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To my beloved Yumna, whose being is unparalleled in my universe.

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Achievements mean more when they are shared and celebrated with loved ones. I want to take a moment and show my gratitude to all my family and friends who have always supported and believed in me. My parents and siblings and parent-like maternal aunts and uncles all rooted and contributed towards my success. My family was always there for me to guide me and share my responsibilities so I could focus on my dreams.

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Abstract

The first chapter of this dissertation studies how campaign contribution laws affect welfare policies. The US political system is highly unequal as policy preferences of high-income citizens are often prioritized compared to low-income groups. It is also widely believed that interest groups employ campaign contributions to exercise bargaining power over political candidates. Evidence shows that stricter campaign contribution laws can reduce the bargaining power of interest groups over candidates and increase the say of low-income groups in policy matters. Thus, the effect of stricter contribution laws should also manifest as a shift towards relatively generous welfare policies. This paper analyzes the relationship between stricter campaign contribution laws and welfare policy across the state-wide legislative races from 1980 to 2018. The empirical results indicate that stricter contribution laws increase state real minimum wage and EITC rates. The effect of relatively stringent laws on welfare policy generosity is also evident when alternative welfare policy proxies are used.

The second chapter investigates how the political ideology of governments, specifically left-right partisanship, affects their decisions to enter into International Monetary Fund (IMF) loan programs and the conditionality requirements attached therein. Additionally, it explores how IMF programs and their conditionality requirements influence the ruling government's political ideology. Using an instrumental variable approach to address the endogeneity of IMF programs and conditions, the empirical analysis reveals that left-wing governments are less likely than right-wing governments to enter into IMF programs, while no significant effect is observed for centrist governments. However, left-leaning governments encounter fewer overall conditionality requirements compared to right-wing ones. The findings also indicate that the presence of an IMF program and a higher burden of conditionality requirements decrease the likelihood of left-wing or centrist parties winning or retaining public office, whereas they increase the probability of a right-wing party gaining power.

The third chapter analyzes the effect of left-wing, right-wing, and centrist political ideologies on productive capabilities across countries. Productive capabilities or export sophistication is the ability of an economy to produce and export a wide variety of highly sophisticated products. It is a strong determination of long-run economic growth and development. The ideology of incumbent political parties can determine a country's policy trajectory, thereby affecting the growth process. The evidence on the effect of political ideology on economic performance is mixed and inconclusive. The two-stage least-squares instrumental variable estimates show that left-wing governments do not affect productive capabilities, right-wing governments are hurt, and centrist ideology boosts a country's productive capabilities in the long run.

Chapter 1

Do Limits to Campaign Contribution Laws Affect Welfare Policy? Evidence from the US States

1.1 Introduction

The elected officials are responsible for legislative changes affecting people's social and economic welfare. However, political candidates' socio-economic and welfare policy preferences may be driven by electoral considerations (Downs, 1957a, 1957b). The self-seeking candidates use private money from campaign contributions to fund their political campaigns, including paid advertisements, public talks, disseminating policy and legislative information, providing political information to uninformed voters, etc. It is postulated that in a political marketplace, campaign contributions can be viewed as investments, and donors (i.e., interest groups) expect returns to these investments (Ansolabehere et al., 2003). It is not surprising, therefore, that the total amount of money in US statewide legislative races, House and Senate, has increased from approximately USD 290 million in 1990 to USD 790 million in 2018 in real terms, a 172% increase[1]. At the same time, the real minimum wage has been declining. Thus, campaign contributions are prominent in

[1]Source: FollowTheMoney.org. The value mentioned is in 1990 real USD.

US politics, influencing public policy. Imposing legal limits to campaign contributions can mitigate the bargaining power of interest groups over political candidates (Ansolabehere et al., 2002; Barber, 2016a; Fellowes and Wolf, 2004; Flavin, 2014; Fouirnaies and Hall, 2018; Hart, 2001; Hogan, 2005; Romer and Snyder Jr, 1994; Stratmann, 1995, 2002), empower low-income groups in politics (Flavin, 2014), and provide incentives to increase state-level welfare spending (Flavin, 2015). In this paper, I study the effect of campaign contribution laws on welfare policy in the US at the state level. In particular, I focus on state minimum wage (MW) and earned income tax credit (EITC) rate (as a % of the Federal rate) as welfare policy measures.

Campaign contributions can shape public policy. How? Several studies show that campaign spending by political candidates affects election outcomes, i.e., higher spending is positively associated with the likelihood of winning an election (Gerber, 1998; Hamm and Hogan, 2008; G. Jacobson, 1985; G. C. Jacobson, 1978; Meirowitz, 2008; Stratmann et al., 2006). Since legislative candidates aim to maximize vote shares, they use contribution money to gain support from uninformed and/or swing voters. This implies that candidates have an incentive to accumulate campaign contributions. The empirical evidence also suggests that interest (donor) groups use campaign contributions as a bargaining tool to either buy access and time (Ansolabehere et al., 2002) or to nudge candidates to legislate/vote for policies in line interest groups' agendas (Ansolabehere et al., 2002; Barber, 2016a; Fellowes and Wolf, 2004; Flavin, 2014, 2015; Fouirnaies and Hall, 2018; Hart, 2001; Hogan, 2005; Romer and Snyder Jr, 1994; Stratmann, 1995, 2002). Therefore, regulating the flow of campaign contributions can reduce the bargaining power of interest groups over political candidates. Minimizing external influence over legislative candidates by imposing legal limits on campaign contributions can maximize the likelihood of winning elections if candidates (re)align their policy platforms to reflect the preferences of their potential voters (Baron, 1994; Chamon and Kaplan, 2013; Coate, 2004; Cotton, 2009, 2012; Drazen et al., 2007; Grossman and Helpman, 1994, 1996; Kau et al., 1982; Kau and Rubin, 1981; Prat, 2002; Sahuguet and Persico, 2006).

How do strict campaign contributions laws lead to a generous welfare policy? The

US's political system is highly unequal in representing low-income groups. With fewer contributions in size and number, low-income groups in the US have little say over the policy environment (Bonica et al., 2013; Schlozman et al., 2012). In contrast, the median family income of campaign donors is nearly one and a half times higher, and the donor of the median dollar is about two times higher than that of US median income (Rainie and Keeter, 2008). Moreover, campaign donors enjoy relatively more bargaining power because the weight of their vote is effectively higher, consisting not only of their vote but also the number of votes their contributions can deliver (Schlozman et al., 2012). The theoretical and empirical evidence suggests that stricter campaign finance laws promote equality of representation in the US's political milieu (Cotton, 2012; Flavin, 2014; Overton, 2004). The US states with more stringent campaign finance laws also have higher public welfare expenditure (Flavin, 2015). Based on this discussion, we can postulate that the effect of stricter contribution laws should also manifest in relatively generous welfare policies.

In this study, I focus on four state-level campaign contribution laws[2]. Each contribution law is characterized by one of the four distinct donor groups: individuals, political action committees (PACs), corporations, and labor unions. The recipients are always political candidates. Thus, the four laws studied in this paper are contributions from individuals to candidates, contributions from PACs to candidates, contributions from corporations to candidates, and contributions from labor unions to candidates. While individual donors are primarily ideologically motivated (Barber, 2016a), individuals with businesses (or businesses/corporations) donate to influence tax policy (Fellowes and Wolf, 2004). On the other hand, PACs donate to seek influence and access to political candidates (Barber, 2016a) and empirical evidence supports that PACs' contributions influence policy (Romer and Snyder Jr, 1994; Stratmann, 1995, 2002). Moreover, evidence also suggests that labor unions use campaign contributions to lobby for pro-labor policies, including minimum wage (Burns et al., 2000; Kau and Rubin, 1981; Silberman and Durden, 1976). Each US state is heterogeneous regarding the presence and intensity of

[2]The institutional background of US's campaign finance laws is explained in the section 1.2.4 in Appendix A.

the four campaign contribution laws, minimum wage, and EITC policy. The variation in the treatment and outcome variables across the US states provides viable quasi-natural experimental grounds for this study.

I employ the Two-Way Fixed-Effects (TWFE) model as a baseline regression method to estimate the treatment effect of campaign contribution laws on minimum wage and EITC policy. During the last few years, new econometrics literature has proposed TWFE bias-corrected estimators for treatments that follow staggered adoption settings, for cases in which treatment status switches on and off for panel units over time, and when already-treated units are present in the data (Goodman-Bacon, 2021). Therefore, I also employ the Fixed Effects Counterfactual Estimator (FEct) by Liu et al. (2022) as an alternative to deal with potential TWFE bias. Note that each of the four contribution laws captures whether or not, in a particular year, a state allows unlimited contributions to candidates, prohibits contributions altogether, or enforces a maximum cap on the dollar value of contributions. Hence, in this paper, the terms 'unlimited', 'limited,' and 'prohibited' refer to the strictness level of each law. To estimate the treatment effects using TWFE models, I bunch together the 'limited' and the '‘prohibited' strictness levels to construct an indicator variable that takes the value of 1 when contributions are limited or prohibited and 0 when unlimited contributions are allowed. The four contribution laws are highly correlated as the presence of one law generally means that others may be present, too. Although the baseline regression gives the effect of each law independently, these estimates should not be considered solely as individual effects.

Overall, the results indicate stricter campaign contribution laws lead to higher state minimum wage and EITC rate (as a % of the Federal rate). The estimates mean that if the state real minimum wage is \$7.25, either limiting or prohibiting camping contributions from various donors can lead to approximately 1.5% to a 10% increase in real state minimum wage, which amounts to about a 10 to 72 cents increase. If a person is working 40 hours a week on \$7.25 hourly wage – the current federal minimum wage rate – and earning \$1,160 per month, then his/her wage would increase in the range of \$1,177 to \$1,276 per month. This may not look like a huge increase, but an extra \$116 may be significant for a minimum-wage worker. To put this into perspective, as of 2018, about 7% of the workers nationwide (approximately 14.5 million) earned at or below their respective state minimum wage levels[3]. Similarly, the state EITC rate can increase by 0.7 to 1.5 percentage points of the Federal rate. According to the Internal Revenue Service (IRS), approximately \$63 billion was disbursed among about 25 million eligible workers and families across the states in EITC during 2018; the average EITC amount for each recipient was about \$2,476 (IRS, 2019). Thus, we can potentially observe an increase from approximately \$63 billion to \$66.15 billion, a \$3.15 billion increase.

A potential concern with the empirical estimates could be that the political climate in states may be changing simultaneously as they pass campaign finance law changes. Hence, the TWFE estimates may not capture the causal effect of the contribution laws. Instead, they may signify a broader effect of a latent political shift that led to the contribution law and other policy changes like the minimum wage, EITC, etc. To deal with this omitted variable bias, I perform several sensitivity checks. The qualitative results do not change after robustness checks, indicating that the omitted variable bias may not be much of a concern.

Broadly, this paper fits into the literature examining the effect of laws on economic policies. At the same time, this paper identifies itself with the literature studying money in politics, particularly the effect of campaign contribution laws on policies (Flavin, 2015). To the best of my knowledge, the effect of campaign contributions on minimum wage in the US has been examined by only three studies, while I did not find any study on the EITC policy. For example, Kau and Rubin (1981) shows that campaign contributions by labor unions are a significant determinant of legislators' vote on minimum wage increases. Silberman and Durden (1976) and Burns et al. (2000) reports similar results. The former two studies are time-static and are restricted to the pre-1980 period. However, since the 1980s, major changes have occurred in the Federal and state minimum wage levels and campaign contribution laws. The later work, although covering a period between 1984 to 1992, is restricted to finding the impact of the Federal campaign finance regulations

[3] Author's calculations based on IPUMS Current Population Surveys (CPS) (Flood et al., 2023).

on the Federal minimum wage[4]. Thus, the relationship between state campaign finance laws and state minimum wage is largely unexplored.

The rest of the article is arranged as follows. Section 2 discusses the theory and literature. Section 3 describes the data, measurement, and descriptive statistics. Section 4 discusses the estimation method, regression equations, and empirical analysis. Finally, section 5 concludes this study.

1.2 Theory and Literature

A vast body of literature examines the role money can play in politics. While a consensus exists that campaign contributions can affect election outcomes, the effect of contributions on the winning probability of an incumbent or a challenger is still an area of scholarly disagreement (Gerber, 1998; Hamm and Hogan, 2008; G. Jacobson, 1985; G. C. Jacobson, 1978; Meirowitz, 2008; Pastine and Pastine, 2012; Stratmann et al., 2006; Vanberg, 2008). Therefore, political candidates – incumbents and challengers – are incentivized to maximize contributions to maximize their likelihood of electoral success. However, campaign contributions come at a cost. In a political marketplace, according to Ansolabehere et al. (2003), contributions can be considered investments, and interest groups expect returns on their investments.

In this section, I first reconcile the extant theoretical literature to argue that stricter campaign finance laws mitigate the bargaining power of interest groups over political candidates, leading to a discussion of empirical evidence of the influence of interest groups over the policy environment in US politics. Lastly, I describe why stricter campaign finance laws might affect welfare policy. I show that the stricter contribution laws lead to relatively generous welfare policies through two main channels: mitigating interest groups' influence over political candidates and increasing the political power of low-income groups.

[4]In a conference proceedings manuscript, Werner and Coleman (2013) do not find any robust evidence of the effect of state campaign finance laws on state minimum wage relative to the Federal minimum wage.

1.2.1 Effect of Campaign Finance Laws on Politics

Over the past four decades, several political economy models have been developed to explain the behavior of and interaction between voters, candidates, and interest groups (Ansolabehere et al., 2003; Baron, 1994; Chamon and Kaplan, 2013; Coate, 2004; Cotton, 2009, 2012; Drazen et al., 2007; Grossman and Helpman, 1994, 1996; Kau et al., 1982; Kau and Rubin, 1981; Prat, 2002; Sahuguet and Persico, 2006). Although somewhat different in their setting and assumptions, almost all of these models premise that interest groups use campaign contributions to exercise some bargaining power over the policy platforms of political agents. Enacting campaign contribution limits may curtail the bargaining power of interest groups over candidates.

Ansolabehere et al. (2003) provides five possible explanations for why interest groups engage in contribution activities. First, interest groups donate to garner direct policy favors, but their investments are a smaller percentage of the total contributions; hence, their returns are proportional to the contribution amount. Second, contributions buy access but do not guarantee political support. However, the informational exchange due to access may result in interest groups influencing candidates. Third, rather than changing the candidates' views, interest groups support those candidates whose policy platforms align with the group's agenda. Fourth, when individual donations may not affect an election outcome, PACs can overcome the collective action problem by coordinating individual donations that may have a bigger effect on an election. And lastly, corporate executives may feel privileged to be a part of the government; therefore, PAC contributions are made for consumption. Except for the fifth one, the rest of the explanations are premised on the idea that interest groups influence political candidates.

The spending of contribution money by political candidates for advertising is viewed from two perspectives in the theoretical literature: political advertising is used as a persuasion tool to garner support from swing (uninformed or non-partisan) voters, and advertising is employed as a signaling device by a candidate to signal his/her higher valence. Coate (2004) implement the former assumption in his model. He posits that in the presence of unrestricted campaign contributions, rational voters can anticipate that candidates who receive higher contributions would enact policies aligned with their donors' interests. Conversely, a candidate's ability to offer policy support to interest groups gets restricted in the presence of campaign contribution laws; this leads to fewer policy favors to interest groups. On the flip side, however, imposing stringent contribution limits is not free from drawbacks, e.g., narrowing the population exposed to advertising. The author suggests introducing 'clean' public financing of election campaigns using tax money to overcome these drawbacks.

Moving forward to the latter perspective, Prat (2002) considers advertisements a signaling device, i.e., indirectly providing information about a candidate's valence. He maintains that lobbies have more information about the valance of political candidates than voters. The amount of money candidates collect in contributions signals voters about candidates' valence. In this setting, high-type (or high-valence) candidates take contributions from interest groups to signal their type and, in the process, diverge their policy platforms from the median voter, resulting in a policy bias toward interest groups[5].

The non-linear relationship between contribution laws, targeted toward the bargaining role of political actions committees (PACs) and lobbies, is explored by Drazen et al. (2007). Their theoretical model, supported by empirical evidence, predicts that when lenient binding contribution caps exist, existing lobbies exhibit a stronger bargaining power, and new lobbies are formed. As caps become more stringent, new PAC formation starts to decline. When the strictness of the laws crosses a certain threshold level, new PACs begin to increase again. Alongside PAC formation, the bargaining power of special interest groups (SIGs) also increases. Drazen et al. (2007) further states that the model predictions can be generalized to donors other than PACs. The authors argue that contribution limits should be placed in tandem with other measures that can disincentivize new lobbies and PACs from emerging.

Regarding policy information asymmetries, Cotton (2009) proposes that interest groups are more informed about policies than political candidates. In this framework, candidates

[5]To keep the language consistent with Coate (2004), high-type candidates can also be thought of as qualified candidates and vice versa.

seeking donations can sell either access or policy favors to interest groups. Selling access means that candidates receive money and policy information in exchange for offering an ear (sell access) to interest groups. Because of welfare considerations, candidates are likelier to sell access when a policy is important to their constituents. Conversely, candidates prefer to sell policy favors (voting for an agenda, abstaining from voting, or advocating for specific legislative clauses) when they aim to maximize contributions. In selling policy favors, candidates typically disregard the benefits of a policy to their constituents. Imposing contribution limits decreases the marginal returns from selling access and policy favors. However, the effect of contribution limits on the decrease in marginal returns is greater for selling policy favors than selling access. Overall, Cotton's (2009) model depicts that contribution caps improve constituents' welfare. However, conditional on selling access, the contribution caps may also distort signaling attached to contributions, resulting in worse policies. Like Drazen et al. (2007), Cotton (2009) also show that an outright contribution ban may not be optimal. Interestingly, that empirical analysis of the Lobby Disclosure Act 1995 by Ansolabehere et al. (2002) shows that the amount of contributions by a lobbyist group depends on its preferences for gaining access. The groups with strong lobbying preferences contribute equally to both US political parties regardless of a party's ideological position. In contrast, groups engaged in less lobbying are more ideological in their donation patterns.

Finally, the model developed by Chamon and Kaplan (2013) allows multilateral contracting between the special interest groups (SIGs) and candidates on both sides of a race. The SIGs scarcely ever contribute to the candidates on opposite sides in the same race; however, they often display non-partisan behavior by donating to multiple political parties or candidates across legislative races. In doing so, the interest groups threaten to contribute to opposing candidates if a candidate now receiving contributions fails to offer a credible commitment to adjust her policy platform. Thus, a candidate would support SIGs in receiving contributions (equilibrium contribution) and prevent them from contributing to the opponent's campaign (out-of-equilibrium contribution). Therefore, SIGs can exercise an even greater influence over a candidate's policy platform by leveraging out-of-equilibrium contributions[6]. According to Chamon and Kaplan (2013), out-of-equilibrium threats become less credible when contribution limits become strict, leading to interest groups losing their bargaining power over candidates. However, this also raises the marginal returns to equilibrium contributions; hence, the total contributions may increase even when SIGs suffer from declining policy support by candidates.

Based on these studies, it can be argued that contribution caps and or stricter campaign contribution laws reduce the bargaining power of interest groups over political candidates. The nonlinearity of this effect does not invalidate the concern for higher regulation of campaign contributions. Absent contributions, a winning candidate's policy preferences should be aligned with her potential voters. There are, however, a few authors who digress from this line of argument. A state-level survey of interest groups performed by Hogan (2005) reveals that in the presence of campaign finance limits, interest groups shift to alternative means of influence such as independent spending and or advertising and endorsements. Ansolabehere et al. (2003) believe that small individual donors, who make up a significant percentage of the total contributions, dissolve the power of special interest groups in politics.

Overall, the literature points to a reduced influence of interest groups over candidates in the presence of stringent campaign contribution laws.

1.2.2 Empirical Evidence of the Influence of Interest Groups on Politics and Policies

The effect of campaign finance laws on the socioeconomic and welfare policy environment is relatively unexplored. In particular, we know little about how changes in the campaign contribution laws across the US states affect state minimum wage and EITC policy over time. This section first reviews the empirical literature focusing on the effect of campaign contribution laws on the policy environment. This is followed by a discussion of a handful

[6] The idea of out-of-equilibrium contributions is not exclusive to Chamon and Kaplan (2013), in fact, G. C. Jacobson (1978) defines the contribution received by a winner as a function of the contributions received by a losing candidate. Similarly, Kau et al. (1982) findings show that campaign contributions received by a losing candidate positively and significantly explain those received by a winner. Others also allow for out-of-equilibrium contributions (Helpman and Persson, 2001).

of studies exploring the link between contribution laws and minimum wage. To my knowledge, no such study exists for EITC policy.

Several studies have investigated the role of PAC contribution patterns in legislators' voting behavior. Romer and Snyder Jr (1994) find strong evidence of ties between PAC contributions, particularly trade associations and corporate PACs, and members of the congressional committees for US House elections from 1980-88. These ties are likely based on intertemporal relationships with PACs valuing committee seniority or expertise, not simply committee assignments. Stratmann (1995) posits that the timing of contributions by farm-interest PACs mattered for the voting behavior of legislators on various forms of agricultural subsidies between 1981 and 1985. Campaign contributions made around the same period as the roll-call voting had a larger impact than contributions made a few years earlier. He estimates that the farm interests would have lost five out of seven agendas between 1981 and 1985, on which the voting was conducted, had there been no campaign contributions. He goes on to suggest the effect of contribution laws can be compounded if contribution limits are kept in place over multiple election cycles.

In another paper, Stratmann (2002) addresses the simultaneity basis arising from the idea that interest groups strategically donate to only those candidates who, ex-ante receiving contributions, support interest groups' agenda. Thus, a higher proportion of money such candidates receive does not imply that money can buy votes. Stratmann solves this problem by exploiting time-series data to examine the effect of contributions by competing interest groups – belonging to insurance, investment, and commercial banking – on repealing the Glass-Steagall Act (1933) roll call votes. He concludes that interest groups buy the legislators' votes using PAC contributions, with contributions being most influential for junior legislators. When contributions from competing sources are partially offsetting, roll call votes are determined by net contributions.

Fellowes and Wolf (2004) employs a novel "tactical rationality" approach to study the relationship between businesses and legislators. For more than fifty business policy votes, their estimates show that businesses, or individuals with businesses, use contributions to influence regulatory tax policy. However, their influence is limited when it comes to pro-businesses government expenditures.

Perhaps one of the most comprehensive empirical studies on this subject is performed by Fouirnaies and Hall (2018). They theorize that if influencing policies matter to interest groups and if they act strategically, they should seek access to legislators who have the procedural power to make committee assignments. Using the difference-in-difference method on the data on US state procedural powers and legislative committee assignments from 1988 to 2004 across more than ninety-nine legislatures – which constitute 440,000 candidatecommittee observations – they show that interest groups reallocate significant sums of money to a legislature that attains procedural powers. The results indicate that interest groups seek direct and indirect access to policymakers via legislative procedures to influence policy processes.

Barber (2016b), studying the link between funding limits and legislators' ideology, reports that while limiting individual contributions polarizes the legislators, limiting PAC contributions promotes moderation. However, the effect of funding limits on legislators' ideology does not discount the influence motive of interest groups. In a different study, Barber (2016a) documents that PAC donations are motivated to gain access and influence over legislators, while individual donors are motivated primarily by ideology.

Moving forward, Flavin (2014) shows that state policy priorities are generally skewed toward the preferences of the higher-income residents. The skewness is relatively neutralized in states with stricter campaign finance disclosure requirements where the opinion of the citizens tends to be weighed more equally. Building upon his previous work, Flavin (2015) finds a positive and significant relationship between stricter campaign finance laws and public welfare spending, particularly cash assistance programs, in US states between 1977-2008.

Finally, the effect of campaign contributions on minimum wage has been studied by Silberman and Durden (1976), Kau and Rubin (1981), and Burns et al. (2000). They show that contributions made by labor unions determine a legislator's voting decision on minimum wage legislation. The works of Silberman and Durden (1976) and Kau and Rubin (1981) focus on the pre-1980 period and use a time-invariant dataset, whereas

Burns et al. (2000) focuses on the Federal campaign finance laws and minimum wages between 1984 and 1992. These three studies do not directly deal with the endogeneity problem. On the other side, to the best of my knowledge, the empirical relationship between campaign contribution laws and state ETIC policy has never been studied.

1.2.3 Effect of Camping Contribution Laws on Welfare Policy

A clear prediction of the literature discussed in the section 1.2.1 is that campaign contribution laws mitigate the bargaining power of interest groups over political candidates. This section draws a theoretical link between stricter contribution laws and the US's policy environment. In line with Flavin's (2014) argument, the main premise in this section is that stricter campaign finance laws promote the equality of representation in the US's political milieu and enhance the say of mass citizenry in the policy-making process. This culminates in policies relatively welfare-friendly policies.

Political inequality exists when there are structured differences in the way policy preferences of various groups are weighed in the policy-making process. In other words, some groups have more bargaining power over the policy environment than others. It is observed that high political inequality exists in US politics. The low-income citizens not only make relatively fewer campaign contributions in terms of size and number, but their influence over policy is also minuscule (Bonica et al., 2013; Schlozman et al., 2012). A survey conducted in August 2008 by Pew Internet and American Life Project (Rainie and Keeter, 2008) finds that campaign donors' income is about one and a half times higher than the median income, while the median income of the donor of the median dollar is nearly twice the median income of the population[7]. Note that most of the US's population belongs to middle and low-income groups[8]. Moreover, campaign donors' political power

[7]Median income of the donor of the median dollar is estimated by Schlozman et al. (2012) using Pew Internet and American Life Project August 2008 survey data. They obtain this figure by calculating the weighted average of the median income of each campaign donor by using the magnitude of campaign contributions as weights. They report that the median family income for all US citizens is $44,000, $48,000 is the value of the median income for registered voters, $56,000 for campaign workers, $66,000 for campaign donors, and $80,000 for donors by the median dollar

[8]As of 2018, Pew Research Center (Horowitz et al., 2020) reports middle and lower-income groups to account for about 48% and 10% of the US. This estimate of the percentage of the low-income population roughly coincides with the US Census Bureau's (Semega et al., 2019) poverty rate estimate of 11.8% in the same year.

weighs relatively more, consisting not only of their own vote but also the number of votes their contributions can deliver; hence, they also enjoy a greater say in determining a candidate's policy position (Schlozman et al., 2012). Thus, donor groups are far from an average (median) US voter.

According to Overton (2004), the main aim of campaign finance reforms should be to limit the contributions from large and wealthy donors and encourage the equality of political participation. Indeed, the empirical evidence by Witko (2006) and Flavin (2014) suggests that stricter campaign contributions laws at the state level promote equality of representation. Similarly, in a game theoretic model, Cotton (2012) postulates that politicians provide more access to and skew policies in favor of the wealthy groups – who contribute a higher sum to election campaigns – compared to relatively unwealthy groups, who seldom receive any policy favors. Caps on campaign financing limit political rents, weaken the dominance of wealthy groups, and lead to less-skewed policies.

Gilens (2009) shows that when it comes to the question of welfare and redistributive public spending, significant preference asymmetries exist between the US's high and low-income groups. This means that stricter contribution laws should result in relatively generous welfare policies through the channel of increased equality of representation of low-income groups and less influence of the wealthy on the policy environment. Therefore, it is unsurprising that Flavin (2015) finds states with stricter campaign finance laws to have higher welfare spending and relatively lower contributions from business interests.

1.2.4 Institutional Background of Campaign Finance Laws

There are three categories of campaign finance (CF) laws: disclosure requirements, public funding of campaigns, and contribution limits. These laws are enforced on recipients of campaign money. While the Federal CF laws exist, they are not binding on states. As of 2022, only sixteen states have independent agencies to sanction camping finance violations[9]. However, US Supreme Court rulings on CF laws are binding. Two of the more significant cases that shaped the CF laws in the US are Buckley v. Valeo, 424

[9] The sixteen states include Alaska, Arkansas, California, Connecticut, Georgia, Hawaii, Iowa, Kansas, Kentucky, Missouri, Nebraska, New Mexico, North Carolina, Oklahoma, Texas, and Washington.

U.S. 1 (1976) and Citizens United v. Federal Election Commission, 558 U.S. 310 (2010). The former allowed unlimited expenditures by candidates, while the latter permitted unlimited independent spending by any entity as long as the entity was not coordinating with political campaigns.

While all states have disclosure requirements, public funding of campaigns is optional for candidates in states that offer it. Public financing of campaigns is of two types: matching funds and clean elections. Under a matching funds program, candidates are encouraged to voluntarily limit contributions and election spending to receive a matching fund for the campaign. Candidates also must first obtain qualifying donations to receive a matching fund. In a clean elections program, candidates are encouraged to collect small contributions from a certain number of individuals to prove that they have the requisite public support to receive public funding; candidates must also voluntarily limit campaign spending. From 1980 to 2018, public financing was present in only 20.2% of the state-year observations, including only 3.74% state-year observations with clean elections[10]. Because of a lack of variation in disclosure requirements and the optional nature of public funding of campaigns, these two CF law categories are not mainly focused on this study.

Contribution limits, if present, apply to all candidates. Typically, states decide whether to allow unlimited contributions, limit or enforce a specific dollar amount cap, or prohibit contributions altogether. A donor group and a recipient group characterize each contribution law. The donors include but are not limited to individuals, PACs, corporations, labor unions, and political parties, while the recipients are political candidates, PACs, political parties, party committees, etc. The US states are heterogeneous in the presence, absence, and intensity of contribution laws. In this paper, I focus on four contribution laws only, including contributions from individuals to candidates, PACs to candidates, corporations to candidates, and labor unions to candidates. It is logical to focus on political candidates because they are primarily responsible for legislation.

[10]Arizona, Maine, and Vermont offer clean elections since 2000, Connecticut since 2008, and New Mexico since 2014.

1.3 Data

I use a panel of the US states from 1980 to 2017 to analyze the relationship between campaign contribution laws, minimum wage, and EITC policy at the state level[11]. The data on minimum wage, campaign contribution laws, and control variables are obtained from various sources. The summary statistics are given in Table C1 in Appendix C.

1.3.1 Outcome and Control Variables

The state-year level data on state minimum wage, EITC rate (as a percentage of the Federal rate), poverty rate, unemployment rate, state GDP per capita, the fraction of Democrats in a state's house, state governor's party, number of Medicaid beneficiaries, and percentage of low-income uninsured children comes from the University of Kentucky Center for Poverty Research National Welfare Dataset (UKCPR, 2023). The state minimum wages and GDP are converted from nominal to real series using the yearly Consumer Price Index (CPI) multiplier. States that do not have a refundable EITC program are coded as 0. States with EITC presence are given the value of the state EITC rate as a percentage of the Federal rate[12].

Furthermore, the percentage of the black population is estimated using IPUMS American Community Surveys (ACS) (Flood et al., 2022). The union membership data comes from Hirsch et al. (2001), housing price index (1990 base year) from Fannie Mae (Bogin et al., 2019), the number of firms from US Census Bureau's Business Dynamics Statistics (Bureau, 2022), and Gini coefficient comes from Correlates of State Policy Project (Jordan and Grossmann, 2020).

[11] The District of Columbia/Washington D.C. is not included in the sample.

[12] Figure A1 in Appendix B shows the state-year observations when the state minimum wage is greater than the federal minimum wage in both nominal and real terms. States with EITC presence are shown in Figure A2.

1.3.2 Treatments: Campaign Contribution Laws

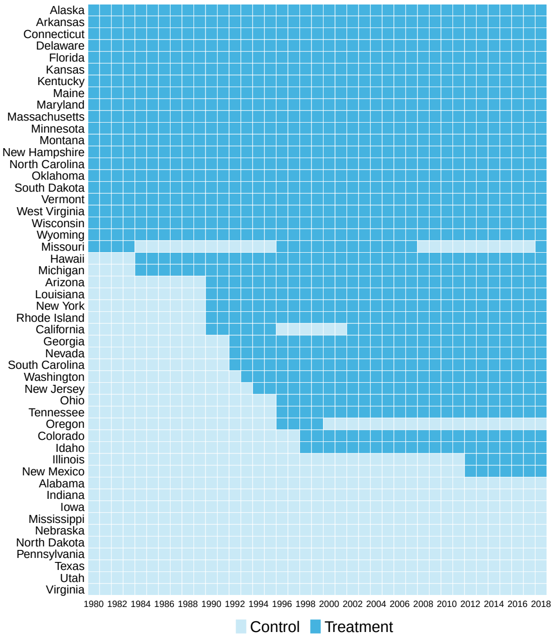
The data for the treatment variables, i.e., state campaign contribution laws, is taken from the Campaign Finance Institute (CFI, 2018) of the National Institute of Money in Politics (NIMP), a nonpartisan organization. The pre-1990 contribution laws data comes from Hamm and Hogan (2008). There are different types of campaign finance laws; however, for this paper, I focus on four contribution laws only. A donor and a recipient generally characterize a contribution law. For the four laws analyzed in this paper, the donors include individuals, political action committees (PACs), corporations, and labor unions, while the recipient is always a political candidate. Therefore, the four campaign contribution laws include laws applicable to contributions from individuals to candidates (*IndvToCand*), contributions from PACs to candidates (*PACToCand*), contributions from corporations to candidates (*CorpToCand*), and contributions from labor unions to candidates (*LaborTOCand*)[13]. Since elected legislative candidates vote on bills, analyzing contribution laws for candidates is warranted.

Each of the four laws can take three intensity or strictness levels based on whether a state allows unlimited contributions, enforces some cap on the maximum amount of contributions, or prohibits contributions altogether. Henceforth, I will use the terms 'unlimited', 'limited', and 'prohibited' to refer to the intensity/strictness level each law can take. The ternary-intensity levels are coded as 0, 1, and 2 for unlimited, limited, and prohibited conditions for each state-year combination. I combine the limited and prohibited categories to specify a binary treatment variable for estimation purposes. This allows me to have only two strictness levels for each of the four laws: 0 when unlimited contributions are allowed and 1 when a state imposes a maximum cap or prohibits contribution altogether[14]. However, the empirical analysis also uses the ternary-intensity contribution laws for robustness check purposes.

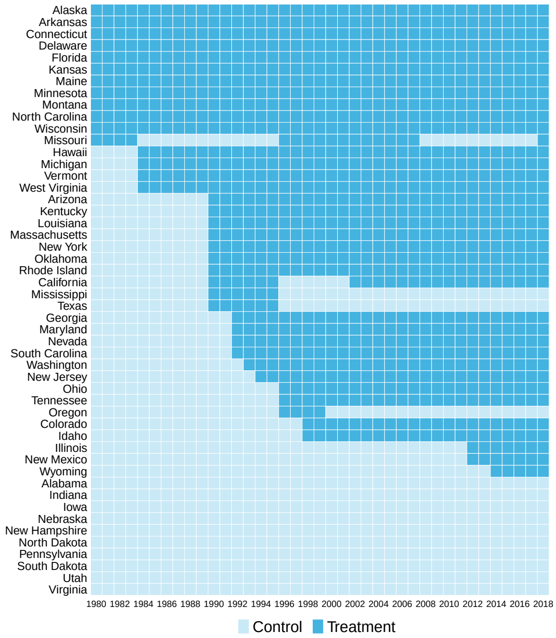
[13]The US's campaign contribution laws are not restricted to these four laws only. Other laws limit/allow contributions from different donors to different recipients. The donors may include individuals, PACs, political parties, corporations, and labor unions, while recipients may be political candidates, political parties, PACs, and labor unions. In addition, campaign finance laws also include disclosure requirements and public funding of campaigns.

[14]The re-coding scheme is shown in Table A2 in Appendix C

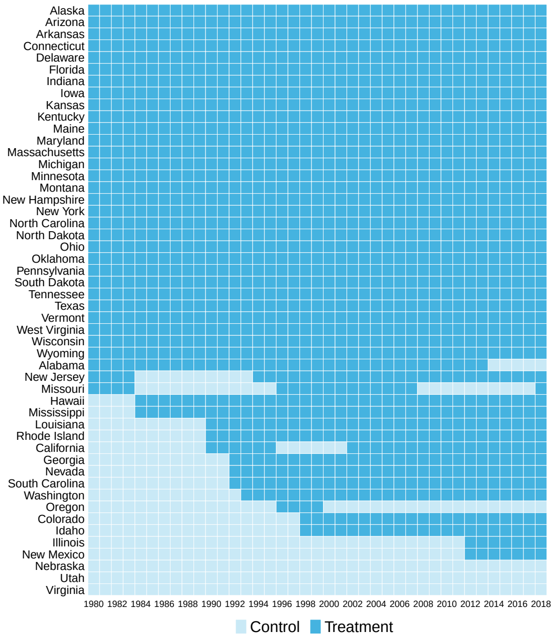
Figure 1: Heterogeneity in Campaign Contribution Laws Across States and Time



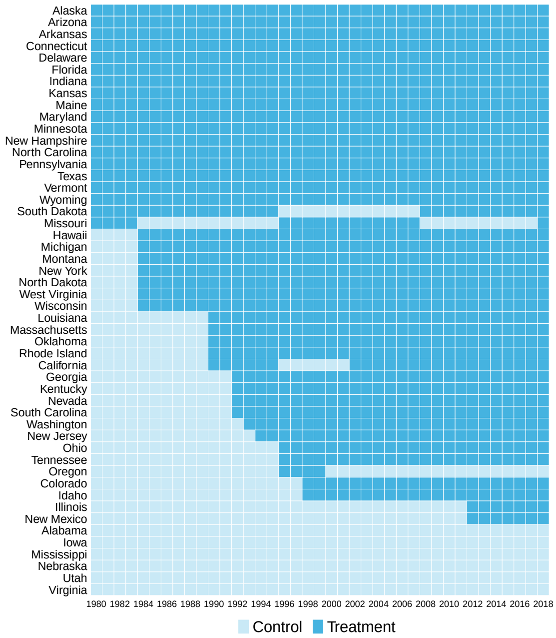
(a) *IndvToCand*



(b) *PACToCand*



(c) *CorpToCand*



(d) *LaborToCand*

Notes: Panels (a), (b), (c), and (d) give the heterogeneity in treatment and control status of the contribution laws, *IndvToCand*, *PACToCand*, *CorpToCand*, and *LaborToCand*, respectively, across states and over time. The light-shaded blocks represent the state-year observations under control status where unlimited contributions are allowed, and the dark-shaded blocks give the treatment status of state-year observations where contributions are limited or prohibited. There are four groups: always-treated states (dark-shaded from 1980 till 2018), classical control states (light-shaded from 1980 till 2018), treatment on-off switching states (both light and dark-shaded states in an irregular pattern), and timing/staggered-adoption states (dark-shaded treatment begin in different years and remains in place till the end of sample period).

The US states are heterogeneous regarding the presence and intensity of the four contribution laws. The Figure 1 shows this heterogeneity for the contribution laws with binary-intensity treatment status across time and cross-sectional units. A similar Figure A3 for the ternary-intensity treatment is given in Appendix B.

1.4 Empirical Analysis

1.4.1 Estimation Method

I estimate the treatment effect of stricter campaign contribution laws on state minimum wage and EITC policy for the US states from 1980-2017. However, estimating the average treatment effects on the treated (ATT) is not straightforward and presents three substantial empirical challenges.

Firstly, as shown in the Figure 1, contribution laws exhibit heterogeneous treatment timing or a staggered adoption setting, i.e., the timing of the treatment – when a law comes into effect – is different across the states. Secondly, the treatment status is switching on and off across time in a few states. For example, a state may implement a contribution law, discard it a few years later, and then implement a similar law again. In the dataset, a few states experience treatment switching only once, while others face it multiple times, e.g., New Jersey and Missouri in panel (c) of Figure 1, respectively. Lastly, in some states, the contribution laws were implemented before the start of the sample period. In other words, the 'always-treated' states have the laws in effect throughout the sample period, from or before 1980 till 2017, e.g., Alaska in all the panels of Figure 1. The three scenarios differentially apply to all four contribution laws. For simplicity's sake, I will use the terms 'timing states' for states that exhibit heterogeneous treatment timing, 'switchers' for states that experience treatment status switching on and off, and 'always-treated' for states with a contribution law in place throughout the sample period. In addition to this, the dataset also contains well-defined control (groups) states, e.g., Utah in all the panels of Figure 1. Similar to Figure 1, Table A3 in Appendix C shows the treatment and control status of different states for each of the four contribution laws (binary-treatment).

The Two-Way Fixed Effects Model (TWFE), known as the Generalized Difference-in-Difference Model, can be applied to timing and switching states. However, the recent advances in difference-in-difference and event-study literate (Borusyak et al., 2022; Callaway and Sant'Anna, 2021; de Chaisemartin and D'Haultfoeuille, 2020; Goodman-Bacon, 2021; Liu et al., 2022; Sun and Abraham, 2021) show that the TWFE estimates may be biased in the presence of heterogeneous average treatment effects (ATT) in a staggered adoption setting[15]. The bias stems from differential treatment timing and heterogeneous treatment effects (de Chaisemartin and D'Haultfoeuille, 2020), and/or early-treated units acting as a control group for late-treated units in a staggered/heterogeneous treatment timing setting (Goodman-Bacon, 2021). This bias can be so high that TWFE estimates may even bear an opposite coefficient sign.

Given the discussion above, we know there can be two bias-inducing groups in this study design: the always-treated states and the early-treated states serving as a control group for late-treated states among the group of timing states. I perform diagnostics – Bacon Decomposition – proposed by (Goodman-Bacon, 2021) to gauge the magnitude of the TWFE basis potentially originating from the always-treated and early-treated states as a robustness check. The Bacon Decomposition method is discussed in section 1.4.3 and 1.4.3.1 in Appendix A. The diagnostics (Table 1.2) reveal that always-treated states carry substantial weights, ranging from 37.8% for *PACToCand* to *80.3%* for *CorpToCand*, and may cause a bias in TWFE ATT estimates. After excluding always-treated states, the weights on early-treated states are relatively minuscule, ranging from 13.7% to 24%. To address the former concern and consistent with Callaway and Sant'Anna (2021), Borusyak et al. (2022), and Liu et al. (2022), I drop the always-treated states (listed in Appendix C Table A3) from the baseline regression model. This is because always-treated states can neither serve as a treatment nor a valid control group. To address the latter concern, I employ a counterfactual estimator by Liu et al. (2022) in section 1.4.4 to correct the TWFE bias.

[15] Roth et al. (2023), and de Chaisemartin and D'Haultfoeuille (2022) review the recent advances in difference-in-difference and event-study literate.

1.4.1.1 Regression Equation

The following regression equation is applied to capture the ATT of campaign contribution laws on state welfare policy:

$$Y_{st} = \beta_0 + \beta_1 law_{st} + \beta_2 X_{st} + \delta_s + \gamma_t + \varepsilon_{st} \tag{1.1}$$

where s is the state, t is the year, δ encompasses the year fixed effects, γ captures the state fixed effects, and ε is the idiosyncratic error term. The *law* represents the treatment variable(s), i.e., the campaign contribution laws. The main outcomes of interest Y are the state real minimum wage and EITC rate.

The set of control variables at the state level is given by X. This includes the fraction of Democratic legislators in the State House (*HouseDem*), the unemployment rate (*UnempRate*), the poverty rate (*PovertyRate*), and logged real state GDP per capita (*lnStateGDPPC*).

The fraction of democratic legislators captures the effect of partisanship and political ideology on the outcome variables. We should expect a positive association between a higher fraction of democratic legislators (more liberal ideology) and a generous welfare policy offered by a state.

I control the unemployment rate because higher unemployment may lead to relatively generous welfare programs.

Like unemployment, a higher poverty rate in a state may result in relatively generous welfare programs.

The real state GDP per capita captures the overall market size effect on minimum wage and EITC policy. A larger market size should positively affect the minimum wage and EITC policy.

Note that dropping the always-treated states from the regression analysis leads to the problem of too few clusters (states). When relatively fewer cross-sectional units, typically less than forty-two, the cluster-robust standard errors can lead to a false positive problem with a high over-rejection rate. In this case, the wild cluster bootstrap (WCB) standard errors perform better (Cameron and Miller, 2015; MacKinnon, 2019; MacKinnon et al., 2023). Therefore, I use the WCB standard errors for inference using the statistical software tools developed by Roodman et al. (2019).

1.4.1.2 Relation Among the Campaign Contribution Laws

The four contribution laws are added individually in each column in the baseline regression (in Table 1.1). In addition to the stand-alone effect, all four contribution laws must also have a combined effect on welfare policy[16]. I argue that the presence of one contribution law may lead to other contribution laws since the four contribution laws are highly correlated. The highest pairwise correlation is between *IndvToCand* and *PACToCand* with a coefficient of 0.83, whereas the lowest is 0.56 between *PACToCand* and *CorpToCand*. The correlations between other laws lie between 0.83 and 0.56. Therefore, caution is warranted while interpreting the results because it is possible that in regression analysis (see section 1.4), one law may pick up the effect of other laws due to their high correlation.

1.4.2 Two-Way Fixed Effects (TWFE) Estimator

I use the canonical Two-Way Fixed Effects (TWFE) model as my baseline specification to estimate the effect of contribution laws on state minimum wage and EITC policy. The TWFE model captures the average treatment effect on the treated (ATT). I employ re-coded binary-intensity contribution laws in all my specifications in the main text. The treatment variable takes the value of 0 when unlimited contributions are allowed. It takes the value of 1 when some contribution limit is in place, i.e., the dollar value of contributions is either limited to a maximum cap or prohibited altogether.

The TWFE model relies on a few assumptions. First is the parallel trends assumption. If this assumption holds, then, conditional on covariates, the expected value of the outcome in untreated/control states is equal to the expected value of the outcome in treatment states before the treatment is in effect, i.e., $E[Y(0)_{st}|X_{st}, D = 0] =$

[16] Other contribution laws, disclosure requirements, and availability of public funding should also have a combined effect on policies.

$E[Y(0)_{st}|X_{st}, D = 1]$, where $Y(0)$ is the value of outcome before treatment comes into effect, $D_{st} = 0$ and $D_{st} = 1$ represent control and treatment group. The second assumption is about constant treatment effects and an absence of carryover effects for binary treatment variables[17]. These identification assumptions are typical of DiD-type models and hold also for other bias-corrected TWFE estimators.

Table 1.1 shows the baseline TWFE estimation results from equation (1.1). It contains timing and switching states while always-treated states are excluded from the sample[18]. Columns (1) to (4) give the estimates for logged real state minimum wage, and columns (5) to (8) for state ETIC rate as a percentage of the Federal rate. Since the four contribution laws are moderate to strongly positively correlated, I add each contribution law one by one in specifications (1) to (4) and then (6) to (9), respectively.

The TWFE estimates in Table 1.1 show that contribution laws positively affect logged real state minimum wage and EITC rate. In columns (1) to (4), when the minimum wage is the outcome, the ATT estimates are only statistically significant for *CorpToCand* (at 1% level) and *LaborToCand* (at 5% level). Whereas in columns (5) to (8), all the four contribution laws estimates are significant for the EITC rate: at 1% for *IndvToCand* and *PACToCand*, 5% for *CorpToCand*, and 10% for *LaborToCand*. Quantitatively, limiting or prohibiting a contribution law should increase the minimum wage between 2.1% to 3.4% and the EITC rate by 0.7 to 1.6 percentage points.

Note that Labor Unions typically lobby for pro-labor policy. Therefore, the absence of contribution limits on labor unions is supposed to increase the minimum wage. However, limiting or prohibiting contributions from labor unions is raising the minimum wage in Table 1.1; this is counterintuitive. As discussed in section 1.2.3, *LabotToCand* law may be picking up on the effect of the presence of other laws. With some variation, all states that limit/prohibit corporate contributions to candidates also do so for labor unions.

[17] No carryover effects mean that treatment does not affect future outcomes; it affects the outcome only contemporaneously.

[18] Some additional TWFE estimates are provided in Appendix C. This includes the full-sample results in Table A4, without on-off treatment switching states only in Table A5, and without on-off treatment switching and always-treated states in Table A6. Appendix C also contains Table A7 that gives the estimates for ternary treatment intensity, i.e., when contribution laws take the values 0, 1, and 2 representing unlimited, limited, or prohibited contributions, respectively.

