Table 1: Data statistics

Statistic	N	Mean	St. Dev.	Min	Max
Public employment rate	1,579	18.521	5.841	7.252	32.418
Lagged of difference in public employment rate	1,579	18.530	5.839	7.252	32.418
Unemployment rate	1,579	7.528	3.414	1.011	20.359
Government Revenue	1,579	43.995	8.079	28.884	62.655
Net Lending in percent of GDP	1,579	−2.022	4.939	−32.085	19.833
Time	1,579	2,002.181	6.402	1,990.250	2,012.750

Table 2: Main variable result

	Dependent variable:		
	Difference in public employment rate		
	(1)	(2)	(3)
Unemployment rate	−0.009***		
	(0.002)		
Government Revenue	0.008***	0.002	
	(0.003)	(0.002)	
Net Lending in percent of GDP	−0.005***		−0.002
	(0.001)		(0.001)
Constant	0.585***	0.658***	0.728***
	(0.130)	(0.129)	(0.102)
Auto-correlation effect	Yes	Yes	Yes
Time effect	Yes	Yes	Yes
Country effect	Yes	Yes	Yes
Observations	1,579	1,579	1,579
R^2	0.999	0.999	0.999
Adjusted R^2	0.999	0.999	0.999
Residual Std. Error	0.145 (df = 1466)	0.146 (df = 1468)	0.146 (df = 1
F Statistic	22,716.790*** (df = 112; 1466)	22,795.140*** (df = 110; 1468)	22,817.460*** (df =

Note:

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Table 3: Effect of IMF GFS Score

	Dependent variable:	
	Difference in public employment rate	
	(1)	(2)
Unemployment rate	−0.004	−0.004
	(0.003)	(0.003)
Government Revenue	0.011**	0.011**
	(0.005)	(0.005)
Net Lending in percent of GDP	−0.004*	−0.004*
	(0.002)	(0.002)
IMF GFS Index	−0.0001	
	(0.0004)	
Constant	0.221	0.230
	(0.328)	(0.325)
Auto-correlation effect	Yes	Yes
Time effect	Yes	Yes
Country effect	Yes	Yes
Observations	680	680
R^2	0.999	0.999
Adjusted R^2	0.999	0.999
Residual Std. Error	0.144 (df = 619)	0.144 (df = 620)
F Statistic	18,739.620*** (df = 60; 619)	19,085.990*** (df = 59; 620)

Note:	*p<0.1; **p<0.05; ***p<0.01

Table 4: Effect of Government Political Orientation

	Dependent variable:	
	Difference in public employment rate	
	(1)	(2)
Unemployment rate	0.014	
	(0.011)	
Government Revenue	−0.009***	−0.009***
	(0.002)	(0.002)
Net Lending in percent of GDP	0.007***	0.008***
	(0.003)	(0.003)
nlg_to_gdp	−0.005***	−0.005***
	(0.002)	(0.002)
Constant	0.601***	0.583***
	(0.134)	(0.134)
Auto-correlation effect	Yes	Yes
Time effect	Yes	Yes
Country effect	Yes	Yes
Observations	1,492	1,492
R^2	0.999	0.999
Adjusted R^2	0.999	0.999
Residual Std. Error	0.149 (df = 1379)	0.149 (df = 1380)
F Statistic	21,103.400*** (df = 112; 1379)	21,281.620*** (df = 111; 1380)

Note:	*p<0.1; **p<0.05; ***p<0.01

Table 5: Effect of Years until next Election

	Dependent variable:	
	Difference in public employment rate	
	(1)	(2)
Unemployment rate	−0.009***	−0.009***
	(0.002)	(0.002)
Government Revenue	0.008***	0.008***
	(0.003)	(0.003)
Net Lending in percent of GDP	−0.005***	−0.005***
	(0.002)	(0.002)
Years until next election	−0.004	
	(0.003)	
Constant	0.595***	0.583***
	(0.134)	(0.134)
Auto-correlation effect	Yes	Yes
Time effect	Yes	Yes
Country effect	Yes	Yes
Observations	1,492	1,492
R^2	0.999	0.999
Adjusted R^2	0.999	0.999
Residual Std. Error	0.149 (df = 1379)	0.149 (df = 1380)
F Statistic	21,095.540*** (df = 112; 1379)	21,281.620*** (df = 111; 1380)

