

Supplementary Appendix

Table A1: Data Sources and Operationalization of Variables

Variable	Operationalization	Source
Consolidation event	Consolidation events are identified qualitatively based on the most important policy documents in each country including Budget Reports, Budget Speeches, OECD Economic Surveys and IMF Staff Reports. These documents ‘ <i>explicitly provide evidence of what policymakers believed at the time that the decisions were taken</i> ’ (Devries et al., 2011, p. 4).	IMF, Devries et al. (2011)
Consolidation size	The size of fiscal consolidation consists of the combined effect of tax-based and spending based measures implemented to reduce the deficit. The size of consolidation is then expressed as the impact the cuts have on the overall fiscal balance (in % of GDP)	
Government Ideology	Government ideology is based on the left-right index included in the comparative manifesto project. In order to capture overall cabinet ideology, I use the weighted (based on each government party’s seat share in parliament) average of the left-right score of all parties constituting the cabinet. This score, which originally ranges between -100 and 100 is rescaled to range between 0 and 1, where 0 is on the extreme to the left and 1 indicates the extreme right of the political spectrum. The information about government composition (coalition arrangements) comes from the European Representative Democracy dataset (Andersson, 2012)	Comparative Manifesto Project, (https://manifesto-project.wzb.eu/); European Representative Democracy dataset (http://erdda.se/index.php/projects/erd)
Political Constraints	Henisz measure of political constraints measures the number of actors involved in the policymaking process. It takes into various institutional features that determine the level of political constraints. The measure reflects the effect of changing majorities on the number of actors with diverging interests.	Henisz (2006), http://www-management.wharton.upenn.edu/henisz/ .
Popular Unrest	Popular unrest is captured by a dummy variable that is based on the number of anti-government protests in a given year. If the dummy variable takes the value 0, no anti-government protests took place; if the dummy variable takes the value 1, one or more antigovernment demonstrations took place.	CNTS Data Archive www.databanksinternational.com .
Economic Growth	Economic growth is measured as real growth of GDP (in %).	Comparative Political Data Set (CPDS), Armingeon et al. 2012.
Unemployment	Unemployment refers to the rate of unemployed people as percentage of the overall civilian labor force.	CPDS.
Elderly	Elderly refers to the percentage of people over the age of 65 as percentage of the population total.	CPDS
Capital Openness	Financial openness is the log of the sum of foreign assets and foreign liabilities of a country over GDP.	Lane and Miles-Ferretti (2007), http://www.philiplane.org/EWN.html .

Table A2: Comparison of Consolidation Measures

		<i>CAPB-based</i>						
		Threshold 0.5		Threshold 0.75		Threshold: 0		
		0	1	0	1	0	1	Total
<i>Events-</i>	0	253	62	263	52	199	116	315
<i>based</i>	1	57	102	76	83	36	123	159
Total		310	164	339	135	235	239	474

Notes: The events-based measure ? captures public announced, politically motivated fiscal consolidation events; various versions of the CAPB-based measure exist: Ahrend et al. (2006) and Guichard et al. (2007) measure consolidation episodes as years with an improvement of the cyclically adjusted fiscal balance of more than 0.5 percentage points (threshold: 0.5); Alesina et al. (2011) define consolidation as all years in which the CAPB improves (threshold: 0).

Table A3: Exclusively Tax- or Spending-Based Consolidation events

Purely Spending Based Reforms			Purely Tax Based Reforms		
Country	Year	Coalition	Country	Year	Coalition
Netherlands	1982	Christian Democrats & Democratic Party (D66)	USA	1978	Democrats
Netherlands	1984	Christian Democrats & People's Party	USA	1980	Democrats
Netherlands	1985	Christian Democrats & People's Party	USA	1981	Republicans
Netherlands	1986	Christian Democrats & People's Party	USA	1985	Republicans
Finland	1992	Centre Party & Christian Democrats & Swedish People's Party & National Coalition Party	USA France	1986 1979	Republicans Gaullists
Finland	1993	Centre Party & Christian Democrats & Swedish People's Party & National Coalition Party	France	1988	Socialist Party
Finland	1996	Social Democrats & Left Alliance & Green Party	France	1999	Socialist Coalition
			France	2000	Socialist Coalition

Table A4 examines the impact of politics on proportion of tax-based measures. This is to test whether the underlying political and strategic mechanism differ for consolidation packages that are tax-based rather than spending based. The dependent variable measures the proportion of tax-based measures of the overall consolidation package. Because of the nature of this variable I cannot estimate a Tobit model because no value of the dependent variable denotes the truncation. I use an OLS and a Heckman model instead. The results suggest that the most obvious political variable, i.e. government ideology does not have a significant effect on the mix between tax- vs. spending-based measures. The only variable that seems to have an effect is the degree of political constraints with greater constraints leading to more tax-based consolidation.