Table 1.1: (TWFE Estimates - Baseline) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.014				0.014***			
	(0.027)				(0.011)			
	[0.291]				[0.002]			
PACToCand		0.015				0.016***		
		(0.022)				(0.009)		
		[0.162]				[0.002]		
CorpToCand			0.034***				0.012**	
			(0.026)				(0.010)	
			[0.004]				[0.021]	
LaborToCand				0.021**				0.007*
				(0.020)				(0.010)
				[0.028]				[0.093]
HouseDem	0.180**	0.162**	0.240***	0.230***	0.146**	0.143**	0.127*	0.157**
	(0.072)	(0.067)	(0.075)	(0.061)	(0.061)	(0.056)	(0.068)	(0.062)
	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
UnempRate	0.395	-0.117	0.114	0.219	0.206	0.408***	0.053	0.191
	(0.792)	(0.622)	(0.837)	(0.587)	(0.233)	(0.260)	(0.267)	(0.214)
	[0.425]	[0.736]	[0.822]	[0.539]	[0.209]	[0.002]	[0.805]	[0.211]
PovertyRate	0.520**	0.373*	0.563**	0.367*	-0.055	-0.004	-0.130	0.122
	(0.352)	(0.276)	(0.327)	(0.281)	(0.136)	(0.143)	(0.147)	(0.150)
	[0.025]	[0.071]	[0.034]	[0.066]	[0.486]	[0.961]	[0.219]	[0.130]
lnStateGDPPC	0.165***	0.172***	0.450***	0.164***	0.104***	0.113***	0.197***	0.105***
	(0.134)	(0.099)	(0.169)	(0.104)	(0.079)	(0.053)	(0.110)	(0.065)
	[0.013]	[0.010]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
Constant	0.047	0.022	-3.042***	0.063	-1.177***	-1.286***	-2.155***	-1.212***
	(1.460)	(1.070)	(1.836)	(1.127)	(0.859)	(0.580)	(1.198)	(0.714)
	[0.713]	[0.729]	[0.004]	[0.668]	[0.000]	[0.000]	[0.000]	[0.000]
Observations	1,131	1,482	741	1,248	1,131	1,482	741	1,248
States	29	38	19	32	29	38	19	32
R-squared	0.528	0.608	0.581	0.538	0.496	0.590	0.452	0.491
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Robust standard errors clustered at the state level are in parentheses. The p-values of wild cluster bootstrap (WCB) standard errors are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

1.4.3 Bacon Decomposition

Goodman-Bacon (2021) shows the TWFE model, as given by equation (1.1), is a weighted average of all possible two-period and two-group (2x2s) DiD estimators in the data. The 2x2 DiD estimators compare staggered or "timing groups" to each other, where the weights on 2x2s DiD are proportional to the size of the timing groups and the treatment dummy variance in each pair. The middle-treated units carry the highest weight. The variance-weighted weights assumed by 2x2s of already-treated groups acting as a control group and late-treated treatments may have a negative value. This is because "when already-treated units act as controls, changes in their outcomes are subtracted, and these changes may include time-varying treatment effects". The author further explains that similar to a weighted average of all 2x2 DiDs, the pairwise common trends are also averaged by employing the variance-based decomposition weights. The magnitude of the bias in treatment effects estimates from the differential trends in timing groups equals the difference between the total weights on the 2x2 DiD treatment and control group. The units treated near the end or the beginning of the panel can carry higher weight as control units than treatment units because of their lower treatment variance. The previous sentence is always true for study designs without untreated units. Goodman-Bacon et al. (2022) also developed a diagnostic tool to assess the weights across all timing groups.

1.4.3.1 TWFE Diagnostics

As described in section 1.4.1, the TWFE estimator can be biased in a staggered adoption setting for timing states when the treatment effects are heterogeneous. The bias source is already-treated units acting as control units for later-treated treatment units. In this section, I estimate the results from Table A5 using the decomposition theorem proposed by Goodman-Bacon (2021)[19]. The author shows that the TWFE estimator is a weighted average of all possible two-period and two-group DiD estimators (or 2x2's) in the data.

[19] I use the STATA module developed by Goodman-Bacon et al. (2022) to perform the Bacon decomposition.

Table 1.2: (TWFE Diagnostics - Without Switching States) Summary of Coefficients and Weights For All the Two-Group and Two-Period (2x2) DID Estimates by State Groups

	IndvToCand		*PACToCand*		*CorpToCand*		*LaborToCand*	
	Coefficient	Total Weight	Coefficient	Total Weight	Coefficient	Total Weight	Coefficient	Total Weight
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Panel (A1): Log(State Real MW)							
Timing	0.008	0.155	-0.011	0.279	0.055	0.117	0.017	0.267
- Early-Treated [C] VS Late-Treated [T]	-0.021	0.061	-0.058	0.108	0.012	0.047	-0.028	0.080
- Late-Treated [C] VS Early-Treated [T]	0.026	0.094	0.018	0.171	0.085	0.069	0.036	0.187
Always-Treated [C] VS Timing [T]	0.027	0.553	0.044	0.378	0.055	0.803	0.023	0.542
Never-Treated [C] VS Timing [T]	0.033	0.291	0.037	0.343	0.012	0.080	0.053	0.191
	Panel (A2): State EITC Rate							
Timing	0.012	0.155	0.006	0.279	0.019	0.117	0.006	0.267
- Early-Treated [C] VS Late-Treated [T]	0.010	0.061	0.023	0.108	-0.004	0.047	0.003	0.080
- Late-Treated [C] VS Early-Treated [T]	0.014	0.094	-0.004	0.171	0.034	0.069	0.007	0.187
Always-Treated [C] VS Timing [T]	-0.008	0.553	-0.004	0.378	-0.020	0.803	-0.018	0.542
Never-Treated [C] VS Timing [T]	0.017	0.291	0.021	0.343	-0.028	0.080	0.000	0.191
Observations	1,755		1,716		1,716		1,755	
States	45		44		44		45	
	Panel (B1): Log(State Real MW)							
Timing	0.008	0.348	-0.011	0.448	0.055	0.592	0.017	0.583
- Early-Treated [C] VS Late-Treated [T]	-0.021	0.137	-0.058	0.173	0.012	0.240	-0.028	0.174
- Late-Treated [C] VS Early-Treated [T]	0.024	0.207	0.018	0.275	0.085	0.352	0.036	0.409
Never-Treated [C] VS Timing [T]	0.033	0.652	0.037	0.552	0.012	0.408	0.053	0.417
	Panel (B2): State EITC Rate							
Timing	0.012	0.348	0.006	0.448	0.019	0.592	0.006	0.583
- Early-Treated [C] VS Late-Treated [T]	0.010	0.137	0.023	0.173	-0.004	0.240	0.003	0.174
- Late-Treated [C] VS Early-Treated [T]	0.014	0.211	-0.004	0.275	0.034	0.352	0.007	0.409
Never-Treated [C] VS Timing [T]	0.017	0.652	0.021	0.552	-0.028	0.408	0.000	0.417
Observations	1,014		1,287		546		1,092	
States	26		33		14		28	

Notes: The TWFE decomposition diagnostics by Goodman-Bacon (2021) without covariates are displayed. Only on-off treatment switching states are excluded from panels (A1) and (A2). Both the on-off treatment switching and always-treated states are excluded from panels (B1) and (B2). The respective diagnostic Table 1.3 with covariates is given in Appendix C. For each treatment, the ATT is a weighted average of all 2x2 DiD estimates calculated by multiplying the Coefficient with the Total Weight and then summing over each group, where weights add up to 1. The timing group represents states with a staggered-adoption treatment setting where early-treated states serve as a control group for late-treated ones and vice versa; always-treated states, also serve as a control group, are the ones for which the treatment begins before the sample period and remain in effect until the end; never-treated states are classic control groups. The symbol [C] represents the control group, and [T] the treatment group, e.g., in the ‘Early-Treated VS Late-Treated’ group, the states treated earlier serve as a control group for later treated states.

Table 1.3: (TWFE Diagnostics With Covariates) Summary of Coefficients and Weights For All the Two-Group and Two-Period (2x2) DID Estimates by State Groups

	IndvToCand		PACToCand		CorpToCand		LaborToCand	
	Coefficient	Total Weight	Coefficient	Total Weight	Coefficient	Total Weight	Coefficient	Total Weight
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Panel (A1): Log(State Real MW)							
Treatment (Timing)	0.008	0.161	-0.008	0.283	0.061	0.119	0.018	0.273
Always-Treated [C] VS Timing [T]	0.027	0.570	0.045	0.397	0.057	0.817	0.023	0.566
Never-Treated [C] VS Timing [T]	0.052	0.259	0.059	0.313	0.068	0.055	0.089	0.159
Always-Treated [C] VS Never-Treated [T]	-0.003	0.000	0.149	0.000	-0.844	0.000	-2.070	0.000
Within	-0.406	0.009	-0.234	0.007	0.414	0.009	0.300	0.003
	Panel (A2): State EITC Rate							
Treatment (Timing)	0.009	0.161	0.007	0.283	0.019	0.119	0.005	0.273
Always-Treated [C] VS Timing [T]	-0.009	0.570	-0.004	0.397	-0.020	0.817	-0.019	0.566
Never-Treated [C] VS Timing [T]	0.019	0.259	0.024	0.313	-0.027	0.055	0.003	0.159
Always-Treated [C] VS Never-Treated [T]	-1.004	0.000	-1.081	0.000	0.939	0.000	-0.742	0.000
Within	-0.532	0.009	-0.342	0.007	-0.133	0.009	-0.292	0.003
Observations	1,755		1,716		1,716		1,755	
States	45		44		44		45	

	IndvToCand		PACToCand		CorpToCand		LaborToCand	
	Coefficient	Total Weight	Coefficient	Total Weight	Coefficient	Total Weight	Coefficient	Total Weight
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Panel (B1): Log(State Real MW)							
Treatment (Timing)	0.010	0.387	-0.002	0.475	0.062	0.678	0.019	0.628
Never-Treated [C] VS Timing [T]	0.056	0.581	0.062	0.501	0.070	0.307	0.094	0.336
Within	-0.428	0.032	-0.054	0.024	-0.330	0.015	-0.228	0.037
	Panel (B2): State EITC Rate							
Treatment (Timing)	0.007	0.387	0.009	0.475	0.019	0.678	0.002	0.628
Never-Treated [C] VS Timing [T]	0.019	0.581	0.026	0.501	-0.026	0.307	0.002	0.336
Within	-0.044	0.032	-0.036	0.024	0.077	0.015	-0.073	0.037
Observations	1,014		1,287		546		1,092	
States	26		33		14		28	

Notes: The TWFE decomposition diagnostics by Goodman-Bacon (2021) with covariates are displayed. Only on-off treatment switching states are excluded from panels (A1) and (A2). The on-off treatment switching and always-treated states are excluded from panels (B1) and (B2). For each treatment, the ATT is a weighted average of all 2x2 DiD estimates calculated by multiplying the Coefficient with the Total Weight and then summing over each group, where weights add up to 1. The timing group represents states with a staggered-adoption treatment setting where early-treated states serve as a control group for late-treated ones and vice versa; always-treated states, also serve as a control group, are the ones for which the treatment begins before the sample period and remain in effect until the end; never-treated states are classic control groups; within is the residual term. The symbol [C] represents the control group, and [T] the treatment group, e.g., in the 'Early-Treated VS Late-Treated' group, the states treated earlier serve as a control group for later treated states.

His method allows me to decompose the DiD estimates into its "sources of variation" or different 2x2 DiDs and observe the weights placed on each combination of timing, treatment, and control groups. This method does not apply to switcher units. Therefore, I dropped the states that experienced on-off treatment switching patterns to perform the diagnostics.

The 2x2 DiD coefficients and the weights associated with each state group are given in Table 1.2. The covariates are not included in the table to fully decompose the timing group. The diagnostics with covariates are reported in Table 1.3. In Table 1.2, the timing states are the ones that experience treatment at different periods akin to a staggered-adoption setting. These states serve as a control group in two ways. One, states treated later in the sample period act as a control group for those treated earlier. Two, states treated earlier serve as a control for states treated later in the sample. The always-treated states are the ones for which the treatment came into effect before the start of the sample period and remained in effect until the end. The classical control group of the never-treated states has never undergone the treatment. The switching states are excluded because of the diagnostic tool's limitations. The coefficient for each state group is depicted in odd columns, and its associated total weight is in even columns. The symbol [C] represents the control and [T] the treatment group; for example, in the 'Always-Treated VS Timing' group, the always-treated states act as the control group, and timing states serve as the treatment group. Since the same contribution laws are used for state minimum wage and EITC rate, the weights associated with each treatment variable are the same in both panels (A1) and (A2), but the coefficients vary.

In panels (A1) and (A2), the ATT estimate from 'Always-Treated VS Timing' states carry the highest weights across all contribution laws: 53.3% for *IndvToCand*, 37.8% for *PACToCand*, 80.3% for *CorpToCand*, and 54.2% for *LaborToCand*. Relative to other contribution laws, *CorpToCand* also has the highest number of states that fall in the always-treated category, thirty-one (31) to be precise. The timing states have relatively low-moderate weights ranging from 11.7% to 27.9%, of which 4.7% to 10.8% comes from early-treated states serving as the control group, and 6.9% to 18.7% comes from late-treated states serving as the control. Similarly, the 'Never-Treated VS Timing' states also depict relatively low-moderate weights ranging from 5.5% to 31.3%.

Recall from section 1.4.1 that early-treated and always-treated states serving as a control group can be a source of bias in TWFE estimates. From A1 and A2, the always-treated states carrying considerable weight can potentially bias the TWFE estimates. The 'Early-Treated VS Late-Treated' group carries less than $\frac{1}{10}^{th}$ of the total weight and may not be as large a source of a bias in TWFE estimates in Table A5. The always-treated states having substantial weights are likely to produce a bias. Therefore, excluding the always-treated states from the baseline regression in Table 1.1 was imperative.

Next, I perform another decomposition diagnostic without covariates to gather evidence for early-treated states bias in Table 1.1. Now, I exclude both switching and always-treated states in panels (B1) and (B2) of Table 1.2. After excluding always-treated states, only timing and 'Never-Treated VS Timing' states are left in panels (B1) and (B2). The weights on 'Never-Treated VS Timing' states have increased from a range between 5.3% and 34.3% in panels (A1) and (A2) to 40.8% and 65.2% in panels (B1) and (B2). In the 'Never-Treated VS Timing' group, the never-treated states act as the control group, and timing states serve as the treatment group. Within the timing states, the 'Early-Treated VS Late-Treated' group carries about 13.7% to 24% of the weight. As discussed earlier, the bias stems from the early-treated states serving as a control group for late-treated states. The relatively lower weights associated with the 'Early-Treated VS Late-Treated' group indicate that bias may be low. However, caution is advised while taking the TWFE estimates at their face value.

Given the discussion in this section, employing the bias-corrected estimators proposed in the recent literature may be a good option.

1.4.4 Fixed-Effect Counterfactual Estimator (FEct)

The fixed-effects counterfactual estimator(s) (FEct) is proposed by Liu et al. (2022). The main advantage of the FEct estimator over other alternatives is that it best fits my study design. It permits staggered adoption or heterogeneous treatment timing, on-off treatment pattern within a unit over time, and heterogeneous treatment effects across units, and does not impose negative weights to correct the TWFE bias[20]. FEct does not allow the presence of always-treated states.

FEct considers treatment observations as missing and utilizes the observations in control (group) conditions to assign model-based estimated counterfactuals to the treatment group. Therefore, it addresses the estimation bias and the negative weights problem by conceiving uniform weights on individual treatment effects on treated observations and not employing the treatment observations at the modeling stage. In other words, the (treated observations of) early-treated states never serve as a control group for late-treated states. The main assumptions of the FEct estimator are discussed in the section 1.4.4.1 in Appendix A.

For the estimation of the ATTs, I use the interactive fixed-effects estimator (IFEct)[21]. IFEct allows decomposable time-varying confounders by estimating the interactions between time-varying coefficients and unit-specific intercepts. The IFEct factor-augmented model can relax the strict exogeneity assumption when time-varying unobserved confounders may bias the TWFE results (Bai, 2009; Bai and Ng, 2023; Xu, 2017).

1.4.4.1 FEct Assumptions

The FEct mainly relies on three assumptions. First is a function form assumption, i.e., $Y_{st}(0) = f(X_{st}) + h(U_{st}) + \varepsilon_{st}$, where $Y_{st}(0)$ is the potential outcome when treatment status $D_{st} = 0$, X_{st} and U_{st} are vectors of exogenous covariates and unobserved factors, respectively, $f(.)$ and $h(.)$ are known parametric functions, and ε_{st} is the idiosyncratic error. The second is strict exogeneity assumption ($\varepsilon_{st} \perp\!\!\!\perp [D_{st}, X_{st}, U_{st}]$). The first and the second assumptions constitute quasi-randomization of the treatment conditional on X and U. They rule out carryover and anticipation effects; however, carryover effects are permitted in a staggered adoption setting. When $h(U_{st})$ equals year and unit fixed-effects, the strict

[20]For a comparison for FEct to other estimators, note that Goodman-Bacon (2021) TWFE diagnostics do not allow on-off treatment switching pattern. Similarly, Callaway and Sant'Anna's (2021) cohort ATE estimator neither allows on-off treatment switching pattern nor always-treated units, etc.

[21]Depending upon their performance in the placebo and no pre-trends diagnostic tests, Liu et al. (2022) suggest starting with FEct estimator first, followed by IFEct, and then followed by MC.

exogeneity implies parallel trends assumption. The third assumption is the existence of a low-dimensional decomposition of $h(U_{st}) : h(U_{st}) = L_{st}$, and $rank(L_{N \cdot T}) \ll min\{N, T\}$. This assumption allows to condition the unobserved confounders by approximating U_{st}. For example, if in a unidimensional equation $U_{st} = f_t.\lambda_s$, the common time-trend f_t may have a differential effect on each unit s, where λ_s captures this heterogeneity. When f_t is constant, U_{st} equals only unit fixed-effects, and when λ_s is constant, U_{st} reduces to time fixed-effects only.

The FEct estimation process follows four steps. In step one, the untreated observations subset fits a Y_{st} model. This step utilizes the functional form of $f(X_{st})$ and $h(U_{st})$, and on the low-dimensional decomposition of U to obtain $\hat{f}$ and $\hat{h}$. Step two employs $\hat{f}$ and $\hat{h}$ to predict the counterfactual outcome for each treated observation, i.e., $\widehat{Y_{st}}(0) = \hat{f}(X_{st}) + \hat{h}(U_{st})$. The treatment effect for each treated unit is estimated in step three using $\widehat{\psi_{st}} = Y_{st} - \widehat{Y_{st}}(0)$. In the fourth and last step, the averages of $\widehat{\psi_{st}}$ are calculated to obtain the estimated average treatment effect $\widehat{ATT}$. This estimation process can be used with any of the three estimators, including the fixed-effects estimator (FEct), interactive fixed-effects estimator (IFEct) (Bai, 2009; Bai and Ng, 2023; Xu, 2017), and the matrix-completion estimator (MC) (Athey et al., 2021).

For the estimation of the ATTs, I use the interactive fixed-effects estimator (IFEct). It allows decomposable time-varying confounders by estimating the interactions between time-varying coefficients and unit-specific intercepts. The IFEct factor-augmented model can relax the strict exogeneity assumption when time-varying unobserved confounders may bias the TWFE results (Bai, 2009; Bai and Ng, 2023; Xu, 2017). Using a factor-augmented model, IFEct determines the response surface of untreated potential outcomes as follows:

$$Y_{st}(0) = X'_{st}\beta + \delta_s + \gamma_t + \lambda'_s f_t + \varepsilon_{st} \,\forall\, (s, t) \tag{1.2}$$

where $f(X_{st}) = X'_{st}\beta)$ and $h(U_{st}) = \delta_s + \varepsilon_{st} + \lambda'_s f_t$; the term $U_{st} = \lambda'_s f_t$ accounts for time-varying decomposable confounders. IFEct is consistent when the model is correctly specified, i.e., $\widehat{ATT} \xrightarrow{p} ATT$ as $N, T \to \infty$.

1.4.4.2 IFEct Estimates

I now estimate the IFEct dynamic treatment effects (dATT) and present them in a plot that gives the treatment effects' temporal heterogeneity. I employ the following regression equation to estimate dATT:

$$Y_{st} = \beta_0 + \beta_1 \Sigma_{k=0}^{k=-15} \widehat{\psi_{sk}} + \beta_2 \Sigma_{k=7}^{k=1} \widehat{\psi_{sk}} + \beta_3 X_{st} + \delta_s + \gamma_t + \varepsilon_{st} \tag{1.3}$$

where k is the time relative to treatment ($k = 1$), $\Sigma_{k=0}^{k=-15}$ represent fifteen pre-treatment periods, $\Sigma_{k=7}^{k=2}$ gives six post-treatment periods, $\widehat{\psi_{st}}$ equals the means of differences between Y_{st} and $\widehat{Y_{st}}(0)$, i.e., $\widehat{\psi_{st}} = Y_{st} - \widehat{Y_{st}}(0)$ for units in the treatment group. All other characters are already defined in section 1.4.1.1.

The dynamic treatment plot by Liu et al. (2022), which takes means of the differences between Y_{st} and $\widehat{Y_{st}}(0)$, is different from the conventional event study, which plots the interaction terms between pre and post period dummies and treatment status dummy. The authors argue that their approach has two main advantages. First, the conventional treatment plot does not allow heterogeneous treatment effects across time; it assumes constant treatment effects for all treated units in a given period. IFEct dynamic treatment plot allows for heterogeneous treatment effects across units in the same period. Second, the method to estimate the IFEct dynamic treatment plot automatically sets the base category "at a unit's untreated average after the time effects are partialed out". A researcher does not necessarily have to choose a base category because untreated means are already subtracted from $\widehat{\psi_{st}}$'s estimation.

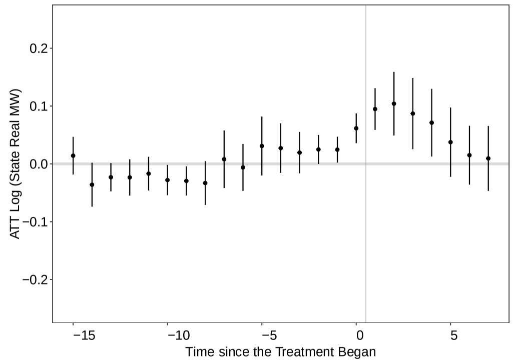
The dynamic average treatment effects (dATT) of the four contribution laws are shown in Figure 2 and Figure 3 for real state minimum wage and EITC rate as a percentage of the Federal rate, respectively. For both the figures, the time since the treatment is given on the x-axis with 0 marking one period before the treatment onset. The vertical line at period 1 differentiates pre-treatment periods on the left from the post-treatment periods on the right. The dATT estimates are on the y-axis, where the vertical bars mark the 95% confidence intervals. The dATT IFEct estimates are reported in Appendix C in Table A8[22].

Figure 2 displays the dynamic treatment plot for state minimum wage. The panels (a), (b), (c), and (d) represent one of the four contribution laws in the order of *IndvToCand*, *PACToCand*, *CorpToCand*, and *LaborToCand*, respectively. The dATT coefficients in the pre-treatment period hover around the zero line for at least seven years before the treatment onset for all four contribution laws, pointing towards a lack of pre-trends. For periods -14 to -8, we observe pre-trends. However, the pre-trends are negative and unlikely to bias the dATT estimates. Furthermore, in all the panels, we can see that the real state minimum wage starts to increase one period before the onset of the contribution laws and keeps expanding for about three to four periods before settling down. The increase of the minimum wage one period before the treatment hints towards the presence of anticipation effects. I argue, however, that anticipation effects may not be a concern since legislative changes can typically be anticipated over an electoral term. These reasons may include but are not limited to legislative agendas being announced before elections, legislative expectations based on whether the Democrats or Republicans control the State House, Senate, and or the Governor's office, and legislation by a state to either increase or adjust the minimum wage for inflation in the next (few) year(s).

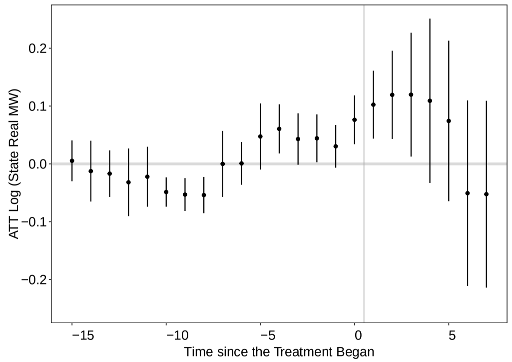
In all the panels for the EITC rate in Figure 3, we can see that the coefficients hover around the zero line with two exceptions. First, period -6 is negative in all panels, and ATT in period -7 is positive and significant for *CorpToCand* law in (c). Unlike the minimum wage, the EITC rate starts increasing one period after the onset of the treatments, and this effect persists for three periods thereafter before waning off.

[22] As a robustness check, I also estimate the dynamic ATT using fifteen, twelve, and nine, pre and post-periods. These dATT estimates are provided in Table A9, Table A10, and Table A11, respectively. The results do not change qualitatively.

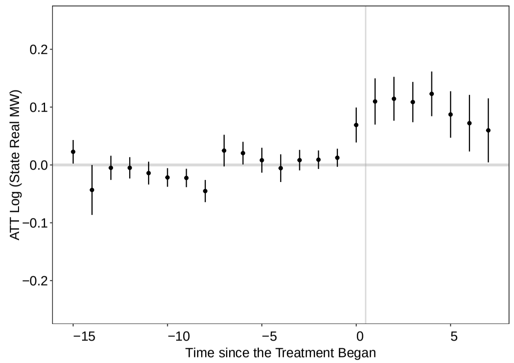
Figure 2: (IFEct Dynamic Treatment Plot) The Dynamic Average Treatment Effect of Campaign Contributions Laws on Real State Minimum Wage Relative to the Treatment Time.



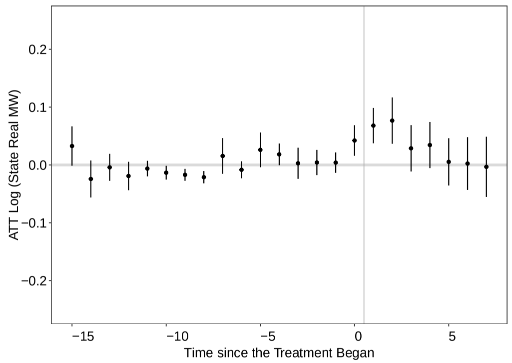
(a) *IndvToCand*



(b) *PACToCand*



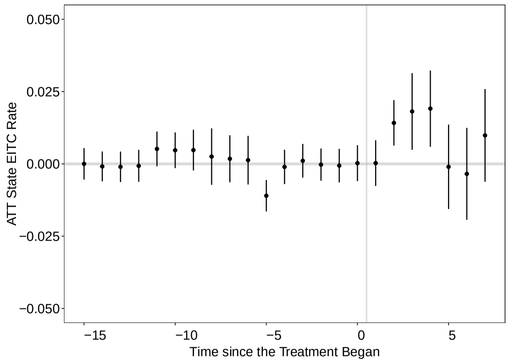
(c) *CorpToCand*



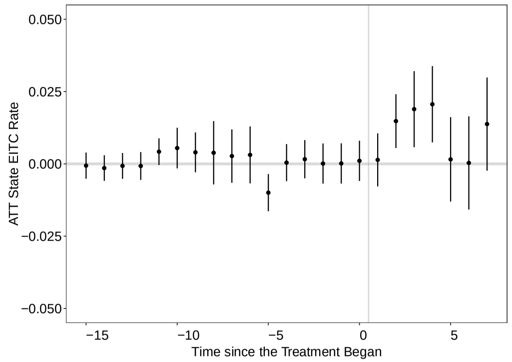
(d) *LaborToCand*

Notes: The dynamic average treatment effects (dATT) plot for the effect of contribution laws on real state minimum wage. Fifteen pre and six post-treatment periods are employed using the interactive fixed-effects counterfactual estimator (IFEct) by Liu et al. (2022) produced using equation 1.3. The 0 on the x-axis marks the one period before the treatment onset. ATT estimates are given on the y-axis. The vertical bars represent the 95% confidence intervals. The always-treated and states with untreated periods <5 are excluded from the counterfactual estimations.

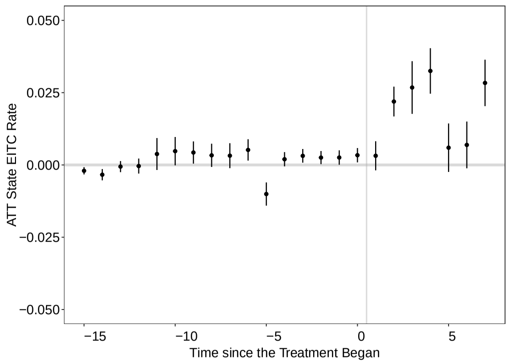
Figure 3: (IFEct Dynamic Treatment Plot) The Dynamic Average Treatment Effect of Campaign Contributions Laws on Real State EITC Rate Relative to the Treatment Time.



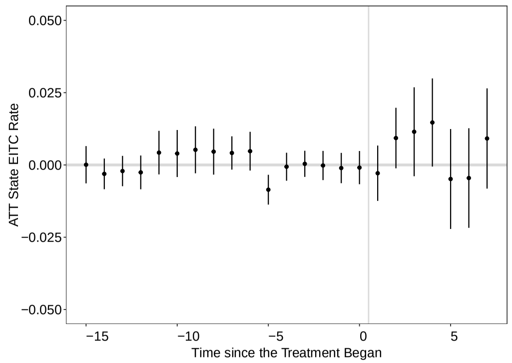
(a) *IndvToCand*



(b) *PACToCand*



(c) *CorpToCand*



(d) *LaborToCand*

Notes: The dynamic average treatment effects (dATT) plot for the effect of contribution laws on the state EITC rate as a percentage of the Federal rate. Fifteen pre and six post-treatment periods are employed using the interactive fixed-effects counterfactual estimator (IFEct) by Liu et al. (2022) produced using equation 1.3. The 0 on the x-axis marks the one period before the treatment onset. ATT estimates are given on the y-axis. The vertical bars represent the 95% confidence intervals. The always-treated and states with untreated periods <5 are excluded from the counterfactual estimations.

Table 1.4: (IFEct Counterfactual Estimates - Period Balancing With Fifteen Pre and Six Post Periods) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.060**				0.008			
	(0.025)				(0.006)			
PACToCand		0.060**				0.010*		
		(0.030)				(0.006)		
CorpToCand			0.096***				0.018***	
			(0.019)				(0.004)	
LaborToCand				0.030				0.005
				(0.019)				(0.007)
HouseDem	0.097	0.018	0.150	0.087*	0.021	0.007	0.006	0.027
	(0.068)	(0.069)	(0.094)	(0.047)	(0.025)	(0.021)	(0.015)	(0.036)
UnempRate	0.31	-0.029	0.278	0.059	0.011	0.046	0.078**	0.013
	(0.237)	(0.33)	(0.219)	(0.219)	(0.039)	(0.064)	(0.031)	(0.053)
PovertyRate	1.065**	1.193	1.545**	1.535***	-0.011	-0.025	0.146	0.253
	(0.504)	(0.914)	(0.640)	(0.387)	(0.185)	(0.188)	(0.13)	(0.191)
lnStateGDPPC	0.184***	0.222***	0.845***	0.475***	0.007	0.040**	0.114***	0.115***
	(0.064)	(0.071)	(0.136)	(0.072)	(0.012)	(0.019)	(0.033)	(0.029)
States	27	34	17	25	27	34	17	25
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The table shows the average treatment effects (ATT) of campaign contribution laws on state minimum wage and EITC rate using the interactive fixed-effects counterfactual estimator (IFEct) by Liu et al. (2022) produced using equation 1.3. The always-treated and states with untreated periods <5 are excluded from the counterfactual estimations. Block bootstrap standard errors clustered at the state level are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

1.4.4.3 IFEct Diagnostics

Next, I evaluate the identifying assumptions by performing placebo and no pre-trends tests[23]. For the placebo test, I assume the treatment starts six periods earlier than its actual onset. We should expect the differences in mean (DIM) between observed and predicted outcomes – the ATT^{placebo} – to not be statistically different from zero during this fake treatment period. The null hypothesis for the placebo test is $ATT^{placebo} = 0$. When the number of observations is small, failing to reject the above-stated null does not necessarily mean that the equivalence holds (Hartman and Hidalgo, 2018). To cater to the limited power of the DIM approach, Liu et al. (2022) introduces an equivalence test with a revised null hypothesis of pre-specified equivalence range $[-\theta_2, \theta_1]$ set at $0.36\hat{\sigma_\varepsilon}$, where $\hat{\sigma_\varepsilon}$ is the standard deviation of untreated residual outcomes[24]. Now, if we do not reject the alternative null of $-\theta_2 \leq ATT^{placebo} \geq \theta_1$, we can support the validity of the three identifying assumptions mentioned in section 1.4.4.

Typically, the placebo test cannot pick up the effect of a cyclical time-varying confounder that does not present itself right before the onset of the treatment. The no-pretends test is more general than a placebo and works better in this case. Using an F-test, the null hypothesis for the no pre-trends test states that the residual averages for all pre-treatment periods are jointly zero, i.e., $ATT_{k=0}^{k=-15} = 0$. The alternative null for the equivalence test for no pre-trends is $-\theta_2 < ATT_{k=0}^{k=-15} > \theta_1$.

Table 1.5 shows the p-values for placebo and no pre-trends DIM and equivalence tests for the effect of all the four contributions laws on both outcome variables: minimum wage in panel (A) and EITC rate in panel (B). As a reminder, we want the equivalence p-value to be significant at 10% and the DIM p-value to be insignificant to have sufficient statistical evidence for the absence of placebo effects and no pre-trends. The corresponding plots for the minimum wage and EITC placebo test (Figure A6, Figure A7) and no pre-tends test (Figure A8, Figure A9) are given in Appendix B.

[23] I do not perform the no-carryover effects test because, in the dataset, the staggered-adoption units are considerably more than the switching units. Thus, the no-carryover effects test would not be meaningful.

[24] Liu et al. (2022) allow researchers to set an equivalence range based on a standard deviation size a researcher finds appropriate.

I choose periods -6 to -1 for the placebo test, leaving out period 0 to allow for anticipation effects. Indeed, from (A) and (B) in Table 1.5, the placebo equivalence tests are significant, and the DIM tests are insignificant for both outcome variables. Like the placebo, I leave period 0 from the no pre-trends testing. When the outcome is minimum wage, the no pre-trends equivalence p-value is significant for *IndvToCand*, *CorpToCand*, and *LaborToCand*, and insignificant for *PACToCand*. However, the DIM p-value is insignificant in all four columns. When the outcome is the EITC rate, the no pre-trends equivalence p-value is significant for all contribution laws except *CorpToCand*. The DIM p-value is insignificant for all four contribution laws.

Table 1.5: (IFEct Diagnostics) Diagnostic Results for Placebo and No Pre-Trends Effects Tests

	IndvToCand	*PACToCand*	*CorpToCand*	*LaborToCand*
	(1)	(2)	(3)	(4)
	Panel A: Log(State Real MW)			
Placebo Eq. p-value	0.039	0.006	0.004	0.004
Placebo DIM p-value	0.671	0.130	0.855	0.392
Pre-Trends Eq. p-value	0.075	0.374	0.000	0.003
Pre-Trends F p-value	0.495	0.530	0.784	0.986
	Panel B: State EITC Rate			
Placebo Eq. p-value	0.005	0.666	0.060	0.007
Placebo p-value	0.632	0.000	0.990	0.544
Pre-Trends Eq. p-value	0.001	0.000	0.254	0.000
Pre-Trends F p-value	0.922	0.942	0.988	0.814

Notes: The table depicts the p-values for the conventional differences-in-mean (DIM) and alternative equivalence approaches to placebo and no pre-trends tests. "Eq." represents the equivalence test. The null hypothesis for placebo DIM is $ATT^{placebo} = 0$, and for equivalence is $|ATT^{placebo}| > \theta$. The null hypothesis for no pre-trends test is $ATT_{k=0}^{k=-15} = 0$ and $|ATT_{k=0}^{k=-15}| > \theta$ for DIM and equivalence approached, respectively.

At face value, I do not find convincing evidence that the placebo periods affect both outcome variables. Similarly, sufficient statistical evidence to support the presence of pre-trends also does not exist. Therefore, the dATT estimates described in this section are unlikely to be biased.

1.4.5 Sensitivity Analysis

In this section, I perform various robustness tests to check the sensitivity of the baseline estimates in Table 1.1. All tables discussed in this section are reported in Appendix C.

To begin with, I provide TWFE estimates for the full sample and additional data subsamples. The full-sample results are given in Table A4. The effect of contribution laws, although positive on state minimum wage, is statistically significant only for *CorpToCand* at 10%. For the state EITC rate, the effect is almost zero and insignificant for all contribution laws.

Table A5 provides the estimates by excluding only switching states. The forecast for state minimum wage remains positive and is significant for all four contribution laws. However, for the state EITC rate, the estimates turn negative and significant for *CorpToCand* and *LaborToCand* in columns (7) and (8), respectively. The negative coefficient in columns (7) and (8) is likely there because of always-treated units bias; I have already discussed the TWFE bias in section 1.4.3.1.

Next, in Table A6, I drop switching and always-treated states, leaving timing states and classical control groups in the estimation sample. The estimates look qualitatively similar to Table 1.1 because the source of TWFE bias, the always-treated units, are dropped from the sample. Also, the *PACToCand* in column (2) now turns significant at a 5% level. As anticipated, the exclusion of switching state have made the coefficient for state minimum wage bigger for all contribution laws; however, the state EITC rate coefficients undergo negligible changes. That is, when campaign contributions are limited or prohibited, the real state minimum wage increases by 2.9% for *PACToCand*, 5.9% for *CorpToCand*, and 3.5% for *LaborToCand*. For *IndvToCand* and *PACToCand*, the state EITC rate increases by 1.2 percentage points and 1.6 percentage points, respectively.

Furthermore, the TWFE estimates for ternary treatment intensity (without always-treated states) are provided in Table A7. We should expect a higher effect when contribution laws are prohibited than when they are limited. However, the prohibited intensity is insignificant for all other contribution laws except for *CorpToCand* in column (3) for minimum wage outcome. This may be due to fewer observations when contribution laws are prohibited altogether.

Moving forward, I examine the sensitivity of the results by adding additional covariates. I add two political and one demographic variable in Table A12; where *UnionMem* represents the fraction of labor force with union membership, *GovernorDem* is an indicator for a state governor belonging to the Democratic party, and *BlackPop* is the fraction of black population in the state. Including these additional covariates only marginally increases the contribution law coefficients in columns (4) to (7). Next, additional economic controls, including the housing price index with 1990 as the base year (*HPI*), log of the number of large firms (*lnFirms*) in a state, and Gini coefficient (*Gini*), are added in Table A13. *HPI* controls for the overall level of inflation, *lnFirms* captures the effect of the size of the private sector, and *Gini* controls for the level of income inequality among states. The estimates for contribution laws' effect on minimum wage are not affected by the inclusion of economic variables; however, the significance level and coefficients decrease for the EITC rate in columns (5) to (7), with estimates for *LaborToCand* in (8) turning out insignificant.

Next, I include state-specific linear time trends in Table A14. Compared to Table 1.1, the effect of *PACToCand* on minimum wage now becomes significant; however, *LaborToCand* loses statistical power. The coefficient on *CorpToCand* remains statistically significant and increases from 0.034 to 0.048 in column (3). The results for *IndvToCand* *LaborToCand* for the ETIC rate become insignificant, whereas they become marginally stronger and remain significant for *PACToCand* and *CorpToCand*. Furthermore, double-clustering the standard errors on both state and year in Table A15 does not seem to affect the coefficients.

Various factors can increase the state-level minimum wage. As shown in Table A16, throughout the sample period 1980-2017, there were twenty-three instances when the state minimum wage was increased due to ballot initiative. Table A17 excludes the state-year observations for which the minimum wage increased due to a ballot initiative. The results remain similar to columns (1) to (4) of Table 1.1[25].

Also, a few states have enforced minimum wage preemption laws, preventing local governments from setting their minimum wage levels as depicted in Figure A4. One can anticipate that states with lax contribution laws will likely adopt preemption laws. To check the validity of this claim, the marginal effects from a simple probit model are reported in Table A18 using the minimum wage preemption law as a binary outcome variable, which switches on when minimum wage preemption law is present in a state. The marginal effects are reported for the entire sample in columns (1) to (4) and the sample without always-treated states in (5) to (8). The presence of contribution laws in a state decreases the probability of the presence of minimum wage preemption law.

Although the Federal campaign finance laws are not binding on states, the US Supreme Court rulings are. During the sample period, 1980 to 2017, Citizens United (CU) v. Federal Election Committee (FEC), 558 U.S. 310 (2010) was one of the most important Supreme Court decisions on campaign finance laws. In a split decision, the Supreme Court allowed unlimited independent expenditures (IE) by corporations, labor unions, and advocacy organizations. Organizations may now advocate for a political candidate's victory or defeat by spending unlimited money if the expenditures are not in coordination with a candidate's committee or a political party. Later that year, in SpeechNow v. FEC, the D.C. Circuit Court also allowed IEs by any group. Before CU v. FEC 2010, as depicted in Figure A5, IEs by corporations were banned in twenty-three states, including fifteen states where IEs by corporations and labor unions were banned. After 2010, the states lifted this ban to comply with the Supreme Court's decision. Gilens et al. (2021) provides empirical evidence that CU v. FEC made state policy relatively more pro-corporate, particularly in the twenty-three states where the IE ban was lifted. Slattery et al. (2023) report similar results. Therefore, I control for the effect of the CU v. FEC ruling to check the sensitivity of the effect of contribution laws on state minimum wage and EITC rate. In Table A19, following Gilens et al. (2021), I include

[25] Although not reported, I also estimate the effect of contribution laws on state-level minimum wage for tipped employees. However, contribution laws do not affect the tipped minimum wage positively. This may be due to a smaller sample size (starting from 1990) and lack of variation in tipped minimum wage levels within states.

a dummy (*IndepExpBan*) that takes the value of 1 in years during which a state has an IE ban in place. The inclusion of *IndepExpBan* does not affect the contribution laws estimates when the outcome is the minimum wage; the estimates for the state EITC rate decrease only 0.001 for *IndvToCand* and *CorpToCand*, whereas losing statistical power for *LaborToCand*.

There may be heterogeneity in the enforcement of campaign finance laws across states. Campaign finance violations can range from something as minor as late filing fees to deliberately bending the law in cases such as misleading advertisements, unlawfully accepting contributions from foreign interests, accepting a higher contribution than allowed under the law, filing false disclosure certificates or statements with omitted information, and or hiding the origin of a contribution. Typically, the enforcement is outsourced to a state's criminal justice system and Attorney General's office, while the state's Secretary is responsible for the administrative matters related to campaign finance laws, such as disclosure requirements. When the criminal justice system and the Attorney General's office have to divide their resources among different cases, the prosecution of campaign finance violations may become limited to more high-profile cases. As of 2022, only sixteen states have independent agencies that have the power to sanction camping finance violations, including Alaska, Arkansas, California, Connecticut, Georgia, Hawaii, Iowa, Kansas, Kentucky, Missouri, Nebraska, New Mexico, North Carolina, Oklahoma, Texas, and Washington. To observe the effect of the presence of an independent agency that can sanction violations, I report two regression tables, Table A20 with the sub-sample of states with independent agencies that can sanction campaign finance laws violations, and Table A21 containing states that cannot[26]. The effect of contribution laws on minimum wage becomes stronger in states with an agency to sanction violations (Table A20); however, the coefficients are insignificant in states that lack such an agency (Table A21).

[26]The respective budgets of campaign finance laws agencies may also serve as a proxy for the agency's enforcing power. However, I could not find the agencies' budget data online starting from 1980. For example, the California Fair Political Practices Commission does not report its annual budget data either on its website or in its annual reports (https://www.fppc.ca.gov/, accessed on June 13, 2023); the Oklahoma Ethics Commission budget amounts, although reported in the meeting minutes available on their website, are only available from 2014 to 2020 (https://www.ok.gov/ethics/, accessed on June 13, 2023).

Counter-intuitively, the opposite is the case with the EITC rate. These results, however, should be taken cautiously at their face value since many observations are lost in this sub-sample analysis.

Next, I re-estimate Table 1.1 for the four US regions. The estimates for the Northeast Region are given in Table A22, Midwest in Table A23, South in Table A24, and West in Table A25. The Northeast and West regions seem to be driving the effect of contribution laws on state minimum wage and EITC rates. Again, these results should be interpreted with caution because of fewer observations.

It is also imperative to check the combined effect of all contribution laws on the outcome variables. For this, I employ four versions of contribution law indices. The variable *Index_AtLeastOne* takes the value of 1 with at least one of the four contribution laws is present, *Index_AllAtOnce* switches on when all the contribution laws are present at the same time, *Index_PCA* is an index derived from the first component of the principle-component analysis (PCA) of all four contribution laws, and *Index_Flavin(2015)* is a slightly different campaign finance law index borrowed from Flavin (2015). The *Index_Flavin(2015)* is constructed by summing up (binary variables) for mandatory contributor disclosure requirements; contribution limits on individuals and organizations (corporations, labor unions, etc.) to state candidates, gubernatorial and state elections public financing conditional on following expenditure limits, and 'clean elections' public financing laws. It can take a minimum value of 0 when all of the above-mentioned laws are absent in a state or a maximum value of 6 when all are present. Instead of cluster-robust standard errors, I use the panel-corrected standard errors (Beck and Katz, 1995) specification as an alternative, consistent with the specification of Flavin (2015). Using indices ensures higher variation in the sample. Therefore, the estimates for the entire sample are presented in Table A26. The results for all four indices are statistically significant only for minimum wage in columns (1) to (4); the estimates are insignificant for the state EITC rate.

Moving forward, I use alternative health-related outcome variables, including the log of the number of Medicaid beneficiaries (data starts from 1990) and the percentage of low-income uninsured children (data starts from 1999) in a state, as a proxy for a state's welfare policy. Although all states comply with some broad Medicaid and Children's Health Insurance Program (CHIP) benefits, states determine their enrollment eligibility requirements and what additional benefits are covered. We should expect states with stricter contribution laws to have more Medicaid beneficiaries and fewer low-income uninsured children. Table A27 precisely depicts these anticipated effects; when a state limits or prohibits the contribution laws, the number of Medicaid beneficiaries increases between 8.2% to 12.3%, and the percentage of low-income uninsured children decreases by 1.3 to 2.2 percentage points.

Lastly, I also check the sensitivity of IFEct results from Table A8, which gives dATT estimates for fifteen pre and six post-treatment periods to different pre and post-period sets. In particular, I use fifteen-fifteen, twelve-twelve, and nine-nine pre-post periods. The estimates are given in Table A9, Table A10, and Table A11, respectively. With some margin, the dATT estimates of all four contribution laws are positive and significant for at least one to three post-treatment periods for both the minimum wage and EITC rate outcomes.

As a closing note to this section, we can be fairly confident of the positive effect of stricter campaign contribution laws on state-level pro-welfare policy.

1.5 Conclusion

The influence of money on the policy environment cannot be understated in the US's political system. It is argued that the donors of campaign funds – the interest groups – exercise bargaining power over political candidates by capturing a candidate's time/access or legislative effort to advocate for their agendas. At the same time, the high level of political inequality in the US provides a disproportionately higher voice to the high-income groups in the policy-making process compared to the low-income citizens. Unsurprisingly, the policies thus enacted tend to benefit the high-income groups primarily. The extant theoretical and empirical literature shows that enacting stricter campaign contribution laws can serve a dual purpose: mitigate the bargaining power of interest groups over candidates and promote equality of representation. We can expect relatively generous welfare policies with stringent contribution laws, reduced influence of interest groups over candidates, and a higher say of low-income citizens in policy-making.

This paper explores the effect of stricter campaign contribution laws on welfare policies in the US at the state level during 1980-2017. The real state minimum wage and state EITC rate as a percentage of the Federal rate are used as proxies of welfare policies. The four campaign contribution laws – contributions from individuals to candidates, contributions from political action committees (PACs) to candidates, contributions from corporations to candidates, and contributions from labor unions to candidates – serve as the binary treatment variables, with the treatment status switching on when contributions are limited by a maximum dollar cap or are prohibited altogether, and off when unlimited contributions are allowed.

Each US state is heterogeneous regarding the presence of the four contribution laws over time. The study design is based on four state groups. First, the dataset contains always-treated states for which treatment(s) came into effect before the sample period in 1980 and remained in effect until the end of 2018. Second, timing states follow a staggered treatment adoption design, i.e., the treatment is coming into effect in different years. Third, the on-off treatment switching states follow a general treatment pattern, i.e., the treatment status switches on and off multiple times for the same state. And lastly, the dataset also contains the classical control states where the treatment never occurred.

To estimate the average treatment effect (on the treated) (ATT) of the campaign contribution laws on state real minimum wage and EITC policy, the two-way fixed-effects (TWFE) regression is used as the baseline model. The TWFE allows the staggered adoption and treatment on-off switching pattern. However, the recent literature shows that TWFE models may suffer from estimation bias in a staggered adoption setting with heterogeneous treatment effects. In this study, the bias can potentially stem from two sources: always-treated states and earlier-treated states serving as a control group for late-treated states. To ensure the bias is minimized and that there is sufficient variation in the treatments across units, the always-treated states are excluded from the baseline TWFE estimations. The interactive fixed-effects counterfactual estimator (IFEct) is then employed – as an alternative to the TWFE model – to deal with the bias that may originate from the early-treated states. The advantage of using IFEct over TWFE is that it does not consider the earlier-treated units as controls at the modeling stage, thus removing the source of the bias altogether while constructing counterfactuals.

Overall, the empirical estimates from the TWFE and IFEct provide evidence that stricter contribution laws increase the real minimum wage at the state level. The estimates show that limiting or prohibiting camping contributions from various donors can lead to approximately 1.5% to a 10% increase in real state minimum wage, a 10 to 72 cents increase. Qualitatively, if the real state hourly minimum wage is $7.25, a person working for 160 hours a month would be able to earn between $1,176 to $1,276 per month after the treatment(s) come into effect compared to earning $1,160 per month before treatment(s). Furthermore, the results show that stricter contribution laws increase the EITC rate as a percentage of the Federal rate in states with ETIC presence by 0.7 to 1.5 percentage points. A state with a current EITC rate of 10% may experience an increase between 10.7% and 11.5%.

