

Table 1: Data statistics

| Statistic                              | N     | Mean      | St. Dev. | Min       | Max       |
|--|-------|-----------|----------|-----------|-----------|
| Public employment rate                 | 1,337 | 18.965    | 6.146    | 7.252     | 32.418    |
| Log of GDP per capita, in USD Millions | 1,337 | 10.158    | 0.737    | 7.949     | 11.032    |
| Output Gap in percent                  | 1,337 | -0.229    | 3.218    | -10.693   | 18.035    |
| GDP growth, YoY in percent             | 1,337 | 2.383     | 3.045    | -17.904   | 15.600    |
| Time                                   | 1,337 | 2,002.166 | 6.397    | 1,990.250 | 2,012.750 |
| Quarter                                | 1,337 | 7.568     | 3.281    | 1.824     | 20.359    |
| Unemployment rate                      | 1,337 | 2.849     | 1.354    | 0.279     | 5.754     |
| Log of population in million           | 1,337 | 36.790    | 8.257    | 16.483    | 58.199    |
| Government Revenue                     | 1,337 | 18.977    | 6.144    | 7.252     | 32.418    |

Table 2: Main variable result

|  | <i>Dependent variable:</i>           |
|--|--------------------------------------|
|  | Difference in public employment rate |
| Log of GDP per capita, in USD Millions | -0.032<br>(0.082)                    |
| Output Gap in percent                  | -0.008***<br>(0.003)                 |
| GDP growth, YoY in percent             | 0.0002<br>(0.002)                    |
| Time                                   | -0.003<br>(0.002)                    |
| Unemployment rate                      | -0.013***<br>(0.003)                 |
| Log of population in million           | 0.162<br>(0.167)                     |
| Government Revenue                     | -0.001<br>(0.001)                    |
| Constant                               | 6.749**<br>(3.299)                   |
| Auto-correlation effect                | Yes                                  |
| Seasonal effect                        | Yes                                  |
| Country effect                         | Yes                                  |
| Observations                           | 1,337                                |
| R <sup>2</sup>                         | 0.999                                |
| Adjusted R <sup>2</sup>                | 0.999                                |
| Residual Std. Error                    | 0.151 (df = 1310)                    |
| F Statistic                            | 85,304.770*** (df = 26; 1310)        |
| <i>Note:</i>                           | *p<0.1; **p<0.05; ***p<0.01          |

Table 3: Effect of IMF GFS Score

|  | <i>Dependent variable:</i>           |                              |
|--|--------------------------------------|------------------------------|
|  | Difference in public employment rate |                              |
|  | (1)                                  | (2)                          |
| Log of GDP per capita, in USD Millions | −0.163<br>(0.205)                    | −0.159<br>(0.204)            |
| Output Gap in percent                  | −0.012***<br>(0.004)                 | −0.012***<br>(0.004)         |
| GDP growth, YoY in percent             | 0.001<br>(0.003)                     | 0.001<br>(0.003)             |
| Time                                   | −0.010<br>(0.006)                    | −0.009<br>(0.006)            |
| Unemployment rate                      | −0.014***<br>(0.005)                 | −0.014***<br>(0.005)         |
| Log of population in million           | −0.008<br>(0.435)                    | −0.002<br>(0.432)            |
| Government Revenue                     | 0.002<br>(0.003)                     | 0.002<br>(0.003)             |
| IMF GFS Index                          | 0.0001<br>(0.0004)                   |                              |
| Constant                               | 21.352**<br>(9.916)                  | 21.180**<br>(9.838)          |
| Auto-correlation effect                | Yes                                  | Yes                          |
| Seasonal effect                        | Yes                                  | Yes                          |
| Country effect                         | Yes                                  | Yes                          |
| Observations                           | 640                                  | 640                          |
| R <sup>2</sup>                         | 0.999                                | 0.999                        |
| Adjusted R <sup>2</sup>                | 0.999                                | 0.999                        |
| Residual Std. Error                    | 0.148 (df = 612)                     | 0.148 (df = 613)             |
| F Statistic                            | 38,481.680*** (df = 27; 612)         | 40,025.630*** (df = 26; 613) |

