

Do they walk like they talk?
Speeches from the throne and budget deficits in Ontario and Quebec:

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Paper presented at the annual meeting of the
Canadian Political Science Association,
London, Ontario,
June 2005

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My objective in this paper is to explore the congruence, or absence thereof, between policy speech and policy action in the realm of fiscal policy. More precisely, I ask the question whether governments which realise a higher budget balance (or a lower deficit) have a more fiscally conservative stance in their speech. I address this issue in four parts. First, I discuss the theoretical relationship between speech and action. Second, I broadly describe the bottom line results of the fiscal policy of the Ontario and Quebec governments over the last thirty-three years. Third, I expose a method for measuring the provincial premiers' fiscal policy stance and, applying it to their speeches from the throne, I assess their fiscal conservativeness. In the last section I describe the relationship between speech and action and I propose an answer to my starting question.

The walk-talk relationship

I look at the policy process as involving three types of rational actors: policy-makers, special interests, and voters. When thinking about the role of policy speech in the policy process, I look at the objectives policy-makers pursue while «speaking» to special interests and to voters and while «acting» on the budget. This leads me to three conceptions of the walk-talk relationship, each one based on a specific theory and leading to a specific hypothesis (see table 1).

The *benevolent conception* ensues from Ricardo-Barro's equivalence theorem. It considers a closed economy in which a representative agent consumes, works, and saves.

¹ I am indebted to several persons, among them Jean Crête for sharing his collection of throne speeches, Étienne Charbonneau, Kina Chenard, Jérôme Couture, André Gosciniak, and François Rivest for their able research assistantship, and to Simon Langlois and the participants to the Glendon College 2005 workshop on Ontario and Quebec. I acknowledge the generous funding received from SSHRC. I take full responsibility for any shortcoming.

The government is represented by a benevolent planner whose objective is to maximize the welfare of the representative agent. Both the government and the agent have an infinite temporal horizon; therefore, neither intergenerational aspects nor the limited terms of government mandate are taken into account. When public deficits increase public debts, the representative agent knows that, in the future, the government will have to increase taxes in order to pay the debt back. According to the theory of permanent income, the agent determines her consumption level based on her total actualized future revenues. In this case, she concludes that financing public spending through taxes is «equivalent» to financing through borrowing (Barro 1989: 38-39). In this context, the optimal strategy for the benevolent planner is to maintain tax rates constant in order to avoid costs related to unexpected variations in tax rates. To reach this goal, he uses surpluses and deficits as cushions through the application of a tax-smoothing policy: deficits appear when public spending is temporarily high, surpluses when spending is temporarily low (Roubini and Sachs 1989: 910-913).

While applying his tax-smoothing policy, the benevolent planner uses policy speeches to inform the agent of his policy choice so that she makes the right consumption choices, i.e. she adjusts her savings to the budget balance: when there is a deficit, the agent saves the money she would have paid in additional tax had the budget been balanced, knowing that future taxes will have to compensate for the accumulated debt. Thus, when he makes a deficit, the benevolent planner adopts a fiscally liberal speech telling the agent that spending is higher than taxation and, therefore, that she should anticipate higher taxes in the future to reimburse the debt. When the benevolent planner realizes a higher budget balance, he adopts a more conservative stance in his speech, thus informing the economic agent that the government's financial position is improving, and, therefore, that she does not have to save now in view of future increased taxes. It follows that the benevolent hypothesis predicts a positive relationship between budget balance and fiscal conservatism.

The *sophisticated hypothesis* predicts the opposite relationship: fiscal conservatism should be lower when budget balance is higher. Here, the government is represented by a politician who faces re-election in a democratic setting. According to the median-voter

theorem, the politician realises a budget that corresponds to the preferences of the median voter. Indeed, if voters can be ordered according to their preferences concerning the budget balance (going from a high deficit to a high surplus), and if we assume that the distribution of voters on this dimension is uni-modal (single-peaked preferences) and that people vote according to their preferences (sincere voting), it is easy to see that in a democratic contest on the issue of budget balance, the candidate who can win the support of the median voter wins the election. In its weak version, the median-voter theorem states that the median voter always votes for the policy that is adopted. In the strong version of the theorem, the median voter always gets her most preferred policy. (Congleton 2002). Therefore, in this context, the realised budget balance corresponds to the budget balance preferred by the median voter.