The baseline TWFE estimates are robust to various sensitivity checks. This includes controlling for the effect of additional political and economic covariates, including state-specific linear time trends, double-clustering the standard errors on both state and year levels, excluding state-year observations for which the minimum wage increased due to ballot initiatives, capturing the effect of contribution laws on the presence of minimum wage preemption laws, considering the effect of the lifting of a ban on independent expenditures as a result of Citizens United v. FEC (2010), and using campaign finance law indices with an alternate standard error specification. Dividing the sample by states with varying abilities to sanction campaign finance violations and then by the four US census regions provides insights about how the contribution laws might affect the US states differently. Overall, the qualitative results remain the same in all robustness check estimations. These robustness checks mitigate the concern for omitted variable bias, i.e., a state's political climate may shift as contribution law changes, leading to changes in a state's welfare policy.

Moreover, the number of Medicaid beneficiaries and the percentage of low-income uninsured children are also used as alternative outcome variables proxies for a state welfare policy. As anticipated, the stricter campaign contribution laws will increase the number of Medicaid beneficiaries and decrease the number of low-income uninsured children in a state.

Future studies can explore the causal mechanisms through which campaign finance laws affect policy. Also, there is potential for investigating the effect of various campaign contribution laws on different state policies and how one set of laws may or may not be more effective than others.

Chapter 2

Political Ideology and IMF Interventions: A Symbiotic Relationship

2.1 Introduction

The International Monetary Fund (IMF) serves as the global lender of last resort.[1] Countries facing liquidity constraints or foreign reserves shortfalls – due to internal or external economic shocks, outstanding debts, or bad policies – may seek an IMF loan to maintain their essential imports or avoid defaults.

Although economic factors explain a portion, they do not tell the whole story of a government's decision to participate in an IMF arrangement (Vreeland, 2007). Non-economic determinants such as geopolitics and domestic socio-political environment also play a central role in determining an IMF arrangement. In the context of partisan politics, there is some evidence that left-wing governments are less likely to opt in for an IMF program (Kern et al., 2019; Pop-Eleches, 2009) and, particularly left-wing governments in a proportional representation system, face less stringent labor-related conditionalities (Caraway et al., 2012; Lee and Woo, 2021). However, a comprehensive empirical analysis

[1] We will use IMF and the Fund interchangeably throughout this paper.

solely focusing on the effect of political ideology on the IMF program and the heterogeneous nature of conditionality requirements is warranted in the literature. On the flip side, not only the consequences of the IMF-based reforms on domestic economic outcomes are a matter of contention (Dreher, 2009; Kentikelenis and Stubbs, 2023), but little is known about their effect on domestic politics. Post-IMF presence, only a handful of studies focus on domestic politics on issues such as election timing and program interruption (Dreher, 2003), governments' election and re-election prospects (Dreher, 2004a), and internal conflict (Hartzell et al., 2010). However, the influence of IMF program participation and conditions on political ideology changes, measured by a change in government from left to right-wing or vice versa, is unexplored.

This paper studies two questions. First, to what extent does a ruling party's ideology (left-right partisanship) affect its decision to get into an IMF program and the subsequent burden of conditionality requirements? Second, do IMF program participation and conditions affect political ideology? The period of study is from 1980 to 2019. Political ideology, measured as a binary variable, is the left-right partisanship of heads of government.[2] Left-right partisanship is defined as a set of values and beliefs about intervention in the economy (Herre, 2023). For example, right-wing heads of government support free markets, whereas left-leaning heads are inclined to intervene in the economy. Participation in the IMF program is also an indicator variable that determines whether a member country has an IMF program for at least five months a year. The burden of conditionality is measured as the sum of all the different conditions imposed on a borrowing country by the IMF.

We employ a three-equation recursive equation framework utilizing the Conditional Mixed Processing (CMP) model (Stubbs et al., 2020). The first equation of the CMP setup estimates the effect of political ideology on IMF program participation. The second equation estimates political ideology's impact on the conditionality burden. Lastly, the third equation estimates the effect of IMF program participation and the burden of conditionality on political ideology. The endogeneity of selection into an IMF program

[2] We occasionally refer to 'heads of government' as 'heads'.

and conditions is catered to using compound instrumental variables inspired by the aid effectiveness literature (Dreher and Langlotz, 2020; Nunn and Qian, 2014). The IVs are obtained by the interaction of yearly IMF budget constraint and the within-country average – cross-sectional variation – of the IMF program and number of conditions separately (Stubbs et al., 2020). Thus, the predicted values of IMF program participation and conditionality burden from the first two equations are employed in the third equation. The primary identification assumption is that the instruments do not affect political ideology except through participation in the IMF program and the conditionality channel.

The results show that left-wing governments are less likely to take loans from the IMF than non-left governments[3], right-wing governments are more likely to opt for an IMF program, and a centrist ideology has no significant effect. However, left-wing governments face (or accept) a lower burden of IMF total hard conditions, whereas the right-leaning incumbents face (or accept) a higher conditionality burden. Although the impact of centrist ideology on total hard conditions is statistically insignificant, the results are mixed, particularly in the direction of the effect when conditionalities are categorized by either different burdens of adjustment indicators or by quantitative and structural conditions. Post-IMF presence, the IMF program, and, specifically, a higher conditionality burden, decreases the odds of left-wing political parties winning or maintaining their incumbency status and increases it for right-wing governments. The effect of the IMF program on the probability of centrist government formation is positive; however, a higher burden of conditionality has a negative impact. Lastly, the effect of the burden of IMF conditions on left-wing, right-wing, and centrist political ideologies is heterogeneous when conditions are classified into thirteen mutually exclusive policy areas. These results withstand several robustness tests.

The rest of the paper is arranged as follows. Section 2 discusses the literature on the determinants of IMF program participation and conditionality and the mechanisms of the effect of political ideology on the IMF and vice versa. Section 3 describes the political ideology and IMF program and conditions data, measurement, and trends. The empirical

[3]Political ideology in a binary variable; left-wing ideology takes the value of 1 for left-wing heads of government and 0 for right-wing and centrist governments.

method is explained in section 5. The benchmark and additional empirical estimates are discussed in section 6. Lastly, section 6 concludes the article.

2.2 Literature

IMF provides financial assistance to countries facing liquidity constraints. A member country first initiates a borrowing request. The IMF has multiple lending facilities to cater to lending requests for reasons including but not limited to natural disasters, financial crises, world oil price shocks, etc. After receiving a loan request, the IMF staff and domestic government enter into negotiations that could last many months. During the negotiation phase, the IMF staff and country authorities agree on a 'workable' loan arrangement, i.e., the amount of the loan and the policies accompanying the adjustment program. In the next step, the country's authorities send (with the help of the IMF staff) a Letter of Intent (LoI) to the IMF's Managing Director, which outlines the direction of reforms the country will undertake during the program's active period. The LoI is accompanied by an appendix called the Memorandum of Economic and Financial Policies (MEFP), which spells out the loan conditions and requisite policy actions to be taken by the borrowing country in detail. Based on the LoI, the MEFP, and the staff's recommendations, the IMF's Executive Board then decides on the approval of funds. If approved, the money is disbursed to a borrowing country in tranches conditional on implementing specific policies by a particular timeline outlined in the MEFP. Thus, the "corpus of conditions included in arrangements that determine the disbursement of fund" are 'Conditionality' (Kentikelenis and Stubbs, 2023). The IMF staff regularly (typically three to six months) reviews a country's progress and tracks the implementation of conditions. Failure to implement these conditions can lead to program interruptions and even permanent shutdowns. Depending on the arrangement, the repayment period ranges between three to ten years.

Literature shows that purely economic factors are inadequate to explain IMF programs and conditionality (Vreeland, 2007). What are other international geopolitical and domestic political economy factors determine IMF program participation and the subsequent burden of conditions? From a global geopolitical perspective, United States (US) allies, particularly countries that vote in line with the US in the United Nations General Assembly (UNGA), receive more IMF loans on relatively easier terms (Stone, 2004, 2008; Thacker, 1999). Similarly, the preference heterogeneity among the Group of Five (G5) countries determines the differences in IMF loan size and conditions to G5 allies (Copelovitch, 2010).

From the domestic political economy perspective, democratic countries with more substantial labor bargaining power face relatively more lenient labor-related conditions because governments tend to negotiate better conditions amid concerns of resistance from labor groups (Caraway et al., 2012). Similarly, election timing also contributes to the ability of countries to negotiate with the IMF. The labor market reforms are relatively lenient if negotiations with the IMF occur within six months before the election date, and the further away the elections are from negotiations, the stricter the labor-related reform conditions become (Rickard and Caraway, 2014). However, more stringent labor market conditionality has worsening effects on labor rights; this deteriorating effect may be managed if domestic political institutions can protect workers, such as left-wing pro-labor government and or a proportional representation system that is linked to a higher representation of labor interest in the legislature (Lee and Woo, 2021). Moreover, there is evidence that the undertaking of IMF reforms is shaped by government and opposition partisanship. Left-wing governments can implement more ambitious reforms under the pressure of the IMF conditions because of little opposition from the right wing; the opposite is true in the case of right-wing governments, i.e., reform implementation is hindered under more conditions because of loftier political roadblocks from the left (Beazer and Woo, 2016). However, countries with higher economic freedoms receive fewer conditions (Dreher, 2004b). This is not only because higher economic freedom signals the presence of more market-oriented economic policies and institutions but also because the terms of loans are affected by the borrowing countries' existing policies on freedom of trade and capital movements.

Similarly, evidence from the Middle East and North Africa (MENA) countries shows that the presence of better quality democratic institutions has a positive relationship with the IMF program participation (Harrigan et al., 2006). Therefore, it should not be surprising that the IMF shows systematic biases in its lending practices. When a higher number of top economic policy officials in a country share the neoliberal free-market ideology with the IMF, the loan conditions become less demanding, more accommodating, and laxly enforced; the opposite is true when the ideological distance between a borrowing country's top policy officials and the IMF increases (Nelson, 2014, 2017a). Similarly, there is some evidence that left-wing governments are less likely to sign an IMF agreement (Kern et al., 2019; Pop-Eleches, 2009).

IMF states that the primary goal of conditions is to help a country preserve its macroeconomic stability and balance of payment problems, with an additional objective of poverty reduction for low-income countries, while "setting the stage for sustained, high-quality growth" (IMF, 2023). The literature, however, provides enough evidence to stir skepticism about the effect of IMF-mandated policy reforms on economic outcomes in loan-recipient countries. In cases of program retraction, failure, and repeated d program engagements, which are not uncommon, the IMF almost always accuses borrowing countries of implementation errors rather than faulty program design. One of the IMF's criteria to measure the success of its programs is the "frequency of successor program engagements", (IMF, 2019). However, not only past program engagement is a significant predictor of future IMF presence Vreeland (2007), but about a quarter of member countries have had an IMF program 50% or more or the times since they became members (Reinhart and Trebesch, 2016). So, the Fund's own criteria fail to justify its programs' success.

On the conservative side, IMF reforms are found not to affect economic growth (Easterly, 2005). Other studies report a reduction in growth in member countries (Barro and Lee, 2005; Butkiewicz and Yanikkaya, 2005; Dreher, 2006b) and have a negligible effect on inflation, government consumption, investment, and international openness (Barro and Lee, 2005). IMF program participation lowers growth rates, which tend to increase after a country exits a program (Przeworski and Vreeland, 2000) Similarly, the five key indicators of macroeconomic stability, including current account balance, budget deficit, international reserves, monetary growth, and government spending does not seem to be affected by the Fund's conditionality requirements (Dreher and Vaubel, 2004a). Additionally, the IMF program and conditions have no robust effect on domestic structural transformation measured by export diversification and skill-and-technology intensity of exports (Demir, 2022a). Contrary to their poverty reduction goal, the Fund's arrangements lead to welfare program cuts, lower government revenue, and higher unemployment and living costs, ushering more people into a poverty trap (Biglaiser and McGauvran, 2022); the healthcare sector also suffers reduced per capita spending (Stubbs et al., 2017), increased neonatal mortality rates, and lower access to healthcare facilities (Forster et al., 2019). There is, however, some evidence that IMF programs either do not significantly increase poverty and inequality (Bird et al., 2021) or are responsible for engendering income and social inequality (Forster et al., 2019; Lang, 2021).

The Structural Adjustment Programs (SAP) form a standard reform toolkit that the IMF typically prescribes as loan conditionality (IMF, 2019; Kentikelenis and Stubbs, 2023). SAPs focus on right-wing market-based reforms in borrowing countries, including liberalization, privatization, and size of the government (Dreher and Rupprecht, 2007), and often blamed for limiting the intervention of the public sector in the market and thus mitigating the left-wing developmentalist state capacity (Babb and Kentikelenis, 2018; Boughton, 2012; Chang, 2006; Eichengreen and Woods, 2016; Kentikelenis and Stubbs, 2023; Przeworski and Vreeland, 2000). The IMF strongly advocates liberal market reforms. Unsurprising, targeted loan conditions, aiming to protect central banks from political influence, play a prominent role in central bank independence (Kern et al., 2019). It also reduces the likelihood of a currency crisis (Dreher and Walter, 2010). However, it has not always been for the best. IMF's role in pressurizing countries to liberalize their capital accounts prematurely may have propelled financial crises during the 1990s (Joyce and Noy, 2008).

The effect of IMF shock therapy on domestic politics is also well documented; much of it, however, is not in a positive light. There is evidence of a positive association between IMF program adoption and the onset of civil conflict (Hartzell et al., 2010) and military coups (Casper, 2017). Despite IMF's neoliberal policies, there is no clear relationship between the number of IMF projects in a country and economic freedom (Boockmann and Dreher, 2003); if anything, there is evidence of deteriorating rule of law (Barro and Lee, 2005). IMF's policy interventions also reduce individual and collective labor rights; however, conditional on higher domestic union bargaining power over governments, collective labor rights may increase (Reinsberg et al., 2019). The impact of IMF arrangements on the perceived creditworthiness of countries may be conditional on government partisanship; neoliberal reforms, when adopted by left-wing governments, signal a commitment to market-orientated policies and improve a country's perceived creditworthiness; non-left governments have no such effect (Cho, 2014). Countries with high government consumption, high short-term debt, and lower per capita GDP are likelier to suffer from IMF program interruptions and breakdowns before national elections (Dreher, 2003). In democracies, however, the conclusion of programs before elections is less likely and may also be mediated by the state of the economy (Dreher, 2004a). Lastly, some anecdotal evidence also suggests that IMF conditional lending programs influence the government ideology in borrowing countries, i.e., the Fund influences and favors the appointment and retention of neoliberal policymakers/economic officials (Nelson, 2017b).

We can extract a few highlights from the discussion above. On one side, although there is some evidence that left-wing governments are less likely to opt into an IMF program, the effect of political ideology on IMF's conditions is still unexplored, particularly when the nature and breadth of conditions across countries can be quite heterogeneous. We can anticipate that left-wing governments may face a higher or lower burden of conditionality depending upon the bargaining power of domestic political actors to negotiate better terms and the willingness of the Fund and left-wing governments to compromise on their ideological positions for mutual benefits[4]. This effect of left-wing political ideology on

[4]Kedar (2015) provides an example. In the early 1970s, despite the US's opposition to Chile's president, Salvador Allende, the IMF agreed to lend partly conditionally and unconditionally to Chile. The IMF-Allende relationship was facilitated by technocratisation and depoliticization on Chile's part and for the IMF to redefine its role in Latin America during strong anti-IMF sentiments in the region

conditions may be heterogeneous for different conditionality areas. On the flip side, post-IMF presence, no study focuses on the impact of the IMF program and conditions on the political ideology of borrowing governments. Again, we can anticipate that an IMF program presence and a higher conditionality burden may lead to a political ideology shift away from the left.

2.2.1 Mechanism: IMF and Political Ideology

As described earlier, the distinguishing characteristic of left-wing governments is their belief in intervention in the economy compared to right-wing ones, who advocate for free-market economic liberalism, at least on paper Herre (2023). Broadly, left-wing political parties advocate for labor rights, lower unemployment, relatively higher and progressive taxes on corporations and high-income groups, income redistribution and higher welfare spending, higher regulation of private economic activity, and an extensive network of state-owned enterprises. Conversely, right-wing parties favor capitalists over workers, impose lower taxes on high-income groups, endorse free trade, economic liberalization, and privatization, and support free markets (Cochrane, 2013). The IMF is argued to have a neoliberal bias, which aligns more with right-wing political ideology, i.e., the conditionality requirements concentrate on market-oriented reforms such as privatization, economic liberalization, welfare spending cuts, etc. (Babb and Kentikelenis, 2018).

How are the Fund's presence and political ideology plausibly connected and causally related? Based on our discussion, we expect left-wing governments to hesitate to go to the IMF for loans because doing so may result in implementing market-oriented reforms, which are inconsistent with the mandate of the left (Kern et al., 2019; Pop-Eleches, 2009). Therefore, the effect of left-wing political ideology on the likelihood of IMF program participation should be negative. However, the direction of association between left-wing political ideology and the burden of conditionality is an empirical question. On the surface, it may seem that left-wing governments should face more conditions from the IMF, perhaps because more liberal-market reforms may be needed to counter the leftist policies or left-wing – and also the right-wing – governments may use the IMF as leverage to pass reforms that they otherwise would not be able to due to domestic opposition and electoral considerations (Genovese and Hermida-Rivera, 2022). However, left-leaning governments may also face fewer conditions precisely due to the higher bargaining power of such governments stemming from domestic socio-political pressure groups (Beazer and Woo, 2016; Caraway et al., 2012; Lee and Woo, 2021).

In contrast, since IMF's marked-based reforms sync with right-wing partisanship, right-leaning governments should be more likely to opt for an IMF program. However, similar to the left, the effect of the right-wing governments on the conditionality burden is also an empirical question for the reasons listed in the previous paragraph, i.e., the negotiation power of incumbents and domestic interest groups and the willingness of a government to implement reforms. For example, a strong labor union presence under left-wing governments may result in fewer conditions, and the willingness of right-wing governments to impose reforms may lead to more conditions being imposed[5].

Next, we should expect the presence of the IMF program and a higher burden of conditionality to decrease the odds of a left-wing incumbent and non-incumbent political party maintaining or winning political office because right-wing governments are more likely to comply with IMF's reforms. The opposite could be anticipated for right-wing heads of government. However, political ideology may also become irrelevant if reforms are unpopular with the electorate since voters may oust any government, either left or right wing, in elections. Whether the former or the latter mechanism holds is an empirical question. Lastly, there is no prior understanding of the two-way link between the Fund and centrist parties; thus, we rely on empiricism to assess this connection.

Figure 1 shows the relationship between left-wing heads of government and IMF programs in panel (a) and conditions in panel (b) across years. The y-axis on the left side shows the percentage of countries with a left-wing head of government in both panels (a)

[5]In additional to economic desperation, Vreeland (2007) highlights three additional political stories explaining why some governments want specific policy conditions to be imposed on them. These include the scapegoat story that governments can blame the IMF for bad economic performance, the signaling story that governments use the Fund's presence to credibly signal to creditors and investors about its commitment to reforms, and the third is the leverage story where governments use the IMF's presence as an excuse to push unpopular policies which they want to implement. None of these stories, however, discuss the role of government's partisanship.

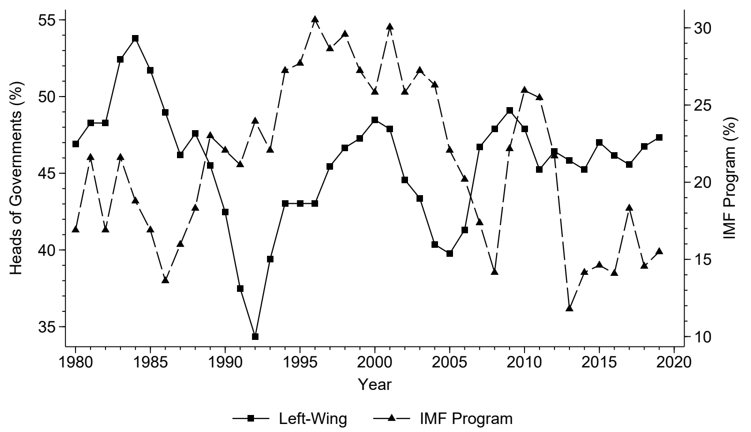
and (b), and the right side y-axis shows the percentage of countries with an IMF program in panel (a) and the average number of IMF conditions (hard and soft) in each year. Both panels show a similar trend: there is a negative association between left-wing heads and the IMF program and the average number of conditions until 1992, then there is mostly a positive link till about 2005, after which the inverse relationship prevails again. The emergence of the IMF after 1992 can be attributed to the former Soviet satellite states – now newly independent countries – turning to the IMF for economic survival and under US pressure.

We should also consider that the relationship between partisanship and conditionality may be heterogeneous based on different conditionality policy areas. The conditionality classification based on thirteen mutually exclusive policy areas includes external debt issues (DEB); land and environment (ENV); external sector (trade and exchange system) (EXT); financial sector, monetary policy, and Central Bank issues (FIN); fiscal issues (FP); institutional reforms (INS); labor issues (LAB); residual category (OTH); anti-poverty (POV); state-owned enterprises privatization (PRI); revenues and tax issues (RTP); state-owned enterprises reform and pricing (SOE); and social policy (SP)[6].

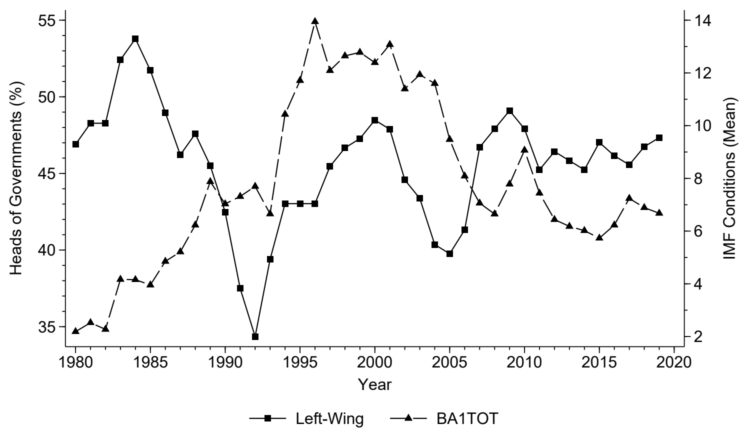
It is an empirical question of how left-wing, right-wing, and centrist governments affect the likelihood of an IMF program and the nature and structure of IMF conditions and, in turn, be affected by them. In particular, there is no prior expectation of the two-way effect of centrist ideology and IMF policy conditions. Focusing on partisan differences, left-wing governments actively intervene, whereas the right-wing ones foster a market economy or intervene only to support private firms (Herre, 2023). Also, left-wing governments are considered relatively pro-labor and pro-welfare and promote state-owned enterprises compared to the right-wing. However, the kind of policy reforms that the IMF wants in each policy area could be very different from the policies of the left or right-wing governments. Moreover, the negotiating power of governments may also play a role in determining the conditionality burden in each policy area (Beazer and Woo, 2016; Caraway et al., 2012; Lee and Woo, 2021). Therefore, the three channels through which

[6] A brief description of each of the thirteen IMF conditionality policy areas is given in Table B2 in Appendix A.

Figure 1: The Relationship Between Left-Wing Heads of Government and IMF Program and Conditions Across Years



(a) Left-Wing Heads and IMF Program



(b) Left-Wing Heads and IMF Conditions

Notes: The graph shows the association between left-wing heads of government and IMF programs in panel (a) and conditions in panel (b) across years. The years are recorded on the x-axis. The y-axis on the left side depicts the percentage of countries with a left-wing head (square) in both panels (a) and (b), and the right side y-axis displays the percentage of countries with an IMF program (diamond) in panel (a), and the average number of hard plus soft IMF conditions (diamond) ($BA1TOT$) in each year in panel (b).

political ideology can affect the IMF conditionality burden are partisan policy differences, governments' bargaining power to negotiate better conditionality terms mediated through political ideology and governments' making the IMF look like a scapegoat to push reforms[7].

[7] Due to data limitations, we are unable to pinpoint the exact mechanism of the effect of political ideology on the IMF conditionality requirements.

2.3 Data Description

In this section, we first describe the variables measuring left-wing, right-wing, and centrist political ideologies, discuss the merits of alternative political ideology data sources, and examine political ideology trends. We then explain the IMF program and conditionality variables, different conditions, and the burden of adjustment indicators used to estimate a country's total burden of conditionality requirements. This is followed by displaying a snapshot of the IMF program and conditions trends[8]. The dataset consists of more than 150 nations from 1980 to 2019.

2.3.1 Political Ideology

The data for political ideology comes from the Global Leaders Ideology Dataset (GLID) compiled by Herre (2023). The dataset contains information on the left-wing, right-wing, and centrist ideological orientation of heads of governments for 178 countries – 182 countries for political leaders – annually from 1945 or independence till 2019[9]. For consistency and comparability purposes across countries and over time, the dataset only distinguishes between left-wing, right-wing, and centrist political ideologies. Further spectrum, as in center left/right or far (extreme) left/right, is not measured in the dataset.

Herre (2023) defines political ideology by its economic dimension: the "values and beliefs" on the degree of state intervention in the economy. For example, a left-wing chief executive (head of government or leader) is assumed to believe in state intervention to increase social equality. In contrast, a right-wing chief executive is assumed to believe that states should rarely intervene in the economy; any meaningful improvement in citizens' freedoms can be fostered by market forces alone. Centrist ideology lies in the middle

[8]The summary statistics for political ideology, IMF programs, and all other variables used in this article are displayed in Table B5 in Appendix A

[9]Depending on the parliamentary or presidential system, a head of the government is either a prime minister or a president. A political leader is the most politically powerful individual in a country who may or may not be the head of government. When the head of government is not the same as a political leader, the head of government is responsible primarily for domestic policy, whereas the leader is typically a head of state who often oversees the foreign policy affairs (Herre, 2023).

of the left-right spectrum[10]. The dataset assumes that the political ideology of a chief executive does not change over time. In cases where Herre (2023) found a deviation in the political ideology of chief executives from their political party, personal ideology was coded.

The GLID has several advantages over other alternatives. First, GLID has more representative coverage across countries and years, including those from the developing world across all geographical regions. Other datasets are mostly limited to OECD countries and industrialized democracies in North America and Europe (Armingeon et al., 2023; Brambor and Lindvall, 2018; Burst et al., 2021; Polk et al., 2017), the Caribbean or Latin America (Huber and Stephens, 2012), dictatorial regimes (Manzano, 2017), and only election years (Lührmann et al., 2020). Furthermore, GLID provides more details on and scrutiny of data collection, sources, and coding. For example, to ensure the reliability of the data, Herre (2023) used at least two sources, and more if available, which were further evaluated by two or more coders. The preferred data sources come from experts and academics rather than non-academic sources like newspapers. The data sources are specific and cover many countries rather than a few to reduce the likelihood of idiosyncrasy[11]. The ideology of chief executives is not inferred from their policies; instead, it is determined from their political party affiliations to avoid turning the effect of ideology on policy-making into a tautology[12].

Another dataset with information on the ideology of political leaders is the Database of Political Institutions (DPI) (Cruz et al., 2021). It contains yearly information on the economic ideology of a country's chief executive for 180 countries from 1975 to 2020.

[10] Defining chief executives' ideology based on economic orientation does not mean they do not uphold preferences and beliefs on other issues. It also does not mean that they would show consistent left or right political preferences on matters other than economic policies. For example, a chief executive favoring state intervention in the economy may oppose lax immigration policies.

[11] For transparency purposes, each country's information on data sources and profile is made available by Herre (2023) at `https://github.com/bastianherre/global-leader-ideologies` (accessed on Sept 10, 2023).

[12] Deriving the ideology of political parties from their policies can be problematic. Firstly, for example, trade restrictions are left-wing policies; if the ideology of a chief executive is inferred from his/her trade restrictions policies, then the political ideology will also be right-wing; but if we want to assess the effect of left-wing ideology on trade restrictions, then the whole empirical analysis will become a tautology. Secondly, there can be discrepancies in chief executives' party affiliations and policies because of various ideological factions within political parties (Schumacher and Elmelund-Præstekær, 2018); a right-wing party can have a left-wing leader or vice versa.

However, the DPI has some shortcomings which prevent us from using it. First, it has a high share of missing observations for political ideology (approximately 40%), more so for non-democratic countries. Second, the coding for many DPI observations contradicts its primary data source, the Political Handbook of the World. Third, DPI allows the coding practice of deriving chief executives' ideology from the policies they implement. The first two issues cause a risk of spurious results because of a non-representative sample. The third issue runs the risk of turning the effect of ideology on policy into a tautology (Herre, 2023). Notwithstanding these shortcomings, we later used the political ideology data from DPI for robustness check purposes.

2.3.1.1 Political Ideology Trends

There is considerable heterogeneity in the political ideology of heads of government and political leaders across countries and over time. Overall, left-wing heads of government occupy approximately 45.6%, right-wing 38.4%, and centrist 9.5% of the sample during the period from 1980-2019. The rest, 6.5%, of the observations either represent missing political ideology data or are cases where partisanship is not defined (i.e., could not be categorized as left, right, or centrist).

Figure 2 shows the percentage of right-wing, centrist, and left-wing heads of governments in a country aggregated over the entire sample period 1980-2019. The political ideology percentage is given on the x-axis and countries on the y-axis. Countries are divided into four panels, with right-wing heads represented by black, centrist by medium-gray, and left-wing by light-gray bars for presentation purposes. The white bar color represents either undefined or missing ideology. The ideologies percentage and the missing portion sum up to 100% for any country. While most countries have had a mix of right, left, and centrist heads of government, there are a few in which only a single type of ideology was predominant throughout the sample period. For example, Bahrain, Botswana, Cape Verde, Cameroon, Equatorial Guinea, Gabon, Malaysia, Oman, Saudi Arabia, and the United Arab Emirates have had right-wing heads for the full sample duration. In contrast, Angola, Barbados, China, Belarus, Cuba, Cuba, Djibouti, Eritrea, Ethiopia, Guinea-Bissau, Guyana, North Korea, Lao, Mauritius, Mozambique, Myanmar, Namibia, Seychelles, Sierra Leone, Singapore, Somalia, Syria, Tajikistan, Turkmenistan, Tanzania, Vietnam, and Zimbabwe have had left-wing heads for the full sample. Only Montenegro and Switzerland had centrist heads from 1980 to 2019.

The percentage of right-wing, left-wing, and centrist heads of governments across years aggregated over countries is displayed in Figure 3. The percentage of centrist heads of government each year has been consistently hovering between 5% to 15% from 1980 to 2019. The left-wing and right-wing governments have been predominant during the sample period, ranging around 85% to 95%. During the 1980s decade, there were more left-wing heads worldwide. The first few years of the 1990s saw an emergence of the right, which is associated with the fall of the Soviet Union and its satellite regimes; however, by 1994, the left-wing governments again held a majority. The left retained its majority until 2007, after which the right-wing heads surpassed the left-wing ones around the world and remained so until the end of the sample period in 2019[13].

Next, Figure 4 depicts the yearly trend of political ideology by North, Emerging South, and the Rest of South country classification[14]. The left-wing heads of government are shown in panel (a), right-wing in panel (b), and centrist in panel (c). A few trends emerge here that are worth noting. Left-wing heads are predominant in the Rest of the South countries. A similar left-leaning trend can be seen for countries in the Emerging South group starting in the early 1990s; however, before this period, the Emerging South countries were primarily right-leaning. The countries of the global North have been relatively sporadic with their partisanship preferences; however, after the year 2000, right-wing heads of government have been prevailing.

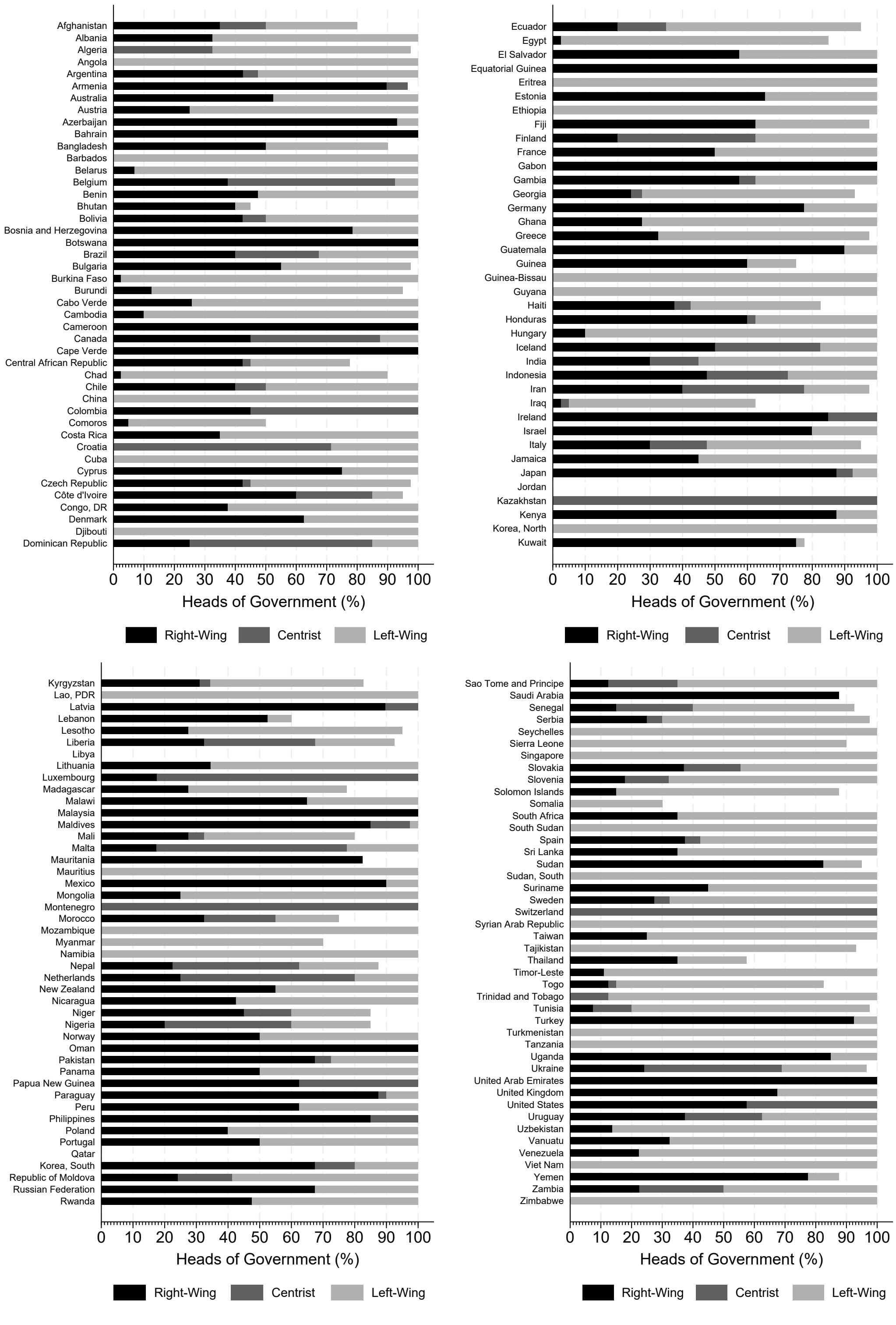
2.3.2 IMF Programs and Conditionality

The data for the IMF program participation (*IMFProg*) comes from Dreher (2006b) and takes the value of 1 if the IMF program is present in a country for at least five months

[13] The causes of the rise and fall of a particular political ideology across years is beyond the scope of this paper. A similar figure as Figure 3, the Figure B1 for political leaders is given in Appendix B.

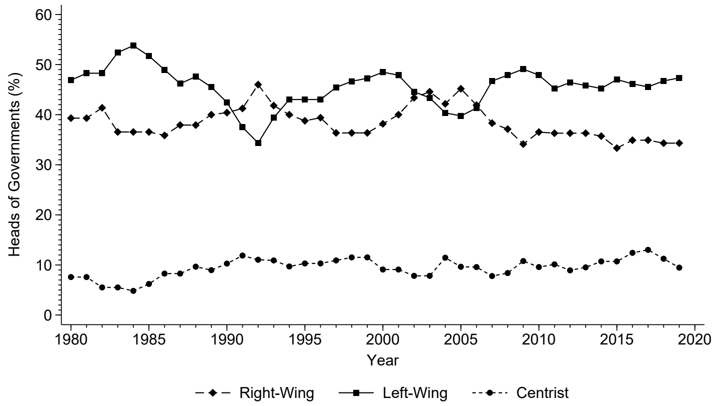
[14] The classification criteria and list of countries belonging to the North, Emerging South, and the Rest of the South are given in the Appendix A.

Figure 2: Percentage of Right-Wing, Centrist, and Left-Wing Heads of Governments by Country



Notes: The graph shows the percentage distribution of political ideology of heads of government across countries. The percentage of the right-wing (black), centrist (medium-gray), and left-wing (light-gray) heads of governments is shown on the x-axis, and countries are listed on the y-axis. The white region in the bars represents either non-economic ideology or missing data. Each of the four panels shows a different set of countries arranged alphabetically.

Figure 3: Percentage of Countries With Right-Wing, Left-Wing, and Centrist Heads of Government by Year



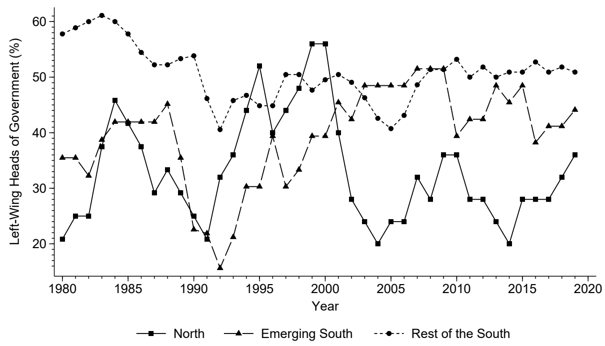
Notes: The graph shows the percentage of countries across years with left, right, and centrist heads of government political ideologies. The years are listed on the x-axis, and the percentage of right-wing (diamond), left-wing (square), and centrist (circle) heads of governments are shown on the x-axis.

in a particular year and zero otherwise. The IMF conditionality dataset is compiled by Kentikelenis and Stubbs (2023) and is available for the 1980 to 2019 period. The conditionality data is sourced from the IMF's internal documents and provides detailed information on the dimensions, types, and implementation of conditions (*IMFCond*) across countries. IMF conditionality can be defined as the "corpus of conditions included in arrangements" (Kentikelenis and Stubbs, 2023). The disbursement of the loan tranches is conditional on the fulfillment of 'conditionality' as determined in program reviews conducted periodically – typically three to six months – by the IMF staff.

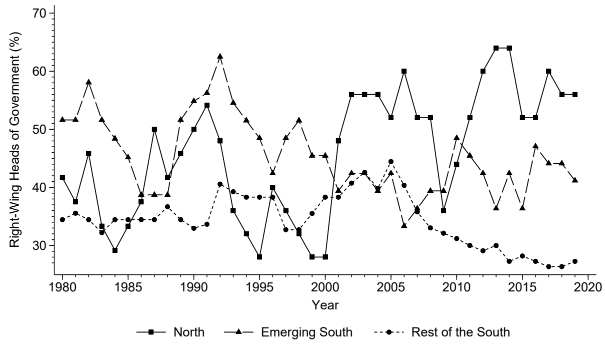
IMF conditions can be of two types: quantitative and structural. Quantitative conditions are measurable benchmarks/targets that borrowing countries must meet and maintain for the loan period, such as internal and external debt, balance of payments, fiscal targets, etc. Structural conditions require changes in the structure of the domestic economy that are consistent with the microeconomic foundations of neoclassical economics, i.e., market-orientated reforms. Structural conditions are less flexible in their implementation. They could be as simple as a requirement to appoint experts to conduct economic analysis on a specific issue or as complex as requiring independence of the central bank, privatization of state-owned enterprises, restructuring social safety nets, etc.

Quantitative and structural conditions can be further clustered into hard and soft

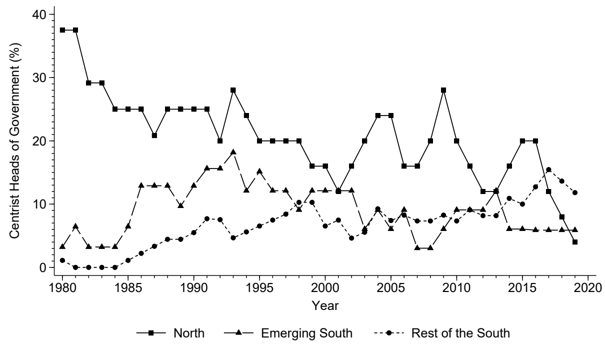
Figure 4: Percentage of Countries With Left-Wing Heads of Government by Year and North, Emerging South, and the Rest of the South Country Classification



(a) Left-Wing



(b) Right-Wing



(c) Centrist

Notes: The graph shows the percentage of countries across years with left, right, and centrist heads of government political ideologies classified by the global North, Emerging South, and the Rest of the South country classification. The percentage of left-wing heads of government is depicted in panel (a), right-wing in panel (b), and centrist in panel (c). The years are listed on the x-axis, country groups by global North (square), Emerging South (triangle), and the Rest of the South (circle) classification are shown on the y-axis.

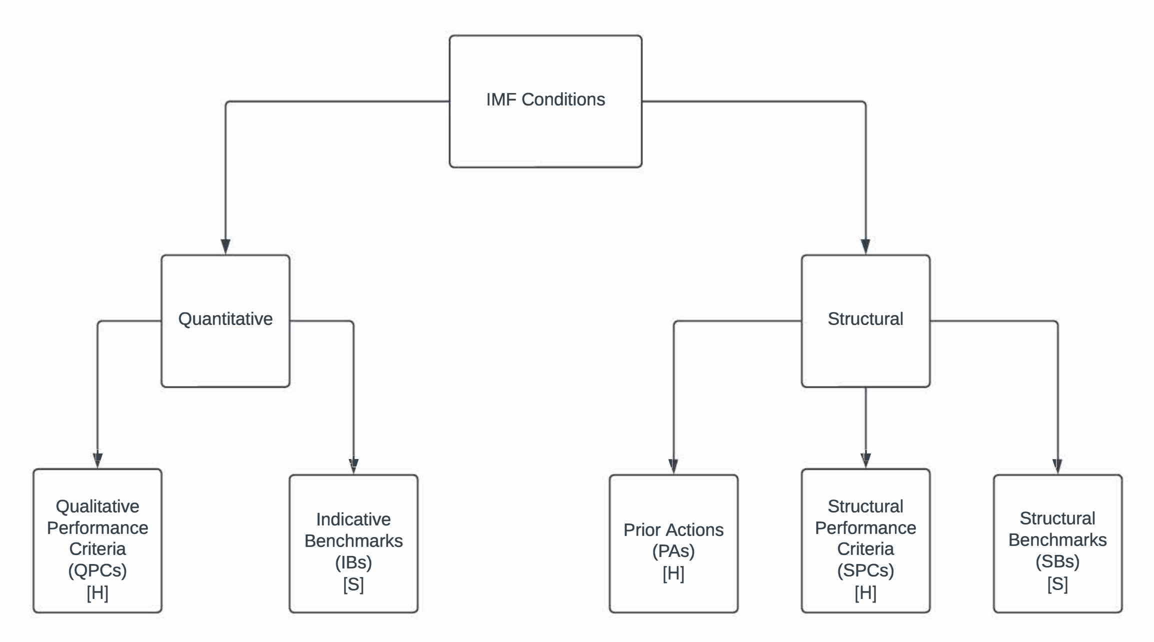
conditions based on the importance the Fund attaches to their implementation. The IMF sets considerable weight on the hard conditions, and the borrowing country must implement those conditions so that the IMF can disburse the next loan tranche. In cases of implementation failure, a formal waiver is required from the IMF's Executive Board (EB)[15]. On the contrary, the Fund places relatively less importance on soft conditions, and the progress of their implementation by a borrowing country is at the discretion of the IMF staff. Formal waivers are not required if soft conditions remain unmet.

The quantitative and structural conditions can be further subdivided into five classes. The quantitative performance criteria (*QPCs*) and indicative benchmarks (*IBs*) are quantitative conditions, and prior actions (*PAs*), structural performance criteria (*SPCs*), and structural benchmarks (*SBs*) belong to the structural conditions group. These five conditions classes can further be grouped over hard and soft conditions. The hard conditions include *QPCs*, *PAs*, and *SPCs*, while *IBs* and *SBs* are soft conditions. Figure 5 displays the various IMF conditions types and categories.

The quantitative (*QPCs*) and structural performance criteria (*SPCs*) are measurable specific conditions that must be fulfilled to complete a review, i.e., hard conditions. The former relates to macroeconomic targets governments can control, e.g., fiscal balances, international reserves, external debt and borrowing, GDP, credit and monetary aggregates, etc. The latter concerns structural measures whose enactment is paramount to the program's success, e.g., legislative reforms such as enacting a new banking or bankruptcy law. A country must comply with prior actions (*PAs*) before the IMF's Executive Board approves a loan or concludes a review. *PAs* are the strictest conditions and are typically imposed on countries that are, or have been, inconsistent with their commitment to the reforms' implementation. The Fund deems these conditions imperative, and noncompliance results in a financial block until they are executed. Indicative benchmarks (*IBs*) supplement *QPCs* and track their implementation progress in cases of uncertainty about economic trends; as uncertainty clears, *IBs* are typically changed into *QPCs* with modifications if required. Structural benchmarks (*SBs*) are typically unquantifiable re-

[15] Waivers may be granted due to conditions outside a country's control, but they may also be granted for high politics in bureaucratic decisions by the IMF staff (Pop-Eleches, 2009).

Figure 5: Categories and Types of IMF Conditions



Notes: The figure is adapted from Kentikelenis and Stubbs (2023). IMF conditionality can be classified into quantitative and structural conditions, which can be further subdivided into five types. Quantitative conditions include quantitative performance criteria (*QPCs*) and indicative benchmarks (*IBs*), and structural conditions include prior actions (*PAs*), structural performance criteria (*SPCs*), and structural benchmarks (*SBs*). Based on the weight that the IMF places on the implementation, these conditions can further be grouped into hard (more weight) and soft (less weight) conditions, represented by [H] and [S], respectively.

forms, e.g., better public finance management, building social safety nets, improving private and financial sector operations, etc. Similar to *IBs*, *SBs* are also intended to assess program performance and compliance during a review (Leckow, 2005).

Kentikelenis and Stubbs (2023) also classifies all conditions into thirteen mutually exclusive policy areas. These include external debt issues (*DEB*); land and environment (*ENV*); external sector (trade and exchange system) (*EXT*); financial sector, monetary policy, and Central Bank issues (*FIN*); fiscal issues (*FP*); institutional reforms (*INS*); labor issues (*LAB*); residual category (*OTH*); anti-poverty (*POV*); state-owned enterprises privatization (*PRI*); revenues and tax issues (*RTP*); state-owned enterprises reform and pricing (*SOE*); social policy and (*SP*).

2.3.2.1 Conditionality Burden of Adjustment Indicators

How do we compare IMF conditionality across borrowing countries? Kentikelenis and Stubbs (2023) constructs Burden of Adjustment indicators (*BAs*), estimated by counting the number of conditions imposed on a country. *BAs* are composite indicators of the magnitude of adjustment required of borrowing countries. Sometimes, borrowing countries can obtain waivers from the Fund's Executive Board on a few conditions. Therefore, *BAs* must also be adjusted to conditionality implementation. It gives us three ways in which *BAs* can be constructed: not corrected for implementation, corrected for implementation, and implementation discounted (corrected).

BAs not corrected for implementation can be estimated as a simple, hard, or weighted conditions count. A simple condition count (*BA1*) sums up the total number of conditions applicable in a country for a policy area in a given year. A hard condition count (*BA2*) measures only hard conditions with greater coercive power than soft conditions. A weighted conditions count (*BA3*) incorporates both hard and soft conditions where hard conditions are assigned a weight of 2 and soft conditions a weight of 1 when adding them up to form the composite indicator (Caraway et al., 2012).

Kentikelenis and Stubbs (2023) use two approaches to correct the composite indicators for implementation. The direct approach is to subtract the waived conditions from the total condition count. The implementation-corrected burden of adjustment indicators (*cBAs*) only applies to hard conditions because only these require waivers in case of non-compliance. The indirect, implementation-discounted burden of adjustment indicators (*dBAs*) overcomes some shortcomings of the direct methods, e.g., the inability to track compliance when a program does not make it to the review stage. The *dBAs* are calculated by assessing temporary – a divergence from program implementation that is rectified subsequently – and permanent program interruptions, which occur when countries fail to complete reviews. The interruptions are measured as the time gap between the initial and the actual review dates (Mecagni, 1999). The time lag is discounted by a coefficient of 1 for no interruptions, 0.75 for an interruption of one quarter, 0.50 for an interruption of two quarters, 0.25 for three, and 0 for four. Lastly, similar to *BAs*, both *cBAs* and *dBAs* can be estimated using simple, hard, and weighted counts.

