

Appendix: Great Expectations, Financialization and Bank Bailouts in Democracies

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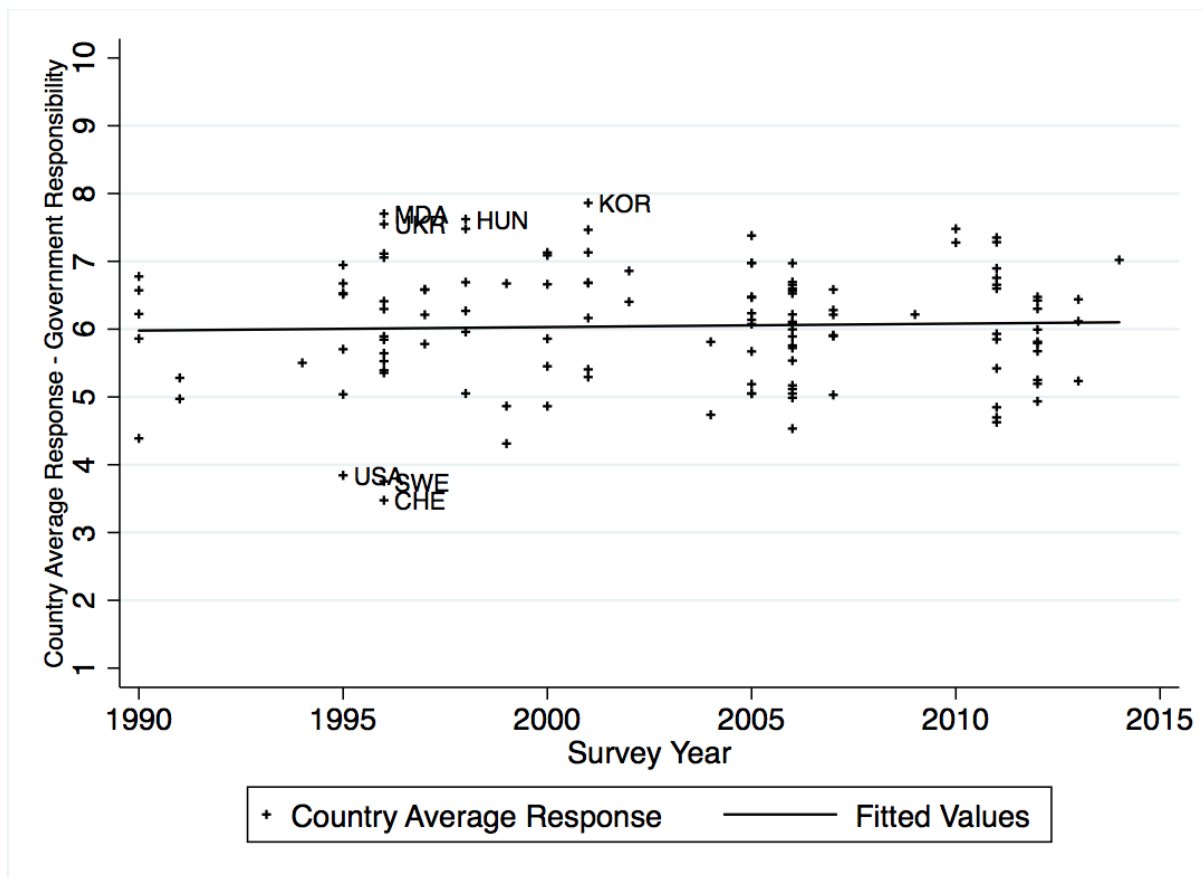
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Expectations of General Government Responsibility

We use data from the World Values Survey (WVS) to consider general voter attitudes about government responsibility. The WVS provides cross-national data for various years from 1981 to 2014, covering responses about government responsibility on a scale ranging from 1 to 10, with higher values indicating government should take more responsibility for aspects of life, and lower values indicating people should take more responsibility. We calculate country-specific averages for each year this survey question was posed in democratic countries. This provides us with 134 observations.

Figure A.1 plots the country-specific averages from each survey and the best-fitting line. We use ISO3C country labels to identify any observations that may appear as outliers. If voters expect more from government in many aspects of life, then we should observe an upward trend in these data over time. Yet such a trend does not appear in these data. On average, voters have expressed views on government responsibility that fall in the intermediate range of the survey scale and show little variation over time. Over the same period, Bagehot policies have become much less common. This suggests that the shift in voter expectations may be issue-specific; and, in this case, likely due more to the rising material stake of middle class voters in financial stabilization than to rising generic support for public risk insurance.

Figure A.1. *Public Attitudes toward Government Responsibility*



Source: World Values Survey, 2017

Policy Responses to Banking Crises

In terms of *Liquidity Support*, the hallmark of the Bagehot response would be LOLR advances to normally solvent institutions based on good collateral and lent at a premium to normal market rates. Since insolvent institutions are strongly incentivized to hide the true nature of their problems, collateralized lending and premium rates limit the likelihood of the central bank or government making a loss and deters borrowers with little prospect of restoring solvency or who are not in genuine distress. When such advances become indiscriminate, uncollateralized, open-ended, or carry an interest-rate subsidy, we view it as characterizing a Bailout response in this area.

In the area of *Liability Resolution*, Bailout responses would include government policies offering full protection of liabilities or extending guarantees to non-deposit liability holders of banks, ensuring that some or all creditor claims will be honoured with taxpayer resources. Explicit guarantees could also be targeted specifically at depositors via the introduction or extension of deposit insurance.¹ Implicit guarantees may also be present in some financial systems such as those where the government already exerts extensive control over the banking system. Alternatively, governments may institute deposit freezes, bank holidays, or payment suspensions that revise liability payment schedules to claimants. These constitute a Bailout response if they lengthen the life of insolvent banks. Should insurance or guarantees be retracted in a crisis, this would represent a shift from the socialization pole towards the market pole. A Bagehot response would generally include “bail-in” provisions whereby creditor claims are written down or converted into equity to stabilize the insolvent institution, and taxpayer losses minimized (Sommer, 2014).

Regarding *Asset Resolution*, a Bagehot response would require banks to identify impaired assets and to write them down on their books, imposing losses on shareholders. Consistent with this approach, bank closures would result should write-downs reveal insolvency. Under the Bailout ideal-type, the government may delay action on impaired assets by deferring their recognition, via lax valuation and accounting regimes, or by regulatory forbearance (Walter, 2008, p. 45). It could achieve the same by supporting distressed debtors of banks at taxpayer expense, or by purchasing impaired assets from banks at prices above fair value.²

¹ Like Rosas, we view sustaining existing deposit insurance as consistent with a Bagehot response.

² Governments may utilize an asset management company (AMC or “bad bank”) to recover collateral and close out loans.

Under a Bagehot government, banks are forced to raise additional capital from private sources to meet minimum *Bank Capitalization* requirements, or face a process of restructuring or closure.³ Bailout governments will seek to prevent or delay such actions by bank nationalization, subsidizing private recapitalizations, regulatory forbearance, or by revising the regulatory framework (loan classification, loan loss provisioning, valuation mechanisms, or the regulatory definition of insolvency). These actions vary in their consequences for shareholders, but in all cases shift costs to taxpayers.

In a sense, all other policy areas are linked to government decisions regarding *Exit Policy*. A Bailout government will permit banks clearly insolvent on an ongoing basis to continue operations. A Bagehot government would enforce bank exit immediately following the detection of regulatory insolvency. Bank exit is usually a complex process rather than an event that ends with the institution's absorption by another solvent institution, its restructuring and sale, its liquidation, or its disappearance (Lindgren, 2005).

For each of the five main policy areas, we summarize in Table 1 the policy decisions that characterize a Bagehot or a Bailout response. In the fourth column, we develop eight related binary indicators — Bank Liquidity, Public Asset Management, Recapitalization, Guarantees, Deposit Insurance, Deposit Freeze, Deposit Loss, and Bank Restructuring. We draw on and extend the dataset compiled by Honohan and Klingebiel – also the principal data source for Rosas – who compile and code government policy responses to crises observed during 1970 – 2000 (Honohan & Klingebiel, 2000).⁴ Using a wide range of other sources, we code policies consistent with the Bailout ideal type as “+1” and code those policies consistent with the Bagehot ideal type as “-1.” Liquidity Support, for instance, is coded as +1 where we observe indiscriminate, uncollateralized, open-ended, or subsidized liquidity support consistent with a Bailout response. As another example, Liability Resolution is coded as -1 where we observe losses imposed on depositors consistent with a Bagehot response.⁵ We consider all policy responses that occur within three years after the crisis window ends, producing an aggregate score that abstracts from any variation in policy during the time-

³ Although private sector analysts now deploy a range of indicators to assess bank solvency, governments have often defined solvency in regulatory terms as the ability of a bank to meet one or more minimum ratios, usually including an equity to assets ratio (Mishkin & Eakins, 2014, ch. 17; Moody's Investor Services, 2016).

⁴ Honohan and Klingebiel and Rosas also consider regulatory forbearance as a potential indicator (Honohan & Klingebiel, 2000; Rosas, 2006). Yet Rosas (2006, pp.185–86) finds that it performs poorly in identifying underlying government proclivity towards bailouts. Since most governments are likely to choose forbearance but it is often difficult to detect, we exclude it in our analysis.

⁵ A detailed explanation of our coding scheme is available on request.

window.⁶

Data Sources

Property Prices: Knoll, Schularick, and Steger (2017) provide an annual nominal house price index for 14 advanced economies since 1870 with the base equal to 100 in 1990. The Bank for International Settlements (BIS, 2017) offer an annual nominal house price index for 59 advanced and emerging market economies since 1966 with the base equal to 100 in 2010. We use the Knoll, Schularick, and Steger data as our primary source and then supplement it with data from the BIS.

Deposits / GDP: Jordà et al. (2017) provide data on total domestic deposits by non-residents for 17 advanced countries since 1870. The World Bank provides data on deposits in banks and other financial institutions since 1960. We normalize both measures by GDP. Then, we use the Jordà et al. data as our primary source and supplement it with data from World Bank.

Household Debt / GDP: Jordà, Schularick, and Taylor (2017) provide data on bank credit (broadly defined) extended to households in 17 advanced countries since 1870. This series includes data for both mortgage and consumer borrowing, but the latter for a shorter period. Since mortgage borrowing constitutes the bulk of household leverage, we use these data for years in which data on consumer borrowing are unavailable. The BIS (2017b) data are available for 44 advanced and emerging market countries since 1944 and include all credit from domestic and foreign sources. The León (2017) data extends from 1995 to 2014, covering 143 countries but limited to commercial banks as the source of credit. All measures are normalized by GDP. We use the Jordà, Schularick, and Taylor as our primary source, then supplement it with data from the BIS, before using the León data to fill any gaps.

GDP Per Capita: Data are from the Maddison Project and Penn World Tables 9.0 (Feenstra, Inklaar, & Timmer, 2015; The Maddison Project, 2013).

Public Debt / GDP: Data are from (Abbas, Belhocine, ElGanainy, Horton, & Horton, 2011; Mauro, Romeu, Binder, & Zaman, 2013).

Fixed Exchange Rate: We obtain data on exchange rate commitments from three sources (Bordo & Meissner, 2006; Ilzetzki, Reinhart, & Rogoff, 2017; Reinhart, 2010) and create a binary variable indicating the presence of a fixed exchange regime, including a commitment to the gold standard.

Partisanship: We use data from Brambor and Lindvall and the Database of Political Institutions (Brambor & Lindvall, 2017; Cruz, Keefer, & Scartascini, 2016)

⁶ So, for example, for a country experiencing a crisis over 1907–1908, policy responses occurring in the period 1907–1911 would be included.

Samples

Table A.2. *Pre-1939 Boix Sample*

Austria	1931	Italy	1921
Belgium	1925	Netherlands	1897
Belgium	1931	Netherlands	1921
Belgium	1934	Norway	1921
Canada	1908	Norway	1931
Canada	1912	Portugal	1920
Canada	1923	Portugal	1923
Denmark	1907	Spain	1931
Denmark	1921	Sweden	1922
Denmark	1931	Sweden	1931
Finland	1921	Switzerland	1931
Finland	1931	Switzerland	1933
France	1848	United Kingdom	1890
France	1889	United States	1873
France	1907	United States	1884
France	1930	United States	1890
Germany	1931	United States	1907
Greece	1931	United States	1929

Table A.3. *Pre-1939 Polity IV Sample*

Austria	1931	Norway	1921
Belgium	1925	Norway	1931
Belgium	1931	Portugal	1920
Belgium	1934	Portugal	1923
Canada	1908	Spain	1931
Canada	1912	Sweden	1922
Canada	1923	Sweden	1931
Denmark	1921	Switzerland	1931
Denmark	1931	Switzerland	1933
Finland	1921	United Kingdom	1890
France	1889	United States	1873
France	1907	United States	1884
France	1930	United States	1907
Greece	1931	United States	1929
Netherlands	1921		

Table A.4. *Post-1970 Boix R&R Sample*

Argentina	1989	Ireland	2007
Argentina	1995	Italy	1990
Argentina	2001	Italy	2008
Austria	2008	Japan	1992
Belgium	2008	South Korea	1997
Bolivia	1987	Netherlands	2008
Bolivia	1994	Nicaragua	1987
Brazil	1990	Nicaragua	2000
Bulgaria	1994	Norway	1987
Colombia	1982	Peru	1983
Colombia	1998	Philippines	1997
Denmark	2008	Poland	1991
Ecuador	1981	Portugal	2008
Ecuador	1998	Spain	1977
El Salvador	1989	Spain	2008
Finland	1991	Sweden	1991
France	2008	Switzerland	2008
Germany	2007	Thailand	1983
Greece	2008	Thailand	1996
Guatemala	2001	Turkey	2000
Guatemala	2006	Russia	1998
Honduras	1999	United Kingdom	2007
Honduras	2001	United States	2007
Hungary	1991	Uruguay	2002
Hungary	2008	Venezuela	1993
India	1993		

Table A.5. *Post-1970 Polity IV R&R Sample*

Argentina	1989	Hungary	2008
Argentina	1995	India	1993
Argentina	2001	Ireland	2007
Austria	2008	Italy	1990
Belgium	2008	Italy	2008
Bolivia	1987	Japan	1992
Bolivia	1994	Netherlands	2008
Brazil	1990	Nicaragua	2000
Bulgaria	1994	Norway	1987
Colombia	1982	Peru	1983
Colombia	1998	Philippines	1997
Denmark	2008	Poland	1991
Ecuador	1981	Portugal	2008
Ecuador	1998	Spain	2008
Finland	1991	Sweden	1991
France	2008	Switzerland	2008
Germany	2007	Thailand	1996
Greece	2008	Turkey	2000
Guatemala	2001	United Kingdom	2007
Guatemala	2006	United States	2007
Honduras	1999	Uruguay	2002
Honduras	2001	Venezuela	1993
Hungary	1991		

Table A.6. *Post-1970 Boix L&V Sample*

Albania	1994	Korea, Rep.	1997
Argentina	1989	Latvia	1995
Argentina	1995	Latvia	2008
Argentina	2001	Lithuania	1995
Austria	2008	Mongolia	2008
Belgium	2008	Netherlands	2008
Bolivia	1986	Nicaragua	1990
Bolivia	1994	Nicaragua	2000
Brazil	1990	Norway	1991
Brazil	1994	Peru	1983
Bulgaria	1996	Philippines	1997
Cape Verde	1993	Poland	1992
Central African Republic	1995	Portugal	2008
Colombia	1982	Guinea-Bissau	1995
Colombia	1998	Slovak Republic	1998
Czech Republic	1996	Slovenia	2008
Denmark	2008	Spain	1977
Dominican Republic	2003	Spain	2008
Ecuador	1982	Sweden	1991
Ecuador	1998	Sweden	2008
El Salvador	1989	Switzerland	2008
Finland	1991	Thailand	1983
France	2008	Thailand	1997
Germany	2008	Turkey	2000
Greece	2008	Ukraine	1998
Hungary	1991	Ukraine	2008
Hungary	2008	Russian Federation	1998
India	1993	United Kingdom	2007
Ireland	2008	United States	1988
Israel	1977	United States	2007
Italy	2008	Uruguay	2002
Jamaica	1996	Venezuela, RB	1994
Japan	1997		

Table A.7. *Post-1970 Polity IV L&V Sample*

Argentina	1989	Japan	1997
Argentina	1995	Latvia	1995
Argentina	2001	Latvia	2008
Austria	2008	Lithuania	1995
Belgium	2008	Mongolia	2008
Bolivia	1986	Netherlands	2008
Bolivia	1994	Nicaragua	2000
Brazil	1990	Norway	1991
Brazil	1994	Paraguay	1995
Bulgaria	1996	Peru	1983
Cape Verde	1993	Philippines	1997
Colombia	1982	Poland	1992
Colombia	1998	Portugal	2008
Czech Republic	1996	Slovak Republic	1998
Denmark	2008	Slovenia	2008
Dominican Republic	2003	Spain	2008
Ecuador	1982	Sweden	1991
Ecuador	1998	Sweden	2008
Finland	1991	Switzerland	2008
France	2008	Thailand	1997
Germany	2008	Turkey	2000
Greece	2008	Ukraine	1998
Hungary	1991	Ukraine	2008
Hungary	2008	United Kingdom	2007
India	1993	United States	1988
Ireland	2008	United States	2007
Israel	1977	Uruguay	2002
Italy	2008	Venezuela, RB	1994
Jamaica	1996		

Summary Statistics

Table A.8 Provides the Summary Statistics for All Variables used in the Analysis.

Boix R&R Sample

	N	Mean	SD	Min	Max
Policy Response Index	89	0.39	1.71	-2.56	2.51
Property Price Index (ln)	46	1.82	2.81	-4.64	5.02
Deposits/GDP (ln)	81	3.68	0.71	1.34	4.88
Mand or Wide DC	89	0.16	0.37	0.00	1.00
Any DC	89	0.27	0.45	0.00	1.00
Household Debt/GDP (ln)	62	2.92	1.37	-0.16	4.84
Years Accumulating Reg	89	26.88	28.26	0.00	81.00
Degree of Democracy	89	8.19	2.58	-2.00	10.00
GDP per capita (ln)	89	8.61	0.84	7.11	10.36
Public Debt/GDP (ln)	89	3.81	0.82	1.31	5.59
Advanced Market	89	0.57	0.49	0.00	1.00
Fixed Exchange Rate	89	0.45	0.50	0.00	1.00
Partisanship	85	1.73	0.76	1.00	3.00

Boix L&V Sample

	N	Mean	SD	Min	Max
Policy Response Index	103	0.45	1.64	-2.78	2.35
Property Price Index (ln)	48	2.15	2.83	-4.64	5.19
Deposits/GDP (ln)	95	3.64	0.797	1.17	5.88
Mand or Wide DC	103	0.18	0.39	0.00	1.00
Any DC	103	0.34	0.48	0.00	1.00
Household Debt/GDP (ln)	67	3.02	1.34	-0.16	4.84
Years Accumulating Reg	103	30.39	28.43	0.00	82.00
Degree of Democracy	103	8.31	2.33	-2.00	10.00
GDP per capita (ln)	103	37.35	203.87	5.61	1520.00
Public Debt/GDP (ln)	103	3.78	0.94	1.31	7.65
Advanced Market	103	0.49	0.50	0.00	1.00
Fixed Exchange Rate	103	0.44	0.50	0.00	1.00
Partisanship	101	1.83	0.80	1.00	3.00

Polity R&R Sample

	N	Mean	SD	Min	Max
Policy Response Index	77	0.41	1.78	-2.55	2.52
Property Price Index (ln)	39	2.08	2.85	-4.64	5.02
Deposits/GDP (ln)	71	3.72	0.68	1.99	4.88
Mand or Wide DC	77	0.18	0.39	0.00	1.00
Any DC	77	0.32	0.47	0.00	1.00
Household Debt/GDP (ln)	54	0.67	3.16	-4.75	4.84
Years Accumulating Reg	77	27.22	28.51	0.00	77.00
Degree of Democracy	77	9.01	1.19	7.00	10.00
GDP per capita (ln)	77	8.68	0.85	7.11	10.36
Public Debt/GDP (ln)	77	3.84	0.77	1.31	5.32
Advanced Market	77	0.58	0.49	0.00	1.00
Fixed Exchange Rate	77	0.45	0.50	0.00	1.00
Partisanship	73	1.68	0.76	1.00	3.00

Polity L&V Sample

	N	Mean	SD	Min	Max
Policy Response Index	89	0.48	1.70	-2.78	2.35
Property Price Index (ln)	41	2.44	2.84	-4.64	5.19
Deposits/GDP (ln)	83	3.71	0.77	1.83	5.87
Mand or Wide DC	89	0.21	0.41	0.00	1.00
Any DC	89	0.38	0.49	0.00	1.00
Household Debt/GDP (ln)	59	3.08	1.28	-0.14	4.84
Years Accumulating Reg	89	30.81	28.73	0.00	82.00
Degree of Democracy	89	9.06	1.15	7.00	10.00
GDP per capita (ln)	89	25.93	160.17	7.11	1520.00
Public Debt/GDP (ln)	89	3.74	0.80	1.31	5.32
Advanced Market	89	0.49	0.50	0.00	1.00
Fixed Exchange Rate	89	0.44	0.50	0.00	1.00
Partisanship	89	1.81	0.81	1.00	3.00

Mand or Wide DC
Year of Accumulating Reg

Mandatory or Widespread DC
Years of Accumulating Regulatory Commitment

Table A.9. *Correlation Matrices*

Boix R&R Sample

	Prop	Dep	DC_MW	DC_Any	House	Commit	Dem	GDPpc	Debt	AM	Fix	Part
Prop	1.00											
Dep	0.48	1.00										
DC_MW	0.58	0.47	1.00									
DC_Any	0.76	0.47	0.74	1.00								
House	0.59	0.65	0.49	0.50	1.00							
Commit	0.80	0.52	0.60	0.69	0.53	1.00						
Dem	0.42	0.11	0.22	0.29	0.11	0.25	1.00					
GDPpc	0.94	0.50	0.63	0.77	0.61	0.87	0.38	1.00				
Debt	0.40	0.09	0.23	0.42	0.01	0.33	0.45	0.39	1.00			
AM	-0.21	0.25	-0.13	-0.06	-0.02	0.15	0.13	-0.03	0.10	1.00		
Fix	0.03	0.09	0.07	0.20	0.13	0.12	-0.02	-0.01	-0.08	0.25	1.00	
Part	0.16	-0.03	-0.02	0.18	0.16	0.00	0.08	0.06	-0.15	-0.20	-0.02	1.00

