

Timely Decisions: The Effects of Past National Elections on Party Policy Change

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Political parties in established democracies face a trade-off between changing their policy positions in pursuit of votes and adhering to their previous positions in order to reduce risks related to change. To reconcile this trade-off, parties seek information about public opinion. Past election performance is one such source of information. To date however, there is no consistent result on whether past elections affect party positioning. I highlight two factors that previous analysts have not considered: whether past election results affect the magnitude of parties' policy shifts in the current election, and how the time elapsed since the last election moderates the relationship between past election results and party policy change. My analyses of 23 established democracies generate two conclusions with important implications for understanding party behavior and political representation: parties tend to shift their policies more when they have lost votes in the previous election than when they have gained votes; and the effect of past election results dissipates with the passage of time.

No media analysis of election results is complete without commentary about the “lessons” that politicians should take from the election results. After the 2006 U.S. midterm election, for instance, many commentators opined that the results “proved” that the Republicans’ base strategy no longer works. On the other hand, British media reported that the 1997 U.K. election results showed that Labour’s policy moderation *did* work. The way that political commentators discuss election results suggests that political parties should adjust their policy programmes in response to past vote gains or losses.

Nevertheless, empirical cross-national studies to date on the effects of past election results on party policy positioning by Budge (1994) and Adams et al. (2004, 2006) report only weak or inconsistent findings. What explains the discrepancy between the expectation that parties should respond to past election results and parties’ observed behavior? I examine this puzzle by highlighting the strategic calculations of political parties. Specifically, I argue that parties experience a trade-off between policy keeping and vote seeking.

Political parties have certain policy ideals. Any movement away from these policy preferences should increase uncertainty and risks about the outcomes of change because parties do not know how voters, activists, or donors would react to change, or whether

the party would lose its credibility in the eyes of voters. These possible risks increase apprehension within the party toward any change from the stated policy preferences. On the other hand, parties also seek votes, first to survive, but also to gain office and implement their policies. If public opinion has moved away from the ideal policy position of the party, this would imply that the party should change its policy to court the voters. In this research I tackle this trade-off of parties between vote seeking and policy keeping and ask how parties react to this dilemma as they acquire information from past election results and as this information becomes less useful over time.

I argue that, concerned with their prospects, parties are expected to react to electoral losses at the previous election by changing their policy positions at the current election. Party elites should be more *risk acceptant*, i.e., more willing to undertake electorally risky policy shifts away from their previous policy positions, when they lost votes in the previous election. By contrast, I also argue that parties become risk averse as they gain votes. Gains, which do not impose any immediate threat to the party, will not require change since any change would increase risks and uncertainty about the consequences of change.

I also underline an important characteristic of party competition, namely that the quality of information

about how past election results translate to current public policy preferences decreases with the amount of time that has elapsed since the last election. Specifically, I argue that as time passes and it becomes harder to extrapolate the current state of public opinion from past election result, parties attach less weight to the previous election outcome when formulating their current policy strategies. Empirically, I find support for the proposition that parties change their position if they lost votes in the previous election and that the outcome of the last election becomes less salient to party elites' current political calculations as time passes.

My findings, which are based on analyses of 165 parties in 23 postwar democracies, have implications for party behavior, political representation, and spatial modeling. First, this research shows whether parties strategically position themselves by reacting to past election results while experiencing a dilemma between policy change and staying put, and therefore has implications for better understanding party behavior in established democracies. Second, if elections are one important signal about public opinion, parties are expected to respond to election results, with implications for representation literature. My findings indicate that parties respond to public opinion by changing their policy positions when their support (as indicated through past election results) erodes. On the other hand, the results of this research also show that as time elapses, parties become less responsive to past election results. Finally, with respect to spatial modeling, my findings support the claim that parties respond to voters' party support from earlier time periods, an assumption that underpins the computational modeling approaches of Laver (2005), Fowler and Laver (2008), and Kollman, Miller, and Page (1992, 1998).

Theory and Hypotheses

Political parties are the primary representative link between citizens and the state. Thus, to understand how modern representative democracy works, we first need to understand the linkage between political parties and citizens, and therefore the behavior of political parties in response to changes in public opinion and party support. This is a challenge, however, since in order to understand this linkage, we first need to reveal parties' objectives, and how different objectives conflict and affect party behavior in their responses to changing public opinion.

