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Potrafke, Niklas

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Niklas Potrafke[1]
University of Konstanz

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This paper examines whether electoral motives and government ideology influence short-term economic performance. I employ data on annual GDP growth in 21 OECD countries over the 1951-2006 period and provide a battery of empirical tests. In countries with two-party systems GDP growth is boosted before elections and, under leftwing governments, in the first two years of a legislative period. These findings indicate that political cycles are more prevalent in two-party systems because voters can clearly punish or reward political parties for governmental performance. My findings imply that we need more elaborate theories of how government ideology and electoral motives influence short-term economic performance.

Keywords: political cycles, partisan politics, electoral motives, government ideology, short-term economic performance, panel data

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[1] University of Konstanz, Department of Economics, Box 138, D-78457 Konstanz, Germany, Phone: + 49 7531 88 2137, Fax: + 49 7531 88 3130. Email: niklas.potrafke@uni-konstanz.de

1. Introduction

A standard question in public choice is whether electoral motives and government ideology influence economic performance. Leftwing and rightwing governments have different preferences as to the size and scope of government and, thus, with respect to economic policy. Leftwing governments favor more state intervention, more income redistribution and expansionary fiscal and monetary policies. In contrast, rightwing governments believe in the free market and favor less state intervention. Both political-economic ideologies trust that these policies will improve economic performance. It remains of course an empirical question whether these two schools of thought have any merit. Manipulations of the economy because of electoral motives are independent of the government's party color of the government: incumbents will boost the economy before elections to increase their reelection prospects.

The influence of government ideology and electoral motives on short-term economic performance has been described by the partisan and political business cycle theories which point to distinct cyclical patterns. The partisan theories, in a nutshell, predict that annual GDP growth is higher under leftwing governments because leftwing governments implement more expansionary fiscal and monetary policies. The traditional political business cycle theories predict that annual GDP growth is higher before elections because both leftwing and rightwing governments above all want to remain in power. Scholars have examined the predictions of the partisan and political business cycle theories in developed countries and come to different conclusions (see, for example, Alesina et al. 1997, Faust and Irons 1999, Heckelman 2006, Grier 2008).[2]

[2] A related strand of the literature investigates the influence of government ideology on long-term economic growth. Examining decadal growth in the 1970s, 1980s and 1990s for 58 countries, Bjørnskov's (2005) results indicate that rightwing nations have grown faster than others. In a similar vein, Bjørnskov's (2008a) results show that the relationship between income equality and economic growth depends on government ideology.

Most previous studies suffer, however, either from fairly short observation periods in panel data studies or focus only on a small group of countries. A more encompassing evaluation of whether political cycles have had an influence on short-term economic performance requires reliable data for many countries and many years. Such a dataset has recently been made available by Barro and Ursúa (2008). Econometric techniques also have improved considerably over the last years and should be employed in empirical research on political business and partisan cycles. Using the annual GDP growth data by Barro and Ursúa (2008), I reinvestigate the influence of government ideology and electoral motives on short-term economic performance in OECD countries in the 1951-2006 period and provide a battery of empirical tests.

The results suggest that in countries with two-party systems annual GDP growth is boosted before elections and, under leftwing governments, in the first two years of a legislative period. These findings indicate that political cycles are more prevalent in two-party systems because voters can clearly punish or reward political parties for governmental performance. My findings imply that we need more elaborate theories of how government ideology and electoral motives influence short-term economic performance.

The paper is organized as follows: Section 2 discusses theoretical and empirical literature on political cycles and economic performance. Section 3 presents the data and specifies the empirical model. Section 4 reports and discusses the estimation results, and investigates their robustness. Section 5 concludes.

2. Political cycles and short-term economic performance: theoretical background and empirical evidence

The political business cycle approaches and the partisan theories indicate how politicians influence macroeconomic outcomes. One implication of the political business

cycle theories (Nordhaus 1975, Rogoff and Sibert 1988, Rogoff 1990, among others) is that all politicians will implement the same expansionary economic policy before elections. In other words, political ideology retires to the background, and policies converge. The theories of political business cycles can be distinguished in models assuming adaptive (Nordhaus 1975) and rational expectations (Rogoff and Sibert 1988, Rogoff 1990) of economic actors. In the traditional approaches with adaptive expectations, opportunistic policymakers can take advantage of an exploitable Phillips curve trade-off. Opportunistic policymakers can fool naïve voters and stimulate the economy immediately before each election. In the approaches with rational expectations, informational asymmetries between politicians and voters take center stage in explaining electoral cycles. The incumbent exploits his information advantage to signal his economic competence before elections. The distinction in traditional and rational political business cycle approaches does not undermine the electoral advantages of engaging in expansionary fiscal and monetary policies before Election Day. The expansionary fiscal and monetary policies do not have, however, an influence on economic growth, unemployment and inflation in the rational political business cycle model (see, e.g., Alesina et al. 1997: chapter 2). In recent contributions to this literature, Shi and Svensson (2006) develop a moral hazard model of political competition and show that politicians may behave opportunistically even if most voters know the government's policy, but some voters are uninformed. The larger is the number of voters that fail (ex ante) to distinguish pre-electoral manipulations from incumbent competence, the more the incumbent profits from boosting expenditures before an election. Alt and Lassen (2006) point out that the greater is the transparency of the political process, the lower is the probability that politicians behave opportunistically.

Empirical studies suggest that incumbents benefit from favorable economic conditions (see, for example, Hibbs 2006 for an encompassing survey of the literature), but the pattern depends on the policy field and the countries examined: electoral cycles are more likely to

occur in direct transfer payments such as public health expenditures (see, for example, Potrafke 2008) than in real outcome variables such as employment or inflation-adjusted growth (see the studies by Alesina and collaborators in the 1990s). The political business cycle theory appears to receive more support in developing than in developed countries (see, for example, Brender and Drazen 2009, Vergne 2009 and Shi and Svensson 2006).

The partisan approach focuses on the role of party ideology and shows the extent to which leftwing and rightwing politicians will provide policies that reflect the preferences of their partisans. The leftist party appeals more to its labor base and promotes expansionary policies, whereas the rightwing party appeals more to capital owners, and is therefore more concerned with reducing inflation.[3] Similarly to the traditional political business cycle model, the partisan approaches assume that the economy can be described by a (short-run) Phillips-Curve-tradeoff and that politicians are able to exploit the tradeoff strategically by fiscal and monetary policies. With respect to short-term economic performance, the partisan models provide clear-cut predictions: leftist parties seek (or will accept) higher rates of inflation to get lower unemployment and faster growth, rightwing parties seek (or will tolerate) higher unemployment and slower growth to obtain lower inflation. This basic pattern holds for the classical partisan approach (Hibbs 1977) and also for the rational approach (Alesina 1987). The traditional partisan theory predicts a permanent influence of government ideology on economic policy-making. By contrast, the rational partisan theory claims that policy changes in the middle of legislative periods: leftist governments that have implemented an expansionary policy in the first half of the term, observe by midterm a significant increase in the inflation rate. Reelection concerns cause leftist governments to implement more restrictive policies in the second half of the term, so that inflation and economic growth decline. Conversely, rightwing governments had anti-inflationary recessions in the first half of the

[3] Apart from class voting, partisan politics can also be grounded in, e.g., having different 'mental models' of the economy (Denzau and North 1994).

term, and rightwing governments pursue low inflation and accelerating economic growth in the second half of the term (Alesina et al. 1997: 62).[4]

Empirical evidence examining whether parties have affected short-term economic performance is mixed. Alesina and coauthors find strong support for the rational partisan theory in OECD countries (e.g., Alesina et al. 1997). Hibbs (1987, 1992) also finds that parties mattered in OECD countries. Overall, Franzese (2002) has concluded that existing empirical studies typically uncovered stronger evidence of partisan than of electoral cycles in real economic performance. For encompassing surveys of the literature see, for example, Alesina and Rosenthal (1995), Alesina et al. (1997), Price (1997), Franzese (2002), Franzese and Jusko (2006) and Drazen (2000: Chapter 7). More recent studies indicate that political cycles in short-term economic performance have also occurred in industrialized countries. Grier (2008), for example, examines quarterly data on GDP growth in the United States since 1960 and shows that there has been an electoral cycle. The results by Ferris and Voia (2010) show that real output growth in Canada over the 1870-2005 period was permanently higher under leftwing governments and weakly increased before elections. For a panel of 19 OECD countries in the 1961-1981 period, Sakamoto's (2008) results suggest that leftist governments had the lowest output growth when they had independent central banks but the highest output growth when they had dependent central banks.[5] Rational partisan cycles occurred in Germany but not in the United Kingdom and Canada (Heckelman 2002a, b).[6]

[4] Frey and Schneider (1978a, 1978b) have combined elements of the political business cycle and partisan schools, as politicians may plausibly be motivated by both opportunistic and partisan considerations. For example, an incumbent has strong incentives to take opinion polls into account: at times when he is popular, he may implement his favorite partisan politics, whereas he may engage in opportunistic behavior to increase his re-election chances if opinion polls become sufficiently unfavorable.

[5] On central banks and political business cycles see, for example Abrams and Iossifov (2006), Tempelman (2007), Abrams (2008), Ferris (2008).

[6] Public Choice scholars have investigated extensively partisan cycles on economic policy-making in OECD countries. Helland (2010) investigates, for example, RPT cycles on unemployment growth in Norway. Aidt et al. (2011) provide new RPT tests employing data from Portugal. On partisan cycles on German economic policy-making see, for example, Belke (2000), Berger and Woitek (1997), Füss and Bechtel (2008), Schneider (2010), Mechtel and Potrafke (2009), and Potrafke (2011).

The existing empirical literature on partisan cycles has inconclusive elements. I will therefore test whether government ideology permanently influenced short-term economic performance (traditional partisan theory) or did so only early in the legislative session (rational partisan theory). The existing theoretical literature on partisan cycles ignores other potential influences of government ideology on economic performance. For example, economic policies that tend to improve short-term economic performance may well need time to be effective, government ideology may shift from one decade to another, or external shocks may affect ideology-induced policy making. I will also investigate these and other potential influences empirically.

3. Data and empirical strategy

3.1 Data on annual GDP growth

I use the dataset collected by Barro and Ursúa (2008) on real per capita GDP. The data are available for the 1870-2006 period and extend to a maximum of 36 countries. The government ideology indicator employed in this paper is, however, available only for 21 OECD countries of this group. The reason is that government ideology is hard to measure when the political systems are unstable or undemocratic. Therefore, the analyzed dataset contains yearly data in the 1951-2006 period for 21 OECD countries:[7] Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom and the United States (unbalanced panel).

The data of Barro and Ursúa (2008) build on the GDP data of Maddison (2003) and have been improved and extended in several ways (for details see Barro and Ursúa 2008: 2 ff.). The data for GDP are provided as indices, setting the values to 100 for each country in

[7] Greece, Spain and Portugal became democracies in the mid 1970s so that government ideology can be coded from then on. Ireland and Luxembourg are not included in the dataset by Barro and Ursúa (2008).

the year 2000.[8] The level of per capita GDP in each country in 2000 is set to the PPP-adjusted value in 2000 international dollars given in the World Bank's World Development Indicators (WDI) (Barro and Ursúa 2008: 4). In the following, I focus on annual GDP growth.

