

# **Electoral Balancing, Divided Government, and Midterm Loss in German**

## **State Elections \***

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\* We would like to thank Michael Bechtel, Richard Bense, Alexis Diamond, Jan Martin Lemnitzer, Walter Mebane, Heinz Harald Nax, and Philip Rehm for helpful comments on earlier drafts. They bear no responsibility for remaining errors. The order in which our names appear on the title page was determined by a random draw using R. Neither of us could have written this article without the other's help.

## Abstract:

By examining German state elections, this article provides the first direct test of Alesina and Rosenthal's (1989; 1995; 1996) and Fiorina's (1992) models of electoral balancing in a non-US context. Because of the federal structure of the German political system, federal policy outcomes are a compromise between the policy preferences of the party controlling the *Bundestag* (the lower chamber of the federal legislature) and the party controlling the *Bundesrat* (the upper chamber). If the federal government controls both chambers, it is largely unconstrained in the implementation of its ideal policies, but if the *Bundesrat* is under the control of opposition parties, federal policies are moderated. Since the *Bundesrat* is composed of representatives of state governments, "middle-of-the-road" voters can use state elections to balance against the federal government by voting for federal opposition parties. Such electoral balancing leads to midterm losses. If balancing is key in explaining midterm losses, they should vary by government type. We expect to see strong midterm losses under unified but not divided government, since in the latter case federal policies are already moderated. Panel regressions on a newly compiled dataset of all German state elections for the 1949-2004 period fail to falsify this hypothesis. Our results thus strongly support the notion that electoral balancing models are applicable to countries other than the United States. In fact, the electoral balancing resolves the long-standing controversy about why midterm losses occur in Germany. Furthermore, for the German case, our findings also imply that unified government is unsustainable in the long run. When the incumbent has a majority in both chambers, midterm losses in state elections invariably accumulate, eventually leading to a switch in the *Bundesrat* majority. Frequent policy moderation is the consequence.

## I. Introduction

In American politics, it is a well-established fact that the party holding the White House almost always loses votes in Congressional midterm elections. This midterm loss phenomenon has also been observed across other presidential and parliamentary democracies (Norris and Feigert 1989; Shugart 1995). British by-elections, for example, exhibit a clear pattern: the party in government loses votes, while the opposition gains vote share (Anderson and Ward 1996). In Germany, federal incumbency has a similar effect on state (*Länder*) elections. The parties controlling the federal government regularly lose votes in state elections, whereas the opposition parties improve their vote share. Yet, despite an enormous amount of scholarly output spanning five decades, no generally accepted explanation for this seemingly universal pattern has emerged.

By examining German state elections, this article provides the first direct test of Alesina and Rosenthal's (1989, 1995, 1996) and Fiorina's (1992) models of electoral balancing in a non-US context. We show that balancing is the critical determinant of midterm losses in Germany. Therefore, beyond adding to the empirical knowledge of the German electoral system, our article also provides a much-needed test of the electoral balancing hypothesis in a new, non-American setting.

Because of the federal structure of the German political system, federal policy outcomes are a compromise between the policy preferences of the party controlling the *Bundestag* (lower chamber) and the party controlling the *Bundesrat* (upper chamber). The federal government is largely unconstrained in the implementation of its ideal policies if the parties supporting it in the *Bundestag* also hold the majority in the *Bundesrat*. If, on the other hand, the *Bundesrat* is under the control of opposition parties, federal policy is moderated because of their veto power (Bräuninger and König 1999; König 2001). Since the *Bundesrat* is composed of representatives of state governments, voters who dislike the policy preferences of the federal government can vote for federal opposition parties in state elections to balance against the federal government. Recurring periods of divided government and policy moderation are the consequence.

According to the electoral balancing hypothesis, we expect strong midterm losses under unified government, when state elections are used by “middle-of-the-road” voters to balance against the federal government. Under divided government, however, voters will have little electoral incentive to use state elections as a balancing device. Policy outcomes, representing a compromise between the preferences of the federal government and the opposition parties controlling the *Bundesrat*, are already moderated. There is little to balance against; and we therefore expect to see no midterm loss.

We test this hypothesis alongside alternative explanations by means of a newly compiled panel data set that records state-party vote shares for all German state elections from the 1949-2004 period. We conduct a series of econometric tests to show that other explanations of midterm loss proposed so far are incompatible with the empirical evidence offered by the German case. Using a new measure to distinguish between midterm losses under divided and unified government, we find strong support for the electoral balancing hypothesis. Only when the federal incumbent controls both chambers of the legislature do we see a robust midterm loss. Under divided government, in contrast, midterm losses do not occur. Prior research on German elections has overlooked this important regularity.

Our article is structured as follows: The next section introduces the electoral balancing models proposed by Alesina and Rosenthal (1989, 1995, 1996) and Fiorina (1992), and it briefly surveys alternative explanations. Part 3 provides a short overview of the German electoral system and summarizes the scant work on the midterm loss in Germany. Part 4 introduces our econometric model. Part 5 discusses the results. The last section concludes and discusses theoretical implications as well as directions for future research.

## **II. Explaining Midterm Losses**

There exists a variety of explanations for the midterm loss pattern in the American context (Erikson 1988). According to the “regression toward the mean” or “presidential

coattails” view (Oppenheimer, Stimson, and Waterman 1986; Campbell 1985; Hinckley 1967), midterm losses are a negative function of the incumbent’s vote share in the preceding election. As Campbell (1985: 1140) puts it, “the bigger they are, the harder they fall.” Another theory predicts that different groups of voters will participate in midterm and non-midterm elections, resulting in characteristic “surge-and-decline” turnout cycles and midterm losses (Campbell 1966). Tufte (1975, 1978) argues that midterm elections primarily serve as “referenda” on the performance of the administration’s management of the economy. We attempt to account for all these possibilities in the following analysis.

More recent explanations for the midterm loss focus on electoral balancing (Alesina and Rosenthal 1989, 1995, 1996; Fiorina 1992). According to this view, “middle-of-the-road” voters take advantage of the checks and balances implicit in the interaction between Congress and the President. Since policy outcomes reflect compromises between the executive and legislative branches, they can moderate the president by handing control of Congress to the opposing party. When Republican presidents are forced to bargain with a Democratic Congress, for example, they must accept policy outcomes that are more liberal than what they prefer. The same is true in the opposite case: a situation in which a Democratic president is faced with a Republican Congress will lead to more conservative policy outcomes than what could be expected from unified Democratic government. Handing control over the two branches to opposing parties thus enables “middle-of-the-road” voters, even when faced with polarized parties, to achieve policy moderation.<sup>1</sup> In consequence, divided government occurs because “middle-of-the-road” voters like it; it is not an accident but the result of some voters’ preference for moderate policies.

