Incumbents Beware: The Impact of offshoring on elections

Stephanie J. Rickard

Appendix

MADRID BOMBING

Three days before the 2004 national parliamentary election, ten bombs exploded on four commuter trains heading into central Madrid. The blasts killed 191 people and injured nearly 1,800. Although this event may have affected the outcome of the 2004 election (Bali 2007; Montalvo 2011), it is unlikely to account for my findings.

In order to explain my findings, the Madrid bombing would had to have (1) a large negative effect on the government party's votes, and (2) this effect must have exhibited strong heterogeneity in the sense that its size or sign varied systematically between treated and untreated municipalities. The empirical evidence is inconsistent with the second criteria. However, as a robustness check, I include the distance from Madrid as a control variable. Voters in municipalities closer to Madrid may have felt more impacted by the 2004 bombing. Consequently, they may have voted differently from voters in municipalities further away from Madrid. Such a pattern would be problematic for my results if plant closures were clustered in municipalities close to Madrid. However, this is not the case. Nevertheless, I include the geodesic (flight) distance between central Madrid and the geographic center of each municipality as a control variable in Appendix Table A-1. This variable also helps to mitigate concerns that the treatment may be spatially correlated.

The negative coefficient on the time period variable indicates that fewer votes were cast for the incumbent government party, on average, across Catalonia in 2004, as compared to 2000. The decline in the incumbent party's vote share may have been due to the government's response to the Madrid bombing, as some have suggested (e.g. Bali 2007, Montalvo 2011). However, the party's vote losses were relatively greater in treated municipalities, as compared to control municipalities, as illustrated by the robust negative coefficient on Plant Closed. The change in the government party's vote share between the 2000 and 2004 election was significantly different in municipalities where a local plant closed to move abroad.

On average, the government party's vote share increased in municipalities further away from Madrid in the 2004 election, as illustrated by the coefficient on the product of Distance from Madrid and Post Period. However, no significant difference exists between treated municipalities closer to or further away from Madrid, as illustrated by the statistically insignificant coefficient on the triple interaction term Plant Closed*Distance from Madrid*Post Period.

TABLE A-1: Effect of offshoring on incumbent vote share, by municipality 2000-2004 controlling for distance from Madrid

	(1)
Dependent variable = PP vote share	
Treatment	-11.346
	(6.156)
Post period	-9.617
	(0.855)
Distance from Madrid*Post period	0.007
	(0.002)
Treatment*Distance from Madrid*Post period	0.019
	(0.012)
Constant	17.368
	(0.060)
Observations	1871
R-squared	0.741
Number of municipalities	936

Note: Robust standard errors in parentheses

SURVEY QUESTIONS

Q1: Are you currently employed in the same municipality in which you live?

  1. Yes
  2. No, I work at a location outside of the municipality I live in
  3. I am not currently employed

Q2: Of the events listed below, which one would make you less likely to vote for the Prime Minister's party in the next national election?

  1. A local business closes to move to a different country
  2. A local business closes to move to a different part of Spain
  3. A local business closes and does not re-open anywhere else
  4. None of the above

Q3: Have you heard about any local businesses that have closed to move abroad?

  1. Yes
  2. No

Q4: Do you know anyone who has lost their job because a business closed to move abroad?

  1. Yes
  2. No

Q5: Imagine a business in your local area closed to move abroad. How much blame do you think the national Spanish government deserves for this?

  1. A great deal of blame
  2. A fair amount of blame
  3. Some blame
  4. Very little blame
  5. No blame

Q6: Imagine a business in your local area closed to move abroad. The closure of this business resulted in job losses. How would this affect your vote choice in the next national election?

  1. I would be much more likely to vote for the Prime Minister's party
  2. I would be slightly more likely to vote for the Prime Minister's party
  3. My vote choice would not be altered
  4. I would be slightly less likely to vote for the Prime Minister's party
  5. I would be much less likely to vote for the Prime Minister's party

Q7: Imagine a business in your local area closed to move abroad. How much blame do you think the gobierno autonómico or gobierno de su comunidad autónoma deserves for this?