Now, the politician has his own preferences concerning the budget balance because it directly impacts on the quality and quantity of government services, on the one hand, and on his leeway or room to manoeuvre, on the other hand. A deficit means more or better-quality services than the actual level of taxation would provide. But it also means less leeway in the future because of increased debt service expenditures ensuing from additional borrowing. And the opposite is also true. A surplus means more leeway in the future to the extent that it is channelled to debt reimbursement but it also means less government services given the taxation level. I assume here that the politician equally values services and leeway. When he realises that the budget balance is going to be lower, he knows that his leeway will deteriorate because of increased debt charges. He then adopts a fiscally conservative speech in an effort to convince voters to change their preferences and to ask for a higher budget balance. When the balance is higher than what the politician wants, his speeches are less fiscally conservative. The sophisticated hypothesis therefore states that the relationship between budget balance and fiscal conservatism is negative (Imbeau 2005).

Both the benevolent and the sophisticated hypotheses are deduced from theories assuming two types of actors, decision-makers and special interests (the benevolent planner and the economic agent of the benevolent conception) or decision-makers and

voters (the benevolent politician and the median voter of the sophisticated hypothesis). What happens if we assume a politician facing both special interests and voters? We get the cynical conception.

The *cynical conception* of the walk-talk relationship considers a world where a rational maximizing politician tries to seduce his clients, i.e. those persons who, he hopes, will buy his services through exchanging money, promises of future advantages, or votes, for policy decisions. In this context, the politician is assumed to be a producer of fiscal policy decisions that special interests and voters consume. For example, a conservative voter wants a balanced budget or a surplus if there is a debt to reimburse. A liberal voter wants more or better services and therefore is willing to accept a lower balance. Both are willing to exchange their vote for a fiscal policy that corresponds to their preferences. Likewise, a person who does business with the government wants more spending (and therefore a lower balance given the level of taxation) because a part of this spending may end up into her pocket. A person who does not do business with the government wants less spending (and therefore a higher balance given the level of taxation) because she feels that much of this spending flows from her own pocket into someone else's. In its simplest form, this theory holds that this entrepreneur-politician uses his speech to seduce clients in order to make them give up some of their «wealth» in exchange for a given level of budget balance. Knowing that his clients have differing, often contradictory, preferences, the entrepreneur-politician speaks in vague and general terms so as to please everybody. Therefore, there should be no systematic relationship between fiscal conservatism in speeches and the budget balance.

The three conceptions of the walk-talk relationship are summarised in table 1.

Table 1: Three conceptions of the Walk-Talk relationship

Conception	Politician's objective	Underlying theory	Hypothesis
Benevolent	To inform economic agents	Ricardo-Barro equivalence theory	Positive
Sophisticated	To convince voters	Median voter theory	Negative
Cynical	To seduce clients	Car-dealer theory	No relationship

Walking the budget balance in Ontario and Quebec

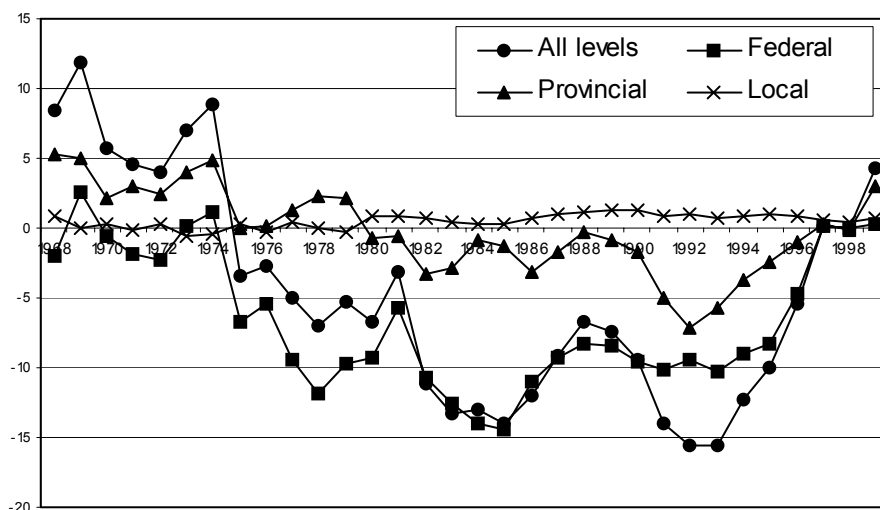
We have traditionally looked at budget balance (surplus/deficit) as simply resulting from decisions concerning revenue and spending levels. The balance results from the subtraction of spending from revenue. There was not much more to say about it other than to insist on the variety of accounting procedures that could transform a deficit into a surplus (Blejer & Cheasty 1991).

