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Just hire your spouse! Evidence from a political scandal in Bavaria

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ifo Working Papers

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Abstract

We investigate a case of political favoritism. Some members of the Bavarian parliament hired relatives as office employees who were paid using taxpayers' money. The family scandal was a hot issue in the German media because of the upcoming state and federal elections. We examine whether being involved in the scandal influenced re-election prospects and voter turnout. The results do not show that being involved in the scandal influenced the outcome and voter turnout of the 2013 state elections. Voters did not appear to punish the incumbent government because the reigning CSU endorses Bavarian identity and managed to overcome the family scandal, as the CSU already managed to overcome previous scandals.

JEL Code: D72, H7, A13.

Keywords: Political scandal, favoritism, nepotism, re-election prospects, voter turnout.

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1. Introduction

In April 2013, Germany's largest state Bavaria experienced a new political scandal of favoritism. Members of the Bavarian parliament (Landtag) had hired relatives as office employees who were paid by the Bavarian parliament ("nepotism"). The scandal became public because the expert in German parliamentary affairs Hans Herbert von Arnim published a book elaborating on how Bavarian politicians benefit from being in office (Arnim 2013). In 2000, the Bavarian parliament tightened the state law. Members of parliament (MPs) were no longer allowed to hire spouses, children, or parents as office employees.¹ An interim arrangement made it possible to employ relatives that had already assisted the MPs prior to the tightening of the law. However, as long as 13 years after the interim arrangement was introduced, some MPs still employed close relatives. Employing these relatives did (probably) not break the law,² but certainly smacked of exploiting taxpayers' money.³

The state elections in Bavaria on 15 September 2013 and the German federal elections on 22 September 2013 attached a great deal of importance to this scandal. Politicians involved in the scandal realized the political hazard: some politicians who had hired relatives repaid the relatives' salaries immediately or donated the amounts. Some MPs considered hiring relatives as legitimate in earlier times, but acknowledged that nowadays MPs should not hire relatives. Although three parties were involved in the scandal, it is conceivable that the reigning conservative Christian Social Union (CSU) incurred the largest loss of votes. About 70% of the involved politicians are CSU members. Survey evidence suggests that voters largely

¹ The law still allowed for employing relatives other than spouses, children, and parents. In May 2013 the Bavarian parliament also decided to prohibit employing these relatives as of June 2013. On changes of the Bavarian law see, for example, Oberreuter (2014). In Italy, public sector employees were shown to favor their children and support their access to public sector positions (Scoppa 2009). In the Philippines, relatives of elected MP candidates were more likely to take up office in the future than relatives of MP candidates that were not elected (Querubin 2013).

² The Bavarian supreme board of audit arrived at the conclusion that employing relatives did already break the law since a change in the law in 2004.

³ Voters may well punish politicians for activities which are in line with the law but are not in line with voters' moral beliefs. Politicians' outside income is another case in point (see, for example, Arnold et al. 2014 and Couch et al. 1992).

considered the CSU to be most involved in scandals.⁴ The opposition parties tried to exploit the scandal to increase their election prospects and replace the predominant CSU-led state government. On the predominant role of the CSU in Bavaria see, for example, Hanns-Seidel-Stiftung (1995), Mintzel (1998), Oberreuter (2011), and Zolleis and Wertheimer (2013).

The family scandal in Bavaria was a hot issue in the German media for many weeks.⁵ For example, the nationwide newspaper *Handelsblatt* headlined on 3 May 2013: “Damage for the CSU nearly beyond repair – Amigo scandal frustrates Seehofer’s plans”⁶. The news magazine *Der Spiegel* headlined on 5 May 2013: “Seehofer’s Amigo group becomes a threat to Merkel”⁷.

The seminal papers of Barro (1973) and Ferejohn (1986) suggest that retrospective voters hold politicians responsible for misbehavior in office. In particular, voters often punish politicians involved in political scandals (see section 2). Did Bavarian voters punish rent-seeking politicians? We examine how the scandal influenced the outcome and voter turnout of the 2013 state elections by comparing voters’ behavior in the 2008 and the 2013 elections in districts affected and districts not affected by the scandal.

There were quite some previous political scandals in Bavaria. A pertinent question is whether voters punished Bavarian politicians in previous scandals. In 1966, the *Starfighter scandal* leaked out. The CSU chairman Franz Josef Strauß was inculpated to be bribed in aircraft deals when he was German defense minister. The scandal did not harm Franz Josef Strauß and the CSU. Three CSU scandals occurred in 1993/1994: In January 1993, the *Amigo scandal* leaked out. The Bavarian Prime Minister Max Streibl was inculpated to have received

⁴ In a survey of the *Forschungsgruppe Wahlen* shortly before the election, 49% of the respondents considered the CSU and only 4% the SPD as the party most involved in scandals in Bavaria (43% responded: no idea or all parties equal).

⁵ The media play a key role in (de)lighting political scandals. Ideologically biased media that favor the incumbent or challenger have incentives to hype or understate scandals.

⁶ <http://www.handelsblatt.com/politik/deutschland/naezu-irreparabler-schaden-fuer-csu-amigo-ffaere-durchkreuzt-seehofers-plaene/8156742.html> (accessed 26 September 2014). Some commentators used the term “Amigo scandal” for the 2013 scandal, referring to the “Amigo scandal” from 1993. Horst Seehofer is Bavaria’s Prime Minister and CSU chairman.

⁷ <http://www.spiegel.de/politik/deutschland/die-verwandtenaffaere-der-csu-belastet-denwahlkampf-von-angela-merkel-a-898175.html> (accessed 26 September 2014).

amenities such as vacation trips by private companies when he was Bavarian minister of finance. Streibl resigned on 27 May 1993. The Bavarian environment minister Peter Gauweiler resigned on 23 February 1994 because he was inculpated to have illegally leased his law office (*Kanzlei-Affäre*). Eduard Zwick, a prominent CSU-campaigning contributor, was inculpated to be involved in tax evasion (*Zwick-Affäre*).⁸ In the summer and fall 1994, elections to the European parliament, the Bavarian state parliament, and the German national parliament took place. In spring 1994, polls predicted that the CSU would lose votes and receive less than 50% of votes. The CSU, however, succeeded in the 1994 elections. The expert Alf Mintzel concluded that the predominant CSU may only put herself in jeopardy and that the CSU made a brilliant coup by purifying intraparty misconduct in 1993/1994 (Mintzel 1998: 164).

Because voters often punish politicians involved in political scandals, but Bavarian voters did not seem to have punished Bavarian politicians over many decades, examining electoral consequences of the 2013 family scandal in Bavaria is a worthwhile endeavor. The results do not show that being involved in the scandal influenced the outcome and voter turnout of the state elections.

2. Related studies on political scandals

Political scandals often have far-reaching consequences. Scandals influence, for example, politicians' election prospects. When an incumbent is discredited, an issue is whether the incumbent will be re-elected. In a similar vein, challengers may not even have the chance of getting elected. Severe scandals bring individual political careers to an end.⁹

Political scandals have various facets: financial scandals include tax evasion, moral scandals include sexual misconduct.¹⁰ Prominent examples of sexual misconduct are

⁸ On political scandals and the CSU reinforcement in 1994, see Mintzel (1998: 109f., 164).

⁹ In Japan, "the standard way of dealing with a scandal was to resign from the party and official posts but run again in the next elections" (Nyblade and Reed 2008: 930).

¹⁰ Politicians either act corruptly for material gain or for electoral gain (Nyblade and Reed 2008).

President Bill Clinton's affair with Monica Lewinsky and Dominique Strauss-Kahn's sexual assault on a cleaning lady. In 1998, Bill Clinton did not resign as president of the United States, and because he was in his second term, he did not need to fear his re-election. By contrast, scandal brought Dominique Strauss-Kahn's political career to an abrupt end. Strauss-Kahn was the managing director of the International Monetary Fund and was expected to run as the presidential candidate of the French Socialists, who were seen as having the best chances of winning the 2011 French presidential elections.

