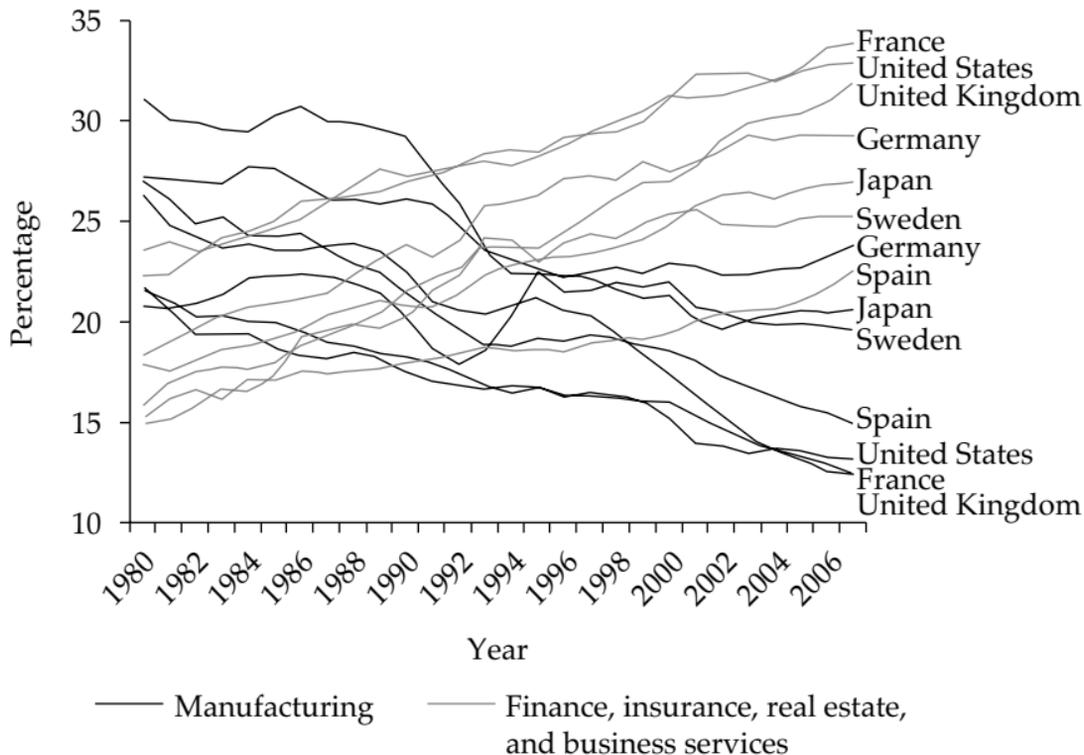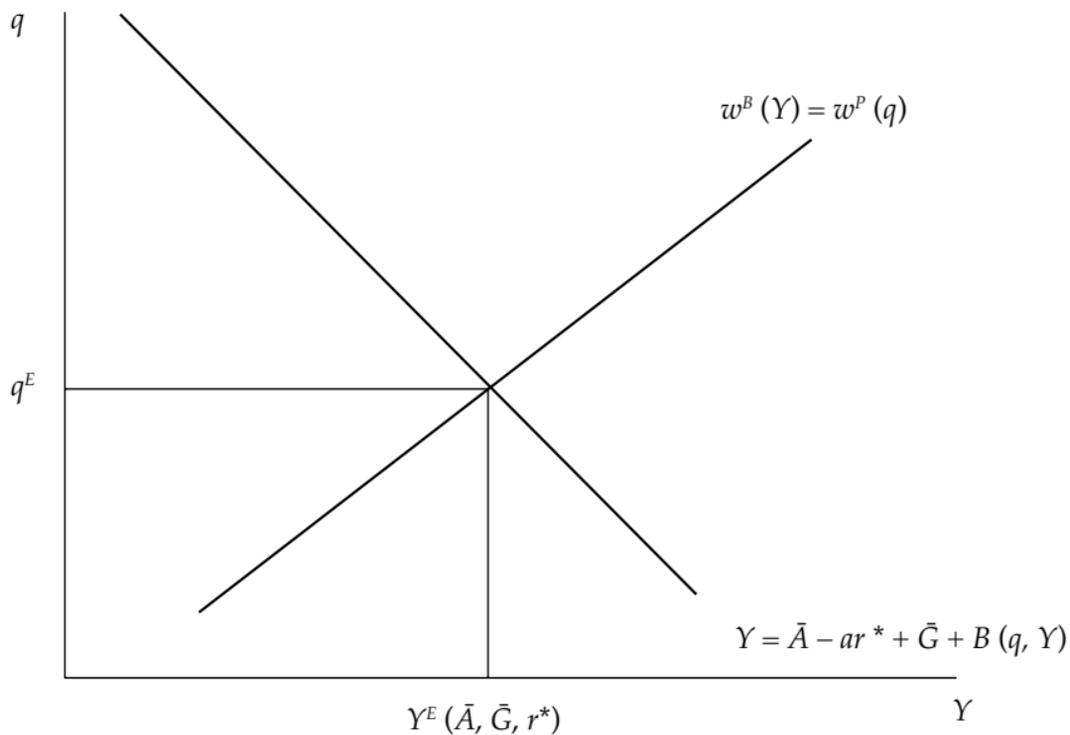Figure 1.1   Manufacturing versus Financial Sector Value Added as a
            Percentage of GDP

Source: Authors' compilation based on OECD (2011).

Figure 2.1 Medium-Term Equilibrium

$w^B(Y) = w^P(q)$

q^E

$Y = \bar{A} - ar^* + \bar{G} + B(q, Y)$

$Y^E(\bar{A}, \bar{G}, r^*)$

q

Y

Figure 2.2   The External Balance
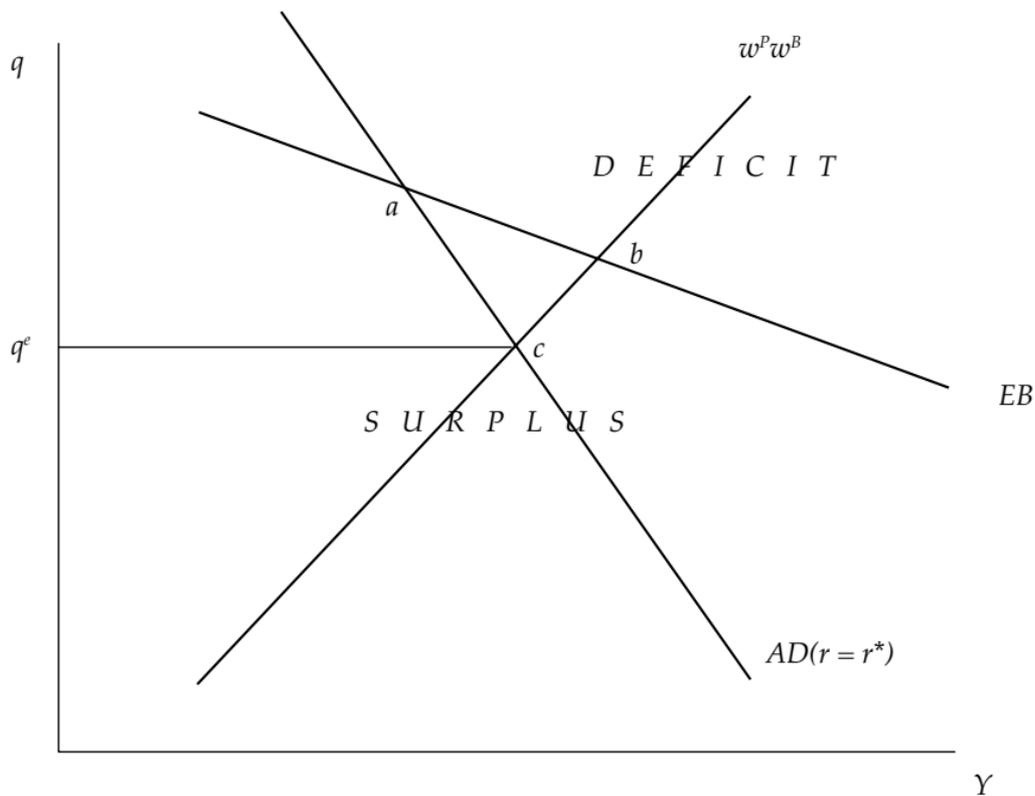
Figure 2.3 Building Up a Surplus
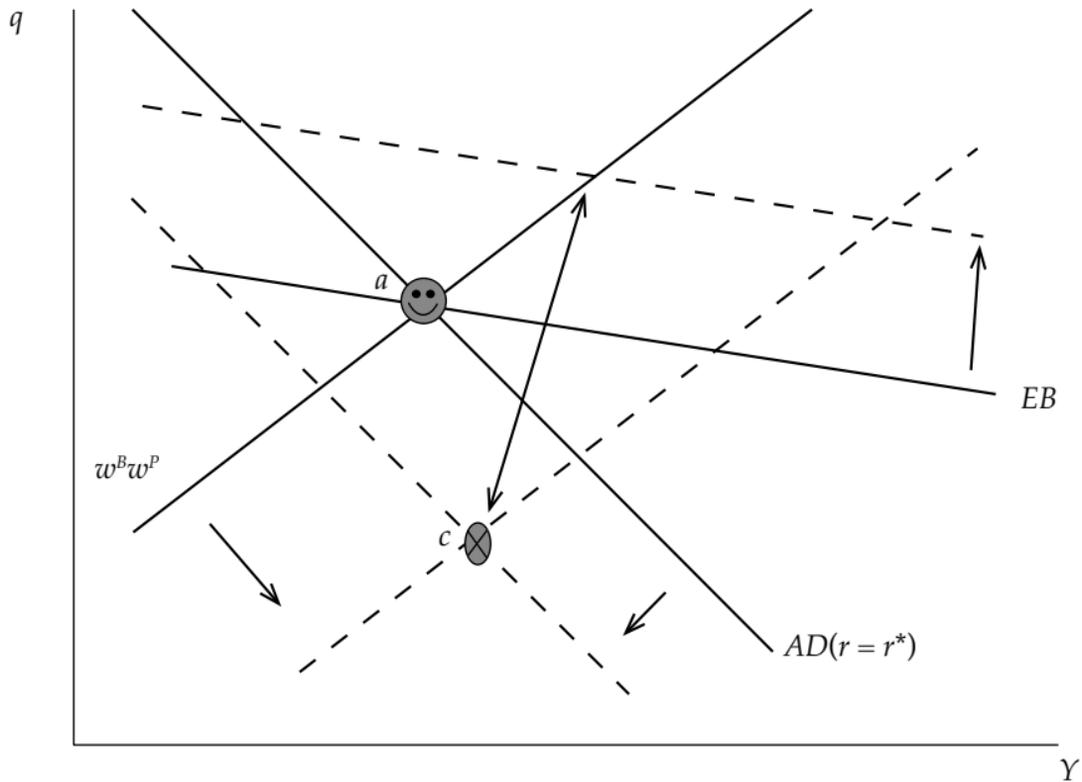
Figure 2.4   China and a Low Real Exchange Rate Target
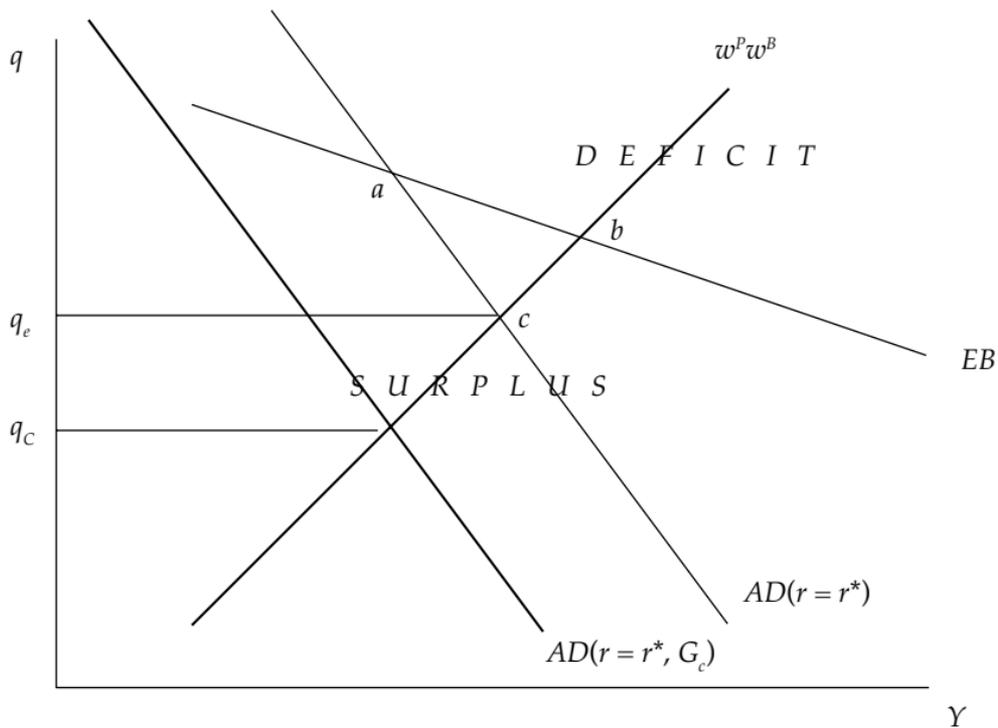
Source: Authors' calculation.

Table 2.1 Sample HLFI Balance Sheet

Assets	Liabilities
Risky assets 100	Short-term borrowing 90
	Capital 10

Source: Author's compilation.