More recently, we have come to consider that budget balance is an important dimension of a government fiscal policy and that it can reveal information about several aspects of a government and its policy. For example, one can see in the budget balance an indication of how a government plans to finance its spending program. Thus a deficit tells one that a government chose not to levy all the taxes that its spending program would require but rather decided to finance part of its spending through borrowing. A surplus shows that a government renounced to consume as much as it collected either in view of future spending or to pay for past spending. One could also look at budget deficit as an instrument of wealth redistribution from tax payers to investors and from future to present generations. In 2002, for example, federal, provincial, and local governments in Canada transferred 14% of the money they had levied in taxes to investors as interests paid on their debts. In 1995, this redistribution had reached 22% of public administration revenues in Canada. I adopt here a third conception of a government budget balance. Like many observers of government fiscal policy, I look at budget balance as a way to make a diagnosis on the fiscal prudence of fiscal authorities. In that perspective, a higher budget balance indicates that a government is conservative in its management of public funds, a lower one denotes a government that is fiscally liberal with public money.

Data provided by Statistics Canada tell us that, in the aggregate, public administrations in Canada have been fiscally liberal for an important period of time in the last several decades. Figure 1 gives us an overall picture of public budget balances in Canada by levels of government. One can clearly see that deficits started to be recurrent in the mid-

1970s at the federal level and in the early 1980s at the provincial level. One can also see that Canadian public administrations progressively returned to collectively more fiscally conservative policies in the 1990s. The low balance of 1978 and that of 1985 were due for the most part to the performance of the federal government. However, the drop to the record low balance of 1992 and 1993 is related to the performance of provincial governments. Their overall budget balance had gone from 681 millions of dollars (less than 1% of total provincial spending) in 1988 to over 26 billions of dollars in 1992.

Figure 1 - Budget Balances in Canada: 1966-2000
(Percent of Total Spending)

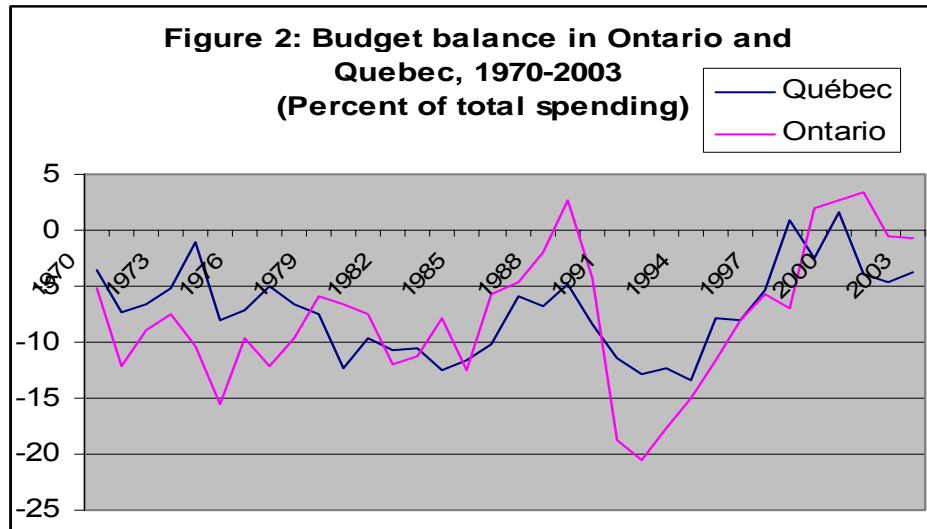


Adapted from the Statistics Canada CANSIM database, <<http://cansim2.statcan.ca/>>, Table 385-0002.

