Online Appendix A - Expanded discussion on robustness checks

To make sure that the results are not driven by model specification, I run a series of robustness checks. The dynamics of TSCS models depend on the assumptions made about the speed of adjustment, i.e. the effects of the independent variables in the long term. If they are theoretically relevant, the inclusion of a lagged dependent variable (LDV) could prove useful (Beck and Katz 2011).[1] Further, if we assume that the errors follow a first-order autoregressive (AR1) process which strongly varies by group, a panel-specific modelling (PSAR1) may be more appropriate. Tables A1 to A4 show four alternative dynamic specifications to the model in Table 2. Table A1 employs a panel-specific first-order autocorrelation coefficient, since the auto-regressive process may differ across countries. Results are largely the same and only H2a loses in significance in the full model.[2] Table A2 retains the common autocorrelation coefficient of the main regression, but includes a LDV, which may be warranted if one assumes that the current values of the dependent variable are a function of its prior values (Wilkins 2018). Table A3 adds year-fixed effects to the Table 2 models, which allow for the identification of variation across countries while holding time-variant effects constant, thus capturing differences in national and international conditions during the sample period (Rickard 2012a, 781), while Table A4 further adds a LDV to the models in Table A3. Finally, tables A5 and A6 re-run Table A1 adding a LDV without and with year-fixed effects, respectively, in order to test for the effect of the LDV on a different specification.

The results for the accountability hypothesis are robust to all specifications, whereas less consistency is found for the responsiveness hypotheses. In none of the four tables is the H1 variable significant when no higher-order coefficients are included. H2a, instead, remains robust in the full model only if a LDV is included, which speaks to the importance of considering the effect of independent variables over time, as Beck and Katz (2011, 336) suggest. Interestingly, H2b becomes significant in tables A2-A6, though the effect is always rather small, whereas findings for H3 hold throughout in the full model.[3] As expected, the inclusion of a LDV in tables A2 and A4 provides important explanatory power – between 36% and 40%. However, contrary to the argument advanced by Achen (2000), it does not suppress that of the independent variables. Rather, as Wilkins (2018) argues, the inclusion of the LDV offers an important addition to the data-generating process and increases the confidence in the findings. Indeed, tables A5 and A6 bear largely similar results as those presented in tables A2 and A4. The only variable that fails to reach statistical significance in the full model is the interaction term for H2a. Results are robust regardless of the inclusion or exclusion of year-fixed effects. This suggests that there is likely not much difference between the common and panel-specific autocorrelation specifications.

This result, therefore, provides an important counter-argument for those scholars, particularly in the field of

political economy, that contend that LDVs bias the results by suppressing the explanatory power of other variables (Huber and Stephens 2001; Plümper, Troeger and Manow 2005). Hence, this argument applies to, but need not be confined to State aid politics. Further research could better explore the effect of LDVs on other economic outputs typical of the interventionist State, such as market regulation, or core government and social spending (Schmitt and Zohlnhöfer 2019; Zohlnhöfer, Engler and Dümig 2018).

Finally, as in Table 2, socio-economic controls are mostly found to be not significant. In table A2 and A5, economic growth is significant and presents a negative sign, giving weight to the compensation hypothesis of the globalisation literature. In Table A4, instead, it is the amount of debt-to-GDP ratio and the level of unemployment that offer some significant results, though not for all models. In both cases the sign is negative. When the country faces higher debt levels, the government may be less keen on being profligate. This result is also confirmed by the consistently robust *EMU* variable, which provides, as in Table 2, important explanatory leverage. Higher levels of unemployment, instead, lead to lower aid. The pattern for *Unemployment* is also repeated in tables A5 and A6. This may be explained by the fact that in such cases, the preferred option for governments is to increase welfare expenditures, rather than subsidise workers indirectly (Cao, Prakash and Ward 2007; Rickard 2012b). However, the results are not particularly robust throughout the different specifications, suggesting that these findings should be taken with some healthy scepticism, and possibly further investigated.