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<sup>1</sup> There is a crucial difference between the models proposed by Alesina and Rosenthal (1989, 1995, 1996) and Fiorina (1992). Fiorina assumes that voters are sincere voters, whereas in Alesina and Rosenthal’s model they only vote sincerely conditional on the outcome of the presidential election. The actors populating Fiorina’s model do not act strategically; their actions do not depend on what other voters do. While this is an important difference, we will ignore it in the present context. The aggregate-level data we use here do not allow us to discriminate between the two models.

Work on German elections has generally ignored electoral balancing models.<sup>2</sup> After all, Alesina, Rosenthal, and Fiorina have developed their models with reference to the American political system which differs from the German political system in several respects. We nonetheless think that the balancing model can be fruitfully applied to Germany. This also provides the important opportunity to see whether electoral balancing models travel well outside the context in which they were developed. As Lohmann et al. (1997: 421) point out, “it is clearly of interest to apply hypotheses that were originally developed to explain American politics to the politics of other countries such as Germany.”

In order to establish that electoral balancing models are applicable to the German case, we have to make explicit the assumptions on which these models rest. The models proposed by Alesina, Rosenthal and Fiorina both share certain characteristics: they assume that the policy space is one-dimensional, that party positions are polarized, and that party platforms remain relatively fixed over time (Alesina and Rosenthal 1995; Fiorina 1992). These premises appear to fit the German case quite well. Party positions in Germany’s multiparty system clearly differ from one another, with the Greens and the SPD situated on the left of the median voter, and the FDP and CDU on the right. Party positions have remained relatively stable over time (Merkl 1980; Lehbruch 1976; Niedermayer 1998; Roberts 1990). Moreover, the work by Klingemann and others has shown that policies can meaningfully be organized on a single left-right dimension (Klingemann et al. 1994; Klingemann and Volkens 1992). All of this suggests that it is possible to apply electoral balancing models to the German case. We next turn to a discussion of the German electoral system.

### **III. Balancing and the German Midterm Loss Phenomenon**

Germany has a two-tiered system of government, consisting of 16 state governments and the federal government (11 state governments before reunification in 1990). Federal elections to

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<sup>2</sup> Lohmann et al. (1996), discussed below, is the sole exception.

the *Bundestag*, the lower chamber of the federal parliament, take place every four years. Elections to the state legislatures are staggered between *Bundestag* elections and take place in 4 or 5 year intervals, depending on state legislation. The two major “catch-all” parties in Germany are the Christian Democratic Union/Christian Social Union (CDU/CSU) and the Social Democrats (SPD).<sup>3</sup> The only smaller parties currently represented in the *Bundestag* are the Liberals (FDP), the Greens, and the Democratic Socialist Party (PDS). Because of a 5 percent threshold set by election laws, parties that gain only a minor share of the popular vote are not represented in the *Bundestag* at all. All parties compete in both federal and state elections. The Greens entered the political landscape in the early 1980s. It should also be noted that the PDS only has a significant voter base in the former East German states.<sup>4</sup>

The Chancellor is elected by the party (or party coalition) holding a majority of seats in the *Bundestag*. He is therefore dependent on maintaining a parliamentary majority. When a new majority coalition forms between federal elections, it can present an opposition candidate to the *Bundestag* and request a vote of no confidence. If the Chancellor loses the vote, the opposition candidate immediately becomes the new chancellor (*konstruktives Mißtrauensvotum*). In Germany, we therefore never observe the kind of divided government so common in the United States with the executive controlled by one party and the House controlled by the other.

Yet, with the German political system structured along federal principles, a different form of divided government is observed on a regular basis. State governments have exclusive legislative competences in policy areas such as law enforcement, education, and local and state-level administration. For most other policy areas, the federal government and the states share responsibility. At the federal level, the states have the ability to influence legislation through the upper chamber of the legislative, the *Bundesrat*. In contrast to the American Senate, the

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<sup>3</sup> The CSU competes only in *Bavaria*, and the CDU is present in all states except *Bavaria*. The two parties always form a single parliamentary faction at the federal level. Following earlier research (Bawn 1999; Lohmann et al. 1996; Gaines and Crombez 2004), we treat the CDU/CSU as a single party.

<sup>4</sup> The 5% threshold is suspended if a party wins at least 3 constituencies. In such a case the party gains a number of seats proportional to its overall vote share, including the seats directly won.

*Bundesrat* is not popularly elected, but composed of the representatives of state governments. Seats in the *Bundesrat* are allocated according to a formula that takes differences in state population size into account. Small city-states such as *Bremen* and *Hamburg* have three votes, while states with larger populations such as *Bavaria* and *Lower Saxony* have six.

The German constitution, the Basic Law, distinguishes between two types of legislation. *Zustimmungsgesetze* passed by the *Bundestag* require the consent of the *Bundesrat* in order to become law. *Einspruchsgesetze* can be vetoed by the *Bundesrat*, although its veto can be overridden by the *Bundestag* in turn.<sup>5</sup> Approximately 55 percent of all bills, including virtually all major bills, are *Zustimmungsgesetze* and thus require the consent of the upper chamber (Schindler 1999: 2428). Therefore, the *Bundesrat* plays an important role in crafting federal legislation (Lehmbruch 1976; Katzenstein 1987).<sup>6</sup> Under conditions of divided government, policy outcomes will normally represent a compromise between the preferences of the federal government and the parties controlling the *Bundesrat* (Bräuninger and König 1999; König 2001; Lohmann 1999). Scharpf (1988) refers to this institutional structure as the “joint-decision trap,” and Katzenstein (1987) characterizes Germany as a “semi-sovereign” state partly because of these strong federalist checks and balances.

What does the electoral balancing hypothesis predict for midterm losses, given German federalism? The primary effect of Germany’s institutional structure is that the federal government’s ability to implement its policy preferences strongly depends on majority control of the *Bundesrat*. Under conditions of unified government, when the federal government controls both chambers of the legislature, it is largely unconstrained in its ability to change policies according to its partisan preferences (Bräuninger and König 1999; König 2001).

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<sup>5</sup> If a simple majority of the *Bundesrat* vetoes a bill, it takes an absolute majority of the members of the *Bundestag* to override it. If a 2/3 *Bundesrat* supermajority vetoes a bill, 2/3 of the present members of the *Bundestag* are needed to override the veto (Schindler 1999: 2928; Badura 1986).

<sup>6</sup> The states have several additional ways to influence federal policy. Constitutional amendments require a 2/3 majority of their votes in the *Bundesrat*. Besides, the fact that most federal laws are administered by state bureaucracies also increases the leverage of the states (Badura 1986).

Under unified government, “middle-of-the-road” voters therefore have an incentive to utilize state elections to balance against the federal government by voting for opposition parties. (Recall that representatives in the *Bundesrat* are selected by state governments). Electoral balancing then sooner or later results in a switch of the *Bundesrat* majority and divided government. Compromises between the partisan positions of the federal government and the parties controlling the *Bundesrat* are the consequence. State elections provide “middle-of-the-road” voters with a powerful tool to move policy outcomes closer to their ideal points.

