Paying the Price for Party Prominence and Political Company: Cost-of-Ruling in Swedish Local Elections

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Political parties that enter into a ruling government tend to loose electoral support in the following election. This phenomenon, *the cost-of-ruling effect* (sometimes called the *negative-incumbency effect*), is a long established fact in electoral research (e.g. Fiorina, 1981). Several explanations for the phenomenon have been proposed, mostly focusing on rational choice and voter psychology (Bengtsson et al., 2013; Paldam & Skott, 1995; Stevenson, 2002). International comparative studies also indicate that the cost-of-ruling effect has increased over time, and that the effect is more complex in multiparty systems than in two-party systems (Bengtsson, et al., 2013; Downs, 1957; Robertson, 1976). However, previous research on the cost-of-ruling phenomenon has, with a few exceptions (Boyne et al., 2009; Liang, 2013; Martinussen, 2004), studied national governments and elections. Moreover, most previous studies have focused on the cost of ruling for governments rather than for individual parties. However, some studies indicate that there are strong reasons to believe that the cost of ruling effects varies among different kinds of parties (Van Spanje, 2011) or parties with different roles within the government (Narud & Valen, 2008).

The main aim of this paper is to find out if, and to what degree, there is a cost-of-ruling effect for political parties in a local multiparty system. Local government is an essential part of all political systems. Highlighting possible cost-of-ruling effects in local elections could therefore contribute to the understanding of the general mechanisms of representative democracy. Furthermore, there are methodological advantages of studying the phenomenon in local multiparty systems. The number of municipalities within a single country allows for identifying factors that affect the cost-of-ruling effect for parties in a way that comparative studies at the national level may be too imprecise to find. It is much easier to control for temporal, structural and cultural factors when studying a multitude of local election results in one single country.

Two questions are posed in this paper: First, is there a cost-of-ruling effect for individual government parties in local multiparty systems? Second, does this effect vary depending on the party's prominence and its political company within the government? The analysis will be based on the results from the four local elections (1998, 2002, 2006 and 2010) in the 290 municipalities of Sweden.

The paper begins by discussing previous studies on the cost-of-ruling effect, and especially the factors that may affect the size of the effect for individual parties. Two hypotheses for variations in the cost-of-ruling effect are then formulated: the party prominence and the

political company hypotheses. After a section where the Swedish case is presented, the variables of the study are introduced in the method section. How to measure the cost-of-ruling effect for political parties of different sizes is not self-evident, and we will discuss our methodological choices at some length. In the results section that follows, we find some support for both hypotheses. The paper ends by summarizing and discussing the conclusions.

What is cost-of-ruling and why does it appear?

Numerous studies on economic voting is engaged in the question if, and to what extent, government performance affects election results. Economic factors and other performance aspects are generally considered to be of importance for parties' electoral success in the short run, and many country-specific studies support this notion, even if the results are by no means clear-cut (Lewis-Beck & Paldam, 2000; Söderlund, 2008; van der Brug, van der EijK, & Franklin, 2007).

If election results are affected by how voters retrospectively evaluate the performance of the parties in power, we would expect parties in successful governments to be rewarded and parties in failing governments to be punished on election day. If some governments succeed and others fail, the expectation would be that the average government party over time is rewarded and punished by about equal amounts. Yet, numerous studies indicate that government parties generally lose more votes than they gain. Why is this so? Are governments more likely to fail than to succeed?

In the eyes of the voters, this might be the case. A study from the UK at the local level suggests that there is no reward for good performance but some punishment for bad performance (Boyne, et al., 2009). According the "*asymmetry of grievances*" theory (Nannestad & Paldam, 1997) people tend to put more weight on disappointments than successes (Soroka, 2014). Even when a government is relatively successful and fulfills most of its promises, the setbacks and the few promises unfulfilled stay in the minds of the voters. Opposition parties are never responsible for failed policies, and hence they do not suffer from this asymmetry in perceptions of responsibilities. Another, related theory is called "*coalition of minorities*" (Mueller, 1970) and refers to the fact that parties in opposition are more free to propose costly and popular policies while parties in government are limited to realities in the

form of economic restrictions and negotiated compromises. In the eyes of the voters, the political promises of opposition parties may thus seem more appealing.

In previous research on the cost-of-ruling effect, both government coalitions and government parties have been used as units of analysis. Some studies combine methods and focus on both governments and the prime minister's/mayor's party (Bengtsson, 2004; Martinussen, 2004; Narud & Valen, 2008). However, as most theories on cost-of-ruling are developed in the US – a country with a two-party system – the distinction between governments and individual government parties are unimportant since the majority and the opposition consists of one party each. In multiparty systems, both the majority and the opposition are usually comprised of a number of parties. In such systems, a focus on individual parties opens up for the possibility that the cost-of-ruling (and the "benefit of opposition") could vary among government parties as well as opposition parties, for example depending on their size, their role in the coalition and their establishment/anti-establishment identity (Van Spanje, 2011).

