

# Online Appendix for Partisan shocks and financial markets: evidence from close national elections

Daniele Girardi\*

## **Appendix A. Anticipation effects in our RD-based event study**

Even assuming that its strong identification assumptions hold, a traditional event-study – employing a case study of a single election or aggregating across many episodes – would provide underestimates of the stock market effect of electoral outcomes because of anticipation effects. A measure of ex-ante probabilities would thus be needed, to adjust for anticipation effects and recover the overall effect of interest.

To the contrary, under the (weaker) usual identification assumptions of the regression-discontinuity (RD) design, coefficients from our RD-based event study (eq. 1 in the main text) provide a correct estimate of the overall effect, without any need to correct for anticipation effects. In this case the key RD identification assumptions include the assumption that ex-ante probabilities, like all other confounding factors, do not jump at the threshold. Intuitively, the required ‘continuity of ex-ante probabilities’ assumption says that, on average, ex-ante probabilities in arbitrarily close left victories and left losses are similar.

To see this, let us start by noting that our overall average treatment effect of interest can be written as

$$ATE^* = E[y(1)_{c,t} - y(0)_{c,t}] \tag{1}$$

---

\*Economics Department, University of Massachusetts Amherst. Email: [dgirardi@umass.edu](mailto:dgirardi@umass.edu)

where  $y(1)_{c,t}$  is (the log of) the level of share prices that would be observed in a country  $c$  after an election that took place at time  $t$ , under the treatment of a left electoral victory;  $y(0)_{c,t}$  is (the log of) the level of share prices that would be observed under a left electoral loss.

Also note that the level of share prices before an election can be seen as a weighted average of expected valuations conditional on the two possible election outcomes (the left win or the left does not win), with weights given by perceived ex-ante probabilities.<sup>1</sup> We thus have

$$y(i)_{c,t-1} = E_{t-1}(y_{c,t}) = y(1)_{c,t}\pi(i) + y(0)_{c,t}[1 - \pi(i)] \quad \text{for } i = 0, 1 \quad (2)$$

where  $\pi(i)$  is the ex-ante probability of a left victory before an election in which outcome  $i$  will occur.

**Anticipation effects in traditional event-studies** Under the strong assumption that electoral outcomes are exogenous to economic conditions,<sup>2</sup> a simple event-study will correctly estimate the post-election change in share prices caused by a partially unanticipated left victory. Call this effect  $E[\Delta y(1)_{c,t}] = E[y(1)_{c,t} - y(1)_{c,t-1}]$ .

Eq.2 implies that this estimated price change is equal to the overall effect of interest ( $ATE^*$ ) times the ‘surprise’:

$$E[\Delta y(1)_{c,t}] = E[y(1)_{c,t} - y(0)_{c,t}][1 - \pi(1)] = ATE^*[1 - \pi(1)] \quad (4)$$

The overall effect of interest can thus be recovered as the estimated price change divided by the ‘surprise’:

$$ATE^* = \frac{E[\Delta y(1)_{c,t}]}{1 - \pi(1)} \quad (5)$$

---

<sup>1</sup>As usual in the literature, in this discussion we abstract from discounting (given the short time period involved) and risk aversion.

<sup>2</sup>Formally, this assumption can be written as

$$E[y_{c,e}(0)|D_{c,e} = 1] = E[y_{c,e}(0)|D_{c,e} = 0] \quad (3)$$

where  $D$  is a dummy equal to 1 if a left victory is observed and 0 otherwise. This implies that there is no selection bias.

An estimate of  $\pi(1)$  – the ex-ante probability of left victory perceived by financial investors before the election – is therefore needed to correct for anticipation effects.

**Anticipation effects in our RD design** Our RD design exploits knowledge of a ‘running variable’, the left margin in the election ( $X_{c,t}$ ), which determines whether the treatment of a left electoral victory is assigned. Treatment is assigned in country  $c$  at time  $t$  if  $X_{c,t}$  is above the threshold, and is not assigned otherwise. We thus have  $D = 1\{X_{c,t} > x_0\}$ , where  $x_0$  is the threshold and  $D$  is a dummy variable equal to 1 if a left victory is observed and 0 otherwise.

The crucial identifying assumption of the RD approach is ‘smoothness’ or, more precisely, continuity of average potential outcomes at the threshold:

$$E[y(0)|X = x] \text{ and } E[y(1)|X = x] \text{ are continuous in } x \text{ at } x_0 \quad (6)$$

The smoothness assumption of eq. 6, combined with eq. 2, implies that our RD specification (eq.1 in the main text), which looks at average changes in stock prices around elections, correctly estimates the following local average effect:<sup>3</sup>

$$\begin{aligned} \gamma_{RD} &= \lim_{x \downarrow x_0} E[\Delta y|X = x] - \lim_{x \uparrow x_0} E[\Delta y|X = x] = \\ &= (\lim_{x \downarrow x_0} E[y|X = x] - \lim_{x \uparrow x_0} E[y|X = x])[1 - (\lim_{x \downarrow x_0} E[\pi|X = x] - \lim_{x \uparrow x_0} E[\pi|X = x])] = \\ &= ATE^* \{1 - (\lim_{x \downarrow x_0} E[\pi|X = x] - \lim_{x \uparrow x_0} E[\pi|X = x])\} \end{aligned} \quad (7)$$

where  $\gamma_{RD}$  is the estimated coefficient from our RD specification (eq.1 in the main text), and  $\Delta y = y_{c,t} - y_{c,t-1}$ .

This makes it clear that the relation between our estimated effect ( $\gamma_{RD}$ ) and the overall effect of interest ( $ATE^*$ ) depends on the behavior of ex-ante probabilities *at the threshold*.

Under the reasonable assumption that average ex-ante probabilities, like other con-

---

<sup>3</sup>We focus here on the case with  $h = 0$ , but the same would apply to any different time-horizon.

founding factors, do not jump at the threshold, we would have

$$\lim_{x \downarrow x_0} E[\pi|X = x] = \lim_{x \uparrow x_0} E[\pi|X = x] \quad \Rightarrow \quad \gamma_{RD} = ATE^* \quad (8)$$

Our RD specification thus provides an estimate of the overall effect of left electoral victories, without the need to correct for ex-ante probabilities, *as long as ex-ante probabilities do not jump at the threshold*. Intuitively, this assumption says that, on average, ex-ante probabilities in close left victories and close left losses are similar.

What would happen if this assumption failed? If ex-ante probabilities do jump at the threshold, and the average ex-ante probability of left victory is substantially higher before close left victories relative to close left losses, we would have:

$$\lim_{x \downarrow x_0} E[\pi|X = x] > \lim_{x \uparrow x_0} E[\pi|X = x] \quad \Rightarrow \quad abs(\gamma_{RD}) < abs(ATE^*) \quad (9)$$

Our estimates would thus have the correct sign but underestimate the magnitude of the effect by a factor equal to  $[1 - (\lim_{x \downarrow x_0} E[\pi|X = x]) - (\lim_{x \uparrow x_0} E[\pi|X = x])]$ . As long as close electoral victories are harder to predict than large ones, this anticipation-bias is smaller than the anticipation-bias suffered by traditional event studies, because  $[(\lim_{x \downarrow x_0} E[\pi|X = x]) - (\lim_{x \uparrow x_0} E[\pi|X = x])] < \pi(1)$ .

In the extreme case in which investors are able to forecast with certainty any arbitrarily close electoral outcome, our approach would not be valid, as it would invariably lead to estimating a null effect. In that case we would have that  $\lim_{x \downarrow x_0} E[\pi|X = x] = 1$  and  $\lim_{x \uparrow x_0} E[\pi|X = x] = 0$ . This would imply  $\gamma_{RD} = 0$ , even if the overall effect of interest  $ATE^*$  is actually different from zero. Unsurprisingly, perfect anticipation of all electoral outcomes, no matter how close, would invalidate our approach.<sup>4</sup>

In the (clearly implausible) case in which the average ex-ante probability of left victory is systematically *lower* before close left victories relative to close left losses, our estimates would have the same sign but overestimate the magnitude of the effect (as easily seen by inverting the inequality sign in eq.9).

To sum up, if the ‘smoothness in ex-ante probabilities’ assumption holds at the

---

<sup>4</sup>Of course, perfect anticipation would invalidate also a traditional case study.

threshold, our RD-based event study provides a correct estimate of the average treatment effect of interest, without any need to adjust for anticipation effects. Broadly speaking, this assumption says that, on average, ex-ante probabilities are similar before close left victories and close left losses. If the assumption fails and ex-ante probabilities do exhibit a positive jump at the threshold, our RD approach would underestimate the magnitude of the effect of interest because of anticipation effects, but the bias would be smaller than the bias of a traditional event-study, as long as close electoral victories are harder to predict than large ones. The assumptions under which our approach would fail or overestimate the magnitude of the effect are instead rather extreme: they would require investors to forecast with certainty any arbitrarily close electoral outcome (in which case we would always obtain a null coefficient, independently of the true effect), or the ex-ante probability of left victory to be systematically and substantially lower before close left victories relative to close left losses (in which case we would overestimate the magnitude of the effect).

## Appendix B. List of countries and stock market indexes, and comparison of country characteristics

Table B.1: List of countries, elections and stock market indexes

Ctry	Elections						Stock market index
	All		Parliam.		Presid.		
	tot	use	tot	use	tot	use	
ARG	28	5	26	2	13	3	Buenos Aires SE General Index (IVBNG)
ARM	12	3	6	2	6	1	n.a.
AUS	28	28	28	28	0	0	ASX All-Ordinaries (w/GFD extension)
AUT	33	20	21	20	12	0	Wiener Boerse kammer (WBKI)
BEL	22	22	22	22	0	0	Brussels All-Share (w/GFD extension)
BGR	16	6	10	6	6	0	SOFIX
BIH	8	3	8	3	5	0	Sarajevo SE Bosnian Investment Funds
BRA	24	7	14	0	17	7	IBX-100 (IBV pre-1995)
CAN	23	23	23	23	0	0	S&P/TSX 300 CI (w/GFD extension)
CHE	18	18	18	18	0	0	CHE Price Index (w/GFD extension)
CHL	24	14	14	3	12	11	Santiago SE IGPA
COL	38	8	22	0	18	8	IGBC GI (w/GFD extension)
CRI	20	5	17	0	18	5	IDB data
CYP	17	14	9	7	8	7	CSE All Share CI
CZE	12	8	10	6	2	2	Prague PX
DEU	8	8	8	8	0	0	CDAX CI (w/GFD extension)
DNK	27	27	27	27	0	0	OMX Copenhagen All-Share
ECU	30	6	19	0	16	6	Guayaquil BdV (Quito SE pre-1994)
EGY	21	1	12	0	9	1	Cairo SE EFG General Index
ESP	13	13	13	13	0	0	Madrid SE GI (w/GFD extension)
EST	11	5	7	5	4	0	OECD MEI data

Table B.1: List of countries, elections and stock market indexes

Ctry	Elections						Stock market index
	All		Parliam.		Presid.		
	tot	use	tot	use	tot	use	
FIN	32	20	20	20	12	0	OMX Helsinki All-Share
FRA	30	25	20	18	10	7	CAC All-Tradable (w/GFD extension)
FRG	11	11	11	11	0	0	CDAX CI (w/GFD extension)
GBR	19	19	19	19	0	0	FTSE All-Share (w/GFD extension)
GHA	10	4	7	0	8	4	GSE CI
GRC	26	16	26	16	0	0	DJ (National Bank pre-1992; Athens CI pre-1978)
HRV	14	8	9	6	6	2	CROBEX
HUN	15	6	10	6	5	0	OECD MEI data
IRL	31	20	20	20	11	0	ISEQ Overall (w/GFD extension)
ISL	35	7	22	7	13	0	OMX Iceland All-Share
ISR	21	21	20	18	3	3	Tel Aviv All-Share
ITA	18	18	18	18	0	0	BCI (w/GFD extension)
JPN	26	22	26	22	0	0	Tokyo SE (TOPIX) (w/GFD extension)
KAZ	12	4	6	0	6	4	Kazakhstan SE KASE Index
KGZ	13	3	6	0	7	3	Kyrgyz SE
KOR	22	5	10	4	12	1	KOSPI
LKA	23	5	16	0	7	5	Colombo SE All-Share
LTU	13	8	7	6	6	2	OMXV all-shares (Litin-G pre-2005)
LUX	16	13	16	13	0	0	LUXX (w/GFD extension)
LVA	8	6	8	6	0	0	IMF IFS data
MDA	15	3	8	3	7	0	n.a.
MEX	25	8	24	0	9	8	MEX SE IPC
MKD	11	5	8	5	5	0	MBI-10
MLT	12	5	12	5	0	0	Malta SE Index
MNE	13	4	10	4	3	0	MONEX