How do Ontario and Quebec compare? Figure 2 displays the budget balance in Ontario and Quebec, from 1970 to 2003. In the first part of the period, the paths walked by the two provinces were quite different from that of the federal government or of all provincial governments aggregated. Whereas the combined provincial budget balance before 1975 was positive², it was negative in Ontario and in Quebec. Indeed, budget deficits were already important in the seventies in the two provinces, especially in Ontario (-12 percent of total spending in 1971 and 1977, and -15 percent in 1975) and continued to be so in the eighties though closer to the provincial mean. From 1990 on, the

² The curve is driven up in the positive by the huge surpluses Alberta already had at this time.

budget balances of the two provinces followed the general pattern. They improved up until 1990, deteriorated until 1992, and then improved again.



Despite these similarities, Ontario and Quebec budget balances differ in important ways. The deficit was higher in Ontario in the 1970s. Ontario had a surplus in 1990 contrary to Quebec which had a negative balance every year before 1998. Ontario's largest deficit (20,5 percent of total spending in 1992) was much more important than Quebec's (13,3 percent in 1994)³.

Within each province, one may separate fiscally liberal premiers from fiscally conservative one's on the basis of the budget balance they realised. Here I assume that premiers who deteriorated the budget balance over the previous year had a fiscally liberal behaviour, and those who improved it had a fiscally conservative behaviour. By that standard, premier Davis was mostly fiscally liberal whereas premier Harris was mostly conservative, as Table 2 shows for Ontario. In Quebec, Lévesque was mostly liberal and Bourassa equally liberal and conservative in their fiscal policies.

³ The most important deficit during this period was realised by the Albertan government in 1986 at 26,8 percent of total spending.

Table 2: Provincial premiers' fiscal policy action *, in Ontario and Quebec, 1971-2003

	Liberal	Conservative
Ontario	- Davis (1974, 1975, 1977, 1980, 1981, 1982, 1983) - Rae (1992) - Harris (1998) - Eves (2002, 2003)	- Davis (1972, 1978, 1979, 1984) - Peterson (1986) - Rae (1993) - Harris (1999, 2000, 2001)
Quebec	- Lévesque (1978, 1979, 1980, 1982, 1983, 1984) - Bourassa (1971, 1972, 1975, 1976, 1988, 1991, 1992, 1993) - Johnson (1994) - Bouchard (1996, 1999) - Landry (2001, 2002)	- Bourassa (1973, 1973, 1974, 1986, 1987, 1989, 1993) - Lévesque (1977, 1981, 1985) - Parizeau (1995) - Bouchard (1997, 1998, 2000) - Charest (2003)

* «Liberal»: Deterioration of the budget balance (in \$) over previous year.

«Conservative»: Improvement of the budget balance...

In summary, the walk of the budget balance in Ontario and Quebec was a mix of fiscally liberal and fiscally conservative policies over the period without any clear sign of systematic pattern. One wonders whether the premiers' fiscal talk followed similar patterns.

Fiscal talk: Assessing fiscal conservativeness in policy speeches

We do not have readily available measures of fiscal conservativeness in the speeches given by provincial premiers as we do of their fiscal policy action. To develop such a measure, one has to delineate a conceptual framework and then to choose a measurement method. I now turn to this task.

Thinking about actors, actions, and discourse: a conceptual framework

Social interactions are so complex that we must simplify them through assumptions in order to make sense of what we see. Here I make three of assumptions.

First, I assume that roles dictate policy positions. In any government, the location of an individual in the organisational structure determines his or her behaviour. When the premier moves Mr. X from being minister of Health to being minister of Education, for example, Mr. X stops defending health programs and starts caring about education programs. For him, education becomes more important than health. His choices or his policy positions change as his role changes. Here is how Graham Allison expressed this idea:

«Where you stand depends on where you sit. Horizontally, the diverse demands upon each player shape his priorities, perceptions, and issues. For large classes of issues, e.g., budgets and procurement decisions, the stance of a particular player can be predicted with high reliability from information concerning his seat» (Allison 1969: 711).

I assume this to apply to any actor in government.

Second, following Wildavsky, I assume that there are two roles in the budget process, that of guardians of the treasury and that of advocates of program spending. Any person involved in the making and the realisation of a budget plays one of the two roles. Guardians look after the whole budget and the financial health of the government. They don't worry much about government programs knowing that advocates do that. Indeed, advocates care about programs so they want to spend money. But it is not their duty to care about the financial position of the government since they know that guardians look after the whole budget. In the Canadian institutional setting, this implies that actors from the ministry of Finance and the Treasury Board play the role of guardians, whereas actors from program ministry, like Health or Education, play the role of advocates⁴.

