Codebook: Fiscal Policy and the Democratic Process in the European Union

Matt Golder (mrg217@nyu.edu)

William Roberts Clark (william.clark@nyu.edu)

Sona Nadenichek Golder (sln202@nyu.edu)

Variables and Data Sources

Datasets

There are two datasets used in the paper. The primary dataset is called 'eup.dta'. The second dataset is called 'Garrett.dta'.

Variables

1. **eup.dta**
    - **country** = number of country
    - **seats** = number of seats in lower house
    - **district** = number of electoral districts
    - **logmag** = log of the median district magnitude
    - **lnamag** = log of the average district magnitude
    - **avemag** = average district magnitude
    - **medmag** = median district magnitude
    - **upseat** = number of seats allocated in the upper tier
    - **upper** = percentage of seats allocated in the upper tier
    - **eu** = dummy variable for European Union countries
    - **european** = dummy variable for European countries
    - **austria** = country dummy variable for Austria etc.
    - **ddebt** = change in gross government debt over GDP.
    - **ddebt1** = change in gross government debt lagged by one year.
    - **dbtserv2** = change in real interest rate minus the change in the growth rate times the gross deficit in the previous year.
    - **growth** = change in GDP.
    - **pol1** = dummy variable for 2-3 party government
    - **pol2** = dummy variable for 4-5 party government
    - **pol3** = dummy variable for minority government.
    - **strongfm** = dummy variable for strong finance minister.
    - **targets** = dummy variable for negotiated targets.
    - **unemp** = unemployment rate at the national level.

- **debt** = gross government debt
- **wkbpart** = Woldendorp, Keman, & Budge measure of partisanship
- **partbbd2** = Blais, Blake & Dion measure of partisanship
- **bbdstfm** = BBD partisanship measure * strong finance minister
- **bbdtarg** = BBD partisanship measure * targets
- **bbdrlmag** = BBD partisanship measure * logmag
- **bbdrtarg** = BBD partisanship measure * targets
- **enep** = effective number of elective parties
- **enpp** = effective number of parliamentary parties
- **enep_lijphart** = effective number of elective parties according to Lijphart 1994
- **enpp_lijphart** = effective number of parliamentary parties according to Lijphart 1994.

2. **Garrett.dta**

- **country** = country name
- **countrycode** = country number
- **year** = year
- **leftmag** = partisanship variable * logged median district magnitude
- **left** = partisanship variable
- **budef** = budget deficit
- **budefl** = budget deficit lagged by one year
- **rev** = total government revenue
- **revl** = total government revenue lagged by one year
- **tot** = total government spending
- **totl** = total government spending lagged by one year
- **unem** = unemployment rate
- **gdp** = change in gross domestic product
- **old** = size of the old age population
- **per1** = dummy variable for 1966-1973
- **per2** = dummy variable for 1974-1979
- **per3** = dummy variable for 1980-1984
- **per4** = dummy variable for 1986-1990
- **european** = dummy variable for European countries
- Other variables are the same as for eup.dta

Variable Information and Data Sources

1. **Garrett.dta**

   - Information on the variables and data sources used to create this data set can be found in Geoffrey Garrett's (1998) *Partisan Politics in the Global Economy*, (Cambridge, Cambridge University Press).