Boix L&V Sample

	Prop	Dep	DC_MW	DC_Any	House	Commit	Dem	GDPpc	Debt	AM	Fix	Part
Prop	1.00											
Dep	0.42	1.00										
DC_MW	0.49	0.24	1.00									
DC_Any	0.76	0.46	0.65	1.00								
House	0.53	0.52	0.42	0.50	1.00							

Commit	0.71	0.45	0.41	0.60	0.46	1.00							
Dem	0.44	0.14	0.23	0.26	0.16	0.23	1.00						
GDPpc	0.93	0.52	0.56	0.79	0.56	0.80	0.39	1.00					
Debt	0.41	0.18	0.33	0.32	0.23	0.36	0.48	0.40	1.00				
AM	-0.28	0.28	0.01	-0.19	0.11	0.14	0.10	-0.09	0.18	1.00			
Fix	0.06	0.09	-0.13	0.13	0.04	0.17	-0.03	0.01	-0.02	0.04	1.00		
Part	0.03	-0.04	-0.06	0.11	0.04	0.10	0.08	-0.01	-0.14	-0.08	0.03	1.00	

Polity R&R Sample

	Prop	Dep	DC_MW	DC_Any	House	Commit	Dem	GDPpc	Debt	AM	Fix	Part
Prop	1.00											
Dep	0.53	1.00										
DC_MW	0.59	0.42	1.00									
DC_Any	0.79	0.44	0.71	1.00								
House	0.97	0.52	0.58	0.77	1.00							
Commit	0.84	0.48	0.57	0.66	0.87	1.00						
Dem	-0.09	-0.10	-0.15	-0.19	-0.07	-0.19	1.00					
GDPpc	0.94	0.50	0.61	0.77	0.94	0.88	-0.15	1.00				
Debt	0.35	0.02	0.16	0.33	0.33	0.28	-0.26	0.36	1.00			
AM	0.03	0.21	-0.12	-0.03	0.08	0.19	-0.07	0.22	0.19	1.00		
Fix	0.09	0.16	0.11	0.24	0.08	0.20	-0.10	0.08	-0.18	0.04	1.00	
Part	0.19	-0.04	-0.01	0.21	0.23	0.01	0.28	0.09	-0.09	-0.06	0.00	1.00

Polity L&V Sample

	Prop	Dep	DC_MW	DC_Any	House	Commit	Dem	GDPpc	Debt	AM	Fix	Part
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Prop	1.00												
Dep	0.40	1.00											
DC_MW	0.49	0.18	1.00										
DC_Any	0.75	0.46	0.66	1.00									
House	0.65	0.49	0.43	0.52	1.00								
Commit	0.72	0.36	0.38	0.59	0.55	1.00							
Dem	-0.25	0.02	-0.06	-0.06	0.01	-0.09	1.00						
GDPpc	0.94	0.48	0.55	0.79	0.70	0.78	-0.12	1.00					
Debt	0.39	0.22	0.27	0.35	0.25	0.40	-0.07	0.41	1.00				
AM	-0.10	0.26	0.04	0.00	0.31	0.28	0.27	0.09	0.23	1.00			
Fix	0.07	0.09	-0.17	0.17	-0.09	0.23	-0.24	0.04	-0.18	-0.11	1.00		
Part	0.06	-0.06	-0.04	0.14	0.13	0.12	0.27	0.02	-0.08	0.01	0.05	1.00	

Prop	Property Price Index (ln)
Dep	Deposits / GDP (ln)
DC_MW	Mandatory or Widespread DC
DC_Any	Any DC
House	Household Debt / GDP (ln)
Commit	Years of Accumulating Regulatory Commitment
Dem	Degree of Democracy
GDPpc	GDP per capita (ln)
AM	Advanced Market
Debt	Public Debt / GDP (ln)
Part	Partisanship

R&R Policy Response Model – Boix Democracies

Table A.10. *Great Expectations and Banking Crises Policy Responses, 1873 – 2008 – R&R Policy Index – Boix Democracies*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.516*** (0.103)	0.508*** (0.0993)										
Deposits/GDP (ln)			0.555** (0.257)	0.606** (0.252)								
DC Mandatory or Widespread					1.682*** (0.220)	1.630*** (0.224)						
DC Any							1.656*** (0.334)	1.492*** (0.368)				
Household Debt/GDP (ln)									1.034*** (0.158)	1.057*** (0.158)		
Years Effective Commitment											0.0309*** (0.00536)	0.0290*** (0.00630)
Degree of Democracy	-0.0185 (0.122)	-0.0239 (0.123)	-0.154** (0.0640)	-0.163** (0.0683)	-0.0208 (0.0664)	-0.0289 (0.0701)	-0.0505 (0.0674)	-0.0509 (0.0705)	-0.195** (0.0919)	-0.164* (0.0874)	0.00952 (0.0653)	-0.0146 (0.0686)
GDP Per Capita (ln)			0.858*** (0.228)	0.728*** (0.257)								
Advanced Market	0.427 (0.746)	0.433 (0.723)			0.0777 (0.394)	0.205 (0.378)	0.0667 (0.360)	0.171 (0.357)	-1.314** (0.496)	-1.294** (0.507)	-0.0785 (0.316)	-0.0493 (0.354)
Public Debt/GDP (ln)	-0.104 (0.361)	-0.0846 (0.361)	0.344 (0.235)	0.255 (0.240)	0.0321 (0.242)	-0.0911 (0.240)	-0.0705 (0.211)	-0.148 (0.216)	0.482*** (0.162)	0.469** (0.171)	-0.0775 (0.249)	-0.139 (0.250)
Fixed Exchange Rate	0.323 (0.349)	0.331 (0.352)	-0.119 (0.293)	0.00467 (0.306)	-0.275 (0.244)	-0.165 (0.261)	-0.246 (0.227)	-0.134 (0.252)	0.151 (0.331)	0.198 (0.341)	0.0245 (0.241)	0.0969 (0.265)
Partisanship		0.152 (0.150)		0.284* (0.158)		0.359** (0.159)		0.282* (0.147)		0.0620 (0.147)		0.283* (0.148)
Time Trend	0.00305 (0.00499)	0.00322 (0.00498)	0.00847** (0.00402)	0.0114** (0.00465)	0.0144*** (0.00437)	0.0171*** (0.00450)	0.0126*** (0.00370)	0.0154*** (0.00416)	0.0121*** (0.00372)	0.0121*** (0.00386)	0.00992** (0.00379)	0.0117** (0.00464)
Constant	-0.729 (1.364)	-1.043 (1.535)	-9.919*** (1.621)	-9.498*** (1.693)	-1.489 (1.141)	-2.073* (1.197)	-0.841 (1.081)	-1.474 (1.176)	-3.185*** (0.747)	-3.648*** (0.674)	-1.392 (1.151)	-1.673 (1.296)
Observations	46	46	81	77	91	87	91	87	62	61	91	87
R-squared	0.684	0.687	0.482	0.519	0.352	0.419	0.390	0.428	0.605	0.625	0.444	0.464

Robust standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1

L&V Policy Response Model – Polity Democracies

Table A.11. *Great Expectations and Banking Crises Policy Responses, 1873 – 2008 – L&V Policy Index – Polity Democracies*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.529*** (0.0699)	0.527*** (0.0671)										
Deposits/GDP (ln)			0.711* (0.380)	0.753** (0.354)								
DC Mandatory or Widespread					0.898** (0.340)	0.912** (0.350)						
DC Any							1.385*** (0.322)	1.406*** (0.323)				
Household Debt/GDP (ln)									1.024*** (0.150)	1.023*** (0.150)		
Years Effective Commitment											0.0283*** (0.00506)	0.0280*** (0.00517)
Degree of Democracy	-0.235 (0.163)	-0.242 (0.154)	-0.0212 (0.240)	-0.0602 (0.222)	0.432* (0.227)	0.400* (0.227)	0.329 (0.207)	0.292 (0.205)	0.247 (0.204)	0.243 (0.213)	0.336* (0.180)	0.329* (0.183)
GDP Per Capita (ln)			0.000135 (0.000430)	0.000333 (0.000424)								
Advanced Market	0.767 (0.649)	0.764 (0.630)			-0.907* (0.471)	-0.848* (0.475)	-0.649 (0.438)	-0.582 (0.435)	-2.029*** (0.469)	-2.025*** (0.477)	-0.825** (0.392)	-0.812** (0.400)
Public Debt/GDP (ln)	0.349 (0.240)	0.361 (0.239)	0.248 (0.302)	0.209 (0.294)	0.0530 (0.298)	0.0358 (0.286)	0.0252 (0.254)	0.00622 (0.244)	0.726*** (0.182)	0.727*** (0.182)	-0.00690 (0.266)	-0.0103 (0.264)
Fixed Exchange Rate	0.420 (0.312)	0.415 (0.317)	0.0170 (0.420)	0.0364 (0.412)	0.206 (0.330)	0.219 (0.322)	0.0115 (0.273)	0.0232 (0.266)	0.396 (0.391)	0.402 (0.388)	0.329 (0.304)	0.332 (0.303)
Partisanship		0.109 (0.102)		0.328* (0.169)		0.235 (0.171)		0.256 (0.160)		0.0389 (0.179)		0.0598 (0.133)
Time Trend	-0.000857 (0.00514)	-0.000838 (0.00509)	0.00799** (0.00335)	0.00830** (0.00336)	0.0103*** (0.00315)	0.0105*** (0.00317)	0.00743** (0.00283)	0.00763*** (0.00283)	0.00569 (0.00360)	0.00565 (0.00358)	0.0100*** (0.00212)	0.0101*** (0.00219)
Constant	-0.312 (1.747)	-0.482 (1.703)	-3.686* (1.849)	-3.995** (1.820)	-4.628** (2.082)	-4.756** (2.066)	-3.648** (1.752)	-3.774** (1.716)	-7.030*** (1.847)	-7.067*** (1.789)	-4.274** (1.667)	-4.316** (1.678)
Observations	41	41	83	83	89	89	89	89	59	59	89	89
R-squared	0.787	0.789	0.250	0.275	0.259	0.271	0.341	0.355	0.625	0.625	0.432	0.432

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

R&R Policy Response Model – Polity Democracies

Table A.12. *Great Expectations and Banking Crises Policy Responses, 1873 – 2008 – R&R Policy Index – Polity Democracies*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.539*** (0.0848)	0.530*** (0.0839)										
Deposits/GDP (ln)			0.724** (0.292)	0.752** (0.279)								
DC Mandatory or Widespread					1.509*** (0.265)	1.576*** (0.271)						
DC Any							1.462*** (0.328)	1.345*** (0.379)				
Household Debt/GDP(ln)									0.490*** (0.0543)	0.496*** (0.0559)		
Years Effective Commitment											0.0306*** (0.00572)	0.0299*** (0.00585)
Degree of Democracy	-0.335** (0.140)	-0.331** (0.131)	-0.0824 (0.166)	-0.0236 (0.150)	0.333 (0.203)	0.323 (0.212)	0.260 (0.191)	0.270 (0.198)	0.0614 (0.138)	0.0596 (0.140)	0.297 (0.190)	0.313 (0.196)
GDP Per Capita (ln)			0.636** (0.270)	0.533* (0.280)								
Advanced Market	0.986 (0.667)	1.000 (0.623)			-0.301 (0.454)	-0.111 (0.504)	-0.226 (0.447)	-0.0918 (0.495)	-0.126 (0.369)	-0.0752 (0.371)	-0.445 (0.443)	-0.480 (0.508)
Public Debt/GDP (ln)	0.0538 (0.297)	0.0666 (0.294)	0.377 (0.268)	0.297 (0.270)	0.219 (0.249)	0.0831 (0.251)	0.107 (0.215)	0.0212 (0.227)	0.125 (0.156)	0.103 (0.155)	0.0873 (0.252)	0.00455 (0.265)
Fixed Exchange Rate	0.333 (0.321)	0.319 (0.345)	-0.120 (0.357)	-0.107 (0.374)	-0.0752 (0.302)	-0.0551 (0.297)	-0.0535 (0.273)	0.00208 (0.294)	0.197 (0.242)	0.135 (0.237)	0.137 (0.284)	0.237 (0.271)
Partisanship		0.129 (0.151)		0.258 (0.186)		0.208 (0.170)		0.128 (0.173)		-0.0875 (0.136)		0.213 (0.166)
Time Trend	0.00302 (0.00631)	0.00339 (0.00648)	0.0121** (0.00591)	0.0152** (0.00620)	0.0186*** (0.00455)	0.0215*** (0.00446)	0.0166*** (0.00413)	0.0196*** (0.00447)	0.00317 (0.00391)	0.00368 (0.00386)	0.0137*** (0.00416)	0.0157*** (0.00454)
Constant	1.115 (1.817)	0.772 (1.960)	-9.881*** (1.857)	-10.20*** (1.791)	-5.855*** (2.119)	-6.134*** (2.075)	-4.769** (1.831)	-5.235*** (1.813)	-1.363 (1.527)	-1.172 (1.493)	-4.990** (1.862)	-5.427*** (1.885)
Observations	39	38	71	67	79	75	79	75	54	53	79	75
R-squared	0.745	0.746	0.522	0.562	0.465	0.530	0.490	0.524	0.781	0.783	0.555	0.587

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Time Period Dummies

We include time period dummies to control for unmeasured variables that evolve over time but are constant across countries. We opt against the inclusion of year dummies because we face identification issues since crises are rare events. Instead, we opt for a less granular but still conservative approach that relies on crisis time period dummies grouped across subsets of the post-1970 period during which systemic banking crises were occurring with high frequency: 1982–1993; 1994–2003; and 2004–2011. This modelling strategy seems most appropriate given the structure of our data, which is unbalanced panel data rather than balanced time-series cross-sectional data. For instance, rather than observing countries, such as the United States and the United Kingdom, at annual intervals from 1870–2011, the data contain observations from each crisis-year: 1873, 1884, 1890, 1907, 1929, 1988, and 2007 for the United States; and 1890 and 2007 for the United Kingdom. If our results are reflective of co-integrated variables moving similarly across history, the type of co-integration present would be unusual because any trend would be driven by countries with repeated crises during particular time periods rather than by annual observations over time. By addressing the bias caused by excluding unobserved variables that evolve over time but are constant across countries, these crisis time period dummies capture any unmeasured differences between the pre-World War II and the post-1970 period, as well as any differences within the latter period. Thus, any structural differences across these various periods would be accounted for by these crisis time period dummies. Tables A.13–A.16 report the results from our various samples.

Table A.13. *L&V Policy Response Model – Boix Democracies*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
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Property Prices (ln)	0.273***	0.278***										
	(0.0832)	(0.0874)										
Deposits/GDP (ln)			0.490*	0.526*								
			(0.283)	(0.296)								
DC Mandatory or Widespread					0.382	0.415						
					(0.262)	(0.284)						
DC Any							0.911***	0.965***				
							(0.298)	(0.313)				
Household Debt/GDP(ln)									0.603***	0.616***		
									(0.188)	(0.220)		
Years Effective Commitment											0.0194***	0.0205***
											(0.00564)	(0.00594)
Degree of Democracy	0.0282	0.0256	-0.00387	-0.0274	0.0414	0.0345	0.0231	0.0191	-0.0758	-0.0703	0.0453	0.0250
	(0.107)	(0.109)	(0.0680)	(0.0742)	(0.0609)	(0.0663)	(0.0625)	(0.0665)	(0.0827)	(0.0860)	(0.0597)	(0.0651)
Advanced Market	0.961**	0.957**	-0.434	-0.444	-0.189	-0.177	-0.0726	-0.0501	-0.648	-0.674	-0.221	-0.205
	(0.400)	(0.385)	(0.400)	(0.417)	(0.347)	(0.344)	(0.337)	(0.331)	(0.563)	(0.608)	(0.301)	(0.300)
Public Debt/GDP (ln)	-0.101	-0.0857	0.0982	0.0842	-0.0144	-0.0279	0.0149	0.00237	0.314	0.322	0.00236	-0.00632
	(0.266)	(0.277)	(0.196)	(0.196)	(0.158)	(0.156)	(0.153)	(0.152)	(0.214)	(0.222)	(0.147)	(0.144)
Fixed Exchange Rate	0.506	0.510	-0.0795	-0.0278	-0.260	-0.237	-0.252	-0.226	0.0503	0.0760	-0.126	-0.113
	(0.318)	(0.316)	(0.308)	(0.321)	(0.263)	(0.276)	(0.244)	(0.256)	(0.293)	(0.302)	(0.254)	(0.263)
Partisanship		0.0736		0.121		0.146		0.192		0.0771		0.0811
		(0.104)		(0.149)		(0.157)		(0.145)		(0.163)		(0.111)
Period: 1982-1993	1.544**	1.504**	0.703	0.760	0.784	0.754	0.678	0.615	1.561**	1.524**	0.166	0.134
	(0.568)	(0.613)	(0.516)	(0.538)	(0.485)	(0.514)	(0.461)	(0.495)	(0.676)	(0.724)	(0.465)	(0.483)
Period: 1994-2003	2.589***	2.571***	1.411***	1.406**	1.549***	1.536***	1.479***	1.443***	1.708**	1.670*	1.227**	1.293**
	(0.620)	(0.623)	(0.521)	(0.553)	(0.511)	(0.546)	(0.469)	(0.503)	(0.700)	(0.823)	(0.507)	(0.525)
Period: 2004-2011	1.516**	1.474**	1.964***	1.946***	2.332***	2.301***	1.827***	1.756***	1.639***	1.590***	1.751***	1.727***
	(0.578)	(0.592)	(0.385)	(0.398)	(0.362)	(0.373)	(0.367)	(0.399)	(0.469)	(0.541)	(0.357)	(0.355)
Constant	-1.770*	-1.923*	-2.090	-2.201	-0.538	-0.703	-0.663	-0.944	-2.121*	-2.350*	-0.922	-0.896
	(0.949)	(1.022)	(1.367)	(1.418)	(0.803)	(0.891)	(0.761)	(0.859)	(1.047)	(1.281)	(0.777)	(0.828)
Observations	48	48	96	94	104	102	104	102	67	66	104	102
R-squared	0.776	0.777	0.385	0.392	0.393	0.398	0.431	0.438	0.618	0.619	0.457	0.465

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.14. L&V Policy Response Model – Polity Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.279***	0.284***										
	(0.0924)	(0.100)										
Deposits/GDP (ln)			0.784**	0.796**								
			(0.369)	(0.365)								

DC Mandatory or Widespread					0.449*	0.459*						
					(0.242)	(0.255)						
DC Any							0.937***	0.961***				
							(0.277)	(0.293)				
Household Debt/GDP(ln)									0.587**	0.587**		
									(0.239)	(0.240)		
Years Effective Commitment											0.0216***	0.0217***
											(0.00616)	(0.00626)
Degree of Democracy	0.0276	0.0218	0.191	0.174	0.277	0.271	0.248	0.235	0.255	0.255	0.239	0.244
	(0.127)	(0.128)	(0.233)	(0.228)	(0.181)	(0.182)	(0.177)	(0.175)	(0.203)	(0.208)	(0.165)	(0.168)
Advanced Market	0.731*	0.731*	-0.918**	-0.898**	-0.455	-0.446	-0.308	-0.287	-1.035*	-1.035*	-0.461	-0.469
	(0.424)	(0.419)	(0.440)	(0.444)	(0.369)	(0.367)	(0.352)	(0.347)	(0.567)	(0.569)	(0.310)	(0.315)
Public Debt/GDP (ln)	0.201	0.211	0.123	0.121	-0.00771	-0.00899	-0.0255	-0.0282	0.469**	0.469**	0.00591	0.00675
	(0.213)	(0.223)	(0.234)	(0.233)	(0.229)	(0.227)	(0.211)	(0.209)	(0.208)	(0.212)	(0.215)	(0.216)
Fixed Exchange Rate	0.547**	0.548**	-0.173	-0.172	-0.268	-0.266	-0.289	-0.287	0.268	0.269	-0.165	-0.166
	(0.257)	(0.256)	(0.380)	(0.382)	(0.298)	(0.300)	(0.270)	(0.270)	(0.311)	(0.308)	(0.286)	(0.287)
Partisanship		0.0513		0.0858		0.0435		0.0865		0.00544		-0.0391
		(0.109)		(0.155)		(0.180)		(0.168)		(0.178)		(0.133)
Period: 1982-1993	1.630**	1.594*	0.899	0.876	0.851	0.836	0.716	0.685	1.502**	1.501**	0.140	0.148
	(0.722)	(0.785)	(0.557)	(0.563)	(0.558)	(0.570)	(0.538)	(0.553)	(0.646)	(0.651)	(0.545)	(0.549)
Period: 1994-2003	2.285***	2.264***	1.379**	1.349**	1.618***	1.601***	1.621***	1.589***	1.709*	1.709*	1.348**	1.359**
	(0.614)	(0.650)	(0.572)	(0.577)	(0.554)	(0.566)	(0.512)	(0.521)	(0.985)	(0.990)	(0.539)	(0.542)
Period: 2004-2011	1.435**	1.397**	1.852***	1.831***	2.339***	2.328***	1.862***	1.831***	1.532***	1.530***	1.734***	1.735***
	(0.569)	(0.616)	(0.389)	(0.392)	(0.366)	(0.375)	(0.377)	(0.400)	(0.528)	(0.523)	(0.373)	(0.376)
Constant	-2.743**	-2.805**	-4.804**	-4.842**	-2.662	-2.682	-2.521	-2.556	-5.589***	-5.597***	-2.680	-2.663
	(0.994)	(1.006)	(1.910)	(1.931)	(1.723)	(1.751)	(1.652)	(1.673)	(1.669)	(1.691)	(1.627)	(1.647)
Observations	41	41	83	83	89	89	89	89	59	59	89	89
R-squared	0.831	0.832	0.443	0.445	0.427	0.427	0.464	0.466	0.679	0.679	0.501	0.502