When scandals occur, one issue is how politicians, especially party leaders or prime ministers, deal with the political scandals of their party or cabinet members (Dewan and Myatt 2007). When a minister involved in a scandal heeds the call to resign, a government's popularity may rise (Dewan and Dowding 2005).¹¹

Scholars portray the consequences of political scandals. In the 1978-2008 United States' House elections, incumbents involved in scandals received 16 percentage points fewer votes in primary elections and 11 percentage points fewer votes in general elections as compared to non-scandal incumbents (Hirano and Snyder 2012). In Spanish local elections between 1996 and 2009, incumbents lost up to 14% of votes when incumbents were accused with corruption and press coverage of such scandals was substantial (Costas-Pérez et al. 2012).¹² Scandals involving the incumbent were also shown to have reduced trust in local politicians (Solé-Ollé and Sorribas-Navarro 2014). In Japan, candidates were shown to have lost 1.34% of votes in the 1990 election because of scandals. In Great Britain, meanwhile, candidates were shown to have lost 1.14% of votes in the 1997 election due to scandals (Reed 1999). In the 2004 Brazilian municipal elections, the incumbents' re-election probability decreased by 7 percentage points when at least two cases of corruption were reported as compared to unaudited incumbents (Ferraz and Finan 2008). In the 2009 UK expenses

¹¹ Doherty et al. (2011) examine scandalous behavior and the responsibilities of the official in question.

¹² Puglisi and Snyder (2011) examine how newspapers' ideology influences media coverage of scandals in the United States. Bowler and Karp (2004) discuss how scandals influence the regard for political institutions. On corruption and press regulation, see Gratton (in press).

scandal, press coverage reduced the vote shares of MPs involved in the scandal, but did not decrease the MPs' probability of re-election. Voters were shown to have punished MPs and not the MPs' parties (Larcinese and Sircar 2012). Politicians were punished more by voters when voters expressed no clear preference for a specific party (Eggers in press).

Political scandals are also likely to influence voter turnout. For example, when politicians are involved in political scandals, voters tend not to participate in elections due to their increased disenchantment with politics. Experts show, however, that corruption raises voter turnout. In the 1979-2005 United States' gubernatorial elections, corruption was shown to increase voter turnout (Escaleras et al. 2012). In the 1987 county supervisor elections in Mississippi, voter turnout was also shown to have been higher in corrupt counties (Karahan et al. 2006). Moreover, a 1988 ballot in Mississippi provides another example of corruption increasing voter turnout (Karahan et al. 2009).¹³ When corruption rents were available in a jurisdiction, politicians were more likely to increase their campaigning efforts in order to capitalize on the benefits of holding office. Campaigning effort may well give rise to high voter turnout.

The effects of political scandals on voters' behavior differ, because some scandals are more severe than other scandals. How an individual political scandal influences election outcome and voter turnout thus remains as an undetermined empirical question.

3. Institutional background

3.1 The Bavarian political party landscape

The conservative CSU has dominated politics in Bavaria for decades.¹⁴ The leftist Social Democratic Party (SPD) did not play an important role in Bavaria. Since the end of 1946, all

¹³ On determinants of voter turnout, see, for example, Amaro de Matos and Barros (2004), Geys (2006), Martins and Veiga (2013), Schram and van Winden (1991), Smets and van Ham (2013), and Tao et al. (2011). On vote and popularity functions, see Lewis-Beck and Stegmaier (2013).

¹⁴ In other German states the conservatives are not represented by the CSU but by their sister party, the Christian Democratic Union (CDU). No party competition emerges between the CDU and the CSU and they form one

state prime ministers – except one SPD prime minister between 1954 and 1957 – were members of the CSU.

The much smaller Free Democratic Party (FDP) formed a coalition with the CSU in the 2008-2013 legislative period. Before 2008 the CSU was in power without any coalition partner for 42 years. Figure 1 portrays the predominant role of the CSU in Bavarian state elections. The CSU formed coalitions with partners such as the SPD and the FDP prior to 1966. The Greens (Bündnis 90/Die Grünen) have been represented in parliament since 1986 and the Free Voters (Freie Wähler) since 2008. The Greens never obtained more than 10% of the vote, while that achieved by the Free Voters barely exceeded 10%.

3.2 Bavarian state elections

In Bavarian state elections voters cast two votes in a personalized proportional representation system. The first vote determines which candidate is to obtain the direct mandate in one of the 90 electoral districts with a relative majority. With the second vote, voters select a politician on a regional party list. Each party that received at least 5% of the first and second votes obtains a number of the 180 seats in the parliament that corresponds to the party's first and second vote share. Candidates voted into the parliament with the first vote (direct mandate) obtain their seats first. Candidates from the regional party lists obtain the remaining seats. When the number of direct mandates exceeds the party's vote share in a region, the party obtains excess mandates, and the other parties obtain equalizing mandates.

4. Empirical analysis

4.1 MPs hiring relatives

The Bavarian president of parliament, Barbara Stamm, published a list including those MPs that employed spouses, children, or parents within the 2008-2013 legislative period and

faction in the federal parliament. Debus and Müller (2013) examine German state party manifestos over the period 1990-2011: The CSU clearly expresses more conservative policy positions in party manifestos than any other CDU state party (see also Bräuninger and Debus 2012).

during the two preceding legislative periods (Stamm list, published on 3 May 2013). The list includes 79 (out of 360) MPs from the 2008-2013 legislative period and the two preceding legislative periods.¹⁵ Three politicians from this list have died in the meantime, 54 are members of the reigning Christian Social Union (CSU), 20 are members of the Social Democratic Party (SPD), one is a member of the Greens (Bündnis 90/Die Grünen), and one left the Greens to become an independent MP. MPs from the 2008-2013 coalition partner of the CSU, the Free Democratic Party (FDP), and MPs from the Free Voters (Freie Wähler) were not affected by the scandal. 17 politicians from the Stamm list were still MPs in the 2008-2013 legislative period (all CSU members); three of them were even ministers in the 2008-2013 government. The SPD and Green politicians from the Stamm list left the parliament by 2008 at the latest. 16 of the MPs involved in the scandal hired relatives during the year 2000, shortly before the interim arrangement took effect. It is conceivable that these MPs hired relatives despite the fact that or because they knew that hiring relatives was going to be forbidden. To be sure, some MPs also hired relatives other than spouses, children, or parents. Hiring relatives other than spouses, children, or parents did not violate the law. We, however, do not include relatives other than spouses, children, or parents in the baseline model because the MPs who hired them did not appear on the Stamm list; but these politicians were also criticized in the public debate and we refer to them in the section on robustness tests.

Figure 2 shows the shares of the parties' MPs that employed relatives. The share of CSU MPs that hired relatives (44%) is higher than the share of SPD MPs that hired relatives (29%). The share of the Green MPs that hired relatives is substantially smaller (8%). The FDP and the Free Voters did not employ relatives. A t-test on means shows that there is a significant difference between CSU and SPD politicians in hiring relatives. We reject the hypothesis of no difference between CSU and SPD politicians with a t-value of 1.98.

¹⁵ Note that only 205 out of 360 MPs were able to hire relatives according to the interim arrangement, because only 205 politicians were MPs before the interim arrangement took effect.