The central observable implication of this argument is that under unified government, we expect strong midterm losses for the parties that form the federal government. Under divided government, in contrast, voters will have little electoral incentive to use state elections as a balancing device. Policy outcomes are already moderated and we therefore expect no systematic midterm losses to occur. State election results will instead be driven by motives unrelated to electoral balancing. These observable implications of the balancing model have so far been overlooked in work on German state elections, as a brief review of the literature will show.

The midterm loss in German state elections has first been addressed by Dinkel (1977, 1981). Using a bivariate regression model, Dinkel (1977) found a “surge-and-decline” pattern of midterm losses for the 1949-1976 period. Parties participating in the federal government did poorer in state elections than what might be expected from their federal election results in that state. Dinkel also found that state incumbency conferred an electoral advantage strong enough to offset almost two thirds of the midterm loss.

After this pioneering work by Dinkel, the topic failed to attract further scholarly attention.<sup>7</sup> It was only during the 1990s that German reunification triggered renewed interest in the German electoral system and the midterm loss phenomenon. Anderson and Ward (1996), in their work on British by-elections and German state elections, estimated an average midterm loss approximating 4 percentage points for the 1950-1992 period. They also found significant effects

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<sup>7</sup> A minor exception is Fabritius (1976, 1978), whose qualitative work aligns itself with Dinkel’s findings.

of unemployment. Contrary to expectations, however, higher unemployment appeared to reduce the incumbent's midterm losses. Further work has confirmed the existence of a substantial midterm loss while disagreeing about its causes (Jeffery and Hough 2001; Hough and Jeffery 2003; Decker and von Blumenthal 2002; Burkhart 2004). Whether it has become weaker (Jeffery and Hough 2001, Hough and Jeffery 2003) since unification or not (Burkhart 2004) also remains controversial.

Lohmann, Brady, and Rivers (Lohmann et al. 1997) provide the most extensive discussion of midterm loss in Germany up to date. They find that compared to the preceding *Bundestag* election, incumbents on average lose between 6 and 8 percentage points in state elections simply by virtue of holding power at the federal level.<sup>8</sup> Lohmann et al. read this as evidence for what they call the “weak moderation hypothesis,” arguing that vote losses for the federal incumbent in state elections can be seen as a result of voters’ balancing behaviour. They extend this argument by incorporating an interaction term for state and federal incumbency (to test their “strong moderation hypothesis”), and show that voters are slightly more likely to punish parties that are incumbent at both the state and the federal level.<sup>9</sup> Gaines and Crombez (2004) replicate Lohmann et al.’s analysis for the 1990-2001 period, reaching broadly similar conclusions.

It is important to note that Lohmann et al.’s analysis does not directly test the electoral balancing hypothesis. According to the electoral balancing hypothesis, balancing is a result of voters’ preferences for policy moderation. As detailed above, what matters for policy moderation in the German case is whether the federal incumbent also controls the majority in the *Bundesrat*. In order to test if balancing really causes midterm losses, we have to show that systematic midterm losses only occur if the incumbent holds both chambers of the legislature.

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<sup>8</sup> They also find that higher GNP growth only slightly reduces the magnitude of the midterm loss.

<sup>9</sup> However, this finding remains ambiguous. In one of the models, the state-federal level interaction term is statistically significant but positive, indicating, contrary to the balancing hypothesis, that incumbency at both levels leads to an *increase* in expected vote share.

However, neither Lohmann et al. nor any other study has ever taken *Bundesrat* majorities into account.

Anecdotal evidence shows that both German politicians and the electorate understand the implications of divided government (Fabritius 1976; Laufer 1970). The CDU, for example, made use of the following jingle as early as 1954 in the *Hessen* state election campaign: „Deine Wahl im Hessenstaat / zählt im Bonner Bundesrat / Regierung Zinn stützt Ollenhauer / wählt CDU für Adenauer“ (quoted from Heidenheimer 1958: 820).<sup>10</sup> Likewise, when the CDU controlled the *Bundesrat* in 1977, party leader Franz Josef Strauß followed a policy of “total obstructionism” openly directed at discrediting the ruling SPD/FDP coalition government in Bonn.

Descriptive statistics also support our general argument. The importance of government type becomes immediately apparent when we consider the conditional distribution of midterm losses under divided and unified government. For each government type, we computed Tukey’s (1977, 1993) box-and-whisker plot to graph the conditional distribution of vote share changes for state parties incumbent at the federal level for each year following the preceding *Bundestag* election. Results are displayed in Figure 1. Filled circles denote medians; the length of the boxes signifies the interquartile range.

[Figure 1 about here]

The graph clearly shows the impact of government type on midterm losses. Under divided government (lower panel), we witness no systematic midterm loss. Throughout the federal election cycle, the conditional distribution of changes in the vote shares of state parties incumbent at the federal level is almost equally centred around zero. In other words, under conditions of divided government, federal incumbents on average neither win nor lose votes in state elections,

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<sup>10</sup> It translates very roughly into „Your vote in Hesse / counts in the upper chamber / the Zinn administration supports Ollenhauer [who was the SPD minority leader in the Bundestag] / vote CDU for Adenauer.”

regardless of when the state election takes place (quickly following the last *Bundestag* election, near the midterm, or close to the next *Bundestag* election).

Only under conditions of unified government (upper panel) do we observe a clear midterm loss. The conditional distribution of the changes in state-party vote shares shifts to the left of the zero line for each year, indicating (substantial) losses for the federal incumbent in state elections. The graph suggests that if the parties forming the federal government hold the majority in both houses, they face a median midterm loss of about 3-4 percentage points in state elections.

These losses are fairly stable over the entire midterm (we see a “clean” additive median shift to the left), the only small exception being somewhat lower median losses in the second year after the last *Bundestag* election. Upon closer scrutiny, however, this pattern turns out to be less of a puzzle. Five out of the 14 state election results that are part of this conditional distribution belong to elections that took place in 1967 under the unique circumstances of the “*Grosse Koalition*”, which was the only time that the CDU and SPD formed a coalition government at the federal level. Under these conditions, the predictions of the balancing hypothesis break down. If we exclude these somewhat anomalous state elections from the graph, average vote share losses in this midterm period become much larger, as we would expect. In sum, the descriptive statistics clearly suggest the importance of government type for the explanation of German midterm losses.

If we assume that voters strategically engage in electoral balancing, periods of unified government should be uncommon and relatively short-lived. This is indeed what we observe. Between 1949 and 2004, there have been only 16 years of unified government but 35 years of divided government.<sup>11</sup> Both the median and mean lengths of divided government have been 7 years, compared to 4 years for unified government.

Obviously, such descriptive statistics do not account for many of the factors that might drive the midterm loss. In the next section, we therefore proceed to multivariate analysis.