Strom (1990) and Muller and Strom (1999) state that parties may have multiple goals, and these goals may conflict. I argue that parties have a trade-off between vote seeking and policy keeping. Parties seek votes in order to survive until the next election, to maximize their vote share (Downs 1957) or to maximize the probability of winning the majority of the contested seats (Robertson 1976). However, parties are also concerned about their policy preferences, and especially about taking risks by changing their ideal policy positions. The problem, then, concerns whether and to what extent parties change their policy position given this dilemma between vote seeking and policy keeping.

I argue that parties only change their position if they have information about how far public opinion has moved away from the position of the party, i.e., how poorly the party performed in the last election, and if they are relatively certain about the current state of public opinion. In an uncertain political environment, where there are only a limited number of tools for political parties to rely on for information, as Budge (1994) also argues, one important source of information about changing public opinion is past election results. Specifically, Budge posits a "past results model," according to which parties shift their policies in the same direction as the last time if they gained votes at the previous election, and in the opposite direction if they lost votes.

In the literature the effect of past election results on party behavior has found some support, although the results are not robust. In one of the earlier studies, Harmel and Janda (1994) argue that one factor that affects party change is the presence of an external stimulus or shock to the party.¹ Janda et al. (1995) test this argument using the Comparative Manifesto Project (CMP) dataset. They classify each election as belonging to one of the five categories ranging from calamitous to glorious elections and conclude that poor electoral performance is a necessary but not a sufficient condition for significant policy change, a conclusion that echoes the original argument by Janda (1990): "If it isn't broken, do not fix it." Studies following Janda et al. (see, e.g., Adams et al. 2004, 2006), however, could not empirically show that past

¹Harmel and Janda (1994) argue that leadership and dominant faction changes also explain parties' ideological shifts, in addition to the external/electoral effects. While these organizational changes may be very salient for changes in party positions, this research only examines how past elections affect party behavior. The analysis of these fruitful questions requires additional and extensive data collection attempts.

elections have a robust effect on the direction of parties' current policy shifts.

I argue that when parties lose votes, they infer that public opinion has moved away from the party. The party overcomes its trade-off to a certain extent and feels obliged to respond to losses as it becomes concerned about its future prospects. On the other hand, when a party gains support it tends to infer that public opinion has shifted in the direction of the party's current policies. Assuming that there is no uncertainty about this change in public opinion (see below for the relaxation of this assumption related to time elapsed since the last election), the party should keep its preferred policy position for several reasons. As opposed to the argument by Budge's "past election model," which posits that parties should move in the same direction as the last time if they gained votes, I argue that the risks associated with change when the party increased its vote share are too high to undertake.

First, the strategic decision to change policy positions at the current election increases parties' electoral uncertainty and therefore is a risky decision compared to the strategy of "staying put." When party elites present the same policies as the last time they can lean on at least one useful piece of information for projecting their electoral success in the current election: namely, their vote share in the previous election! For while the party's past support is a very imperfect barometer of how the same policies will play in the current election (primarily because the public as well as rival parties may have shifted their positions over time), the party's previous vote share at least represents hard data on how attractive these policies are—hard data that are notably lacking with respect to scenarios in which the party radically changes its policies.

More importantly, even if party elites could perfectly project what their support would be in the current election if they adopted a specified set of new policies *and all other factors were held constant*,² politicians surely recognize that a radical shift in the party's policy program generates a host of "political

unknowns" that undermine these projections. A partial list of the unknowns associated with significant party policy shifts, any of which can throw off projections about the electoral effects of adopting new policies, include the following: Will radical policy shifts confuse voters about the party's current policy positions, thereby making the party unattractive to risk-averse voters? Will radical policy shifts lead voters to infer that the party is moved by political opportunism or "pandering," a judgment that may depress the party's image with respect to the "valence" dimension of evaluation such as integrity and dependability that are crucial to electoral success (Stokes 1963)? (This latter question is closely linked to uncertainty over how the media will portray the party's policy shifts, and the motives that political commentators will ascribe to the party.) How will party activists, donors, and special interest groups—three constituencies that the party relies on for crucial campaign resources such as money and campaign volunteers—react to the policy shift? The answer to each of these questions is uncertain, which underlines the fact that significant policy shifts plausibly increase politicians' uncertainty about the outcome of the current election, compared to the strategy of "staying put." These considerations suggest that parties that gained votes in the previous election will be more resistant to undertaking significant policy shifts in the current election.

