

Stadelmann, David; Portmann, Marco; Eichenberger, Reiner

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Center for Research in Economics, Management and the Arts

Full transparency of politicians' actions does not increase the quality of political representation

Working Paper No. 2013-17

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Full transparency of politicians' actions does not increase the quality of political representation*

David Stadelmann^{a,c}

Marco Portmann^b

Reiner Eichenberger^{b,c}

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Abstract: We identify the impact of transparency in political decision-making on the quality of political representation with a difference-in-difference strategy. The quality of political representation is measured by observed divergence of parliamentary decisions from revealed voter preferences on the very same issues. Full transparency of votes of individual politicians does not decrease divergence from voter preferences.

Keywords: Transparency, quality of political decisions, representation, parliament, individual votes, referenda

JEL Classification: D70, D80, H11

Political Science Classification: Representation, transparency, parliamentary decisions, political behavior, comparative politics

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^a University of Bayreuth, RW I, Room 1.0 02 148, Universitätsstraße 30, 95447 Bayreuth (Germany).

^b University of Fribourg, Bd. de Pérolles 90, 1700 Fribourg (Switzerland).

^c CREMA – Center for Research in Economics, Management and the Arts, Switzerland.

Corresponding author: Marco Portmann, marco.portmann@unifr.ch.

I. INTRODUCTION

Transparency in political decision-making is often proposed as a remedy to failures of the political agency. Transparent individual decisions are thought to foster accountability and align the interests of politicians/agents with voters/principals. Many countries have implemented open government reforms (Carey 2008) and grant public access to recorded individual votes, i.e. votes with the names of politicians voting for and against a proposal.

However, a small number of recent theoretical contributions (e.g. Prat 2005 or Fox 2007) highlight potential negative consequences of transparency in decision-making on the quality of policy outcomes and representation of voter preferences, in particular when actions of politicians such as individual votes are recorded and publicly available. Empirical evidence for the causal effects of full transparency on political decision-making is scarce at best. The present paper attempts to fill this gap using an especially informative natural setting.

Voters in Switzerland reveal their policy preferences in referenda. Parliamentarians vote on the very same policy issues as voters in referenda. Thus, we can directly confront referendum results with parliamentary decisions in the Lower and Upper House of the Swiss Parliament to obtain a direct measure of divergence, i.e. an inverse measure for the quality of politicians' decisions with respect to voter preferences. Since winter 2006, publicly available full video streams of the Upper House's sessions readily allow identifying votes of individual politicians, instead of only aggregate decisions prior to 2006. Final individual votes of politicians from the Lower House have been recorded electronically and published before and after the year 2006. Thus, we exploit a difference-in-difference setting to identify the effect of increased transparency of individual votes on the quality of politicians' decisions with respect to voter preferences. Results show that making it easier to identify individual votes and actions of politicians *does not* necessarily improve the quality of representation by more closely aligning political decisions with voter preferences.

We present the empirical identification strategy in Section 2, assess the causal effect of transparency on the quality of political representation in Section 3, and conclude in Section 4.

II. INSTITUTIONAL SETTING AND IDENTIFICATION STRATEGY

We exploit a unique quasi-natural institutional setting in Switzerland to identify the effect of transparency of politicians' votes on the quality of political decisions with respect to voter preferences.

Two houses, the Lower House (National Council/Nationalrat) and the Upper House (Council of States/Ständerat) make up the Swiss Parliament. Both houses have the same political power and decide on the same laws and constitutional amendments. Members of the Lower House are elected under a system of proportional representation with open party lists and the members of the Upper House are elected by plurality rule.¹ Aggregated results of final policy decisions in both houses are published.

Following the trend towards open government, video streams of the parliamentary sessions are publicly available since the winter session 2006 and directly accessible (even on the internet). Thus, individual final votes of members of the Upper House can readily be identified as politicians vote by raising their hands. Before 2006, identifying individual votes in the Upper House ex-post was impossible. It is important to note that parliamentarians did never vote themselves on making video streams available but neither did they impede the Parliamentary Services from publishing them. Higher transparency was constantly demanded by several proponents, including certain party officials, the media, and outlets such as Politnetz.ch.² Individual final votes of politicians of the Lower House had been recorded electronically since 1995 and were made publically available automatically ever since.

