



The mayor's advantage: Causal evidence on incumbency effects in German mayoral elections



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ABSTRACT

This paper provides empirical evidence on the party incumbency advantage in mayoral elections in Germany. Using a regression discontinuity design on a data set of about 25,000 elections, I estimate a causal incumbency effect of 38–40 percentage points in the probability of winning the next election. Studying the mechanisms behind this effect, I show that the electoral advantage is larger for full-time mayors, increasing in municipality size, independent of the specific partisanship of the mayor and constant between 1945 and 2010. Moreover, it increases with local spending hikes and it is independent of municipal debt.

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1. Introduction

A central feature in most democracies is that the citizens elect members of a party into political positions. It is well known that these incumbents in the political office receive an incumbency advantage in future elections for the same office. Theorists in political science and political economics have long recognized the specific role of incumbents (see, e.g., Besley and Case, 1995; Alesina and Rosenthal, 1995; Persson and Tabellini, 2000). Models of political accountability and political agency are often centered on the behavior of incumbent politicians (see Rogoff and Sibert, 1988; Besley and Case, 1995; Persson et al., 1997). In political science, the question of why incumbents are so hard to beat, has received much attention from leading scholars (see Cover, 1977; Payne, 1980; Krehbiel and Wright, 1983; Gelman and King, 1990; King and Gelman, 1991).

Starting with Erikson (1971), a large strand of empirical literature highlights the issue of incumbency and the intrinsic advantage that parties and candidates derive from holding a political office during reelection campaigns.¹ Much of the focus has been on the case of the U.S., and only in recent years have scholars also started to document the effects outside of the United States (see Miguel and Zahidi, 2004; Uppal, 2009; Hainmueller and Kern, 2008; Ade et al., 2014). This paper investigates the electoral advantage for the party of incumbent mayors in German municipalities.

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¹ Also see among others Jacobson (1987), Levitt and Wolfram (1997), Ansolabehere et al. (2000), Cox and Katz (2002), Ansolabehere and Snyder (2004), Ansolabehere et al. (2006) and Stratmann (2013).

While the literature on incumbency effects recognizes the electoral advantage as a well established fact², we have less of an understanding of the determinants that lead to this intrinsic advantage. Several causes, however, have been identified and empirically tested such as: access to resources, increased media presence, name recognition, redistricting, strategic entry and exit, political benefits from economic prosperity, the role of advertisement and campaign spending, legal restrictions to campaign contributions, ballot access, political parties in power and secured pork-barrel spending in the incumbent's district.³ Along those lines, the contribution of this current paper is that I can study the causal incumbency advantage in a whole array of subgroups (see below).

For the main analysis, I have built a new data set that comprises more than 25,000 independent mayoral elections in the state of Bavaria over the period from 1945–2010. Estimation results from a regression discontinuity design (RDD) show a party incumbency effect in the order of 38–40 percentage points in increasing the probability of winning the next election. The results remain stable over a range of different specifications and a number of tests validate the credibility of the research design.

Lee (2008) was the first to examine the empirical facts of the incumbency phenomenon by applying a regression discontinuity design in which close elections provide the source of exogenous variation. He investigates elections for the US House of Representatives and analyzes the effect of party incumbency on the probability of winning the subsequent election. Lee estimates the intrinsic electoral advantage to be around 45 percentage points in the probability of winning the seat.

Following Lee's analysis, a number of studies use similar designs to estimate the incumbency advantage of parties in different settings. Ferreira and Gyourko (2009) study the effects of incumbency in mayoral elections in the United States, finding an incumbency effect of about 32 percentage points for the probability of reelection.⁴ For Germany, Hainmueller and Kern (2005) investigate the party incumbency advantage within districts for federal elections and Ade et al. (2014) show that a positive incumbency advantage also exists in German state elections.