2.3.2.1.1 Limitations of Burden of Adjustment Indicators

The conditionality dataset has some limitations[16]. Firstly, only formal conditions are captured in the dataset; informal conditions, such as policy statements, recommendations, etc., are not. Only formal hard conditions possess coercive power; informal conditions lack formal coercion because they do not require a review. However, excluding informal conditions from the data may underestimate the total conditionality pressure on governments. Secondly, comparing quantitative conditions within and across countries can be difficult. For example, if a *QPC* requires the elimination of outstanding international debt, it can be challenging to assess whether it is a strong condition without first knowing the size of debt as a share of GDP. Similarly, if a condition demands a reduction in the wage bill, we do not know whether the wage bill reduction was in comparison to the overall size of the public sector wage bill. According to Kentikelenis and Stubbs (2023), this issue has no remedy. Thirdly, there may be some cases where different structural conditions have the same result or may be phased over the program duration. For example, SOE privatization may start with an appointment of an audit firm to launch a tender

[16] For details, please see Kentikelenis and Stubbs (2023).

and end with the signing of a privatization deal with a successful bidder. Thus, there is an element of subjectivity involved in interpreting the connection of a structural condition to prevent double counting. Lastly, many countries, particularly those in African and Eastern European regions (in the 1990s), may have other adjustment programs (e.g., World Bank programs) besides the IMF programs. Therefore, the burden of adjustment indicators (*BAs*) are likely to understate the real adjustment burden by international organizations on borrowing countries.

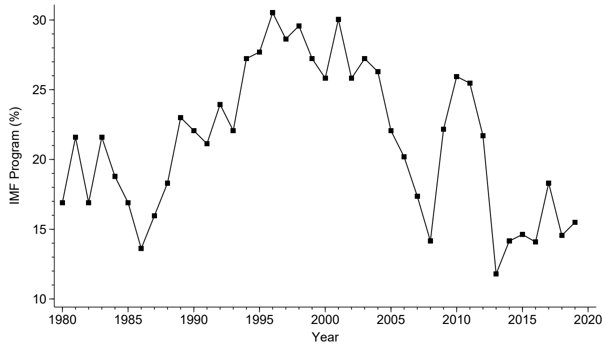
2.3.2.2 IMF Program Conditionality Trends

The percentage of countries with an IMF program in a year over time is displayed in panel (a) of Figure 6. The periods that stand out in terms of a higher percentage of countries with an IMF program are from 1990 to the early 2000s and from 2008 to 2012. The former coincides with the fall of the Soviet Union, which resulted in the newly independent Warsaw Pact countries borrowing from the IMF, while the latter overlaps with the Global Financial Crises of 2007-08. Next, the panel (b) of Figure 6 breaks IMF program participation by North (square), Emerging South (triangle), and Rest of the South (circle) country classification. The countries classified in the global North rarely have to go to the IMF for a loan except for the 2008 to 2012 period, which corresponded to the Great Recession and European sovereign debt crisis. On average, about 40% to 60% of the countries of the global South (Emerging and the Rest of the South) have had an IMF program throughout the sample period.

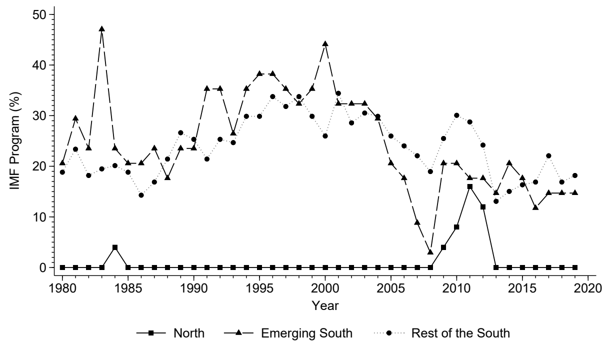
The average number of total conditions imposed on a country throughout the sample period (1980-2014) is 8.2, while the hard condition (*BA2TOT*) average is 5.5. The highest number of conditions imposed on a country was 148 – 124 hard conditions – in Ukraine in 1999, followed by Russia's 143 – 104 hard conditions – in 1998. Figure 7 shows the average of hard (black) and soft (gray) conditions by country throughout the sample period.

Next, the total, average, and standard deviation of *BA1TOT* are shown in Figure 8 by year. Figure 9 and Figure 10 shows the average number of conditions for different bur-

Figure 6: Percentage of Countries with an IMF Program by Year



(a) IMF Program (%) All Countries



(b) IMF Program (%) by North, South, and the Rest of the South Country Classification

Notes: The graph in panels (a) and (b) shows the percentage of countries with an IMF program and the percentage of countries with an IMF program and by North, Emerging South, and Rest of the South country classification across years. The years are listed on the x-axis in both panels. The percentage of countries with an IMF program are listed on the y-axis in panel (a). The percentage of countries with an IMF program by North (square), Emerging South (triangle), and the Rest of the South (circle) classification are shown on the y-axis in panel (b).

dens of adjustment composite indicators, and by quantitative ($QCsTOT$) and structural conditions ($SCsTOT$), respectively. From Figure 10, we can see a few stylized facts about IMF conditions. First, $QCsTOT$ are typically more than $SCsTOT$, primarily dominated by quantitative performance criteria $QPCsTOT$. Before 1983, $QPCsTOT$ were the only type of conditions. Starting in 1983, the IMF introduced indicative benchmarks $IBsTOT$ in quantitative conditions and also introduced all structural conditions. Post-1983, within $SCsTOT$, structural performance criteria ($SPCsTOT$) have relatively been on the lowest side, structural benchmarks ($SBsTOT$) have the highest average, and prior actions ($PAsTOT$) peaked around 1997 before falling and have relatively been middling between $SPCsTOT$ and $SBsTOT$.

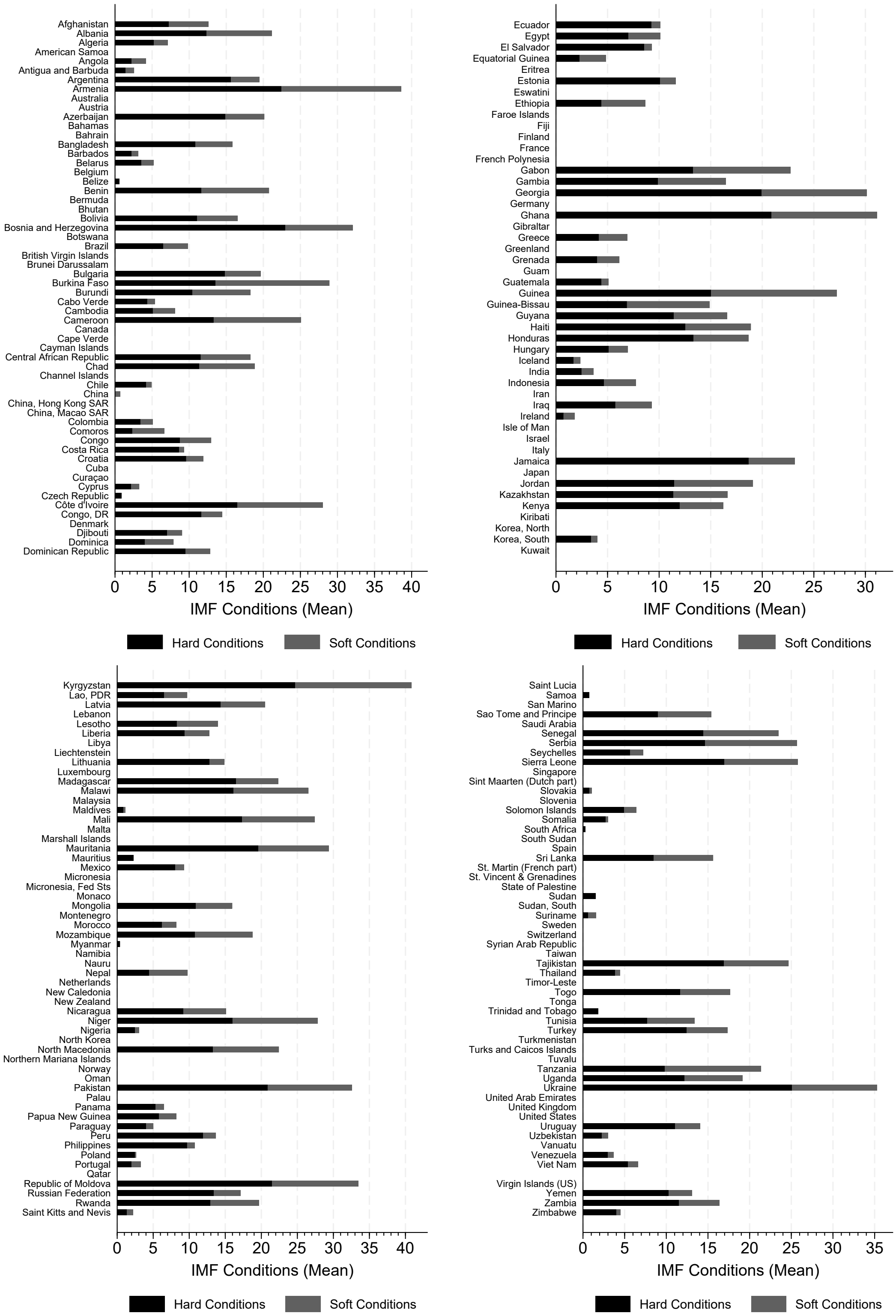
2.4 Empirical Method

Following Stubbs et al. (2020), we estimate a simultaneous equation system – Equations (1) to (3) – utilizing a Conditional Mixed Processing (CMP) model with a maximum likelihood estimator (MLE) to measure the effect of IMF program participation and conditionality on political ideology and vice versa[17]. CMP MLE allows for both linearity and non-linearity in the IMF participation equation (Eq. 1) and political ideology equation (Eq. 3), resulting in relatively consistent and unbiased estimates than a canonical Three-Stage Least Squares (3SLS). CMP's multi-equation setup permits a different reduced form and dependent variable for each equation, as well as the use of instrumental variables (IVs). A major identification challenge in measuring the effect of the IMF on political ideology is that countries may self-select into an IMF program and conditionality. Therefore, the exogenous component of IMF program participation in Eq. (1) and IMF conditionality in Eq. (2) is estimated using the IVs, and then the predicted values of participation and conditionality as employed as explanatory variables for political ideology in Eq. (3).

Formally, we estimate the following equation system:

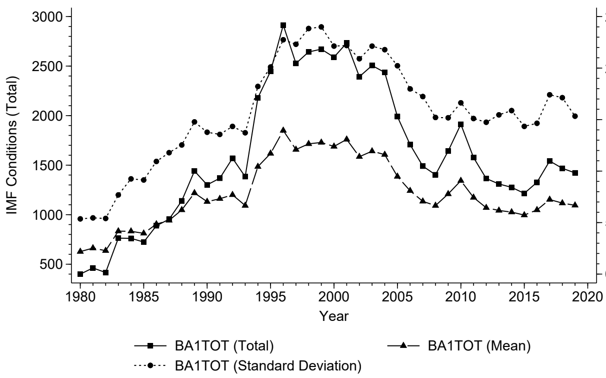
[17]The CMP model is estimated using the 'cmp' STATA statistical package by Roodman (2011).

Figure 7: Average Number of IMF Hard and Soft Conditions by County



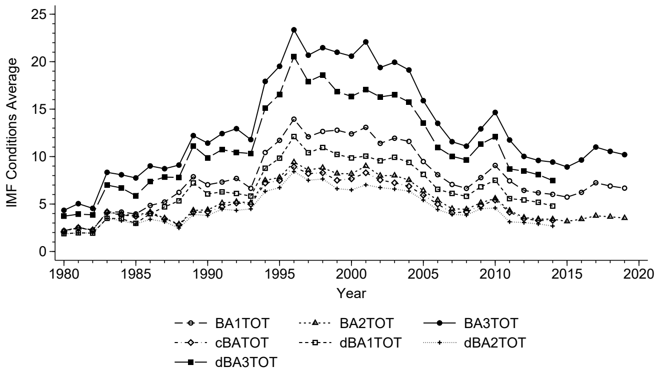
Notes: The graph shows the average number of IMF hard and soft conditions across countries. The average number of hard (back) and soft (gray) conditions are displayed on the x-axis, and countries are listed on the y-axis. Each of the four panels shows a different set of countries arranged alphabetically. The absence of a bar represents zero conditions

Figure 8: Total, Average, and Standard Deviation of Hard and Soft IMF Conditions ($BA1TOT$) by Year



Notes: The graph shows the total (square), average (triangle), and standard deviation (circle) of simple hard and soft conditions count *BA1TOT*. The years are listed on the x-axis. The frame of reference for the total and deviation of conditions is the left side y-axis, which gives the total IMF conditions; the reference frame for the average number of conditions in a year is the right side y-axis.

Figure 9: Average Number of IMF Condition Burden of Adjustment Composite Indicators (*BAs*) by Year



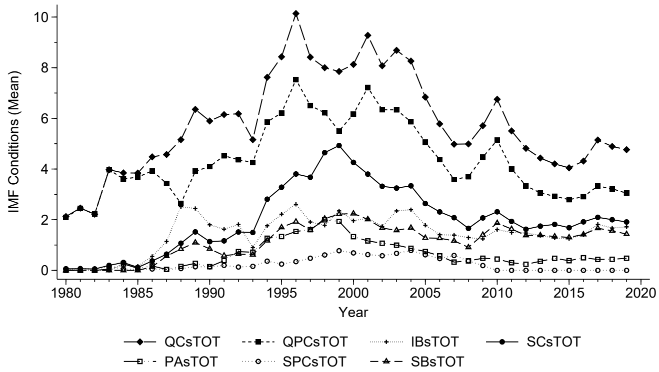
Notes: The graph shows the average number of IMF condition burden of adjustment composite indicators (*BAs*) across years. The years are listed on the x-axis, and the IMF conditions average is shown on the y-axis. *BA1TOT* is a simple count of hard and soft conditions (hollow circle); *BA2TOT* is a simple count of hard conditions only (hollow triangle); *BA3TOT* is a weighted count of hard and soft conditions (filled circle); *cBATOT* is the implementation-corrected count of hard and soft conditions (hollow diamond); *dBA1TOT* is the implementation-discounted count of hard and soft conditions (hollow square); *dBA2TOT* is the implementation-discounted count of hard conditions only (plus); and lastly, *dBA3TOT* is implementation-discounted weighted count of hard and soft conditions (filled square).

$$IMF\widehat{Prog}_{it-1} = \alpha_1 X_{it-1} + \alpha_2 Ideology_{it-1} + \alpha_3 Z_{it-1} + \mu_i + \delta_t \tag{2.1}$$

$$IMF\widehat{Cond}_{it-1} = \gamma_1 X_{it-1} + \gamma_2 Ideology_{it-1} + \gamma_3 Y_{it-1} + \mu_i + \delta_t \tag{2.2}$$

$$Ideology_{it} = \beta_1 IMF\widehat{Prog}_{it-1} + \beta_2 IMF\widehat{Cond}_{it-1} + \beta_3 V_{it-1} + \mu_i + \delta_t + \varepsilon_{it} \tag{2.3}$$

Figure 10: Average Number of IMF Quantitative (QCs) and Structural Conditions (SCs) by Year



Notes: The graph shows the average number of IMF quantitative and structural conditions across years. The years are listed on the x-axis, and the IMF conditions average is shown on the y-axis. $QCsTOT$ is the total of all quantitative conditions. Quantitative conditions include the quantitative performance criteria ($QPCsTOT$) and the indicative benchmarks ($IBsTOT$). $SCsTOT$ is the total of all structural conditions. Structural conditions include prior actions ($PAsTOT$), structural performance criteria ($SPCsTOT$), and structural benchmarks ($SBsTOT$). *QPCs*, *PAs*, and *SPCs* are hard conditions, whereas *IBs* and *SBs* are soft conditions.

where the subscript i denote the country and t the year; $IM\widehat{FProg}$ and $IM\widehat{FCond}$ are the fitted values of IMF program participation and conditionality, respectively; *Ideology* is an indicator for either *Left-Wing*, *Right-Wing*, or *Centrist* heads of government; X represent the set of control variables in Eqs. (1) and (2), whereas V does the same for Eq. (3); Z and Y are represent the instrumental variable(s) in Eq. (1) and (2), respectively; μ_i and δ_t are country and year fixed effects; and lastly, the error term is given by ε_{it}. All control variables are lagged by one year (t-1) to allow for delayed effects and decrease the likelihood of contemporaneous correlation.

As mentioned earlier, Eq. (1) deals with the endogeneity of self-selection in an IMF program. Eq. (2) accounts for the endogeneity of selection of IMF conditions – number and extent of conditions – given a country opts into a Fund's program. The extant empirical evidence supports the endogenous nature of both IMF participation and conditionality (Caraway et al., 2012; Rickard and Caraway, 2014; Vreeland, 2006). In addition to this, Eqs. (1) and (2) also provide estimates for the effect of political ideology on IMF program participation and the burden (number) of IMF conditions, respectively. Lastly, Eq. (3) is the outcome equation determining the effect of the IMF program and conditions on political ideology once a country opts into an IMF program. Eq. (3) is also free from the concerns for reverse causality because the effect of political ideology on *IMFProg* and *IMFCond* is already controlled in Eqs. (1) and (2), respectively.

The three primary variables in Eqs. (1)-(3) are as follows:

IMFProg is IMF program participation and equals 1 for a country i at time t that has had an IMF program for at least five months in that given year (Dreher, 2006b). The *IMFProg* data comes from Boockmann and Dreher (2003) and Dreher (2006b).

IMFCond is the total number of IMF conditions imposed on a country in a given year. In the benchmark analysis, we use a composite measure of the number of IMF's binding or hard conditions (*BA2TOT*). It consists of a sum of quantitative and structural conditions. Recall that under an IMF program, implementing hard conditions is a prerequisite for disbursement of loan money. It is a proxy for the overall burden of conditionality (Copelovitch, 2010; Dreher and Jensen, 2007; Dreher and Vaubel, 2004b; Gould, 2003). Admittedly, a better measure would also capture the difficulty of implementing the conditions; however, it may be impossible to gauge the implementation difficulty due to heterogeneity among countries (Dreher, Sturm, and Vreeland, 2015). We also use conditionality classifications to check the heterogeneity of the benchmark estimates. These include aggregate conditionality burden of adjustment indicators (Table 2.2, Table 2.6, and Table 2.10), quantitative and structural conditions (Table 2.3, Table 2.7, and Table 2.11), and conditions targeting specific policy areas (Table 2.4, Table 2.8, and Table 2.12). The IMF conditionality dataset is compiled by Kentikelenis and Stubbs (2023).

The binary *Ideology* variable for a specific political ideology is taken from Herre's (2023) Global Leaders Ideology Dataset. The dummy takes the value of 1 for a left-wing head of the government (abbreviated simply as *Left-Wing*) and 0 for either a centrist or a right-wing government. Similarly, its variants, *Right-Wing* and *Centrist*, switch to 1 for right-wing and centrist governments and 0 otherwise, respectively.

The X includes the following set of country and time-varying controls:

The real GDP growth rate (*RGDPG*) captures the effect of a country's prevalent economic conditions – e.g., slowdowns, recessions, crises, recovery, or boom – on the likelihood of opting for an IMF agreement. *RGDPG* may also affect the nature and type of conditions the IMF imposes. We should anticipate a higher probability of signing an IMF deal with relatively stricter conditions for a country with lower *RGDPG*.

The real GDP Per Capita (*RGDPPC*) controls for the effect of the level of economic development and income. A country with higher *RGDPPC* should face a lower likelihood of borrowing from the IMF and, when it has to borrow, should encounter relatively fewer conditions. This is because not only a high-income country should be able to manage its resources better but also enjoy greater political power in international politics and IMF management, i.e., a higher quota in the Fund and, thus, more say in IMF's voting. Both *RGDPG* and *RGDPPC* variables come from Penn World Tables (Feenstra et al., 2015).

The inflation rate (*Inflation*) measures the price stability and uncertainty. A higher inflation rate should increase the odds of opting for an IMF agreement.

The general government's final consumption expenditure as a percentage (fraction) of GDP (*GovConsumption*) measures fiscal imbalances. We anticipate that countries with higher fiscal imbalances face higher chances of signing an IMF arrangement and may be subject to more conditions.

The current account balance as a percentage (fraction) of GDP (*CurrentAccount*) captures the effect of current account imbalances on IMF program participation. The severity of the balance of payment crises increases the probability of opting into an IMF agreement and the degree of conditionalities. The variables *Inflation*, *GovConsumption*, and *CurrentAccount* are taken from the World Bank's World Development Indicators (WB, 2023).

Next, the vector V contains the following country-year level explanatory variables for the outcome variable in Eq. (3):

The current economic conditions, particularly economic recessions or crises, promote reforms (Rodrik, 1996) particularly, liberal market reforms (Klein, 2007). Therefore, lower *RGDPG* may lead to the emergence of right-wing governments[18]

[18]Economic slowdowns or an economic crisis may also trigger a shift toward left-wing governments. For example, the Russian Revolution in 1917 culminated in the socialist/communist Bolshevik Party coming

A country's income and economic development levels affect which political party gets elected. It is an empirical question whether higher income levels affect the likelihood of a left-wing, centrist, or right-wing government coming into power. Thus, *RGDPPC* is also added as an explanatory variable.

The share of the population actively engaged in trade unions (*Union*) comes from the Varieties of Democracy Dataset (Lührmann et al., 2020). *Union* variable is measured as point estimates from the V-Dem measurement model, aggregating expert ratings to produce a standardized probability interval scale ranging from -5 to 5[19]. A higher bargaining power of labor groups in a country means that left-wing parties may enjoy more popular support. Therefore, we expect a positive association between *Union* and the odds of the electoral success of left-wing parties. The opposite should be valid for right-wing political parties.

The percentage of the population who have completed secondary schooling (*SchSecond*) can capture the population's education level and ability to make informed decisions. This variable comes from Barro and Lee (2013). The *SchSecond* can be considered a proxy for voters' political information. It is argued that education increases the likelihood of left-wing governments (Caplan and Miller, 2010; Dunn, 2011; A. G. Meyer, 2017). Therefore, we should anticipate a positive effect of *SchSecond* on *Left-Wing* governments.

Next, Z and Y are instruments for *IMFProg* and *IMFCond*, respectively. Instrumental variables (IVs) must satisfy two validity criteria: relevance and exclusion restriction. Relevance means that the IVs must be correlated with the endogenous regressors, i.e., *IMFProg* and *IMFCond*, but must be uncorrelated with the outcome variable *Ideology*. Exclusion restriction implies that the IVs should only affect the outcome variable through

into power. Similarly, the Eurozone economic crises of 2010 resulted in the rise of a radical left party, Syriza, in Greece, which emerged as the second-largest party in the 2012 elections. Syriza became the first left-wing party in the country's history after winning the 2015 elections. The Greek example shows that after a crisis, a right-wing party still secured victory (as in 2012) despite a strong left-wing party emerging. Although historically, the relation between real GDP growth rate and changes in government ideology can go either way, our focus here is more on recent history. Therefore, we argue that a positive association between lower GDP growth and right-wing governments may exist. For further discussion, see Klein (2007).

[19] The country experts rate the share of the population actively engaged in trade unions on the following responses: virtually no one (0%), a small share of the population (less than 5%), a moderate share (about 5% to 15%), a large share (about 16% to 25%), and a very large share of the population (about 26% or more). For more information, please see V-Dem Codebook (Coppedge et al., 2022).

the channel of the endogenous regressor. Following Stubbs et al. (2020), we use the compound instrumentation approach to instrument for IMF program participation and IMF conditions separately. The compound instrumentation approach is borrowed from the aid effectiveness literature (Dreher and Langlotz, 2020; Nunn and Qian, 2014). The instrument Z for *IMFProg* is constructed by multiplying the yearly IMF budget constraint ($IMFBudget_t$) with the within-country average of the IMF program participation for the sample period. Similarly, the Y for *IMFCond* is obtained by interacting IMF budget constraint with the within-country average of the IMF conditions. More formally, the predicted values for the IMF program and conditions in Eq. (1) and (2) are derived as follows from Eq. (4) and (5), respectively:

$$\widehat{IMFProg}_{it} = y_1(\overline{IMFProg_i} \times IMFBudget_t) + y_2 X_{it} + \mu_i + \delta_t \tag{2.4}$$

$$\widehat{IMFCond}_{it} = a_1(\overline{IMFCond_i} \times IMFBudget_t) + a_2 X_{it} + \mu_i + \delta_t \tag{2.5}$$

The proxy for IMF budget constraint is obtained by taking the (log) level of IMF's liquidity ratio, which is measured by dividing IMF's liquid resources by liquid liabilities. The IMF's liquid resources are the sum of usable currencies plus contributed Special Drawing Rights, whereas the liquid liabilities are the sum of members' reserve tranche positions plus outstanding IMF borrowing from members (Lang, 2021; Nelson and Wallace, 2017).

Our primary identification assumption is that changes in IMF budget constraints should not affect the outcome variable of interest, *Ideology*, except through the channel of the incidence of IMF program participation and imposed conditions. The IMF budget constraint is considered exogenous. Analytical proofs show that the interaction of an exogenous variable, *IMFBudget*, with an endogenous one, $\overline{IMFProg_i}$ or $\overline{IMFCond_i}$, can be considered exogenous (Bun and Harrison, 2019; Nizalova and Murtazashvili, 2016). Stubbs et al. (2020) extensively discusses and provides evidence that the IMF budget constraint is exogenous and that the IVs are strong and satisfy the relevancy and exclusion restriction criteria. Evidence also shows a positive association between the demand for IMF loans and the number of demanded conditions, indicating the IMF's budget constraint's effect on the Fund's resource allocation decision (Dreher and Vaubel, 2004b). We also report Kleibergen-Paap F-statistics for Eq. (1) and (2), separately and jointly, to inspect for weak instruments (Kleibergen and Paap, 2006a)[20].

Lastly, we also use a two-equation system to present pre-baseline results from columns (1) to (3) in Table 2.1, and Table 2.9. My goal here is to observe the direct effect of *IMFProg* on political ideologies without controlling for the effect of the conditionality burden. The two equations are as follows:

$$IMF\widehat{Prog}_{it-1} = \alpha_1 X_{it-1} + \alpha_2 Ideology_{it-1} + \alpha_3 Z_{it-1} + \mu_i + \delta_t \tag{2.6}$$

$$Ideology_{it} = \beta_1 IMF\widehat{Prog}_{it-1} + \beta_2 V_{it-1} + \mu_i + \delta_t + \varepsilon_{it} \tag{2.7}$$

2.5 Analysis

The results from Eq. (1), the effect of political ideology on IMF program participation, are discussed in the section 2.5.1. The Eq. (2) results for the effect of political ideology on IMF burden of conditionality are examined in the section 2.5.2. The section 2.5.3, in turn, describes the effect of IMF program and conditions on political ideology. Lastly, the sensitivity and robustness analysis of the benchmark empirical estimates is presented in the section 2.5.4.[21]

2.5.1 Effect of Political Ideology on IMF Program Participation

This section presents the empirical estimates from Eq. (1), i.e., the effect of *Left-Wing*, *Right-Wing*, and *Centrist* political ideologies on IMF program participation (*IMFProg*).

The baseline results are given in Table 2.1 uses the burden of adjustment composite indicator for hard conditions (*BA2TOT*). As discussed earlier, the reason for using *BA2TOT* in the benchmark specification is that the disbursement of loan tranches is

[20] Generally, a value of F-stat greater than or equal to 10 is considered fine to rule out a weak instrument problem. This rule is too conservative if a limited information maximum likelihood estimator (LIML) is used (Stock and Yogo, 2005). The cmp statistical package uses LIML for reduced-form estimations in this paper.

[21] Since political parties represent the ideology of their heads, the words 'head of government', 'government', and 'political parties' are used synonymously.

conditional on implementing hard conditions. As a reminder, the indicator variable *Left-Wing* takes the value of 1 if a country has a left-wing head of government and 0 if a country has either a right-wing or a centrist head.[22] The columns (1) to (3) and (4) to (6) in Table 2.1 exhibit the estimates from Eq. (4) of a two-equation CMP model, and Eq. (1) of the benchmark model. The results show the *Left-Wing* governments are less likely to sign an IMF loan program (significant at 1% level), *Right-Wing* governments are more likely to opt for an IMF program (1% and 10% significance levels in columns (2) and (5), respectively). In contrast, the governments with *Centrist* political ideology have increased odds of opting for an *IMFProg* (significant at 1% level in column (3), but insignificant in column (6)). Quantitatively interpreting the estimates from column (4), all else equal, a *Left-Wing* government coming into power decreases the probability – ranged between [0,1] – of opting into an *IMFProg* by 0.34. In other words, the chances of signing an IMF deal are 33.8 percentage points lower for *Left-Wing* parties than non-left. Similarly, in column (5), the likelihood of *IMFProg* participation is 23.4 percentage points higher for *Right-Wing* governments than non-right incumbents.

In Table 2.2, we use the alternative burden of adjustment aggregate condition indicators (*BAs*) to estimate Eq. (1). In column (1), *BA1TOT* is a simple count of both hard and soft conditions;[23] *BA3TOT* is a weighted count of hard and soft conditions; *cBATOT* is the implementation-corrected count of hard conditions only; *dBA1TOT* is the implementation-discounted tally of both hard and soft conditions; *dBA2TOT* is the implementation-discounted count only hard conditions; *dBA3TOT* is the implementation-discounted weighted count of hard and soft conditions.[24] Furthermore, the estimates for *Left-Wing*, *Right-Wing*, and *Centrist* ideologies are separated into panels (a), (b), and (c), respectively. Each panel column represents a separate regression for a particular *BA* and political ideology. Overall, the results support the hypothesis that *Left-Wing*

[22] Similarly, *Right-Wing* switches to 1 for a right-wing head of government and to 0 for otherwise; *Centrist* is coded as 1 when a centrist head holds political office and 0 if either a left or a right-wing head does.

[23] The Eq. (1) results for *BA2TOT*, which a simple count of hard conditions only are already presented in Table 2.1

[24] Additional details on the construction of different burden of adjustment aggregate indicators are given in the section 2.3.2.1.

governments are less likely to opt for an *IMFProg*, the opposite is true for *Right-Wing*, and no effect is observed for *Centrist* ideology.[25]

Table 2.1: (CMP Estimates - Hard Conditions BA2TOT) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)	(4)	(5)	(6)
$Left\text{-}Wing_{it-1}$	-0.443***			-0.338***		
	(0.026)			(0.113)		
$Right\text{-}Wing_{it-1}$		0.438***			0.234*	
		(0.024)			(0.124)	
$Centrist_{it-1}$			0.658***			0.301
			(0.089)			(0.488)
$IntIMF55_{it-1}$	-0.105***	-0.078**	-0.144**	-0.154**	-0.174**	-0.206***
	(0.039)	(0.036)	(0.060)	(0.072)	(0.068)	(0.067)
$RGDPGR_{it-1}$	-0.020	0.001	-0.026	0.001	0.001	-0.080
	(0.086)	(0.077)	(0.099)	(0.092)	(0.094)	(0.102)
$lnRGDPPC_{it-1}$	-0.171***	-0.205***	-0.163***	-0.195***	-0.247***	-0.255***
	(0.047)	(0.043)	(0.058)	(0.056)	(0.051)	(0.093)
$Inflation_{it-1}$	-0.002*	-0.002*	-0.004**	-0.004	-0.006**	-0.008**
	(0.001)	(0.001)	(0.002)	(0.003)	(0.003)	(0.004)
$GovConsump_{it-1}$	0.064	0.099	0.291	0.299	0.399	0.393
	(0.193)	(0.183)	(0.236)	(0.306)	(0.316)	(0.368)
$CurrAccBal_{it-1}$	0.095	0.112*	0.155*	0.152	0.214*	0.286*
	(0.067)	(0.063)	(0.093)	(0.105)	(0.111)	(0.158)
Constant	2.661***	2.486***	2.735***	2.979***	3.287***	3.737***
	(0.436)	(0.403)	(0.609)	(0.627)	(0.623)	(0.826)
Observations	5,344	5,344	5,344	5,330	5,330	5,330
Countries	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
F-stat for Program	7.064***	4.608**	5.859**	4.541**	9.435***	9.435***

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. Columns (1) to (3) give the estimates from Eq. (4) for the two-equation CMP model. Columns (4) to (6) give the estimates from Eq. (1) for the three-equation CMP model. The corresponding estimates for Eq. (2) and Eq. (3) are provided in Table 2.5 and Table 2.9, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Next, the quantitative and structural conditions results are shown in Table 2.3. *QCsTOT* is an aggregate count of all quantitative conditions, including quantitative performance criteria (*QPCsTOT*) and indicative benchmarks (*IBsTOT*). Whereas *SCsTOT* tallies all structural conditions, i.e., prior actions (*PAsTOT*), structural performance criteria (*SPCsTOT*), and structural benchmarks (*SBsTOT*). Similarly, the heterogeneous effect of political ideology on IMF program participation can be seen clearly when con-

[25] Note that the regression estimation of *dBA2TOT* on *Left-Wing* ideology in panel (a) column (5) failed to converge and, subsequently, the results are unreliable.

ditions are categorized by specific policy areas in Table 2.4. In both the Table 2.3 and Table 2.4, the results qualitatively remain the same, i.e., governments with *Left-Wing* ideology are less likely, and *Right-Wing* are more likely to participate in an IMF program.

Overall, the results from the effect of political ideology on IMF program participation conform with the literature that also finds that left-wing governments have a lower probability of opting for an IMF arrangement (Kern et al., 2019; Pop-Eleches, 2009).

Table 2.2: (CMP Estimates - Alternative Burden of Adjustment Aggregate Conditions Measures) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)	(4)	(5)	(6)
	BA1TOT	*BA3TOT*	*cBATOT*	*dBA1TOT*	*dBA2TOT*	*dBA3TOT*
	Panel (A): *Left-Wing*					
$Left\text{-}Wing_{it-1}$	-0.283***	-0.292***	-0.241***	-0.253**	-0.249**	-0.247**
	(0.083)	(0.088)	(0.079)	(0.106)	(0.112)	(0.105)
F-stat for Program	12.090***	9.577***	11.914***	13.093***	10.635***	12.434***
	Panel (B): *Right-Wing*					
$Right\text{-}Wing_{it-1}$	0.219**	0.216**	0.177**	0.167*	0.154*	0.159*
	(0.090)	(0.095)	(0.079)	(0.089)	(0.090)	(0.088)
F-stat for Program	11.953***	10.375***	11.615***	13.536***	12.882***	13.264***
	Panel (C): *Centrist*					
$Centrist_{it-1}$	0.074	0.136	0.114	0.112	0.151	0.127
	(0.263)	(0.303)	(0.106)	(0.156)	(0.165)	(0.158)
F-stat for Program	8.248***	8.556***	15.101***	14.574***	16.655***	15.081***
Observations	5,330	5,330	5,273	5,273	5,273	5,273
Countries	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
All Other Controls	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. Columns (1) to (6) represent different alternate aggregate conditions measures. The prefix *c* and *d* depicts the implementation corrected and implementation discounted conditions, and the suffix *TOT* denotes the total conditions in each category. *BA1* gives the simple condition count (hard plus soft conditions); the count of only hard conditions is *BA2*; and the weighted condition count is given by *BA3*. The corresponding estimates for Eq. (2) and Eq. (3) are provided in Table 2.6 and Table 2.10, respectively. The regression of *dBA2TOT* on *Left-Wing* ideology in panel (a) column (5) failed to converge. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 2.3: (CMP Estimates - By Quantitative & Structural Conditions) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Quantitative Conditions			*Structural Conditions*			
	QCsTOT	*QPCsTOT*	*IBsTOT*	*SCsTOT*	*PAsTOT*	*SPCsTOT*	*SBsTOT*
	Panel (A): *Left-Wing*						
$Left\text{-}Wing_{it-1}$	-0.322***	-0.393***	-0.388***	-0.231***	-0.438***	-0.297	-0.262***
	(0.096)	(0.075)	(0.097)	(0.074)	(0.030)	(0.350)	(0.067)
F-stat for Program	7.437***	4.349**	4.486**	16.966***	5.798**	0.857	21.61***
	Panel (B): *Right-Wing*						
$Right\text{-}Wing_{it-1}$	0.247**	0.321**	0.362**	0.173**	0.435***	0.140	0.218***
	(0.119)	(0.136)	(0.171)	(0.069)	(0.025)	(0.113)	(0.069)
F-stat for Program	7.551***	2.698*	1.428	19.813***	4.831**	11.073***	22.156***
	Panel (C): *Centrist*						
$Centrist_{it-1}$	0.237	0.617	0.388	0.020	0.124	0.243	-0.065
	(0.477)	(0.699)	(0.383)	(0.131)	(0.120)	(0.299)	(0.117)
F-stat for Program	4.672**	8.381***	9.906***	23.631***	18.764***	14.168***	23.669***
Observations	5,330	5,330	5,330	5,330	5,330	5,330	5,330
Countries	154	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
All Other Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. Columns (1) to (3) depict the quantitative conditions, and structural conditions are presented in columns (4) to (7). The suffix *TOT* denotes the total conditions in each category. *QCs* stand for Quantitative Conditions; *QPCs* for Quantitative Performance Criteria; *IBs* for Indicative Benchmarks; *SCs* for Structural Conditions; *PAs* for Prior Actions; *SPCs* for Structural Performance Criterion; and *SBs* for Structural Benchmarks. Columns (1) and (4) delineate the broadest dimension of quantitative and structural conditions, whereas (2) and (3) display the two sub-dimensions for quantitative conditions, and (5) to (7) display the three sub-dimensions for structural conditions. The suffix *(H)* distinguishes hard from soft conditions. The corresponding estimates for Eq. (2) and Eq. (3) are provided in Table 2.7 and Table 2.11, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 2.4: (CMP Estimates - BA2 Classification by Policy Areas) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	BA2DEB	*BA2ENV*	*BA2EXT*	*BA2FIN*	*BA2FP*	*BA2INS*	*BA2LAB*	*BA2POV*	*BA2PRI*	*BA2RTP*	*BA2SOE*	*BA2SP*	*BA2OTH*
	Panel (A): *Left-Wing*												
$Left\text{-}Wing_{it-1}$	-0.055	-0.134**	-0.232	-0.142	-0.124***	-0.022	-0.320***	-0.327***	-0.318***	-0.294***	-0.037	-0.139	-0.326***
	(0.175)	(0.057)	(0.229)	(0.119)	(0.047)	(0.051)	(0.027)	(0.020)	(0.028)	(0.074)	(0.039)	(0.118)	(0.020)
F-stat for Program	4.115**	0.294	0.912	4.693**	0.367	0.685	0.436	0.417	0.935	0.931	0.611	0.348	0.46
	Panel (B): *Right-Wing*												
$Right\text{-}Wing_{it-1}$	0.217	0.087*	0.049	0.045	0.082	-0.028	0.317***	0.321***	0.305***	0.239	-0.009	0.013	0.320***
	(0.142)	(0.051)	(0.127)	(0.102)	(0.054)	(0.047)	(0.023)	(0.019)	(0.047)	(0.147)	(0.038)	(0.084)	(0.019)
F-stat for Program	0.999	0.403	0.178	0.442	0.480	0.595	2.839*	2.787*	0.728	0.901	0.593	0.683	0.105
	Panel (C): *Centrist*												
$Centrist_{it-1}$	-0.079	0.163**	0.141	0.117	0.161*	0.133**	0.495***	0.499***	0.469***	-0.155	0.025	0.095	0.498***
	(0.126)	(0.064)	(0.143)	(0.126)	(0.085)	(0.062)	(0.060)	(0.057)	(0.129)	(0.217)	(0.053)	(0.074)	(0.057)
F-stat for Program	0.248	0.303	0.315	3.000*	0.392	0.427	0.927	0.944	0.755	0.744	0.547	0.381	0.959
Observations	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612
Countries	166	166	166	166	166	166	166	166	166	166	166	166	166
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
All Other Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. *BA2* is classified into thirteen mutually exclusive policy areas. *BA2* represent the conditions for the following classifications: external debt issues (*DEB*); land and environment (*ENV*); external sector (trade and exchange system) (*EXT*); financial sector, monetary policy, and Central Bank issues (*FIN*); fiscal issues (*FP*); institutional reforms (*INS*); labor issues (*LAB*); residual category (*OTH*); anti-poverty (*POV*); state-owned enterprises privatization (*PRI*); revenues and tax issues (*RTP*); state-owned enterprises reform and pricing (*SOE*); social policy and (*SP*). The corresponding estimates for Eq. (2) and Eq. (3) are provided in Table 2.8 and Table 2.12, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

2.5.2 The Effect of Political Ideology on IMF Conditions

The effect of *Left-Wing*, *Right-Wing*, and *Centrist* political ideologies on IMF burden of conditionality (*IMFCond*) are examined in this section. The results are estimated using Eq. (2).

To begin with, Table 2.5 is estimated for *BA2TOT*. The columns (1) to (3) in Table 2.5 correspond to the columns (4) to (6) in Table 2.1. All else equal, the results indicate that *Left-Wing* governments, on average, face 13.2 fewer conditions compared to governments with non-left ideology. *Right-Wing* and *Centrist* governments face 13.3 and 7.5 additional and fewer conditions, respectively, compared to non-right and non-centrist governments.

The political ideology's effect on the different burden of conditions indicators is given in Table 2.6. Again, we observe that *Left-Wing* governments face fewer conditions, while *Right-Wing* governments face higher conditions. The results are mixed for *Centrist* governments. *Centrist* governments face fewer conditions for all *BA* composite indicators except for *cBATOT* in column (3) of panel (C). This may be because after the IMF grants waivers – implementation is corrected in *cBATOT* variable – *Centrist* governments actually face more conditions, i.e., fewer waivers may be granted to *Centrist* governments.

Table 2.7 distinguishes quantitative and structural conditions. The results for the effect of *Left-Wing*, *Right-Wing*, and *Centrist* ideologies on *QCs* and *SCs* are in panels (A), (B), and (C), respectively. As before, the burden of conditionality on *Left-Wing* governments is lower compared to *Right-Wing* and *Centrist* governments. However, the magnitude of the effect is mixed across quantitative and structural conditions. Overall, the impact is larger for aggregate quantitative conditions (*QCsTOT*) compared to aggregate structural conditions *SCsTOT* across all panels. In panel (A), the negative effect of *Left-Wing* on conditions is largest – and statistically significant – for *QPCsTOT*, followed by *SBsTOT*, *IBsTOT*, and *SPCsTOT*, respectively. The magnitude of the positive impact of *Right-Wing* governments on different *QCs* and *SCs* follows a similar pattern to *Left-Wing* in panel (B). *Centrist* governments, as depicted in panel (C), face even more quantitative *IBsTOT* and fewer structural *SPCsTOT SBsTOT* conditions. However, centrist governments must also implement more prior actions (*PAsTOT*).

Last but not least, we examine condition heterogeneity across 13 policy areas in Table 2.8, column 2); external sector (trade and exchange system) (*BA2EXT*, column 3); financial sector, monetary policy, and Central Bank issues (*BA2FIN*, column 4); fiscal issues (*BA2FP*, column 5); institutional reforms (*BA2INS*, column 6); labor issues (*BA2LAB*, column 7); anti-poverty (*BA2POV*, column 8); state-owned enterprises privatization (*BA2PRI*, column 9); revenues and tax issues (*BA2RTP*, column 10); state-owned enterprises reform and pricing (*BA2SOE*, column 11); social policy and (*BA2SP*, column 12); residual category (*BA2OTH*, column 13). The expected effect of political ideology on specific policy conditions and vice versa is discussed in detail in section 2.2.1.

From panel (A) of Table 2.8, we observe a positive and significant connection of *Left-Wing* governments on *BA2DEB* (column 1), *BA2ENV* (column 2), *BA2FIN* (column 4), and *BA2SP* (column 12) conditions, and a significant and negative effect on *BA2FP* (column 5), *BA2INS* (column 6), and *BA2SOE* (column 11). Whereas, the impact of *Right-Wing* on *BA2ENV* (column 2) and *BA2EXT* (column 3) in panel (B) are negative and significant, and *BA2DEB* (column 1), *BA2FIN* (column 4), *BA2FP* (column 5), *BA2INS* (column 6), *BA2SOE* (column 11), and *BA2SP* (column 12) are positively and significantly affected by *Right-Wing* ideology. The estimates for *Centrist* governments in panel (C) also vary considerably across IMF conditionality policy areas with a statistically significant and negative effect on *BA2DEB* (column 1), *BA2ENV* (column 2), *BA2FIN* (column 4), *BA2INS* (column 6), and *BA2SP* (column 12), and a positive in case of *BA2EXT* (column 3), *BA2FP* (column 5), *BA2RTP* (column 10), and *BA2SOE* (column 11).

Next, we compare the effect of left- and right-wing governments on *BA2* policy areas in Table 2.8. In columns (1), (4) and (12), we find that IMF programs under both *Left-Wing* and *Right-Wing* governments contain a higher number of external debt-related (*BA2DEB*), the financial sector, monetary policy, and Central Bank issues (*BA2FIN*), and social policy (*BA2SP*) conditions (though significantly more so for the *Right-Wing*), while *Centrist* governments face fewer conditions.[26] It is possible that the push and pull factors that drive these results, similar to other policy areas, are mixed. For example, it is possible that right-wing governments 'pull' for more of such policies in columns (1) and (4) while left-wing governments resist them. As for social policies in column (2), left-wing governments might already be proactive and have better social policy coverage than right-wing governments, requiring comparatively fewer such conditions. Alternatively, if social policy conditions are more restrictive and pro-austerity, *Left-Wing* governments can negotiate better conditions. For example, *Left-Wing* parties are generally redistributive and, therefore, may face more resistance to curb social policies; thus, they may succumb to the voter's demands for social policies and bargain strongly for fewer social policy restrictions.

In column (2), we show that IMF programs under *Left-Wing* governments have a larger number of land and environmental conditions (*BA2ENV*), while *Right-Wing* and *Centrist* governments have fewer such conditions. This can be because of the more environmentally friendly policy stance of left-wing governments (Neumayer, 2004), who might use IMF programs as leverage to push for more such policy changes to bypass any domestic opposition. In contrast, centrist and right-wing governments will likely push for fewer such conditions. The IMF has also made commitments to mitigate the effect of climate change (IMF, 2024). Thus, right-leaning governments face fewer conditions, maybe because they can better negotiate environment-related conditions.

Column (3) suggests that right-wing governments face fewer external account (*BA2ENV*) conditions while centrist governments face more. The left-wing governments do not have any significant effect.

In columns (5), (6), and (11), we observe that ideologically left-oriented heads of governments face fewer fiscal, institutional, and state-owned enterprise reform conditions from the IMF compared to the right-wing or centrist governments, respectively. Again, the bargaining power of *Left-Wing* governments to negotiate better conditions seems to loom over the *Right-Wing*. For example, a key difference between left and right ideologies

[26]We should note that because the dataset does not differentiate between center, center-left, and center-right, the results in panel (C) may not be fully robust.

is their approach toward state-owned enterprises, with the former government having a high share of state-owned enterprises while the latter focused more on privatization. The negative effect of the *Left-Wing* governments on *BA2SOE* conditions hints that perhaps left-leaning governments could negotiate better *BA2SOE* conditions. Likewise, fiscal policy reforms usually encompass cuts in fiscal spending and reorientation of fiscal policies away from areas deemed important by left-wing governments but wasteful by right-wing or centrist governments. The results support the view that left-wing governments push against such policies while right-wing governments call for more such policies. Recent experiences of left-wing government in Greece during its 2010 sovereign debt crisis provide support for this view.[27]

As for labor (column 7), poverty (column 8), privatization (column 9), and other (column 13) conditions, we do not find any significant effect of the government ideology along any of the three categories. In column (11), we find a significant and positive effect of centrist governments on revenue and tax policy conditions but no effect for left-or right-wing governments.

Overall, the results show that left-wing governments face fewer conditions in the aggregate than non-left governments, perhaps due to their higher negotiating power and domestic (labor) interest groups as suggested by earlier studies from Caraway et al. (2012), Beazer and Woo (2016), and Lee and Woo (2021).

2.5.3 Effect of IMF Program and Conditions on Political Ideology

In this section, we analyze the impact of IMF program participation (*IMFProg*) and program conditions (*IMFCond*) on *Left-Wing*, *Right-Wing*, and *Centrist* political ideologies by estimating Eq. (3).

Table 2.9 presents the baseline results. The row below the column numbers tells

[27]We should note that an alternative view suggests that IMF punishes left-wing governments more with austerity policies, either because of ideological differences or because such governments are more prone to deficit spending or other types of fiscal policies that are deemed unsustainable by the IMF. Here, the findings suggest that this may not be the case for the average treatment effect.