Figures 1 and 2 illustrate that GDP growth in OECD countries was quite stable in the 1951-2006 period. On average, GDP growth was 2.2%. Except Finland in 1993, Iceland in 1952 and New Zealand in 1951, no economic disasters occurred in the examined 1951-2006 period (on the growth acceleration in OECD countries see also Easterly 2006: 307 ff.).[9] Over time, however, there was some variation. Recessions, for example, occurred in the mid 1970s (oil crises) and at the beginning of the 1990s in response to the end of the Cold War, and the fall of the Berlin Wall (Figure 1). Figure 2 shows that recessions in the 1970s were particularly strong in countries such as Greece, Iceland, Italy and Portugal and in the 1990s in Finland and Sweden. I will use these annual GDP growth rates as dependent variables in the econometric model.

3.2 The empirical model

The estimated base-line dynamic panel data model to test the predictions of the traditional political business cycle and the traditional partisan theory model has the following form:

$$\text{GDP Growth}_{it} = \alpha\, \text{Election}_{it} + \beta\, \text{Ideology}_{it} + \Sigma_k \gamma_k X_{ikt} + \delta\, \text{GDP Growth}_{it-1} + \eta_i + \varepsilon_t + u_{it}$$

$$\text{with } i=1,\ldots,21;\ k=1,\ldots,4;\ t=1,\ldots,57 \qquad (1)$$

[8] This classification refers to the working paper version by Barro and Ursúa (2008).
[9] To isolate economic disasters, Barro and Ursúa (2008) basically follow the procedure in Barro (2006) by computing peak-to-trough fractional declines that exceed some threshold value. In this study, Barro and Ursúa (2008) apply a lower bound of 0.1.

where the dependent variable GDP $Growth_{it}$ denotes the yearly GDP growth rate in country i and year t. Panel unit root tests show that these series are stationary. $Election_{it}$ and $Ideology_{it}$ describe an election year variable and the ideological orientation of the respective government. In the next paragraph I describe these variables and their coding in detail. I include the election year variable and the ideology variable together in one regression because separate tests could cause omitted variable bias. $\Sigma_k X_{ikt}$ contains four exogenous economic control variables. I include the annual GDP growth rate of the three most important trading partners (sum of imports and exports), the de facto exchange rate regime variable provided by Reinhart and Rogoff (2004), the growth rate of trade openness (as a share of GDP) and the index of political constraints (POLCONII) by Henisz (2000). I calculate the annual GDP growth rate of the three most important trading partners based on bilateral trade data from the UN comtrade database and weight the GDP growth rates based on the trade share (sum of imports and exports) of the top three bilateral trading partners. The appendix contains a detailed list of the three most important trading partners and the weights.[10] The de facto exchange rate regime variable takes on values between 1 and 5, where 1 describes a fixed exchange rate system (peg), 2 to 4 a floating and 5 a "freely falling" system.[11] This variable is intended to capture the positive growth effects under floating exchange rates (Reinhart and Rogoff 2004). Trade-openness (as a share of GDP) enters the model as the classic variable approximating globalization. The index of political constraints by Henisz (2000) takes on values between 0 (minimum of institutional constraints) and 1 (maximum of institutional constraints) and measures the degree of institutional constraints on the executive branch of

[10] The UN comtrade database contains missing values: "Countries (or areas) do not necessarily report their trade statistics for each and every year. This means that aggregations of data into groups of countries may involve countries with no reported data for a specific year. UN Comtrade does not contain estimates for missing data. Therefore, trade of a country group could be understated due to unavailability of some country data." http://comtrade.un.org/db/help/uReadMeFirst.aspx. I compute averages based on the available data. Moreover: "Imports reported by one country do not coincide with exports reported by its trading partner. Differences are due to various factors including valuation (imports CIF, exports FOB), differences in inclusions/ exclusions of particular commodities, timing etc." http://comtrade.un.org/db/help/uReadMeFirst.aspx

[11] "Freely falling" refers to countries whose twelve-month rate of inflation is above 40%. This category has been assigned in Reinhart and Rogoff´s (2004) dataset to some developing countries and periods at the beginning of the 20th century. In my sample only one year in Austria and ten years in Iceland are classified as "freely falling".

government. The index includes veto players, such as two legislative chambers, and, thus controls for potential constraints on politicians to implement economic policies that influence short-term economic performance. The POLCONII is available until 2004. The appendix provides descriptive statistics for all variables included. GDP Growth$_{it-1}$ describes the lagged dependent variable to tackle persistency in the data. Lastly, η_i represents a fixed country effect, ε_t is a fixed period effect and u_{it} is an error term.

The variable Election$_{it}$ takes the exact timing of the elections into account. Following Franzese (2000), it is calculated as

$$\text{Election} = [(M-1) + d/D]/12,$$

where M is the month of the election, d is the day of the election and D is the number of days in that month. In all other years, its values are set to zero. I thus directly control for the fact that the election dates differ between and within the individual countries.

I employ the government ideology index proposed by Potrafke (2009a), which is based on the index of governments' ideological positions by Budge et al. (1993) and updated by Woldendorp et al. (1998, 2000). This index places the cabinet on a left-right scale with values between 1 and 5. It takes the value 1 if the share of governing rightwing parties in terms of seats in the cabinet and in parliament is larger than 2/3, and 2 if it is between 1/3 and 2/3. The index is 3 if the share of centre parties is 50%, or if the leftwing and rightwing parties form a coalition government that is not dominated by one side or the other. The index is symmetric and takes the values 4 and 5 if the leftwing parties dominate. Potrafke's (2009a) coding is consistent across time but does not attempt to capture differences between the party-families across countries. Years in which the government changed hands are labeled according to the government that was in office for the longer period, e.g., when a rightwing government followed a leftwing government in August, this year is labeled as leftwing. For

this study, I extended this index for the 1951-1970 period. This specification implies that government ideology has a permanent influence on annual GDP growth.

The estimated base-line dynamic panel data model to test the predictions of the traditional political business cycle and the rational partisan theory model has the following form:

$$\begin{aligned}\text{GDP Growth}_{it} = {} & \alpha\ \text{Election}_{it} + \beta\ \text{Ideology}_{it} + \lambda\ \text{First part legislative period}_{it} \\ & + \xi\ \text{Ideology}_{it} * \text{First part legislative period}_{it} \\ & + \Sigma_k\ \gamma_k\ X_{ikt} + \delta\ \text{GDP Growth}_{it-1} + \eta_i + \varepsilon_t + u_{it}\end{aligned}$$

$$\text{with } i=1,\ldots,21;\ k=1,\ldots,4;\ t=1,...,57 \qquad (2)$$

The difference between equation (2) and equation (1) is the "First part legislative period" dummy variable that takes on the value one in the first part of a legislative period and zero otherwise and the interaction term between the "First part legislative period" dummy and the government ideology dummy variable. I distinguish between two alternative specifications for the first part of a legislative period: (1) only the first year and (2) the first two years of a legislative period. The reason for this distinction is that the rational partisan theory does not provide an exact prediction as to the duration of the effect in the first part in the legislative period and the related empirical studies therefore test for an influence only in the first year as well as in the first two years (see Alesina et al. 1997). The results will turn out to be sensitive to considering only the first year or the first two years of a legislative period.

The first years of a legislative period are labeled according to the date at which a new government came into power after an election. When a new government came into power in the first half of a year, I label this year as the first year of its legislative period. When a new government came into power in the second half of a year, I label the next year as the first year

of its legislative period. The rational partisan theory predicts that governmental ideology influences annual GDP growth only in the first part of a legislative period. Thus, only the interaction term between government ideology and the first part legislative period dummy is expected to have a positive influence on annual GDP growth.

I now turn to discussing my choice of the panel data estimation method. In dynamic estimations, the common fixed-effect estimator is biased. The estimators taking into account the resulting bias can be grouped broadly into a class of instrumental estimators and a class of direct bias-corrected estimators (see, for example, Behr 2003 for a discussion). In accordance with large sample properties of the GMM methods, e.g., the estimator proposed by Arellano and Bond (1991), will be biased in my econometric model with N=21. For this reason, bias-corrected estimators are more appropriate. I apply Bruno's (2005a, 2005b) bias-corrected least squares dummy variable estimator for dynamic panel data models with small N.[12]

4. Results

4.1 Basic results

Table 1 reports the regression results when a permanent influence of government ideology (traditional partisan approach) is investigated and shows that including different control variables does not affect the inferences drawn from the political variables.[13] The control variables display the expected signs and their influence is robust across the different econometric specifications. The positive influence of annual GDP growth in the three most important trading partner countries corroborates the transmission of an international business

[12] I choose the Blundell-Bond (1998) estimator as the initial estimator in which the instruments are collapsed as suggested by Roodman (2006). This procedure makes sure to avoid using invalid/ or too many instruments (see Roodman 2006 and 2009 for further details). Following Bloom et al. (2007) I undertake 50 repetitions of the procedure to bootstrap the estimated standard errors. Bootstrapping the standard errors is common practice applying this estimator. The reason is that Monte Carlo simulations demonstrated that the analytical variance estimator performs poorly for large coefficients of the lagged dependent variable (see Bruno 2005b for further details). The results do not qualitatively change with more repetitions such as 100, 200 or 500 or when the Arellano-Bond (1991) estimator is chosen as initial estimator.

[13] The results in the first column refer to a panel data model without a lagged dependent variable (feasible generalized least squares with robust standard errors).

cycle. The estimated coefficients of annual GDP growth in the three most important trading partner countries are statistically significant at the 5% level in columns (3) and (4) and at the 1% level in column (5), implying that annual GDP growth increased by about 0.2 percentage points when annual GDP growth in the three most important trading partner countries increased by one percentage point. The lagged dependent variable is statistically significant at the 1% level with a coefficient of about 0.25. An F-test on the joint insignificance of the fixed period effects can be rejected strongly, which also indicates the persistency and time dependence of the dependent variables. The coefficient of the exchange rate system variable has the expected positive sign in columns (4) and (5), is statistically significant at the 10% level in column (5) but does not turn out to be statistically significant in column (4). The growth rate of trade openness has a positive influence on annual GDP growth and is statistically significant at the 5% level (column 5). The index on political constraints does not turn out to be statistically significant and its inclusion also does not affect the inferences drawn from the political variables.

The results in Table 1 show that electoral motives of the politicians and government ideology have had no permanent influence on economic performance in the 1951-2006 period. The coefficients of the election year variable have the expected positive sign but do not turn out to be statistically significant in columns (1) to (5). The coefficients of the ideology variable also have the expected positive sign but do not turn out to be statistically significant across all specifications.

Table 2 reports the regression results when the influence of government ideology in the first year of a legislative period (rational partisan approach) is investigated. The control variables display the expected signs and their influence is again robust across the different econometric specifications. Neither the ideology variable (leftwing), nor the first year legislative period dummy variable (except the coefficient in column 2 which is statistically

significant at the 10% level) nor the interaction term between the ideology variable and the first year legislative period dummy variable turn out to be statistically significant.

Table 3 reports the regression results when the influence of government ideology in the first two years of a legislative period (rational partisan approach) is investigated. The ideology variable (leftwing) does not turn out to be statistically significant. The first two years legislative period dummy variable is, however, statistically significant at the 1% level in columns (2) to (5) and at the 5% level in column (1). The interaction terms between the ideology variable (leftwing) and the first two years dummy variable are statistically significant at the 10% level in column (1), at the 5% level in columns (2) to (4) and at the 1% level in column (5). These results indicate that annual GDP growth in the first two years of a legislative period is about 0.7 percentage points higher under a leftwing than under a rightwing government.[14] The significant difference between the inferences drawn from Table 2 and Table 3 may arise because (1) it takes more than some months or a year after an election for expansionary monetary and fiscal policies to have an influence on short-term economic performance and (2) coding of the first year of a legislative period is somewhat imprecise when a change in government occurs in the middle of a year. These basic results, however, need to be confronted with several concerns that are addressed in the following.