As mentioned above, the empirical analysis in this paper also sheds further light on the mechanisms that make up the incumbency effect. Due to the exceptional richness of the data, I can explore the causal effect in a number of subgroups and analyze the heterogeneity in the average effect. The analysis distinguishes heterogeneity in three main dimensions: (1) the characteristics of the town, (2) the mayor's past performance in terms of local economic indicators and (3) the constitutional setting under which the mayor works.

Concerning the first, I find that the incumbency advantage is larger for towns that employ a full-time mayor and it is increasing in municipality size both of which indicates a role for the level of available resources. Moreover, I show that the effect is independent of the particular partisanship of the mayor that the town elected which highlights that the advantage is indeed universal. Finally, I can look at the electoral advantage in different periods in the observation span and find the effect to be constant over time.

For the second dimension, I use key economic variables to evaluate whether the voting decision on the incumbent mayor is contingent on past economic performance. In the analysis, I find that voters reward the incumbent mayor if spending increases over and above the general level, but they fail to punish if municipal debt levels increase.

In the third part of the heterogeneity analysis, I exploit the fact that mayors in Germany operate under different constitutional frameworks in different German states. To test whether those constitutional differences affect the size of the electoral advantage, I collected additional data for 5 further states and compare RDD estimates from these states to the results for Bavaria. Overall, I find no significant differences in the estimates from different states.

Methodologically, I rely on close elections to identify quasi-experimental variation in the partisanship of the mayor. The identifying assumption is that the precise election outcome is subject to a random component when the election is exceptionally close. As a result, treatment just above the defining threshold of 50% in vote share is assigned quasi-randomly. The party incumbency advantage effect is, then, consistently estimated from the regression discontinuity design, as the continuity assumption directly follows from local randomization. This identification strategy is used in a number of studies, not just to estimate the effect of incumbency, but also in other contexts.⁵

The paper is structured as follows. I describe the institutional background and the data set in Section 2. In Section 3, I lay out the empirical methodology. Section 4 discusses the main results and investigates the validity of the research design. Section 5 concludes the analysis.

2. Data and institutional setting

In Germany, the municipal level is the lowest of the four governmental tiers.⁶ Local governments in Germany oversee local public firms, administrate mandated spending allocated by higher tiers and carry out a number of direct responsibilities such as child care provision, expenditures for culture and recreation as well as investments in local infrastructure. The average budget of a German municipality is about 1500 Euro per capita. In total, about $\frac{1}{3}$ of total government spending is allocated to the local level. The municipalities

² Note that, in the context of developing countries the case might be different. Here, researchers actually find substantial negative effects of incumbency (see Linden (2004) and Uppal (2009) for India, Miguel and Zahidi (2004) for Ghana or Titiunik (2009) for Brazil).

³ See King and Gelman (1991), Serra (1994), Cox and Katz (1996), Levitt and Wolfram (1997), Ansolabehere et al. (2000), Ansolabehere and Snyder (2004), Stratmann (2005, 2006, 2009), Folke (2010), Stratmann (2010), Strömberg and Snyder (2010), Houser et al. (2011), Fink (2012), Costas-Pérez et al. (2012), Ade et al. (2014) and Martins and Veiga (2014).

⁴ See also the analysis by Folke and Snyder (2012), who investigate the incumbency advantage and its determinants for US governors.

⁵ The idea was first used in parallel discussion papers, which came out in the year 2001, by Pettersson-Lidbom (2008), who evaluates the economic policy consequences of party block majorities in Swedish councils and by Lee (2008) (mentioned above). For further applications, see, e.g., Ferreira and Gyourko (2009), Gerber and Hopkins (2011) and Vogl (2014) on partisan effects of US mayors, Eggers and Hainmueller (2009) on financial benefits to MPs in Great Britain, Brollo and Nannicini (2012) on fiscal transfers in Brazil.

⁶ Besides the federal level, Germany is organized in 16 states (of which 3 are city states), about 450 counties and about 12,500 municipalities.

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