Similar and additional reasons for parties to stay put in the presence of election gains are stated in the party organization literature. According to Janda et al. (1995, 174), all organizations, but especially political parties, are conservative and risk averse because parties become identified with issue positions, depend on the support of certain social groups, and are built on delicate power bases, all of which constrain their policy movement. Thus, we can argue that any uncertainty about the outcomes of policy change would increase apprehension within the risk-averse party organization.

These considerations also echo prospect theory, which states that "how we interpret our choices, as gains or as losses, influences how much risk we will take" (Mercer 2005, 1). Specifically, prospect theory, introduced by Kahneman and Tversky (1979), posits that individuals are risk averse with respect to gains and risk acceptant with respect to losses.³ To the

²Note that studies such as Schofield and Sened (2006), and Adams et al. (2005) report these types of counterfactual computations. These scholars perform computations on election survey data in which they shift the policy positions of the focal party along the policy scales included in the survey, and then they recompute, for every possible position, the parties' expected votes based upon empirically estimated parameters of the respondents' voting behavior. All of these studies employ the assumption that when the focal party shifts its positions, nothing else in the political environment changes.

³For more on prospect theory in political science, see, e.g., Levy (1997), Mercer (2005), and McDermott, Fowler, and Smirnov (2008).

extent that prospect theory is relevant to how party elites react to past electoral gains and losses, we might expect that only parties that lost votes at the previous election will tend to undertake significant policy shifts at the current election.⁴

The above expectations motivate my first hypothesis:

H1 (The Past Election Results Hypothesis): The more votes the party loses (gains) in the previous election, the more (less) it will change its policies in the current election.

Time Effects

I also hypothesize that the policy effects of past election results are moderated by the length of time between elections. The more time that elapses between elections, the less past election results provide information about the current state of public opinion. As the uncertainty about how past elections translate to current situations increases, the risks associated with policy changes also increase, intensifying the dilemma between vote seeking and policy keeping. Apprehension about change outweighs policy changes for more votes even if the party has suffered a disappointing election result.

The expectation that time moderates the effects of past election results relates to arguments developed by Budge (1994). Budge argues that as time passes, political leaders have less confidence that they can extrapolate past election results to a contemporary political situation that may be radically different. Baker and Scheiner (2004) make this point in their analysis of Japanese parties, arguing that the time between elections affects politicians' ability to make accurate political projections. Fowler (2005) similarly elaborates on the effect of increasing uncertainty on dynamic responsiveness in the United States. He analyzes the effects of past election results on the ideological positions of senate candidates, and he finds persistent effects when the previous state senate election was held two years prior to the current election, but weak and insignificant effects when the previous election took place four years prior. Fowler argues that as time elapses since the last election, new

sources of information affect parties more than past election results do.⁵

To sum up, past elections may provide relevant information about the current state of public opinion, provided that the previous election is not too distant in time. However, as time elapses, past election results become less useful as uncertainty related to how past elections reflect public opinion and apprehension for policy change increases.

Following these arguments, my second hypothesis is on how the time between elections affects strategic party positioning:

H2 (The Time Moderation Hypothesis): The more time that has elapsed since the previous election, the less past election result influence the magnitude of parties' policy shifts in the current election.

Research Design

The Comparative Manifesto Project (CMP) data have been the medium of research over the last decade to study strategic party positioning. These data provide cross-national time-series measurements of party policy based on the published party manifestos. More specifically, these data include information for each party in 25 democracies on the proportion of the election manifestos dedicated to 56 different issues. The CMP data have been the best available measure to capture the change of party positions over a long period of time (1945–98) for multiple countries.

The data for this paper cover all parties in 23 OECD democracies that have participated in three or more consecutive elections during the postwar period.⁶ In

⁵I note that general uncertainty about public opinion does not necessarily increase as time elapses since the last election because other sources of information may become available (e.g., protests, public opinion polls, local election results). However, I argue that information on public preferences as reflected by past elections decreases as time elapses.