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<sup>11</sup> In the other six years we observe switches from one type to the other.

## IV. The Empirical Test

### *A. Model specification*

Our identification strategy is to model the midterm loss according to the following baseline specification:

$$\Delta \mathbf{V}_{i,t} = \theta_0 \mathbf{V}_{i,t-r} + \theta_1 \mathbf{FI}_{i,t} + \theta_2 \mathbf{BM}_{i,t} + \theta_3 \mathbf{BM}_{i,t} * \mathbf{FI}_{i,t} + \mathbf{X}_{i,t} \delta + \gamma_t + \lambda_i + v_{i,t} \quad (1)$$

where  $\Delta \mathbf{V}_{i,t}$  is the *change in vote share* for state party  $i$  in year  $t$  compared to the previous state election;  $\mathbf{V}_{i,t-r}$  is the *state-party vote share* of party  $i$  in the previous state election;  $\mathbf{FI}_{i,t}$  is a dummy variable that equals 1 if the party was the *federal incumbent* at the time of the state election and 0 otherwise;  $\mathbf{BM}_{i,t}$  is a dummy variable that equals 1 if the party held the majority in the *Bundesrat* at the time of the state election and 0 otherwise;  $\mathbf{X}_{i,t}$  is a matrix of covariates including a *state incumbency* dummy (coded 1 if the state party was a member of the state government at the time of the election and 0 otherwise); state election *turnout*, and, depending on the precise specification, various state- and federal-level covariates (all log differenced) that may affect party vote shares such as changes in inflation, economic growth, and unemployment;  $\gamma_t$  and  $\lambda_i$  denote a full set of state-party fixed effects and year indicators, and  $v_{i,t}$  is an identically and independently distributed disturbance term.

This baseline specification largely follows Anderson and Ward (1996) with the important exception that we include a *Bundesrat majority* dummy and its interaction with incumbency in the *Bundestag* to allow for different midterm loss estimates for unified and divided government. Moreover, we also include a full set of state-party and year fixed effects in the equation to deal with (unobserved) heterogeneity bias and to account for potentially important common shocks.<sup>12</sup>

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<sup>12</sup> Note that the fixed effects pick up trends in state-party vote share because the dependent variable is first differenced. We conducted a series of Hausman tests and the null hypothesis that random effects are consistent and efficient is soundly rejected. Thus, we employ the appropriate fixed effects specification.

## B. Data and Variables

Since our unit of analysis is the party in a given state in a given year, we compiled a panel dataset that includes information on the changes in state-party vote share of all major parties (SPD, CDU, FDP, the Greens) as well as Others (a residual category combining the vote share of all other small parties) for all state elections for the 1949-2004 period.<sup>13</sup> Elections taking place in former East Germany enter the sample only in 1990 and are merely employed in the robustness section; they provide too few observations to constitute an interesting sub-population of its own. This leaves us with 639 state-party vote shares, which to our knowledge provides the largest panel dataset on German state elections currently available.<sup>14</sup>

The following covariates are included in the analysis. *State-party vote share in the previous election* is included to account for regression toward the mean. The coefficient for this variable is expected to be negative: a party is more likely to lose some absolute percentage of the vote when it garnered a large share of the vote in the preceding election (Oppenheimer, Stimson, and Waterman 1986). Including the lagged level of vote shares will also purge potentially remaining serial correlation, although this should pose less of a problem since we estimate the model in first differences.

The independent variables of central interest are the *federal incumbency* (FI) dummy and its interaction with the *Bundesrat* (BR) dummy. The federal incumbency dummy is coded 1 if a party supported the federal government in the *Bundestag*, 0 otherwise. The *Bundesrat* dummy is

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<sup>13</sup> Pre-unification state elections in Berlin have been excluded from the sample because of Berlin's unique political status. Berlin's representatives participated in sessions of the *Bundestag* and *Bundesrat* but had no right to vote. Elections in the Saarland have been excluded before its reintegration into West Germany (1957). Our sample period ends in March 2004.

<sup>14</sup> Data on election results have been provided by the German Federal Returns Officer. Data on *Bundesrat* vote shares for 1949-1996 are taken from Schindler 1999. Data for 1997-2004 have been supplied by the administration of the *Bundesrat*. Data on state coalition governments for 1945-1997 are taken from Schindler 1999; data for the 1999-2004 period have been supplied by the respective state governments. Data on state and federal per capita GDP, population figures, per capita state expenditures, and gross fixed capital formation have been supplied by the German Federal Statistical Office. Inflation figures are from the World Bank. Unemployment figures are from the *Bundesagentur für Arbeit* (federal unemployment agency). The full dataset and the statistical code for full replication of all results presented here are available at <http://www>: (Hyperlink omitted to preserve anonymity).

coded 1 if the party controlled the *absolute* majority of votes in the *Bundesrat* at the time of the state election, and 0 otherwise. The construction of this measure is slightly complicated by the fact that coalition governments at the state level do not always mirror federal coalitions. The voting behavior of such state governments in the *Bundesrat* is thus hard to predict. Sometimes, it is predetermined in (publicly not available) coalition agreements. Other governments, such as the 1996 SPD/FDP coalition government in Rhineland-Palatine, agree to flip a coin in contentious cases (Schindler 1999: 2348). Moreover, the *Bundesrat* does not record roll-call votes. Unless explicitly demanded by a state government, all votes are taken as unrecorded voice votes. Analyzing actual votes cast is thus impossible. We therefore excluded all *Bundesrat* seats belonging to mixed state governments, i.e., coalition governments that partly overlap with *Bundestag* coalitions.<sup>15</sup> Our *Bundesrat* dummy thus provides a lower-bounds estimate for the effects of unified government.<sup>16</sup>

Recall that we expect midterm losses to take place only under conditions of unified government ( $\mathbf{BM}_{i,t}=1$ ). Under such conditions, federal incumbency should have a highly adverse impact on the party's vote share in state elections, i.e. the combined coefficient  $\theta_1 + \theta_3$  should enter negative and significant.<sup>17</sup> Under conditions of divided government ( $\mathbf{BM}_{i,t}=0$ ), we expect federal incumbency to have no effect.

Apart from the year and state-party fixed effects, a dummy for *state incumbency* is included in all estimations to account for potential incumbency effects at the state level (Dinkel 1977; Lohmann et al. 1997). *Turnout* has been included in all estimations to test for potential “surge-and-decline” effects (Campbell 1966).

The set of variables listed above provides our streamlined benchmark specification. Incorporating additional covariates is problematic for several reasons. Regarding *state-level*

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<sup>15</sup> See (Schindler 1999: 2348) for coding details.

<sup>16</sup> We have also re-estimated our models using a more inclusive measure that is coded according to *plurality* of seats, again with all mixed governments excluded. The results are substantively similar.

