Political Discourse and Defence Spending in Canada: Exploring Rhetorical Framing and Fiscal Outcomes Since 1990

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Abstract

This thesis investigates the relationship between political discourse and Canadian defence spending from 1990 to 2023, with particular attention to how discourse on defence spending interacts with fiscal conditions, electoral timing, political ideology, and external security pressures. An original dataset of House of Commons debates was constructed, with each speech excerpt systematically coded as either expansion-oriented or restraint-oriented defence spending rhetoric. These discourse measures were analyzed alongside macroeconomic and political indicators using local projection methods to estimate how their associations with defence spending unfold across eight forecast horizons (eight years). Many of the findings provide support for the study's three core hypotheses. First, defence-related discourse responds systematically to economic and political contexts (H1): restraint-oriented rhetoric is more prevalent during periods of rising inflation, worsening fiscal balances, and under left-leaning governments, whereas expansion-oriented rhetoric is more common in contexts of strong economic growth, improving fiscal balances, and heightened external security pressures, though it declines in the lead-up to elections. Second, variations in political discourse trends are associated with subsequent shifts in defence spending (H2): restraint-oriented rhetoric is consistently linked to declines in defence expenditures from short-term horizons through the long term, while expansion-oriented rhetoric exerts no measurable short- or medium-term effect and only becomes significantly associated with increased spending in the longer term. Third, economic and political factors independently shape defence allocations (H3): rising debt and inflation correspond to sustained reductions in defence spending and left-leaning governments are linked to immediate spending reductions, whereas heightened security pressures lead to increases that materialize over longer horizons. Overall, the analysis indicates that expansion-oriented defence spending discourse is more prevalent in House of Commons debates than rhetoric oriented toward restraint. However, restraint-oriented discourse shows a more immediate and consistent association with subsequent spending outcomes, whereas the influence of expansionary discourse becomes apparent only over longer temporal horizons. Collectively, these findings highlight the mechanisms through which different patterns of political discourse can be associated with defence spending patterns over the period examined, while also emphasizing the importance of future research that incorporates political discourse into broader measures of public spending.

Keywords: Alliance theory, Budgetary policy, Canada's defence spending, Content analysis, Defence policy, House of Commons debates, Local projections, Parliamentary debates, Political budget cycles (PBCs), Political discourse, Time-series analysis

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1. Introduction

Political discourse operates as one of the mechanisms through which policy priorities are constructed and legitimized, influencing how incumbent governments articulate agendas, justify decisions, and allocate public resources (Béland, 2009; Cao et al., 2024; Chilton, 2004; Romer & Romer, 2004). In the context of Canada's defence policy, political discourse surrounding defence spending levels is typically framed as a reflection of broader economic conditions, electoral cycles[1] as well as geopolitical threats and international commitments (Nossal, 2020; Perry, 2020; Skogstad & Compton, 2022). While existing literature on defence spending has identified fiscal conditions, external security threats, and political cycles as key determinants of defence spending levels (Klomp & de Haan, 2024; Massie & Vucetic, 2020; Perry, 2020; Skogstad & Compton, 2022; von Hlatky & Vucetic, 2023), the extent to which political discourse responds to these determinants and can be associated with tangible changes in Canada's defence expenditures remains to be examined. This study aims to address this gap by investigating the following research question: How has political discourse on defence spending influenced Canada's defence spending outcomes from 1990 to 2023, and to what extent have external security pressures, fiscal conditions, political ideology, and electoral cycles influenced this relationship?

To address this research question, this study adopts a positivist ontology[2] and applies a quantitative, time-series framework to evaluate how political discourse influences Canadian defence spending between 1990 and 2023. Drawing on a combination of content analysis of House of Commons debates and local projection regressions, this study examines the

[1] In the literature on political budget cycles (PBCs), electoral cycles are frequently associated with the ideological factors that shape government spending priorities, as party identity arguably influences both pre-election fiscal strategies and the long-term allocation of government resources. Even when not explicitly enumerated as a determinant of defence spending, political ideology will remain a fundamental independent variable in this analysis.

[2] See Zyla (2018) for a detailed literature review of studies on defence spending – particularly in the context of burden-sharing – that adopt a positivist approach. This analysis highlights how this ontology has shaped prevailing understandings of burden-sharing dynamics within NATO, while also limiting attention to ideational factors such as norms, identity, and political discourse (Zyla, 2018).

relationship between rhetorical signals from elected officials and subsequent defence budget outcomes. This thesis aims to contribute to the literature on defence spending in three distinct ways. First, it introduces an original measure of defence spending-related discourse by classifying House of Commons debate records according to expansionary and restraint-oriented classifications. Second, it investigates how fiscal, electoral, and strategic pressures shape the content and intensity of these rhetorical patterns in House of Commons debates. Third, it estimates whether shifts in political discourse precede measurable changes in defence spending, thereby testing the possibility that political rhetoric operates not only as an instrument of political messaging but also as an indicator of defence policy intent. Thus, by integrating political speech data with macroeconomic and political variables, this study offers an empirical approach to understanding how discourse interacts with budgetary decision-making in the Canadian defence context.

2. Literature Review: The Determinants of Canada's Defence Spending

2.1 The Role of Political Budget Cycles (PBCs) in Defence Spending

The broad literature on PBCs primarily focuses on how electoral dynamics influence fiscal and budgetary policy decisions on a federal level. PBCs typically emerge in the period leading up to an election, when incumbent governments may choose to strategically adjust budgetary policies to shape voter perceptions and improve their chances of re-election (Klomp & de Haan, 2013a). This pattern is understood to persist due to the prevailing assumption that voters, to some extent, base their party preferences on recent economic conditions, which in turn enables governments to create short-term economic advantages through targeted spending to influence voters (Besley & Case, 1995; Nordhaus, 1975, as cited in Klomp & de Haan, 2013a). While traditional PBC theory focused primarily on how domestic economic performance

influences electoral outcomes (Besley & Case, 1995; Nordhaus, 1975), more recent scholarship has extended this framework to examine how electoral incentives shape fiscal and budgetary policy behaviour, including sector-specific allocations such as defence (Klomp, 2023; Klomp & de Haan, 2013a; Klomp & de Haan, 2013b). Building on more recent developments in PBC research, Franzese (2002, as cited in Klomp & de Haan, 2013b) observes that while the evidence for electoral cycles influencing long-term macroeconomic performance is limited, there is stronger empirical evidence of short-term fiscal manipulation ahead of elections, particularly in more politically visible spending areas that offer clear electoral advantages for incumbent governments (Boucher, 2020). This connection between economic performance and voting behavior is further supported by studies such as Aidt et al. (2011, as cited in Klomp & de Haan, 2013a) and Eslava (2011), both of which demonstrate a positive correlation between favourable economic conditions and voter support for incumbents.

Within the broader literature on PBCs, a subset of studies focuses specifically on how electoral dynamics influence defence spending decisions. This body of work highlights the role of fiscal and economic conditions (Klomp & de Haan, 2024; Perry, 2020; Shi & Svensson, 2006; Stone, 2005), external security threats and alliance commitments (Chapman, 2019; Leuprecht & Sokolsky, 2015; Richter, 2021; Solomon & Fetterly, 2024; von Hlatky & Vucetic, 2023), and political ideology (Brown, 2018; Klomp, 2023; Klomp & de Haan, 2024) in shaping both defence policies and spending patterns. Within the literature on the political economy of defence budgeting, two principal strategies are identified as options for incumbent governments during or near election periods: either increasing defence spending to stimulate domestic economic growth and thereby appeal to voters, or reducing defence budgets in order to reallocate resources toward public policy areas perceived as more appealing to voters (Bove et al., 2017; Klomp, 2023;

Perry, 2020; Solomon & Stone, 2020). With regard to the first strategy, Klomp's (2023) meta-regression analysis of empirical studies indicates that incumbent governments may increase defence expenditures during election periods to stimulate economic growth. This effect is particularly evident in countries with a well-developed defence industry and tends to be most pronounced in times of electoral uncertainty (Bove et al., 2017). For instance, Richter (2021) argues that defence budgets are strategically used not only to enhance economic growth but also to project national strength, thus appealing to voter concerns regarding national security. As such, by directing resources towards prominent sectors such as defence, incumbent governments may influence public perception and improve their re-election prospects through targeted fiscal measures (Shi & Svensson, 2006; Skogstad & Compton, 2022). Conversely, in nations with a relatively underdeveloped defence industry, incumbent governments may choose to cut defence budgets during election periods to reallocate resources towards more voter-appealing public sectors, such as social policy (Albalate et al., 2012; Klomp, 2023; Van Dalen & Swank, 1996). This trend is particularly pronounced in Canada, where reductions in defence spending have been commonly enacted by incumbent governments as part of political strategies aimed at garnering broader support during election periods, and where funds are often reallocated to sectors that are more likely to be perceived as higher priorities by the public (Dempster, 2020; Klomp, 2023; Perry, 2020; Perry, 2023; Rodman, 2020; Skogstad & Compton, 2022).

2.1.1 Fiscal Conditions

Canada's fiscal culture arguably contributes to shaping defence spending, particularly during periods of economic constraint (Perry, 2020; Perry, 2023). Canada's defence industry has remained relatively underdeveloped (Klomp, 2023; Lagassé, 2020), and scholarship on Canadian defence spending identifies this condition as a key factor explaining why post-Cold War

incumbent governments have consistently constrained defence expenditures, given the limited political incentives to increase them (Perry, 2013). While declinists – experts who believe that reduced defence spending diminishes national security and global influence – argue that post-1990s defence cuts compromised Canada's security and standing, proponents of the realist approach tend to view these reductions as a valid balance of defence spending against other national priorities (Sokolsky, 2004, as cited in Perry, 2013). The Canadian government's periodic focus on budgetary consolidation has often resulted in adjustments to defence budgets during times of fiscal austerity, such as during the 1990s, when the federal government reduced defence spending by approximately 30% in real terms (Perry, 2013; Perry, 2015; Solomon, 2003; Solomon & Stone, 2013). This periodic emphasis on achieving balanced budgets reflects a broader fiscal culture that prioritizes short-term economic stability over long-term military investments (Azzimonti et al., 2016; Leuprecht & Sokolsky, 2015). Moreover, some studies argue that these periods of focus on fiscal restraint have contributed to procurement delays and a lack of a long-term defence strategy, thereby compromising Canada's ability to meet the spending targets set out in its alliance commitments (Lagassé, 2020; Perry, 2020; Rodman, 2020).

2.1.2 Ideological Influences

The literature on PBCs and defence spending recognizes political ideology as a determinant of government decision-making, particularly in how electoral incentives influence the framing, justification, and prioritization of defence expenditures (Dempster, 2020; Klomp & de Haan, 2024; Skogstad & Compton, 2022; Wenzelburger & Böller, 2020). For example, during the 1990s, the Liberal government under Jean Chrétien significantly cut defence spending as part of broader deficit reduction efforts, leading to sustained declines in the size and capabilities of

the Canadian Armed Forces (Leuprecht & Sokolsky, 2015). Under Stephen Harper, the Conservative government initially emphasized fiscal discipline but nevertheless increased defence spending, partly in response to operational demands in Afghanistan (Government of Canada, 2014; Leuprecht & Sokolsky, 2015). However, between 2010 and 2015, it implemented significant reductions as part of a renewed fiscal consolidation strategy, despite continued pressure from NATO to raise expenditures (Blüm & Potrafke, 2019; NATO, 2014; Skogstad & Compton, 2022). More recently, the Trudeau government's 2017 defence policy, *Strong, Secure, Engaged*, pledged significant reinvestments in equipment, personnel, and infrastructure (National Defence, 2017). However, several experts argue that its implementation has been hindered by fiscal constraints, procurement delays, and evolving political priorities (Massie & Vucetic, 2020; Perry, 2020; Rodman, 2020; Solomon & Fetterly, 2024; von Hlatky & Vucetic, 2023).

Moreover, while some researchers have observed a degree of continuity in defence policy under both the Harper and Trudeau governments, others caution that this consensus remains tenuous (Rempel, 2020). Studies commonly attribute this fragility in policy continuity to Canada's relatively underdeveloped strategic culture, the predominance of domestic political considerations over long-term planning, and the vulnerability of defence priorities to fiscal and partisan pressures (Rempel, 2020). In this context, other experts highlight Canada's defence procurement system, which is often characterized by complexity, risk aversion, and capacity shortfalls, as a factor that further undermines policy continuity by contributing to persistent delays and disrupting the timely implementation of planned capabilities (Perry, 2020; Skogstad & Compton, 2022). Since the 1990s, both Liberal and Conservative governments have alternated between periods of restraint in defence spending and periods of investment, patterns that the literature suggests are driven more by budgetary constraints and electoral considerations than by

a sustained strategic vision for Canada's defence policy (Skogstad & Compton, 2022). Although many quantitative studies suggest that ideological preferences do matter (Klomp, 2023), some recent empirical work suggests these preferences operate primarily within tight economic and political bounds. Thus, fiscal pressures and external security considerations appear to exert greater influence over defence spending decisions than party ideology alone (Brown, 2018; Cao et al., 2024; Klomp & de Haan, 2024; Perry, 2020; Skogstad & Compton, 2022; von Hlatky & Vucetic, 2023).

2.1.3 External Security Threats and Alliance Commitments

Canada's alliance commitments to the North Atlantic Treaty Organization (NATO) and the North American Aerospace Defense Command (NORAD) are widely regarded as significant influences on the formulation of its defence spending objectives (Massie & Vucetic, 2020; Richter, 2021). Notably, comparative and cross-national studies, including those by Blüm and Potrafke (2019) and Haesebrouck (2021), show that alliance commitments, particularly within NATO, are a significant determinant of defence spending across member states, including Canada (Hartley & Sandler, 1999; Koivula, 2021; Koivula, & Ossa, 2022; Zyla, 2018). Numerous scholars of defence policy draw on Ørvik's (1973) "defence against help" thesis to enrich analyses of the strategic behaviour of smaller or middle power states situated in close proximity to larger powers, applying this framework in particular to the relationship between Canada and the U.S. Ørvik's (1973) thesis suggests that, in order to preserve their sovereignty, smaller states must maintain a level of military preparedness that is sufficient for preventing larger allies from intervening and offering military support (Charron & Fergusson, 2020). Many experts agree that, in Canada's case, the relationship with the U.S. has rather been shaped by a strategy of "borrowing help" through defence arrangements such as NORAD, in which Canada

appears to rely willingly on U.S. capabilities rather than being driven by a desire to avoid intervention or unsolicited "help" (Charron & Fergusson, 2020, p. 108; Nossal, 2020). Consequently, many studies contend that Canada's reliance on alliances, especially with the U.S., has allowed it to maintain relatively low levels of defence spending compared to some of its NATO allies (Leuprecht & Sokolsky, 2015; Massie & Vucetic, 2020; Skogstad & Compton, 2022). Some empirical research lends support to this interpretation of "easy riding," noting patterns in which reductions in certain areas of Canadian defence spending have coincided with increases in corresponding areas of U.S. defence expenditures (Haesebrouck, 2021; Leuprecht & Sokolsky, 2015, p. 541; Skogstad & Compton, 2022, p. 630; Solomon & Fetterly, 2024). While this reliance is cost-effective in the short term, it raises concerns among scholars and policymakers regarding Canada's long-term defence strategy and its ability to respond to evolving global security threats (Dempster, 2020; Rodman, 2020).

Furthermore, Canada's reliance on U.S. defence capabilities has been observed to introduce a degree of alliance dependence and may also interact with the dynamics of PBCs, as procurement delays can be more pronounced during times when governments appear cautious about committing to major defence expenditures during politically sensitive pre-election periods (Kimball, 2010; Klomp, 2023; Kreps, 2010; Perry, 2020; Solomon & Fetterly, 2024). Some scholars argue that this reliance is an important factor contributing to Canada's recurring difficulty in meeting its NATO commitments, such as the target of allocating two percent of GDP to defence, which in turn raises questions about Canada's commitment to the alliance and its broader international defence responsibilities (Massie & Vucetic, 2020; NATO, 2021; Solomon & Fetterly, 2024). Although this dependence may enable Canada to maintain relatively low defence expenditures while benefiting from the protection and stability provided by alliances

(Perry, 2013; Skogstad & Compton, 2022), some experts contend that international alliance pressures will continue to influence Canada's defence policy, particularly as NATO intensifies its focus on collective security challenges in response to the evolving global security environment (Blüm & Potrafke, 2019; Haesebrouck, 2021; Skogstad & Compton, 2022; von Hlatky & Vucetic, 2023). In this context, some studies suggest that during periods of heightened international security risks, external threats and alliance commitments may exert a stronger influence on defence budget allocations than domestic economic and political factors (Blüm & Potrafke, 2019; Conklin, 2022; Eslava, 2011; Klomp, 2023; Leuprecht & Sokolsky, 2015; Skogstad & Compton, 2022; von Hlatky & Vucetic, 2023).

2.2 Exploration of Research Gaps in the Literature

Scholarly research on the association between PBCs and defence expenditure has long recognized the tendency of incumbent governments to adapt fiscal behaviour and budgetary policy choices in response to electoral incentives. In the Canadian context, this dynamic is further complicated by the need to balance domestic political considerations with the strategic obligations associated with multilateral defence partnerships (Haesebrouck, 2021; Richter, 2021; Skogstad & Compton, 2022; Solomon & Fetterly, 2024). Existing research suggests that defence spending decisions do not occur in isolation but are embedded within broader economic and geopolitical contexts (Klomp, 2023). However, while much of the literature focuses on political and fiscal constraints, strategic alignment, and alliance politics, comparatively little attention has been directed toward the rhetorical practices through which defence priorities are framed, justified, and articulated within Canada's political arena. Existing studies in budgetary policy analysis suggest that political leaders frequently use discourse as a strategic tool to justify budgetary decisions, particularly under conditions of economic uncertainty or heightened

electoral competition (Alesina & Tabellini, 1990; Halac & Yared, 2022; Shi & Svensson, 2006). However, the extent to which discourse functions as a genuine driver of policy choices, rather than merely reflecting existing constraints, remains to be further examined (Herwartz & Theilen, 2020).

Although recent contributions have begun to formalize the role of rhetoric in budgetary decision-making, including efforts to quantify ideological statements in party platforms and assess their predictive value (Cao et al., 2024), relatively few studies have extended this approach to the parliamentary arena in the Canadian context. This points to a significant gap in the literature. Moreover, there is a growing recognition of the need to treat political discourse as an active factor in shaping defence budgetary outcomes, and an increasing number of studies now examine how such discourse influences defence policy decisions. For instance, in the U.S. context, Quaglia et al. (2022) demonstrate that partisanship alone provides limited explanatory power for legislative spending patterns, emphasizing instead the strategic use of rhetorical framing by individual legislators in response to institutional and electoral constraints. In the Canadian context, Landriault et al. (2020) demonstrate that media and political support for defence spending is closely tied to the way such investments are framed, particularly in relation to alliance commitments and perceptions of the U.S. as a strategic partner. Extending the analysis beyond single-country cases, May (2016) offers a comparative account of parliamentary discourse in Canada and France, illustrating how ideological justifications rooted in economic and security narratives are deployed to legitimize restrictive policy decisions. Overall, these examples suggest that the literature increasingly recognizes political discourse not merely as a reflection of political and economic constraints, but as a mechanism through which political

actors can construct legitimacy, mobilize support, and influence the direction of policy across a range of domains, including but not limited to defence.

Furthermore, it is worth noting that, while not situated within a positivist framework, several contributions grounded in political discourse theory[3] highlight the constitutive function of language in shaping institutional understandings of concepts such as fiscal responsibility (Laver et al., 2003; Scholz, 2019; Skubic & Fišer, 2024). As Scholz (2019) argues, discourse serves both an interpretive and performative function, where it not only conveys arguments but also structures the conditions under which certain policy actions become intelligible, legitimate, or politically necessary. In the Canadian context, this relationship is particularly salient in debates over defence spending, which are often articulated through broader narratives of sovereignty, regional security, and economic discipline (Massie & Vucetic, 2020; Perry, 2020; Skogstad & Compton, 2022). Even though rhetorical framing is recognized as important for understanding how defence policy is communicated, justified, and legitimated, existing research lacks systematic positivist analysis of how variations in parliamentary discourse may influence actual defence spending outcomes over time. This thesis responds to that gap by treating political language as a temporally structured and analytically tractable variable. Building on the local projections modeling approach developed by Cao et al. (2024), the study adopts a single-country time-series design to examine the dynamic relationship between rhetorical shifts in Canadian parliamentary debates and changes in defence expenditure.

Finally, from a methodological perspective, existing literature examining political discourse on Canada's defence spending tends to rely heavily on descriptive analyses, qualitative

[3] For further discussion of political discourse theory, see Laver et al. (2003), Scholz (2019), and Skubic and Fišer (2024). Although these works are not framed within a positivist tradition, engaging with such perspectives can help inform the interpretation of findings derived from content analysis and statistical methods by offering deeper insight into how language constructs meaning within institutional contexts.

case studies, or comparative approaches. While these methods are valuable for identifying historical patterns and contextual trends, they are less suited to isolating the specific causal mechanisms that link political narratives, domestic constraints and international pressures, and defence spending decisions (Massie & Vucetic, 2020; Perry, 2020; Rempel, 2020; Skogstad & Compton, 2022). Although some existing quantitative research identifies correlations between common determinants of government spending and defence spending patterns (Klomp, 2023; Skogstad & Compton, 2022), few studies apply quantitative techniques such as local projections or vector autoregressive models to directly test whether political discourse is associated with defence spending outcomes (Massie & Vucetic, 2020; von Hlatky & Vucetic, 2023). In addition, there is a gap in terms of the research that applies content or sentiment analysis to assess how the tone, framing, and emphasis of political rhetoric on defence spending evolves over time. This gap is particularly significant, as political narratives arguably influence public expectations and policy priorities and may also serve as a proxy for understanding the underlying motivations of political actors (Béland, 2009; Boucher, 2020; Cao et al., 2024; Chilton, 2004; Romer & Romer, 2004). Thus, future research could address these gaps by combining statistical analysis of spending determinants with longitudinal content analysis, offering a more complete understanding of how political discourse interacts with political, economic, and strategic factors to shape defence spending decisions in Canada.

3. Theoretical Framework for Analyzing Defence Spending in Canada

3.1 PBC Theory

Canada's defence spending decisions since the 1990s can be examined through the framework of PBC theory, which supports the notion that incumbent governments strategically adjust budgetary policies during election periods to maximize voter approval, often prioritizing short-term electoral gains over long-term policy objectives (Klomp & de Haan, 2013b; Nordhaus, 1975). The concepts of political ideology and political discourse are central to shaping budgetary priorities and defence policy, yet they arguably function in distinct but interconnected ways. Political discourse typically refers to the narratives, rhetorical strategies, and communicative tools employed by political actors to shape government decisions (Cao et al., 2024). It is often reflected in increased activity within parliamentary committees, including statements and reports on politicized issues, as well as in policy commitments and electoral campaign rhetoric. This discourse typically functions as a mechanism through which policymakers frame fiscal and policy matters, adjusting their messaging to align with economic conditions, electoral considerations, and shifts in public opinion (Cao et al., 2024; Fleisher, 1985; Quaglia et al., 2022). For instance, in the context of defence spending, expansionary defence spending rhetoric often emphasizes national security, alliance commitments, or geopolitical threats, and can evolve to reflect changing political contexts or public sentiment, which in such cases would arguably reinforce the legitimacy of defence initiatives (Boucher, 2020).

It can be contended that political ideology provides the structural foundation that informs a government's approach to its decisions and policies, including on defence spending, while political discourse serves as the primary vehicle through which these ideological commitments are articulated, reinforced, and justified in policy debates (Cao et al., 2024; Haesebrouck, 2021).

As such, both ideology and discourse are conceptual in this study but serve distinct roles. Ideology refers to the overarching framework that shapes political and policy preferences, while discourse represents the means through which these ideological positions are expressed and contested in political debate (van Dijk, 2006). In this context, electoral imperatives and long-term security priorities are reflected in political discourse, not as mere manifestations of ideology, but as part of the broader interaction between political narratives, institutional constraints, and policy decisions (Blyth, 2002; Hall, 1993). Rather than responding to external constraints in purely technocratic terms, political actors often mobilize discourse to interpret fiscal conditions, security challenges, and alliance obligations in ideologically resonant ways (Massie & Vucetic, 2020; von Hlatky & Vucetic, 2023).

In the case of Canada, electoral pressures can influence budgetary outcomes, yet their effects are often mediated by the ways in which political leaders articulate these imperatives within broader ideological narratives (Lehmann et al., 2024; Perry, 2020; Skogstad & Compton, 2022; Solomon, 2003). Some studies emphasize the reciprocal nature of this relationship, where political discourse both reflects and shapes ideological commitments, influencing public expectations and the prioritization of defence spending (Brender & Drazen, 2008; Cao et al., 2024; Romer & Romer, 2004). In the context of Canada's defence policy, these conflicting priorities are particularly noticeable in instances where governments strive to reconcile immediate electoral considerations with the long-term need to invest in modernizing military capabilities and fulfilling alliance commitments (Lehmann et al., 2024; National Defence, 2024; Parliamentary Budget Officer, 2024; Skogstad & Compton, 2022; von Hlatky & Vucetic, 2023). Thus, this study conceptualizes ideology as one of the underlying determinants of defence spending decisions, while discourse is examined as the mechanism through which these

ideological orientations are communicated, adapted, and operationalized in budgetary decision-making (Brender & Drazen, 2008; Cao et al., 2024; Romer & Romer, 2004).

3.1.1 Defining PBCs in the Context of Defence Spending

In the context of defence spending, PBCs generally refer to election-driven adjustments in military expenditures, in which governments may increase defence spending to build political support or redirect resources toward other sectors perceived as more appealing to voters (Alesina et al., 2019; Cao et al., 2024; Klomp & de Haan, 2024; Nordhaus, 1975; Shi & Svensson, 2006; Shmuel, 2020). For the purposes of this study, these cycles will be defined as changes in defence spending levels made during election years, driven by the incumbent government's perceived need to align budgetary policy decisions with its political priorities. In the defence context, some research on PBCs highlights a tension between short-term electoral imperatives, often reflected in political discourse that prioritizes sectors associated with higher voter approval such as social policy, and longer-term security priorities and objectives, including alliance commitments (Klomp & de Haan, 2013b; Klomp & de Haan, 2024; Leuprecht & Sokolsky, 2015; Perry, 2020; Van Dalen & Swank, 1996). See Figure 1 for a summary of the key determinants of defence spending and defence spending discourse, as identified in the literature.