*Note:*

\*p&lt;0.1; \*\*p&lt;0.05; \*\*\*p&lt;0.01

Table 4: Effect of Government Political Orientation

|  | <i>Dependent variable:</i>           |                               |
|--|--------------------------------------|-------------------------------|
|  | Difference in public employment rate |                               |
|  | (1)                                  | (2)                           |
| Log of GDP per capita, in USD Millions | −0.024<br>(0.083)                    | −0.032<br>(0.082)             |
| Output Gap in percent                  | −0.008***<br>(0.003)                 | −0.008***<br>(0.003)          |
| GDP growth, YoY in percent             | −0.0002<br>(0.002)                   | 0.0002<br>(0.002)             |
| Time                                   | −0.003<br>(0.002)                    | −0.003<br>(0.002)             |
| Unemployment rate                      | −0.013***<br>(0.003)                 | −0.013***<br>(0.003)          |
| Log of population in million           | 0.127<br>(0.170)                     | 0.162<br>(0.167)              |
| Government Revenue                     | −0.001<br>(0.001)                    | −0.001<br>(0.001)             |
| Left Orientated Government             | 0.006<br>(0.005)                     |                               |
| Constant                               | 6.135*<br>(3.341)                    | 6.749**<br>(3.299)            |
| Auto-correlation effect                | Yes                                  | Yes                           |
| Seasonal effect                        | Yes                                  | Yes                           |
| Country effect                         | Yes                                  | Yes                           |
| Observations                           | 1,337                                | 1,337                         |
| R <sup>2</sup>                         | 0.999                                | 0.999                         |
| Adjusted R <sup>2</sup>                | 0.999                                | 0.999                         |
| Residual Std. Error                    | 0.151 (df = 1309)                    | 0.151 (df = 1310)             |
| F Statistic                            | 82,166.880*** (df = 27; 1309)        | 85,304.770*** (df = 26; 1310) |

*Note:*

\*p&lt;0.1; \*\*p&lt;0.05; \*\*\*p&lt;0.01

Table 5: Effect of Years until next Election

|  | <i>Dependent variable:</i>           |                               |
|--|--------------------------------------|-------------------------------|
|  | Difference in public employment rate |                               |
|  | (1)                                  | (2)                           |
| Log of GDP per capita, in USD Millions | −0.033<br>(0.082)                    | −0.032<br>(0.082)             |
| Output Gap in percent                  | −0.009***<br>(0.003)                 | −0.008***<br>(0.003)          |
| GDP growth, YoY in percent             | 0.0005<br>(0.002)                    | 0.0002<br>(0.002)             |
| Time                                   | −0.003<br>(0.002)                    | −0.003<br>(0.002)             |
| Unemployment rate                      | −0.014***<br>(0.003)                 | −0.013***<br>(0.003)          |
| Log of population in million           | 0.173<br>(0.167)                     | 0.162<br>(0.167)              |
| Government Revenue                     | −0.001<br>(0.001)                    | −0.001<br>(0.001)             |
| Years until next election              | −0.006*<br>(0.004)                   |                               |
| Constant                               | 6.680**<br>(3.296)                   | 6.749**<br>(3.299)            |
| Auto-correlation effect                | Yes                                  | Yes                           |
| Seasonal effect                        | Yes                                  | Yes                           |
| Country effect                         | Yes                                  | Yes                           |
| Observations                           | 1,337                                | 1,337                         |
| R <sup>2</sup>                         | 0.999                                | 0.999                         |
| Adjusted R <sup>2</sup>                | 0.999                                | 0.999                         |
| Residual Std. Error                    | 0.151 (df = 1309)                    | 0.151 (df = 1310)             |
| F Statistic                            | 82,281.670*** (df = 27; 1309)        | 85,304.770*** (df = 26; 1310) |

*Note:*

\*p&lt;0.1; \*\*p&lt;0.05; \*\*\*p&lt;0.01

Table 6: Effect of Net Landing

|  | <i>Dependent variable:</i>           |                               |
|--|--------------------------------------|-------------------------------|
|  | Difference in public employment rate |                               |
|  | (1)                                  | (2)                           |
| Log of GDP per capita, in USD Millions | −0.024<br>(0.085)                    | −0.032<br>(0.082)             |
| Output Gap in percent                  | −0.009***<br>(0.003)                 | −0.008***<br>(0.003)          |
| GDP growth, YoY in percent             | 0.0001<br>(0.002)                    | 0.0002<br>(0.002)             |
| Time                                   | −0.003<br>(0.002)                    | −0.003<br>(0.002)             |
| Unemployment rate                      | −0.013***<br>(0.003)                 | −0.013***<br>(0.003)          |
| Log of population in million           | 0.162<br>(0.167)                     | 0.162<br>(0.167)              |
| Government Revenue                     | −0.001<br>(0.001)                    | −0.001<br>(0.001)             |
| Net Lending in percent of GDP          | 0.001<br>(0.004)                     |                               |
| Constant                               | 6.781**<br>(3.301)                   | 6.749**<br>(3.299)            |
| Auto-correlation effect                | Yes                                  | Yes                           |
| Seasonal effect                        | Yes                                  | Yes                           |
| Country effect                         | Yes                                  | Yes                           |
| Observations                           | 1,337                                | 1,337                         |
| R <sup>2</sup>                         | 0.999                                | 0.999                         |
| Adjusted R <sup>2</sup>                | 0.999                                | 0.999                         |
| Residual Std. Error                    | 0.151 (df = 1309)                    | 0.151 (df = 1310)             |
| F Statistic                            | 82,090.520*** (df = 27; 1309)        | 85,304.770*** (df = 26; 1310) |