Table A4: Determinants of Consolidation Mix

	OLS	Heckman	
		Outcome	Selection
Ideology	-0.790 (0.690)	-0.363 (0.764)	1.253 (0.919)
Constraints	-1.927*** (0.713)	-1.731** (0.787)	-0.855 (1.225)
Popular Unrest	0.237 (0.151)	0.241 (0.166)	0.103 (0.174)
Election counter	0.016 (0.051)		-0.162*** (0.058)
Growth _{<i>t</i>-1}	0.016 (0.022)		-0.080** (0.033)
Unemployment _{<i>t</i>-1}	0.002 (0.013)		0.159*** (0.031)
Elderly _{<i>t</i>-1}	0.004 (0.045)		0.205** (0.096)
Openness _{<i>t</i>-1}	0.084 (0.147)		-0.656*** (0.217)
<i>t</i>			-0.824*** (0.163)
<i>t</i> ²			0.088*** (0.027)
<i>t</i> ³			-0.002** (0.001)
Constant	0.845 (0.558)	0.868** (0.407)	0.638 (1.088)
ρ			0.29
F- / χ^2 - statistic	2.52		7.76
<i>p</i>	0.013		0.051
<i>N</i> (<i>N</i> censored)	159		480 (321)

Note: The dependent variable is the share of tax-based measures of the overall consolidation package. Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Figure A1 shows how government ideology varies across countries and time. The y-axis reflects government ideology on the 0-1 scale, where 0 represents the left end of the political spectrum and 1 represents the right end of the political spectrum. Overall, we see considerable variation of government ideology over time.

