Party Competence and the Macro Polity

Jane Green
School of Social Sciences, University of Manchester
jane.green@manchester.ac.uk

Will Jennings
University of Southampton
will.jennings@soton.ac.uk

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This paper reveals a national mood in aggregate evaluations of party competence which translates from government party to opposition, which has meaningful consequences for party ratings for competence, and which significantly shapes congressional voting intentions. Analysis of this ‘macro-competence’ measure, which is constructed using a dataset of 2,512 poll measures of issue handling for parties over six decades, and then based on closer quarterly analyses between 1980 and 2009, reveals that voters judge party competence on the basis of mood in evaluations of policy handling as well as on the basis of a president, the state of the economy and on partisan leanings. The paper offers an aggregate level theory of public opinion about government and party competence, about the way in which parties gain and lose reputations for competence – irrespective of presidential approval – and introduces a measure of policy competence which can contribute in new ways to our aggregate level explanations of congressional party support, and of the Macro Polity in general.

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Voters are influenced by a range of day-to-day public policy outcomes which are only distantly or indirectly related to presidential performance, congressional control or the current state of the economy. Commentators and media outlets report on these things; they assess whether the administration is handling issues well and whether the country is heading in the right direction. Pollsters regularly ask which party is most likely to run federal government capably. To the extent that citizens hold the party in control of federal government responsible, the party in government and the president can gain a reputation for good performance, or they may gain a reputation for incompetence. Opposition politicians seek to determine which message gains ground, highlighting the failure of the administration when things are going badly, whereas incumbent politicians try to highlight the administration’s success in managing the broad range of policies for which it is responsible. These performance signals influence party competence reputations as well as those of a president. Parties have long-standing reputations and commitments as coalitions on issues which transcend the policy priorities of the incumbent party’s president or the priorities of the opposition in congress (Aldrich 1995; Karol 2009), and presidential approval is only one aspect of a citizens’ evaluation of the general policy competence of a party in power. Despite this, few studies analyse whether party competence evaluations on domestic and foreign policy represent a relevant dynamic of public opinion and whether this represents an important electoral consideration (for exceptions, see Miller and Wattenberg 1985; Cover 1986; Abramowitz et al. 1986).

This paper develops a theory of public opinion about party competence proposing that presidential approval, partisanship, economic conditions and congressional approval (established measures that can be viewed as measures of competence or performance) cannot be expected to encompass public evaluations of the administration in terms of policy competence and handling, nor of the hypothetical performance evaluations of the opposition. Party competence provides distinct information about the policy handling of the party in power, and of the party in opposition. We theorise that citizens transfer policy evaluations from issue-to-issue and form a general evaluation of party competence on policy which extends across policy domains. Such generalised competence ratings for parties in and out of power will represent significant dynamics in public opinion. This theory motivates the estimation in the paper of an underlying dimension in public evaluations of party competence, or ‘macro-competence’, using an established method of extracting common variation in aggregate public opinion (Stimson 1991). Using 2,512 survey items about parties on competence or handling on policy issues, the paper presents an aggregate measure of party competence for both parties, spanning six decades.

Using this measure of macro-competence we test a number of theoretical propositions about party competence. We expect that opposition parties gain competence boosts and losses from citizens’ updating of assessments of the performance of the party in power and find support for this expectation. Then, combining the effects of in-party and out-party macro-competence on congressional ballot, and estimating the effects for party competence residuals (purging information from other covariates) we find strong, systematic and substantive impacts of party competence on congressional party support. The paper argues that macro-competence is necessary for a fuller understanding of the macro-polity, and suggests a range of behavioural questions this measure of party competence can make possible in future research.
Performance Politics and the American Voter

An influential debate took part in the 1960s to 1980s concerning whether voters were prospective, judging the policy positions of parties and casting a ballot based on policy preference (Downs 1957; Campbell et al. 1960) or whether voters were retrospective. Retrospective voters reward the incumbent for good performance and vote the incumbent out if things go badly (Key 1961; Fiorina 1977; 1981). Miller and Wattenberg’s (1985) study of presidential candidate performance and policy evaluations revealed that voters judge incumbent candidates on the basis of retrospective performance evaluations and challenger candidates on the basis of prospective performance evaluations. Their study of presidential elections between 1952 and 1980 showed that candidate performance evaluations outweighed effects for candidate policy positions in all but one election (the 1964 presidential election). These are classic studies that have guided the view that the American voter is strongly performance-oriented in his or her vote choice.

If we are to understand performance effects it might be assumed that presidential approval captures the electorates’ evaluations of competence on policy (Miller and Wattenberg 1985; Krosnick and Brannon 1993), and of events (Mueller 1970; Brody and Page 1975; Ostrom and Simon 1985; MacKuen 1983; Nadeau et al. 1999). Alternatively, macro-partisanship (MacKuen et al. 1989) offers a valid measure of retrospective policy performance evaluations of the government (Fiorina 1977; 1981), as well as the lens through which the voter assesses the performance of different parties (Campbell et al. 1960; Bartels 2002; Evans and Andersen 2006). Studies have shown how economic performance influences vote outcomes (see Lewis-Beck and Stegmaier 2000; Duch and Stevenson 2008, for reviews) and how economic performance and events shape presidential approval (Mueller 1970; Ostrom and Simon 1985; MacKuen 1983; MacKuen et al. 1992). Research also reveals how presidential approval and economic expectations bear upon voters’ approval of congress (Fiorina 1981; Durr et al. 1997) and on congressional ballot (Kernell 1977; Cover 1986; Jacobson and Kernell 1983), alongside congressional activity itself (Durr et al. 1997; Jones and McDermott 2009). Voters care about performance, policy management, and about competence.

However, in all these studies, the focus of analysis is the incumbent president rather than the administration per se, or the president’s party. We are given to assume that the president, and his (her) evaluation, is the focus for citizens’ evaluations of policy outcomes and performance, be they economic or otherwise, and that partisanship and congressional approval are responsive to presidential performance. But do citizens attribute all responsibility for policy, management and performance to the individual in the White House? Does the president’s party suffer a performance loss, or gain, that follows a downturn in presidential approval and in administration competence which may persist after a president has left office? Undoubtedly so. Voters make evaluations of their state representatives that bears on a party’s reputation for competence, not just a president’s. And we need to consider party competence when thinking about the hypothetical evaluations of an opposition party’s competence. Presidential approval (and economic evaluations, partisanship and congressional approval) cannot be sufficient for explaining how citizens form judgements that the current out-party will do a better job, especially when that party has no candidate and no clear policy platform on which to make a decision. We propose that candidate-oriented performance indicators miss an important electoral evaluation; namely, that parties (not just candidates or presidents) have reputations for policy competence, and that these have important electoral consequences.
Governing Party Competence as Performance Information

In studies of congressional ballot, Cover (1986a; 1986b) and Abramowitz et al. (1986) argued that party competence acts as a mediating variable through which national conditions influence the vote. This variable could account for the gap between the outcomes of presidential and mid-term elections – since it is the party, not the president, whose fortunes rise and fall in mid-term elections.\(^1\) Parties are known to ‘own’ certain issues, and issue ownership is strongly correlated with party support (Petrocik 1996; Petrocik et al. 2003). It can help explain party and candidate issue agendas in a range of campaign contexts (Budge and Farlie 1977; 1983; Bellucci 2006; Green-Pedersen 2007; Belangér and Meguid 2008; Green and Hobolt 2008). In this paper we return to the concept of party competence, arguing for a different measure. We subject this new measure to validation and estimation, and propose a series of theoretical propositions that would hold if party competence is primarily a performance assessment and if it translates from the party in power to the party out of power. We evaluate whether party competence shapes congressional ballot, alongside existing aggregate measures.