<sup>17</sup> The variance for the combined effect is computed as  $\text{Var}(\theta_{\text{combined effect}})=\text{Var}(\theta_1)+\text{Var}(\theta_3)+2*\text{Cov}(\theta_1,\theta_3)$ . The standard error of course is just the square root of the variance.

*covariates*, relevant data is not available for many interesting variables and if data is available, then only for a quite limited time span. Including additional state-level controls would result in a sharp drop in sample size. We will therefore use state-level covariates for growth in state GDP per capita and state expenditures only in our robustness section. Regardless of the precise econometric specification, inclusion of these variables leaves the central findings virtually unchanged; all economic state-level covariates are highly insignificant.

*Federal-level covariates* are available throughout our sample period. Yet, we chose to omit them from our baseline specification for several reasons. First, once federal incumbency is controlled for, any changes at the federal level constitute de facto external shocks. The year dummies should pick up their effects. Moreover, since any federal-level variable is necessarily time-invariant each year across units, it cannot be included alongside the time dummies due to perfect collinearity. We prefer year dummies as they will eliminate any common shocks, compared to the more limited accounting for common shocks that substantive federal-level covariates would provide.

In order to circumvent the collinearity problem, we could use federal-level variables interacted with state incumbency dummies to allow for a different effect of federal-level changes for incumbent and opposition parties in a particular state. Such a specification seems plausible, and we test it in our robustness section. However, the effects of these federal-level variables (including unemployment, inflation, and growth) mostly prove to be jointly insignificant. Their inclusion does not change our basic findings. This strongly suggests that they should be kept out of the baseline specification.

We estimate our models using pooled OLS regressions with heteroscedasticity-consistent standard errors, adjusted for potential within state-party clustering. Note that since we estimate a first-differenced equation, serial correlation is not an issue here. This is also confirmed by various higher order serial correlation tests we computed.

## V Findings

### *A. Full sample estimations*

Results for the full sample estimations and various party selections are displayed in Table 1.

[Table 1 about here]

Following the conventional specifications of the incumbency effect as used in prior research, the first column shows the baseline model for the “all parties” sample, estimated without the *Bundesrat majority* dummy. Note that this will result in an estimate of what we call the “constrained midterm effect,” because the specification does not allow it to differ depending on government type.

As expected, federal incumbency enters with a negative sign and is highly significant at conventional levels. The magnitude of this constrained midterm effect is also significant in substantive terms. According to model 1, holding the other covariates constant, on average a party loses about 1.85 percentage points of vote share in a state election if it is a member of the federal coalition government. Note that the magnitude of this effect is somewhat smaller than estimated in previous work (Dinkel 1977; Anderson and Ward 1996; Lohmann et al. 1997), presumably because prior estimates are slightly biased upwards (away from zero) due to the exclusion of state-party fixed effects (the unobserved heterogeneity is likely to be positively correlated with both incumbency and changes in state-party vote shares).

However, forcing the midterm effect to be equal across government types lets us overlook the larger part of the story. This becomes immediately evident once we add the *Bundesrat majority* dummy and the multiplicative term to the equation (columns 2). Now the effect of federal incumbency is much bigger (indeed about 4 times as big!) under unified government than under divided government. According to model 2, under unified government a party loses on average about 4.11 percentage points of vote share in a state election if it is incumbent at the

federal level. Under divided government, in contrast, the federal incumbency effect averages only about 1.30 percentage points. As we will see, this effect is also not longer robust. The fact that the midterm effect largely depends on unified government has been masked in prior work that failed to account for majority conditions in the *Bundesrat*.

Regarding the other covariates, we find some support for the “regression toward the mean” hypothesis. The lagged level of state-party vote share is negative and remains highly significant across models. On average, a one unit increase in vote share in the previous state election is associated with a decrease in vote share of about half a percentage point.

In contrast to the earlier work by Dinkel (1977) and Lohmann et al. (1997), we find that state incumbency has no systematic effect once unobserved fixed effects are controlled for. State incumbency does not reach conventional levels of statistical significance across models; the coefficient even switches signs. The same holds true for turnout. Across specifications, turnout has no systematic effect on changes in state-party vote shares, a finding clearly inconsistent with “surge-and-decline.”

Taken together, these estimates strongly support the claim that government type is a crucial determinant of midterm losses in German state elections. Only if the federal incumbent controls both houses do we observe a strong and robust midterm effect. This finding is consistent with electoral balancing models yet runs counter to other common explanations for midterm loss such as “surge-and-decline” and “referenda.”

### *B. Estimations for Different Party Selections*

Are the estimates presented in column 2 for the “all parties” sample driven by the group of parties we included? In Table 1, columns 3-5, we test for this possibility by estimating our benchmark model for three additional party selections. First, as in the benchmark models presented in column 2, we include all parties but subtract the residual category of Others (column 3). We are thus left with the CDU, the SPD, the FDP, and the Greens. Next, we also drop the Green Party (column

4). And in our final selection, we examine just the two “catch-all” parties, the CDU and the SPD (column 5).<sup>18</sup>

Moreover, the results are not driven by the choice of the precise party selection. Under unified government, the federal incumbency effect is negative and highly robust across all party selections. The magnitude of midterm loss is fairly stable across selections, with an estimated average loss of about 4 percentage points for parties supporting the federal government. Note that for the federal incumbency effect under divided government, the coefficients are negative, but much smaller in magnitude. The effect also does not seem to be very robust, as it is insignificant for the CDU/SPD party selection (column 5). These findings lend additional support to the balancing model.

### *C. Sensitivity Analysis*

We have performed a variety of additional tests to gauge whether our key findings are robust to alternative specifications of the model and other time spans. To economize on space, we focus here on two samples only: the sample that includes all parties and the sample that only includes the CDU and SPD.

#### *C.1. Shorter Time Span*

A potential concern with the estimates presented above may be that our results are driven by our choice of sample period. Some scholars have argued that the German party system has undergone unprecedented change as a consequence of reunification (Jeffery and Hough 2001; Hough and Jeffery 2003). Therefore, post-unification dynamics in state elections might be fundamentally different from the pre-unification period. It has also been argued that the party system was very much in flux during the 1950s and 1960s, and that electoral dynamics might be

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<sup>18</sup> Due to lack of cross-sectional variation the model is not identified for a single party. Note that for the CDU and SPD party selection we prefer to replace the state-party fixed effects with state fixed effects. While the midterm effect in this sub-sample is robust to the inclusion of state-party fixed effects, we prefer the latter specification. It allows us to save degrees of freedom for this narrow party selection, which becomes important given the limited number of observations available. State fixed effects alone should be sufficient to account for most of the unobserved heterogeneity.

quite different during this period (Lohmann 1997 et al.). Most of these changes over time probably constitute common shocks that are already accounted for by our year dummies. Yet to get a precise estimate of the midterm loss for the pre-unification and the post-1970 period, we re-estimated our model for these shorter time spans (1949-1989; 1970-2004). Note that the model is not identified for the post-unification period as such because of the insufficient number of observations. Results are displayed in Table 2.