Figure A1: Government Ideology: Variation across countries and over time

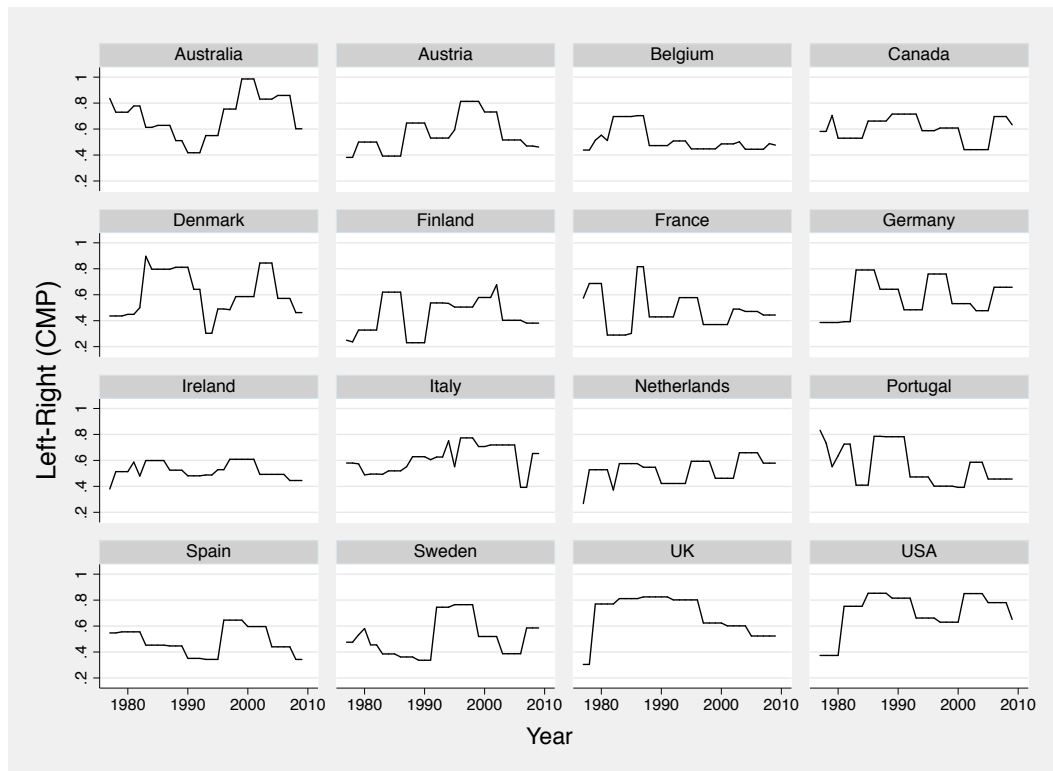


Table A5 assesses whether the results of the main models included in the paper are robust to different functional forms of government ideology. The first two columns show the impact of government ideology on the probability of a consolidation event. Columns 3 and 4 assess the impact of government ideology on consolidation size. The results show that the effect of ideology on the timing of consolidation does not increase when another functional form is used. The Tobit model, assessing the impact of government ideology on the size of a consolidation event shows that leftist governments consolidate significantly less than right-wing governments (which is the excluded category). This is in line with the main results presented in the paper.

Table A5: Different Operationalizations of Government Ideology

	Probit		Tobit	
	<i>Consolidation Event</i>	<i>Consolidation Event</i>	<i>Consolidation Size</i>	<i>Consolidation Size</i>
Ideology		5.339 (6.841)		13.239 (8.054)
Ideology ²		-4.280 (7.425)		-11.518 (8.742)
Left Government	-0.329 (0.249)		-0.562** (0.283)	
Center Government	-0.210 (0.177)		-0.164 (0.205)	
Growth _{<i>t</i>-1}	-0.075** (0.033)	-0.077** (0.033)	-0.138*** (0.037)	-0.140*** (0.037)
Unemployment _{<i>t</i>-1}	0.151*** (0.031)	0.152*** (0.031)	0.281*** (0.037)	0.275*** (0.036)
Elderly _{<i>t</i>-1}	0.215** (0.094)	0.220** (0.095)	0.395*** (0.113)	0.396*** (0.112)
Openness _{<i>t</i>-1}	-0.665*** (0.210)	-0.688*** (0.209)	-1.160*** (0.264)	-1.169*** (0.256)
<i>t</i>	-0.806*** (0.160)	-0.790*** (0.162)		
<i>t</i> ²	0.086*** (0.026)	0.084*** (0.027)		
<i>t</i> ³	-0.002** (0.001)	-0.002* (0.001)		
<i>F</i>	163.42	162.12	6.86	6.94
<i>Prob</i> > <i>F</i>	0.000	0.000	0.000	0.000
Pseudo <i>R</i> ²	0.32	0.32	0.15	0.16
<i>N</i>	480	480	480	480

Note: Right governments are excluded. All models include country fixed effects. Robust errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table A6 shows the results from the models assessing the impact of fiscal rules on the probability of consolidation. Based on these models, no statistically significant relationship between the presence of fiscal rules and the likelihood of consolidation can be found.

Table A6: Impact of Fiscal Rules on Consolidation Events

	Total rules	National rules	Rules dummy
N of rules (total)	0.029 (0.073)		
N of rules (national)		-0.138 (0.106)	
Rule (dummy)			0.115 (0.106)
Growth _{t-1}	-0.090** (0.041)	-0.078* (0.041)	-0.090** (0.041)
Unemployment _{t-1}	0.176*** (0.042)	0.171*** (0.042)	0.178*** (0.042)
Elderly _{t-1}	0.196* (0.116)	0.180 (0.116)	0.172 (0.118)
Openness _{t-1}	-0.782** (0.320)	-0.609** (0.303)	-0.799*** (0.298)
<i>t</i>	-0.824*** (0.193)	-0.847*** (0.191)	-0.811*** (0.193)
<i>t</i> ²	0.081*** (0.032)	0.085*** (0.031)	0.080** (0.031)
<i>t</i> ³	-0.002 (0.001)	-0.002 (0.001)	-0.002 (0.001)
Constant	1.797 (1.231)	1.349 (1.126)	1.857 (1.153)
<i>F</i>	125.62	125.81	129.54
<i>Prob > F</i>	0.000	0.000	0.000
Pseudo <i>R</i> ²	0.38	0.38	0.38
<i>N</i>	384	384	384

Note: All models include country fixed effects.
Robust errors in parentheses. *** $p < 0.01$, **
 $p < 0.05$, * $p < 0.1$.