We propose that party competence evaluations are responsive to administration performance, policy handling and trustworthiness for competence. Chanley et al. (2000) found that negative perceptions of the economy, scandals associated with congress and public concern about crime all lead to declining trust in government and declining support for Congress, which translated to the administration’s party, and/or the party in control of the House. As Citrin and Green (1986: 432) stated, “when Americans express trust or mistrust in ‘government’ their answers largely reflect their feelings about the incumbent national administration.” As a party governs - represented by the president, its representatives in Congress, and its federal (and state-level) administration - it gains or loses a reputation for competence across a range of policy areas. This would suggest that there is considerable fluctuation in party competence ratings, as a party’s reputation and standing for policy competence is responsive to perceptions of the administration’s policy successes and failures, as well as to events, economic shocks and presidential performance. It would also suggest that there are longer-term shifts, as citizens evaluate national conditions for good or for bad, and attribute them to the president and to the president’s party. Aggregations of district level party performance evaluations and party attributions for competence will capture movement when evaluations move in a positive or negative direction, on average. These evaluations should therefore be relatively slow to shift. Short-term fluctuations in administration competence might be expected to have both transitory and long-term effects on party competence evaluations, as some effects decay quickly and others exhibit persistence. Those that persist contribute to a party’s long-term reputation about competence, but this competence can be lost when a party is in government. This notion of party competence as an aggregate performance assessment is different to the notion of ‘ownership’ (Petrocik 1996) but not incompatible. Parties may have more positive reputations on some issues, in general, and these relative advantages may persist, but all evaluations should be responsive to performance information, and therefore exhibit within-issue rating variation over time.

\(^1\) Party competence was measured in these studies using Gallup’s question concerning the party better able to handle the most important problem.
For the party out of power (the party not holding the presidency) we formulate alternative propositions. It is much less likely, although not impossible, that a party can suffer a significant performance evaluation loss through its own actions when in opposition. Opposition parties may provide competence signals through their choice of congressional candidates and party leaders. Scandals and elite reputations may reflect on a national party’s reputation, although any aggregate national effects would be difficult to detect. Opposition parties’ competence reputations may be influenced by their unity or disunity in the public eye, their policy statements, their party spokespeople, their behaviour and success in Congress (especially with a majority in the House), and through their administration of government when in control of state legislatures and governorships. But these evaluations are unlikely to fluctuate as much as the performance ratings of a government. Citizens have fewer concrete performance signals upon which to judge the competence of the opposition. Until out-parties select their candidate, citizens have no leader upon which to evaluate the likely performance and competence of a president. The out-party should not be held responsible for the conditions of services, of crime levels, the state of public amenities, etc., and the state of national conditions in general. We might expect partisan evaluations to drive opposition party competence assessments more directly, but performance assessments to drive competence assessments for the party currently in power (Green and Jennings 2012).

Opposition parties’ competence evaluations will be boosted when the incumbent suffers a competence loss. An opposition parties’ competence rating will increase as the incumbent president loses popularity, as citizens trust his (or her) administration to a lesser degree over time and as they look for an alternative Commander-in-Chief. An adverse shock to the economy will result in a loss of competence to the incumbent and an increase in relative competence to the opposition. Hence a positive economy benefits an incumbent and an economic downturn benefits an opposition. These effects should not be perfectly symmetrical. Voters may come to think that neither party is competent. Such perceptions of party weakness may be unresponsive to the popularity of presidents or to improving economic conditions, and reflect dissatisfaction with the institutions of government (Aldrich 1995). However, we expect an out-party’s competence to be influenced strongly by the competence evaluations of a party in government, far more so if not exclusively, rather than in the opposite direction. Some shocks to the administration’s party will persist on out-party competence and some will dissipate, just as for governing party competence.

Party competence should be strongly responsive to party identification. Debate persists regarding whether partisanship represents a running tally performance assessment (Fiorina 1977; 1981), or an identity-based orientation through which citizens view their politics (Campbell et al. 1960; Bartels 2002; Green et al. 2002). Competence assessments should undoubtedly be strongly tied to partisanship, but if partisanship is a running tally, partisanship should relate to a party’s performance evaluation; about the party providing a retrospective performance evaluation through its period in the White House, and about the hypothetical or prospective evaluation of the party out of power. If party identification is a source of bias, we must control for partisanship in any models of

2 A party may be viewed as competent if it adopts more moderate positions than its rival. Alternatively, it may be viewed as competent when it takes a clear policy position. We remain agnostic on this point, but explore the positional nature or competence assessments in a later section. We recognise that voters may assess a party as competent on an issue because they agree with the policy, even controlling for partisan affiliation.
the effects of competence, and take into consideration the conditioning effects of partisanship on perceptions of party competence for parties in and out of power alike.

Our theoretical assumptions can be summarised as follows.

(1) We expect party competence ratings to be responsive to performance signals for parties in government and in opposition. However, party competence will not be equivalent to presidential approval, economic outcomes or evaluations, or congressional approval. Parties have reputations for competence which are related to – and still distinct – from these existing performance measures.

(2) If (1) is true, then party competence should be strongly related to partisanship (since citizens identify with parties, more than presidents). Party competence should account for partisan updating to some extent, but competence will not only be endogenous to partisanship.

(3) The competence assessments of the opposition party should be responsive to those of the government, but this relationship will not hold in the reverse direction.

(4) Party competence should provide explanatory power in models of generic congressional ballot (i.e. party vote choice).

For the purposes of this paper we leave our assumptions at this point, but if party competence shapes congressional ballot we expect competence to shape party considerations, strategies and policy decisions. These possibilities are reflected upon in the concluding section of the paper.

Measuring Competence: Voters’ Evaluations of Party Competence as Mood

Previous studies of party competence (Cover 1986a; 1986b; Abramowitz et al. 1986) used Gallup’s survey question about ‘which political party can do a better job of handling the most important problem’. This measure has been used elsewhere as a means of assessing issue ownership (Petrocik 1996). But this measure is problematic. Answering the question of which party ‘can do a better job’ must be strongly influenced by partisanship, and it is unclear whether an answer would be purely positional, rather than based on policy competence. The distinction between competence (or valence) issues and positional issues (Stokes 1963) is not clear-cut (Fiorina 1981), but a question asking citizens about the party to do a better job is particularly opaque. We propose an estimation of party competence based on Stimson’s (1991) theory and method of mood in public opinion at the aggregate level, using a range of data specifically relating to issue handling, competence, governance and trust.

Mood in Party Competence Evaluations

Stimson’s (1991; 2004a) theory of ‘mood’ in public policy preferences revealed that shifts in public opinion often move in tandem and are reducible to an underlying left-right dimension. There are strong theoretical grounds for thinking that public evaluations of party competence are fundamentally consistent with the concept of an underlying mood in public opinion, which in turn can be linked to judgements at the micro-level which often are reducible to a single, dominant consideration (Tversky and Kahneman 1982; Zaller and Feldman 1992). Voters will use available performance information on a policy issue to gauge the likely performance of a party (in government, or opposition) on a range of policy issues. The electorate, and the media, form a generalised
judgement about the competence of a party in government – which reflects also on the party in opposition.