Table 2.2   Game Theoretic Context

		Export-Oriented Bloc			
		Balanced Trade		Fiscal Conservatism	
Liberal bloc	Balanced trade	Medium	Medium	Low	High
	Fiscal accommodation	High	Low	High—C	High—C

Source: Authors' compilation.

Note: Entries are the payoffs to the liberal and export-oriented blocs, respectively. "C" means high risk of a crisis.

Figure 4.1 Change in GDP, 2008 and 2009, and Change in Unemployment, 2008 to 2010
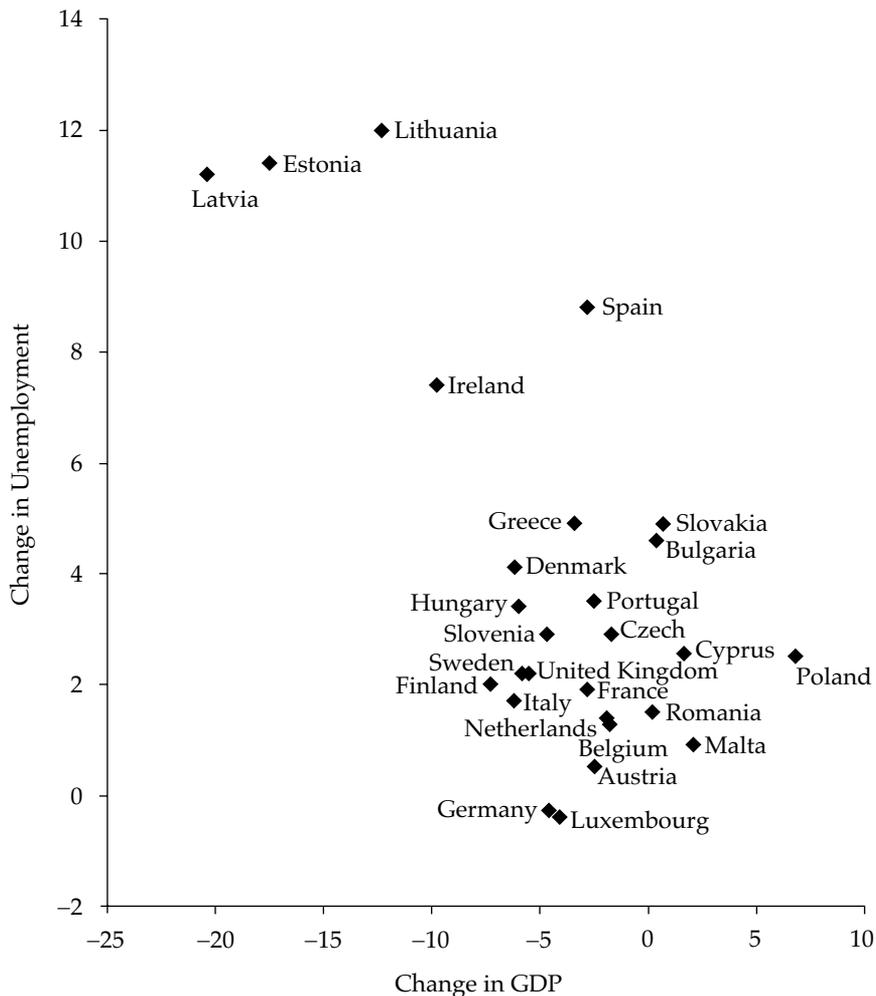
Source: Author's calculations of data from Economic Commission (2011a, table 1, p. 206 and table 23, p. 217).

Figure 4.2   Change in GDP, 2008 and 2009, and Aggregate Fiscal
            Stimulus, 2008 to 2009
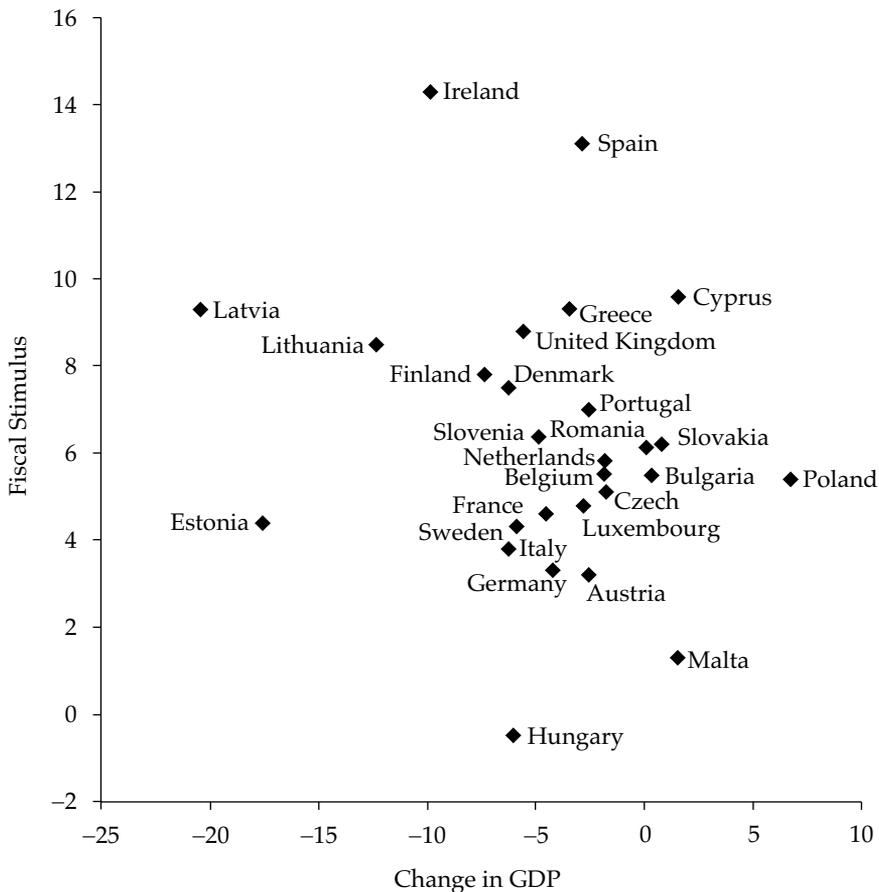
Source: Author's calculations of data from Economic Commission (2011a, table 1, p. 206 and table 35, p. 223).

Figure 4.3   Budget Surplus or Deficit as a Percentage of GDP, 2007,
and Aggregate Fiscal Stimulus, 2008 and 2009

Figure 4.4 Budget Surplus or Deficit as a Percentage of GDP, 2007, and Discretionary Fiscal Stimulus, 2008 to 2010
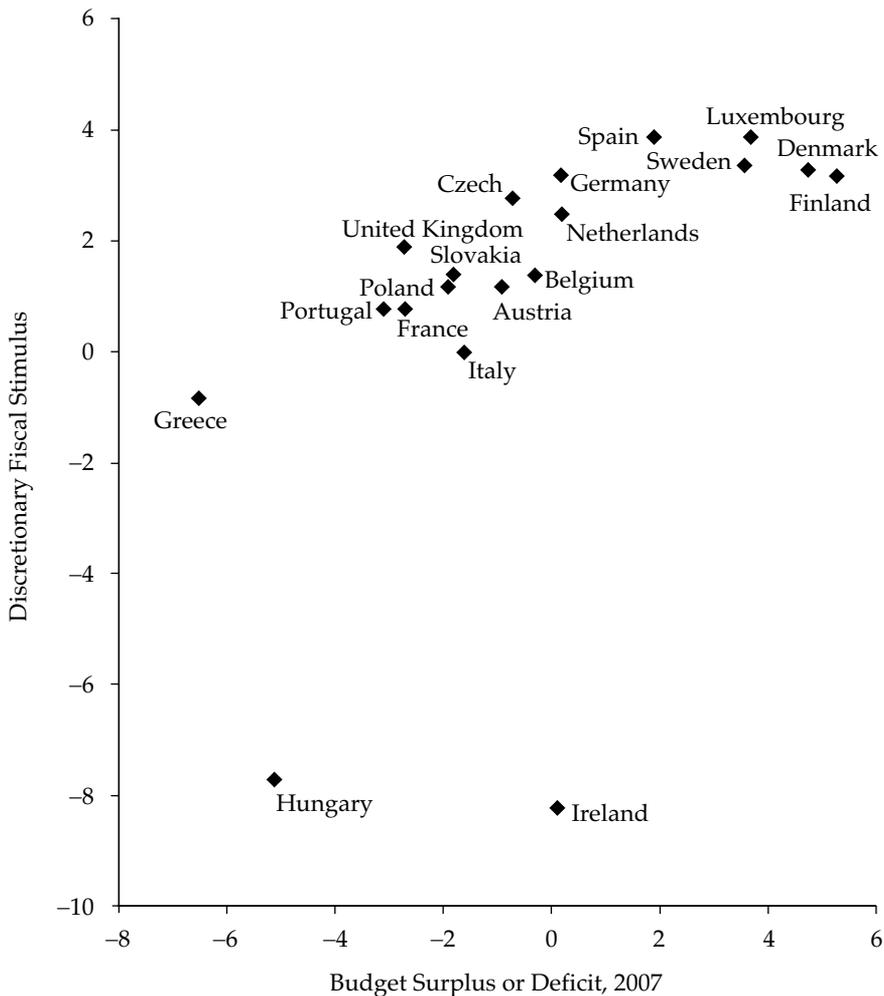
Table 4.1   Change in GDP

	EU 27	Eurozone	Year-on-Year
2007			
Q1	0.8	0.7	
Q2	0.5	0.3	3.2
Q3	0.8	0.7	
Q4	0.5	0.4	
2008			
Q1	0.5	0.6	
Q2	−0.1	−0.2	0.3
Q3	−0.3	−0.2	
Q4	−1.5	−1.6	
2009			
Q1	−2.4	−2.5	
Q2	−0.2	−0.1	−4.2
Q3	0.3	0.4	
Q4	0.3	0.2	
2010			
Q1	0.4	0.4	
Q2	1.0	1.0	2.0
Q3	0.5	0.4	
Q4	0.2	0.3	
2011			
Q1	0.7	0.8	
Q2	0.2	0.2	
Q3	0.3	0.2	

Source: Author's compilation based on European Commission (2011b; 2011a, 206, table 1, year-on-year data for EU 27).

Table 4.2   Quarters in Which the Economy Contracted

	2007				2008				2009				2010			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Denmark	x	x		x	x		x	x	x	x						x
Ireland		x		x	x	x		x	x	x	x	x		x		x
Portugal			x				x	x	x			x				x
Luxembourg			x				x	x	x	x			x			
Estonia				x	x	x	x	x	x	x	x					
Latvia				x	x	x	x	x	x	x	x	x				
Italy				x		x	x	x	x	x		x				
Sweden					x	x	x	x	x							
Hungary						x	x	x	x	x	x					
Netherlands						x	x	x	x	x						
Germany						x	x	x	x							
France						x	x	x	x							
Finland						x	x	x	x							
Lithuania						x	x	x	x	x		x	x			
Spain						x	x	x	x	x	x	x				
Malta						x	x	x	x					x		
United Kingdom						x	x	x	x	x						
Belgium								x	x	x						
Austria								x	x	x						
Czech								x	x	x						
Slovenia								x	x	x			x			
Romania								x	x	x		x	x		x	
Cyprus									x	x	x	x				
Greece									x	x	x	x	x	x	x	x
Bulgaria											x	x	x			
Slovakia									x							
Poland																

Source: Author's compilation based on European Commission (2011b).

Note: Quarterly data not reported for Bulgaria prior to 2009:Q3.

Table 4.3   EU Forecasts of Growth and Unemployment in 2009

		Growth	Unemployment
January 2009 forecast	EU 27	–1.8	8.7
	eurozone	–1.9	9.3
Spring 2009 forecast	EU 27	–4.0	9.4
	eurozone	–4.0	9.9
Actual 2009	EU 27	–4.2	9.0
	eurozone	–4.2	9.6

Source: Author's compilation based on European Commission, (2009a, 2009b, 2011a).

Table 4.4   Size and Impact in 2008 and 2009 of Automatic Stabilizers in Europe

	Output Sensitivity of Fiscal Balance	Impact of Automatic Stabilizers on Fiscal Balance (% of GDP)		
		2008	2009	2008 to 2009
Denmark	.65	0.7	3.4	4.1
Sweden	.58	0.3	3.0	3.3
Netherlands	.55	−1.0	1.9	0.9
Belgium	.54	−0.5	1.5	1.0
Germany	.51	−0.6	2.6	2.0
Italy	.50	0.6	2.6	3.2
Finland	.50	−0.5	4.1	3.6
Luxembourg	.49	−0.4	2.6	2.2
France	.49	0.1	1.3	1.4
Austria	.47	−0.7	1.8	1.1
Hungary	.46	−0.4	3.1	2.7
Portugal	.45	0.0	1.1	1.1
Slovenia	.44	−1.6	3.5	1.9
Spain	.43	−0.4	1.6	1.2
Greece	.43	0.1	1.4	1.5
United Kingdom	.42	0.5	1.8	2.3
Ireland	.40	1.3	2.8	4.1
Poland	.40	−2.0	−0.6	−2.6
Cyprus	.39	−1.4	0.7	−0.7
Malta	.37	−1.6	1.0	−0.6
Czech Republic	.37	−1.1	1.7	0.6
Estonia	.30	1.1	4.3	5.4
Slovakia	.29	−1.7	1.4	−0.3
Latvia	.28	0.9	5.0	5.9
Lithuania	.27	−0.8	4.0	3.2
United States	.34	0.1	1.2	1.3
Japan	.33	0.4	2.1	2.5

Source: Author's compilation based on Girouard and André (2005, table 9) and European Commission 2005 (table 2 and table 6).