The distinction between assigning the cost-of-ruling effect to governments rather than parties is critical for the adaption of another popular explanation of the cost-of-ruling effect relating to rational choice theories centered on the median voter (Paldam & Skott, 1995). These theories might be highly relevant explanations in two-party systems where the hunt for the median voter is ever present, and likewise when a multiparty system consists of two cohesive party groups alternating in government and opposition. However, such explanations are not of much help when analyzing the cost-of-ruling effect for individual parties in more complex multiparty systems, where party coalitions are less cohesive. Furthermore, these explanations do not help us answering questions such as why some parties in ruling coalitions have higher cost-of-ruling effects than others.

Additionally, in a multiparty system new parties sometimes emerge and disappear. This fact further illustrates that government parties as a group and opposition parties as a group are not necessarily communicating vessels in terms of transfers of votes. If a new successful party arises, both the government and the opposition could potentially lose votes.

As this paper is focused on the cost-of-ruling effect for individual parties in a local multi-party system, explanations relating to election systems and two-party systems could be discarded. Instead, two other explanations than the previously mentioned will be tested: party prominence and political company.

The main idea of the *party prominence* explanation is that voters differentiate the degree of responsibility among government parties in a ruling coalition depending on how prominent each party has been within the coalition. If a party is perceived as having more influence over the coalition's policies, it is likelier to be carrying a larger share of the political responsibility in the eyes of the voters. For example, Narud and Valen (2008) suggest that the party of the Prime Minister and Minister of Finance are seen as more responsible for government's policies than other parties. If cost-of-ruling follows responsibility, the cost-of-ruling effect is expected to be stronger when a party's role in a government is more prominent and to be weaker when it is less prominent. Which party the coalition leader belongs to, and the sizes of coalition parties, are likely factors for voters to consider when determining which parties are more or less responsible for the ruling coalition's performance.

The *political company* explanation builds on the assumption that the cost-of-ruling effect for a governing party may be affected by its political bedfellows. A party might fare better in some government coalitions than in others. The theory here is that the cost-of-ruling effect increases when parties enter into a ruling coalition which is not to their voters' liking. Such a situation could for example arise when a party is an "ideological outlier" within a ruling coalition, or when a party that is perceived as anti-establishment "sells out" and takes on government responsibilities together with establishment parties (Van Spanje, 2011). Outliers and anti-establishment parties are not likely to be able to implement their programs when co-ruling with centrist, establishment parties. Their voters are therefore bound to be disappointed.

From the discussion on these party-related explanations we deduce the following two hypotheses:

> H1. *The party prominence hypothesis*: The cost-of-ruling effect is stronger for a government party when its prominence within a ruling coalition is higher, while the effect is weaker when its prominence is lower.
>
> H2. *The political company hypothesis*: The cost-of-ruling effect is stronger for a government party when its coalition partners are disliked by the party's voters, while the effect is weaker when its voters find the political company less objectionable.

The Swedish case

A condition for a cost-of-ruling effect to appear is that the voters can distinguish between government and opposition parties on election day. In some countries, local politics is not clear-cut, and cost-of-ruling effects are therefore likely to be small or absent. However, Swedish local governments have adhered to the principle of party-based parliamentary democracy for several decades. In all the 290 municipalities there is an organized ruling majority (or sometimes a ruling minority), and an opposition. The Swedish mayor equivalent (the chair of the executive board) is always the leading member of the ruling government, as is the chair of the council and all council committees (Bäck, 2005; Karlsson, 2006).[1] The party politicization of Swedish local government is high in international comparison (Gilljam, Karlsson, & Sundell, 2010; Karlsson, 2013b) and the strong majoritarian traits of local government politics affects the attitudes and practices of local representatives (Esaiasson, Gilljam, & Karlsson, 2013; Gilljam & Karlsson, 2014 ; Karlsson & Gilljam, 2014b). If there is a cost–of-ruling effect in local government, we would expect to find it in Sweden.[2]

What makes the Swedish case even more suitable for developing knowledge on the cost-of-ruling effect from a methodological point of view, is the fact that the parties represented in the national parliament dominate local politics as well. This gives us the opportunity to assess how these eight parties cope as majority and opposition parties in a great number of circumstances and parliamentary situations.

The cost-of-ruling effect in local elections has previously been observed in Norway and in the UK (Boyne, et al., 2009; Martinussen, 2004). The neighboring countries Sweden and Norway are similar in many respects when it comes to government structure and the role of party politics in local government. However, most Norwegian municipalities are smaller and the parliamentary traits less prominent than in Sweden as the local political culture is more consensual and the distinction between government and opposition parties are less clear. In the UK, the degrees of self-governance and political discretion for local leaders are much more limited than in Scandinavia. As the parliamentary traits in Swedish local government are prominent and the responsibilities of the ramifications of local government decisions are

[1] From here on, the chair of the executive board is consequently referred to as the mayor and the ruling majority of a municipality is referred to as the government (and majority parties as government parties), even though the

[2] A recent article has searched for cost-of-ruling effects in Swedish local government with negative result (Liang, 2013). However, this study used a very different approach and a more limited dataset our study.

considerable, we expect cost-of-ruling effects in Swedish local elections to be at least as strong as in Norway and the UK.