Table 2.5: (CMP Estimates - Hard Conditions BA2TOT) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)
$Left\text{-}Wing_{it-1}$	-13.203***		
	(1.045)		
$Right\text{-}Wing_{it-1}$		13.253***	
		(1.090)	
$Centrist_{it-1}$			-7.461
			(15.738)
$IntBA2TOT_{it-1}$	-0.129**	-0.108**	-0.215**
	(0.054)	(0.051)	(0.100)
$RGDPGR_{it-1}$	-2.426	-1.616	-3.548
	(2.651)	(2.513)	(3.595)
$lnRGDPPC_{it-1}$	-6.298***	-7.867***	-10.074***
	(1.611)	(1.572)	(1.933)
$Inflation_{it-1}$	-0.011	-0.036	-0.210***
	(0.030)	(0.053)	(0.059)
$GovConsump_{it-1}$	-3.932	0.144	5.370
	(7.084)	(6.600)	(10.608)
$CurrAccBal_{it-1}$	1.657	2.962	8.529**
	(2.309)	(2.463)	(3.954)
Constant	88.369***	87.553***	126.913***
	(15.429)	(15.284)	(17.954)
Observations	5,330	5,330	5,330
Countries	154	154	154
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Conditions	5.75**	4.639**	4.639**

Notes: The outcome variable is the total number of IMF conditions (t-1) ($BA2TOT_{t-1}$). $IntBA2TOT_{t-1}$ is the compound instrument for $BA2TOT_{t-1}$. Columns (1) to (3) give the estimates from Eq. (2) for the three-equation CMP model. The corresponding estimates for Eq. (1) and Eq. (3) are provided in Table 2.1 and Table 2.9, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 2.6: (CMP Estimates - Alternative Aggregate Conditions Measures) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)	(4)	(5)	(6)
	BA1TOT	*BA3TOT*	*cBATOT*	*dBA1TOT*	*dBA2TOT*	*dBA3TOT*
			Panel (A): *Left-Wing*			
$Left\text{-}Wing_{it-1}$	-18.491***	-31.296***	-12.389***	-16.300***	-11.821***	-27.678***
	(1.220)	(1.970)	(0.793)	(1.104)	(0.820)	(1.817)
F-stat for Conditions	3.155*	4.203**	11.189***	6.225**	10.519***	8.152***
			Panel (B): *Right-Wing*			
$Right\text{-}Wing_{it-1}$	18.020***	30.474***	12.095***	16.117***	11.736***	27.285***
	(1.583)	(2.739)	(0.933)	(1.189)	(0.888)	(2.087)
F-stat for Conditions	2.512	3.529*	8.261***	4.249**	7.931***	5.813**
			Panel (C): *Centrist*			
$Centrist_{it-1}$	-17.896**	-26.794	15.494***	-16.138**	-11.043**	-26.516**
	(8.850)	(18.618)	(3.295)	(6.632)	(5.507)	(11.686)
F-stat for Conditions	3.770*	4.957**	13.130***	4.057**	5.940**	4.986**
Observations	5,330	5,330	5,273	5,273	5,273	5,273
Countries	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
All Other Controls	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is the total number of IMF conditions (t-1). $IntIMFCond_{t-1}$ is the compound instrument for the number of IMF conditions. Columns (1) to (6) represent different alternate aggregate conditions measures. The prefix *c* and *d* depicts the implementation corrected and implementation discounted conditions, and the suffix *TOT* denotes the total conditions in each category. *BA1* gives the simple condition count (hard plus soft conditions); the count of only hard conditions is *BA2*; and the weighted condition count is given by *BA3*. The corresponding estimates for Eq. (1) and Eq. (3) are provided in Table 2.2 and Table 2.10, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 2.7: (CMP Estimates - By Quantitative & Structural Conditions) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Quantitative Conditions			*Structural Conditions*			
	QCsTOT	*QPCsTOT*	*IBsTOT*	*SCsTOT*	*PAsTOT*	*SPCsTOT*	*SBsTOT*
	Panel (A): *Left-Wing*						
Left-Wing$_{it-1}$	-13.499***	-10.401***	-4.136**	-6.746***	-1.198	-1.242**	-4.023***
	(0.847)	(1.449)	(1.615)	(0.501)	(1.055)	(0.627)	(0.311)
F-stat for Conditions	1.378	3.322*	0.503	6.975***	13.754***	2.127	1.098
	Panel (B): *Right-Wing*						
Right-Wing$_{it-1}$	13.305***	11.093***	4.399**	6.690***	0.753	1.370***	4.016***
	(1.208)	(0.706)	(2.171)	(0.510)	(0.763)	(0.134)	(0.296)
F-stat for Conditions	1.027	2.226	1.229	6.475**	19.602***	4.516**	0.499
	Panel (C): *Centrist*						
Centrist$_{it-1}$	-8.346	6.351	7.623***	-8.756***	5.346***	-1.569**	-5.657***
	(14.431)	(52.568)	(2.042)	(1.444)	(0.645)	(0.744)	(0.735)
F-stat for Conditions	2.501	5.657**	0.019	7.211***	6.247**	6.149**	2.265
Observations	5,330	5,330	5,330	5,330	5,330	5,330	5,330
Countries	154	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
All Other Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is the total number of IMF conditions (t-1) (t-1). $IntIMFCond_{t-1}$ is the compound instrument for the number of IMF conditions. Columns (1) to (3) depict the quantitative conditions, and structural conditions are presented in columns (4) to (7). The suffix *TOT* denotes the total conditions in each category. *QCs* stand for Quantitative Conditions; *QPCs* for Quantitative Performance Criteria; *IBs* for Indicative Benchmarks; *SCs* for Structural Conditions; *PAs* for Prior Actions; *SPCs* for Structural Performance Criterion; and *SBs* for Structural Benchmarks. Columns (1) and (4) delineate the broadest dimension of quantitative and structural conditions, whereas (2) and (3) display the two sub-dimensions for quantitative conditions, and (5) to (7) display the three sub-dimensions for structural conditions. The suffix *(H)* distinguishes hard from soft conditions. The corresponding estimates for Eq. (1) and Eq. (3) are provided in Table 2.3 and Table 2.11, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 2.8: (CMP Estimates - BA2 Classification by Policy Areas) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	BA2DEB	*BA2ENV*	*BA2EXT*	*BA2FIN*	*BA2FP*	*BA2INS*	*BA2LAB*	*BA2POV*	*BA2PRI*	*BA2RTP*	*BA2SOE*	*BA2SP*	*BA2OTH*
	Panel (A): *Left-Wing*												
Left-Wing$_{it-1}$	2.785***	0.145***	-1.037	1.828***	-2.191***	-0.300***	-0.099	-0.004	0.128	0.603	-0.801***	0.275***	-0.004
	(0.815)	(0.029)	(0.728)	(0.624)	(0.210)	(0.044)	(0.159)	(0.017)	(0.147)	(0.576)	(0.133)	(0.056)	(0.005)
F-stat for Conditions	0.883	14.934***	0.505	0.745	7.37***	0.392	0.372	0.554	7.661***	0.121	0.565	0.213	0.879
	Panel (B): *Right-Wing*												
Right-Wing$_{it-1}$	2.854***	-0.150***	-1.176***	2.391***	2.225***	0.304***	0.006	0.004	-0.174	-0.876	0.809***	0.306***	0.058
	(0.592)	(0.028)	(0.193)	(0.198)	(0.193)	(0.044)	(0.007)	(0.009)	(0.208)	(0.605)	(0.126)	(0.054)	(0.179)
F-stat for Conditions	4.326**	19.897***	0.184	0.393	9.382***	0.454	0.866	0.556	7.192***	0.219	0.639	0.147	0.39
	Panel (C): *Centrist*												
Center$_{it-1}$	-4.722***	-0.234***	1.916***	-3.263***	3.308***	-0.464***	0.000	-0.002	-0.304	1.764***	1.259***	-0.476***	0.058
	(0.532)	(0.046)	(0.259)	(0.560)	(0.416)	(0.070)	(0.012)	(0.035)	(0.478)	(0.354)	(0.220)	(0.085)	(0.296)
F-stat for Conditions	0.256	9.961***	0.407	0.834	5.354**	0.651	0.895	0.534	2.961*	2.89*	0.758	0.432	0.436
Observations	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612
Countries	166	166	166	166	166	166	166	166	166	166	166	166	166
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
All Other Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variables are *BA2s*. $IntIMFCond_{t-1}$ are the compound instruments for $BA2s_{t-1}$. *BA2* is classified into thirteen mutually exclusive policy areas. *BA2* represent the conditions for the following classifications: external debt issues (*DEB*); land and environment (*ENV*); external sector (trade and exchange system) (*EXT*); financial sector, monetary policy, and Central Bank issues (*FIN*); fiscal issues (*FP*); institutional reforms (*INS*); labor issues (*LAB*); residual category (*OTH*); anti-poverty (*POV*); state-owned enterprises privatization (*PRI*); revenues and tax issues (*RTP*); state-owned enterprises reform and pricing (*SOE*); social policy and (*SP*). The corresponding estimates for Eq. (1) and Eq. (3) are provided in Table 2.4 and Table 2.12, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

whether the outcome variable is *Left-Wing*, *Right-Wing*, or *Centrist* political ideology. As a reminder, the political ideology variable measures a shift in government from a *Left-Wing* to a non-left and vice versa; it does not capture changes in the political ideology of the same political party (Herre, 2023). Columns (1) to (3) contain the estimates from Eq. (7) of the two-equation model, and, hence, the *BA* conditionality indicator is not present by design. The results show that IMF program participation (*IMFProg*) leads to a transition away from *Left-Wing* towards non-Left-Wing governments. Moving forward, columns (4) to (6) exhibit the estimates from Eq. (3) and include both *IMFProg* and *BA2TOT*. The inclusion of *BA2TOT* as a predictor makes *IMFProg* insignificant, indicating that perhaps it is not the IMF program but the conditions that affect political ideology changes. The spin-offs depict that an increase in the number of hard conditions (*BA2TOT*) decreases the probability of *Left-Wing* and *Centrist* political parties to hold or win political office and increases the probability of a *Right-Wing* heads of governments to obtain or remain in political power.

Next, we observe the effect of *IMFProg* and various *BA* indicators on political ideology in Table 2.10. Panels (A), (B), and (C) display the results when the outcome variables are *Left-Wing* *Right-Wing*, and *Centrist* governments, respectively. The row below the column number represents the *BA* indicator in each column representing IMF conditions. Similar to Table 2.9, the results show that increasing the burden of conditionality as represented by different *BA* indicators decreases the likelihood of a *Left-Wing* government coming into power. Similar to panel (A), all columns in panel (B) show that *BA* composite indicators increase the odds of *Right-Wing* parties remaining victorious in the elections. Again, we observe somewhat varying results for *Centrist* heads of governments. *IMFProg* increase and *BA* conditionality indicators decrease the success likelihood of *Centrist* governments. The only exception to this trend is in column (3) of panel (C) when the aggregate *BA* indicator is *cBATOT*, for which the signs on *IMFProg* and *IMFCond/cBATOT* become negative and positive respectively. Once the waivers are subtracted from the conditionality composite indicator, fewer conditions are actually implemented. Perhaps these fewer implemented conditions increase the chances of *Cen-*

trist parties winning the elections when the *IMFProg* itself is working against *Centrist* parties electoral success odds. Since the coefficient of *IMFProg* is larger than *IMFCond* in all columns, it seems that the effect of *IMFProg* on political ideology might prevail.

Moving forward, Table 2.11 depicts the effect of total quantitative ($QCsTOT$) and structural conditions ($SCsTOT$) and their subcategories on political ideology. The results from this table also reveal that a higher burden of quantitative and structural conditionality decreases the likelihood of a *Left-Wing* government coming into power and increases it for *Right-Wing* governments. In panels (A) and (B), the effect of $SCsTOT$ is larger than $QCsTOT$. The Fund's structural conditions are pivotal in driving *Left-Wing* parties out and *Right-Wing* into political power. *IMFProg* has a positive effect on *Centrist* parties. Quantitative and structural conditions negatively affect the odds of *Centrist* governments maintaining incumbency or winning election. $PAsTOT$ is an exception; more prior actions seems to be helping *Centrist* control over public office.

Table 2.12 delineates the effect of *IMFProg* and hard conditions classified by policy areas on *Left-Wing*, *Right-Wing*, and *Centrist* political ideologies. In panel (A), we observe a consistent negative coefficient on *IMFProg*, implying that the presence of an IMF program significantly reduces the likelihood of a *Left-Wing* government retaining or coming into power. In panels (B) and (C), *IMFProg* leads to a positive probability of having *Right-Wing* or *Centrist* governments.

The effect of policy areas of *BA2s* on political ideologies is heterogeneous in Table 2.12 as represented by *IMFCond*. In panel (A), while *BA2DEB*, *BA2ENV*, *BA2FIN*, and *BA2SP* bolster the probability of *Left-Wing* governments coming into power, *BA2FP*, *BA2INS*, *BA2POV*, and *BA2SOE* do the opposite. Next, *BA2DEB*, *BA2FIN*, *BA2FP*, *BA2INS*, *BA2POV*, *BA2SOE*, and *BA2SP* increase the likelihood of *Right-Wing* governments, whereas only *BA2ENV* and *BA2EXT* decrease it. Lastly, *BA2EXT*, *BA2FP*, *BA2RTP*, and *BA2SOE* supports, whereas *BA2DEB*, *BA2ENV*, *BA2FIN*, *BA2INS*, and *BA2SP* reduces the like likelihood of *Centrist* governments.

Next, we compare the effect of *IMFCond* on *Left-Wing*, *Right-Wing*, and *Centrist* governments from Table 2.12. For external debt-related conditions (*BA2DEB*), financial sector, monetary policy, and Central Bank issues (*BA2FIN*), and social policy conditions (*BA2SP*) In column (1), (4), and (12), respectively, we observe that the likelihood of both *Left-Wing* and *Right-Wing* governments are increase at the expense of *Centrist* ones, whose likelihood decreases. It is likely that these conditions are unpopular with the general public and lead to a growing support for those on the far left and far right rather than those at the center of either political spectrum.

In column (2), we find that having a larger number of environmental (*BA2ENV*) conditions increases the odds of having a left-wing government but reduces the odds of right-wing and centrist governments. Conversely, conditions related to fiscal issues (*BA2FP*) in column (5) and state-owned enterprises reform and pricing (*BA2SOE*) in column (11) increase the odds of *Right-Wing* and *Centrist* parties to obtaining political office and hurt the chances of the *Left-Wing*.

For conditions concerning institutional reforms (*BA2INS*) (column 6), the chances of winning or retaining the incumbency for *Right-Wing* parties increases at the expense of both *Left-Wing* and *Centrist* parties. We find a similar result for the anti-poverty reforms (*BA2POV*) (column 8) where they help the *Right-Wing* at the expense of *Left-Wing* parties while no effect if found for the *Centrist*. It is possible that the kind of institutional or anti-poverty reforms that the IMF conditions require may be inconsistent with left-wing ideologies, and therefore, such governments face a general public backlash. However, liberal market institutional reforms align with right-wing ideology and may benefit right-leaning political parties.

Lastly, the effect of external sector conditions (*BA2EXT*) (column 3) on *Right-Wing* is negative, i.e., *BA2EXT* decreases the odds of *Right-Wing* governments incumbency while improves it for the *Centrist* parties. It is likely that the external sector IMF reforms are more popular when centrist governments hold office and have declining support when right-leaning parties are in power. *BA2EXT* does not affect *Left-Wing* governments.

In summary, the estimates from Eq. (3) reveal that a higher IMF conditionality burden decreases the likelihood of left-leaning and centrist governments and increases the odds of right-wing parties winning or maintaining political office. This effect is heterogeneous when IMF conditions are classified by thirteen mutually exclusive policy areas.

Table 2.9: (CMP Estimates - Hard Conditions BA2TOT) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)	(4)	(5)	(6)
	Left-Wing	*Right-Wing*	*Centrist*	*Left-Wing*	*Right-Wing*	*Centrist*
$IMFProg_{it-1}$	-0.965***	0.998***	0.492***	-0.159	-0.254	0.663**
	(0.126)	(0.139)	(0.159)	(0.467)	(0.451)	(0.264)
$BA2TOT_{it-1}$				-0.029**	0.041***	-0.021*
				(0.013)	(0.011)	(0.012)
$RGDPGR_{it-1}$	0.172*	-0.060	-0.081	0.146	-0.025	-0.056
	(0.096)	(0.089)	(0.060)	(0.103)	(0.102)	(0.063)
$lnRGDPPC_{it-1}$	-0.071	0.099**	0.019	-0.127**	0.180***	-0.070
	(0.059)	(0.050)	(0.037)	(0.064)	(0.057)	(0.071)
$Union_{it-1}$	0.044**	-0.079***	0.035*	0.044*	-0.076***	0.048**
	(0.022)	(0.021)	(0.018)	(0.022)	(0.020)	(0.021)
$SchSecond_{it-1}$	0.209	0.029	-0.200*	0.202	0.042	-0.225**
	(0.139)	(0.156)	(0.110)	(0.139)	(0.154)	(0.109)
Constant	1.373***	-0.783*	-0.574	1.784***	-1.274**	0.465
	(0.514)	(0.463)	(0.378)	(0.541)	(0.518)	(0.930)
Observations	5,344	5,344	5,344	5,330	5,330	5,330
Countries	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
F-stat for Program	7.064***	4.608**	5.859**	4.541**	9.435***	9.435***
F-stat for Conditions				5.75**	4.639**	4.639**
F-stat Joint				7.199**	10.934***	10.934***

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. Columns (1) to (3) give the estimates from Eq. (6) for the two-equation CMP model. Columns (4) to (6) give the estimates from Eq. (1) for the three-equation CMP model. The corresponding estimates for Eq. (1) and Eq. (2) are provided in Table 2.1 and Table 2.5, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

2.5.4 Sensitivity Analysis

We perform several robustness checks to analyze the sensitivity of the benchmark estimates of the effect of political ideology on IMF program participation and conditionality in Table 2.1 and Table 2.5, respectively, and in turn the effect of IMF program and conditions on changes in political ideology in Table 2.9. All the tables containing the sensitivity estimates are provided in Appendix D. Unlike Section 2.5, the results from Eqs. (1), (2), and (3) in Appendix D for each robustness check are displayed chronologically.

The national interests of the principal IMF shareholder countries, particularly the US,

Table 2.10: (CMP Estimates - Alternative Aggregate Conditions Measures) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)	(4)	(5)	(6)
	BA1TOT	*BA3TOT*	*cBATOT*	*dBA1TOT*	*dBA2TOT*	*dBA3TOT*
	Panel (A): *Left-Wing* (Outcome Variable)					
$IMFProg_{it-1}$	0.142	0.102	0.116	-0.021	-0.033	0.002
	(0.315)	(0.332)	(0.265)	(0.356)	(0.356)	(0.345)
$IMFCond_{it-1}$	-0.027***	-0.015***	-0.035***	-0.023***	-0.031***	-0.014***
	(0.007)	(0.004)	(0.008)	(0.008)	(0.010)	(0.004)
F-stat for Program	12.090***	9.577***	11.914***	13.093***	10.635***	12.434***
F-stat for Conditions	3.155*	4.203**	11.189***	6.225**	10.519***	8.152***
F-stat Joint	12.98***	9.629***	14.344***	13.745***	14.268***	13.868***
	Panel (B): *Right-Wing* (Outcome Variable)					
$IMFProg_{it-1}$	-0.401	-0.406	-0.356	-0.271	-0.280	-0.302
	(0.339)	(0.351)	(0.269)	(0.283)	(0.274)	(0.275)
$IMFCond_{it-1}$	0.032***	0.019***	0.041***	0.029***	0.039***	0.017***
	(0.007)	(0.004)	(0.008)	(0.006)	(0.008)	(0.003)
F-stat for Program	11.953***	10.375***	11.615***	13.536***	12.882***	13.264***
F-stat for Conditions	2.512	3.529*	8.261***	4.249**	7.931***	5.813**
F-stat Joint	13.831***	11.273***	12.078***	13.552***	13.491***	13.314***
	Panel (C): *Centrist* (Outcome Variable)					
$IMFProg_{it-1}$	0.587**	0.628**	-0.272*	0.389**	0.400*	0.403**
	(0.249)	(0.258)	(0.143)	(0.193)	(0.211)	(0.202)
$IMFCond_{it-1}$	-0.018***	-0.011***	0.018**	-0.013**	-0.017*	-0.008*
	(0.005)	(0.003)	(0.007)	(0.006)	(0.010)	(0.004)
F-stat for Program	8.248***	8.556***	15.101***	14.574***	16.655***	15.081***
F-stat for Conditions	3.770*	4.957**	13.130***	4.057**	5.940**	4.986**
F-stat Joint	8.304**	8.615**	16.74***	16.171***	17.088***	16.079***
Observations	5,330	5,330	5,273	5,273	5,273	5,273
Countries	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
All Other Controls	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is *Left-Wing* political ideology in Panel (A), *Right-Wing* in Panel (B), and *Centrist* in Panel (C). Columns (1) to (6) represent different alternate aggregate conditions measures. The prefix *c* and *d* depicts the implementation corrected and implementation discounted conditions, and the suffix *TOT* denotes the total conditions in each category. *BA1* gives the simple condition count (hard plus soft conditions); the count of only hard conditions is *BA2*; and the weighted condition count is given by *BA3*. The corresponding estimates for Eq. (1) and Eq. (2) are provided in Table 2.2 and Table 2.6, respectively. The Kleibergen-Paap F-stat is given to address any concern about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 2.11: (CMP Estimates - By Quantitative & Structural Conditions) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Quantitative Conditions			*Structural Conditions*			
	QCsTOT	*QPCsTOT*	*IBsTOT*	*SCsTOT*	*PAsTOT*	*SPCsTOT*	*SBsTOT*
	Panel (A): *Left-Wing* (Outcome Variable)						
$IMFProg_{it-1}$	0.005	-0.420	-0.659*	-0.035	-0.928***	-0.421	-0.138
	(0.413)	(0.421)	(0.346)	(0.206)	(0.189)	(0.959)	(0.198)
$IMFCond_{it-1}$	-0.033***	-0.026	-0.042	-0.069***	-0.013	-0.246	-0.111***
	(0.012)	(0.016)	(0.034)	(0.013)	(0.035)	(0.278)	(0.022)
F-stat for Program	7.437***	4.349**	4.486**	16.966***	5.798**	0.857	21.61***
F-stat for Conditions	1.378	3.322*	0.503	6.975***	13.754***	2.127	1.098
F-stat Joint	8.462**	5.644*	4.903*	18.391***	15.328***	10.887***	24.195***
	Panel (B): *Right-Wing* (Outcome Variable)						
$IMFProg_{it-1}$	-0.324	0.074	0.602	-0.144	1.000***	0.002	0.002
	(0.478)	(0.607)	(0.605)	(0.193)	(0.157)	(0.292)	(0.208)
$IMFCond_{it-1}$	0.042***	0.040*	0.052	0.079***	-0.001	0.350***	0.127***
	(0.012)	(0.020)	(0.054)	(0.012)	(0.025)	(0.072)	(0.021)
F-stat for Program	7.551***	2.698*	1.428	19.813***	4.831**	11.073***	22.156***
F-stat for Conditions	1.027	2.226	1.229	6.475**	19.602***	4.516**	0.499
F-stat Joint	9.836***	3.046	2.847	19.892***	20.783***	12.273***	27.652***
	Panel (C): *Centrist* (Outcome Variable)						
$IMFProg_{it-1}$	0.701**	0.626	0.123	0.326***	-0.042	0.368*	0.247**
	(0.302)	(1.316)	(0.376)	(0.118)	(0.097)	(0.190)	(0.114)
$IMFCond_{it-1}$	-0.024**	-0.009	0.037	-0.044***	0.067***	-0.180**	-0.073***
	(0.011)	(0.097)	(0.026)	(0.010)	(0.021)	(0.070)	(0.016)
F-stat for Program	4.672**	8.381***	9.906***	23.631***	18.764***	14.168***	23.669***
F-stat for Conditions	2.501	5.657**	0.019	7.211***	6.247**	6.149**	2.265
F-stat Joint	4.765*	10.306***	15.455***	23.704***	22.801***	19.261***	25.688***
Observations	5,330	5,330	5,330	5,330	5,330	5,330	5,330
Countries	154	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
All Other Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is *Left-Wing* political ideology in Panel (A), *Right-Wing* in Panel (B), and *Centrist* in Panel (C). Columns (1) to (3) depict the quantitative conditions, and structural conditions are presented in columns (4) to (7). The suffix *TOT* denotes the total conditions in each category. *QCs* stand for Quantitative Conditions; *QPCs* for Quantitative Performance Criteria; *IBs* for Indicative Benchmarks; *SCs* for Structural Conditions; *PAs* for Prior Actions; *SPCs* for Structural Performance Criterion; and *SBs* for Structural Benchmarks. Columns (1) and (4) delineate the broadest dimension of quantitative and structural conditions, whereas (2) and (3) display the two sub-dimensions for quantitative conditions, and (5) to (7) display the three sub-dimensions for structural conditions. The suffix *(H)* distinguishes hard from soft conditions. The corresponding estimates for Eq. (1) and Eq. (2) are provided in Table 2.3 and Table 2.7, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table 2.12: (CMP Estimates - BA2 Classification by Policy Areas) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	BA2DEB	*BA2ENV*	*BA2EXT*	*BA2FIN*	*BA2FP*	*BA2INS*	*BA2LAB*	*BA2POV*	*BA2PRI*	*BA2RTP*	*BA2SOE*	*BA2SP*	*BA2OTH*
	Panel (A): *Left-Wing* (Outcome Variable)												
$IMFProg_{it-1}$	-0.673	-0.470**	-0.763	-0.876**	-0.379**	-0.185	-1.274***	-1.285***	-1.254***	-1.143***	-0.211	-0.457	-1.287***
	(0.615)	(0.235)	(1.014)	(0.413)	(0.188)	(0.193)	(0.204)	(0.198)	(0.228)	(0.391)	(0.157)	(0.479)	(0.199)
$IMFCond_{it-1}$	0.148***	2.862***	-0.255	0.182***	-0.201***	-1.602***	-0.120	-0.143*	0.192	0.153	-0.638***	1.399***	-0.340
	(0.030)	(0.625)	(0.250)	(0.040)	(0.027)	(0.252)	(0.145)	(0.073)	(0.264)	(0.177)	(0.090)	(0.526)	(0.248)
F-stat for Program	4.115**	0.294	0.912	4.693**	0.367	0.685	0.436	0.417	0.935	0.931	0.611	0.348	0.46
F-stat for Conditions	0.883	14.934***	0.505	0.745	7.37***	0.392	0.372	0.554	7.661***	0.121	0.565	0.213	0.879
F-stat for Res	599.217***	626.836***	395.18***	591.935***	389.477***	602.936***	606.540***	625.778***	627.417***	545.857***	607.200***	592.259***	622.589***
F-stat Joint	727.341***	733.092***	517.574***	649.726***	435.612***	662.606***	649.112***	664.979***	640.591***	601.018***	660.700***	660.978***	671.403***
	Panel (B): *Right-Wing* (Outcome Variable)												
$IMFProg_{it-1}$	0.448	0.298	0.415	-0.202	0.234	-0.013	1.327***	1.325***	1.266***	0.952	0.026	0.180	1.327***
	(0.681)	(0.208)	(0.492)	(0.451)	(0.236)	(0.193)	(0.210)	(0.210)	(0.299)	(0.685)	(0.169)	(0.363)	(0.210)
$IMFCond_{it-1}$	0.128**	-3.162***	-0.374***	0.208***	0.220***	1.697***	0.090	0.141**	-0.272	-0.241	0.672***	1.693***	0.474
	(0.062)	(0.653)	(0.063)	(0.033)	(0.029)	(0.268)	(0.177)	(0.067)	(0.397)	(0.220)	(0.106)	(0.395)	(0.371)
F-stat for Program	0.999	0.403	0.178	0.442	0.480	0.595	2.839*	2.787*	0.728	0.901	0.593	0.683	0.105
F-stat for Conditions	4.326**	19.897***	0.184	0.393	9.382***	0.454	0.39	0.556	7.192***	0.219	0.639	0.147	0.866
F-stat for Res	656.001***	630.030***	484.195***	522.230***	380.935***	595.585***	596.741***	613.879***	601.204***	548.644***	592.667***	586.845***	610.983***
F-stat Joint	691.980***	726.998***	563.320***	527.713***	415.853***	642.280***	624.282***	636.456***	622.557***	598.308***	629.616***	614.838***	645.743***
	Panel (C): *Centrist* (Outcome Variable)												
$IMFProg_{it-1}$	0.137	0.189**	0.079	0.354*	0.161	0.129	0.706***	0.705***	0.652**	-0.187	0.054	0.069	0.705***
	(0.182)	(0.092)	(0.213)	(0.204)	(0.124)	(0.089)	(0.218)	(0.217)	(0.300)	(0.315)	(0.076)	(0.104)	(0.217)
$IMFCond_{it-1}$	-0.085***	-1.712***	0.190***	-0.109***	0.116***	-0.914***	0.028	-0.005	-0.150	0.164**	0.366***	-0.870***	0.044
	(0.020)	(0.439)	(0.051)	(0.024)	(0.025)	(0.204)	-0.101	(0.047)	(0.307)	(0.076)	(0.069)	(0.268)	(0.214)
F-stat for Program	0.248	0.303	0.315	3.000*	0.392	0.427	0.927	0.944	0.755	0.744	0.547	0.381	0.959
F-stat for Conditions	0.256	9.961***	0.407	0.834	5.354**	0.651	0.436	0.534	2.961*	2.89*	0.758	0.432	0.895
F-stat for Res	646.824***	614.517***	475.626***	558.431***	380.818***	594.476***	594.032***	614.862***	608.887***	523.874***	599.487***	586.438***	609.174***
F-stat Joint	685.739***	695.482***	537.337***	597.188***	432.902***	656.160***	612.259***	630.661***	636.933***	564.594***	661.140***	640.351***	630.373***
Observations	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612
Countries	166	166	166	166	166	166	166	166	166	166	166	166	166
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
All Other Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. *BA2* is classified into thirteen mutually exclusive policy areas. *BA2* represent the hard conditions for the following classifications: external debt issues (*DEB*); land and environment (*ENV*); external sector (trade and exchange system) (*EXT*); financial sector, monetary policy, and Central Bank issues (*FIN*); fiscal issues (*FP*); institutional reforms (*INS*); labor issues (*LAB*); residual category (*OTH*); anti-poverty (*POV*); state-owned enterprises privatization (*PRI*); revenues and tax issues (*RTP*); state-owned enterprises reform and pricing (*SOE*); social policy and (*SP*). The corresponding estimates for Eq. (1) and Eq. (2) are provided in Table 2.4 and Table 2.8, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

can play a significant role in the Fund's decision to offer or continue a program in other member states (Dreher and Jensen, 2007; Dreher, Minasyan, and Nunnenkamp, 2015; Dreher et al., 2009a, 2009b; Eichengreen and Woods, 2016; Stone, 2004). Therefore, three additional variables are included to control the effect of international political influence on the IMF program, conditionality, and political ideology. The additional variables are the United Nations Security Council temporary membership dummy (*UNSC*) (Dreher et al., 2009a), the Lijphart's index of agreement between a UN member state and the US (*PctAgreeUS*) (Bailey et al., 2017), and Chin-Ito index of capital account openness (*KAOpen*) (Chinn and Ito, 2006). we expect all three variables to be positively associated with IMF program participation, negatively with IMF conditionality stringency, and negatively with left-wing political ideology – the estimates from Eqs. (1), (2), and (3) are shown in Table B16, Table B17, and Table B18, respectively. Although the inclusion of these variables does not affect the main results, the newly added variables are statistically insignificant in all three tables, with the only excepting being *UNSC* in column (3) in Table B17 and Table B18.

The literature shows that domestic political institutions, e.g., a bicameral legislature, a proportional representation system, and presidential vs. parliamentary democracy, can determine the political ideology, participation, and conditions of the IMF program (Lee and Woo, 2021). Thus, we add three additional variables to the benchmark model, including a dummy variable capturing the effect of plurality voting (*Plurality*), a categorical variable for bicameralism (*Bicameral*) with *Bicameral-0* representing two legislative branches and *Bicameral-1* representing more than two branches, and another categorical variable for democratic system being presidential, assembly-elected presidential (*Sys-AssembPres*), or parliamentary (*Sys-Parli*).

The absence of *Plurality* should increase the likelihood of left-wing governments. This could be because of two reasons. First, middle-class voters in a majoritarian system could anticipate the consequences of a left-wing government's redistributive policies and often vote for the right-wing parties. Second, the left is usually strong at the urban core and right at rural peripheries; as a result, the voter distribution may bias the results against the left (Döring and Manow, 2017). The presence of a *Bicameral* legislature should also increase the election odds of right-leaning parties because it strengthens liberal market forces (Vatter, 2005). As discussed earlier, the voters in sparsely populated rural areas prefer parties with a bourgeois outlook, whereas densely populated urban centers traditionally favor left-wing parties. Since the rural areas are predominantly represented in the second chamber regarding seat distribution, *Bicameral* legislatures are typically right-leaning. However, the relationship between the presidential/parliamentary system, *Plurality*, *Bicameral*, IMF program, conditionality requirements, and political ideology is an empirical question.

The estimates from Eqs. (1), (2), and (3) for additional domestic institutional variables are provided in Table B19, Table B20, and Table B21, respectively. Qualitatively, the benchmark results remain the same. In Table B19, we can observe that the additional institutional variables do not affect IMF program participation. However, in Table B20, *Bicameral-0* is a positive and statically significant determinant of a higher IMF conditionality burden; similarly, for *Bicameral-1*, the coefficient is still positive but smaller than *Bicameral-0*, and significant only in columns (1) and (2). While the rest of the additional controls are insignificant, *Bicameral-0* and *Bicameral-1* are displaying expected results on political ideology variables in Table B21. Both *Bicameral-0* and *Bicameral-1* increase the probability of *Left-Wing* governments to win political office, decreases the likelihood of it for *Right-Wing*, and does not affect *Centrist* governments.

Next, we add two additional economic variables, (log) level of nominal exchange rate (*lnRER*) and Gini inequality index (*Gini*) (Alvaredo et al., 2022), as controls in Table B22, Table B23, and Table B24 which are estimated from Eqs. (1), (2), and (3), respectively. We should expect exchange rate depreciation to increase the odds of borrowing from the IMF and with more stringent conditions; post-IMF presence, further depreciation can stir anti-IMF sentiment and lead to left-wing parties coming into power(Higgs, 1987; IMF, 2004). High inequality, on the other side, is expected to lead left-wing parties to win political office. While *Gini* is insignificant in all three tables, *lnRER* increases the probability of entering into an IMF program (Table B22), there is also a positive relation between a higher *lnRER* and burden of conditionality (Table B23). Moreover, we find a positive association between *lnRER* and *Left-Wing* governments and a negative one for *Right-Wing* governments; *lnRER* does not affect *Centrist* heads of governments (Table B24).

Moving forward, we estimate Eqs. (1), (2), and (3) on a subsample classified by North, Emerging South, and Rest of the South countries in Table B24, Table B26, and Table B27, respectively[28]. Each column in all three tables depicts a subsample of countries. For example, column (1) has the sub-sample of the global South countries, (2) has the subsample of countries in the global North, (3) has all countries of the Emerging South, and (4) also has the Rest of the South subsample. This column-wise subsample arrangement repeats from column (5) to (8) and then again from (9) to (12). Table B24 shows that *Left-Wing* global South governments are less likely to sign a loan from IMF. Likewise, *Right-Wing* global South governments are more likely to have an IMF arrangement. Both *Left-Wing* and *Right-Wing* governments do not statistically determine *IMFProg* in the global North. Mixed results are observed for *Centrist* governments, which decrease the probability of *IMFProg* in the global North but increase it in the Emerging South while being insignificant for the Rest of the South. Similarly, we observe that *Left-Wing* face a lower and *Right-Wing* face a higher conditionality burden, with the results driven by countries of the global South in Table B26; *Centrist* governments face more conditions if they belong to the global South. Next, the effect of *IMFProg* and *BA2TOT* on political ideologies is reported in Table B27. A higher conditionality burden (*BA2TOT*)is negatively associated with *Left-Wing* but significant only in column (2) for the global North. Conversely, *BA2TOT* leads to *Right-Wing* parties obtaining power. Mixed results are obtained for the effect of *BA2TOT* on *Centrist* ideology: an increase in *BA2TOT* in the global North increases the odds for *Centrist* governments and a decrease in the odds of *Centrist* in the Emerging South.

In another subsample sensitivity analysis, Table B28, Table B29, and Table B30

[28]The list of countries classified as North, Emerging South, and Rest of the South, and their criteria of classification are provided in Appendix A.

exclude one world region at a time based on the World Bank classification[29]. Each column in the three tables excludes one WB region at a time. Column (1) excludes the countries in the East Asian and Pacific region, (2) excludes Europe and Central Asia, (3) Latin American and Caribbean, (4) Middle East, (5) North America, (6) South Asia, and (7) Sub-Saharan Africa. In all three tables, the results do not deviate qualitatively from before.

IMFProg and *BA2TOT* may also have a delayed effect on political ideology. Therefore, we control for up to five lags of *IMFProg* and *BA2TOT* in Table B33, which is estimates from the Eq. (3)[30]. The table shows the effect of the total number of hard conditions (*BA2TOT*) is relevant for up to four to five years, i.e., *BA2TOT* imposed on a country four to five years ago can decrease the odds of *Left-Wing* and increase it for *Right-Wing* governments to obtain political office. The negative effect of *IMFProg* and the positive effect of *BA2TOT* on *Centrist* governments is only relevant for a one-year lag.

The IMF may impose too many conditions on a country under unusual circumstances. For example, the top two cases of the highest conditionality burden imposed on a country by the IMF were Russia in 1998 and Ukraine in 1999, having to bear the brunt of 104 and 124 hard conditions (*BA2TOT*), respectively. To rule out the possibility of outlier cases driving the benchmark estimates, we drop the top five percentile of *BA2TOT* and re-estimate the model using Eqs. (1), (2), and (3). Dropping the *BA2TOT* top five percentile outliers in Table B37, Table B38, and Table B39, preserve the coefficient signs and statistical significance of the baseline results.

We also use three alternative econometric specifications to gauge the sensitivity of the benchmark results. Firstly, we employ the Control Function Approach, using a probit instead of a continuous function in Eq. (1) and Eq. (3) because the outcome variables in these equations are binary, i.e., *IMFProg* and political ideology, respectively. As suggested by Stubbs et al. (2020), we also omit country-level fixed effects from the Control Function

[29] The countries by World Bank Regions are listed in Appendix A.

[30] Table B31, Table B32 show the estimates from Eqs. (1) and (2). The delayed effect of political ideology on *IMFProg* and *BA2TOT* may not be as relevant because a country's decision to go to the IMF for a loan is typically not a long-run decision.

model to avoid the incidental parameter problem. The first, second, and tried stage results are given in Table B40, Table B41, and Table B42, respectively. Second and lastly, Table B43, Table B44, Table B45 are produced using the OLS panel regression with country and year fixed effects to find the impact of political ideology on *IMFProg* and *BA2TOT*, and the effect of *IMFProg* and *BA2TOT* on political ideology, respectively. Qualitatively, the results from all these tables remain the same as the benchmark.

The baseline results in Table 2.1, Table 2.5, and Table 2.9 employs the political ideology of the head of government. To check the sensitivity of the baseline results, we substitute two alternative sets of political ideology variables[31]. Firstly, in Table B46, Table B47, and Table B48 the leader's political ideology is used in place of the head of government's ideology; both these ideology variables come from the Global Leaders Ideology Dataset (Herre, 2023). The estimates show that *LeadLeft-Wing* decreases the likelihood of opting for an *IMFProg*, and both *LeadRight-Wing* and *LeadCentrist* increases it; however, the results are only statically significant for *LeadLeft-Wing* in Table B46. The estimates do not qualitatively change in Table B47. In Table B48, the effect of *IMFProg* and *BA2TOT* on leaders' political ideologies is statistically significant only when *LeadCentrist* is the outcome variable. However, for *LeadLeft-Wing* and *LeadRight-Wing* as outcomes, the coefficients of *IMFProg* and *BA2TOT* bear the expected negative and positive signs, respectively but are insignificant. These differences in statistical significance between heads of government' and leaders' political ideologies may be because not all political leaders – the most politically powerful person in a country – may hold a political office. Thus, their ideology may not directly affect a country's policies.

Secondly, we use the political ideology variables from the Database of Political Institutions (DPI) Cruz et al. (2021) in Table B49, Table B50, and Table B51. As displayed in Table B49 and Table B50, although carrying the expected coefficient sign, *DPI* ideologies do statistically affect *IMFProg*, but their effect on *BA2TOT* conforms with the benchmark results. Lastly, as Table B50 exhibits that a higher hard conditionality burden (*BA2TOT*) has a positive and significant effect on the probability of *DPIRight-Wing*

[31] Section 3.4.3 provides a discussion on various political ideology datasets.

and *DPICentrist* governments coming into power, however, the estimates are negative but statistically insignificant for *DPILeft-Wing* outcome variable.

All these robustness checks lend a degree of confidence to the benchmark results. They provide reasonable evidence that left-wing governments are less likely to opt for an IMF program than right-wing and centrist governments. Moreover, left-wing governments face fewer hard conditions than right-wing and centrist governments. Finally, a higher burden of IMF conditionality decreases the likelihood of left-wing governments obtaining political office. It increases it for *Rigt-Wing* and *Centrist* governments, with the positive effect being more prominent for the *Rigt-Wing*.

2.6 Conclusion

The IMF was founded after World War II during the Bretton Woods Conference. The initial aim of the Fund was to bring exchange rate stability, which later evolved into fostering an overall environment of macroeconomic stability and growth among its member countries. Today, the IMF serves as the last resort global lender, issuing loans to its members facing liquidity crises. These loans, however, come with certain conditions designed to promote economic liberalization and deregulation. Since the IMF disburses a loan in tranches, the next loan disbursement to a borrower country is contingent upon implementing the conditionality reforms. In some cases, a country must meet certain prior conditions before the first tranche of a loan is disbursed. Whether the IMF-based reforms are good or bad for economic development is a bone of contention in the literature.

The literature shows that international geopolitical influence and domestic politics are essential in determining whether a country would participate in an IMF program and the levels of conditionality it will bear. From an international geopolitical perspective, US allies and, more generally, countries that are allies of the G5 nations are shown to receive IMF loans at relatively easier conditions. Similarly, the UNSC members are likelier to participate in an IMF program on a relatively lighter conditionality burden. From a domestic political economy perspective, the evidence suggests that left-wing governments are less likely to go to the IMF for a loan, and countries with left-wing governments coupled with a proportional representation system can better protect labor rights against the worsening effect of the IMF's conditions. Furthermore, a stronger labor union presence can compel governments to negotiate better labor-related conditions. Countries also receive stricter labor reform conditions if elections are scheduled later in a six-month window of an IMF deal. Similarly, the literature also shows that the quality of democracy, liberal market institutions, higher economic freedom, and a bureaucracy that advocates for free markets are positively associated with less demanding IMF conditions. The partisan effect of reform implementation also exists, i.e., reform implementation is more straightforward under left-wing governments because of little resistance from the right; however, political roadblocks set in by the leftist opposition may hinder IMF-based reforms when right-wing political parties are in power.

This paper addresses two empirical questions. How does the political ideology of countries affect IMF program participation decisions and, subsequently, the burden of conditionality? Post-IMF presence, how do IMF program participation and the conditionality burden affect political ideology in the borrowing countries? These questions contribute to the extant literature in two significant ways. Firstly, although there is some evidence that left-wing governments have lower odds of taking an IMF loan, there is insufficient empirical evidence to suggest that left-wing receive a higher or lower conditionality burden. All we know is that left-wing governments get fewer labor-related conditions. Still, the effect of political ideology may be heterogeneous for the total conditionality burden and its further classifications. Secondly, to my knowledge, no study addresses how IMF program participation and conditions affect political ideology.

We use a Simultaneous Equations Method to find the effect of political ideology on IMF program participation and conditions and, in turn, their impact on political ideology. The three equations are estimated using a Conditional Mixed Process (CMP) regression model. CMP uses a maximum-likelihood estimator, allows each equation to have a different set of explanatory variables, and permits using instrument variables. Compound instrumental variables deal with the endogeneity of IMF program participation and conditions. The instrument for IMF program participation is constructed by interacting the within-country average of IMF program participation with the IMF's yearly budget constraint. Similarly, the interaction of IMF's yearly budget constraint and the within-country average of conditions instruments for IMF conditionality burden. The IMF budget constraint is considered exogenous and is determined years earlier as member countries' Special Drawing Rights quota. If the IMF has a higher budget in a given year, it may provide relatively more loans to member countries on easier conditions. Thus, the primary identification assumption is that the compound instruments should not directly affect the outcome of interest, i.e., political ideology. Instead, their effect on political ideology should be mediated indirectly via IMF program participation and the burden of conditionality variables.

The left-wing, right-wing, and centrist ideologies are measured using three indicator variables. The partisan spectrum is defined as the values and beliefs of heads of governments about intervention in the economy, where left-wing heads of governments are pro-intervention and right-wing support free markets. The burden of adjustment indicators captures the burden of IMF conditionality. The benchmark burden of the adjustment indicator is constructed by aggregating all the hard conditions imposed on a country in a given year. Compared to soft conditions, in which implementation is unnecessary, a government must implement hard conditions to receive the next tranche of loans. Quantitative and structural conditions and specific policy areas can also classify IMF conditions.

The results show left-wing governments are less likely to opt into an IMF program than right-wing ones. However, if a left-wing government signs an IMF loan, it faces fewer total hard conditions. In turn, a higher hard conditionality burden decreases the likelihood of left-wing governments holding political office and increases it for right-wing governments. The effect of IMF conditions on political ideology and political ideology on conditions is heterogeneous when conditions are sub-classified into thirteen distinct policy areas.

Future research on the issue can further the mechanisms of the circular relationship between IMF presence and political ideology. The heterogeneous effect of political ideology on specific policy-related IMF conditions and vice versa is also an area that could be explored further.

Chapter 3

Is Export Diversification a Partisan Matter? The Effect of Political Ideology on Productive Capabilities

3.1 Introduction

The economic policies of a country are endogenous to its political institutions. Political candidates and parties, characterized as fundamental political institutions, are motivated by electoral and ideological considerations (Frey, 1978a, 1978b). They seek to win incumbency while holding certain partisan or ideological policy preferences. In a democracy, parties aggregate individual preferences and transform those preferences into policy programs (Lord, 2010). The ideology of heads of government potentially shapes the economic policy environment, affecting a country's economic performance. The empirical literature, however, on the relationship between left-wing or right-wing partisan preferences and economic performance is mixed and inconclusive (Potrafke, 2017). Although there is some evidence of a negative association between the interventionist ideology and economic growth (Osterloh, 2012), we know little about the effect of left vs. right-wing ideology on the productive capabilities of an economy. The left-wing political ideology, in economic terms, is defined as values and beliefs about intervention in the economy, whereas the right-wing ideology supports free markets (Herre, 2023). The productive capabilities – an economy's ability to produce a wide variety of highly sophisticated products – is an essential determinant of a country's long-run economic growth and development. This paper explores the effect of left-wing, right-wing, and centrist political ideologies on productive capabilities, i.e., structural transformation via changes in technology and skill intensity of exports, also referred to as the trade structure.

The theoretical link between political ideology and macroeconomic policy is delineated by the Partisan Theory (PT). According to PT, the partisan preferences of political parties determine the economic policy trajectory of an economy (Hibbs, 1977)[1]. In the PT framework, political parties view and manage economic policy as a short-run trade-off between inflation and unemployment (Philips Curve). A right-wing party would seek to lower inflation and, in the process, would be willing to accept high unemployment and slower economic growth. Conversely, a left-wing party would be willing to compromise on rising inflation for higher economic growth and lower unemployment. A modified version of the Partisan Theory is the Rational Partisan Theory (RPT), which postulates that the partisan influences on inflation, unemployment, and growth changes are temporary after a new government is elected (Alesina, 1987; Chappell and Keech, 1986). The economy would revert to its natural inflation, unemployment, and growth rate around the middle of an electoral term.

However, the empirical literature on political ideology's effect on economic performance remains mixed and inconclusive. Many studies find a positive effect of left-wing ideology on GDP per capita, rate of GDP growth, unemployment, inflation, and government expenditures, including that on education, subsidies, social security, welfare, etc. (Alesina and Roubini, 1992; Baskaran, 2011; Jensen, 2010; Potrafke, 2012; Sakamoto, 2008). Others find negative or no effect (Garrett and Mitchell, 2001; Jensen, 2011, 2012; Sakamoto, 2008). In contrast, evidence also suggests that countries experience higher growth under right-wing governments (Bjørnskov, 2005). For tax policy, some studies associate leftist parties with a redistributive and progressive tax structure (Angelopoulos

[1]In this paper, I use the words 'ideology' and 'partisanship' synonymously.

et al., 2012; Osterloh and Debus, 2012), while others do not find a statistically significant relationship (Garrett, 1998). According to Potrafke (2017), the literature on the connection between political ideology and economic performance still lacks a robust identification strategy to deal with the potential endogeneity of political ideology.