4.2 Coding government ideology and its influence on economic performance

The results could depend on the chosen government ideology indicator. Therefore, I have replaced Potrafke's (2009a) government ideology indicator by an alternative one: Bjornskov's (2008b) index refers to the Henisz (2000) database on political outcomes since the 19th century, and the general approach to measuring political ideology follows along the lines of Bjørnskov (2005b, 2008a). However, as compared to the index employed in Bjørnskov (2005b, 2008a), the Bjørnskov (2008b) index "takes the social democrat party in a

[14] This example applies to shifts in the ideology variable from the score 2 (rightwing government) to the score 4 (leftwing government).

given country as an internationally comparable anchor around which other parties are placed on a five-point scale (-1; -.5; 0; .5; 1) from left to right" (Bjørnskov 2008b: 5). The ideology scores of each government party are weighed by their relative share of all government party seats in parliament in order to consider differing degrees of influence on government policy. This procedure addresses the ideological position of the government and the parliament. In line with the partisan theories, Potrafke's (2009a) coding implies a positive influence of government ideology (leftwing) on annual GDP growth, whereas Bjørnskov's (2008b) coding implies a negative influence of government ideology (rightwing) on annual GDP growth. The Bjørnskov (2008b) index is available until 2004.

The results show that Bjørnskov's government ideology indicator does not turn out to be statistically significant. Thus, the result that government ideology has had no permanent influence on economic performance (traditional partisan theory) is not sensitive to the choice of the ideology measure. In a similar vein, neither the Bjørnskov ideology variable (rightwing), nor the first year legislative period dummy variable nor the interaction term between the Bjørnskov ideology variable and the first year legislative period dummy variable turn out to be statistically significant (rational partisan theory). By contrast, rightwing governments had lower annual GDP growth in the first two years of a legislative period. These results are shown in the additional tables.

Apart from the predictions of the traditional and rational partisan theories I will test other potential influences of government ideology on annual GDP growth. For example, economic policies that tend to improve short-term economic performance may well need time to be effective. For this reason lagged government ideology variables are now included in the econometric model. When a single party has been in power for a fairly long time, however, the argument to consider lagged government ideology turns out to be less conclusive because this particular party has had enough time in office to implement its ideology induced policy. In any event, to address potential time-lagged ideology induced effects on economic

performance, I have replaced the government ideology variable in period t by its lagged values in the periods t-1 to t-5. The lagged government ideology variables do not turn out to be statistically significant. This finding is not sensitive to the choice of control variables. My results include several control variables to avoid caveats regarding potential omitted variable bias. I have also included the lagged Bjørnskov government ideology index: the results do not change.

The government ideology index by Potrafke (2009a) implies a linear relation between the five different types of government. I have replaced Potrafke´s (2009a) government ideology indicator by dummy variables that take on the value one for every category of the government ideology indicator and zero otherwise. To avoid multicollinearity between the government type dummies, one of the government type dummies serves as the reference category (here very powerful rightwing governments). The estimated effects of the other government type dummies can then be interpreted as deviations from the reference category. The government type dummies for the very powerful leftwing governments, the leftwing governments and center governments do not turn out to be statistically significant. The rightwing governments dummy variable is statistically significant at the 10% level and its coefficient has negative sign indicating that rightwing governments had somewhat slower annual GDP growth than very powerful rightwing governments.

Electoral cycles could also be evaluated somewhat differently. For example, potential pre-election year effects could be addressed. For this reason, I have also included a pre-election year variable that is coded similarly to the election-year variable to address the fact when elections have occurred quite early in an election year and, thus, most of the opportunistic activity is expected to have occurred in the pre-election year. Also this pre-election variable does not turn out to be statistically significant; nor does the election-year variable. Moreover, substituting the election year variables by common 0/1 dummies does not change the inferences.

4.3 Results for sub samples

The influence of political cycles may be more prevalent in two-party systems. The reason is that the majority party in a two-party system has full control of executive and legislative powers. By contrast, proportional electoral systems may result in fragmented legislatures with several parties forming coalition governments (Alesina et al. 1997: 141). I have therefore split the sample in countries with two-party systems (Australia, Canada, New Zealand, the United Kingdom and the United States) and countries without two-party systems.[15] The results reported in Table 4 show that neither electoral motives nor government ideology permanently influence short-term economic performance in countries without two-party systems. In contrast, for the group of countries with two-party systems, the results in Table 4 show that annual GDP growth was by about one percentage point higher in election years. The results in Table 5 show that government ideology in the first year of a legislative period did neither influence annual GDP growth into countries with two-party systems nor in countries without two-party systems (the result in column 4 reports an even negative influence of leftwing governments on annual GDP growth in the first year of a legislative period, but this effect appears to be a matter of the parsimonious econometric model). By contrast, the results in Table 6 show that annual GDP growth was higher under leftwing governments in the first two years of a legislative period only in countries with a two-party system. The countries with two-party systems appear to be the driving force of the effect in the entire OECD sample (Table 3). Because of the collineartiy of the election year variable and the first two years legislative period dummy variable in the no two-party system sample, the election year variable does not turn out to be statistically significant in columns (4) to (6). I have re-

[15] This distinction between countries with two-party systems (Westminster/Anglo-Saxon system) and countries without two-party systems relies on the assumption that both party systems can be clearly distinguished. Apparently, countries with multi party systems could be further distinguished in countries with a tradition for minority government (as in Scandinavia) and countries with more than two parties in parliament but clear distinctions of the political parties in a leftwing and a rightwing camp (such as Germany). In a similar vein, traditional countries with two-party systems may transform to multi-party systems. For example, in the United Kingdom in May 2010, a coalition government came into power for the first time. Future research could consider these transformations of party systems and further distinctions of party systems. In this paper, I follow the previous studies (e.g., Alesina et al. 1997) distinguishing countries with and without two-party systems.

estimated the models with the election year and ideology variable separately in order to check the robustness of this effect. Replacing the Potrafke ideology index by the Bjørnskov ideology index also does not change the inferences.

External policy shocks can affect particular geographic regions. After the fall of the Iron Curtain, for example, particular strong recessions occurred in many European countries. For this reason, I have split the sample into European and Non-European countries (Australia, Canada, Japan, New Zealand, and the United States). The results are similar to the two subsamples of two-party and non two-party systems.

In a similar vein, I have also tested whether the absence of political cycles in the entire sample is due to the inclusion/exclusion of particular countries. These tests show that the t-statistics of the election year variable drop down when Australia and New Zealand are excluded. In contrast, the t-statistics increase when Greece, the Netherlands and Switzerland are excluded so that the election-year variable turns to be statistically significant at the 10% level. In any event, the inclusion/exclusion of a single country does not change the inferences with respect to government ideology.

Party ideologies change over time. The most visible changes are declines in political polarization and electoral cohesion. The empirical political science literature provides interesting insights as to why we ought not to expect modern parties to be ideological in any pure sense of the word (see, for example, Blyth and Katz 2005). Current empirical studies and ideology indices do not, however, take into account that parties have undergone these changes. So far, I can acknowledge only that the available government ideology indicators do not capture the fact that parties have changed. One possible way of testing for contemporaneous shifts in ideology is to interact government ideology with decadal dummy variables. I distinguish between the 1950s, the Keynesian era (from the Kennedy accession in 1961 to Thatcher in 1979), the Washington Consensus years (1979 to about 1990), and the period after communism collapsed (the 1991-2006 period), and introduce dummy variables

for these time periods and interact those dummy variables with the government ideology indicators. The results in Table 7 show that government ideology had a permanent influence on annual GDP growth in the 1950s and the 1991-2006 period. In the 1950s, annual GDP growth was more robust under rightwing governments. In the 1991-2006 period, however, annual GDP growth was stronger under leftwing governments. The results employing the Bjørnskov index also suggest that annual GDP growth was faster under rightwing governments in the 1979-1990 period. In line with the result based on the Bjørnskov index the interaction term of government ideology (Potrafke index) and the 1979-1990 period dummy variable in Table 7 has a negative sign but does not turn out to be statistically significant at conventional levels. I also have tested the permanent influence of government ideology in the 1950s, 1961-1978, 1979-1990 and 1991-2006 periods in the two-party and no two-party system subsamples. There are no systematic differences between two-party and non two-party systems except that higher annual GDP growth under rightwing governments in the 1950s was driven by the non two-party system countries.

Political cycles could have had an influence on economic performance contingent on global business cycles. For this reason, I estimate subsamples for different time periods. Momentous historical events provide priors for potential structural breaks in the GDP growth series. The fall of the Iron Curtain and the following recession in Europe in the beginning of the 1990s, the first Gulf War in 1992, the oil crises in the 1970s and the period in the end of the 1950s, or beginning of the 1960s when the consequences of the Second World War were overcome, are prime examples. For this reason, I have considered these historical events as priors for structural breaks and applied Chow-tests to detect the structural breaks statistically. The Chow-tests suggest that a structural break has occurred in 1963/1964 and in 1992/1993. In contrast, the Chow-tests do not detect a structural break for any particular year in the 1970s. I have therefore estimated subsamples for 1951-1963, 1964-1992 and 1993-2006. Moreover, I will discuss the results of reduced samples with splits in the 1970s and 1980s

below because of the availability of further control variables which I have performed additional robustness checks. The results show that the political variables did not have an influence on economic performance in the 1951-1963 and 1964-1992 period. Electoral motives have, however, influenced somewhat short-term economic performance in the 1993-2006 period. This effect was again driven by the countries with two-party systems.

4.4 Further robustness checks and discussion

Globalization is likely to have a strong influence on economic performance. Globalization is, however, a multi-faceted process that cannot be captured by a single economic indicator such as trade openness. For this reason, I have replaced the trade openness variable by the growth rate of the KOF-index of globalization (2009 version) which is available for the 1970-2006 period (KOF means "Konjunkturforschungsstelle – Swiss Economic Institute; see Dreher 2006 and Dreher et al. 2008). Hence including this variable also restricts the sample to the 1970-2006 period and acts as a further robustness check. The overall KOF index, which captures social, political and economic globalization, does not turn out to be statistically significant. The economic sub index, however, is statistically significant and has a positive influence on economic performance. Including this index and examining the 1970-2006 period does not change the inferences on the political variables.

The inclusion of further macroeconomic control variables could add explanatory power, following the partisan approach. Economic performance is expected to react directly to fiscal and monetary policies, such as higher government debt or lower interest rates. For this reason, I have included total central government debt (as a share of GDP) as a fiscal policy control variable. Total central government debt does not turn out to be statistically significant and does not affect the inferences of the political variables: the election-year and the government ideology variables lack statistical significance in this sample. Reliable data on total central government debt is hardly available. I have employed the OECD (2009)

Economic Outlook data that start in 1980 (unbalanced panel). Overall, including these data reduce the sample size dramatically and thus functions as a further robustness test. I did not consider monetary policy variables because modeling political cycles via monetary policy is beyond the scope of the paper.[16]

The exchange rate regime index by Reinhart and Rogoff (2004) implies a linear relation between the five different types of exchange rate regimes. I have replaced Reinhart and Rogoff ´s (2004) exchange rate regime index by dummy variables that take on the value one for every category of the exchange rate regime index and zero otherwise. To avoid multicollinearity between the exchange rate regime dummies, one of the exchange rate regime dummies serves as the reference category (here "freely falling"). The estimated effects of the other exchange rate regime dummies can then be interpreted as deviations from the reference category. GDP growth was lowest under floating exchange rate regimes when Reinhart and Rogoff´s (2004) index takes on the value 2. In any event, including these exchange rate regime dummies does not change the inferences regarding the political variables.