Figure 1

Matrix of Defence Spending Discourse and Defence Expenditure Configurations: Commonly Identified Determinants by Discourse-Spending Alignment

	Expansive Defence Spending	Restrained Defence Spending
Pro-Expansion Defence Spending Discourse	⇒ Favourable fiscal conditions (e.g., surplus, low debt) ⇒ High external threat perception ⇒ Strong alliance pressure (e.g., NATO targets) ⇒ Right-of-centre or hawkish government ⇒ Electoral incentives to appear strong on defence ⇒ Public opinion in favor of defence	⇒ Fiscal constraints (e.g., deficit, austerity) ⇒ Need for alliance credibility with limited defence spending capacity ⇒ Moderate or centre-left government ⇒ Pre-election signalling under fiscal constraints ⇒ High defence salience but low fiscal capacity
Pro-Restraint Defence Spending Discourse	⇒ Inertia from legacy capital investments ⇒ Spending driven by alliance compliance (e.g., existing commitments) ⇒ Low domestic salience of defence issues ⇒ Minority or caretaker government with limited political capital	⇒ High fiscal pressures (e.g., recession, debt control) ⇒ Public preference for non-defence sector spending ⇒ Defence spending is electorally non-salient ⇒ Weak alliance pressure ⇒ Low external threat perception ⇒ Left-of-centre or antimilitarist government

3.1.2 Defining Political Ideology in the Context of Defence Spending and PBCs

Political ideology is a central concept within this theoretical framework and in the broader literature on defence spending. In the context of PBCs, it typically refers to the incumbent government's orientation on the left-right political spectrum, encompassing the beliefs and values that shape its budgetary priorities and defence policy choices (Cao et al., 2024; Haesebrouck, 2021; Skogstad & Compton, 2022). In the context of defence spending, political ideology typically reflects trade-offs between social programs and military expenditures (Bove et al., 2017; Blüm & Potrafke, 2019; Haesebrouck, 2021; Wenzelburger & Böller, 2020; Skogstad & Compton, 2022). Some quantitative research in this field indicates that left-leaning governments often prioritize social policy and tend to frame reductions in defence spending as necessary to address domestic economic pressures, while nonetheless increasing defence

allocations during periods of heightened security threats (Haesebrouck, 2021; Wenzelburger & Böller, 2020). Conversely, right-leaning governments tend to prioritize fiscal discipline while also increasing defence budgets during periods of heightened security threats, viewing such expenditures as critical for national sovereignty and alliance commitments (Caselli & Wingender, 2021; Skogstad & Compton, 2022; Van Dalen & Swank, 1996). Moreover, empirical studies on this topic often approach ideology through a dichotomous lens, typically relying on pre-established and pre-coded ideological classifications (Cao et al., 2024; Lehmann et al., 2024; Skogstad & Compton, 2022; Wenzelburger & Böller, 2020), which allows researchers to distinguish between left-leaning (typically associated with liberal, expansionary fiscal policy) and right-leaning (typically associated with conservative, contractionary fiscal policy) defence spending tendencies and trends (Blüm & Potrafke, 2019; Cao et al., 2024; Caselli & Wingender, 2021; Kauder & Potrafke, 2016).

By choosing to employ terminology such as "left-leaning" and "right-leaning," this study aims to capture a broader scope of political parties in Canada while still adopting a dichotomous approach (i.e., left-leaning, right-leaning political party) to define ideological stances on defence spending (Cao et al., 2024). For the time period covered in this study, the only incumbent parties were the Liberal Party of Canada and the Conservative Party of Canada. Nevertheless, by referring to "left-leaning" and "right-leaning" parties, this study avoids limiting itself to the specific names of these parties and instead captures a broader ideological spectrum that applies across time periods and potential changes in party branding[4]. This approach allows the coding scheme to remain flexible and comparable with other countries' studies on budgetary and

[4] If the scope of this study were to be expanded, or if opposition party speech data were incorporated in future analyses, the continued use of the terms "left-leaning" and "right-leaning" would enhance comparability across a broader range of parties and time periods, while remaining consistent with the wider literature on ideological classification.

defence policy, many of which also use left-right ideological classifications. It also acknowledges that policy positions may evolve over time even within the same party, such that the ideological designation (left or right) reflects the party's substantive policy orientation at a given moment rather than its formal name (Cao et al., 2024).

3.2 Alliance Theory

Alliance theory, a framework frequently applied to the study of strategic relationships within military coalitions, provides an analytical lens for understanding how member states align their budgetary policies with collective security commitments while concurrently navigating domestic political and economic constraints (Blüm & Potrafke, 2019; Haesebrouck, 2021; Ørvik, 1973). For instance, NATO's two percent of GDP defence spending target serves as a clear benchmark and a central reference point for assessing national defence contributions, influencing political discussions on budgetary priorities, burden-sharing, and the fulfillment of collective security commitments (Massie & Paquin, 2020; NATO, 2021; von Hlatky & Vucetic, 2023). Some analyses suggest that Canada's management of defence commitments relies heavily on alliances, a strategy that may be intended less to increase defence spending than to signal reliability to partners. From this perspective, Canada's credibility within international institutions is sustained not primarily through higher spending, but through cooperative arrangements that simultaneously justify constrained domestic expenditures under fiscal and economic pressures (Alexander, 2013; Charron & Fergusson, 2020; Leuprecht & Sokolsky, 2015; Massie & Paquin, 2020). Moreover, Ørvik's (1973) widely cited "defence against help" theory argues that smaller states raise military expenditures to prevent unwanted interference from larger allies. Although this logic has often been applied to Canada, the country's defence posture has frequently diverged from the model. Scholars argue that Canada has tended to adopt an economizing

approach, limiting domestic resource allocations while relying on allies such as the United States to assume key security responsibilities. This approach is commonly interpreted as a means of sustaining visible alliance commitments while remaining within domestic fiscal constraints (Leuprecht & Sokolsky, 2015; Massie & Paquin, 2020).

Furthermore, Canada's participation in U.S.-led and NATO operations highlights the central role of the U.S. in shaping Canadian security priorities, with alliance cohesion and credibility as a reliable partner often identified as key drivers of its defence policy. Some studies argue that these considerations at times take precedence over immediate domestic security threats or prevailing public opinion (Haesebrouck, 2021; Massie, 2019; Massie & Vucetic, 2020). The concept of external versus domestic threats is typically framed within alliance theory as a function of external pressures arising from multilateral commitments to address emerging or existing geopolitical challenges, and it is often juxtaposed with domestic priorities shaped by fiscal conditions and electoral dynamics. The magnitude of external threats, such as wars or heightened geopolitical tensions, can be evaluated by examining the extent to which they prompt NATO member states, including Canada, to align defence spending with alliance commitments (Blüm & Potrafke, 2019). In contrast, domestic threats are tied to socio-economic stability and are shaped by political priorities and public expectations (Massie & Paquin, 2020). In particular, Canada's strategy of delegating certain aspects of national security emphasizes its reliance on alliances, such as those with the U.S. through NORAD, to address external threats and geopolitical concerns while minimizing substantial increases in defence spending (Alexander, 2013; Charron & Fergusson, 2020; Leuprecht & Sokolsky, 2015). This prioritization highlights the broader strategic emphasis on multilateral commitments as a pillar of Canada's approach to defence and foreign policy, particularly as it aims to reinforce its reputation as a dependable

partner in international alliances (Haesebrouck, 2021; Massie, 2019; Massie & Vucetic, 2020; National Defence, 2024). Therefore, applying alliance theory to Canada's defence spending allows for a systematic examination of the strategic trade-offs involved in balancing fiscal conditions, domestic policy and political priorities, and alliance commitments (Fortier & Massie, 2023; Massie & Vucetic, 2020; Perry, 2020; Ørvik, 1973; von Hlatky & Vucetic, 2023).

3.2.1 Defining Alliance Commitments and High-Pressure Threat Environments

In the context of this study, alliance pressures refer to the security obligations that Canada faces as a result of its commitments to military alliances, which include NATO benchmarks, operational expectations, and collective defence agreements (NATO, 2014; von Hlatky & Vucetic, 2023). For example, such obligations become evident in high-pressure alliance contexts, when states tend to seek to demonstrate their commitment by increasing participation in collective military operations or by working to meet NATO's defence spending targets (Alt & Rose, 2009; Bove et al., 2017; Haesebrouck, 2021; Kauder & Potrafke, 2016; Zhang et al., 2016). These alliance commitments arguably influence defence policies on a national level by compelling NATO member states to align with multilateral defence objectives in order to maintain credibility among allies (Blüm & Potrafke, 2019; Haesebrouck, 2021; Massie & Vucetic, 2020). However, political cycles and fiscal constraints can limit the full implementation of defence commitments. Canada's approach to alliance obligations often focuses on active participation in agreements and the cultivation of partnerships, particularly with the U.S.[5] and NATO, as a means of demonstrating support for collective security while keeping actual defence expenditures relatively restrained (Blüm & Potrafke, 2019; Bove et al.,

[5] Some studies analyze how Canada aims to fulfill its defence commitments by emphasizing participation in military operations and partnerships, such as its collaboration with the U.S. through NORAD, while managing pressures from political cycles and fiscal constraints. Recent commitments to NORAD modernization, including upgrades to the North Warning System (NWS) and increased funding for continental defence, reflect Canada's effort to address evolving security challenges while maintaining its alliance obligations within existing fiscal limitations (Charron & Fergusson, 2022; National Defence, 2022; Landriault et al., 2020; Leuprecht & Sokolsky, 2015).

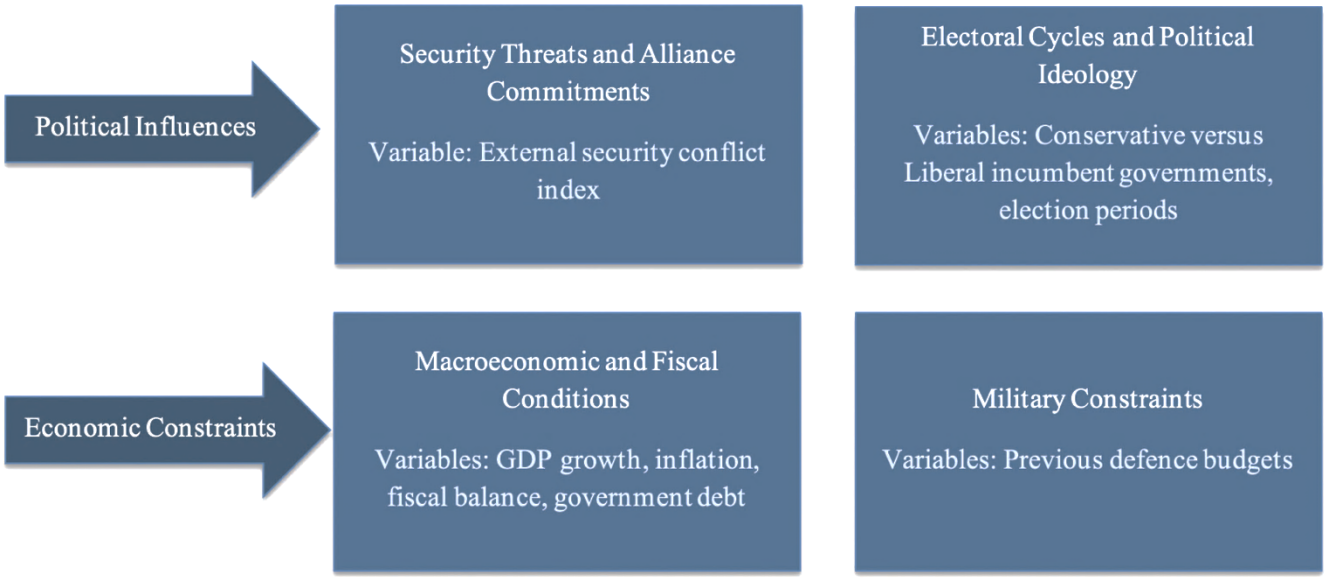
2017; Haesebrouck, 2021; Leuprecht & Sokolsky, 2015; Massie & Vucetic, 2020; Wenzelburger & Böller, 2020).

3.3 Hypotheses and Expected Results: Theoretical Positions on Canada's Defence Spending Decisions

The hypotheses tested in this study are informed by nine variables in total (see Table 1), with the primary objective of capturing the link between domestic and international factors shaping the relationship posed in the research question (see Figure 2). The analysis draws on quantitative approaches that are increasingly used in contemporary political economy research to examine how variations in political discourse, together with fiscal and political conditions, relate to defence spending outcomes (Cao et al., 2024; Jordà, 2005; Jordà et al., 2024). Within this framework, defence-related political rhetoric is conceptualized as an active but variable factor in defence spending outcomes. While shifts in political discourse may reflect how governments frame and adjust their priorities, these shifts are not assumed to translate directly or uniformly into immediate spending adjustments. Instead, rhetorical changes may reinforce, delay, or moderate the effects of broader fiscal conditions, political competition, electoral pressures, and security threats on defence spending trajectories (Leifeld et al., 2017; Massie & Paquin, 2020; Perry, 2013; Randour et al., 2020). Framing political discourse in this way allows this study to theorize how rhetoric interacts with political and economic determinants of defence spending to shape defence expenditure patterns over time.

Figure 2

Theoretical Categorization of Independent Variables: Political, Economic, and Military Constraints on Defence Discourse and Spending



Source: Adapted from Figure 2 in *Canada's Defence Policy Trade-Offs* by S. von Hlatky & S. Vucetic, 2023, in *Canadian Defence Policy in Theory and Practice, Volume 2* (T. Juneau & P. Lagassé, Eds., p. 103).

Accordingly, three overarching hypotheses are tested (see Table 1 for the full list of sub-hypotheses). First, it is hypothesized that external security pressures, political ideology, electoral cycles, and fiscal conditions will significantly influence changes in defence-related political discourse (H1). Second, it is hypothesized that changes in defence spending rhetoric will exert measurable effects on subsequent defence expenditures, with the strength and direction of these effects varying across varying temporal horizons (H2). Finally, it is assumed that the same political, fiscal, and security variables that shape rhetorical positioning will also exert a direct influence on defence spending levels, independent of their effects on political discourse (H3). Through this approach, the study aims to determine whether rhetorical shifts actively shape

defence budgetary decisions or whether they are ultimately constrained by deeper economic and political forces (Massie & Paquin, 2020; Perry, 2013).

Table 1

Hypotheses on the Dynamic Effects of Fiscal and Political Variables on Defence Spending Discourse and Outcomes

Variable	H1: External security pressures, political ideology, electoral cycles, and fiscal conditions are associated with defence spending rhetoric across varying time horizons.	H2: Shifts in defence spending rhetoric are associated with actual defence expenditures across varying time horizons.	H3: External security pressures, political ideology, electoral cycles, and fiscal conditions are associated with changes in defence spending levels across varying time horizons.
External Security Pressures	H1a: Heightened perceptions of external threats are associated with increased use of pro-expansion rhetoric.	H2a: Increased use of pro-expansion defence spending rhetoric is associated with subsequent increases in defence spending.	H3a: Heightened perceptions of external threats are associated with increases in defence spending.
	H1b: Lower perceptions of external threats are associated with increased use of restraint-oriented rhetoric.	H2b: Increased use of pro-restraint defence spending rhetoric is associated with subsequent decreases in defence spending.	H3b: Lower perceptions of external threats or increased concern over militarization and fiscal strain are associated with decreases or moderation in defence spending.
Political Ideology (Dummy Variable)	H1c: Right-leaning governments are more likely to adopt pro-expansion defence spending rhetoric and/or limit pro-restraint defence spending rhetoric.	N/A.	H3c: Right-leaning governments are more likely to increase defence spending.
	H1d: Left-leaning governments are more likely to adopt pro-restraint defence spending rhetoric and/or limit pro-expansion defence spending rhetoric.	N/A.	H3d: Left-leaning governments are more likely to restrain or reduce defence spending.
Electoral Cycles	H1e: During election periods, incumbents are less likely to adopt pro-expansion defence spending rhetoric.	N/A.	H3e: During election periods, incumbent governments are less likely to increase defence spending.
	H1f: During election periods, incumbents are more likely to adopt pro-restraint defence spending rhetoric to signal fiscal responsibility.	N/A.	H3f: During election periods, incumbent governments are more likely to increase defence spending to signal fiscal responsibility.
Fiscal Conditions (Fiscal Balance, Government Debt, GDP Growth, Inflation, Lagged	H1g: Favourable fiscal conditions (low deficits and debt, low inflation, high GDP growth, and higher lagged levels of defence spending) are associated with increased use of expansion-oriented defence spending rhetoric and/or less pro-restraint defence spending rhetoric.	N/A.	H3g: Favourable fiscal conditions (low deficits or surpluses, low debt, low inflation, high GDP growth, and higher lagged levels of defence spending) are associated with increases in defence spending.

Variable	H1: External security pressures, political ideology, electoral cycles, and fiscal conditions are associated with defence spending rhetoric across varying time horizons.	H2: Shifts in defence spending rhetoric are associated with actual defence expenditures across varying time horizons.	H3: External security pressures, political ideology, electoral cycles, and fiscal conditions are associated with changes in defence spending levels across varying time horizons.
Defence spending)	H1h: Unfavourable fiscal conditions (high deficits and debt, high inflation, low GDP growth, and lower lagged levels of defence spending) are associated with increased use of restraint-oriented defence spending rhetoric and/or less pro-expansion defence spending rhetoric.	N/A.	H3h: Unfavourable fiscal conditions (high deficits and debt, high inflation, low GDP growth, and lower lagged levels of defence spending) are associated with constrained or declining defence spending.

3.3.1 Research Assumptions Informing the Hypotheses

The proposed hypotheses are grounded in the assumption that the determinants of defence spending are associated with both defence-related political discourse and spending outcomes over time. In high-pressure alliance contexts, such as Canada's perceived need to meet NATO's two percent of GDP defence spending target or to demonstrate commitment through participation in multilateral military operations, incumbents are expected to place greater rhetorical emphasis on alliance obligations. Under such conditions, political discourse functions not only as a means of signaling resolve and priorities to domestic audiences but also as a strategic instrument for reinforcing credibility within collective security arrangements (Blüm & Potrafke, 2019; Haesebrouck, 2021; Massie & Vucetic, 2020). This expectation is hypothesized to apply consistently across party lines, supporting the first hypothesis (H1) that external security pressures, as a determinant of defence spending, exert an influence on shifts in defence spending discourse over time. Election periods are anticipated to heighten the responsiveness of defence rhetoric to alliance pressures, particularly during times of geopolitical instability when the public salience of national security issues increases (Klomp, 2023; Massie, 2019). During such periods, rhetorical emphasis on defence and security issues may be accompanied by temporary increases in defence expenditures, as governments seek to signal resolve to domestic audiences while also

reassuring alliance partners (Blüm & Potrafke, 2019; Haesebrouck, 2021; Massie & Paquin, 2020; von Hlatky & Vucetic, 2023). This study examines these relationships across multiple time horizons to assess whether rhetorical and spending adjustments reflect short-term, politically driven commitments or contribute to more sustained shifts in expenditure levels (H2).

Conversely, in low-pressure alliance contexts, where external threats are relatively subdued and alliance demands are less politically pressing, political discourse is expected to shift toward emphasizing fiscal prudence and domestic priorities (Cao et al., 2024; Perry, 2013; Shi & Svensson, 2006). In such environments, determinants of defence spending other than external security pressures, such as economic growth rates, public debt burdens, and electoral competition, are likely to dominate both rhetorical framing and budgetary decision making. Accordingly, discourse may place greater emphasis on domestic policy goals, with defence allocations becoming comparatively less prominent in government agendas (Alesina et al., 2019; Cao et al., 2024; Lagassé, 2020; Massie & Vucetic, 2020; Perry, 2013; Shi & Svensson, 2006). Taken together, these assumptions support the broader expectation that political, fiscal, and security conditions shape not only the rhetorical framing of defence policy but also its underlying budgetary outcomes (H1). The analysis proceeds on the premise that political discourse is both shaped by structural conditions and capable of influencing spending decisions over time (H2). It is also assumed that the same external and domestic pressures that motivate shifts in discourse may contribute directly to variation in defence spending levels, whether as a function of electoral strategy, ideological commitments, or macroeconomic constraints (H3). This study evaluates whether shifts in rhetorical emphasis toward domestic priorities are associated with observable changes in defence spending trajectories or whether such rhetorical adaptations occur independently of substantive spending adjustments. In doing so, it contributes to a broader

understanding of how political discourse may be linked to defence spending variations rather than simply reflecting underlying political and economic conditions.

4. Methodological Approach to Analyzing Defence Spending in Canada

4.1 Method Selection

This study adopts a quantitative approach to assess how political discourse on defence priorities influences Canada's defence spending outcomes. Drawing on the methodological framework developed by Cao et al. (2024), which models the relationship between fiscal discourse and fiscal policy across 65 countries, this study combines content-based and statistical approaches to examine how defence-related rhetoric interacts with fiscal and political determinants to shape defence spending outcomes in the Canadian context. For example, this study examines whether high-pressure alliance contexts, characterized by heightened geopolitical threats or intensified diplomatic pressure, reduce the constraining effect of fiscal limitations and enable greater defence spending. In contrast, low-pressure environments may reinforce narratives of fiscal restraint and place limits on spending. Cao et al. (2024) employ the Manifesto Project dataset to trace how shifts in fiscal discourse shape macroeconomic policy outcomes over time, demonstrating that rhetoric not only reflects fiscal conditions but also drives policy change. Building on Romer and Romer's (2004, as cited in Cao et al., 2024) findings that policy ideas systematically shape outcomes, this study applies those insights to the Canadian case by investigating how defence discourse interacts with established defence spending determinants to influence actual budgetary outcomes (Blüm & Potrafke, 2019; Cao et al., 2024; Haesebrouck, 2021).

4.2 Case Selection

Canada arguably presents a unique and compelling case for analyzing the relationship between political discourse and defence spending, particularly due to what some scholars refer to as its "security imaginary" (Nossal, 2020, pp. 17-32). This concept refers to how policymakers and the public conceptualize national security, which is arguably shaped by Canada's strategic geography and the "involuntary American guarantee" – a condition that has historically allowed successive governments to maintain relatively low levels of defence spending with limited electoral repercussions (Leuprecht & Sokolsky, 2015; Massie & Vucetic, 2020; Nossal, 2020, p. 14; Ørvik, 1973). Moreover, this notion suggests that unlike in some of the other NATO countries, Canada's political leaders have traditionally framed defence policy through rhetorical commitments to higher defence spending rather than sustained financial investments, reinforcing the public perception that military expenditures can be minimized without compromising national security (Boucher, 2020; Nossal, 2020; Perry, 2023; Solomon & Stone, 2020).

The literature on defence spending highlights that Canada's approach reflects broader trends among smaller, middle power states, which contribute minimally to collective security and instead rely on larger allies to bear a large portion of defence spending (Charron & Fergusson, 2020, p. 100; Haesebrouck, 2021). Canadian governments have historically faced little domestic political scrutiny for deprioritizing military expenditures, even in the face of growing external pressures to achieve NATO benchmarks and align with the evolving geopolitical threat environment (Massie & Vucetic, 2023; National Defence, 2024; Nossal, 2020). This sustained pattern of relatively low defence spending, despite evolving alliance dynamics and policy commitments, raises some questions regarding the extent to which political discourse can be associated with defence spending outcomes (Nossal, 2020; Rempel, 2020). In this context, PBCs

may amplify fluctuations in defence spending, as incumbent governments adjust both budgetary allocations and public messaging to align with electoral incentives and broader economic conditions (Bove et al., 2017; Klomp, 2023; Shi & Svensson, 2006). While the PBC framework is well-documented in the general literature on resource allocation and budgetary policy, its specific application to political discourse surrounding Canadian defence spending remains underexplored, which makes Canada a particularly valuable case for further investigation (Perry, 2020; Perry, 2023; Skogstad & Compton, 2022).

To address this research gap, the study examines Canadian House of Commons debates delivered by incumbent governments between 1990 and 2023 to evaluate how political actors construct defence spending narratives and whether these rhetorical patterns correspond to changes in actual defence expenditure levels. Using the Hansard as the basis for sourcing and coding debate content (Hansard, n.d.), the study traces variation in pro-expansion and pro-restraint defence spending rhetoric over time, situating these shifts within broader fiscal, political, and security contexts that influence defence spending decisions. More specifically, House of Commons debates were selected due to their institutional centrality in Canadian legislative politics and their unique capacity to capture both government and opposition discourse within a formal policy-making setting (Fernandes et al., 2022). As the confidence chamber of Parliament, the House of Commons serves as the primary venue through which the executive is held to account and where the legislative agenda is shaped (Fernandes et al., 2022). Although a large body of literature suggests that party leaders exert significant control over floor access via internal speaking lists[6], the chamber nonetheless remains a critical site for the

[6] For more information on the operation and procedural use of internal speaking lists in parliamentary settings, see Bosc and Gagnon (2017), Fernandes et al. (2022), and Kam (2009). The scholarship on this topic includes debate over the extent of centralized control versus individual member autonomy.

articulation of competing ideological positions and rhetorical strategies, particularly during periods of intense policy debate (Bosc & Gagnon, 2017; Fernandes et al., 2022; Kam, 2009). In addition, parliamentary debates provide structured, transcribed, and temporally anchored interventions from elected representatives, allowing for the systematic analysis of discourse over time (Hansard, n.d.). This makes them especially well-suited for content analysis and computational approaches to political language (Proksch & Slapin, 2015). Unlike executive communications or campaign rhetoric, speech in the House of Commons is governed by formal procedural norms, occurs on a predictable schedule, and reflects the interaction between partisan messaging, constituency responsiveness, and institutional roles (Fernandes et al., 2022). As such, these debate records offer a valuable empirical source for examining how elected officials frame defence spending and other policy priorities within a deliberative institutional context, where rhetorical choices are shaped by partisan objectives, electoral incentives, and the formal responsibilities of legislative representation (Shmuel, 2020). Other forms of political communication, such as policy announcements or electoral manifestos, remain important avenues for future research.

4.3 Operationalization of Variables

This study defines and operationalizes six overarching variables to analyze the relationship between determinants of defence spending, political discourse on defence spending, and defence spending outcomes in Canada from 1990 to 2023 (see Appendix A, Table A1, for details on data sources, variable transformations, and specifications). Certain variables include subcomponents, such as the fiscal conditions variable, to provide a more detailed analysis of defence spending patterns. In this study's analytical framework, the variables are specified as

predictor variables, with either political discourse or defence spending serving as the outcome variable depending on the model specification.