1. A great deal of blame
2. A fair amount of blame
3. Some blame
4. Very little blame
5. No blame

In all cases, the pre-treatment trends are largely parallel. The PSOE's vote shares from 2004 to 2008 exhibit the most parallel trends. The PP's vote shares from 1996 to 2000 exhibit the least parallel trends. Reassuringly, the ATT is similar in magnitude and statistical significance across all three cases. This is particularly noteworthy given that the pre-treatment trends move in opposite directions. They appear to be moving closer together for the PP party from 1996 to 2000 but look to be moving further apart for the PSC party from 1999 to 2003. Despite this, the average treatment effect on the treated is negative and statistically significant in all three cases. This should reassure readers that the results are not spurious or unique to a single election. Incumbent government parties of various ideological stripes lose more votes in municipalities where a plant closed to relocate internationally between elections than in municipalities without such an event.

Figure A-1: Over time trends in PP vote share
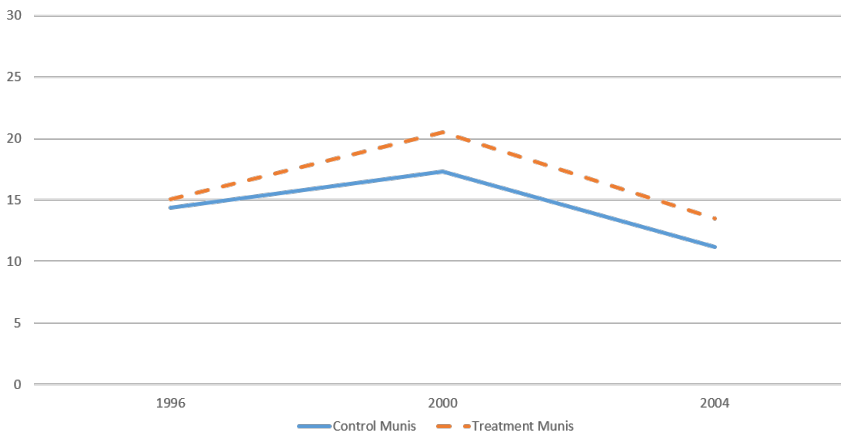
Figure A-2: Over time trends in PSOE vote share
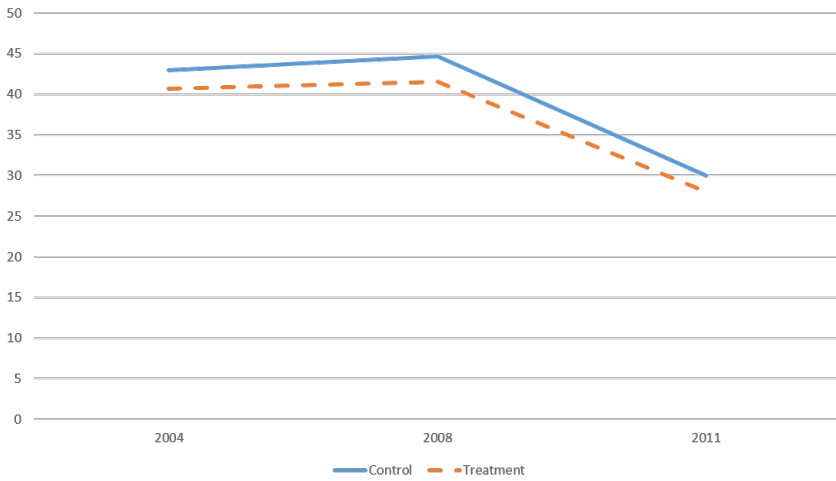
Figure A-3: Over time trends in PSC vote share
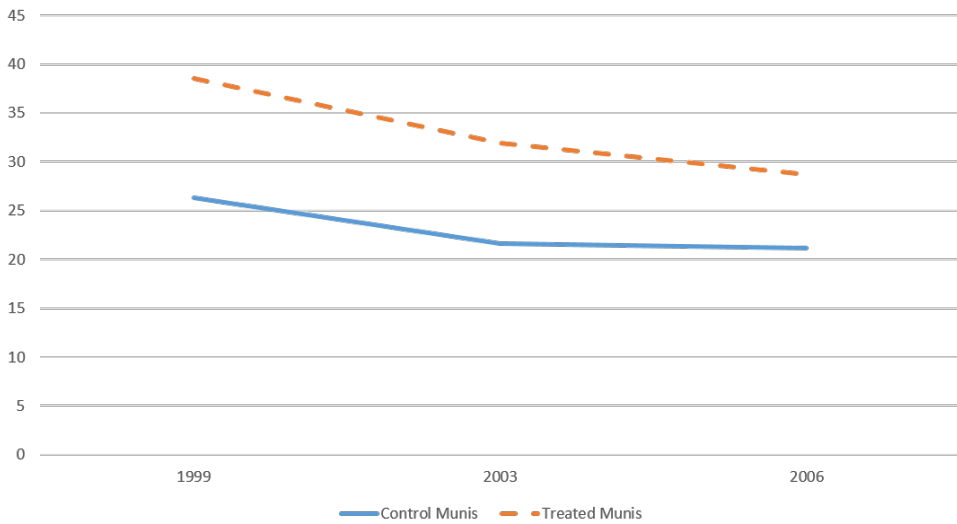
R E G I O N A L   E L E C T I O N S