4.2 Vote shares and voter turnout

The conservative CSU won the state elections on 15 September 2013 and received with 56% the absolute majority of seats in parliament (48% of the total votes). As in the 2008 election, the CSU won all districts except one in the 2013 election. We examine how the scandal influenced the vote share of the CSU by comparing every individual district in the elections of 2008 and 2013. As the SPD and Green MPs who hired relatives left the parliament by 2008 at the latest, we consider no other party than the CSU when we examine how the scandal influenced the election outcome. It is important to note that the CSU nominated the candidates for the 2013 election by the end of 2012 or beginning of 2013. Being involved in the scandal thus did not influence nomination within the CSU. Only two CSU districts – Forchheim and Donau-Ries – nominated their candidates in May/June 2013.¹⁶

We directly investigate how the scandal influenced a politician's re-election when the individual politician ran for office again after she/he experienced the scandal. We compare the first vote share of CSU politicians affected by the scandal and CSU politicians not affected by the scandal in 2008 and 2013 for candidates that ran in both elections.¹⁷ In cases where the scandal brought a politician's career to an end, or a politician would have ended her/his career in any event – the scandal notwithstanding – we cannot compare the individual vote of the elections in 2008 and 2013. We thus also compare the total vote share (sum of first and second votes) of the CSU in districts affected by the scandal with the total vote share of the CSU in districts not affected by the scandal, independent of the party's candidate. It is conceivable that the scandal also influenced voter turnout as a result of disenchantment with politics. We therefore examine how the scandal influenced voter turnout by comparing the

¹⁶ Excluding the two districts in which the candidates were nominated after the scandal leaked out does not change the inferences.

¹⁷ In districts that were not adjusted between the 2008 and the 2013 state elections, 50% of the MPs who hired relatives and 63% of the MPs who did not hire relatives stood for re-election. A t-test on means shows that there is no significant difference between MPs who hired relatives and MPs who did not hire relatives in the decision to stand for re-election. We do not reject the null hypothesis of no difference between MPs who hired relatives and MPs who did not hire relatives with a t-value of 0.94.

elections of 2008 and 2013 in districts affected by the scandal and districts not affected by the scandal.

4.3 Descriptive statistics

We use data from the Centre of Bavarian History, the Bavarian Statistical Office, the Bavarian parliament, and MPs' personal websites. We only include those (73 out of 91) districts that were not adjusted between the 2008 and the 2013 state elections. Tables 1 and 2 show descriptive statistics. The samples include 88 and 146 observations.

Figure 3 shows polls for the 2008-2013 legislative period. The scandal emerged in April/May 2013 and, as Figure 3 shows, CSU vote intentions declined from about 49% to about 46% in April/May 2013. The CSU recovered slowly from the scandal. The CSU vote share was 47% and 48% in July and August 2013. Figure 4 shows the first vote share of the CSU in the state elections 2008 and 2013, for districts that were and were not affected by the scandal. The CSU first vote share increased from 45% to 49% in scandal districts and from 43% to 47% in other districts. A t-test on means shows that there is no significant difference between scandal districts and other districts in the CSU first vote share change. We do not reject the null hypothesis of no difference between scandal districts and other districts with a t-value of 0.44. Figure 5 shows the total vote share of the CSU in the state elections 2008 and 2013, for districts being and not being affected by the scandal. The CSU total vote share increased from 47% to 50% in scandal districts and from 44% to 48% in other districts. There is no significant difference between scandal districts and other districts in the CSU total vote share change. Figure 6 shows the voter turnout in the state elections 2008 and 2013, for districts that were and were not affected by the scandal. The voter turnout increased from 58% to 63% in scandal districts and from 58% to 64% in other districts.

Figures 7 and 8 show the CSU total vote share and the voter turnout in the individual districts in 2013. Districts affected by the scandal are marked with an asterisk. The figures do

not show that the CSU total vote share and the voter turnout in 2013 were especially high or low in the districts affected by the scandal. The figures show, however, that the scandal was more pronounced in the western part of Bavaria.

4.4 Empirical strategy

The difference-in-differences model takes the following form:

$$\begin{aligned} Voters' \ behavior_{ijt} = & \alpha_j + \beta_j \text{Hired relative}_i + \gamma_j \text{2013}_{it} + \delta_j \text{Hired relative}_i * \text{2013}_{it} \\ & + \sum_k \varepsilon_{jk} \text{Personal characteristics}_{ikt} + \zeta_j \text{Vote margin}_{it} + \eta_j \text{Unemployment rate}_{it} \\ & + \theta_j \text{Flood disaster}_{it} + \lambda_j \text{City}_i + \sum_l \mu_{jl} \text{Region}_{il} + u_{it} \end{aligned}$$

$$\text{with } i=1, \dots, 73; j=1, \dots, 3; k=1, \dots, 4; l=1, \dots, 6; t=1, 2$$

where *Voters' behavior_{ijt}* describes the CSU first or total vote share or the voter turnout in the district of MP or MP candidate *i* at time *t* (*j* is equal to 1-3). *Hired relative_i* describes whether MP *i* hired relatives and assumes the value one when the MP *i* was on the Stamm list and zero otherwise. The dummy variable *2013_{it}* assumes the value one for the year 2013. *Hired relative_i*2013_{it}* describes the interaction term, with δ describing the difference-in-differences estimate of the treatment effect. We include other control variables: *Age_{it}* describes the age of the MP or MP candidate at time *t*. The dummy variable *Female_i* assumes the value one for female MPs or MP candidates. The dummy variable *Minister_{it}* assumes the value one when the MP or MP candidate was a minister (or Prime Minister). The dummy variable *Incumbent running_{it}* assumes the value one if the district incumbent ran again for MP. For explaining voter turnout, *Vote margin_{it}* describes how first vote shares differed between the district winner and the runner-up in the respective election (“ex-post approach”; see Geys 2006). *Unemployment rate_{it}* describes unemployment relative to total population in the electoral

district of MP or MP candidate i . In June 2013, exceptional rainfalls influenced a tremendous flooding. Natural disasters were shown to influence re-election prospects (e.g. Bechtel and Hainmueller 2011). We therefore include the dummy variable $Flood\ disaster_{it}$, which assumes the value one for the year 2013 if a disaster alarm was given in a city or county of the electoral district of MP or MP candidate i in the course of the 2013 flood in Central Europe.¹⁸ The dummy variable $City_i$ assumes the value one if an independent city was located in the electoral district. $Region_{it}$ describes dummy variables for the regions where the individual candidates were elected (reference category: Oberbayern), and u_{it} describes an error term. We estimate a difference-in-differences model with standard errors robust to heteroskedasticity (Huber/White/sandwich standard errors – see Huber 1967 and White 1980).

4.5 Regression results

The results in Tables 3 and 4 do not show that the scandal influenced the CSU vote share as measured by the 2013 and the 2008 state election results. The estimates in Table 3 consider the CSU first vote results and thus only include those MPs and MP candidates that were elected in 2008 into parliament with the first vote and ran again for office in 2013. In discussing the results, we focus on our preferred specification including all control variables in column (3). The results do not indicate that the scandal was associated with the CSU share of first votes: the interaction term between $Hired\ relative$ and 2013 does not turn out to be statistically significant. This result does not corroborate evidence from other countries, where voters were shown to punish politicians involved in scandals (see section 2). We provide explanations for this result in the conclusion. The results also do not indicate a scandal district specific effect ($Hired\ relative$) or that the CSU first vote share was higher or lower in 2013. The age and gender of the MP or MP candidate, whether the MP or MP candidate is a

¹⁸ We coded the flooding variable according to http://upload.wikimedia.org/wikipedia/commons/thumb/5/50/Karte_Hochwasser_in_Deutschland_Landkreise.png/972px-Karte_Hochwasser_in_Deutschland_Landkreise.png (accessed 17 October 2014).

minister or the incumbent, and the unemployment rate do not turn out to be statistically significant.¹⁹ The CSU first vote share increased in cases where the district was affected by the 2013 flood disaster. The effect is statistically significant at the 1% level. The numerical meaning of the effect is that when the district was affected by the flood the CSU first vote share increased by 6.6 percentage points. The magnitude of the effect resembles the 7 percentage points effect for the 2002 Elbe flooding (Bechtel and Hainmueller 2011). The CSU first vote share decreased by 3.5 percentage points in cases where an electoral district included an independent city (statistically significant at the 10% level). The CSU first vote share was higher in Oberpfalz, Oberfranken, Unterfranken and Schwaben as compared to Oberbayern (reference category). The CSU obtained 10.4 percentage points in Oberpfalz, 6.4 percentage points in Oberfranken, 5.3 percentage points in Unterfranken, and 3.7 percentage points more first votes in Schwaben as compared to Oberbayern. The effects of Niederbayern and Mittelfranken lack statistical significance at conventional levels.