The chosen timeframe for the analysis is designed to capture both long-term trends and short-term variations in political discourse and defence spending. This period encompasses several critical junctures in Canadian defence policy that appear to have both influenced and been shaped by political rhetoric on defence spending. These include major geopolitical events such as the end of the Cold War, Canada's involvement in NATO-led operations in Kosovo and Afghanistan, as well as key policy documents such as the 1992 *Canadian Defence Policy*, the 1994 *White Paper on Defence*, the 2008 *Canada First Defence Strategy*, and the 2017 *Strong, Secure, Engaged* policy (National Defence, 1992; National Defence, 1994; National Defence, 2008; National Defence, 2017; Massie & Paquin, 2020; Perry, 2020; von Hlatky & Vucetic, 2023). Taken together, this analysis examines how political discourse on defence spending is associated with evolving fiscal and political priorities, as well as with shifting alliance commitments and external security considerations, in order to identify patterns and relationships that characterize the interaction between these factors over time (Blüm & Potrafke, 2019; Haesebrouck, 2021). More specifically, this study tests the hypothesis that pro-expansion defence spending rhetoric is associated with measurable increases in defence allocations, particularly in high pressure external security contexts (Blüm & Potrafke, 2019; Haesebrouck, 2021; Massie & Paquin, 2020). At the same time, fiscal constraints such as rising debt levels, low economic growth, and deficits are expected to shape how defence related rhetoric is framed and to influence the intensity of its expression (Zhang et al., 2016). For instance, during periods of economic strain, political debates may emphasize fiscal restraint and cost-effectiveness,

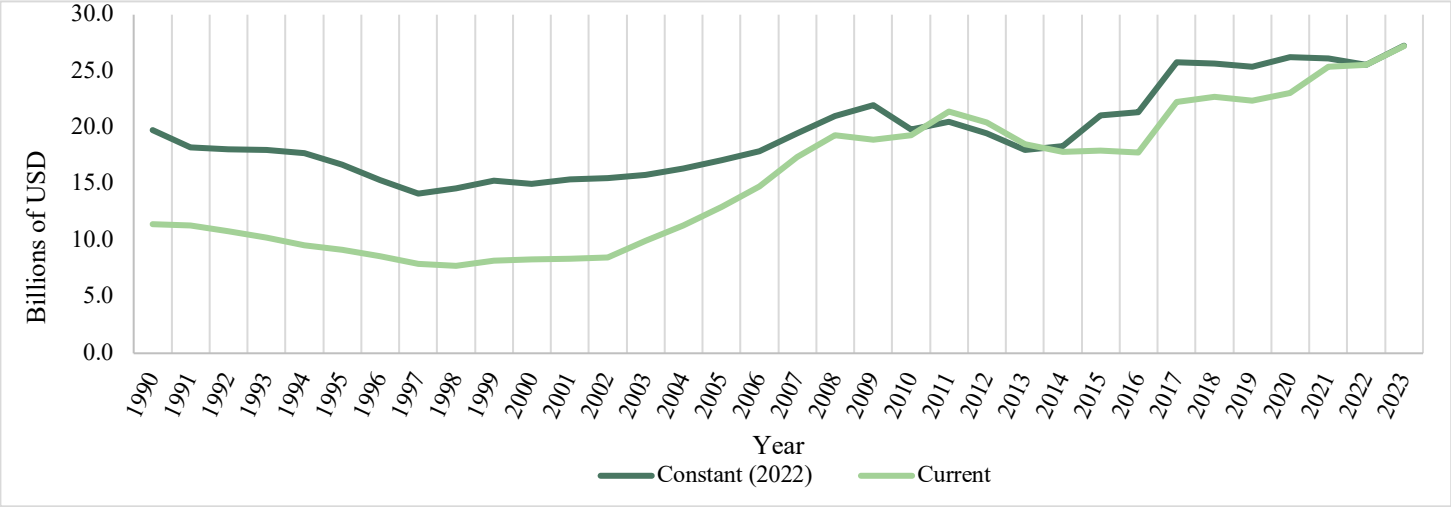
particularly when external threats and alliance pressures are relatively low (Haesebrouck, 2021; von Hlatky & Vucetic, 2023).

4.4 Dependent Variable: Defence Spending Outcomes

The dependent variable in this analysis, defence spending outcomes, is operationalized as the year-over-year change in Canada's total defence expenditures. These changes constitute the primary outcome through which the relationship between political discourse and budgetary policy decisions is assessed (Klomp & de Haan, 2024). Data on defence expenditures are drawn from the Stockholm International Peace Research Institute (SIPRI, 2024), which reports values in both current and constant U.S. and Canadian dollars. For the purposes of this study, defence spending is measured in constant U.S. dollars to ensure temporal comparability and consistency with international reporting standards. The variable is log transformed to address skewness in the expenditure distribution and to facilitate interpretation of regression coefficients in percentage terms. Where appropriate, a one-year lag of the logged defence spending variable is included to account for temporal dependencies and to capture potential delayed effects of preceding political discourse. This specification is particularly relevant in the context of dynamic estimation strategies, such as local projection regressions, which are applied in this study to evaluate the evolution of spending responses across multiple forecast horizons (Skogstad & Compton, 2022).

Figure 3

Canada's Defence Spending Levels, 1990 – 2023



Source: SIPRI. (2024). *Military Expenditure Database*.

Figure 3 depicts Canada's annual defence expenditures from 1990 to 2023 in both constant (2022) and current U.S. dollars, thereby providing essential empirical context for the spending outcomes analyzed in this study. The figure illustrates several notable inflection points. Defence spending declined substantially in the early 1990s, reflecting post–Cold War force reductions and domestic fiscal consolidation measures. This was followed by a period of gradual increases in the early 2000s, coinciding with Canada's participation in NATO-led operations and broader post-9/11 security commitments. Despite an increasingly complex threat environment, spending levels remained comparatively stable throughout much of the 2010s. A more pronounced upward trajectory is observable beginning in 2017, likely corresponding to renewed defence policy commitments and heightened alliance expectations. These trends highlight the analytical relevance of year-over-year changes in defence expenditure as the dependent variable and highlight the importance of situating observed budgetary developments within broader political, economic, and discursive contexts articulated by successive governments.

4.5 Predictor Variables: Determinants of Defence Spending and Political Defence Spending Rhetoric

4.5.1 Fiscal Conditions

Fiscal conditions are measured using five macroeconomic indicators[7]: real Canadian GDP growth, general government debt, government account balance, average rate of inflation, and lagged defence spending. These predictor[8] variables align with those employed in Skogstad

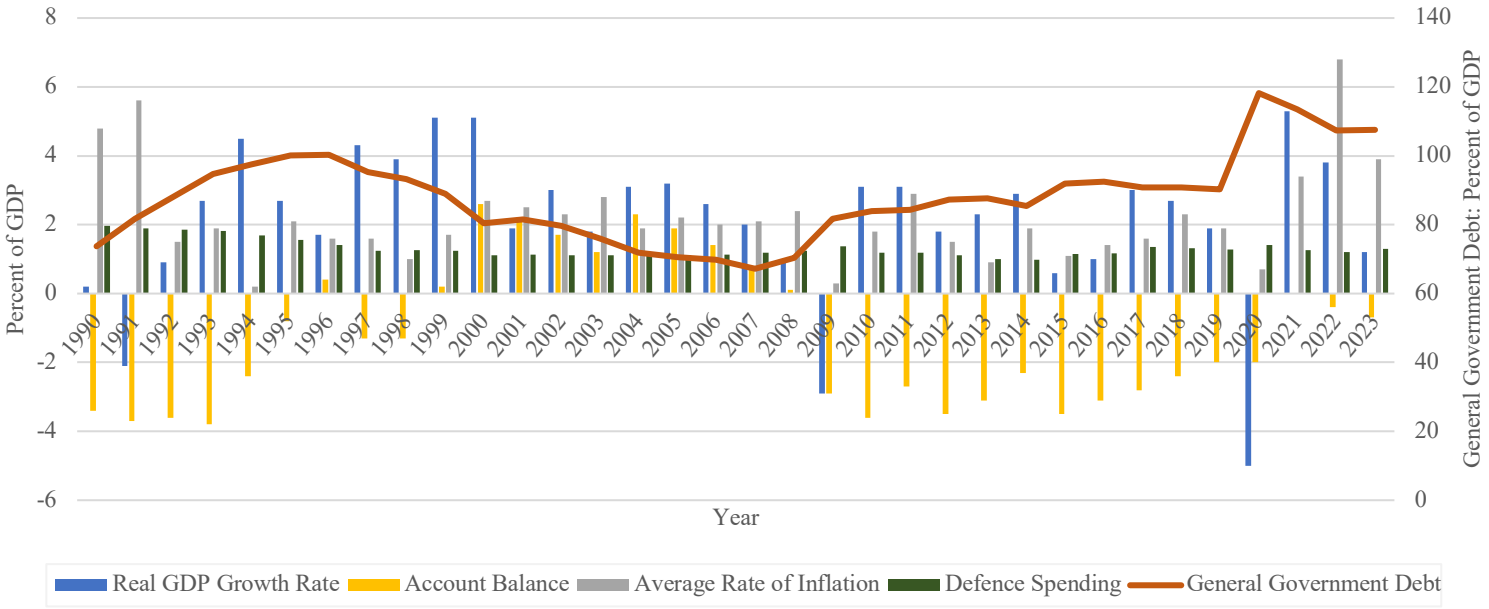
[7] Additional variables such as unemployment, interest rates, and international factors – including U.S. and NATO ally defence spending – were also tested in preliminary specifications but did not yield statistically significant results. While excluded from the final models for this analysis, they may warrant reintroduction in future robustness checks or extended models.

[8] Predictor variables refer to the independent variables included in each local projection regression. In this study, they represent the economic, political, and rhetorical factors such as fiscal balance, government debt, GDP growth, inflation, election timing, and party ideology. These

and Compton's (2022) analysis of Canadian military expenditure, which examines a similar timeframe as this study and identifies domestic fiscal indicators as key determinants of defence spending from 1990 to 2019. In addition, recent cross-national research highlights the importance of fiscal space in shaping defence budgets. For example, Cao et al. (2024) demonstrate that political actors adjust defence discourse and spending in response to fiscal constraints, while studies by Odehnal and Neubauer (2020) and Christie (2019) show that variables capturing debt and deficit levels remain significant predictors of military expenditure across NATO and EU countries. These findings provide a strong empirical rationale for employing these indicators as proxies for fiscal conditions in this study. Data for these variables are obtained from the International Monetary Fund (IMF). Each fiscal indicator is coded as a continuous variable to enable the identification of temporal trends, and log transformations are applied where appropriate, following comparable studies, to normalize skewed distributions and stabilize variance (Skogstad and Compton, 2022). Taken together, these measures establish a robust quantitative foundation for examining how fiscal pressures shape governmental priorities and decisions regarding defence spending.

Figure 4

Macroeconomic Indicators and Defence Spending in Canada, 1990 – 2023



Note: Real GDP growth, account balance, inflation rate, and defence spending are shown as a percentage of GDP. General government debt is plotted on the secondary axis (right side), also expressed as a percentage of GDP, to account for its substantially higher values. Data reflect Canadian federal-level economic and fiscal indicators from 1990 to 2024.

Sources: IMF, *World Economic Outlook Database* (2024); SIPRI, *Military Expenditure Database* (2024).

Figure 4 reinforces the rationale for selecting the specified fiscal indicators by illustrating their relationship with defence spending over the 1990 to 2023 period. The figure shows that major fluctuations in defence expenditure often correspond to broader macroeconomic trends, particularly episodes of fiscal consolidation or economic crisis. Defence spending remained comparatively stable during periods of strong GDP growth and low inflation in the mid-1990s and early 2000s, whereas periods characterized by rising debt and widening fiscal deficits, such as during the 2008 financial crisis and the COVID-19 pandemic, coincide with modest increases or heightened volatility in defence outlays. The post-2015 period reveals a sustained rise in public debt alongside persistent fiscal deficits, while defence spending exhibits a gradual upward trajectory, suggesting that governments have increasingly framed defence as a priority despite adverse fiscal conditions. Taken together, these patterns support the core premise of this study that fiscal conditions constitute important contextual factors shaping both defence spending trajectories and the surrounding political discourse.

4.5.2 Political Ideology

This study treats political ideology as a central explanatory factor, reflecting the proposition that discourse functions as a key mechanism through which ideological commitments are expressed, negotiated, and contested in policy debates (Cao et al., 2024; Romer & Romer, 2004). Party affiliation serves as an independent variable, capturing the broader value

frameworks that inform partisan preferences on defence spending (Cao et al., 2024). However, for these ideological positions to influence public opinion, institutional debates, and policy outcomes, it is contended that they must be rendered actionable through discourse. This highlights the conceptual and empirical linkage between political ideology and discourse variables (Boucher, 2020; Cao et al., 2024; Romer & Romer, 2004). To operationalize this relationship, the study uses a binary variable to distinguish Liberal governments from non-Liberal (Conservative) governments, capturing a persistent partisan divide in the rhetorical framing of defence policy in Canada. This approach follows precedent in existing fiscal and discourse-focused studies, which often adopt broad ideological groupings to estimate conditional effects (Auerbach & Gorodnichenko, 2012; Cao et al., 2024). It also facilitates statistical estimation given the small number of governing parties over the period analyzed and the relative consistency of partisan defence narratives across electoral cycles (Lehmann et al., 2024; Skogstad & Compton, 2022).

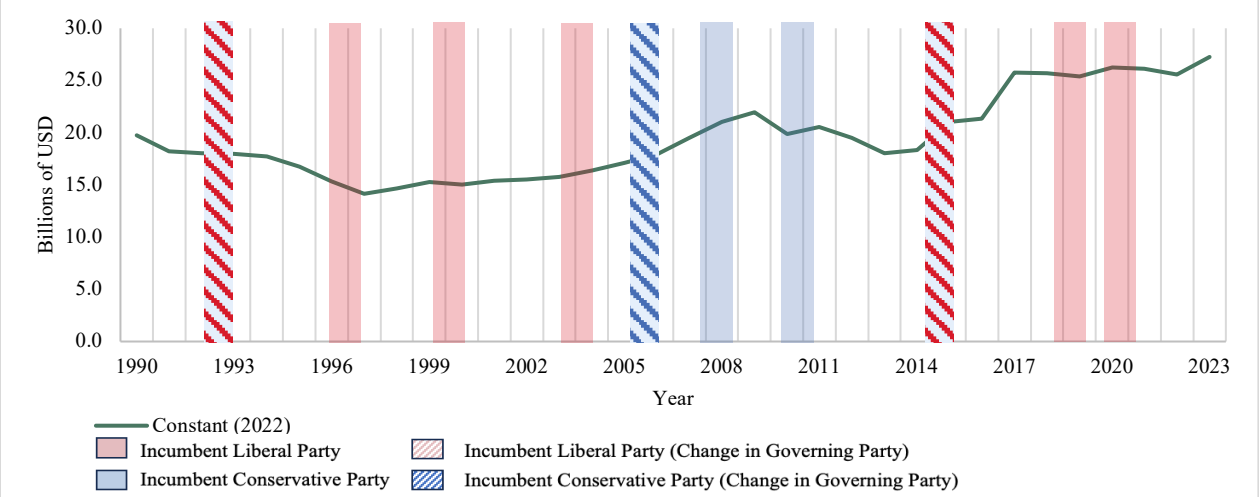
4.5.3 Electoral Cycles

To assess the potential influence of electoral timing on defence-related rhetoric and spending decisions, this study incorporates a binary election period variable into its model specification. Federal election years are coded as 1 and non-election years as 0, following the approach outlined in Cao et al. (2024) and other comparable studies. This coding scheme enables the identification of election-year effects on both the content of political discourse and subsequent budgetary outcomes. Election dates are sourced from the Canadian Elections Database, which provides historical records of federal electoral cycles and incumbent parties (Sayers, 2017). By controlling for election timing in the quantitative models, this study accounts

for the possibility that parties strategically adjust their defence narratives or spending commitments in response to electoral incentives.

Figure 5

Canadian Defence Spending and Federal Party Incumbency, 1990–2023: Electoral Transitions and Party Ideology



Sources: SIPRI, *Military Expenditure Database* (2024); Sayers (2017).

Figure 5 presents Canada's annual defence spending in constant (2022) U.S. dollars alongside all federal election years from 1990 to 2023. Every shaded bar represents a federal election period, and the colour indicates the party that won that election: red shading denotes Liberal victories, and blue shading denotes Conservative victories. Solid shading represents elections in which the governing party remained in power, while striped shading indicates elections that resulted in a change of governing party. As this study focuses exclusively on speeches delivered by the incumbent party in the House of Commons, the striped bars in the figure indicate only those election periods that resulted in a change of governing party, rather than reflecting any shifts in opposition party discourse. The trends depicted in the figure reveal that many election periods correspond with relative stability or even modest declines in defence

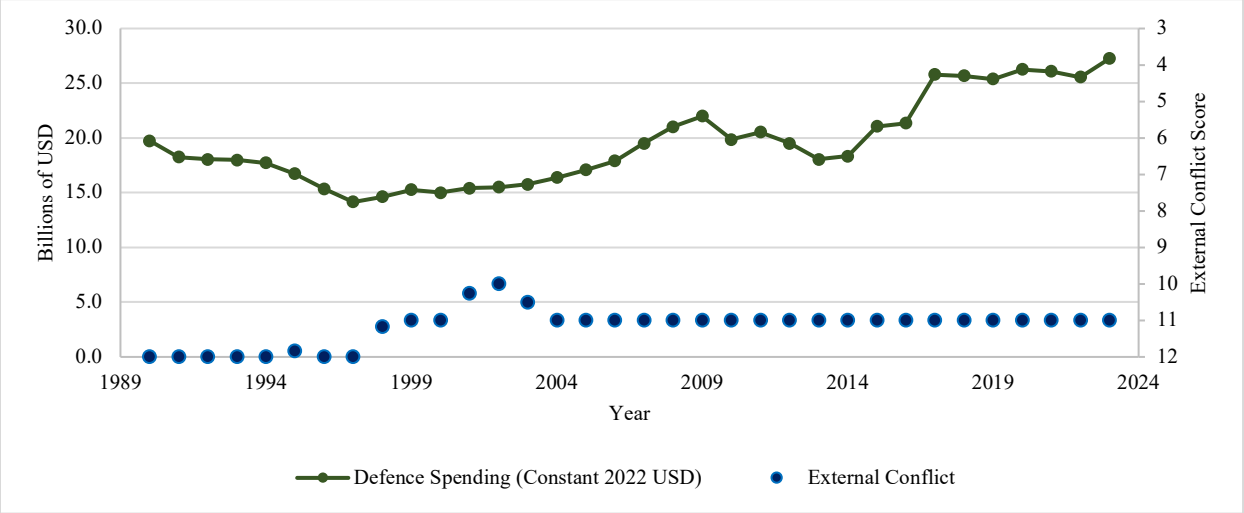
spending, particularly in the 1990s and early 2000s. More pronounced increases tend to occur in the years following elections rather than during the election periods themselves, suggesting that governments may initially emphasize fiscal restraint and defer substantial defence commitments until after an electoral mandate is secured. This pattern underscores the analytical relevance of both electoral timing and party control in shaping the trajectories of defence spending and the surrounding political discourse.

4.5.4 External Security Threats and Alliance Commitments

This study examines how external security threats, including geopolitical tensions, diplomatic pressure, and alliance obligations, influence Canada's defence spending priorities. It pays particular attention to Canada's efforts to meet NATO's two percent of GDP defence spending target and its involvement in NATO-led operations in response to shifting global security dynamics (see Appendix A, Figure A1 for Canada's position among the top ten NATO contributors in 2023). To measure external threat levels, the analysis uses pre-coded data from the International Country Risk Guide (ICRG), which provides a standardized assessment of geopolitical risk across 150 countries, including Canada. The ICRG's external conflict indicator captures both violent and non-violent forms of external pressure, including alliance-related diplomatic pressures. This variable incorporates three dimensions – war, cross-border conflict, and foreign pressures – and assigns values from 0 (very high risk) to 12 (very low risk), which allows for a longitudinal analysis of Canada's security environment (The PRS Group, 2022, 2024). By linking shifts in political discourse on defence spending to fluctuations in the external conflict index, this study offers a contextualized assessment of how alliance politics and international pressures shape both defence spending rhetoric and spending decisions (Bove et al., 2017; Haesebrouck, 2021).

Figure 6

Canada's Defence Spending and External Security Pressures, 1990-2023



Source: SIPRI, *Military Expenditure Database* (2024); International Country Risk Guide (ICRG), *Table 3B* (2024).

Figure 6 overlays Canada's defence spending trends with the external conflict risk indicator from the ICRG dataset, illustrating how variations in the international security environment correspond to shifts in defence expenditure. Defence expenditures remain relatively stable throughout the 1990s, with a gradual upward trend emerging in the early 2000s and a marked increase following 2016, reaching a peak of over USD 25 billion by 2023. In contrast, external conflict risk (as captured by the ICRG index) increases notably between 1999 and 2003, before stabilizing at a higher plateau for the remainder of the observation period. The graph illustrates a period of heightened conflict exposure at the turn of the millennium, followed by sustained, relatively elevated[9] risk. While the temporal alignment between conflict escalation and

[9] According to the ICRG methodology, Canada's external conflict risk remains consistently low in comparative perspective. Relative to other countries, Canada is characterized by a stable geopolitical environment, with minimal exposure to interstate conflict or cross-border tensions. This low-risk profile reinforces the interpretation that fluctuations in defence discourse are less likely to be driven by acute external threats and may instead reflect strategic signalling dynamics or alliance-related considerations. However, the modest variation in Canada's external conflict risk scores over time may still capture changes in indirect pressures, such as shifting alliance expectations or broader geopolitical tensions (The PRS Group, 2022).

subsequent increases in defence spending is suggestive, the lag structure in spending responses, particularly the delayed rise in expenditures relative to the conflict shock, highlights the necessity of dynamic modeling approaches. These observations emphasize the importance of accounting for temporal dependencies when evaluating the relationship between perceived security threats and defence spending commitments.

4.6 Content Analysis of Political Discourse on Defence Spending

This study operationalizes political discourse on defence spending as a variable linking predictors such as fiscal, political, and external security threat-related determinants to defence spending outcomes. Drawing from House of Commons debate records[10], this analysis applies thematic coding to classify rhetorical statements into two categories: pro-expansion defence spending discourse, which advocates for increased defence budgets, and pro-restraint defence spending discourse, which emphasizes fiscal caution and reduced or constrained military expenditures. This classification follows the framework developed by Cao et al. (2024), who define expansionary rhetoric as support for increased government spending and restraint rhetoric as a preference for fiscal conservatism and budgetary contraction (pp. 4-10). By applying this typology to parliamentary discourse on defence spending, the study aims to capture how political actors articulate defence priorities and whether these rhetorical positions correspond with changes in actual defence spending trends.

[10] While this study analyzes Canadian House of Commons debate records, other document types – such as electoral platforms, policy statements, and parliamentary committee records – were also considered. However, the content analysis focuses specifically on identifying both pro-expansion and pro-restraint defence spending statements, which are arguably less prevalent in defence-focused documents that tend to reinforce the status quo or advocate for increased military commitments. A similar methodological approach was employed by Landriault et al. (2020) in their policy primer on continental defence debates in Canada, which analyzed parliamentary committee records and media coverage to assess policy narratives and issue salience. Their study found that the parliamentary committee records contained no interventions advocating for the downsizing of continental defence, further emphasizing the limited presence of restraint-oriented discourse in formal defence policy documents.

4.6.1 Thematic Coding of Parliamentary Rhetoric Using the Manifesto Project Framework

This study adapts the coding logic that was used to create the Manifesto Project Dataset to operationalize parliamentary debate records from the Canadian House of Commons. The Manifesto Project systematically codes party platforms by quantifying the relative salience of policy themes based on the proportion of quasi-sentences dedicated to specific categories (Lehmann et al., 2024; Werner et al., 2021). Of particular relevance are the Manifesto Project categories *per104* ("Military: Positive") and *per105* ("Military: Negative"), which capture support for military strength and capability in the former case, and criticism of militarization or calls for reduced capabilities or disarmament in the latter (see Figure 7). To apply this logic to legislative speech, this study constructs a context-specific thematic coding framework aligned with these categories that is tailored to the structure and language of parliamentary debate. A filtered subset of speeches delivered by incumbent Members of Parliament between 1990 and 2023 is extracted from the Hansard database using a targeted keyword search referencing defence, security, and military spending. The resulting texts undergo an initial automated filtering process, followed by manual review and classification through a two-stage thematic coding procedure. This approach enables the generation of a longitudinal measure of pro-expansion defence spending discourse (military-positive) and pro-restraint defence spending discourse (military-negative).

First, each speech is assigned binary flags based on the presence of military expansion rhetoric (e.g., support for increased defence spending, procurement, or alliance commitments) or military restraint rhetoric (e.g., criticism of defence budgets, calls for cuts, or anti-militarization statements). These classifications closely align with the Manifesto Project's *per104* and *per105* categories, respectively. Second, to derive a quantitative indicator of rhetorical emphasis, the

annual proportion of speech content classified within the expansion and restraint categories was calculated, yielding two continuous variables for each year: the expansion discourse share and the restraint discourse share. These discourse scores mirror the Manifesto Project's method of deriving salience from thematic frequency but are grounded in legislative debate rather than electoral manifestos. This approach allows for year-over-year tracking of rhetorical shifts by incumbent governments within a parliamentary setting. In the context of parliamentary speech analysis, it is important to note that some speeches are sufficiently long or complex to warrant classification under both categories when they contain distinct rhetorical elements that simultaneously advocate for increased capabilities and critique aspects of defence policy. All of these steps are undertaken to enable the incorporation of these measures into the statistical model, allowing for an assessment of the extent to which shifts in parliamentary defence discourse are associated with changes in actual defence spending and thereby providing an empirical basis for examining the relationship between rhetoric and budgetary policy outcomes in the Canadian context.

Figure 7

Manifesto Project Coding Categories for Military Positive and Military Negative Statements

per104	**Military: Positive** The importance of external security and defence. May include statements concerning: • The need to maintain or increase military expenditure; • The need to secure adequate manpower in the military; • The need to modernise armed forces and improve military strength; • The need for rearmament and self-defence; • The need to keep military treaty obligations.
per105	**Military: Negative** Negative references to the military or use of military power to solve conflicts. References to the 'evils of war'. May include references to: • Decreasing military expenditures; • Disarmament; • Reduced or abolished conscription.

Note: Manifesto Project categories *per104* ("Military: Positive") and *per105* ("Military: Negative") describe political statements regarding defence and military policy used in electoral platforms. Military Positive statements emphasize the importance of maintaining or increasing defence capabilities, while Military Negative statements reflect critiques of militarization and calls for disarmament.

Source: Werner, et al. (2021). The Manifesto Project Dataset (MPDS2024a). WZB Berlin Social Science Center.

Additionally, this study introduces a binary indicator variable to capture whether a given parliamentary speech includes explicit references to defence spending. This variable flags direct mentions of military budgets, fiscal allocations, procurement costs, or broader funding and defence spending decisions. Although not incorporated into the statistical models, this indicator serves a descriptive purpose by providing insight into the presence or notable absence of budgetary rhetoric over time (see Figure 8). The inclusion of this measure highlights an important but frequently neglected aspect of political discourse, namely the rhetorical omission of certain topics. In years where no mention of defence spending occurs in parliamentary debates, such silence may reflect strategic avoidance, issue deprioritization, or the consolidation of status quo preferences. By contrast, heightened rhetorical attention to defence budgets in other periods may signal attempts to justify anticipated spending shifts or respond to changing fiscal or security pressures. Although the absence of political discourse on a topic does not necessarily imply policy inaction, variation in rhetorical presence is itself politically meaningful and provides additional, quantifiable insight into the relationship between speech and spending. As such, this variable enriches the broader empirical narrative by capturing fluctuations in rhetorical salience over the study period.