Table B.1: List of countries, elections and stock market indexes

Ctry	Elections						Stock market index
	All		Parliam.		Presid.		
	tot	use	tot	use	tot	use	
MNG	17	6	10	0	7	6	MNG SE Top-20
NAM	6	3	6	0	5	3	NAM SE Overall
NGA	12	2	10	0	8	2	NGA SE
NLD	22	22	22	22	0	0	NLD All-Share (w/GFD extension)
NOR	18	18	18	18	0	0	Oslo SE OBX-25 (w/GFD extension)
NZL	24	24	24	24	0	0	NZL SE All-Share
PAN	13	1	13	0	12	1	Panama SE BVPSI
PER	18	5	12	0	13	5	Lima S&P/BVL GI (w/GFD extension)
PHL	19	2	17	0	12	2	Manila SE CI
POL	18	10	12	8	6	2	OECD MEI data
PRT	24	23	15	14	9	9	Oporto PSI-20
PRY	11	4	9	0	11	4	Asuncion SE PDV GI
ROU	16	7	11	5	7	2	Bucharest SE
RUS	13	12	6	6	7	6	MICEX/MOEX (AK&M pre-1997)
SEN	16	1	12	0	8	1	n.a.
SLV	21	3	12	0	10	3	El Salvador Stock Market Index
SRB	16	3	12	3	8	0	Serbia MSCI Standard (Large+Mid Cap)
SVK	14	9	10	7	4	2	Bratislava SE SAX
SVN	14	6	8	6	7	0	SVN SE SBITOP Blue Chip
SWE	21	21	21	21	0	0	OMX Stockholm All-Share
TUN	11	1	8	0	8	1	n.a.
TUR	21	10	19	9	2	1	Istanbul SE IMKB-100
TZA	12	3	9	0	10	3	Dar-Es-Saleem SE
UKR	12	5	7	4	5	1	PFTS OTC Index
URY	17	6	14	0	11	6	Montevideo BdV (URY SE pre-2008)}



Table B.1: List of countries, elections and stock market indexes

Ctry	Elections						Stock market index
	All		Parliam.		Presid.		
	tot	use	tot	use	tot	use	
USA	36	18	36	18	18	0	S&P 500 CI (w/GFD extension)
UZB	11	1	6	0	5	1	UCI
VEN	19	12	13	0	15	12	Caracas SE GI (w/GFD extension)
ZAF	17	5	17	5	0	0	FTSE/JSE All-Share (w/GFD extension)
ZMB	12	5	8	0	12	5	Lusaka All-Share (LASI)

Notes: ‘tot’ is the total number of elections that we have information about; ‘use’ is the number of elections for which we could calculate the ‘left margin’ variable *and* data is available for at least one of our financial outcomes of interest (so they are used in estimation). Countries for which we have election data but no election is used in estimation (because we could not calculate the left margin variable or data is not available for any financial outcome), or for which we have financial data but there are no usable elections, are not included. The stock market index is the one used in the monthly dataset. In some cases this may differ from the one used in the daily dataset, due to data availability reasons. The stock market indexes used in the daily analysis and those used for countries/periods with no ‘usable’ elections are reported in Table G.1.

Table B.2: Country characteristics

	Estimation sample		Entire election dataset		World	
	mean	sd	mean	sd	mean	sd
GDP per capita (relative to US)	0.53	0.26	0.36	0.30	0.31	0.50
TFP (relative to US)	0.78	0.19	0.72	0.24	0.71	0.29
Average years of schooling	9.27	2.37	7.43	3.46	5.61	3.48
Labor share	0.58	0.09	0.56	0.11	0.53	0.13
Export share of GDP	0.28	0.21	0.22	0.19	0.23	0.26
Government consumption share of GDP	0.18	0.06	0.19	0.10	0.19	0.14
Polity IV score	7.95	9.03	3.74	14.15	-2.62	17.91
Constraints on the executive	5.74	8.47	3.60	13.03	0.58	17.16
N. of elections	758		1440		-	

Notes: ‘Estimation sample’ includes all country-election years for which we could calculate the Left margin and financial data are available for at least one outcome. ‘Entire election dataset’ includes all country-election years in our electoral dataset. ‘World’ includes all country-years in the Penn World Table or in the Polity IV dataset during the sample period (1945-2018). Data on country characteristics is from the Penn World Tables, 9.1 edition and from the Polity IV Dataset, 2018 edition. The Polity IV score is an index of democracy which ranges from +10 (strongly democratic) to -10 (strongly autocratic). The index of constraints on the executive ranges from 1 (unlimited authority) to 7 (executive parity or subordination).

## Appendix C. Additional information on the elections dataset

This appendix provides additional information on how the key variables in the elections dataset were computed.

### C.1 Left margin in presidential elections

To calculate the left margin in each presidential election, we classify the three most-voted presidential candidates as left, conservative or neither.<sup>5</sup> We then take the difference between the vote share of the most-voted left candidate and the vote share of the most-voted non-left candidate. Our dataset, available in the replication files, reports the source of the classification for each of the three most-voted candidates in each presidential election (variables `source_left_first`, `source_left_second`, `source_left_third`). In what follows we provide additional details on how candidates' partisanship was coded.

For 166 Latin American presidential elections, we applied the ideological codings of MPD, Baker and Greene (2011) or Coppedge (1997). The MPD, our main source of partisanship information in parliamentary elections, provides data on 20 Latin American presidential elections. In those 20 elections, we use the same classification applied to parliamentary elections: a presidential candidate is left-wing if her party/coalition is classified by MPD as either 'Socialist', 'Social-Democratic' or 'Ecologist'. 83 of the remaining Latin American presidential elections are included in the Baker and Greene (2011) partisanship coding. For those elections, we follow Baker and Greene (*ibid.*), which provides a continuous partisanship measure on the left-right scale and thresholds for converting the continuous measure into a discrete coding. A third source of partisanship information in Latin American elections is Coppedge (1997), which covers 800 Latin American parties in 11 countries in parliamentary elections in the 1912-1995 period. When a presidential election is held in the same year of a parliamentary election covered by Coppedge (*ibid.*), we apply to a candidate Coppedge's partisan coding of her party. In this way we are able to code 63 additional presidential elections which are not covered in either MPD or Baker and Greene (2011). We consider as (center-)left

---

<sup>5</sup>When elections are decided in a run-off, we consider only the run-off, not the first round. In few cases we also consider the fourth most-voted candidate, when she/he obtains a significant vote share.

the parties classified by Coppedge as ‘Secular Left’, ‘Secular Center-Left’, ‘Christian Left’ and ‘Christian Center-Left’.

In the remaining presidential elections, we look at whether the party of a candidate is affiliated with some partisan international association. When this is the case, we attribute to the candidate the partisanship of the international association: left for Socialist International, Foro de Sao Paulo, Party of European Socialists and Progressive Alliance; conservative for Liberal International, Centrist/Christian Democrat International, European People’s Party, International Democrat Union and Alliance of Conservatives and Reformists in Europe. When this does not apply, we resort to published books or articles which explicitly classify candidates or their parties as (center-)left or conservative. Lansford’s Political Handbook of the World (Lansford, 2017) is our main international source in this regard, while in other cases we resort to country or election-specific articles/books. These are all listed in our dataset in the variables `source_left_first`, `source_left_second` and `source_left_third`.

## C.2 Left share of parliamentary seats

As explained in the main text, we calculate the left’s share of parliamentary seats from the data in the Manifesto Project Database (Volkens et al., 2018), considering as left-wing the parties classified by MPD as ‘Socialist’, ‘Social-Democratic’ or ‘Ecologist’.

We calculate the left’s share of seats also from Armingeon et al. (2018) and Swank (2013). In using Armingeon et al. (2018), we sum the seats of parties classified in this dataset as ‘Social-Democratic’, ‘Left Socialist’, ‘Communist’, ‘Post-Communist’, and ‘Green’. In using Swank (2013), we sum the seats of parties classified by Swank (ibid.) as ‘Left’.

Reassuringly, the correlation between the left share of parliamentary seats obtained from these three alternative sources is very strong, in the elections in which they overlap. This is shown in Figures C.1

Cross-checking with these alternative sources, we found and corrected a very small number of mistakes in our main source, the MPD parliamentary data. We correct mistakes in election dates regarding the 1954 election in Ireland and the 1959 election in

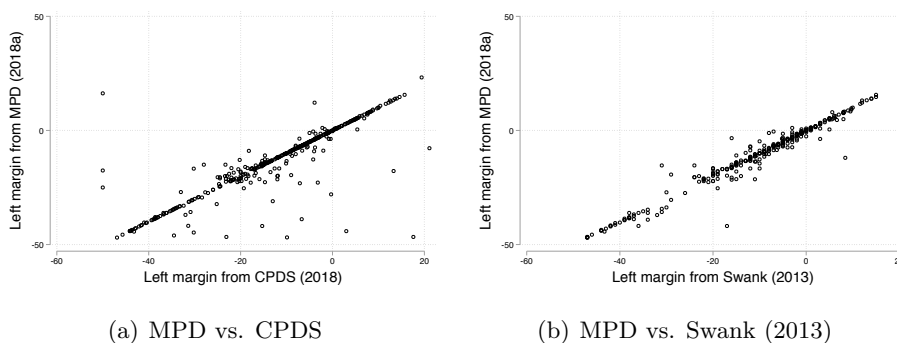


Figure C.1: Left margin in parliamentary elections, computed from alternative sources

*Notes: These graphs plots the left's parliamentary margin variable built from MPD data against the same variable computed from alternative sources.*

Israel. More significantly, we also correct five mistakes in the ideological classification (`parfam` variable). These do not appear as ambiguous or difficult calls, but as straightforward mistakes. They are: the Portuguese Social Democratic Party (PSD), which is mistakenly classified by MPD as center-left (notwithstanding its name, it is universally recognized as a center-right party, affiliated with the conservative Centrist Democrat International and European People's Party); the Portuguese Democratic Renewal Party (PRD), which is mistakenly classified as center-left (it is a centrist party, member of European Democratic Alliance); the Danish Centrum-Demokraterne (CD), which is mistakenly classified as center-left (it is a centrist party, which supported several center-right governments and is affiliated with the conservative European People's Party); the Spanish Catalan Republican Left (ERC), which is classified as a purely regional party but we consider as left-wing (the party presents itself as a left-wing party and has been in coalition with the Socialist Party); the Macedonian Alliance for Macedonia (or Union of Macedonia) coalition (a coalition of parties individually classified as left-wing by the MPD, but itself mistakenly – we believe – classified as liberal). Importantly, we find that these corrections do not affect significantly our main results.

The MPD classifies the US Democratic Party as left. However, it includes only US parliamentary elections that coincide with Presidential elections, excluding the others (ie, the so-called 'mid-term' elections). We take data on seat shares in US mid-term election from the Brookings Vital Statistics on Congress (Brookings Institution, 2018),

following the MPD coding of parties.

### C.3 Ideology of after-election governments in parliamentary elections

We build two measures of partisanship for the governments formed after the parliamentary elections in our sample. The first is the share of left-wing cabinet members. The second is a dummy variable for whether the government is left-leaning. We use the second as the measure of a left-wing electoral victory in parliamentary elections that we use in our fuzzy RD design, because the first is available only for a subset of parliamentary elections.

**Share of left-wing cabinet members** The Party Government Data Set (PGDS), in the updated version of Seki and Williams (2014), covers the governments of 49 countries in the 1945-2014 period. It provides data on the share of cabinet members of each party (reporting also the party identifier in the MPD) and the date of the most recent parliamentary election. This allows to match this dataset with the MPD, matching each government with the most recent parliamentary election, and calculating the share of cabinet members of parties classified as left-wing by the MPD. We consider only the first government formed after each election. In this way we obtain the left cabinet members variable for 485 of the parliamentary elections in our sample. To extend the coverage of this variable, we calculate this measure also from the Armingeon et al., 2018 and Swank, 2013 government partisanship datasets, applying their partisan coding (which as we have seen is strongly correlated with the MPD coding – Figure C.1). Armingeon et al., 2018 allows to cover other 68 elections, while Swank, 2013 adds 20 elections missing in both PGDS and Armingeon et al. (2018). The left cabinet members variable is thus available for 573 parliamentary elections in our sample, 473 of which can be used in estimation (based on stock and bond data availability, and after excluding parliamentary elections in presidential systems).