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.15. R&R Policy Response Model – Boix Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.237**	0.237**										
	(0.0870)	(0.0928)										
Deposits/GDP (ln)			1.019***	0.993***								
			(0.277)	(0.303)								
DC Mandatory or Widespread					1.173**	1.293**						
					(0.500)	(0.545)						
DC Any							1.286**	1.089*				
							(0.530)	(0.556)				
Household Debt/GDP (ln)									0.675***	0.698***		
									(0.194)	(0.209)		
Years Effective Commitment											0.0212***	0.0191***
											(0.00687)	(0.00568)
Degree of Democracy	0.00873	0.00865	-0.0569	-0.0946	-0.00804	-0.0278	-0.0324	-0.0432	-0.160*	-0.158	0.0102	-0.0147
	(0.0948)	(0.0965)	(0.0770)	(0.0729)	(0.0604)	(0.0665)	(0.0655)	(0.0728)	(0.0917)	(0.0967)	(0.0600)	(0.0625)
Advanced Market	1.541**	1.541**	-0.510	-0.405	0.147	0.346	0.205	0.291	-0.784	-0.817	-0.143	-0.0257
	(0.718)	(0.725)	(0.468)	(0.520)	(0.399)	(0.340)	(0.406)	(0.395)	(0.642)	(0.672)	(0.414)	(0.426)
Public Debt/GDP (ln)	-0.286	-0.285	0.0855	-0.0116	-0.118	-0.230	-0.175	-0.258	0.159	0.164	-0.122	-0.196
	(0.261)	(0.275)	(0.223)	(0.220)	(0.221)	(0.208)	(0.196)	(0.203)	(0.215)	(0.226)	(0.228)	(0.233)
Fixed Exchange Rate	0.330	0.330	0.00737	0.154	-0.176	-0.0663	-0.158	-0.0701	0.355	0.349	-0.115	-0.0476
	(0.303)	(0.309)	(0.293)	(0.324)	(0.254)	(0.282)	(0.235)	(0.265)	(0.319)	(0.328)	(0.246)	(0.280)
Partisanship		0.00302		0.116		0.136		0.0973		-0.0586		0.150
		(0.132)		(0.194)		(0.185)		(0.172)		(0.152)		(0.150)
Period: 1982-1993	1.859***	1.857***	1.453**	1.729***	1.486***	1.734***	1.336**	1.504**	2.110***	2.096***	0.569	0.798
	(0.590)	(0.617)	(0.537)	(0.533)	(0.535)	(0.511)	(0.533)	(0.557)	(0.586)	(0.595)	(0.601)	(0.611)
Period: 1994-2003	3.404***	3.402***	1.521**	1.688**	2.014***	2.338***	2.023***	2.217***	1.607*	1.520*	1.380**	1.697**
	(0.879)	(0.908)	(0.618)	(0.643)	(0.575)	(0.523)	(0.552)	(0.562)	(0.790)	(0.886)	(0.661)	(0.671)
Period: 2004-2011	2.077***	2.074***	2.162***	2.272***	2.366***	2.369***	2.069***	2.291***	2.044***	2.018***	1.948***	2.112***
	(0.488)	(0.531)	(0.356)	(0.361)	(0.511)	(0.546)	(0.547)	(0.552)	(0.389)	(0.434)	(0.470)	(0.383)
Constant	-1.445	-1.453	-3.725**	-3.381**	-0.265	-0.226	0.0193	0.0904	-1.186	-1.156	-0.309	-0.242
	(1.387)	(1.444)	(1.532)	(1.588)	(0.979)	(1.142)	(0.952)	(1.130)	(1.176)	(1.341)	(1.039)	(1.208)
Observations	46	46	83	79	91	87	91	87	62	61	91	87
R-squared	0.769	0.769	0.507	0.540	0.486	0.535	0.509	0.532	0.673	0.674	0.502	0.525

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.16. R&R Policy Response Model – Polity Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.195**	0.184**										
	(0.0722)	(0.0820)										
Deposits/GDP (ln)			1.139***	1.042***								
			(0.347)	(0.337)								
DC Mandatory or Widespread					1.230**	1.475**						
					(0.522)	(0.553)						
DC Any							1.289**	1.196**				
							(0.533)	(0.563)				
Household Debt/GDP (ln)									0.619***	0.622***		
									(0.0922)	(0.0936)		
Years Effective Commitment											0.0257***	0.0230***
											(0.00729)	(0.00776)
Degree of Democracy	0.0632	0.0722	0.147	0.151	0.282*	0.276**	0.231	0.236	0.0310	0.0267	0.278*	0.288*
	(0.111)	(0.116)	(0.195)	(0.181)	(0.145)	(0.134)	(0.157)	(0.150)	(0.140)	(0.142)	(0.161)	(0.167)
Advanced Market	1.345**	1.375**	-0.904	-0.591	-0.222	0.172	-0.113	0.144	-0.103	-0.0614	-0.493	-0.439
	(0.561)	(0.553)	(0.557)	(0.568)	(0.408)	(0.320)	(0.439)	(0.420)	(0.371)	(0.360)	(0.425)	(0.495)
Public Debt/GDP (ln)	-0.0871	-0.105	0.134	-0.00451	0.0104	-0.145	-0.0652	-0.184	0.226	0.201	0.0123	-0.0780
	(0.236)	(0.241)	(0.241)	(0.252)	(0.252)	(0.238)	(0.224)	(0.236)	(0.165)	(0.165)	(0.254)	(0.276)
Fixed Exchange Rate	0.319	0.263	0.118	0.0177	-0.0341	-0.0578	-0.0259	-0.0422	0.149	0.0744	-0.0337	0.000419
	(0.251)	(0.260)	(0.348)	(0.355)	(0.288)	(0.272)	(0.247)	(0.244)	(0.329)	(0.319)	(0.284)	(0.299)
Partisanship		-0.0297		-0.0200		-0.0623		-0.111		-0.0629		0.0589
		(0.130)		(0.192)		(0.199)		(0.188)		(0.148)		(0.188)
Period: 1982-1993	2.051***	2.081***	1.620***	1.820***	1.579***	1.885***	1.392**	1.612***	-0.797	-0.816	0.479	0.654
	(0.659)	(0.665)	(0.516)	(0.516)	(0.557)	(0.474)	(0.549)	(0.547)	(0.804)	(0.812)	(0.613)	(0.740)
Period: 1994-2003	3.507***	3.582***	1.498**	1.887**	2.141***	2.643***	2.135***	2.496***	-0.439	-0.417	1.477**	1.650**
	(0.787)	(0.836)	(0.704)	(0.709)	(0.606)	(0.491)	(0.551)	(0.546)	(0.922)	(0.910)	(0.682)	(0.751)
Period: 2004-2011	2.284***	2.401***	2.084***	2.395***	2.247***	2.344***	1.979***	2.259***	-0.707	-0.630	1.640***	1.885***
	(0.495)	(0.572)	(0.389)	(0.406)	(0.527)	(0.548)	(0.564)	(0.565)	(0.552)	(0.599)	(0.492)	(0.555)
Constant	-2.617	-2.595	-6.097***	-5.564**	-3.311**	-3.028**	-2.724*	-2.446*	-0.832	-0.589	-3.184*	-3.121*
	(1.719)	(1.843)	(2.050)	(2.055)	(1.512)	(1.441)	(1.466)	(1.434)	(1.441)	(1.389)	(1.613)	(1.608)
Observations	39	38	73	69	79	75	79	75	54	53	79	75
R-squared	0.806	0.806	0.559	0.586	0.540	0.602	0.560	0.593	0.784	0.785	0.565	0.577

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

IMF Conditionality

We control for IMF conditionality during the crisis window as potential external constraints on government policy responses. Data on IMF program participation (1 = present, 0 = absent) are from Dreher (2006) and updated from IMF (2018) (Dreher, 2006; International Monetary Fund, 2018). Tables A.17–A.20 report the results from our various samples.

Table A.17. L&V Policy Response Model – Boix Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.482*** (0.0781)	0.481*** (0.0772)										
Deposits/GDP (ln)			0.818*** (0.299)	0.846*** (0.290)								
DC Mandatory or Widespread					0.846** (0.385)	0.863** (0.395)						
DC Any							1.446*** (0.326)	1.463*** (0.326)				
Household Debt/GDP (ln)									0.947*** (0.129)	0.976*** (0.130)		
Years Effective Commitment											0.0262*** (0.00505)	0.0265*** (0.00531)
Degree of Democracy	0.0280 (0.121)	0.0228 (0.123)	-0.0189 (0.0797)	-0.0586 (0.0825)	0.0881 (0.0713)	0.0791 (0.0761)	0.0437 (0.0685)	0.0403 (0.0710)	-0.0751 (0.0843)	-0.0541 (0.0878)	0.0713 (0.0686)	0.0390 (0.0731)
GDP Per Capita (ln)			-0.000231 (0.000323)	-8.64e-05 (0.000346)								
Advanced Market	0.665 (0.654)	0.636 (0.632)			-0.0578 (0.547)	-0.102 (0.543)	0.113 (0.474)	0.0748 (0.469)	-1.070 (0.640)	-1.143* (0.656)	-0.232 (0.406)	-0.256 (0.407)
Public Debt/GDP (ln)	0.0681 (0.330)	0.0809 (0.333)	0.307 (0.241)	0.270 (0.236)	0.0250 (0.187)	-0.0209 (0.182)	0.0575 (0.159)	0.0156 (0.156)	0.523*** (0.158)	0.516*** (0.167)	-0.0272 (0.171)	-0.0663 (0.169)
Fixed Exchange Rate	0.379 (0.336)	0.378 (0.340)	0.124 (0.365)	0.219 (0.369)	0.0758 (0.285)	0.163 (0.293)	-0.0623 (0.238)	0.0133 (0.246)	0.0367 (0.308)	0.0928 (0.316)	0.243 (0.260)	0.313 (0.272)
Partisanship		0.0927 (0.105)		0.228 (0.136)		0.304** (0.143)		0.315** (0.133)		0.0944 (0.149)		0.168 (0.114)
IMF Program	0.554 (0.370)	0.517 (0.358)	0.934*** (0.344)	0.932*** (0.322)	0.660 (0.527)	0.573 (0.517)	0.637 (0.453)	0.538 (0.457)	0.936* (0.496)	0.821 (0.516)	0.290 (0.385)	0.291 (0.381)
Time Trend	0.000331 (0.00453)	0.000436 (0.00446)	0.00562* (0.00308)	0.00659** (0.00322)	0.00692** (0.00286)	0.00783** (0.00296)	0.00413 (0.00280)	0.00491* (0.00287)	0.00562* (0.00323)	0.00555* (0.00318)	0.00722*** (0.00230)	0.00807*** (0.00244)
Constant	-1.762 (1.238)	-1.905 (1.312)	-4.419*** (1.502)	-4.595*** (1.444)	-1.547 (0.994)	-1.941* (1.046)	-1.349 (0.811)	-1.812** (0.837)	-3.677*** (0.748)	-4.050*** (0.808)	-1.725* (0.930)	-1.714* (0.965)
Observations	48	48	95	93	104	102	104	102	67	66	104	102
R-squared	0.716	0.718	0.283	0.311	0.225	0.248	0.326	0.350	0.578	0.589	0.370	0.385

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.18. R&R Policy Response Model – Boix Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.484*** (0.0985)	0.480*** (0.0972)										
Deposits/GDP (ln)			0.708*** (0.249)	0.749*** (0.250)								
DC Mandatory or Widespread					1.595*** (0.187)	1.558*** (0.191)						
DC Any							1.513*** (0.303)	1.380*** (0.339)				
Household Debt/GDP(ln)									0.932*** (0.133)	0.953*** (0.133)		
Years Effective Commitment											0.0277*** (0.00491)	0.0265*** (0.00583)
Degree of Democracy	-0.00187 (0.116)	-0.00645 (0.117)	-0.102 (0.0702)	-0.130* (0.0703)	-0.0236 (0.0684)	-0.0363 (0.0729)	-0.0491 (0.0704)	-0.0551 (0.0751)	-0.181** (0.0851)	-0.160* (0.0846)	0.00646 (0.0693)	-0.0204 (0.0730)
GDP Per Capita (ln)			0.959*** (0.175)	0.850*** (0.198)								
Advanced Market	0.868 (0.700)	0.846 (0.681)			1.023** (0.407)	0.995** (0.388)	0.914** (0.372)	0.902** (0.366)	-0.352 (0.356)	-0.421 (0.366)	0.619* (0.330)	0.608* (0.342)
Public Debt/GDP (ln)	-0.117 (0.342)	-0.103 (0.345)	0.192 (0.194)	0.154 (0.192)	-0.0737 (0.232)	-0.171 (0.231)	-0.156 (0.194)	-0.217 (0.201)	0.452*** (0.143)	0.445*** (0.146)	-0.141 (0.243)	-0.198 (0.244)
Fixed Exchange Rate	0.327 (0.337)	0.332 (0.341)	-0.127 (0.274)	-0.0235 (0.282)	-0.339 (0.244)	-0.223 (0.257)	-0.296 (0.230)	-0.181 (0.250)	0.0641 (0.311)	0.109 (0.320)	-0.0366 (0.253)	0.0400 (0.273)
Partisanship		0.102 (0.146)		0.234 (0.147)		0.301* (0.166)		0.236 (0.152)		0.0665 (0.168)		0.245 (0.163)
IMF Program	0.758* (0.383)	0.713* (0.370)	1.269*** (0.264)	1.181*** (0.274)	1.390*** (0.453)	1.197*** (0.436)	1.244*** (0.398)	1.103*** (0.398)	1.350*** (0.297)	1.233*** (0.302)	1.000*** (0.359)	0.962*** (0.346)
Time Trend	0.00320 (0.00516)	0.00331 (0.00518)	0.00473 (0.00326)	0.00716* (0.00375)	0.0130*** (0.00369)	0.0156*** (0.00396)	0.0117*** (0.00333)	0.0143*** (0.00379)	0.0106*** (0.00282)	0.0107*** (0.00287)	0.00961*** (0.00345)	0.0112** (0.00424)
Constant	-1.310 (1.466)	-1.486 (1.555)	-11.26*** (1.340)	-10.80*** (1.384)	-1.917* (1.020)	-2.285** (1.079)	-1.305 (0.978)	-1.736 (1.066)	-3.703*** (0.608)	-4.021*** (0.575)	-1.750 (1.093)	-1.911 (1.220)
Observations	46	46	81	77	91	87	91	87	62	61	91	87
R-squared	0.698	0.700	0.583	0.602	0.426	0.472	0.448	0.473	0.660	0.670	0.480	0.497

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.19. *L&V Policy Response Model – Polity Democracies*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.526***	0.527***										

	(0.0750)	(0.0737)										
Deposits/GDP (ln)			0.973**	0.984**								
			(0.402)	(0.381)								
DC Mandatory or Widespread					0.787**	0.808**						
					(0.366)	(0.376)						
DC Any							1.329***	1.351***				
							(0.323)	(0.329)				
Household Debt/GDP (ln)									0.945***	0.945***		
									(0.157)	(0.158)		
Years Effective Commitment											0.0271***	0.0270***
											(0.00497)	(0.00513)
Degree of Democracy	-0.231	-0.242	0.0722	0.0416	0.413*	0.389*	0.314	0.285	0.258	0.257	0.328*	0.324*
	(0.156)	(0.150)	(0.220)	(0.211)	(0.216)	(0.220)	(0.197)	(0.198)	(0.194)	(0.202)	(0.176)	(0.179)
GDP Per Capita (ln)			-5.31e-05	8.51e-05								
			(0.000386)	(0.000378)								
Advanced Market	0.785	0.764			-0.398	-0.396	-0.159	-0.153	-1.550*	-1.552*	-0.524	-0.523
	(0.677)	(0.654)			(0.668)	(0.679)	(0.558)	(0.564)	(0.771)	(0.770)	(0.527)	(0.533)
Public Debt/GDP (ln)	0.346	0.361	0.0366	0.0247	-0.0279	-0.0345	-0.0546	-0.0623	0.642***	0.642***	-0.0533	-0.0543
	(0.247)	(0.249)	(0.287)	(0.285)	(0.298)	(0.292)	(0.255)	(0.248)	(0.190)	(0.191)	(0.270)	(0.270)
Fixed Exchange Rate	0.418	0.415	-0.0482	-0.0318	0.180	0.193	-0.0116	0.000420	0.297	0.299	0.306	0.309
	(0.319)	(0.324)	(0.406)	(0.404)	(0.320)	(0.315)	(0.265)	(0.260)	(0.419)	(0.416)	(0.302)	(0.302)
Partisanship		0.109		0.209		0.189		0.212		0.00795		0.0374
		(0.112)		(0.146)		(0.165)		(0.160)		(0.165)		(0.133)
IMF Program	0.0488	0.000785	1.247***	1.170***	0.742	0.676	0.722	0.649	0.624	0.621	0.440	0.430
	(0.283)	(0.298)	(0.411)	(0.403)	(0.604)	(0.611)	(0.521)	(0.540)	(0.533)	(0.513)	(0.433)	(0.438)
Time Trend	-0.000802	-0.000838	0.00816**	0.00835**	0.0101***	0.0102***	0.00713**	0.00732**	0.00570	0.00569	0.00981***	0.00988***
	(0.00532)	(0.00530)	(0.00341)	(0.00340)	(0.00322)	(0.00323)	(0.00299)	(0.00297)	(0.00367)	(0.00367)	(0.00220)	(0.00228)
Constant	-0.363	-0.483	-5.227***	-5.329***	-4.637**	-4.739**	-3.668**	-3.770**	-7.011***	-7.019***	-4.282**	-4.308**
	(1.706)	(1.668)	(1.714)	(1.696)	(1.953)	(1.945)	(1.674)	(1.645)	(1.726)	(1.694)	(1.630)	(1.642)
Observations	41	41	83	83	89	89	89	89	59	59	89	89
R-squared	0.787	0.789	0.349	0.358	0.282	0.290	0.364	0.373	0.635	0.635	0.440	0.440

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.20. R&R Policy Response Model – Polity Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.498***	0.495***										
	(0.0895)	(0.0914)										
Deposits/GDP (ln)			0.798***	0.773**								
			(0.286)	(0.300)								

DC Mandatory or Widespread					1.412*** (0.227)	1.472*** (0.239)						
DC Any							1.312*** (0.302)	1.205*** (0.360)				
Household Debt/GDP(ln)									0.446*** (0.0705)	0.454*** (0.0725)		
Years Effective Commitment											0.0280*** (0.00537)	0.0279*** (0.00547)
Degree of Democracy	-0.296** (0.128)	-0.297** (0.123)	0.0998 (0.115)	0.133 (0.119)	0.236 (0.184)	0.248 (0.193)	0.184 (0.179)	0.209 (0.186)	0.0607 (0.126)	0.0591 (0.129)	0.223 (0.182)	0.248 (0.186)
GDP Per Capita (ln)			0.795*** (0.219)	0.710*** (0.231)								
Advanced Market	1.304** (0.561)	1.288** (0.549)			0.856* (0.493)	0.853 (0.518)	0.804 (0.505)	0.800 (0.535)	0.328 (0.440)	0.361 (0.447)	0.518 (0.471)	0.407 (0.506)
Public Debt/GDP (ln)	0.00850 (0.291)	0.0213 (0.290)	0.0901 (0.220)	0.0574 (0.228)	-0.000101 (0.243)	-0.0979 (0.251)	-0.0782 (0.211)	-0.140 (0.230)	0.0793 (0.156)	0.0600 (0.155)	-0.0819 (0.249)	-0.152 (0.265)
Fixed Exchange Rate	0.268 (0.322)	0.261 (0.347)	-0.256 (0.330)	-0.210 (0.351)	-0.232 (0.283)	-0.175 (0.279)	-0.185 (0.274)	-0.101 (0.292)	0.0895 (0.273)	0.0361 (0.273)	-0.00212 (0.280)	0.113 (0.259)
Partisanship		0.0943 (0.151)		0.176 (0.164)		0.156 (0.158)		0.0893 (0.163)		-0.0886 (0.133)		0.167 (0.160)
IMF Program	0.618** (0.282)	0.566* (0.294)	1.567*** (0.250)	1.420*** (0.276)	1.436*** (0.365)	1.249*** (0.341)	1.291*** (0.389)	1.166*** (0.385)	0.655 (0.393)	0.634 (0.403)	1.182*** (0.280)	1.118*** (0.271)
Time Trend	0.00449 (0.00663)	0.00467 (0.00686)	0.00899** (0.00422)	0.0116** (0.00471)	0.0177*** (0.00393)	0.0205*** (0.00394)	0.0163*** (0.00370)	0.0191*** (0.00409)	0.00440 (0.00434)	0.00482 (0.00427)	0.0135*** (0.00373)	0.0152*** (0.00409)
Constant	0.482 (1.913)	0.279 (1.979)	-12.22*** (1.397)	-12.18*** (1.447)	-5.133*** (1.881)	-5.479*** (1.898)	-4.279** (1.680)	-4.764*** (1.711)	-1.733 (1.545)	-1.527 (1.539)	-4.499** (1.848)	-4.901** (1.899)
Observations	39	38	71	67	79	75	79	75	54	53	79	75
R-squared	0.753	0.753	0.649	0.661	0.529	0.578	0.540	0.565	0.790	0.791	0.597	0.625

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Capital Account Openness

We control for capital account openness during the crisis window as another potential external constraint on government policy responses. Quinn and Voth provide the most comprehensive data on capital account openness since the nineteenth century (Quinn & Voth, 2008). Their openness index runs from 0 to 100, with higher values indicating greater openness. Tables A.21–A.24 report the results from our various samples.

