over individual elected members, resulting in more individual bill introductions and bill passages (Ferris and Winer (2013)). Lastly, there is some suggestion in the data that partisan type has played a role with respect to legislative efficiency. However this effect is statistically weak. It follows, however, that while many factors may have contributed to the quantitative decline in legislative efficiency across time, the data are consistent with the hypothesis that the externality present in the incumbent's choice of election date has grown through time and resulted in shorter governing durations. Ceteris paribus, legislating a longer governing term would increase the number of bills passed and lead the governing party to fill a larger proportion of its promised legislative mandate.

Knowledge of the next election date provides a gain to all political parties by allowing them to be better prepared (at lower cost) for the next election. Moreover, decreasing the disadvantage of being in opposition improves the relative position of opposition parties and increases competition in the political process. In this sense the quality of candidates running, the quality of informed debate over policy and information provided to the electorate are all likely to be better. If making future election dates more predictable in time also allows for administrative savings, as is often argued, aggregate savings would be even larger.[15]

What is less clear, however, is what the incumbent political party gains from implementing these changes. Even if fixed elections dates generate a superior overall outcome, at least part of this improvement comes at the cost of improving the position of one's rivals. Unless the incumbent can internalize the external benefit that fixed election dates confer by gaining credit as the innovator of these institutional reforms, the realized party gain from having fewer more

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[15] Elections Canada, for example, has been a long-time advocate of fixed election dates as a way of lowering the cost of implementing federal elections.

predictable elections under a four year rule would need to overcome the disadvantage of being

unable to choose the next most appropriate time for an election. At best this would seem to

delay the adoption of favourable institutional change and at worst could prevent its adoption.[16]

3. Does fixed term opportunism offer a competitive advantage?

In virtually all electoral systems there appears to be a recognition value from being the

incumbent (Gelman and King, 1990; Alogoskoufis, Lockwood and Philippopoulos, 1992; Kendall

and Rekkas, 2012). There also appears to be a consensus, at least in the U.S., that that

incumbency advantage has increased since WW2 (Ansolabehere and Snyder, 2001). For

purposes of this paper, I assume that this "pure" incumbency advantage is independent of

whether the term of office is fixed or flexible.[17] Recent work by Kendall and Rekkas (2012)

attributes the incumbency effect in Canada primarily to the personal characteristics of the

legislator rather than to the characteristics of the political party, suggesting that this is not

implausible.

Complementing the recognition value of being an incumbent, the leader and/or party in

power also has the advantage of being able to use the characteristics of the voting rule to its

advantage—whether to surf on advantageous events under flexible dates and/or manipulate

economic outcomes by its control of policy under fixed. Because the maintained hypothesis is

that all political parties and their leaders use the opportunities available under their respective

electoral rules to maximize the probability of re-election, one view of any long-run difference in

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[16] Hence the time inconsistency…what may seem optimal when in opposition may not remain so once elected if there is an imperfect ability to internalize the gains from institutional change.

[17] Note, however, that when comparing tenure/incumbency across alternative fixed length U.S. elected offices, Glazer and Grofman (1987) have shown that re-election probabilities are higher in shorter term offices so that U.S. "House and Senate members have had careers of virtually equal length" (p. 555).

re-election rates across electoral systems would be as an ordinal measure of the political

effectiveness of using that particular system to promote re-election. Hence by comparing the

success in re-electing federal prime ministers in Canada since Confederation (in 1867) to that of

U.S. presidents over the same period we have one metric of the opportunistic advantage of

having a fixed electoral term. In making that comparison it should be recognized that Canadian

federal leaders have a policy coordination advantage in that Canadian prime ministers always

control the largest party in parliament and hence can dictate policy. In the U.S., on the other

hand, the president must often govern with the House of Representatives controlled by the

opposition party. This implies that such a comparative test will be biased against fixed term

superiority.