In sum, these findings largely support the idea that in a highly interdependent economic environment, institutions matter, as they 'refract the effects of world markets and may insulate governments from constituent demands for more public aid' (Zahariadis 2013, 149). The reason why governments may not be able to properly act out their policy programmes expressed in the electoral manifestos may be due to domestic constraints and European rules. Further, governments seem to value electoral pragmatism more than the attainment of policy goals when choosing how to allocate aid. State aid may indeed be a story of pork-barrel politics rather than welfare maximisation. Like many other distributive policies, resources are allocated to specific and concentrated interests tied to a constituency, though questions remain to what degree politicians are responsive to special interests more than the median voter specifically.

One last robustness check is provided in Table A7, which offers an alternative specification for the dependent variable, using OECD data applied to fourteen European countries.[4] This different operationalisation was chosen because the Commission State aid Scoreboard only includes measures approved by the Commission or for which the Commission has received an information fiche. Hence, the effective amount of State aid might be underestimated. The OECD data are far from an effective replacement for State aid data, in that they only measure aid to manufacturing (services are excluded) and only include fourteen Member States.

Notwithstanding these shortcomings, they may still offer useful insights.

In Table A7, only H4 presents results consistent with the main regression, though its effect has largely diminished. H2b, instead, becomes significant, but displays the opposite signs as hypothesised. Despite these puzzling results, three things should be noted. First, the two dependent variables measure different things, as mentioned above, which suggests that different sectors of the economy may go through different channels of government support. This might explain why veto players may play a different role for one type of subsidy compared to the other, and why EU-related commitments such as EMU seem to differently affect subsidy spending. Secondly, the OECD measurement only allows for the analysis of Western European countries, which have a rather different industrial and economic legacy compared to the newer Member States (Blauberger 2009; Hölscher, Nulsch and Stephan 2017). This seems to point that the results may be partially sample-driven, but a quick analysis using data from the Scoreboard shows that the determinants of aid allocation are largely the same and equally robust for Western and Eastern Member States.[5] Indeed, as Hölscher et al. (2017) show, the main difference between State aid spending in Western and Eastern Europe is not so much about the total level of allocations, but rather lays in the *composition* of the aid, with Eastern States lagging behind in the use of horizontal aid (applicable to all undertakings) compared to the more targeted sectoral (to specific firms or sectors) and regional aid (to depressed areas of the country). Finally the understanding of what constitutes an incentive or subsidy as per the CMP is more in line with what the Commission sees as State aid, since it also includes tax breaks and deferrals, which are not part of the OECD definition.

Hence, three lessons can be gathered from these robustness checks. First, properly modelling the dynamics of the data-generating process in a way that is theoretically relevant can offer valuable insights to the analysis. This applies, but need not be confined, to State aid politics. A similar story can be told for other economic outputs that define the modern entrepreneurial State, such as market regulation, or government and social expenditure (Schuster, Schmitt and Traub 2013; Zohlnhöfer et al. 2018). Secondly, it is important to recognise the limitations of the study by being clear about the contextual nature of the analysis. What may be true in the European Union, might be less so in other regions. Claims of generalisability need to be properly crafted to ensure that the theoretical argument can be effectively applied to a geographical region that is wider or different from the one that is put under empirical analysis. Finally, one reason for discordant results in the literature in State aid comes down to the differences in the dependent variable being used, ranging from the Scoreboard data to OECD and IMF measurements. It is therefore vital to be clear about what the dependent variable is actually measuring. As Golden and Min (2013, 77) remind us, what qualifies as pork in one setting may not in another. The same reasoning applies to our understanding of State aid.

[Table A1 about here.]

[Table A2 about here.]

[Table A3 about here.]

[Table A4 about here.]

[Table A5 about here.]

[Table A6 about here.]

[Table A7 about here.]