In the aftermath of the 9/11 attacks, President George W. Bush’s handling of the crisis led his ratings for handling foreign affairs leapt from 54% to 81% (June/October Gallup data). However, his ratings also increased on his handling of social security (41% to 54%), on the economy (54% to 72%), on the federal budget (46% to 59%), and even on the environment (50% to 54%). These effects may reflect the public rallying around the flag, or a jump in Bush’s approval in general. But there is also the possibility that Bush’s performance provided a reliable cue about Bush’s handling of a crisis, and his competence to manage in terms of policy. (Note that partisan identification did not shift in the same way, despite shifts in evaluations of presidential performance.) Voters may have rated Bush more positively on foreign affairs, and therefore thought him more competent to handle other issues. It is rational for a citizen to ascribe a government’s handling of an issue they are familiar with to issues on which the voter is less certain of the government’s competence. This idea is consistent with ideas of heuristics and cognitive shortcuts (Tversky and Kahneman 1982; Zaller and Feldman 1992). It would also be rational for a citizen to expect that incompetence on one issue will be symptomatic of incompetence on others. These signals tend to confirm in the public the idea that a party in government cannot be trusted, is out of ideas, or that the management of the administration will be similarly poor across multiple policy areas. Following Campbell et al. (1960; also Converse 1964), we posit that the majority of citizens rely on general judgments of which party will be dependable or capable, and they will take this information from a variety of transferable cues.

Public opinion about party competence may be especially generic across issues compared to performance variables on which voters have more accurate information, such as the economy. Parties develop reputations for caring about an issue over time, but the degree to which they display competence on issues will be diffuse and slow moving (Petrocik 1996) and general across issues, as public opinion about party competence is shaped in the aggregate over time. To the extent that information is more readily available for the party in office, we expect competence reputations to be eroded over a governing electoral cycle. The costs of governing literature would predict that a government’s problems and difficulties compound, and voters evaluate them increasingly negatively (Rose and Mackie 1983; Schlesinger 1986; Anderson 1995; Merrill et al. 2008).

This theory of public opinion about competence can be seen as an addition to the concept of issue ownership (Petrocik 1996; Petrocik et al. 2003). Parties have issues on which they may generally be seen as more competent, or less so, but as ratings on less positively rated issue move upwards and downwards, so ratings on other issues do also. This general fluctuation and variance in evaluations of competence will be indicative of a public mood about party competence but the rank competence rating of a party’s different issues may still determine their issue emphasis in campaigns.

Data and Method

If public opinion about party competence across the issue agenda tends to move in tandem over time, it follows that handling evaluations on diverse policy issues should load onto an underlying dimension. This proposition can be tested using Stimson’s dyad ratios algorithm (Stimson 1991). Stimson’s dyad ratios algorithm enables the estimation of common movement in public attitudes over time, using survey items from multiple research organisations with different question wordings, and has been applied extensively (e.g. Durr et al. 1997; 2000; Chanley et al. 2000; Kellstedt 2000;
Keele 2007; Bartle et al. 2011). Using 2,512 polling items identified between 1939 and 2011, the dyad ratios algorithm is used to estimate common variation in competence ratings across the available range of policy domains.\(^3\) The underlying competence dimension is estimated and a summary index of competence ratings for each party is calculated over the same time span, which we label ‘macro-competence’. The data are drawn from a range of sources including commercial pollsters such as the ABC/Washington Post and CBS/New York Times poll series, the Gallup ‘Brain’ online database, and NBC/Wall Street Journal survey reports, and survey organisations such as the Pew Research Centre, as well as from datasets held by the Roper Center for Public Opinion Research. This identified a large number of survey items relating to issue competence through search terms such as ‘handle’, ‘better job’, ‘manage’ and ‘trust’. A typical question wording asks respondents “Who do you trust to do a better job of handling the economy: the Democrats or the Republicans?” Further examples of the survey items are reported in Appendix A. To ensure face validity, survey items are dropped from the analysis where the issue topics are known to be unequivocally positional: i.e. moral issues, cultural issues, race and civil rights, environmental issues and social security. This left 1,954 items remaining in the dataset.\(^4\)

**Estimation and Exploration of Macro-Competence**

The dyad ratios algorithm generates an estimation of longitudinal covariation in competence ratings for each party, capturing the underlying latent construct. This first dimension of macro-competence explains 60% of all variance in public evaluations of issue competence of the Democratic Party and 53% for the Republicans. This confirms that evaluations of party competence exhibit a substantial degree of shared movement. When a party is rated higher (lower) on a particular issue, there is a good likelihood that its rating on other issues will exhibit similar movement. These figures are also substantively high: the first dimension of the public policy mood measure accounts for some 27% of the variation in preferences (Stimson 1991, see online files).

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\(^3\) Stimson’s dyad ratios method builds upon the idea that the ratios of survey responses to the same question at different points in time provide meaningful information about change over time in public opinion. Each of these pairs of survey responses forms a dyad. For the purposes of this analysis, survey responses are observations of positive evaluations of a party’s competence in handling a particular issue (for example, the percentage of respondents rating a party as better able to handle the economy or the percentage rating a party as doing ‘quite well’ or ‘very well’ in handling crime). For each question series, there is at least one and often multiple ratio estimates (i.e. dyads). Because we have hundreds of question series, there are often a substantial number of overlapping estimates of the relative competence of a party in a given year. However, not every survey item is an equivalent indicator of the underlying construct. As a result, the squared correlations of each item with the latent dimension are estimated iteratively and used to weight items in the index proportional to their indicator validity (Bartle et al. 2011, p. 269). The dyad ratios algorithm thus extracts the central tendency of survey items relating to policy competence, analogous to a principal components approach.

\(^4\) In fact, the results are not sensitive to the composition of the measure in terms of whether or not items relating to positional issues are included. Nevertheless, for considerations of face validity, we considered it reasonable to confine the measure to those issues on which citizens can plausibly evaluate competence, rather than being predominantly ideological in nature.
The algorithm also can be used to extract a second dimension. This is less easy to interpret and accounts for far less variation, just 12% for the Democrats and 11% for the Republicans. In theory it is quite conceivable that citizens’ evaluations of party competence load onto a second dimension. This dimension might contain performance evaluations that are distinct from the principal component, enabling parties to perform better on certain issues when the general tide of opinion is against them (i.e. ownership) or it could be reducible to partisanship or policy preferences that affect survey items on issue handling.⁵

We first examine the face validity of the first dimension, ‘macro-competence’. Figure 1 plots this for the Republicans and the Democrats between 1945 and 2010.

From this, the measure appears to reflect the relative strength/cohesiveness of the parties and their reputations for governing. For most of the time period between 1945 and 1980 the Democrats held a relative advantage over the Republicans. They suffered occasional dips such as around 1953, 1967 through 1970, which coincided with escalation of the Vietnam War, and in 1979 through 1981 towards the end of the Carter presidency and the troubled 1970s. Ratings of the Republicans occasionally peaked for short periods during the mid- to late 1950s under President Eisenhower and in the late 1960s under the pre-Watergate Nixon. Then, from the 1980s onwards, the index exhibits the gradual strengthening of Republican competence. The Democrats gain the ascendancy in competence ratings again around 1996 after the Republican Party had taken control of the House in the wave election of 1994, and rise sharply under the presidency of George W. Bush, before falling precipitously in the aftermath of the economic bailout. In the recent time points, then, the series depict the decline of Republican competence under George W. Bush, and latter a sharp decline in Democratic competence under the presidency of Barack Obama.

It remains possible, however, that the common variation underlying macro-competence may arise due to partisan contamination. It might, instead, offer a proxy measure for presidential approval, or be tapping underlying shifts in economic evaluations. In order to explore the construct validity of our measure of party competence, we first use data on public policy mood (Stimson 1991) to determine whether macro-competence is associated with public policy preferences; a test for discriminant validity. Figure 2 presents the values of public policy mood against the net macro-competence score (Republican macro-competence minus Democrat macro-competence) rescaled, so the midpoint is 50, ⁵

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⁵ There is no clear evidence of what drives the second dimension of macro-competence. We find that macro-partisanship loads significantly onto the second dimension of macro-competence (0.549***) for the Democratic Party, but not at all for the Republicans (-0.147). This might point towards party differences in the drivers of macro-competence, and indeed the running tally of macro-partisanship. Public policy mood also loads significantly onto the second dimension of macro-competence for the Democrats (0.405**), but not for the Republicans (0.154). From inspection of loadings of question series, there is no clear pattern suggestive of either ownership or ideology, although there is weak evidence that the economy loads onto the second dimension for the Democrats and education for the Republicans. Further, tests for Granger causation using quarterly data (for the period between 1979 and 2009) do not suggest a significant link between the second dimension of macro-competence and either macro-partisanship or public policy mood.
for comparability with policy mood. The correlation coefficient for the two series is 0.26 (significant at the 95% confidence interval).