It is worth noting that the elections to local, regional and national parliaments in Sweden are held on the same day. The general consensus is that the common election day increases voter turnout in local elections but also puts local political campaigns in the shadow of national politics. It is possible that the common election day has a moderating effect on the cost-of-ruling effect in local elections, and studies on such effects must therefore take the national electoral trends into consideration. However, studies have shown that the number of split-voters in Swedish elections (i.e. voters who support different parties in the simultaneous national and local elections) is considerable and increasing (Oscarsson & Holmberg, 2013).

The political parties of Swedish local government are to a great extent the same eight parties represented in the Swedish national parliament. In the local election of 2010, four percent of the votes went to local parties. Due to the variety of coalition formations in the municipalities of Sweden, seven of the eight national parties and many local parties are represented in both ruling coalitions and oppositions around the country (Gilljam & Karlsson, 2012). The only national party that never has been part of any local ruling coalition is the Swedish Democrats.

The Swedish parties could roughly be divided into four groups with regards to establishment–anti-establishment characteristics. Two parties dominate the political scene in Sweden nationally and locally: the Social Democrats on the left and the Moderate Party (the conservatives) on the right. These are the *main establishment parties*. Additionally, there are three smaller center/right parties that could be described as *minor establishment parties*: the Liberal People's Party, the Centre Party (agrarians) and the Christian Democrats. These three parties tend to have similar positions on left-right issues, and at present (summer 2014) they are members of the national government together with the right-wing Moderate Party. In the past, both the Liberal People's Party and the Centre Party have produced Prime Ministers for the national government. The four-party coalition is commonly called "Alliance for Sweden".

To the left, the Left Party (socialists, former communists) and the Green Party have been loosely associated with the Social Democrats in the "Red-Green Alliance". They have never been members of a national government but both parties are members of ruling coalitions in many municipalities. It would be a stretch to call these two parties anti-establishment, but they certainly have some *anti-establishment tendencies*.

The Sweden Democrats (populist nationalists) have recently gained prominence in Swedish politics (Erlingsson, Loxbo, & Öhrvall, 2012), and the party could definitely be defined as *anti-establishment*. All other established parties have distanced themselves from the party and its controversial views on immigration. As a result, the Sweden Democrats are not included in the ruling majority in any of the 290 municipalities. Furthermore, in many municipalities local parties are represented in the council. Since the number of representatives from each of these local parties is too small to bring into any statistical analysis, we group them together. Most of the local parties are formed in protest against the established parties and the group of local parties could therefor fairly be described as anti-establishment.

How to measure cost-of-ruling – the dependent variable

In this study, the cost-of-ruling effect is defined as the negative effect on a party's vote share from being part of a ruling majority in the preceding election period. This effect is measured as the *relative* (percentage) change of a party's election result (share of votes) in relation to its result in the previous election.

However, the cost-of-ruling effect could also be measured as the *absolute* effect (in percentage points).The absolute measure is the most common method in previous research. The choice between a relative and absolute measure is less problematic when using governments as the unit of analysis, as the political opponents are usually about the same size. However, in a multiparty system the parties' shares of the vote vary greatly.

In this study, political party is the unit of analysis. From the perspective of a specific party, its electoral failures or successes could best be evaluated in relation to the party's point of departure. For a small party, an increase of a couple of percentage points could be a tremendous election success while the same increase for a very large party is hardly noticeable. Given our unit of analysis, we therefore find it more valid to use the relative measure of the cost-of-ruling effect.

Alas, the relative measure brings methodological complications. As smaller parties are susceptible to greater fluctuation with minor transfers of votes, a large part of the variation of a relative cost-of-ruling variable will be found among small parties. A small party could easily grow by several hundred percent, which is mathematically impossible for larger parties. Conversely, a large part of the variation would be among the larger parties if the absolute measure is used.

Another problem, which is enhanced when using the relative measure, is how to handle new parties. A party that did not participate in the previous election could not be defined as neither majority nor opposition party in the following election period, and hence it could not be affected by any cost-of-ruling effect. We have therefore decided to exclude results for new parties in the analysis. However it might be claimed that parties that stood in the previous election but failed to gain any mandates still are part of the political opposition in the minds of the voters. As a result, we have defined a "new party" as a party which gained less than one percent in the previous election.

Due to the methodological problems of both relative and absolute definitions of the cost-of-ruling effects, we will test our hypothesis by using both definitions, but focus our analysis on the relative model.

Which parties to include

There are reliable data available on which party coalitions ruled in Swedish municipalities in each election period since 1994. Since the cost-of-ruling effect must be measured as an effect on the election result by the parliamentary situation in the preceding election period, results from four Swedish local elections can be used (1998, 2002, 2006 and 2010).

In the specific context of the Swedish case, the methodological problems of one group of parties and one specific party need to be considered. Firstly, for practical reasons we have gathered the results of local parties into one category ("other parties") even though this group of "other parties" is very disparate. Many local parties are one-issue populists, but the group also includes left- and right-wing extremists and independents that have defected from established parties. As a result, each municipality could have maximum of nine parties.

Secondly, the Sweden Democrats must be considered. The Sweden Democrats have existed since the 1980s but the party was for a long time active only in a handful of municipalities. Until 2002 they were included in the "other parties" group in the official election statistics. However, in the elections of 2006 and 2010, the Sweden Democrats had considerable success and changed the political map in many municipalities. Especially in 2006 both majority and opposition parties lost votes to the Sweden Democrats. As a consequence, the results of Sweden Democrats are recorded separately from 2006, and hence the maximum number of parties in each municipality was eight in 1998 and 2002, and nine in 2006 and 2010.