The estimates in Table 4 consider the CSU total vote results and include all electoral districts, including those where the MP candidate changed between 2008 and 2013. We focus again on our preferred specification including all control variables in column (3). The results do not indicate that the scandal was associated with the CSU share of total votes: the interaction term between *Hired relative* and *2013* does not turn out to be statistically significant. The results also do not indicate a scandal district specific effect (*Hired relative*). The CSU total vote share was higher in 2013. The CSU total vote share increased by 3.1 percentage points as compared to 2008 (statistically significant at the 1% level). The effects of the age and gender of the MP or MP candidate and whether she/he was a minister or the incumbent lack statistical significance. The CSU total vote share decreased by 2.1 percentage points when unemployment increased by 1 percentage point. This finding is in line with many

¹⁹ To be sure, the incumbent variable assumes the value one for all MPs in the year 2013 because we include only MPs that were elected in 2008 (and ran again for office in 2013). The incumbent variable assumes, however, the value zero for the year 2008 when the MP candidate was not elected in the year 2003.

studies which show that the vote shares of governing parties decrease, the higher unemployment is (see, e.g., Cohen and King 2004 and Kellermann and Rattinger 2006). The CSU total vote share increased when the district was affected by the 2013 flood disaster. When the district was affected by the flood the CSU total vote share increased by 5.5 percentage points. The CSU total vote share decreased by 3.2 percentage points when an electoral district included an independent city. The CSU total vote share also differed across regions: The CSU total vote share was highest in Oberpfalz, Unterfranken, Schwaben, and Oberfranken. The CSU obtained 7.2 percentage points in Oberpfalz, 6.3 percentage points in Unterfranken, 4.7 percentage points in Schwaben, and 4.5 percentage points more total votes in Oberfranken as compared to Oberbayern. The CSU total vote share was also higher in Niederbayern and Mittelfranken. The CSU obtained 2.1 percentage points in Niederbayern and 2.0 percentage points more total votes in Mittelfranken as compared to Oberbayern.

The estimates in Table 5 consider voter turnout and include all electoral districts (we focus again on column 3). The results do not indicate that the scandal was associated with voter turnout: the interaction term between *Hired relative* and *2013* does not turn out to be statistically significant. This result contrasts with evidence from the United States, where voter turnout was higher in corrupt districts because politicians may have increased campaigning effort when corruption rents were available (see section 2). In Bavaria, rents from hiring relatives were no longer available after the scandal leaked out. Politicians thus did not increase campaigning effort to capitalize on the benefits of holding office and voter turnout did not increase. Likewise, voter turnout did not decrease as a result of disenchantment with politics. The scandal district specific effect (*Hired relative*) does also not turn out to be statistically significant. The results do, however, indicate that voter turnout was higher in 2013. The effect is statistically significant at the 1% level. The numerical meaning of the effect is that voter turnout increased by 6.2 percentage points as compared to 2008. The effects of the age and gender of the MP or MP candidate, and whether the MP or MP

candidate was a minister or the incumbent lack statistical significance. Voter turnout decreased when the vote margin between the winner and the runner-up of the district was high. The effect is statistically significant at the 10% level and corroborates previous findings on how the vote margin predicts voter turnout (see, e.g., Geys 2006). The numerical meaning of the effect is that voter turnout decreased by 0.05 percentage points when the vote margin increased by 1 percentage point. Voter turnout decreased by 4.0 percentage points when unemployment increased by 1 percentage point. The effect of the flood disaster and whether the electoral district included an independent city does not turn out to be statistically significant. Voter turnout was 6.2 percentage points in Niederbayern, 4.6 percentage points in Schwaben, and 1.8 percentage points lower in Unterfranken as compared to Oberbayern. The effects of Oberpfalz, Oberfranken, and Mittelfranken do not turn out to be statistically significant.

4.6 Robustness tests

We tested whether the results change when we use the difference between the 2013 and the 2008 CSU first or total vote share or voter turnout as a dependent variable. Replicating Tables 3 to 5, the results do not show that the scandal influenced the change in the CSU first and total vote share and the voter turnout.

We used the CSU second vote share as dependent variable. Replicating Table 4, the results do not show that the scandal influenced the CSU second vote share. With the second vote, voters also sort individual politicians on regional party lists by voting for one politician on a list of candidates. It is thus possible that voters punish an individual MP without punishing the respective party (cf. Rudolph and Däubler 2014). In the 2009 UK expenses scandal, voters were shown to have punished MPs and not the MPs' parties (Larcinese and Sircar 2012). We thus tested whether the scandal influenced an individual MP's share of second votes on the respective regional CSU party list. Controlling for whether the candidate

was also running for a direct mandate, for the candidate's position on the regional party list, and for position one on the regional party list,²⁰ the results do not show that voters punished MPs involved in the scandal by voting for an alternative candidate on the regional party list. To be sure, all scandal MPs from the regional party lists were also running as direct candidates – most of them in districts with a large CSU vote share. How these scandal MPs were sorted on regional party lists was thus not important, because they were going to be elected into parliament with the first vote in any event.

We replicated the regressions described in Tables 3 and 4 with the vote shares of the SPD, the Greens, the FDP, and the Free Voters as a dependent variable. The results do not, however, indicate that other parties benefitted in districts where the CSU hired relatives.

We tested how MPs who hired relatives during the year 2000 influenced the CSU vote share and voter turnout. We thus considered only those MPs who hired relatives during the year 2000 as being affected by the scandal. The results do not change as compared to considering all MPs who hired relatives as being affected by the scandal. We also tested whether the results are driven by including/excluding the MPs who hired relatives in the year 2000. Excluding the MPs who hired relatives in the year 2000, the results do not change as compared to including all MPs who hired relatives. Five MPs from the CSU (and nine MPs from other parties) admitted to have hired relatives other than spouses, children, or parents. Considering also these MPs as being affected by the scandal does not change the inferences.

We tested whether the scandal influenced the CSU first vote share when we include also districts in which the MP candidate has changed from 2008 to 2013. We also tested whether the scandal influenced the CSU total vote share and the voter turnout when we include only districts in which the MP candidate has not changed from 2008 to 2013. Replicating Tables 3 to 5, the results do not show that the scandal influenced the CSU first and total vote share and the voter turnout.

²⁰ See Faas and Schoen (2006) on how list positions influence voting behavior in Bavaria.

5. Conclusion

The family scandal in Bavaria 2013 was a hot issue in the German media for many weeks. The state elections in Bavaria on 15 September 2013 and the German federal elections on 22 September 2013 attached a great deal of importance to this scandal.

The results do not show that the scandal influenced the election outcome and voter turnout. So why did involvement in the scandal not influence re-election prospects and voter turnout? Four explanations spring to mind: firstly, in June 2013, exceptional rainfalls influenced a huge amount of flooding. The state government proved competent in its crisis management. This natural disaster eclipsed the political scandal at the time.²¹

Secondly, the Bavarian state election on 15 September 2013 was a test run for the German federal election on 22 September 2013. State elections induce signaling effects for the federal elections. Given that the Bavarian electorate has more conservative views than the average German electorate, Bavarian voters wanted to give the CDU/CSU encouragement and prevent a left-wing federal government.²²

Thirdly, the Bavarian government made a quite good job of dealing with the scandal and clarifying failings. The conservative faction leader immediately resigned; the conservative president of parliament compiled a list of all MPs involved in the scandal; and many MPs repaid the relatives' salaries. The CSU managed to overcome the 2013 family scandal, as the CSU already managed to overcome the *Starfighter scandal* in 1966 or the *Amigo scandal* in 1993. The "extremely close-knit local structure of the CSU (having a local branch in virtually every *Gemeinde* in Bavaria and often even in every single component

²¹ Voters in districts affected by the flood were engaged in reconstruction and dealing with the consequences of the flood. Politics and disenchantment with politicians involved in the 2013 family scandal retired to the background. Another issue is that the CSU/FDP government helped citizens affected by the flood to reconstruct their houses etc. To be sure, the flooding may have an effect in the districts that were affected by the natural disaster and also generated spill-over effects to others. That is to say that a good performance of a politician in a flooding district may have helped CSU politicians of other districts. If those politicians having enjoyed positive spill-over effects are the ones who were involved in the scandal, the flooding effect may have compensated for their personal failure.