2. **eup.dta**

   - **Change in Gross Debt (DEBT)**: Gross government debt over GDP. The data came from the Statistical Annex of European Economy (various years).
   - **Change in Debt Costs (DEBTCOSTS)**: Change in the real interest rate minus the change in the growth rate times the gross deficit in the previous year. Same data source as DEBT.
   - **Change in Gross Debt Lagged (LAGDEBT)**: Change in gross government debt over GDP lagged by one year. Same data source as DEBT.
   - **Change in Unemployment (UNEMP)**: Same data sources as DEBT.
   - **Partisanship (LEFT)**: We use the 1993 (1998) Woldendorp, Keman, and Budge (WKB) and the 1993 Blais, Blake and Dion (BBD) measures of partisanship. WKB code governments on a scale of 1 to 5, with 5 indicating a cabinet dominated by parties of the left and 1 indicating a cabinet dominated by parties of the right. A score of 3 indicates an equal balance between parties of the left and right or dominance by center parties. Scores of 2 and 4 indicate Center-Left and Center-Right coalitions respectively. Years of government change receive a score weighted by the share of the year occupied by each government. BBD code parties as 'right' (-1), 'center' (0) and 'left' (1) based on the expert judgments reported in Castles and Mair (1984). In general, parties with a mean expert score of 3.8 or below are coded as left, and those with a mean expert score of 6.3 or greater are coded as right. See BBD for details and exceptions. The percentage of cabinet posts held by parties of the right are then subtracted from the percentage of cabinet posts held by parties of the left and this difference is standardized so that a cabinet in which left (right) parties held all the seats would receive a score of 1 (-1).
   - **Government Type (GOVERNMENT TYPE)**: The data for the three dummy variables 2-3 party government, 4-5 party government and minority government are from Hallerberg and von Hagen (Hallerberg & von Hagen 1999). They used the data appendix in the *European Journal of Political Research* (various years) to update the De Haan and Sturm's (1997) measure of government type.
   - **Fiscal Institutions (STRONG FINANCE MINISTER and NEGOTIATED TARGETS)**: These variables are coded 1 when the institution is present and 0 otherwise. Strong finance ministers generally serve as agenda-setters on the budget, have monitoring functions over the budgets of other ministries, and can strike out spending on some occasions when it is deemed excessive. Negotiated

targets are present when coalition partners negotiate budgets for every ministry. Data appear in Hallerberg and von Hagen (1999).

- **Median District Magnitude (MAGNITUDE)**: This variable represents the district magnitude of the median legislator. If no seats were allocated above the district level then the median legislator was taken as the total number of legislators divided by two. If seats were automatically allocated in tiers above the district level then the number of legislators elected at the district level were found and divided by two to determine the median legislator. If seats were not automatically allocated in tiers above the district level then the median legislator was determined by taking the total number of legislators and dividing by two. The magnitudes of each district in each country were found and the one associated with the median legislator was used. These values were logged. The sources for this data can be found in Golder (2001).

Do-Files

- **eup1.do** produces the results in Table 1 and Table 2 of the paper
- **eup_2a.do** produces Figure 2a in the paper
- **eup_2b.do** produces Figure 2b in the paper
- **eup1_dummies.do** reproduces equivalent figures for Table 1 and Table 2 when country dummies (fixed effects) are included. These results are referred to in a footnote and in the text of our paper.
- **eup_2a_dummies.do** reproduces the equivalent of Figure 2a but with country dummies.
- **eup_2b_dummies.do** reproduces the equivalent of Figure 2b but with country dummies.
- **eup1_enep.do** reproduces the results when we use the effective number of elective parties instead of MAGNITUDE. These results are referred to in the text.
- **eup1_enpp.do** reproduces the results when we use the effective number of parliamentary parties instead of MAGNITUDE. These results are referred to in the text.
- **eup1_thresh.do** reproduces the results when we use a dummy variable that distinguishes between PR systems and plurality systems rather than MAGNITUDE. These results are referred to in the text.
- **Garrett.do** reproduces the results concerning budget deficits, government revenues and government spending from 1970 to 1989. These results are referred to in the text.

References

Castles, Francis & Peter Mair. 1984. "Left-Right Political Scales: Some Expert Judgments." *European Journal of Political Research* 12:73–88.

De Haan, Jakob & Jan-Egbert Sturm. 1997. "Political and Economic Determinants of OECD Budget Deficits and Government Expenditures." *European Journal of Political Economy* 13:739–750.

Golder, Matt. 2001. "Explaining Variation in the Electoral Success of Extreme Right Parties in Western Europe." Paper presented at the Annual Meeting of the Midwest Political Science Association, Chicago.

Hallerberg, Mark & Jürgen von Hagen. 1999. Electoral Institutions, Cabinet Negotiations and Budget Deficits within the European Union. In *Fiscal Institutions and Fiscal Performance*, ed. James Poterba & Jürgen von Hagen. Chicago: Univeristy of Chicago Press.

Woldendorp, J., H. Keman & I. Budge. 1998. "Party Government in 20 Democracies: An Update (1990-1995)." *European Journal of Political Research* 33:125–164.