Figure 2 about here

These figures reassure us that macro-competence is not simply an ideology-based measure.

We consider the relationship between macro-competence and performance measures, including macro-partisanship. Again using correlations, we examine whether alternative performance measures (e.g. presidential or congressional approval) are strongly associated with macro-competence for the party in government (i.e. whichever party holds the presidency) or opposition. It is expected that presidential approval should be strongly associated with macro-competence when that party controls the White House. Likewise, economic evaluations (i.e. consumer sentiment) should be more strongly related to macro-competence when the party is in government (and responsible for macroeconomic policy and management), and when economic evaluations are strongly linked to presidential approval. We might expect congressional approval to be rather more strongly associated with macro-competence for the party out of power. To conduct this analysis we splice the data to be equal to macro-competence for whichever party is in power and for whichever party is in opposition (and do the same for the congressional ballot and macro-partisanship series). This enables a direct test of the link between performance measures and party competence.

Table 1 about here

The correlations between macro-competence with these variables are strongly significant; far more so than for policy mood, but not so strongly correlated that they are coterminous. The strongest statistical relationship is between macro-competence for governing parties and presidential approval. Overall, these correlations suggest that macro-competence does pick up a performance-related assessment of political parties, and is strongly tied to these evaluations, as expected if citizens’ attitudes move in ‘tides of consent’ (Stimson 2004b).

Party Competence and Fractional Dynamics

It is of substantive and methodological importance to establish the degree to which shocks to evaluations of party competence and other political judgements persist into the future. This indicates the degree to which parties are forgiven for past mistakes and mismanagement. The theoretical expectation advanced in this analysis is that macro-competence, and its covariates (i.e. presidential approval, congressional approval, macro-partisanship, consumer sentiment, congressional ballot), will contain transitory dynamics as well as substantial persistence. The aggregation of individual-level behaviour can yield long-term persistence in time series if that behaviour is heterogeneous and if autoregressive processes are present (Granger 1980; Granger and Joyeaux 1980; and Box-Steffensmeier and Smith 1996). When we are dealing with a heterogeneous

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6 We also estimated the correlations with the measure of macro-competence by Democratic/Republican party construction and the correlation coefficients were substantially weaker, as expected.

7 Box-Steffensmeier and Smith (1996) show that if a population consists of individuals whose current partisan affiliation \(x_t\) can be modeled as a function of their past values \(x_{t-1}\) and other systematic, exogenous factors
population in which the effects of shocks persist strongly for some individuals but dissipate quickly for others (i.e. the rate of autoregression varies by individual), it follows that our aggregate series will exhibit fractional dynamics: some portion of the effect of a shock will persist indefinitely while the remainder will decay. Such an “inertial element” is crucial for the formation of partisan identifications (Fiorina 1981, p. 102). Box-Steffensmeier and Smith (1998) revealed how macro-partisanship is responsive to transitory changes in economic evaluations and how it also exhibits a strong permanent component. We would similarly expect that autoregressive tendencies of individuals’ evaluations of parties on competence and their exposure to exogenous political forces would generate fractional dynamics, where shocks to parties’ competence ratings cumulate for extended periods, exhibiting long-memoried but not infinite persistence. We expect heterogeneity in the formation of competence evaluations because of individual-level variation in the strength of partisan attachments, education, political commitment and knowledge (e.g. Converse 1964; Zaller 1992), all of which would lead shocks for some individuals to persist for long periods of time, while dissipating for others at a much faster rate. Our expectation, then, is that macro-competence will exhibit fractional integration, consistent with other political time series (e.g. Lebo et al. 2000).

To enable fine-grained analysis of the time series properties of macro-competence and other macro-level attitudes (i.e. presidential approval, congressional approval, macro-partisanship, public policy mood, and consumer-sentiment), we use quarterly data for the period between 1979 and 2009. This ensures that important variation is not otherwise lost due to temporal aggregation of the data and increases the N for analysis, enhancing our statistical power.

Table 2 reports the degree of fractional integration of each variable, estimated with the Robinson (1995) semi-parametric method, which calculates the value $d$ for each series. This indicates the portion of a shock in one time period that is carried forward into future time periods. The idea of fractional integration (Granger 1980) relaxes the assumption that the order of integration, $d$, is an integer, where the value $d$ is a real number between 0 and 1.

Table 2 about here

The results of these tests for fractional integration are consistent with theoretical expectations, with the values of $d$ significantly different from zero (as is shown in the t-tests). In substantive terms this confirms that macro-competence is a fractional process: a party may experience a performance shock, in terms of a salient policy success or failure, and a portion of that shock may persist long into the future. Other parts of it decay relatively quickly. In methodological terms, this requires the data such as presidential performance ($z_t$), represented in the form $x_t = \alpha x_{t-1} + \delta z_t + \epsilon_t$, fractional integration can arise due to conditions where $0 \leq \alpha < 1$ (autoregressive processes in heterogeneous behavior) or where $0 \leq \alpha < 1$ and $\delta \neq 0$ (autoregressive processes in homogenous behavior with partisan affiliation also being influenced by current political forces).

Traditionally, time series analysis made a knife-edge decision regarding whether data are stationary I(0) or non-stationary I(1), i.e. unit root. If a series is stationary, it has a constant mean, variance and autocorrelation structure: shocks are gradually forgotten and the series reverts to the mean. If a series is a unit-root process, it has perfect memory: shocks accumulate and the series can meander widely.
to be transformed (pre-whitened) by fractional differencing each series to make it stationary using the d’s reported in Table 2.

Having rendered these series stationary through fractional differencing (indicated by a superscripted \(d\)) and using transformed data on macro-competence for governing and opposition parties (rather than for Republicans and Democrats), the analysis proceeds to examine whether macro-competence provides information and updating of macro-partisanship.

Table 3 presents results of tests for Granger causation between macro-competence and macro-partisanship. The estimation of Granger causation between time series (Granger 1969) considers whether past values of a variable \(x\) improve prediction of another variable \(y\) relative to prediction from \(y\) from past values of itself alone. This is not a test of causation in the strictest sense, but *prima facie*, provides evidence of the predictive content and the temporal ordering of one measure in relation to another (Granger 1988). To test for Granger causation, a vector autoregression framework is used, with the number of lags selected according to the Akaike information criterion (AIC). If macro-partisanship shapes macro-competence (and if macro-competence were endogenous to macro-partisanship), we would expect the temporal ordering between the variables to be stronger in the direction from macro-partisanship to macro-competence than from macro-competence to macro-partisanship. The corresponding tests for Granger causation are presented in Table 3.

**Table 3 about here**

These results reveal that there is stronger evidence that past values of macro-competence are predictive of future values of macro-partisanship (with the \(\chi^2\) test statistic significant at the 95% confidence level), than vice versa (significant at just the 90% confidence level). Past information about competence provides useful information about future values of partisanship – at the aggregate level at least. This relationship holds for governing parties, but not for opposition parties. While there is evidence of a weak relationship in temporal ordering in both directions, the results provide reassurance that macro-competence is not simply a function of partisan identification. They are also consistent with the theorisation of macro-partisanship as a running tally (Fiorina 1981), insofar as there is updating of macro-partisanship following changes in macro-competence.