I have tested for the existence of unrestricted serial correlation by applying the Wooldridge test (Wooldridge 2002: 176-177) in the panel data model. The test result indicates the presence of unrestricted serial correlation. Consequently, I have applied heteroskedastic and autocorrelation consistent (HAC) Newey-West type (Newey and West 1987, Stock and Watson 2008) standard errors and variance-covariance estimates. The inferences with respect to the influence of the political variables on economic performance are not affected.

5. Conclusions

Electoral motives and government ideology did not permanently influence short-term economic performance in 21 OECD countries over the entire 1951-2006 period. In countries

[16] Besides any concerns of data availability, including money growth and short term interest rates, for example, requires considering central bank independence.

with two-party systems (Australia, Canada, New Zealand, the United Kingdom and the United States), however, annual GDP growth was higher before elections and in the first two years of a legislative period under leftwing governments. Moreover, annual GDP growth was somewhat higher under rightwing governments in the 1950s and somewhat higher under leftwing governments in the 1991-2006 period. The finding of political cycles in annual GDP growth in countries with two-party systems is in line with other recent empirical work on the United States (Grier 2008) and Canada (Ferris and Voia 2010). In countries with two-party systems, voters clearly can punish or reward a particular party for an implemented policy and they can elect a party to office that promises a better policy in the future. In countries without two-party systems coalition governments consisting of several parties have been in power. Coalition governments may have weaker incentives for aggressive economic policies: if a coalition lasts for another legislative period, the coalition partners will reap the majority of the votes anyhow. If the coalition government comes to an end, it is ambiguous which party should be blamed for the poor economic performance, or which party should be rewarded for improving short-term economic performance. Coalition governments can form in many different and often unforeseeable ways. Small parties may have decisive bargaining power in coalition negotiations. Even if voters are forward-looking, uncertainty about government performance is greater in a multiparty than in a two-party system.

Three other explanations emerge as to why there are no stronger political cycles in short-term economic performance.

First, leftwing and rightwing governments might have implemented similar fiscal and monetary policies which result in similar short-term economic performance. Empirical studies indeed suggest that policy differences depend on the policy and the time period considered. In fiscal policy, however, ideology induced differences are less pronounced. Rightwing governments, for example, do not spend significantly less than leftwing governments (see, for example, Sakamoto 2008). Hence, fiscal and monetary policy – the two most important policy

instruments for improving economic performance according to the partisan theories – did not appear as distinctive as theory predicts.

Second, fiscal and monetary policies may not have influenced short-term economic performance at all. The empirical macroeconomics literature analyzes this issue (see, for example, Blanchard and Perotti 2002 and Mountford and Uhlig 2009). From a market-oriented perspective, fiscal and monetary policy shocks are ineffective because rational economic agents identify the political straw-fire effect. An example for a straw-fire effect is that increases in government spending will only have a limited demand effect because tax-payers realize that they need to pay back increases in government spending in future periods. Hence, the ideological party composition and electoral motives of the incumbents cannot play a significant role in short-term economic performance anyway. Empirical studies that deal with the influence of fiscal stimuli in times of the subprime crisis provide, however, mixed evidence on this predisposition. The results of Romer and Bernstein (2009), for example, suggest that an increase in government purchases has had a positive influence on GDP in the United States.[17] The results by Cogan et al. (2009) show that Romer´s and Bernstein´s (2009) conclusions are not robust. In a similar vein, Cwik and Wieland (2009) show that the influence of government expenditure on GDP may be negative. Institutional constraints could also mitigate the influence of fiscal and monetary policies on short-term economic performance. In monetary policy, independent central banks play a significant role. In particular, independent central banks not only can counteract governments' preferences with respect to monetary policy, but also can affect governments' fiscal policies significantly (Sakamoto 2008). In fiscal policy, ideology induced policies could be counteracted when there is divided government (see, for example, Alesina and Rosenthal 1995 for an encompassing discussion of this issue).

[17] It is important to note that Romer and Bernstein have been economic advisors to a Democratic President (Obama).

Third, leftwing and rightwing governments still have different views of economic policy and the design of the political order, but ideology appears to be restricted to non-budgetary affairs. For example, market-oriented governments deregulated product markets in OECD countries in the 1980-2003 period (Potrafke 2010). Government ideology also has had a strong influence on political alignment with the United States: leftwing governments were less sympathetic to US politics (Potrafke 2009b). The distinctly different alignments of leftist and rightwing governments within the United States reflect deeper sources of ideological association than would be predicted if the issues were solely those of economic policy on a left-right spectrum.

The political business cycles and partisan theories hardly relate to economic schools of thought and focus only on fiscal and monetary policy as policy instruments. Given the ideological preferences on economic policy and other policy fields, it is surprising that the political business cycle and partisan theories have not taken into account other policy fields. After all: for example, do leftist governments still believe that annual GDP growth will increase if they implement more expansionary fiscal and monetary policies? And do market-oriented governments that implement restrictive fiscal and monetary policies, privatize state owned companies and deregulate product and labor markets believe that this kind of free market policy will have a positive influence also on short-run economic performance?

The empirical evidence leads us to conclude that a more encompassing theory is required to explain how government ideology affects economic policy and thereby short-term economic performance. Such a theory should also consider industrial, regulatory and social policies and rely on the mechanisms and policy channels that translate government ideology into real outcomes.

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Appendix: Data description and sources

Table A1: Most important trading partners (sum of imports and exports) over the 1962-2006 period. Source: UN Comtrade database, own calculations.

Country	Rank 1 (trade share top three trading partners)	Rank 2 (trade share top three trading partners)	Rank 3 (trade share top three trading partners)
Australia	Japan (0.46)	United States (0.36)	Germany (0.18)
Austria	Germany (0.86)	Italy (0.09)	Switzerland (0.05)
Belgium	Germany (0.38)	France (0.31)	Netherlands (0.30)
Canada	United States (0.91)	Japan (0.05)	Germany (0.04)
Denmark	Germany (0.65)	Sweden (0.20)	United Kingdom (0.15)
Finland	Germany (0.56)	Sweden (0.25)	United Kingdom (0.18)
France	Germany (0.55)	Belgium (0.29)	Italy (0.16)
Germany	France (0.41)	United States (0.31)	Netherlands (0.28)
Greece	Germany (0.60)	Italy (0.25)	Belgium (0.15)
Iceland	Germany (0.50)	United Kingdom (0.26)	United States (0.24)
Italy	Germany (0.62)	France (0.23)	Belgium (0.15)
Japan	United States (0.68)	Germany (0.22)	Australia (0.09)
Netherlands	Germany (0.56)	Belgium (0.32)	United Kingdom (0.11)
New Zealand	Australia (0.41)	United States (0.30)	Japan (0.28)
Norway	Germany (0.44)	United Kingdom (0.33)	Sweden (0.22)
Portugal	Germany (0.52)	Spain (0.31)	France (0.18)
Spain	Germany (0.56)	France (0.29)	Belgium (0.16)
Sweden	Germany (0.59)	Belgium (0.21)	United Kingdom (0.20)
Switzerland	Germany (0.73)	France (0.14)	Italy (0.13)
United Kingdom	Germany (0.51)	Belgium (0.25)	United States (0.24)
United States	Canada (0.48)	Japan (0.28)	Germany (0.24)

Table A2: Descriptive Statistics.

Variable	Obs.	Mean	Std. Dev.	Min	Max	Source
GDP	1176	59.01	23.24	9.67	100.41	Barro and Ursúa (2008)
GDP growth	1176	0.03	0.03	-0.10	0.12	Barro and Ursúa (2008)
Election year	1102	0.17	0.30	0	0.99	Potrafke (2008), further own calculations
Ideology (leftwing) Potrafke-Index	1099	2.89	0.90	1	5	Potrafke (2009a), further own calculations
Ideology (rightwing) Bjørnskov-Index	1058	0.33	0.35	-0.57	1	Bjørnskov (2008b)
First half legislative period dummy (1 year)	1102	0.29	0.45	0	1	Own calculations
First half legislative period dummy (2 years)	1102	0.56	0.50	0	1	Own calculations
GDP growth Most important trading partners	1176	0.03	0.02	-0.03	0.10	United Nations (2010), further own calculations
Exchange Rate System	1176	1.96	1.03	1	5	Reinhart and Rogoff (2004)
Trade (as a share of GDP)	1157	54.64	26.80	7.42	172.19	Penn World Tables 6.3 Summers and Heston (1991)
Institutional constraints	1131	0.44	0.14	0	0.71	Henisz (2000)
KOF index of globalization (overall)	777	70.63	12.35	37.46	93.46	Dreher (2006), Dreher et al. (2008)
Total central government debt (as a share of GDP)	493	49.80	28.06	5.97	163.57	OECD (2009)

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Table 1: Regression Results.
Dynamic bias-corrected estimator.
Dependent variable: Annual GDP growth.

	(1)	(2)	(3)	(4)	(5)
Election year	0.003	0.0029	0.0027	0.0028	0.0031
	[1.70]	[1.29]	[1.20]	[1.24]	[1.58]
Ideology (leftwing)	0.0008	0.0004	0.0003	0.0003	0.0007
	[0.88]	[0.48]	[0.42]	[0.32]	[0.77]
GDP growth trading partners			0.1995**	0.2002**	0.2647***
			[2.45]	[2.46]	[3.14]
Exchange rate regime				0.0012	0.0015*
				[1.38]	[1.74]
Δ ln trade (as a share of GDP)					0.0256**
					[2.02]
Institutional constraints (Henisz)					0.0007
					[0.07]
Lagged dependent variable		0.2720***	0.2708***	0.2674***	0.2493***
		[8.88]	[8.93]	[8.74]	[8.09]
Fixed country effects	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes
Observations	1099	1081	1081	1081	1019
Number of countries	21	21	21	21	21

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Table 2: Regression Results.
Dynamic bias-corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period.

	(1)	(2)	(3)	(4)	(5)
Election year	0.0027	0.0025	0.0023	0.0024	0.0027
	[1.66]	[1.07]	[1.00]	[1.03]	[1.46]
Ideology (leftwing)	0.0004	-0.0001	-0.0001	-0.0002	0.0002
	[0.38]	[0.15]	[0.12]	[0.21]	[0.22]
First year legislative period	-0.0052	-0.0063*	-0.0056	-0.0057	-0.0056
	[1.03]	[1.67]	[1.47]	[1.48]	[1.08]
Ideology (leftwing)*					
First year legislative period	0.0014	0.0016	0.0014	0.0014	0.0015
	[0.91]	[1.13]	[0.97]	[0.99]	[0.89]
GDP growth trading partners			0.1942**	0.1948**	0.2575***
			[2.37]	[2.37]	[3.04]
Exchange rate regime				0.0012	0.0015*
				[1.39]	[1.72]
Δ ln trade (as a share of GDP)					0.0261**
					[2.06]
Institutional constraints (Henisz)					0.0008
					[0.08]
Lagged dependent variable		0.2745***	0.2732***	0.2697***	0.2520***
		[8.92]	[8.98]	[8.79]	[8.18]
Fixed country effects	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes
Observations	1099	1081	1081	1081	1019
Number of countries	21	21	21	21	21

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Table 3: Regression Results.
Dynamic bias-corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First two years legislative period.