Why is studying productive capabilities important? Economic development occurs when economies shift from primary and agricultural products to higher value-added, sophisticated, and advanced manufacturing products and services characterized by increasing returns. The recent literature also shows that the higher productive capabilities of a country, i.e., higher economic complexity and product sophistication through higher skill and technology intensities, is a major determinant of long-run economic development and structural change (Hausmann et al., 2007; Hidalgo, 2021; Hidalgo and Hausmann, 2009; Hidalgo et al., 2007; Simoes and Hidalgo, 2011). The literature examining cross-country income differences generally holds disparate views on the role of market-based and state-led development policy approaches in fostering productive capabilities. The theory and evidence support and oppose both the market-oriented and state-led policies to facilitate the long-run economic development of a country[2]. For High-Performing East Asian Economies (HPAEs), it is argued that state-led (interventionist) industrialization policy achieved higher income per capita, which provided a 'Big Push' toward developing higher productive capabilities (Amsden, 2001, 2007; Rodrik, 2009a, 2014; Wade, 1989, 1990). In contrast, proponents of the free-market economy posit that the market forces of supply and demand lead to the most efficient outcomes; state-led policies are inherently inefficient and promote rent-seeking.

This paper analyzes the effect of left-wing, right-wing, and centrist political ideologies on productive capabilities, which are measured using indices capturing the skill and technology intensity of exports as proposed by Hatzichronoglou (1997), Lall (2000), and Hidalgo and Hausmann (2009). I use three indicator variables to capture the left-wing, right-wing, and centrist political ideologies. The study period is from 1962 to 2019 for 134 countries. I employ the Two-Stage Least Square (2SLS) analysis to address the iden-

[2] For a recent overview of the literature, see Hamilton-Hart and Yeung (2021).

tification problem and the endogeneity of political ideology variables. The primary choice instrumental variables (IVs) are compound IVs for political ideology indicators adapted from the aid effectiveness literature (Dreher and Langlotz, 2020; Nunn and Qian, 2014). The IVs represent the predicted country-year values and are constructed separately for left-wing, right-wing, and centrist ideologies by interacting the within-country average of political ideology with its regional cross-country yearly average. The regions include East Asia and Pacific, Europe and Central Asia, Latin America and Caribbean, Middle East and North Africa, North America, South Asia, and Sub-Saharan Africa.[3] Additional IVs, including participation in an International Monetary Fund (IMF) program and the constitutional right to a free and competitive economy, are also employed for robustness check purposes. Since the effect of political ideology on productive capabilities could manifest in the long run and may be stronger with the persistence of political ideology, I use five-year averages for the benchmark regression analysis.

The empirical analysis reveals that right-wing governments impair a country's productive capabilities, whereas governments with centrist political ideology are good for skill-and-technology upgrading of the export sector. Left-leaning governments do not appear to have any significant effect on a country's export structure. These results withstand several robustness tests. The estimate also suggests that the effect of political ideology on productive capabilities holds in the medium and long run. In the short run using yearly data, I find evidence that only centrist ideology increases the skill and technology intensity of exports.

This paper can be categorized under the growing empirical literature on comparative political economy and development. Specifically, the paper aligns with the literature exploring the effect of political institutions, specifically political ideology, on economic performance. It can also be associated with works describing markets vs. states' influence on the economy. This paper differentiates from the research examining the effect of market-based institutions, e.g., the Index of Economic Freedom (EFW)[4], on economic

[3]The seven regions used to categorize countries are defined according to the World Bank's Regional Classification (WB, 2017).

[4]The Index of Economics Freedom is published by The Heritage Foundation (https://www.heritage.org/index/).

performance. The ideology of political parties and heads of government may itself be a determinant of institutions representing economic freedom (Herre, 2021).

The rest of the paper is arranged as follows. The theory linking political ideology, state-led, and market-oriented policies to economic performance is explained in section 2. Section 3 provides an overview of the relevant empirical literature on the relationship between political ideology and various economically significant variables. The data sources and variables are described in section 4. The econometric specification and empirical estimates are presented in section 5. Lastly, section 5 concludes the study.

3.2 Theoretical Channels

A country's productive capability is shown to be a strong determinant of long-run economic development (Hausmann et al., 2007; Hidalgo, 2021; Hidalgo and Hausmann, 2009; Hidalgo et al., 2007; Simoes and Hidalgo, 2011). Higher productive capabilities mean that an economy can produce and export more sophisticated and higher value-added products, a milestone that can be achieved by transforming the economy's structure from low-value-added sectors like agriculture to advanced industrialized manufacturing. Structural change involves reallocating resources from low to high-productivity sectors and transitioning from low-skill intensity to high-skill- and high-technology-intensity production processes that enjoy increasing returns to scale, allowing for dynamic gains within and across industries with significant spillover effects. The classical development theorists also emphasize the role of structural change in economic growth (Lewis, 1954; Nurkse, 1953; Rosenstein-Rodan, 1943, 1984).

What kinds of policies lead to structural change and economic growth? There are two major schools of thought on this question. On one side, the long-run economic development of a country is said to come from free and competitive markets with minimum state intervention, the so-called laissez-faire camp. On the other side, the state plays an active role in initiating and continuing the growth and development process. For the former, the argument favoring the market economy originates from Classical and Neoclassical economics. The idea is that the forces of supply and demand in a free market system lead to the highest efficiency gains and the most optimal allocation of resources, resulting in growth and economic development. Capital deepening and technological change occur in a competitive economy since the market forces ensure only the most efficient and competitive firms survive in the long run. For the proponents of this approach, state-led development policy and any, however well-intentioned, state intervention create welfare losses as they consider the costs of government failure a much bigger problem than the costs of market failure. As a result, the government-led initiatives toward selective industrialization are considered inefficient, and import substitution or any trade restriction policies are deemed to facilitate rent-seeking behavior among firms. Hence, countries are advised to liberalize trade, adopt market-based institutions, prioritize macroeconomic stability, and specialize in sectors of their comparative advantage. Thus, following these 'economic fundamentals' will result in a structural transformation of the low and middle-income countries to achieve economic development.

On the other side, particularly emphasizing the recent experiences of the High Performing East Asian Economies (HPEAs), the proponents of the state-led approach argue that government planning is necessary to foster economic development (Amsden, 2001, 2007; Harrison and Rodríguez-Clare, 2010; Jenkins, 1991; Martinussen, 1997; Megginson and Netter, 2001; Rodriguez, 2008; Rodrik, 1995, 2007, 2009a, 2009b, 2014, 2016; Shapiro, 2008; Wade, 1989, 1990; Weiss, 2013). Government planning lays the groundwork for coordinated investments, which are imperative to provide a "Big Push" to an economy toward the high-skill and high-knowledge-intensive productive sectors. Furthermore, the proponents of this view argue that the lack of profitable investment opportunities rather than a lack of savings causes a low-growth and low-development trap. This is also based on the common observations made by classical development economists that developing economies are usually characterized as having both low levels of capital and low returns to capital, a contradiction that is impossible within the Neoclassical theory. In this framework, the unit of economic growth is firms that must be protected from foreign competition, allowing for higher returns in otherwise unprofitable investment activities.

Therefore, import substitution and selective and conditional import restrictions and investment incentives can lead to industrial sector development. The rents generated by the firms are important because, despite the risk, rents act as an incentive for capital owners and investors to invest in new productive activities. Eventually, the increasing returns in the productive sector will lead to spillover effects, learning-by-doing effects, workers developing new skills, human capital accumulation, technological externalities, etc., all of which will contribute toward long-run economic growth. Henceforth, an economy enters a virtuous circle of development. Conversely, if a country begins economic liberalization too soon, domestic firms cannot compete in the international market and may go out of business. This can lead to divergence towards the low value-added export sector, a process known as premature deindustrialization.

For this article, left-wing political ideology represents governments that support intervention in economic policy matters. On the other hand, right-wing government policies are centered around free markets. Whether left, right, or centrist ideologies are good for the long-run development of a country is an empirical question.

3.3 Literature

This section discusses the relevant literature on the effect of political ideology and/or partisan policy preferences on economic performance. Overall, empirical studies report mixed evidence on whether a left-wing or right-wing ideology benefits the economy.

To empirically test the predictions of the Partisan Theory (PT) and the Rational Partisan Theory (RPT), several authors study the effect of political ideology on economic growth, inflation, and unemployment. The pioneering work of Hibbs (1977) not only underpins the PT theoretically but also provides the first empirical evidence in the theory's favor. He analyzes am aggregated sample of twelve Western European and North American countries and quarterly postwar data for the United States and the United Kingdom. The results show that higher inflation and lower unemployment prevail in countries where left-wing political parties are in power. The opposite is true for countries where centrist or right-wing political parties control the incumbency. The PT, however, was modified by Alesina and Roubini (1992), who proposed the Rational Partisan Theory (RPT). Their empirical testing of the RPT shows a temporary effect of partisan differences on GNP growth and the unemployment rate for OECD countries. Also, they do not find evidence of political business cycles (PBCs) affecting economic performance. However, in a review article published by Hibbs (1992) 15 years after the publishing of his original article on PT (Hibbs, 1977) – which is the same as the year of the publication of Alesina and Roubini (1992) paper – he argues that the (then) state of empirical evidence is inconclusive, and that and more work is needed to prove the RPT's validity. More recently, focusing on OECD members with a two-party system, Potrafke (2012) demonstrates that the GDP growth rate is higher under left-wing governments during the first two years of an electoral cycle, lending credence to the RPT.

Contradicting the PTs, a few studies indicate that right-wing parties are associated with better economic performance. In a study of political ideology on economic growth for the French democracy, for a period from 1871 to 2009, Facchini and Melki (2012) posit that political ideology affects economic performance through the channel of redistributive and fiscal policies, which affect income inequalities and employment. The left-wing governments have fostered equity at the cost of economic growth compared to the right. Similarly, for OECD members, Bjørnskov (2005) provides empirical evidence showing that right-wing societies experience higher economic growth. He also highlights that less government intervention and efficient legal institutions partly explain higher growth. While most of the above-cited studies use some measure of left-right ideology, Osterloh (2012) digresses by employing parties' ideology toward the market economy and interventionism extracted from parties' manifestos as the main explanatory variable. Similar to Bjørnskov (2005), his empirical analysis also indicates that decreasing interventionist ideology leads to higher economic growth in OECD countries.

The current economic state of a country also plays a role in delineating the association between partisan preferences and economic performance. The effect of ideology on structural reforms in labor, product, and financial markets during economic crises is examined by Galasso (2014) for twenty-five OECD countries. The overall effect of economic crises is ambiguous. Under normal circumstances, right-wing parties promote pro-market reforms, while fractionalized governments are associated with introducing regulated product markets. However, economic crises tend to alter partisan preferences. During a crisis, the right-wing parties hinder financial market regulations and abstain from advancing privatization reforms; left-wing parties favor privatization; center-located political parties aim to liberalize the economy and cut unemployment benefits. Moreover, the author also demonstrates that weak coalition governments, which usually regulate product markets, tend to liberalize it during an economic crisis.

Political ideology is also shown to affect monetary policy decisions. Oatley (1999) shows that left-wing incumbents are more likely to pursue expansionary monetary policy under floating exchange rate regimes than right-wing parties. If the exchange rate is fixed, then compared to the right-wing, left-leaning governments tend to induce more capital controls to decrease the interest rate premium and run higher deficits. The link between central bank independence, partisan preferences, and interest rates is also discussed by Belke and Potrafke (2012). When central bank independence is low, left-wing governments aim to lower nominal interest rates in the short term. The opposite is true when central bank independence is high. The authors further show these effects are more pronounced under flexible exchange rate regimes.

Regarding spending preferences, the relationship between government expenditures and incumbent partisan position depends on the type of expenditure. For example, Garrett (1998) report that left-leaning incumbents increase government expenditures. Allan and Scruggs (2004), invalidating the "end of partisanship" claims, demonstrate that right-wing parties are more likely to cut sickness and unemployment insurance spending, particularly after a recession. Armingeon et al. (2016) explores the relationship between partisan complexion, fiscal consolidation, and welfare spending. They find that left-wing governments earmark welfare policies in contrast to non-left governments. However, during periods of austerity or fiscal consolidation, welfare spending retrenchment is strongest for left-leaning pro-reform coalition governments.

Conversely, while right-wing governments are typically associated with low social spending, Jensen (2010) finds a positive relationship between right-wing parties and social spending in countries where the political left has a relative stronghold. He observes that right-wing incumbents tend to outspend the left in social welfare expenditures because they need to appease and win the trust of the general left-leaned voter base. Furthermore, Bräuninger (2005) suggests that although right-left affiliation does not tell much about a government's fiscal policies, the political parties stated programmatic preferences or preferences on specific issues do. Analyzing the effect of selected political programmatic preferences that may determine government expenditures, the author finds a direct effect of the relevant programmatic preference on economic affairs and security expenditures for OECD countries. On the other side, however, Potrafke (2010) shows that government ideology does not affect the growth rate of health expenditures.

For tax policy, Angelopoulos et al. (2012) depict that left-wing governments encourage progressive taxation and tend to promote higher taxation of capital income than labor income. However, left-leaning governments also rely more on consumption-based tax rates. Since taxpayers may not realize that higher prices are linked with higher consumption taxes, left-wing parties try to manifest a fiscal illusion for taxpayers to garner political support. Taken together, the overall effect of political ideology on progressive taxation regimes is unclear. Similarly, Osterloh and Debus (2012) report a positive effect of left ideology leaders on the corporate tax structure. This effect, the authors argue, is primarily driven by the ideological leaning of leaders toward welfare policies. Contrarily, Garrett (1998) do not find any robust relationship between progressive tax policy and Left Christian Democratic governments.

In summary, the effect of political ideology and partisan preferences on economic performance is asymmetric. Many studies depict that left-wing governments are associated with higher economic growth. A few studies question this positive relationship, showing that right-wing parties lead to higher growth. Concerning structural reforms, the discussion above suggests that economic crises tend to alter partisan effects considerably. The evidence is also mixed for fiscal, government spending, and tax policies. At the same time, there appears to be some consistency in empirical results of the effect of political ideology on monetary policy. Considering all this discussion, I make a two conclusions regarding the current literature on the subject. Firstly, the effect of political ideology on various indicators of economic condition is mixed and inconclusive. Secondly, to the best of my knowledge, no work exists that directly analyzes the connection between political ideology and productive capabilities, export sophistication, and technology and skill intensity of domestic products. Given that a gap exists in the current state of knowledge, it is imperative to study the effect of political ideology on productive capabilities to further our understanding of the subject.

3.4 Empirical Analysis

3.4.1 Data Description

The sample dataset spans over 58 years, from 1962 to 2019, and comprises about 134 countries. The effect of political ideology on productive capabilities may not show up contemporaneously because of lags for government policies to have an effect. Such an effect is more likely to be observed over a longer period. Therefore, and as is standard in the literature, I use five-year arithmetic averages on the entire dataset to conduct the main analysis in this paper. All the variables in the dataset are averaged over the following intervals: 1960-64, 1965-69, 1970-74, 1975-79, 1980-84, 1985-89, 1990-94, 1995-99, 2000-04, 2005-09, 2010-14, and 2015-19. The political ideology variables in five-year averages represent the fraction of the period during which a party with a particular ideology was holding political office. The summary statistics are given in Table A1 in Appendix A.

The next two sub-sections discuss various ways of measuring a country's productive capabilities and political ideology.

3.4.2 Productive Capabilities

An economy's productive capability is its ability to produce and export a wide variety of high-skill-and-technology-intensive and high-value-added products. I use three indices in this paper to capture countries' export diversification, including *IntensityLall* (Lall, 2000), *IntensityOECD* (Hatzichronoglou, 1997; OECD, 2011), and Economic Complexity Index (*ECI*) (Hidalgo and Hausmann, 2009). The bilateral trade data used in constructing the former two comes from the Growth Lab (2019) at Harvard University, which is based on UN COMTRADE.

The skill-and-technology intensity measure (*IntensityLall*) is proposed by Lall (2000). It is constructed by taking a weighted average of the percentage share of the product group e's exports of the total exports E at time t. The product groups include high-skill manufactures, medium-skill manufactures, low-skill manufactures, resource-intensive manufactures, and primary goods. The numerical weights assigned to each group are 5, 4, 3,2, and 1, respectively[5]. The *IntensityLall* ranges from 0 to 1.

Similar to *IntensityLall*, the skill-and-technology intensity export diversification index (*IntensityOECD*) is adapted from Hatzichronoglou (1997) and OECD (2011). *IntensityOECD* categorizes manufacturing industries into four groups based on their research and development intensities. These include high-technology, medium-high-technology, medium-low-technology, and low-technology manufacturers. All other products, mainly primary products, are classified under "others" category. To form the index, a weighted average of the percentage share of the product category exports of the total exports, with weights being 4, 3, 2, and 1, respectively[6]. The *IntensityOECD* ranges from 0 to 1.

The data for the Economic Complexity Index (*ECI*) is from the Observatory of Economic Complexity (OEC, 2021)[7]. Countries ranked higher on *ECI* can produce high value-added and knowledge-intensive products, which measures a country's productive capabilities. Intuitively, *ECI* can measure all the accumulated knowledge in an economy. *ECI* also tells us about the potential of an economy's productive sector, e.g., a country will find it relatively easier to manufacture aircraft engines if it already possesses the technology and skills for basic car engines. *ECI* is based on two distinct but related

[5]The details of product group classification, based on SITC Rev. 2, are given in Appendix A.

[6]The details of OECD product group classification, converted from SITC Rev. 2 on ISIC Rev. 3 using concordance tables, are given in Appendix A.

[7]The data was retrieved on October 31, 2024.

ideas: diversity and ubiquity[8]. A country is ranked higher if it can produce a diversified set of distinct products – diversity – and if only a few other countries can produce a similar product mix – ubiquity[9]. In this article, I use an improved version of *ECI*, which is *ECIPlus*, proposed by Albeaik et al. (2017). It improved upon the original *ECI* by correcting for how difficult exporting each product is. *ECIPlus* is normalized to range from -3 to 3. For the sample of countries in this paper, *ECIPlus* takes the highest value of 1.62 for Japan and the lowest value of -3.53 for Sudan in 2015.

3.4.3 Political Ideology

The Global Leaders Political Ideology Dataset (GLDI) comes from Herre (2023). It contains information on the political ideology of heads of government and political leaders for approximately 178 countries from 1945 to 2019. A political leader is the most important political agent in a country, who may or may not be the head of the government. The political ideology is defined according to its economic dimension, i.e., values and beliefs about intervention in the economy. Thus, the left-wing chief executives employ policies consistent with economic interventionism, whereas the right-wing heads bolster the free market economic system[10]. The dataset I use only distinguishes between left-wing, right-wing, and centrist ideologies for comparability and consistency over time. Additional political spectrum, such as center-left, center-right, far-left, and far-right, etc., are not measured. The political ideology of heads of movement can be used as a proxy for the ideology of the incumbent party. The yearly trend of political ideology is displayed in Figure 11. The figure shows that left-wing and right-wing governments have been dominant throughout from 1960 to 2020, i.e., approximately 35% to 55% of all the heads of government in a particular year were either had left or right leaning. Only about 5% to 14% of the governments were Centrist in a particular year.

The left-wing, right-wing, and centrist political ideologies are indicator variables that

[8]For technical details on the construction of *ECI* see the Methods tab on OEC's website (`https://oec.world/en/resources/methods`).

[9]The technical details on *ECI* construction are provided in Appendix A.

[10]To keep it simple and also because political parties and their leaders usually share the same ideology, I will use the political ideology of 'heads of government,' 'chief executive', 'political parties', etc., interchangeably.

take the value of 1 in a given country and year if a head of government with a left-wing, right-wing, or centrist ideology holds incumbency and 0 for a non-left, non-right, and non-centrist ideology, respectively. Using five-year averages changes the original definition of political ideology variables. In the five-year intervals, the left-wing, right-wing, and centrist ideology represents the fraction of time a political party/ideology was in power. For example, a value of 0.5 for right-wing means that a right-leaning party was holding political office for 50% of the time during a five-year interval, equivalent to two-and-a-half years or thirty months. It also means a non-right government was in power for the rest of the thirty-month duration.

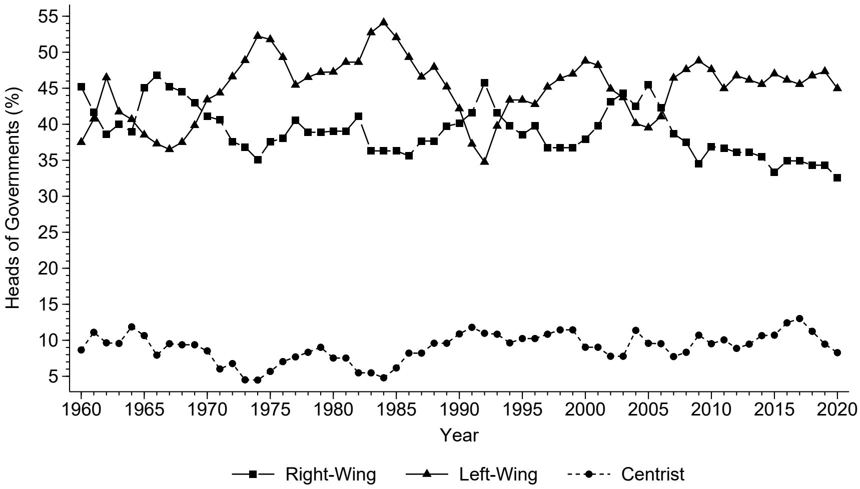
According to Herre (2023), GLID has several advantages over other political ideology datasets. First, it provides a more representative coverage.[11] Second, more attention is paid to data reliability, e.g., at least two sources are used to collect political ideology information, with preference given to academic sources. At least two coders verify all the information. Third, the political ideology of chief executives was determined by their party affiliation instead of inference from policies, which could have led to turning the effect of ideology on policies into a tautology./footnoteThis, of course, is also a potential limitation if the de facto policies are different than de jure policies that are advocated by each respective ideological stance. For example, a right-wing political party can advocate hands-off government but pass one of the most extensive bank bailouts in history, as shown by the Republican presidency in the aftermath of the 2008 financial crisis in the US. we return to this point later in the paper.

3.4.4 Estimation Method

A simple panel fixed-effects model may be insufficient to capture the effect of political ideology on productive capabilities because of the endogeneity problem, i.e., the explanatory variable may correlate with the error term. The political ideology is endogenous

[11]For example, the dataset compiled by Lührmann et al. (2020) covers election years only, Manzano's (2017) covers only dictatorial regimes, Huber and Stephens's (2012) Latin America and Caribbean, and multiple datasets cover industrial democracies of Europe and North America and OECD countries including the ones from Polk et al. (2017), Brambor and Lindvall (2018), Burst et al. (2021), and Armingeon et al. (2016).

Figure 11: Percentage of Countries With Right-Wing, Left-Wing, and Centrist Heads of Government by Year



Notes: The graph shows the percentage of countries across years with left-wing, right-wing, and centrist heads of government political ideologies. The years are on the x-axis, and the percentage of right-wing (square), left-wing (triangle), and centrist (circle) heads of governments are shown on the x-axis.

because left-wing, right-wing, or centrist ideologies of chief executives determine a country's economic policies; however, a country's economic conditions may also determine which political party gets elected. Also, unobserved factors such as culture, religion, or the degree of nationalism, which can potentially affect a country's productive capabilities and incumbents' political ideology, may cause omitted variable bias, leading to biased and inconsistent regression estimates. I tackle these issues using the Two-Stage Least Squares (2SLS) or Instrumental Variables (IV) estimation method.

The choice of the main IVs is inspired by the aid effectiveness literature (Dreher and Langlotz, 2020; Nunn and Qian, 2014). The compound IVs (*CompRegion*), Z_{it}, represent the predicted levels of left-wing, right-wing, or centrist political ideologies and are constructed by interacting the within-country averages of each ideology with their yearly regional average, as shown in Eq. (1):

$$Z_{it} = \overline{Ideology_i} * \overline{Ideology_{rt}} \tag{3.1}$$

where i is a country, t is a year, r is one of the seven regions based on World Bank classification (WB, 2017), Z represents the compound instrument, and $\overline{Ideology}$ is the mean of either left-wing, right-wing, or centrist political ideologies. Thus, we have three *CompRegion* variables, each for left-wing (*CompRegionLeft*), right-wing (*CompRegionRight*), or centrist (*CompRegionCenter*) ideologies. We should expect a positive association between *CompRegion* instruments and the respective political ideology variables.

The IVs need to satisfy two validity criteria: the relevance and exclusion restrictions. Relevance means that the IVs must be correlated with the endogenous regressors. Exclusion restriction implies that the IVs should only affect the outcome variable through the channel of the endogenous regressors. In the context of this paper, the main identification assumption is that the political ideology of incumbents in other countries of the region is potentially exogenous and does not directly affect domestic productive capabilities. However, the interaction of the exogenous regional yearly average of political ideology with the within-country mean of political ideology should predict a country's political ideology. Analytical proofs show that the interaction of an exogenous variable with an endogenous one is deemed exogenous (Bun and Harrison, 2019; Nizalova and Murtazashvili, 2016). Moreover, evidence suggests that regional trends in political ideology can determine domestic political ideology because of ideological and electoral spillovers across countries(Costa-Font and Ljunge, 2023; Rodrik, 2018). In fact, social spillovers are also observed in case of political causes such the feminist and peace movement in the United States (D. S. Meyer and Whittier, 2014), the spread of neoliberal order particularly in Europe after the fall of the Berlin Wall in 1990, and the Arab Spring starting in 2010 Saideman (2012).

I also use two additional IVs as a robustness check. These include whether a country has an IMF program (*IMFProg*) and whether it is constitutionally binding for a country to have free and competitive markets (*FreeComp*), i.e., a market economy. For the former, participation in the IMF program affects political ideology changes. Evidence shows that participation in an IMF loan program decreases the likelihood of left-wing governments obtaining political power and increases the odds of right-wing governments maintaining or winning political office (Chaudhry and Demir, 2024). Also, there is no robust effect of IMF program participation and conditionality burden on export sophistication or trade structure Demir (2022b). Therefore, *IMFProg* satisfies relevancy and exclusion restriction IV requirements.

As for the latter, a country's constitution determines its social, political, and economic rules of engagement. Persson and Tabellini (2005) focus particularly on the effect of electoral rules and forms of government on economic policy outcomes. According to them, constitutional rules determine economic policy: "Politicians make policy choices, but their specific electoral incentives and powers to propose, amend, veto, and enact economic policies hinge on the rules for election, legislation, and execution." (pg. 6). I adapt this argument to a similar context. If the right to a free and competitive economy is guaranteed – in a constitutional clause – by a country's constitution, then the policy preferences of political parties toward free markets should also be shaped by this clause. In other words, political parties will promote liberal market policies if a country's constitution explicitly states that free and competitive markets are a fundamental right. Thus, the indicator variable constitutional right to a free and competitive economy (*FreeComp*) should be positively correlated to right-wing and negatively to left-wing political ideologies. Also, I argue that *FreeComp* does not affect productive capabilities directly, but its effect is mediated via political ideology. Therefore, *FreeComp* upholds relevance and exclusion restriction as an IV.

I use several tests to check the validity of these IVs. For an individual endogenous regressors, the Sanderson-Windmeijer (SW) F test is used for weak identification problem with a null hypothesis that the endogenous regressor is weakly identified (Sanderson and Windmeijer, 2016). Similarly, the Sanderson-Windmeijer (SW) Chi-squared stats tests for underidentification of an individual endogenous regressor with a null hypothesis that the endogenous regressor is unidentified (Sanderson and Windmeijer, 2016). The Kleibergen-Paap (KP) rk LM is a test for equation underidenitification, i.e., to check if the excluded IVs are relevant (Kleibergen and Paap, 2006b). The null hypothesis for KP LM test is the equation is underidentified. The KP rk F-statistic checks for weak instruments (Kleibergen and Paap, 2006b). Generally, a KP F-stat ≥ 10 is considered satisfactory to rule out weak instrumentation problems. Lastly, Sargan-Hansen J is a test for overidentification restrictions when more than one IV is used (Hansen, 1982; Sargan, 1958). The joint null is that the instruments are uncorrelated with the error term. The p-values are reported for all the tests except for the KP F-stat, for which the F-stat is reported.

We use Eqs. (2) and (3) to test the effect of left-wing, right-wing, and centrist political ideologies on productive capabilities and estimate them using the 2SLS estimation method:

$$\widehat{Ideology}_{it} = \alpha_1 Z_{it} + \alpha_2 X_{it} + \mu_i + \delta_t + \varrho_{it} \tag{3.2}$$

$$ProdCap_{it} = +\beta_1 \widehat{Ideology}_{it} + \beta_2 X_{it} + \mu_i + \delta_t + \varepsilon_{it} \tag{3.3}$$

where i represents a country; t is a year; Z is the set of IVs; X is the set of control variables; μ and δ capture the country and year fixed effects, respectively; $\widehat{Ideology}$ is the predicted values of either left-wing, right-wing, or centrist political ideology from Eq. (2), which is the first stage of 2SLS regression; *ProdCap* is the outcome variable, which is proxied by three distinct variables: *IntensityLall*, *IntensityOECD*, or *ECIPlus*. ϱ is the error-term from Eq. (2); and ε is the error-term from the second-stage estimates.

The set of controls X includes the following variables:

The (log) real GDP per capita in constant 2017 USD vlaues (*lnRGDPPC*) controls for the effect of income levels on productive capabilities. This series comes from the Penn World Tables Feenstra et al. (2015). We expect a positive association between *lnRGDPPC* and *ProdCap*.

Trade openness (*Openness*), measured by the share of trade (exports + imports) in total GDP, controls the effect of the strictness level of trade flows on productive capabilities. I construct the *Openness* variable using the data from the Penn World Tables Feenstra et al. (2015). The expected relationship between *Openness* and *ProdCap* is positive because countries with fewer trade restrictions should have higher exports.

The average years of schooling (*YrsSchool*) controls for the effect of human capital on productive capabilities. Higher levels of human capital should lead to a greater ability to produce highly technology-intensive and high-value-added goods and services. Therefore, we expect a positive relationship between *YrSchool* and *ProdCap*. The data for *YrsSchool* is taken for Barro and Lee (2013).

The (log) total population (*lnPop*) captures domestic consumption demand and the labor market size of a country. A larger population should positively affect productive capabilities. The population data also comes from the Penn World Tables Feenstra et al. (2015).

Since the effect of political ideology on productive capabilities is likelier to manifest in the long run, five-year averages are used as a benchmark for regression analysis. In the robustness analysis, I also experiment with contemporaneous analysis with yearly data and three-year averages.

3.5 Empirical Results

Table 3.1 presents the benchmark first-stage estimates of the 2SLS model from Eq. (2). The corresponding benchmark second-stage estimates are shown in Table 3.2. As predicted, the three IVs, – *CompRegionLeft*, *CompRegionRight*, and *CompRegionCenter* – are increasing the likelihood of *Left-Wing*, *Right-Wing*, and *Centrist* governments coming into political power. All three IVs are statistically significant at the 1% level. Both SW F-stat and SW Chi-squared tests for weak and underidentification, respectively, are also significant at 1% level.[12]

The benchmark estimates for the effect of political ideology on productive capabilities are presented in Table 3.2. Columns (1)-(3) are using *IntensityLall*, (4)-(6) are using *IntensityOECD* and (7)-(9) are with *ECIPlus*. Although *Left-Wing* governments do not appear to have any significant effect on productive capabilities in any of the three measures in columns (1), (4) and (7), *Right-Wing* ideology has a negative effect at 5% significance level for *IntensityLall* and *ECIPlus* in columns (2) and (8), respectively. *Cen-*

[12] The regression of the compound IVs –*CompRegionLeft*, *CompRegionRight*, and *CompRegionCenter* – on all the three outcome variables – *IntensityLall*, *IntensityOECD*, *ECI* – show that IVs have do not have any statistical power to predict productive capabilities. The only expectation was the regression of *CompRegionCenter* on *ECI* showing a positive and significant effect.

Table 3.1: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage 5-Year Average Benchmark Specification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	IntensityLall			*IntensityOECD*			*ECIPlus*		
CompRegionLeft	1.637***			2.505***			1.800***		
	(0.217)			(0.284)			(0.261)		
CompRegionRight		1.826***			2.003***			1.808***	
		(0.175)			(0.206)			(0.188)	
CompRegionCenter			2.456***			2.399***			2.250***
			(0.299)			(0.294)			(0.244)
lnRGDPPC	0.012	0.004	-0.022	0.024	-0.028	-0.034	0.007	0.004	-0.024
	(0.029)	(0.027)	(0.015)	(0.037)	(0.034)	(0.021)	(0.036)	(0.033)	(0.018)
Openness	-0.031	0.043	-0.009	-0.025	0.015	0.006	0.015	0.107**	-0.103***
	(0.022)	(0.037)	(0.037)	(0.023)	(0.035)	(0.033)	(0.045)	(0.047)	(0.036)
YrsSchool	1.918	-1.855	-0.018	2.945*	-3.825**	0.885	2.695	-3.187*	0.399
	(1.467)	(1.462)	(0.783)	(1.783)	(1.883)	(1.093)	(1.702)	(1.652)	(0.931)
lnPop	-0.120**	0.054	0.093***	-0.167***	0.064	0.087**	-0.076	0.030	0.054*
	(0.049)	(0.050)	(0.030)	(0.061)	(0.064)	(0.037)	(0.054)	(0.054)	(0.031)
Observations	1,403	1,403	1,403	1,065	1,065	1,065	1,098	1,098	1,098
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
SW F-stat p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SW Chi-Sq p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table 3.2. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. The row below the column numbers represents the outcome variables from the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

trist governments increase (significant at 1% level) *IntensityLall* and *ECIPlus* only. We should note that *IntesnityLall* and *IntensityOECD* have a range between 0 and 1, while *ECIPlus* has a range of -3 to 3. Quantitatively, an increase in *Right-Wing* government incumbency by approximately six months over a span of five years decreases *IntensityLall* by 0.05 points and *ECIPlus* by 0.2 points. Whereas an increase in *Centrist* government incumbency by a period of approximately six months increases *IntesnityLall* and *ECIPlus* by 0.072 and 0.208 points, respectively. The second-stage KM LM underidenfitication test is also significant at 1% level, and the F-stat in all columns is well above 10. Again, it seems that IV underidentication and weak IV problems may not be too serious a problem here.

Table 3.2: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage 5-Year Average Benchmark Specification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	IntensityLall			*IntensityOECD*			*ECIPlus*		
Left-Wing	-0.007			-0.021			-0.026		
	(0.028)			(0.014)			(0.155)		
Right-Wing		-0.050**			0.002			-0.204**	
		(0.022)			(0.011)			(0.093)	
Centrist			0.072***			0.008			0.208***
			(0.023)			(0.009)			(0.070)
lnRGDPPC	0.051***	0.051***	0.053***	0.033***	0.032***	0.032***	0.261***	0.255***	0.264***
	(0.006)	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)	(0.042)	(0.041)	(0.042)
Openness	0.032**	0.034**	0.033*	0.022	0.022	0.022	0.194***	0.221***	0.219***
	(0.016)	(0.017)	(0.018)	(0.015)	(0.015)	(0.016)	(0.048)	(0.049)	(0.048)
YrsSchool	0.904***	0.798**	0.856***	0.710***	0.680***	0.662***	8.079***	7.530***	7.803***
	(0.330)	(0.327)	(0.328)	(0.199)	(0.190)	(0.193)	(1.446)	(1.413)	(1.387)
lnPop	0.021*	0.020*	0.013	0.010	0.013	0.012	0.251***	0.239***	0.235***
	(0.013)	(0.012)	(0.012)	(0.009)	(0.009)	(0.009)	(0.069)	(0.069)	(0.070)
Observations	1,403	1,403	1,403	1,065	1,065	1,065	1,098	1,098	1,098
R-squared	0.086	0.058	0.072	0.083	0.104	0.102	0.114	0.092	0.113
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
KP LM p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
KP F-stat	56.76	109.5	67.30	77.75	94.49	66.56	47.46	92.46	84.83

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table 3.1. The outcome variables are *IntensityLall* in columns (1) to (3), *IntensityOECD* in (4) to (6), and *ECIPlus* in (7) to (9). The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Turning to other control variables in Table 3.2, real GDP per capita (*lnRGDPPC*), trade openness (*Openness*), average years of schooling (*YrsSchool*), and total population (*lnPop*), all have a positive effect on the three productive capabilities measures. While *lnRGDPPC* and (*YrsSchool* significant in all columns, *Openness* is statistically significant only for *IntensityLall* and *ECIPlus*, whereas *lnPop* has statistical power only in columns (1) and (2) for *IntensityLall* and in all columns (7) to (9) for *ECIPlus*.

Next, I introduce additional IVs in the 2SLS model to further address endogeneity concerns and present the first-stage estimates in Table 3.3 and the second-stage results in Table 3.4. I only use *IntensityLall* as the outcome variable here primarily because of its higher number of observations. In the first stage, including additional IVs, do not affect *CompRegion*, which are still highly significant (at 1% level) and positively affecting left, right, and centrist political ideologies. In addition to *CompRegion*, Table 3.3 also contains IMF program participation dummy (*IMFProg*) in columns (1) to (3). As expected, *IMFProg* decreases the likelihood of *Left-Wing* parties (significant at 1% level), increases it for *Right-Wing* (significant at 1% level), and has no effect on *Centrist* parties. The results for *IMFProg* hold (statistically significant at 1% level) when the dummy for the right to a free and competitive economy ensured by the constitution (*FreeComp*) is also included in the model in columns (4) to (6). Again, as anticipated, *FreeComp* decreases the odds of *Left-Wing* governments winning or maintaining incumbency (significant at 1% level), increases it for *Right-Wing* parties (significant at 1% level), and remains insignificant for *Centrist* ideology. The significant SW F and Chi-squared tests at the 1% level mitigate any concerns for weakness and underidentifiaction of IVs.

Turning to the second-stage results in Table 3.4, the qualitative results remain similar to Table 3.2, i.e., *Right-Wing* governments harm *IntesnityLall*, whereas *Centrist* governments are good for export sophistication. As before, the estimates for *Left-Wing* governments remain statistically insignificant. Compared to Table 3.2, the magnitude of the effect drops slightly with the inclusion of *IMFProg* in columns (1)-(3) along with the estimates for *Right-Wing* dropping in statistical significance to 5% level in column (2). When the third IV, *FreeComp*, is included in columns (4)-(6), the negative coefficient of *Right-Wing* ideology does not change; however, the positive effect of *Centrist* governments on *IntesntiyLall* drops to 0.055 points and now being significant at 5% level. Regarding the validity of the IVs, the KP LM underidentification test p-value is significant at the 1%

Table 3.3: Effect of Instrumental Variables on Political Ideology - 2SLS First-Stage 5-Year Average Specification With Additional IVs

	(1)	(2)	(3)	(4)	(5)	(6)
	IVs: *CompRegion* + *IMFProg*			IVs: *CompRegion* + *IMFProg* + *FreeComp*		
CompRegionLeft	1.656***			1.569***		
	(0.235)			(0.275)		
CompRegionRight		1.777***			1.682***	
		(0.187)			(0.222)	
CompRegionLeftCenter			2.537***			1.682***
			(0.388)			(0.222)
IMFProg	-0.159***	0.156***	0.013	-0.119***	0.121***	0.008
	(0.038)	(0.038)	(0.020)	(0.042)	(0.043)	(0.022)
FreeComp				-0.218***	0.250***	-0.002
				(0.056)	(0.064)	(0.047)
lnRGDPPC	-0.016	0.013	-0.015	0.030	-0.034	-0.020
	(0.032)	(0.030)	(0.016)	(0.037)	(0.033)	(0.020)
Openness	-0.022	0.097**	-0.072**	-0.010	0.076	-0.057
	(0.043)	(0.046)	(0.036)	(0.045)	(0.049)	(0.037)
YrsSchool	1.305	-2.004	0.246	3.323*	-3.278*	0.052
	(1.628)	(1.698)	(0.908)	(1.825)	(1.896)	(0.977)
lnPop	-0.072	0.036	0.054*	-0.120*	0.051	0.098**
	(0.052)	(0.053)	(0.031)	(0.063)	(0.064)	(0.040)
Observations	1,228	1,228	1,228	1,046	1,046	1,046
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
SW F-stat p-value	0.000	0.000	0.000	0.000	0.000	0.000
SW Chi-Sq p-value	0.000	0.000	0.000	0.000	0.000	0.000

Notes: TThe 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table 3.4. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. Columns (1) to (3) are estimates using two IVs, *CompRegion* and IMF program participation *IMFProg*. Columns (4) to (6) are estimated using three IVs, *CompRegion*, *IMFProg*, and constitutional right to a free and competitive economy *FreeComp*. The row below the column numbers represents the outcome variables from the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table 3.4: Effect of Political Ideology on *IntensityLall* - 2SLS Second-Stage 5-Year Average Specification With Additional IVs

	(1)	(2)	(3)	(4)	(5)	(6)
	IVs: *CompRegion* + *IMFProg*			IVs: *CompRegion* + *IMFProg* + *FreeComp*		
Left-Wing	0.012			0.034		
	(0.024)			(0.026)		
Right-Wing		-0.047**			-0.047**	
		(0.021)			(0.024)	
Centrist			0.074***			0.055**
			(0.024)			(0.022)
lnRGDPPC	0.040***	0.040***	0.041***	0.042***	0.041***	0.045***
	(0.007)	(0.007)	(0.007)	(0.008)	(0.008)	(0.008)
Openness	0.063***	0.069***	0.070***	0.075***	0.079***	0.078***
	(0.011)	(0.011)	(0.011)	(0.012)	(0.012)	(0.011)
YrsSchool	0.962***	0.868**	0.921***	0.379	0.361	0.454
	(0.334)	(0.337)	(0.335)	(0.358)	(0.351)	(0.340)
lnPop	0.019	0.017	0.013	0.045***	0.039***	0.036**
	(0.012)	(0.012)	(0.012)	(0.015)	(0.014)	(0.014)
Observations	1,228	1,228	1,228	1,046	1,046	1,046
R-squared	0.086	0.043	0.064	0.079	0.057	0.093
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
KP LM p-value	0.000	0.000	0.000	0.000	0.000	0.000
KP F-stat	35.23	55.76	21.49	20.53	29.93	13.18
Hansen J p-value	0.501	0.628	0.488	0.749	0.551	0.488

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table 3.3. The outcome variable is *IntensityLall* in all columns. Columns (1) to (3) are estimates using two IVs, *CompRegion* and IMF program participation *IMFProg*. The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. Columns (4) to (6) are estimated using three IVs, *CompRegion*, *IMFProg*, and constitutional right to a free and competitive economy *FreeComp*. The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

level, so underidenfitication may not be a concern. Similarly, the KP F-stat is greater than 10 in all the columns, minimizing the possibility of weak IVs. Lastly, the insignificant p-value of the Hasen J overidentification test supports the notion that the model is exactly identified. Overall, I find strong evidence that *Right-Wing* governments hurt the productive capabilities of a country, and *Centrist* governments build it up.

3.5.1 Sensitivity Analysis

I now analyze the effect of political ideology on productive capabilities by employing a variety of robustness tests to check the sensitivity of the first and the second stage benchmark estimates in Table 3.1 and Table 3.2.

To begin with, a simple OLS panel fixed-effects regression model is used to study the association between political ideology and productive capabilities (*ProdCap*). The OLS estimates are performed for five-year averages to observe a long-run impact in Table C4, three-year average for medium-run in Table C5, and yearly data for contemporaneous effect in Table C6. All three tables show that *Left-Wing* governments do not affect productive capabilities, and the estimates for political ideologies are also insignificant when *IntensityOECD* is employed as the outcome variable in columns (5) to (6). In all three tables, *Centrist* governments increase *IntensityLall* and *ECIPlus*, and the effect is statistically significant. The OLS results for *Right-Wing* ideology are somewhat mixed. In Table C4, *Right-Wing* governments have a negative and significant effect only on *IntensityLall*. Right-leaning incumbents have a significant and declining impact on both *IntensityLall* and *ECIPlus* in Table C5, but remain insignificant in Table C6. The long and medium-run OLS models in Table C4 and Table C5 give similar results to the benchmark 2SLS estimates in Table 3.2, while *Centrist* ideology has only a statistically weak contemporaneous effect on productive capabilities as evidence from Table C6.

Next, I replicate the benchmark estimates using annual and three-year averages instead of five. Similar to the benchmark first-stage 2SLS estimates in Table 3.1, the first-stage analysis for both the three-year averages in Table C7 and contemporaneous effect in Table C9 show a positive and significant effect of *CompRegion* IVs on productive capabilities. In Table C8, the second-stage 2SLS three-year average results are very similar to the benchmark estimates from Table 3.2, i.e., *Right-Wing* governments decrease and *Centrist* governments increase *IntensityLall* and *ECIPlus*, while *Left-Wing* does not matter for productive capabilities. The only change we observe in Table C8 compared to the benchmark is the *Centrist* ideology is positive and significant at 10% level for *IntensityOECD*. For the contemporaneous second-stage estimates in Table C10, only *Centrist* parties have a significant and positive effect on *IntensityLall* and *ECIPlus*. Similar to the OLS, the effect of *Right-Wing* and *Centrist* political ideologies on productive capabilities emerge in the long and medium run. However, only *Centrsit* governments affect *ProdCap* contemporaneously.

To mitigate concerns for the omitted variable bias, I now introduce additional covariates in the benchmark specification. The three sets of additional covariates capture the effect of international influence, economic conditions, and institutions on productive capabilities. Firstly, Table C11 and Table C12 include the first and second stage estimates with additional international influence covariates. The temporary and permanent membership status of the United Nations Security Council (*UNSC*) is a dummy variable (Dreher et al., 2009a) that captures the effect of a country's alliances and voice in international politics on productive capabilities[13]. *PctAgreeUS* is a Lijpharts index of agreement between a United Nations Member country and the United States created using the United Nations General Assembly voting alignment data (Bailey et al., 2017). It is a proxy for the effect of an alliance of a country with the US on its export structure. *KOFGI* is the KOF index of globalization Dreher (2006a); Gygli et al. (2019), which captures the effect of economic, political, and social globalization dimensions on productive capabilities. We should expect *UNSC* membership, higher *PctAgreeUS*, and higher levels of *KOFGI* to be positively associated with *IntensityLall*. Including additional international influence-related covariates does not qualitatively change the first-stage and second-stage estimates, i.e., *Right-Wing* governments have a negative and *Centrsit* governments have a positive effect of *IntensityLall*. As anticipated, *UNSC*, *PctAgreeUS*, and

[13] Dreher et al. (2009a) only indicate temporary UNSC members. I extend the dataset to include permanent members.

KOFGI have a positive association with *IntensityLall*. However, only *KOFGI* is statistically significant in all three columns, while *PctAgreeUS* has statistical power only in column (2).

The first and the second stage 2SLS results with additional economic covariates are displayed in Table C13 and Table C14, respectively. A higher inflation rate (*Inflation*) tends to be associated with lower exports because it makes domestic production less competitive in international markets (Gylfason, 1999). The gross fixed capital formation as a percentage of GDP (*GFCF*) controls for the effect of investment and capital accumulation on productive capabilities. *GFCF* should positively affect *IntensityLall*. The current account balance as a percentage of GDP (*CurrAccBal*) should have a negative association with a country's international competitiveness and therefore reduce *IntensityLall*. Government final general expenditures in GDP (*GovCons*) represent the size of the government. All these economic variables are taken from the World Development Indicators (WB, 2023)[14]. Qualitatively, the empirical results remain the same for both first and second-stage tables as the benchmark specification by including additional economic covariates. For the second-stage estimates in Table C14, three of the newly added variables – *Inflation GFCF*, and *CurrAccBal* – do not explain *IntensityLall*. The only exception is *GovCons*, which has a negative and significant relation with *IntensityLall*.

Next, I control for institutional quality by incorporating the polity (*Polity2*) (Marshall and Gurr, 2020) and rule of law indices (*RuleofLaw*) (Lührmann et al., 2020). A higher value of *Polity2* and *RuleofLaw* reflects better democratic institutions and the rule of law, respectively. Therefore, both these variables should positively affect productive capabilities. The first-stage results are presented in Table C15, and we observe that the IVs (*CompRegion*) increase the chances of left, right, and centrist governments similar to the first-stage benchmark results. Table C16 depicts the second-stage 2SLS estimations. Again, similar to the benchmark second-stage results, the findings show that *Left-Wing* does not affect *IntesnityLall*, whereas *Right-Wing* decreases, and *Centrsit* increases it. Among the additional institutional covariates, *Polity2* remains insignificant, whereas the

[14]Retrieved on June 12, 2023.

RuleofLaw is positive and significant in columns (1) and (3).

Next, I examine the sensitivity of benchmark findings to measurement error for the main variables of interest and use an alternative measure of political ideology. Particularly, I now substitute the ideology of political leaders for the ideology of heads of government. The data for political leaders' ideology also comes from the Global Political Leaders Ideology Dataset by Herre (2023). According to Herre (2023), a political leader is an individual with the most political power in a country. A leader can be a head of government, but it can also be someone other than the government's head. When a leader differs from the head of government, the former typically manages foreign policy matters while the latter mainly oversees domestic affairs. The IVs used in first-stage estimates in Table C17 are also reconstructed using the political leader's ideology. It can be observed that the *CompRegion* IVs are still strongly predicting the chances of electoral success of their respective political ideologies. The second-stage result in Table C18 shows that centrist leaders (*LeadCentrist*) ideology increases *IntensityLall*. However, *LeadRight-Wing* has now turned out to be insignificant.