**Partisanship of after-election government** This variable is an indicator for whether the first government formed after a parliamentary election is left-leaning. In the elections for which it was possible to build the share of left-wing cabinet members, we build the

partisanship variable based on the cabinet members variable. In particular, following the Schmidt-index (Schmidt, 1992), we classify a government as left-leaning if the share of left-wing cabinet members is at least two-thirds. In some elections which Armingeon et al., 2018 covers, but in which the cabinet members data is missing, we build this indicator using the share of government held parliamentary seats as a proxy for the share of cabinet members (this is done only in building the dummy for a left government, not the share of left-wing cabinet members). For the remaining elections, we use the ideological coding provided in the Database of Political Institutions (DPI) dataset (Cruz et al., 2016), which is a cruder measure, based on the partisan affiliation of the chief executive officer (the prime minister in most parliamentary elections). There are only 18 parliamentary elections for which we have the left margin variable and financial data are available, but the partisanship of the after-election government is not available from the sources listed. We build the indicator for these elections by looking at the party affiliation of the prime minister, and then applying the MPD classification of parties.

## Appendix D. Analysis of exchange rate effects

In addition to the analysis of stock prices and government bond yields presented in the paper, we have used our RD-based event study to also assess the effect of partisan electoral victories on the domestic exchange rate. Baseline results point to a substantial negative effect of left-wing electoral victories on the value of the domestic currency. However, there is some evidence of pre-trends when looking at an enlarged time-window for this variable. For this reason, we regard results on exchange rate effects as not conclusive and we abstain from including them in the main text. We report these results in some detail here.

### D.1 Exchange rate dataset and descriptive statistics

The US dollar value of the domestic currency (our measure of exchange rates) is taken from the monthly dataset of Reinhart (2016), which includes both official and parallel (black-market) exchange rates. For observations that are missing in Reinhart (*ibid.*), but available in the Bank of International Settlement exchange rates database (BIS, 2018), we use the latter.<sup>1</sup>

We use parallel (instead of official) exchange rates for country-years under an inflexible exchange rate regime. To identify exchange rate regimes we use the classification provided by Ilzetzi et al. (2017) and Klein and Shambaugh (2010).<sup>2</sup>

Descriptive statistics for the exchange rate data and the elections that could be used in estimating exchange rate effects are provided in Table D.1.

### D.2 Exchange rate effects: main results and pre-trends

As in the main analysis, we start by setting  $h = 1$  in equation 1, and plot local averages and flexible regression lines around the cutoff, to evaluate visually the reduced-form relation (Figure D.1). We find evidence of a discontinuity in the post-election change

---

<sup>1</sup>BIS exchange data were downloaded from <https://www.bis.org/statistics/xrusd.htm> in October 2018. Reinhart (2016) and BIS data provide identical series for all the country-years that are available in both sources.

<sup>2</sup>We consider an exchange rate system as inflexible if either Ilzetzi et al. (2017) or Klein and Shambaugh (2010) (or both) classify it as such. In using Ilzetzi et al. (2017), we consider a peg or a crawling band narrower than  $\pm 2\%$  as inflexible (coded as 1 and 2 in their classification).



in the value of the domestic currency, more evident in the specification controlling for month-year fixed-effects.

Figure D.2 displays dynamic exchange rate effects from our RD-based event study, using the enlarged ( $\pm 24$  months) time-window. Contrary to stock and bond dynamics, in this case there is some evidence of a decreasing pre-event trend. This (large but far from statistically significant) pre-event decrease mostly occurs between months -11 and -8 before the event. The presence of this pre-trend makes it difficult to interpret estimates of exchange rate effects, and may signal failure of some assumption of our RD approach in the case of exchange rate dynamics. With this caveat in mind, results about post-election effects point to a gradual negative impact on the US dollar value of the domestic currency. At a 3-months horizon, the effect amounts to around -10 p.p. across all elections. This exchange rate effect appears stronger and more persistent in presidential elections, in elections in which the left's economic platform is more radical, in developing countries, and in the post-1990 period.<sup>3</sup>

---

<sup>3</sup>Detailed results breaking down the exchange rate analysis among these categories are not reported here, but are available from the author upon request.

Table D.1: Descriptive Statistics for the exchange rate analysis

	N	Mean	S.D.	Min	Max
<b>(a) Elections data</b>					
All elections					
Left margin (%)	687	-12.78	39.36	-100.00	100.00
I[Left Margin > 0]	687	0.32	0.47	0.00	1.00
Political system	687	0.80	0.61	0.00	2.00
Presidential elections					
Left margin (%)	215	10.82	45.21	-91.00	100.00
I[Left Margin > 0]	215	0.54	0.50	0.00	1.00
Political system	215	0.34	0.76	0.00	2.00
Parliamentary elections					
Left margin of victory (%)	472	-23.54	30.93	-100.00	58.33
I[Left Margin > 0]	472	0.21	0.41	0.00	1.00
Left after-election government	470	0.29	0.45	0.00	1.00
Left-wing cabinet members (%)	383	33.19	41.18	0.00	100.00
Policy positions: planeco	437	5.81	5.12	0.00	36.11
Policy positions: markeco	437	2.13	2.86	0.00	23.08
Economic platform (planeco-markeco)	437	3.68	6.13	-23.08	36.11
Political system	472	1.01	0.37	0.00	2.00
<b>(b) Exchange rate data (monthly frequency)</b>					
Official exchange rate (USD per unit)	71,427	3.0e+11	6.4e+12	1.4e-11	1.7e+14
Parallel exchange rate (USD per unit)	62,699	2.0e+11	4.0e+12	1.6e-05	1.4e+14
Fixed/pegged exchange rate	70,547	0.61	0.49	0.0e+00	1.00

Notes: The elections data includes only elections in the 1945-2018 period for which the left margin variable could be computed and exchange rate data is available. The exchange rate data includes all available country-months for the 1944-2018 period. See main text for the definition of each variable.

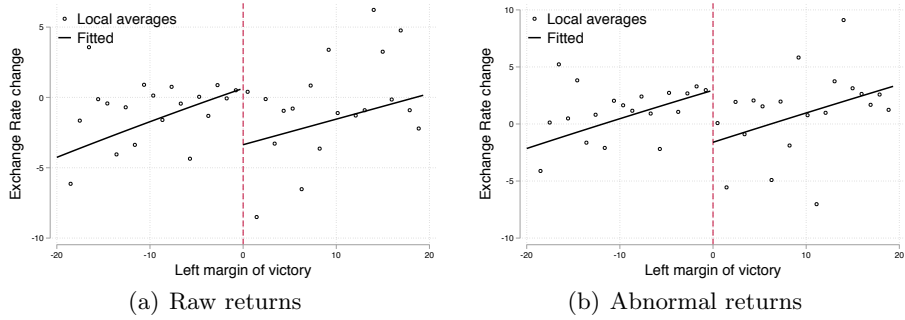


Figure D.1: Effect of a left-wing electoral victory on the domestic exchange rate (Regression-discontinuity estimates; reduced-form relation; monthly data)

Notes: The vertical axis displays the percentage change in the US dollar value of the domestic currency between time  $t - 1$  and time  $t + 1$ , where  $t$  is the election month. The horizontal axis displays the left's margin of victory (as defined in the main text). Scatterplot points are mean outcomes within bins of the forcing variable (local averages). Fitted lines are estimated semi-parametrically through kernel-weighted local linear regression, with MSE-optimal bandwidth.

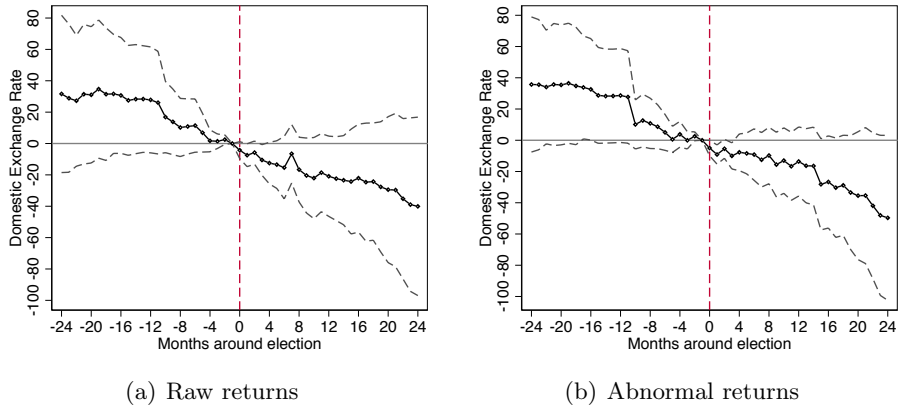


Figure D.2: Effect of a left-wing electoral victory on the domestic exchange rate (Fuzzy regression-discontinuity estimates; monthly data)

Notes: Effect of a left victory.  $t = 0$  is the month of the election. Fuzzy RD estimates (eq. 1), using the bias-corrected procedure of Calonico et al. (2014). See main text for details. Coefficients multiplied by 100 for ease of interpretation (so a coefficient of 1 means a 1% increase in the variable). Dashed lines are 95% confidence intervals from robust bias-corrected standard errors clustered by country.

## Appendix E. Additional results

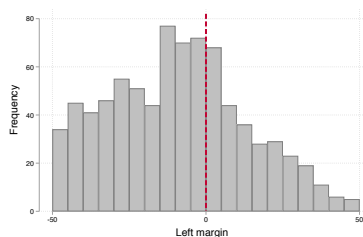
### E.1 Manipulation tests

Table E.1: Tests for a discontinuity in the running variable at the threshold

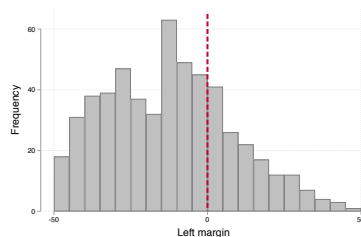
	All elections		Presidential		Parliamentary	
	McCrary	CJM	McCrary	CJM	McCrary	CJM
T-stat	-1.09	0.75	-0.31	0.49	-0.94	0.51
p-value	0.28	0.45	0.76	0.63	0.35	0.61
	Market-oriented left		Interventionist left		High income	
	McCrary	CJM	McCrary	CJM	McCrary	CJM
T-stat	-1.80	1.32	0.55	-0.81	-0.48	0.15
p-value	0.09	0.19	0.59	0.42	0.64	0.88
	Developing		Pre-1990		Post-1990	
	McCrary	CJM	McCrary	CJM	McCrary	CJM
T-stat	-0.29	1.31	-1.09	0.89	-0.81	0.71
p-value	0.78	0.19	0.29	0.37	0.42	0.48

Notes: the ‘McCrary’ column reports the McCrary (2008) manipulation test; the ‘CJM’ column reports the Cattaneo et al. (2017) test. They both test the null hypothesis of a discontinuity in the distribution of the running variable (the left margin in the election) at the cutoff.