⁶I note that while the original CMP data cover 25 democracies, I have dropped Turkey and Israel from my analyses. Turkey, although it has been a continuous democracy since 1983, significantly differs from the rest of the established democracies because of the power of the military in politics. Moreover, in both Israel and Turkey politics does not revolve around the left-right dimension, the ideological scale I use in this paper. Instead, the authoritarian-religious versus liberal-secular dimension is the most important dimension in both countries. Finally, in both countries parties do not survive long enough to have a stable ideology. They die, reestablish, merge, or change names, which makes it difficult to examine ideological changes using the CMP data. Also, I note that you can find a full analysis of the Time Moderation Hypothesis including Turkey and Israel in the supplementary material, which is available at the online appendix at <http://journalofpolitics.org/>. The substantive results are the same.

⁴While prospect theory originally applies to individual actors and their risky behavior strategies, there are examples, especially in the international relations literature (see, e.g., Mercer 2005), in which the foreign policy behavior of states is examined under the rubric of prospect theory. Since foreign policy decision making involves a group decision, as does the collective consultation process involved in writing a party's manifesto, it seems reasonable to apply prospect theory to the analysis of policy strategies.

total, the analysis using the CMP data encompasses 1384 interelection policy shifts by 165 parties in 286 elections. The time-period is from the first postwar democratic election in each country until the end of 1998.

The authors of the CMP dataset have developed an index that measures the overall left-right ideology for each party's manifesto in each election year, which ranges from -100 to $+100$ with positive and higher numbers representing a more right-wing emphasis. This ideological index has been employed by scholars to examine changes in party policy positions and the reasons behind these changes (e.g., Adams et al. 2006; Adams and Somer-Topcu N.d.; Budge, 1994; McDonald and Budge, 2005; Pennings, 1998). While focusing on one dimension (left-right) may sacrifice a better understanding of the politics in some countries, the left-right scale provides the summary view of politics in most advanced industrial democracies. As Carkoglu notes, "a simple left-right positioning of parties and issues helps people form opinions in complex situations requiring a good deal of information gathering and processing, thus cutting their information costs" (1995, 295) and helps parties to simplify their ideology in the eyes of voters.⁷

In the existing literature, the crucial variable of interest is the *direction* of the party's policy shift in the current election (i.e., change toward left or right), compared to its position in the previous election. By contrast, I analyze the *magnitude* of the party's policy change. Thus I examine the more basic and general question of whether and why parties *change at all*, rather than the more specific question of the direction of policy change. Therefore, the dependent variable in this research ($|\Delta \text{party policy}_t|$) examines how many points on the left-right scale $[-100, 100]$ the party actually moved.⁸

⁷I also ran the models using only a subset of political systems that Benoit and Laver (2006) identify as revolving primarily around left-right economic issues: Britain, New Zealand, Norway, the United States, Iceland, Italy, the Netherlands, Australia, Canada, and Switzerland. See the sensitivity analyses section for a discussion of this analysis and the supplementary materials for the results at the online appendix.

⁸There is an intuitive reason behind why the absolute change is a more appropriate dependent variable for this study. In the strategic party positioning literature, scholars disagree on the question of which direction the parties should shift when they face a difficult choice between playing to their party base or to the median voter position (see especially the literature on valence effects on party positioning, e.g., Adams and Merrill N.d.; Groseclose 2001; and Schofield and Sened 2006). If the literature is full of disagreements, how can one expect individual parties to decide which direction they should move? Thus, I argue that these conflicting goals of parties do not show any robust pattern when empirically examined. On the other hand, if we examine the magnitude of party change, we can capture the effect of past elections on strategic party positioning.

My first hypothesis is on the direct effects of past election results on party policy shifts. The crucial independent variable is vote change at election $t-1$ (Δvote_{t-1}), i.e., the party's vote change between the previous election ($t-1$) and the election before that ($t-2$). I also include the lagged dependent variable ($|\Delta \text{party policy}_{t-1}|$) into the right-hand side of the equation to address autocorrelation issues, following the suggestions of Beck and Katz (1995).⁹ Moreover, there may be theoretical expectations that parties that changed a lot in the previous period also tend to change in the current period. Theoretically, previous work by Budge (1994) and by Adams (2001) argue that party elites have electoral incentives to shift their party's policies in the opposite direction from their shifts in previous election, which would imply positive relationship between the previous and current absolute policy change. Thus, the first specification, which is labeled the *Past Election Model*, becomes:

$$|\Delta \text{party policy}_t| = b_1 + b_2 |\Delta \text{party policy}_{t-1}| + b_3 [\Delta \text{vote}_{t-1}] \quad (1)$$

If parties change their policy positions more as they lose votes (*the Past Election Hypothesis*), then the estimated coefficient b_3 should be negative and statistically significant, indicating that the worse the party's result in the previous election (compared to the election before that), the more the party tends to change its policies in the current election.