²² Schoen (2007, 2008) examines how federal politics influence Bavarian state elections.

predecessor entity)” (Falkenhagen 2013: 397) may well explain how the CSU manages to overcome political scandals. In the entire state, CSU politicians are in close contact to the voters and explain lapses and exploits.

Fourthly, the CSU endorses regional and Bavarian identity. The CSU managed to convey the impression that CSU and Bavaria are broadly identical (Kießling 2004: 71). Falkenhagen (2013) describes the CSU to be an ethno-regional party: “A regional party is rooted in its territory and may promote decentralization as a tool to increase efficiency and general responsiveness of government or as a strengthening of institutional checks and balances as well as identity-driven reasons. An ethno-regional party has the same agenda but its reasons would not be rooted in the territory but in the explicit distinctiveness of the people living there” (p. 399).

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Figure 1: The CSU is the predominant party in Bavaria

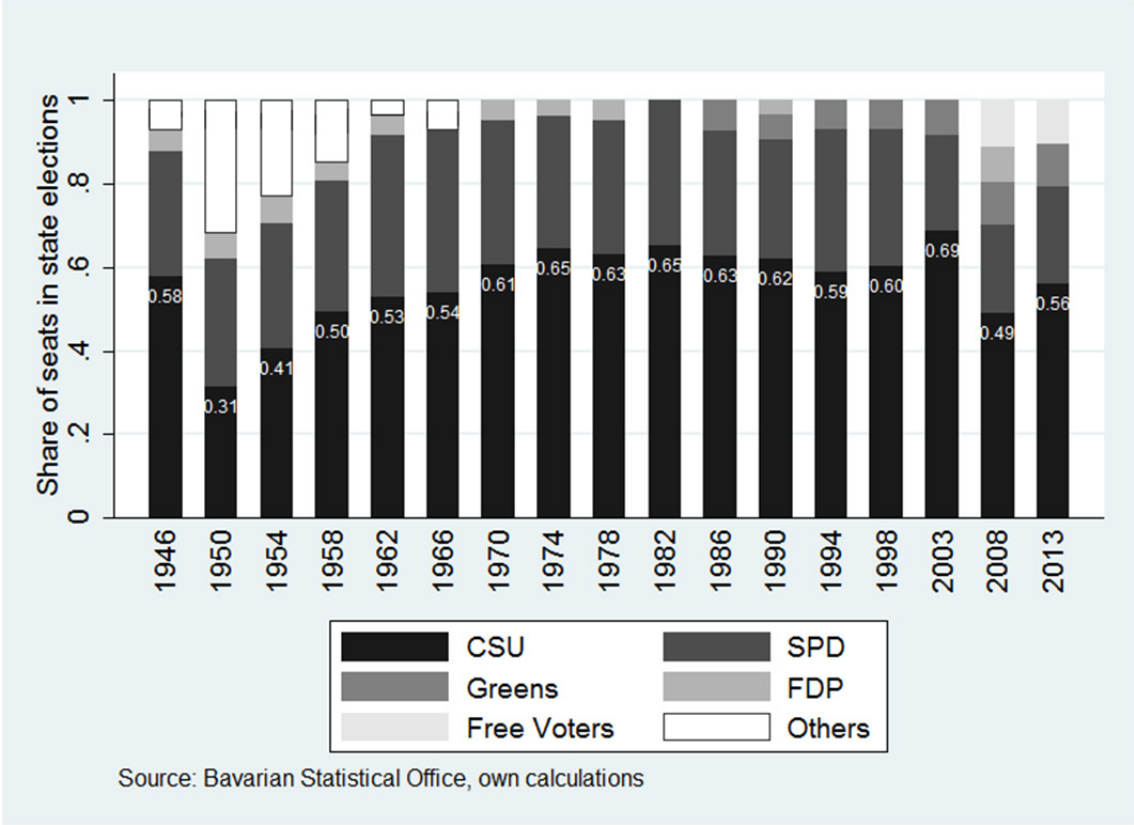
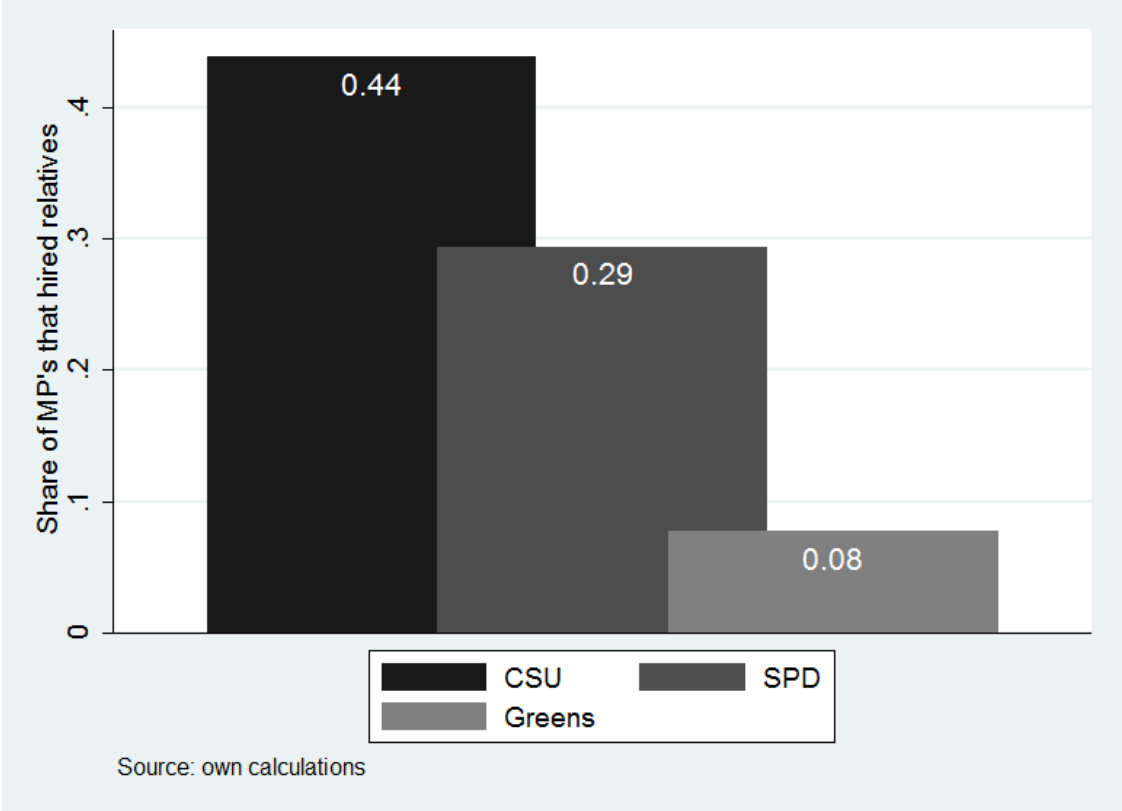
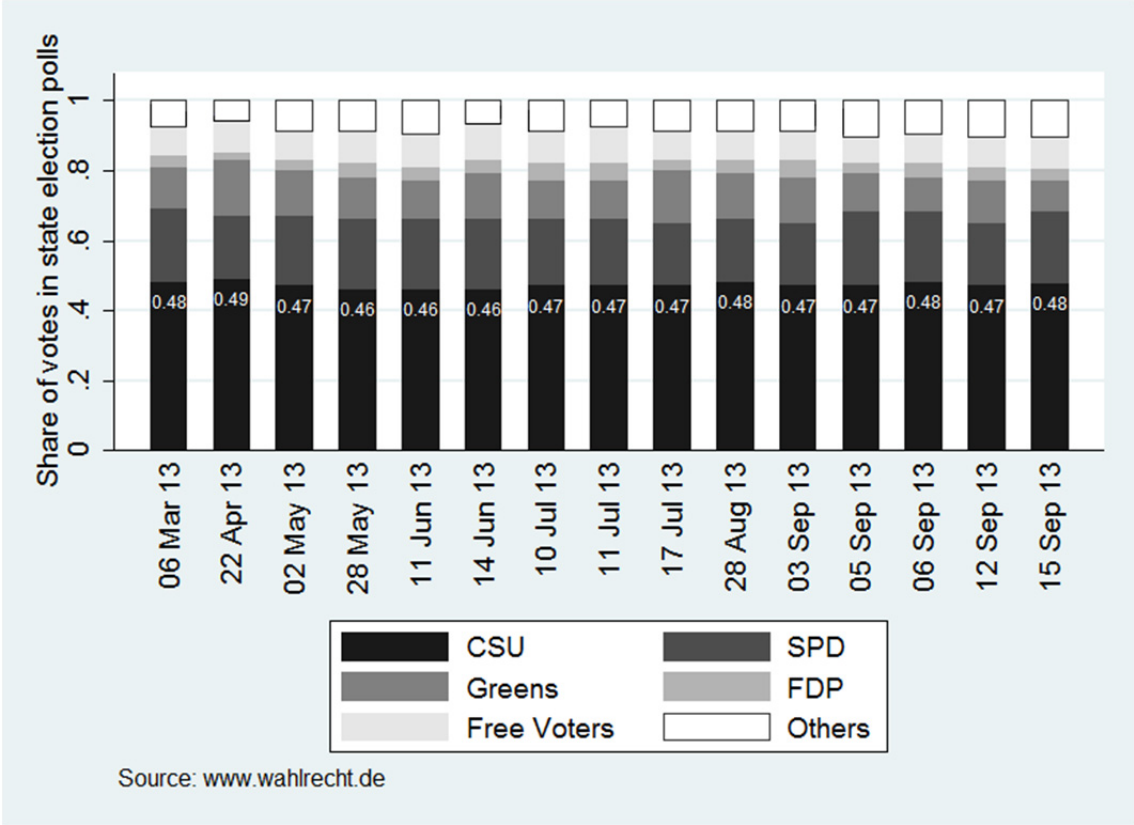