Turning first to Canada, of the 41 federal elections held since Confederation, 25 have been

won by the incumbent governing party--a combination of surfing, incumbency, and policy

manipulation leading to a success ratio of 61 percent.[18] The U.S. equivalent for re-electing a

president from the same party (following the Grant administration of 1869) has been only 56

percent, 20 of 36 opportunities. It would then appear that the fixed election term alternative

has been less rather than more effective in producing successful outcomes. On the other hand,

the president's ability to use public policy successfully to manipulate economic outcomes

depends strongly on whether the president has sympathetic and willing policy partners within

the House of Representatives (for analogous conditions under monetary policy, see Abrams and

Iossifov (2006) and Ferris (2008)). Hence if we look only at those instances when the president

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[18] Note there is no incumbent for the first 1867 election. Recent evidence suggests that even with variable, less predictable election dates, policy has been used strategically in Canada in relation to "expected" election dates. See Ferris and Voia (2011).

and the House majority were from the same political party, the success ratio in U.S. presidential elections rises from 56% to 63% (12 of 19 cases). If this is the more relevant comparison (since a House majority gives the president an equivalent degree of control over policy), then opportunism has been practiced with roughly the same degree of effectiveness under both sets of electoral terms. To the extent that stronger executive control over the house exists in Canada (due to having a more effective political party structure), this result may understate somewhat the degree to which policy manipulation could be a superior as an instrument of opportunism in Canada. On the other hand, the information considerations discussed earlier suggested that the gains from using election timing have risen through time and the same considerations applied to the opportunistic use of policy under fixed terms suggest smaller rather than larger returns to manipulation (because the ability to use policy to manipulate outcomes relies on imperfect information). On the basis of all these considerations, then, there seems to be no strong reason to believe that opportunism has become more successful under fixed election terms and thus is unlikely to be the reason for institutional change.

4.   The timing of institutional change: the confluence of efficiency and redistribution

If moving to a fixed election date carries no particular opportunistic advantage relative to discretion but does impose an immediate cost to the incumbent by forcing it to forego its current timing advantage, what would be the incentive for the governing political party to propose institutional change? Part of the answer must come from the ability of the initiating party to gain credit for making the change. However, if the political parties are equally adept at selling institutional reform to the electorate, is there any consideration that would indicate

which political party would be the one that would champion change? Application of our

approach to this question suggests that the party that instituting change will be the one with

the most to gain/least to lose by foregoing the opportunistic timing advantage.

In the case of Canada, fixed election terms formed part of the platform of electoral

reforms that characterized the re-emergence of Conservative Party out of the ashes of the

older Progressive-Conservative Party and the grass-roots conservatism of the newly formed

Reform Party. A look at the historical record of re-election success in Canada reveals that of

the 16 cases prior to 2006 when a 'conservative' government was incumbent, the conservative

party succeeded in winning re-election only 8 times, for a winning percentage of 50%. Liberal

governments, on the other hand, were successful in 15 of 22 tries or 68% of the time. It follows

that foregoing the right to choose the next election date would constitute a lower cost for (be a

greater benefit to) the Conservative party in Canada. Featuring institutional reform as part of

the party's policy platform while in opposition would then be a relatively more attractive long

run strategy for the Conservative party, especially if the fixed election date had an overall

efficiency advantage and the party believed it had better policy credentials for managing the

economy and perhaps manipulating policy. It is no surprise to find that it was the Conservative

party that advocated and adopted the change in institutional rules governing elections.[19]

This prediction for the characteristic of the party proposing institutional reform is consistent

with a large number of provincial cases in which election timing reform was similarly adopted.

For example, Colin Campbell's 2001 Liberal government in British Columbia, Danny Williams's

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[19] This argument implies that if fixed election dates are not superior to discretion, a return to discretion will form
part of the Liberal or New Democratic Party platform in the next (2015) election and result in the overturn of
current legislation if elected. At present there are no cases in Canada where the legislation imposing fixed election
dates has been overturned.