⁴ For applications of Wildavsky model to the budget process at the federal level, see Savoie 1990, and at the provincial level, see Imbeau 2000.

Third, I assume that policy positions are reflected in official speeches, that is, actors' talk corresponds to their roles. This implies that, in any government, there is a typical guardian talk, spoken by guardians, and a typical advocate talk, spoken by advocates. Guardians are fiscally conservative, advocates are fiscally liberal, and so are their speeches. Because of the importance of the minister of Finance in the cabinet, I assume that his speeches, more specifically the Budget speeches, are fiscally conservative. Because their ministries draw the highest proportion of provincial government spending, I assume that speeches made by ministers of Health or of Education are typical of advocates' speeches in provincial governments.

With this setting, we can characterise the fiscal policy stance of provincial Premiers in their speeches from the throne by asking whether they talk more like their ministers of Finance or like their ministers of Health or Education.

Measuring provincial Premiers' policy positions

To assess the Premier's policy position on the conservative-liberal dimension of fiscal policy, we applied the Wordscore technique developed by Laver, Benoit, and Garry (2003). This technique treats texts «not as discourses to be read, understood, and interpreted for meaning – either by a human coder or by a computer program applying a dictionary – but as collections of word data containing information about the position of the texts' authors on predefined policy dimensions» (p. 312). Here is how Laver, Benoit and Garry describe their method in non technical terms:

«Our approach can be summarized [...] as a way of estimating policy positions by comparing two sets of political texts. On one hand is a set of texts whose policy positions on well-defined *a priori* dimensions are known to the analyst, in the sense that these can be either estimated with confidence from independent sources or assumed uncontroversially. We call these «reference» texts. On the other hand is a set of texts whose policy positions we do not know but want to find out. We call these «virgin» texts. All we do know about the virgin texts is the words we find in them, which we compare to the words we have observed in reference texts with «known» policy positions» (Laver *et al.* 2003: 313).

Thus Throne speeches are compared to two reference texts, each representing an extreme on the liberal-conservative dimension: the Budget speech representing the guardians' expression of a fiscally conservative stance (arbitrarily coded +1), and the Preliminary remarks by the ministers of Health and of Education at budget hearings representing the spenders' view of a fiscally liberal stance (coded -1). The working of the computer is pretty straightforward. Each word is given a score between -1 and +1, according to the frequency of its occurrence in each reference text. Thus, if the word «deficit» appears 10 times in the Education speech and 90 times in the Budget speech, it is scored +0.8 ($.1 * -1 + .9 * 1$). Then, if the same word is found 10 times in a 1000-word Throne speech, it is given the loading 0.008 ($+0.8 * 0.01$). Summing up the loading thus found for each individual non-unique word yields the estimated score for the Throne Speech, our conservatism score. One may think this example this way: knowing the content of the reference texts, the probability that we are reading the Budget speech rather than the Preliminary remarks of the minister of Education while reading the word «deficit» is 0.9 and the probability that we are reading the Preliminary remarks of the minister of Education is 0.1. It is therefore logical to give to the text we are evaluating the loading 0.8 each time we read the word «deficit». Dividing the sum of all these loadings by the total number of words in that text yields a mean that corresponds to the text score. We are all the more justified to do so that «we [...] have access to confident assumptions about the position [of the reference texts] on the policy dimension under investigation», that «the reference texts [...] use the same lexicon, in the same context, as the virgin text», and that the «policy positions of the reference texts [...] span the dimensions in which we are interested» (Laver et al. 2003: 314-315).

Using this method, we compared the words included in each Budget Speech and in each «Preliminary remark» given by the ministers of Health and of Education in the hearings of the legislative committee reviewing their budget, to the Throne Speech delivered at the beginning of the legislative session over the period from 1971 to 2003 in Ontario and Quebec. This analysis yielded a conservatism score for 20 years in Ontario and 33 years in Quebec (missing years are due to missing speeches). The scores vary from a minimum

of -0.11 (fiscal liberalism) to a maximum of +0.19 (fiscal conservatism), with a value of zero representing a neutral position (see table 3).

Comparing Ontario and Quebec premiers' fiscal talk

Table 3 displays the summary statistics of the conservatism scores. We find that, on average, Ontario and Quebec premiers seem to speak the same language. They are slightly more conservative than liberal in their speeches with means above zero and similar variances. The only noticeable difference is the minimum score in Quebec (-0.11) which suggests that the most fiscally liberal speech in Quebec is much more so than its equivalent in Ontario.