Note: The measure of output sensitivity is the product of the weighted elasticities of four types of revenue—personal income taxes, corporate income taxes, social contributions, and indirect taxes—and of unemployment-related expenditures multiplied by the ratios of all current taxes or all current expenditures to GDP. The measure represents the amount of change in the fiscal balance as a percent of GDP due to a 1 percentage point change in GDP. The measures of impact are the product of the measure of output sensitivity and the annual percent change in GDP (European Commission 2011a, 206, table 1).

Table 4.5 Annual Change in Aggregate Fiscal Balance of All Levels of Government as a Percentage of GDP

	2007	2008	2009	2010
Belgium	0.4	1.0	4.5	−1.7
Bulgaria	0.8	−0.5	6.0	−1.2
Czech Republic	−1.9	1.5	3.6	−1.0
Denmark	0.4	1.6	5.9	−0.1
Germany	−1.9	0.3	3.1	1.1
Estonia	−0.1	5.3	−0.9	−2.2
Ireland	2.8	7.4	6.9	17.1
Greece	0.7	3.3	6.0	−5.2
Spain	0.1	6.4	6.7	−1.9
France	0.4	0.6	4.2	−0.4
Italy	−1.9	1.1	2.7	−0.8
Cyprus	−4.6	2.6	7.0	−0.8
Latvia	−0.2	3.8	5.5	−1.4
Lithuania	0.6	2.3	6.2	−2.5
Luxembourg	−2.3	0.7	3.9	0.2
Hungary	−4.3	−1.4	0.9	−0.4
Malta	−0.4	2.2	−0.9	−0.1
Netherlands	0.3	−0.3	6.1	−0.5
Austria	−0.7	0.0	3.2	0.3
Poland	−1.7	1.8	3.6	0.5
Portugal	−1.0	0.5	6.5	−0.3
Romania	0.4	2.8	3.3	−2.1
Slovenia	−1.3	1.9	4.2	−0.3
Slovakia	−1.4	0.3	5.9	−0.3
Finland	−1.2	1.0	6.8	0.0
Sweden	−1.3	1.4	2.9	−0.9
United Kingdom	0.0	2.3	6.5	−1.2
EU 27	−0.6	1.5	4.5	−0.3
United States	0.8	3.6	5.1	−0.9
Japan	0.8	−0.2	6.5	−1.9

Source: Author's compilation based on European Commission (2011b, 223, table 35).

Note: A year-to-year reduction in an aggregate surplus or increase in an aggregate deficit is indicated by a positive value and is assumed to have an expansionary impact on the economy. A year-to-year increase in an aggregate surplus or decrease in an aggregate deficit is indicated by a negative sign and is assumed to have a contractionary impact on the economy.

Table 4.6 Magnitude of Expansionary Discretionary Fiscal Measures in 2008 through 2010 as Percentage of GDP in 2008

	Decreases in Taxes	Increases in Spending	Total Expansionary Impact
Spain	1.7	2.2	3.9
Luxembourg	2.3	1.6	3.9
Sweden	1.7	1.7	3.4
Denmark	0.7	2.6	3.3
Finland	2.7	0.5	3.2
Germany	1.6	1.6	3.2
Czech Republic	2.5	0.3	2.8
Netherlands	1.6	0.9	2.5
United Kingdom	1.5	0.4	1.9
Belgium	0.3	1.1	1.4
Slovakia	0.7	0.7	1.4
Poland	0.4	0.8	1.2
Austria	0.8	0.4	1.2
France	0.2	0.6	0.8
Portugal	0.0	0.8	0.8
Italy	–0.3	0.3	0.0
Greece	–0.8	0.0	–0.8
Hungary	–0.2	–7.5	–7.7
Ireland	–6.0	–2.2	–8.2
United States	3.2	2.4	5.6
Canada	2.4	1.7	4.1
Japan	0.5	4.2	4.7

Source: Author's compilation based on OECD (2010a).

Table 4.7   The Impact of Fiscal Policy on Growth in 2010

	Economic Growth	
	2010	2010-Q2 Versus 2009-Q2
Aggregate fiscal stimulus 2008 to 2009	−0.264**	−0.325**
	(0.109)	(0.120)
	($t = 2.42$)	($t = 2.73$)
Automatic stabilizers 2008 to 2009	0.342	0.645
	(0.552)	(0.637)
	($t = 0.62$)	($t = 1.01$)
Discretionary fiscal policy 2008 to 2010		
Tax reductions	0.493**	0.723***
	(0.234)	(0.223)
	($t = 2.11$)	($t = 3.25$)
Spending increases	0.175	0.354
	(0.225)	(0.232)
	($t = 0.78$)	($t = 1.52$)
Tax reductions + spending increases	0.226*	0.372**
	(0.137)	(0.130)
	($t = 1.66$)	($t = 2.85$)

Source: Author's calculations. Aggregate fiscal stimulus: table 4.5. Aggregate automatic stabilizers: table 4.4, expansionary discretionary measures, table 4.6. Rate of growth in 2010: European Commission (2011a, 206, table 1). Rate of growth in second quarter of 2010 versus second quarter of 2009: European Commission (2011b).

Note: Entries are regression coefficients and standard errors of separate regressions of each measure of growth on each measure of fiscal policy, controlling for the cumulative contraction of the economy in 2008 to 2009. The standard errors and *t*-statistics are in parentheses. For the regressions estimating the effect of the aggregate stimulus, $N = 27$; for those estimating the effect of automatic stabilizers, $N = 25$; for those estimating the effect of discretionary measures, $N = 19$. Asterisks indicate the probability the estimate would be as large if the null hypothesis (no effect) were true.

*$p < .10$; **$p < .05$; ***$p < .01$.

Table 4.8   Magnitude of Expansionary Discretionary Fiscal Measures and Rate of Economic Growth

	Magnitude of Expansionary Discretionary Measures	Economic Growth			
		2010: Q2 Versus 2009: Q2	2010	2011 Forecast	2012 Forecast
Luxembourg	3.9	5.3	2.7	1.6	1.0
Spain	3.9	0.0	–0.1	0.7	0.7
Sweden	3.4	4.5	5.6	4.0	1.4
Denmark	3.3	2.6	1.7	1.2	1.4
Germany	3.2	3.9	3.7	2.9	0.8
Finland	3.2	4.2	3.6	3.1	1.4
Czech Republic	2.8	2.3	2.7	1.8	0.7
Netherlands	2.5	2.2	1.7	1.8	0.5
United Kingdom	1.9	1.5	1.8	0.7	0.6
Belgium	1.4	2.7	2.3	2.2	0.9
Slovakia	1.4	4.3	4.2	2.9	1.1
Austria	1.2	2.2	2.3	2.9	0.9
Poland	1.2	3.6	3.9	.0	2.5
France	0.8	1.5	1.5	1.6	0.6
Portugal	0.8	1.4	1.4	–1.9	–3.0
Italy	0.0	1.5	1.5	0.5	0.1
Greece	–0.8	–3.1	–3.5	–5.5	–2.8
Hungary	–7.7	0.5	1.3	1.4	0.5
Ireland	–8.2	–1.9	–0.4	1.1	1.1
EU	—	2.0	2.0	1.6	0.6

Source: Author's compilation based on OECD (2010a); European Commission (2011a, 206, table 1; 2011b).

Table 5.1   Legislative Measures Against the Crisis in 2008 and 2009

	France	Germany
2008		
April	Emergency plan for the Employment of the Young (€1.3 billion) proposed	
October	Stimulus Plan for the Financing of SMEs proposed; Support Plan for the Financing of the Economy passed (measures to stabilize financial system incl. deposit guarantee)	Stabilization of Financial Markets Act (defines conditions under which banks can get state aid) proposed and passed
November		First stimulus package proposed (Schutzschirm für Arbeitsplätze), later dubbed Konjunkturpaket 1
December	Stimulus package announced and passed (€26 billion)	First stimulus package passed (€11 billion)
2009		
January		Second stimulus package (Konjunkturpaket 2, €50 billion over two years) and car-scrapping scheme (Environmental Premium) passed
February	Pact for the Automobile Sector implemented; Social measures for the most vulnerable announced at Social Summit	Amendment of the Stabilization of Financial Markets Act proposed (creates temporary guarantee fund and possibility to nationalize banks)
March		Act to improve prudential supervision proposed; Federal Commission proposes debt brake (phasing in from 2011)
April	Fund for Social Investment introduced	
June		Bad Bank Act (provides basis for rescue of Landesbanken) proposed; Debt brake, including necessary change of Constitution, passes both Houses
July		Act on prudential supervision and Bad Bank Act passed

Table 5.1 (*Continued*)

	France	Germany
August		Act on the reorganization of systemically important banks proposed
December		Growth Acceleration Act (€8.5 billion, mostly tax relief for families and firms) passed

Source: Author's compilation based on Présidence de la République (2009)and Bundesministerium für Finanzen (2009).

Table 5.2   Anatomy of Fiscal Stabilization in France and Germany

		France	Germany
Fiscal stimulus, net effect[a]		–0.6	–3.0
Tax measures	Total	–0.2	–1.6
	Individuals	–0.1	–0.6
	Business	–0.1	–0.3
	Consumption	0.0	0.0
	Social contributions	0.0	–0.7
Spending measures[b]	Total	0.4	1.4
	Investment	0.2	0.8
	Transfers to households	0.1	0.2
	Transfers to businesses	0.0	0.3
	Transfers to subnational governments	0.0	0.0
Automatic stabilization[c]		–3.4	–4.2
Budget elasticity for income shock[d]		0.37	0.48
Output gaps	2008	–0.6	0.9
	2009	–4.5	–5.2
	2010	–4.0	–4.4
Total fiscal stabilization[e]		–4.0	–7.2

Source: Author's calulations based on OECD (2009) and Dolls, Fuest, and Peichi (2009), table 2.

[a] Total over 3 years as percentage of GDP in 2008; figures for 2010 are forecasts.

[b] An increase in spending is a positive figure that adds to the (negative) fiscal stimulus, that is, the budget deficit.

[c] Sum of budget elasticity times output gaps (as share of GDP of that year) in fiscal year 2008–2010.

[d] A figure like 0.48 for Germany says that a 1 percent drop in every household's income leads to a lower budget balance by almost half a percent.

[e] Figures with different denominators (GDP figures for different years) have been added up here, so the total is only an approximation.
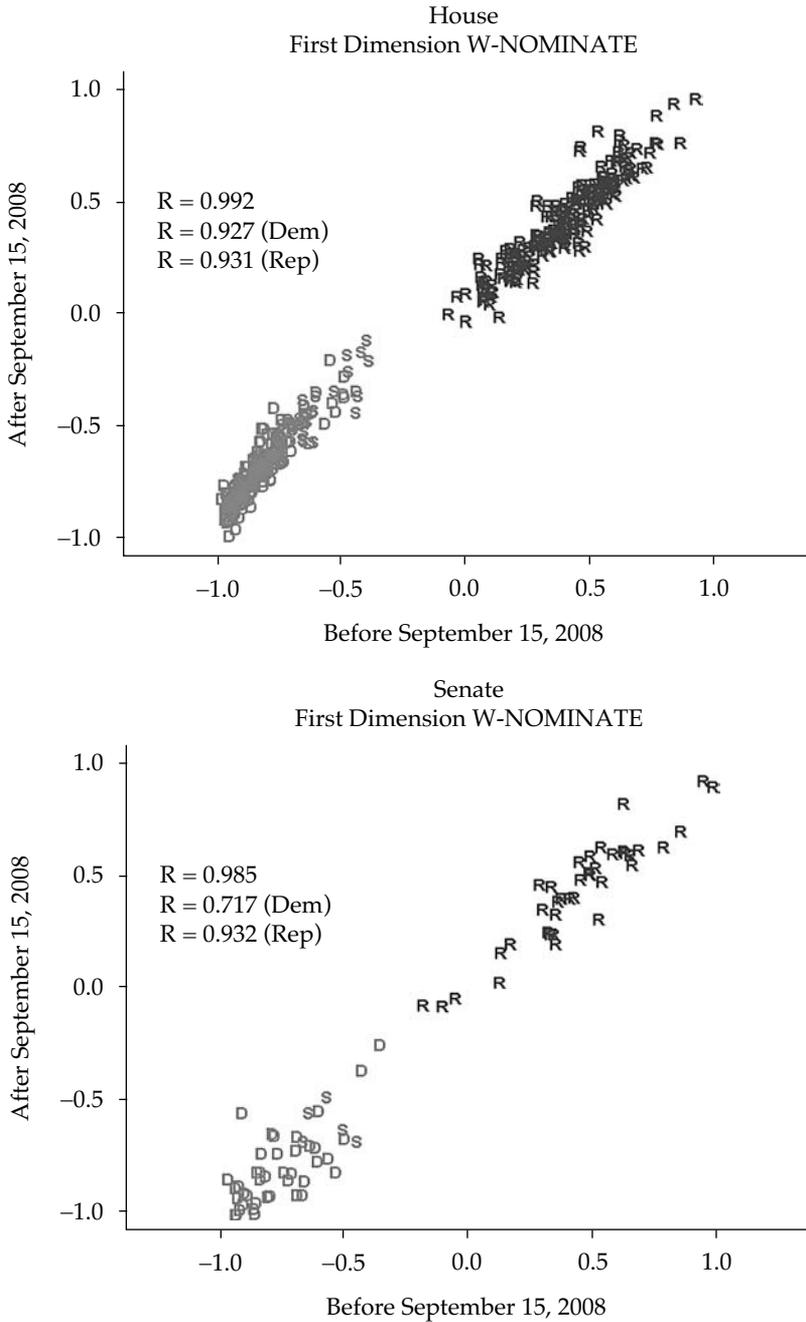
Table 5.3 Forecasts by the IMF and the EU

	Unemployment			Real Growth		
	2008	2009	2010	2008	2009	2010
France						
IMF Forecasts						
Fall 2007	8.6	8.0	n.a.	1.9	2.0	n.a.
Fall 2008	7.7	8.3	n.a.	0.8	0.2	n.a.
Spring 2009	7.8 [a]	9.6	10.3	0.7 [a]	–3.0	–0.2
EU Forecasts						
Fall 2007	8.2	8.1	n.a.	2.0	1.8	n.a.
Fall 2008	8.0	9.0	9.3	0.9	0.0	0.8
Spring 2009	7.8 [a]	9.6	10.7	0.7 [a]	–3.0	–0.2
Germany						
IMF Forecasts						
Fall 2007	6.5	6.3	n.a.	2.4	2.0	n.a.
Fall 2008	7.4	8.0	n.a.	1.8	—	n.a.
Spring 2009	7.3 [a]	9.0	10.8	1.3 [a]	–5.4	0.3
EU Forecasts						
Fall 2007	7.7	7.6	n.a.	2.1	2.2	n.a.
Fall 2008	7.3	7.5	7.4	1.7	0.0	1.0
Spring 2009	7.3 [a]	8.6	10.4	1.3 [a]	–5.4	0.3

Source: Author's compilation based on International Monetary Fund (2007, 2008, 2009) and DG Ecfin (2007, 2008, 2009).