There are today 290 Swedish municipalities, an increase from 288 in 1998 due to secession reforms. During this period there are 10,025 potential party election cases – keeping in mind that the numbers of national parties included in the analysis were seven in 1998 and 2002 and eight in 2006 and 2010, and that local parties were grouped as one additional category in each election. However, our final model only includes 8,892 cases. This is mainly due to the fact that some minor national parties did not stand in all local elections. Additionally reducing the number of cases are our restriction that new parties are omitted, missing ruling coalition data in 175 cases, and lacking information on two performance variables (economic growth and tax change) for a few municipalities.

The national trend

One important factor must be considered before beginning the analysis of the changes in local election results is *the national trend*. The election result of a political party at the local level could always be partly explained by the party's performance on the national political stage. A component within the national trend is the possible cost-of-ruling for parties that are members of the national government.

The effect of the national trend on local election results may be more significant in Sweden than in most other countries since Swedish national and local elections take place on the same day. In order to account for the national trend, a control variable is included in all models. The national trend for each party in each election year is measured as the mean of changed results in the 290 municipalities.

An analysis shows that the effect (unstandardized b-value) of the national trend on the local election result is close to 1.0 in all established national parties (i.e. a percentage change at the national level corresponds closely to the change locally). The national trend has the strongest effect on local results for the Christian Democrats, the Liberals and the Moderates, while the effect is weaker for the Greens, the Center Party and the Sweden Democrats. For local parties, the national trend is irrelevant as they, by definition, are absent from the national political stage. However, there is still a significant effect of a national trend on the results of "local parties" category as well, which perhaps could be described as a national trend to support anti-establishment parties in general.

The independent variables

In this section we present the independent variables used as indicators of government party prominence and political company, as well as the control variables on government performance.

Party prominence

The party prominence hypothesis states that the cost-of-ruling effect is stronger for a government party when its prominence within a ruling coalition is higher, while the effect is weaker when its prominence is lower. We will use the following indicators of a government party's prominence in order to test the hypothesis:

1) *A party's share of the government coalition*. It is likely that voters perceive a larger majority party as more responsible for the policies of the ruling majority than a smaller party. If the prominence hypothesis is true, the cost-of-ruling effect will increase with a party's share of the coalition.

2) *Mayor's party*. The undisputed political leader of a Swedish municipality (the mayor equivalent) is the chair of the executive board. The mayor is often, but not always, a representative from the largest party in the ruling coalition. To be the mayor's party means maximized visibility as a majority party in the eyes of the voters. If the prominence hypothesis is true, the mayor's party should have a stronger cost-of-ruling effect than other majority parties.

3) *(Lack of) Clarity of responsibility*: *Oversized coalition*. The importance of clarity of responsibility was first proposed by Bingham Powell and Guy Whitten who stated that the greater the perceived unified control of policymaking by the incumbent government, the more likely the citizen is to assign responsibility for economic and political outcomes to the incumbents (Powell & Whitten, 1993). Powell and Whitten classified different nations as having higher or lower clarity, and this variable has been used in several other studies. Such a general classification could not be composed in a system where the formal constitutional framework is identical, such as Swedish local government. However, the clarity of responsibility could most certainly vary between different parliamentary situations in different municipalities, and the prominence of all government parties is therefore expected to be higher when the parliamentary situation is clearer, while the prominence is lower in unclear situations. Our indicator of (lack of) clarity of responsibility is "oversized coalition", i.e.,

when there are more parties in the ruling coalition than are needed to reach 50 percent of the seats (as opposed to minimum winning coalitions where no party could leave the coalition without it losing its majority and minority coalitions where the coalition has less than 50 percent of the seats, but is tolerated by a majority). About one third of all ruling coalitions in Swedish municipalities are oversized (Gilljam & Karlsson, 2012). The parties that are actually part of the ruling coalition when it is oversized could be hard for voters to distinguish. Therefore, the unclear responsibility of parties in oversized coalitions is expected to reduce the cost-of-ruling effect for all government parties.

Political company

The political company hypothesis states that the cost-of-ruling effect is stronger for a government party when its coalition partners are disliked by the party's voters, while the effect is weaker when its voters find the political company less objectionable. We will use the following indicators of political company in order to test this hypothesis:

4) *Party*. Above we have classified the Swedish parties in four groups relating to their establishment–anti-establishment characteristics. Establishment parties are expected to take political responsibility, cooperate with other parties and rule while anti-establishment parties are expected to criticize from the side-lines. If an anti-establishment party fraternize with the establishment and enter into a ruling majority, some of their voters are likely to turn their back on their sell-out representatives. If the political company hypothesis is correct, the cost-of-ruling should correspond with a party's association with the political establishment: The cost-of-ruling effect should be strongest for anti-establishment parties, followed by parties with anti-establishment tendencies. The effect should be weakest for major establishment parties followed by minor establishment parties. Parties are accounted for in the model by four dummy variables of which one (major establishment parties) is a control variable.