We next consider the dynamics of macro-competence *between* governing and opposition parties. Following the theoretical expectations set out earlier, we expect macro-competence for parties in government to be predictive of future values of macro-competence for parties in opposition. There is no expectation that the competence standing of opposition parties should tend to lead evaluations of parties in government. Results of tests for Granger causation are reported in Table 4.

**Table 4 about here**

The findings confirm that the macro-competence of the governing party is predictive of opposition macro-competence, but not vice versa; from the party in opposition to the government. These results are consistent with our theoretical expectations, and the idea that it is performance in government that leads competence ratings for both governing and opposition parties.

From this exploratory analysis, it is evident that that macro-competence offers a potentially useful measure of party competence. It exhibits both transitory fluctuations and longer-term persistence; a
portion of the effect of shocks to evaluations of party competence is carried forward into the future, while the remainder dissipates over time. Macro-competence contains information unique to party competence. It is predictive of future values of macro-partisanship rather than vice versa. Furthermore, macro-competence for governing parties tends to be predictive of opposition competence, consistent with our theoretical expectations. It appears that the performance of governing parties provides cues to voters about the relative competence of the opposition.

What Moves Macro-Competence?

In light of these considerations, this analysis proceeds to develop a comprehensive model of macro-competence and its drivers. This serves two purposes. The first is to understand the effects of alternative performance-based or partisan measures (i.e. presidential approval, congressional approval, macro-partisanship, consumer sentiment) on this construct. The second is to determine the amount of variation in evaluations of party competence that those other measures explain.

In developing a model of macro-competence, it is expected that party competence will take long-term cues from presidential performance. This informs the decision to establish whether these variables persist in a long-run cointegrating relationship. This expectation is confirmed through the regression of presidential approval on macro-competence (as is reported in Table 5).

Table 5 about here

The cointegrating regression confirms that there is a positive and significant long-run relationship between presidential approval and macro-competence for governing parties and a negative and significant relationship for opposition parties. In a fractional cointegration framework (e.g. Clarke and Lebo 2003) the order of integration of the residuals of the cointegrating regression must be of a lower value than the order of integration of the parent series (in this case presidential approval and macro-competence), relaxing the typical requirement of cointegration models that the residuals must be stationary, i.e. I(0). The \( d \) for each of the cointegrating regressions is indeed of a lower order than the \( d \)'s reported in Table 2, pointing towards fractional cointegration of presidential approval and macro-competence.

An important feature of the fractional cointegration method is that the error-correction mechanism (capturing the long-run equilibrium) must be stationary, requiring the residuals of the cointegration regression to be fractionally differenced. The lag of the differenced residuals (\( ^dECM_{t-1} \)) is included as the ECM in our model of macro-competence. In effect, the ECM controls for long-term covariation

\(^9\) The possibility of a long-run cointegrating relationship of macro-competence with macro-partisanship as well as with consumer sentiment and congressional approval was also considered, but the significance and explained variance (adjusted R-squared) of the cointegrating regression of presidential approval on macro-competence indicated that this is the strongest long-run relationship.

\(^{10}\) We include administration dummies (excluding President Obama as our base period) to, a priori, control for differences in the gap between presidential ratings and party competence (i.e. akin to president fixed effects). In other words, we expect the long-run equilibrating relationship between the variables to be maintained over time, but it is possible that the relative distance between presidential approval and their party’s competence standing will vary by president.
between presidential approval and macro-competence before modelling the remaining variance in macro-competence as a function of other variables. In the full error-correction model, macro-competence is estimated as a function of the error-correction mechanism, congressional approval, the percentage seat share of the president’s party in the House of Representatives, the interaction of congressional approval with house share, presidential approval, macro-partisanship and consumer sentiment (measured using the Michigan Index of Consumer Sentiment). The model is fitted with the Prais-Winsten method to control for serial autocorrelation of the residuals ($\mu_t$), estimated as the first-order autoregressive process: $\mu_t = \rho \mu_{t-1} + \varepsilon_t$. This model is presented below and the results for governing and opposition parties are reported in Table 6.

$$\Delta \text{COMPETENCE}_t = \alpha_0 + \rho \Delta \text{ECM}_{t-1} + \beta_4 \Delta \text{MACRO-PARTISANSHIP}_t + \beta_5 \Delta \text{CONGRESSIONAL APPROVAL}_t + \beta_6 \text{HOUSE SHARE}_t + \beta_7 \Delta \text{CONGRESSIONAL APPROVAL}_t \times \text{HOUSE SHARE}_t + \beta_8 \text{CONSUMER SENTIMENT}_t + \mu_t$$

Table 6 about here

The results are consistent with our theoretical expectations, revealing significant and strong effects of both presidential approval and macro-partisanship on macro-competence. Interestingly, the size of the effect of macro-partisanship is greater in the governing party model than the opposition model, whereas presidential approval is of a comparable effect size in both models. Congressional approval and the effects of the interaction of congressional approval with the party seat share in the House are near-significant in the governing party model but not the opposition model. The interaction reveals that when the president’s party holds a higher proportion of the seats in Congress, the effect of congressional approval on macro-competence is reduced. This might be because during periods of unified government, presidential performance is the principal cue of governing party performance, reducing the relevance of signals about congressional competence. Consumer sentiment is not significant in either model; but these effects are subsumed in the short- and long-run effects of presidential approval, which are known to be a function of economic evaluations (e.g. Mackuen et al. 1992).

The R-squared for each model in Table 6 reveals that around 40% of variance in macro-competence is explained through the long-run relationship between party competence and presidential approval (i.e. the error correction mechanism) and through short-run effects of the other performance-based measures. There is substantial unique variation in macro-competence that is not accounted for here using potential proxies for performance (i.e. presidential approval and macro-partisanship), and is not accounted for by either congressional approval or consumer sentiment. This is a significant finding, since our model represents a cautious estimate of the remaining variance in macro-competence controlling for its long-run cointegrating relationship with presidential approval, and the short-run effects of changes in our existing measures of performance politics.

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11 We further modelled the effects of event variables, finding these to be mediated by presidential approval, and we also estimated the effects of public policy mood, which tend to be captured in macro-partisanship. Neither of these additions altered the model fit or substantive inferences.
Party Competence and the Macro Polity

For macro-competence to provide unique information about citizens’ evaluations of the competence of governing and opposition parties, it must have substantive effects on vote choice. The final part of this paper seeks to determine whether variation in macro-competence has systematic and consequential effects on party support. We use generic congressional ballot as our dependent variable. The relevant survey question is asked in a number of forms by numerous polling houses about how respondents intend to vote in their district in the upcoming congressional elections. Gallup’s original formulation of the generic ballot question asked respondents: “… If the elections for Congress were being held today, which party’s candidate would you vote for in your congressional district -- the Democratic Party’s candidate or the Republican Party’s candidate?” The congressional ballot series used here consists of 1,997 polls, dating back to 1942, from Wlezien and Erikson (2002; Bafumi et al. 2010), supplemented with data from the Gallup ‘Brain’ database and trend data on generic ballot reported at www.pollingreport.com.12 The analysis is again focused upon quarterly data between 1979 and 2009.

The modelling approach replicates the fractional cointegration framework used for the model of macro-competence; first determining whether party support exists in a long-run cointegrating relationship with macro-partisanship, then modelling the additional transitory effects of macro-competence, controlling for the long-run relationship between these measures. Macro-partisanship is strongly correlated with macro-competence and macro-competence leads macro-partisanship in the tests for Granger causation reported earlier (Table 3). The long-run cointegrating relationship between macro-partisanship and congressional ballot will capture any long-run effects of macro-competence being translated via macro-partisanship. The results of the cointegrating regression are presented in Table 7.