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Table A1: State aid in the EU27 (1992-2011) with Panel-Specific (AR1)

	(1) H1	(2) H2a	(3) H2b	(4) H4	(5) Full Model
Economic Policy	-0.008	0.010	0.040		0.047
	(0.013)	(0.035)	(0.027)		(0.043)
Coalition	-0.036*	-0.048			-0.030
	(0.020)	(0.032)			(0.034)
Veto Players	-0.009**		-0.003		-0.004
	(0.004)		(0.006)		(0.006)
Economic Policy x Coalition		-0.002			-0.007
		(0.012)			(0.013)
Economic Policy x Veto Players			-0.003†		-0.003
			(0.002)		(0.002)
Regulation	0.013	0.028†	0.029*		0.030†
	(0.012)	(0.018)	(0.017)		(0.019)
Economic Policy x Regulation		-0.004	-0.004		-0.005†
		(0.003)	(0.003)		(0.003)
log(District Magnitude)				-0.351**	-0.394***
				(0.143)	(0.141)
Personal Vote				-0.672**	-0.699**
				(0.287)	(0.291)
log(District Magnitude) x Personal Vote				0.495***	0.520***
				(0.173)	(0.175)
Real Economic Growth	-0.007	-0.008	-0.008	-0.011*	-0.008
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Trade Globalisation	0.006	0.005	0.005	0.008	0.006
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Financial Globalisation	-0.005	-0.007	-0.007	-0.001	-0.006
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Timing of Election	0.009	0.007	0.005	0.004	0.006
	(0.029)	(0.029)	(0.029)	(0.030)	(0.030)
EMU	-0.318***	-0.323***	-0.324***	-0.339***	-0.369***
	(0.079)	(0.078)	(0.078)	(0.079)	(0.081)
Debt/GDP	0.002	0.002	0.002	0.002	0.002
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Unemployment	-0.013	-0.013	-0.017†	-0.016	-0.015
	(0.010)	(0.010)	(0.011)	(0.011)	(0.010)
Constant	-0.662	-0.545	-0.600	-0.695	-0.116
	(0.489)	(0.525)	(0.509)	(0.485)	(0.590)
Observations	380	380	381	381	380
R-squared	0.871	0.862	0.867	0.855	0.857
Country-fixed effects	Yes	Yes	Yes	Yes	Yes
Wald χ^2	130365***	41758***	54688***	155223***	367194***

Note: Prais-Winsten regressions with PCSE and casewise selection; PCSE in parentheses;
*** p<0.01, ** p<0.05, * p<0.1, † p≈0.11.

Table A2: State aid in the EU27 (1992-2011) with LDV

	(1) H1	(2) H2a	(3) H2b	(4) H4	(5) Full Model
lag(State aid)	0.389***	0.393***	0.392***	0.368***	0.360***
	(0.071)	(0.068)	(0.069)	(0.070)	(0.067)
Economic Policy	-0.020	0.046	0.044*		0.113***
	(0.014)	(0.030)	(0.023)		(0.037)
Coalition	-0.022	0.012			0.013
	(0.023)	(0.035)			(0.034)
Veto Players	-0.004		0.004		0.007
	(0.004)		(0.006)		(0.006)
Economic Policy x Coalition		-0.017			-0.024**
		(0.013)			(0.012)
Economic Policy x Veto Players			-0.004*		-0.005***
			(0.002)		(0.002)
Regulation	0.006	0.029**	0.030**		0.035**
	(0.009)	(0.014)	(0.014)		(0.016)
Economic Policy x Regulation		-0.006*	-0.007**		-0.007*
		(0.003)	(0.003)		(0.004)
log(District Magnitude)				-0.940***	-1.079***
				(0.254)	(0.276)
Personal Vote				-1.909***	-2.210***
				(0.575)	(0.598)
log(District Magnitude) x Personal Vote				1.046***	1.125***
				(0.285)	(0.306)
Real Economic Growth	-0.011*	-0.013**	-0.013**	-0.016***	-0.012**
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Trade Globalisation	0.003	0.001	0.001	0.003	0.001
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Financial Globalisation	0.002	0.001	0.000	0.005	0.002
	(0.005)	(0.004)	(0.005)	(0.004)	(0.005)
Timing of Election	0.006	0.003	0.002	-0.002	-0.005
	(0.040)	(0.040)	(0.040)	(0.041)	(0.039)
EMU	-0.253***	-0.236***	-0.248***	-0.240***	-0.278***
	(0.063)	(0.061)	(0.063)	(0.063)	(0.066)
Debt/GDP	-0.001	-0.002	-0.002	-0.002	-0.003*
	(0.002)	(0.001)	(0.001)	(0.002)	(0.002)
Unemployment	-0.008	-0.011	-0.011	-0.011	-0.008
	(0.010)	(0.010)	(0.010)	(0.009)	(0.009)
Constant	-0.486	-0.452	-0.372	0.769	1.394**
	(0.356)	(0.361)	(0.370)	(0.546)	(0.640)
Observations	365	365	366	366	365
R-squared	0.794	0.800	0.803	0.802	0.817
Country-fixed effects	Yes	Yes	Yes	Yes	Yes
Wald χ^2	1089***	580***	337***	1491***	165663***
ρ	0.116	0.111	0.100	0.107	0.092