Table A.21. L&V Policy Response Model – Boix Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.544*** (0.111)	0.544*** (0.113)										
Deposits/GDP (ln)			0.837** (0.343)	0.937** (0.358)								
DC Mandatory or Widespread					0.964* (0.489)	0.994* (0.498)						
DC Any							1.107** (0.436)	1.212** (0.448)				
Household Debt/GDP (ln)									0.987*** (0.233)	1.009*** (0.229)		
Years Effective Commitment											0.0287*** (0.00941)	0.0293*** (0.0104)
Degree of Democracy	0.0843 (0.0947)	0.0841 (0.0966)	-0.107 (0.0975)	-0.159 (0.119)	0.0715 (0.0720)	0.0888 (0.0785)	0.0580 (0.0736)	0.0753 (0.0752)	-0.167 (0.152)	-0.106 (0.154)	0.114* (0.0662)	0.0929 (0.0780)
GDP Per Capita (ln)			-1.84e-05 (0.000362)	4.49e-05 (0.000357)								
Advanced Market	-0.0833 (0.926)	-0.0886 (0.938)			-0.273 (0.463)	-0.253 (0.470)	-0.0625 (0.467)	-0.0104 (0.464)	-1.385** (0.586)	-1.378** (0.633)	-0.199 (0.431)	-0.209 (0.436)
Public Debt/GDP (ln)	0.265 (0.307)	0.268 (0.333)	0.210 (0.267)	0.230 (0.264)	-0.0929 (0.225)	-0.0958 (0.230)	-0.0282 (0.205)	-0.0272 (0.205)	0.448* (0.222)	0.412 (0.249)	-0.0957 (0.225)	-0.107 (0.228)
Fixed Exchange Rate	0.329 (0.426)	0.329 (0.442)	-0.834* (0.431)	-0.711 (0.451)	-0.954** (0.367)	-0.918** (0.389)	-0.793** (0.331)	-0.734** (0.338)	-0.389 (0.472)	-0.329 (0.480)	-0.177 (0.438)	-0.123 (0.475)
Partisanship		0.0149 (0.194)		0.212 (0.221)		0.216 (0.196)		0.291 (0.191)		-0.0725 (0.274)		0.0583 (0.181)
Capital Account Openness	-0.0226*** (0.00748)	-0.0225** (0.00794)	0.00187 (0.00887)	0.00191 (0.00878)	-0.00179 (0.00923)	-0.00117 (0.00936)	-0.00327 (0.00887)	-0.00272 (0.00880)	-0.000852 (0.00906)	-0.00222 (0.00908)	0.00210 (0.00890)	0.00211 (0.00918)
Time Trend	0.00429 (0.00953)	0.00425 (0.0102)	0.00806** (0.00383)	0.00920** (0.00436)	0.00487 (0.00381)	0.00508 (0.00408)	0.00517 (0.00360)	0.00537 (0.00376)	0.00381 (0.00512)	0.00434 (0.00531)	0.00781** (0.00299)	0.00818** (0.00325)
Constant	-0.945 (1.275)	-0.982 (1.314)	-3.223 (1.996)	-3.755 (2.263)	-0.117 (1.247)	-0.759 (1.447)	-0.477 (1.118)	-1.317 (1.276)	-1.827 (1.150)	-2.189 (1.525)	-1.940 (1.273)	-1.890 (1.337)
Observations	27	27	64	62	69	67	69	67	42	41	69	67
R-squared	0.711	0.712	0.213	0.235	0.223	0.237	0.259	0.283	0.446	0.459	0.344	0.346

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.22. R&R Policy Response Model – Boix Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.577*** (0.110)	0.578*** (0.114)										
Deposits/GDP (ln)			0.683** (0.252)	0.761*** (0.276)								
DC Mandatory or Widespread					2.142*** (0.314)	2.087*** (0.325)						
DC Any							1.497*** (0.418)	1.394*** (0.447)				
Household Debt/GDP(ln)									1.096*** (0.214)	1.139*** (0.209)		
Years Effective Commitment											0.0310*** (0.00649)	0.0291*** (0.00754)
Degree of Democracy	0.0702 (0.0782)	0.0705 (0.0795)	-0.119 (0.0843)	-0.157 (0.110)	0.0192 (0.0781)	0.0187 (0.0878)	-0.000864 (0.0834)	0.00261 (0.0901)	-0.269 (0.159)	-0.195 (0.145)	0.0554 (0.0690)	0.0292 (0.0817)
GDP Per Capita (ln)			0.915*** (0.264)	0.801** (0.299)								
Advanced Market	0.0617 (0.845)	0.0715 (0.878)			0.0532 (0.413)	0.184 (0.437)	0.112 (0.442)	0.209 (0.470)	-1.009* (0.573)	-0.887 (0.640)	-0.0302 (0.383)	0.0140 (0.417)
Public Debt/GDP (ln)	0.118 (0.291)	0.110 (0.312)	0.365 (0.243)	0.305 (0.263)	-0.0722 (0.243)	-0.166 (0.259)	-0.135 (0.242)	-0.193 (0.261)	0.477* (0.239)	0.397* (0.228)	-0.151 (0.282)	-0.202 (0.297)
Fixed Exchange Rate	0.348 (0.420)	0.346 (0.428)	-0.132 (0.353)	0.0244 (0.432)	-0.770** (0.324)	-0.663* (0.388)	-0.482 (0.343)	-0.366 (0.417)	0.0264 (0.575)	0.0925 (0.557)	-0.162 (0.399)	-0.112 (0.467)
Partisanship		-0.0309 (0.245)		0.194 (0.277)		0.235 (0.248)		0.261 (0.262)		-0.283 (0.316)		0.151 (0.245)
Capital Account Openness	-0.0234*** (0.00746)	-0.0237*** (0.00748)	-0.00720 (0.00844)	-0.00537 (0.00945)	-0.00483 (0.00840)	-0.00271 (0.00997)	-0.00400 (0.00854)	-0.00159 (0.0103)	-0.00330 (0.00935)	-0.00729 (0.00983)	0.000862 (0.00853)	0.00190 (0.00999)
Time Trend	0.00448 (0.00751)	0.00458 (0.00790)	0.00843* (0.00493)	0.0114* (0.00598)	0.00881* (0.00495)	0.0116* (0.00579)	0.0100** (0.00484)	0.0129** (0.00576)	0.0111** (0.00499)	0.0133** (0.00515)	0.00837* (0.00440)	0.00996* (0.00566)
Constant	-0.432 (1.404)	-0.352 (1.496)	-10.63*** (1.962)	-10.29*** (2.079)	-0.303 (1.419)	-1.017 (1.615)	-0.315 (1.473)	-1.217 (1.673)	-2.384** (1.081)	-2.488** (1.180)	-1.358 (1.506)	-1.488 (1.706)
Observations	31	31	64	60	71	67	71	67	45	44	71	67
R-squared	0.704	0.704	0.384	0.407	0.299	0.344	0.274	0.304	0.518	0.550	0.362	0.360

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.23. L&V Policy Response Model – Polity Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
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Property Prices (ln)	0.620*** (0.166)	0.636*** (0.159)										
Deposits/GDP (ln)			0.773** (0.377)	0.820** (0.371)								
DC Mandatory or Widespread					0.873* (0.476)	0.868* (0.479)						
DC Any							0.864** (0.422)	0.908** (0.434)				
Household Debt/GDP (ln)									0.809*** (0.283)	0.808** (0.290)		
Years Effective Commitment											0.0291*** (0.00950)	0.0292*** (0.0101)
Degree of Democracy	-0.415 (0.368)	-0.503 (0.382)	-0.0545 (0.241)	-0.0768 (0.230)	0.401 (0.289)	0.397 (0.293)	0.336 (0.285)	0.326 (0.287)	0.394 (0.366)	0.396 (0.371)	0.275 (0.242)	0.275 (0.244)
GDP Per Capita (ln)			-8.48e-05 (0.000332)	3.77e-05 (0.000323)								
Advanced Market	1.211 (0.720)	1.456* (0.719)			-0.802 (0.729)	-0.801 (0.738)	-0.614 (0.740)	-0.595 (0.742)	-1.951** (0.869)	-1.959** (0.887)	-0.564 (0.634)	-0.563 (0.640)
Public Debt/GDP (ln)	0.459 (0.371)	0.390 (0.402)	0.249 (0.280)	0.236 (0.287)	-0.0280 (0.303)	-0.0287 (0.309)	-0.0167 (0.288)	-0.0185 (0.292)	0.631** (0.253)	0.633** (0.261)	-0.000719 (0.305)	-0.000673 (0.308)
Fixed Exchange Rate	0.791 (0.490)	0.840 (0.503)	-0.782 (0.498)	-0.757 (0.499)	-0.876** (0.411)	-0.853** (0.414)	-0.774* (0.403)	-0.744* (0.396)	-0.129 (0.515)	-0.125 (0.519)	-0.185 (0.451)	-0.186 (0.454)
Partisanship		-0.208 (0.247)		0.242 (0.239)		0.144 (0.209)		0.201 (0.201)		0.0184 (0.257)		-0.00693 (0.197)
Capital Account Openness	-0.0184** (0.00791)	-0.0207** (0.00879)	0.00423 (0.00945)	0.00490 (0.00982)	0.00355 (0.00916)	0.00396 (0.00917)	0.00354 (0.00913)	0.00401 (0.00901)	0.00294 (0.00959)	0.00302 (0.00982)	0.00727 (0.00873)	0.00725 (0.00886)
Time Trend	0.00219 (0.0154)	0.00255 (0.0161)	0.0100** (0.00492)	0.0104** (0.00504)	0.00768 (0.00461)	0.00798 (0.00474)	0.00784* (0.00434)	0.00811* (0.00439)	0.00609 (0.00682)	0.00606 (0.00687)	0.00981*** (0.00356)	0.00980** (0.00368)
Constant	1.646 (4.160)	2.999 (4.333)	-4.062 (2.517)	-4.532 (2.710)	-3.885 (2.873)	-4.180 (3.004)	-3.575 (2.791)	-3.944 (2.884)	-7.545** (3.124)	-7.604** (3.206)	-4.258* (2.218)	-4.243* (2.292)
Observations	22	22	57	57	60	60	60	60	37	37	60	60
R-squared	0.783	0.788	0.258	0.271	0.282	0.287	0.295	0.304	0.520	0.520	0.402	0.402

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.24. R&R Policy Response Model – Polity Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.582*** (0.116)	0.594*** (0.122)										
Deposits/GDP (ln)			0.904**	0.874**								

			(0.335)	(0.353)								
DC Mandatory or Widespread					1.964***	1.922***						
					(0.346)	(0.373)						
DC Any							1.367***	1.249***				
							(0.399)	(0.432)				
Household Debt/GDP (ln)									0.503***	0.525***		
									(0.0724)	(0.0698)		
Years Effective Commitment											0.0315***	0.0305***
											(0.00701)	(0.00707)
Degree of Democracy	-0.330	-0.414	-0.0117	0.0528	0.398	0.394	0.333	0.338	0.159	0.104	0.289	0.329
	(0.253)	(0.297)	(0.162)	(0.160)	(0.255)	(0.265)	(0.242)	(0.248)	(0.217)	(0.198)	(0.222)	(0.235)
GDP Per Capita (ln)			0.635**	0.489								
			(0.282)	(0.300)								
Advanced Market	1.219**	1.465**			-0.392	-0.220	-0.240	-0.123	0.0351	0.379	-0.320	-0.374
	(0.533)	(0.625)			(0.613)	(0.662)	(0.661)	(0.709)	(0.547)	(0.569)	(0.545)	(0.635)
Public Debt/GDP (ln)	0.112	0.0312	0.457*	0.380	0.132	0.0170	0.0721	-0.00160	0.170	0.0848	0.0422	-0.0253
	(0.299)	(0.311)	(0.265)	(0.288)	(0.258)	(0.268)	(0.251)	(0.272)	(0.155)	(0.141)	(0.282)	(0.313)
Fixed Exchange Rate	0.549	0.562	0.0241	0.0567	-0.582*	-0.469	-0.276	-0.163	0.424	0.428	-0.0530	0.154
	(0.528)	(0.514)	(0.458)	(0.528)	(0.339)	(0.381)	(0.353)	(0.400)	(0.371)	(0.340)	(0.397)	(0.369)
Partisanship		-0.242		0.157		0.102		0.129		-0.388		0.119
		(0.284)		(0.293)		(0.261)		(0.273)		(0.287)		(0.275)
Capital Account Openness	-0.0218**	-0.0246**	-0.00617	-0.00286	-0.000546	0.000724	0.000322	0.00204	-0.0112*	-0.0161**	0.00478	0.00453
	(0.00972)	(0.00957)	(0.00899)	(0.00972)	(0.00782)	(0.00843)	(0.00810)	(0.00881)	(0.00643)	(0.00676)	(0.00777)	(0.00796)
Time Trend	0.00706	0.00791	0.0146**	0.0175**	0.0131**	0.0165***	0.0144***	0.0177***	0.00468	0.00637	0.0124**	0.0151***
	(0.0101)	(0.0108)	(0.00674)	(0.00739)	(0.00513)	(0.00528)	(0.00526)	(0.00562)	(0.00503)	(0.00473)	(0.00459)	(0.00514)
Constant	1.877	3.299	-11.25***	-11.12***	-5.208**	-5.624**	-4.894**	-5.546**	-1.872	-0.463	-4.925**	-5.575**
	(3.368)	(3.874)	(2.047)	(2.103)	(2.479)	(2.482)	(2.282)	(2.316)	(2.138)	(1.952)	(2.016)	(2.199)
Observations	26	26	57	54	62	59	62	59	40	40	62	59
R-squared	0.724	0.730	0.438	0.464	0.401	0.457	0.376	0.414	0.734	0.751	0.470	0.498

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Existence of Central Bank

We control for the existence of a central bank during the crisis window as another potential determinant of government policy responses.

We create a binary indicator (1= present, 0 = absent) using data from Bordo and Meissner and from Garriga (Bordo & Meissner, 2005; Garriga, 2016). Central banks existed in the vast majority of crisis-years (more than 90% in each of our four samples). The absence of a central bank is

limited to only a handful of crisis-years in two countries: Canada (1908, 1912, and 1923) and the United States (1873, 1884, 1890, and 1907). As such, the results for the central bank indicator could be related to the absence of a central bank in these countries as well as other factors unique to these countries during these years. Tables A.25–A.28 report the results from our various samples.

Table A.25. L&V Policy Response Model – Boix Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.445*** (0.0449)	0.445*** (0.0448)										
Deposits/GDP (ln)			0.412* (0.228)	0.433* (0.222)								
DC Mandatory or Widespread					0.808** (0.333)	0.825** (0.340)						
DC Any							1.258*** (0.298)	1.283*** (0.293)				
Household Debt/GDP (ln)									0.855*** (0.166)	0.882*** (0.153)		
Years Effective Commitment											0.0235*** (0.00547)	0.0237*** (0.00567)
Degree of Democracy			0.000317 (0.000246)	0.000451 (0.000286)								
GDP Per Capita (ln)	0.0813 (0.0951)	0.0789 (0.0951)	0.0668 (0.0640)	0.0533 (0.0710)	0.138** (0.0605)	0.138** (0.0650)	0.0954 (0.0589)	0.0985 (0.0609)	-0.0176 (0.0886)	0.0119 (0.0923)	0.114* (0.0613)	0.0915 (0.0671)
Advanced Market	0.0936 (0.369)	0.0905 (0.368)			-0.280 (0.345)	-0.269 (0.342)	-0.146 (0.334)	-0.123 (0.325)	-1.486*** (0.377)	-1.476*** (0.375)	-0.256 (0.258)	-0.281 (0.265)
Public Debt/GDP (ln)	-0.139 (0.218)	-0.132 (0.216)	0.0838 (0.184)	0.0599 (0.183)	-0.120 (0.154)	-0.148 (0.150)	-0.0755 (0.139)	-0.101 (0.136)	0.337* (0.172)	0.323* (0.182)	-0.140 (0.131)	-0.165 (0.130)
Fixed Exchange Rate	0.468* (0.255)	0.467* (0.258)	0.322 (0.320)	0.387 (0.328)	0.141 (0.281)	0.208 (0.289)	0.0185 (0.242)	0.0768 (0.246)	0.213 (0.295)	0.270 (0.300)	0.285 (0.253)	0.339 (0.264)
Partisanship		0.0454 (0.0856)		0.194 (0.147)		0.240 (0.145)		0.258* (0.130)		0.0946 (0.146)		0.119 (0.121)
Central Bank Existence	2.562*** (0.519)	2.546*** (0.516)	2.877*** (0.333)	2.778*** (0.327)	2.769*** (0.417)	2.677*** (0.422)	2.467*** (0.378)	2.368*** (0.368)	1.673*** (0.497)	1.668*** (0.509)	2.327*** (0.483)	2.251*** (0.498)
Time Trend	0.000536 (0.00255)	0.000581 (0.00253)	0.00471* (0.00259)	0.00539* (0.00271)	0.00524** (0.00256)	0.00583** (0.00271)	0.00332 (0.00247)	0.00378 (0.00257)	0.00488 (0.00306)	0.00465 (0.00309)	0.00550*** (0.00194)	0.00623*** (0.00211)
Constant	-3.297*** (0.788)	-3.368*** (0.841)	-5.119*** (1.037)	-5.362*** (1.071)	-3.465*** (0.838)	-3.827*** (0.904)	-3.082*** (0.748)	-3.500*** (0.782)	-4.227*** (0.840)	-4.719*** (0.887)	-3.448*** (0.859)	-3.392*** (0.932)
Observations	48	48	95	93	104	102	104	102	67	66	104	102
R-squared	0.815	0.815	0.390	0.406	0.353	0.370	0.422	0.441	0.596	0.615	0.468	0.476

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.26. R&R Policy Response Model – Boix Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.483*** (0.0791)	0.480*** (0.0781)										
Deposits/GDP (ln)			0.380 (0.256)	0.424 (0.258)								
DC Mandatory or Widespread					1.543*** (0.192)	1.520*** (0.191)						
DC Any							1.534*** (0.336)	1.396*** (0.357)				
Household Debt/GDP(ln)									0.960*** (0.175)	0.983*** (0.169)		
Years Effective Commitment											0.0310*** (0.00534)	0.0299*** (0.00602)
Degree of Democracy	0.0484 (0.0970)	0.0454 (0.0983)	-0.0884 (0.0625)	-0.0972 (0.0699)	0.0173 (0.0655)	0.00567 (0.0711)	-0.0111 (0.0668)	-0.0147 (0.0717)	-0.147 (0.102)	-0.116 (0.100)	0.0440 (0.0619)	0.0173 (0.0654)
GDP Per Capita (ln)			0.846*** (0.212)	0.746*** (0.239)								
Advanced Market	-0.0330 (0.431)	-0.0252 (0.431)			0.0148 (0.388)	0.160 (0.379)	0.0126 (0.353)	0.130 (0.353)	-1.294** (0.478)	-1.274** (0.488)	-0.150 (0.301)	-0.122 (0.343)
Public Debt/GDP (ln)	-0.315 (0.252)	-0.304 (0.256)	0.155 (0.205)	0.0773 (0.201)	-0.144 (0.212)	-0.241 (0.209)	-0.233 (0.183)	-0.294 (0.186)	0.352* (0.184)	0.339* (0.194)	-0.267 (0.202)	-0.312 (0.205)
Fixed Exchange Rate	0.474 (0.280)	0.476 (0.284)	-0.00786 (0.289)	0.0960 (0.293)	-0.188 (0.241)	-0.102 (0.248)	-0.165 (0.221)	-0.0727 (0.236)	0.216 (0.317)	0.262 (0.327)	0.0739 (0.243)	0.131 (0.263)
Partisanship		0.0663 (0.143)		0.192 (0.166)		0.283* (0.167)		0.212 (0.149)		0.0579 (0.153)		0.182 (0.152)
Central Bank Existence	2.459*** (0.768)	2.433*** (0.776)	1.696*** (0.312)	1.561*** (0.341)	1.850*** (0.469)	1.680*** (0.502)	1.809*** (0.479)	1.680*** (0.504)	0.908* (0.520)	0.908* (0.529)	1.896*** (0.566)	1.796*** (0.575)
Time Trend	0.00203 (0.00351)	0.00211 (0.00355)	0.00588 (0.00367)	0.00857* (0.00443)	0.0115*** (0.00424)	0.0142*** (0.00454)	0.00986*** (0.00356)	0.0126*** (0.00407)	0.0105** (0.00382)	0.0105** (0.00396)	0.00679** (0.00331)	0.00835* (0.00413)
Constant	-2.327** (0.998)	-2.447** (1.052)	-10.28*** (1.496)	-9.834*** (1.572)	-2.450*** (0.901)	-2.831*** (0.944)	-1.839** (0.867)	-2.277** (0.927)	-3.576*** (0.782)	-4.033*** (0.700)	-2.283** (0.879)	-2.317** (1.005)
Observations	46	46	80	76	89	85	89	85	62	61	89	85
R-squared	0.770	0.771	0.538	0.565	0.418	0.472	0.451	0.481	0.618	0.638	0.526	0.537

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.27. L&V Policy Response Model – Polity Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.477***	0.477***										

	(0.0496)	(0.0491)										
Deposits/GDP (ln)			0.455*	0.485*								
			(0.268)	(0.263)								
DC Mandatory or Widespread					0.835***	0.843***						
					(0.298)	(0.303)						
DC Any							1.199***	1.216***				
							(0.277)	(0.277)				
Household Debt/GDP (ln)									0.838***	0.838***		
									(0.140)	(0.142)		
Years Effective Commitment											0.0242***	0.0243***
											(0.00520)	(0.00536)
Degree of Democracy	-0.103	-0.107	0.168	0.141	0.456**	0.440**	0.366**	0.344*	0.347**	0.348*	0.370**	0.372**
	(0.116)	(0.112)	(0.195)	(0.192)	(0.198)	(0.198)	(0.182)	(0.181)	(0.165)	(0.176)	(0.166)	(0.168)
GDP Per Capita (ln)			0.000509	0.000596*								
			(0.000331)	(0.000347)								
Advanced Market	0.416	0.418			-0.594	-0.572	-0.402	-0.372	-1.743***	-1.743***	-0.590	-0.594
	(0.381)	(0.382)			(0.439)	(0.440)	(0.404)	(0.403)	(0.450)	(0.455)	(0.383)	(0.383)
Public Debt/GDP (ln)	0.136	0.143	-0.0297	-0.0397	-0.209	-0.212	-0.209	-0.213	0.457**	0.457**	-0.207	-0.207
	(0.165)	(0.166)	(0.216)	(0.218)	(0.190)	(0.190)	(0.166)	(0.167)	(0.182)	(0.183)	(0.170)	(0.171)
Fixed Exchange Rate	0.479*	0.477*	0.299	0.299	0.253	0.259	0.0866	0.0909	0.507	0.506	0.357	0.356
	(0.260)	(0.264)	(0.361)	(0.361)	(0.309)	(0.307)	(0.256)	(0.253)	(0.363)	(0.363)	(0.283)	(0.285)
Partisanship		0.0517		0.165		0.113		0.141		-0.00586		-0.0192
		(0.0945)		(0.150)		(0.146)		(0.140)		(0.171)		(0.126)
Central Bank Existence	2.012***	1.995***	2.932***	2.830***	2.791***	2.736***	2.558***	2.485***	1.721***	1.723***	2.253***	2.261***
	(0.289)	(0.289)	(0.390)	(0.383)	(0.553)	(0.555)	(0.496)	(0.487)	(0.576)	(0.588)	(0.609)	(0.624)
Time Trend	-0.000548	-0.000542	0.00579**	0.00602**	0.00715**	0.00731**	0.00514**	0.00532**	0.00407	0.00408	0.00777***	0.00773***
	(0.00328)	(0.00328)	(0.00257)	(0.00262)	(0.00283)	(0.00289)	(0.00255)	(0.00255)	(0.00354)	(0.00353)	(0.00192)	(0.00200)
Constant	-2.298	-2.362	-5.986***	-6.061***	-6.241***	-6.271***	-5.284***	-5.307***	-8.019***	-8.015***	-5.660***	-5.651***
	(1.434)	(1.414)	(1.756)	(1.711)	(1.956)	(1.940)	(1.717)	(1.684)	(1.800)	(1.764)	(1.718)	(1.731)
Observations	41	41	83	83	89	89	89	89	59	59	89	89
R-squared	0.861	0.862	0.434	0.440	0.413	0.416	0.469	0.473	0.677	0.677	0.528	0.528