2004 Conservative government in Newfoundland, and Dalton McGuinty's 2003 Liberal

government in Ontario were all cases where a newly elected party with relatively little recent

electoral success and offered a number of electoral reforms (such as fixed election dates) while

in opposition and adopted them upon election.[20] The situations in Saskatchewan (2008), Prince

Edward Island (2008), Manitoba (2008) and the most recent case of Quebec (June 14 2013) are

also consistent with this pattern of adoption by newly elected parties that had a long tenure in

opposition. The clear exception is the case of Alberta (2011), where the party adopting fixed

terms has been in power since 1971.[21]

The adoption of a fixed election date leaves unanswered the question of the time of year in

which to hold the recurring elections. In Canada viable election dates are limited--long severe

Canadian winters and widely anticipated hot summers discourage voter turnout and electoral

participation in these periods. Hence the viable times of the year for setting fixed election

dates are either in the late spring or early autumn. Given the dependence of the Canadian

economy on its U.S. neighbour, opportunistic reasoning suggests that the ability to free-ride on

the U.S. political business cycle would lead an incumbent to prefer a fall rather than a spring re-

election date. Indeed in Canada's case, both the federal government and seven of the nine

provincial governments have chosen a fall date over one in the spring.[22]

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[20] See Roy and Alcantara (2013) for a more detailed look at the characteristics of the party/leader introducing fixed terms to Canada's provincial governments.

[21] Even here it could be argued that Alison Redford's adoption of fixed terms was part of a strategy for a newcomer to overcome the incumbency advantage of the old guard in the PC party in Alberta.
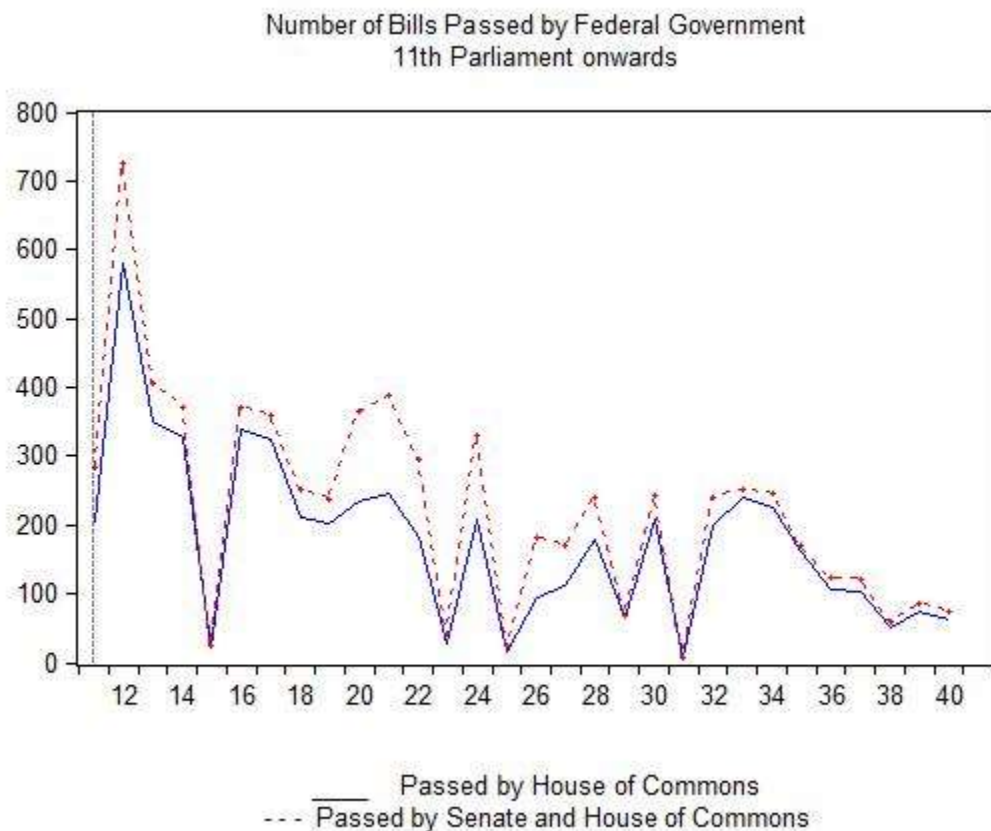
[22] It is an argument against this hypothesis that the annual dating of the federal four year election cycle begins in an odd rather than even year (the initial election year proposed was for 2009, while the next election is in 2015). The amending legislation was introduced under a minority government, however, that was constrained in its ability to time its re-election appropriately so that the election cycle would repeat in even years.