[a] actual estimate, not forecast

Figure 7.1   Before Lehman Versus After Lehman

House
First Dimension W-NOMINATE

R = 0.992
R = 0.927 (Dem)
R = 0.931 (Rep)

After September 15, 2008

Before September 15, 2008

Senate
First Dimension W-NOMINATE

R = 0.985
R = 0.717 (Dem)
R = 0.932 (Rep)

After September 15, 2008

Before September 15, 2008

Figure 7.2 Polarization and Relative Wage
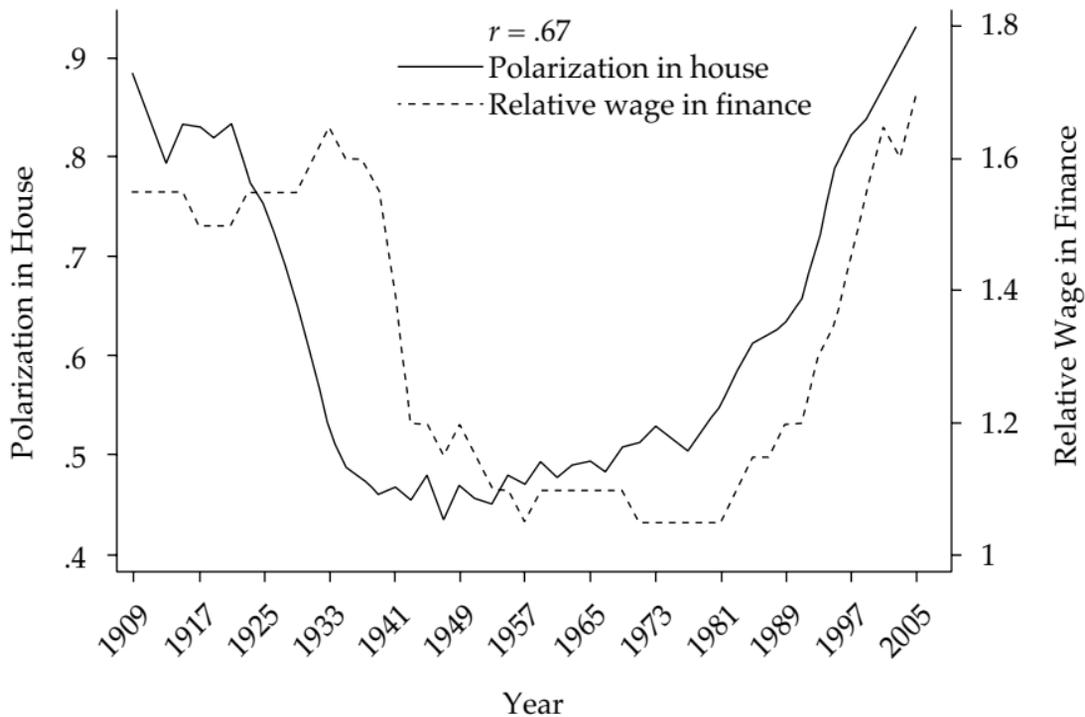
Figure 7.3   Campaign Contributions from Financial Sector
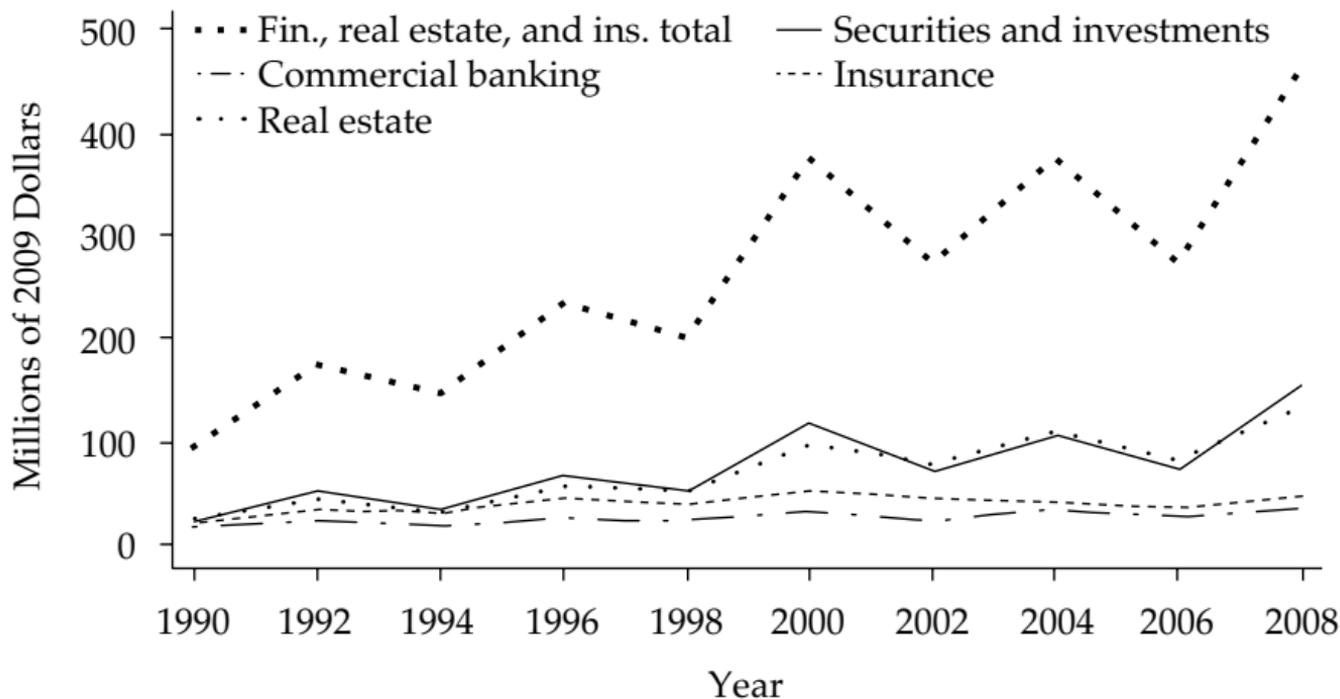
Source: Author's compilation based on Opensecrets (2009).

Figure 7.4 Democratic Share of Contributions

- • • Fin., real estate, and ins. total
- — · — Commercial banking
- · · · Real estate
- —— Securities and investments
- - - - Insurance

Democratic Share

.6
.5
.4
.3

1990 1992 1994 1996 1998 2000 2002 2004 2006 2008

Year

Table 7.1 Public Opinion on the Effects of the Stimulus Plan

July 24–28, 2009	Better	Worse	No Impact
Overall – so far	24.7	12.5	57.3
Overall – future	44.3	21.9	28.1
Republican – so far	15.1	26.2	51.6
Democrat – so far	35.6	3.7	55.5
Independent – so far	22.0	12.4	61.0
Republican – long run	22.7	37.4	33.7
Democrat – long run	59.7	10.2	25.6
Independent – long run	44.1	22.2	6.6

Source: Author's compilation based on CBS News/New York Times (2009).

Figure 8.1   Public and Mandatory Private Social Expenditures in
             Sweden, 1980 to 2007

Table 8.1 Total Fall in Output

	Great Depression	Great Recession
Sweden	–9.2	–5.8
Denmark	–2.6	–6.6
Finland	–6.5	–8.2
Norway	–7.8	–1.7
United States	–29.4	–3.9

Source: Author's compilation based on Maddison (1982, table A7) and OECD (2012).

Notes: The table, which is based on yearly GDP data, shows the total fall in output from the peak year before the crisis to the worst year of the crisis. The data from the 1930s and the data from the 2000s are not directly comparable since they are based on different GDP definitions.

Table 8.2 Peak Level of Unemployment

Country	Great Depression	Great Recession
Sweden	7.3	8.4
Denmark	16.0	7.5
Finland	6.2	8.4
Norway	10.2	3.5
United States	22.3	9.6

Source: Author's calculations based on Maddison (1982, table C6); OECD (2011, harmonized unemployment rates).

Notes: The table, which is based on yearly unemployment data, shows the highest level of unemployment (as a percentage of the labor force) during the two crises. The Danish figure for the Great Recession is based on the average of the first three quarters of 2011. It is difficult to estimate overall unemployment in the 1930s. Niels-Henrik Topp (2008) presents unemployment figures for Denmark that are significantly lower than those reported here. On the other hand, figures based on data from unemployment insurance funds suggest that unemployment among union members was higher than reported here.

Figure 10.1   Net Effect of Discretionary Stimulus on Fiscal Balance,
2008 to 2010
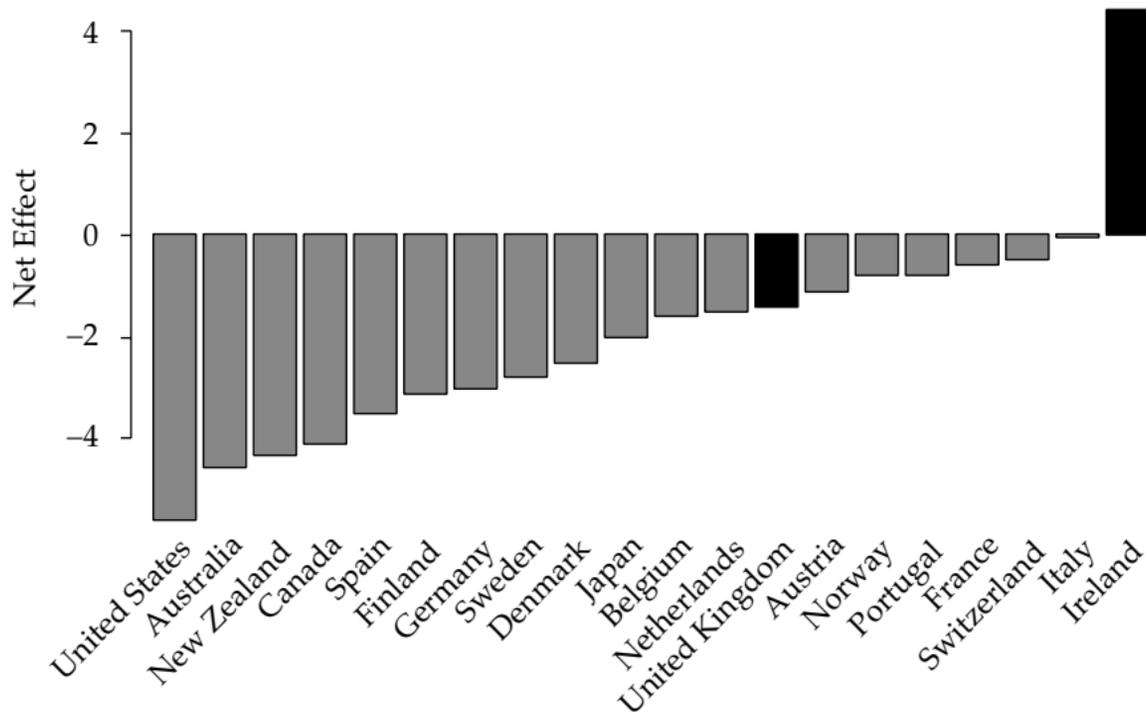
Figure 10.2   Nontraded Private Service Sector Employment Versus
             Private-Sector Indebtedness
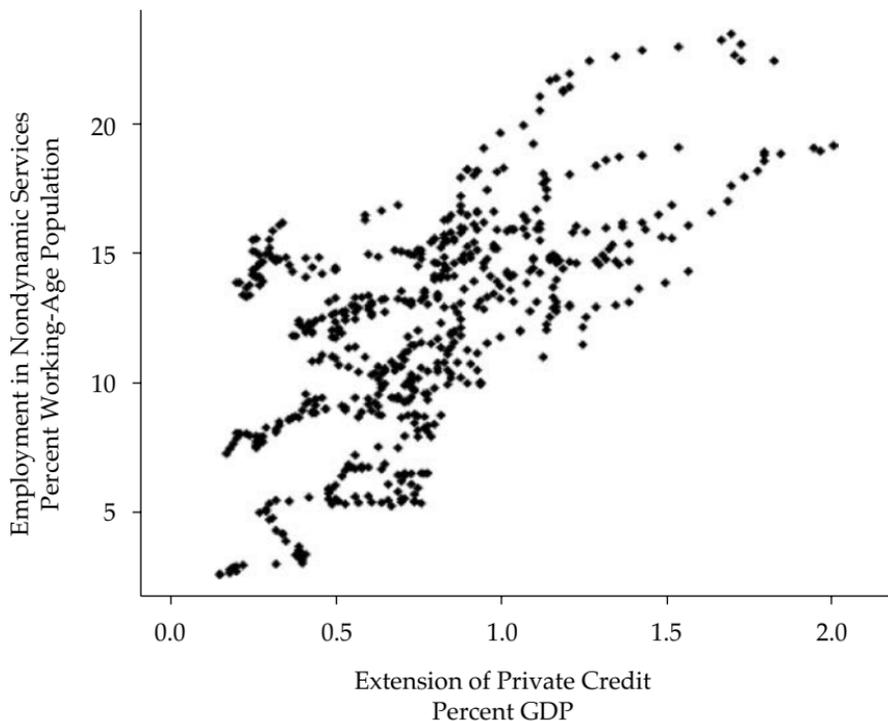
Figure 10.3 Expansion of Credit to Firms and Households