	(1)	(2)	(3)	(4)	(5)
Election year	0.0012	0.0008	0.0007	0.0008	0.0013
	[0.81]	[0.32]	[0.29]	[0.31]	[0.67]
Ideology (leftwing)	-0.001	-0.0016	-0.0016	-0.0017	-0.0014
	[0.83]	[1.53]	[1.49]	[1.54]	[1.23]
First two years legislative period	-0.0118**	-0.0131***	-0.0126***	-0.0126***	-0.0130***
	[2.13]	[2.95]	[2.79]	[2.79]	[3.13]
Ideology (leftwing)*					
First two years legislative period	0.0033*	0.0036**	0.0034**	0.0034**	0.0037***
	[1.81]	[2.33]	[2.22]	[2.22]	[2.64]
GDP growth trading partners			0.1871**	0.1877**	0.2492***
			[2.27]	[2.28]	[2.94]
Exchange rate regime				0.0013	0.0015*
				[1.40]	[1.70]
Δ ln trade (as a share of GDP)					0.0256**
					[2.02]
Institutional constraints (Henisz)					0.0003
					[0.03]
Lagged dependent variable		0.2755***	0.2742***	0.2707***	0.2537***
		[9.15]	[9.19]	[8.99]	[8.11]
Fixed country effects	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes
Observations	1099	1081	1081	1081	1019
Number of countries	21	21	21	21	21

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Table 4: Regression Results.
Dynamic bias-corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period.
Distinction between countries with and without two-party systems

	Countries without two-party system			**Countries with two-party system**		
	(1)	(2)	(3)	(4)	(5)	(6)
Election year	0.0009	0.0001	0.0006	0.0079***	0.0098***	0.0097**
	[0.55]	[0.02]	[0.21]	[3.89]	[2.72]	[2.30]
Ideology (leftwing)	-0.0004	-0.0003	0.0003	0.0012	0.0004	0.0002
	[0.31]	[0.30]	[0.31]	[1.39]	[0.38]	[0.16]
GDP growth trading partners			0.149			0.0474
			[1.36]			[0.31]
Exchange rate regime			-0.001			0.0032
			[0.76]			[1.47]
Δ ln trade (as a share of GDP)			0.0127			0.0263
			[0.79]			[0.87]
Institutional constraints (Henisz)			0.0024			0.008
			[0.23]			[0.18]
Lagged dependent variable		0.3348***	0.3178***		0.0021	0.0025
		[7.76]	[8.82]		[0.03]	[0.04]
Fixed country effects	Yes	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	819	806	754	280	275	265
Number of countries	16	16	16	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Table 5: Regression Results.
Dynamic bias-corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period.
Distinction between countries with and without two-party systems

	Countries without two-party system			**Countries with two-party system**		
	(1)	(2)	(3)	(4)	(5)	(6)
Election year	0.0009	-0.0001	0.0005	0.0065**	0.0080**	0.0082*
	[0.54]	[0.03]	[0.20]	[3.20]	[2.04]	[1.86]
Ideology (leftwing)	-0.0011	-0.0006	-0.0001	0.0024**	0.0014	0.0011
	[0.70]	[0.65]	[0.07]	[4.01]	[0.94]	[0.69]
First year legislative period	-0.0069	-0.0043	-0.0041	0.0073	0.0044	0.0034
	[1.01]	[0.84]	[0.68]	[1.64]	[0.53]	[0.46]
Ideology (leftwing)*						
First year legislative period	0.0021	0.0012	0.0012	-0.0041*	-0.0032	-0.0028
	[1.10]	[0.67]	[0.66]	[2.53]	[1.07]	[1.14]
GDP growth trading partners			0.1408			0.0097
			[1.27]			[0.06]
Exchange rate regime			-0.001			0.0025
			[0.75]			[1.18]
Δ ln trade (as a share of GDP)			0.0129			0.0221
			[0.81]			[0.72]
Institutional constraints (Henisz)			0.0026			0.0116
			[0.24]			[0.26]
Lagged dependent variable		0.3348***	0.3180***		0.0055	0.0079
		[7.74]	[8.76]		[0.08]	[0.11]
Fixed country effects	Yes	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	819	806	754	280	275	265
Number of countries	16	16	16	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Table 6: Regression Results.
Dynamic bias-corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First two years legislative period.
Distinction between countries with and without two-party systems

	Countries without two-party system			**Countries with two-party system**		
	(1)	(2)	(3)	(4)	(5)	(6)
Election year	-0.0002	-0.0014	-0.0005	0.0042	0.0056	0.0055
	[0.15]	[0.56]	[0.19]	[1.44]	[1.09]	[1.09]
Ideology (leftwing)	-0.0014	-0.0006	-0.0003	-0.0011	-0.0031	-0.0036*
	[1.03]	[0.45]	[0.16]	[1.17]	[1.56]	[1.68]
First two years legislative period	-0.0067	-0.0038	-0.0046	-0.0152*	-0.0211***	-0.0223***
	[1.14]	[0.77]	[0.68]	[2.20]	[2.76]	[3.21]
Ideology (leftwing)*						
First two years legislative period	0.0016	0.0005	0.001	0.004	0.0061**	0.0066***
	[0.88]	[0.32]	[0.46]	[1.59]	[2.34]	[2.74]
GDP growth trading partners			0.1336			0.081
			[1.14]			[0.54]
Exchange rate regime			-0.0009			0.0035*
			[0.73]			[1.65]
Δ ln trade (as a share of GDP)			0.0131			0.0288
			[0.82]			[0.97]
Institutional constraints (Henisz)			0.0023			-0.0031
			[0.22]			[0.07]
Lagged dependent variable		0.3353***	0.3191***		0.0410	0.0433
		[7.80]	[8.84]		[0.62]	[0.65]
Fixed country effects	Yes	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	819	806	754	280	275	265
Number of countries	16	16	16	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Table 7: Regression Results.
Dynamic bias-corrected estimator.
Dependent variable: Annual GDP growth.
Decadal dummy variables.

	(1)	(2)	(3)	(4)
Election year	0.0029	0.0029	0.003	0.003
	[1.52]	[1.52]	[1.55]	[1.55]
Ideology (leftwing)	0.0014	0.0008	0.0014	-0.0005
	[1.43]	[0.78]	[1.42]	[0.52]
Dummy 1951-1960	0.0064			
	[1.10]			
Ideology (leftwing)*				
Dummy 1951-1960	-0.0041**			
	[2.10]			
Dummy 1961-1978		0.0042		
		[0.91]		
Ideology (leftwing)*				
Dummy 1961-1978		0.0001		
		[0.04]		
Dummy 1979-1990			0.0058	
			[1.13]	
Ideology (leftwing)*				
Dummy 1979-1990			-0.0026	
			[1.54]	
Dummy 1991-2006				-0.0128***
				[2.60]
Ideology (leftwing)*				
Dummy 1991-2006				0.0043***
				[2.70]
GDP growth trading partners	0.5746***	0.5163***	0.5244***	0.5243***
	[11.45]	[12.07]	[12.22]	[11.16]
Exchange rate regime	0.0003	0.0008	0.0006	0.0005
	[0.34]	[0.88]	[0.69]	[0.67]
Δ ln trade (as a share of GDP)	0.0333***	0.0368***	0.0370***	0.0370***
	[3.54]	[3.94]	[3.94]	[3.94]
Institutional constraints (Henisz)	-0.008	-0.0013	-0.0072	-0.0077
	[0.77]	[0.12]	[0.69]	[0.73]
Lagged dependent variable	0.2533***	0.2401***	0.2499***	0.2472***
	[10.04]	[9.68]	[10.17]	[9.79]
Fixed country effects	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes
Observations	1099	1081	1081	1081
Number of countries	21	21	21	21

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Figure 1: Average annual GDP growth. 1951-2006. 21 OECD countries.

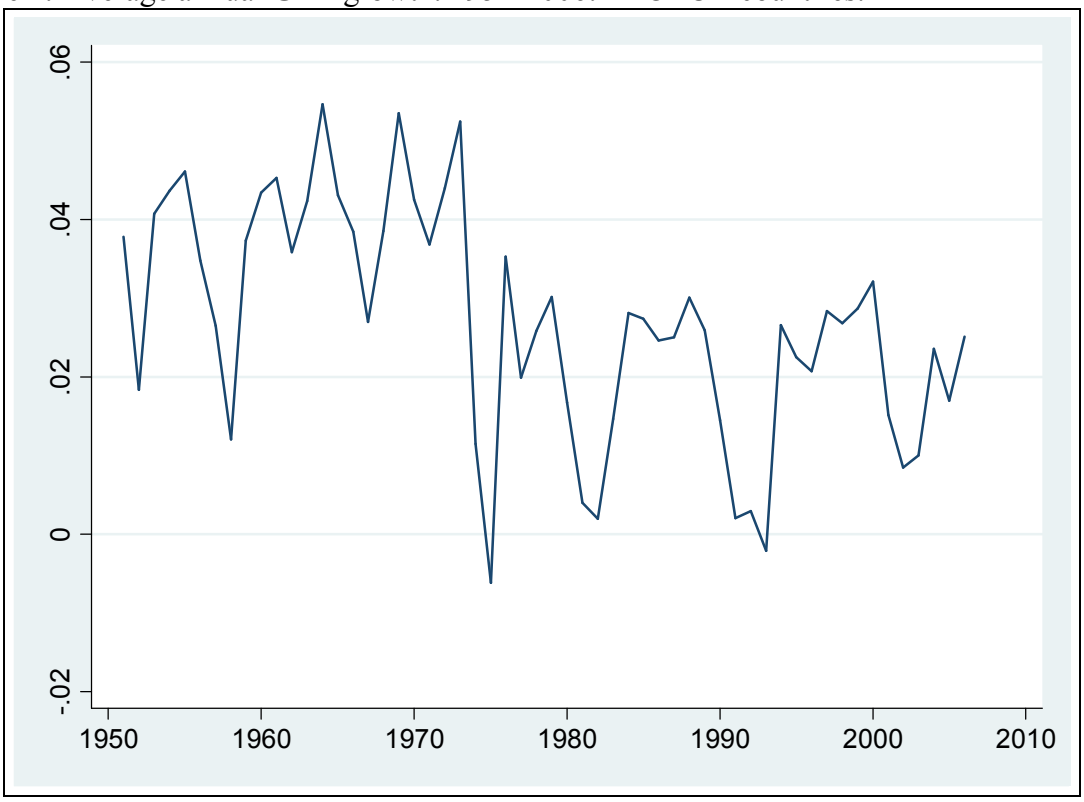

Figure 2: Annual GDP growth 1951-2006. Individual countries

Additional Tables

Additional Table 1: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Bjørnskov-Index.

