

# The Heavy Tails of Electoral Data

## The Importance of Robust Estimators\*

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### Abstract

Researchers studying the consequences of comparative electoral institutions, as well as other areas of political and social science, often estimate linear regression models on continuous outcomes of interest using least squares. These outcomes include measures of the number of political parties, proportionality, and vote share, among others. While it is well known that least-squares estimates are often sensitive to single, influential data point, this knowledge has not led to appropriate practices when using least-squares estimators. We highlight the importance of using more robust estimators (at least as a robustness check) and discuss several approaches to detect, summarize, and communicate the influence of particular data points. We conclude with a reanalysis of Clark and Golder (2006) and show that their conclusions depend on several influential data points. Removing these data or using a robust estimator substantially weaken their key conclusions about the conditional relationship between social heterogeneity and electoral rules in influencing the number of political parties.

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\*We thank Bill Clark and Matt Golder for making their data available to us. The analyses presented here were conducted with R 3.1.0. All data and computer code necessary for replication are available at [github.com/carlislerainey/meaningful-inferences](https://github.com/carlislerainey/meaningful-inferences).

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# Introduction

The linear regression model can be written as  $E(y|X) = X\beta + \epsilon$ , where  $y$  is an outcome variable of interest (usually roughly continuous),  $X$  is a  $n \times (k + 1)$  matrix containing a single column of ones and  $k$  columns holding  $k$  explanatory variables,  $\beta$  is a  $(k + 1) \times 1$  matrix of model coefficients, and  $\epsilon$  is an  $n \times 1$  matrix of errors. Researchers in political science commonly estimate this model with ordinary least squares (OLS) by minimizing the squared residuals,  $\hat{\beta}^{OLS} = \arg \min S(b)$ , where  $S(b) = \sum_{i=1}^n (y_i - X_i b)^2$ . That is, OLS estimators choose the estimate  $\hat{\beta}$  that minimizes the sum of the squared residuals. Under the assumption that the errors  $\epsilon_i$  follow independent and identical normal distributions with mean zero and unknown variance, the OLS estimator is the minimum variance unbiased estimator (MVUE).

Even if the errors do not follow independent and identical normal distributions, the Gauss-Markov Theorem guarantees the least-squares estimator is the best (i.e., minimum variance) *linear* unbiased estimator if the errors have mean zero and constant (and finite) variance. However, this should provide little comfort to researchers because there is little statistical or substantive reason to restrict themselves to *linear* estimators.

At first glance, one might take the linearity restriction under Gauss-Markov to refer to the structure of the model, such that  $E(y|X) = X\beta$  falls into the class of “linear” regression models, but  $E(y|X) = e^{X\beta}$  does not. Indeed, this is the sense in which we use “linear” in the term “linear regression.” However, the “linear” restriction in the Gauss-Markov Theorem refers to a highly technical and obscure statistical criterion that requires that the estimates be a linear function of the outcome variables, so that  $\hat{\beta}_j = \lambda_1 y_1 + \lambda_2 y_2 + \dots \lambda_n y_n$ , so that the weights  $\lambda_i$  are allowed to depend on  $X$ , but not on  $y$ .<sup>1</sup> In other words, Gauss-Markov does not require a linear *model* of the form  $E(y|X) = X\beta$ , but it does require a linear estimator of the form  $\hat{\beta}_j = \lambda_1 y_1 + \lambda_2 y_2 + \dots \lambda_n y_n$ .

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<sup>1</sup>Formally, linearity requires that  $\hat{\beta} = My$ , where  $M$  depends on the matrix  $X$ . For the case of least-squares,  $M = (X'X)^{-1}X'$ .

However, we argue that restricting ourselves to linear estimators is unnecessary and unproductive. There is no statistical reason to restrict ourselves to linear estimators, except for mathematical convenience, and there are substantive reasons to reject this restriction. For example, if the researcher is aware that one case has a unusually large outcome variable (conditional on the explanatory variables), then the researcher might wish to weight that case less than the other, more typical cases so that one atypical case does not exert several times more impact on the estimates than other, typical cases. Indeed, substantive researchers might wish to attach zero weight to extremely unusual cases because these cases might be due to a different substantive process.

It is not often appreciated that if the errors do not follow independent and identical normal distributions, then the OLS is no longer the MVUE—other estimators might outperform OLS.

Many researchers simply assume a statistical model for which a MVUE is easily available for little or no substantive reason. Knowing that the assumed model (e.g., normality) is *incorrect*, these researchers are using this model as an approximation. But if the model is an approximation, then the desirable statistical properties are not longer guaranteed (e.g., MVUE). With this in mind, it makes more sense to use a robust estimator with the following qualitative properties:

1. Approximately unbiased in typical sample sizes for the assumed model and small, plausible deviations.
2. Excellent efficiency under the assumed model, though perhaps not the best possible efficiency.
3. Excellent efficiency under small deviations from the assumed model
4. Reasonable efficiency and bias in typical sample sizes with large deviations from the assumed model.