To evaluate the Time Moderation Hypothesis, I incorporate a time variable (time_t) into the specification, which denotes the number of months that has elapsed since the last election.¹⁰ This second specification, therefore, is:

$$|\Delta \text{party policy}_t| = b_1 + b_2 |\Delta \text{party policy}_{t-1}| + b_3 [\Delta \text{vote}_{t-1}] + b_4 [\text{time}_t] + b_5 [\text{time}_t * \Delta \text{vote}_{t-1}] \quad (2)$$

The Time Moderation Hypothesis (H2) states that as time passes, the results of the previous election exert less influence on parties' current policy strategies. If H2 is correct, we should capture the effect via the estimated coefficient on the interaction variable $[\text{time}_t * \Delta \text{vote}_{t-1}]$. A negative sign for the Δvote_{t-1} variable but a positive sign for the interaction variable would indicate that the time lag has a modifying

⁹I also note that a Lagrange multiplier test fails to reject the null hypothesis of no serial correlation.

¹⁰Descriptive statistics of all variables are reported in the supplementary analyses posted at the online appendix.

effect on the relationship between vote change ($t-1$) and absolute policy change.

To examine the hypotheses, I run OLS regression clustered by election. Clustering controls for possible correlations between parties within a specific inter-election period in a specific country.

Results

Before reporting the regression analyses, I first present some simple calculations on parties' mean policy shifts, which bear on whether the relationship between parties' shifts and past election results is consistent with theoretical expectations. To do this, I calculated the mean magnitudes of parties' policy shifts for all parties that lost votes in the previous election, and then for parties that gained votes. Then, I subdivided the data to separate elections that were less than two years apart from elections that were at least four years apart.¹¹

The results, which support my theoretical expectations, are displayed in Figure 1. We see that if the party lost votes and the election was held less than two years ago, then the mean absolute policy change at the current election is 15.7 points on the 200-point Left-Right scale. However for parties that gained votes the mean change is only 10.3 points.¹² Thus, we find that parties that lost votes changed their position more than the parties that gained votes if the elections were within two years of the last election—a pattern that supports the Past Election Results Hypothesis.

By contrast, when we examine the behavior of parties in elections that are separated by at least four years, we see a different pattern. As displayed, for these types of elections the difference between the mean absolute policy changes of parties that lost votes in the last election and the parties that gained votes is small and not statistically significant. This pattern supports the Time Moderation Hypothesis, that the longer the time since the previous election, the less the previous election results influence the

magnitudes of parties' policy shifts in the current election.

The first two columns in Table 1 report the parameter estimates for equations (1) and (2) presented above. The first column is relevant to the Past Election Results Hypothesis, while the second column includes the time ($time_t$) and the interaction ($time_t * \Delta vote_{t-1}$) variables into the analysis to test the Time Moderation Hypothesis.

A negative and statistically significant coefficient for the vote change variable in the first model would show that greater vote losses in the previous election are associated with more policy change in the current election. We see that while the coefficient estimate is in the expected direction, it is not statistically significant. On the other hand, this result does not mean that parties are unresponsive to the past election results. The effect of past election results is modified by the passage of time. As can be seen in the second column, now both hypotheses are supported. Parties are responsive to past election results (a statistically significant and negative coefficient on the $[\Delta vote_{t-1}]$ variable). Also, supporting the second hypothesis, the influence of past election results on parties' current policy behavior diminishes with time: the estimated coefficient on the $[time_t * \Delta vote_{t-1}]$ variable is positive and statistically significant ($p < .05$).

The effect of the time ($time_t$) variable is worth discussing in more detail. From the coefficients we can talk more specifically about the effect of the previous vote change variable ($\Delta vote_{t-1}$) on absolute party policy change, as time elapses since the last election.