	(1)	(2)	(3)	(4)	(5)
Election year	0.0030*	0.0029	0.0027	0.0028	0.0029
	[1.74]	[1.31]	[1.23]	[1.25]	[1.47]
Ideology (rigthwing)	-0.0035*	-0.0011	-0.0011	-0.001	-0.0015
	[1.86]	[0.46]	[0.46]	[0.43]	[0.74]
GDP growth trading partners			0.1957***	0.1960***	0.2623***
			[3.12]	[3.12]	[3.24]
Exchange rate regime				0.0011	0.0014*
				[1.41]	[1.79]
Δ ln trade (as a share of GDP)					0.0242*
					[1.82]
Institutional constraints (Henisz)					0.0004
					[0.03]
Lagged dependent variable		0.2647***	0.2635***	0.2607***	0.2485***
		[8.10]	[7.96]	[7.90]	[8.49]
Fixed country effects	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes
Observations	1058	1040	1040	1040	1021
Number of countries	21	21	21	21	21

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 2: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period. Bjørnskov-Index.

	(1)	(2)	(3)	(4)	(5)
Election year	0.0026	0.0023	0.0022	0.0022	0.0025
	[1.67]	[1.04]	[0.98]	[1.00]	[1.25]
Ideology (rightwing)	-0.0025	0.0003	0.0003	0.0003	-0.0005
	[1.09]	[0.11]	[0.11]	[0.12]	[0.17]
First year legislative period	3×10^{-5}	-0.0002	-0.0001	-0.0001	-0.0001
	[0.02]	[0.10]	[0.06]	[0.05]	[0.09]
Ideology (rightwing)*					
First year legislative period	-0.0034	-0.0044	-0.0044	-0.0043	-0.0035
	[0.81]	[1.28]	[1.27]	[1.25]	[0.99]
GDP growth trading partners			0.1934***	0.1938***	0.2593***
			[3.07]	[3.07]	[3.19]
Exchange rate regime				0.0011	0.0014*
				[1.37]	[1.75]
Δ ln trade (as a share of GDP)					0.0245*
					[1.84]
Institutional constraints (Henisz)					0.0005
					[0.05]
Lagged dependent variable		0.2674***	0.2660***	0.2633***	0.2510***
		[8.27]	[8.13]	[8.07]	[8.61]
Fixed country effects	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes
Observations	1058	1040	1040	1040	1021
Number of countries	21	21	21	21	21

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 3: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First two years legislative period. Bjørnskov-Index.

	(1)	(2)	(3)	(4)	(5)
Election year	0.0009	0.0002	0.0002	0.0002	0.0007
	[0.66]	[0.10]	[0.08]	[0.10]	[0.36]
Ideology (rightwing)	0.0011	0.0047	0.0046	0.0046	0.0038
	[0.35]	[1.56]	[1.54]	[1.54]	[1.15]
First two years legislative period	0.0003	0.0004	0.0005	0.0005	0.0007
	[0.14]	[0.23]	[0.29]	[0.28]	[0.37]
Ideology (rightwing)*					
First two years legislative period	-0.0083	-0.0102***	-0.0101***	-0.0099***	-0.0093**
	[1.56]	[2.76]	[2.72]	[2.69]	[2.54]
GDP growth trading partners			0.1867***	0.1871***	0.2526***
			[2.96]	[2.97]	[3.12]
Exchange rate regime				0.001	0.0014*
				[1.31]	[1.70]
Δ ln trade (as a share of GDP)					0.0237*
					[1.78]
Institutional constraints (Henisz)					-0.0001
					[0.01]
Lagged dependent variable		0.2699***	0.2685***	0.2659***	0.2540***
		[8.23]	[8.10]	[8.04]	[8.59]
Fixed country effects	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes
Observations	1058	1040	1040	1040	1021
Number of countries	21	21	21	21	21

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 4: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period. Bjørnskov-Index.
Countries without two-party system.

	(1)	(2)	(3)
Election year	0.0007	-0.0004	0.0003
	[0.45]	[0.14]	[0.10]
Ideology (rightwing)	-0.0008	3×10^{-5}	-0.0011
	[0.27]	[0.01]	[0.31]
First year legislative period	0.001	-0.0001	-0.0001
	[0.62]	[0.05]	[0.06]
Ideology (rightwing)*			
First year legislative period	-0.0049	-0.0021	-0.0011
	[0.91]	[0.40]	[0.23]
GDP growth trading partners			0.1435
			[1.43]
Exchange rate regime			-0.0011
			[0.92]
Δ ln trade (as a share of GDP)			0.0114
			[0.74]
Institutional constraints (Henisz)			0.0018
			[0.17]
Lagged dependent variable		0.3271***	0.3166***
		[8.22]	[8.82]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	788	775	756
Number of countries	16	16	16

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 5: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period. Bjørnskov-Index.
Countries with two-party system.

	(1)	(2)	(3)
Election year	0.0067**	0.0083*	0.0083*
	[3.30]	[1.82]	[1.88]
Ideology (rightwing)	-0.0053	-0.0025	-0.0019
	[2.07]	[0.59]	[0.46]
First year legislative period	-0.0075**	-0.0068**	-0.0060*
	[3.28]	[1.98]	[1.66]
Ideology (rightwing)*			
First year legislative period	0.0071*	0.0046	0.0038
	[2.60]	[0.77]	[0.62]
GDP growth trading partners			0.0118
			[0.07]
Exchange rate regime			0.0026
			[1.24]
Δ ln trade (as a share of GDP)			0.0243
			[0.80]
Institutional constraints (Henisz)			0.0123
			[0.28]
Lagged dependent variable		0.0127	0.0119
		[0.18]	[0.17]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	270	265	265
Number of countries	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 6: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First two years legislative period. Bjørnskov-Index.
Countries without two-party system.

	(1)	(2)	(3)
Election year	-0.0001	-0.0015	-0.0006
	[0.05]	[0.58]	[0.20]
Ideology (rightwing)	-0.0022	-0.0013	-0.0025
	[0.61]	[0.40]	[0.54]
First two years legislative period	-0.0016	-0.0025	-0.0021
	[0.55]	[1.25]	[1.05]
Ideology (rightwing)*			
First two years legislative period	4×10^{-5}	0.0013	0.0020
	[0.01]	[0.30]	[0.37]
GDP growth trading partners			0.1382
			[1.33]
Exchange rate regime			-0.0011
			[0.90]
Δ ln trade (as a share of GDP)			0.0117
			[0.76]
Institutional constraints (Henisz)			0.0015
			[0.15]
Lagged dependent variable		0.3283***	0.3176***
		[8.08]	[8.87]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	788	775	756
Number of countries	16	16	16

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 7: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First two years legislative period. Bjørnskov-Index.
Countries with two-party system.

	(1)	(2)	(3)
Election year	0.0042	0.0057	0.0055
	[1.39]	[1.10]	[1.09]
Ideology (rightwing)	0.0034	0.0087	0.0096*
	[2.05]	[1.56]	[1.71]
First two years legislative period	0.0017	0.0041	0.0049
	[0.40]	[0.96]	[1.12]
Ideology (rightwing)*			
First two years legislative period	-0.0120*	-0.0172***	-0.0179***
	[2.53]	[2.82]	[2.94]
GDP growth trading partners			0.0786
			[0.52]
Exchange rate regime			0.0035*
			[1.68]
Δ ln trade (as a share of GDP)			0.0255
			[0.86]
Institutional constraints (Henisz)			-0.0043
			[0.10]
Lagged dependent variable		0.0402	0.0393
		[0.59]	[0.58]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	270	265	265
Number of countries	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 8: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Lagged Ideology.

	(1)	(2)	(3)	(4)	(5)
Election year	0.0031	0.0031	0.0029*	0.0026	0.0015
	[1.11]	[1.32]	[1.71]	[1.10]	[0.61]
Ideology (leftwing) t-1	-3×10^{-6}				
	[0.00]				
Ideology (leftwing) t-2		-0.0008			
		[0.92]			
Ideology (leftwing) t-3			0.0006		
			[0.85]		
Ideology (leftwing) t-4				0.0005	
				[0.70]	
Ideology (leftwing) t-5					0.0001
					[0.16]
GDP growth trading partners	0.2719***	0.2604***	0.3245***	0.3120***	0.2715***
	[3.43]	[3.61]	[3.92]	[3.96]	[3.00]
Exchange rate regime	0.0012	0.0012	0.0015*	0.0019*	0.0017
	[1.37]	[1.16]	[1.82]	[1.72]	[1.51]
Δ ln trade (as a share of GDP)	0.0244*	0.0235*	0.02	0.0118	0.0083
	[1.83]	[1.67]	[1.46]	[1.02]	[0.58]
Institutional constraints (Henisz)	0.0010	0.0009	0.0015	0.0075	0.0071
	[0.09]	[0.11]	[0.14]	[0.62]	[0.58]
Lagged dependent variable	0.2722***	0.2702***	0.2778***	0.2922***	0.3005***
	[7.54]	[8.48]	[7.73]	[9.35]	[9.22]
Fixed country effects	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes
Observations	1017	1014	994	974	954
Number of countries	21	21	21	21	21

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 9: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Split Ideology Index.

	(1)	(2)	(3)	(4)	(5)
Election year	0.0030	0.0029	0.0027	0.0028	0.0031
	[1.68]	[1.30]	[1.21]	[1.24]	[1.61]
Dummy rightwing government	-0.0078	-0.0081*	-0.0081*	-0.0080*	-0.0082
	[1.35]	[1.87]	[1.89]	[1.86]	[1.46]
Dummy center government	-0.0065	-0.0071	-0.0074	-0.0074	-0.0075
	[1.01]	[1.44]	[1.51]	[1.51]	[1.35]
Dummy leftwing government	-0.0052	-0.0063	-0.0065	-0.0065	-0.0057
	[0.84]	[1.50]	[1.55]	[1.57]	[0.96]
Dummy very powerful					
Leftwing governemnt	-0.0003	-0.0047	-0.0016	-0.0007	0.0035
	[0.05]	[0.27]	[0.09]	[0.04]	[0.23]
GDP growth trading partners			0.2013**	0.2024**	0.2697***
			[2.44]	[2.45]	[3.20]
Exchange rate regime				0.0012	0.0015*
				[1.35]	[1.71]
Δ ln trade (as a share of GDP)					0.0243*
					[1.92]
Institutional constraints (Henisz)					0.0019
					[0.18]
Lagged dependent variable		0.2723***	0.2710***	0.2676***	0.2482***
		[8.94]	[8.97]	[8.79]	[8.06]
Fixed country effects	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes
Observations	1099	1081	1081	1081	1019
Number of countries	21	21	21	21	21

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 10: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
European countries.

	(1)	(2)	(3)	(4)	(5)
Election year	-3×10^{-5}	-0.0009	-0.0009	-0.0009	-0.0001
	[0.02]	[0.45]	[0.44]	[0.44]	[0.03]
Ideology (leftwing)	-0.0004	-0.0003	-0.0003	-0.0003	0.0005
	[0.30]	[0.39]	[0.38]	[0.39]	[0.61]
GDP growth trading partners			0.0276	0.024	0.3835**
			[0.26]	[0.22]	[2.53]
Exchange rate regime				0.0007	0.0013
				[0.64]	[1.10]
Δ ln trade (as a share of GDP)					0.0297**
					[2.12]
Institutional constraints (Henisz)					0.0072
					[0.84]
Lagged dependent variable		0.2990***	0.2985***	0.2970***	0.2663***
		[7.31]	[7.32]	[7.32]	[7.02]
Fixed country effects	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes
Observations	819	806	806	806	754
Number of countries	16	16	16	16	16

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 11: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Non-European countries.