Legislative and constitutional proposals by Parliament are not directly enacted. Swiss voters can demand a referendum and they can propose constitutional amendments by initiatives (Frey 1994; Portmann et al. 2012).³ Referendum results reflect voter preferences on legislative proposals (Schneider et al. 1981). Voters and parliamentarians decide on the very same proposals with exactly the same wording. Thus, parliamentary decisions in both houses can be matched and directly compared with revealed voter preferences in referenda (Hersch and McDougall 1988; Matsusaka 2010; Carey and Hix 2013).

We take the absolute difference between the voter yes-share in the referendum and the yes-share of politicians in their parliamentary decisions in the respective houses as a natural and inverse measure of the quality of political decisions, i.e. we *observe* divergence from voter preferences of the two houses. The absolute difference to the voter yes-share of each house represents a meaningful measure of preference representation (Golder and Stramski 2010). Different *levels* of divergence for the two houses are due to the electoral system which

¹ This difference between the houses remained stable over time and, thus, will play no role for our identification strategy, as will become apparent.

² Evaluations of final individual votes of the Upper House were a topic ahead of the 2011 elections (e.g. “NZZ am Sonntag, No. 35, 28.08.2011, p.15”).

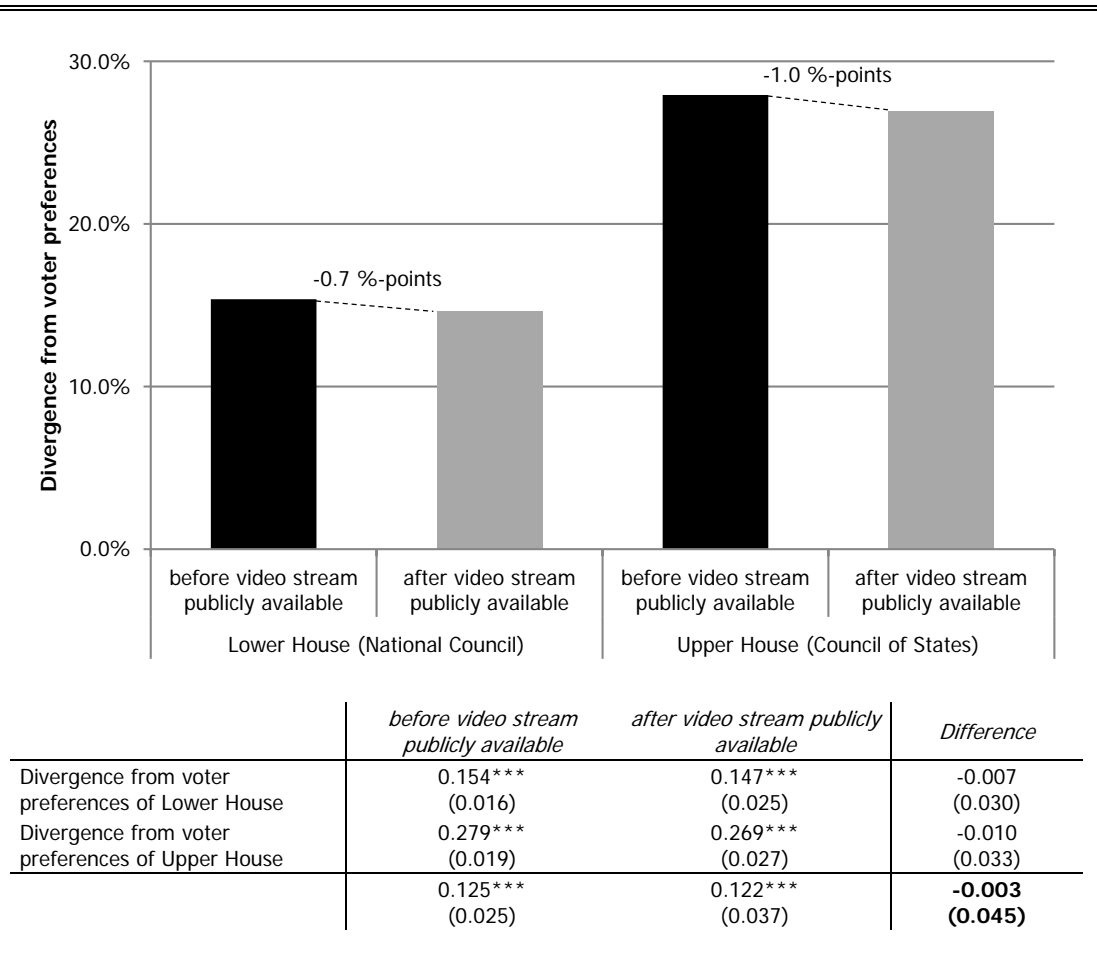
³ For constitutional amendments referenda are mandatory and politicians are required to vote on initiatives.