5. Conclusion

In this paper I have argued that the surrender of the right to set the timing of federal elections in Canada can be seen as an efficient evolution in the institutional rules governing elections. What makes this institutional change particularly interesting is that the efficiency enhancing innovation must be adopted by the party that will lose a strategic advantage once the rule change comes into effect. While the long-lived nature of political parties in Canada offers a mechanism through which social improvements can be captured through reputation and brand name, the imperfect ability to do so suggests that timely change can be thwarted or delayed through time inconsistency. That is, what appears to be optimal when in opposition can turn out to be not so advantageous once in power.

In the case of Canada's federal government I have argued that the timing of institutional change can be explained by the asymmetric nature of political success in using the discretion of election timing. While both of the major political parties could gain by proposing institutional change offering net advantage, the greater re-election success of the Liberal Party of Canada made the cost to it of adopting the change higher than for their Conservative rivals. Thus the combination of a more secure long-run party structure and the longer run benefit of changing the terms under which future elections will be contested (by eliminating discretion) prompted change. Such a hypothesis is not inconsistent with the pattern that has emerged at the provincial level. At the current time federal opposition parties will view the loss of incumbent timing power as beneficial. However the true test of the efficiency of the new rule will arise once the Liberal Party is re-elected.

Figure 1

Number of Bills Passed by Federal Government
11th Parliament onwards

____ Passed by House of Commons
--- Passed by Senate and House of Commons

Descriptive Statistics

Characteristics of Canadian Federal Governments: 11th through 40th Parliaments

Variable	Mean	Maximum	Minimum	Std. Deviation	ADF
Duration (in years)	3.25	6.00	0.50	1.49	-5.78
Minority	0.323	1.00	0.00	0.475	-4.80
Liberal	0.581	1.00	0.00	0.50	-5.05
Seats (percentage)	55.4	78.0	40.0	10.64	-5.14
Winning Margin (fraction)	0.200	0.451	0.128	0.058	-4.83
HOC_bills_passed	178.9	190.5	6.00	125.4	-5.38*
HOC_passed_per_year	50.63	96.5	12.0	21.03	-2.85
Ratio of bills passed	0.428	0.827	0.019	0.290	-2.81*

Mackinnon (1996) 1% (5%) [10%] critical values: -3.66 (-2.96) [-2.62]

* constant and trend

Table 1
Tests of Legislative Efficiency in Canada's Federal Parliaments: 1908–2008
(absolute value of t-statistic in brackets)

Observations by consecutive Parliaments	Number of Bills passed in the HoC per year	HoC Bills passed per electoral term
Constant	83.4***	174.7
	(4.07)	(2.14)
Trend	-1.76***	-6.46***
	(6.33)	(5.85)
Parliament Duration (in years)	7.15***	78.9***
	(2.68)	(7.42)
SEATS	-0.532*	-2.39**
	(1.85)	(2.08)
Winning Margin	83.86**	261.5
	(2.12)	(1.66)
Liberal	-0.758	-35.9*
	(0.158)	(1.88)
Minority	0.529	22.03
	(0.070)	(0.730)
Statistics Number of Obs.	30	30
Adj. R^2	0.674	0.848
D.W.	2.11	2.49

***(**)[*] significantly different from zero a 1% (5%) {10%]

Political Competition Variables:

Seats = percentage of seats won by the governing party in each parliament

Winning Margin = the average winning vote margin across federal constituencies, where the winning margin is defined as the difference in vote shares received by the first versus second place finisher in each federal constituency.

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