	(1)	(2)	(3)	(4)	(5)
Election year	0.0066**	0.0081*	0.0100**	0.0100**	0.0102**
	[3.15]	[1.94]	[2.42]	[2.42]	[1.97]
Ideology (leftwing)	0.0022**	0.0009	0.0007	0.0005	0.0007
	[3.83]	[0.53]	[0.44]	[0.33]	[0.40]
GDP growth trading partners			-0.6155***	-0.5887***	-0.5797***
			[3.66]	[3.16]	[2.95]
Exchange rate regime				0.0012	0.0013
				[0.35]	[0.41]
Δ ln trade (as a share of GDP)					0.0097
					[0.33]
Institutional constraints (Henisz)					-0.0353
					[0.74]
Lagged dependent variable		0.2656***	0.2339***	0.2300***	0.2274***
		[4.06]	[3.65]	[3.55]	[3.49]
Fixed country effects	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes
Observations	280	275	275	275	265
Number of countries	5	5	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 12: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period.
European countries.

	(1)	(2)	(3)
Election year	-1×10^{-5}	-0.0009	-4×10^{-5}
	[0.01]	[0.46]	[0.02]
Ideology (leftwing)	-0.0010	-0.0007	0.0002
	[0.76]	[0.88]	[0.16]
First year legislative period	-0.0070	-0.0051	-0.0043
	[1.07]	[1.17]	[0.68]
Ideology (leftwing)*			
First year legislative period	0.0020	0.0014	0.0013
	[1.09]	[0.96]	[0.66]
GDP growth trading partners			0.3700**
			[2.42]
Exchange rate regime			0.0013
			[1.10]
Δ ln trade (as a share of GDP)			0.0301**
			[2.13]
Institutional constraints (Henisz)			0.0072
			[0.84]
Lagged dependent variable		0.2986***	0.2669***
		[7.27]	[6.99]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	819	806	754
Number of countries	16	16	16

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 13: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period.
Non-European countries.

	(1)	(2)	(3)
Election year	0.0050***	0.0060	0.0077
	[5.15]	[1.32]	[1.52]
Ideology (leftwing)	0.0032**	0.0014	0.0014
	[4.38]	[0.81]	[0.66]
First year legislative period	0.0059	0.0012	0.0008
	[1.67]	[0.14]	[0.09]
Ideology (leftwing)*			
First year legislative period	-0.0033	-0.0020	-0.0023
	[1.58]	[0.63]	[0.83]
GDP growth trading partners			-0.6169***
			[3.06]
Exchange rate regime			0.0007
			[0.22]
Δ ln trade (as a share of GDP)			0.0079
			[0.26]
Institutional constraints (Henisz)			-0.0294
			[0.60]
Lagged dependent variable		0.2718***	0.2364***
		[4.13]	[3.58]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	280	275	265
Number of countries	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 14: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First two years legislative period.
European countries.

	(1)	(2)	(3)
Election year	-0.0008	-0.0019	-0.0008
	[0.50]	[0.87]	[0.30]
Ideology (leftwing)	-0.0011	-0.0006	0.0001
	[1.06]	[0.56]	[0.07]
First two years legislative period	-0.0058	-0.0035	-0.0037
	[1.01]	[0.70]	[0.55]
Ideology (leftwing)*			
First two years legislative period	0.0014	0.0006	0.0007
	[0.76]	[0.34]	[0.37]
GDP growth trading partners			0.3720**
			[2.39]
Exchange rate regime			0.0013
			[1.11]
Δ ln trade (as a share of GDP)			0.0298**
			[2.12]
Institutional constraints (Henisz)			0.007
			[0.81]
Lagged dependent variable		0.2985***	0.2668***
		[7.28]	[7.00]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	819	806	754
Number of countries	16	16	16

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 15: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First two years legislative period.
Non-European countries.

	(1)	(2)	(3)
Election year	0.0021	0.0030	0.0049
	[0.69]	[0.53]	[0.76]
Ideology (leftwing)	-0.0006	-0.0038	-0.0034
	[0.24]	[1.64]	[1.29]
First two years legislative period	-0.0172	-0.0254***	-0.0232**
	[1.62]	[2.77]	[2.56]
Ideology (leftwing)*			
First two years legislative period	0.0047	0.0078***	0.0069**
	[1.27]	[2.76]	[2.19]
GDP growth trading partners			-0.5259***
			[2.70]
Exchange rate regime			0.0016
			[0.54]
Δ ln trade (as a share of GDP)			0.0132
			[0.44]
Institutional constraints (Henisz)			-0.0425
			[0.90]
Lagged dependent variable		0.2953***	0.2566***
		[4.73]	[3.84]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	280	275	265
Number of countries	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 16: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period. Bjørnskov-Index.
European countries.

	(1)	(2)	(3)
Election year	-0.0002	-0.0012	-0.0004
	[0.09]	[0.44]	[0.14]
Ideology (rightwing)	2×10^{-5}	0.0006	-0.0009
	[0.01]	[0.17]	[0.32]
First year legislative period	0.0004	-0.0002	-0.0003
	[0.25]	[0.12]	[0.15]
Ideology (rightwing)*			
First year legislative period	-0.0041	-0.0021	-0.0007
	[0.91]	[0.46]	[0.16]
GDP growth trading partners			0.3663***
			[2.68]
Exchange rate regime			0.0011
			[1.01]
Δ ln trade (as a share of GDP)			0.0282**
			[2.06]
Institutional constraints (Henisz)			0.0066
			[0.77]
Lagged dependent variable		0.2894***	0.2662***
		[7.07]	[6.94]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	788	775	756
Number of countries	16	16	16

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 17: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First two years legislative period. Bjørnskov-Index.
European countries.

	(1)	(2)	(3)
Election year	-0.0009	-0.0021	-0.001
	[0.57]	[0.82]	[0.40]
Ideology (rightwing)	-0.0008	-0.0002	-0.0015
	[0.24]	[0.05]	[0.44]
First two years legislative period	-0.0014	-0.0019	-0.0016
	[0.54]	[1.03]	[0.90]
Ideology (rightwing)*			
First two years legislative period	-0.0008	0.0003	0.0008
	[0.16]	[0.08]	[0.18]
GDP growth trading partners			0.3633***
			[2.65]
Exchange rate regime			0.0011
			[1.02]
Δ ln trade (as a share of GDP)			0.0283**
			[2.07]
Institutional constraints (Henisz)			0.0064
			[0.75]
Lagged dependent variable		0.2896***	0.2665***
		[6.94]	[6.98]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	788	775	756
Number of countries	16	16	16

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 18: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period. Bjørnskov-Index.
Non-European countries.

	(1)	(2)	(3)
Election year	0.0057***	0.0065	0.0078
	[5.63]	[1.25]	[1.55]
Ideology (rightwing)	-0.0080**	-0.0014	-0.0009
	[3.76]	[0.24]	[0.15]
First year legislative period	-0.0041	-0.0032	-0.0046
	[0.88]	[0.66]	[0.93]
Ideology (rightwing)*			
First year legislative period	0.0022	-0.0026	-0.0015
	[0.36]	[0.33]	[0.19]
GDP growth trading partners			-0.6058***
			[3.01]
Exchange rate regime			0.0011
			[0.35]
Δ ln trade (as a share of GDP)			0.0097
			[0.32]
Institutional constraints (Henisz)			-0.0285
			[0.60]
Lagged dependent variable		0.2729***	0.2389***
		[4.21]	[3.60]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	270	265	265
Number of countries	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 19: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First two years legislative period. Bjørnskov-Index.
Non-European countries.

	(1)	(2)	(3)
Election year	0.0010	0.0012	0.0028
	[0.29]	[0.18]	[0.44]
Ideology (rightwing)	0.0031	0.0144**	0.0144**
	[0.58]	[2.03]	[2.07]
First two years legislative period	0.0026	0.0063	0.0058
	[0.58]	[1.14]	[1.05]
Ideology (rightwing)*			
First two years legislative period	-0.0177	-0.0272***	-0.0257***
	[2.04]	[3.19]	[3.16]
GDP growth trading partners			-0.5102***
			[2.67]
Exchange rate regime			0.0019
			[0.66]
Δ ln trade (as a share of GDP)			0.0074
			[0.25]
Institutional constraints (Henisz)			-0.0485
			[1.06]
Lagged dependent variable		0.2901***	0.2544***
		[4.59]	[3.93]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	270	265	265
Number of countries	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 20: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Decadal dummy variables. Bjørnskov-Index.

	(1)	(2)	(3)	(4)
Election year	0.0027	0.0028	0.0027	0.0029
	[1.35]	[1.41]	[1.37]	[1.46]
Ideology (rightwing)	-0.0028	-4×10^{-6}	0.0003	-0.0042*
	[1.31]	[0.00]	[0.12]	[1.80]
Dummy 1951-1960	-0.0095***			
	[3.07]			
Ideology (rightwing)*				
Dummy 1951-1960	0.0100**			
	[2.30]			
Dummy 1961-1978		0.0066***		
		[3.19]		
Ideology (rightwing)*				
Dummy 1961-1978		-0.0066		
		[1.60]		
Dummy 1979-1990			-0.0046**	
			[2.29]	
Ideology (rightwing)*				
Dummy 1979-1990			0.0091***	
			[2.66]	
Dummy 1991-2006				0.0020
				[1.01]
Ideology (rightwing)*				
Dummy 1991-2006				-0.0069*
				[1.75]
GDP growth trading partners	0.5764***	0.5199***	0.5283***	0.5292***
	[11.81]	[12.70]	[11.67]	[12.74]
Exchange rate regime	0.0003	0.0006	0.0006	0.0004
	[0.46]	[0.76]	[0.79]	[0.54]
Δ ln trade (as a share of GDP)	0.0333***	0.0369***	0.0374***	0.0367***
	[3.55]	[3.94]	[4.00]	[3.91]
Institutional constraints (Henisz)	-0.0101	-0.0008	-0.0092	-0.0069
	[0.97]	[0.08]	[0.87]	[0.66]
Lagged dependent variable	0.2533***	0.2380***	0.2520***	0.2487***
	[10.85]	[10.38]	[10.60]	[11.08]
Fixed country effects	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes
Observations	1021	1021	1021	1021
Number of countries	21	21	21	21

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 21: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Sample 1951-1963.

	(1)	(2)	(3)	(4)	(5)
Election year	0.0060	0.0075	0.0068	0.0067	0.0073
	[1.22]	[1.30]	[1.14]	[1.13]	[1.36]
Ideology (leftwing)	0.0038**	0.0025	0.0019	0.0018	0.0018
	[2.59]	[0.86]	[0.64]	[0.61]	[0.57]
GDP growth trading partners			0.3366	0.3302	0.4663**
			[1.64]	[1.61]	[2.44]
Exchange rate regime				-0.0030	-0.0084
				[0.53]	[1.23]
Δ ln trade (as a share of GDP)					0.0232
					[0.86]
Institutional constraints (Henisz)					-0.0122
					[0.39]
Lagged dependent variable			0.3366	0.3302	0.4663**
			[1.64]	[1.61]	[2.44]
Fixed country effects	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes
Observations	233	215	215	215	203
Number of countries	18	18	18	18	17

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 22: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Sample 1964-1992.

