Replication of Alt et al. (2014) with Corrected Election Timing Data

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This note replicates (Alt, Lassen, and Wehner 2014) using using corrected election timing data. A key proposition in this paper–that politicians used 'fiscal gimmickry conditional on the level of transparency–was tested with election timing data from the 2012 release of (Beck et al. 2001). This data, however, has serious reliability and validity issues. The purpose of this note is to discover if the main findings in (Alt, Lassen, and Wehner 2014) are robust to a corrected election timing variable. Overall the results are robust, though the estimated effects' magnitude and statistical significance are lower than originally reported.

Alt, Lassen, and Wehner (2014) recently made an important contribution to understanding under what conditions European politicians use creative accounting–fiscal gimmicks. In particular, they find evidence for an electoral cycle in fiscal gimmickry. Politicians are more likely to use creative accounting closer to approaching elections in order to forestall adjustments that would hurt voters while also presenting an image of their finances that pleases bondholders and, in the European Union, European officials in charge of monitoring the stability and growth pact. Opacity is required for this behaviour to work. As such, they find that higher fiscal transparency can considerably decrease creative accounting, even before elections.

Their empirical analysis clearly requires a reliable and valid measure of election timing. As such, they choose to use the chief executive election timing variable[1] from the 2012 version of the Database of Political Institutions (DPI) (Beck et al. 2001).[2] The DPI data set is widely used in political science

Problems with DPI government election timing data

The 2012 codebook classifies the **yrcurnt** election timing variable as the years left in the chief executive's current term such that:

> ''a '0' is scored in an election year, and n-1 in the year after an election, where n is the length of the term. In countries where early elections can be called, YRCURNT is set to the de jure term limit or schedule of elections, but resets in the case of early elections."

Issues in the 2012 data

The original variable has a number of issues that make it problematic for studying the effect of election timing on government policymaking. Primarily:

Validity concerns

- For a number of countries (e.g. Austria) the elections recorded are for a largely figurehead president. This can affect both when election is recorded and how many years until the next election as figurehead presidents often have longer terms than parliaments. In these cases the 2012 version of the variable is not a valid measure of *government* election timing.
- Some countries are less clear cut in that they are semi-presidential. Nonetheless, in a number of these cases (e.g. Romania), however, the PM is the clear leader of the government and the domestic policy agenda. These powers are most relevant for studying things like public budgeting.

[1] YRCURNT

[2] Available at: http://go.worldbank.org/2EAGGLRZ40. Accessed September 2014.

Reliability concerns

- There are many instances where election years are not recorded as 0, as the coding scheme defines. See table below for details.

Updated Data

To correct these issues, I validated the DPI election timing data was for 27 European Union countries (the same sample as Alt, Lassen, and Wehner (2014) used). I validated data from 1990 to the present with the European Election Database (2014). These election dates were corroborated with data from Wikipedia. Election dates from before 1990 are also from Wikipedia. All elections examined in the European Election Database had a corresponding detailed Wikipedia entry describing key election features, including the election date and vote distributions. The corrected data can be found at https://github.com/christophergandrud/yrcurnt_corrected. The full list of changes are given in the following table.

List of Changes to DPI Cheif Executive Election Timing Variable (yrcurnt)

Country	Changes
Austria	Use parliamentary rather than (figurehead) presidential elections.
Belgium	Corrects missing 2010 election year.
Denmark	Corrects missing 2001 and 2007 elections.
Estonia	Corrects 1995, 1999, 2003, 2007, and 2011 elections. Also counting originally started at 4, but should start at 3 as there is a 4 year term limit (not 5).
Germany	Corrects missing 2005 election.
Greece	Corrects missing 2007, 2009, 2012 election years.
Ireland	Corrects missing 2011 election.
Italy	Corrects missing 2008 election.
Lithuania	Use parliamentary rather than presidential elections. It is a semi-presidential system where the president appoints the PM, the legislature's approval is needed. PM is more responsible for domestic policy.
Latvia	Corrects missing 2006, 2010, 2011 election years.
Netherlands	Corrects missing 2003 and 2006 elections.
Portugal	Corrects missing 1979, 1999, and 2011 elections.
Romania	Semi-presidential where the president appoints the PM, but they must be approved by the parliament and the PM is both head of government and sets the legislative agenda. Before 2008 presidential and parliamentary elections had happened in the same year.
Slovenia	Use parliamentary rather than (figurehead) presidential elections.
Slovakia	Corrects missing 2012 election.
Spain	Corrects missing 1989, 1996, and 2011 elections.
UK	Corrected missing 2001 and 2005 elections.

Results from replication of Alt et al. (2014) with corrected election timing data

The following tables replicate the main results from (Alt, Lassen, and Wehner 2014). Their original results tables can be found in Appendix 7 attached to the article.[3] The replications were done in Stata 12.1 using the Do-file and data made available by the authors.[4] In the following tables *Election timing* indicates the **yrcurnt** (original or corrected) variable.