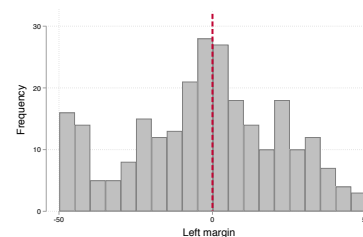
## 1. Baseline (whole sample)



(a) All elections

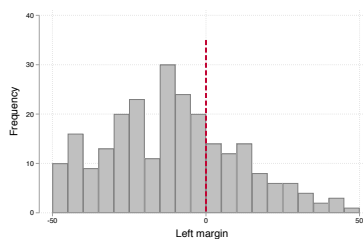


(b) Parliamentary elections

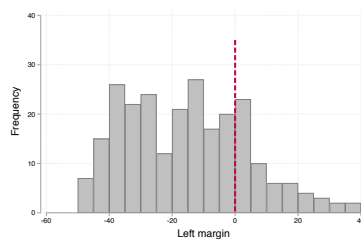


(c) Presidential elections

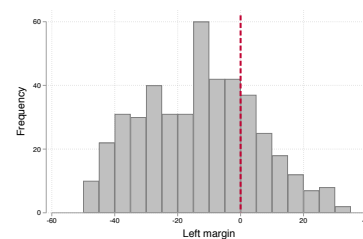
## 2. Subsamples used in analysis of heterogeneous effects



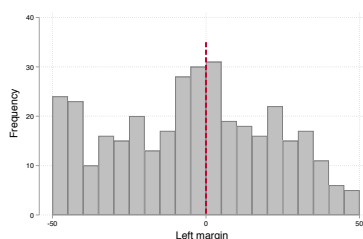
(d) Market-oriented left



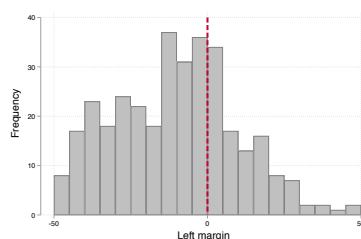
(e) Interventionist left



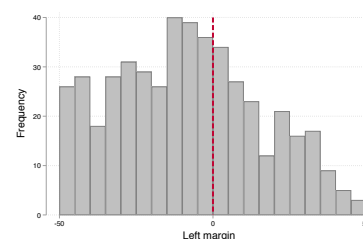
(f) High income countries



(g) Developing countries



(h) Pre-1990



(i) Post-1990

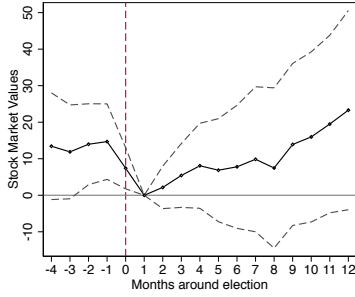
Figure E.1: Histogram of left margin of victory around the threshold

Notes: See main text for the definition of subsamples.

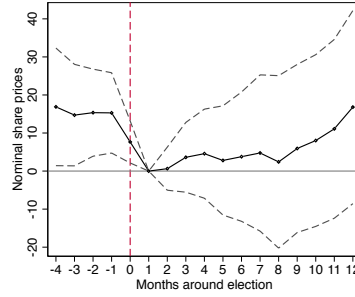
## E.2 Test for a reversal of the stock market effect

To test whether the reversal of the negative stock market effect of left victories suggested by Figures 2 and 5 is statistically significant, we estimate our RD-based event study (eq. 1), but now defining  $\Delta y_{i,e,t+h}$  as the log change in share prices between time  $t+1$  and  $t+h$ . In this way, we assess formally whether there is a statistically significant rebound in share prices from the post-election nadir observed at  $t+1$ . The figures below summarize results using different measures of share prices, showing that the reversal is far from being statistically significant.

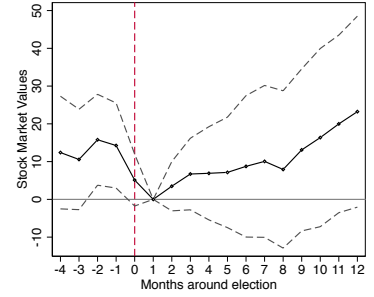
### 1. Raw returns



(a) Real average share prices

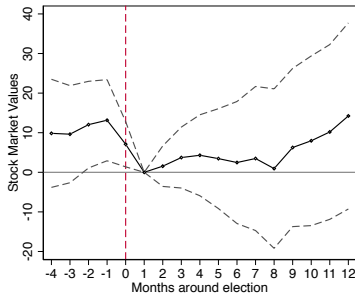


(b) Nominal average share prices

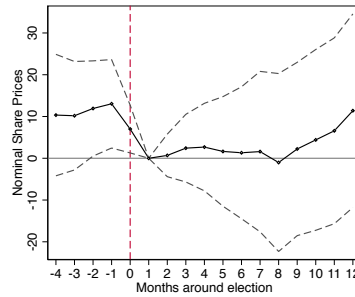


(c) Real end-of-month share prices

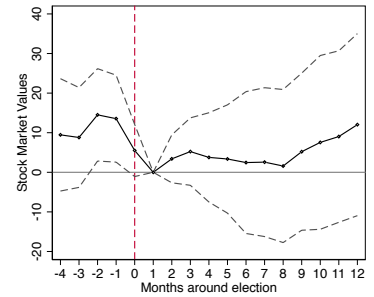
### 2. Abnormal returns



(d) Real average share prices



(e) Nominal average share prices



(f) Real end-of-month share prices

Figure E.2: Test for a reversal of the stock market effect (RD-based event study estimates; monthly data)

Notes: Effect of a left victory.  $t = 0$  is the month of the election. The effect at month  $t + 1$  is set to zero by construction.

### E.3 Graphs using abnormal returns

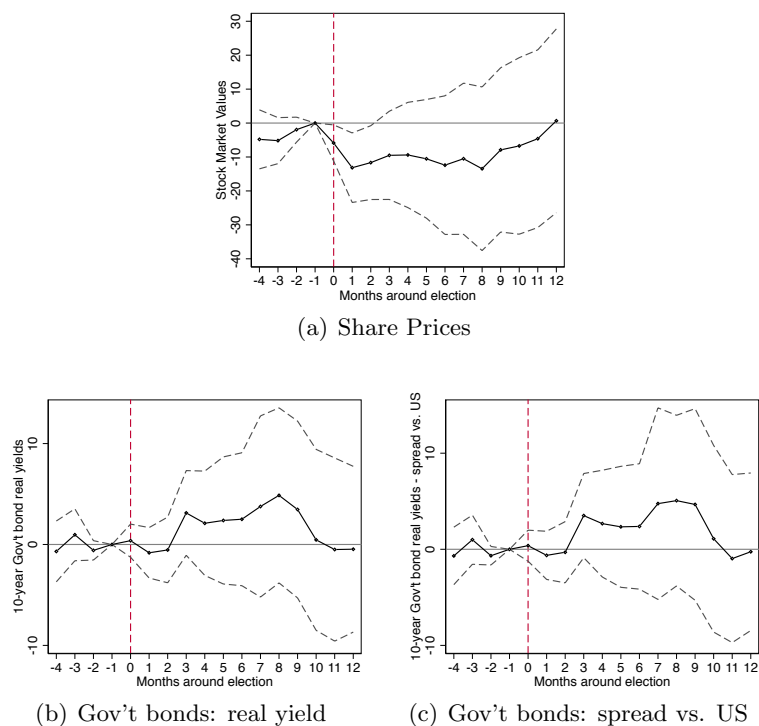


Figure E.3: Effect of a left-wing electoral victory on financial markets (abnormal returns)  
(RD-based event study estimates; monthly data)

Notes: Effect of a left victory.  $t = 0$  is the month of the election. Fuzzy RD estimates (eq. 1), using the bias-corrected procedure of Calonico et al. (2014). See main text for details. Coefficients multiplied by 100 for ease of interpretation (so a coefficient of 1 means a 1% increase in the variable). Dashed lines are 95% confidence intervals from robust bias-corrected standard errors clustered by country. Outcomes residualized on time (month-year) effect.

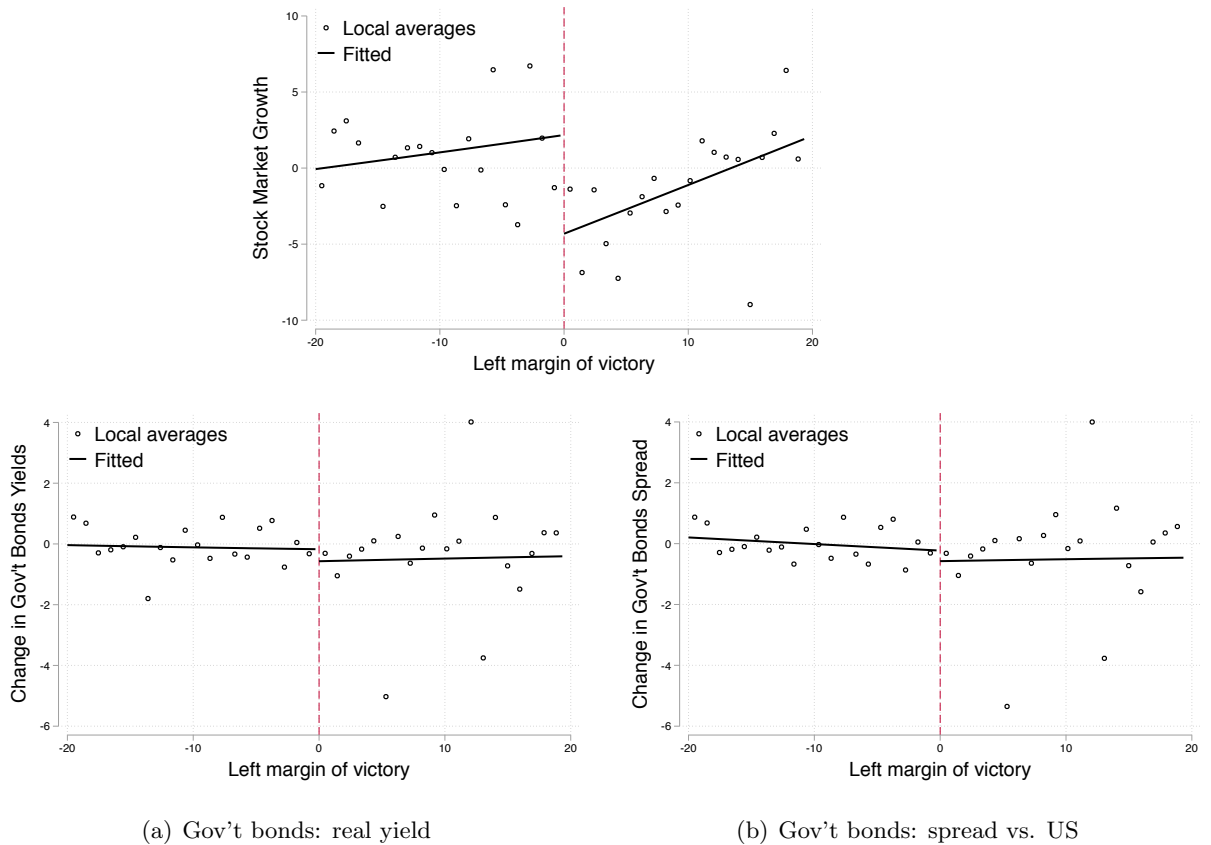


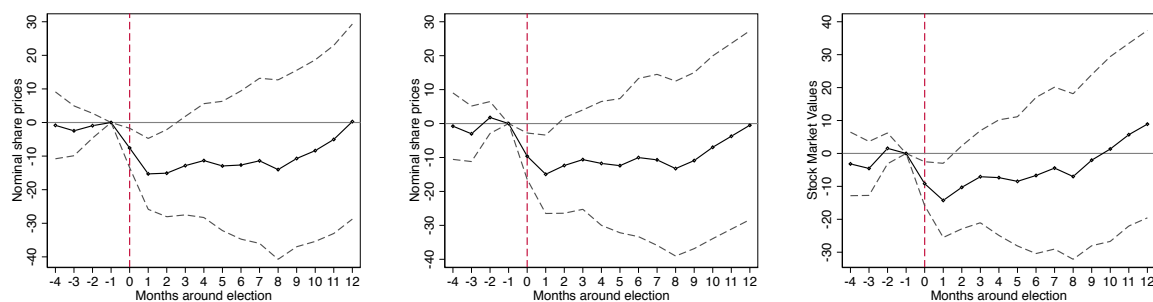
Figure E.4: Effect of a left-wing electoral victory on financial markets – abnormal returns (Regression-discontinuity estimates; monthly data)

The vertical axis displays the percentage change in the outcome between time  $t - 1$  and time  $t + 1$ , where  $t$  is the election month. Time-effects previously filtered-out through a regression of the outcome on month-year dummies. The horizontal axis displays the left's margin of victory: the margin of the left-wing candidate in presidential systems; the left share of parliamentary seats minus 50% in legislative systems. Fitted lines are estimated semi-parametrically through kernel-weighted local linear regression, with mean squared error-optimal bandwidth. The graphs correspond to eq. 1, with  $h = 1$ .