Note: Prais-Winsten regressions with PCSE and pairwise selection; PCSE in parentheses;
*** p<0.01, ** p<0.05, * p<0.1, † p≈0.11.

Table A3: State aid in the EU27 (1992-2011) with Country- and Year-Fixed Effects

	(1) H1	(2) H2a	(3) H2b	(4) H4	(5) Full Model
Economic Policy	-0.029	0.048	0.032		0.095**
	(0.023)	(0.043)	(0.032)		(0.047)
Coalition	-0.040	-0.003			0.005
	(0.027)	(0.045)			(0.039)
Veto Players	-0.008		-0.004		-0.002
	(0.006)		(0.007)		(0.007)
Economic Policy x Coalition		-0.021			-0.024
		(0.018)			(0.016)
Economic Policy x Veto Players			-0.003		-0.004*
			(0.002)		(0.002)
Regulation	-0.015	0.010	0.009		0.025
	(0.018)	(0.025)	(0.024)		(0.028)
Economic Policy x Regulation		-0.007†	-0.007†		-0.008†
		(0.005)	(0.004)		(0.005)
log(District Magnitude)				-0.408***	-0.384***
				(0.123)	(0.146)
Personal Vote				-0.665***	-0.658***
				(0.214)	(0.251)
log(District Magnitude) x Personal Vote				0.541***	0.482***
				(0.142)	(0.175)
Real Economic Growth	-0.007	-0.010	-0.010	-0.009	-0.008
	(0.012)	(0.011)	(0.012)	(0.012)	(0.011)
Trade Globalisation	0.002	0.000	-0.001	0.003	-0.000
	(0.007)	(0.007)	(0.006)	(0.006)	(0.006)
Financial Globalisation	0.004	0.002	0.002	0.003	0.003
	(0.007)	(0.007)	(0.007)	(0.006)	(0.006)
Timing of Election	-0.001	-0.005	-0.006	-0.004	-0.009
	(0.036)	(0.036)	(0.034)	(0.033)	(0.034)
EMU	-0.401***	-0.388***	-0.407***	-0.446***	-0.478***
	(0.086)	(0.087)	(0.081)	(0.088)	(0.089)
Debt/GDP	-0.002	-0.002	-0.002	-0.000	-0.002
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Unemployment	-0.004	-0.009	-0.008	-0.014	-0.009
	(0.011)	(0.010)	(0.011)	(0.011)	(0.010)
Constant	-0.525	-0.503	-0.376	-0.263	-0.106
	(0.485)	(0.504)	(0.468)	(0.484)	(0.523)
Observations	380	380	381	381	380
R-squared	0.615	0.614	0.622	0.620	0.645
Country-fixed effects	Yes	Yes	Yes	Yes	Yes
Year-fixed effects	Yes	Yes	Yes	Yes	Yes
Wald χ^2	6.48e+06***	7.27e+07***	3.06e+06***	4.83e+06***	4.27e+07***
ρ	0.446	0.456	0.440	0.439	0.425

Note: Prais-Winsten regressions with PCSE and pairwise selection; PCSE in parentheses;
*** p<0.01, ** p<0.05, * p<0.1, † p≈0.11.

