

"Towing the Party Line on Your Home Turf? On Partisan Effects on Economic Freedom across Canadian Provinces"

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Abstract

This paper examines how political ideology influenced economic freedom in the Canadian provinces. We analyze the dataset of economic freedom indicators compiled by the Fraser Institute in 10 Canadian provinces over the 1981-2005 period and introduce two different indices of political ideology: government and parliament ideology. The results suggest that government ideology influenced labor market reforms: market-oriented governments promoted liberalization of the labor market. Parliamentary ideology did not influence economic liberalization at all. This finding identifies differences between leftist and rightwing governments concerning the role of government in the economy and indicates that ideological polarization concerns governments but less parliamentary fractions in the Canadian provinces.