remained unchanged over the period analyzed, thus, making the Lower House a control group for the Upper House, where transparency of individual decisions changed. Divergence from voter preferences is associated with adverse consequences, in particular regarding candidates' election prospects when running for the Upper House (Stadelmann et al. 2013).

Similar to other countries, Swiss parliamentarians need to resort to common methods (surveys, experience, etc.) to infer voter preferences as they are only revealed after parliamentary decisions which is also essential when evaluating legislative shirking (Garret 1999). The results are, thus, generalizable to other decisions where policy preferences are not directly observable.

Our dataset consists of 91 referenda on a broad range of different topics. The corresponding, identically worded parliamentary decisions in each of the two houses took place during the three legislatures (46th, 47th, 48th) from 1999 to 2011, leading to a total of 182 observations. All data are available from the Swiss Parliamentary Services.

Figure 1: The effect of full transparency of individual votes on divergence of politicians from voter preferences



Notes: ***, **, and * indicate significance levels of below 1 %, between 1 and 5 %, and between 5 and 10 %, respectively.

The identification strategy follows from the institutional setting: We observe actual divergence from voter preferences of the Lower and the Upper House for the whole period of analysis. From 2006 onwards (during the third year of the 47th legislature; over a year prior to elections), individual votes of members of the Upper House become fully transparent through the introduction of video streams. Individual votes in the Lower House were public throughout the period of analysis. Thus, we employ a standard difference-in-difference strategy to identify the causal impact of increased transparency on the quality of political decisions with respect to actual voter preferences.

III. RESULTS

Figure 1 and the accompanying table convey the central effect of increased transparency on divergence from voter preferences.

Before the public availability of video streams (prior to winter 2006), average divergence from voter preferences was 15.4%-points in the Lower House and 27.9%-points in the Upper House. After the public availability of video streams, divergence was 14.7%-points in the Lower House and 26.9%-points in the Upper House. Thus, the reduction in divergence corresponds to 0.7%-points for the Lower and 1.0%-points for the Upper House. The difference-in-difference identifies the causal effect of the increase in transparency which corresponds to a meager and insignificant 0.3%-points lower divergence. These results do not support common claims that increased transparency generally improves the quality of political representation.

Table 1, specification (1) confirms the baseline results from Figure 1 with a dummy for the Upper House, a dummy indicating the public availability of video streams, and an interaction between the two to identify the effect of increased transparency. Specification (2) shows that even in the short term (30 matched parliamentary/referenda decisions directly before and after the introduction of full transparency) no significant impact of transparency can be observed and the point estimates of the interaction effect is even positive.⁴

⁴ When reducing the set to the 47th legislature only (when video streams were made public) the interaction effect is also positive and not significant. When including the full 45th legislature and first results for the current 49th legislature, the effect of more transparency remains insignificant.