4.6.2 Extraction, Classification, and Quantification of Hansard Speech Records

Software tools such as Stata and Python are used to code the corpus of House of Commons debate records. Thematic coding is employed to analyze how shifts in political discourse align with the dependent variable, and trends in defence spending discourse are subsequently quantified and evaluated using a statistical model to assess their association with actual defence spending decisions (Baker, 2023; Cao et al., 2024). This approach mirrors some of the methods used in existing studies, such as Quaglia et al.'s (2022) use of content analysis to uncover partisan priorities in budgetary policies, while also incorporating the deeper integration of computational tools. More specifically, Quaglia et al. (2022) examine how partisan divides and ideological priorities influence decisions pertaining to Congressional bills in the U.S., particularly during election periods, highlighting the role of political rhetoric in shaping budgetary policy. Similarly, Funke et al. (2023) analyze the global economic impact of populist rhetoric, demonstrating its influence on fiscal outcomes such as public debt and deficits.

For this study, the classification of defence-related political discourse is based on a structured process of text preprocessing, keyword-based filtering, manual thematic coding, and statistical transformation. The initial processing of the debate corpus is conducted through a Python script, which parses the raw speech[11] records, standardizes metadata extraction, including speaker names, party affiliation, and year, and organizes the data into a structured format suitable for further analysis. This preparatory step ensures that the speech corpus is consistently formatted and filtered to facilitate the identification of defence-related content. Following initial structuring, a filtering procedure is conducted in Stata to isolate speeches substantively concerned with defence and military matters. This process involves a targeted keyword search

[11] In this context, a "speech" refers to a formal intervention delivered by a Member of Parliament during proceedings in the elected House of Commons, Canada's lower legislative chamber, and is recorded verbatim in the official Hansard transcripts (Fernandes et al., 2022).

for highly specific military-related terms, including “national defence,” “military,” “NATO,” “NORAD,” “army,” “navy,” and “air force.” A speech is retained if it contains at least one match to these terms. To illustrate the application of this coding strategy, the following excerpts from parliamentary speeches demonstrate the rhetorical distinction between pro-expansion and pro-restraint defence spending discourse. In a speech coded as being pro-expansion, defence spending tends to be framed as a strategic imperative, typically invoking arguments related to alliance obligations, capability modernization, or the changing security environment:

> Mr. Speaker, we have invested $185 million with other nations to develop the best plane. Together we decided that the F-35 is the best and that is what the government has decided on for protecting our soldiers, securing our future for 40 years in certain military bases and ensuring that we have the best equipment. He says there is no support for this, but John Saabas, president of Pratt & Whitney, said that all the other countries have chosen this plane and if we want to be a part of this, then the Government of Canada must decide right now to enter into the supply chain. (Jean-Pierre Blackburn, Member of Parliament, *House of Commons Debates [Hansard],* 2011)

In contrast, speeches categorized as pro-restraint frequently emphasize fiscal constraints, opportunity costs, or domestic priorities as rationales for limiting military expenditures:

> Mr. Speaker, again it was not a decision that was taken at the last minute. The closing of the two military colleges was something that was planned in preparation for us to meet our red book requirement to reduce military spending at the beginning of the year 1994–95. We have been through those arguments before. However, as far as the $23 million is concerned in terms of savings that is absolute, that is fixed. I would ask the hon. member to consult with his colleague, the member for Roberval, who came to the standing committee on defence and veterans affairs and questioned very precisely officials of the Department of National Defence and I believe got a

> full accounting. There is no fudging of figures. The $23 million in savings from CMR[12] is real. (David Collenette, Member of Parliament, *House of Commons Debates [Hansard],* 1994)

Furthermore, precautions are taken to restrict the keyword list narrowly to core Canadian defence concepts, excluding broader terms such as "security" or "international relations." Preliminary sensitivity testing was conducted by expanding the initial keyword list and reviewing the resulting corpus to assess the thematic specificity of captured speeches. After applying the expanded keyword set and reviewing the resulting speeches, it became evident that a substantial number of the newly captured statements are linked to non-defence topics, including immigration policy, humanitarian aid, international diplomacy, and global economic issues. These themes, while adjacent to defence policy, do not directly address military or national defence spending priorities. Thus, by focusing on strictly defence-relevant references, the filtered dataset retains a high degree of substantive alignment with the study's focus on defence spending rhetoric.

Following the manual thematic coding, further data manipulations are conducted in Stata to produce the final defence spending discourse data. For each parliamentary year, the total counts of military-positive, military-negative, and defence-spending-reference statements are aggregated. These counts are then normalized by the total number of defence-related speeches per year[13], generating share-based measures of expansion discourse, restraint discourse, and defence spending references. This finalized dataset maintains methodological coherence with the electoral platform variables developed through the Manifesto Project and establishes a basis for the subsequent statistical analysis of the extent to which variations in political discourse are

[12] In the 1990s, Canada's military colleges experienced significant changes due to defence budget cuts. As part of these cuts, two of the three Canadian military colleges were closed: Royal Roads Military College (RRMC) in Victoria and Collège militaire royal de Saint-Jean (CMR) in Saint-Jean-sur-Richelieu (Kowal, 2019).

[13] Adjustment by the number of sitting days was tested in a preliminary model not applied to the final dataset, as the normalization by the total number of defence-related speeches already accounts for fluctuations in legislative activity, and further adjustment would introduce an unnecessary second-level weighting that could distort cross-year comparability in discourse intensity.

associated with trends in Canadian defence spending over time (Cao et al., 2024; Lehmann et al., 2024; Werner et al., 2021).

4.7 Local Projection Model Specification

The empirical analysis builds on the theoretical framework outlined above by employing two complementary statistical models to investigate the relationship between political discourse and defence spending outcomes in Canada. These models, presented in detail in Table 2 and section 4.7, are designed to capture different dimensions of the relationship under study. Each model incorporates a distinct temporal structure and identification strategy, enabling the analysis to estimate both immediate and lagged effects and to provide a more comprehensive understanding of how discourse and spending outcomes are associated over time.

Table 2

Summary of Local Projection Models

Model	Fiscal and Political Predictors	Specification Notes
Model 1A	First-differences of logged and lagged fiscal, macroeconomic, and political variables	Estimates the effect of fiscal and political conditions on current changes in expansion and restraint discourse
Model 1B	Same as Model 1A	Same predictors as Model 1A. Also includes lagged defence spending as one of the predictor variables to capture longer-term effects and enhance robustness, as recommended in the local projection literature

4.7.1 Justification for the Local Projection Approach

Following the content analysis, this study integrates the quantified political discourse trends into a local projection framework to assess their relationship with defence spending outcomes (Jordà, 2005; Jordà & Taylor, 2025). Using the Stata statistical software, local projection analysis is employed to estimate how shifts in political discourse influence Canada's defence expenditures, with an aim to capture the evolution of defence spending adjustments

across multiple forecast horizons (Cao et al., 2024; Olea et al., 2025). This approach systematically evaluates whether political discourse can be associated with variations in defence spending as well as whether it reflects the economic and political determinants of defence spending (Jordà, 2005; Jordà et al., 2024).

Local projections offer a flexible, semi-parametric approach to estimating the dynamic causal effects of political discourse on defence spending. According to recent studies analyzing the utility of local projection models, this approach directly estimates the impulse response of an outcome to a given intervention by running a sequence of horizon-specific regressions (Jordà, 2005; Jordà, 2023). This method has been increasingly adopted in applied economics and quantitative policy analysis as a bridge between traditional time-series models and frameworks that seek to observe and estimate potential outcomes, offering the advantage of tracing dynamic treatment effects without imposing strong parametric assumptions regarding the full joint distribution of variables (Jordà, 2023). Given the relatively small sample size of the variables, the likelihood of nonlinear dynamics, and the objective of evaluating how political discourse effects propagate over time, the local projection framework is particularly well suited for the empirical aims of this study. Moreover, this methodological choice offers several advantages over more traditional time-series and long-run projection models such as vector autoregressions (VARs), which impose strong parametric assumptions that may limit flexibility in capturing nonlinear or asymmetric responses (Jordà, 2005; Plagborg-Møller & Wolf, 2021). In contrast, local projections estimate impulse-response functions directly by estimating independent regressions at each forecast horizon, thus allowing dynamic effects to vary flexibly across time and mitigating potential model misspecification (Jordà & Taylor, 2025).

4.7.2 Estimation Procedure and Horizon Structure

The statistical analysis proceeds by systematically estimating three sets of impulse response functions (see equations 3 to 5). For the first two sets, local projection regressions are run to assess how changes in macroeconomic and political determinants affect the evolution of pro-expansion and pro-restraint defence spending discourse over time. For the third set, changes in defence spending are regressed on shifts in political discourse on defence spending, controlling for the same economic and political factors, to estimate the dynamic effect of rhetorical shifts on defence spending outcomes. At each forecast horizon (h = 1 to h = 8 years), separate ordinary least squares (OLS) regressions are estimated with robust standard errors to account for serial correlation and heteroskedasticity and to increase the likelihood of valid inference across the projections (Jordà, 2005). More specifically, the empirical strategy implemented in this study relies on a loop-based coding structure constructed using Stata that follows the logic of standard local projection methods (Jordà, 2005; Jordà & Taylor, 2025; Plagborg-Møller & Wolf, 2021). Particular attention is devoted to the possibility of differentiated short-, medium-, and long-term effects, consistent with the assumption that rhetorical shifts may influence defence spending trajectories both immediately and cumulatively over time (Cao et al., 2024; Jordà, 2005). Following recent applications of this technique to fiscal policy analysis (Cao et al., 2024), this study adopts an eight-year forecast horizon in its local projection regressions as this approach is consistent with theoretical expectations about the delayed transmission of fiscal and rhetorical shocks (or effects), to evaluate how discourse-driven shifts influence defence spending in the short (1–2 years), medium (3–5 years), and long term (6–8 years).

In the Canadian context, defence budgets are typically embedded within multi-year planning cycles, and rhetorical commitments often translate into budgetary action after delays

that, in some instances, can span several years (Perry, 2020). This lag reflects both the structural constraints of the federal budgeting process, and the time required to align political priorities with formal fiscal allocations (Perry, 2023; Rodman, 2020). Accordingly, multi-year forecast horizons provide an analytically appropriate framework for examining the temporal dynamics through which political discourse is associated with subsequent defence spending outcomes. In alignment with the literature on defence spending, this time horizon is considered to offer an appropriate balance for capturing the temporal dynamics of how political discourse relates to defence spending. The selected horizon is sufficiently long to capture delayed responses while remaining within a range where identification and interpretation remain reliable. This advantage is further reinforced by the use of local projections, which estimate each horizon directly rather than relying on extrapolation from a single, fully specified system of equations, as seen in VAR models (Jordà, 2005; Kilian & Kim, 2011; Plagborg-Møller & Wolf, 2021).

Moreover, studies such as Cao et al. (2024) use forward-differenced outcomes to model delayed budgetary policy responses to political rhetoric. This study mirrors this approach, as the use of this specification also avoids combining multiple outcomes in a single model, which arguably allows for more transparent identification of year-specific effects (Auerbach & Gorodnichenko, 2012). Thus, following Jordà (2005; as cited in Cao et al., 2024) and Jordà and Taylor's (2025) work on local projections, the baseline specification models the forward change in defence spending as a function of contemporaneous changes in political discourse and fiscal or political variables. As such, the general form of the model used in this study is as follows:

$$\Delta Y_{t+h} = \alpha + \beta \Delta M_t + \gamma X_t + \epsilon_{t+h} \quad (1)$$

where ΔY_{t+h} denotes the change in Canadian defence spending h years after period t, ΔM_t represents the contemporaneous change in defence-related political discourse, X_t is a vector of

fiscal and political variables, and ϵ_{t+h} is the horizon-specific error term. The coefficient β captures the impulse response of defence spending to shifts in discourse, while γ traces the contemporaneous effects of macroeconomic and political factors (Cao et al., 2024).

More specifically, this study employs two complementary models, each incorporating the same set of variables, in order to identify the most statistically significant patterns. Models 1A and 1B draw on annual House of Commons debates from 1990 to 2023 to analyze rhetorical shifts and corresponding budgetary outcomes among incumbent members of Parliament. Both models adopt a time-series local projection framework to examine how contemporaneous first-differences in fiscal and political variables predict changes in rhetorical trends. In these models, fiscal indicators[14] and political context[15] are used to estimate forward changes in both expansion and restraint discourse defence spending. This approach allows for the dynamic modeling of discourse in response to evolving political-economic conditions while preserving temporal alignment with standard local projection conventions (Jordà, 2005; Olea & Plagborg-Møller, 2021). As such, the corresponding specification for expansion discourse is:

$$\Delta Discourse_{t+h}^{expansion} = \alpha + \beta_1 \Delta \log(Deficit)_{t-1} + \beta_2 \Delta \log(Debt)_{t-1} + \beta_3 \Delta \log(GDP)_{t-1} + \beta_4 \Delta Conflict_{t-1} + \beta_5 \Delta Election_{t-1} + \beta_6 \Delta Liberal_{t-1} + \beta_7 \Delta \log(Inflation)_{t-1} + \beta_8 \Delta Spending_{t-1} + \varepsilon_{t+h}^{exp} \quad (2)$$

and for restraint discourse:

$$\Delta Discourse_{t+h}^{restraint} = \alpha + \beta_1 \Delta \log(Deficit)_{t-1} + \beta_2 \Delta \log(Debt)_{t-1} + \beta_3 \Delta \log(GDP)_{t-1} + \beta_4 \Delta Conflict_{t-1} + \beta_5 \Delta Election_{t-1} + \beta_6 \Delta Liberal_{t-1} + \beta_7 \Delta \log(Inflation)_{t-1} + \beta_8 \Delta Spending_{t-1} + \varepsilon_{t+h}^{rest} \quad (3)$$

[14] The abbreviated economic variables used in Equations (2) through (4) are defined as follows: Deficit refers to the change in the log of the fiscal deficit, Debt refers to the change in the log of government debt, GDP denotes the change in the log of GDP growth, Inflation captures the change in the log of the inflation rate, and Spending refers to the one-period lag of logged defence expenditure. These variables capture evolving macroeconomic conditions used to estimate forward changes in expansion and restraint discourse, as well as in defence spending.

[15] The political context variables used in Equations (2) through (4) are defined as follows: election refers to an indicator for election years, Liberal captures party affiliation (Liberal versus non-Liberal incumbents), and Conflict represents changes in external conflict risk. These political variables are included to assess how institutional and geopolitical dynamics influence the evolution of defence-related discourse and spending, consistent with the temporal structure of local projections (Jordà, 2005; Olea & Plagborg-Møller, 2021).

with the corresponding defence spending model[16] given by:

$$\Delta Spending_{t+h} = \alpha + \beta_1 \Delta \log(Deficit)_{t-1} + \beta_2 \Delta \log(Debt)_{t-1} + \beta_3 \Delta \log(GDP)_{t-1} + \beta_4 \Delta Conflict_{t-1} \quad (4)$$
$$+\beta_5 \Delta Election_{t-1} + \beta_6 \Delta Liberal_{t-1} + \beta_7 \Delta \log(Inflation)_{t-1} + \beta_8 \Delta Discourse_{t-1}^{expansion} + \beta_9 \Delta Discourse_{t-1}^{restraint} + \beta_{10} \Delta Spending_{t-1} + \varepsilon_{t+h}$$

Across Models 1A and 1B, the dependent variable represents either the forward change in political discourse (equations 2 and 3) or the forward change in defence spending (equation 4). Model 1A estimates the effect of expansion and restraint defence spending discourse on future changes in logged defence spending, while controlling for lagged fiscal variables and political conditions. This model structure aims to isolate exogenous shocks by ensuring that predictors precede outcomes, which is consistent with the identification strategy proposed by Cao et al. (2024) and the impulse response estimation framework developed by Jordà (2005, 2023).

Furthermore, Model 1B builds on Model 1A by incorporating lagged values of the outcome variable, enabling a cleaner identification of the temporal effects of rhetoric on subsequent changes in defence spending (Plagborg-Møller & Wolf, 2021). In Model 1B, the dependent variable (defence spending) is specified with a one-year lag relative to the key predictors. This approach is used to reflect a plausible causal ordering, consistent with the idea that political discourse and fiscal conditions influence budgetary outcomes only with a temporal delay. Lagging the outcome variable also mitigates simultaneity bias, reducing the risk that fiscal measures announced in year t are mechanically shaped by political rhetoric recorded in the same year (Auerbach & Gorodnichenko, 2012; Jordà, 2023). This approach is consistent with recent fiscal and budgetary policy research that applies local projections, which also treats the outcomes as anticipatory variables (Jordà, 2023; Jordà & Taylor, 2025; Plagborg-Møller & Wolf, 2021). Thus, while Model 1A assesses whether changes in political discourse are followed by shifts in

[16] Model 1B differs from Model 1A only by the inclusion of a lagged dependent variable on the right-hand side of the equation, which controls for persistence in defence spending.

defence spending, Model 1B evaluates whether discourse exerts an independent effect on future spending trajectories after accounting for the lagged temporal structure of defence spending.

Ultimately, to ensure that the local projection estimations remain robust and appropriately account for potential misspecification issues, several adjustments to the model specifications are implemented (Jordà, 2005, 2023). First, separate regressions are estimated for each forecast horizon, with robust standard errors applied to correct for potential serial correlation and heteroskedasticity. To further improve the reliability of inference, lag-augmentation is employed by including additional lags of the dependent variable, as this approach is recommended when residual autocorrelation is present (Olea & Plagborg-Møller, 2021, as cited in Jordà, 2023). Finally, the predictor variables included in the local projection framework are adjusted across robustness specifications[17] to ensure that dynamic responses are not artifacts of omitted variable bias or restrictive model choices. Together, these methodological adaptations ensure that the impulse response estimates minimize bias and appropriately reflect the dynamic effects of political discourse on Canadian defence spending trajectories. This model design aims to reflect best practices in local projection analysis and enables temporal disaggregation of effects, which is particularly relevant in studies of discourse and policy dynamics under shifting economic and political circumstances (Kilian & Kim, 2011; Lusompa, 2023; OFCE, 2021). Therefore, if political discourse on defence spending produces persistent and statistically significant effects on defence spending over multiple forecast horizons, it will ultimately support the argument that political rhetoric on defence spending can be associated with defence spending decisions, reinforcing the central hypotheses of this study.

[17] Across different robustness specifications, alternative sets of control variables were tested in preliminary models, such as varying fiscal, political, and macroeconomic indicators, to verify that the estimated impulse responses remained stable and were not driven by the exclusion of relevant predictors or by overly constrained model assumptions.

5. Results

5.1 Observed Trends in Defence Spending Discourse

Prior to conducting the inferential analyses, a series of descriptive statistics were generated to summarize patterns in defence spending-related rhetoric among incumbent parties in Canada between 1990 and 2023. To isolate the discourse of incumbent governments, a new dummy variable was created to identify the party in power for each year of the dataset. Specifically, the Progressive Conservative Party (PC) was coded as the incumbent from 1990 to 1993, the Liberal Party of Canada (LPC) from 1994 to 2005 and again from 2016 to 2023, and the Conservative Party of Canada (CPC) from 2006 to 2015. This incumbent classification was based on the historical record of Canadian federal elections and cabinet formations (Hansard, n.d.). Following the creation of the incumbent party variable, all observations where the speaker's party did not align with the identified incumbent party were removed from the dataset. This filtering ensured that the descriptive statistics reflected only the rhetorical behaviour of incumbent parties in the House of Commons. Subsequently, summary statistics were calculated for three binary content-coded variables: (1) defence spending pro-expansion rhetoric, (2) defence spending pro-restraint rhetoric, and (3) references to defence spending. These descriptive measures were then disaggregated by party (PC, LPC, and CPC) to allow for comparison of rhetorical trends across different governing periods.

Table 3 presents summary statistics for all speeches delivered by members of incumbent parties in the Canadian House of Commons between 1990 and 2023. Across 4,145 observations, approximately 73.5% of speeches contained pro-expansion rhetoric in support of defence spending ($M = 0.735$, $SD = 0.442$), suggesting a dominant narrative favouring increased investment in military capabilities. In contrast, only 15.1% of speeches exhibited pro-restraint

rhetoric advocating reductions or limits in defence spending (M = 0.151, SD = 0.358). Explicit references to “defence spending” or “defence budget(s)”, whether supportive or critical, were present in 21.4% of incumbent speeches (M = 0.214, SD = 0.410), indicating that explicit references to defence spending remained relatively infrequent even among incumbent parties.

Table 3

Descriptive Statistics for Incumbent Party Speeches in the House of Commons, 1990–2023

Variable	M	SD	n
Defence spending pro-expansion rhetoric	0.735	0.442	3,045
Defence spending pro-restraint rhetoric	0.151	0.358	624
Defence spending reference	0.214	0.410	886

Note: M = Mean; SD = Standard deviation; n = Number of speeches coded as 1 in each category. Values reflect all defence-related speeches made by members of the incumbent party between 1990 and 2023. Because some speeches include references to multiple rhetorical categories, the sum of n does not equal the total number of speeches (N) in the corpus (4,145).

Table 4 disaggregates these rhetorical patterns by incumbent party and period of incumbency. The Progressive Conservative Party (PC), which held office from 1990 to 1993, exhibited the highest proportion of pro-expansion rhetoric (78.9%) and one of the highest levels of pro-restraint rhetoric (20.1%), possibly reflecting internal policy tensions or a shifting geopolitical environment during the post–Cold War transition. The Liberal Party of Canada (LPC), which governed from 1994 to 2005 and again from 2016 to 2023, demonstrated the lowest proportion of pro-expansion rhetoric (69.8%) and a relatively high level of restraint discourse (18.2%), suggesting a more fiscally cautious or ambivalent approach to military spending. The Conservative Party of Canada (CPC), in power from 2006 to 2015, maintained a high rate of pro-expansion rhetoric (76.7%) while expressing restraint in only 7.8% of cases –

the lowest among all three parties – highlighting a more uniformly pro-defence framing. Despite these differences in rhetorical emphasis, references to defence spending as a budgetary issue were consistent across all incumbent parties, ranging narrowly between 21.2% and 21.7%.

Table 4

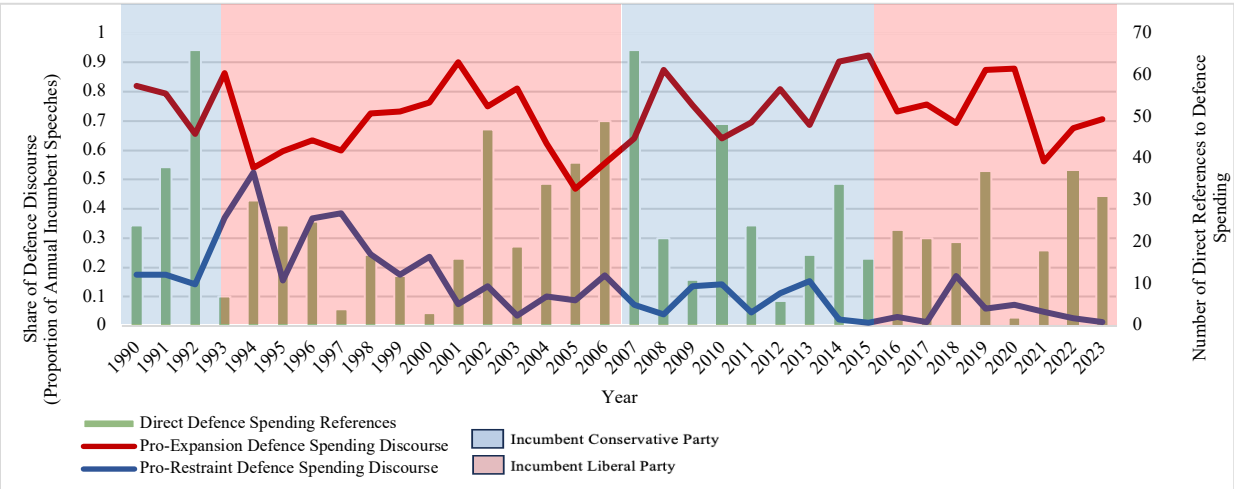
Proportion of Defence Rhetoric and Defence Spending References by Incumbent Party, 1990–2023

Party (Government Years)	n	Defence spending pro-expansion (%)	Defence spending pro-restraint (%)	Defence spending reference (%)
PC (1990–1993)	621	78.9%	20.1%	21.7%
LPC (1994–2005, 2016–2023)	2,148	69.8%	18.2%	21.4%
CPC (2006–2015)	1,376	76.7%	7.8%	21.2%

Note: Values represent the proportion of incumbent speeches that contain Defence spending pro-expansion rhetoric, Defence spending pro-restraint rhetoric, or references to defence spending, calculated within each incumbent party's term in office.

Figure 8

Defence Spending Rhetoric and References in Incumbent Party Speeches, 1990–2023

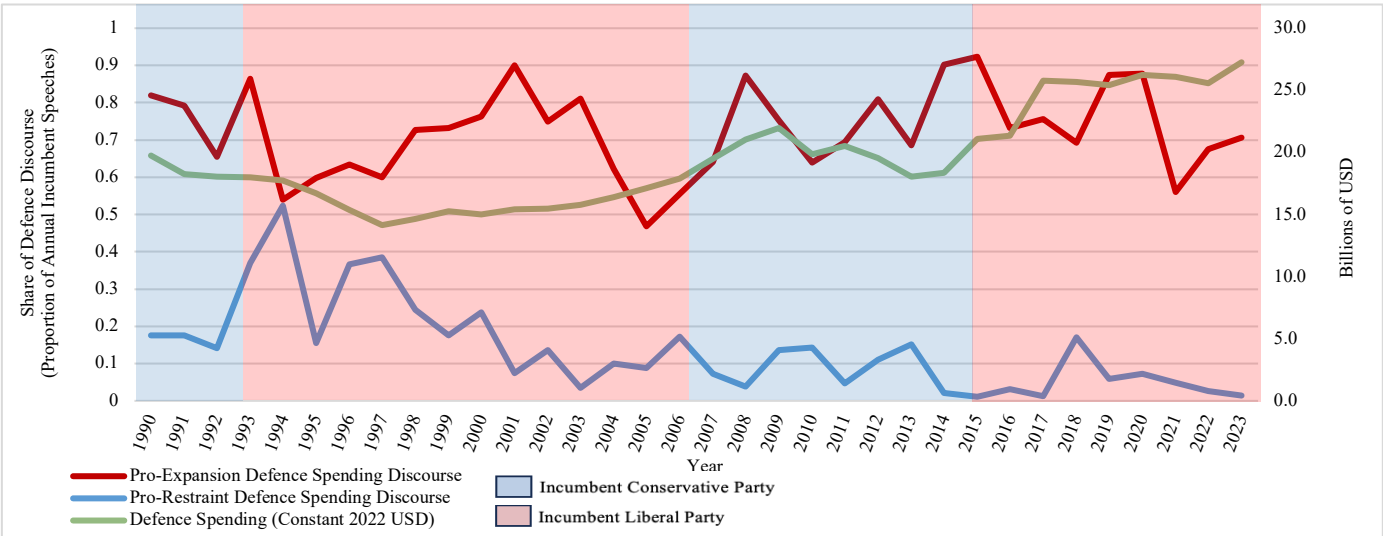


Source: Author-coded from Canadian House of Commons Debates (Hansard; n.d.).