Figure 2: Only MPs from CSU, SPD, and Greens hired relatives



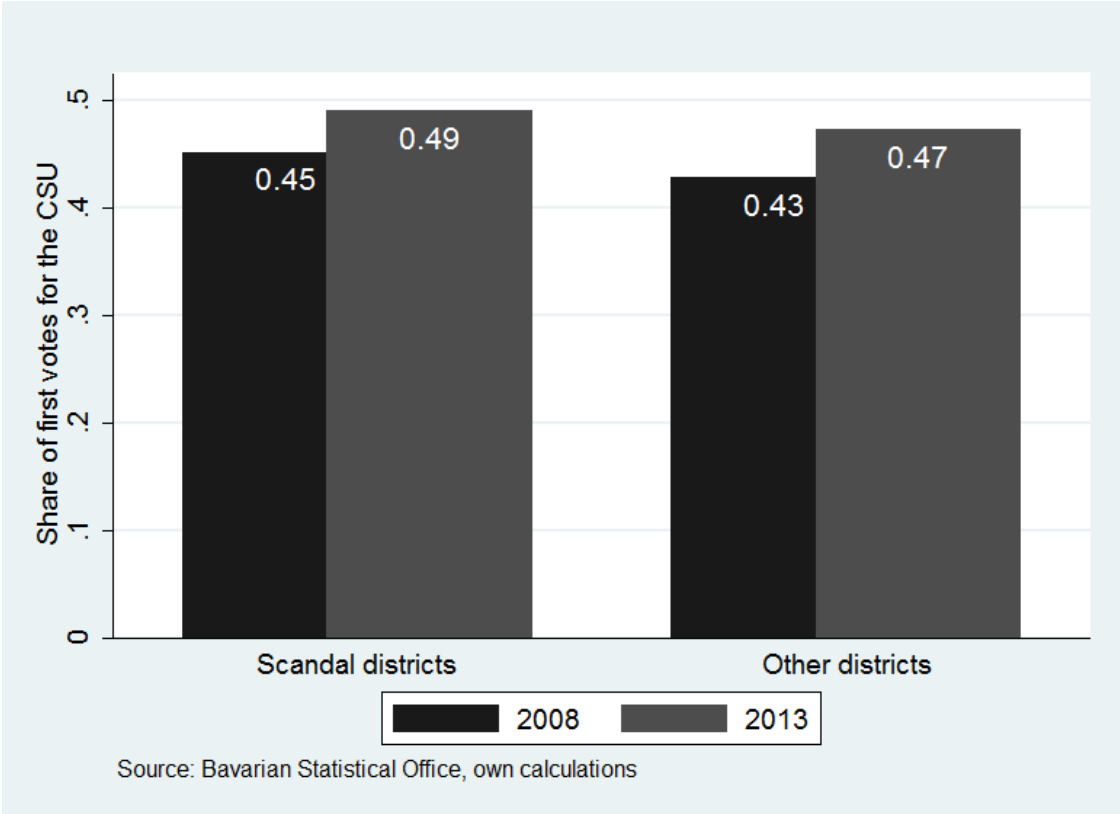
Number of MPs that hired relatives: CSU: 54, SPD: 20, Greens: 1.
 T-test on means (difference between CSU and SPD) with t-value 1.98.

Figure 3: The CSU lost in polls after the scandal emerged in April/May 2013



The last observation describes the 2013 state elections result.

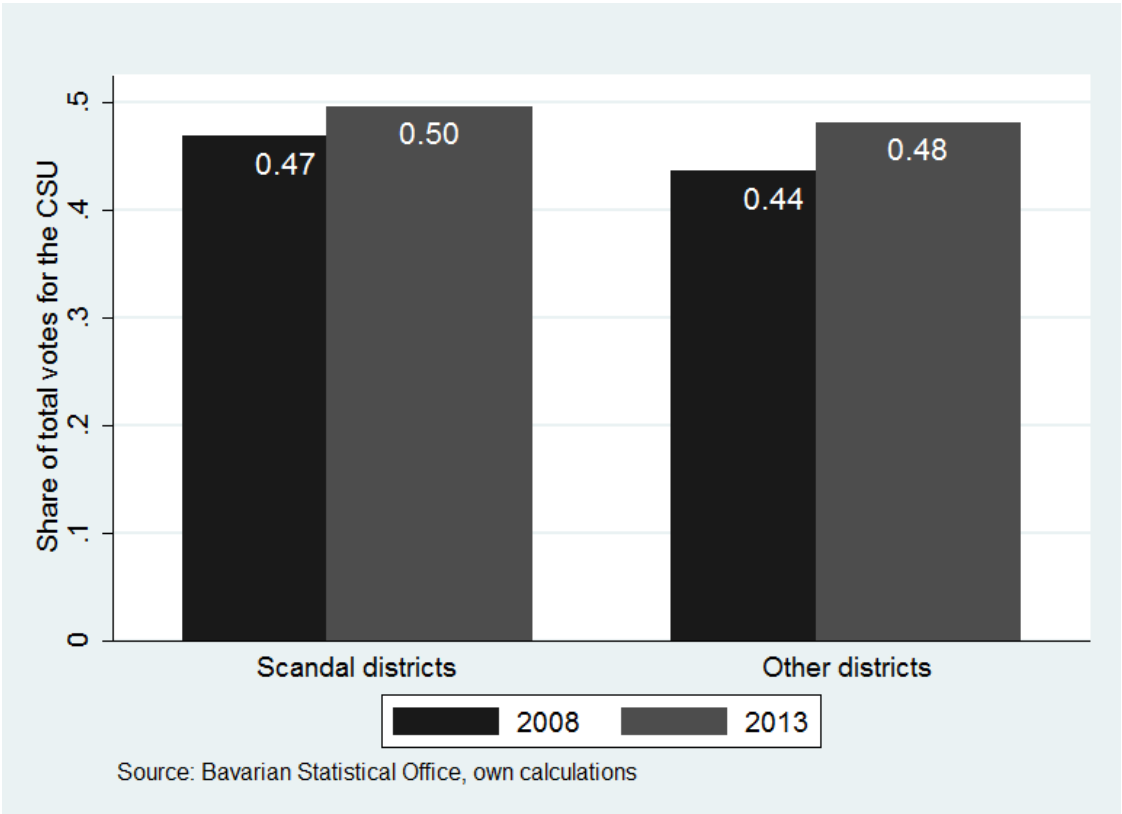
Figure 4: In the 2013 election, the CSU obtained more first votes in both scandal and other districts



Number of scandal districts: 8, number of other districts: 36.