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.28. R&R Policy Response Model – Polity Democracies

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.519***	0.515***										
	(0.0662)	(0.0664)										
Deposits/GDP (ln)			0.561*	0.557*								
			(0.294)	(0.295)								

DC Mandatory or Widespread					1.422*** (0.240)	1.491*** (0.250)						
DC Any							1.403*** (0.323)	1.289*** (0.364)				
Household Debt/GDP (ln)									0.488*** (0.0433)	0.496*** (0.0429)		
Years Effective Commitment											0.0312*** (0.00556)	0.0311*** (0.00536)
Degree of Democracy	-0.237*** (0.0776)	-0.236*** (0.0748)	-0.0385 (0.170)	0.0350 (0.161)	0.349* (0.204)	0.350 (0.213)	0.281 (0.190)	0.301 (0.198)	0.0909 (0.122)	0.0892 (0.123)	0.283 (0.182)	0.312 (0.187)
GDP Per Capita (ln)			0.667** (0.246)	0.568** (0.260)								
Advanced Market	0.489 (0.349)	0.504 (0.337)			-0.290 (0.439)	-0.115 (0.492)	-0.216 (0.432)	-0.0995 (0.480)	-0.199 (0.269)	-0.150 (0.268)	-0.415 (0.422)	-0.481 (0.475)
Public Debt/GDP (ln)	-0.139 (0.232)	-0.129 (0.234)	0.169 (0.248)	0.101 (0.244)	0.0136 (0.212)	-0.101 (0.205)	-0.0957 (0.169)	-0.170 (0.177)	-0.0939 (0.150)	-0.119 (0.150)	-0.142 (0.191)	-0.223 (0.196)
Fixed Exchange Rate	0.444 (0.285)	0.436 (0.311)	-0.0333 (0.333)	0.00413 (0.340)	-0.0306 (0.277)	-0.00650 (0.254)	-0.0126 (0.243)	0.0510 (0.252)	0.315 (0.227)	0.258 (0.220)	0.138 (0.267)	0.250 (0.232)
Partisanship		0.0689 (0.153)		0.176 (0.193)		0.141 (0.170)		0.0610 (0.173)		-0.125 (0.144)		0.123 (0.164)
Central Bank Existence	1.896*** (0.535)	1.867*** (0.546)	1.531*** (0.360)	1.385*** (0.420)	1.530*** (0.553)	1.406** (0.615)	1.557*** (0.546)	1.480** (0.608)	1.511*** (0.507)	1.517** (0.557)	1.569** (0.610)	1.563** (0.667)
Time Trend	0.00146 (0.00474)	0.00167 (0.00495)	0.00883 (0.00527)	0.0123** (0.00579)	0.0153*** (0.00459)	0.0184*** (0.00477)	0.0133*** (0.00402)	0.0164*** (0.00450)	-0.00147 (0.00290)	-0.00110 (0.00303)	0.0102*** (0.00362)	0.0119*** (0.00398)
Constant	-0.219 (1.108)	-0.381 (1.204)	-10.14*** (1.847)	-10.35*** (1.771)	-6.203*** (2.177)	-6.460*** (2.127)	-5.186*** (1.862)	-5.608*** (1.827)	-1.580 (1.393)	-1.308 (1.269)	-4.990*** (1.836)	-5.349*** (1.847)
Observations	39	38	70	66	77	73	77	73	54	53	77	73
R-squared	0.799	0.798	0.566	0.595	0.506	0.564	0.531	0.562	0.818	0.821	0.610	0.641

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Policy Diffusion

We also seek to account for the possibility of spatial interdependence in government crisis policy responses. We explore two prominent diffusion processes related to investment competition and learning from the experiences in other countries. Much recent work suggests that peer group categorizations define the basket of countries against which an individual country will be compared and against which it will compete for investment (Cunha, Brooks, & Mosley, 2015; Gray, 2013). From this perspective, policymakers potentially face high anticipated reputational costs associated with deviating from the crisis policy responses of their peers. If, for instance, crisis-hit countries in a peer market group turn to bailout policies amidst a “flight-to-safety” among investors, then policymakers face strong incentives to introduce similar policies to undo potential competitive disadvantages arising from their introduction elsewhere.

In considering investment competition, we follow existing research in constructing spatial lags designed to capture the crisis policy responses among a country’s peers across different market categories. We use the standard model for estimating the presence of diffusion in the term $\rho (\mathbf{W}\mathbf{y})_{i, t-1}$, wherein the $\mathbf{W}$ matrix specifies which countries’ crisis policy responses are expected to influence that of country i at time t . The coefficient on the spatial lag, ρ , captures the extent to which crisis policy responses in different peer groups affects policy decisions in an individual country. The $\mathbf{W}$ matrix contains weights that specify the influence that policy responses from other potentially relevant peer groups may have on an individual country.

Our emphasis on long term changes in government policy responses restricts us to using two market peer categories for which long run data are available: geography and economic development. We construct a Regional Peers spatial lag in which we calculate the weighted average of government policy responses in the previous year among members of a

country's geographic reference group, as defined by the World Bank: Asia, Western Europe, post-Communist Europe, Latin America, Non-Latin America Caribbean, Middle East and North Africa, North America, South Asia, and Africa. We also construct an Income Peers spatial lag in which we calculate the weighted average of government policy responses in the previous year among members of a country's economic and market development reference group, as defined by the International Monetary Fund: Advanced Countries, Emerging Markets, and Developing Countries.⁷

We follow earlier work to account for learning from experience in other countries (Elkins, Guzman, & Simmons, 2006; Gilardi, 2013). Electoral imperatives mean the observed post-crisis growth performance following policy experiences elsewhere potentially inform government policy responses. We assume simply that policymakers assess the success of countries in achieving growth following a crisis given the countries' level of development and their crisis policy response. We consider a five-year post-crisis performance window across three different experiential windows (allowing that policymakers evaluate growth performance five years after the crisis and may learn from all previous crisis experiences, from crisis experiences in the previous ten years, or from crises experiences in the previous five years).⁸ For each experiential window, we proxy this cognitive process by separately regressing, each year, post-crisis growth outcomes on the government's policy response

⁷ In addition to geographic classification, Brooks, Cunha, and Mosley (2015) employ MSCI and FTSE market classifications to classify countries according to the level of economic and market development. They also use Fitch ratings to classify countries according to their level of sovereign risk. However, with the exception of geography, none of these data are available over the long run. For each country i in year t we compute the spatial lag $(\mathbf{W}\mathbf{y})_{i,t-1}$, where $\mathbf{W}$ is an N dimensional spatial weight vector whose j th element is a binary variable capturing whether country i and j are members of the same peer group and $\mathbf{y}$ is an N dimensional vector that represents the crisis policy response in each country in the previous year $t-1$. All off-diagonal entries in the $\mathbf{W}$ matrix are thus coded as 1 where both the row and column country are members of the same peer group. All other entries are zero thus limiting the effect to only those countries sharing the same peer group. All spatial lags are row-standardized.

⁸ Results are similar when we consider shorter (three-year) and longer (ten-year) post-crisis performance windows.

during that period as well as its average GDP per capita. This yields us regression estimates for the three different experiential window samples.

We also follow this earlier work in assuming that all policymakers follow the same cognitive process and observe the same information. The regression coefficient for the policy response variable in each annual regression, which shows considerable variation, serves as the policymaker's estimate of the effect of different policy responses on post-crisis growth performance. Positive (negative) coefficient values would suggest bailout (Bagehot) policies are more beneficial to post-crisis growth performance. Since the all-crisis window is a considerably larger sample, estimates from this mode show less variability over time. This variability enables us to assess the extent to which policymakers may be more attentive to long-term versus short-term policy trends.

From the mid-nineteenth century until the 1920s, the regressions across all three experiential windows show Bagehot policies tended to be linked with stronger post-crisis growth performance. Then, in the interwar period, bailouts are occasionally linked to limited growth payoffs but only when considering all previous crisis experiences and those within the past five years. The results from the mid-1970s to the late 1990s generally resemble those from the period until the 1920s. However, from 1994 onward in the shorter five- and ten-year experiential windows and from 1998 onward in the all-crisis experiential window, we generally observe bailouts to have a positive effect on post-crisis growth performance, which is what would expect with rising financialization. All of these results are largely similar across both the three-year and five-year performance windows and for the L&V and R&R data. A significant positive coefficient for the policy learning spatial lags would provide evidence that governments may have observed these varying effects and concluded that such performance supported a particular crisis policy response.

The high correlation among different investment competition and policy learning variables leads us to include only one of the variables in each of the models we estimate. This raises the possibility of omitted variable bias while diminishing the risk of inefficiency in the model. Tables A.29–A.48 report the results from our various samples.

Table A.29. L&V Policy Response Model – Boix Democracies – Region Peers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.424*** (0.0970)	0.417*** (0.107)										
Deposits/GDP (ln)			0.323 (0.278)	0.354 (0.275)								
DC Mandatory or Widespread					0.397 (0.340)	0.325 (0.339)						
DC Any							1.239*** (0.404)	1.196*** (0.421)				
Household Debt/GDP (ln)									1.303*** (0.386)	1.313*** (0.395)		
Years Effective Commitment											0.0190** (0.00823)	0.0188** (0.00843)
Degree of Democracy	-0.0984 (0.0688)	-0.0910 (0.0692)	-0.0402 (0.0722)	-0.0420 (0.0788)	0.0223 (0.110)	0.0157 (0.114)	-0.0418 (0.0791)	-0.0442 (0.0836)	-0.0237 (0.105)	-0.0462 (0.115)	0.00578 (0.107)	-0.000643 (0.112)
GDP Per Capita (ln)			0.338 (0.291)	0.288 (0.299)								
Advanced Market	-0.727 (0.648)	-0.707 (0.631)			0.436 (0.472)	0.483 (0.471)	0.605 (0.424)	0.631 (0.432)	-2.209*** (0.736)	-2.204*** (0.760)	0.296 (0.397)	0.344 (0.391)
Public Debt/GDP (ln)	0.268 (0.202)	0.257 (0.225)	0.268 (0.232)	0.280 (0.227)	0.178 (0.175)	0.218 (0.175)	0.188 (0.188)	0.215 (0.195)	0.788*** (0.270)	0.757** (0.288)	0.0715 (0.156)	0.112 (0.156)
Fixed Exchange Rate	0.883*** (0.255)	0.898*** (0.267)	-0.113 (0.412)	-0.103 (0.414)	-0.315 (0.479)	-0.320 (0.482)	-0.295 (0.418)	-0.299 (0.427)	0.579 (0.587)	0.637 (0.567)	0.00319 (0.416)	-0.00700 (0.412)
Partisanship		-0.0381 (0.119)		-0.211 (0.161)		-0.223 (0.171)		-0.158 (0.152)		-0.260 (0.180)		-0.229 (0.153)
Region Peer	-0.165** (0.0707)	-0.151** (0.0669)	0.303** (0.144)	0.322** (0.146)	0.463*** (0.120)	0.472*** (0.118)	0.343** (0.143)	0.352** (0.145)	-0.0544 (0.222)	-0.0534 (0.222)	0.262* (0.138)	0.271* (0.139)
Time Trend	0.00262 (0.00400)	0.00252 (0.00389)	-1.24e-05 (0.00361)	-2.27e-05 (0.00351)	0.00148 (0.00370)	0.00133 (0.00359)	-0.000922 (0.00344)	-0.00105 (0.00339)	-0.00102 (0.00391)	-0.000914 (0.00395)	0.00168 (0.00303)	0.00134 (0.00298)
Constant	-0.0951 (0.902)	-0.0627 (0.957)	-4.220* (2.360)	-3.553 (2.524)	-0.712 (1.310)	-0.399 (1.389)	-0.425 (1.204)	-0.206 (1.266)	-4.537** (1.862)	-3.841* (2.025)	-0.703 (1.252)	-0.370 (1.301)
Observations	25	25	53	53	57	57	57	57	35	35	57	57
R-squared	0.893	0.894	0.440	0.451	0.358	0.370	0.456	0.462	0.620	0.635	0.430	0.443

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.30. L&V Policy Response Model – Boix Democracies – Income Peers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.477*** (0.0892)	0.482*** (0.0967)										
Deposits/GDP (ln)			0.228 (0.323)	0.251 (0.339)								
DC Mandatory or Widespread					0.505* (0.299)	0.504 (0.320)						
DC Any							1.160*** (0.366)	1.193*** (0.385)				
Household Debt/GDP (ln)									1.133*** (0.238)	1.254*** (0.255)		
Years Effective Commitment											0.0191*** (0.00706)	0.0210*** (0.00702)
Degree of Democracy			0.391 (0.270)	0.406 (0.291)								
GDP Per Capita (ln)	0.769 (0.961)	0.702 (0.903)			0.289 (0.461)	0.274 (0.470)	0.324 (0.439)	0.303 (0.450)	-1.555** (0.690)	-1.715** (0.737)	0.241 (0.372)	0.230 (0.370)
Advanced Market	-0.317* (0.160)	-0.325* (0.163)	-0.0510 (0.0657)	-0.0894 (0.0708)	-0.00666 (0.0835)	-0.0201 (0.0983)	-0.0395 (0.0700)	-0.0406 (0.0817)	-0.121 (0.101)	-0.0982 (0.108)	-0.00267 (0.0883)	-0.0549 (0.0882)
Public Debt/GDP (ln)	0.163 (0.228)	0.207 (0.259)	0.123 (0.201)	0.0963 (0.201)	-0.0426 (0.164)	-0.0667 (0.164)	-0.0401 (0.140)	-0.0647 (0.141)	0.853*** (0.226)	0.924*** (0.245)	-0.0794 (0.160)	-0.125 (0.162)
Fixed Exchange Rate	0.441 (0.523)	0.435 (0.532)	-0.150 (0.372)	-0.120 (0.376)	-0.377 (0.375)	-0.336 (0.399)	-0.317 (0.344)	-0.274 (0.363)	0.143 (0.561)	0.280 (0.583)	-0.105 (0.335)	-0.0181 (0.344)
Partisanship		0.112 (0.152)		0.129 (0.178)		0.133 (0.184)		0.182 (0.167)		-0.158 (0.195)		0.132 (0.159)
Income Peer	-0.125 (0.164)	-0.152 (0.166)	0.266** (0.122)	0.245* (0.131)	0.436*** (0.0974)	0.419*** (0.108)	0.340*** (0.114)	0.312** (0.124)	0.122 (0.166)	0.0444 (0.190)	0.224* (0.124)	0.188 (0.121)
Time Trend	0.00504 (0.00563)	0.00533 (0.00593)	0.00363 (0.00321)	0.00444 (0.00360)	0.00473 (0.00295)	0.00551 (0.00345)	0.00203 (0.00301)	0.00277 (0.00341)	-0.00111 (0.00558)	-0.00139 (0.00568)	0.00637** (0.00254)	0.00759** (0.00297)
Constant	0.663 (1.166)	0.424 (1.291)	-4.111** (1.793)	-4.205* (2.097)	-0.0107 (0.925)	-0.131 (1.073)	0.222 (0.742)	-0.0991 (0.876)	-3.722*** (1.334)	-4.191** (1.630)	-0.605 (0.992)	-0.414 (1.108)
Observations	29	29	69	67	74	72	74	72	41	40	74	72
R-squared	0.807	0.809	0.371	0.379	0.314	0.318	0.387	0.394	0.588	0.615	0.391	0.408

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.31. L&V Policy Response Model – Boix Democracies – Learning – All Previous Crises

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.396*** (0.0828)	0.395*** (0.0847)										
Deposits/GDP (ln)			0.551* (0.295)	0.573** (0.284)								
DC Mandatory or Widespread					0.788** (0.374)	0.804** (0.389)						
DC Any							1.352*** (0.349)	1.373*** (0.347)				
Household Debt/GDP(ln)									0.931*** (0.163)	0.965*** (0.157)		
Years Effective Commitment											0.0255*** (0.00551)	0.0258*** (0.00566)
Degree of Democracy			4.30e-05 (0.000285)	0.000240 (0.000316)								
GDP Per Capita (ln)	0.296 (0.462)	0.286 (0.459)			-0.429 (0.338)	-0.418 (0.332)	-0.266 (0.329)	-0.241 (0.319)	-1.535*** (0.397)	-1.548*** (0.398)	-0.373 (0.240)	-0.397 (0.242)
Advanced Market	-0.0262 (0.0921)	-0.0300 (0.0918)	-0.0206 (0.0801)	-0.0444 (0.0863)	0.0767 (0.0588)	0.0687 (0.0626)	0.0379 (0.0585)	0.0353 (0.0600)	-0.0730 (0.0856)	-0.0480 (0.0860)	0.0604 (0.0604)	0.0282 (0.0630)
Public Debt/GDP (ln)	0.104 (0.291)	0.117 (0.290)	0.278 (0.267)	0.239 (0.260)	0.0127 (0.177)	-0.0320 (0.171)	0.0442 (0.155)	0.00320 (0.151)	0.481** (0.182)	0.476** (0.190)	-0.0334 (0.157)	-0.0720 (0.155)
Fixed Exchange Rate	0.304 (0.302)	0.306 (0.307)	0.166 (0.336)	0.256 (0.339)	0.159 (0.259)	0.243 (0.264)	0.0157 (0.222)	0.0881 (0.229)	0.120 (0.299)	0.171 (0.309)	0.307 (0.227)	0.376 (0.236)
Partisanship		0.103 (0.105)		0.289* (0.153)		0.309** (0.150)		0.323** (0.135)		0.0933 (0.146)		0.166 (0.109)
Learning - All	1.212 (1.066)	1.189 (1.061)	0.554* (0.304)	0.528* (0.287)	0.619** (0.303)	0.590** (0.289)	0.510* (0.259)	0.477* (0.243)	0.389** (0.142)	0.344** (0.130)	0.509** (0.203)	0.508** (0.202)
Time Trend	0.000586 (0.00377)	0.000687 (0.00372)	0.00638** (0.00305)	0.00724** (0.00324)	0.00738** (0.00283)	0.00817*** (0.00292)	0.00489* (0.00266)	0.00552* (0.00277)	0.00575* (0.00333)	0.00563 (0.00337)	0.00705*** (0.00239)	0.00789*** (0.00254)
Constant	-0.587 (1.055)	-0.790 (1.163)	-2.953* (1.620)	-3.350** (1.596)	-0.914 (0.923)	-1.383 (1.031)	-0.795 (0.762)	-1.343 (0.841)	-2.897*** (0.953)	-3.409*** (1.030)	-1.312 (0.880)	-1.299 (0.923)
Observations	48	48	95	93	104	102	104	102	67	66	104	102
R-squared	0.733	0.735	0.257	0.285	0.254	0.278	0.340	0.365	0.563	0.578	0.400	0.415

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.32. L&V Policy Response Model – Boix Democracies – Learning – Crises Previous Ten Years

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
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Property Prices (ln)	0.447*** (0.0863)	0.447*** (0.0875)										
Deposits/GDP (ln)			0.444* (0.252)	0.459* (0.249)								
DC Mandatory or Widespread					0.368 (0.371)	0.410 (0.385)						
DC Any							1.005** (0.415)	1.054** (0.409)				
Household Debt/GDP (ln)									0.975*** (0.220)	1.024*** (0.205)		
Years Effective Commitment											0.0219*** (0.00633)	0.0222*** (0.00645)
Degree of Democracy			-0.000264 (0.000316)	-0.000101 (0.000392)								
GDP Per Capita (ln)	0.679 (0.521)	0.669 (0.513)			-0.139 (0.346)	-0.114 (0.348)	-0.0769 (0.344)	-0.0449 (0.344)	-1.451*** (0.493)	-1.535*** (0.482)	-0.130 (0.274)	-0.133 (0.281)
Advanced Market	0.0323 (0.102)	0.0302 (0.105)	-0.00540 (0.0699)	-0.0139 (0.0810)	0.0733 (0.0667)	0.0765 (0.0717)	0.0504 (0.0630)	0.0563 (0.0659)	-0.0509 (0.0860)	-0.0198 (0.0883)	0.0551 (0.0648)	0.0349 (0.0709)
Public Debt/GDP (ln)	-0.0245 (0.328)	-0.0172 (0.336)	0.163 (0.231)	0.148 (0.229)	0.000737 (0.168)	-0.0181 (0.167)	0.0322 (0.155)	0.0147 (0.153)	0.619*** (0.167)	0.631*** (0.159)	-0.0535 (0.153)	-0.0757 (0.154)
Fixed Exchange Rate	0.294 (0.299)	0.295 (0.303)	0.0484 (0.319)	0.0954 (0.332)	0.00275 (0.290)	0.0360 (0.311)	-0.0773 (0.249)	-0.0430 (0.261)	0.201 (0.312)	0.282 (0.317)	0.125 (0.266)	0.151 (0.284)
Partisanship		0.0409 (0.134)		0.230 (0.153)		0.246 (0.157)		0.266* (0.141)		0.119 (0.151)		0.139 (0.110)
Learning - 10 Year	0.361* (0.175)	0.354* (0.184)	0.488*** (0.171)	0.471** (0.176)	0.526*** (0.181)	0.517*** (0.191)	0.408** (0.189)	0.394** (0.194)	0.234 (0.200)	0.187 (0.190)	0.424** (0.163)	0.421** (0.170)
Time Trend	-0.00202 (0.00455)	-0.00193 (0.00453)	0.00492* (0.00289)	0.00536* (0.00311)	0.00577** (0.00267)	0.00593** (0.00290)	0.00377 (0.00274)	0.00388 (0.00292)	0.00257 (0.00363)	0.00258 (0.00366)	0.00527** (0.00226)	0.00570** (0.00250)
Constant	-1.250 (1.142)	-1.328 (1.222)	-2.402* (1.428)	-2.814* (1.463)	-1.023 (0.896)	-1.485 (1.023)	-0.947 (0.792)	-1.484 (0.892)	-3.734*** (1.080)	-4.395*** (1.092)	-1.217 (0.872)	-1.272 (0.929)
Observations	46	46	91	89	99	97	99	97	64	63	99	97
R-squared	0.740	0.740	0.307	0.319	0.303	0.317	0.355	0.373	0.561	0.581	0.427	0.434