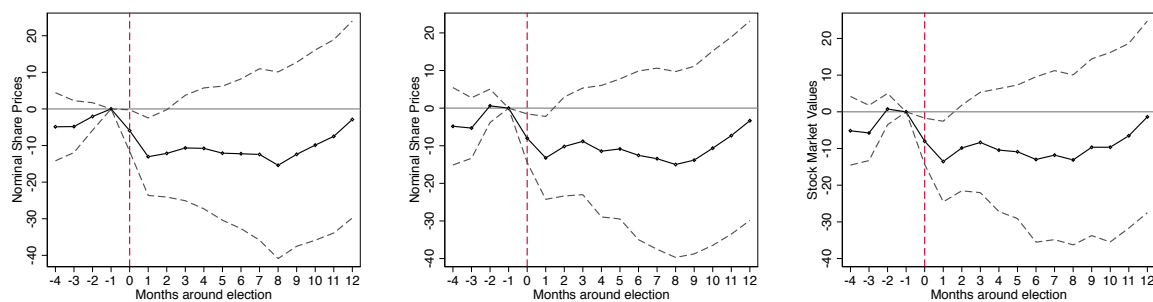
## E.4 Additional robustness and falsification tests

### 1. Raw returns



(a) Nominal average share prices (b) Nominal end-of-month share prices (c) Real end-of-month share prices

### 2. Abnormal returns



(d) Nominal average share prices (e) Nominal end-of-month share prices (f) Real end-of-month share prices

Figure E.5: Effect of a left-wing electoral victory, using alternative measures of share prices (RD-based event study estimates; monthly data)

Notes: Effect of a left victory.  $t = 0$  is the month of the election. See main text and Table 5 for estimations details.

Table E.2: Effect of a left-wing electoral victory (fuzzy RD Estimates), excluding influential observations

Months	Stock market		Real bond yields		Bond spread vs. US	
+1	-6.46 ( 2.71)	-7.82 ( 2.87)	-0.24 ( 0.45)	-0.21 ( 0.53)	0.53 ( 0.54)	-0.33 ( 0.45)
Excluded	21	16	9	9	8	9
+2	-13.56 ( 4.62)	-5.62 ( 3.62)	-0.33 ( 0.61)	-0.43 ( 0.75)	0.87 ( 0.76)	0.08 ( 0.76)
Excluded	27	20	9	8	7	8
+6	-6.48 ( 7.04)	-10.65 ( 7.35)	0.77 ( 1.04)	0.41 ( 1.29)	2.86 ( 1.21)	0.90 ( 1.18)
Excluded	26	22	7	7	8	7
Time FE		✓		✓		✓

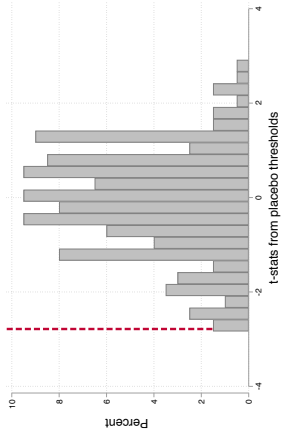
Notes: each row represents a separate regression and reports the effect of a left-wing electoral victory on the change in the outcome between time  $t - 1$  and time  $t + h$  ( $t$  being the time of the election). For each time-horizon considered, we estimate eq.1 through kernel-weighted local linear regression (triangular kernel), using the bias-corrected procedure of Calonico et al. (2014). In each regression, we exclude the most influential observations, defined as those with  $|DFBeta| > 2/\sqrt{N}$ . The number of excluded observations is indicated in the ‘Excluded’ row. Coefficients multiplied by 100 for ease of interpretation (so a coefficient of 1 means a 1% increase in the variable). Robust bias-corrected standard errors clustered by country in parenthesis.

Table E.3: Effect of a left-wing electoral victory, in the subsample in which stock and bond data are simultaneously available (fuzzy RD Estimates; monthly data)

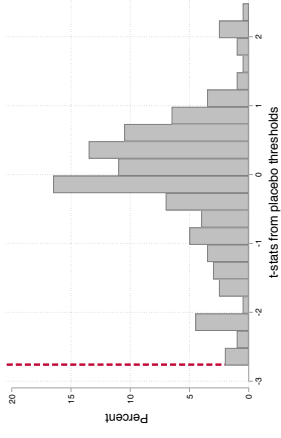
Months	Stock market		Real bond yields		Bond spread vs. US	
+1	-5.96 ( 4.48)	-4.44 ( 3.43)	-0.22 ( 0.78)	-0.70 ( 0.76)	0.52 ( 0.82)	-0.88 ( 0.95)
+2	-7.60 ( 6.93)	-7.32 ( 5.27)	0.09 ( 1.44)	-0.22 ( 1.39)	1.02 ( 1.34)	-0.23 ( 1.20)
+6	-13.49 ( 13.59)	-11.57 ( 9.29)	2.11 ( 2.43)	1.92 ( 2.37)	4.25 ( 2.83)	2.00 ( 2.33)
Time FE		✓		✓		✓
Obs	441	441	441	441	427	427
Eff. obs	190	176	202	228	190	159

Notes: each row represents a separate regression and reports the effect of a left-wing electoral victory on the change in the outcome between time  $t - 1$  and time  $t + h$  ( $t$  being the time of the election). For each time-horizon considered, we estimate eq.1 through kernel-weighted local linear regression (triangular kernel), using the bias-corrected procedure of Calonico et al. (2014). We restrict the sample to those observations for which both stock and bond data are available. Coefficients multiplied by 100 for ease of interpretation (so a coefficient of 1 means a 1% increase in the variable). Robust bias-corrected standard errors clustered by country. The number of observations refers to the specification with time-horizon  $h = 1$ . Eff. obs is the number of observations within the MSE-optimal bandwidth.

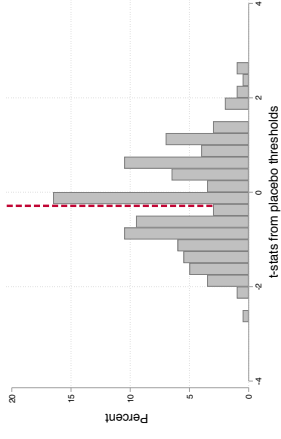
## 1. Raw returns



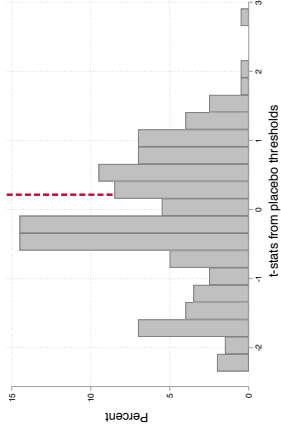
(a) Share prices (monthly)



(b) Share prices (daily)

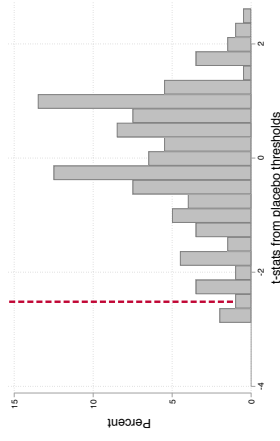


(c) Gov't bond yields

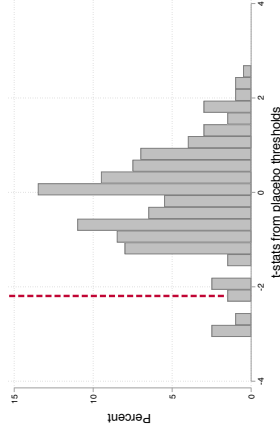


(d) Gov't bond spread

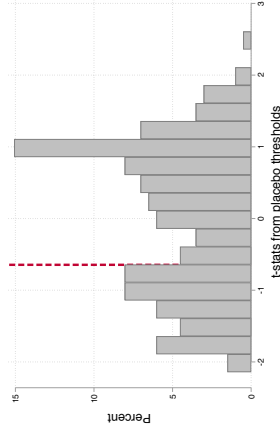
## 2. Abnormal returns



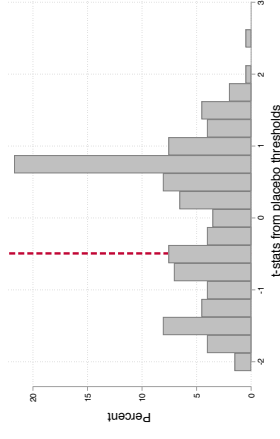
(e) Share prices (monthly)



(f) Share prices (daily)



(g) Gov't bonds yields

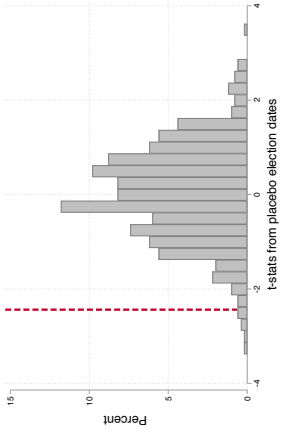


(h) Gov't bonds spread

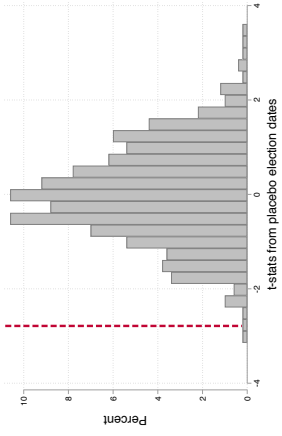
Figure E.6: Falsification test using placebo thresholds (vertical red dotted line = estimate from true threshold)

Notes: Empirical distribution of  $t$ -statistics from our fuzzy regression discontinuity estimate of the treatment effect (eq. 1, with  $h=1$ ), based on 200 randomly drawn placebo thresholds, drawn separately on the left and on the right side of the true threshold (100 on each side), using only observations belonging to that side, to avoid mis-specification arising from assuming continuity at the true threshold. Vertical red dotted line represents the  $t$ -statistics obtained from using the 'true' threshold. The  $t$ -stats from robust bias-corrected standard errors (Calonico et al., 2014) clustered by country.

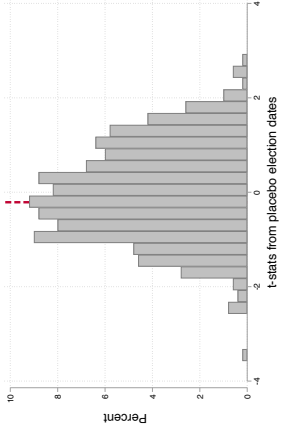
## 1. Raw returns



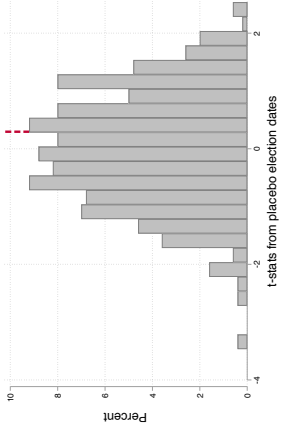
(a) Share prices (monthly)



(b) Share prices (daily)

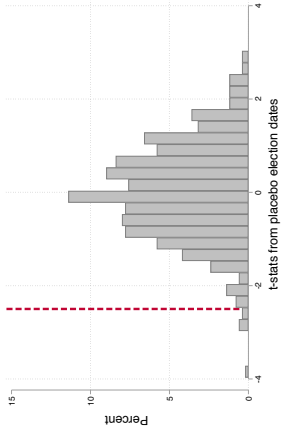


(c) Gov't bond yields

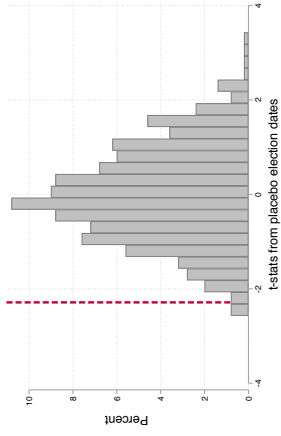


(d) Gov't bond spread

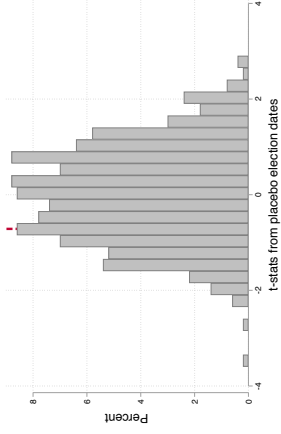
## 2. Abnormal returns



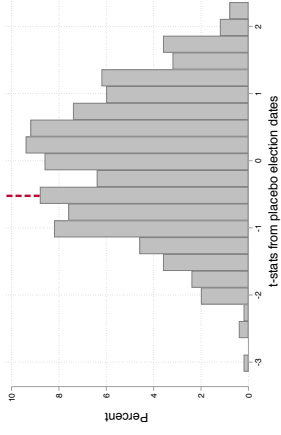
(e) Share prices (monthly)



(f) Share prices (daily)



(g) Gov't bond yields



(h) Gov't bond spread

Figure E.7: Falsification test using placebo election dates (vertical red dotted line = estimate from true election dates)

Notes: Empirical distribution of  $t$ -statistics from our fuzzy regression discontinuity estimate of the treatment effect (eq. 1, with  $h=1$ ), based on 500 sets of randomly drawn placebo election dates, which were substituted for the true election dates. In each graph, the vertical red dotted line represents the  $t$ -statistics obtained from using the 'true' threshold. The  $t$ -stats are obtained from robust bias-corrected standard errors (Calonico et al., 2014) clustered by country.