Balance

Dependent variable	Original	Corrected
Electoral Term	0.67**	0.63**
	(0.25)	(0.28)
Electoral term x Budget transparency	-0.69**	-0.69*
	(0.31)	(0.36)
SGP	13.15***	13.00***
	(3.24)	(3.29)
SGP x Budget transparency	-11.61***	-11.35***
	(3.39)	(3.48)
Slump	4.17***	4.10***
	(0.68)	(0.67)
Slump x Budget transparency	-6.54***	-6.41***
	(1.01)	(1.00)
Boom	-0.73*	-0.67*
	(0.39)	(0.36)
Boom x Budget transparency	1.31**	1.23**
	(0.50)	(0.47)
Banking crisis	-2.38***	-2.47***
	(0.73)	(0.72)

Debt change

Dependent variable	Original	Corrected
Electoral Term	-3.58***	-2.70***
	(0.88)	(0.88)
Electoral term x Budget transparency	4.54***	3.28**
	(1.24)	(1.27)
SGP	-3.49	-3.71

[3] Appendix 7 can be found at: http://journals.cambridge.org/action/displaySuppMaterial?cupCode=1&type=4&jid=JPS&volumeId=44&issueId=04&aid=9345189&sessionId=7478A414E0A5039EB5DDE864C1B54332.journals.

[4] These supplemental materials can be found at: http://journals.cambridge.org/action/displaySuppMaterial?cupCode=1&type=4&jid=JPS&volumeId=44&issueId=04&aid=9345189&sessionId=7478A414E0A5039EB5DDE864C1B54332.journals

Dependent variable	Original	Corrected
	(5.72)	(5.76)
SGP x Budget transparency	0.02	-0.03
	(5.98)	(6.10)
Slump	-0.10	-0.16
	(1.55)	(1.54)
Slump x Budget transparency	0.69	0.79
	(2.16)	(2.15)
Boom	1.65**	1.56**
	(0.76)	(0.69)
Boom x Budget transparency	-2.80**	-2.67**
	(1.10)	(1.01)
Banking crisis	3.68***	3.41***
	(1.09)	(1.09)

SFA

Dependent variable	Original	Corrected
Electoral Term	-2.92***	-2.07**
	(0.80)	(0.87)
Electoral term x Budget transparency	3.85***	2.58*
	(1.13)	(1.29)
SGP	9.66***	9.29***
	(3.04)	(3.06)
SGP x Budget transparency	-11.59***	-11.38***
	(3.46)	(3.49)
Slump	4.08**	3.94**
	(1.41)	(1.40)
Slump x Budget transparency	-5.85***	-5.62***
	(1.83)	(1.83)
Boom	0.93	0.89
	(0.69)	(0.69)
Boom x Budget transparency	-1.49	-1.44
	(1.11)	(1.11)
Banking crisis	1.30	0.94
	(1.29)	(1.33)

SFA (excluding Greece)

Dependent variable	Original	Corrected
Electoral Term	-2.18***	0.00
	(0.50)	(0.00)
Electoral term x Budget transparency	2.87***	-1.36**
	(0.72)	(0.56)
SGP	10.32**	1.67*
	(4.01)	(0.88)
SGP x Budget transparency	-12.39**	9.94**
	(5.41)	(4.03)
Slump	3.88	-12.09**
	(2.25)	(5.44)
Slump x Budget transparency	-5.51*	3.71
	(2.98)	(2.22)
Boom	0.64	-5.24*
	(1.26)	(2.94)
Boom x Budget transparency	-1.05	0.72
	(1.90)	(1.22)
Banking crisis	0.84	-1.17
	(1.26)	(1.85)

Net acquisition (+) of shares and other equity

Dependent variable	Original	Corrected
Electoral Term	-1.76***	-1.18**
	(0.19)	(0.42)
Electoral term x Budget transparency	2.29***	1.57**
	(0.28)	(0.52)
SGP	6.26**	7.66*
	(1.90)	(3.23)
SGP x Budget transparency	-7.29**	-9.12*
	(2.42)	(4.11)
Slump	1.33	1.89
	(0.88)	(1.33)
Slump x Budget transparency	-1.86	-2.62
	(1.14)	(1.76)
Boom	0.55**	0.86***

Dependent variable	Original	Corrected
	(0.16)	(0.18)
Boom x Budget transparency	-0.89***	-1.33***
	(0.20)	(0.21)
Banking crisis	0.67	0.37
	(0.40)	(0.35)

Net incurrence (-) of other liabilities

Dependent variable	Original	Corrected
Electoral Term	-0.77**	-0.51**
	(0.24)	(0.19)
Electoral term x Budget transparency	1.05**	0.73**
	(0.31)	(0.27)
SGP	-1.58	-1.06
	(1.01)	(1.58)
SGP x Budget transparency	2.14	1.48
	(1.32)	(2.09)
Slump	-0.75	-0.56
	(0.73)	(0.73)
Slump x Budget transparency	1.33	1.08
	(0.98)	(0.91)
Boom	-0.02	0.10
	(0.44)	(0.49)
Boom x Budget transparency	-0.01	-0.18
	(0.66)	(0.73)
Banking crisis	0.71	0.46
	(0.72)	(0.71)

References

Alt, James, David Dreyer Lassen, and Joachim Wehner. 2014. "It Isn't Just About Greece: Domestic Politics, Transparency and Fiscal Gimmickry in Europe." *British Journal of Political Science* 44 (04): 707–16.

Beck, Thorsten, George Clarke, Alberto Groff, Philip Keefer, and Patrick Walsh. 2001. "New Tools in Comparative Political Economy: The Database of Political Institutions." *World Bank Economic Review* 15 (1).

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