

Chapter 3. A Reanalysis of the Selectorate Model: Fixed-Effects, Heteroskedasticity, and Autocorrelation

Abstract

Chapter 3 reanalyzes Morrow et al.'s (2008) selectorate model, which is an improved version of Bueno de Mesquita et al.'s (2003) selectorate model. Built on fixed-effects models to control for the interaction of geographic region and year, Morrow et al. present evidence for the selectorate theory: "the size of the winning coalition [(W)] is in the theoretically predicted direction and is statistically significant for 28 [(90%)] out of 31 different public goods and private benefits" (393). Chapter 3 calls into question the validity of the interaction fixed-effects models on the grounds that the control for joint fixed-effects is unconventional and less efficient. Morrow et al. overlook country-specific effects and also ignore problems with heteroskedasticity and autocorrelation. When more efficient fixed-effects models (i.e., two separate fixed-effects of region and year) are implemented along with a correction for the heteroskedastic and serially correlated error term, 23 (74%) policy outcomes are no longer explained by W. Moreover, when region, country, and year are controlled for fixed-effects along with the correction for heteroskedasticity and autocorrelation, W is either insignificant or in the counterintuitive direction in 27 (87%) of the selectorate models.