Table 3: Summary statistics of Conservatism Scores of speeches from the throne in Ontario and Quebec, 1971-2003.

	Ontario	Quebec
Minimum	-0,03	-0,11
Mean	0,06	0,05
Median	0,05	0,06
Maximum	0,19	0,17
Std Dev	0,060	0,058
N of cases	20	33

There is a variation among premiers. Table 4 locates the premiers' fiscal policy position as expressed in the words of their Speeches from the throne. This table tells us an interesting story. Several premiers seem to be constant in their talk. Rae, and Peterson in Ontario are consistently conservative like Bouchard, Parizeau, and Landry in Quebec. Other premiers play the entire register like Davis and Harris in Ontario and Bourassa in Quebec. One wonders whether a premier's political longevity is related to his ability to adapt to changing circumstances through being at times liberal and at times conservative in their speeches. Overall provincial premiers in both provinces more often speak like their ministers of Finance than their ministers of Health or Education. But is there a correspondence between speech and action? Do premiers speaking the words of fiscal conservatism also realise conservative budgets, as our benevolent hypothesis would

predict? Or do fiscally conservative speeches follow liberal budgets, as our sophisticated hypothesis predicts? Or is the cynical view closer to reality and should we not find that there is no relationship between fiscal speech and fiscal action?

Table 4: Provincial premiers' fiscal policy position in throne speeches in Ontario and Quebec, 1971-2003

	Ontario	Quebec
Guardian (Fiscally conservative) (Score > 0 *)	- Harris (2000, 2001) - Eves (2002) - Rae (1992, 1993) - Davis (1972, 1975, 1977, 1978, 1979, 1980, 1981, 1984) - Peterson (1986)	- Lévesque (1977, 1978, 1979, 1980, 1983, 1984, 1985) - Bourassa (1973, 1974, 1976, 1988, 1989, 1990, 1991, 1992, 1993) - Bouchard (1996, 1997, 1998, 1999, 2000, 1996) - Johnson (1994) - Parizeau (1995) - Landry (2001, 2002)
Neutral (Score = 0)	- Davis (1974, 1983) - Harris (1999)	- Charest (2003) - Bourassa (1975, 1987) - Lévesque (1981, 1982)
Advocate (Fiscally liberal) (Score < 0 *)	- Harris (1998) - Eves (2003) - Davis (1982)	- Bourassa (1971, 1972, 1986)

* $p < .05$

Do they walk like they talk?

In order to answer the question of which hypothesis better describes the walk-talk relationship in Ontario and Quebec, we need to cross-tabulate the two variables, fiscal policy position and fiscal policy action. This is what table 5 does. For each premier-year, it shows the combination of policy position and policy action. Thus, Davis in 1975 had a guardian speech and a fiscally liberal action. Bourassa in 1986 had an advocate speech and a fiscally conservative action. Following our three hypotheses, we may say that premiers located in the guardian/liberal or advocate-neutral/conservative cells have a

sophisticated attitude in their use of discourse; they give more conservative speeches when their fiscal policy yields a deteriorated budget balance and they give more liberal speeches when their fiscal policy improves it. Premiers located in the advocate-neutral/liberal or the guardian/conservative cells have a benevolent attitude as their speeches correspond to their actions. Finally, premiers who express both attitudes (who are sometimes sophisticated and sometimes benevolent) may be said to be cynical. For them, there is no systematic walk-talk pattern. Their policy stance is not predictable.

By this standard, Ontario has had one benevolent premier, Peterson, and four cynical premiers, Davis, Rae, Harris, and Eves. Quebec had one benevolent premier, Parizeau, three sophisticated (Johnson, Landry, and Charest), and three cynical (Bourassa, Lévesque, and Bouchard). In other words most premiers in the two provinces have been cynical, and we find a sophisticated attitude only in Quebec. Benevolence seems to be an exception with only one short lived premier in each province. In a nut shell, most premiers do not walk like they talk. But isn't this conclusion based on too superficial an analysis? Could it be possible that looking at «the man» as we just did prevents us from seeing the actor, the role player? Are we not then leaving the prey to chase its shadow?