Figure A2: Predicted probabilities (political variables)

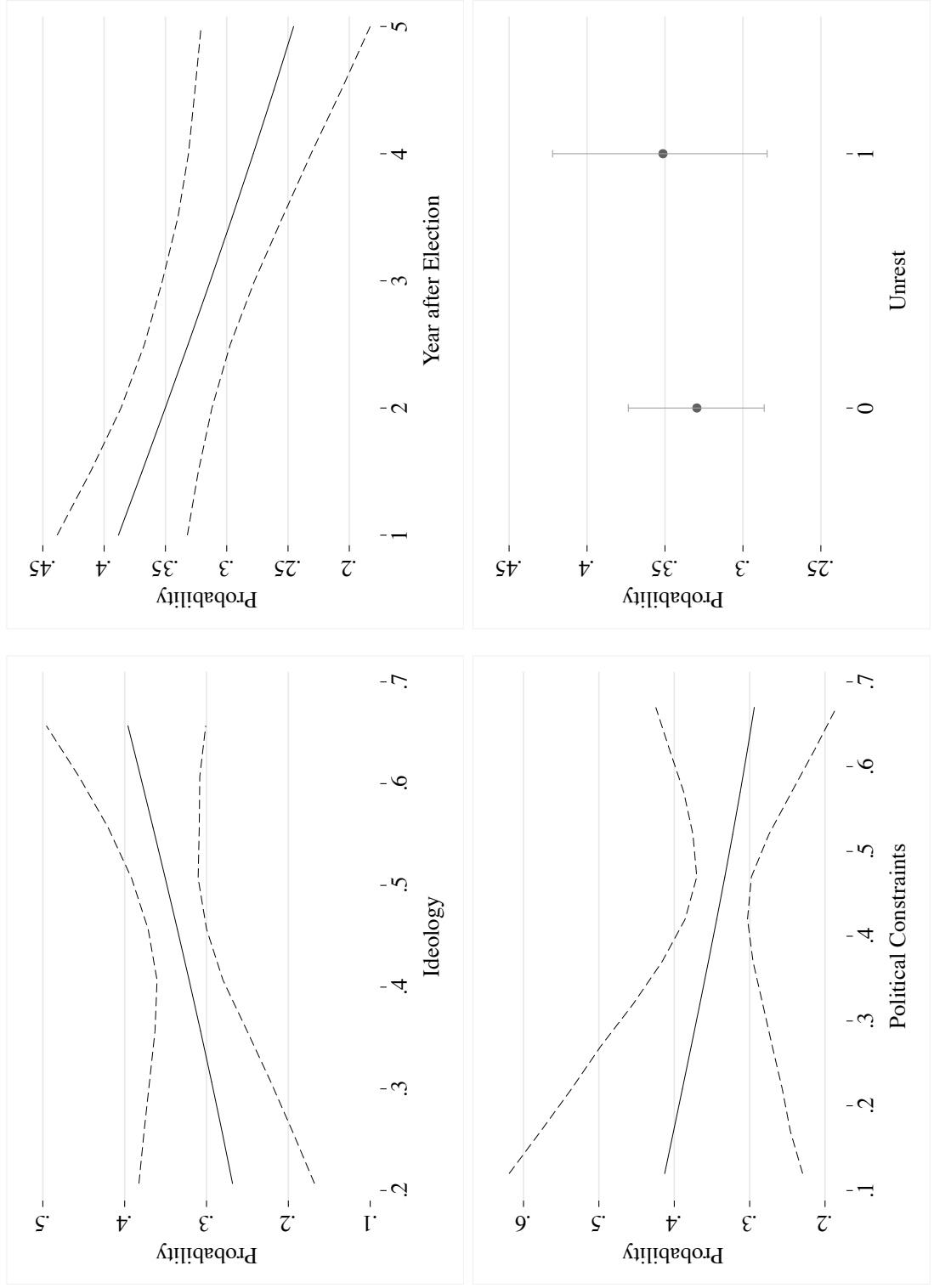


Figure A3: Predicted probabilities (socio-economic variables)