- Ireland
- United Kingdom
- United States
- Sweden
- Germany

Extension of Private Credit Percent GDP

Year
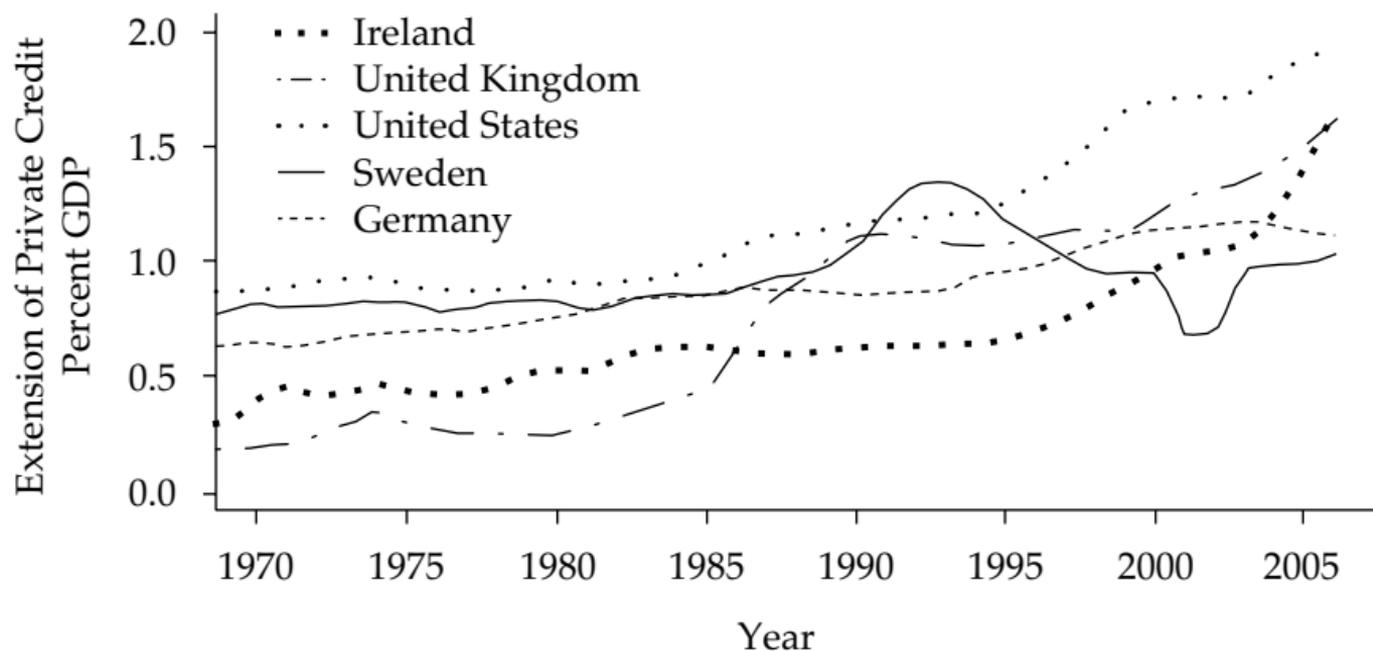
Figure 10.4   Employment in the Construction Sector
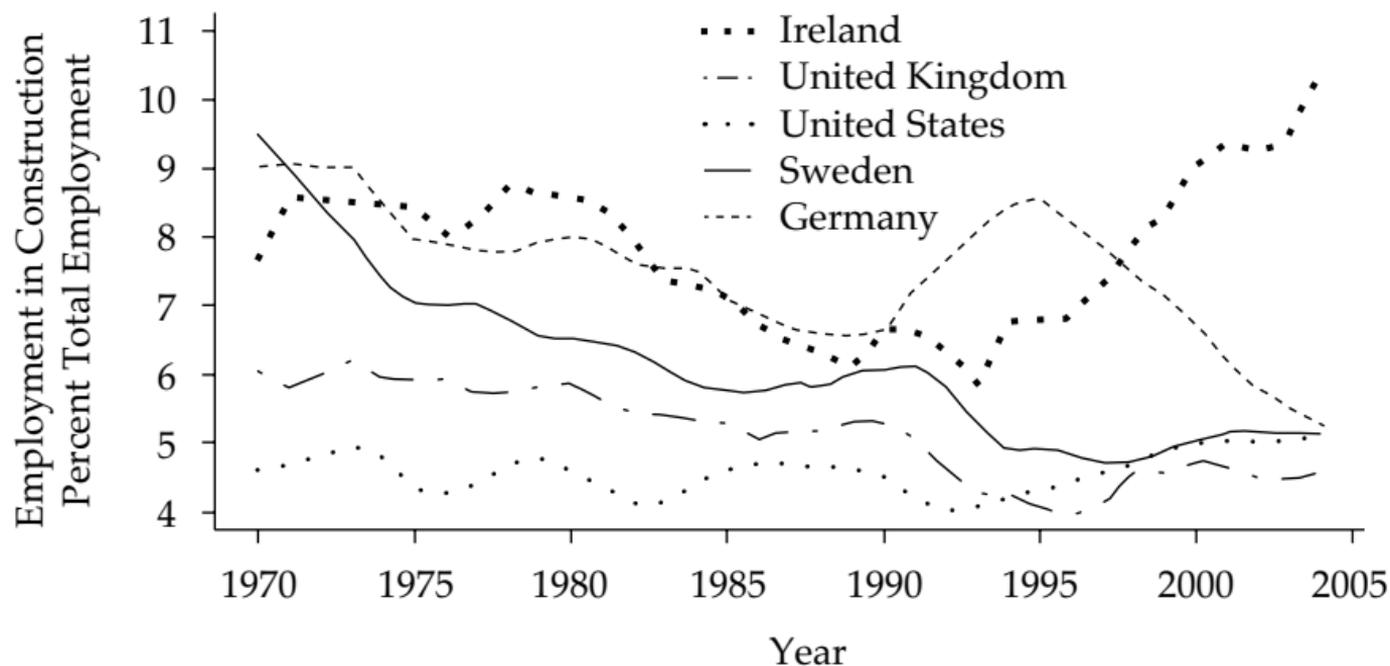
Table 10.1   Financial and Development Industry Company Donations
             to the Labour Party, 2005–2006

	National Labour Party Company Donations 2005 to 2006		Labour Party (including Constituency parties) Company Donations 2005 to 2006	
	Amount (£)	Share of company donations (%)	Amount (£)	Share of company donations (%)
Financial-development	103,416.00	13.2	157,218.50	16.1
Peripheral	209,515.00	26.8	227,877.00	23.4
Not financial-development	468,629.00	60	589,314.50	60.5
Total	781,560.00	100	974,410.00	100

Source: Authors' compilation of Electoral Commission (2011) data.

Table 10.2   Financial Services Industry Donation to the Conservative Party

Year	Total Financial Services Industry Cash Contributions to CPCO	Yearly Total Cash Donations to CPCO (All Donors)	Financial Service Industry Contribution as Percentage of Total Cash Donations
2005	£2,748,527	£11,142,090	24.67%
2006	6,196,999	16,395,889	37.8
2007	6,175,695	16,728,005	36.91
2008	5,364,319	13,691,446	39.17
2009	10,849,884	20,813,184	52.12
2010	11,420,974	22,482,411	50.79

Source: Authors' compilation based on Mathiason and Bessaoud (2011).

Table 10.3 Determinants of Economic Evaluations During the Boom

	United Kingdom 2005, Ireland 2002 and 2007 (1)	United Kingdom 2005 (2)	Ireland 2002 and 2007 (3)	United Kingdom 2005 (4)	Ireland 2002 and 2007 (5)
Mortgage	0.04	–0.01	–0.16	0.1	–0.06
(SE)	(0.07)	(0.10)	(0.08)	(0.11)	(0.09)
t	0.51	–0.09	–1.92	0.9	–0.68
Renter	0.19	0.23	0.4	0.06	0.48
	(0.09)	(0.13)	(0.12)	(0.14)	(0.13)
	2.09	1.79	3.4	0.44	3.77
Employed	–0.21	–0.26	–0.5	–0.03	–0.33
	(0.08)	(0.14)	(0.09)	(0.16)	(0.1)
	–2.48	–1.93	–5.44	–0.19	–3.16
Middle income	–0.27			–0.37	–0.32
	(0.08)			(0.13)	(0.11)
	–3.37			–2.91	–2.83
High income	–0.6			–0.78	–0.59
	(0.09)			(0.14)	(0.12)
	–6.91			–5.72	–5.09
Age	–0.003	0.01	–0.01	0.01	–0.01
	(0.002)	(0.003)	(0.003)	(0.002)	(0.003)
	–1.5	2.31	–4.27	1.92	–4.07
Female	–0.16	–0.01	–0.25	–0.01	–0.26
	(0.06)	(0.08)	(0.08)	(0.08)	(0.09)
	–2.86	–0.14	–3.17	–0.08	–3.02
Residual deviance	11180.35	6551.88	6172.49	5893.87	5136.92
AIC	11206.35	6569.88	6192.49	5915.87	5160.92

Source: Authors' compilation based on British Election Study (2005) and the Irish National Election Study (2002–2007).

Note: Determinants of economic evaluations during the boom (INES 2002–2007; BES 2005). Ordinal logit models; low values of dependent variable indicate assessments that the economy has got better, high values indicate assessment that economy has got worse. Models 1, 3, and 5 include fixed effects for election-year and all models estimate four cut points for the latent variable (not shown).