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.33. L&V Policy Response Model – Boix Democracies – Learning – Crises Previous Five Years

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.547*** (0.0843)	0.544*** (0.0807)										
Deposits/GDP (ln)			0.508*	0.533*								

			(0.268)	(0.266)								
DC Mandatory or Widespread					0.806**	0.809**						
					(0.380)	(0.389)						
DC Any							1.383***	1.401***				
							(0.320)	(0.320)				
Household Debt/GDP(ln)									1.016***	1.060***		
									(0.164)	(0.162)		
Years Effective Commitment											0.0250***	0.0254***
											(0.00525)	(0.00556)
Degree of Democracy			5.50e-05	0.000225								
			(0.000304)	(0.000336)								
GDP Per Capita (ln)	0.490	0.480			-0.515	-0.518	-0.291	-0.272	-1.844***	-1.851***	-0.480	-0.514*
	(0.633)	(0.619)			(0.410)	(0.411)	(0.387)	(0.384)	(0.400)	(0.393)	(0.303)	(0.307)
Advanced Market	0.0271	0.0230	0.000368	-0.0255	0.108	0.104	0.0677	0.0697	-0.0525	-0.0199	0.0827	0.0516
	(0.122)	(0.124)	(0.0797)	(0.0914)	(0.0673)	(0.0723)	(0.0651)	(0.0679)	(0.0801)	(0.0810)	(0.0676)	(0.0736)
Public Debt/GDP (ln)	0.0350	0.0480	0.277	0.244	0.0130	-0.0199	0.0536	0.0267	0.664***	0.665***	-0.0520	-0.0875
	(0.345)	(0.350)	(0.253)	(0.255)	(0.186)	(0.188)	(0.158)	(0.160)	(0.155)	(0.156)	(0.168)	(0.171)
Fixed Exchange Rate	0.359	0.359	0.0735	0.150	0.0444	0.127	-0.0798	-0.0112	0.229	0.303	0.196	0.260
	(0.347)	(0.352)	(0.369)	(0.372)	(0.298)	(0.307)	(0.255)	(0.263)	(0.330)	(0.335)	(0.264)	(0.274)
Partisanship		0.0826		0.225		0.246*		0.263**		0.0913		0.118
		(0.111)		(0.150)		(0.137)		(0.129)		(0.152)		(0.118)
Learning - 5 Year	0.000128	0.00138	0.00226	-0.00354	-0.0316	-0.0366	-0.00334	-0.00563	-0.000980	-0.00360	-0.0454	-0.0492
	(0.0297)	(0.0294)	(0.0431)	(0.0422)	(0.0409)	(0.0422)	(0.0400)	(0.0409)	(0.0360)	(0.0357)	(0.0433)	(0.0437)
Time Trend	-0.000703	-0.000579	0.00626*	0.00700**	0.00668**	0.00732**	0.00426	0.00468	0.00487	0.00439	0.00657***	0.00738***
	(0.00487)	(0.00478)	(0.00321)	(0.00339)	(0.00291)	(0.00307)	(0.00277)	(0.00293)	(0.00328)	(0.00331)	(0.00215)	(0.00234)
Constant	-1.453	-1.605	-2.922**	-3.204**	-1.063	-1.473	-0.998	-1.502*	-3.824***	-4.431***	-1.309	-1.227
	(1.274)	(1.360)	(1.364)	(1.343)	(0.879)	(0.967)	(0.727)	(0.790)	(0.930)	(1.004)	(0.828)	(0.896)
Observations	46	46	90	88	98	96	98	96	63	62	98	96
R-squared	0.723	0.724	0.183	0.204	0.194	0.213	0.292	0.311	0.526	0.549	0.349	0.361

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.34. R&R Policy Response Model – Boix Democracies – Region Peers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.876***	0.891***										
	(0.123)	(0.133)										
Deposits/GDP (ln)			0.528*	0.551*								
			(0.264)	(0.275)								
DC Mandatory or Widespread					0.743**	0.699*						
					(0.341)	(0.372)						
DC Any							0.832	0.851				

							(0.520)	(0.544)				
Household Debt/GDP(ln)									1.365***	1.368***		
									(0.369)	(0.376)		
Years Effective Commitment											0.0215***	0.0204**
											(0.00758)	(0.00803)
Degree of Democracy	-0.194	-0.217	-0.111	-0.120	-0.0946	-0.113	-0.120	-0.141	-0.171	-0.183	-0.0896	-0.106
	(0.119)	(0.152)	(0.0668)	(0.0736)	(0.121)	(0.130)	(0.107)	(0.115)	(0.110)	(0.119)	(0.109)	(0.117)
GDP Per Capita (ln)			0.804***	0.787***								
			(0.257)	(0.263)								
Advanced Market	-0.298	-0.401			1.031*	1.115**	1.021*	1.112**	-1.595*	-1.542	0.779	0.867
	(0.739)	(0.835)			(0.517)	(0.532)	(0.506)	(0.520)	(0.907)	(0.928)	(0.518)	(0.534)
Public Debt/GDP (ln)	-0.446**	-0.391*	0.124	0.0759	0.00894	-0.0473	-0.0706	-0.137	0.701**	0.678**	-0.0462	-0.0814
	(0.184)	(0.192)	(0.248)	(0.270)	(0.279)	(0.316)	(0.247)	(0.268)	(0.299)	(0.308)	(0.283)	(0.310)
Fixed Exchange Rate	0.911***	0.937**	-0.711	-0.644	-0.941*	-0.885*	-0.930*	-0.865*	0.0501	0.0322	-0.585	-0.568
	(0.299)	(0.326)	(0.440)	(0.474)	(0.500)	(0.516)	(0.468)	(0.483)	(0.728)	(0.738)	(0.514)	(0.516)
Partisanship		0.138		-0.0341		-0.0349		-0.0674		-0.125		-0.102
		(0.172)		(0.180)		(0.182)		(0.168)		(0.195)		(0.193)
Region Peer	-0.581**	-0.637*	0.202	0.179	0.459***	0.435***	0.420***	0.389**	-0.110	-0.101	0.267	0.267
	(0.233)	(0.296)	(0.127)	(0.134)	(0.135)	(0.147)	(0.151)	(0.158)	(0.210)	(0.217)	(0.178)	(0.179)
Time Trend	0.00249	0.00296	0.00302	0.00432	0.00649	0.00832	0.00616	0.00798	0.00518	0.00525	0.00528	0.00628
	(0.00682)	(0.00802)	(0.00434)	(0.00513)	(0.00607)	(0.00706)	(0.00528)	(0.00599)	(0.00546)	(0.00549)	(0.00465)	(0.00569)
Constant	2.395**	2.180**	-7.861***	-7.673***	0.118	0.249	0.575	0.806	-3.939**	-3.576**	0.0472	0.331
	(0.866)	(0.818)	(2.278)	(2.333)	(1.312)	(1.396)	(1.244)	(1.310)	(1.468)	(1.651)	(1.433)	(1.537)
Observations	24	24	48	47	51	50	51	50	35	35	51	50
R-squared	0.791	0.796	0.510	0.516	0.397	0.409	0.413	0.430	0.604	0.607	0.463	0.465

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.35. R&R Policy Response Model – Boix Democracies – Income Peers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.458**	0.459**										
	(0.189)	(0.201)										
Deposits/GDP (ln)			0.215	0.297								
			(0.325)	(0.354)								
DC Mandatory or Widespread					0.786**	0.779*						
					(0.384)	(0.410)						
DC Any							0.736	0.616				
							(0.448)	(0.499)				
Household Debt/GDP (ln)									0.841***	0.859***		

Years Effective Commitment									(0.281)	(0.301)		
											0.0189***	0.0197***
											(0.00596)	(0.00653)
Degree of Democracy	-0.315*	-0.321*	-0.0865	-0.195	-0.0440	-0.121	-0.0678	-0.142	-0.256	-0.246	0.000558	-0.137
	(0.158)	(0.169)	(0.0917)	(0.133)	(0.0901)	(0.142)	(0.0891)	(0.134)	(0.185)	(0.202)	(0.106)	(0.126)
GDP Per Capita (ln)			0.545*	0.541*								
			(0.275)	(0.291)								
Advanced Market	0.977	0.873			0.278	0.368	0.335	0.409	-0.997	-1.102	0.0600	0.154
	(0.642)	(0.677)			(0.490)	(0.488)	(0.463)	(0.458)	(0.741)	(0.801)	(0.453)	(0.444)
Public Debt/GDP (ln)	-0.0406	0.0226	0.209	0.170	0.124	0.0559	0.0509	0.00878	0.630	0.674	-0.0195	-0.0228
	(0.305)	(0.378)	(0.239)	(0.272)	(0.236)	(0.261)	(0.233)	(0.259)	(0.415)	(0.444)	(0.246)	(0.265)
Fixed Exchange Rate	0.120	0.144	-0.653	-0.538	-0.820*	-0.719	-0.796*	-0.674	-0.209	-0.150	-0.487	-0.420
	(0.477)	(0.502)	(0.405)	(0.445)	(0.486)	(0.541)	(0.442)	(0.498)	(0.651)	(0.679)	(0.384)	(0.409)
Partisanship		0.120		0.193		0.241*		0.209		0.125		0.152
		(0.184)		(0.179)		(0.135)		(0.147)		(0.227)		(0.145)
Income Peer	0.212	0.193	0.459**	0.422**	0.615***	0.590***	0.586***	0.577***	0.323	0.301	0.507***	0.510***
	(0.351)	(0.382)	(0.184)	(0.194)	(0.130)	(0.138)	(0.151)	(0.153)	(0.266)	(0.282)	(0.150)	(0.152)
Time Trend	0.00529	0.00523	0.00453	0.00671	0.00630	0.00871	0.00603	0.00860	0.00639	0.00624	0.00552	0.00674
	(0.00765)	(0.00812)	(0.00460)	(0.00605)	(0.00492)	(0.00630)	(0.00450)	(0.00599)	(0.00651)	(0.00645)	(0.00410)	(0.00534)
Constant	1.073	0.773	-5.347**	-5.201**	-0.426	-0.338	-0.0365	-0.00802	-2.070	-2.531	-0.585	0.105
	(0.980)	(1.166)	(2.039)	(2.240)	(1.114)	(1.213)	(1.111)	(1.196)	(1.335)	(1.619)	(1.180)	(1.223)
Observations	26	26	50	46	54	50	54	50	36	35	54	50
R-squared	0.769	0.772	0.523	0.551	0.486	0.524	0.496	0.522	0.648	0.652	0.550	0.584

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.36. R&R Policy Response Model – Boix Democracies – Learning – All Previous Crises

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.458***	0.453***										
	(0.0695)	(0.0703)										
Deposits/GDP (ln)			0.555**	0.606**								
			(0.258)	(0.253)								
DC Mandatory or Widespread					1.667***	1.612***						
					(0.221)	(0.224)						
DC Any							1.646***	1.477***				
							(0.336)	(0.373)				
Household Debt/GDP(ln)									1.002***	1.030***		
									(0.167)	(0.166)		
Years Effective Commitment											0.0308***	0.0288***

											(0.00538)	(0.00636)
Degree of Democracy	-0.0463 (0.0978)	-0.0501 (0.0974)	-0.155** (0.0651)	-0.165** (0.0696)	-0.0224 (0.0659)	-0.0315 (0.0698)	-0.0521 (0.0667)	-0.0535 (0.0700)	-0.185* (0.0926)	-0.156* (0.0893)	0.00757 (0.0651)	-0.0177 (0.0684)
GDP Per Capita (ln)			0.856*** (0.230)	0.725*** (0.259)								
Advanced Market	0.326 (0.553)	0.335 (0.546)			0.0746 (0.393)	0.201 (0.376)	0.0634 (0.357)	0.168 (0.354)	-1.259** (0.509)	-1.248** (0.524)	-0.0812 (0.312)	-0.0515 (0.351)
Public Debt/GDP (ln)	-0.0450 (0.327)	-0.0293 (0.323)	0.342 (0.236)	0.252 (0.241)	0.0333 (0.241)	-0.0907 (0.240)	-0.0687 (0.209)	-0.148 (0.214)	0.452** (0.165)	0.444** (0.175)	-0.0759 (0.247)	-0.138 (0.248)
Fixed Exchange Rate	0.319 (0.314)	0.326 (0.322)	-0.0946 (0.298)	0.0371 (0.312)	-0.246 (0.254)	-0.128 (0.270)	-0.216 (0.235)	-0.0963 (0.260)	0.169 (0.330)	0.209 (0.341)	0.0532 (0.242)	0.133 (0.267)
Partisanship		0.133 (0.156)		0.284* (0.158)		0.359** (0.159)		0.283* (0.147)		0.0502 (0.149)		0.284* (0.148)
Learning - All	0.942 (1.092)	0.915 (1.082)	0.0738 (0.0460)	0.0914* (0.0462)	0.0724 (0.0768)	0.0846 (0.0691)	0.0761 (0.0743)	0.0884 (0.0699)	0.164** (0.0748)	0.137* (0.0670)	0.0764 (0.0489)	0.0917* (0.0516)
Time Trend	0.00271 (0.00477)	0.00287 (0.00479)	0.00845** (0.00406)	0.0114** (0.00471)	0.0144*** (0.00442)	0.0171*** (0.00456)	0.0126*** (0.00378)	0.0154*** (0.00425)	0.0117*** (0.00376)	0.0117*** (0.00391)	0.00989** (0.00386)	0.0117** (0.00473)
Constant	-0.170 (1.283)	-0.460 (1.480)	-9.880*** (1.644)	-9.438*** (1.719)	-1.467 (1.160)	-2.041 (1.215)	-0.820 (1.097)	-1.446 (1.194)	-3.006*** (0.787)	-3.469*** (0.702)	-1.367 (1.168)	-1.638 (1.313)
Observations	46	46	81	77	91	87	91	87	62	61	91	87
R-squared	0.699	0.701	0.484	0.522	0.354	0.421	0.392	0.431	0.608	0.628	0.446	0.467

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.37. R&R Policy Response Model – Boix Democracies – Learning – Crises Previous Ten Years

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.518*** (0.0932)	0.516*** (0.0906)										
Deposits/GDP (ln)			0.542* (0.270)	0.622** (0.273)								
DC Mandatory or Widespread					1.657*** (0.222)	1.609*** (0.225)						
DC Any							1.634*** (0.379)	1.479*** (0.414)				
Household Debt/GDP(ln)									1.074*** (0.175)	1.109*** (0.171)		
Years Effective Commitment											0.0308*** (0.00540)	0.0291*** (0.00609)
Degree of Democracy	-0.00592	-0.00826	-0.154**	-0.178**	-0.0108	-0.0241	-0.0392	-0.0440	-0.168*	-0.131	0.00830	-0.0190

	(0.105)	(0.108)	(0.0689)	(0.0744)	(0.0708)	(0.0764)	(0.0700)	(0.0754)	(0.0920)	(0.0861)	(0.0670)	(0.0718)
GDP Per Capita (ln)			0.868*** (0.227)	0.742*** (0.255)								
Advanced Market	0.602 (0.599)	0.601 (0.599)			0.112 (0.409)	0.247 (0.399)	0.0921 (0.377)	0.204 (0.379)	-1.483*** (0.532)	-1.507*** (0.535)	-0.00255 (0.329)	0.0381 (0.367)
Public Debt/GDP (ln)	-0.194 (0.360)	-0.185 (0.371)	0.291 (0.241)	0.207 (0.247)	0.00475 (0.247)	-0.122 (0.253)	-0.0971 (0.212)	-0.178 (0.223)	0.578*** (0.175)	0.576*** (0.177)	-0.130 (0.249)	-0.191 (0.255)
Fixed Exchange Rate	0.257 (0.328)	0.260 (0.334)	-0.138 (0.311)	-0.0125 (0.323)	-0.276 (0.256)	-0.172 (0.275)	-0.246 (0.245)	-0.139 (0.267)	0.280 (0.361)	0.339 (0.369)	0.00446 (0.246)	0.0648 (0.269)
Partisanship		0.0523 (0.143)		0.258 (0.169)		0.323* (0.161)		0.245 (0.156)		0.0577 (0.163)		0.257* (0.149)
Learning - 10 Year	0.439 (0.261)	0.425 (0.266)	-0.0789 (0.171)	-0.109 (0.157)	-0.0122 (0.260)	-0.0114 (0.239)	-0.0185 (0.268)	-0.0177 (0.261)	-0.0260 (0.152)	-0.0499 (0.133)	0.129 (0.276)	0.138 (0.282)
Time Trend	0.00147 (0.00545)	0.00158 (0.00542)	0.00853** (0.00413)	0.0118** (0.00491)	0.0135*** (0.00457)	0.0165*** (0.00493)	0.0118*** (0.00378)	0.0148*** (0.00438)	0.0101** (0.00405)	0.00989** (0.00411)	0.00902** (0.00381)	0.0109** (0.00480)
Constant	-0.448 (1.328)	-0.562 (1.481)	-9.730*** (1.657)	-9.355*** (1.646)	-1.336 (1.196)	-1.843 (1.220)	-0.709 (1.086)	-1.262 (1.160)	-3.605*** (0.880)	-4.151*** (0.722)	-1.034 (1.147)	-1.259 (1.257)
Observations	44	44	78	74	87	83	87	83	59	58	87	83
R-squared	0.715	0.716	0.457	0.497	0.331	0.396	0.370	0.406	0.592	0.617	0.435	0.453

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.38. R&R Policy Response Model – Boix Democracies – Learning – Crises Previous Five Years

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.566*** (0.106)	0.558*** (0.101)										
Deposits/GDP (ln)			0.526* (0.263)	0.584** (0.260)								
DC Mandatory or Widespread					1.641*** (0.285)	1.583*** (0.285)						
DC Any							1.580*** (0.339)	1.411*** (0.370)				
Household Debt/GDP(ln)									0.988*** (0.179)	1.028*** (0.183)		
Years Effective Commitment											0.0302*** (0.00544)	0.0285*** (0.00647)
Degree of Democracy	-0.00921 (0.124)	-0.0131 (0.127)	-0.150** (0.0681)	-0.173** (0.0760)	-0.0113 (0.0670)	-0.0244 (0.0739)	-0.0362 (0.0662)	-0.0408 (0.0728)	-0.165* (0.0902)	-0.128 (0.0809)	0.0127 (0.0652)	-0.0151 (0.0712)
GDP Per Capita (ln)			0.802*** (0.231)	0.669** (0.272)								

Advanced Market	0.482 (0.789)	0.473 (0.776)			0.0542 (0.406)	0.185 (0.407)	0.0108 (0.365)	0.100 (0.369)	-1.640*** (0.559)	-1.656*** (0.555)	-0.0569 (0.342)	-0.0380 (0.385)
Public Debt/GDP (ln)	-0.190 (0.361)	-0.176 (0.370)	0.282 (0.239)	0.198 (0.246)	-0.00246 (0.247)	-0.123 (0.253)	-0.0977 (0.215)	-0.173 (0.225)	0.517*** (0.160)	0.521*** (0.163)	-0.132 (0.255)	-0.190 (0.260)
Fixed Exchange Rate	0.307 (0.390)	0.315 (0.394)	-0.144 (0.318)	0.00189 (0.338)	-0.308 (0.278)	-0.195 (0.309)	-0.259 (0.257)	-0.133 (0.289)	0.363 (0.341)	0.439 (0.349)	-0.0289 (0.269)	0.0515 (0.300)
Partisanship		0.0956 (0.141)		0.251 (0.161)		0.292* (0.157)		0.221 (0.150)		0.0754 (0.156)		0.221 (0.154)
Learning - 5 Year	-0.0684 (0.194)	-0.0805 (0.199)	-0.0409 (0.196)	-0.106 (0.216)	-0.00311 (0.200)	-0.0203 (0.214)	-0.0549 (0.181)	-0.0978 (0.194)	-0.359 (0.219)	-0.372* (0.212)	0.00737 (0.179)	-0.0303 (0.199)
Time Trend	0.00228 (0.00562)	0.00250 (0.00559)	0.00869** (0.00418)	0.0120** (0.00502)	0.0132*** (0.00436)	0.0161*** (0.00471)	0.0115*** (0.00363)	0.0145*** (0.00423)	0.0108*** (0.00384)	0.0104** (0.00396)	0.00914** (0.00372)	0.0111** (0.00473)
Constant	-0.641 (1.475)	-0.838 (1.650)	-9.111*** (1.537)	-8.626*** (1.696)	-1.181 (1.129)	-1.666 (1.182)	-0.627 (1.066)	-1.177 (1.168)	-3.314*** (0.920)	-3.930*** (0.800)	-1.014 (1.132)	-1.208 (1.292)
Observations	44	44	77	73	86	82	86	82	58	57	86	82
R-squared	0.707	0.709	0.441	0.481	0.333	0.392	0.371	0.404	0.598	0.623	0.427	0.443

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.39. L&V Policy Response Model – Polity Democracies – Region Peers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.374*** (0.107)	0.358** (0.128)										
Deposits/GDP (ln)			0.341 (0.378)	0.365 (0.359)								
DC Mandatory or Widespread					0.454 (0.300)	0.343 (0.279)						
DC Any							1.132*** (0.334)	1.018*** (0.354)				
Household Debt/GDP (ln)									0.783* (0.385)	0.527 (0.381)		
Years Effective Commitment											0.0211** (0.00969)	0.0210** (0.00986)
Degree of Democracy	-0.0362 (0.0898)	-0.00119 (0.0824)	0.0721 (0.209)	0.148 (0.217)	0.330 (0.262)	0.385 (0.260)	0.203 (0.219)	0.263 (0.225)	0.476 (0.334)	0.671* (0.326)	0.329 (0.237)	0.388* (0.227)
GDP Per Capita (ln)			0.529 (0.348)	0.339 (0.361)								
Advanced Market	-0.857 (0.746)	-0.844 (0.750)			-0.0186 (0.630)	-0.0547 (0.597)	0.217 (0.550)	0.160 (0.539)	-1.752*** (0.485)	-1.443*** (0.411)	-0.231 (0.580)	-0.276 (0.527)
Public Debt/GDP (ln)	0.321	0.310	0.124	0.142	-0.0235	-0.0114	-0.103	-0.0890	0.540*	0.324	-0.126	-0.124