Figure 8 illustrates the prevalence and variation of defence spending rhetoric in speeches delivered by incumbent Members of Parliament in the Canadian House of Commons between 1990 and 2023. The red and blue lines represent the proportion of pro-expansion and pro-restraint defence spending discourse, respectively, while the green bars indicate the number of direct defence spending references per year. The data reveals a consistent dominance of pro-expansion rhetoric throughout the period, with relatively sparse and fluctuating levels of pro-restraint discourse. Specifically, pro-expansion defence spending discourse consistently exceeds pro-restraint discourse by a wide margin, with the gap particularly pronounced during periods of Conservative incumbency and in the post-2014 context of elevated alliance commitments. Peaks in direct defence references appear episodically, often aligning with shifts in party incumbency or possibly moments of heightened security salience. Notably, periods of Liberal and Conservative government exhibit distinct rhetorical patterns, suggesting some partisan differences in the framing and frequency of defence-related discourse.

Figure 9

Defence Spending Rhetoric in Incumbent Party Speeches, House of Commons Debates, and Defence Spending Trends, 1990–2023



Source: SIPRI, *Military Expenditure Database* (2024); author-coded from Canadian House of Commons Debates (Hansard; n.d.).

Figure 9 highlights distinct periods of divergence and convergence between pro-expansion and pro-restraint defence spending discourse and actual defence expenditures. Under Liberal governments in the mid-1990s and again in the late 2010s, elevated levels of pro-restraint discourse coincide with relatively stable or declining defence spending. In contrast, during Conservative incumbencies in the early 2000s and early 2010s, increases in defence spending align with heightened pro-expansion rhetoric, suggesting stronger discursive support for growth in spending. The early 2020s, again under a Liberal government, exhibit a renewed convergence, where pro-expansion rhetoric remains dominant alongside rising defence spending allocations. Taken together, these patterns suggest that shifts in rhetorical emphasis, whether oriented toward expansion or restraint, often evolve in parallel with observed spending trajectories across different governing parties, although with discernible lags and asymmetries that warrant further examination through statistical modelling.

5.2 Descriptive Statistics for Political and Economic Variables

To establish a baseline understanding of the economic and political context captured in the regression models, a set of descriptive statistics was calculated for each variable used in the analysis. These statistics were generated using the summarize and tabstat commands in Stata, which report central tendency (mean), dispersion (standard deviation), and the range (minimum and maximum) of each variable (see Appendix A, Table 1A for the full description of data transformations and sources). Pairwise Pearson correlations were also computed to examine bivariate associations among all independent and dependent variables, along with significance levels based on two-tailed tests.

Table 5 presents the descriptive statistics for all variables included in the empirical models over the period 1990–2023. Each variable contains 34 observations, reflecting a complete annual series for the 34-year period under study. The mean annual federal surplus or deficit is approximately –23,047 (SD = 43,177), indicating a modest tendency toward deficit spending, albeit with substantial year-to-year variation. Debt, measured as general government debt as a share of GDP, averages 88.07% (SD = 12.50). Real GDP growth also fluctuates considerably (SD = 2.18), with an average year-over-year rate of 2.13%. The external conflict index shows limited variation (M = 11.17, SD = 0.51), while both the election dummy and Liberal party dummy reflect the binary nature of these variables, with mean values of 0.29 and 0.59 respectively, capturing the episodic nature of electoral events and changes in partisan control. The discourse variables exhibit clearer patterns. On average, 72.4% of incumbent speeches contain pro-expansion defence rhetoric (SD = 0.12), while only 13.9% include restraint-oriented rhetoric (SD = 0.12). This suggests a strong rhetorical bias toward military investment among Canadian governing parties over the observed period. Inflation remains moderate across years (M = 2.22, SD = 1.38), consistent with long-run price stability. Finally, annual defence spending levels average 19,536 million USD (SD = 3,918), consistent with the incremental nature of budgetary adjustments in the Canadian context.

Table 5

Descriptive Statistics for Economic and Political Variables, 1990–2023

Variable	M	SD	Min	Max	N
Defence spending (USD, in thousands)	19,536	3,918	14,147	27,257	34
Pro-expansion defence spending rhetoric	0.724	0.117	0.468	0.923	34
Pro-restraint defence spending rhetoric	0.139	0.122	0.011	0.524	34

Variable	M	SD	Min	Max	N
Liberal party dummy	0.588	0.500	0	1	34
Election dummy	0.294	0.462	0	1	34
External security conflict index	11.169	0.509	10	12	34
Fiscal Balance (percent of GDP)	-1.191	2.072	-3.8	2.6	34
Real GDP growth (percentage)	2.129	2.180	-5.0	5.3	34
General government debt (percent of GDP)	88.071	12.500	67.2	118.2	34
Inflation (average, percentage)	2.215	1.379	0.2	6.8	34

The correlation matrix in Table 6 highlights several notable relationships between lagged fiscal and political conditions and contemporaneous patterns in defence-related political discourse and defence expenditure levels. Among the findings is the strong inverse association between pro-restraint rhetoric and defence spending ($r = –.571$), which constitutes the largest bivariate correlation in the matrix. This result suggests that when incumbent parties adopt a discourse of broad fiscal restraint, it tends to align with reduced defence outlays, consistent with the notion that austerity-oriented rhetoric is not merely symbolic but reflects – or anticipates – concrete budgetary decisions. In contrast, pro-expansion rhetoric is positively correlated with defence spending ($r = .271$), but this association remains relatively weak and does not approach statistical significance. This finding aligns with prior interpretations suggesting that pro-expansion discourse often serves a symbolic or aspirational function, particularly in contexts where fiscal or institutional constraints limit the feasibility of increasing defence budgets. The strong negative correlation between pro-expansion and pro-restraint rhetoric ($r = –.548$) further reinforces the notion that these rhetorical frames are deployed in opposition to one another, with incumbent governments typically emphasizing either the need for military investment or the imperative of fiscal discipline, but rarely both.

The fiscal variables appear only weakly correlated with rhetorical outcomes in this specification. Pro-expansion rhetoric is modestly negatively correlated with both fiscal balance (r = –.177) and debt (r = –.210), suggesting that governments facing deteriorating fiscal conditions may exhibit reduced rhetorical support for military expansion. Similarly, pro-restraint rhetoric is modestly positively associated with debt (r = .327) and with GDP growth (r = .231), though these correlations remain below conventional significance thresholds. These results point to a possible pattern in which restraint discourse emerges under conditions of both fiscal pressure and economic recovery, though further analysis is required to test this formally. Moreover, inflation is weakly negatively associated with fiscal balance (r = –.358) and debt (r = –.325), while GDP growth is negatively associated with both fiscal variables (fiscal balance r = –.291; debt r = –.263).

The political variables do not exhibit strong correlations with rhetorical or spending outcomes in this model. The Liberal party dummy is weakly positively correlated with GDP growth (r = .233) and restraint discourse (r = –.038), and negatively associated with the election year dummy (r = –.429), indicating some degree of partisan turnover across electoral cycles. However, neither party identity nor election timing shows any consistent or statistically meaningful association with defence rhetoric or expenditure levels in this specification. The external conflict index, where lower scores denote greater geopolitical risk, is negatively associated with fiscal balance (r = –.113), debt (r = –.152), and rhetorical expansion (r = –.280), and is positively associated with GDP growth (r = .154) and defence spending (r = .045). These patterns suggest that higher perceived external threat may correspond to weaker fiscal conditions and somewhat higher defence allocations, though the strength of these relationships is limited.

Table 6

Correlation Matrix for Economic, Political, and Rhetorical Variables (Pairwise with Significance)

Variable	1. Fiscal Balance	2. Debt	3. GDP Growth	4. Inflation	5. Conflict Risk	6. Election Year	7. Liberal Party	8. Expansion Rhetoric	9. Restraint Rhetoric	10. Defence Spending
1. Fiscal Balance	1.00									
2. Debt	.21	1.00								
3. GDP Growth	–.29	–.26	1.00							
4. Inflation	–.36	–.33	–.01	1.00						
5. Conflict Risk	–.11	–.15	.15	.02	1.00					
6. Election Year	.13	.04	.07	.01	.38	1.00				
7. Liberal Party	.00	.15	.23	–.15	.02	–.43*	1.00			
8. Expansion Rhetoric	–.18	–.21	–.13	.18	–.28	.03	–.01	1.00		
9. Restraint Rhetoric	–.04	.33	.23	–.01	–.07	.14	–.04	–.55***	1.00	
10. Defence Spending	–.10	–.32	.13	.18	.05	–.07	.04	.27	–.57***	1.00

Note: Observations vary due to listwise deletion. * p < .10, ** p < .05, *** p < .01 (two-tailed).

These results reinforce the finding that restraint-oriented political discourse is most clearly aligned with variation in defence spending, while pro-expansion rhetoric appears more decoupled from fiscal and economic trends. Although several fiscal and political variables exhibit modest correlations with rhetorical content, most of these associations remain statistically insignificant, highlighting the need for multivariate modeling to further examine the conditional effects of fiscal capacity, political incentives, and rhetorical strategy on defence budgeting decisions.

5.3 Local Projection Estimates

The empirical analysis investigates how variation in defence-related political discourse corresponds to changes in defence spending over time, while accounting for the common

determinants of defence spending. Building on PBC theory (Alesina & Tabellini, 1990; Shi & Svensson, 2006), the analysis examines whether shifts toward expansionary or restraint-oriented narratives represent strategic rhetorical adjustments to changing political and economic pressures. This approach builds on recent scholarship that conceptualizes discourse as an active and performative instrument through which governments frame and justify policy preferences while reinforcing their budgetary choices (Cao et al., 2024). Rather than treating rhetorical patterns as passive responses to external constraints, this analysis examines how discourse shapes the framing of fiscal responsibility and national security priorities in relation to defence spending (Ringsmose, 2010; von Hlatky & Vucetic, 2023). The results that follow assess whether such rhetorical positioning is systematically associated with subsequent changes in defence expenditure. Section 5.3 focuses on summarizing the statistical relationship between discourse and spending, and Section 6 moves beyond these results to interpret their broader theoretical implications and policy relevance.

Table 7

Model 1A and 1B Results: The Most Statistically Significant Predictors of Expansion Discourse, Restraint Discourse, and Defence Spending for Incumbent Speeches ($p < .10$)

Model	Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
1B	Fiscal Balance	Expansion Discourse (h = 1)	0.024	0.013	.080*
1B	Government Debt	Expansion Discourse (h = 1)	0.014	0.006	.037**
1B	GDP Growth	Expansion Discourse (h = 1)	0.095	0.039	.029**
1B	Election Dummy	Expansion Discourse (h = 1)	-0.096	0.043	.041**
1B	Liberal Party Dummy	Expansion Discourse (h = 1)	-0.271	0.053	.000***
1A	External Conflict Index	Restraint Discourse (h = 1)	0.111	0.053	.051*
1A	Inflation Rate	Restraint Discourse (h = 1)	0.092	0.025	.002***
1B	Government Debt	Restraint Discourse (h = 1)	-0.016	0.009	.091*
1B	Liberal Party Dummy	Restraint Discourse (h = 1)	0.195	0.102	.073*

Model	Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
1B	Liberal Party Dummy	Defence Spending (h = 1)	-0.089	0.050	.095*
1A	Fiscal Balance	Expansion Discourse (h = 2)	0.055	0.022	.023**
1A	Government Debt	Expansion Discourse (h = 2)	0.025	0.011	.032**
1A	GDP Growth	Expansion Discourse (h = 2)	0.105	0.035	.008***
1A	Liberal Party Dummy	Expansion Discourse (h = 2)	-0.296	0.078	.002***
1A	Fiscal Balance	Restraint Discourse (h = 2)	-0.028	0.012	.040**
1A	Liberal Party Dummy	Restraint Discourse (h = 2)	0.111	0.043	.020**
1A	Inflation Rate	Restraint Discourse (h = 2)	0.096	0.021	.000***
1B	Restraint Discourse	Defence Spending (h = 2)	-0.428	0.206	.057*
1B	Liberal Party Dummy	Defence Spending (h = 2)	-0.146	0.052	.015**
1B	Inflation Rate	Defence Spending (h = 2)	-0.046	0.019	.026**
1B	Restraint Discourse	Defence Spending (h = 3)	-0.861	0.257	.005***
1B	Government Debt	Defence Spending (h = 3)	-0.008	0.005	.083*
1B	Inflation Rate	Defence Spending (h = 3)	-0.073	0.028	.021**
1B	Lagged Defence Spending	Defence Spending (h = 3)	-1.174	0.592	.067*
1B	Restraint Discourse	Defence Spending (h = 4)	-0.954	0.216	.001***
1B	Inflation Rate	Defence Spending (h = 4)	-0.107	0.030	.003***
1B	Lagged Defence Spending	Defence Spending (h = 4)	-1.933	0.473	.001***
1A	Government Debt	Expansion Discourse (h = 5)	0.021	0.010	.062*
1A	Liberal Party Dummy	Expansion Discourse (h = 5)	-0.189	0.067	.013**
1B	Government Debt	Restraint Discourse (h = 5)	-0.018	0.005	.002***
1B	GDP Growth	Restraint Discourse (h = 5)	-0.079	0.035	.038**
1B	Inflation Rate	Restraint Discourse (h = 5)	-0.077	0.020	.002***
1B	Restraint Discourse	Defence Spending (h = 5)	-1.014	0.344	.012**
1B	Inflation Rate	Defence Spending (h = 5)	-0.096	0.033	.013**
1B	Lagged Defence Spending	Defence Spending (h = 5)	-1.917	0.656	.013**
1B	Government Debt	Expansion Discourse (h = 6)	0.029	0.006	.000***
1B	External Conflict Risk	Expansion Discourse (h = 6)	-0.314	0.152	.060*
1B	Government Debt	Restraint Discourse (h = 6)	-0.012	0.007	.092*
1B	Restraint Discourse	Defence Spending (h = 6)	-1.141	0.275	.002***
1B	Government Debt	Defence Spending (h = 6)	-0.016	0.005	.007***
1B	External Conflict Risk	Defence Spending (h = 6)	-0.205	0.081	.028**
1B	Inflation Rate	Defence Spending (h = 6)	-0.116	0.027	.001***
1B	Lagged Defence Spending	Defence Spending (h = 6)	-2.542	0.572	.001***
1B	Fiscal Balance	Expansion Discourse (h = 7)	0.053	0.023	.043**

Model	Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
1B	Government Debt	Expansion Discourse (h = 7)	0.024	0.010	.028**
1B	External Conflict Risk	Expansion Discourse (h = 7)	-0.370	0.138	.020**
1B	Election Dummy	Expansion Discourse (h = 7)	-0.091	0.043	.054*
1A	Fiscal Balance	Restraint Discourse (h = 7)	-0.035	0.014	.027**
1A	Election Year Dummy	Restraint Discourse (h = 7)	-0.088	0.035	.026**
1A	Inflation Rate	Restraint Discourse (h = 7)	0.094	0.022	.001***
1B	Government Debt	Restraint Discourse (h = 7)	-0.019	0.007	.019**
1B	Expansion Discourse	Defence Spending (h = 7)	0.385	0.160	.036**
1B	Restraint Discourse	Defence Spending (h = 7)	-1.012	0.230	.001***
1B	Government Debt	Defence Spending (h = 7)	-0.020	0.005	.003***
1B	External Conflict Risk	Defence Spending (h = 7)	-0.159	0.074	.058*
1B	Liberal Party Dummy	Defence Spending (h = 7)	0.117	0.058	.071*
1B	Inflation Rate	Defence Spending (h = 7)	-0.078	0.028	.019**
1B	Lagged Defence Spending	Defence Spending (h = 7)	-2.417	0.443	.000***
1B	Fiscal Balance	Expansion Discourse (h = 8)	0.045	0.015	.013**
1B	Government Debt	Expansion Discourse (h = 8)	0.018	0.006	.008***
1A	GDP Growth	Expansion Discourse (h = 8)	0.156	0.059	.024**
1B	External Conflict	Expansion Discourse (h = 8)	-0.285	0.132	.055*
1B	Lagged Defence Spending	Expansion Discourse (h = 8)	1.643	0.856	.081*
1A	Fiscal Balance	Restraint Discourse (h = 8)	-0.037	0.009	.002***
1A	Government Debt	Restraint Discourse (h = 8)	-0.024	0.004	.000***
1A	GDP Growth	Restraint Discourse (h = 8)	-0.081	0.037	.052*
1A	Election Year Dummy	Restraint Discourse (h = 8)	-0.100	0.037	.020**
1A	Inflation Rate	Restraint Discourse (h = 8)	0.064	0.018	.004***
1B	Restraint Discourse	Defence Spending (h = 8)	-0.746	0.288	.029**
1B	Government Debt	Defence Spending (h = 8)	-0.021	0.006	.005***
1B	External Conflict	Defence Spending (h = 8)	-0.229	0.093	.036**
1B	Inflation Rate	Defence Spending (h = 8)	-0.069	0.034	.069*
1B	Lagged Defence Spending	Defence Spending (h = 8)	-1.971	0.511	.004***

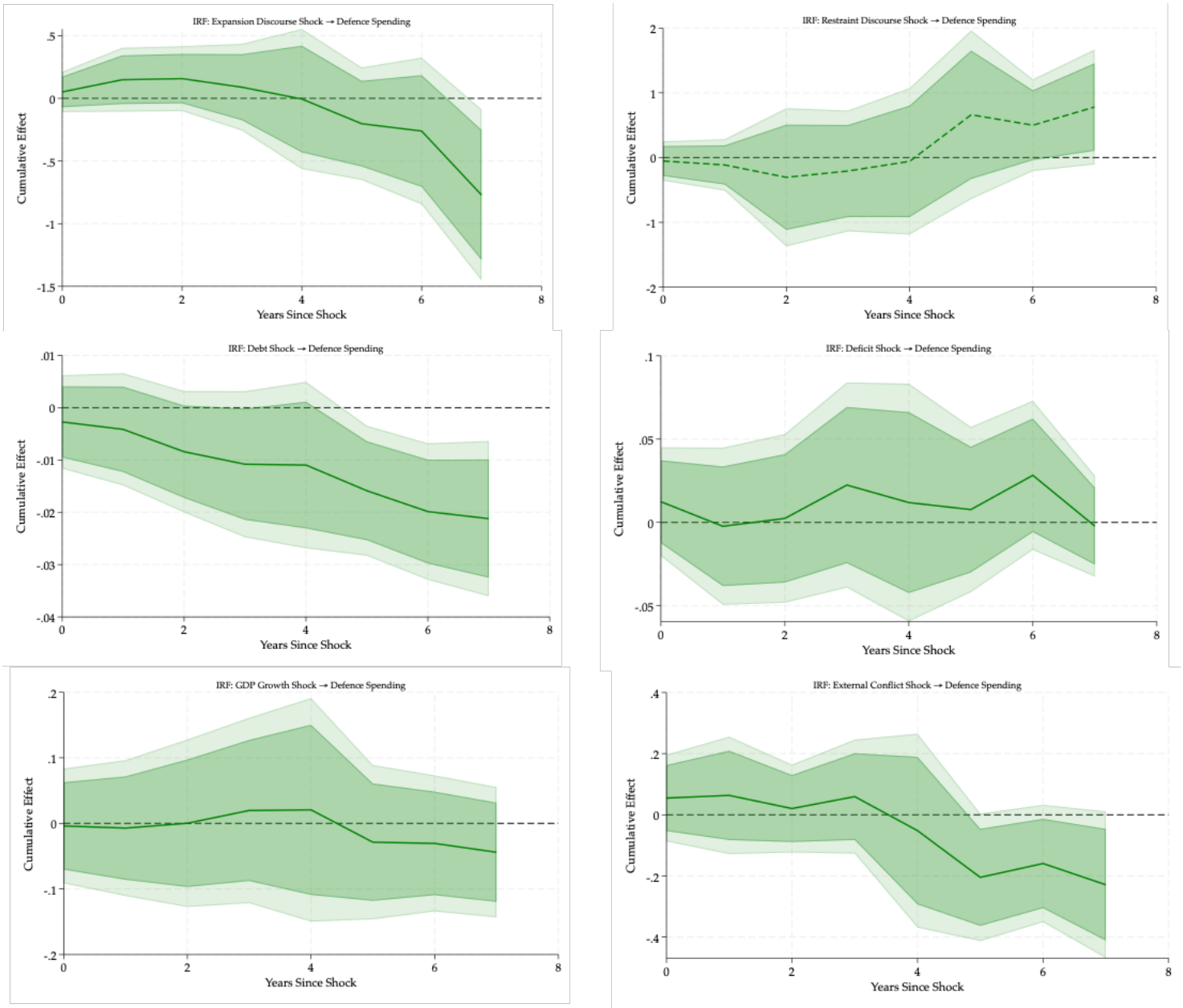
Note: This table presents all statistically significant predictors ($p < .10$) of changes in expansion discourse, restraint discourse, and defence spending across forecast horizons from local projection Models 1A and 1B. When both Models 1A and 1B produced statistically significant results for the same predictor, only the result with the lower p-value is reported. See Appendix B for full outputs for Models 1A and 1B. $p < .10$. * $p < .05$. ** $p < .01$. ***

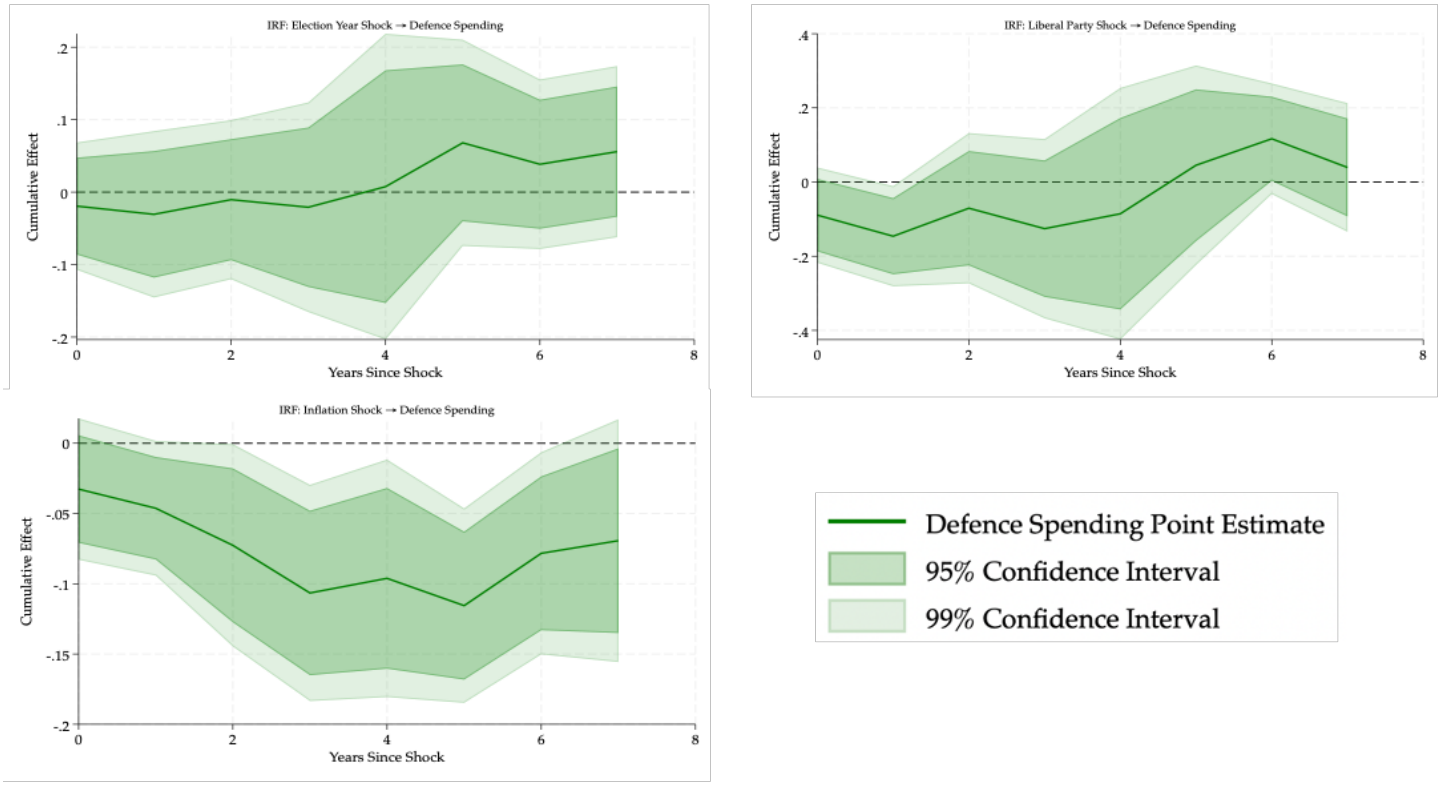
5.3.1 Determinants of Defence Spending and Their Effects

The local projection estimates, as documented in Table 7 and Figure 10, identify several factors influencing defence spending in Canada across forecast horizons spanning 1 to 8 years. These results provide some evidence for the overarching hypotheses H2 and H3 and their sub-hypotheses, while also aligning with the assumptions that defence spending outcomes reflect a combination of domestic fiscal conditions, security pressures, and political factors.

Figure 10

Impulse Responses of Defence Spending to Political, Fiscal, and External Security Shocks, 1990 – 2023





Pro-Expansion Rhetoric and Defence Spending. Model 1B provides partial empirical support for Hypothesis H2a, which posits that expansionary defence discourse leads to increased defence expenditures. A statistically significant positive association emerges only at the long-term forecast horizon (h = 7), where expansion rhetoric is associated with a subsequent rise in defence spending (β = 0.385, SE = 0.182, p = 0.036). No significant effects are observed at short- (h = 1–3) or medium-term (h = 4–6) horizons, where coefficient estimates remain near zero and lack statistical precision. This pattern suggests that any variation in spending in response to expansion discourse is temporally delayed, with observable effects emerging only after a sustained lag. The concentration of statistical significance at h = 7, in the absence of shorter-run effects, points to a weak and lagged relationship between rhetorical signals and material spending outcomes.