Next, I want to observe how much the results are sensitive to continued exposure to a particular government ideology. Since I am using five-year averages as a benchmark specification, a way to modify political ideology variables is to establish cutoffs based on how many months a country has a left-wing, right-wing, or centrist government in a five-year span. I then construct a binary variable for each ideology, which equals 1 if the cutoff is met. For example, if the cutoff is 50% or 30 months, then *Left-Wing* binary variable will be equal to 1 if a country had a left-leaning head of government for at least 30 months during the five-year (60-month) period. The three cutoffs I utilize are a 25% or 15-month cutoff, 50% or 30-months, and 75% or 45-month cutoff. In the first stage, Table C19 shows that *CompRegion* IVs positively affect the cutoff political ideology variables. Similarly, the second-stage Table C20 results for all three cutoffs display the same qualitative results as the benchmark model in Table 3.2.

The effect of political ideology on productive capabilities could be heterogeneous across countries at different income levels. Therefore, I group countries by income and development level to account for these heterogeneous effects. The first-stage estimates by World Bank's income classification (WB, 2024) are provided in Table C21, Table C23, and Table C25. Table C27 depict the first-stage results by the level of development – Global North v.s. Global South. All the first-stage tables show that *CompRegion* IVs are a strong predictor of *Left-Wing*, *Right-Wing*, and *Centrist* political ideologies.

I repeat the regression analysis by using the World Bank's low-income, middle-income, and high-income country classification (WB, 2024). However, because of the dynamic nature of this classification method, I run three separate regressions using the income group classifications in 1989, 1988, and 2018.[15] This is because the effect of political ideology on productive capabilities could vary dynamically with a country's income level. First, Table C22 exhibits the empirical results with 1989 income classification, and only *Centrist* ideology's effect on *IntensityLall* for low-income countries in column (3) is positive and significant. The second Table C24 concentrates on the 1998 income classification. In this table, *Centrist* governments are still significant for low-income countries, but now, the statistical significance for only *Right-Wing* heads of government has dropped to 5% level; right-leaning governments decrease *IntensityLall*. Finally, the 2018 income classification is employed in Table C26. The estimation only yields a positive and statistically significant effect of *Centrist* governments on *IntensityLall* for low-income and high-income countries, though the effect is around six times larger for low-income than high-income countries. These findings suggest that the political ideology of a ruling government is most important at low levels of economic development but loses its significance as countries climb up to middle- and high-income levels. In fact, even when it is significant, as is the case with the 2018 income classification for high-income groups, the magnitude of this effect for the *Centrist* ideology is six times larger for low-income than high-income.

Moving forward, I classify the country by Global North and Global South, further subclassifying it into the Emerging and the Rest of the South country groups. Table C28 contains the second-stage estimations. Similar to the previous results for low-income countries, it seems that the effect *Centrist* heads of governments on *IntensityLall* is being

[15] The World Bank's current classification form has been in use since 1989 (Fantom and Serajuddin, 2016). Therefore, 1989 has been selected as the starting year.

driven by countries classified as the Rest of the South in column (12)[16]. All other political ideology variables are insignificant.

Lastly, I exclude one geographical region at a time to check the sensitivity of the benchmark results. According to World Bank region classification (WB, 2017), seven geographical regions include East Asia and Pacific, Europe and Central Asia, Latin America and Caribbean, Middle East and North Africa, North America, South Asia, and Sub-Saharan Africa. The first-stage results in Table C29 show that for each region, *CompRegion* IVs increase the odds of incumbency of their respective ideological parties. The estimations for the second stage in Table C29 show that *Centrsit* governments positively and significantly affect *IntensityLall* regardless of which region is excluded. Similarly, *Right-Wing* governments have a negative effect on *IntesnityLall* with the effect being insignificant only when East Asia and the Pacific region is dropped from the sample in column (2)

To sum up, the sensitivity analysis reveals that similar to benchmark estimates, I find strong evidence of *Right-Wing* governments hurting and *Centrist* ones bolstering the productive capabilities of a country. I do not find evidence of *Left-Wing* governments affecting productive capabilities.

3.6 Conclusion

This article studies the relationship between left-wing, right-wing, and centrist political ideologies of incumbent heads of government on the productive capability of a country. The productive capability of an economy is its ability to produce and export high value-added and high skill and knowledge-intensive products; it is a measure of a country's export sophistication and a strong determinant of long-run economic growth. The political ideology is defined in an economic partisan sense: left-wing heads of government intervene in the economy, whereas right-wing ones promote free markets. The centrist ideology lies between the left and the right. The ideology of the head of government can

[16]Countries classified under the Rest of the South group are typically low-income least-developed countries. The countries categorized as North, Emerging South, and Rest of the South are listed in the Appendix A in subsection C2.

also be used as a proxy for the ideology of the incumbent political party.

According to the partisan theory (PT), the relationship between political ideology and macroeconomic policies is a short-run trade-off between inflation, unemployment, and growth. In the PT framework, left-wing parties would seek lower unemployment and higher growth and, thus, be willing to compromise on rising inflationary pressures; the opposite is true for right-wing parties. Additionally, the PT and left-wing parties, in general, are considered to promote welfare policies compared to the right wing. However, the extant literature provides mixed and sometimes contradictory evidence for partisan theories. In particular, the effect of political ideology on economic growth and determinants of economic growth development is inconclusive. Similarly, empirical evidence on the relationship between left-right ideology and government expenditure, tax, welfare, government expenditures, and monetary policies is still debatable. Specifically, no previous work addresses the effect of political ideology on productive capabilities.

Productive capabilities capture changes in the export structure, and structural change occurs when economies move from agricultural to industrialized societies. A debate exists about whether market forces free markets or state interventionism are conducive to fostering structural change and, thus, long-run economic development. Those who believe in market supremacy argue that markets, when allowed to operate independently, lead to the most efficient outcomes, whereas state-led development is inefficient as it promotes rent-seeking. On the other side, it is argued that state developmentalist policies are necessary to push industrialization and export diversification, which free markets and private interests alone cannot provide, for example, as in the case of High-Performing East Asian Economies. As discussed earlier, left-wing political ideology can be used as a proxy for state interventionist policies, and right-wing ideology can be used as a proxy for policies supporting free markets. Therefore, this paper addresses how partisan differences in the policies of incumbent governments affect productive capabilities in the long run.

The outcome variable, productive capabilities, is measured using three separate indices that capture the skill and technology intensity of a country's exports. Originally, the left-wing, right-wing, and centrist ideologies are also represented by three separate indicator variables. The main dataset consists of 134 countries and spans from 1963 to 2019. It is averaged over five-year intervals to capture the long-run relation of political ideology to productive capabilities. The Two-Stage Least Squares (2SLS) method estimates and addresses endogeneity issues of the effect of political ideology on productive capabilities. The main instrumental variable (IV) is constructed by interacting each political ideology within-country average with its cross-sectional yearly average of countries in a region. A separate IV is constructed for left-wing, right-wing, and centrist ideologies. The IVs are a strong predictor of political ideology and are deemed exogenous because political ideology trends of countries sharing the same region cannot directly affect domestic productive capabilities. Two additional IVs, dummy variables, including the participation in the International Monetary Fund (IMF) loan program and the constitutional right to a free and competitive economy, are also used in the 2SLS analysis as a robustness check.

The results show that left-wing governments do not affect productive capabilities. While right-wing governments harm developing a country's productive capabilities, incumbents with centrist ideology foster skill and technology intensity and export diversification. These estimates hold in various sensitivity checks, including additional IVs, additional covariates, alternative political ideology variables, alternative econometric models, etc. The results remain the same when three-year average intervals are used instead of five-year averages, but the effect remains significant only for centrist governments for yearly estimations. These results suggest that the effect of political ideology on productive capabilities manifests more clearly in the medium and long run than contemporaneously. While state intervention policies may not bolster a country's productive capability, there is evidence that free markets can most certainly hinder it. A balance between left and right, i.e., centrist governments, improves a country's skill and technology intensity of exports.

This study has a few limitations. Firstly, the dataset does not distinguish between center-left and center-right heads of government, and it could be that either one could affect productive capabilities more or less. Therefore, the estimates for centrist ideology should be interpreted with a bit of caution. Secondly, the dataset captures the dejure political ideology of heads of government and political leaders. Another limitation could be the differences between de facto and de jure political ideology because government policies may or may not reflect their declared ideology. Future research could focus on these limitations to provide a full picture of how partisan differences might affect export diversification.

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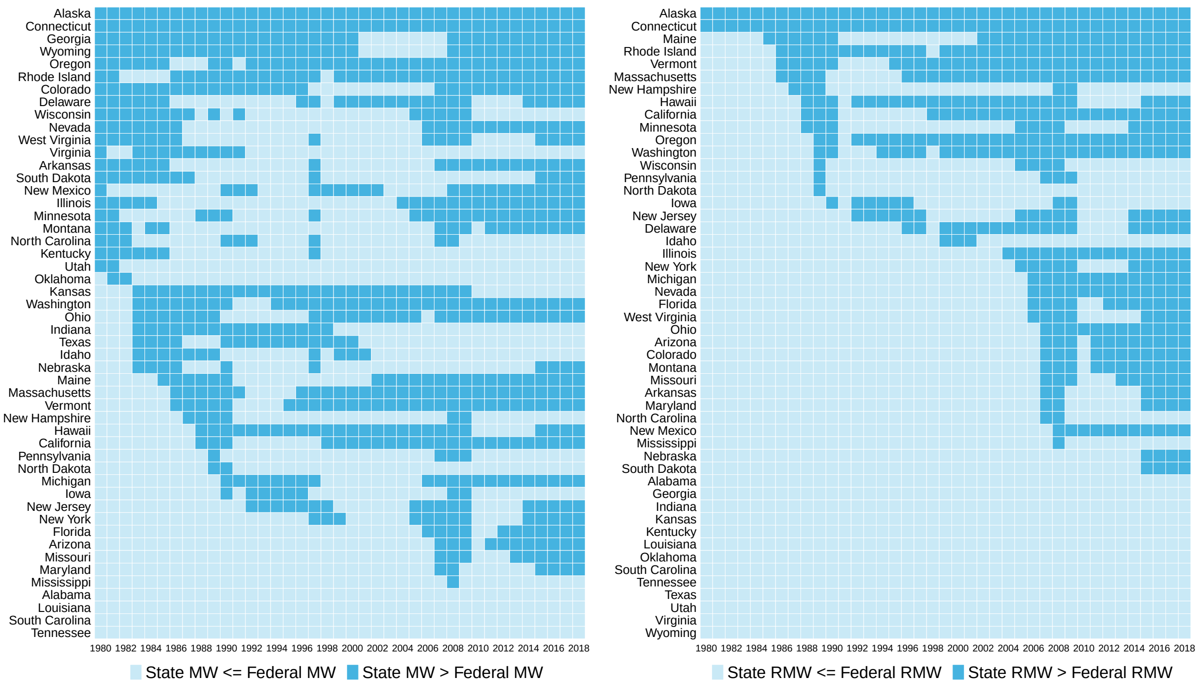
Appendix

A Chapter 1

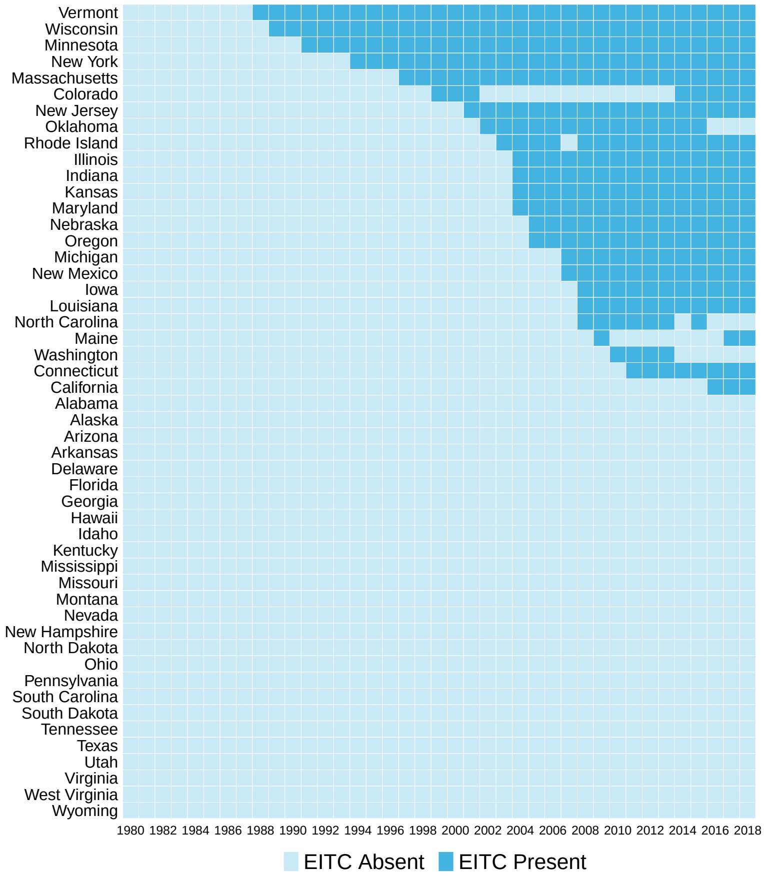
Figure A1: Relationship Between State and Federal Minimum Wage



(a) *Nominal Minimum Wage (MW)* (b) *Real Minimum Wage (RMW)*

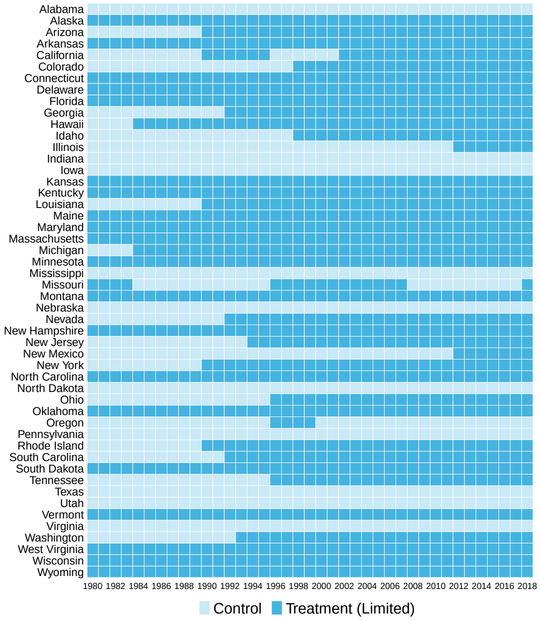
Notes: Panel (a) shows the state-year observations when the nominal state minimum wage (MW) exceeds the federal minimum wage. Panel (b) depicts the same for real minimum wage (RMW).

Figure A2: Presence of Refundable State Earned Income Tax Credit (EITC) Program

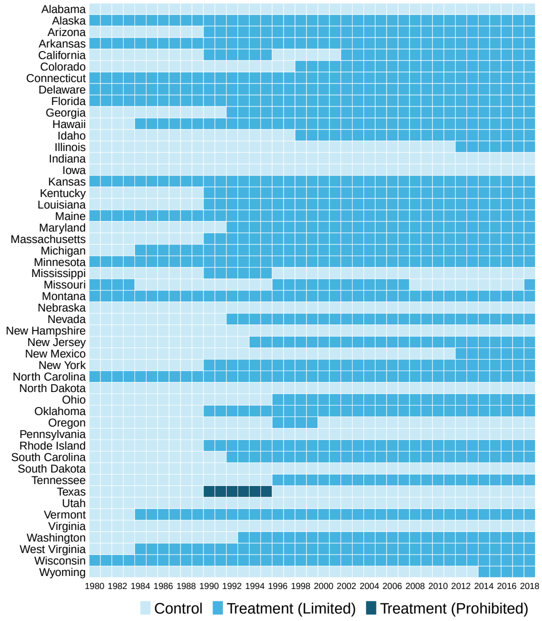


Notes: The states with a refundable earned income tax credit (EITC) program.

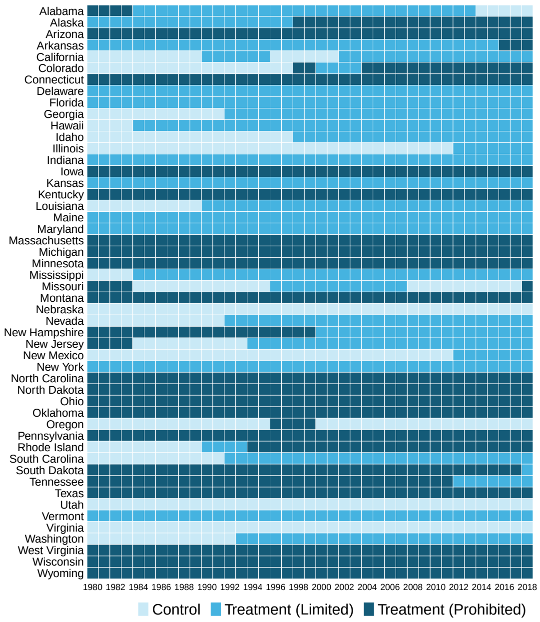
Figure A3: Heterogeneity in the Campaign Contribution Laws (Ternary Treatment Status) Across States and Time



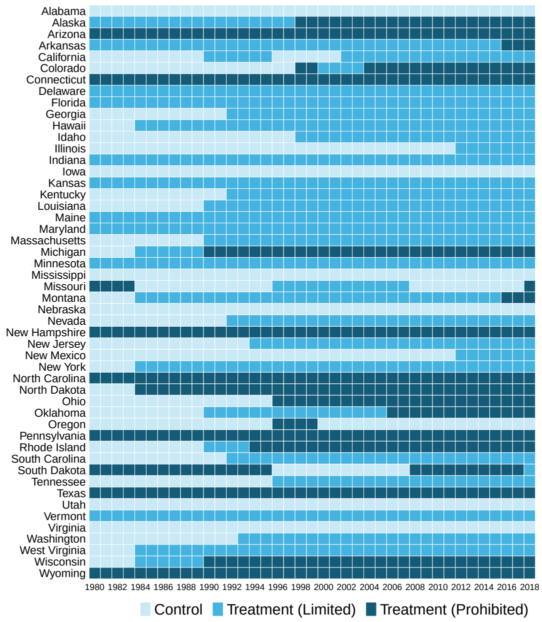
(a) *IndvToCand(Ternary)*



(b) *PACToCand(Ternary)*



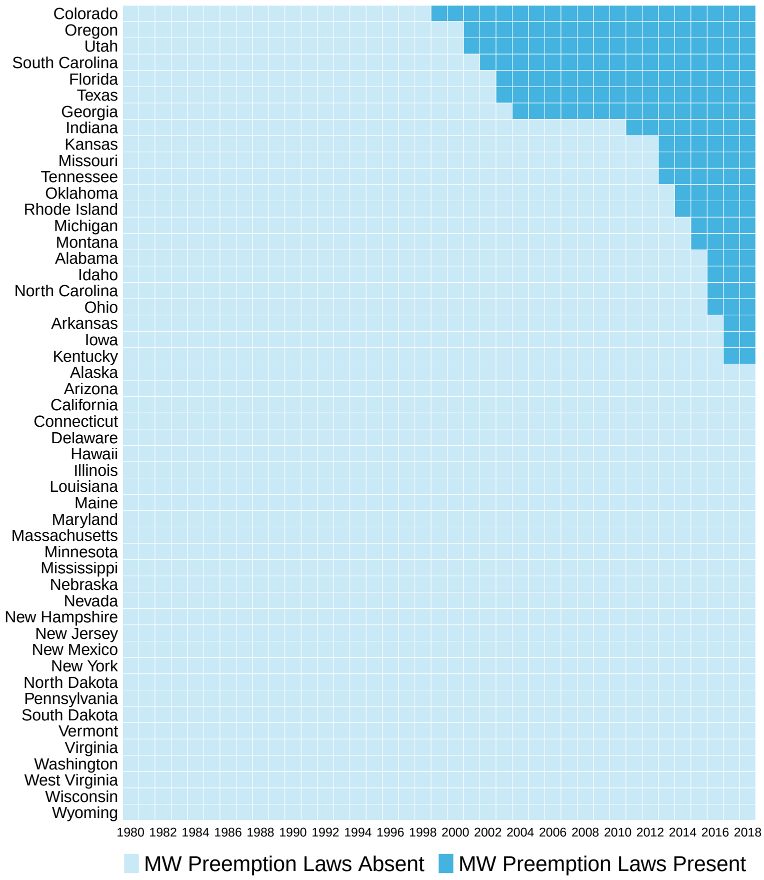
(c) *CorpToCand(Ternary)*



(d) *LaborToCand(Ternary)*

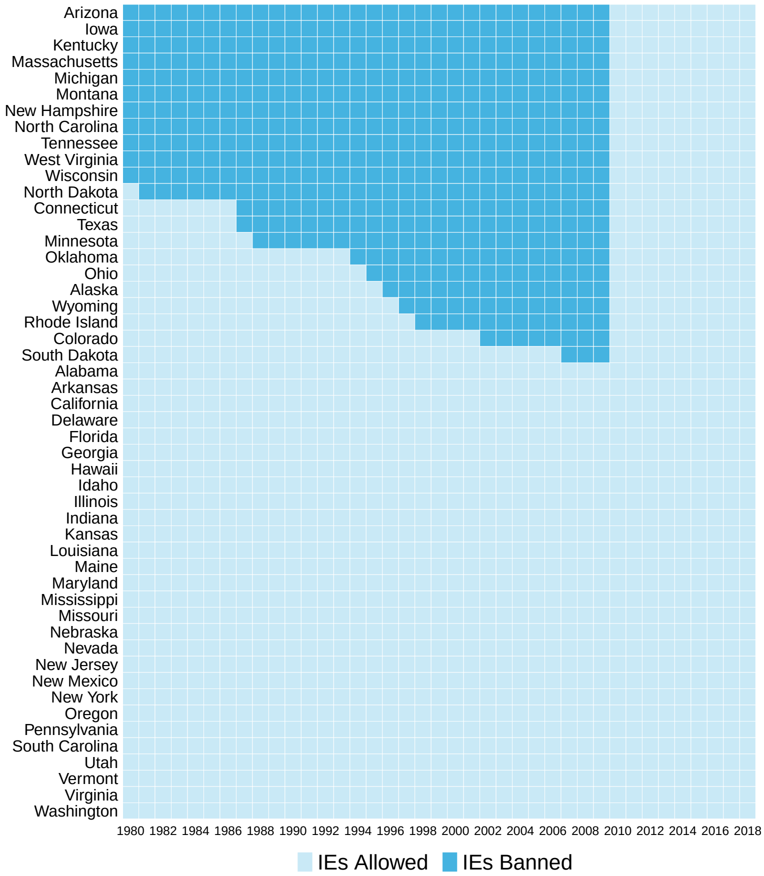
Notes: Panels (a), (b), (c), and (d) give the heterogeneity in treatment and control status of contribution laws with ternary treatment intensity, *IndvToCand(Ternary)*, *PACToCand(Ternary)*, *CorpToCand(Ternary)*, and *LaborToCand(Ternary)*, respectively, across states and over time. *IndvToCand(Ternary)*, displayed here for comparison purposes, is the same as *IndvToCand* because it does not have prohibited status. The light-shaded blocks represent the state-year observations under control status where unlimited contributions are allowed; the dark-shaded blocks give the treatment state-year observations where some dollar amount caps contributions; and the darkest-shaded blocks give the treatment state-year observations where contributions are prohibited altogether.

Figure A4: Presence of State Minimum Wage Preemption Laws



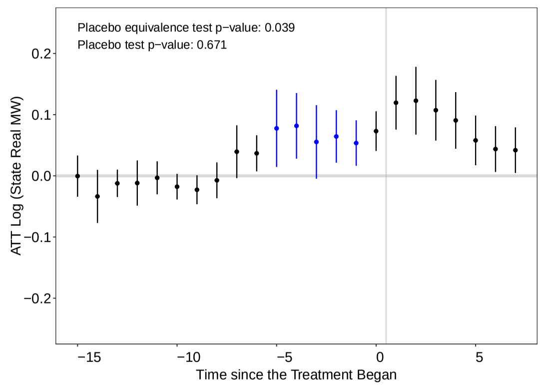
Notes: The minimum wage preemption laws prevent local/city governments in a state from setting their minimum wage. The variation in minimum wage preemption laws across stats is displayed in the figure.

Figure A5: Presence of a Ban on Independent Expenditures (IEs) by Corporation

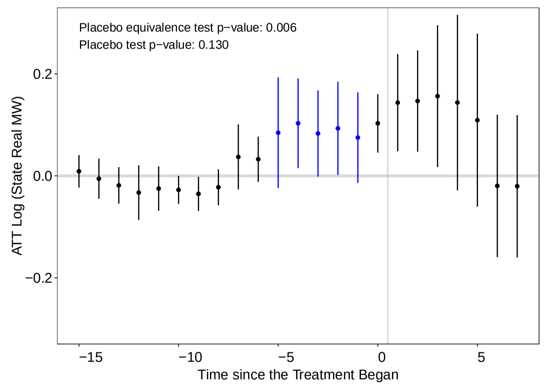


Notes: The US Supreme Court ruling on Citizens United v. Federal Election Committee, 558 U.S. 310 (2010) allowed independent expenditures by corporations and unions. As displayed, before 2010, IEs were banned in twenty-three states. After 2010, the IEs ban was lifted.

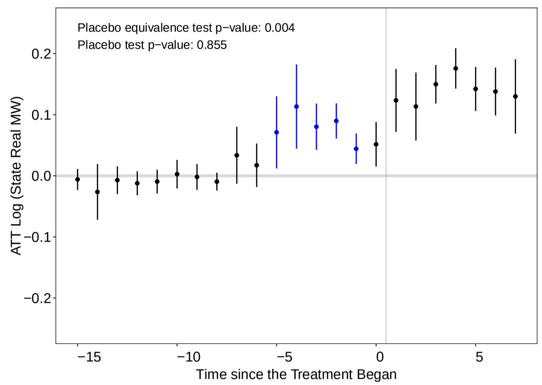
Figure A6: (IFEct Dynamic Treatment Plot Diagnostics) The Placebo Test for Dynamic Average Treatment Effect of Campaign Contributions Laws on Real State Minimum Wage Relative to the Treatment Time.



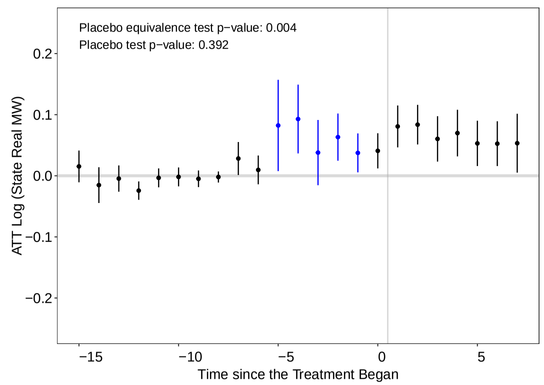
(a) *IndvToCand*



(b) *PACToCand*



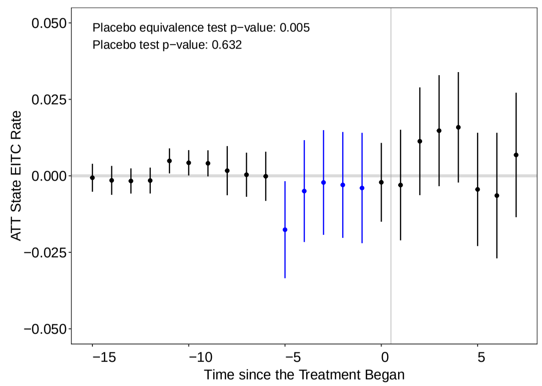
(c) *CorpToCand*



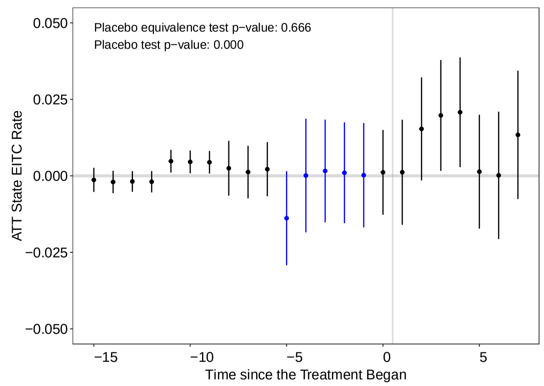
(d) *LaborToCand*

Notes: The placebo dynamic average treatment effects (dATT) plot for the effect of contribution laws on real state minimum wage. Fifteen pre and six post-treatment periods are employed using the interactive fixed-effects counterfactual estimator (IFEct) by Liu et al. (2022). The periods -6 to -1 are placebo periods. The null hypothesis for placebo DIM is $ATT^{placebo} = 0$, and for equivalence is $|ATT^{placebo}| > \theta$. The 0 on the x-axis marks the one period before the treatment onset. ATT estimates are given on the y-axis. The vertical bars represent the 95% confidence intervals. The always-treated and states with untreated periods <5 are excluded from the counterfactual estimations.

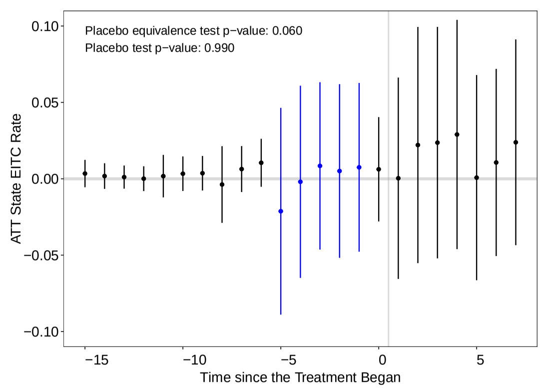
Figure A7: (IFEct Dynamic Treatment Plot Diagnostics) The Placebo Test for Dynamic Average Treatment Effect of Campaign Contributions Laws on State EITC Rate to the Treatment Time.



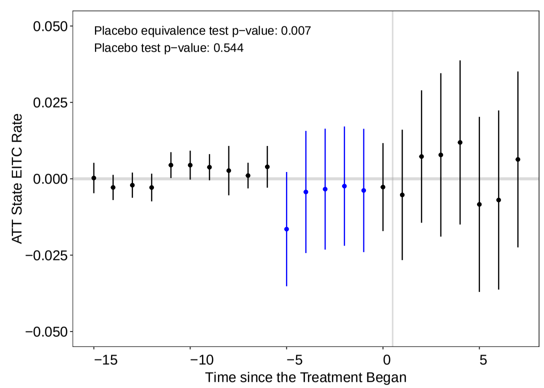
(a) *IndvToCand*



(b) *PACToCand*



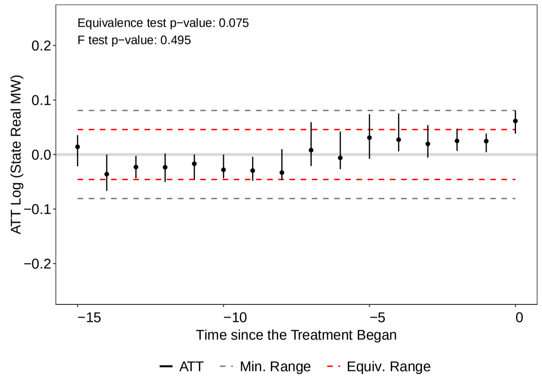
(c) *CorpToCand*



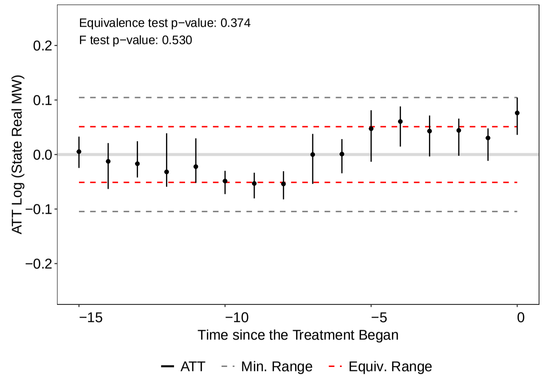
(d) *LaborToCand*

Notes: The placebo dynamic average treatment effects (dATT) plot for the effect of contribution laws on state EITC rate. Fifteen pre and six post-treatment periods are employed using the interactive fixed-effects counterfactual estimator (IFEct) by Liu et al. (2022). The periods -6 to -1 are placebo periods. The null hypothesis for placebo DIM is $ATT^{placebo} = 0$, and for equivalence is $|ATT^{placebo}| > \theta$. The 0 on the x-axis marks the one period before the treatment onset. ATT estimates are given on the y-axis. The vertical bars represent the 95% confidence intervals. The always-treated and states with untreated periods <5 are excluded from the counterfactual estimations.

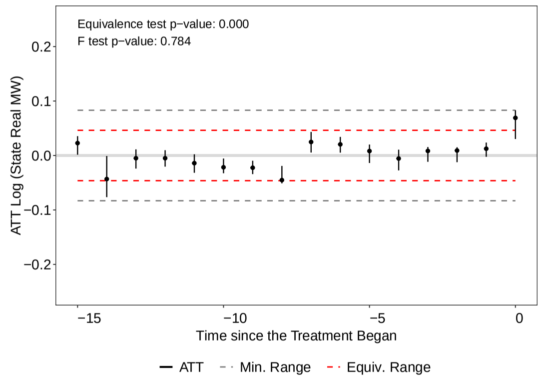
Figure A8: (IFEct Dynamic Treatment Plot Diagnostics) The No Pre-Trends Test for Dynamic Average Treatment Effect of Campaign Contributions Laws on Real State Minimum Wage Relative to the Treatment Time.



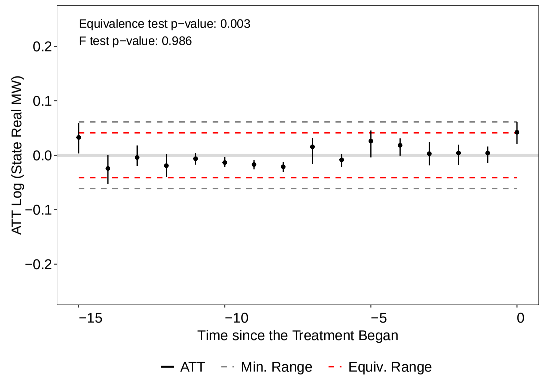
(a) *IndvToCand*



(b) *PACToCand*



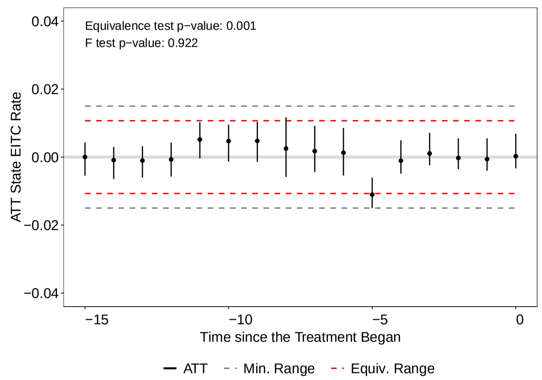
(c) *CorpToCand*



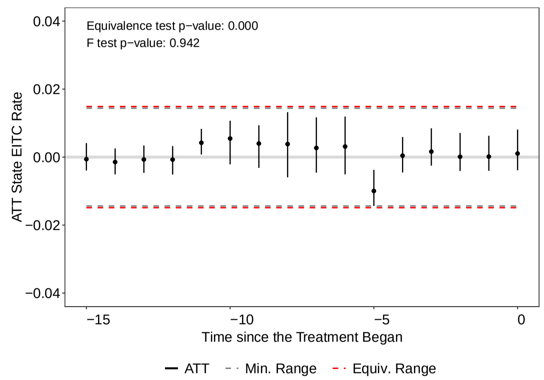
(d) *LaborToCand*

Notes: The pre-trends dynamic average treatment effects (dATT) plot for the effect of contribution laws on real state minimum wage. Fifteen pre are employed using the interactive fixed-effects counterfactual estimator (IFEct) by Liu et al. (2022). All fifteen pre-periods are employed for no pre-trends testing. The null hypothesis for no pre-trends test is $ATT_{k=0}^{k=-15} = 0$ and $|ATT_{k=0}^{k=-15}| > \theta$ for DIM and equivalence approached, respectively. The 0 on the x-axis marks the one period before the treatment onset. ATT estimates are given on the y-axis. The vertical bars represent the 95% confidence intervals. The always-treated and states with untreated periods <5 are excluded from the counterfactual estimations.

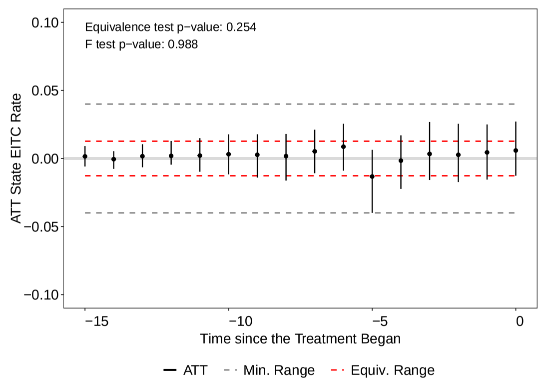
Figure A9: (IFEct Dynamic Treatment Plot Diagnostics) The No Pre-Trends Test for Dynamic Average Treatment Effect of Campaign Contributions Laws on Real State EITC Rate Relative to the Treatment Time.



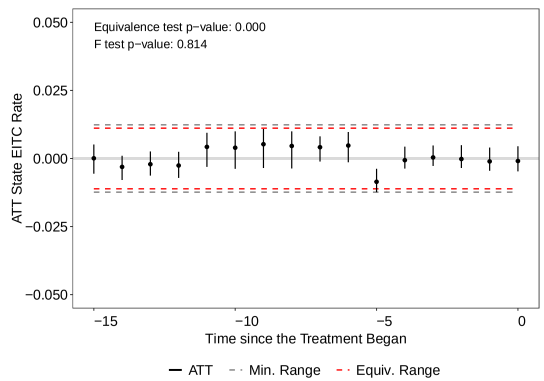
(a) *IndvToCand*



(b) *PACToCand*



(c) *CorpToCand*



(d) *LaborToCand*

Notes: The pre-trends dynamic average treatment effects (dATT) plot for the effect of contribution laws on state EITC rate. Fifteen pre are employed using the interactive fixed-effects counterfactual estimator (IFEct) by Liu et al. (2022). All fifteen pre-periods are employed for no pre-trends testing. The null hypothesis for no pre-trends test is $ATT_{k=0}^{k=-15} = 0$ and $|ATT_{k=0}^{k=-15}| > \theta$ for DIM and equivalence approached, respectively. The 0 on the x-axis marks the one period before the treatment onset. ATT estimates are given on the y-axis. The vertical bars represent the 95% confidence intervals. The always-treated and states with untreated periods <5 are excluded from the counterfactual estimations.

Table A1: Descriptive Statistics (Full Sample)

	Obs. (1)	Mean (2)	SD (3)	Min. (4)	Max. (5)
IndvToCand	1,950	0.638	0.481	0	1
PACToCand	1,950	0.561	0.496	0	1
CorpToCand	1,950	0.804	0.397	0	1
LaborToCand	1,950	0.695	0.460	0	1
PACToCand(Ternary)	1,950	0.564	0.502	0	2
CorpToCand(Ternary)	1,950	1.233	0.755	0	2
LaborToCand(Ternary)	1,950	0.955	0.750	0	2
Index_AtLeastOne	1,950	0.804	0.397	0	1
Index_AllAtOnce	1,950	0.550	0.498	0	1
Index_PC	1,950	$-3.15\text{x}10^{-8}$	1.768	-2.977	1.401
Index_Flavin(2015)	1,950	2.776	1.214	1	6
IndepExpBan	1,950	0.261	0.439	0	1
StateSanctionAgency	1,950	0.320	0.467	0	1
StateMW	1,950	5.145	1.900	1.250	11.50
RStateMW	1,950	7.571	1.240	2.333	11.50
lnRStateMW	1,950	2.008	0.192	0.847	2.442
PreemptionLawMW	1,950	0.0933	0.291	0	1
StateEITCRate	1,950	0.0392	0.0920	0	0.850
EITCProgram	1,950	0.179	0.384	0	1
MedicaidBeneficiaries	1,449	931,579	$13.18\text{x}10^{3}$	0	$12.87\text{x}10^{4}$
lnMedicaidBeneficiaries	1,448	13.12	1.150	10.27	16.37
UninsuredChildrenPct	1,000	5.048	2.973	0.300	22.20
HouseDem	1,911	0.538	0.178	0.130	0.970
GovernorDem	1,950	0.483	0.500	0	1
UnempRate	1,950	0.0591	0.0210	0.0230	0.178
PovertyRate	1,950	0.130	0.0378	0.0290	0.272
StateGDPPC	1,950	48,083	12,487	25,042	144,004
lnStateGDPPC	1,950	10.75	0.245	10.13	11.88
UnionMem	1,950	0.135	0.0664	0.0160	0.383
BlackPct	1,939	0.102	0.0961	0.000263	0.412
HPI	1,950	144.5	57.67	38.47	378.9
Firms	1,950	2,179	1,319	293	6,898
lnFIrms	1,950	7.481	0.680	5.680	8.839
Gini	1,800	0.567	0.0482	0.452	0.711

Notes: 'Obs.' is the number of observations, ''SD is the standard deviation, 'Min.' and 'Max.' represent the minimum and the maximum values. The variables' abbreviations are as follows. The four binary contribution laws, including contributions from individuals, PACs, corporations, and labor unions to candidates, are given by *IndvToCand*, *PACToCand*, *CorpToCand*, and *LaborToCand*, respectively; *(Ternary)* is added as a suffix for ternary treatment intensity; *IndvToCand* does not have ternary intensity in the sample. The prefix *Index_* depicts index/combination of campaign finance laws where *AtLeastOne* and *AllAtOnce* are indicators variables for when at least one of the contribution laws is present and when all are present at the same time, respectively, *PC* is the first component from the principal component analysis of the four contribution laws, and *Flavin(2015)* is an index from Flavin (2014). *IndepExpBan* indicates a state ban on independent expenditures by corporations and or unions before the Citizens United v. Federal Election Committee (2010). *StateSanctionAgency* is an indicator for states with independent agencies to sanction campaign finance violations. State minimum wage is abbreviated as *StateMW* with prefixes *R* representing the real minimum wage and *ln* depicting its logged values. *PreemptionLawMW* is a binary variable for states with minimum wage preemption laws. The indicator for the presence of the EITC program is a state is *EITCProgram*, and state EITC rate as a percentage of the Federal rate is given by *StateEITCRate*. *MedicaidBeneficiaries* is an abbreviation for the number of Medicaid beneficiaries with the prefix *ln* giving its logged value. *UninsuredChildrenPct* represents the percentage of low-income uninsured children. *HouseDem* measures the fraction of Democrats in a state house, and *GovernorDem* is an indicator for a Democratic Governor. The unemployment rate, poverty rate, real state GDP per capita, union membership rate, percentage of the black population, housing price index (1990 base year), and the number of firms in a state are abbreviated as *UnempRate*, *PovertyRate*, *StateGDPPC*, *UnionMem*, *BlackPct*, *HPI*, and *Firms*, respectively. The prefix *ln* before *StateGDPPC* and *Firms* provide the logged value of the variables.

Table A2: Campaign Contribution Laws Intensity Levels

Donor	Recipient	Law Intensity Level (Ternary)	Re-Coded Law Intensity Level (Binary)
Individuals	Candidates	Unlimited (coded as 0) Limited (coded as 1) Prohibited (coded as 2)	Unlimited (coded as 0) Limited or Prohibited (re-coded as 1)
PACs	Candidates	Unlimited (coded as 0) Limited (coded as 1) Prohibited (coded as 2)	Unlimited (coded as 0) Limited or Prohibited (re-coded as 1)
Corporations	Candidates	Unlimited (coded as 0) Limited (coded as 1) Prohibited (coded as 2)	Unlimited (coded as 0) Limited or Prohibited (re-coded as 1)
Labor Unions	Candidates	Unlimited (coded as 0) Limited (coded as 1) Prohibited (coded as 2)	Unlimited (coded as 0) Limited or Prohibited (re-coded as 1)

Notes: Each contribution law, except for contributions from individuals to candidates ($IndvToCand$), has three/ternary intensity levels: states can either prohibit contributions altogether (prohibited), enforce a maximum dollar cap (limited), or allow unlimited contributions to candidates. For estimation purposes, the ternary treatment intensity variables are bunched into binary treatment variables by combining limited and prohibited levels. The re-coded treatment variables now take 0 when unlimited contributions are allowed and 1 when contributions are limited or prohibited.

Table A3: Treatment and Control Status of the Campaign Contribution Laws

Contribution Law (Binary)	Always-Treated Units	Control Units	On-Off Treatment Switching Units	Staggered-Treatment Adoption (Timing) Units
IndvToCand	AK, AR, CT, DE, FL, KS, KY, MA, MD, ME, MN, MT, NC, NH, OK, SD, VT, WI, WV, WY	AL, IA, IN, MS, ND, NE, PA, TX, UT, VA	CA, MO, OR, SD	AZ, CO, GA, HI, ID, IL LA, MI, NJ, NM, NV NY, OH, RI, SC, TN, WA
PACToCand	AK, AR, CT, DE, FL, KS, ME, MN, MT, NC, WI	AL, IA, IN, ND, NE, NH, PA, SD, UT, VA	CA, MO, MS, OR, TX	AZ, CO, GA, HI, IL, KY, LA, MA, MD, ID, MI, NJ, NM, NV, NY, OH, OK, RI, SC, TN, VT, WA, WV, WY
CorpToCand	AK, AR, AZ, CT, DE, FL, IA, IN, KS, KY, MA, MD, ME, MI, MN, MT, NC, ND, NH, NY, OH, OK, PA, SD, TN, TX, VT, WI, WV, WY	NE, UT, VA	AL, CA, MO, NJ, OR	CO, GA, HI,ID, IL, LA, MS, NM, NV, RI, SC, WA
LaborToCand	AK, AR, AZ, CT, DE, FL, IN, KS, MD, ME, MN, NC, NH, PA, TX, VT, WY	AL, IA, MS, NE, UT, VA	CA, MO, OR, SD	CO, GA, HI, ID, IL, KY, LA, MA, MT, ND, NJ, NM, NV, NY, OH, OK, RI, SC, TN, WA, WI, WV

Notes: Always-treated states are the ones for which the treatment status begins before the start of the sample period in 1980 and remains in effect till the end of the sample period in 2018. Control states are the classical group for which treatment never came into effect. Treatment-switching states are the ones for which treatment status follows an on-off pattern, i.e., a contribution law is in effect for some years, then repealed, and then enforced again. Staggered adoption states are the ones for which treatment comes into effect in a different year; however, once present, it remains in effect till the end of the sample period in 2018.