Table 5: Provincial premiers' fiscal policy position by fiscal policy action, in Ontario and Quebec, 1971-2003

Fiscal policy position	Fiscal policy action *	
	Liberal	Conservative
Ontario		
Guardian (Conservative) (Score > 0 *)	- Davis (1975, 1977, 1980, 1981) - Rae (1992) - Eves (2002)	- Davis (1972, 1978, 1979, 1984) - Peterson (1986) - Rae (1993) - Harris (2000, 2001)
Neutral (Score = 0)	- Davis (1974, 1983)	- Harris (1999)
Advocate (Liberal) (Score < 0 *)	- Harris (1998) - Eves (2003) - Davis (1982)	
Quebec		
Guardian (Conservative) (Score > 0 *)	- Lévesque (1978, 1979, 1980, 1983, 1984) - Bourassa (1976, 1988, 1990, 1991, 1992) - Johnson (1994) - Bouchard (1996, 1999) - Landry (2001, 2002)	- Bourassa (1973, 1974, 1989, 1993) - Lévesque (1977, 1985) - Parizeau (1995) - Bouchard (1997, 1998, 2000)
Neutral (Score = 0)	- Bourassa (1975) - Lévesque (1982)	- Lévesque (1981) - Bourassa (1987) - Charest (2003)
Advocate (Liberal) (Score < 0 *)	- Bourassa (1971, 1972)	- Bourassa (1986)

* «Liberal»: Deterioration of the budget balance (in dollars) over previous year;
«Conservative»: improvement...

Even though they are delivered by a single person, formal speeches like the speech from the throne and the Budget speech, or even the «preliminary remarks» made at budget hearings, are written by a team whose duty is carefully to choose the appropriate words given the context. Therefore, it is not on the premiers that we should concentrate but on each throne speech within its context. Using the methodological jargon, one would say that the proper unit of analysis is not the premier but the throne speech. Thus, taking each premier-year as a single case, our table 5 can easily be transformed into a contingency table (table 6) from which it is easy to assess the relationship between policy position and

policy action. In such a table, we say that a relationship is positive and perfect when all cases are distributed between the north-east cell (Guardian/Conservative) and the south-west cell (Advocate/Liberal). A negative relationship is perfect in the opposite case, i.e. when the north-west (Guardian/Liberal) and south-east (Advocate/Conservative) cells contain all cases. Of course, this rarely happens. Rather, we usually get tables that look like table 6 where cases are scattered in almost all cells. Using columns for the independent variable and then computing percentages within columns and comparing those within rows allow us to assess the strength of a relationship. A difference of more than 30 percentage points is an indication of a strong relationship (Fox 1998).

Table 6 indicates that the relationship between conservatism in speeches and conservatism in action is positive in Ontario and negative in Quebec. The relationship is strong in Ontario (difference of 34 percentage points, Spearman rho = .37), but not significant, and very weak in Quebec (difference of 8 points, Spearman rho = -.09). According to our theories, this means that premiers in Ontario tend to use their fiscal speech in order to inform (they are benevolent) whereas they are cynical in Quebec as there is no relationship in that province.

Table 6: Contingency table of the relationship between policy position and policy action in Ontario and Quebec, 1971-2003 (Percentages)

Fiscal policy position	Ontario		Quebec	
	Fiscal policy action		Fiscal policy action	
	Liberal	Conservative	Liberal	Conservative
Guardian	55	89	79	71
Advocate/Neutral	45	11	21	29
Total	100	100	100	100
(N)	(11)	(9)	(19)	(14)
	Rho = 0.37, p = .105		Rho = -0.09, p = .631	

But should we be content with this bivariate analysis or should we dig further into the data? Empirical research in political science and sociology has taught us that bivariate relationships may be misleading. The famous sociologist Paul Lazarsfeld formalized the table elaboration process where he showed that controlling for a relevant antecedent variable may have dramatic impacts on a bivariate relationship: a strong bivariate relationship may disappear altogether (spurious effect) or a very weak relationship may

become a strong one (suppressor effect). This idea has been generalized in statistical analysis in the concept of model specification: measures of the relationship between two variables may be biased (false) if an important variable has been left out. It is easy to find factors that may have an impact on fiscal policy speeches in addition to fiscal policy action. One could think of economic cycles (Keynesianism would prescribe a liberal discourse in order to stimulate economic recovery when the economy is slowing down) or of electoral cycles (communication specialists would prescribe a more liberal discourse right before an election in order to increase the probability for the incumbent government to be re-elected), or of partisan cycles, or government vulnerability. It just makes sense that we control for potentially disturbing variables in our effort to assess the walk-talk relationship. Let's then turn to multivariate results.