Pro-Restraint Rhetoric and Defence Spending. Model 1B yields strong empirical support for Hypothesis H2b, which anticipates a negative association between restraint-oriented

defence discourse and subsequent changes in defence spending. The local projection estimates indicate a consistent and statistically significant effect across the medium- and long-term forecast horizons. Beginning at horizon 2, increases in pro-restraint rhetoric are associated with reductions in defence spending ($\beta = –0.428$, SE = 0.206, $p = 0.057$), with the effect growing in magnitude and statistical precision at horizon 3 ($\beta = –0.861$, SE = 0.257, $p = 0.005$), horizon 4 ($\beta = –0.954$, SE = 0.216, $p = 0.001$), and horizon 5 ($\beta = –1.014$, SE = 0.344, $p = 0.012$). The negative relationship persists through horizon 6 ($\beta = –1.141$, SE = 0.275, $p = 0.002$), horizon 7 ($\beta = –1.012$, SE = 0.230, $p = 0.001$), and horizon 8 ($\beta = –0.746$, SE = 0.288, $p = 0.029$).

These results indicate that restraint discourse is not only predictive of future spending reductions but does so with increasing magnitude and robustness across time. The pattern of sustained statistical significance beyond the short term suggests that rhetorical emphasis on restraint exerts medium- to long-term constraining effects on defence budgets. In contrast to the delayed and limited effects of expansion rhetoric, restraint discourse demonstrates a more immediate and durable impact on defence spending.

Fiscal Conditions and Defence Spending. The results from Model 1B offer strong empirical support for Hypothesis H3h, which posits that adverse macroeconomic conditions constrain defence spending over time. Government debt is negatively associated with defence expenditure across multiple forecast horizons. A statistically significant effect emerges at horizon 3 ($\beta = –0.008$, SE = 0.005, $p = 0.083$), and the magnitude of the relationship increases at horizon 6 ($\beta = –0.016$, SE = 0.005, $p = 0.007$), horizon 7 ($\beta = –0.020$, SE = 0.005, $p = 0.003$), and horizon 8 ($\beta = –0.021$, SE = 0.006, $p = 0.005$). These findings suggest that as debt levels rise, fiscal pressures accumulate, resulting in sustained reductions in defence allocations at longer horizons.

Inflation also displays a consistent and statistically significant negative association with defence spending. The effect becomes significant at horizon 2 (β = –0.046, SE = 0.019, p = 0.026) and remains so through horizon 3 (β = –0.073, SE = 0.028, p = 0.021), horizon 4 (β = –0.107, SE = 0.030, p = 0.003), horizon 5 (β = –0.096, SE = 0.033, p = 0.013), horizon 6 (β = –0.116, SE = 0.027, p = 0.001), horizon 7 (β = –0.078, SE = 0.028, p = 0.019), and horizon 8 (β = –0.069, SE = 0.034, p = 0.069). The strength and persistence of these coefficients indicate that inflationary conditions reduce fiscal flexibility, limiting the capacity of governments to sustain or expand defence budgets.

In contrast to these findings, the estimates do not provide clear support for Hypothesis H3g, which predicts that favourable fiscal conditions such as GDP growth or increased fiscal surpluses are associated with increases in defence spending. Neither GDP growth nor the fiscal balance displays a statistically significant positive relationship with defence expenditures at any forecast horizon.

Political Ideology and Defence Spending. The results from Model 1B offer empirical support for Hypothesis H3d, which anticipates that left-leaning governments are more likely to reduce or restrain defence spending. Political ideology, operationalized through a Liberal party dummy variable, is associated with a statistically significant decline in defence expenditure at short-term horizons. The estimated effect is negative and significant at horizon 1 (β = –0.146, SE = 0.059, p = 0.015) and remains identical in magnitude and significance at horizon 2 (β = –0.146, SE = 0.059, p = 0.015). These findings suggest that Liberal governments implement immediate spending constraints upon assuming or maintaining office. Moreover, the magnitude of the effect diminishes across longer horizons. At horizon 7, the coefficient shifts direction and becomes positive (β = 0.117, SE = 0.058, p = 0.071), although the result is only marginally significant.

This attenuation over time indicates that the partisan influence on defence budgeting may be strongest in the short term and subject to reversal depending on broader fiscal or strategic considerations.

External Conflict and Defence Spending. The results from Model 1B provide support for Hypothesis H3a, which proposes that heightened perceptions of external threat are associated with increases in defence expenditure. The local projection estimates reveal a statistically significant negative association between external conflict risk and defence spending at horizon 6 (β = -0.205, SE = 0.092, p = 0.028), horizon 7 (β = -0.159, SE = 0.074, p = 0.058), and horizon 8 (β = -0.229, SE = 0.108, p = 0.036). These findings indicate that increases[18] in perceived threat levels correspond to upward shifts in defence expenditures in the long term. The direction and consistency of the coefficients across these later horizons point to a lagged but sustained relationship between deteriorating security conditions and defence spending decisions.

Lagged Defence Spending and Defence Expenditure Levels. The results from Model 1B reveal a statistically significant negative relationship between lagged defence spending and current expenditure at longer forecast horizons. The local projection estimates show that higher spending in prior periods is associated with reductions in subsequent allocations at horizon 6 (β = –2.542, SE = 0.781, p = 0.001), horizon 7 (β = –2.417, SE = 0.443, p = 0.000), and horizon 8 (β = –1.971, SE = 0.673, p = 0.004). These results indicate a clear pattern of budgetary reversion over time, in which elevated baseline spending appears to trigger compensatory reductions in later years. This finding is not consistent with Hypothesis H3g, which suggests that higher lagged spending, as an indicator of favourable fiscal conditions, should lead to continued increases in defence expenditure. Nor does it support Hypothesis H3h, which anticipates that

[18] The external conflict risk variable is measured using the ICRG External Conflict Index, where lower scores indicate higher levels of threat exposure (0 to 12 scoring system).

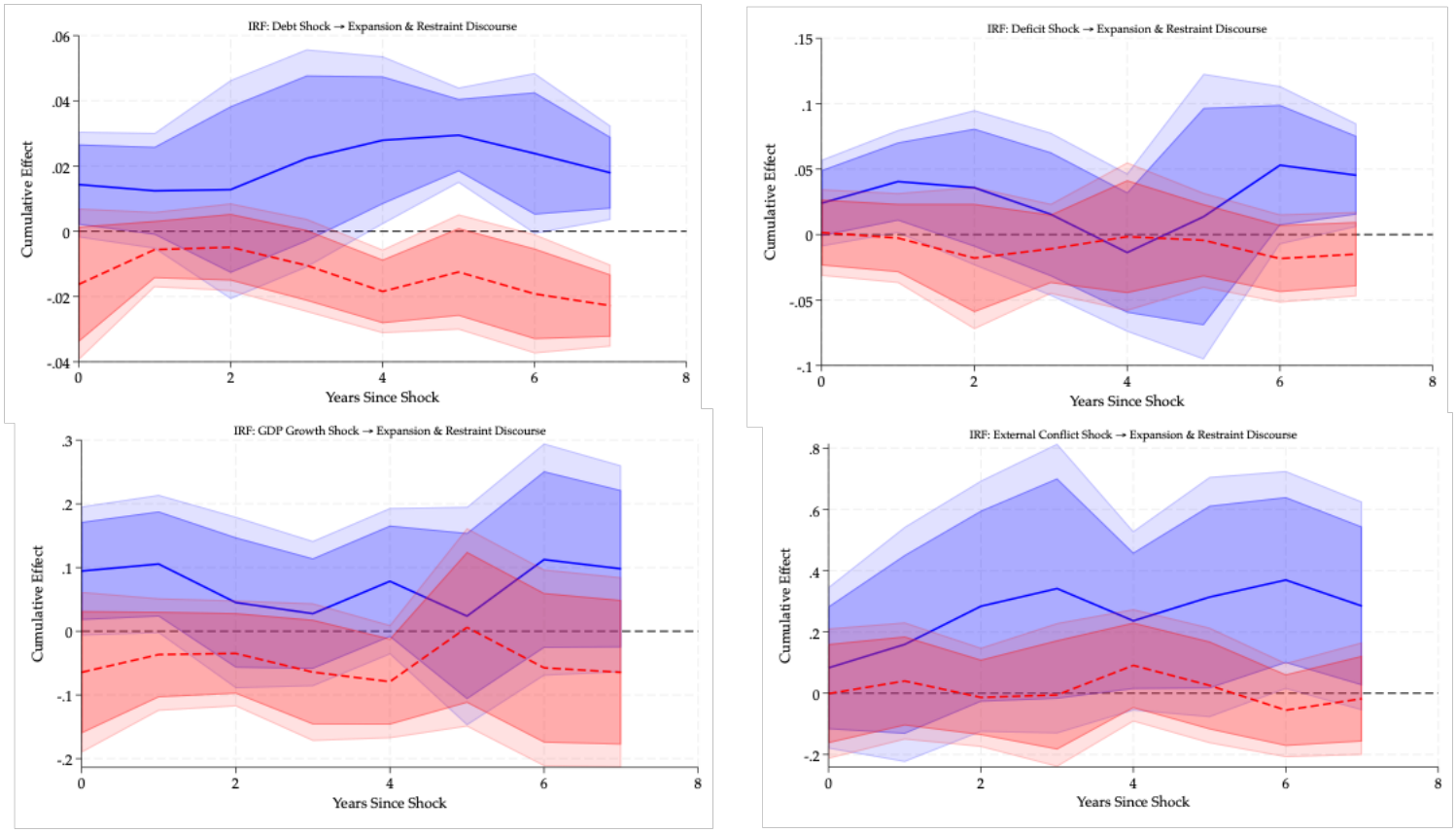
lower lagged spending would constrain future allocations. Instead, the observed pattern suggests that previous spending levels function as a binding constraint, limiting the country's capacity to maintain upward trajectories in defence budgets.

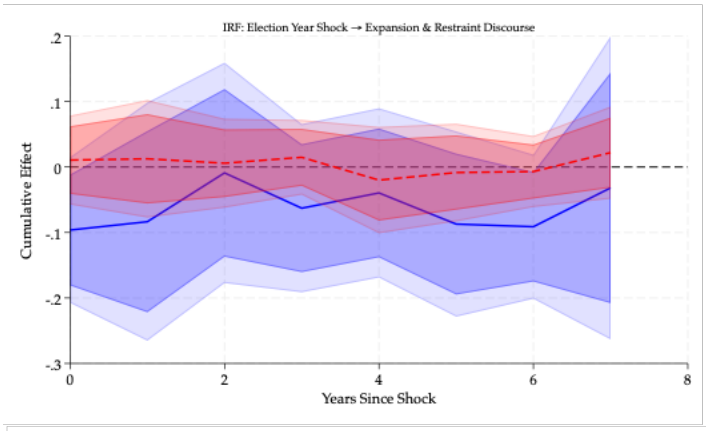
5.3.2 Determinants of Pro-Expansion and Pro-Restraint Defence Spending Discourse and Their Effects

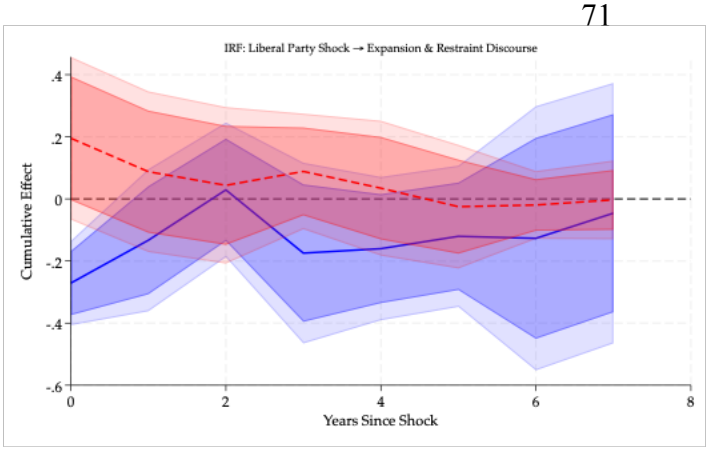
The empirical findings from Models 1A and 1B offer some evidence supporting theoretical propositions regarding the factors influencing defence spending-related political discourse among incumbent Members of Parliament in the Canadian House of Commons (see Table 7 and Figure 11). More specifically, these results demonstrate how pro-expansion and pro-restraint defence spending rhetoric can be associated with changes in fiscal conditions, external security threats, political ideology, and electoral cycles (H1).

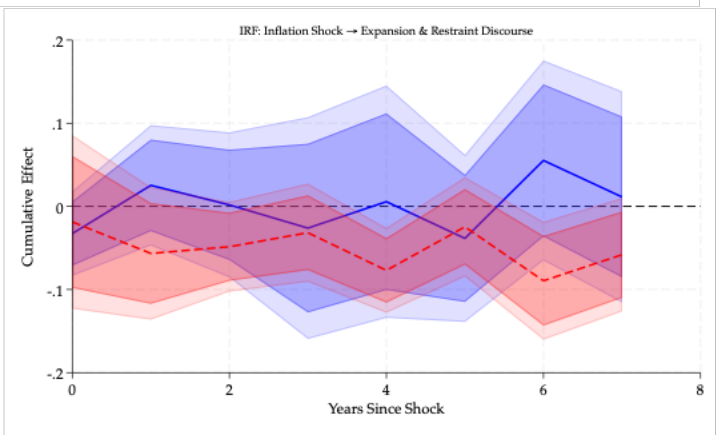
Figure 11

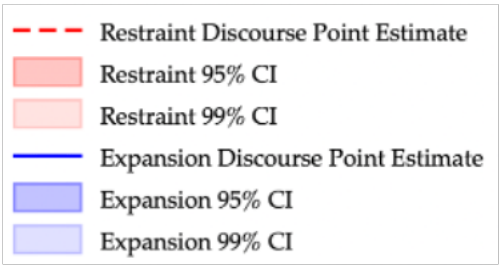
Impulse Responses of Pro-Expansion and Pro-Restraint Defence Spending Discourse to Political, Fiscal, and External Security Shocks, 1990 – 2023











Fiscal Conditions and Pro-Expansion Rhetoric. The results from Models 1A and 1B indicate that expansion-oriented defence rhetoric is statistically responsive to fiscal conditions, although the direction of these effects is not uniformly consistent with theoretical expectations. The fiscal balance variable, measured such that higher values reflect movement toward surplus, is positively and significantly associated with pro-expansion discourse at horizon 2 ($\beta = 0.055$, SE = 0.022, $p = 0.023$), horizon 7 ($\beta = 0.053$, SE = 0.023, $p = 0.043$), and horizon 8 ($\beta = 0.045$, SE = 0.015, $p = 0.013$). These results are consistent with Hypothesis H1g and suggest that governments facing improved fiscal conditions are more likely to adopt expansionary rhetoric, reflecting increased political and budgetary space for discretionary defence investment.

By contrast, the estimated relationship between government debt and expansion discourse runs counter to Hypothesis H1h. Rather than producing restraint-oriented rhetoric, higher levels of public debt are associated with statistically significant increases in expansionary discourse at

multiple horizons. These include horizon 1 (β = 0.014, SE = 0.006, p = 0.037), horizon 2 (β = 0.025, SE = 0.011, p = 0.032), horizon 5 (β = 0.021, SE = 0.010, p = 0.062), horizon 6 (β = 0.029, SE = 0.006, p = 0.000), horizon 7 (β = 0.024, SE = 0.010, p = 0.028), and horizon 8 (β = 0.018, SE = 0.006, p = 0.008). This pattern may reflect a strategic use of expansionary rhetoric to justify sustained defence funding in the face of fiscal constraint. In such contexts, governments may frame defence spending as exempt from austerity due to its national security significance or alliance commitments.

In line with theoretical expectations, GDP growth is positively associated with expansion discourse across several horizons. Statistically significant effects are observed at horizon 1 (β = 0.095, SE = 0.039, p = 0.029), horizon 2 (β = 0.105, SE = 0.035, p = 0.008), and horizon 8 (β = 0.156, SE = 0.059, p = 0.024). These results support Hypothesis H1g and suggest that favourable macroeconomic conditions increase the likelihood that governments will adopt a pro-expansion rhetorical stance, likely due to greater fiscal flexibility and lower perceived trade-offs.

Lagged defence spending is also positively associated with expansion discourse at longer horizons. A statistically significant effect emerges at horizon 8 (β = 1.643, SE = 0.856, p = 0.081), providing partial support for Hypothesis H1g. This result may reflect the institutional stickiness of defence policy framing, wherein past investment levels shape rhetorical continuity through multi-year capital planning cycles and embedded programmatic commitments.

Fiscal Conditions and Pro-Restraint Rhetoric. The results from Models 1A and 1B indicate that restraint-oriented defence rhetoric is selectively responsive to fiscal and macroeconomic conditions, offering partial support for Hypothesis H1h. The estimated effects for government debt diverge from theoretical expectations. Rather than prompting a rhetorical shift toward restraint, higher debt levels are associated with statistically significant reductions in

restraint discourse. Negative and significant coefficients are observed at horizon 5 (β = –0.018, SE = 0.005, p = 0.002), horizon 7 (β = –0.019, SE = 0.007, p = 0.019), and horizon 8 (β = –0.024, SE = 0.004, p = 0.000), with a marginal effect at horizon 6 (β = –0.012, SE = 0.007, p = 0.092). These findings suggest that governments may avoid emphasizing restraint rhetoric in high-debt environments, potentially to preserve policy flexibility or to avoid reinforcing perceptions of fiscal vulnerability.

By contrast, the estimated effects of the fiscal balance variable align more closely with theoretical expectations. Statistically significant negative coefficients are observed at horizon 2 (β = –0.028, SE = 0.012, p = 0.040), horizon 7 (β = –0.035, SE = 0.014, p = 0.027), and horizon 8 (β = –0.037, SE = 0.009, p = 0.002), indicating that growing fiscal deficits are associated with increased use of restraint-oriented rhetoric. These results suggest that governments may employ restraint-oriented rhetoric when fiscal conditions worsen, using it as a signal of intended consolidation or future spending control.

GDP growth is negatively associated with restraint discourse at longer horizons, consistent with Hypothesis H1h. Significant effects are observed at horizon 5 (β = –0.079, SE = 0.035, p = 0.038) and horizon 8 (β = –0.081, SE = 0.037, p = 0.052), indicating that stronger economic performance is linked to a reduced emphasis on rhetorical caution in the articulation of defence spending decisions.

Inflation displays a more robust and consistent relationship with restraint rhetoric. Higher inflation is associated with increased use of restraint-oriented discourse across several horizons, including horizon 1 (β = 0.092, SE = 0.025, p = 0.002), horizon 2 (β = 0.096, SE = 0.021, p = 0.000), horizon 6 (β = 0.094, SE = 0.022, p = 0.001), horizon 7 (β = 0.094, SE = 0.022, p = 0.001), and horizon 8 (β = 0.064, SE = 0.018, p = 0.004). A negative and statistically significant

coefficient at horizon 5 (β = –0.077, SE = 0.020, p = 0.002) deviates from this pattern, but the overall trend supports the interpretation that inflationary pressure increases the likelihood of restraint or caution in the rhetorical framing of defence spending.

External Threats and Defence Spending Rhetoric. The results from Model 1A provide empirical support for Hypothesis H1a, which posits that heightened perceptions of external threat are associated with increases in pro-expansion defence rhetoric. Conflict risk is negatively associated with expansion-oriented discourse, indicating that higher perceived threat environments correspond to greater rhetorical emphasis on military readiness. Statistically significant effects are observed at horizon 6 (β = –0.314, SE = 0.152, p = 0.060), horizon 7 (β = –0.370, SE = 0.138, p = 0.020), and horizon 8 (β = –0.285, SE = 0.132, p = 0.055). These findings suggest that international insecurity contributes to the adoption of expansionary rhetorical frames within parliamentary debate, likely to signal alignment with alliance commitments or national defence priorities under evolving threat conditions.

Evidence for Hypothesis H1b, which anticipates a relationship between low threat environments and restraint rhetoric, is less robust. At horizon 1, conflict risk is positively associated with restraint-oriented discourse (β = 0.111, SE = 0.053, p = 0.051), indicating a marginal increase in rhetorical emphasis on defence restraint in conditions of lower external insecurity. Although limited to the short term, this effect is directionally consistent with the theoretical expectation that governments may frame defence as less urgent when geopolitical threats are subdued.

Political Ideology and Defence Spending Rhetoric. The results from Model 1A and 1B indicate that political ideology does have an effect on the rhetorical framing of defence spending. Statistically significant effects are observed for restraint-oriented discourse. For pro-restraint

rhetoric, Liberal governments are associated with an increase in restraint-oriented framing across multiple horizons. Statistically significant positive effects are observed at horizon 2 (β = 0.276, *SE* = 0.072, *p* = 0.001) and horizon 4 (β = 0.195, *SE* = 0.061, *p* = 0.010), indicating a consistent association between Liberal incumbency and heightened rhetorical emphasis on restraint in defence discourse. This result is consistent with Hypothesis H1d, which anticipates that left-leaning governments are more likely to adopt restraint-oriented defence messaging. These results support Hypothesis H1d, which expects left-leaning governments to adopt more fiscally cautious rhetorical frames. The observed relationship suggests that partisan orientation shapes the discursive emphasis placed on defence spending, with left-leaning governments more inclined to articulate restraint and right-leaning governments more likely to promote expansion.

Electoral Timing and Defence Spending Rhetoric. The results from Model 1B indicate that electoral timing influences the rhetorical framing of defence spending in distinct and temporally differentiated ways. The local projection results indicate that in the period immediately preceding an election, pro-expansion rhetoric declines significantly at horizon 1 (β = –0.096, SE = 0.043, p = .041) and horizon 7 (β = –0.091, SE = 0.043, p = .054). This finding supports Hypothesis H1e, which posits that incumbent governments decrease the use of pro-expansion defence spending rhetoric in anticipation of electoral incentives. The reduction in expansion-oriented messaging during this period may reflect an effort to avoid perceptions of fiscal excess or imprudence at a time when public scrutiny is heightened and political risks associated with large defence commitments are magnified. This interpretation aligns with the literature on PBCs, which suggests that governments often moderate fiscal signals during election periods to maintain electoral appeal and policy flexibility (Klomp & de Haan, 2013b). In contrast, patterns of restraint-oriented rhetoric become evident only at later points in the forecast

horizon. Restraint rhetoric declines significantly at horizon 7 (β = –0.088, SE = 0.035, p = 0.026) and horizon 8 (β = 0.100, SE = 0.037, p = 0.020), suggesting that incumbent party members in the House of Commons tend to reduce austerity-oriented messaging as elections approach. This result is inconsistent with Hypothesis H1f, which posits that in periods of fiscal or political pressure, restraint rhetoric tends to increase. However, the observed decline suggests that this form of discourse may be strategically suppressed during election periods, potentially due to perceived political risks such as the negative optics of advocating defence reductions or failing to meet alliance burden sharing expectations in the Canadian context.

6. Discussion and Concluding Remarks

6.1 From Empirical Findings to Theoretical Insights: Political Rhetoric and Canadian Defence Spending

The findings from Sections 5.3.1 and 5.3.2 are broadly consistent with the theoretical expectations set out in the PBC literature, indicating that rhetorical positioning on defence spending tends to vary in relation to evolving fiscal and political conditions. The positive association between restraint-oriented defence spending discourse, inflation, and fiscal imbalances reflects a broader pattern in which incumbent governments appear to draw on narratives of discipline in policy domains such as defence in order to reinforce perceptions of fiscal responsibility during periods of macroeconomic stress (Klomp & de Haan, 2013a; Shi & Svensson, 2006; Skogstad & Compton, 2022). At the same time, the negative association between public debt and restraint-oriented rhetoric introduces a conceptual complication, as it diverges from the expectations outlined in the thesis. According to the initial hypothesis, high debt levels were anticipated to prompt stronger rhetorical emphasis on fiscal retrenchment. Instead, the data suggest that governments may soften restraint-oriented messaging during

periods of elevated debt, potentially to avoid drawing attention to perceived inaction or limited progress in addressing fiscal imbalances. An alternative explanation could be that governments may deliberately adopt a more cautious rhetorical stance in order to maintain flexibility in future spending decisions, avoiding commitments that could constrain policy options or provoke political backlash in a context of already heightened fiscal pressure (Cao et al., 2024; Perry, 2020). These results suggest that restraint-oriented rhetoric is not uniformly deployed in response to fiscal stress but may be shaped by a broader set of political and strategic considerations.

The recurrence of expansionary defence spending discourse across both favourable and adverse fiscal environments represents a notable deviation from the linear dynamics often assumed within PBC models. Although pro-defence rhetoric tends to intensify during periods of economic growth, similar rhetorical patterns are also observed when public debt levels are high. This suggests that expansionary discourse is not solely a reflection of fiscal abundance or the immediate budgetary priorities of the governing party. Rather, it may serve as a strategic effort to protect defence allocations from broader austerity agendas by reframing military expenditure as a necessary or exceptional category within the budgetary policy landscape (Bove et al., 2017; Klomp, 2023). In the Canadian context, where defence spending has long held a discretionary status and has occupied a relatively marginal position in electoral politics, such rhetorical manoeuvres may function as a mechanism for preserving institutional continuity or reinforcing alliance-related obligations, even when governments face limited fiscal flexibility. These tendencies align with long-standing patterns in Canada's approach to defence, where rhetorical commitments have often preceded or substituted for material investments, particularly under conditions of fiscal constraint or low public engagement with defence issues (Rodman, 2020).

Moreover, these findings reinforce several insights from alliance theory. The observed association between elevated external conflict risk, expansionary rhetoric on defence spending, and subsequent increases in expenditure suggests that political discourse may operate as a signalling mechanism aimed at reinforcing alliance credibility, notably within the NATO and NORAD frameworks (Massie & Paquin, 2020; Ringsmose, 2010; von Hlatky & Vucetic, 2023). However, the concurrent use of restraint-oriented rhetoric during these same periods points to the enduring relevance of domestic fiscal constraints in shaping defence narratives. This pattern aligns with previous findings indicating that successive Canadian governments have strategically employed discourse to signal compliance with alliance expectations while delaying concrete financial commitments (Skogstad & Compton, 2022; Solomon & Fetterly, 2024). Overall, the results suggest that political discourse is not merely reflective of underlying policy decisions but constitutes a mechanism through which competing fiscal, political, and strategic imperatives are publicly negotiated and added to the political agenda.

6.1.1 Determinants of Defence Spending

The results presented in Section 5.3.1 contribute to the literature on the political economy of defence by demonstrating that political discourse exerts a structured and temporally differentiated influence on Canadian defence spending. The consistent and statistically significant link between restraint-oriented rhetoric and lower defence spending suggests that political discourse is not just a reflection of fiscal conditions, but a strategic tool that can be used to justify future budgetary choices (Cao et al., 2024). This aligns with the commitment aspect of PBC theory, which emphasizes the use of political discourse to signal fiscal prudence, shape public expectations, and consolidate the reputational credibility of the incumbent party during periods of economic uncertainty (Alesina & Tabellini, 1990; Cao et al., 2024; Klomp & de Haan,

2013b; Shi & Svensson, 2006). In this context, pro-restraint rhetoric arguably serves as a mechanism to align public sentiment with fiscal and budgetary policy objectives, thereby reinforcing the government's periodic commitment to budgetary balance and prudent management of defence resources (Klomp, 2023; Perry, 2013; Skogstad & Compton, 2022).