	(1)	(2)	(3)	(4)	(5)
Election year	0.0016	0.0012	0.0011	0.0012	0.0011
	[0.59]	[0.37]	[0.34]	[0.36]	[0.40]
Ideology (leftwing)	0.0001	4×10^{-6}	0.0001	0.0001	3×10^{-6}
	[0.09]	[0.00]	[0.13]	[0.07]	[0.00]
GDP growth trading partners			0.1991	0.2155*	0.2388**
			[1.56]	[1.67]	[2.23]
Exchange rate regime				0.0018	0.0018
				[1.29]	[1.31]
Δ ln trade (as a share of GDP)					0.0001
					[0.00]
Institutional constraints (Henisz)					0.0064
					[0.42]
Lagged dependent variable		0.2763***	0.2714***	0.2683***	0.2695***
		[5.49]	[5.34]	[5.31]	[5.14]
Fixed country effects	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes
Observations	572	555	555	555	548
Number of countries	21	21	21	21	21

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 23: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Sample 1993-2006.

	(1)	(2)	(3)	(4)	(5)
Election year	0.0053	0.0070***	0.0061**	0.0061**	0.0068**
	[1.44]	[2.65]	[2.31]	[2.31]	[2.32]
Ideology (leftwing)	0.0018	0.001	0.0011	0.001	0.0019*
	[1.48]	[1.10]	[1.16]	[1.15]	[1.74]
GDP growth trading partners			0.5419***	0.5424***	0.5512***
			[3.52]	[3.54]	[2.86]
Exchange rate regime				-0.0004	0.0008
				[0.24]	[0.47]
Δ ln trade (as a share of GDP)					0.0798***
					[3.30]
Institutional constraints (Henisz)					-0.017
					[0.81]
Lagged dependent variable		0.3888***	0.3918***	0.3944***	0.4165***
		[6.22]	[6.44]	[6.45]	[5.82]
Fixed country effects	Yes	Yes	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes	Yes	Yes
Observations	294	273	273	273	231
Number of countries	21	21	21	21	21

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 24: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period.
Countries without two-party system.
Election year excluded.

	(1)	(2)	(3)
Ideology (leftwing)	-0.0011	-0.0006	-0.0001
	[0.70]	[0.65]	[0.07]
First year legislative period	-0.0069	-0.0043	-0.0041
	[1.02]	[0.84]	[0.68]
Ideology (leftwing)*			
First year legislative period	0.0021	0.0012	0.0012
	[1.10]	[0.68]	[0.65]
GDP growth trading partners			0.1395
			[1.27]
Exchange rate regime			-0.0010
			[0.75]
Δ ln trade (as a share of GDP)			0.0129
			[0.80]
Institutional constraints (Henisz)			0.0025
			[0.23]
Lagged dependent variable		0.3347***	0.3181***
		[7.75]	[8.71]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	819	806	754
Number of countries	16	16	16

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 25: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period.
Countries with two-party system.
Election year excluded.

	(1)	(2)	(3)
Ideology (leftwing)	0.0023**	0.0014	0.0010
	[3.86]	[0.92]	[0.65]
First year legislative period	0.0065	0.0037	0.0027
	[1.71]	[0.43]	[0.35]
Ideology (leftwing)*			
First year legislative period	-0.0042*	-0.0034	-0.0030
	[2.55]	[1.15]	[1.23]
GDP growth trading partners			0.0347
			[0.21]
Exchange rate regime			0.0025
			[1.17]
Δ ln trade (as a share of GDP)			0.0264
			[0.84]
Institutional constraints (Henisz)			0.0067
			[0.15]
Lagged dependent variable		0.0150	0.0172
		[0.23]	[0.25]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	280	275	265
Number of countries	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 26: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period. Bjørnskov-Index.
Countries without two-party system.
Election year excluded.

	(1)	(2)	(3)
Ideology (rightwing)	-0.0008	3×10^{-5}	-0.0011
	[0.27]	[0.01]	[0.31]
First year legislative period	0.0009	-0.0001	-0.0001
	[0.59]	[0.05]	[0.07]
Ideology (rightwing)*			
First year legislative period	-0.0050	-0.0021	-0.0012
	[0.95]	[0.40]	[0.23]
GDP growth trading partners			0.1429
			[1.43]
Exchange rate regime			-0.0011
			[0.92]
Δ ln trade (as a share of GDP)			0.0114
			[0.74]
Institutional constraints (Henisz)			0.0018
			[0.17]
Lagged dependent variable		0.3270***	0.3166***
		[8.23]	[8.76]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	788	775	756
Number of countries	16	16	16

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 27: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First year legislative period. Bjørnskov-Index.
Countries with two-party system.
Election year excluded.

	(1)	(2)	(3)
Ideology (rightwing)	-0.0052*	-0.0023	-0.0017
	[2.13]	[0.55]	[0.41]
First year legislative period	-0.0087**	-0.0086***	-0.0076**
	[3.57]	[2.60]	[2.21]
Ideology (rightwing)*			
First year legislative period	0.0073*	0.0052	0.0041
	[2.28]	[0.86]	[0.67]
GDP growth trading partners			0.0369
			[0.23]
Exchange rate regime			0.0026
			[1.23]
Δ ln trade (as a share of GDP)			0.0289
			[0.91]
Institutional constraints (Henisz)			0.0069
			[0.16]
Lagged dependent variable		0.0223	0.0218
		[0.33]	[0.32]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	270	265	265
Number of countries	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 28: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First two years legislative period.
Countries without two-party system.
Election year excluded.

	(1)	(2)	(3)
Ideology (leftwing)	-0.0014	-0.0006	-0.0003
	[1.03]	[0.47]	[0.17]
First two years legislative period	-0.0067	-0.0036	-0.0045
	[1.12]	[0.72]	[0.67]
Ideology (leftwing)*			
First two year s legislative period	0.0016	0.0006	0.0010
	[0.88]	[0.34]	[0.47]
GDP growth trading partners			0.1353
			[1.18]
Exchange rate regime			-0.0009
			[0.73]
Δ ln trade (as a share of GDP)			0.0131
			[0.82]
Institutional constraints (Henisz)			0.0024
			[0.22]
Lagged dependent variable		0.3349***	0.3189***
		[7.82]	[8.82]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	819	806	754
Number of countries	16	16	16

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 29: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First two years legislative period.
Countries with two-party system.
Election year excluded.

	(1)	(2)	(3)
Ideology (leftwing)	-0.0013	-0.0033*	-0.0038*
	[1.37]	[1.66]	[1.78]
First two years legislative period	-0.0173*	-0.0238***	-0.0250***
	[2.69]	[3.29]	[3.58]
Ideology (leftwing)*			
First two years legislative period	0.0042	0.0063**	0.0069***
	[1.73]	[2.42]	[2.82]
GDP growth trading partners			0.0970
			[0.63]
Exchange rate regime			0.0036*
			[1.67]
Δ ln trade (as a share of GDP)			0.0301
			[1.00]
Institutional constraints (Henisz)			-0.0055
			[0.12]
Lagged dependent variable		0.0479	0.0498
		[0.72]	[0.75]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	280	275	265
Number of countries	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 30: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First two years legislative period. Bjørnskov-Index.
Countries without two-party system.
Election year excluded.

	(1)	(2)	(3)
Ideology (rightwing)	-0.0022	-0.0014	-0.0025
	[0.61]	[0.44]	[0.55]
First two years legislative period	-0.0016	-0.0022	-0.002
	[0.55]	[1.18]	[1.05]
Ideology (rightwing)*			
First two years legislative period	5×10^{-5}	0.0016	0.0021
	[0.01]	[0.36]	[0.40]
GDP growth trading partners			0.1401
			[1.38]
Exchange rate regime			-0.0011
			[0.91]
Δ ln trade (as a share of GDP)			0.0117
			[0.76]
Institutional constraints (Henisz)			0.0016
			[0.16]
Lagged dependent variable		0.3276***	0.3173***
		[8.08]	[8.86]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	788	775	756
Number of countries	16	16	16

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 31: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Rational Partisan Theory. First two years legislative period. Bjørnskov-Index.
Countries with two-party system.
Election year excluded.

	(1)	(2)	(3)
Ideology (rightwing)	0.0037	0.0092	0.0101*
	[2.01]	[1.64]	[1.79]
First two years legislative period	0.0005	0.0023	0.0033
	[0.13]	[0.61]	[0.85]
Ideology (rightwing)*			
First two years legislative period	-0.0125*	-0.0177***	-0.0185***
	[2.51]	[2.88]	[3.00]
GDP growth trading partners			0.0939
			[0.61]
Exchange rate regime			0.0036*
			[1.69]
Δ ln trade (as a share of GDP)			0.0266
			[0.89]
Institutional constraints (Henisz)			-0.0068
			[0.16]
Lagged dependent variable		0.0465	0.0454
		[0.69]	[0.68]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	270	265	265
Number of countries	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 32: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Countries without two-party system.
Only Election.

	(1)	(2)	(3)
Election year	-0.0016	-0.0022	-0.0019
	[0.57]	[0.93]	[0.68]
GDP growth trading partners			0.0947
			[0.83]
Exchange rate regime			-0.0009
			[0.70]
Δ ln trade (as a share of GDP)			0.0067
			[0.46]
Institutional constraints (Henisz)			-0.0058
			[0.52]
Lagged dependent variable		0.2767***	0.2465***
		[7.60]	[5.86]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	819	806	754
Number of countries	16	16	16

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 33: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Countries with two-party system.
Only Election.

	(1)	(2)	(3)
Election year	0.0077**	0.0097***	0.0096**
	[3.91]	[2.72]	[2.30]
GDP growth trading partners			0.0477
			[0.31]
Exchange rate regime			0.0033
			[1.56]
Δ ln trade (as a share of GDP)			0.0262
			[0.87]
Institutional constraints (Henisz)			0.0079
			[0.18]
Lagged dependent variable		0.0045	0.0035
		[0.06]	[0.05]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	280	275	265
Number of countries	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 34: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Countries without two-party system.
Only Ideology (leftwing).

	(1)	(2)	(3)
Ideology (leftwing)	-0.0004	-0.0003	0.0003
	[0.31]	[0.30]	[0.31]
GDP growth trading partners			0.1476
			[1.36]
Exchange rate regime			-0.0010
			[0.76]
Δ ln trade (as a share of GDP)			0.0126
			[0.78]
Institutional constraints (Henisz)			0.0023
			[0.22]
Lagged dependent variable		0.3348***	0.3179***
		[7.77]	[8.77]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	819	806	754
Number of countries	16	16	16

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%

Additional Table 35: Regression Results.
Dynamic bias corrected estimator.
Dependent variable: Annual GDP growth.
Countries with two-party system.
Only Ideology (leftwing).

	(1)	(2)	(3)
Ideology (leftwing)	0.0011	0.0003	0.0001
	[1.22]	[0.27]	[0.04]
GDP growth trading partners			0.0917
			[0.58]
Exchange rate regime			0.0035
			[1.55]
Δ ln trade (as a share of GDP)			0.0323
			[1.02]
Institutional constraints (Henisz)			0.0008
			[0.02]
Lagged dependent variable		0.0097	0.0091
		[0.14]	[0.13]
Fixed country effects	Yes	Yes	Yes
Fixed period effects	Yes	Yes	Yes
Observations	280	275	265
Number of countries	5	5	5

Notes: Absolute value of t statistics in brackets; * significant at 10%; ** significant at 5%; *** significant at 1%