## Appendix F. Heterogeneity analysis: Extended results

Table F.1: Heterogeneous effect of left-wing electoral victories based on Left’s policy positions (RD Estimates; reduced-form relation; parliamentary elections)

	Stock Market (Monthly)				Stock Market (Daily)			
	Market-oriented Left		Interventionist Left		Market-oriented Left		Interventionist Left	
+1	-3.97 ( 5.49)	-3.71 ( 4.92)	-5.51 ( 2.89)	-7.95 ( 2.38)	-0.59 ( 1.53)	-0.86 ( 0.96)	-2.50 ( 1.16)	-5.35 ( 1.89)
+2	-3.40 ( 6.37)	-2.48 ( 5.38)	-8.46 ( 4.55)	-11.95 ( 3.37)	0.58 ( 1.31)	-0.12 ( 1.20)	-3.40 ( 1.32)	-6.19 ( 1.56)
+6	-7.90 ( 7.93)	-4.19 ( 6.61)	-3.37 ( 8.98)	-8.81 ( 8.10)	-0.17 ( 2.63)	-3.04 ( 1.70)	1.42 ( 2.73)	-2.05 ( 2.21)
+12	18.00 ( 11.58)	13.17 ( 10.00)	-10.12 ( 14.23)	-16.24 ( 8.98)	-0.19 ( 2.43)	-2.57 ( 1.84)	-5.55 ( 3.46)	-9.30 ( 3.36)
Obs	275	275	273	273	202		204	204
Eff. obs	137	151	67	65	66		43	29
Time FE		✓		✓		✓		✓

	Gov’t Bonds: Real Yields				Gov’t Bonds: Spread vs. US			
	Market-oriented Left		Interventionist Left		Market-oriented Left		Interventionist Left	
+1	1.33 ( 0.77)	0.84 ( 0.65)	-0.57 ( 0.37)	-0.42 ( 0.79)	2.06 ( 0.71)	0.73 ( 0.65)	0.17 ( 0.46)	-0.40 ( 0.85)
+2	1.04 ( 0.83)	0.34 ( 0.82)	-0.70 ( 0.46)	-0.11 ( 0.86)	2.23 ( 0.86)	0.28 ( 0.83)	-0.45 ( 0.63)	-0.07 ( 0.94)
+6	7.47 ( 7.07)	6.43 ( 6.22)	1.46 ( 1.57)	2.08 ( 2.19)	7.16 ( 6.47)	6.38 ( 6.18)	1.59 ( 1.37)	2.12 ( 2.25)
+12	9.74 ( 9.37)	7.74 ( 7.56)	0.46 ( 2.43)	1.13 ( 2.42)	8.39 ( 7.83)	7.56 ( 7.42)	3.56 ( 2.15)	0.90 ( 2.35)
Obs	229	229	225	225	229	229	225	225
Eff. Obs.	47	49	47	54	44	51	61	54
Time FE		✓		✓		✓		✓

Notes: each row represents a separate regression and reports the effect of a left-wing electoral victory on the change in the outcome between time  $t - 1$  and time  $t + h$  ( $t$  being the time of the election). For each time-horizon considered, we estimate the reduced-form relation between left margin crossing the threshold and the outcomes of interest, through kernel-weighted local linear regression (triangular kernel), using the bias-corrected procedure of Calonico et al. (2014). The ‘Market-oriented left’ specifications include only elections in which the proposed economic policy of the main left party was more pro-market than the median. The ‘interventionist left’ specifications include only elections in which the proposed economic policy of the main left party was less pro-market than the median. Proposed economic policy proxied by the difference between the variables `planeco-markeco` from the Manifesto Project Database (Volkens et al., 2018). Coefficients multiplied by 100 for ease of interpretation (so a coefficient of 1 means a 1% increase in a variable). Robust bias-corrected standard errors clustered by country. The number of observations refers to the specification with time-horizon  $h = 1$ . Eff. obs is the number of observations within the MSE-optimal bandwidth.

Table F.2: Heterogeneous effect of left-wing electoral victories: pre and post-1990 (fuzzy RD Estimates; presidential and parliamentary elections)

	Stock Market (Monthly)				Stock Market (Daily)			
	Pre-1990		Post-1990		Pre-1990		Post-1990	
+1	-16.67 ( 10.43)	-14.70 ( 10.00)	-12.82 ( 4.64)	-13.06 ( 4.73)	-7.36 ( 6.69)	-6.42 ( 5.41)	-5.12 ( 2.17)	-4.64 ( 2.00)
+2	-16.02 ( 11.05)	-14.57 ( 10.28)	-9.74 ( 5.89)	-9.85 ( 6.12)	-6.00 ( 8.36)	-6.70 ( 6.99)	-6.98 ( 2.92)	-6.18 ( 2.64)
+6	-2.96 ( 15.39)	-5.02 ( 13.48)	-12.82 ( 13.48)	-19.98 ( 13.28)	-5.43 ( 11.55)	-7.65 ( 10.12)	-5.60 ( 3.18)	-4.70 ( 2.89)
+12	22.65 ( 22.06)	18.04 ( 18.10)	-6.81 ( 20.08)	-16.81 ( 18.40)	-11.17 ( 13.52)	-8.71 ( 11.77)	-7.21 ( 4.24)	-6.38 ( 3.93)
First stage	0.46 ( 0.18)	0.46 ( 0.18)	0.55 ( 0.13)	0.52 ( 0.12)	0.59 ( 0.26)	0.58 ( 0.26)	0.46 ( 0.11)	0.46 ( 0.11)
Obs	312	312	429	429	152	152	415	415
Eff. obs	219	220	176	191	63	64	233	228
Time FE		✓		✓		✓		✓

	Gov't Bonds: Spread vs. US				Gov't Bonds: Real Yields			
	Pre-1990		Post-1990		Pre-1990		Post-1990	
+1	0.90 ( 0.91)	0.82 ( 1.00)	-0.26 ( 2.76)	-1.35 ( 2.87)	1.21 ( 0.71)	1.05 ( 1.44)	0.45 ( 2.58)	-1.10 ( 2.58)
+2	0.89 ( 1.09)	0.68 ( 1.17)	-0.06 ( 3.94)	-0.88 ( 4.02)	0.99 ( 0.88)	0.57 ( 1.68)	0.68 ( 3.57)	-0.52 ( 3.60)
+6	11.72 ( 9.74)	11.88 ( 10.46)	2.53 ( 6.92)	2.73 ( 7.24)	13.88 ( 11.38)	13.28 ( 11.56)	3.63 ( 6.37)	2.73 ( 6.28)
+12	17.48 ( 15.37)	12.84 ( 11.81)	-5.74 ( 8.48)	-4.90 ( 8.54)	19.46 ( 15.05)	12.82 ( 11.53)	-3.89 ( 7.59)	-4.09 ( 7.72)
First stage	0.68 ( 0.26)	0.69 ( 0.26)	0.47 ( 0.15)	0.49 ( 0.16)	0.63 ( 0.25)	0.68 ( 0.25)	0.49 ( 0.15)	0.49 ( 0.15)
Obs	257	257	310	310	246	246	303	303
Eff. Obs.	81	76	163	162	90	73	161	168
Time FE		✓		✓		✓		✓

Notes: each row represents a separate regression and reports the effect of a left-wing electoral victory on the change in the outcome between  $t - 1$  and time  $t + h$  ( $t$  being the time of the election). For each time-horizon considered, we estimate eq.1 through kernel-weighted local linear regression (triangular kernel), using the bias-corrected procedure of Calonico et al. (2014). First stage reports the first-stage in the fuzzy RD estimation, which is jump in the probability of a left victory at the threshold (see main text for definitions). High income countries are those classified as such by the World Bank, while developing countries are those classified by the World Bank as low or middle-income. Coefficients multiplied by 100 for ease of interpretation (so a coefficient of 1 means a 1% increase in the variable). Robust bias-corrected standard errors clustered by country. The number of observations refers to the specification with time-horizon  $h = 1$ . Eff. obs is the number of observations within the MSE-optimal bandwidth.

Table F.3: Heterogeneous effect of left-wing electoral victories based on income level (fuzzy RD Estimates; parliamentary elections)

	Stock Market (Monthly)				Stock Market (Daily)			
	High income		Developing		High income		Developing	
+1	-4.08 ( 5.49)	-4.05 ( 4.77)	-19.88 ( 10.74)	-19.77 ( 9.75)	-4.28 ( 1.70)	-2.29 ( 1.37)	-6.58 ( 4.98)	-8.23 ( 4.26)
+2	-4.23 ( 7.51)	-5.07 ( 5.64)	-13.29 ( 11.40)	-14.60 ( 11.29)	-3.20 ( 2.72)	-2.41 ( 2.05)	-9.43 ( 6.28)	-11.94 ( 5.34)
+6	1.09 ( 11.62)	-6.13 ( 11.95)	-24.37 ( 16.28)	-26.89 ( 15.49)	-4.50 ( 4.36)	-3.15 ( 3.18)	-9.12 ( 6.43)	-10.54 ( 5.76)
+12	18.29 ( 26.24)	1.99 ( 16.23)	-12.75 ( 23.92)	-12.43 ( 22.20)	-8.90 ( 6.34)	-6.30 ( 4.45)	-10.70 ( 7.39)	-10.75 ( 7.14)
First stage	0.47 ( 0.20)	0.46 ( 0.20)	0.71 ( 0.12)	0.73 ( 0.12)	0.50 ( 0.19)	0.50 ( 0.19)	0.63 ( 0.18)	0.62 ( 0.17)
Obs	500	500	241	241	368	368	199	199
Eff. obs	133	125	127	154	129	121	69	79
Time FE		✓		✓		✓		✓

	Gov't Bonds: Real Yields				Gov't Bonds: Spread vs. US			
	High income		Developing		High income		Developing	
+1	-0.13 ( 0.62)	-0.26 ( 0.59)	1.65 ( 4.01)	0.50 ( 4.08)	0.22 ( 0.69)	-0.28 ( 0.65)	1.95 ( 3.99)	0.48 ( 4.08)
+2	0.16 ( 0.76)	-0.17 ( 0.72)	1.91 ( 5.73)	1.42 ( 5.77)	0.81 ( 0.74)	-0.18 ( 0.78)	2.85 ( 5.48)	1.39 ( 5.77)
+6	4.91 ( 5.14)	4.10 ( 5.02)	4.81 ( 11.30)	5.33 ( 11.77)	4.57 ( 4.22)	5.11 ( 5.23)	6.09 ( 11.35)	5.31 ( 11.78)
+12	2.64 ( 5.55)	3.30 ( 5.90)	-6.55 ( 12.09)	-8.25 ( 11.02)	6.25 ( 7.16)	4.34 ( 6.10)	-6.81 ( 11.08)	-8.31 ( 11.01)
First stage	0.57 ( 0.13)	0.63 ( 0.14)	0.75 ( 0.18)	0.75 ( 0.18)	0.54 ( 0.12)	0.63 ( 0.15)	0.76 ( 0.18)	0.75 ( 0.18)
Obs	459	459	108	108	441	441	108	108
Eff. Obs.	187	155	57	57	205	144	54	57
Time FE		✓		✓		✓		✓

Notes: each row represents a separate regression and reports the effect of a left-wing electoral victory on the change in the outcome between  $t - 1$  and time  $t + h$  ( $t$  being the time of the election). For each time-horizon considered, we estimate eq.1 through kernel-weighted local linear regression (triangular kernel), using the bias-corrected procedure of Calonico et al. (2014). First stage reports the first-stage in the fuzzy RD estimation, which is jump in the probability of a left victory at the threshold (see main text for definitions). Coefficients multiplied by 100 for ease of interpretation (so a coefficient of 1 means a 1% increase in the variable). Robust bias-corrected standard errors clustered by country. The number of observations refers to the specification with time-horizon  $h = 1$ . Eff. obs is the number of observations within the MSE-optimal bandwidth.