Table 7 about here

The results confirm a strong long-run relationship between the variables, significant and positive in direction.13 Tests were also conducted for a cointegrating relationship between party support and other measures, such as presidential approval and macro-competence. These produced far weaker evidence of fractional cointegration (maximum likelihood estimates using the Johansen test procedure for cointegrating rank did not produce significant results, as would be the case if there were multiple cointegrating vectors). The \(d\) of the residuals of each of the cointegrating regressions (in Table 7, above) is again of a lower order than the \(d\)'s of the parent series reported in Table 2, indicating the existence of cointegration between macro-partisanship and party support. These

12 The generic congressional ballot is not without issue as a measure of vote choice since its emphasis on party labels erodes the significance of incumbent candidates in local districts, in which responses tend to adhere to partisan evaluations (e.g. McGhee and Baldassare 2004). However we know that the generic ballot becomes an increasingly strong predictor of election outcomes as the election day nears (Bafumi et al. 2010) and are therefore confident that the question taps national support for each party at a given point in time, while it may not fully capture dynamics in the local districts samples.

13 The effects are identical in both models due to the construction of the macro-partisanship and congressional ballot variables as proportions of the two-party share.
residuals are reduced to stationarity by fractional differencing and are included as the error-correction mechanism in our model of party support, below. This model also tests the effect of presidential approval, macro-partisanship, congressional approval, the percentage seat share of the president’s party in the House of Representatives, the interaction of congressional approval with house share, and consumer sentiment. Because the preceding analysis showed that a substantial portion of macro-competence was a function of these other macro-level measures, the model uses the unexplained variance (i.e. the residuals) of the model for macro-competence as its measure of party competence (COMPETENCE(GOV/OPP)). This imposes a very strict test of the effect of macro-competence, ensuring that it is not explaining variance due to collinearity with other variables. If competence evaluations important for vote choice, this unexplained variance should matter. The base model of party support is estimated as shown below, with the second model incorporating contemporaneous effects of governing or opposition party macro-competence (COMPETENCE(GOV/OPP)), and the third model including the lag of governing party competence (COMPETENCE(GOV),) as well as the contemporaneous effect of opposition macro-competence (COMPETENCE(OPP)). The lag of governing party competence is used due to the expectation of retrospective evaluations for incumbents, whereas the absence of retrospective for the opposition informs the estimation of contemporaneous effects. The model is again fitted with the Prais-Winsten method to control for serial autocorrelation.

\[
\Delta^d\text{CONGRESSIONAL BALLOT}_t = \alpha_0 + \rho^d\text{ECM}_{t-1} + \beta_1\Delta^d\text{PRESIDENTIAL APPROVAL}_t + \beta_2\Delta^d\text{MACRO-PARTISANSHIP}_t + \beta_3\Delta^d\text{CONGRESSIONAL APPROVAL}_t + \beta_4\Delta^d\text{HOUSE SHARE}_t + \beta_5\Delta^d\text{CONGRESSIONAL APPROVAL}\ast \text{HOUSE SHARE}_t + \beta_6\text{CONSUMER SENTIMENT}_t + \mu_t
\]

Table 8 about here

These fractional cointegration models produce results consistent with our theoretical expectations. Party competence has a positive contemporaneous effect in model (2) for both governing and opposition parties (the effect size is twice as large for opposition parties), while in model (3) the contemporaneous effect of opposition party competence is negative on governing party vote and positive on opposition vote (both of which are strongly significant). The lagged effect of governing party competence is positive and near-significant for governing party vote and negative and significant for opposition party vote. The effects of party competence are largest, and of greatest statistical significance, for parties opposition. Furthermore, the addition of macro-competence to the model of congressional ballot, controlling for all other variables and the long-run cointegrating relationship between macro-partisanship and congressional ballot, produces as much as a nine per cent increase in the adjusted R-squared of the governing party model, and an eight per cent increase in the adjusted R-squared for the opposition model. The effects of adding the transformed measure of macro-competence does not diminish the effects of other variables, which suggests that macro-competence is not mediating the effects of these variables but it is providing additional explanatory power upon congressional ballot over time. Note, however, that inclusion of the original measure of macro-competence does not alter the substantive inferences of the results, but does reduce the size of effect and level of significance for presidential approval and macro-competence (because of the shared variance of the variables which was detailed in the model of macro-competence in Table 8). The error correction mechanism between partisanship and party support is negative and significant.
across all the models. We find positive and strongly significant short-run effects of macro-
partisanship, positive and significant (or near-significant) effects of presidential approval for
governing parties, and significant effects of party competence on congressional ballot for both
governing and opposition parties.

Macro-competence provides an insight into the importance of performance evaluations for parties
in government and parties in opposition. While performance evaluations of the opposition party are
often overlooked, assumed to be unreliable, subjective or irrelevant, this analysis has shown these
to be systematic and important in their effects. The electorate forms an evaluation of the opposition
in terms of party competence, as a function of governing party competence and other factors, and
this has a significant effect on congressional vote choice. Furthermore, this evaluation of
competence shows a substantively strong effect for the governing party, even controlling for
performance measures that are known to be important. It follows, then, that macro-competence
has significant implications for our understanding of the Macro Polity.

Conclusions

MacKuen (1983, p. 165) stated that presidential approval “represents a measure of the public’s
judgment of the current government”. This paper suggests that presidential approval does not
exhaustively encompass the public’s judgement of the current government. Parties have reputations
for competence, or incompetence, and these assessments have distinct effects upon congressional
voting intentions at the aggregate level.

This paper revealed that citizens’ evaluations of party competence resemble a mood in public
opinion. Using this concept of mood, and its appropriate measurement (Stimson 1991), an index of
party competence was estimated for the Republicans and Democrats drawing on 2,512 separate
survey items on party’s handling and performance ratings across the policy domain. The analyses
support the estimation of an underlying dimension in public opinion about party competence,
‘macro-competence’. Macro-competence has a substantive and significant effect upon vote choice
in the congressional ballot for the time-span considered here (between 1979 and 2009). This is an
important finding in itself. Macro-competence is of potential use for forecasting models of
congressional election outcomes, and for analysing party support at the aggregate level. One of the
most important contributions of this measure is that it provides a competence summary judgement
for the party out of power. Rather than being restricted to use of presidential approval for the
incumbent, scholars can use a symmetric measure of government and opposition party competence
in the analysis and understanding of party vote choice.

The implications of the analyses are threefold. The paper’s findings indicate that; (i) the incumbent
party must manage its reputation for competence and performance over and above the reputation
of the president or the state of the economy. This is not particularly surprising, but it is reassuring to
find that an electoral mechanism exists for this to present a meaningful incentive. (ii) The party out
of power receives a performance gain, or loss, from the performance of the party in government,
and opposition party competence ratings are important at the ballot box. Estimating a measure of
competence for both parties provides a conceptual and analytic advance. (iii) We show that citizens’
evaluations of party competence load onto an underlying dimension (i.e. there is a prevailing mood
in public opinion), we reveal its dynamics and its covariance with other measures, and we find that it
shapes party vote intentions. Macro-competence therefore represents both a theory about citizens’
evaluation of party competence as well as providing an empirical solution for understanding the role
of performance politics within the Macro Polity.

If macro-competence represents a prevailing mood in public opinion about the competence of
political parties, and if this has electoral consequences, it should also be true that parties and leaders
pay attention to the national mood about competence, and that this in turn shapes their behavior.
Further, macro-competence might have other attitudinal implications for the Macro Polity. Using the
measure of macro-competence presented here, scholars may start to answer a series of new
questions. For example;

Do parties take more polarized or moderate ideological positions when they have a macro-
competence advantage or disadvantage? Scholars have hypothesised that competence – or valence
– should offer an explanation for the degree of ideological dispersion with which voters are
presented (Schofield 2003). Macro-competence provides a means to assess this research question
which is not only related to the political capital of the leader at a given time point in a given election
cycle.