The marginal effect of vote change can be specified from column 2 in Table 1 as:

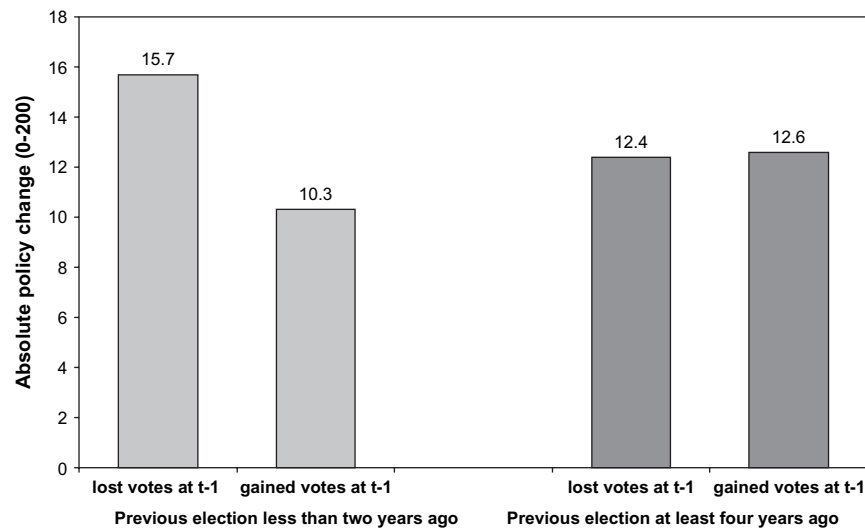
$$\partial \hat{y} / \partial \Delta vote_{t-1} = \hat{\beta}_{\Delta vote_{t-1}} + \hat{\beta}_{\Delta vote_{t-1} * time_t} * time_t = -0.605 + 0.013 * time_t$$

Therefore, as the time since the last election increases, the conditional effect of $\Delta vote_{t-1}$ variable on absolute policy change approaches zero. Substantively, the parameter estimate -0.605 on the $[\Delta vote_{t-1}]$ variable implies that, *ceteris paribus*, a political party that lost four percentage points in vote share in the previous election (this is the standard deviation of the observed values in the dataset) would shift its policy position by about 2.5 points along the CMP left-right scale, provided that the subsequent election were held immediately following the preceding election. This effect would be moderated by the interaction variable $[time_t * \Delta vote_{t-1}]$ as time elapsed. Substantively, the parameter estimate 0.013 on the interaction variable

¹¹The time periods (less than two or more than four years) are chosen to subdivide the data based on the analyses of Fowler (2005). Fowler examines the effects of past election results on the ideological positions of senate candidates. He finds persistent effects of election results if the previous state senate election was held two years prior to the current election, but weak and insignificant effects when the election took place four years prior.

¹²The difference of means test rejected the null hypothesis that the difference of means is equal to 0 (p -value < 0.01).

FIGURE 1 Average absolute policy change for parties that lost or gained between elections $t-2$ and $t-1$, grouped by the time between elections (less than two years or more than four years)



shows that, *ceteris paribus*, the effect of past election results on parties' current positioning approaches 0 as time elapses.¹³

Figure 2 depicts the conditional relationship between past election results and party policy change as a function of the time elapsed since the last election. As can be seen, parties change their positions if they lose votes, and the effect dissipates as time (x-axis) elapses. To conclude that the conditional relationship between vote change and party policy change is statistically significant we must look at the area for which the confidence intervals around the marginal effect do not include zero. Figure 2 shows that the marginal effects of vote change on absolute policy change decreases as time (x-axis) elapses. And, there is not a statistically significant relationship between vote change and party policy change after about 32 months.¹⁴

In all models, the lagged dependent variable ($|\Delta \text{ party policy}_{t-1}|$) is also statistically significant and positive, showing that if the parties substantially changed their policies in the previous election, they also tend to substantially change their positions in the current election. This finding suggests that some

parties display persistently stronger tendencies to shift their positions than other parties do, which may also imply that some parties are simply less ideological than other parties are. This pattern supports the arguments developed by Budge (see also Fowler and Laver 2008; Laver 2005).¹⁵

Additional Sensitivity Analyses

I estimated several alternative models in order to test the sensitivity of the results, one of which is reported in the third column in Table 1. There may be additional variables that influence party policy change. Some likely candidates are the effects of being in government, the effects of being a *niche party*, i.e., a green, communist or radical right party that does not necessarily compete along the Left-Right economic dimension, the electoral system (majoritarian vs. proportional representation), and the size of the party. With respect to the first variable, it seems plausible that governing parties will behave differently from opposition parties, since opposition parties' policy pronouncements do not have the same influence on government policy outputs. In particular, given that

¹³I also note that although the coefficients might seem small, the magnitude of coefficients are in line with the findings of Adams et al. (2006) and Haupt (N.d.), for instance, which present results showing that parties can alter their positions only slowly over time.