## Appendix G. Sources of financial data

Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
(a) Monthly stock market series		
ARE	Abu Dhabi All-Share	GFD
ARE (pre-2008)	United Arab Emirates SE Index	GFD
ARG	Buenos Aires SE General Index (IVBNG)	GFD
ARG (pre-1967)	Swan, Culbertson & Fritz	GFD
AUS	ASX All-Ordinaries (w/GFD extension)	GFD
AUT	Wiener Boersekkammer (WBKI)	GFD
BEL	Brussels All-Share (w/GFD extension)	GFD
BGD	Dhaka SE DseX Index	GFD
BGD (pre-1990)	Dhaka SE General Stock Index	GFD
BGR	SOFIX	Bulgarian Stock Exchange
BHR	Bahrain BSE Composite Index	GFD
BHS	IDB data	IDB data
BIH	Sarajevo SE Bosnian Investment Funds	GFD
BRA	IBX-100	GFD
BRA (pre-1995)	IBV	GFD
BRB	Barbados SE Local Stock Index	GFD
BWA	Botswana SE Domestic	GFD
CAN	S&P/TSX 300 CI (w/GFD extension)	GFD
CHE	CHE Price Index (w/GFD extension)	GFD
CHL	Santiago SE IGPA	GFD
CHN	China MSCI Standard	MSCI Inc.
COL	IGBC GI (w/GFD extension)	GFD
CRI	IDB data	IDB data



Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
CYP	CSE All Share CI	GFD
CZE	Prague PX	Prague SE
CZE (pre-1990)	Czechoslovakia Stock Market Index	GFD
DEU/FRG	CDAX CI (w/GFD extension)	GFD
DNK	OMX Copenhagen All-Share	GFD
ECU	Guayaquil BdV	GFD
ECU (pre-1994)	Quito SE	GFD
EGY	Cairo SE EFG General Index	GFD
EGY (pre-1993)	Egyptian Stock Exchange Index	GFD
ESP	Madrid SE GI (w/GFD extension)	GFD
EST	OECD MEI data	OECD MEI
FIN	OMX Helsinki All-Share	GFD
FJI	IMF IFS data	IMF IFS
FRA	CAC All-Tradable (w/GFD extension)	GFD
GBR	FTSE All-Share (w/GFD extension)	GFD
GHA	GSE CI	Ghana SE
GRC	DJ	GFD
GRC (pre-1978)	Athens SE	GFD
GRC (pre-1992)	National Bank General	GFD
HKG	Hong Kong MSCI Standard (Large+Mid Cap)	MSCI Inc.
HRV	CROBEX	GFD
HUN	OECD MEI data	OECD MEI
IDN	Jakarta SE Composite Index	GFD
IND	Bombay SE Sensitive (w/GFD extension)	GFD
IRL	ISEQ Overall (w/GFD extension)	GFD
IRN	Tehran SE Price Index (TEPIX)	GFD
IRQ	Iraq SE ISX Index	GFD

Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
ISL	OMX Iceland All-Share	GFD
ISR	Tel Aviv All-Share	GFD
ITA	BCI (w/GFD extension)	GFD
JAM	Jamaica SE All-Share	GFD
JOR	Jordan AFM General Index	GFD
JPN	Tokyo SE (TOPIX) (w/GFD extension)	GFD
KAZ	Kazakhstan SE KASE Index	GFD
KEN	Nairobi SE Index	GFD
KGZ	Kyrgyz SE	GFD
KOR	KOSPI	GFD
KWT	Kuwait SE Index	GFD
KWT (pre-1995)	Kuwait SE Composite Index	GFD
LBN	Beirut Stock Exchange Index	GFD
LKA	Colombo SE All-Share	GFD
LKA (63-74)	{Sri Lanka Commercial, Industrial and Finance}	GFD
LKA (pre-1963)	Sri Lanka Preference Shares	GFD
LTU	OMXV all-shares	Wall Street Journal
LTU (pre-1995)	Litin-G	GFD
LUX	LXXX (w/GFD extension)	GFD
LVA	IMF IFS data	IMF IFS
MAR	Casablanca Financial G 25	GFD
MDV	IMF IFS data	IMF IFS
MEX	MEX SE IPC	GFD
MKD	MBI-10	GFD
MLT	Malta SE Index	GFD
MNE	MONEX	Montenegro SE
MNG	MNG SE Top-20	Mongolia SE

Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
MNG (pre-2012)	MNG SE Top-20	GFD
MUS	SEMDEX	GFD
MWI	Malawi SE Index	GFD
MYS	Malaysia KLSE Composite	GFD
NAM	NAM SE Overall	GFD
NGA	NGA SE	GFD
NLD	NLD All-Share (w/GFD extension)	GFD
NOR	Oslo SE OBX-25 (w/GFD extension)	GFD
NPL	Nepal NEPSE Stock Index	GFD
NZL	NZL SE All-Share	GFD
OMN	Muscat Stock Market General Index	GFD
PAK	Pakistan Karachi SE-100 Index	GFD
PAN	Panama SE BVPSI	GFD
PER	Lima S&P/BVL GI (w/GFD extension)	GFD
PHL	Manila SE CI	GFD
POL	OECD MEI data	OECD MEI
PRT	Oporto PSI-20	GFD
PRY	Asuncion SE PDV GI	BVPASA
PRY (pre-2000)	Asuncion SE PDV GI	GFD
PSE	Palestine Al-Quds Index	GFD
QAT	Qatar SE Index	GFD
ROU	Bucharest SE	GFD
RUS	MICEX/MOEX	GFD
RWA	Rwanda RSE All Share Index	GFD
SAU	Saudi Arabia MSCI Standard	MSCI Inc.
SAU (pre-2008)	Saudi Arabia SE Index	GFD
SGP	Singapore FTSE Straits-Times Index	GFD

Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
SLV	El Salvador Stock Market Index	GFD
SRB	Serbia MSCI Standard	MSCI Inc.
SVK	Bratislava SE SAX	GFD
SVN	SVN SE SBITOP Blue Chip	GFD
SWE	OMX Stockholm All-Share	GFD
SWZ	Swaziland Stock Market Index	GFD
SYR	Damascus SE Weighed	GFD
THA	Thailand SET General Index	GFD
TTO	Trinidad and Tobago SE Composite	GFD
TUN	Tunisia SE Index	GFD
TUN (pre-1998)	Tunisia Indice BVM	GFD
TUR	Istanbul SE IMKB-100	GFD
TWN	Taiwan SE Capitalization Weighted	GFD
TZA	Dar-Es-Saleem SE	GFD
UGA	UGA SE All-Share Index	GFD
UKR	PFTS OTC Index	GFD
URY	Montevideo BdV	GFD
URY (pre-2008)	Uruguay SE	GFD
USA	S&P 500 CI (w/GFD extension)	GFD
UZB	UCI	Uzbekistan SE
VEN	Caracas SE GI (w/GFD extension)	GFD
VNM	Viet Nam Stock Exchange Index	GFD
ZAF	FTSE/JSE All-Share (w/GFD extension)	GFD
ZMB	Lusaka All-Share (LASI)	GFD
ZWE	Zimbabwe MSCI Standard	MSCI Inc.
(b) Daily stock market series		
ARE	Abu Dhabi All-Share	GFD

Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
ARG	IVBNG	GFD
AUS	ASX All-Ordinaries (w/GFD extension)	GFD
AUT	WBI	Wien Stock Market
AUT (pre-1991)	Wiener Boerse kammer (WBKI)	GFD
BEL	Brussels All-Share (w/GFD extension)	GFD
BEL (pre-1985)	Belgium SE General Index	GFD
BGD	Dhaka SE General Index	GFD
BGR	SOFIX	Bulgarian SE (BSE)
BIH	Sarajevo SE Bosnian Investment Funds	GFD
BRA	IBOVESPA	Yahoo Finance
BRA (pre-2000)	IBV	GFD
BRB	Barbados SE Local Stock Index	GFD
BWA	Botswana SE Domestic	GFD
CAN	S&P/CDNX Composite Index	GFD
CAN (69-78)	S&P/TSX	Trading Economics
CAN (79-00)	Montreal SE Portfolio Index	GFD
CHE	CHE Price Index (w/GFD extension)	GFD
CHE (pre-1969)	Credit Suisse GI	GFD
CHL	IGPA	Santiago SE
COL	IGBC GI (w/GFD extension)	GFD
CRI	BNV index	GFD
CYP	CSE All Share CI	GFD
CZE	Prague PX	Prague SE
DEU	DAX	GFD
DNK	OMX Copenhagen All-Share	GFD
ECU	BdV Guayaquil (USD)	GFD
EGY	Cairo SE EFG General Index	GFD

Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
ESP	Madrid SE GI (w/GFD extension)	GFD
EST	OMX Tallin	Nasdaq
EST (pre-2000)	Talinn SE EVK CI	GFD
FIN	OMX Helsinki All-Share	GFD
FIN (pre-1987)	Finland Unitas General Index	GFD
FRA	{CAC All-Tradable (w/GFD extension)}	GFD
FRA (pre-1968)	Paris 50 Blue Chips-Adjusted	GFD
FRG/DEU	DAX	GFD
FRG/DEU (pre-1959)	Commerzbank Index	GFD
GBR	FTSE All-Share (w/GFD extension)	GFD
GBR (pre 1968)	FT-Actuaries 500 NF	GFD
GHA	GSE CI	Ghana SE
GRC	Athens SE General Index (w/GFD extension)	GFD
GRC (pre-1989)	Athens SE	Trading Economics
HKG	Hang Seng (with GFD Extension)	GFD
HRV	CROBEX	GFD
HUN	Forint	GFD
HUN (pre-1995)	BUX	Trading Economics
IDN	Jakarta SE Composite Index	GFD
IND	Bombay SE Sensitive (w/GFD extension)	GFD
IRL	ISEQ Overall (w/GFD extension)	GFD
IRN	Tehran SE Price Index (TEPIX)	GFD
IRQ	Iraq SE ISX Index	GFD
ISL	OMX Iceland All-Share	GFD
ISR	TA-100	Trading Economics
ISR (pre-2007)	Tel Aviv All-Share	GFD
ITA	BCI (w/GFD extension)	GFD

Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
JAM	Jamaica SE All-Share	GFD
JAM (pre-1992)	JSE	Trading Economics
JOR	Jordan AFM General Index	GFD
JPN	Nikkei 225 (w/GFD extension)	GFD
KAZ	Kazakhstan SE KASE Index	GFD
KAZ (pre-2000)	Kazakhstan ADR Index	GFD
KEN	Nairobi SE Index	GFD
KGZ	Kyrgyz SE	GFD
KOR	KOSPI	GFD
KWT	Kuwait SE Index	GFD
LBN	Beirut Stock Exchange Index	GFD
LKA	Colombo SE All-Share	GFD
LTU	OMXV	Wall Street Journal
LTU (99-05)	Lithuania LIT-10 Index	GFD
LTU (pre-1999)	Lithuania Litin-G Stock Index	GFD
LUX	LUXX (w/GFD extension)	GFD
LVA	OMX Riga	Trading Economics
LVA (pre-2004)	Riga SE DJ	GFD
MAR	Morocco Casablanca All-share Index	GFD
MAR (pre-1995)	Casablanca Financial G 25	GFD
MEX	MEX SE IPC	GFD
MKD	MBI-10	GFD
MLT	Malta SE Index	GFD
MNE	MONEX	Montenegro SE
MNE (pre-2004)	MONEX	Trading Economics
MNG	MNG SE Top-20	Mongolia SE
MNG (pre-2012)	MNG SE Top-20	GFD

Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
MUS	{Development and Enterprise Index}	GFD
MUS (pre-2006)	Mauritius SEMDEX-7	GFD
MWI	Malawi SE Index	GFD
MYS	Malaysia KLSE Composite	GFD
MYS (pre-1980)	KLCI	Trading Economics
NAM	NAM SE Overall	GFD
NGA	NGA SE	GFD
NLD	NLD All-Share (w/GFD extension)	GFD
NLD pre-1980	CBS Non-Financial	GFD
NOR	Oslo SE All-Share Index	GFD
NPL	Nepal NEPSE Stock Index	GFD
NZL	NZL SE All-Share	GFD
OMN	Muscat Stock Market General Index	GFD
PAK	Pakistan Karachi SE-100 Index	GFD
PAN	Panama SE BVPSI	GFD
PER	{Lima S&P/BVL GI (w/GFD extension)}	GFD
PHL	Manila SE CI	GFD
POL	Warsaw SE 20-Share Composite	GFD
PRT	Oporto PSI-20	GFD
PRY	PDVGENERAL	BVPASA
PRY (pre-2000)	Asuncion SE PDV GI	GFD
PSE	Palestine Al-Quds Index	GFD
QAT	Qatar SE Index	GFD
ROU	Bucharest SE	GFD
RUS	MICEX/MOEX	GFD
RWA	Rwanda RSE All Share Index	GFD
SAU	Saudi Arabia SE Index	GFD



Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
SGP	Singapore FTSE Straits-Times Index	GFD
SLV	El Salvador Stock Market Index	GFD
SRB	BELEX 15	Belgrade SE
SVK	Bratislava SE SAX	GFD
SVN	SVN SE SBITOP Blue Chip	GFD
SWE	OMX Affarsvarldens GI	GFD
SWE (pre-1980)	Jacobsen & Pommerane GI	GFD
SWZ	Swaziland Stock Market Index	GFD
SYR	Damascus SE Weigthed	GFD
THA	Thailand SET General Index	GFD
TTO	Trinidad and Tobago SE Composite	GFD
TUN	Tunisia SE Index	GFD
TUN (pre-1998)	Tunisia Indice BVM	GFD
TUR	Istanbul SE IMKB-100	GFD
TWN	Taiwan SE Capitalization Weighted	GFD
TZA	Dar-Es-Saleem SE	Trading Economics
TZA (pre-2013)	Dar-Es-Saleem SE	GFD
UGA	UGA SE All-Share Index	GFD
UKR	PFTS OTC Index	GFD
UKR (pre-1998)	PFTS OTC Index	Trading Economics
URY	Bolsa de Valores de Montevideo Index	GFD
USA	S&P 500 CI (w/GFD extension)	GFD
UZB	UCI	Uzbekistan SE
VEN	Caracas SE GI (w/GFD extension)	GFD
VEN (pre-1994)	Caracas SE General Share Index	GFD
VNM	Viet Nam Stock Exchange Index	GFD
ZAF	{FTSE/JSE All-Share (w/GFD extension)}	GFD

Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
ZMB	Lusaka All-Share (LASI)	GFD
(c) Monthly 10 year gov't bond yield series		
AGO	10y Gov't bond yields	IMF IFS
ARG	10y Gov't bond yields	GFD
ARM	10y Gov't bond yields	IMF IFS
AUS	10y Gov't bond yields	GFD
AUT	10y Gov't bond yields	GFD
BEL	10y Gov't bond yields	GFD
BEN	10y Gov't bond yields	IMF IFS
BFA	10y Gov't bond yields	IMF IFS
BGD	10y Gov't bond yields	GFD
BGR	10y Gov't bond yields	IMF IFS
BRA	10y Gov't bond yields	GFD
BWA	10y Gov't bond yields	GFD
CAN	10y Gov't bond yields	GFD
CHE	10y Gov't bond yields	GFD
CHL	10y Gov't bond yields	GFD
CHN	10y Gov't bond yields	GFD
CIV	10y Gov't bond yields	IMF IFS
COL	10y Gov't bond yields	GFD
CYP	10y Gov't bond yields	GFD
CZE	10y Gov't bond yields	IMF IFS
DEU	10y Gov't bond yields	GFD
DNK	10y Gov't bond yields	GFD
ECU	10y Gov't bond yields	GFD
EGY	10y Gov't bond yields	GFD
ESP	10y Gov't bond yields	GFD

Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
EST	10y Gov't bond yields	GFD
ETH	10y Gov't bond yields	IMF IFS
FIN	10y Gov't bond yields	GFD
FJI	10y Gov't bond yields	IMF IFS
FRA	10y Gov't bond yields	GFD
FRG	10y Gov't bond yields	GFD
GBR	10y Gov't bond yields	GFD
GHA	10y Gov't bond yields	IMF IFS
GRC	10y Gov't bond yields	GFD
HRV	10y Gov't bond yields	GFD
HUN	10y Gov't bond yields	GFD
IDN	10y Gov't bond yields	GFD
IND	10y Gov't bond yields	GFD
IRL	10y Gov't bond yields	GFD
ISL	10y Gov't bond yields	IMF IFS
ISR	10y Gov't bond yields	GFD
ITA	10y Gov't bond yields	GFD
JPN	10y Gov't bond yields	GFD
KAZ	10y Gov't bond yields	GFD
KEN	10y Gov't bond yields	GFD
KGZ	10y Gov't bond yields	IMF IFS
KOR	10y Gov't bond yields	IMF IFS
LKA	10y Gov't bond yields	IMF IFS
LTU	10y Gov't bond yields	GFD
LUX	10y Gov't bond yields	GFD
MAR	10y Gov't bond yields	IMF IFS
MDA	10y Gov't bond yields	IMF IFS

Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
MDV	10y Gov't bond yields	IMF IFS
MEX	10y Gov't bond yields	GFD
MLI	10y Gov't bond yields	IMF IFS
MLT	10y Gov't bond yields	GFD
MMR	10y Gov't bond yields	IMF IFS
MNG	10y Gov't bond yields	IMF IFS
MUS	10y Gov't bond yields	IMF IFS
MYS	10y Gov't bond yields	GFD
NAM	10y Gov't bond yields	GFD
NER	10y Gov't bond yields	IMF IFS
NLD	10y Gov't bond yields	GFD
NOR	10y Gov't bond yields	GFD
NPL	10y Gov't bond yields	IMF IFS
NZL	10y Gov't bond yields	GFD
PAK	10y Gov't bond yields	GFD
PHL	10y Gov't bond yields	GFD
POL	10y Gov't bond yields	IMF IFS
PRT	10y Gov't bond yields	GFD
QAT	10y Gov't bond yields	GFD
ROU	10y Gov't bond yields	GFD
RUS	10y Gov't bond yields	GFD
SEN	10y Gov't bond yields	IMF IFS
SGP	10y Gov't bond yields	GFD
SLB	10y Gov't bond yields	IMF IFS
SVK	10y Gov't bond yields	GFD
SVN	10y Gov't bond yields	GFD
SWE	10y Gov't bond yields	GFD

Table G.1: Sources of financial data employed in the paper

Country	Stock market index	Source
SYC	10y Gov't bond yields	IMF IFS
TGO	10y Gov't bond yields	IMF IFS
THA	10y Gov't bond yields	GFD
TUN	10y Gov't bond yields	GFD
TUR	10y Gov't bond yields	GFD
TWN	10y Gov't bond yields	GFD
TZA	10y Gov't bond yields	GFD
UGA	10y Gov't bond yields	GFD
USA	10y Gov't bond yields	GFD
VEN	10y Gov't bond yields	IMF IFS
VNM	10y Gov't bond yields	GFD
ZAF	10y Gov't bond yields	GFD
ZMB	10y Gov't bond yields	GFD

This Table includes all series in the monthly and daily panel datasets, including countries-periods for which there are no elections for which the running variable could be built. These still influence results, in particular the specification using abnormal returns, because they enter the estimation of time fixed effects. See replication package (and in particular the file `Financial_Data_Sources.xlsx`) for more detail on the data. GFD=Global Financial Data; OECD MEI = OECD, Main Economic Indicators; IMF IFS = International Monetary Fund, International Financial Statistics; IDB = Inter-American Development Bank. For monthly stock indexes, the variable taken from the OECD MEI database is 'Share prices (indicator)'; for monthly stock market indexes, the variable taken from the IMF IFS database is 'Equities - Share Prices, Index'; for bond yields, the variable taken from the IMF IFS databas is 'FIGB\_PA'

## References

- Armingeon, K., D. Wenger, F. Wiedemeier, C. Isler, L. Knöpfel, D. Weisstanner, and S. Engler (2018). *Comparative Political Data Set 1960-2016*. URL: <http://www.cpsdata.org/>.
- Baker, A. and Kenneth F. Greene (2011). “The Latin American Left’s Mandate: Free-Market Policies and Issue Voting in New Democracies”. In: *World Politics* 63.1, pp. 43–77. DOI: 10.1017/S0043887110000286.
- BIS (2018). *Bank for International Settlements, US dollar exchange rates dataset*. URL: <https://www.bis.org/statistics/xrusd.htm> (visited on 10/15/2018).
- Brookings Institution, The (2018). *Vital Statistics on Congress*. URL: <https://www.brookings.edu/multi-chapter-report/vital-statistics-on-congress/>.
- Calonico, S., M. Cattaneo, and R. Titiunik (2014). “Robust Nonparametric Confidence Intervals for Regression - Discontinuity Designs”. In: *Econometrica* 82.6, pp. 2295–2326. DOI: 10.3982/ECTA11757.
- Cattaneo, M., M. Jansson, and X. Ma (2017). *Simple local polynomial density estimators*. Working Paper. URL: [https://eml.berkeley.edu/~mjansson/Papers/CattaneoJanssonMa\\_LocPolDensity.pdf](https://eml.berkeley.edu/~mjansson/Papers/CattaneoJanssonMa_LocPolDensity.pdf).
- Coppedge, Michael (1997). “A classification of Latin American political parties”. In: Cruz, C., P. Keefer, and C. Scartascini (2016). *Database of Political Institutions Codebook, 2015 Update (DPI2015)*. Updated version of T. Beck, Clarke, G., A. Groff, Keefer P., and P. Walsh (2001) ”New tools in comparative political economy: The Database of Political Institutions.” 15:1, 165-176 (September), World Bank Economic Review. URL: <https://publications.iadb.org/handle/11319/7408>.
- Ilzetzki, Ethan, Carmen M. Reinhart, and Kenneth S. Rogoff (2017). *Exchange Arrangements Entering the 21st Century: Which Anchor Will Hold?* Tech. rep. 23134. National Bureau of Economic Research. DOI: 10.3386/w23134.
- Klein, M.W. and J.C. Shambaugh (2010). *Exchange Rate Regimes in the Modern Era*. MIT Press. ISBN: 9780262517997.
- Lansford, T. (2017). *Political Handbook of the World 2016-2017*. CQ Press.

- McCrary, J. (2008). “Manipulation of the running variable in the regression discontinuity design: A density test”. In: *Journal of Econometrics* 142.2, pp. 698–714. URL: <http://ideas.repec.org/a/eee/econom/v142y2008i2p698-714.html>.
- Reinhart, C. M. (2016). *Exchange Rates (Official and Parallel)*. Electronic Database, downloaded in March 2018. Oct 2016 version. URL: <http://www.carmenreinhart.com/data/browse-by-topic/topics/10/>.
- Schmidt, Manfred G (1992). “Regierungen: Parteipolitische Zusammensetzung”. In: *Lexikon der Politik* 3, pp. 393–400.
- Seki, K. and L. K Williams (2014). “Updating the Party Government data set”. In: *Electoral Studies* 34, pp. 270–279.
- Swank, D. (2013). *Comparative Political Parties Dataset: Electoral, Legislative, and Government Strength of Political Parties by Ideological Group in 21 Capitalist Democracies, 1950-2011*. Electronic Database, Department of Political Science, Marquette University. URL: [http://www.marquette.edu/polisci/faculty\\_swank.shtml](http://www.marquette.edu/polisci/faculty_swank.shtml).
- Volkens, A., P. Lehmann, T. Matthieß, N. Merz, S. Regel, and B. Weißels (2018). *The Manifesto Data Collection. Manifesto Project (MRG/CMP/MARPOR). Version 2018a*. DOI: 10.25522/manifesto.mpds.2018a.