5) *A coalition's ideological width*. The dominating political dimension in Swedish politics is the left-right scale, and all national parties have well-known positions on this dimension. Voters as well as local and national politicians are largely in agreement on the parties relative positions on this scale (Karlsson & Gilljam, 2014a). In creating this indicator, we start by giving each party a value on the 0-10 left-right scale based on a subjective self-classification from all 13,000 Swedish local councilors in a survey from 2008 (response rate 70 percent) (Gilljam et al., 2011).

The mean value of each party represents its position on the scale and by measuring the distance between the party furthest to the left and the party furthest to the right in each ruling coalition, the coalition's ideological width could be determined. A one-party government has the value 0 on this indicator. The mean value is 3.1. The width could theoretically vary between 0–10 but in reality the scope is narrower. As the party furthest to the left (The Left Party) has the value = 0.84 and the party furthest to the right (The Moderate Party) has 8.57, the maximum ideological width is 7.73 (8.57 – 0.84). If the party company hypothesis is correct, the voters will punish parties in wider coalitions harder compared to parties in more ideologically narrow coalitions.

6) *Ideological distance*. By assessing the number of councilors from each party in a ruling majority coalition, each coalition could be given a mean value for its average councilor on the left-right scale. The difference between a party's position on the left-right scale and the majority mean is thereby an indicator of a party's ideological distance to the coalition center. A higher value indicates that a party is an ideological outlier. According to the political company hypothesis, the cost-of-ruling effect for such outlier parties is expected to be higher.

A one-party government has the value 0 on this indicator and values could theoretically vary between 0–10, but in reality the scope is narrower. The maximum value for a majority party is 6.17 (a case where The Left Party ruled with three right wing parties). The mean value for all majority parties is 1.1. Opposition parties could also be ascribed a value for its ideological distance to majority's center, and the mean value for opposition parties is 3.9.

Government performance

As discussed above, there are reasons to believe that government performance, especially economic aspects, affects the election results of government parties. Indicators of government performance will therefore be included as control variables in the study. As a byproduct we will produce results on how government performance in general affects election results in Swedish local elections.

We will use the following indicators of government performance as control variables. The variables are all based on changes in circumstances during the previous election period:

7) *Economic growth.* Growth is operationalized as the relative increase in taxable income in the municipality. Economic growth could rise from increased wages, increased employment and population growth. Growth is an important political goal in all municipalities and a higher

growth rate could be expected to indicate government success and thereby a reduced cost-of-ruling effect.

8) *Tax change*. The local tax rate is one of the most noticeable political decisions in Swedish local politics. A tax raise is not necessarily a government failure, but it is possible that an increased tax burden will increase the cost-of-ruling effect for majority parties (Tillman & Park, 2009).

9) *Poverty change*. Social policy and poverty reduction are important parts of local responsibilities in Sweden, and an increase of poor citizens is a political failure for the local majority. This indicator is measured as the increase of inhabitants that are entitled to financial support in the form of social assistance under the Social Services Act. An increase of poverty is expected to cause a higher cost-of-ruling effect.

10) *Immigration*. Immigration of foreigners is not in itself an indicator of government success or failure, but since the issue of immigration is controversial and has been politicized primarily by the Sweden Democrats, it is possible that an increase in immigration could produce a stronger cost-of-ruling effect.

11) *Education change*. University education in itself is not a municipal responsibility, but it is a prioritized political goal for many municipalities to attract (and keep) highly skilled inhabitants. A higher value of this indicator, operationalized as the relative increase of local citizens with higher education, is expected to decrease the cost-of-ruling effect.

Models

Our analysis will be carried out in the following steps: The first step is a model (Model 1) where the effects of all indicators and control variables are measured without considering the parliamentary position of parties. In the next step (Model 2), the parliamentary position variable is added and we are here able to assess the extent of the cost-of-ruling effect in Swedish local elections under control for relevant variables. In the third step, the effects of the control variables and the indicators connected to our two hypotheses are measured separately for government parties (Model 3). Model 3 is then repeated for mayor's party only (Model 3m) and other government parties (Model 3o). The final step is to include only opposition parties in the analysis (Model 4).

Of course, the cost-of-ruling effect only concerns government parties. The indicators which are expected to influence the cost-of-ruling effect for government parties are therefore expected to have no – or opposite – effect on opposition parties. If an indicator has similar effects on government and opposition parties, this effect could not be related to cost-of-ruling mechanisms.

Indicators 1 (share of coalition) and 2 (mayor's party) are only incorporated in Model 3, as the opposition members in have no variations in these variables.

The analysis is first carried out with the relative change of election results as the dependent variable, and then repeated with the absolute change variable as the dependent variable.

Results

In order to test the party prominence and political company hypotheses multiple OLS regression is applied. The indicators of government performance, government parties' prominence and political company are introduced as independent variables in the regression models. In all models we control for election year and the national trend. The results are presented in Tables 1 and 2.