Mathematically, this suggests that applied researchers should not necessarily restrict themselves to unbiased estimators or minimum variance estimators under an assumed model. Instead, a more desirable criterion might be the mean squared error of the estimate under a wide range

of deviations from the assumed model. The “best” model for a social scientist might not be the optimal estimator for an assumed model, but an estimable that works reasonably well for the assumed model and many substantively plausible deviations.

To see the importance of this in practice, we simulated 10,000 data sets 50 observations of variables  $x$  and  $y$ , where the relationship between  $x$  and  $y$  is given by  $y = x + \epsilon$ , where  $\epsilon$  follows a  $t$  distribution with three degrees of freedom. Note that the  $t_3$  distribution is symmetric, bell-shaped, and resembles the normal distribution, except it has slightly heavier tails. For each of these 10,000 data sets we used least-squares to estimate the slope of the relationship between  $x$  and  $y$ . Because we simulated these data, we know that the Gauss-Markov assumptions hold. This means that least-squares is the *best* linear unbiased estimator.

But consider a least trimmed squares (LTS) estimator in which we minimize the smallest 90% of the residuals. This method literally throws away data. Though it lacks the elegant theory of the least-squares estimate, it is essentially unbiased, much more efficient, and has a much smaller mean squared error. By any reasonable standard, it is a better estimator than the least squares estimators. This improvement is dropped by expanding our focus to non-linear estimators. In this case, the LTS estimator is not linear because it places zero weight on the largest 10% of the residuals and weights of one on the smallest 90% of the residuals.

While the statistical properties of the least squares under the assumed normal-linear model are extremely well developed (e.g., MVUE), these properties are not nearly as well developed from robust alternatives. Some asymptotic results are available, but the closed-form theory is generally much weaker.

# Replication of Clark and Golder (2006)

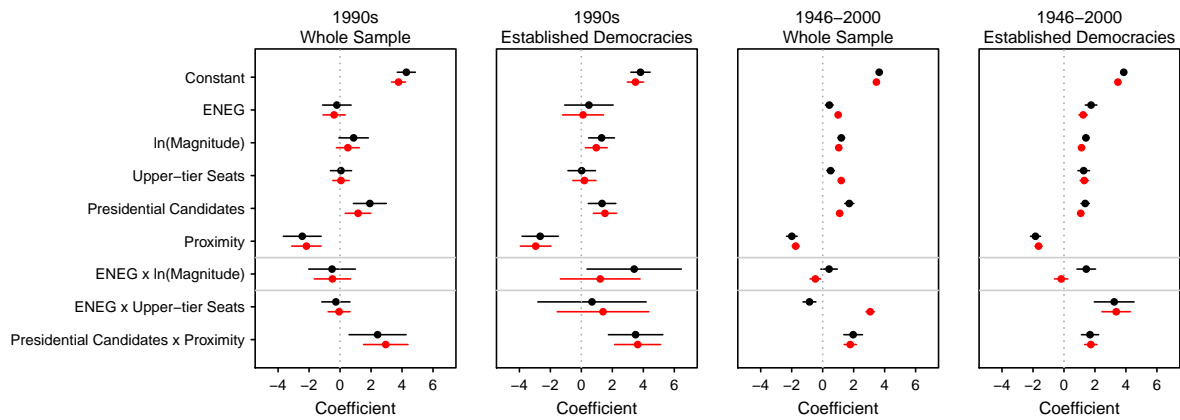


FIGURE 1: Replication of Clark and Golder (2006) using MM-estimation with explanatory variables standardized to have mean zero and standard deviation one-half. The black lines and points show the OLS estimates and 90% confidence intervals and the red lines and points show the MM estimates and confidence intervals. Notice that the coefficient for the product of the effective number of ethnic groups and the district magnitude changes drastically with the choice of estimator.

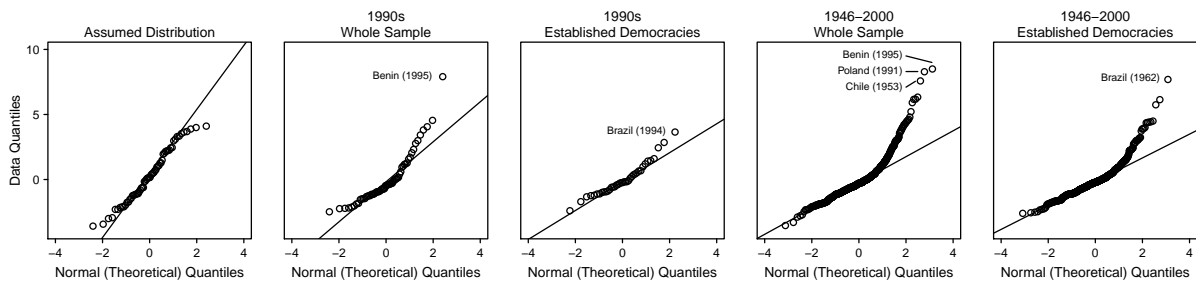


FIGURE 2: caption here.

# Appendix

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