[Table 2 about here]

For both party selections and both the pre-unification and the post-1970 period, the estimates are very similar to those obtained for the longer time period. The midterm effect under unified government remains negative and highly significant; it is only slightly stronger (yet not significantly so) in the pre-unification period. Note also that in these shorter sub-samples we no longer find any significant incumbency effect under divided government. Overall, there is little indication that our choice of time period is driving our results.

### *C.2 Various Specifications*

Table 3 presents a sensitivity analysis of our model to a range of alternative econometric specifications. We again focus on the “all parties” and the CDU/SPD sub-samples. As our benchmark, we use our baseline estimate (table 1 column 2 & 5) and add covariates or alter the econometric specifications of the model as we move down the rows. To economize on space, only the federal incumbency coefficient under divided government and the combined effect for the federal incumbency coefficient under unified government are reported in each row of Table 3. In other words, each row presents a different specification.

[Table 3 about here]

We begin with a Jackknife analysis in which we iteratively re-estimated our model omitting one state at a time.<sup>19</sup> The central findings remained robust across all models. Rows 2 and 3 show the maximum and minimum midterm effect that we obtain under unified and divided government. Regardless of party selection, omitting one state at a time has very little impact on the magnitude of the midterm effect under unified government. The magnitude varies only marginally around the benchmark estimate (row 1); in fact, we cannot even reject the null hypothesis that the minimum and maximum effects are identical to the benchmark magnitude.

In row 4, we add (log differenced) state-level covariates for economic growth and changes in state expenditures.<sup>20</sup> Across party selections these covariates are highly insignificant; they have virtually no impact on the magnitude of our federal incumbency estimates. Note that any changes in magnitude are entirely due to the sharp drop in sample size associated with the inclusion of the state-level covariates, which are only available from the 1970s onward.<sup>21</sup> The same holds true when we add interactions for these state-level variables and the state incumbency dummy to allow for a different effect of state-level changes in state elections for incumbent and opposition parties (row 5). Again, all state-level variables and their interactions enter the model highly insignificant; the magnitude of the midterm effect remains unaffected. These results strongly suggest that when past vote shares, state incumbency, common shocks, and unobserved fixed effects are taken into account, state-level factors have little systematic impact on vote shares in state elections.<sup>22</sup>

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<sup>19</sup> Note that this is an even stronger test than a traditional Jackknife analysis. Usually, one entity constituting the unit of analysis (which in our case would be a state-party) is left out at a time. Even leaving out an entire state does not effect our estimates in any appreciable way.

<sup>20</sup> All first differences are defined as changes in a particular covariate from the preceding to the current election year. Following Paldam (1991), the current election year is defined as the election year if the election occurs in the second semester and the year before the election year if the election takes place in the first semester.

<sup>21</sup> If we re-estimate the model only for those years for which state-level data is available while omitting the state covariates, we obtain almost identical incumbency estimates.

<sup>22</sup> We were not able to obtain state-level unemployment data for any reasonable period of time. We are confident that the inclusion of state-level unemployment figures would not materially alter our findings.

In rows 6 & 7, we repeat the same exercise with a full set of federal-level covariates for changes in unemployment, inflation, and growth. We again first add these variables on their own and then include a full set of interactions with state incumbency. The results mirror those obtained with state-level covariates. Across party selections, the great majority of federal-level variables fails to reach conventional levels of statistical significance. Incumbency estimates remain unaffected even if the full set of controls and interactions is added to the model. Our results therefore depart from prior studies which found significant effects of economic variables for the German case (Ward and Anderson 1996; Lohmann et al. 1997). As pointed out above, this divergence is presumably attributable to the fact that earlier studies failed to account for unobserved heterogeneity.

Next, we extend the sample scope and add all post-unification state elections in East Germany to the model. Rows 8 and 9 display the resulting incumbency coefficients for the baseline model without (row 8) and including (row 9) a full set of state- and federal-level covariates plus all their interactions. We find that across party selections the inclusion of the 5 East German states has only little impact on the central findings. The same holds true if we, going back to the original sample of the 11 West German states, exclude those state elections that took place during the Grand Coalition between the CDU and SPD under Chancellor Kiesinger in 1966-1969. Results for this test are displayed in row 10 for the benchmark model and in row 11 for the benchmark model augmented with the full set of state- and federal-level controls plus interactions. Once these ambiguous cases are excluded, the midterm effect under divided government becomes, if anything, larger. Our results also hold if we weight our benchmark regression by state population to control for bias caused by dissimilar state population sizes (rows 12 and 13). There is no sign that larger states are driving our results (the magnitude of the midterm loss is somewhat reduced, yet highly significant for the CDU/SPD selection in the model without covariates).

Finally, omitted variable bias might be a concern given the relatively limited set of covariates available. One crude way of addressing this problem is to include state-party/year interaction terms in an attempt to absorb geographically correlated shocks. The incumbency coefficients are not substantially affected by this approach, regardless of which party selection is considered or whether we examine the standard or the fully augmented benchmark model (rows 14 and 15).<sup>23</sup> The effects of incumbency get, if anything, bigger.

Taken together, these results firmly corroborate our central findings. Most importantly, the midterm loss effect under unified government is robust across all specifications, no matter which party sample we examine. Moreover, across specifications and party selections the magnitude of the midterm loss is fairly stable between 3-7 percentage points, which strongly suggests that we are capturing systematic dynamics and not some econometric artefact.

## **VI Conclusion**

In this article, we have taken a fresh look at midterm losses in German state elections. Using a new measure for majority control of the *Bundesrat*, the upper chamber of the legislative, we find that midterm losses primarily occur when both the legislative and the executive branch are controlled by the same party or party coalition. Under such conditions of unified government, midterm losses reach considerable proportions, making unified government in Germany unsustainable in the medium- and long-run.

In contrast to the existing literature, we find little support for traditional explanations of midterm loss such as “surge-and-decline” or “referenda.” Our findings lend additional credence to the electoral balancing models proposed by Alesina and Rosenthal (1989, 1995, 1996) and Fiorina (1992). It is reassuring to see that models originally formulated with reference to US

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<sup>23</sup> Note that for the CDU and SPD party selection in the fully augmented benchmark model (row 12) we have to resort to state-year instead of state-party/year interactions. This is by far the smallest of all sub-samples since (1) only two parties enter the sample and (2) state- and federal-level covariates are only available for a limited time period. We expect that state-year interactions alongside the state fixed effects and the year dummies should be sufficient to take out any geographically correlated shocks.

institutions travel that well. Testing such models with data from different countries allows us to overcome the limitations that result from testing theories with the same data set they were motivated by in the first place. Our results are therefore significant for students of voting behaviour in general.