Table 1: Difference-in-difference - Full transparency of individual votes due to video stream availability does not reduce divergence of politicians from voter preferences

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<i>Full sample</i>	<i>30 referenda before/after</i>	<i>Conflict business vs. unions</i>	<i>Conflict left vs. right</i>	<i>Initiatives only</i>	<i>High turnout referenda</i>	<i>Full sample</i>
Upper House	0.1257*** (0.0251)	0.1317*** (0.0329)	0.1213*** (0.0319)	0.1371*** (0.0287)	0.1037*** (0.0260)	0.1178*** (0.0400)	0.1257*** (0.0227)
Video publicly available	-0.0072 (0.0297)	0.0298 (0.0389)	0.0275 (0.0482)	-0.0163 (0.0311)	-0.0079 (0.0347)	-0.0594 (0.0406)	0.0039 (0.0287)
(Upper House) * (Video publicly available)	-0.0032 (0.0442)	0.0073 (0.0567)	0.0050 (0.0744)	-0.0225 (0.0471)	0.0018 (0.0503)	0.0346 (0.0622)	-0.0032 (0.0414)
Turnout in referendum							0.0044*** (0.0014)
Is initiative							-0.1061*** (0.0199)
Conflict between left and right parties							-0.0085 (0.0288)
Intercept	0.1537*** (0.0163)	0.1148*** (0.0156)	0.1367*** (0.0210)	0.1525*** (0.0186)	0.1134*** (0.0190)	0.1681*** (0.0269)	0.0049 (0.0591)
R2	0.166	0.287	0.148	0.179	0.193	0.177	0.291
n. Obs.	182	60	106	154	84	88	182

Notes: The dependent variable for all estimations is "Divergence from voter preferences". Robust standard errors are reported throughout the table. ***, **, and * indicate significance levels of below 1 %, between 1 and 5 %, and between 5 and 10 %, respectively.

Transparency in political decisions may be particularly important when conflicts of interest arise. However, focusing on a subsample where business associations and trade unions issue different voting recommendations, we do not observe any significant impact of public video stream availability (specification 3). Similarly, when left and right political parties issue different recommendations (specification 4), more transparency does not play any significant role for decreasing divergence either.⁵

Making the decision process in politics more transparent may have disadvantages when voters have priors for controversial issues (Fox 2007). Initiatives are usually more controversial than proposals brought forward by Parliament. Focusing on initiatives only, we find a positive but not significant difference-in-difference effect in specification (5). The importance of a policy issue in a referendum is partly reflected by turnout. In specification (6) we consider a subset of referenda which received a relatively high turnout. While we do not find any significant effect of increased transparency, the point estimate is with 3.5%-points relatively large and again positive which suggests, if anything, higher divergence for potentially controversial proposal due to transparency as predicted by Prat (2005) and Fox (2007).

⁵ We employ official recommendations of the largest Swiss Business Federation "economiesuisse", the "Federation of Swiss Trade Unions" (specification 3), the Swiss People's Party, and the Social Democrats (specification 4) as recorded by the Parliamentary Services.

Finally, specification (7) looks at the full sample and includes additional control variables. Again, we do not find any significant interaction effect of video availability on divergence of politicians from voter preferences.

IV. CONCLUSIONS

Pundits of fully transparent political processes suggest that transparency fosters accountability towards voters. We exploit a natural setting to test this claim and analyze the effect of transparency of political processes on the quality of political decisions. We use observed divergence of politicians from voter preferences as an inverse and direct measure of quality. Introduction of publicly available video streams of the debates and votes of the Swiss Parliament in 2006 allows identifying individual votes of politicians in the Upper House. Final individual votes have been public before 2006 for the Lower House of Parliament. Thus, we use a difference-in-difference setting to identify the causal effect of transparency on divergence from voter preferences.

Empirical results show that full transparency does not increase the quality of political representation in the Upper House compared to the Lower House. Point estimates of the impact of increased transparency of individual actions on divergence from voter preferences are sometimes even positive, in particular for controversial issues where voters may hold priors. We find no clear support for the common belief that transparency increases accountability.

While our empirical results seem unexpected, they are generally consistent with recent and elaborated models (Prat 2005 and Fox 2007) which highlight potential negative impacts of transparency of *individual* votes on the quality of political representation. Studies from other areas where video streams/surveillance was introduced also cast doubt on the effectiveness of such measures (see Stutzer and Zehnder 2013 for a review of video surveillance).

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