Three models are estimated for each of the three parties in the regional Catalan government from 2003 to 2006: 1) the Catalan Socialists Party (PSC); 2) the Republican Left of Catalonia (ERC), a nationalist party that advocates independence for Catalonia; and 3) the Initiative for Catalonia-Greens (ICV) - the Catalan version of United Left (IU).

TABLE A-2: Effect of offshoring on regional incumbent party PSC vote share, by municipality 2003-2006

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Treatment	-2.789	-1.805	-1.889	-1.744				
	(0.841)	(0.857)	(0.848)	(0.900)				
Intensity of treatment					-0.011	-0.007	-0.007	-0.007
					(0.002)	(0.001)	(0.002)	(0.001)
Post period	-0.466	-2.016	-2.217	-1.615	-0.467	-1.999	-2.185	-1.545
	(0.133)	(0.265)	(0.337)	(0.399)	(0.132)	(0.262)	(0.335)	(0.396)
Population (thousands)		-0.237	-0.247	-0.269		-0.239	-0.248	-0.272
		(0.051)	(0.052)	(0.052)		(0.051)	(0.052)	(0.052)
Unemployment rate			0.410	0.354			0.375	0.311
			(0.379)	(0.414)			(0.375)	(0.406)
Economic growth rate				0.116				0.119
				(0.025)				(0.024)
Constant	21.79	34.87	33.84	34.01	21.79	34.90	33.96	34.18
	(0.066)	(1.122)	(1.509)	(1.696)	(0.066)	(1.123)	(1.506)	(1.691)
Observations	1507	379	379	334	1507	379	379	334
R-squared	0.030	0.579	0.582	0.642	0.034	0.587	0.590	0.654
Number of municipalities	762	200	200	179	762	200	200	179

Note: Robust standard errors in parentheses

TABLE A-3: Effect of offshoring on regional incumbent party ERC vote share, by municipality 2003-2006

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Treatment	0.753	0.443	0.348	0.269				
	(0.467)	(0.557)	(0.535)	(0.650)				
Intensity of treatment					0.002	0.001	0.001	0.001
					(0.001)	(0.001)	(0.001)	(0.001)
Post period	-2.438	-2.346	-2.572	-2.102	-2.435	-2.342	-2.576	-2.106
	(0.119)	(0.219)	(0.252)	(0.294)	(0.118)	(0.217)	(0.252)	(0.297)
Population (thousands)		0.038	0.027	-0.008		0.038	0.027	-0.009
		(0.044)	(0.044)	(0.042)		(0.044)	(0.044)	(0.042)
Unemployment rate			0.462	0.365			0.469	0.373
			(0.263)	(0.282)			(0.263)	(0.284)
Economic growth rate				0.045				0.044
				(0.026)				(0.026)
Constant	22.20	17.29	16.13	16.29	22.20	17.29	16.11	16.27
	(0.059)	(0.950)	(1.012)	(1.075)	(0.059)	(0.948)	(1.016)	(1.080)
Observations	1507	379	379	334	1507	379	379	334
R-squared	0.366	0.564	0.570	0.573	0.366	0.564	0.570	0.573
Number of municipalities	762	200	200	179	762	200	200	179