Table A4: State aid in the EU27 (1992-2011) with LDV and Country- and Year-Fixed Effects

	(1) H1	(2) H2a	(3) H2b	(4) H4	(5) Full Model
lag(State aid)	0.400***	0.406***	0.398***	0.375***	0.373***
	(0.081)	(0.077)	(0.072)	(0.071)	(0.075)
Economic Policy	-0.024	0.040	0.047**		0.112***
	(0.018)	(0.034)	(0.024)		(0.037)
Coalition	-0.019	0.011			0.012
	(0.023)	(0.037)			(0.032)
Veto Players	-0.005		0.005		0.008
	(0.004)		(0.005)		(0.006)
Economic Policy x Coalition		-0.016			-0.023*
		(0.015)			(0.013)
Economic Policy x Veto Players			-0.004**		-0.006***
			(0.002)		(0.002)
Regulation	0.009	0.034*	0.039**		0.046**
	(0.012)	(0.018)	(0.017)		(0.020)
Economic Policy x Regulation		-0.006†	-0.007*		-0.007†
		(0.004)	(0.004)		(0.004)
log(District Magnitude)				-1.054***	-1.098***
				(0.230)	(0.281)
Personal Vote				-2.171***	-2.286***
				(0.519)	(0.593)
log(District Magnitude) x Personal Vote				1.159***	1.202***
				(0.239)	(0.314)
Real Economic Growth	-0.013	-0.017	-0.017	-0.016	-0.016
	(0.014)	(0.013)	(0.013)	(0.013)	(0.012)
Trade Globalisation	0.001	-0.001	-0.002	0.000	-0.002
	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)
Financial Globalisation	0.007	0.005	0.005	0.006	0.006
	(0.006)	(0.005)	(0.005)	(0.005)	(0.005)
Timing of Election	0.004	-0.000	-0.000	-0.003	-0.006
	(0.044)	(0.043)	(0.041)	(0.041)	(0.040)
EMU	-0.314***	-0.297***	-0.327***	-0.301***	-0.346***
	(0.075)	(0.068)	(0.070)	(0.074)	(0.071)
Debt/GDP	-0.002†	-0.002	-0.003*	-0.002	-0.003**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Unemployment	-0.010	-0.015*	-0.014*	-0.018**	-0.011
	(0.009)	(0.008)	(0.008)	(0.008)	(0.008)
Constant	-0.654*	-0.556	-0.485	1.160**	1.269*
	(0.364)	(0.366)	(0.345)	(0.589)	(0.656)
Observations	365	365	366	366	365
R-squared	0.807	0.811	0.813	0.815	0.829
Country-fixed effects	Yes	Yes	Yes	Yes	Yes
Year-fixed effects	Yes	Yes	Yes	Yes	Yes
Wald χ^2	2.44e+08***	1.37e+08***	4.62e+09***	5.57e+07***	2.80e+09***
ρ	0.104	0.099	0.097	0.097	0.079

Note: Prais-Winsten regressions with PCSE and pairwise selection; PCSE in parentheses;
*** p<0.01, ** p<0.05, * p<0.1, † p≈0.11.

Table A5: State aid in the EU27 (1992-2011) with LDV, Country-Fixed Effects and Panel-Specific (AR1)