Table 1. Cost-of-ruling effects in Swedish local elections 1998-2010, dependent variable: parties' *relative* election change (OLS regression)

	Model 1 All parties		**Model 2** All parties		**Model 3** All government parties		**Model 3m** Mayor's parties		**Model 3o** Other government parties		**Model 4** Opposition parties	
	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE
Parliamentary position: Majority (*= 1*)	NI		-24.2 ****	2.2	NI		NI		NI		NI	
Control variables												
National trend	0.6 ****	0.0	0.6 ***	0.0	0.6 ****	0.0	0.6 ****	0.0	0.6 ****	0.0	0.6 ***	0.0
Election Year	CF		CF		CF		CF		CF		CF	
Party prominence												
1. Mayor's party (*= 1*)	NI		NI		11.8 ****	2.1	NI		NI		NI	
2. Share of coalition (*percent*)	NI		NI		-0.3 ****	0.0	-0.3 ****	0.0	-0.5 ****	0.1	NI	
3. (Lack of) Clarity of responsibility	1.8	1.6	3.6 **	1.6	1.6	1.2	-2.5 *	1.3	2.5	1.6	4.5 *	2.6
Political company												
4. Ideological distance (0-10)	1.4 ****	0.4	-2.7 ****	0.5	1.3 *	0.8	-0.9	1.3	1.6	1.0	-1.2	0.8
5. Coalition width (0-10)	-0.1	0.4	0.7	0.4	-1.4 ***	0.4	-0.6	0.4	-1.3 **	0.6	1.1	0.6
6. Parties: *(Control group: Major*												
Minor establishment parties	2.2	1.7	-1.9	1.7	-11.5 ****	1.8	-10.1 ****		-14.1 ****	2.7	3.2	3.1
Parties with anti-establishment tendencies	-3.3 *	1.9	-10.6 ****	2.0	-21.4 ****	2.1	-7.2		-24.4 ****	2.9	5.1	3.4
Anti-establishment parties	-44.6 ****	2.9	-57.4 ****	3.1	-123 ****	3.4	-102 ****		-126 ****	4.5	-44.1 ****	4.6
Government performance												
7. Economic Growth (*percent*)	-0.0	0.2	0.1	0.2	0.1	0.1	-0.3 ***	0.1	0.4 **	0.2	-0.2	0.2
8. Tax change (*percent*)	0.2	0.3	0.1	0.3	-0.6 **	0.2	-0.2	0.2	-0.7 **	0.3	0.4	0.4
9. Poverty change (*percent*)	0.1 **	0.0	0.1 **	0.0	-0.0	0.0	-0.0	0.0	-0.0	0.0	0.1 **	0.0
10. Immigration (*percent*)	1.0	1.0	0.9	1.10	0.4	0.7	-0.3	0.7	0.7	1.0	1.3	1.4
11. Education change (*percent*)	-0.2	0.2	-0.2	0.2	-0.1	0.2	0.2	0.2	-0.1	0.2	-0.3	0.3
Constant	6.1	4.6	28.1 ****	5.0	23.3 ****	4.7	24.6 ****	5.8	30.2 ****	6.7	17.6 **	7.8
N (*number of election results*)	8892		8892		3290		1109		2180		5601	
Adj R^2	.19		.20		.43		0.37		.45		.18	

NI = variable not included in the model, CF = Controlled for. P-values: *<.10; ** <.05; *** <.01; **** <.001

Table 2. Cost-of-ruling effects in Swedish local elections 1998-2010, dependent variable: parties' *absolute* election change (OLS regression)

	Model 1 All parties		**Model 2** All parties		**Model 3** All government parties		**Model 3m** Mayor's parties		**Model 3o** Other government parties		**Model 4** Opposition parties	
	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE
Parliamentary position: Majority (*= 1*)	NI		-1.3 ****	0.1	NI		NI		NI		NI	
Control variables												
National trend	0.9 ****	0.1	0.9 ****	0.0	0.9 ****	0.0	1.1 ****	0.6	0.8 ****	0.0	0.9 ***	0.0
Election Year	CF		CF		CF		CF		CF		CF	
Party prominence												
1. Mayor's party (*= 1*)	NI		NI		1.8 ****	0.3	NI		NI		NI	
2. Share of coalition (*percent*)	NI		NI		-0.1 ****	0.0	-0.1 ****	0.0	-0.1 ****	010	NI	
3. (Lack of) Clarity of responsibility	0.0	0.1	0.1	0.1	-0.2 *	0.1	-0.7 *	0.0	0.0		0.1	0.1
Political company												
4. Ideological distance (0-10)	0.1 ****	0.0	-0.1 ***	0.0	0.1	0.1	-0.3	0.4	0.1	0.1	-0.1 ***	0.0
5. Coalition width (0-10)	0.0	0.0	0.1 ***	0.0	-0.1 *	0.1	-0.0	0.1	-0.1	0.0	0.0	0.0
6. Parties: *(Control group: Major*												
Minor establishment parties	-0.1	0.1	-0.3 ***	0.1	-2.1 ****	0.2	-3.2 ****	0.5	-1.5 ****	0.2	-0.3 ***	0.1
Parties with anti-establishment tendencies	-0.4 ****	0.1	-0.8 ****	0.1	-2.7 ****	0.3	-3.6 **	1.7	-2.1 ****	0.2	-0.8 ****	0.1
Anti-establishment parties	-1.9 ****	0.1	-2.6 ****	0.1	-7.5 ****	0.4	-10.6 ****	1.2	-6.5 ****	0.3	-1.9 ****	0.2
Government performance												
7. Economic Growth (*percent*)	0.0	0.0	0.0	0.0	0.0	0.0	-0.1 ****	0.0	0.1 ****	0.0.	-0.0	0.0
8. Tax change (*percent*)	-0.0	0.0	-0.0	0.0	-0.1 *	0.0	-0.7	0.1	-0.0	0.0	0.0	0.0
9. Poverty change (*percent*)	0.0	0.0	0.0	0.0	-0.0	0.0	-0.0.	0.0	0.0	0.0.	0.0	0.0
10. Immigration (*percent*)	0.0	0.1	0.0	0.1	-0.0	0.1	-0.0	0.2	-0.0	0.1	0.0	0.1
11. Education change (*percent*)	0.0	0.0	0.0	0.0	0.0	0.0	0.9 *	0.0	-0.0	0.0	-0.0	0.0
Constant	-0.6 **	0.2	0.6 **	0.3	3.3 ****	0.6	7.8 ****	1.6	2.3 ****	0.5	0.9 ***	0.3
N (*number of election results*)	8892		8892		3290		1109		2180		5601	
Adj R^2	.34		.35		.43		0.44		0.42		.30	