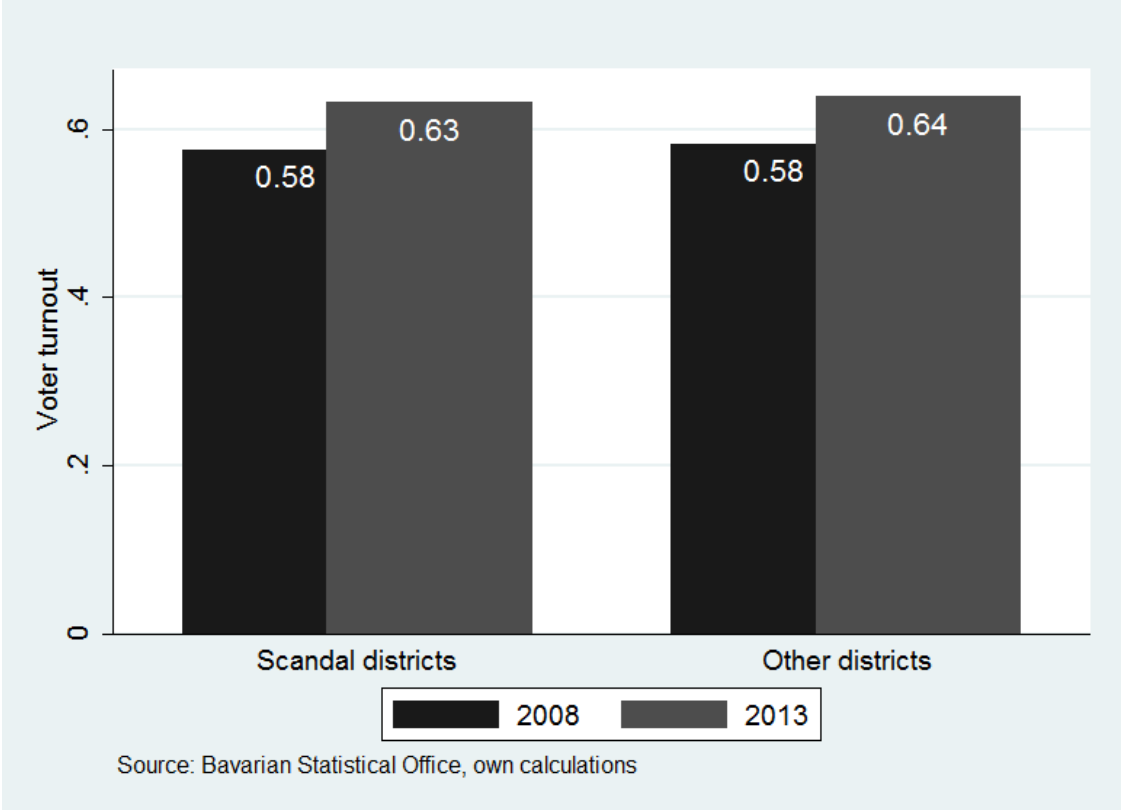
T-test on means (difference between scandal districts and other districts) with t-value 0.44.

Figure 5: In the 2013 election, the CSU obtained more total votes in both scandal and other districts



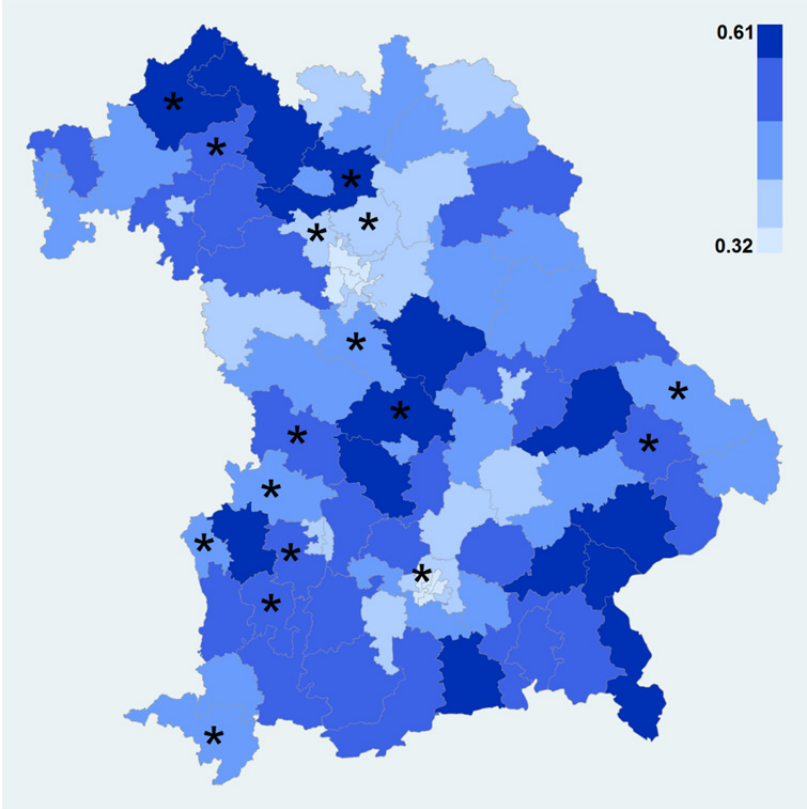
Number of scandal districts: 16, number of other districts: 57.
 T-test on means (difference between scandal districts and other districts) with t-value 1.57.

Figure 6: In the 2013 election, voter turnout increased in both scandal and other districts



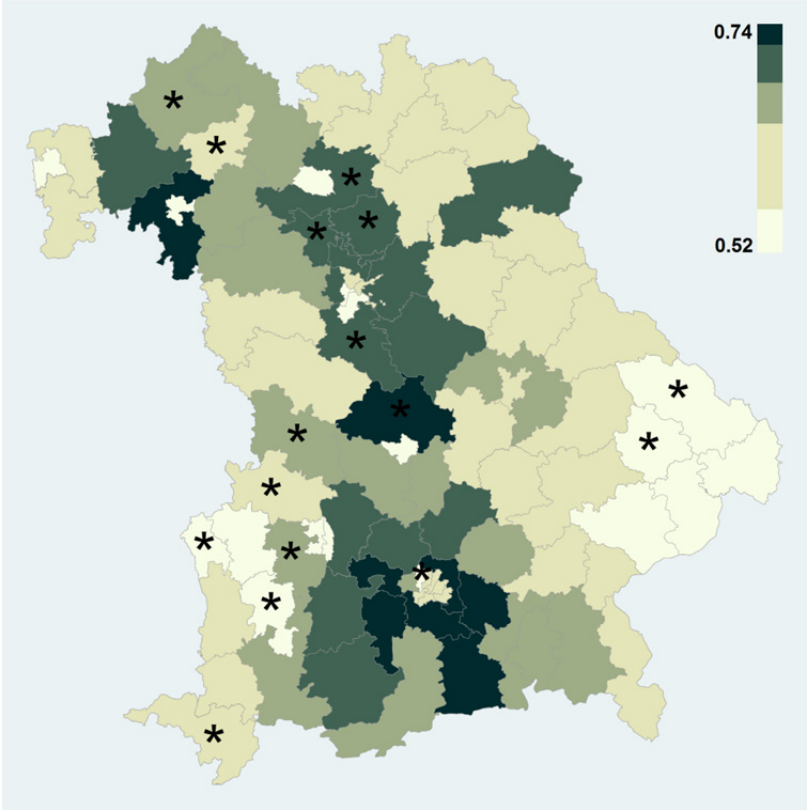
Number of scandal districts: 16, number of other districts: 57.
 T-test on means (difference between scandal districts and other districts) with t-value 0.00.