*Note:*

\*p&lt;0.1; \*\*p&lt;0.05; \*\*\*p&lt;0.01

Table 7: Effect of Gini coefficient, data up to 2010 (included)

|  | <i>Dependent variable:</i>           |                               |
|--|--------------------------------------|-------------------------------|
|  | Difference in public employment rate |                               |
|  | (1)                                  | (2)                           |
| Log of GDP per capita, in USD Millions | −0.119<br>(0.112)                    | −0.128<br>(0.109)             |
| Output Gap in percent                  | −0.011***<br>(0.003)                 | −0.010***<br>(0.003)          |
| GDP growth, YoY in percent             | 0.003<br>(0.002)                     | 0.002<br>(0.002)              |
| Time                                   | 0.001<br>(0.003)                     | −0.0002<br>(0.002)            |
| Unemployment rate                      | −0.011***<br>(0.004)                 | −0.015***<br>(0.003)          |
| Log of population in million           | 0.358<br>(0.225)                     | 0.192<br>(0.212)              |
| Government Revenue                     | −0.001<br>(0.002)                    | −0.0001<br>(0.002)            |
| Gini Coefficient, Market Income        | −0.010***<br>(0.004)                 |                               |
| Gini Coefficient, Net Income           | 0.001<br>(0.005)                     |                               |
| Constant                               | −0.712<br>(4.824)                    | 2.256<br>(4.095)              |
| Auto-correlation effect                | Yes                                  | Yes                           |
| Seasonal effect                        | Yes                                  | Yes                           |
| Country effect                         | Yes                                  | Yes                           |
| Observations                           | 1,145                                | 1,145                         |
| R <sup>2</sup>                         | 0.999                                | 0.999                         |
| Adjusted R <sup>2</sup>                | 0.999                                | 0.999                         |
| Residual Std. Error                    | 0.153 (df = 1116)                    | 0.154 (df = 1118)             |
| F Statistic                            | 66,175.930*** (df = 28; 1116)        | 70,831.470*** (df = 26; 1118) |

*Note:*

\*p&lt;0.1; \*\*p&lt;0.05; \*\*\*p&lt;0.01

Table 8: Effect of Difference of Gini coefficient (Market and Net), data up to 2010 (included)

|  | <i>Dependent variable:</i>           |                               |
|--|--------------------------------------|-------------------------------|
|  | Difference in public employment rate |                               |
|  | (1)                                  | (2)                           |
| Log of GDP per capita, in USD Millions | −0.081<br>(0.110)                    | −0.128<br>(0.109)             |
| Output Gap in percent                  | −0.010***<br>(0.003)                 | −0.010***<br>(0.003)          |
| GDP growth, YoY in percent             | 0.002<br>(0.002)                     | 0.002<br>(0.002)              |
| Time                                   | −0.001<br>(0.003)                    | −0.0002<br>(0.002)            |
| Unemployment rate                      | −0.011***<br>(0.004)                 | −0.015***<br>(0.003)          |
| Log of population in million           | 0.368<br>(0.225)                     | 0.192<br>(0.212)              |
| Government Revenue                     | 0.00002<br>(0.002)                   | −0.0001<br>(0.002)            |
| Diff. of Gini Market and Net Income    | −0.008**<br>(0.004)                  |                               |
| Constant                               | 3.988<br>(4.158)                     | 2.256<br>(4.095)              |
| Auto-correlation effect                | Yes                                  | Yes                           |
| Seasonal effect                        | Yes                                  | Yes                           |
| Country effect                         | Yes                                  | Yes                           |
| Observations                           | 1,145                                | 1,145                         |
| R <sup>2</sup>                         | 0.999                                | 0.999                         |
| Adjusted R <sup>2</sup>                | 0.999                                | 0.999                         |
| Residual Std. Error                    | 0.153 (df = 1117)                    | 0.154 (df = 1118)             |
| F Statistic                            | 68,463.250*** (df = 27; 1117)        | 70,831.470*** (df = 26; 1118) |

*Note:*

\*p&lt;0.1; \*\*p&lt;0.05; \*\*\*p&lt;0.01