Note:	*p<0.1; **p<0.05; ***p<0.01

Table 6: Effect of Net Landing

	Dependent variable:	
	Difference in public employment rate	
	(1)	(2)
Log of GDP per capita, in USD Millions	−0.024	−0.032
	(0.085)	(0.082)
Output Gap in percent	−0.009***	−0.008***
	(0.003)	(0.003)
GDP growth, YoY in percent	0.0001	0.0002
	(0.002)	(0.002)
Time	−0.003	−0.003
	(0.002)	(0.002)
Unemployment rate	−0.013***	−0.013***
	(0.003)	(0.003)
Log of population in million	0.162	0.162
	(0.167)	(0.167)
Government Revenue	−0.001	−0.001
	(0.001)	(0.001)
Net Lending in percent of GDP	0.001	
	(0.004)	
Constant	6.781**	6.749**
	(3.301)	(3.299)
Auto-correlation effect	Yes	Yes
Seasonal effect	Yes	Yes
Country effect	Yes	Yes
Observations	1,337	1,337
R^2	0.999	0.999
Adjusted R^2	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<0.1; **p<0.05; ***p<0.01

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

	Dependent variable:	
	Difference in public employment rate	
	(1)	(2)
Unemployment rate	−0.012***	−0.012***
	(0.003)	(0.002)
Government Revenue	0.014***	0.012***
	(0.003)	(0.003)
Net Lending in percent of GDP	−0.008***	−0.007***
	(0.002)	(0.002)
Diff. of Gini Market and Net Income	0.003	
	(0.006)	
gini_red_rel	−0.002	
	(0.001)	
Constant	0.636***	0.617***
	(0.154)	(0.152)
Auto-correlation effect	Yes	Yes
Time effect	Yes	Yes
Country effect	Yes	Yes
Observations	1,276	1,276
R^2	0.999	0.999
Adjusted R^2	0.999	0.999
Residual Std. Error	0.151 (df = 1174)	0.151 (df = 1176)
F Statistic	19,906.880*** (df = 101; 1174)	20,255.620*** (df = 99; 1176)

Note:	*p<0.1; **p<0.05; ***p<0.01

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

	Dependent variable:	
	Difference in public employment rate	
	(1)	(2)
Unemployment rate	−0.011***	−0.012***
	(0.003)	(0.002)
Government Revenue	0.013***	0.012***
	(0.003)	(0.003)
Net Lending in percent of GDP	−0.008***	−0.007***
	(0.002)	(0.002)
Diff. of Gini Market and Net Income	−0.006*	
	(0.003)	
Constant	0.649***	0.617***
	(0.153)	(0.152)
Auto-correlation effect	Yes	Yes
Time effect	Yes	Yes
Country effect	Yes	Yes
Observations	1,276	1,276
R^2	0.999	0.999
Adjusted R^2	0.999	0.999
Residual Std. Error	0.151 (df = 1175)	0.151 (df = 1176)
F Statistic	20,084.770*** (df = 100; 1175)	20,255.620*** (df = 99; 1176)

Note: *p<0.1; **p<0.05; ***p<0.01

Table 9: Effect of GDP

	Dependent variable:	
	Difference in public employment rate	
	(1)	(2)
Government Revenue	0.008***	0.008***
	(0.003)	(0.003)
Net Lending in percent of GDP	−0.006***	−0.005***
	(0.001)	(0.001)
Unemployment rate	−0.009***	−0.009***
	(0.002)	(0.002)
GDP growth, YoY in percent	0.004**	
	(0.002)	
Constant	0.517***	0.584***
	(0.133)	(0.131)
Auto-correlation effect	Yes	Yes
Time effect	Yes	Yes
Country effect	Yes	Yes
Observations	1,570	1,570
R^2	0.999	0.999
Adjusted R^2	0.999	0.999
Residual Std. Error	0.146 (df = 1456)	0.146 (df = 1457)
F Statistic	22,388.310*** (df = 113; 1456)	22,512.150*** (df = 112; 1457)

Note: *p<0.1; **p<0.05; ***p<0.01

Table 10: Effect of GDP per Capita

	Dependent variable:	
	Difference in public employment rate	
	(1)	(2)
Government Revenue	0.006**	0.006**
	(0.003)	(0.003)
Net Lending in percent of GDP	−0.004***	−0.004***
	(0.001)	(0.001)
Unemployment rate	−0.009***	−0.007***
	(0.002)	(0.002)
Log of GDP per capita, in USD Millions	−0.069	
	(0.070)	
Constant	1.330*	0.586***
	(0.765)	(0.131)
Auto-correlation effect	Yes	Yes
Time effect	Yes	Yes
Country effect	Yes	Yes
Observations	1,449	1,449
R^2	0.999	0.999
Adjusted R^2	0.999	0.999
Residual Std. Error	0.145 (df = 1337)	0.145 (df = 1338)
F Statistic	22,321.440*** (df = 111; 1337)	22,524.810*** (df = 110; 1338)

Note: *p<0.1; **p<0.05; ***p<0.01