The findings presented here also have broader theoretical implications for veto player theory. Tsebelis (1995, 2002) argues that among other things government stability is related to the number of veto players: the higher the number of veto players, the lower government stability. Yet if the electorate strategically creates a veto player (in our case the opposition majority in the *Bundesrat*) to achieve policy moderation, it remains unclear why government stability should suffer. When constitutional structures allow the electorate to strategically alter the number of veto players, government stability should increase, rather than decrease. This suggests the need to focus attention on “conditional” veto players that are strategically created by the electorate. To the best of our knowledge, their impact on government stability has not been examined so far.

Our results also open up further questions about the dynamics of German federalism. It remains unclear, for example, whether the *Bundesrat* can translate its conditional veto power over major parts of federal legislation into a broader, more general influence on national policy making. Under divided government, logrolls between the federal government and the opposing party controlling the *Bundesrat* might lead to policy moderation even in issue areas in which the consent of the *Bundesrat* is not formally required. Voting within the European Union should be one issue area where the *Bundesrat* might want to enhance its relatively weak legal prerogatives by trading its consent to federal legislation for greater influence.

The policy implications of our findings are likely to be controversial. On the one hand, it is encouraging to see that the German electoral system has an in-built tendency to produce divided government and policy moderation. After all, the constitution of the Federal Republic had been crafted with this goal in mind (Heidenheimer 1958). On the other hand, divided government is singled out in public debates as one of the most important factors causing

*Reformstau* (gridlock).<sup>24</sup> All major political parties lament the lack of decisive majorities and the resulting difficulties in passing more flexible labour and welfare state legislation or reforming the educational system. So far, Germany has also been unable to address the immense problems generated by a rapidly aging population (Strohmeier 2003). Our results might therefore be seen to confirm the view that constitutional reform is badly needed, precisely because the German electoral system is so effective in producing divided government and gridlock.

Many proponents of the electoral balancing hypothesis reject fears of gridlock as largely unfounded. Alesina and Rosenthal (1995) point out that rational voters will take potential efficiency losses into account when strategically creating divided government in order to achieve policy moderation. Yet voters tend to have a short time horizon, and long-term problems such as the decline of the educational system or the challenges posed by a rapidly aging population might not receive enough attention, with grave consequences for future generations.

Work on the American Congress suggests that measuring the effects of gridlock is complicated and arduous (Mayhew 1991; Binder 1999; Coleman 1999). For Germany, rigorous empirical work on the effects of divided government is still lacking. What is clear, however, is that we need a better assessment of the consequences of divided government before blindly following calls for constitutional reform (Jesse 2003).

At last, a caveat is in order. Although in this article we establish a clear aggregate-level relationship between midterm losses and divided government, the micro-level part of the story is still missing. Electoral balancing, the causal mechanism assumed here, should be investigated with the use of micro-level data.<sup>25</sup> Recent scholarship has used survey data to verify the causal mechanisms posited by balancing models (Born 1994; Fiorina 1994; Mebane 2000; Mebane and

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<sup>24</sup> In 1997, *Reformstau* was elected “Word of the Year” by the *Gesellschaft für Deutsche Sprache* (Society for the German language). See also “Germany: Wrestling with reform,” *The Guardian*, 16 August 2004; “A grand-coalition cure for Germany,” *The Economist*, 10 January 1998; “The Humbling of Helmut,” *Financial Times London*, 5 August 1997.

<sup>25</sup> But see Erikson, MacKuen, and Stimson (2002) for the argument that the analysis of electoral behaviour should primarily rely on aggregate-level data.

Sekhon 2002). Despite its great promise, such work is still lacking for the German case. We hope that further research will establish patterns of individual-level behaviour that are consistent with the argument advanced here.

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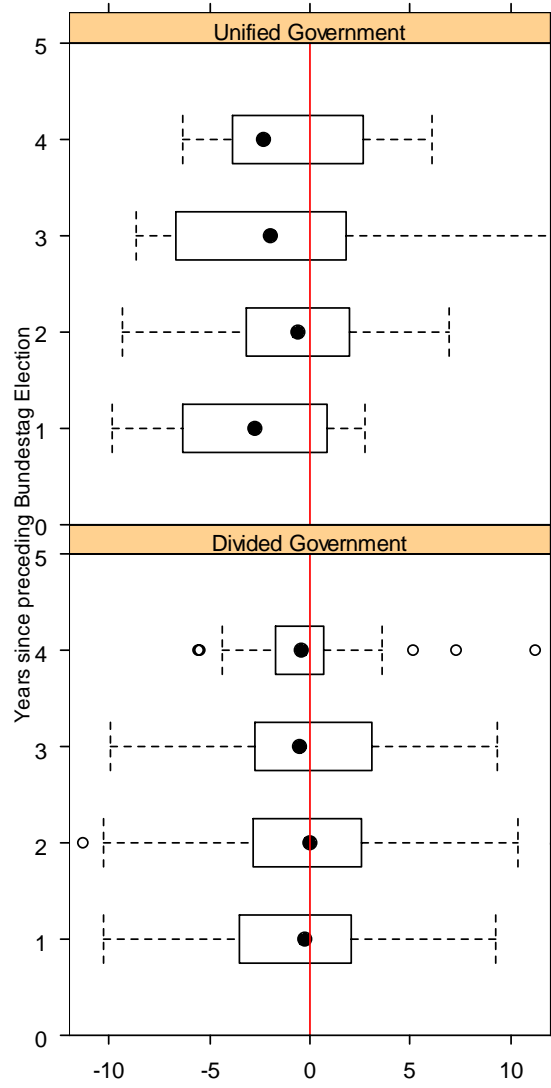
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### Figure 1: The Midterm Loss Unpacked

(1949-2004, 11 West German States)



Changes in State-Party Vote Shares of Federal Incumbent Party in State Elections (percentage points)

**Table 1: The Midterm Loss in German State Elections**  
(1949-2004, Various Party Selections)

Time Frame	1949-2004				
Party Selection	All Parties	All Parties	CDU, SPD, FDP, GREENS	CDU, SPD, FDP	CDU, SPD
Dependent Variable	Change in State-Party Vote from last State Election (percentage points)				
Model No. <sup>1</sup>	1	2	3	4	5
Lagged State-Party Vote Share	-0.422 (0.040)***	-0.457 (0.044)***	-0.506 (0.041)***	-0.506 (0.045)***	-0.263 (0.084)***
Turnout	-0.100 (0.109)	-0.081 (0.121)	-0.167 (0.119)	-0.183 (0.127)	-0.199 (0.166)
State Incumbency Effect	-0.149 (0.649)	-0.032 (0.683)	0.467 (0.717)	0.469 (0.754)	1.077 (1.049)
Federal Incumbency Effect (under Divided Government)	-1.850 (0.481)***	-1.300 (0.578)**	-1.566 (0.562)***	-1.503 (0.679)**	-0.764 (0.746)
Federal Incumbency * Bundesrat Majority		-2.812 (1.212)**	-2.197 (1.201)*	-2.789 (1.293)**	-3.590 (1.739)*
Federal Incumbency Effect (under Unified Government)		-4.112 (0.982)***	-3.763 (0.969)***	-4.292 (0.985)***	-4.354 (1.422)***
Bundesrat Majority		2.361 (1.593)	1.162 (1.531)	1.276 (1.534)	1.506 (1.406)
Constant	38.921 (10.268)***	39.280 (11.423)***	34.211 (8.507)***	35.068 (9.124)***	22.810 (12.360)*
Year Effects	x	x	x	x	x
State-Party Fixed Effects	x	x	x	x	x
Observations	639	596	458	406	273
R-squared	0.37	0.39	0.42	0.43	0.40

<sup>1</sup> OLS regression coefficients shown; robust standard errors, adjusted for potential within state-party clustering, in parentheses. All models except model 5 include a full set of year and state-party fixed effects (coefficients not shown). Model 5 is estimated with state fixed effects only in order to preserve degrees of freedom. \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.