The effects of expansionary rhetoric are less immediate and statistically weaker, with significance observed only in the longer term. This delayed relationship may be a reflection of the institutional characteristics of the Canadian defence apparatus, which is governed by multi-year procurement frameworks, accrual accounting, and sequential approval processes that arguably mediate the translation of strategic intent into spending outcomes (Lagassé, 2020; Perry, 2020; Rodman, 2020; Solomon & Stone, 2020). Some experts suggest that these structural constraints render defence spending relatively unresponsive in the short term and highlight the importance of considering temporal lags in analyses of budgetary decision-making (Klomp, 2023; Rodman, 2020). From the alliance theory perspective, such delays are consistent with the view that defence spending in alliance-dependent countries such as Canada is shaped more by reputational imperatives and burden-sharing norms than by immediate threat perceptions (Massie & Paquin, 2020; Ringsmose, 2010; von Hlatky & Vucetic, 2023). Expansionary rhetoric in this context arguably serves a more communicative function in the short term, reinforcing alliance credibility and aligning national defence narratives with the expectations of alliances such as NATO and NORAD (Blüm & Potrafke, 2019; Charron & Fergusson, 2020; Haesebrouck, 2021).

Moreover, the broader structure of the results supports the existing theoretical proposition that political discourse functions as a mechanism for reconciling strategic ambition with fiscal constraint. Within PBC models, rhetorical restraint typically operates as a commitment device that signals forthcoming austerity measures, particularly salient during periods of elevated

inflation, rising debt, or heightened political sensitivity to fiscal credibility, such as pre-election periods (Cao et al., 2024; Solomon, 2003; Solomon & Stone, 2020). The cumulative effects of restraint-oriented discourse across multiple horizons reinforce recent findings that spending-related rhetoric can function both as a forward-looking signal of intent and as a constraint on policy options (Cao et al., 2024). In this view, political discourse is not merely descriptive but can be directly linked to the expectations and behaviour of political actors, thereby embedding fiscal caution into the agenda-setting aspect of the policy process even in the absence of formal defence expenditure cuts (Cao et al., 2024; Klomp, 2023). While the direct impact of election timing is less evident in this study's model, the broader trends identified in the literature and the other findings of this study indicate that political discourse serves as a conduit through which electoral incentives, macroeconomic shocks, and alliance expectations are converted into spending decisions over time (Klomp & de Haan, 2024). Conversely, increases in expansionary rhetoric over the long run may reflect efforts to reshape Canada's prevailing security imaginary by challenging assumptions of inherent safety and cultivating political support for future defence investment, even in the absence of immediate change in spending levels (Massie & Paquin, 2020; von Hlatky & Vucetic, 2023).

Overall, the findings affirm that rhetorical framing can be associated with decisions within the policy space governing Canada's defence spending decisions. In Canada, political discourse may be used to signal fiscal priorities and to justify shifts in defence policy over time. In alliance-dependent democracies, where defence allocations are structured as much by expectations of reliability as by material threat, political discourse may also play a role in reconciling competing domestic pressures. As such, future models of defence spending could conceptualize political rhetoric as an explanatory variable that shapes not only the narrative

framing of defence expenditures but also their institutional sequencing and the long-term trajectory of spending levels.

6.1.2 Determinants of Defence Spending Discourse

The findings presented in Section 5.3.2 extend the literature on PBC theory by supporting the notion that political discourse functions as a strategic instrument through which governments may construct fiscal credibility and project policy commitments. Existing research on PBCs has largely focused on how incumbents manipulate fiscal tools such as expenditures, taxation, and deficits to influence voter perceptions and electoral outcomes. However, this body of work has not systematically incorporated the role of political discourse as an autonomous channel of signalling increases or decreases in spending (Bove et al., 2017; Klomp & de Haan, 2013a; Klomp, 2023; Shi & Svensson, 2006). In contexts where economic constraints, political considerations, or upcoming elections limit the government's ability to make immediate spending adjustments, political discourse can serve as an alternative mechanism for signalling intent. The results further indicate that, to some extent, such signalling is conditioned by partisan orientation, with left-leaning governments exhibiting a greater propensity to employ restraint-oriented framing, thereby reflecting the strategic calibration of defence rhetoric consistent with patterns anticipated in the PBC literature (Klomp, 2023). Through rhetorical emphasis on defence priorities or restraint, governments may affirm their policy direction even in the absence of immediate budgetary change. The Canadian case provides empirical support for this relationship. In a context where defence spending has historically been characterized as electorally peripheral and politically discretionary, political discourse on defence allocation serves as a mechanism through which incumbents navigate and justify spending decisions in

response to macroeconomic conditions, alliance commitments, and prevailing norms of fiscal responsibility (Rodman, 2020).

Furthermore, the results show that restraint-oriented rhetoric is positively associated with both inflation and fiscal deficits at short and medium horizons, supporting the proposition that political discourse on defence spending operates as an anticipatory commitment signal in periods of macroeconomic stress. This anticipatory character is consistent with theoretical work on PBCs, which suggests that rhetorical signalling often precedes policy adjustment as a way to manage expectations and establish fiscal credibility in advance of formal decisions. As such, rather than relying exclusively on policy outcomes, governments may seek to stabilize public expectations and preserve legitimacy through rhetorical appeals to budgetary restraint or prudence in the defence sector. This pattern is consistent with the commitment aspect of PBC theory, which emphasizes the importance of visible signals that prefigure intended budgetary action in order to garner voter support (Cao et al., 2024; Perry, 2013; Perry, 2020). Within House of Commons debates, these discursive signals may be particularly effective in shaping public and parliamentary narratives even prior to the material enactment of restraint in defence spending.

This study's hypotheses for the fiscal variables were that favourable fiscal conditions (low deficits and debt, low inflation, high GDP growth, and higher lagged levels of defence spending) would be associated with increased use of expansion-oriented defence spending rhetoric and less pro-restraint rhetoric (H1g), and that unfavourable fiscal conditions (high deficits and debt, high inflation, low GDP growth, and lower lagged levels of defence spending) would be associated with increased use of restraint-oriented rhetoric and less pro-expansion rhetoric (H1h). These hypotheses reflect the logic within PBC theory and the broader budgetary policy literature (Cao et al., 2024; Klomp, 2023), which anticipate that, in the defence domain,

governments operating under conditions of fiscal stress will publicly signal restraint in order to preserve macroeconomic credibility and manage expectations, whereas governments in comparatively sound fiscal positions are more likely to advance arguments in favour of increased defence appropriations and to employ expansion-oriented rhetoric.

The negative association between government debt and rhetorical restraint diverges from conventional expectations. The analysis finds that lower levels of public debt are associated with an increased use of restraint-oriented rhetoric. This outcome contrasts with the logic of fiscal constraint often assumed in PBC theory, which predicts that, in the defence context, governments will publicly signal austerity under conditions of fiscal stress to preserve credibility and manage electoral risk (Klomp & de Haan, 2024). The findings also challenge prevailing assumptions in the defence spending and broader fiscal policy literature, which typically associate high levels of public debt with increased retrenchment measures or the adoption of more fiscally cautious rhetoric (Cao et al., 2024; Klomp, 2023). One possible explanation is that when debt levels are low, governments may invoke restraint-oriented defence spending discourse to preserve fiscal space and avoid initiating long-term defence expenditure trajectories that could jeopardize future budgetary flexibility. This rhetorical strategy may also reflect alignment with broader government initiatives to balance the budget or signal commitment to fiscal austerity. A subset of the defence spending literature that focuses specifically on the relationship between defence expenditure and public debt suggests that military spending contributes substantially to structural debt growth, particularly in advanced economies with multilateral obligations (Alexander, 2013; Zhang et al., 2016). In this context, pro-restraint defence spending rhetoric may function as a pre-emptive signal aimed at reinforcing fiscal credibility by framing defence spending as a potential driver of debt accumulation that must be contained or deferred. In Canada, where

defence spending has traditionally fallen short of NATO benchmarks and fiscal consolidation has been a key theme in numerous electoral campaigns and political discourse, rhetorical restraint regarding defence spending reflects the country's recurring political preference for debt containment (Lagassé, 2020; Massie & Paquin, 2020; Perry, 2013; Skogstad & Compton, 2022).

Similarly, the results identify a positive relationship between government debt and expansion-oriented rhetoric, suggesting that higher debt levels may coincide with increased defence spending or the political intention to spend. This pattern appears counterintuitive from a fiscal policy perspective, yet it may reflect a sequencing relationship in which pro-expansion defence spending discourse arises in tandem with, or as a consequence of, rising military expenditures, which has been identified as a factor that contributes to debt growth (Alexander, 2013). Moreover, some empirical studies have found that governments frequently maintain or expand defence budgets even during periods of fiscal stress, particularly when such spending is justified through alliance expectations or domestic security imperatives (Bove et al., 2017; Klomp, 2023; Solomon & Fetterly, 2024). In the Canadian context, rhetorical appeals to alliance burden-sharing and operational readiness have sometimes been used to legitimize defence allocations despite budgetary pressures (Massie & Vucetic, 2020; von Hlatky & Vucetic, 2023). As a result, expansionary rhetoric in high-debt environments may reflect efforts to exempt defence from austerity narratives by constructing it as an exceptional policy domain, even when such discourse is not accompanied by actual increases in spending. Parliamentary debates during these periods may tend to portray defence as a non-negotiable commitment rather than a flexible line item, allowing incumbent governments to justify continued investment while simultaneously signalling broader fiscal prudence in other sectors (Haesebrouck, 2021; Skogstad & Compton,

2022). As such, political discourse on defence spending may function as a mechanism through which political actors reconcile strategic ambitions with constrained fiscal realities.

Furthermore, the findings reinforce central claims within alliance theory regarding the communicative dimension of international defence cooperation. The analysis indicates that heightened perceptions of external conflict risk are associated with increased use of expansion-oriented rhetoric, suggesting that Canadian governments employ discursive signals to affirm their alignment with collective security institutions such as NATO and NORAD (Massie & Vucetic, 2020; Ringsmose, 2010; von Hlatky & Vucetic, 2023). In a policy environment where Canada has faced growing and recurring criticism for its historically limited investment in defence, rhetorical engagement may function as a means of demonstrating commitment, even in the absence of immediate increases in actual spending. The concurrent presence of restraint-oriented defence spending rhetoric during such periods points to the continued relevance of domestic fiscal constraints. This dual rhetorical response could reflect the strategic balancing act required to reconcile international expectations with domestic political demands for fiscal discipline, resulting in a layered communicative strategy that manages both alliance credibility and domestic accountability in the context of Canada's political and economic issues (Charron & Fergusson, 2020; Haesebrouck, 2021). Overall, these results position political discourse as a constitutive dimension of resource allocation and budgetary policy decision-making in the Canadian defence sector. While traditional models of PBC theory emphasize the analysis of actual expenditure outcomes, the empirical evidence of this study suggests that political rhetoric also serves a parallel and politically consequential function.

6.2 Limitations and Opportunities for Future Research

A key limitation of this study concerns the operationalization of Canada's threat environment using the ICRG external conflict index. While the index is frequently used in quantitative studies focused on the relationship between political risk and budgetary policy (Klomp, 2023; Skogstad & Compton, 2022), it is constructed to reflect generalized geopolitical instability and focuses much less on the institutional characteristics of Canadian defence strategy. Canada's defence posture is shaped less by proximity to immediate conflict than by embedded alliance commitments through NATO and NORAD, where participation in joint operations and burden-sharing arrangements are central to strategic planning (Charron & Fergusson, 2020; Massie & Vucetic, 2020; Ringsmose, 2010). The index does not account for reputational considerations or institutional signalling, which have played a central role in Canadian defence policy, particularly in expeditionary deployments and coalition-based peace operations (von Hlatky & Vucetic, 2023). Future research could improve construct validity by building a tailored geopolitical pressure index that incorporates indicators such as mission participation, alliance declarations, and Canada's visibility in multilateral forums (Lake, 2009; Massie & Vucetic, 2020).

A second limitation of the content analysis strategy lies in its reliance on binary classification, which can obscure the rhetorical complexity of parliamentary discourse on defence. Political statements often include layered or ambivalent messaging that resists strict categorization as either expansionary or restraint-oriented. The keyword-based filtering process, while necessary to manage the corpus, may also exclude speeches expressed through indirect or less conventional language, and the manual coding process introduces potential subjectivity or coder bias (Baker, 2023). A further limitation concerns the treatment of alliance-related

discourse within the broader category of expansionary rhetoric. Although this approach captures general pro-defence spending sentiment, it does not distinguish between institutional alliance references and domestic strategic narratives. This distinction is theoretically significant, as alliance scholarship highlights that references to NATO and NORAD can serve both symbolic and functional purposes in shaping defence policy (Adler-Nissen & Pouliot, 2014; Haesebrouck, 2021; Ringsmose, 2010; von Hlatky & Vucetic, 2023). In Canada, alliance-based rhetoric is often used to justify investments that might otherwise lack domestic political support, particularly under fiscal constraint or limited public support (Perry, 2013). Future research could address this by isolating alliance rhetoric as a distinct category through refined manual coding or semi-automated keyword methods informed by studies of political framing and foreign policy communication (Baum & Potter, 2015; Entman, 2004; Grimmer & Stewart, 2013).

A further limitation concerns both the methodological assumptions underlying content analysis and the potential endogeneity in the relationship between political discourse and spending outcomes. Content analysis tends to implicitly assume that what politicians say reflects their substantive preferences or the government's actual policy orientation (Chilton, 2004). In practice, discourse can be shaped by partisan incentives, strategic ambiguity, or rhetorical devices such as codewords, analogies, or deliberate distortion, which complicates interpretation (Chilton, 2004). As such, while content analysis captures patterns in language, it cannot fully determine whether those patterns align with genuine policy intent or subsequent action. Addressing these limitations would benefit from the integration of additional methodological approaches, both qualitative and quantitative, such as in-depth case study analysis, process tracing, or complementary statistical analysis, in order to examine more rigorously the underlying motivations and decision-making processes that shape political rhetoric.

In addition, this analysis faces potential endogeneity concerns. Although the local projection method (Jordà, 2005) enhances flexibility in estimating dynamic effects and mitigates functional form restrictions, it does not fully address reverse causality. Political discourse may respond not only to past fiscal or strategic conditions but also to anticipated changes in defence spending (Auerbach & Gorodnichenko, 2012; Romer & Romer, 2004). Future research could strengthen causal inference by incorporating plausibly exogenous shocks such as sudden geopolitical crises, intensified alliance commitments, or heightened threats to national sovereignty, or by employing narrative identification strategies based on budget announcements or foreign policy speeches (Christie, 2019; Ramey, 2016; Ramey & Zubairy, 2018).

Finally, the empirical scope of this study is limited to a single policy domain and a single country case. Although defence is a critical area for studying the intersection of political discourse and budgetary policy, future applications could explore whether rhetorical influence operates differently across policy fields with varying degrees of political salience, institutional complexity, or voter visibility (Grimmer & Stewart, 2013; Perry, 2013). Comparative extensions to other Westminster-style parliamentary systems or alliance-dependent democracies would allow for an assessment of whether the causal pathways observed here are unique to the Canadian context or reflective of broader institutional dynamics (Baturo et al., 2017; Cao et al., 2024; Proksch & Slapin, 2015). Extending the temporal range to include earlier periods, such as the pre-Cold War decades, would further contribute to understanding how political rhetoric evolves under different global security orders and fiscal paradigms (Bland, 2004; Lagassé, 2020). These research directions would support the broader theoretical proposition that political discourse plays an active and structuring role in shaping the trajectory of budgetary and strategic decision-making over time.

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Appendices

Appendix A – Supplementary Tables and Figures

Table A1

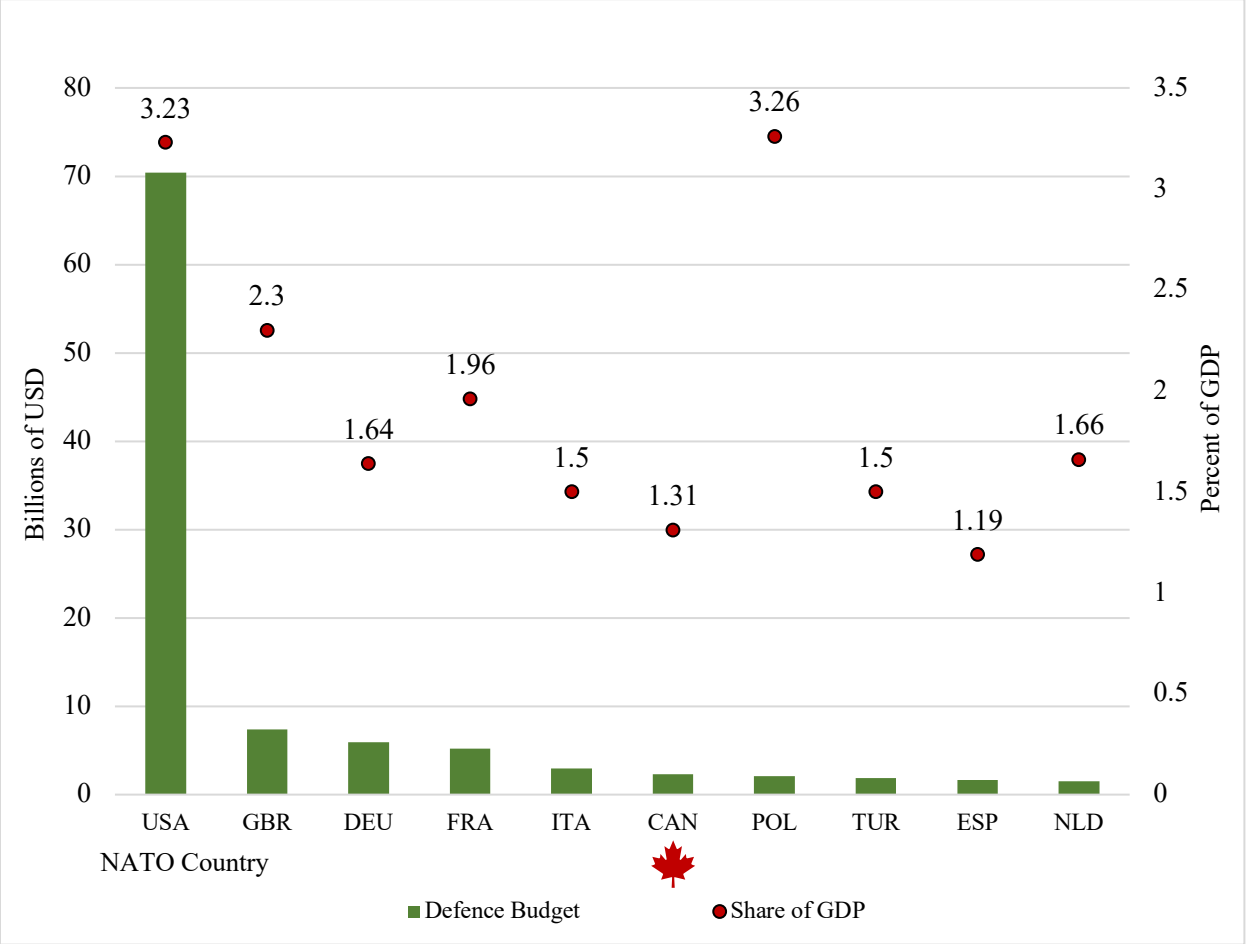
Summary of Data Sources, Transformations, and Lag Specifications

Variable	Source	Units / Transformations	Lag Usage
Defence Spending (dependent variable)	SIPRI Military Expenditure Database	Constant 2022 USD; percent of GDP; year-over-year change calculated	Lagged 1 year (when included)
Pro-Expansion / Pro-Restraint Defence Spending Rhetoric	Canadian Parliamentary Historical Resources; House of Commons Debates (Hansard); author-coded based on Manifesto Project categories	Share of speech content per year; binary indicators also constructed	Lagged 1 year in some models
Liberal Party Dummy	Canadian Elections Database	1 = Liberal government; 0 = otherwise	Lagged 1 year in some models
Election Year Dummy	Canadian Elections Database	1 = Election year; 0 = non-election year	Lagged 1 year in some models
External Conflict Risk	International Country Risk Guide (ICRG) – Table 3B	0–12 scale (inverted: lower = higher risk); annual average	Lagged 1 year
Real GDP Growth	IMF World Economic Outlook (WEO)	Year-over-year % change; log-differenced	Lagged 1 year
Federal Debt (General Gross Government Debt)	IMF WEO	Percent of GDP; natural log transformation	Lagged 1 year
Fiscal Balance	IMF WEO	Percent of GDP; natural log transformation	Lagged 1 year
Average Inflation (CPI-based)	IMF WEO	Annual percent change in CPI; natural log transformation	Lagged 1 year
Lagged Defence Spending	SIPRI Military Expenditure Database	One-year lag; percent of GDP or constant USD	Lagged 1 year

Note: All fiscal and macroeconomic variables are expressed either as a percentage of GDP or in constant 2022 USD where applicable. Natural log transformations and first differences were applied where necessary to normalize distributions and model dynamic effects. Lag specifications reflect primary model structure unless otherwise noted.

Figure A1

Top Ten NATO Spenders, NATO 2023 Estimates



Source: NATO (2023). Defence expenditure of NATO countries (2014 – 2023).

Appendix B – Full Local Projections Results

Table B1

Model 1A: Predictors of Expansion Discourse, Restraint Discourse, and Defence Spending for House of Commons Debates of Incumbents (All Horizons, Full Expanded Results)

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
Fiscal Balance	Expansion Discourse (h = 1)	0.026	0.023	.270
Government Debt	Expansion Discourse (h = 1)	0.021	0.009	.039**
GDP Growth	Expansion Discourse (h = 1)	0.059	0.036	.123
External Conflict Index	Expansion Discourse (h = 1)	-0.176	0.104	.109
Election Year Dummy	Expansion Discourse (h = 1)	0.052	0.062	.420
Liberal Party Dummy	Expansion Discourse (h = 1)	-0.073	0.067	.293
Inflation Rate	Expansion Discourse (h = 1)	0.022	0.039	.589
Lagged Defence Spending	Expansion Discourse (h = 1)	0.208	0.430	.635
Fiscal Balance	Restraint Discourse (h = 1)	-0.018	0.021	.385
Government Debt	Restraint Discourse (h = 1)	-0.009	0.007	.207
GDP Growth	Restraint Discourse (h = 1)	-0.051	0.043	.252
External Conflict Index	Restraint Discourse (h = 1)	0.111	0.053	.051*
Election Year Dummy	Restraint Discourse (h = 1)	-0.076	0.043	.095*
Liberal Party Dummy	Restraint Discourse (h = 1)	-0.048	0.072	.513
Inflation Rate	Restraint Discourse (h = 1)	0.092	0.025	.002***
Lagged Defence Spending	Restraint Discourse (h = 1)	0.067	0.362	.856
Fiscal Balance	Expansion Discourse (h = 2)	0.055	0.022	0.023**
Government Debt	Expansion Discourse (h = 2)	0.025	0.011	0.032**
GDP Growth	Expansion Discourse (h = 2)	0.105	0.035	0.008***
External Conflict Index	Expansion Discourse (h = 2)	-0.175	0.184	0.357
Election Year Dummy	Expansion Discourse (h = 2)	0.018	0.075	0.818
Liberal Party Dummy	Expansion Discourse (h = 2)	-0.296	0.078	0.002***
Inflation Rate	Expansion Discourse (h = 2)	-0.04	0.035	0.279
Lagged Defence Spending	Expansion Discourse (h = 2)	0.169	0.556	0.766
Fiscal Balance	Restraint Discourse (h = 2)	-0.028	0.012	0.040**

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
Government Debt	Restraint Discourse (h = 2)	-0.006	0.006	0.333
GDP Growth	Restraint Discourse (h = 2)	-0.04	0.029	0.185
External Conflict Index	Restraint Discourse (h = 2)	0.086	0.061	0.179
Election Year Dummy	Restraint Discourse (h = 2)	-0.053	0.035	0.145
Liberal Party Dummy	Restraint Discourse (h = 2)	0.111	0.043	0.020**
Inflation Rate	Restraint Discourse (h = 2)	0.096	0.021	0.000***
Lagged Defence Spending	Restraint Discourse (h = 2)	0.291	0.4	0.478
Fiscal Balance	Expansion Discourse (h = 3)	0.038	0.023	.111
Government Debt	Expansion Discourse (h = 3)	0.019	0.016	.270
GDP Growth	Expansion Discourse (h = 3)	0.070	0.060	.266
External Conflict Index	Expansion Discourse (h = 3)	0.000	0.242	1.000
Election Year Dummy	Expansion Discourse (h = 3)	-0.027	0.075	.722
Liberal Party Dummy	Expansion Discourse (h = 3)	-0.160	0.111	.170
Inflation Rate	Expansion Discourse (h = 3)	-0.004	0.038	.921
Lagged Defence Spending	Expansion Discourse (h = 3)	-0.345	0.612	.581
Fiscal Balance	Restraint Discourse (h = 3)	-0.032	0.023	.177
Government Debt	Restraint Discourse (h = 3)	-0.005	0.007	.494
GDP Growth	Restraint Discourse (h = 3)	-0.038	0.035	.292
External Conflict Index	Restraint Discourse (h = 3)	0.118	0.085	.187
Election Year Dummy	Restraint Discourse (h = 3)	-0.053	0.035	.146
Liberal Party Dummy	Restraint Discourse (h = 3)	0.033	0.066	.627
Inflation Rate	Restraint Discourse (h = 3)	0.060	0.016	.002 **
Lagged Defence Spending	Restraint Discourse (h = 3)	0.326	0.413	.441
Expansion Discourse	Defence Spending (h = 3)	-0.068	0.281	.812
Restraint Discourse	Defence Spending (h = 3)	-0.860	0.355	.030 **
Fiscal Balance	Defence Spending (h = 3)	-0.007	0.018	.703
Government Debt	Defence Spending (h = 3)	-0.006	0.009	.483
GDP Growth	Defence Spending (h = 3)	-0.010	0.053	.849
External Conflict Index	Defence Spending (h = 3)	-0.017	0.084	.838
Election Year Dummy	Defence Spending (h = 3)	-0.006	0.036	.863
Liberal Party Dummy	Defence Spending (h = 3)	0.052	0.140	.714