NI = variable not included in the model, CF = Controlled for. P-values: *<.10; ** <.05; *** <.01; **** <.001

The results of Tables 1 and 2 irrefutably show that there is a cost-of-ruling effect in Swedish local elections. Under control for relevant variables, the effect in Model 2 of Table 1 is -24.2 percent, i.e., a party in a ruling coalition could expect to lose almost a quarter of its votes in the next election. In Model 2 of Table 2, where the absolute measure of election change is used as the dependent variable, the cost-of-ruling effect is -1.3 percentage points.

Furthermore, the results of Tables 1 and 2 provide information for testing the two hypotheses. The *party prominence hypothesis* states that the cost-of-ruling effect is stronger for a government party when its prominence within a coalition is higher, while the effect is weaker when it is less prominent. Two of the indicators used for testing this hypothesis produce strong but contradictory effects. In support of the hypothesis, the results clearly show that the cost-of-ruling effect correlates with a party's share of a ruling coalition – i.e., a larger party is, as expected, perceived as having larger responsibility for the coalition's policies and consequently has to take a larger part of the blame for perceived failures. In contrast, the effect of being the mayor's party is strongly positive, which is a result that goes against the party prominence hypothesis. However, the indicator "mayor's party" is highly correlated with "share of coalition" as the largest party of a coalition usually appoints the mayor.[3] In models 3m (mayor's party only) and 3o (other government parties) we notice that "share of coalition" has a negative effect for all government parties, and perhaps a little stronger effect for non-mayoral parties.

The indicator for clarity of responsibility, oversized coalitions, has a positive but not significant effect in Model 3 of Table 1 while it has a weak but significant negative effect in Table 2. The image is somewhat clearer in models 3m and 3o, where it seems like oversized coalitions are negative for mayor's parties but not for other government parties. That is congruous with the hypothesis, as the mayor's party is clearly responsible for the government in the eyes of the voters even in oversized coalitions, while other coalition members are more obscure.

The *political company hypothesis* states that the cost-of-ruling effect is stronger for a government party when its coalition partners are disliked by the party's voters, and the effect is weaker when its voters find the political company less objectionable. The most obvious result concerning this context, strongly in support of the hypothesis, is the large differences

[3] A control analysis, not presented in table 1, shows that the effect of "mayor's party" is positive but not significant when not controlling for "share of coalition".

among the parties. In line with expectations, the cost-of-ruling is by far the highest for anti-establishment parties and parties with anti-establishment tendencies.[4] The cost-of-ruling is lower for minor establishment parties and lowest for the major establishment parties.

The results also show that the indicator "coalition width" has a negative effect among government parties. This result is also in line with the hypothesis, as parties in wide coalitions were expected to be punished harder by voters. Comparing models 3m and 3o in Table 1, the results indicate that the effect is mainly affecting non-mayoral parties.

An unexpected result in Model 3 of Table 1 is the weak but significantly *positive* effect of ideological distance. The expectation was that parties which enter into a ruling coalition as ideological outliers would be punished harder by their voters for their choice of political company. The results show that the opposite is the case. Instead, centrist government parties are punished harder than outliers, not vice versa. Comparing models 3m and 3o in Table 1, the results indicate that the distance effect is positive only for non-mayoral parties.

Another notable and not foreseen result is the large difference in explanatory power between Model 3 (only government parties, adjusted R^2=.43 in Table 1) and Models 1, 2 and 4 (where adjusted R^2-values vary between .18 and .20). This means that the independent variables of the models heavily influence the results of government parties but only to a much lower extent than the results of opposition parties. To a degree, this is not surprising since the indicators are selected to affect government parties, and two of the indicators (share of the coalition and mayor's party) are only adaptable to government parties. But the large difference in explanatory power between government and opposition parties is only marginally explained by these indicators. In contrast, it is the strong party-related effects that drive up the R^2 in Model 3. Different kinds of parties are hurt by the cost-of-ruling effect to varying degrees, while no party is significantly rewarded higher than others when in opposition.