	(0.226)	(0.239)	(0.298)	(0.291)	(0.283)	(0.282)	(0.248)	(0.240)	(0.291)	(0.272)	(0.262)	(0.245)
Fixed Exchange Rate	0.827***	0.848***	-0.339	-0.283	-0.330	-0.267	-0.320	-0.267	0.623	0.775*	0.0703	0.137
	(0.261)	(0.263)	(0.460)	(0.458)	(0.542)	(0.556)	(0.473)	(0.489)	(0.516)	(0.433)	(0.480)	(0.472)
Partisanship		-0.0644		-0.367		-0.452**		-0.382*		-0.559***		-0.475**
		(0.131)		(0.228)		(0.214)		(0.206)		(0.189)		(0.190)
Region Peer	-0.113	-0.0882	0.299	0.386**	0.555***	0.575***	0.439***	0.465***	0.124	0.227	0.257	0.273
	(0.0813)	(0.0884)	(0.185)	(0.186)	(0.133)	(0.122)	(0.154)	(0.146)	(0.162)	(0.146)	(0.196)	(0.190)
Time Trend	0.00321	0.00315	-0.000219	-0.000155	0.00164	0.00140	0.000157	-9.76e-06	0.000984	0.00203	0.00361	0.00308
	(0.00456)	(0.00458)	(0.00327)	(0.00322)	(0.00421)	(0.00401)	(0.00367)	(0.00356)	(0.00429)	(0.00382)	(0.00376)	(0.00364)
Constant	-0.733	-0.917	-6.406*	-4.972	-2.612	-2.342	-1.490	-1.358	-7.438**	-7.217**	-2.993	-2.666
	(1.517)	(1.376)	(3.278)	(3.443)	(2.647)	(2.620)	(2.207)	(2.150)	(3.034)	(2.892)	(2.477)	(2.368)
Observations	23	23	47	47	50	50	50	50	32	32	50	50
R-squared	0.889	0.890	0.517	0.544	0.445	0.488	0.517	0.547	0.688	0.748	0.509	0.557

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.40. L&V Policy Response Model – Polity Democracies – Income Peers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.420***	0.426***										
	(0.0816)	(0.0856)										
Deposits/GDP (ln)			0.234	0.232								
			(0.400)	(0.399)								
DC Mandatory or Widespread					0.552**	0.557**						
					(0.240)	(0.248)						
DC Any							0.997***	1.018***				
							(0.310)	(0.321)				
Household Debt/GDP (ln)									1.108***	1.091***		
									(0.203)	(0.199)		
Years Effective Commitment											0.0239***	0.0240***
											(0.00762)	(0.00763)
Degree of Democracy	-0.598	-0.600*	0.125	0.109	0.405*	0.403*	0.321*	0.314	0.177	0.187	0.358*	0.354*
	(0.354)	(0.336)	(0.187)	(0.193)	(0.212)	(0.216)	(0.190)	(0.192)	(0.268)	(0.268)	(0.183)	(0.188)
GDP Per Capita (ln)			0.469	0.505								
			(0.285)	(0.316)								
Advanced Market	1.871*	1.794*			-0.261	-0.260	-0.154	-0.148	-1.792**	-1.698**	-0.342	-0.341
	(0.945)	(0.915)			(0.582)	(0.588)	(0.548)	(0.548)	(0.747)	(0.750)	(0.486)	(0.492)
Public Debt/GDP (ln)	0.151	0.200	0.0620	0.0503	-0.0476	-0.0494	-0.102	-0.108	0.973**	0.943**	-0.0954	-0.0986
	(0.194)	(0.225)	(0.266)	(0.266)	(0.234)	(0.233)	(0.213)	(0.211)	(0.350)	(0.367)	(0.219)	(0.218)
Fixed Exchange Rate	0.796**	0.789**	-0.291	-0.286	-0.368	-0.366	-0.359	-0.354	0.453	0.437	-0.00446	0.00139
	(0.345)	(0.364)	(0.418)	(0.419)	(0.447)	(0.450)	(0.408)	(0.406)	(0.594)	(0.597)	(0.386)	(0.383)

Partisanship		0.119 (0.127)		0.0946 (0.213)		0.0324 (0.200)		0.0840 (0.186)		-0.224 (0.233)		0.0557 (0.175)
Income Peer	-0.223* (0.123)	-0.253* (0.125)	0.273** (0.124)	0.244 (0.148)	0.467*** (0.111)	0.461*** (0.118)	0.399*** (0.122)	0.383*** (0.128)	0.0150 (0.230)	0.0532 (0.237)	0.140 (0.158)	0.129 (0.157)
Time Trend	0.00799 (0.00647)	0.00838 (0.00698)	0.00460 (0.00321)	0.00491 (0.00334)	0.00653** (0.00320)	0.00667* (0.00342)	0.00426 (0.00310)	0.00457 (0.00317)	0.00115 (0.00728)	0.000452 (0.00735)	0.00983*** (0.00277)	0.0101*** (0.00294)
Constant	2.019 (3.371)	1.687 (3.314)	-6.305*** (2.256)	-6.624** (2.476)	-3.764** (1.840)	-3.813** (1.868)	-2.836* (1.573)	-2.943* (1.580)	-7.179*** (2.525)	-6.726** (2.570)	-4.145** (1.731)	-4.231** (1.743)
Observations	26	26	60	60	64	64	64	64	36	36	64	64
R-squared	0.868	0.872	0.439	0.440	0.394	0.394	0.438	0.440	0.644	0.654	0.494	0.495

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.41. L&V Policy Response Model – Polity Democracies – Learning – All Previous Crises

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.519*** (0.0779)	0.520*** (0.0768)										
Deposits/GDP (ln)			0.618 (0.383)	0.662* (0.362)								
DC Mandatory or Widespread					0.789** (0.335)	0.805** (0.347)						
DC Any							1.269*** (0.330)	1.293*** (0.332)				
Household Debt/GDP (ln)									0.931*** (0.151)	0.931*** (0.153)		
Years Effective Commitment											0.0269*** (0.00524)	0.0267*** (0.00535)
Degree of Democracy	-0.236 (0.163)	-0.242 (0.155)	0.00883 (0.236)	-0.0281 (0.221)	0.410* (0.213)	0.382* (0.213)	0.320 (0.197)	0.286 (0.195)	0.266 (0.183)	0.266 (0.192)	0.322* (0.172)	0.316* (0.175)
GDP Per Capita (ln)			0.000136 (0.000398)	0.000315 (0.000391)								
Advanced Market	0.761 (0.638)	0.759 (0.626)			-0.858* (0.449)	-0.807* (0.449)	-0.630 (0.420)	-0.569 (0.414)	-1.840*** (0.486)	-1.840*** (0.491)	-0.786** (0.369)	-0.776** (0.374)
Public Debt/GDP (ln)	0.347 (0.243)	0.359 (0.243)	0.209 (0.303)	0.176 (0.295)	0.0306 (0.281)	0.0160 (0.271)	0.00857 (0.242)	-0.00802 (0.233)	0.655*** (0.176)	0.655*** (0.177)	-0.0236 (0.250)	-0.0262 (0.249)
Fixed Exchange Rate	0.414 (0.317)	0.411 (0.322)	0.114 (0.392)	0.126 (0.388)	0.284 (0.300)	0.293 (0.294)	0.0911 (0.252)	0.0983 (0.246)	0.409 (0.376)	0.410 (0.376)	0.383 (0.272)	0.385 (0.272)
Partisanship		0.107 (0.104)		0.295* (0.168)		0.209 (0.166)		0.233 (0.156)		0.00471 (0.172)		0.0468 (0.127)
Learning - All	0.105	0.0725	0.511*	0.480*	0.535**	0.519**	0.442**	0.422**	0.348***	0.347***	0.433***	0.431***

	(0.680)	(0.645)	(0.291)	(0.283)	(0.231)	(0.236)	(0.199)	(0.201)	(0.106)	(0.108)	(0.154)	(0.157)
Time Trend	-0.000871	-0.000849	0.00762**	0.00793**	0.00970***	0.00991***	0.00716**	0.00735**	0.00502	0.00502	0.00943***	0.00951***
	(0.00518)	(0.00515)	(0.00329)	(0.00333)	(0.00307)	(0.00311)	(0.00280)	(0.00282)	(0.00370)	(0.00370)	(0.00222)	(0.00230)
Constant	-0.246	-0.434	-3.384*	-3.680**	-4.214**	-4.340**	-3.382*	-3.509**	-6.647***	-6.652***	-3.937**	-3.971**
	(1.874)	(1.858)	(1.821)	(1.811)	(2.070)	(2.065)	(1.766)	(1.738)	(1.829)	(1.782)	(1.687)	(1.700)
Observations	41	41	83	83	89	89	89	89	59	59	89	89
R-squared	0.787	0.789	0.289	0.309	0.299	0.309	0.368	0.380	0.639	0.639	0.458	0.459

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.42. L&V Policy Response Model – Polity Democracies – Learning – Crises Previous Ten Years

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.527***	0.530***										
	(0.0834)	(0.0851)										
Deposits/GDP (ln)			0.323	0.364								
			(0.302)	(0.294)								
DC Mandatory or Widespread					0.382	0.396						
					(0.321)	(0.332)						
DC Any							0.889**	0.913**				
							(0.349)	(0.351)				
Household Debt/GDP (ln)									0.849***	0.849***		
									(0.205)	(0.207)		
Years Effective Commitment											0.0230***	0.0231***
											(0.00582)	(0.00595)
Degree of Democracy	-0.118	-0.136	0.209	0.177	0.462**	0.445*	0.392*	0.369*	0.333	0.333	0.390**	0.393**
	(0.220)	(0.225)	(0.201)	(0.193)	(0.227)	(0.223)	(0.206)	(0.201)	(0.221)	(0.236)	(0.183)	(0.184)
GDP Per Capita (ln)			-8.85e-05	2.01e-05								
			(0.000424)	(0.000453)								
Advanced Market	0.676	0.676			-0.591	-0.569	-0.460	-0.430	-1.538**	-1.538**	-0.603	-0.606
	(0.703)	(0.696)			(0.506)	(0.504)	(0.475)	(0.470)	(0.582)	(0.590)	(0.429)	(0.430)
Public Debt/GDP (ln)	0.306	0.323	0.103	0.0945	-0.0661	-0.0663	-0.0759	-0.0763	0.572***	0.572***	-0.109	-0.110
	(0.250)	(0.252)	(0.282)	(0.280)	(0.263)	(0.261)	(0.235)	(0.232)	(0.196)	(0.199)	(0.235)	(0.237)
Fixed Exchange Rate	0.390	0.394	-0.00467	0.00487	0.0291	0.0394	-0.0818	-0.0712	0.337	0.338	0.143	0.141
	(0.316)	(0.319)	(0.347)	(0.345)	(0.330)	(0.331)	(0.283)	(0.281)	(0.373)	(0.372)	(0.303)	(0.306)
Partisanship		0.0831		0.184		0.110		0.140		0.00484		-0.0168
		(0.124)		(0.155)		(0.156)		(0.147)		(0.186)		(0.113)
Learning - 10 Year	0.0453	0.0257	0.513***	0.496***	0.550***	0.541***	0.456**	0.444**	0.305	0.304	0.438***	0.438***
	(0.178)	(0.183)	(0.176)	(0.177)	(0.182)	(0.187)	(0.187)	(0.188)	(0.194)	(0.196)	(0.162)	(0.163)
Time Trend	-0.000518	-0.000486	0.00607*	0.00625*	0.00777**	0.00787**	0.00596*	0.00606**	0.00363	0.00363	0.00742***	0.00740***

	(0.00548)	(0.00547)	(0.00317)	(0.00320)	(0.00318)	(0.00319)	(0.00300)	(0.00298)	(0.00410)	(0.00412)	(0.00242)	(0.00248)
Constant	-1.285	-1.325	-3.868**	-4.048**	-4.431**	-4.497**	-3.776**	-3.845**	-7.012***	-7.015***	-4.194**	-4.182**
	(2.190)	(2.155)	(1.882)	(1.889)	(2.105)	(2.121)	(1.806)	(1.803)	(2.043)	(2.027)	(1.748)	(1.776)
Observations	40	40	80	80	85	85	85	85	57	57	85	85
R-squared	0.786	0.788	0.337	0.345	0.359	0.362	0.399	0.403	0.621	0.621	0.494	0.494

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.43. *L&V Policy Response Model – Polity Democracies – Learning – Crises Previous Five Years*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.533*** (0.0699)	0.531*** (0.0673)										
Deposits/GDP (ln)			0.586* (0.343)	0.625* (0.326)								
DC Mandatory or Widespread					0.793** (0.342)	0.802** (0.350)						
DC Any							1.299*** (0.313)	1.315*** (0.314)				
Household Debt/GDP (ln)									0.957*** (0.175)	0.957*** (0.178)		
Years Effective Commitment											0.0266*** (0.00514)	0.0266*** (0.00536)
Degree of Democracy	-0.147 (0.226)	-0.159 (0.228)	-0.00384 (0.210)	-0.0365 (0.206)	0.389 (0.235)	0.367 (0.240)	0.305 (0.220)	0.279 (0.221)	0.253 (0.233)	0.252 (0.250)	0.319 (0.196)	0.320 (0.201)
GDP Per Capita (ln)			0.000155 (0.000390)	0.000292 (0.000382)								
Advanced Market	0.660 (0.725)	0.665 (0.716)			-0.859 (0.577)	-0.825 (0.579)	-0.573 (0.533)	-0.531 (0.529)	-1.988*** (0.551)	-1.987*** (0.564)	-0.863* (0.460)	-0.864* (0.465)
Public Debt/GDP (ln)	0.314 (0.251)	0.325 (0.252)	0.211 (0.295)	0.196 (0.291)	0.00756 (0.288)	0.00569 (0.284)	-0.0203 (0.248)	-0.0228 (0.244)	0.676*** (0.196)	0.677*** (0.201)	-0.0517 (0.262)	-0.0517 (0.264)
Fixed Exchange Rate	0.417 (0.317)	0.414 (0.324)	0.0205 (0.404)	0.0327 (0.399)	0.129 (0.334)	0.143 (0.329)	-0.0563 (0.288)	-0.0427 (0.282)	0.395 (0.404)	0.396 (0.400)	0.262 (0.303)	0.261 (0.302)
Partisanship		0.0818 (0.117)		0.234 (0.159)		0.155 (0.158)		0.178 (0.150)		0.00601 (0.190)		-0.00348 (0.137)
Learning - 5 Year	-0.0215 (0.0236)	-0.0205 (0.0238)	-0.00971 (0.0375)	-0.0120 (0.0388)	-0.0374 (0.0380)	-0.0376 (0.0393)	-0.00924 (0.0386)	-0.00918 (0.0397)	-0.00947 (0.0368)	-0.00940 (0.0378)	-0.0490 (0.0431)	-0.0490 (0.0434)
Time Trend	-0.000584 (0.00550)	-0.000596 (0.00548)	0.00719** (0.00348)	0.00735** (0.00348)	0.00900** (0.00347)	0.00912** (0.00346)	0.00656** (0.00312)	0.00666** (0.00309)	0.00587 (0.00382)	0.00585 (0.00382)	0.00890*** (0.00234)	0.00890*** (0.00238)
Constant	-1.046 (2.256)	-1.115 (2.210)	-3.065* (1.638)	-3.316** (1.635)	-3.816* (2.002)	-3.930* (2.007)	-3.055* (1.759)	-3.177* (1.742)	-6.726*** (2.041)	-6.732*** (1.988)	-3.687** (1.660)	-3.685** (1.670)

Observations	40	40	79	79	84	84	84	84	56	56	84	84
R-squared	0.788	0.790	0.213	0.226	0.228	0.233	0.308	0.316	0.573	0.573	0.405	0.405

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.44. R&R Policy Response Model – Polity Democracies – Region Peers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.800*** (0.201)	1.052*** (0.288)										
Deposits/GDP (ln)			0.343 (0.305)	0.338 (0.431)								
DC Mandatory or Widespread					0.764* (0.397)	0.854** (0.400)						
DC Any							0.575 (0.507)	0.597 (0.533)				
Household Debt/GDP (ln)									0.624*** (0.130)	0.602*** (0.146)		
Years Effective Commitment											0.0282*** (0.00890)	0.0304*** (0.00876)
Degree of Democracy	-0.177 (0.112)	-0.411 (0.271)	0.315* (0.182)	0.438* (0.248)	0.450* (0.234)	0.499* (0.256)	0.379 (0.235)	0.426 (0.255)	0.129 (0.222)	0.163 (0.248)	0.428** (0.188)	0.525*** (0.186)
GDP Per Capita (ln)	0.644 (0.815)	1.050 (1.127)	0.484* (0.279)	0.474 (0.298)								
Advanced Market					0.156 (0.597)	0.411 (0.616)	0.278 (0.621)	0.538 (0.634)	-0.290 (0.476)	-0.212 (0.477)	-0.224 (0.602)	-0.415 (0.459)
Public Debt/GDP (ln)	-0.538* (0.277)	-0.663 (0.371)	0.189 (0.288)	0.0231 (0.286)	0.0725 (0.266)	-0.0638 (0.283)	0.0137 (0.263)	-0.129 (0.276)	0.261 (0.216)	0.192 (0.256)	0.132 (0.286)	-0.0265 (0.301)
Fixed Exchange Rate	1.261*** (0.387)	2.531 (1.509)	-0.806 (0.510)	-0.859 (0.514)	-0.706 (0.531)	-0.804 (0.489)	-0.714 (0.499)	-0.768 (0.485)	0.390 (0.419)	0.263 (0.501)	-0.167 (0.504)	0.00139 (0.401)
Partisanship		0.316 (0.344)		-0.322 (0.238)		-0.279 (0.182)		-0.325* (0.175)		-0.124 (0.181)		-0.191 (0.196)
Region Peer	-0.762** (0.340)	-1.364 (0.820)	0.305** (0.121)	0.332** (0.125)	0.381** (0.153)	0.402** (0.148)	0.370** (0.170)	0.384** (0.164)	-0.465** (0.215)	-0.396 (0.270)	0.000470 (0.196)	-0.0189 (0.182)
Time Trend	0.00123 (0.00648)	-0.00414 (0.00680)	0.00746 (0.00510)	0.0105* (0.00540)	0.0104* (0.00574)	0.0136** (0.00591)	0.0106* (0.00534)	0.0139** (0.00540)	0.00189 (0.00629)	0.00244 (0.00620)	0.0107*** (0.00386)	0.0127*** (0.00410)
Constant	-3.370 (7.452)	-5.250 (8.026)	-9.152*** (2.207)	-9.345*** (2.217)	-5.201** (2.280)	-5.168** (2.189)	-4.468* (2.253)	-4.362** (2.092)	-1.958 (2.200)	-1.857 (2.106)	-5.728*** (1.964)	-5.899*** (1.924)
Observations	21	20	43	40	46	43	46	43	31	30	46	43
R-squared	0.783	0.820	0.585	0.648	0.517	0.583	0.511	0.576	0.821	0.823	0.617	0.671

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.45. R&R Policy Response Model – Polity Democracies – Income Peers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.800*** (0.201)	1.052*** (0.288)										
Deposits/GDP (ln)			0.343 (0.305)	0.338 (0.431)								
DC Mandatory or Widespread					0.764* (0.397)	0.854** (0.400)						
DC Any							0.575 (0.507)	0.597 (0.533)				
Household Debt/GDP (ln)									0.624*** (0.130)	0.602*** (0.146)		
Years Effective Commitment											0.0282*** (0.00890)	0.0304*** (0.00876)
Degree of Democracy	-0.177 (0.112)	-0.411 (0.271)	0.315* (0.182)	0.438* (0.248)	0.450* (0.234)	0.499* (0.256)	0.379 (0.235)	0.426 (0.255)	0.129 (0.222)	0.163 (0.248)	0.428** (0.188)	0.525*** (0.186)
GDP Per Capita (ln)	0.644 (0.815)	1.050 (1.127)	0.484* (0.279)	0.474 (0.298)								
Advanced Market					0.156 (0.597)	0.411 (0.616)	0.278 (0.621)	0.538 (0.634)	-0.290 (0.476)	-0.212 (0.477)	-0.224 (0.602)	-0.415 (0.459)
Public Debt/GDP (ln)	-0.538* (0.277)	-0.663 (0.371)	0.189 (0.288)	0.0231 (0.286)	0.0725 (0.266)	-0.0638 (0.283)	0.0137 (0.263)	-0.129 (0.276)	0.261 (0.216)	0.192 (0.256)	0.132 (0.286)	-0.0265 (0.301)
Fixed Exchange Rate	1.261*** (0.387)	2.531 (1.509)	-0.806 (0.510)	-0.859 (0.514)	-0.706 (0.531)	-0.804 (0.489)	-0.714 (0.499)	-0.768 (0.485)	0.390 (0.419)	0.263 (0.501)	-0.167 (0.504)	0.00139 (0.401)
Partisanship		0.316 (0.344)		-0.322 (0.238)		-0.279 (0.182)		-0.325* (0.175)		-0.124 (0.181)		-0.191 (0.196)
Income Peer	-0.762** (0.340)	-1.364 (0.820)	0.305** (0.121)	0.332** (0.125)	0.381** (0.153)	0.402** (0.148)	0.370** (0.170)	0.384** (0.164)	-0.465** (0.215)	-0.396 (0.270)	0.000470 (0.196)	-0.0189 (0.182)
Time Trend	0.00123 (0.00648)	-0.00414 (0.00680)	0.00746 (0.00510)	0.0105* (0.00540)	0.0104* (0.00574)	0.0136** (0.00591)	0.0106* (0.00534)	0.0139** (0.00540)	0.00189 (0.00629)	0.00244 (0.00620)	0.0107*** (0.00386)	0.0127*** (0.00410)
Constant	-3.370 (7.452)	-5.250 (8.026)	-9.152*** (2.207)	-9.345*** (2.217)	-5.201** (2.280)	-5.168** (2.189)	-4.468* (2.253)	-4.362** (2.092)	-1.958 (2.200)	-1.857 (2.106)	-5.728*** (1.964)	-5.899*** (1.924)
Observations	21	20	43	40	46	43	46	43	31	30	46	43
R-squared	0.783	0.820	0.585	0.648	0.517	0.583	0.511	0.576	0.821	0.823	0.617	0.671

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.46. R&R Policy Response Model – Polity Democracies – Learning – All Previous Crises

