VARIABLE NAMES, DEFINITIONS, AND SOURCES

**Trans**: *Government transfers*. All government payments to the civilian household sector, including social security transfers, government grants, public employee pensions, and transfers to non-profit institutions serving the household sector. Sources: Cusack\(^1\) and the OECD.\(^2\)

[Note: \(\text{Trans}1\) is the one year lag of Trans; \(d\text{Trans}\) is the first difference in Trans. This logic applies to all variables.]

**Con**: *Government consumption*. Total government consumption of goods and services net of military spending as a percentage of GDP. Sources: Cusack,\(^3\) OECD,\(^4\) and SIPRI.\(^5\)

**Deind**: *Deindustrialization*. 100 minus the sum of manufacturing and agricultural employment as a percentage of the working age population. Source: OECD.\(^6\)

**Trade**: *Trade openness*: Total exports and imports of goods and services as percentage of GDP. Source: OECD.\(^7\)

**Quinn**: *Capital market openness*. The index measures the extent to which capital markets are liberalized, and is presented in Quinn and Inclan.\(^8\)

**Left**: *Left government center of gravity*. This is an index of the partisan left-right “center of gravity” developed by Cusack.\(^9\) It is based on (i) Castles and Mair’s codings of government parties’ placement on a left-right scale,\(^10\) weighted by (ii) their decimal share of cabinet portfolios. The index varies from 0 (extreme right) to 4 (extreme left), although most observations are much closer to the mean.

**Turnout**: *Electoral participation*. Based on voter turnout rates as recorded on an annual basis in Mackie and Rose,\(^11\) the *European Journal of Political Research*., and in International Institute for Democracy and Electoral Assistance.\(^12\)

**UG**: *Unexpected growth*. Real GDP per capita growth at time \(t\) minus average real per capita growth in the preceding three years. The variable is defined in accordance with Roubini and Sachs.\(^13\) Source: OECD.\(^14\)


\(\log(\text{RVAPWAI}/\text{RVAPWAI}1)\): *Productivity growth*. Annual rate of change in real value added per worker in industry and agriculture. Source: OECD.\(^16\)

**BALEIIND, BALEIOP, BALEIOTH**: *Trade Balances*. Merchandise trade balance expressed as a percent of GDP for three country groupings (OECD, OPEC, Third Word).
Automatic transfers

\[ \text{Automatic transfers} = \text{replacement rate} (t-1) \cdot \tilde{A} \frac{\text{unemployed} + \text{population} > 65}{\text{population}} (t), \]

where the replacement rate is the percentage share of transfers in GDP relative to the percentage share of the dependent population in the total population at time \( t-1 \). Source: OECD,\(^{21} \) and transfer data.

Autcon:

\[ \text{Automatic consumption} = \frac{\text{gov consumption}}{\text{GDP}} (t-1) \cdot \left( \frac{\tilde{A} \text{gov deflator} (t)}{\text{gov deflator} (t-1)} \right) \left/ \left( \frac{\tilde{A} \text{GDP deflator} (t)}{\text{GDP deflator} (t-1)} \right) \right), \]

where \( \text{gov deflator} \) is the price deflator for government services, and \( \text{GDP deflator} \) is the price deflator for the whole GDP.

GENEROS: Generosity of transfers. The percentage share of transfers in GDP relative to the percentage share of the non-working population in the total population (change in this variable when used as dependent variable). Source: OECD,\(^{22} \) and transfer data.

Source: IMF.\(^{17} \)

Den*Cen: Strength of labor. Measured as the product of union density and centralization. The density data is from Visser,\(^{18} \) while the centralization data is from Iversen.\(^{19} \)

RINVSH: Capital formation: Gross capital formation as a percent of GDP. Source: Penn World Tables.\(^{20} \)
Notes:


3. Cusack (fn. 76).

4. OECD (fn. 77).


7. OECD (fn. 77).


13. Roubini and Sachs (fn. 22).

14. OECD (fn. 77).

15. Penn World Tables (fn. 72).


20. Penn World Tables (fn. 72).


22. Ibid.