It should be noted that even though there are expected differences between Tables 1 and 2 related to the nature of the two dependent variables (such as the difference in the relative and absolute b-value for the cost-of-ruling effect in Model 2), the results concerning the indicators relating to our two hypotheses are very similar and hence do not depend on how the cost-of-ruling-effect is measured.

[4] Interestingly there is a strong negative effect for local parties in opposition as well, but not nearly as strong as among local parties in government. These results probably describe the life cycle of a normal local party – they are short-lived political actors but even more so when entering into a ruling coalition.

Finally, the results also display a surprising lack of effects on parties' election results linked to government performance. If we believe that the indicators of government performance used in this analysis are valid, the results in Table 1 give very thin support for performance-related explanations of election results. A few weak but significant effects could be noted: A change in tax rate affects the election results of government parties (raised taxes increase the cost-of-ruling, mostly for non-mayoral government parties) and a change in the occurrence of poverty in the municipality affects election results of opposition parties (a raise in poverty benefits the opposition). However, there are no significant corresponding effects of tax change on opposition parties and of poverty change on government parties. A surprising result that is hard to explain is that in both Table 1 and Table 2, economic growth has a negative effect on the mayor's party but a positive effect on non-mayoral government parties. As leader of the executive board, the Swedish mayor is not only the "local Prime Minister" but also the equivalent to the "Minister of Finance". It could be expected that the political leader responsible for local finances should be rewarded for good economic development.[5]

Conclusion and discussion

The first question raised in this paper is if there is a cost-of-ruling effect for individual government parties in a local multiparty system. The results from the case of Sweden clearly indicate that the answer to this question is yes. On average, and under control for relevant variables, a party loses almost a quarter of its share of the votes after an election period in government. Using absolute measures, the size of the cost-of-ruling effect is estimated to be 1.3 percentage points.

The second question is whether this cost-of-ruling effect varies depending on the party's prominence and its political company within the government. The results clearly indicate that the answer to this question is also yes. But the results are far from conclusive and they raise several new interesting questions.

Concerning the *party prominence* hypothesis, a party's share of the coalition is, as expected, positively correlated with the cost-of-ruling effect. Surprisingly, being the mayor's party has the opposite effect. Consequently, being a large party in a ruling coalition could well be compensated by getting hold of the mayor position. To be a large party without the mayor

[5] According to the asymmetry of grievances theory, bad performance has stronger impact than good performance. However, control analyses show that there are no such effects here.

position is not to be recommended to stay in power. If a small government party attains the mayor position, which does happen from time to time, the cost-of-ruling effect is considerably reduced or possibly erased.

One possible interpretation of this result is that being the mayor's party is not primarily an indicator of a party's responsibility for the coalition's policies. Maybe the effect tied to the mayor is due to increased media exposure or a party image tied to a well-known and perhaps respected personality.

The great differences among the parties indicate that *political company* is an important factor for explaining variation in the cost-of-ruling effect. Anti-establishment parties are punished harder by their voters for entering into a government compared to establishment parties. Parties in ruling coalitions that are ideologically wide are also more harshly punished. This is not surprising since party supporters could be expected to be less satisfied when their party enters into a government with ideological adversaries as compared to one-party rule or coalitions with ideological friends.

However, under control for coalition width and differences related to the particular parties, the results show that ideological outliers within a government are rewarded with a slightly reduced cost-of-ruling effect, while parties closer to the center of the ruling coalition have a stronger cost-of-ruling effect. This is surprising and in conflict with the hypothesis, since outliers were expected to be punished harder by their supporters. One possible interpretation is that this result could be related to the party prominence explanation. Perhaps voters are more likely to associate parties in the ideological center of a ruling coalition as more prominent government members, while ideological outliers are deemed as less prominent and hence less responsible for government performance.

Many previous studies have proposed that government performance and economic variables affect parties' election results. Government performance indicators were therefore included as control variables in the study, but the results did only show very feeble performance effects. This is a bit surprising since our five performance indicators are very essential aspects of local politics. Perhaps additional indicators, as well as variables making clearer distinctions between performance success and performance failure, might add explanatory power to our models.

The most notable result in this paper is probably the considerable variation of cost-of-ruling effects among different political parties, differences that are not matched with corresponding effects among opposition parties. To be in opposition on election day seems to be a beneficial position for all parties, while being in government is only detrimental to some.

* * *

In the eyes of many students of parties and elections, a local election is a second order election where the voters' knowledge of political affairs and party positions may be put in question. And even though the ruling coalitions of Swedish municipalities are very real phenomena, the coalitions are formed by informal institutions making the local majority parties less manifest in the public eye, especially in comparison to the parties of a national government. The discrepancy between formal rules and political practice, and the high reliance of informal institutions (Karlsson, 2013a), are one of the greatest challenges for Swedish local democracy (Karlsson & Montin, 2013). However, the results of this study prove that even if the national trend is a very decisive factor in Swedish local elections, the evidence of substantial cost-of-ruling effects in these elections is an indication that voters are well aware of who governs their locality and they hold the ruling parties accountable in a way similar to how national government parties are treated. Local elections in Sweden are thus less secondary than some experts suggest.

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