Figure 11.1 Effects of House Price Changes on Social Spending 1980 to 2003
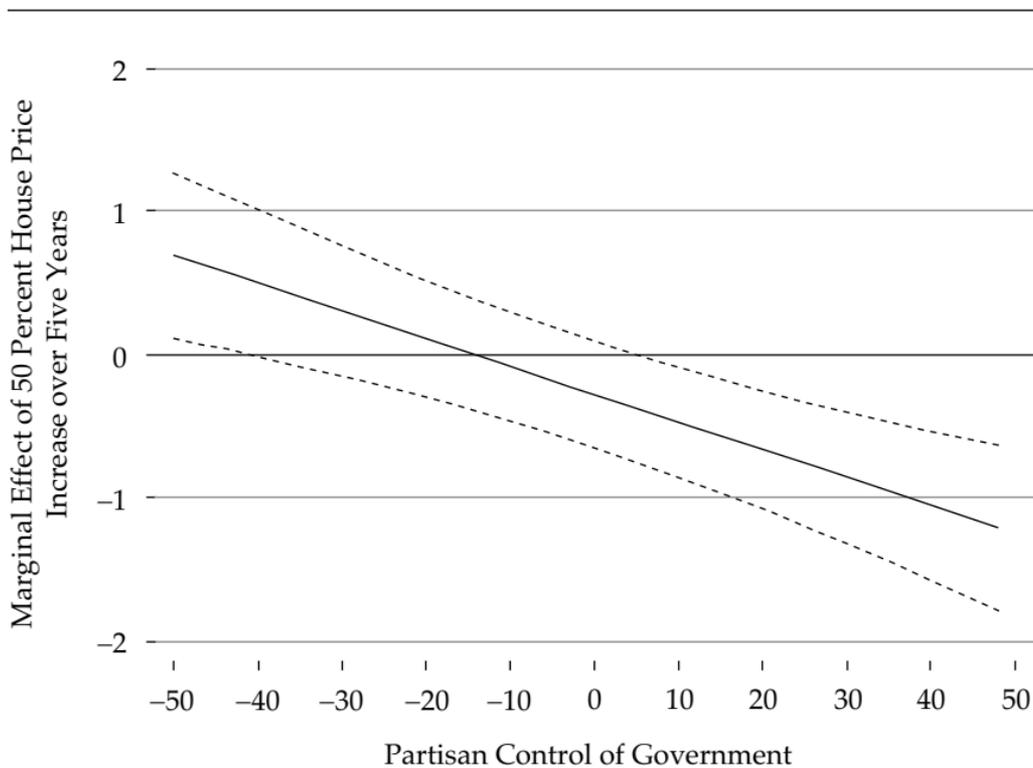
Figure 11.2   Marginal Effects of House Booms on Discretionary
                Taxes, Right-Wing Government
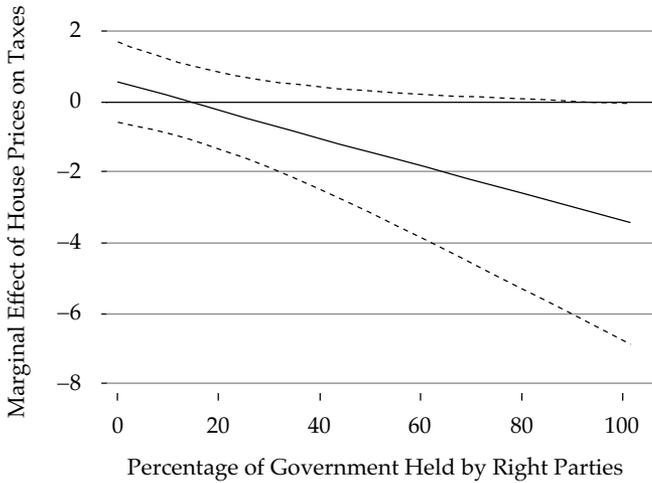
Figure 11.3   Marginal Effects of House Booms on Discretionary
                Spending, Right-Wing Government
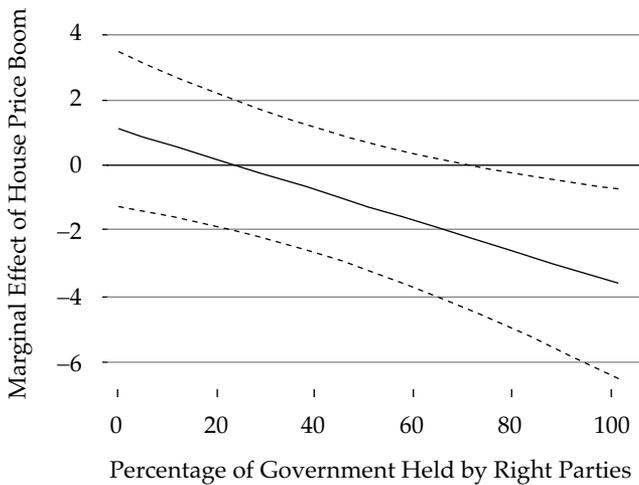
Figure 11.4   Marginal Effects of House Booms on Discretionary
                Taxes, Left-Wing Government
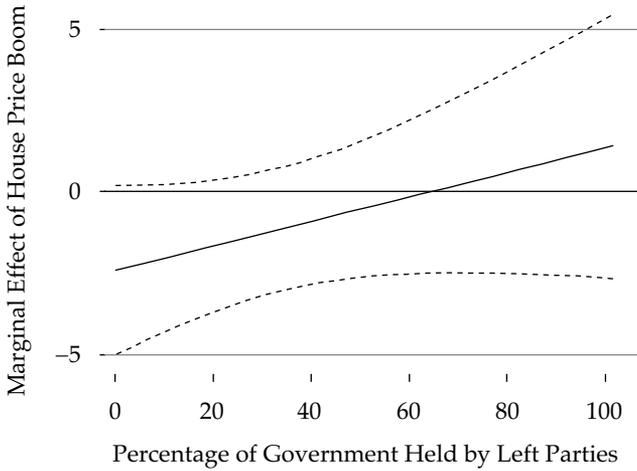
Figure 11.5   Marginal Effects of House Booms on Discretionary
                Spending, Left-Wing Government
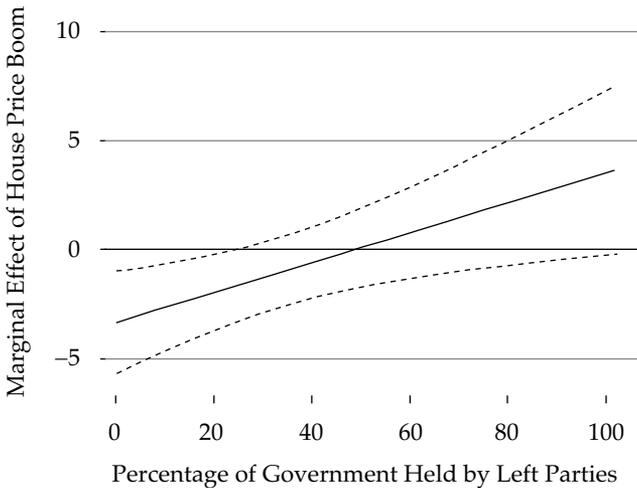
Figure 11.6 Homeownership Rates and House Price Booms
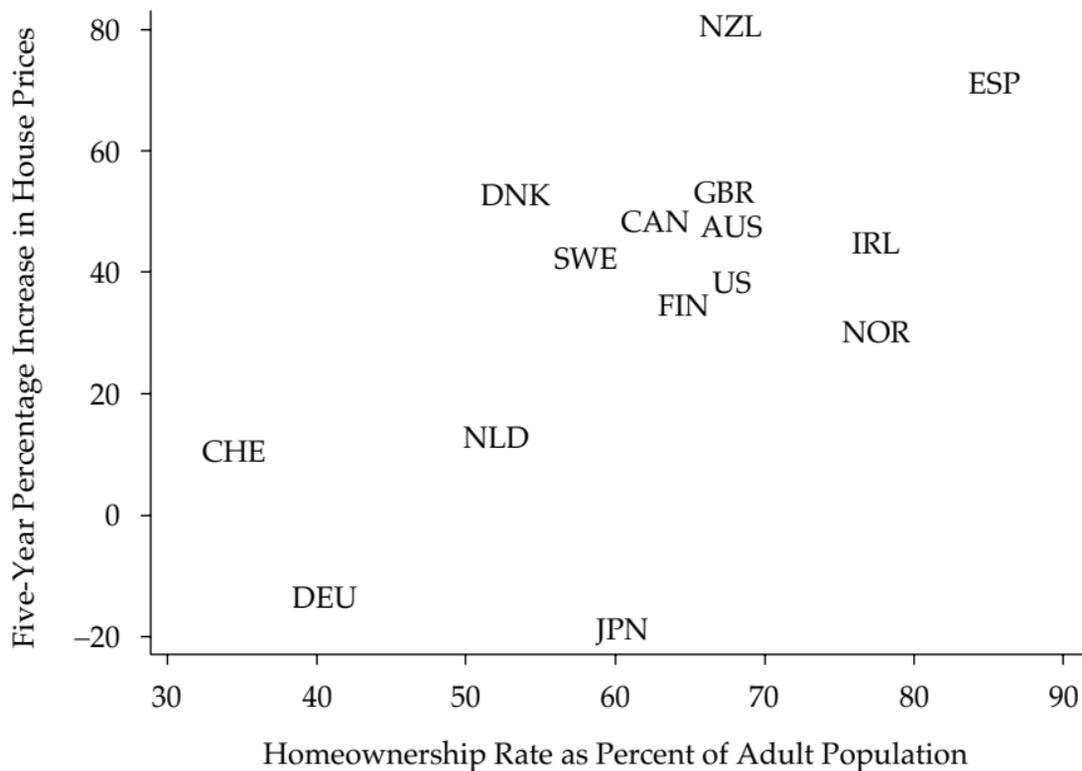
Source: Author's compilation based on Atterhög (2005).

Table 11.1   Size and Composition of Fiscal Stimuli across OECD as Percentage of GDP

	Cyclical Change	Stimulus Change	Tax Changes	Individual Tax	Business Tax	Consump. Tax
Australia	–3.4	–5.4	–1.3	–1.1	–0.2	0
Austria	–4.9	–1.2	–0.8	–0.8	–0.1	0
Belgium	–7.7	–1.4	–0.3	0	–0.1	–0.1
Canada	–3.6	–4.1	–2.4	–0.8	–0.3	–1.1
Czech Republic	–6.1	–2.8	–2.5	0	–0.7	–0.4
Denmark	–6.9	–3.3	–0.7	0	0	0
Finland	–6.8	–3.2	–2.7	–1.9	0	–0.3
France	–4.8	–0.7	–0.2	–0.1	–0.1	0
Germany	–6.5	–3.2	–1.6	–0.6	–0.3	0
Greece	—	0.8	0.8	0.8	0	0
Hungary	–7.7	7.7	0.2	–0.6	–0.1	2.3
Iceland	–6.4	7.3	5.7	1	—	—
Ireland	–6.3	8.3	6	4.5	–0.2	0.5
Italy	–5.7	0	0.3	0	0	0.1
Japan	–4.2	–4.7	–0.5	–0.1	–0.1	–0.1
Korea	—	–6.1	–2.8	–1.4	–1.1	–0.2
Luxembourg	–7.5	–3.9	–2.3	–1.5	–0.8	0
Mexico	—	–1.7	–0.4	0	0	–0.4
Netherlands	–5.6	–2.5	–1.6	–0.2	–0.5	–0.1
New Zealand	–3.9	–3.7	–4.1	–4	0	0
Norway	—	–1.2	–0.3	0	–0.3	0
Poland	–4.4	–1.2	–0.4	0	–0.1	–0.2
Portugal	–4.6	–0.8	—	—	—	—
Slovak Republic	—	–1.3	–0.7	–0.5	–0.1	0
Spain	–5.6	–3.9	–1.7	–1.6	0	0
Sweden	–8.7	–3.3	–1.7	–1.3	–0.2	0
Switzerland	–3.7	–0.5	–0.2	–0.2	0	0
Turkey	—	–4.4	–1.5	–0.2	–1.1	–0.2
United Kingdom	–5.1	–1.9	–1.5	–0.5	–0.2	–0.6
United States	–3.1	–5.6	–3.2	–2.4	–0.8	0

Source: Author's compilation based on OECD (2009a).

Social Tax	Spending Changes	Govt. Consump.	Govt. Invest.	Transfers Families	Transfers Business	Transfers Regions
0	4.1	0	3	1.1	0	0
0	0.4	0	0.1	0.2	0	0.1
0	1.1	0	0.1	0.5	0.5	0
–0.1	1.7	0.1	1.3	0.3	0.1	—
–1.4	0.3	–0.1	0.2	0	0.2	0
0	2.6	0.9	0.8	0.1	0	0
–0.4	0.5	0	0.3	0.1	0	0
0	0.6	0	0.2	0.3	0	0
–0.7	1.6	0	0.8	0.3	0.3	0
0	0	–0.4	0.1	0.4	0.1	0
–1.5	–7.5	–3.2	0	–3.4	–0.4	–0.5
—	–1.6	—	—	—	—	—
1.2	–2.2	–1.8	–0.2	–0.1	0	0
0	0.3	0.3	0	0.2	0.1	0
–0.2	4.2	0.2	1.2	0.6	1.5	0.6
0	3.2	0	1.2	0.7	1	0.3
0	1.6	0	0.4	1	0.2	0
0	1.2	0.1	0.7	0.1	0	0
–0.8	0.9	0	0.5	0.1	0	0
0	–0.3	0.1	0.6	–0.6	0	0
0	0.9	0	0.4	0	0	0.3
0	0.8	0	1.3	0.2	0.1	0
—	—	0	0.4	0	0.4	0
–0.1	0.7	0	0	0.1	0.6	0
0	2.2	0.3	0.7	0.5	0.7	0
–0.2	1.7	1.1	0.3	0.1	0	0.2
0	0.3	0.3	0	0	0	0
0	2.9	0.6	1.2	0	0.3	0.6
0	0.4	0	0.4	0.2	0	0
0	2.4	0.7	0.3	0.5	0	0.9

Table 11.2   Percentage of Cabinet from Right and Stimulus Policies

	Model A Tax	Model B Tax	Model C Tax Excluding Ireland	Model D Spending	Model E Spending	Model F Spending Excluding Ireland
Right Government	0.012	0.030**	0.021**	–0.009	0.011	0.015
	(0.012)	(0.015)	(0.008)	(0.009)	(0.012)	(0.010)
House Price Change		0.839	0.556		0.961	1.094
		(0.740)	(0.585)		(1.200)	(1.215)
Right × House Prices		–0.041	–0.040**		–0.046**	–0.047**
		(0.028)	(0.019)		(0.019)	(0.018)
Cyclical	–0.301	–0.335	–0.195	0.201	0.163	0.097
	(0.288)	(0.301)	(0.185)	(0.220)	(0.211)	(0.186)
Constant	–3.266**	–3.798**	–2.923**	2.828*	2.226	1.814
	(1.493)	(1.725)	(1.117)	(1.362)	(1.395)	(1.301)
Observations	17	17	16	17	17	16
R^2	0.117	0.189	0.328	0.107	0.275	0.298

Source: Author's compilation based on Armingeon et al. (2009) and OECD (2009a).
Robust standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table 11.3 Percentage of Cabinet from Left and Stimulus Policies

	Model A Tax	Model B Tax	Model C Tax Excluding Ireland	Model D Spending	Model E Spending	Model F Spending Excluding Ireland
Left Government	−0.001	−0.020	−0.015	0.007	−0.026	−0.028
	(0.008)	(0.018)	(0.014)	(0.011)	(0.020)	(0.020)
House Price Change		−1.931	−2.423*		−3.493**	−3.269**
		(1.733)	(1.328)		(1.200)	(1.194)
Left × House Prices		0.038	0.038		0.068**	0.068**
		(0.037)	(0.027)		(0.026)	(0.026)
Cyclical	−0.318	−0.336	−0.191	0.196	0.164	0.098
	(0.281)	(0.296)	(0.183)	(0.224)	(0.218)	(0.187)
Constant	−2.704*	−1.997	−1.604	2.154	3.430**	3.252**
	(1.485)	(1.283)	(1.003)	(1.362)	(1.232)	(1.120)
Observations	17	17	16	17	17	16
R^2	0.059	0.090	0.227	0.077	0.267	0.304