¹⁴For more information about these conditional effect figures, please refer to Brambor, Clark, and Golder (2006) and Kam and Franzese (2007).

¹⁵Specifically, Budge advances several alternative decision rules for party behavior, including a "stay put" rule under which parties do not shift their positions. By contrast, the other rules that Budge presents imply that parties will regularly shift their positions. The agent-based modeling studies of Laver (2005) and Fowler and Laver (2008) investigate scenarios where competing parties employ radically different decisions rule, which appear likely to generate quite different tendencies to shift positions.

TABLE 1 Analyses of the hypotheses.

	Past Election Model	Past Election Model with Time Interaction	Sensitivity Analysis
Vote change (Δvote_{t-1})	-0.084 (0.084)	-0.605^* (0.238)	-0.610^* (0.237)
Time _t * Δvote_{t-1}		0.013^* (0.006)	0.012^* (0.005)
Time _t		0.006 (0.025)	-0.002 (0.025)
$ \Delta \text{party policy}_{t-1} $	0.337^* (0.036)	0.338^* (0.036)	0.322^* (0.037)
In government			0.791 (0.687)
Niche			0.175 (0.880)
Large party			2.460^* (0.754)
Majoritarian			-0.650 (0.925)
Constant	8.469^* (0.518)	8.183^* (1.168)	7.076^* (1.177)
N	1384	1384	1384
Adjusted R ²	0.122	0.125	0.136

Numbers in parentheses are the robust standard errors. * $p < .05$

The dependent variable is the absolute change in the party's left-right policy position in the current election, compared to the previous election ($|\Delta \text{party policy}_t|$).

governing parties must tailor their policies to actual social and economic conditions, it seems plausible that being in government will be associated with larger policy shifts than being in opposition.¹⁶ The theory behind the niche party variable relates to the findings of Adams et al. (2006), who report empirical analyses suggesting that niche parties do not change their positions in response to public opinion to the same degree as mainstream parties. These findings raise the possibility that niche parties may likewise be less likely to change their positions when past performance is controlled.

The electoral system may also mediate the relationship between past election results and policy change, although the direction of the hypothesized effect is not clear. On the one hand, proportional representation increases the number of parties in the system, which is expected to have a mediating effect on party policy change because parties in relatively crowded systems may have greater difficulty changing their positions as a result of the lack of incentives for “leapfrogging” their opponents’ positions (see, e.g., Adams 2001; Budge 1994; Downs 1957 for

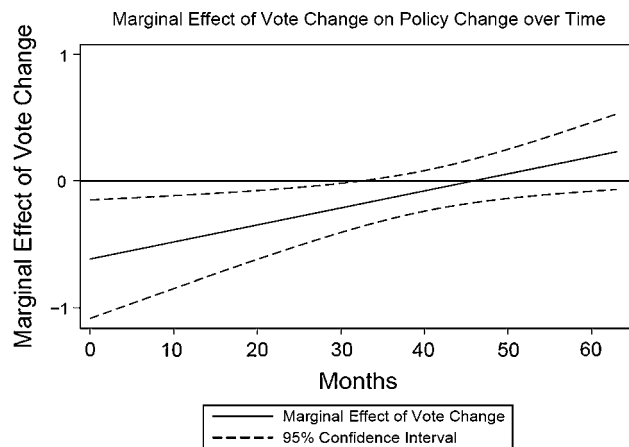
evidence against leapfrogging). On the other hand, small parties, which would not be “politically significant” in majoritarian systems, may undertake policy shifts in PR systems, where they have a better chance to become pivotal for government formation. Finally, we can expect that parties that are not serious competitors (very small parties in terms of their vote share) may not be as responsive to past election results as bigger and more competitive parties.¹⁷