Table 7 displays the results of two multivariate regressions of change in budget balance (Δ Balance), the independent variable, on the conservatism score described in table 3 above, the dependent variable, controlling for several economic and political variables that are often related to fiscal policy. These are economic growth (Δ GDP), change in unemployment rate (Δ Unemp), strength of the left (NDP/PQ Seats), post-election year, and minority government. These results teach us two important lessons. First, the bivariate regression analysis leads to the same conclusion as the simpler contingency table analysis (table 6): the walk-talk relationship is not significant in the bivariate model, though we should add that the positive correlation found in the contingency table for Ontario has completely vanished in the time-series analysis. This means that despite its simplicity, the analysis consisting in reducing numeric variables into dichotomies and comparing percentages or computing non-parametric measures of association is valid. Conversely, this means that the more complex regression method yields results that correspond to more intuitively understandable ones. The second lesson is about the importance of pursuing the analysis through a multivariate analysis. Indeed, table 7 shows that when we control for various economic and political variables, the negative relationship in Quebec becomes significant while the insignificant relationship in Ontario remains so. We have a case of a suppressor effect in Quebec (the relationship is hidden when there is no statistical control), and a case of replication in Ontario (the bivariate

relationship holds with statistical controls). The conclusion to draw from these results is that the multivariate analysis confirms the cynical hypothesis for Ontario and reveals that the sophisticated hypothesis holds for Quebec.

Table 7 also tells us that there seems to be a Keynesian use of speeches in Quebec but not in Ontario. In economic slowdown (when unemployment increases) the discourse in Quebec is less conservative as though to stimulate recovery. But we do not find the same economic cycle in the Ontarian discourse as neither the unemployment nor the GDP growth variables are significant. There also seems to be political cycles in the fiscal content of policy speeches in the two provinces. Speeches are significantly more conservative in the years following general elections in Ontario and under minority governments. This last finding is counter-intuitive as we would have expected a negative relationship since more vulnerable governments are expected to be more fiscally liberal. There is no electoral cycle in Quebec, but there seems to be a partisan cycle. Speeches are significantly more conservative when the PQ is stronger. This result holds when I control for the 1996-99 period when the PQ government eliminated its budget deficit. I found no partisan cycle in Ontario. Obviously, further research is needed to make more sense of these results.

To conclude on the findings reported in table 7, one should be aware that whereas the number of cases for Quebec is large enough to warrant valid results, it is somewhat low in Ontario. The fact that 13 out of 33 years of the period under study have missing data suggests that we should be careful in interpreting the reported statistical results. They may not be stable, i.e. they may change as data become available and as we add cases. However, given the data under hand and given the confirmation that we get from one analysis to the other, the conclusions, if not completely convincing as far as Ontario is concerned, are quite interesting and call for further study.

Table 7: Regression estimates for the relationship between fiscal policy position and fiscal policy action in Ontario and Quebec, 1971-2003 (Standard errors in parentheses; dependent: Conservatism Score)

	Ontario		Quebec	
Constant	0.0327 (0,0213)	0,0634 *** (0,0213)	0.007 (0.0223)	0.04561 * (0.01466)
ΔBalance	.---	0.0000015 (0.0000071)	- 0.000016 ** (0.000006)	- 0.000008 (0.0000066)
ΔGDP	.---	---	---	---
ΔUnemp	---	---	- 0.002 ** (0.0008)	---
Post-Election Year	0.0686 *** (0.02005)	---	---	---
NDP/PQ Seats	---	---	0.001 ** (0.0005)	---
Minority gov.	0.0839 ** (0.03038)	---	---	---
Rho			0.34 (0.178)	0.39 (0.168)
Durbin-Watson	1,17	1.30	1.63	1.43
R-squared	0.467	0.018	0.293	.047
N	20	20	33	33

* p < 0.10; ** p < 0.05; *** p < 0.01

Estimation methods: For Quebec: Prais-Winsten;
for Ontario: Exact Maximum-likelihood with OLS's R2 and Durbin-Watson.
Results generated with SPSS.

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