Source: Author's compilation based on Armingeon et al. (2009) and OECD (2009a).
Robust standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table 11.4   Right-Wing Partisanship and Homeownership Variables

Variables	(1) Tax	(2) Tax	(3) Spend	(4) Spend	(5) Tax	(6) Tax	(7) Spend	(8) Spend
Right	−0.102	−0.020	0.112*	0.086	0.023*	0.016*	0.017	0.020*
	(0.097)	(0.107)	(0.058)	(0.070)	(0.011)	(0.007)	(0.011)	(0.010)
Ownership	−0.000	0.017	0.041	0.036				
	(0.038)	(0.035)	(0.029)	(0.027)				
Right × Home ownership	0.002	0.000	−0.002*	−0.001				
	(0.002)	(0.002)	(0.001)	(0.001)				
Home Ownership × 5-Year Percent Price Increase					0.007	−0.000	0.017	0.020
					(0.011)	(0.005)	(0.015)	(0.015)
Right × Home Ownership × 5-Year Percent Price Increase					−0.000	−0.001***	−0.001***	−0.001***
					(0.000)	(0.000)	(0.000)	(0.000)
Cyclical	−0.379	−0.320	0.192	0.174	−0.309	−0.105	0.177	0.094
	(0.441)	(0.366)	(0.244)	(0.246)	(0.364)	(0.154)	(0.246)	(0.211)
Constant	−3.161	−3.887	−0.132	0.094	−3.568	−2.374**	2.156	1.672
	(3.849)	(3.280)	(2.360)	(2.188)	(2.014)	(1.029)	(1.624)	(1.486)
Observations	16	15	16	15	14	13	14	13
R^2	0.280	0.088	0.356	0.192	0.131	0.576	0.353	0.347

Source: Author's compilation based on Armingeon et al. (2009) and OECD (2009a), and Atterhög (2005).

Table 11.5 Left-Wing Partisanship and Homeownership Variables

Variables	(1) Tax	(2) Tax	(3) Spend	(4) Spend	(5) Tax	(6) Tax	(7) Spend	(8) Spend
Left	0.152	0.017	−0.159*	−0.115	−0.005	−0.007	−0.030	−0.029
	(0.147)	(0.144)	(0.088)	(0.098)	(0.015)	(0.009)	(0.021)	(0.022)
Ownership	0.155	0.020	−0.131	−0.085				
	(0.159)	(0.160)	(0.089)	(0.103)				
Left × Home Ownership	−0.002	−0.000	0.002*	0.002				
	(0.002)	(0.002)	(0.001)	(0.001)				
Home Ownership × 5-Year Percent Price Increase					−0.021	−0.052***	−0.063***	−0.050**
					(0.043)	(0.009)	(0.019)	(0.020)
Left × Home Ownership × 5-Year Percent Price Increase					0.000	0.001**	0.001**	0.001**
					(0.001)	(0.000)	(0.000)	(0.000)
Cyclical	−0.563	−0.348	0.360	0.289	−0.317	−0.086	0.228	0.140
	(0.464)	(0.412)	(0.303)	(0.304)	(0.355)	(0.144)	(0.262)	(0.217)
Constant	−13.645	−4.660	11.256	8.262	−2.436	−1.290	4.057**	3.616**
	(11.226)	(11.263)	(6.658)	(7.426)	(1.759)	(0.836)	(1.389)	(1.263)
Observations	16	15	16	15	14	13	14	13
R^2	0.240	0.124	0.306	0.156	0.068	0.601	0.343	0.322

Source: Author's compilation based on Armingeon et al. (2009) and OECD (2009a), and Atterhög (2005).
Robust standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table 11.6 Composition of Stimuli and Right Governments

	(1) Indiv Tax	(2) Bus Tax	(3) Soc Tax	(4) Cons Tax	(5) Gov Cons	(6) Gov Inv	(7) Tran HH	(8) Tran Bus	(9) Tran Loc
Right Government	0.012	0.004**	0.006**	−0.001	0.004	−0.001	0.002	0.009*	0.002
	(0.008)	(0.002)	(0.002)	(0.002)	(0.002)	(0.005)	(0.002)	(0.004)	(0.002)
House Price Change	−0.551	0.369	1.041***	−0.151	0.298	0.216	0.564	0.333	0.024
	(0.743)	(0.241)	(0.245)	(0.259)	(0.207)	(0.694)	(0.349)	(0.561)	(0.172)
Right × House Prices	−0.025	−0.005	−0.010***	0.001	−0.004	−0.004	−0.015**	−0.019*	−0.006**
	(0.023)	(0.003)	(0.003)	(0.005)	(0.003)	(0.008)	(0.005)	(0.010)	(0.003)
Cyclical	−0.183	−0.039	0.039*	−0.036	−0.067	0.164	0.019	−0.012	0.052
	(0.177)	(0.040)	(0.021)	(0.054)	(0.083)	(0.132)	(0.046)	(0.050)	(0.059)
Constant	−1.780	−0.640**	−0.409**	−0.238	−0.311	1.575	0.338	−0.031	0.385
	(1.065)	(0.290)	(0.179)	(0.293)	(0.523)	(0.948)	(0.319)	(0.346)	(0.429)
Observations	16	16	16	16	16	16	16	16	15
R^2	0.335	0.418	0.730	0.063	0.179	0.174	0.487	0.502	0.280

Source: Author's compilation based on Armingeon et al. (2009) and OECD (2009a).

Table 11.7 Composition of Stimuli and Left Governments

	(1) Indiv Tax	(2) Bus Tax	(3) Soc Tax	(4) Cons Tax	(5) Gov Cons	(6) Gov Inv	(7) Tran HH	(8) Tran Bus	(9) Tran Loc
Left Government	−0.005	−0.003	−0.007**	0.001	−0.009**	0.009	−0.003	−0.017**	−0.009***
	(0.013)	(0.003)	(0.002)	(0.003)	(0.003)	(0.013)	(0.005)	(0.007)	(0.003)
House Price Change	−2.410	0.023	0.284**	−0.094	−0.099	−0.089	−0.748	−1.522**	−0.545***
	(1.555)	(0.240)	(0.112)	(0.274)	(0.281)	(0.749)	(0.427)	(0.569)	(0.115)
Left × House Prices	0.020	0.006	0.012**	−0.001	0.011*	−0.004	0.015*	0.034**	0.013***
	(0.030)	(0.005)	(0.004)	(0.005)	(0.005)	(0.017)	(0.008)	(0.013)	(0.003)
Cyclical	−0.184	−0.040	0.044*	−0.037	−0.060	0.153	0.018	−0.010	0.065
	(0.173)	(0.046)	(0.023)	(0.057)	(0.073)	(0.113)	(0.054)	(0.049)	(0.053)
Constant	−1.083	−0.386	0.025	−0.301	0.096	1.281	0.556*	0.780*	0.786*
	(0.820)	(0.329)	(0.135)	(0.355)	(0.390)	(0.724)	(0.266)	(0.381)	(0.361)
Observations	16	16	16	16	16	16	16	16	15
R^2	0.305	0.170	0.596	0.051	0.298	0.286	0.390	0.605	0.511

Source: Author's compilation based on Armingeon et al. (2009) and OECD (2009a).

Robust standard errors in parentheses

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table 11.8 Financial Regulations and Government Support

	Capital Injection	Treasury Asset Purchase	Guaran-tees	Liquidity	Upfront Govern-ment Financing	Financial Regula-tion
Australia	0	0.7	8.8	—	0.7	3
Austria	5.3	0	30.1	6.4	8.9	5
Belgium	4.8	0	26.4	6.4	4.8	4
Canada	0	10.9	13.5	1.5	10.9	4
Czech Republic	—	—	—	—	—	1
Denmark	—	—	—	—	—	5
Finland	—	—	—	—	—	5
France	1.4	1.3	16.4	6.4	1.6	4
Germany	3.8	0.4	18	6.4	3.7	5
Greece	2.1	3.3	6.2	6.4	5.4	3
Hungary	1.1	2.4	1.1	15.7	3.5	3
Iceland	—	—	—	—	—	4
Ireland	5.9	0	198.1	6.4	5.9	5
Italy	0.7	0	0	6.4	0.7	3
Japan	2.4	21.2	7.3	2.9	0.8	5
Korea	2.3	5.5	14.5	4.5	0.8	3
Luxembourg	—	—	—	—	—	3
Mexico	—	—	—	—	—	1
Netherlands	3.4	10.3	33.6	6.4	13.6	5
New Zealand	—	—	—	—	—	2
Norway	2	15.8	0	14.7	15.8	3
Poland	0	0	3.2	5.5	0	2
Portugal	2.4	0	12	6.4	2.4	5
Slovak Republic	—	—	—	—	—	1
Spain	0	3.9	18.3	6.4	3.9	4
Sweden	2.1	4.8	47.5	13.6	5.2	4
Switzerland	1.1	0	0	25.5	1.1	5
Turkey	0	0.3	0	3.1	0	0
United Kingdom	3.9	13.8	49.7	14.4	20	8
United States	5.2	1.3	10.9	8.4	6.7	9
Mean	2.27	4.36	23.44	8.28	5.29	3.80
Standard deviation	1.90	6.12	41.62	5.56	5.47	1.92

Source: Author's compilation based on IMF (2009).

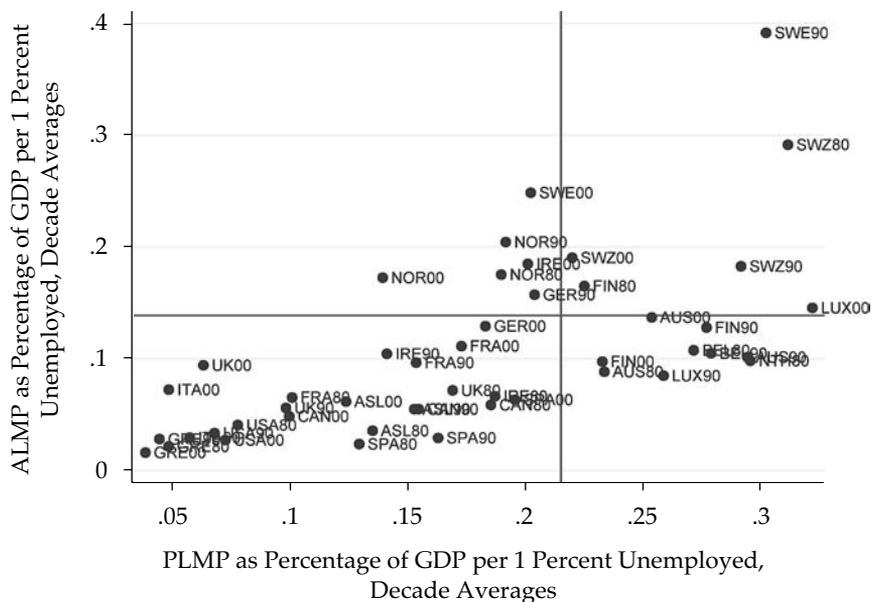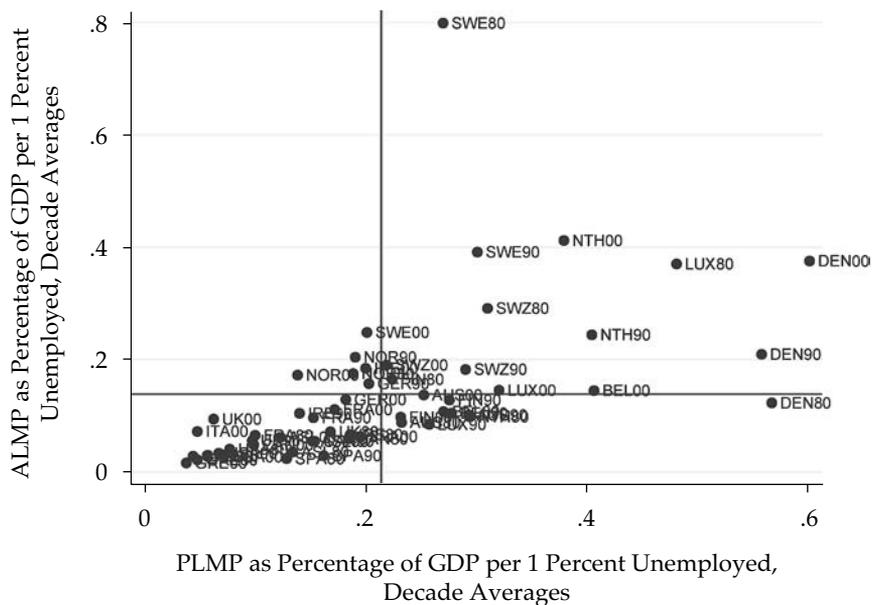Table 11.9 Partisanship and Financial Responses

	Financial Regulation Model A	Capital Injection Model B	Treasury Purchase Model C	Guarantees Model D	Liquidity Model E	Upfront Financing Model F
Bivariate						
Right share of cabinet	−0.018**	−0.013	−0.001	0.090	−0.042**	−0.052*
	(0.008)	(0.009)	(0.031)	(0.202)	(0.019)	(0.026)
Constant	4.675***	2.845***	4.411**	19.408***	10.264***	7.637***
	(0.568)	(0.595)	(1.836)	(4.771)	(1.488)	(1.934)
Observations	30	22	22	22	21	22
R^2	0.156	0.090	0.000	0.009	0.114	0.180
Interactive						
Right government	−0.003	−0.021**	0.091	0.005	−0.017	−0.084*
	(0.010)	(0.009)	(0.061)	(0.200)	(0.069)	(0.046)
House price change	0.245	−2.822	2.878	5.533	0.930	0.079
	(1.797)	(2.026)	(7.390)	(17.673)	(7.370)	(9.538)
Right × house prices	−0.026	0.036	−0.277*	0.777	−0.051	0.082
	(0.022)	(0.033)	(0.137)	(0.757)	(0.155)	(0.130)
Constant	5.165***	3.773***	4.742	17.229**	10.160**	8.627**
	(0.658)	(0.531)	(3.653)	(7.229)	(3.282)	(3.637)
Observations	18	15	15	15	14	15
R^2	0.185	0.104	0.272	0.117	0.064	0.199

Source: Author's compilation based on Armingeon et al. (2009) and OECD (2009a), and IMF (2009).
Robust standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Figure 12.1   Active and Passive Labor Market Policy in the OECD

PLMP as Percentage of GDP per 1 Percent Unemployed,
Decade Averages

Table 12.1 Effects of Welfare State

| | | ALMP | |
		Low	High
PLMP	Low	Unemployment increases poverty (no buffer between unemployment and poverty)	Ambiguous effect of unemployment on poverty (ambiguous effect of ALMP on low pay)
	High	Ambiguous effect of unemployment on poverty (possibly negative effect of PLMP on employment, but buffer between unemployment and poverty)	Possible poverty-reducing effect of unemployment (limited effect of policy on employment, greater need of the poor financed by the rich)

Source: Author's summary.