Do parties focus on a greater number of issues in election campaigns when their general reputation
for competence rating is high, and a narrow range when it is low? That is to say, we may be able to
understand the content of election campaigns as a function of macro-competence, rather than as a
function of issue ownership, which has been shown to result in quite conflicting results (Damore
2005; Holian 2004; Sigelman and Buell 2004) This in turn would allow us to estimate the conditions
under which parties focus on issues of concern to a broader electoral coalition, and when they focus
only on issues of concern to a narrow segment of the electorate.

Similarly, scholars may analyse whether governments address policy areas on which they are weak
when they have a general competence advantage, using this political capital to extend their
legislative agenda, and/or whether governments use the policy agenda as a means of boosting their
general party competence rating. Macro-competence allows us to examine whether governments
use their legislative programs to boost their party competence.

Furthermore, we may analyse whether parties select different types of candidates when they enjoy
a competence advantage. We might expect parties to select stronger managerial leaders when their
macro-competence advantage has been compromised, such as those with business or military
experience, but select more populist leaders when they have a competence advantage.

Macro-competence allows us to build better specified models of congressional ballot voting
intentions over three decades, and allows us to understand important dynamics in public opinion
about party competence. We offered a theory of public opinion about competence based on
performance signals, heuristics and transfer, and theorised how, at the aggregate level, performance
evaluations of the governing party translate to prospective performance ratings of the opposition.
Bibliography


FIGURE 1.
Correlation of series = 0.263* (N=58, p=0.046)
### TABLE 1. Correlations of Party Competence and Covariates

<table>
<thead>
<tr>
<th>Valence</th>
<th>Governing Party</th>
<th>Opposition Party</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.495***</td>
<td>0.432***</td>
</tr>
<tr>
<td>Congressional Ballot</td>
<td>0.490***</td>
<td>0.362***</td>
</tr>
<tr>
<td>Macro-Partisanship</td>
<td>0.779***</td>
<td>-0.618***</td>
</tr>
<tr>
<td>Presidential Approval</td>
<td>0.449***</td>
<td>-0.359***</td>
</tr>
<tr>
<td>Congressional Approval</td>
<td>0.402***</td>
<td>0.033</td>
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*p<0.05, **p<0.01, ***p<0.001  
N = 120, Start = 1980Q1, End = 2009Q4
TABLE 2. Estimates of Fractional Differencing Parameter $d$

<table>
<thead>
<tr>
<th></th>
<th>Robinson’s $d$</th>
<th>$d$</th>
<th>Std Err</th>
<th>t-ratio</th>
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<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>$d=0$</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Vote (gov/opp)</td>
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<td>0.617</td>
<td>0.085</td>
<td>7.279***</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Macro-Competence</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governing party</td>
<td></td>
<td>0.559</td>
<td>0.084</td>
<td>6.637***</td>
</tr>
<tr>
<td>Opposition party</td>
<td></td>
<td>0.706</td>
<td>0.061</td>
<td>11.515***</td>
</tr>
<tr>
<td>Macro-Partisanship (gov/opp)</td>
<td></td>
<td>0.772</td>
<td>0.086</td>
<td>9.000***</td>
</tr>
<tr>
<td>Presidential Approval</td>
<td></td>
<td>0.756</td>
<td>0.086</td>
<td>8.444***</td>
</tr>
<tr>
<td>Consumer Sentiment</td>
<td></td>
<td>0.931</td>
<td>0.083</td>
<td>11.228***</td>
</tr>
<tr>
<td>Congressional Approval</td>
<td></td>
<td>0.749</td>
<td>0.080</td>
<td>9.386***</td>
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†<0.01 *p<0.05, **p<0.01, ***p<0.001

N = 120, Start = 1980Q1, End = 2009Q4
### TABLE 3. Granger Causation Tests between Macro-competence and Macro-partisanship

<table>
<thead>
<tr>
<th></th>
<th>Governing Party</th>
<th>Opposition Party</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Macro-competence Granger-causes macro-partisanship</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( \chi^2 ) test statistic</td>
<td>8.639*</td>
<td>1.787</td>
</tr>
<tr>
<td>p-value</td>
<td>0.013</td>
<td>0.181</td>
</tr>
<tr>
<td><strong>Macro-partisanship Granger-causes macro-competence</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( \chi^2 ) test statistic</td>
<td>5.751†</td>
<td>1.894</td>
</tr>
<tr>
<td>p-value</td>
<td>0.056</td>
<td>0.169</td>
</tr>
<tr>
<td>AIC</td>
<td>6.344</td>
<td>6.270</td>
</tr>
<tr>
<td>Durbin-Watson d-statistic</td>
<td>2.064</td>
<td>2.167</td>
</tr>
<tr>
<td>Lag, selected according to AIC criteria</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>N</td>
<td>106</td>
<td>107</td>
</tr>
</tbody>
</table>

* p ≤ .05, ** p ≤ .01, *** p ≤ .001 (variables are pre-whitened through fractional differencing)

Start = 1983Q1, End = 2009Q4. Observations for the period 1980Q1 to 1982Q4 are lost due to fractional differencing of the variables.
<table>
<thead>
<tr>
<th>Macro-competence (gov) Granger-causes macro-competence (opp)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$ test statistic</td>
<td>7.575*</td>
</tr>
<tr>
<td>p-value</td>
<td>0.023</td>
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<tr>
<td>Macro-competence (opp) Granger-causes macro-competence (gov)</td>
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<td>$\chi^2$ test statistic</td>
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<td>p-value</td>
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<td>AIC</td>
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<td>Durbin-Watson d-statistic</td>
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<tr>
<td>Lag, selected according to AIC criteria</td>
<td>1</td>
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<td>N</td>
<td>107</td>
</tr>
</tbody>
</table>

* p ≤ .05, ** p ≤ .01, *** p ≤ .001 (variables are pre-whitened through fractional differencing)

Start = 1983Q1, End = 2009Q4. Observations for the period 1980Q1 to 1982Q4 are lost due to fractional differencing of the variables.
### Table 5. Cointegrating regression

<table>
<thead>
<tr>
<th></th>
<th>Governing Party</th>
<th>Opposition Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>$q^\text{PresidentialApproval}$</td>
<td>0.275***</td>
<td>-0.265***</td>
</tr>
<tr>
<td></td>
<td>(0.019)</td>
<td>(0.018)</td>
</tr>
<tr>
<td>Carter</td>
<td>-6.037***</td>
<td>-5.526***</td>
</tr>
<tr>
<td></td>
<td>(1.599)</td>
<td>(1.507)</td>
</tr>
<tr>
<td>Reagan</td>
<td>-7.071***</td>
<td>2.646***</td>
</tr>
<tr>
<td></td>
<td>(1.172)</td>
<td>(1.105)</td>
</tr>
<tr>
<td>Bush I</td>
<td>-7.308***</td>
<td>4.377***</td>
</tr>
<tr>
<td></td>
<td>(1.232)</td>
<td>(1.161)</td>
</tr>
<tr>
<td>Clinton</td>
<td>-4.716***</td>
<td>4.605***</td>
</tr>
<tr>
<td></td>
<td>(1.169)</td>
<td>(1.102)</td>
</tr>
<tr>
<td>Bush II</td>
<td>-5.985***</td>
<td>9.651***</td>
</tr>
<tr>
<td></td>
<td>(1.178)</td>
<td>(1.111)</td>
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<tr>
<td>Constant</td>
<td>28.702***</td>
<td>46.193***</td>
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<tr>
<td></td>
<td>(1.545)</td>
<td>(1.456)</td>
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<tr>
<td>Adjusted R-squared</td>
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<tr>
<td>Root MSE</td>
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<tr>
<td>Robinson’s d of residuals</td>
<td>0.331</td>
<td>0.297</td>
</tr>
<tr>
<td>Standard Error</td>
<td>0.113</td>
<td>0.085</td>
</tr>
<tr>
<td>T-ratio</td>
<td>2.926***</td>
<td>3.480***</td>
</tr>
</tbody>
</table>