Figure 7: CSU total vote share in the 2013 election



Districts affected by the scandal are marked with an asterisk. Source: wahlAtlas.net and own illustration.

Figure 8: Voter turnout in the 2013 election



Districts affected by the scandal are marked with an asterisk. Source: wahlAtlas.net and own illustration.

Table 1: Descriptive statistics (sample excluding changed MP candidates)

	Obs.	Mean	Std. Dev.	Min	Max
First vote share CSU 2008	44	0.43	0.05	0.30	0.54
First vote share CSU 2013	44	0.48	0.06	0.34	0.63
Hired relative	88	0.18	0.39	0	1
2013	88	0.50	0.50	0	1
Age	88	51.59	8.81	32	70
Female	88	0.14	0.35	0	1
Minister	88	0.10	0.30	0	1
Incumbent running	88	0.85	0.36	0	1
Unemployment rate	88	0.02	0.01	0.01	0.04
Flood disaster	88	0.13	0.33	0	1
City	88	0.43	0.50	0	1
Niederbayern	88	0.16	0.37	0	1
Oberbayern	88	0.32	0.47	0	1
Oberpfalz	88	0.02	0.15	0	1
Oberfranken	88	0.07	0.25	0	1
Mittelfranken	88	0.14	0.35	0	1
Unterfranken	88	0.11	0.32	0	1
Schwaben	88	0.18	0.39	0	1

Table 2: Descriptive statistics (sample including changed MP candidates)

	Obs.	Mean	Std. Dev.	Min	Max
Total vote share CSU 2008	73	0.44	0.05	0.30	0.54
Total vote share CSU 2013	73	0.48	0.06	0.34	0.61
Voter turnout 2008	73	0.58	0.04	0.49	0.66
Voter turnout 2013	73	0.64	0.04	0.52	0.74
Hired relative	146	0.22	0.42	0	1
2013	146	0.50	0.50	0	1
Age	146	51.00	9.11	31	70
Female	146	0.17	0.38	0	1
Minister	146	0.11	0.31	0	1
Incumbent running	146	0.69	0.46	0	1
Vote margin	146	0.26	0.10	0.03	0.52
Unemployment rate	146	0.02	0.01	0.01	0.04
Flood disaster	146	0.12	0.32	0	1
City	146	0.34	0.48	0	1
Niederbayern	146	0.12	0.33	0	1
Oberbayern	146	0.33	0.47	0	1
Oberpfalz	146	0.03	0.16	0	1
Oberfranken	146	0.07	0.25	0	1
Mittelfranken	146	0.16	0.37	0	1
Unterfranken	146	0.11	0.31	0	1
Schwaben	146	0.18	0.38	0	1

Table 3: Regression results. Dependent variable: First vote share CSU. Difference in differences with standard errors robust to heteroskedasticity (Huber/White/sandwich standard errors)

	(1)	(2)	(3)
Hired relative*2013	-0.007 (0.027)	-0.002 (0.031)	0.005 (0.024)
Hired relative	0.006 (0.020)	0.006 (0.025)	0.007 (0.019)
2013	0.045*** (0.013)	0.034** (0.015)	0.019 (0.012)
Age		0.001 (0.001)	0.000 (0.001)
Female		0.024* (0.014)	0.020 (0.013)
Minister		0.012 (0.029)	0.021 (0.020)
Incumbent running		0.017 (0.021)	0.016 (0.020)
Unemployment rate			-1.180 (1.149)
Flood disaster			0.066*** (0.024)
City			-0.035* (0.019)
Niederbayern	0.066*** (0.017)	0.060*** (0.018)	0.030 (0.019)
Oberpfalz	0.102*** (0.017)	0.117*** (0.015)	0.104*** (0.021)
Oberfranken	0.046* (0.024)	0.039 (0.025)	0.064*** (0.015)
Mittelfranken	-0.011 (0.019)	-0.021 (0.024)	0.017 (0.018)
Unterfranken	0.040** (0.017)	0.041** (0.017)	0.053*** (0.014)
Schwaben	0.035* (0.019)	0.024 (0.019)	0.037*** (0.012)
Constant	0.406*** (0.014)	0.354*** (0.035)	0.409*** (0.042)
Observations	88	88	88
R-squared	0.349	0.384	0.598

Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 4: Regression results. Dependent variable: Total vote share CSU. Difference in differences with standard errors robust to heteroskedasticity (Huber/White/sandwich standard errors)

	(1)	(2)	(3)
Hired relative*2013	-0.017 (0.019)	-0.019 (0.020)	-0.003 (0.017)
Hired relative	0.025** (0.012)	0.026* (0.013)	0.006 (0.010)
2013	0.045*** (0.010)	0.045*** (0.010)	0.031*** (0.008)
Age		0.000 (0.001)	-0.000 (0.000)
Female		0.018 (0.011)	0.006 (0.010)
Minister		-0.003 (0.014)	0.003 (0.011)
Incumbent running		0.001 (0.011)	0.013 (0.009)
Unemployment rate			-2.120*** (0.703)
Flood disaster			0.055*** (0.015)
City			-0.032*** (0.011)
Niederbayern	0.034** (0.013)	0.035** (0.013)	0.021* (0.013)
Oberpfalz	0.078*** (0.012)	0.083*** (0.014)	0.072*** (0.012)
Oberfranken	0.018 (0.019)	0.019 (0.020)	0.045*** (0.017)
Mittelfranken	-0.017 (0.014)	-0.014 (0.015)	0.020* (0.011)
Unterfranken	0.046*** (0.013)	0.051*** (0.013)	0.063*** (0.012)
Schwaben	0.031** (0.014)	0.032** (0.014)	0.047*** (0.010)
Constant	0.423*** (0.010)	0.412*** (0.029)	0.471*** (0.028)
Observations	146	146	146
R-squared	0.306	0.318	0.571

Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

Table 5: Regression results. Dependent variable: Voter turnout. Difference in differences with standard errors robust to heteroskedasticity (Huber/White/sandwich standard errors)

	(1)	(2)	(3)
Hired relative*2013	-0.000 (0.015)	-0.005 (0.014)	-0.006 (0.011)
Hired relative	0.008 (0.011)	0.011 (0.011)	-0.005 (0.008)
2013	0.056*** (0.007)	0.055*** (0.007)	0.062*** (0.006)
Age		0.000 (0.000)	0.000 (0.000)
Female		0.012 (0.009)	0.005 (0.007)
Minister		-0.006 (0.013)	-0.002 (0.009)
Incumbent running		-0.013 (0.008)	-0.000 (0.007)
Vote margin			-0.054* (0.030)
Unemployment rate			-3.999*** (0.595)
Flood disaster			-0.010 (0.009)
City			-0.002 (0.008)
Niederbayern	-0.070*** (0.010)	-0.068*** (0.010)	-0.062*** (0.008)
Oberpfalz	-0.018 (0.018)	-0.012 (0.019)	-0.029 (0.018)
Oberfranken	-0.025** (0.011)	-0.023** (0.012)	-0.003 (0.008)
Mittelfranken	-0.023** (0.011)	-0.021** (0.010)	0.004 (0.007)
Unterfranken	-0.030*** (0.009)	-0.026*** (0.009)	-0.018*** (0.007)
Schwaben	-0.056*** (0.010)	-0.054*** (0.010)	-0.046*** (0.007)
Constant	0.607*** (0.006)	0.593*** (0.020)	0.689*** (0.020)
Observations	146	146	146
R-squared	0.534	0.554	0.753

Robust standard errors in parentheses; *** p<0.01, ** p<0.05, * p<0.1

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