Table 12.2 Demanding Workfare

	1985 to 1989	1990 to 1999	2000 to 2005	Demanding Workfare?
Australia	0.14	0.15	0.12	Yes
Austria	0.23	0.29	0.25	No
Belgium	0.27	0.28	0.41	No
Canada	0.19	0.15	0.10	Yes
Denmark	0.57	0.56	0.60	No
Finland	0.23	0.28	0.23	No
France	0.10	0.15	0.17	No
Germany		0.20	0.18	Yes
Greece	0.05	0.04	0.04	Yes
Ireland	0.19	0.14	0.20	No
Italy	0.11	0.06	0.05	Yes
Luxembourg	0.48	0.26	0.32	Yes
Netherlands	0.30	0.41	0.38	No
Norway	0.19	0.19	0.14	Yes
Spain	0.13	0.16	0.20	No
Sweden	0.27	0.30	0.20	Yes
Switzerland	0.31	0.29	0.22	Yes
United Kingdom	0.17	0.10	0.06	Yes
United States	0.08	0.07	0.07	Yes

Source: Author's compilation based on Samanni et al. (2010) and OECD (2006, 2007).
Note: Unemployment benefits as percentage of GDP over unemployment rate as percentage of civilian labor force.

Table 12.3   Enabling Workfare

	1985 to 1989	1990 to 1999	2000 to 2005	Enabling Workfare?
Australia	0.04	0.05	0.06	Yes
Austria	0.09	0.10	0.14	Yes
Belgium	0.11	0.10	0.14	Yes
Canada	0.06	0.05	0.05	No
Denmark	0.12	0.21	0.38	Yes
Finland	0.17	0.13	0.10	No
France	0.07	0.10	0.11	Yes
Germany		0.16	0.13	No
Greece	0.02	0.03	0.02	No
Ireland	0.07	0.10	0.18	Yes
Italy		0.03	0.07	Yes
Luxembourg	0.37	0.08	0.15	No
Netherlands	0.10	0.24	0.41	Yes
Norway	0.18	0.20	0.17	No
Spain	0.02	0.03	0.06	Yes
Sweden	0.80	0.39	0.25	No
Switzerland	0.29	0.18	0.19	No
United Kingdom	0.07	0.06	0.09	Yes
United States	0.04	0.03	0.03	No

Source: Author's compilation based on Samanni et al. (2010) and OECD (2006, 2007).

Note: Active labor market policy as percentage of GDP over unemployment rate as percentage of civilian labor force.

Table 12.4 Determinants of Unemployment in the OECD

	(1)	(2)	(3)
Demanding workfare	**5.047**	**−0.018**	**0.432**
(lag of PLMP)	*4.770*	*3.363*	*2.823*
	0.290	0.996	0.878
Enabling workfare	**−13.295**	**−7.423**	**−6.949**
(lag of ALMP)	*3.749*	*1.496*	*1.767*
	0.000	0.000	0.000
Service employment		**0.328**	**0.424**
		0.073	*0.064*
		0.000	0.000
Female employment		**−0.750**	**−0.580**
		0.236	*0.239*
		0.002	0.015
Wage bargaining co-ordination		**−0.590**	**−0.344**
		0.371	*0.353*
		0.112	0.329
Union density		**0.190**	**0.169**
		0.058	*0.058*
		0.001	0.004
Left government		**−0.002**	**−0.002**
		0.007	*0.007*
		0.765	0.748
International openness			**−0.044**
			0.007
			0.000
Intercept	**8.515**	**13.008**	**3.271**
	1.247	*8.151*	*9.201*
	0.000	0.110	0.722
R²	0.175	0.005	0.034
N	389	389	389

Source: Author's calculations based on Samanni et al. (2010), LIS (2007), OECD (2006, 2007, 2010c, 2010d), Armingeon et al. (2011) and UN (2010).

Note: The estimates are FGLS and contain standard errors adjusted for within-country correlation. Numbers in bold are estimated coefficients; numbers in italics are their standard errors; third row of numbers are *p*-values from two-sided *t*-tests.

Table 12.5 Determinants of Poverty in the OECD

	(1)	(2)	(3)
Lag of unemployment	**0.283**	**0.328**	**0.351**
	0.109	*0.104*	*0.100*
	0.009	0.002	0.000
Demanding workfare	**6.327**	**8.148**	**8.282**
(lag of PLMP)	*6.302*	*5.140*	*5.291*
	0.315	0.113	0.117
Workfare (lag of PLMP) ×	**−1.849**	**−1.322**	**−1.318**
Lag of unemployment	*0.607*	*0.482*	*0.446*
	0.002	0.006	0.003
Enabling workfare	**−2.047**	**−2.270**	**−2.162**
(lag of ALMP)	*3.926*	*3.132*	*3.318*
	0.602	0.469	0.515
Workfare (lag of ALMP) ×	**−1.168**	**−1.806**	**−1.918**
Lag of unemployment	*1.064*	*0.551*	*0.566*
	0.272	0.001	0.001
Service employment		**−0.071**	**−0.118**
		0.111	*0.098*
		0.521	0.227
Female employment		**0.423**	**0.430**
		0.230	*0.232*
		0.066	0.064
Wage bargaining		**0.333**	**0.296**
coordination		*0.272*	*0.256*
		0.221	0.248
Union density		**−0.070**	**−0.069**
		0.024	*0.023*
		0.003	0.003
Left government		**−0.002**	**−0.002**
		0.005	*0.004*
		0.663	0.608
International openness			**0.012**
			0.010
			0.245
Intercept	**16.684**	**4.306**	**6.157**
	1.527	*6.082*	*5.889*
	0.000	0.479	0.296
R^2	0.371	0.390	0.375
N	86	86	86

Source: Author's calculations based on Samanni et al. (2010), LIS (2007), OECD (2006, 2007, 2010c, 2010d), Armingeon et al. (2011) and UN (2010).

Note: The estimates are FGLS and contain standard errors adjusted for within-country correlation. Numbers in bold are estimated coefficients; numbers in italics are their standard errors; third row of numbers are *p*-values from two-sided *t*-tests.

Table 12.6   Unemployment Effects Conditional of Workfare Patterns

| | | Enabling Workfare (ALMP as percentage of GDP per 1 percent Unemployed) | | |
		Low	Average	High
Demanding workfare (PLMP as percentage of GDP per 1 percent Unemployed)	Low	0.351**	0.159*	−0.129
	Average	0.087	−0.104	−0.392**
	High	−0.176	−0.368**	−0.656**

Source: Author's calculations based on Samanni et al. (2010), LIS (2007), OECD (2006, 2007, 2010c, 2010d), Armingeon et al. (2011), and UN (2010).

Note: Conditional effects from estimating FGLS and standard errors adjusted for within-country correlation. Numbers are estimated coefficients of unemployment variable.

* if statistically significant at 90% level of confidence, ** if statistically significant at 95% level of confidence.

Table 12.7 Unemployment During the Crisis

	2007	2008	2009	2010
Australia	4.4	4.2	5.6	5.2
Austria	4.4	3.8	4.8	4.4
Belgium	7.5	7	7.9	8.3
Canada	6	6.1	8.3	8
Denmark	3.8	3.4	6.1	7.4
Finland	6.9	6.4	8.2	8.4
France	8.4	7.8	9.5	9.8
Germany	8.8	7.6	7.7	7.1
Greece	8.3	7.7	9.5	12.6
Ireland	4.6	6.3	11.8	13.7
Italy	6.1	6.8	7.8	8.4
Japan	3.9	4	5.1	5.1
Luxembourg	4.2	4.9	5.2	4.6
Netherlands	3.6	3.1	3.7	4.5
Norway	2.5	2.5	3.1	3.5
Spain	8.3	11.4	18	20.1
Sweden	6.1	6.2	8.3	8.4
Switzerland	3.4	3.2	4.1	4.2
United Kingdom	5.3	5.6	7.6	7.8
United States	4.6	5.8	9.3	9.6

Source: Author's compilation based on OECD (2010d).
Note: Unemployment as percentage of labor force (harmonized).

Table 12.8 Workfare During the Crisis

	ALMP Generosity (ALMP/GDP/Unemployment)				PLMP Generosity (PLMP/GDP/Unemployment)			
	2006	2007	2008	2009	2006	2007	2008	2009
Australia	0.07	0.07	0.07	0.06	0.10	0.09	0.11	0.10
Austria	0.15	0.15	0.18	0.18	0.30	0.28	0.31	0.31
Belgium	0.13	0.16	0.18	0.18	0.26	0.27	0.29	0.30
Canada	0.05	0.05	0.05	0.04	0.09	0.09	0.11	0.12
Denmark	0.39	0.34	0.39	0.27	0.48	0.39	0.36	0.28
Finland	0.12	0.13	0.13	0.11	0.22	0.21	0.21	0.23
France	0.10	0.11	0.11	0.10	0.15	0.15	0.15	0.15
Germany	0.09	0.08	0.11	0.13	0.17	0.15	0.14	0.20
Greece					0.04	0.04	0.06	0.07
Ireland	0.14	0.14	0.11	0.07	0.19	0.20	0.21	0.22
Italy	0.07	0.07	0.07	0.06	0.11	0.11	0.12	0.18
Japan	0.04	0.05	0.07	0.09	0.09	0.07	0.06	0.08
Luxembourg	0.10	0.11	0.09	0.09	0.13	0.12	0.11	0.17
Netherlands	0.28	0.31	0.34	0.33	0.40	0.39	0.42	0.46
Norway	0.17	0.22			0.15	0.17	0.13	0.16
Spain	0.09	0.10	0.07	0.05	0.17	0.17	0.16	0.16
Sweden	0.19	0.18	0.16	0.14	0.13	0.11	0.07	0.09
Switzerland	0.17	0.17			0.20	0.17	0.17	0.24
United Kingdom	0.06	0.06	0.05	0.04	0.03	0.03	0.04	0.04
United States	0.03	0.03	0.03	0.02	0.05	0.07	0.14	0.11

Source: Author's compilation based on OECD (2010d).

Note: Harmonized unemployment rate as percentage of civilian labor force. For the definitions of active and passive policies, see text.

Table 12A.1   Variables Used in the Analysis

Variable	Definition
Relative poverty	Percentage of the population earning less than 60 percent of the median disposable household income.
Unemployment	Unemployment rate (percentage of civilian labor force)
Unemployment benefits	Unemployment expenditure, public, total as percentage of GDP
ALMP	Active labour market programs total, percentage GDP
Service employment	Civilian employment in services as percentage of civilian employment
Female employment	Female labor force participation as percentage of civilian employment
Wage bargaining coordination	Coordination of wage bargaining: 5 = economy-wide bargaining, based on a) enforceable agreements between the central organizations of unions and employers affecting the entire economy or entire private sector, or on b) government imposition of a wage schedule, freeze, or ceiling; 4 = mixed industry and economy-wide bargaining: a) central organizations negotiate non-enforceable central agreements (guidelines) and/or b) key unions and employers associations set pattern for the entire economy; 3 = industry bargaining with no or irregular pattern setting, limited involvement of central organizations and limited freedoms for company bargaining; 2 = mixed industry- and firm level bargaining, with weak enforceability of industry agreement; 1 = none of the above, fragmented bargaining, mostly at company level

Table 12A.1 (*continued*)

Variable	Definition
Union density	Trade union density, the percentage of wage and salary earners that are trade union members, divided by the total number of wage and salary earners—calculated using survey data, wherever possible, and administrative data adjusted for non-active and self-employed members otherwise
Left government	Cabinet composition: social democratic and other left-wing parties as a percentage of total cabinet posts, weighted by the number of days the government was in office in a given year
International openness	Openness to Trade (imports plus exports) as percentage of GDP, Constant 1990 Prices