* $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$

N = 120; Start = 1980Q1, End = 2009Q4
TABLE 6. Fractional Cointegration model of macro-competence

<table>
<thead>
<tr>
<th></th>
<th>Governing Party</th>
<th>Opposition Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\Delta\delta MACRO$-Competence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$\delta ECM_{t-1}$</td>
<td>-0.251***</td>
<td>-0.333***</td>
</tr>
<tr>
<td></td>
<td>(0.083)</td>
<td>(0.085)</td>
</tr>
<tr>
<td>$\Delta\delta CongressionalApproval_t$</td>
<td>1.890†</td>
<td>0.965</td>
</tr>
<tr>
<td></td>
<td>(1.051)</td>
<td>(1.142)</td>
</tr>
<tr>
<td>Share of H of Reps_t</td>
<td>-0.031</td>
<td>-0.015</td>
</tr>
<tr>
<td></td>
<td>(0.031)</td>
<td>(0.024)</td>
</tr>
<tr>
<td>$\Delta\delta CongressionalApproval_t \cdot \text{Share of H of Reps}_t$</td>
<td>-0.041†</td>
<td>-0.016</td>
</tr>
<tr>
<td></td>
<td>(0.024)</td>
<td>(0.020)</td>
</tr>
<tr>
<td>$\Delta\delta PresidentialApproval_t$</td>
<td>0.090**</td>
<td>-0.109***</td>
</tr>
<tr>
<td></td>
<td>(0.029)</td>
<td>(0.027)</td>
</tr>
<tr>
<td>$\Delta\delta Macro-Partisanship_t$</td>
<td>0.740***</td>
<td>0.401*</td>
</tr>
<tr>
<td></td>
<td>(0.172)</td>
<td>(0.169)</td>
</tr>
<tr>
<td>$\Delta\delta ConsumerSentiment_t$</td>
<td>-0.026</td>
<td>0.026</td>
</tr>
<tr>
<td></td>
<td>(0.028)</td>
<td>(0.027)</td>
</tr>
<tr>
<td>Constant</td>
<td>1.003</td>
<td>1.105</td>
</tr>
<tr>
<td></td>
<td>(1.525)</td>
<td>(1.224)</td>
</tr>
<tr>
<td>$Rho$</td>
<td>0.311</td>
<td>0.080</td>
</tr>
<tr>
<td>Durbin–Watson $d$-statistic</td>
<td>1.921</td>
<td>1.991</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.429</td>
<td>0.361</td>
</tr>
<tr>
<td>Root MSE</td>
<td>1.418</td>
<td>1.340</td>
</tr>
</tbody>
</table>

† $p \leq 0.1$, * $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$.  
N = 108; Start = 1983Q1, End = 2009Q4
# TABLE 7. Cointegrating regression (Partisanship)

<table>
<thead>
<tr>
<th></th>
<th>Governing Party</th>
<th>Opposition Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>$d_{\text{Vote}_t}$</td>
<td>0.702***</td>
<td>0.702***</td>
</tr>
<tr>
<td></td>
<td>(0.033)</td>
<td>(0.033)</td>
</tr>
<tr>
<td>$d_{\text{Macro-Partisanship}_t}$</td>
<td>13.584***</td>
<td>16.186***</td>
</tr>
<tr>
<td></td>
<td>(1.607)</td>
<td>(1.683)</td>
</tr>
<tr>
<td>Constant</td>
<td>13.584***</td>
<td>16.186***</td>
</tr>
<tr>
<td></td>
<td>(1.607)</td>
<td>(1.683)</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.795</td>
<td>0.795</td>
</tr>
<tr>
<td>Root MSE</td>
<td>1.917</td>
<td>1.917</td>
</tr>
<tr>
<td>Robinson’s $d$ of residuals</td>
<td>0.394</td>
<td>0.394</td>
</tr>
<tr>
<td>Standard Error</td>
<td>0.075</td>
<td>0.075</td>
</tr>
<tr>
<td>T-ratio</td>
<td>5.268***</td>
<td>5.268***</td>
</tr>
</tbody>
</table>

* $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$  
N = 120; Start = 1980Q1, End = 2009Q4
### TABLE 8. Fractional Cointegration model of macro-competence on party support

<table>
<thead>
<tr>
<th></th>
<th>( \Delta^d \text{Vote}_t )</th>
<th>( \text{Governing Party} )</th>
<th>( \text{Opposition Party} )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>( d \text{ECM}_{t-1} )</td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>( \Delta \text{CongressionalApproval}_t )</td>
<td>-0.271** (0.096)</td>
<td>-0.202* (0.097)</td>
<td>-0.297*** (0.092)</td>
</tr>
<tr>
<td>( \Delta \text{Share of H of Reps}_t )</td>
<td>0.791 (1.080)</td>
<td>0.710 (1.031)</td>
<td>0.568 (1.008)</td>
</tr>
<tr>
<td>( \Delta \text{Differential} \text{Macro-Partisanship}_t )</td>
<td>-0.093** (0.029)</td>
<td>-0.092*** (0.027)</td>
<td>-0.090** (0.027)</td>
</tr>
<tr>
<td>( \Delta \text{Differential} \text{CongressionalApproval}_t ) * ( \text{Share of H of Reps}_t )</td>
<td>-0.019 (0.025)</td>
<td>-0.017 (0.024)</td>
<td>-0.014 (0.023)</td>
</tr>
<tr>
<td>( \Delta \text{PresidentialApproval}_t )</td>
<td>0.049 (0.032)</td>
<td>0.054† (0.032)</td>
<td>0.059* (0.032)</td>
</tr>
<tr>
<td>( \Delta \text{Consumer Sentiment}_t )</td>
<td>0.725*** (0.191)</td>
<td>0.735*** (0.188)</td>
<td>0.723*** (0.180)</td>
</tr>
<tr>
<td>( \Delta \text{Differential} \text{Macro-Competence (Gov)(Residuals)}_t )</td>
<td>0.050 (0.031)</td>
<td>0.048 (0.031)</td>
<td>0.039 (0.031)</td>
</tr>
<tr>
<td>( \Delta \text{Differential} \text{Macro-Competence (Opp)(Residuals)}_t )</td>
<td>-0.188† (0.106)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>( \Delta \text{Differential} \text{Macro-Competence (Gov)(Residuals)}_{t-1} )</td>
<td>-</td>
<td>-</td>
<td>0.205† (0.105)</td>
</tr>
<tr>
<td>( \Delta \text{Differential} \text{Macro-Competence (Opp)(Residuals)}_t )</td>
<td>-</td>
<td>-</td>
<td>-0.392*** (0.109)</td>
</tr>
<tr>
<td>Constant</td>
<td>6.048*** (1.458)</td>
<td>5.998*** (1.356)</td>
<td>5.893*** (1.354)</td>
</tr>
<tr>
<td>Rho</td>
<td>0.148</td>
<td>0.068</td>
<td>0.128</td>
</tr>
<tr>
<td>Durbin–Watson ( d )-statistic</td>
<td>1.968</td>
<td>1.989</td>
<td>1.982</td>
</tr>
</tbody>
</table>

\( ^\dagger p \leq 0.1, ^* p \leq 0.05, ^{**} p \leq 0.01, ^{***} p \leq 0.001. \)

\( N = 108; \text{Start} = 1983Q1, \text{End} = 2009Q4 \)