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.436** (0.190)	0.416* (0.205)										
Deposits/GDP (ln)			0.260 (0.377)	0.356 (0.386)								
DC Mandatory or Widespread					0.842** (0.408)	1.206*** (0.387)						
DC Any							0.701 (0.459)	0.695 (0.527)				
Household Debt/GDP (ln)									0.588*** (0.138)	0.580*** (0.142)		
Years Effective Commitment											0.0246*** (0.00665)	0.0279*** (0.00605)
Degree of Democracy	-0.384 (0.239)	-0.349 (0.220)	-0.0306 (0.157)	0.0103 (0.161)	0.147 (0.187)	0.188 (0.206)	0.0936 (0.183)	0.119 (0.197)	-0.0539 (0.167)	-0.0508 (0.168)	0.0723 (0.153)	0.127 (0.169)
GDP Per Capita (ln)			0.409 (0.323)	0.380 (0.347)								
Advanced Market	1.577* (0.880)	1.478 (0.921)			-0.110 (0.524)	0.0362 (0.585)	-0.000706 (0.526)	0.112 (0.583)	-0.0587 (0.475)	-0.0582 (0.489)	-0.269 (0.451)	-0.449 (0.506)
Public Debt/GDP (ln)	-0.0334 (0.330)	-0.00700 (0.420)	0.313 (0.270)	0.228 (0.287)	0.306 (0.264)	0.201 (0.273)	0.217 (0.261)	0.129 (0.278)	0.422 (0.257)	0.420 (0.269)	0.189 (0.256)	0.130 (0.283)
Fixed Exchange Rate	0.149 (0.499)	0.0451 (0.560)	-0.646 (0.451)	-0.682 (0.497)	-0.704 (0.550)	-0.829 (0.589)	-0.659 (0.504)	-0.660 (0.574)	0.332 (0.371)	0.261 (0.399)	-0.302 (0.420)	-0.174 (0.394)
Partisanship		0.102 (0.164)		0.152 (0.198)		0.254 (0.151)		0.196 (0.171)		0.0858 (0.187)		0.245 (0.175)
Learning - All	-0.0158 (0.385)	0.00421 (0.475)	0.476** (0.192)	0.448** (0.195)	0.547*** (0.170)	0.486*** (0.168)	0.534** (0.196)	0.502** (0.187)	-0.386 (0.335)	-0.370 (0.364)	0.338 (0.207)	0.240 (0.207)
Time Trend	0.0107 (0.0132)	0.0119 (0.0141)	0.00748 (0.00704)	0.0105 (0.00821)	0.00982 (0.00618)	0.0131* (0.00671)	0.00938 (0.00598)	0.0127* (0.00676)	0.00415 (0.00758)	0.00462 (0.00808)	0.00946* (0.00473)	0.0121** (0.00526)
Constant	0.735 (3.605)	0.154 (3.842)	-5.679** (2.300)	-6.487*** (2.256)	-3.181 (2.103)	-4.039* (2.301)	-2.470 (2.066)	-3.190 (2.276)	-1.352 (2.041)	-1.528 (2.065)	-2.544 (1.817)	-3.509* (2.033)
Observations	23	22	44	40	48	44	48	44	32	31	48	44
R-squared	0.779	0.784	0.550	0.587	0.529	0.596	0.532	0.572	0.796	0.800	0.633	0.678

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.47. R&R Policy Response Model – Polity Democracies – Learning – Crises Previous Ten Years

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.550*** (0.0692)	0.544*** (0.0706)										
Deposits/GDP (ln)			0.725** (0.294)	0.751** (0.281)								
DC Mandatory or Widespread					1.501*** (0.265)	1.564*** (0.272)						
DC Any							1.456*** (0.331)	1.334*** (0.383)				
Household Debt/GDP (ln)									0.482*** (0.0543)	0.489*** (0.0559)		
Years Effective Commitment											0.0305*** (0.00578)	0.0298*** (0.00593)
Degree of Democracy	-0.327* (0.157)	-0.322** (0.151)	-0.0851 (0.168)	-0.0250 (0.152)	0.332 (0.204)	0.322 (0.213)	0.259 (0.191)	0.269 (0.199)	0.0627 (0.134)	0.0609 (0.137)	0.295 (0.191)	0.312 (0.197)
GDP Per Capita (ln)			0.634** (0.273)	0.529* (0.284)								
Advanced Market	1.008 (0.709)	1.026 (0.669)			-0.304 (0.455)	-0.117 (0.505)	-0.230 (0.446)	-0.0985 (0.494)	-0.103 (0.379)	-0.0468 (0.386)	-0.448 (0.442)	-0.485 (0.505)
Public Debt/GDP (ln)	0.0519 (0.302)	0.0649 (0.300)	0.375 (0.270)	0.293 (0.273)	0.220 (0.251)	0.0827 (0.252)	0.107 (0.216)	0.0213 (0.228)	0.101 (0.155)	0.0754 (0.152)	0.0877 (0.253)	0.00436 (0.266)
Fixed Exchange Rate	0.335 (0.334)	0.322 (0.359)	-0.0949 (0.368)	-0.0740 (0.386)	-0.0586 (0.316)	-0.0310 (0.310)	-0.0352 (0.286)	0.0288 (0.307)	0.221 (0.236)	0.158 (0.230)	0.157 (0.291)	0.265 (0.273)
Partisanship		0.133 (0.153)		0.259 (0.188)		0.208 (0.171)		0.130 (0.174)		-0.110 (0.139)		0.214 (0.167)
Learning - 10 Year	-0.206 (0.513)	-0.240 (0.486)	0.0659 (0.0405)	0.0767* (0.0442)	0.0370 (0.0372)	0.0488 (0.0374)	0.0420 (0.0384)	0.0557 (0.0422)	0.181* (0.0961)	0.192* (0.0999)	0.0472 (0.0300)	0.0623* (0.0313)
Time Trend	0.00324 (0.00673)	0.00364 (0.00690)	0.0121* (0.00598)	0.0152** (0.00630)	0.0185*** (0.00459)	0.0215*** (0.00451)	0.0166*** (0.00419)	0.0196*** (0.00455)	0.00253 (0.00408)	0.00299 (0.00409)	0.0137*** (0.00422)	0.0157*** (0.00462)
Constant	0.915 (2.144)	0.528 (2.339)	-9.832*** (1.878)	-10.13*** (1.817)	-5.840*** (2.135)	-6.118*** (2.095)	-4.754** (1.847)	-5.222*** (1.835)	-1.162 (1.576)	-0.908 (1.549)	-4.969** (1.879)	-5.403*** (1.908)
Observations	39	38	71	67	79	75	79	75	54	53	79	75
R-squared	0.746	0.747	0.524	0.564	0.466	0.531	0.490	0.525	0.786	0.789	0.556	0.588

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.48. R&R Policy Response Model – Boix Democracies – Learning – Crises Previous Five Years

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Property Prices (ln)	0.576***	0.574***										

	(0.128)	(0.129)										
Deposits/GDP (ln)			0.728**	0.738**								
			(0.305)	(0.294)								
DC Mandatory or Widespread					1.517***	1.577***						
					(0.255)	(0.263)						
DC Any							1.470***	1.349***				
							(0.354)	(0.403)				
Household Debt/GDP (ln)									0.494***	0.501***		
									(0.0577)	(0.0582)		
Years Effective Commitment											0.0306***	0.0299***
											(0.00557)	(0.00574)
Degree of Democracy	-0.196	-0.208	-0.0931	-0.0260	0.358	0.364	0.283	0.312	0.0622	0.0702	0.347	0.369
	(0.291)	(0.284)	(0.176)	(0.164)	(0.221)	(0.235)	(0.213)	(0.225)	(0.172)	(0.181)	(0.208)	(0.219)
GDP Per Capita (ln)			0.644**	0.539*								
			(0.268)	(0.282)								
Advanced Market	0.855	0.881			-0.308	-0.145	-0.233	-0.122	-0.196	-0.153	-0.476	-0.514
	(0.796)	(0.769)			(0.504)	(0.551)	(0.511)	(0.556)	(0.446)	(0.456)	(0.483)	(0.553)
Public Debt/GDP (ln)	0.0346	0.0481	0.368	0.288	0.161	0.0223	0.0485	-0.0420	0.0918	0.0592	0.0107	-0.0697
	(0.308)	(0.308)	(0.264)	(0.268)	(0.250)	(0.254)	(0.213)	(0.230)	(0.148)	(0.145)	(0.248)	(0.268)
Fixed Exchange Rate	0.312	0.301	-0.0932	-0.0666	-0.0985	-0.0706	-0.0745	-0.0137	0.217	0.145	0.109	0.214
	(0.331)	(0.344)	(0.365)	(0.381)	(0.313)	(0.309)	(0.288)	(0.310)	(0.240)	(0.232)	(0.295)	(0.278)
Partisanship		0.105		0.237		0.156		0.0749		-0.132		0.159
		(0.125)		(0.198)		(0.175)		(0.181)		(0.142)		(0.166)
Learning - 5 Year	-0.183	-0.217	-0.169	-0.116	-0.0498	-0.0328	-0.0544	-0.0255	-0.151	-0.149	0.122	0.0822
	(0.461)	(0.458)	(0.150)	(0.155)	(0.201)	(0.189)	(0.213)	(0.213)	(0.132)	(0.126)	(0.245)	(0.211)
Time Trend	0.00404	0.00441	0.0121**	0.0153**	0.0181***	0.0212***	0.0162***	0.0193***	0.00323	0.00386	0.0127***	0.0151***
	(0.00680)	(0.00708)	(0.00594)	(0.00632)	(0.00478)	(0.00478)	(0.00419)	(0.00458)	(0.00407)	(0.00401)	(0.00408)	(0.00447)
Constant	-0.288	-0.464	-9.833***	-10.12***	-5.760**	-6.112***	-4.670**	-5.191***	-1.200	-0.988	-4.952**	-5.414***
	(2.787)	(2.831)	(1.741)	(1.708)	(2.183)	(2.172)	(1.908)	(1.902)	(1.764)	(1.716)	(1.941)	(1.976)
Observations	38	37	69	65	76	72	76	72	52	51	76	72
R-squared	0.753	0.754	0.497	0.535	0.444	0.511	0.470	0.506	0.780	0.784	0.545	0.576

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Cross-Sectional Analysis

Theoretically, our argument suggests that changes in government policy responses to banking crises should be observed more over time than across countries, because great expectations have emerged similarly over time across countries due to the shared developments we emphasize: the financialization of wealth, the democratization of leverage, and an accumulating ex ante policy commitment to financial stability. Yet to the

extent there is meaningful cross-sectional variation at a given point in time, it would provide additional support for our argument and we seek to exploit any such variation.

Unfortunately, since systemic banking crises are rare events, our ability to undertake credible cross-sectional analysis of our data is very limited. We face identification issues for virtually all points in time because we lack a sufficient number of systemic crises in any given period. As the bottom panels of Figures 8a and 8b show, we have data on policy responses for more than ten crises in only one period (2007–2008) during the era of great expectations. We thus limit our new cross-sectional analysis to this period using the L&V data, which provides us with the most observations leaves us with 21 observations.

Given such a small number of observations, we use a t-test for difference in means and OLS regression with a few control variables. We first divide our sample into two groups: those with above the median values in *property prices*, *deposits*, *household debt*, *years of effective policy commitment* and any of the *defined contribution (DC) arrangements* in Table 2, and those without these characteristics. This provides us with two groups of countries representing higher and lower values for *property prices*, *deposits*, *DC pensions*, *household debt*, and *policy commitment years*. We summarize these two groups as “high financialization” (highFIN) and “low financialization” (lowFIN) respectively.⁹ We use these two groups for our t-test. For the OLS regression, we regress our policy response index on this dichotomous variable (where 1 = higher values, 0 = lower values) while controlling in separate models for GDP per capita, public debt as proportion of GDP, exchange rate regime, and degree of democracy.

Both tests, as Tables A.49 and A.50 show, are supportive of our argument. The t-test shows a statistically significant difference across the two groups, indicating that highFIN countries in 2007–2008 were more likely to provide extensive bailouts than lowFIN countries. The same result is found for the OLS regressions.

⁹ We opt for this classification scheme because alternative ones — such as one standard deviation above and the below the mean — leave us with too few observations.

Table A.49. *Difference in Means Tests*

Policy Response Sample	highFIN Countries	lowFin Countries	Difference of Means
Boix Democracies <i>n</i>	2.18 (0.096) 14	1.59 (0.188) 8	0.59** (0.19)
Polity Democracies <i>n</i>	2.23 (0.083) 13	1.59 (0.188) 8	0.65** (0.18)

Standard errors are given in parenthesis. ** $p < .05$; two-tailed tests.

Table A.50. *L&V Policy Response Model – highFIN v. lowFIN countries – 2007–2008 Crisis*

	Boix	Boix	Boix	Boix	Polity	Polity	Polity	Polity
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
highFIN	0.578*** (0.176)	0.454* (0.249)	0.507** (0.180)	0.567*** (0.186)	0.578*** (0.176)	0.517** (0.237)	0.562*** (0.161)	0.623*** (0.184)
Degree of Democracy	0.178* (0.101)				0.178* (0.101)			
GDP Per Capita (ln)		0.173 (0.202)				0.165 (0.190)		
Public Debt/GDP (ln)			0.333* (0.159)				0.374** (0.142)	
Fixed Exchange Rate				0.270 (0.192)				0.169 (0.198)
Constant	-0.0811 (0.958)	-0.0887 (1.966)	0.350 (0.608)	1.419*** (0.190)	-0.0811 (0.958)	-0.00831 (1.848)	0.197 (0.543)	1.482*** (0.189)
Observations	21	22	22	22	21	21	21	21
R-squared	0.491	0.352	0.453	0.391	0.491	0.428	0.570	0.427

Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Quasi-Difference-in-Differences Model

One concern with the above results from the cross-sectional analysis is that the “treatment group” of highFIN countries in 2007–2008 could have other potentially omitted differences from the “control group” of lowFIN countries. To address this possibility, we also consider what we call a “quasi-difference-in-differences model” where we compare countries before and after experiencing the treatment of higher values for property prices, deposits, DC pensions, household debt, and policy commitment years in 2007–2008.

In estimating this model, we include: (1) “Year 2007–2008”: a dichotomous variable for all the 2007–2008 crisis observations (where 1 = yes, 0 = no); (2) “Treatment”: a dichotomous variable indicating whether an observation belongs to the treatment or control group (where 1 = yes, 0 = no)¹⁰; and (3) “DiD” an interaction between “Year 2007–2008” and “Treatment.”¹¹ Assuming that all countries experienced parallel trends over time,¹² this quasi-difference-in-differences estimator eliminates any country-specific time fixed effects and any time trends in the results. This permits us to plausibly identify whether higher values for property prices, deposits, DC pensions, household debt, and policy commitment years in 2007–2008 alone increased the likelihood of bailouts. The results from these estimates are supportive of our argument, as the interaction term DiD is positive and significant in our model specifications (see Table A.51).

¹⁰ So, for example, the United States experiences the treatment of higher values for property prices, deposits, DC pensions, household debt, and policy commitment years during the 1988 and 2007 crises. We thus code these crises as “1.” We also code earlier US crises in our sample (1873, 1884, 1890, 1907, 1929) as “1” since the United States would experience the treatment in the future.

¹¹ Higher values for property prices, deposits, DC pensions, household debt, and policy commitment years approximate an exogenous intervention in that these developments are temporally antecedent to the onset of most crises in our sample. For example, a country such as Ireland experienced higher property prices and household debt before the onset of its crisis in 2008. To be sure, past bailouts may increase moral hazard and deepen the financialization of wealth and the democratization of leverage. Yet the onset of a crisis also potentially undercuts this relationship by terminating an accumulating ex ante policy commitment to financial stability. In addition, we note that for a clean identification of the average treatment effect on the treated countries in a difference-in-differences design, only the *timing* of selection for treatment (that is, the introduction of higher values for property prices, deposits, DC pensions, household debt, and policy commitment years), not the developments *per se*, must be exogenous to crisis-year specific shocks (Abadie 2005, pp. 2–3). While we suggest these arguments lend plausibility to the idea that our treatment constitutes an exogenous intervention, we recognize its limitations and thus use the label *quasi*-difference-in-differences.

¹² To assess the plausibility of the parallel trends assumption, we consider the evolution of the policy response index in the treated and control countries in the pre-treatment period (1870–1940). If the policy response index in both groups followed parallel trends prior to higher values for property prices, deposits, DC pensions, household debt, and policy commitment years, it adds to the credibility of our results because it is more plausible to assume that, in the absence of the treatment, the policy response in both groups would have followed parallel trends. Figure A.2 plots the average policy response by treatment group. In the pre-war period prior to the financialization of wealth, the democratization of leverage, and an accumulating ex ante policy commitment to financial stability, policy trends are similar in both the treatment and control countries. While the parallel trends assumption is fundamentally untestable, the parallel evolution in the pre-treatment period lends credibility to assumption that both groups would have followed the same policy trajectory in the absence of the treatment.

The Boix L&V sample includes two additional cases of countries — United States (1988) and Republic of Korea (1997) — that experienced the treatment of “highFIN” prior to the 2007–2008 period. We thus broaden our analysis of the Boix L&V sample to consider all countries that experienced the treatment in the post-1970 era. In these models our quasi-difference-in-differences estimates are captured in the interaction between “Post-1970,” an indicator set equal to 0 for crises before 1970 and 1 thereafter, and “Treatment,” a dichotomous variable indicating whether an observation belongs to the treatment or control group (where 1 = yes, 0 = no). Our results are again supportive of our argument, as the interaction term is significant in our model specifications (see Table A.52).

Figure A.2. *Pretreatment Trends in Government Policy Responses*

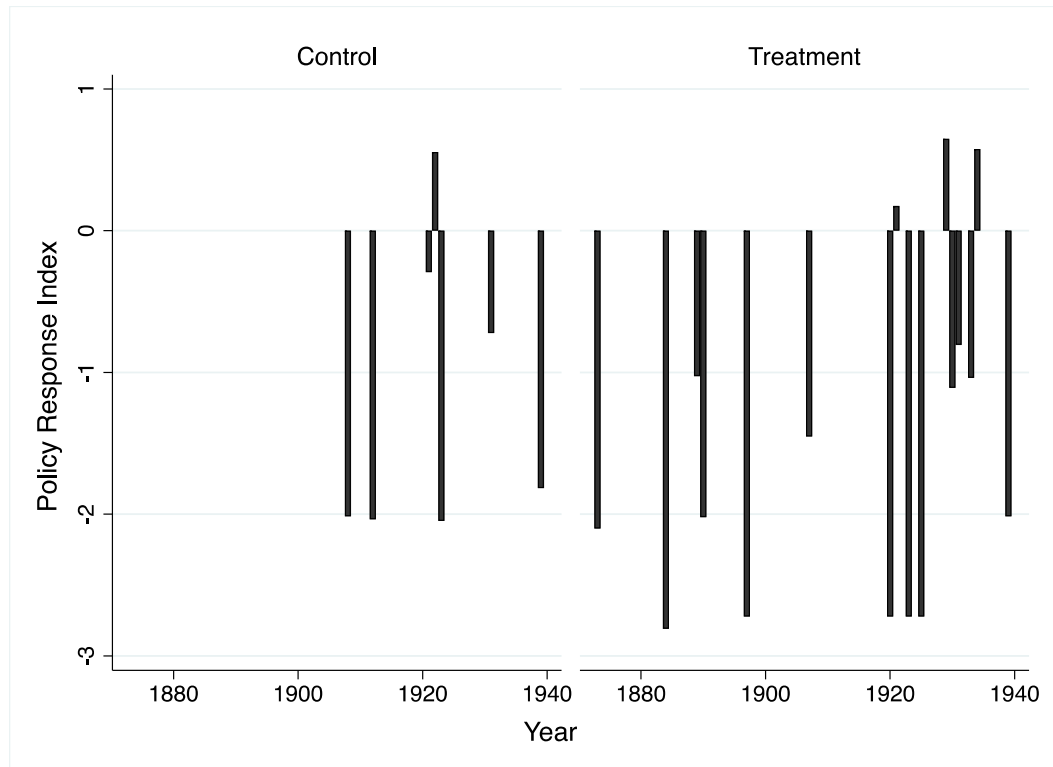


Table A.51. *“Quasi DiD” Results – L&V Policy Response Model – 2007–2008*

	Bois	Boix	Boix	Polity	Polity	Polity
	(1)	(2)	(3)	(4)	(5)	(6)
Year 2007-2008	1.144*** (0.270)	1.187*** (0.391)	1.190*** (0.400)	1.029*** (0.306)	1.090** (0.414)	1.085** (0.419)
Treatment	-1.552*** (0.345)	-1.333*** (0.415)	-1.299*** (0.444)	-1.882*** (0.323)	-1.685*** (0.391)	-1.704*** (0.426)
DiD	2.143*** (0.408)	2.033*** (0.454)	1.998*** (0.474)	2.530*** (0.387)	2.329*** (0.422)	2.346*** (0.447)
Degree of Democracy		0.0382 (0.0584)	0.0406 (0.0642)		0.120 (0.134)	0.123 (0.139)
GDP Per Capita (ln)		0.000761** (0.000369)	0.000783** (0.000377)		0.000540** (0.000265)	0.000516* (0.000285)
Public Debt / GDP		-0.0782 (0.209)	-0.0843 (0.214)		0.0187 (0.208)	0.0208 (0.209)
Fixed Exchange Rate		-0.344 (0.297)	-0.325 (0.302)		-0.337 (0.283)	-0.339 (0.283)
Partisanship			0.0659 (0.140)			-0.0351 (0.155)
Constant	0.444** (0.196)	0.540 (1.086)	0.402 (1.124)	0.558** (0.241)	-0.493 (1.528)	-0.458 (1.521)
Observations	112	103	101	92	89	89
R-squared	0.387	0.384	0.384	0.455	0.446	0.446

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.52. “*Quasi DiD*” Results – L&V Policy Response Model – Post-1970

	(1)	(2)	(3)
Post-1970	1.813*** (0.456)	1.979*** (0.503)	2.038*** (0.500)
Treatment	-0.409 (0.510)	-0.264 (0.577)	-0.182 (0.579)
DiD	1.663*** (0.537)	1.318** (0.621)	1.234* (0.625)
Degree of Democracy		0.0615 (0.0571)	0.0494 (0.0634)
GDP Per Capita (ln)		0.000572* (0.000324)	0.000593* (0.000330)
Public Debt / GDP		-0.0946 (0.152)	-0.114 (0.154)
Fixed Exchange Rate		0.212 (0.197)	0.260 (0.209)
Partisanship			0.120 (0.115)
Constant	-0.928** (0.426)	-1.221 (0.768)	-1.338* (0.794)
Observations	112	103	101
R-squared	0.524	0.538	0.544

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

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