Note: Robust standard errors in parentheses

TABLE A-4: Effect of offshoring on regional incumbent party ICV vote share, by municipality 2003-2006

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Treatment	-0.411	-0.692	-0.655	-0.748				
	(0.336)	(0.352)	(0.360)	(0.375)				
Intensity of treatment					-0.002	-0.002	-0.002	-0.002
					(0.001)	(0.001)	(0.001)	(0.001)
Post period	2.500	2.298	2.388	2.188	2.502	2.295	2.394	2.200
	(0.072)	(0.146)	(0.162)	(0.182)	(0.071)	(0.145)	(0.162)	(0.183)
Population (thousands)		-0.023	-0.018	-0.001		-0.023	-0.018	-0.001
		(0.024)	(0.026)	(0.026)		(0.024)	(0.026)	(0.026)
Unemployment rate			-0.184	-0.200			-0.198	-0.223
			(0.259)	(0.287)			(0.255)	(0.283)
Economic growth rate				-0.025				-0.023
				(0.015)				(0.015)
Constant	4.79	6.86	7.34	7.49	4.79	6.87	7.37	7.54
	(0.035)	(0.521)	(0.725)	(0.802)	(0.035)	(0.519)	(0.723)	(0.801)
Observations	1507	379	379	334	1507	379	379	334
R-squared	0.627	0.723	0.724	0.715	0.627	0.724	0.725	0.715
Number of municipalities	762	200	200	179	762	200	200	179

Note: Robust standard errors in parentheses

TABLE A-5: Effect of offshoring on incumbent vote share, by municipality 2000-2004 excluding untreated municipalities adjacent to treated municipalities

	(1)	(2)	(3)	(4)
Dependent variable = PP vote share				
Treatment (offshoring event)	-1.975	-1.746	-1.766	-1.668
	(0.465)	(0.449)	(0.525)	(0.593)
Post period	-6.103	-6.792	-6.799	-6.620
	(0.127)	(0.256)	(0.361)	(0.455)
Population (thousands)		0.019	0.020	0.011
		(0.040)	(0.043)	(0.049)
Unemployment rate			0.030	0.277
			(0.590)	(0.661)
Economic growth rate				0.046
				(0.032)
Constant	17.16	20.86	20.78	19.71
	(0.063)	(0.801)	(1.913)	(2.249)
Observations	1763	316	316	277
R-squared	0.730	0.900	0.900	0.894
Number of municipalities	882	168	168	149

Note: Robust standard errors in parentheses

TABLE A-6: Effect of offshoring on incumbent vote share, by municipality 2000-2004 with matched samples

	(1)	(2)	(3)	(4)
Dependent variable = Change in incumbent party (PP) vote share				
Treatment	-2.190	-1.363		
	(0.454)	(0.403)		
Intensity of treatment			-0.004	-0.003
			(0.0007)	(0.0004)
Constant	-6.155	-6.132	-6.155	-6.132
	(0.481)	(0.596)	(0.481)	(0.596)
Observations	943	943	943	943
Municipalities matched on	% manufacturing	# of companies	% manufacturing	# of companies
R-squared	0.010	0.025	0.011	0.025

Note: Robust standard errors in parentheses

TABLE A-7: Effect of the number of offshored jobs on incumbent vote shares, by province

	(1)	(2)
Incumbent party	PP	PSOE
Election years	2000, 2004	2008, 2011
# of offshored jobs	-0.002	-0.003
	(0.001)	(0.0004)
Post period	-5.55	-14.76
	(0.590)	(0.346)
Constant	47.83	43.47
	(0.266)	(0.169)
Observations	102	104
Number of provinces	51	52
R-squared	0.714	0.975

Note: Robust standard errors in parentheses

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