	(1) H1	(2) H2a	(3) H2b	(4) H4	(5) Full Model
lag(State aid)	0.389***	0.359***	0.354***	0.339***	0.328***
	(0.071)	(0.066)	(0.065)	(0.065)	(0.064)
Economic Policy	-0.020	0.022	0.060***		0.089**
	(0.014)	(0.032)	(0.023)		(0.035)
Coalition	-0.022	-0.028			-0.015
	(0.023)	(0.031)			(0.030)
Veto Players	-0.004		0.005		0.008
	(0.004)		(0.005)		(0.006)
Economic Policy x Coalition		-0.004			-0.013
		(0.012)			(0.011)
Economic Policy x Veto Players			-0.006***		-0.006***
			(0.002)		(0.002)
Regulation	0.006	0.028*	0.029**		0.034**
	(0.009)	(0.014)	(0.015)		(0.016)
Economic Policy x Regulation		-0.005*	-0.005**		-0.006**
		(0.003)	(0.003)		(0.003)
log(District Magnitude)				-0.914***	-1.085***
				(0.260)	(0.260)
Personal Vote				-1.858***	-2.220***
				(0.584)	(0.585)
log(District Magnitude) x Personal Vote				1.055***	1.199***
				(0.290)	(0.295)
Real Economic Growth	-0.011*	-0.012**	-0.013**	-0.015***	-0.011*
	(0.006)	(0.006)	(0.006)	(0.005)	(0.006)
Trade Globalisation	0.003	-0.001	-0.001	0.003	0.001
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Financial Globalisation	0.002	0.000	0.000	0.006	0.001
	(0.005)	(0.004)	(0.005)	(0.004)	(0.004)
Timing of Election	0.006	0.003	0.003	-0.005	-0.004
	(0.040)	(0.032)	(0.032)	(0.033)	(0.032)
EMU	-0.253***	-0.247***	-0.257***	-0.262***	-0.290***
	(0.063)	(0.063)	(0.064)	(0.062)	(0.065)
Debt/GDP	-0.001	0.001	0.001	0.000	-0.001
	(0.002)	(0.001)	(0.001)	(0.002)	(0.002)
Unemployment	-0.008	-0.018**	-0.020**	-0.018**	-0.015*
	(0.010)	(0.009)	(0.009)	(0.009)	(0.009)
Constant	-0.486	-0.387	-0.434	0.580	1.334**
	(0.356)	(0.381)	(0.395)	(0.547)	(0.649)
Observations	365	365	366	366	365
R-squared	0.794	0.905	0.912	0.908	0.911
Country-fixed effects	Yes	Yes	Yes	Yes	Yes
Wald χ^2	1088.57***	629.98***	1967.57***	3476.85***	62366.08***

Note: Prais-Winsten regressions with PCSE and pairwise selection; PCSE in parentheses;
*** p<0.01, ** p<0.05, * p<0.1, † p≈0.11.

Table A6: State aid in the EU27 (1992-2011) with LDV, Country- and Year-Fixed Effects and Panel-Specific (AR1)

	(1) H1	(2) H2a	(3) H2b	(4) H4	(5) Full Model
lag(State aid)	0.400***	0.368***	0.357***	0.345***	0.343***
	(0.081)	(0.073)	(0.067)	(0.065)	(0.071)
Economic Policy	-0.024	0.018	0.061**		0.087**
	(0.018)	(0.035)	(0.025)		(0.035)
Coalition	-0.019	-0.022			-0.010
	(0.023)	(0.035)			(0.029)
Veto Players	-0.005		0.004		0.006
	(0.004)		(0.005)		(0.005)
Economic Policy x Coalition		-0.005			-0.012
		(0.015)			(0.012)
Economic Policy x Veto Players			-0.006***		-0.006***
			(0.002)		(0.002)
Regulation	0.009	0.030*	0.037**		0.043**
	(0.012)	(0.017)	(0.016)		(0.019)
Economic Policy x Regulation		-0.004	-0.005*		-0.006*
		(0.003)	(0.003)		(0.003)
log(District Magnitude)				-1.019***	-1.084***
				(0.223)	(0.266)
Personal Vote				-2.098***	-2.259***
				(0.503)	(0.594)
log(District Magnitude) x Personal Vote				1.163***	1.253***
				(0.242)	(0.304)
Real Economic Growth	-0.013	-0.014	-0.014	-0.012	-0.013
	(0.014)	(0.012)	(0.012)	(0.013)	(0.011)
Trade Globalisation	0.001	-0.005	-0.006	-0.001	-0.004
	(0.006)	(0.006)	(0.005)	(0.005)	(0.006)
Financial Globalisation	0.007	0.005	0.005	0.008*	0.006
	(0.006)	(0.004)	(0.004)	(0.004)	(0.004)
Timing of Election	0.004	-0.003	-0.003	-0.006	-0.007
	(0.044)	(0.034)	(0.032)	(0.032)	(0.032)
EMU	-0.314***	-0.310***	-0.334***	-0.313***	-0.355***
	(0.075)	(0.068)	(0.067)	(0.073)	(0.070)
Debt/GDP	-0.002†	-0.000	-0.000	-0.001	-0.001
	(0.001)	(0.001)	(0.001)	(0.002)	(0.001)
Unemployment	-0.010	-0.022***	-0.023***	-0.024***	-0.018**
	(0.009)	(0.007)	(0.008)	(0.007)	(0.007)
Constant	-0.654*	-0.482	-0.470	0.933*	1.266*
	(0.364)	(0.324)	(0.320)	(0.518)	(0.649)
Observations	365	365	366	366	365
R-squared	0.807	0.910	0.914	0.912	0.916
Country-fixed effects	Yes	Yes	Yes	Yes	Yes
Year-fixed effects	Yes	Yes	Yes	Yes	Yes
Wald χ^2	2.44e+08***	1.21e+07***	2.14e+07***	5.47e+08***	5.973e+06***