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
Inflation Rate	Defence Spending (h = 3)	0.071	0.034	.058 *
Lagged Defence Spending	Defence Spending (h = 3)	-1.134	0.563	.064 *
Fiscal Balance	Expansion Discourse (h = 4)	0.015	0.028	.600
Government Debt	Expansion Discourse (h = 4)	0.013	0.018	.475
GDP Growth	Expansion Discourse (h = 4)	0.023	0.057	.692
External Conflict Index	Expansion Discourse (h = 4)	0.164	0.249	.520
Election Year Dummy	Expansion Discourse (h = 4)	0.009	0.078	.912
Liberal Party Dummy	Expansion Discourse (h = 4)	0.010	0.106	.925
Inflation Rate	Expansion Discourse (h = 4)	-0.004	0.043	.925
Lagged Defence Spending	Expansion Discourse (h = 4)	-0.335	0.591	.579
Fiscal Balance	Restraint Discourse (h = 4)	-0.029	0.017	.105
Government Debt	Restraint Discourse (h = 4)	-0.007	0.005	.166
GDP Growth	Restraint Discourse (h = 4)	-0.065	0.034	.076 *
External Conflict Index	Restraint Discourse (h = 4)	0.081	0.059	.186
Election Year Dummy	Restraint Discourse (h = 4)	-0.074	0.041	.096 *
Liberal Party Dummy	Restraint Discourse (h = 4)	-0.029	0.049	.569
Inflation Rate	Restraint Discourse (h = 4)	0.066	0.020	.004 **
Lagged Defence Spending	Restraint Discourse (h = 4)	0.390	0.549	.488
Expansion Discourse	Defence Spending (h = 4)	0.318	0.390	.429
Restraint Discourse	Defence Spending (h = 4)	-0.736	0.400	.089 *
Fiscal Balance	Defence Spending (h = 4)	0.006	0.024	.805
Government Debt	Defence Spending (h = 4)	-0.011	0.010	.325
GDP Growth	Defence Spending (h = 4)	-0.009	0.065	.888
External Conflict Index	Defence Spending (h = 4)	0.079	0.096	.422
Election Year Dummy	Defence Spending (h = 4)	-0.028	0.042	.525
Liberal Party Dummy	Defence Spending (h = 4)	0.020	0.167	.907
Inflation Rate	Defence Spending (h = 4)	0.089	0.031	.014 **
Lagged Defence Spending	Defence Spending (h = 4)	-1.641	0.689	.033 **
Fiscal Balance	Expansion Discourse (h = 5)	-0.018	0.018	.320
Government Debt	Expansion Discourse (h = 5)	0.021	0.010	.062 *
GDP Growth	Expansion Discourse (h = 5)	0.058	0.034	.108

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
External Conflict Index	Expansion Discourse (h = 5)	0.269	0.141	.078 *
Election Year Dummy	Expansion Discourse (h = 5)	-0.090	0.058	.142
Liberal Party Dummy	Expansion Discourse (h = 5)	-0.189	0.067	.013 **
Inflation Rate	Expansion Discourse (h = 5)	-0.007	0.028	.810
Lagged Defence Spending	Expansion Discourse (h = 5)	-0.691	0.420	.122
Fiscal Balance	Restraint Discourse (h = 5)	-0.024	0.022	.296
Government Debt	Restraint Discourse (h = 5)	-0.017	0.007	.023 **
GDP Growth	Restraint Discourse (h = 5)	-0.082	0.035	.035 **
External Conflict Index	Restraint Discourse (h = 5)	0.117	0.073	.131
Election Year Dummy	Restraint Discourse (h = 5)	-0.063	0.043	.163
Liberal Party Dummy	Restraint Discourse (h = 5)	0.042	0.059	.495
Inflation Rate	Restraint Discourse (h = 5)	0.088	0.019	.000 ***
Lagged Defence Spending	Restraint Discourse (h = 5)	0.338	0.538	.540
Expansion Discourse	Defence Spending (h = 5)	0.647	0.453	.179
Restraint Discourse	Defence Spending (h = 5)	-0.605	0.499	.249
Fiscal Balance	Defence Spending (h = 5)	0.004	0.029	.901
Government Debt	Defence Spending (h = 5)	-0.010	0.011	.377
GDP Growth	Defence Spending (h = 5)	-0.003	0.079	.969
External Conflict Index	Defence Spending (h = 5)	0.115	0.127	.383
Election Year Dummy	Defence Spending (h = 5)	-0.047	0.069	.505
Liberal Party Dummy	Defence Spending (h = 5)	-0.080	0.207	.708
Inflation Rate	Defence Spending (h = 5)	0.086	0.042	.061 *
Lagged Defence Spending	Defence Spending (h = 5)	-1.575	0.779	.066 *
Fiscal Balance	Expansion Discourse (h = 7)	0.061	0.034	.100
Government Debt	Expansion Discourse (h = 7)	0.019	0.014	.204
GDP Growth	Expansion Discourse (h = 7)	0.091	0.069	.211
External Conflict Index	Expansion Discourse (h = 7)	0.098	0.210	.650
Election Year Dummy	Expansion Discourse (h = 7)	-0.016	0.076	.834
Liberal Party Dummy	Expansion Discourse (h = 7)	-0.175	0.081	.051 *
Inflation Rate	Expansion Discourse (h = 7)	-0.062	0.065	.364
Lagged Defence Spending	Expansion Discourse (h = 7)	0.078	0.910	.933

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
Fiscal Balance	Restraint Discourse (h = 7)	-0.035	0.014	.027 **
Government Debt	Restraint Discourse (h = 7)	-0.013	0.005	.019 **
GDP Growth	Restraint Discourse (h = 7)	-0.057	0.032	.103
External Conflict Index	Restraint Discourse (h = 7)	0.124	0.083	.161
Election Year Dummy	Restraint Discourse (h = 7)	-0.088	0.035	.026 **
Liberal Party Dummy	Restraint Discourse (h = 7)	-0.068	0.043	.136
Inflation Rate	Restraint Discourse (h = 7)	0.094	0.022	.001 ***
Lagged Defence Spending	Restraint Discourse (h = 7)	0.991	0.602	.126
Expansion Discourse	Defence Spending (h = 7)	0.896	0.265	.007 ***
Restraint Discourse	Defence Spending (h = 7)	-0.839	0.262	.009 ***
Fiscal Balance	Defence Spending (h = 7)	0.034	0.016	.056 *
Government Debt	Defence Spending (h = 7)	-0.006	0.005	.280
GDP Growth	Defence Spending (h = 7)	0.031	0.045	.512
External Conflict Index	Defence Spending (h = 7)	-0.120	0.069	.113
Election Year Dummy	Defence Spending (h = 7)	0.004	0.035	.920
Liberal Party Dummy	Defence Spending (h = 7)	-0.074	0.080	.383
Inflation Rate	Defence Spending (h = 7)	0.084	0.019	.001 ***
Lagged Defence Spending	Defence Spending (h = 7)	-2.030	0.413	.001 ***
Fiscal Balance	Expansion Discourse (h = 8)	0.045	0.027	.125
Government Debt	Expansion Discourse (h = 8)	0.017	0.015	.268
GDP Growth	Expansion Discourse (h = 8)	0.156	0.059	.024 **
External Conflict Index	Expansion Discourse (h = 8)	0.126	0.228	.591
Election Year Dummy	Expansion Discourse (h = 8)	-0.019	0.072	.793
Liberal Party Dummy	Expansion Discourse (h = 8)	-0.248	0.115	.054 *
Inflation Rate	Expansion Discourse (h = 8)	-0.015	0.053	.781
Lagged Defence Spending	Expansion Discourse (h = 8)	1.218	0.828	.169
Fiscal Balance	Restraint Discourse (h = 8)	-0.037	0.009	.002 ***
Government Debt	Restraint Discourse (h = 8)	-0.024	0.004	.000 ***
GDP Growth	Restraint Discourse (h = 8)	-0.081	0.037	.052 *
External Conflict Index	Restraint Discourse (h = 8)	0.119	0.059	.067 *
Election Year Dummy	Restraint Discourse (h = 8)	-0.100	0.037	.020 **

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
Liberal Party Dummy	Restraint Discourse (h = 8)	0.017	0.044	.703
Inflation Rate	Restraint Discourse (h = 8)	0.064	0.018	.004 ***
Lagged Defence Spending	Restraint Discourse (h = 8)	0.526	0.602	.401
Expansion Discourse	Defence Spending (h = 8)	0.860	0.273	.012 **
Restraint Discourse	Defence Spending (h = 8)	-0.353	0.320	.299
Fiscal Balance	Defence Spending (h = 8)	0.011	0.017	.533
Government Debt	Defence Spending (h = 8)	-0.013	0.009	.193
GDP Growth	Defence Spending (h = 8)	-0.009	0.057	.876
External Conflict Index	Defence Spending (h = 8)	-0.021	0.108	.847
Election Year Dummy	Defence Spending (h = 8)	-0.032	0.045	.499
Liberal Party Dummy	Defence Spending (h = 8)	-0.166	0.099	.128
Inflation Rate	Defence Spending (h = 8)	0.046	0.029	.143
Lagged Defence Spending	Defence Spending (h = 8)	-1.526	0.420	.005 ***

Note: p < .10*, p < .05**, p < .01***.

Table B2

Model 1B: Predictors of Expansion Discourse, Restraint Discourse, and Defence Spending for House of Commons Debates of Incumbents (All Horizons, Full Expanded Results)

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
Fiscal Balance	Expansion Discourse (h = 1)	0.024	0.013	.080*
Government Debt	Expansion Discourse (h = 1)	0.014	0.006	.037**
GDP Growth	Expansion Discourse (h = 1)	0.095	0.039	.029**
External Conflict Risk	Expansion Discourse (h = 1)	-0.083	0.102	.430
Election Dummy	Expansion Discourse (h = 1)	-0.096	0.043	.041**
Liberal Party Dummy	Expansion Discourse (h = 1)	-0.271	0.053	.000***
Inflation Rate	Expansion Discourse (h = 1)	-0.033	0.020	.117
Lagged Defence Spending	Expansion Discourse (h = 1)	-0.090	0.393	.822
Fiscal Balance	Restraint Discourse (h = 1)	0.002	0.013	.904
Government Debt	Restraint Discourse (h = 1)	-0.016	0.009	.091*

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
GDP Growth	Restraint Discourse (h = 1)	-0.064	0.049	.207
External Conflict Risk	Restraint Discourse (h = 1)	0.001	0.083	.987
Election Dummy	Restraint Discourse (h = 1)	0.011	0.026	.692
Liberal Party Dummy	Restraint Discourse (h = 1)	0.195	0.102	.073*
Inflation Rate	Restraint Discourse (h = 1)	-0.019	0.041	.651
Lagged Defence Spending	Restraint Discourse (h = 1)	0.183	0.316	.571
Expansion Discourse	Defence Spending (h = 1)	0.004	0.139	.979
Restraint Discourse	Defence Spending (h = 1)	-0.165	0.175	.360
Fiscal Balance	Defence Spending (h = 1)	0.012	0.013	.342
Government Debt	Defence Spending (h = 1)	-0.003	0.003	.445
GDP Growth	Defence Spending (h = 1)	-0.004	0.034	.910
External Conflict Risk	Defence Spending (h = 1)	-0.055	0.055	.336
Election Dummy	Defence Spending (h = 1)	-0.019	0.034	.580
Liberal Party Dummy	Defence Spending (h = 1)	-0.089	0.050	.095*
Inflation Rate	Defence Spending (h = 1)	-0.033	0.020	.117
Lagged Defence Spending	Defence Spending (h = 1)	-0.221	0.382	.572
Fiscal Balance	Expansion Discourse (h = 2)	0.041	0.015	.017**
Government Debt	Expansion Discourse (h = 2)	0.012	0.007	.091*
GDP Growth	Expansion Discourse (h = 2)	0.106	0.042	.024**
External Conflict Risk	Expansion Discourse (h = 2)	-0.159	0.149	.301
Election Dummy	Expansion Discourse (h = 2)	-0.083	0.071	.254
Liberal Party Dummy	Expansion Discourse (h = 2)	-0.133	0.089	.154
Inflation Rate	Expansion Discourse (h = 2)	0.025	0.028	.382
Lagged Defence Spending	Expansion Discourse (h = 2)	-0.079	0.557	.888
Fiscal Balance	Restraint Discourse (h = 2)	-0.003	0.013	.845
Government Debt	Restraint Discourse (h = 2)	-0.006	0.004	.230
GDP Growth	Restraint Discourse (h = 2)	-0.037	0.034	.302
External Conflict Risk	Restraint Discourse (h = 2)	-0.040	0.074	.598
Election Dummy	Restraint Discourse (h = 2)	0.013	0.035	.723
Liberal Party Dummy	Restraint Discourse (h = 2)	0.088	0.100	.396
Inflation Rate	Restraint Discourse (h = 2)	-0.057	0.031	.086*

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
Lagged Defence Spending	Restraint Discourse (h = 2)	0.365	0.401	.377
Expansion Discourse	Defence Spending (h = 2)	0.033	0.183	.861
Restraint Discourse	Defence Spending (h = 2)	-0.428	0.206	.057*
Fiscal Balance	Defence Spending (h = 2)	-0.002	0.018	.902
Government Debt	Defence Spending (h = 2)	-0.004	0.004	.337
GDP Growth	Defence Spending (h = 2)	-0.007	0.040	.860
External Conflict Risk	Defence Spending (h = 2)	-0.064	0.075	.408
Election Dummy	Defence Spending (h = 2)	-0.031	0.045	.503
Liberal Party Dummy	Defence Spending (h = 2)	-0.146	0.052	.015**
Inflation Rate	Defence Spending (h = 2)	-0.046	0.019	.026**
Lagged Defence Spending	Defence Spending (h = 2)	-0.513	0.423	.245
Fiscal Balance	Expansion Discourse (h = 3)	0.036	0.023	.139
Government Debt	Expansion Discourse (h = 3)	0.013	0.013	.341
GDP Growth	Expansion Discourse (h = 3)	0.045	0.052	.401
External Conflict Risk	Expansion Discourse (h = 3)	-0.284	0.159	.093*
Election Dummy	Expansion Discourse (h = 3)	-0.009	0.065	.893
Liberal Party Dummy	Expansion Discourse (h = 3)	0.029	0.084	.734
Inflation Rate	Expansion Discourse (h = 3)	0.002	0.034	.959
Lagged Defence Spending	Expansion Discourse (h = 3)	-0.358	0.553	.526
Fiscal Balance	Restraint Discourse (h = 3)	-0.018	0.021	.409
Government Debt	Restraint Discourse (h = 3)	-0.005	0.005	.363
GDP Growth	Restraint Discourse (h = 3)	-0.035	0.032	.297
External Conflict Risk	Restraint Discourse (h = 3)	0.014	0.063	.832
Election Dummy	Restraint Discourse (h = 3)	0.006	0.026	.829
Liberal Party Dummy	Restraint Discourse (h = 3)	0.044	0.098	.662
Inflation Rate	Restraint Discourse (h = 3)	-0.049	0.021	.034**
Lagged Defence Spending	Restraint Discourse (h = 3)	0.406	0.378	.299
Expansion Discourse	Defence Spending (h = 3)	-0.133	0.159	.415
Restraint Discourse	Defence Spending (h = 3)	-0.861	0.257	.005***
Fiscal Balance	Defence Spending (h = 3)	0.002	0.020	.904
Government Debt	Defence Spending (h = 3)	-0.008	0.005	.083*

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
GDP Growth	Defence Spending (h = 3)	0.000	0.050	.998
External Conflict Risk	Defence Spending (h = 3)	-0.020	0.056	.720
Election Dummy	Defence Spending (h = 3)	-0.010	0.043	.810
Liberal Party Dummy	Defence Spending (h = 3)	-0.071	0.079	.385
Inflation Rate	Defence Spending (h = 3)	-0.073	0.028	.021**
Lagged Defence Spending	Defence Spending (h = 3)	-1.174	0.592	.067*
Fiscal Balance	Expansion Discourse (h = 4)	0.016	0.024	.531
Government Debt	Expansion Discourse (h = 4)	0.022	0.013	.106
GDP Growth	Expansion Discourse (h = 4)	0.028	0.044	.542
External Conflict Risk	Expansion Discourse (h = 4)	-0.342	0.184	.083*
Election Dummy	Expansion Discourse (h = 4)	-0.063	0.050	.227
Liberal Party Dummy	Expansion Discourse (h = 4)	-0.175	0.113	.143
Inflation Rate	Expansion Discourse (h = 4)	-0.026	0.052	.621
Lagged Defence Spending	Expansion Discourse (h = 4)	-0.245	0.595	.686
Fiscal Balance	Restraint Discourse (h = 4)	-0.011	0.013	.428
Government Debt	Restraint Discourse (h = 4)	-0.010	0.006	.079*
GDP Growth	Restraint Discourse (h = 4)	-0.064	0.042	.147
External Conflict Risk	Restraint Discourse (h = 4)	0.006	0.091	.952
Election Dummy	Restraint Discourse (h = 4)	0.015	0.022	.513
Liberal Party Dummy	Restraint Discourse (h = 4)	0.088	0.072	.239
Inflation Rate	Restraint Discourse (h = 4)	-0.032	0.023	.188
Lagged Defence Spending	Restraint Discourse (h = 4)	0.415	0.572	.480
Expansion Discourse	Defence Spending (h = 4)	0.212	0.163	.215
Restraint Discourse	Defence Spending (h = 4)	-0.954	0.216	.001***
Fiscal Balance	Defence Spending (h = 4)	0.022	0.024	.365
Government Debt	Defence Spending (h = 4)	-0.011	0.005	.068*
GDP Growth	Defence Spending (h = 4)	0.020	0.055	.726
External Conflict Risk	Defence Spending (h = 4)	-0.060	0.072	.425
Election Dummy	Defence Spending (h = 4)	-0.021	0.056	.716
Liberal Party Dummy	Defence Spending (h = 4)	-0.126	0.094	.203
Inflation Rate	Defence Spending (h = 4)	-0.107	0.030	.003***

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
Lagged Defence Spending	Defence Spending (h = 4)	-1.933	0.473	.001***
Fiscal Balance	Expansion Discourse (h = 5)	-0.014	0.024	.569
Government Debt	Expansion Discourse (h = 5)	0.028	0.010	.014**
GDP Growth	Expansion Discourse (h = 5)	0.078	0.045	.101
External Conflict Risk	Expansion Discourse (h = 5)	-0.236	0.114	.057*
Election Dummy	Expansion Discourse (h = 5)	-0.040	0.050	.444
Liberal Party Dummy	Expansion Discourse (h = 5)	-0.160	0.090	.095*
Inflation Rate	Expansion Discourse (h = 5)	0.006	0.054	.919
Lagged Defence Spending	Expansion Discourse (h = 5)	-0.606	0.460	.208
Fiscal Balance	Restraint Discourse (h = 5)	-0.002	0.022	.944
Government Debt	Restraint Discourse (h = 5)	-0.018	0.005	.002***
GDP Growth	Restraint Discourse (h = 5)	-0.079	0.035	.038**
External Conflict Risk	Restraint Discourse (h = 5)	-0.091	0.071	.223
Election Dummy	Restraint Discourse (h = 5)	-0.020	0.032	.536
Liberal Party Dummy	Restraint Discourse (h = 5)	0.035	0.084	.688
Inflation Rate	Restraint Discourse (h = 5)	-0.077	0.020	.002***
Lagged Defence Spending	Restraint Discourse (h = 5)	0.381	0.474	.434
Expansion Discourse	Defence Spending (h = 5)	0.243	0.265	.377
Restraint Discourse	Defence Spending (h = 5)	-1.014	0.344	.012**
Fiscal Balance	Defence Spending (h = 5)	0.012	0.028	.674
Government Debt	Defence Spending (h = 5)	-0.011	0.006	.101
GDP Growth	Defence Spending (h = 5)	0.021	0.066	.761
External Conflict Risk	Defence Spending (h = 5)	0.052	0.123	.682
Election Dummy	Defence Spending (h = 5)	0.008	0.082	.928
Liberal Party Dummy	Defence Spending (h = 5)	-0.086	0.132	.528
Inflation Rate	Defence Spending (h = 5)	-0.096	0.033	.013**
Lagged Defence Spending	Defence Spending (h = 5)	-1.917	0.656	.013**
Fiscal Balance	Expansion Discourse (h = 6)	0.014	0.042	.751
Government Debt	Expansion Discourse (h = 6)	0.029	0.006	.000***
GDP Growth	Expansion Discourse (h = 6)	0.024	0.067	.727
External Conflict Risk	Expansion Discourse (h = 6)	-0.314	0.152	.060*

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
Election Dummy	Expansion Discourse (h = 6)	-0.087	0.055	.137
Liberal Party Dummy	Expansion Discourse (h = 6)	-0.120	0.088	.196
Inflation Rate	Expansion Discourse (h = 6)	-0.039	0.039	.342
Lagged Defence Spending	Expansion Discourse (h = 6)	-0.602	0.732	.425
Fiscal Balance	Restraint Discourse (h = 6)	-0.004	0.014	.763
Government Debt	Restraint Discourse (h = 6)	-0.012	0.007	.092*
GDP Growth	Restraint Discourse (h = 6)	0.006	0.061	.922
External Conflict Risk	Restraint Discourse (h = 6)	-0.025	0.073	.735
Election Dummy	Restraint Discourse (h = 6)	-0.008	0.029	.776
Liberal Party Dummy	Restraint Discourse (h = 6)	-0.025	0.077	.751
Inflation Rate	Restraint Discourse (h = 6)	-0.025	0.023	.308
Lagged Defence Spending	Restraint Discourse (h = 6)	0.977	0.705	.190
Expansion Discourse	Defence Spending (h = 6)	0.191	0.211	.385
Restraint Discourse	Defence Spending (h = 6)	-1.141	0.275	.002***
Fiscal Balance	Defence Spending (h = 6)	0.008	0.019	.696
Government Debt	Defence Spending (h = 6)	-0.016	0.005	.007***
GDP Growth	Defence Spending (h = 6)	-0.029	0.046	.543
External Conflict Risk	Defence Spending (h = 6)	-0.205	0.081	.028**
Election Dummy	Defence Spending (h = 6)	0.068	0.055	.244
Liberal Party Dummy	Defence Spending (h = 6)	0.045	0.104	.673
Inflation Rate	Defence Spending (h = 6)	-0.116	0.027	.001***
Lagged Defence Spending	Defence Spending (h = 6)	-2.542	0.572	.001***
Fiscal Balance	Expansion Discourse (h = 7)	0.053	0.023	.043**
Government Debt	Expansion Discourse (h = 7)	0.024	0.010	.028**
GDP Growth	Expansion Discourse (h = 7)	0.112	0.071	.138
External Conflict Risk	Expansion Discourse (h = 7)	-0.370	0.138	.020**
Election Dummy	Expansion Discourse (h = 7)	-0.091	0.043	.054*
Liberal Party Dummy	Expansion Discourse (h = 7)	-0.127	0.165	.457
Inflation Rate	Expansion Discourse (h = 7)	0.055	0.047	.260
Lagged Defence Spending	Expansion Discourse (h = 7)	0.395	0.917	.675
Fiscal Balance	Restraint Discourse (h = 7)	-0.018	0.013	.188

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
Government Debt	Restraint Discourse (h = 7)	-0.019	0.007	.019**
GDP Growth	Restraint Discourse (h = 7)	-0.057	0.060	.357
External Conflict Risk	Restraint Discourse (h = 7)	0.055	0.060	.372
Election Dummy	Restraint Discourse (h = 7)	-0.007	0.021	.749
Liberal Party Dummy	Restraint Discourse (h = 7)	-0.020	0.042	.653
Inflation Rate	Restraint Discourse (h = 7)	-0.090	0.028	.007***
Lagged Defence Spending	Restraint Discourse (h = 7)	0.809	0.630	.224
Expansion Discourse	Defence Spending (h = 7)	0.385	0.160	.036**
Restraint Discourse	Defence Spending (h = 7)	-1.012	0.230	.001***
Fiscal Balance	Defence Spending (h = 7)	0.028	0.017	.134
Government Debt	Defence Spending (h = 7)	-0.020	0.005	.003***
GDP Growth	Defence Spending (h = 7)	-0.031	0.040	.465
External Conflict Risk	Defence Spending (h = 7)	0.159	0.074	.058*
Election Dummy	Defence Spending (h = 7)	0.038	0.045	.417
Liberal Party Dummy	Defence Spending (h = 7)	0.117	0.058	.071*
Inflation Rate	Defence Spending (h = 7)	-0.078	0.028	.019**
Lagged Defence Spending	Defence Spending (h = 7)	-2.417	0.443	.000***
Fiscal Balance	Expansion Discourse (h = 8)	0.045	0.015	0.013**
Government Debt	Expansion Discourse (h = 8)	0.018	0.006	0.008***
GDP Growth	Expansion Discourse (h = 8)	0.098	0.063	0.148
External Conflict	Expansion Discourse (h = 8)	-0.285	0.132	0.055*
Election Dummy	Expansion Discourse (h = 8)	-0.032	0.09	0.73
Liberal Party Dummy	Expansion Discourse (h = 8)	-0.046	0.163	0.783
Inflation	Expansion Discourse (h = 8)	0.011	0.049	0.823
Lagged Defence Spending	Expansion Discourse (h = 8)	1.643	0.856	0.081*
Fiscal Balance	Restraint Discourse (h = 8)	-0.015	0.013	0.26
Government Debt	Restraint Discourse (h = 8)	-0.023	0.005	0.001***
GDP Growth	Restraint Discourse (h = 8)	-0.064	0.058	0.289
External Conflict	Restraint Discourse (h = 8)	0.018	0.071	0.809
Election Dummy	Restraint Discourse (h = 8)	0.022	0.027	0.439
Liberal Party Dummy	Restraint Discourse (h = 8)	-0.003	0.049	0.949

Predictor	Outcome (Horizon)	Coefficient (b)	Standard Error (SE)	p-value
Inflation	Restraint Discourse (h = 8)	-0.058	0.026	0.05**
Lagged Defence Spending	Restraint Discourse (h = 8)	0.417	0.692	0.559
Pro-Expansion Discourse	Defence Spending (h = 8)	0.225	0.196	0.28
Pro-Restraint Discourse	Defence Spending (h = 8)	-0.746	0.288	0.029**
Fiscal Balance	Defence Spending (h = 8)	-0.002	0.012	0.853
Government Debt	Defence Spending (h = 8)	-0.021	0.006	0.005***
GDP Growth	Defence Spending (h = 8)	-0.044	0.039	0.283
External Conflict	Defence Spending (h = 8)	-0.229	0.093	0.036**
Election Dummy	Defence Spending (h = 8)	0.056	0.046	0.254
Liberal Party Dummy	Defence Spending (h = 8)	-0.039	0.067	0.574
Inflation	Defence Spending (h = 8)	-0.069	0.034	0.069*
Lagged Defence Spending	Defence Spending (h = 8)	-1.971	0.511	0.004***

Note: $p < .10$*, $p < .05$**, $p < .01$***.