The third column in Table 1 tests the main time-lag model by including dummy variables for being in government, for niche parties, for large parties, and for majoritarian electoral systems. The “in government” variable is coded 1 if the party was in government between time (t-1) and time (t); the niche party variable is coded 1 if the party belongs to Green, Communist, or Nationalist party families, as coded by the CMP data (see Appendix A in Budge et al. 2001); “large party” is coded 1 if the party received more than 10% of the total vote share at elections t and t-1; and, majoritarian electoral system is coded 1 for Australia, Canada, Great Britain, United States, France (except the 1986 election), and New Zealand (except the 1996 election). The parameter estimates reveal that only the “large party” coefficient is statistically significant. The coefficient shows that large parties tend to shift their positions to a greater extent than smaller parties do. Most important, the results continue to support the Past

¹⁶In addition, I note that being in government has been used in the literature as a proxy for decreasing *valence* (Adams et al. 2008; Paldam 1991), i.e., if a party is in government it is likely that its image with respect to *valence images* such as competence, integrity, and unity will deteriorate, causing the party to lose votes in the upcoming election (see Stokes 1992). This leads to strategic incentives for parties to shift their policy positions in response to changes in their valence images (see e.g., Adams and Merrill (N.d.) and Schofield and Sened (2006) for the latter point).

¹⁷I thank two anonymous referees for suggesting several of the supplementary analyses that are summarized in this paragraph.

FIGURE 2 Marginal Effect of Vote Change on Policy Change over Time



Note: The y-axis (the marginal effect of vote change) shows the effect of vote change on policy change as moderated by time.

Election Results (H1) and the Time Moderation (H2) hypotheses.¹⁸

Conclusion

Political parties face a dilemma between changing policy positions in pursuit of votes and adhering to their previous positions in order to reduce risks and uncertainty. To reconcile this dilemma, parties seek

¹⁸Following the results on column 3, I estimated the parameters of the *Time Moderation* model by including both the large party dummy variable and the $[\Delta \text{vote}_{t-1} * \text{large party}]$ interaction variable. The results show that larger parties change their policy positions more. However, the interaction variable is not statistically significant, indicating that large parties do not change because of their past performance. In additional analyses, I also checked for country effects with country clusters and party effects with party clusters. I also reestimated the models using parties' seat shares (rather than vote shares) as the key independent variable (it can be argued that seat share is more important to parties than vote shares). Because I use a one-dimensional left-right space to examine policy changes, I also ran the models for only a subset of political systems that Benoit and Laver (2006) identify as revolving primarily around left-right economic issues: Britain, New Zealand, Norway, the United States, Iceland, Italy, the Netherlands, Australia, Canada, and Switzerland. I also reestimated the parameters of equations 1 and 2 while omitting the absolute change ($t-1$) variable. Some scholars are concerned that including the lagged dependent variable unnecessarily increases the variance explained by the model and biases the results (e.g., Achen 2000). Finally, the models were also estimated using a modified, exponentiated function for the Δvote_{t-1} variable. All of these analyses supported the substantive conclusions that were identical to the ones reported in this article. These analyses are reported in the supplementary analysis document at the online appendix.

information about public opinion. One source of information available to all parties in a highly uncertain environment is the outcome of the previous election. Parties respond to past election results if they are certain about the movement of public opinion toward or away from the party's position. Loss indicates movement of the public opinion away from the focal party, which raises concerns about future prospects and requires immediate action. The empirical results show that parties respond to losses by shifting their policies.

Winning parties, on the other hand, should not change. Changing policy is a risky strategy, which increases uncertainty about how the party's rank-and-file constituencies—namely, activists, party donors, and special interest groups—will react to the changes. My empirical results support the hypothesis that parties change less as their previous vote share increases, a finding that provides support for prospect theory, which posits that individuals—and by extension, political parties—become risk averse as they gain but risk acceptant if they lose.

This effect of past election results is contingent upon another factor, namely the time elapsed since the last election. As I have shown, it becomes harder to relate past election results to the current state of public opinion as time passes. Losing parties respond to vote losses by changing their positions, but this effect dissipates as time elapses since the last election.

This research is simply a first look at some important questions: how do parties respond to past election results, and how does time moderate this relationship? In the future, interesting questions regarding strategic party positioning still await scholarly attention. One can examine how parties react to other sources of information, such as public opinion polls or local and supranational election outcomes. Another question is how parties respond to past election results when other parties around them win (lose) more than they do. Also, how do parties respond if their election results do not change but their portfolio allocation, or chance of being in government, changes? The literature still demands more research on these interesting questions on strategic party positioning.

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