**Table 2: The Midterm Loss in German State Elections**  
(Pre-Unification & post-1971 only)

Time Frame	1949-89		1971-2004	
Parties	All Parties	CDU, SPD	All Parties	CDU, SPD
Dependent Variable	Change in State-Party Vote Share from last State Election (percentage points)			
Model No. <sup>1</sup>	1	2	4	5
Lagged State-Party Vote Share	-0.436 (0.052)***	-0.263 (0.074)**	-0.668 (0.067)***	-0.197 (0.132)
Turnout	-0.128 (0.175)	-0.329 (0.205)	-0.001 (0.102)	0.044 (0.167)
State Incumbency Effect	-0.799 (1.028)	1.765 (1.065)	0.946 (0.701)	-0.118 (1.438)
Federal Incumbency Effect (under Divided Government)	-1.004 (0.793)	-1.027 (0.715)	-1.300 (0.662)*	-0.130 (1.410)
Federal Incumbency * Bundesrat Majority	-3.695 (1.436)**	-4.075 (2.326)*	-2.508 (1.099)**	-4.707 (2.607)*
Federal Incumbency Effect (under Unified Government)	-4.699 (0.910)***	-5.102 (1.797)**	-3.808 (0.944)***	-4.837 (1.622)***
Bundesrat Majority	3.093 (1.331)**	1.933 (1.508)	2.105 (1.755)	1.942 (1.695)
Constant	53.557 (23.520)**	43.373 (17.761)**	33.101 (10.326)***	12.534 (14.553)
Year Effects	x	x	x	x
State-Party Fixed Effects	x	x	x	x
Observations	398	193	396	172
R-squared	0.43	0.46	0.36	0.30

<sup>1</sup> OLS regression coefficients shown; robust standard errors, adjusted for potential within state-party clustering, in parentheses. All models include a full set of year and state-party fixed effects (coefficients not shown) except models 2 & 4 which are estimated with state fixed effects only in order to preserve degrees of freedom. \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%..

**Table 3: The Midterm Loss in German State Elections  
(Robustness Section)**

Row No.	Time Frame	1949-2004			
	Party Selection	All Parties		CDU, SPD	
	Dependent Variable	Change in State-Party Vote Share from last State Election (percentage points)			
	Independent Variables	Federal Incumbency Effect (under Unified Government)	Federal Incumbency Effect (under Divided Government)	Federal Incumbency Effect (under Unified Government)	Federal Incumbency Effect (under Divided Government)
	Specification: <sup>1</sup>				
	<b>A: Jackknife Analysis:</b>				
1	Baseline	-4.112 (0.982)***	-1.300 (0.578)**	-4.354 (1.422)***	-0.764 (0.746)
2	Omitting one State at a Time: Maximum Effect	-4.525 (1.079)***	-1.359 (0.630)**	-5.088 (1.474)***	-0.731 (0.811)
3	Omitting one State at a Time: Minimum Effect	-3.389 (0.974)***	-1.462 (0.649)**	-3.597 (1.318)**	-0.691 (0.892)
	<b>B: Adding further State-Level Covariates:</b>				
4	State GDP per capita growth, changes in state expenditures	-3.371 (1.130)***	-0.783 (0.749)	-5.088 (1.797)***	1.469 (1.111)
5	Plus all interactions with state incumbency	-3.207 (1.172)***	-0.924 (0.707)	-4.919 (1.810)**	1.578 (1.021)
	<b>C: Adding State-Level plus Federal-Level Covariates</b>				
6	State-level covariates as in (B) plus federal GDP per capita growth; changes in inflation and unemployment	-3.427 (1.661)**	-1.211 (0.795)	-5.519 (2.156)**	1.131 (1.249)
7	Plus all interactions with state incumbency	-3.797 (1.463)**	-0.788 (0.697)	-6.306 (2.237)***	1.588 (1.179)
	<b>D: Adding the East German States</b>				
8	Benchmark covariates only	-4.112 (0.982)***	-1.300 (0.578)**	-4.354 (1.422)***	-0.764 (0.746)
9	Plus full set of state- and federal-level covariates and all interactions with state incumbency	-3.438 (1.585)**	-1.740 (0.792)**	-3.03 (1.939)***	-2.191 (1.817)
	<b>E: Excluding State Elections under Grand Coalition</b>				
10	Benchmark covariates only	-3.116 (1.051)***	-1.535 (0.676)**	-3.538 (1.322)**	-0.696 (0.897)
11	Plus full set of state- and federal-level covariates and all interactions with state incumbency	-3.293 (1.530)**	-0.874 (0.709)	-5.921 (2.003)***	-2.081 (1.272)
	<b>F: Weighting by State Population</b>				
12	Benchmark covariates only	-3.553 (1.116)***	-2.173 (0.700)***	-2.123 (1.048)**	-2.592 (1.135)**
13	Plus full set of state and federal-level covariates and all interactions with state incumbency	-4.294 (1.307)***	-1.099 (0.875)	-6.118 (1.501)***	0.685 (0.803)
	<b>G: Adding full set of State-Party/Year Interactions</b>				
14	Benchmark covariates only	-4.869 (1.177)***	-1.170 (0.696)*	-6.890 (2.412)***	-0.663 (1.263)
15	Plus full set of state and federal-level covariates and all interactions with state incumbency	-4.897 (2.054)**	-0.934 (1.172)	-7.665 (1.971)***	2.306 (0.930)**

<sup>1</sup> Results in this table are variations of the baseline specification presented in Tables 1&2, column 4; the top row of the table is the exact estimate that is presented there. Thus, all models estimated here include the benchmark controls and a full set of year and state-party fixed effects (coefficients not shown) or a full set of state fixed effects for the CDU/SPD models. Except when noted otherwise, all specifications are estimated using our annual state-party panel data for the years 1949-2004 for all 11 West German states. OLS regression coefficients shown; robust standard errors, adjusted for potential within state-party clustering, in parentheses. \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.