



Xavier University Bhubaneswar
University Dialogue Series (UDS)

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Venue: Class Room 307

Economic Performance and Electoral Volatility: Testing the Economic Voting Hypothesis on Indian States, 1957–2013

Speakers:

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and

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This study examines the electoral consequences through vote shifting/vote volatility of variations in economic growth across 14 Indian states over the years 1957–2013. To do so we view vote volatility in two ways: first as changes in party vote shares at the assembly level and then as the state average of volatility arising at the constituency level. While the results suggest that both volatility types are reduced by higher income growth rates, volatility at the constituency level is found to be more sensitive to growth than at the assembly level. When we examine the periodicity of income growth's impact, we find that the growth rate in the final year of governance has a stronger effect on electoral volatility than does the average income growth rate arising over the entire election cycle. We then examine the impact of good versus bad growth outcomes on vote volatility and confirm for India the finding that vote volatility is larger for negative growth rates than for positive ones. This asymmetry is consistent with the hypothesis that negative performance outcomes result in a larger vote punishment than the reward for a similar sized positive outcome. When volatility is disaggregated into volatility arising from voters shifting from exiting parties to those newly entering (Type A volatility) and volatility arising from voters switching among existing parties (Type B volatility) we find that the average growth rate over the entire period of governing tenure exerts a stronger effect on Type B volatility. Type A volatility, arising from entry and exit, is more strongly affected by the growth rate arising in the final year of the tenure. Finally, we find that volatility is only weakly influenced by economic outcomes arising in neighbouring states, suggesting that voters do not appear to be influenced strongly by what is happening in neighbouring states.

Key Words: Vote volatility, Economic voting, Indian States, Political business cycle, growth asymmetries

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