Note: Prais-Winsten regressions with PCSE and casewise selection; PCSE in parentheses;
*** p<0.01, ** p<0.05, * p<0.1, † p≈0.11.

Table A7: State aid in the EU27 (1992-2011) with OECD subsidies

	(1) H1	(2) H2a	(3) H2b	(4) H4	(5) Full Model
Economic Policy	0.016	0.060**	0.005		0.020
	(0.012)	(0.026)	(0.018)		(0.030)
Coalition	-0.025	-0.021			-0.020
	(0.022)	(0.030)			(0.033)
Veto Players	0.006		-0.007		-0.006
	(0.005)		(0.005)		(0.006)
Economic Policy x Coalition		-0.006			-0.005
		(0.010)			(0.010)
Economic Policy x Veto Players			0.004**		0.004**
			(0.002)		(0.002)
Regulation	0.023**	0.047***	0.038***		0.036**
	(0.011)	(0.015)	(0.015)		(0.016)
Economic Policy x Regulation		-0.007**	-0.004		-0.004
		(0.003)	(0.003)		(0.003)
log(District Magnitude)				-0.009	-0.001
				(0.051)	(0.067)
Personal Vote				-0.015	0.049
				(0.103)	(0.121)
log(District Magnitude) x Personal Vote				0.205***	0.172*
				(0.078)	(0.093)
Real Economic Growth	-0.001	-0.000	-0.001	-0.003	-0.001
	(0.006)	(0.007)	(0.007)	(0.007)	(0.008)
Trade Globalisation	-0.003	-0.006	-0.006	-0.001	-0.006
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Financial Globalisation	-0.016***	-0.018***	-0.018***	-0.010**	-0.018***
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Timing of Election	-0.009	-0.015	-0.012	-0.014	-0.014
	(0.018)	(0.021)	(0.021)	(0.019)	(0.022)
EMU	-0.049	-0.025	-0.019	-0.041	0.007
	(0.069)	(0.073)	(0.073)	(0.074)	(0.083)
Debt/GDP	-0.000	-0.000	0.000	0.000	0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Unemployment	0.003	0.001	-0.001	0.006	-0.002
	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Constant	4.740***	4.971***	4.988***	4.048***	4.709***
	(0.373)	(0.359)	(0.343)	(0.317)	(0.371)
Observations	271	271	271	271	271
R-squared	0.785	0.816	0.818	0.784	0.837
Country-fixed effects	Yes	Yes	Yes	Yes	Yes
Wald χ^2	1812***	2860***	2980***	1821***	3710***
ρ	0.661	0.578	0.577	0.656	0.517

Note: Prais-Winsten regressions with PCSE and pairwise selection; PCSE in parentheses;
*** p<0.01, ** p<0.05, * p<0.1, † p≈0.11.

Notes

[1]There is a long-standing debate on the inclusion of a LDV in the regression analysis, particularly in political economy. It is beyond the scope of this paper to discuss the ins and outs of LDVs, but see for instance (Achen 2000; Beck and Katz 2011; Keele and Kelly 2006; Plümper et al. 2005; Wilkins 2018).

[2]Though H3's p-value is now ≈ 0.11.

[3]The results in tables A1-A6 approximate those in Table 2, though the significance continues to hover around p-values of 0.10-0.11.

[4]Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, The Netherlands, Portugal, Spain, Sweden and the United Kingdom.

[5]The only difference is the significance for H2a (in Eastern countries) and H2b (in Western countries).