Table A4: (TWFE Estimates Robustness Check - Full-Sample) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.020				0.003			
	(0.025)				(0.013)			
PACToCand		0.022				0.009		
		(0.020)				(0.011)		
CorpToCand			0.045*				-0.002	
			(0.026)				(0.012)	
LaborToCand				0.023				-0.001
				(0.020)				(0.010)
HouseDem	0.146**	0.146**	0.142**	0.149***	0.163***	0.162***	0.164***	0.164***
	(0.055)	(0.055)	(0.055)	(0.055)	(0.047)	(0.047)	(0.047)	(0.048)
UnempRate	-0.305	-0.310	-0.390	-0.273	0.566**	0.554**	0.575**	0.571**
	(0.547)	(0.551)	(0.549)	(0.545)	(0.237)	(0.234)	(0.245)	(0.226)
PovertyRate	0.254	0.240	0.285	0.239	-0.000	-0.007	-0.000	0.001
	(0.214)	(0.213)	(0.214)	(0.216)	(0.154)	(0.153)	(0.156)	(0.153)
lnStateGDPPC	0.161**	0.160**	0.165**	0.163**	0.078**	0.078**	0.078**	0.078**
	(0.071)	(0.072)	(0.072)	(0.072)	(0.034)	(0.034)	(0.034)	(0.034)
Constant	0.169	0.180	0.114	0.141	-0.925**	-0.921**	-0.922**	-0.922**
	(0.764)	(0.770)	(0.771)	(0.767)	(0.369)	(0.369)	(0.364)	(0.366)
Observations	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911
States	49	49	49	49	49	49	49	49
R-squared	0.618	0.618	0.620	0.618	0.584	0.585	0.584	0.584
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Robust standard errors clustered at the state level are in parentheses. No states are excluded from this table. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table A5: (TWFE Estimates Robustness Check - Without Switching States) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.026*				-0.004			
	(0.030)				(0.016)			
	[0.072]				[0.483]			
PACToCand		0.032**				0.005		
		(0.025)				(0.014)		
		[0.0120]				[0.368]		
CorpToCand			0.061***				-0.017***	
			(0.035)				(0.014)	
			[0.000]				[0.003]	
LaborToCand				0.032**				-0.01*
				(0.026)				(0.013)
				[0.016]				[0.069]
HouseDem	0.133***	0.155***	0.149***	0.137***	0.147***	0.139***	0.115***	0.146***
	(0.058)	(0.054)	(0.061)	(0.059)	(0.046)	(0.048)	(0.044)	(0.047)
	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
UnempRate	-0.296	-0.204	-0.408	-0.272	0.757***	0.687***	0.727***	0.757***
	(0.567)	(0.584)	(0.589)	(0.565)	(0.223)	(0.224)	(0.239)	(0.215)
	[0.365]	[0.535]	[0.217]	[0.413]	[0.000]	[0.000]	[0.000]	[0.000]
PovertyRate	0.287	0.112	0.248	0.279	-0.033	0.011	0.005	-0.030
	(0.223)	(0.213)	-0.227	(0.222)	(0.159)	(0.168)	(0.165)	(0.159)
	[0.127]	[0.573]	[0.194]	[0.134]	[0.703]	[0.900]	[0.942]	[0.735]
lnStateGDPPC	0.151***	0.150***	0.157***	0.154***	0.075***	0.066***	0.067***	0.075***
	(0.074)	(0.073)	(0.074)	(0.075)	(0.032)	(0.030)	(0.030)	(0.031)
	[0.001]	[0.000]	[0.001]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
Constant	0.268	0.287	0.175	0.229	-0.888***	-0.788***	-0.777***	-0.875***
	(0.794)	(0.785)	(0.790)	(0.798)	(0.345)	(0.330)	(0.326)	(0.340)
	[0.269]	[0.253]	[0.362]	[0.300]	[0.000]	[0.000]	[0.000]	[0.000]
Observations	1,755	1,716	1,716	1,755	1,755	1,716	1,716	1,755
States	45	44	44	45	45	44	44	45
R-squared	0.608	0.620	0.611	0.609	0.642	0.637	0.639	0.642
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Robust standard errors clustered at the state level are in parentheses. The p-values of wild cluster bootstrap (WCB) standard errors are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A6: (TWFE Estimates Robustness Check - Without Switching & Always-Treated States) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.023				0.012**			
	(0.035)				(0.013)			
	[0.175]				[0.016]			
PACToCand		0.029**				0.016**		
		(0.029)				(0.013)		
		[0.045]				[0.016]		
CorpToCand			0.059***				0.006	
			(0.043)				(0.019)	
			[0.004]				[0.336]	
LaborToCand				0.035***				-0.001
				(0.028)				(0.014)
				[0.007]				[0.927]
HouseDem	0.165***	0.177***	0.300***	0.214***	0.114***	0.115***	0.004***	0.129***
	(0.079)	(0.067)	(0.082)	(0.067)	(0.063)	(0.060)	(0.041)	(0.062)
	[0.001]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
UnempRate	0.579	0.003	0.202	0.180	0.325**	0.527***	0.056	0.412**
	(0.822)	(0.667)	(1.071)	(0.649)	(0.206)	(0.249)	(0.251)	(0.184)
	[0.257]	[0.993]	[0.771]	[0.675]	[0.049]	[0.001]	[0.760]	[0.011]
PovertyRate	0.472*	0.212	0.563*	0.434**	-0.058	0.020	-0.134	0.103
	(0.380)	(0.281)	(0.359)	(0.302)	(0.138)	(0.161)	(0.140)	(0.153)
	[0.073]	[0.372]	[0.057]	[0.048]	[0.457]	[0.802]	[0.812]	[0.233]
lnStateGDPPC	0.146**	0.161**	0.488***	0.144***	0.071***	0.096***	0.091	0.096***
	(0.135)	(0.098)	(0.197)	(0.112)	(0.066)	(0.048)	(0.064)	(0.062)
	[0.016]	[0.025]	[0.000]	[0.005]	[0.002]	[0.000]	[0.147]	[0.000]
Constant	0.238	0.140	-3.518***	0.262	-0.816***	-1.094***	-0.938***	-1.107***
	(1.476)	(1.056)	(2.154)	(1.211)	(0.719)	(0.525)	(0.689)	(0.681)
	[0.504]	[0.627]	[0.004]	[0.434]	[0.001]	[0.000]	[0.003]	[0.000]
Observations	1,014	1,287	546	1,092	1,014	1,287	546	1,092
States	26	33	14	28	26	33	14	28
R-squared	0.495	0.608	0.548	0.505	0.610	0.660	0.597	0.595
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Robust standard errors clustered at the state level are in parentheses. The p-values of wild cluster bootstrap (WCB) standard errors are in square brackets. The table does not include always-treated and on-off treatment switching states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A7: (TWFE Estimates Robustness Check - Without Always-Treated States & Ternary Treatment Intensity) Effect of Campaign Contribution Laws (Ternary Treatment Intensity) on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand								
- Limited/Prohibited	0.014				0.014***			
	(0.027)				(0.011)			
	[0.291]				[0.004]			
PACToCand								
- Limited		0.016				0.017***		
		(0.023)				(0.009)		
		[0.124]				[0.000]		
- Prohibited		-0.010				0.008		
		(0.020)				(0.012)		
		[0.834]				[0.766]		
CorpToCand								
- Limited			0.022*				0.019***	
			(0.028)				(0.013)	
			[0.076]				[0.000]	
- Prohibited			0.078***				-0.014	
			(0.055)				(0.017)	
			[0.000]				[0.232]	
LaborToCand								
- Limited				0.023***				0.014***
				-0.021				(0.012)
				[0.005]				[0.000]
- Prohibited				0.014				-0.010
				(0.031)				(0.014)
				[0.285]				[0.176]
HouseDem	0.180***	0.162***	0.221***	0.230***	0.146***	0.144***	0.138***	0.157***
	(0.072)	(0.067)	(0.072)	(0.061)	(0.061)	(0.056)	(0.072)	(0.061)
	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
UnempRate	0.395	-0.115	0.083	0.191	0.206	0.409***	0.072	0.118
	(0.792)	(0.623)	(0.827)	-0.591	(0.233)	(0.260)	(0.270)	(0.233)
	[0.425]	[0.738]	[0.875]	[0.586]	[0.209]	[0.002]	[0.729]	[0.471]
PovertyRate	0.520**	0.371*	0.495*	0.383*	-0.055	-0.004	-0.090	0.162**
	(0.352)	(0.276)	(0.358)	(0.289)	(0.136)	(0.143)	(0.139)	(0.153)
	[0.025]	[0.078]	[0.063]	[0.054]	[0.486]	[0.958]	[0.352]	[0.044]
lnStateGDPPC	0.165**	0.171***	0.441***	0.165***	0.104***	0.113***	0.203***	0.107***
	(0.134)	(0.100)	(0.171)	(0.105)	(0.079)	(0.053)	(0.113)	(0.068)
	[0.013]	[0.009]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
Constant	0.047	0.030	-2.917***	0.053	-1.177***	-1.283***	-2.230***	-1.240***
	(1.460)	(1.072)	(1.854)	(1.131)	(0.859)	(0.581)	(1.225)	(0.741)
	[0.713]	[0.717]	[0.006]	[0.691]	[0.000]	[0.000]	[0.000]	[0.000]
Observations	1,131	1,482	741	1,248	1,131	1,482	741	1,248
States	29	38	19	32	29	38	19	32
R-squared	0.528	0.608	0.585	0.539	0.496	0.590	0.458	0.495
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Campaign contribution laws with ternary treatment intensity are coded as 0 when unlimited contributions are allowed, 1 when contributions are capped or limited to a certain dollar amount, and 2 when contributions are altogether prohibited; 0 is used as the reference group. Robust standard errors clustered at the state level are in parentheses. The p-values of wild cluster bootstrap (WCB) standard errors are in square brackets. The table does not include always-treated and on-off treatment switching states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A8: (IFEct Counterfactual Estimates - Fifteen Pre and Six Post Periods) Dynamic Treatment Effects of Campaign Contribution Laws on State Real Minimum Wage

	Log(State Real MW)				State EITC Rate			
	IndvToCand	*PACToCand*	*CorpToCand*	*LaborToCand*	*IndvToCand*	*PACToCand*	*CorpToCand*	*LaborToCand*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Pre-Treatment Periods							
-15	0.014	0.005	0.023**	0.033*	0.000	-0.001	-0.002***	0.000
	(0.017)	(0.018)	(0.010)	(0.017)	(0.003)	(0.002)	(0.001)	(0.003)
-14	-0.036*	-0.013	-0.043*	-0.024	-0.001	-0.001	-0.003***	-0.003
	(0.019)	(0.027)	(0.022)	(0.016)	(0.003)	(0.002)	(0.001)	(0.003)
-13	-0.023	-0.017	-0.005	-0.004	-0.001	-0.001	-0.001	-0.002
	(0.012)	(0.021)	(0.011)	(0.012)	(0.003)	(0.002)	(0.001)	(0.003)
-12	-0.023	-0.032	-0.005	-0.019	-0.001	-0.001	-0.0004	-0.003
	(0.016)	(0.03)	(0.009)	(0.013)	(0.003)	(0.002)	(0.001)	(0.003)
-11	-0.017	-0.022	-0.014	-0.006	0.005*	0.004*	0.004	0.004
	(0.015)	(0.026)	(0.01)	(0.007)	(0.003)	(0.002)	(0.003)	(0.004)
-10	-0.028**	-0.049***	-0.022***	-0.013**	0.005	0.005	0.005*	0.004
	(0.013)	(0.013)	(0.008)	(0.006)	(0.003)	(0.004)	(0.003)	(0.004)
-9	-0.029**	-0.053***	-0.022***	-0.017***	0.005	0.004	0.004**	0.005
	(0.013)	(0.015)	(0.008)	(0.005)	(0.004)	(0.004)	(0.002)	(0.004)
-8	-0.033*	-0.054***	-0.045***	-0.021***	0.003	0.004	0.003	0.005
	(0.019)	(0.016)	(0.01)	(0.005)	(0.005)	(0.006)	(0.002)	(0.004)
-7	0.008	-0.0001	0.025*	0.016	0.002	0.003	0.003	0.004
	(0.025)	(0.029)	(0.014)	(0.016)	(0.004)	(0.005)	(0.002)	(0.003)
-6	-0.006	0.001	0.020**	-0.008	0.001	0.003	0.005***	0.005
	(0.021)	(0.019)	(0.01)	(0.007)	(0.004)	(0.005)	(0.002)	(0.003)
-5	0.031	0.047	0.008	0.026***	-0.011***	-0.01***	-0.010***	-0.009***
	(0.026)	(0.029)	(0.011)	(0.015)	(0.003)	(0.003)	(0.002)	(0.003)
-4	0.027	0.061***	-0.006	0.018*	-0.001	0.0004	0.002	-0.001
	(0.022)	(0.022)	(0.012)	(0.01)	(0.003)	(0.003)	(0.001)	(0.002)
-3	0.019	0.043*	0.008	0.003	0.001	0.002	0.003***	0.0004
	(0.018)	(0.023)	(0.009)	(0.014)	(0.003)	(0.003)	(0.001)	(0.002)
-2	0.025*	0.044**	0.009	0.004	-0.0003	0.0001	0.003**	-0.0002
	(0.013)	(0.021)	(0.008)	(0.011)	(0.003)	(0.004)	(0.001)	(0.003)
-1	0.025	0.03	0.012	0.004	-0.001	0.0001	0.003**	-0.001
	(0.011)	(0.019)	(0.008)	(0.009)	(0.003)	(0.004)	(0.001)	(0.003)
0	0.062***	0.076***	0.069***	0.042***	0.0003	0.001	0.003***	-0.001
	(0.013)	(0.022)	(0.015)	(0.013)	(0.003)	(0.004)	(0.001)	(0.003)
	Post-Treatment Periods							
1	0.095***	0.102***	0.110***	0.068***	0.0003	0.001	0.003	-0.003
	(0.018)	(0.03)	(0.02)	(0.016)	(0.004)	(0.005)	(0.003)	(0.005)
2	0.104***	0.119***	0.114***	0.077***	0.014***	0.015***	0.022***	0.009*
	(0.028)	(0.039)	(0.019)	(0.02)	(0.004)	(0.005)	(0.003)	(0.005)
3	0.087***	0.120**	0.109***	0.029	0.018***	0.019***	0.027***	0.011
	(0.031)	(0.055)	(0.018)	(0.02)	(0.007)	(0.007)	(0.005)	(0.008)
4	0.071**	0.109	0.123***	0.034	0.019***	0.021***	0.033***	0.015*
	(0.03)	(0.072)	(0.02)	(0.02)	(0.007)	(0.007)	(0.004)	(0.008)
5	0.038	0.074	0.087***	0.005	-0.001	0.002	0.006	-0.005
	(0.031)	(0.071)	(0.021)	(0.021)	(0.007)	(0.007)	(0.004)	(0.009)
6	0.015	-0.051	0.072***	0.002	-0.003	0.0003	0.007*	-0.005
	(0.026)	(0.082)	(0.025)	(0.023)	(0.008)	(0.008)	(0.004)	(0.009)
7	0.009	-0.052	0.060***	-0.003	0.01	0.014*	0.028***	0.009
	(0.029)	(0.082)	(0.028)	(0.027)	(0.008)	(0.008)	(0.004)	(0.009)
States	27	34	17	25	27	34	17	25
Covariates	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The dynamic average treatment effects (dATT) for fifteen pre and six post-treatment periods are estimated for real state minimum wage using the interactive fixed-effects counterfactual estimator (IFEct) based on the method by Liu et al. (2022) produced using equation 1.3. The dATT estimates correspond to ATT estimates given in Table 1.4. The baseline covariates, state FE, and year FE are included in all regressions. The always-treated and states with untreated periods <5 are excluded from the counterfactual estimations. Block bootstrap standard errors clustered at the state level are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table A9: (IFEct Counterfactual Estimates - Fifteen Pre and Fifteen Post Periods) Dynamic Treatment Effects of Campaign Contribution Laws on State Real Minimum Wage

	Log(State Real MW)				State EITC Rate			
	IndvToCand	*PACToCand*	*CorpToCand*	*LaborToCand*	*IndvToCand*	*PACToCand*	*CorpToCand*	*LaborToCand*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Pre-Treatment Periods							
-15	-0.0005	-0.005	0.003	0.026	0.003	0.002	0.001	0.004
	(0.023)	(0.024)	(0.016)	(0.024)	(0.003)	(0.002)	(0.001)	(0.004)
-14	-0.017	-0.006	0.016	0.012	0.002	0.002	0.0002	0.002
	(0.027)	(0.035)	(0.036)	(0.022)	(0.003)	(0.002)	(0.001)	(0.003)
-13	-0.01	-0.0001	0.019	0.016	0.002	0.002	0.001	0.002
	(0.016)	(0.017)	(0.013)	(0.016)	(0.003)	(0.001)	(0.002)	(0.003)
-12	-0.019	-0.018	0.017	-0.007	0.002	0.002	0.002	0.001
	(0.022)	(0.027)	(0.010)	(0.017)	(0.003)	(0.002)	(0.002)	(0.004)
-11	0.005	0.002	0.005	0.015**	0.002	-0.0003	-0.002	0.001
	(0.016)	(0.015)	(0.011)	(0.006)	(0.004)	(0.002)	(0.002)	(0.005)
-10	-0.006	-0.016	-0.009	0.004	0.001	0.001	-0.001	0.001
	(0.019)	(0.016)	(0.009)	(0.006)	(0.004)	(0.005)	(0.001)	(0.005)
-9	-0.01	-0.026	-0.019*	-0.007	0.002	-0.001	0.001	0.003
	(0.018)	(0.018)	(0.01)	(0.005)	(0.005)	(0.005)	(0.001)	(0.005)
-8	-0.046	-0.065**	-0.086	-0.033***	0.002	0.002	-0.0003	0.002
	(0.028)	(0.026)	(0.018)	(0.007)	(0.005)	(0.006)	(0.001)	(0.005)
-7	0.011	0.002	0.053**	0.019	0.0005	0.0003	-0.0002	0.002
	(0.037)	(0.040)	(0.026)	(0.023)	(0.004)	(0.005)	(0.001)	(0.004)
-6	-0.021	-0.033	0.037**	-0.025***	-0.0002	0.001	0.003**	0.002
	(0.022)	(0.022)	(0.015)	(0.010)	(0.004)	(0.005)	(0.001)	(0.005)
-5	0.034	0.034	0.006	0.026	-0.002	-0.0003	0.001	0.001
	(0.033)	(0.038)	(0.013)	(0.022)	(0.003)	(0.003)	(0.001)	(0.002)
-4	0.026	0.031	-0.035***	0.006	-0.002	-0.001	-0.0004	-0.002
	(0.017)	(0.020)	(0.008)	(0.012)	(0.004)	(0.004)	(0.001)	(0.003)
-3	0.005	0.014	-0.029***	-0.02	-0.003	-0.002	0.0004	-0.003
	(0.016)	(0.021)	(0.007)	(0.012)	(0.004)	(0.004)	(0.001)	(0.003)
-2	-0.004	0.014	-0.042***	-0.03**	-0.003	-0.003	-0.002**	-0.004
	(0.016)	(0.023)	(0.008)	(0.014)	(0.004)	(0.004)	(0.001)	(0.003)
-1	0.007	0.02	-0.024**	-0.021*	-0.004	-0.003	-0.002*	-0.005
	(0.016)	(0.022)	(0.010)	(0.012)	(0.004)	(0.005)	(0.001)	(0.004)
0	0.064***	0.081***	0.094***	0.037*	-0.003	-0.003	0.002	-0.004
	(0.018)	(0.025)	(0.032)	(0.019)	(0.004)	(0.005)	(0.001)	(0.004)
	Post-Treatment Periods							
1	0.102***	0.117***	0.133**	0.057***	-0.005	-0.004	-0.001	-0.008
	(0.024)	(0.038)	(0.044)	(0.019)	(0.006)	(0.006)	(0.002)	(0.006)
2	0.124***	0.145***	0.167***	0.079***	0.017***	0.016**	0.038***	0.012*
	(0.042)	(0.052)	(0.039)	(0.030)	(0.006)	(0.006)	(0.002)	(0.007)
3	0.102**	0.147*	0.173***	0.012	0.017***	0.016**	0.028***	0.009
	(0.048)	(0.076)	(0.033)	(0.029)	(0.006)	(0.007)	(0.006)	(0.008)
4	0.082*	0.138	0.196***	0.023	0.017***	0.017**	0.032***	0.011
	(0.045)	(0.102)	(0.035)	(0.028)	(0.006)	(0.007)	(0.006)	(0.008)
5	0.039	0.09	0.128***	-0.013	-0.012*	-0.01	-0.019***	-0.016**
	(0.047)	(0.100)	(0.035)	(0.029)	(0.006)	(0.007)	(0.007)	(0.008)
6	0.009	-0.099	0.106***	-0.015	-0.015*	-0.012	-0.016**	-0.015*
	(0.038)	(0.125)	(0.030)	(0.030)	(0.009)	(0.01)	(0.007)	(0.008)
7	0.006	-0.1	0.091**	-0.015	-0.015*	-0.012	-0.014**	-0.015*
	(0.040)	(0.127)	(0.039)	(0.037)	(0.009)	(0.01)	(0.007)	(0.008)
8	-0.015	-0.112	0.004	-0.032	-0.018	-0.014	-0.017**	-0.015**
	(0.047)	(0.123)	(0.067)	(0.044)	(0.011)	(0.013)	(0.008)	(0.007)
9	-0.015	-0.114	0.002	-0.038	-0.027	-0.023	-0.048	-0.036
	(0.053)	(0.124)	(0.077)	(0.051)	(0.021)	(0.022)	(0.045)	(0.025)
10	0.044	-0.058	0.09	0.012	-0.031	-0.025	-0.064	-0.042
	(0.069)	(0.122)	(0.097)	(0.066)	(0.022)	(0.024)	(0.046)	(0.027)
11	0.054	-0.054	0.076	0.033	-0.043	-0.038	-0.073	-0.073*
	(0.059)	(0.121)	(0.063)	(0.058)	(0.033)	(0.032)	(0.045)	(0.039)
12	0.133**	0.015	0.13***	0.128**	-0.048	-0.042	-0.069	-0.075*
	(0.066)	(0.118)	(0.047)	(0.063)	(0.034)	(0.033)	(0.044)	(0.041)
13	0.079*	-0.001	0.142***	0.098*	-0.049	-0.043	-0.069	-0.079*
	(0.046)	(0.086)	(0.035)	(0.055)	(0.035)	(0.033)	(0.044)	(0.041)
14	0.070	0.001	0.138***	0.108**	-0.049	-0.043	-0.069	-0.079*
	(0.043)	(0.085)	(0.039)	(0.044)	(0.034)	(0.034)	(0.044)	(0.041)
15	0.077	0.023	0.17***	0.108***	-0.048	-0.041	-0.066	-0.077*
	(0.041)	(0.079)	(0.033)	(0.038)	(0.034)	(0.034)	(0.044)	(0.041)
States	27	34	17	25	27	34	17	25
Covariates	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The dynamic average treatment effects (dATT) for fifteen pre and fifteen post-treatment periods are estimated for real state minimum wage using the interactive fixed-effects counterfactual estimator (IFEct) based on the method by Liu et al. (2022) produced using equation 1.3 to check the sensitivity of IFEct estimates in Table A8 and Table 1.4. The baseline covariates, state FE, and year FE, are included in all regressions. The always-treated and states with untreated periods <5 are excluded from the counterfactual estimations. Block bootstrap standard errors clustered at the state level are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table A10: (IFEct Counterfactual Estimates - Twelve Pre and Twelve Post Periods) Dynamic Treatment Effects of Campaign Contribution Laws on State Real Minimum Wage

	Log(State Real MW)				State EITC Rate			
	IndvToCand	*PACToCand*	*CorpToCand*	*LaborToCand*	*IndvToCand*	*PACToCand*	*CorpToCand*	*LaborToCand*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				Pre-Treatment Periods				
-12	-0.016	-0.01	0.024***	0.001	0.002	0.002*	0.001	0.002
	(0.019)	(0.024)	(0.009)	(0.015)	(0.002)	(0.001)	(0.002)	(0.003)
-11	-0.003	-0.0005	0.01	0.01	0.002	0.001	-0.0004	0.002
	(0.014)	(0.015)	(0.011)	(0.01)	(0.003)	(0.001)	(0.002)	(0.003)
-10	-0.011	-0.002	-0.001	0.001	0.001	0.001	-0.001	0.0004
	(0.016)	(0.017)	(0.011)	(0.011)	(0.003)	(0.003)	(0.001)	(0.004)
-9	-0.008	-0.039	-0.011	-0.002	0.001	-0.0003	0.0004	0.001
	(0.015)	(0.017)	(0.025)	(0.013)	(0.003)	(0.003)	(0.001)	(0.004)
-8	-0.026	-0.046**	-0.057***	-0.016	0.002	0.001	-0.001	0.001
	(0.019)	(0.019)	(0.013)	(0.005)	(0.003)	(0.004)	(0.001)	(0.004)
-7	0.011	-0.002	0.036	0.016	0.001	-0.001	0.0004	0.003
	(0.025)	(0.028)	(0.018)	(0.015)	(0.003)	(0.003)	(0.001)	(0.003)
-6	-0.007	-0.035**	0.018	-0.022***	0.0005	0.0003	0.002	0.004
	(0.019)	(0.017)	(0.011)	(0.007)	(0.003)	(0.004)	(0.001)	(0.004)
-5	-0.006	-0.008	-0.009	0.002	-0.001	0.001	0.001	0.002
	(0.025)	(0.026)	(0.011)	(0.015)	(0.003)	(0.004)	(0.001)	(0.003)
-4	-0.021	-0.018	-0.041***	-0.015*	-0.002	-0.0001	0.0002	-0.001
	(0.016)	(0.017)	(0.008)	(0.009)	(0.003)	(0.004)	(0.001)	(0.003)
-3	0.035*	0.047*	0.052***	0.025	-0.002	-0.002	0.0002	-0.003
	(0.020)	(0.024)	(0.012)	(0.013)	(0.003)	(0.004)	(0.001)	(0.003)
-2	0.006	0.032	-0.005	-0.019	-0.003	-0.003	-0.001	-0.005
	(0.018)	(0.024)	(0.013)	(0.012)	(0.004)	(0.004)	(0.001)	(0.003)
-1	0.024	0.044**	-0.03**	-0.015	-0.004	-0.003	-0.001	-0.006
	(0.015)	(0.02)	(0.015)	(0.01)	(0.004)	(0.004)	(0.001)	(0.004)
0	0.058***	0.077***	0.042*	0.022	-0.003	-0.003	0.001	-0.004
	(0.017)	(0.023)	(0.022)	(0.016)	(0.004)	(0.004)	(0.001)	(0.004)
				Post-Treatment Periods				
1	0.085***	0.102***	0.070**	0.04**	-0.003	-0.004	-0.001	-0.006
	(0.021)	(0.03)	(0.030)	(0.017)	(0.005)	(0.006)	(0.001)	(0.006)
2	0.124***	0.146***	0.141***	0.078***	0.010**	0.010*	0.026***	0.007
	(0.031)	(0.038)	(0.027)	(0.023)	(0.005)	(0.006)	(0.001)	(0.006)
3	0.112***	0.151***	0.164***	0.038*	0.011*	0.010*	0.021***	0.006
	(0.035)	(0.056)	(0.023)	(0.022)	(0.006)	(0.006)	(0.004)	(0.007)
4	0.084**	0.134*	0.174***	0.033	0.011*	0.01*	0.023***	0.007
	(0.034)	(0.077)	(0.028)	(0.022)	(0.006)	(0.006)	(0.004)	(0.008)
5	0.042	0.093	0.102**	-0.011	-0.009	-0.008	-0.012***	-0.013
	(0.038)	(0.084)	(0.050)	(0.029)	(0.006)	(0.006)	(0.005)	(0.008)
6	0.003	-0.042	-0.018	-0.063**	-0.011	-0.010	-0.012***	-0.013
	(0.035)	(0.072)	(0.054)	(0.030)	(0.007)	(0.008)	(0.005)	(0.008)
7	0.013	-0.027	0.018	-0.041	0.004	0.006	-0.012***	0.002
	(0.039)	(0.074)	(0.053)	(0.032)	(0.007)	(0.008)	(0.005)	(0.008)
8	0.021	-0.034	0.006	-0.031	0.009	0.011	-0.018***	0.009
	(0.041)	(0.079)	(0.062)	(0.036)	(0.008)	(0.01)	(0.006)	(0.008)
9	0.003	-0.124	0.019	-0.028	0.007	0.010	-0.039	-0.002
	(0.042)	(0.144)	(0.069)	(0.041)	(0.015)	(0.016)	(0.03)	(0.017)
10	0.041	-0.085	0.095	0.007	0.007	0.011	-0.050	-0.002
	(0.052)	(0.142)	(0.081)	(0.051)	(0.016)	(0.017)	(0.031)	(0.019)
11	0.050	-0.079	0.116**	0.041	-0.002	0.002	-0.056*	-0.022
	(0.047)	(0.140)	(0.053)	(0.045)	(0.023)	(0.022)	(0.030)	(0.026)
12	0.139***	-0.000	0.148***	0.138***	-0.005	-0.000	-0.051*	-0.022
	(0.054)	(0.139)	(0.051)	(0.054)	(0.024)	(0.023)	(0.029)	(0.027)
States	27	34	17	25	27	34	17	25
Covariates	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The dynamic average treatment effects (dATT) for twelve pre and twelve post-treatment periods are estimated for real state minimum wage using the interactive fixed-effects counterfactual estimator (IFEct) based on the method by Liu et al. (2022) produced using equation 1.3 to check the sensitivity of IFEct estimates in Table A8 and Table 1.4. The baseline covariates, state FE, and year FE are included in all regressions. The always-treated and states with untreated periods <5 are excluded from the counterfactual estimations. Block bootstrap standard errors clustered at the state level are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table A11: (IFEct Counterfactual Estimates - Nine Pre and Nine Post Periods) Dynamic Treatment Effects of Campaign Contribution Laws on State Real Minimum Wage

	Log(State Real MW)				State EITC Rate			
	IndvToCand	*PACToCand*	*CorpToCand*	*LaborToCand*	*IndvToCand*	*PACToCand*	*CorpToCand*	*LaborToCand*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				Pre-Treatment Periods				
-9	-0.012	-0.025**	0.002	0.000	-0.000	-0.001	0.000	0.001
	(0.011)	(0.010)	(0.010)	(0.009)	(0.002)	(0.001)	(0.001)	(0.002)
-8	-0.020*	-0.04***	-0.026	-0.009	0.000	-0.001	-0.002**	0.0004
	(0.012)	(0.014)	(0.011)	(0.008)	(0.002)	(0.002)	(0.001)	(0.002)
-7	0.005	-0.008	0.015*	-0.001	-0.000	-0.002	-0.002	0.000
	(0.013)	(0.012)	(0.008)	(0.008)	(0.001)	(0.001)	(0.001)	(0.002)
-6	0.004	0.010	0.009	-0.008	-0.000	-0.001	-0.001	0.001
	(0.013)	(0.013)	(0.008)	(0.005)	(0.002)	(0.002)	(0.001)	(0.002)
-5	-0.006	-0.010	-0.021***	-0.004	-0.000	-0.006***	0.001	0.0003
	(0.013)	(0.011)	(0.008)	(0.007)	(0.002)	(0.002)	(0.001)	(0.002)
-4	-0.012	-0.008	-0.021***	-0.005	-0.001	-0.001	-0.000	-0.002
	(0.01)	(0.008)	(0.004)	(0.005)	(0.002)	(0.002)	(0.001)	(0.002)
-3	0.010	0.023**	0.013***	0.011**	-0.001	0.008***	0.000	-0.002
	(0.012)	(0.009)	(0.006)	(0.005)	(0.002)	(0.002)	(0.001)	(0.002)
-2	-0.009	0.010	-0.015***	-0.011*	-0.001	-0.000	-0.000	-0.002
	(0.012)	(0.010)	(0.006)	(0.005)	(0.002)	(0.002)	(0.000)	(0.002)
-1	0.012	0.019	-0.008	-0.002	-0.001	-0.001	-0.001	-0.002
	(0.014)	(0.013)	(0.008)	(0.008)	(0.002)	(0.002)	(0.001)	(0.002)
0	0.033**	0.025**	0.029***	0.018***	-0.001	-0.001	0.001*	-0.001
	(0.011)	(0.011)	(0.010)	(0.007)	(0.003)	(0.002)	(0.001)	(0.003)
				Post-Treatment Periods				
1	0.043*	0.027	0.039**	0.016	0.007	0.011*	0.007**	-0.001
	(0.023)	(0.025)	(0.019)	(0.021)	(0.007)	(0.006)	(0.003)	(0.010)
2	0.050**	0.032	0.046***	0.021	0.016*	0.018**	0.021***	0.005
	(0.021)	(0.023)	(0.012)	(0.014)	(0.010)	(0.007)	(0.002)	(0.013)
3	0.038	0.038	0.060***	0.015	0.016*	0.024***	0.020***	0.005
	(0.024)	(0.027)	(0.012)	(0.016)	(0.010)	(0.009)	(0.003)	(0.013)
4	0.024	0.030	0.050***	0.009	0.016*	0.024***	0.021***	0.006
	(0.024)	(0.029)	(0.013)	(0.017)	(0.010)	(0.009)	(0.003)	(0.013)
5	0.009	0.017	0.029	-0.006	0.013	0.022**	0.009**	-0.002
	(0.024)	(0.029)	(0.018)	(0.017)	(0.009)	(0.009)	(0.004)	(0.012)
6	-0.037*	-0.045	-0.040*	-0.064***	0.013	0.022**	0.010***	-0.002
	(0.021)	(0.044)	(0.023)	(0.022)	(0.010)	(0.010)	(0.004)	(0.013)
7	-0.018	-0.036	-0.013	-0.023	0.026**	0.010	0.019***	0.002
	(0.023)	(0.053)	(0.024)	(0.018)	(0.010)	(0.010)	(0.004)	(0.013)
8	-0.015	-0.052	-0.014	-0.011	0.028***	0.017	0.022***	0.009
	(0.030)	(0.060)	(0.026)	(0.020)	(0.010)	(0.010)	(0.004)	(0.013)
9	-0.040	-0.090	-0.015	-0.019	0.025**	0.019*	0.018*	0.005
	(0.033)	(0.092)	(0.027)	(0.020)	(0.012)	(0.012)	(0.010)	(0.016)
States	27	34	17	25	27	34	17	25
Covariates	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The dynamic average treatment effects (dATT) for nine pre and nine post-treatment periods are estimated for real state minimum wage using the interactive fixed-effects counterfactual estimator (IFEct) based on the method by Liu et al. (2022) produced using equation 1.3 to check the sensitivity of IFEct estimates in Table A8 and Table 1.4. The baseline covariates, state FE, and year FE, are included in all regressions. The always-treated and states with untreated periods <5 are excluded from the counterfactual estimations. Block bootstrap standard errors clustered at the state level are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table A12: (TWFE Estimates Robustness Check - Additional Political Variables as Covariates) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.013				0.015***			
	(0.028)				(0.010)			
	[0.351]				[0.000]			
PACToCand		0.014				0.017***		
		(0.023)				(0.009)		
		[0.189]				[0.002]		
CorpToCand			0.034**				0.014**	
			(0.026)				(0.010)	
			[0.014]				[0.017]	
LaborToCand				0.023**				0.007*
				(0.020)				(0.010)
				[0.140]				[0.092]
HouseDem	0.188***	0.170**	0.241***	0.221***	0.144***	0.138***	0.118***	0.157***
	(0.066)	-0.064	(0.077)	(0.063)	(0.061)	(0.055)	(0.062)	(0.061)
	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
UnempRate	0.309	-0.055	0.007	0.154	0.195	0.394***	0.053	0.118
	(0.760)	(0.602)	(0.792)	(0.537)	(0.254)	(0.251)	(0.300)	(0.224)
	[0.506]	[0.867]	[0.988]	[0.991]	[0.256]	[0.004]	[0.790]	[0.483]
PovertyRate	0.491**	0.316	0.583**	0.348**	-0.046	-0.009	-0.137	0.140
	(0.370)	(0.289)	(0.298)	(0.282)	(0.132)	(0.132)	(0.141)	(0.148)
	[0.028]	[0.157]	[0.013]	[0.190]	[0.561]	[0.908]	[0.166]	[0.101]
lnStateGDPPC	0.152	0.175*	0.414**	0.148	0.105***	0.105***	0.193***	0.095***
	-0.121	(0.095)	(0.146)	(0.090)	(0.077)	(0.052)	(0.108)	(0.064)
	[0.000]	[0.011]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
UnionMem	0.236	-0.157	0.429	0.067	0.054	0.022	-0.009	0.244**
	(0.005)	(0.005)	(0.006)	(0.004)	(0.002)	(0.002)	(0.002)	(0.002)
	[0.399]	[0.489]	[0.236]	[0.221]	[0.623]	[0.826]	[0.958]	[0.023]
GovernorDem	-0.005	-0.007	0.008	0.006	0.005	0.006	0.010*	0.006
	(0.017)	(0.014)	(0.017)	(0.012)	(0.008)	(0.007)	(0.008)	(0.007)
	[0.579]	[0.311]	[0.346]	[0.342]	[0.250]	[0.109]	[0.067]	[0.203]
BlackPop	0.545	0.248	0.770	0.573	-0.112	0.114	-0.358***	-0.002
	(0.888)	(0.801)	(0.800)	(0.782)	(0.304)	(0.304)	(0.327)	(0.295)
	[0.346]	[0.611]	[0.189]	[0.181]	[0.317]	[0.472]	[0.001]	[0.982]
Constant	0.098	-0.008	-2.810***	0.178***	-1.181***	-1.216***	-2.058***	-1.139***
	(1.368)	(1.039)	(1.657)	(1.007)	-0.841	(0.565)	(1.141)	(0.693)
	[0.771]	[0.808]	[0.004]	[0.005]	[0.000]	[0.000]	[0.000]	[0.000]
Observations	1,129	1,475	740	1,244	1,129	1,475	740	1,244
States	29	38	19	32	29	38	19	32
R-squared	0.531	0.602	0.588	0.542	0.498	0.591	0.459	0.494
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Additional political variables as controls are included to check the sensitivity of baseline TWFE estimates in Table 1.1. Robust standard errors clustered at the state level are in parentheses. The p-values of wild cluster bootstrap (WCB) standard errors are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A13: (TWFE Estimates Robustness Check - Additional Economic Variables as Covariates) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.014				0.008**			
	(0.024)				(0.009)			
	[0.270]				[0.033]			
PACToCand		0.009				0.009*		
		(0.020)				(0.007)		
		[0.370]				[0.062]		
CorpToCand			0.034***				0.008**	
			(0.026)				(0.009)	
			[0.006]				[0.035]	
LaborToCand				0.021**				-0.0002
				(0.018)				(0.008)
				[0.018]				[0.993]
HouseDem	0.088*	0.074*	0.134**	0.140***	0.092***	0.106***	0.055	0.095***
	-0.076	(0.071)	(0.097)	(0.067)	(0.053)	(0.055)	(0.066)	(0.051)
	[0.092]	[0.091]	[0.011]	[0.004]	[0.000]	[0.000]	[0.004]	[0.000]
UnempRate	0.798	0.125	0.568	0.493	0.255	0.577***	0.095	0.326**
	(0.840)	(0.616)	(0.856)	(0.629)	(0.218)	(0.214)	(0.230)	(0.183)
	[0.129]	[0.726]	[0.275]	[0.197]	[0.101]	[0.000]	[0.620]	[0.013]
PovertyRate	0.682***	0.484*	0.585**	0.431**	-0.020	-0.030	-0.013	0.065
	(0.351)	(0.275)	(0.297)	(0.251)	(0.120)	(0.125)	(0.146)	(0.117)
	[0.001]	[0.017]	[0.021]	[0.031]	[0.786]	[0.686]	[0.884]	[0.386]
lnStateGDPPC	0.168**	0.088	0.363***	0.071	0.066***	0.117***	0.082***	0.098***
	(0.164)	(0.103)	(0.211)	(0.115)	(0.037)	(0.040)	(0.040)	(0.038)
	[0.036]	[0.293]	[0.002]	[0.250]	[0.001]	[0.000]	[0.000]	[0.000]
HPI	0.000	0.001***	0.001**	0.001***	0.0003***	0.0001***	0.0002**	0.0002***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.000)	(0.000)	(0.000)	(0.000)
	[0.254]	[0.000]	[0.031]	[0.000]	[0.000]	[0.064]	[0.026]	[0.001]
lnFirms	0.035	-0.008	0.105**	0.052	-0.199***	-0.125***	-0.133**	-0.217***
	(0.095)	(0.091)	(0.110)	(0.076)	(0.078)	(0.081)	(0.076)	(0.077)
	[0.448]	[0.853]	[0.038]	[0.244]	[0.000]	[0.000]	[0.000]	[0.000]
Gini	-0.543***	-0.244	-0.469*	-0.334**	0.340***	0.333***	0.067	0.374***
	(0.487)	(0.348)	(0.459)	(0.321)	(0.284)	(0.199)	(0.179)	(0.207)
	[0.007]	[0.163]	[0.071]	[0.026]	[0.000]	[0.000]	[0.570]	[0.000]
Constant	0.001	0.997	-2.722*	0.764	0.541**	-0.586***	0.034	0.270
	(1.886)	(1.158)	(2.509)	(1.357)	(0.435)	(0.701)	(0.510)	(0.410)
	[0.814]	[0.808]	[0.056]	[0.183]	[0.021]	[0.010]	[0.983]	[0.199]
Observations	1,044	1,368	684	1,152	1,044	1,368	684	1,152
States	29	38	19	32	29	38	19	32
R-squared	0.516	0.603	0.562	0.523	0.647	0.667	0.611	0.631
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Additional economic variables as controls are included to check the sensitivity of baseline TWFE estimates in Table 1.1. Robust standard errors clustered at the state level are in parentheses. The p-values of wild cluster bootstrap (WCB) standard errors are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A14: (TWFE Estimates Robustness Check - Adding State-Specific Linear Time Trends) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.001				0.012			
	(0.028)				(0.007)			
	[0.578]				[0.127]			
PACToCand		0.013***				0.018**		
		(0.023)				(0.008)		
		[0.003]				[0.034]		
CorpToCand			0.048**				0.019**	
			(0.025)				(0.008)	
			[0.024]				[0.025]	
LaborToCand				0.014				0.010
				(0.022)				(0.009)
				[0.273]				[0.184]
HouseDem	0.229***	0.205	0.255**	0.212***	0.162***	0.158***	0.136***	0.181***
	(0.053)	(0.062)	(0.054)	(0.064)	(0.049)	(0.054)	(0.042)	(0.058)
	[0.001]	[0.119]	[0.015]	[0.001]	[0.000]	[0.000]	[0.001]	[0.000]
UnempRate	0.971	0.470***	0.474	0.268	0.161	0.285	0.051	0.242
	(0.909)	(0.699)	(0.653)	(0.712)	(0.321)	(0.230)	(0.587)	(0.343)
	[0.172]	[0.000]	[0.563]	[0.593]	[0.541]	[0.190]	[0.908]	[0.358]
PovertyRate	0.091	0.033	0.120	0.262	-0.069	-0.008	-0.108	0.043
	(0.438)	(0.345)	(0.781)	(0.472)	(0.156)	(0.164)	(0.271)	(0.160)
	[0.790]	[0.647]	[0.803]	[0.343]	[0.582]	[0.941]	[0.623]	[0.780]
lnStateGDPPC	0.179*	0.151***	0.534***	0.142*	0.114***	0.119***	0.240***	0.115***
	(0.147)	(0.093)	(0.203)	(0.112)	(0.074)	(0.054)	(0.140)	(0.072)
	[0.063]	[0.000]	[0.000]	[0.053]	[0.004]	[0.000]	[0.000]	[0.000]
Constant	0.170	0.231***	-3.921**	0.317	-1.289***	-1.347***	-2.628***	-1.336***
	(0.828)	(1.009)	(2.159)	(1.213)	(0.808)	(0.598)	(1.523)	(0.792)
	[0.870]	[0.000]	[0.016]	[0.609]	[0.001]	[0.000]	[0.000]	[0.000]
Observations	853	1,156	460	944	853	1,156	460	944
States	27	35	18	30	27	35	18	30
R-squared	0.686	0.824	0.738	0.705	0.686	0.701	0.694	0.674
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State-Specific Linear Time Trends	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: State-specific linear time trends are included to check the sensitivity of baseline TWFE estimates in Table 1.1. Robust standard errors clustered at the state level are in parentheses. The p-values of wild cluster bootstrap (WCB) standard errors are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A15: (TWFE Estimates Robustness Check - Double Clustering at State and Year Levels) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.014 (0.025) [0.291]				0.014*** (0.010) [0.002]			
PACToCand		0.015 (0.021) [0.162]				0.016*** (0.009) [0.002]		
CorpToCand			0.034*** (0.024) [0.004]				0.012** (0.009) [0.021]	
LaborToCand				0.021** (0.018) [0.028]				0.007* (0.009) [0.093]
HouseDem	0.180*** (0.070) [0.000]	0.162*** (0.065) [0.000]	0.240*** (0.064) [0.000]	0.230*** (0.058) [0.000]	0.146*** (0.063) [0.000]	0.143*** (0.057) [0.000]	0.127*** (0.070) [0.000]	0.157*** (0.065) [0.000]
UnempRate	0.395 (0.786) [0.425]	-0.117 (0.611) [0.736]	0.114 (0.750) [0.823]	0.219 (0.580) [0.536]	0.206 (0.222) [0.209]	0.408*** (0.259) [0.002]	0.053 (0.239) [0.805]	0.191 (0.202) [0.211]
PovertyRate	0.520** (0.362) [0.025]	0.373* (0.280) [0.071]	0.563** (0.310) [0.034]	0.367* (0.254) [0.066]	-0.055 (0.128) [0.486]	-0.004 (0.133) [0.961]	-0.130 (0.145) [0.219]	0.122 (0.143) [0.130]
lnStateGDPPC	0.165** (0.135) [0.013]	0.172*** (0.088) [0.010]	0.450*** (0.155) [0.000]	0.164*** (0.101) [0.000]	0.104*** (0.076) [0.000]	0.113*** (0.053) [0.000]	0.197*** (0.102) [0.000]	0.105*** (0.063) [0.000]
Constant	0.047** (1.471) [0.713]	0.022 (0.953) [0.729]	-3.042*** (1.697) [0.004]	0.063 (1.093) [0.668]	-1.177*** (0.827) [0.000]	-1.286*** (0.577) [0.000]	-2.155*** (1.112) [0.000]	-1.212*** (0.691) [0.000]
Observations	1,131	1,482	741	1,248	1,131	1,482	741	1,248
States	29	38	19	32	29	38	19	32
R-squared	0.528	0.608	0.581	0.538	0.496	0.590	0.452	0.491
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Robust standard errors (in parentheses) are clustered at the state and year levels to check the sensitivity of baseline TWFE estimates in Table 1.1. The p-values of wild cluster bootstrap (WCB) standard errors, clustered at the state and levels, are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A16: List of State-Level Minimum Wage Ballot Initiatives

Year	State	Measure	Wage	Type	Yes votes (%)	No votes (%)	Outcome
1996	California	Proposition 210	$5.75 (1998)	Initiative	61.45	38.55	Passed
1996	Missouri	Proposition A	$6.75 (1999)[3]	Initiative	28.7	71.3	Failed
1996	Montana	I-121	$6.25 (2000)	Initiative	43.53	56.47	Failed
1996	Oregon	Measure 36	$6.50 (1999)	Initiative	56.85	43.15	Passed
1998	Washington	Initiative 688	$6.50 (2000)	Initiative	66.1	33.9	Passed
2002	Oregon	Measure 25	$6.90 (2003)	Initiative	51.3	48.7	Passed
2004	Florida	Amendment 5	$6.15 (2005)	Initiative	71.25	28.75	Passed
2004	Nevada	Question 6	$6.15 (2006)[2]	Initiative	68.4	31.6	Passed
2006	Arizona	Proposition 2022	$6.75 (2007)	Initiative	65.37	34.63	Passed
2006	Colorado	Initiative 42	$6.85 (2007)	Initiative	53.3	46.7	Passed
2006	Missouri	Proposition B	$6.50 (2007)	Initiative	75.94	24.06	Passed
2006	Montana	I-151	$6.50 (2007)	Initiative	72.69	27.31	Passed
2006	Nevada	Question 6	$6.15 (2006)[2]	Initiative	68.71	31.29	Passed
2006	Ohio	Amendment 2	$6.85 (2007)	Initiative	56.65	43.35	Passed
2013	New Jersey	Question 2	$8.25 (2014)	Referral	61.26	38.74	Passed
2014	Alaska	Measure 3	$9.75 (2016)	Initiative	69.35	30.65	Passed
2014	Arkansas	Issue 5	$8.50 (2017)	Initiative	65.94	34.06	Passed
2014	Nebraska	Initiative 425	$9.00 (2016)	Initiative	59.47	40.53	Passed
2014	South Dakota	Measure 18	$8.50 (2015)	Initiative	55.05	44.95	Passed
2016	Arizona	Proposition 206	$12.00 (2020)	Initiative	58.33	41.67	Passed
2016	Colorado	Amendment 70	$12.00 (2020)	Initiative	55.36	44.64	Passed
2016	Maine	Question 4	$12.00 (2020)	Initiative	55.5	44.5	Passed
2016	Washington	Initiative 1433	$13.50 (2020)	Initiative	57.42	42.58	Passed
2018	Arkansas	Issue 5	$11.00 (2021)	Initiative	68.46	31.54	Passed
2018	Missouri	Proposition B	$12.00 (2023)	Initiative	62.34	37.66	Passed
2020	Florida	Amendment 2	$15.00 (2026)	Initiative	60.82	39.18	Passed
2022	Nebraska	Nebraska Initiative 433	$15.00 (2026)	Initiative	58.66	41.34	Passed
2022	Nevada	Amendment 2	$12.00 (2024)	Referral	55.18	44.82	Passed

Source: Ballotpedia (n.d.) (Accessed on May 24, 2023).

Table A17: (TWFE Estimates Robustness Check - Excluding MW Ballot Initiatives) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)			
	(1)	(2)	(3)	(4)
IndvToCand	0.014			
	(0.026)			
	[0.264]			
PACToCand		0.016		
		(0.022)		
		[0.151]		
CorpToCand			0.035***	
			(0.025)	
			[0.006]	
LaborToCand				0.021**
				(0.018)
				[0.043]
HouseDem	0.183***	0.165***	0.244***	0.234***
	(0.070)	(0.065)	(0.065)	(0.058)
	[0.000]	[0.000]	[0.000]	[0.000]
UnempRate	0.379	-0.130	0.091	0.197
	(0.790)	(0.612)	(0.758)	(0.582)
	[0.466]	[0.725]	[0.856]	[0.579]
PovertyRate	0.499**	0.351*	0.536**	0.348*
	(0.364)	(0.284)	(0.314)	(0.256)
	[0.022]	[0.084]	[0.047]	[0.060]
lnStateGDPPC	0.161**	0.167**	0.449***	0.158***
	(0.135)	(0.089)	(0.157)	(0.101)
	[0.013]	[0.013]	[0.000]	[0.001]
Constant	0.085	0.076	-3.029***	0.128
	(1.476)	(0.956)	(1.714)	(1.098)
	[0.695]	[0.689]	[0.003]	[0.604]
Observations	1,122	1,472	733	1,239
States	29	38	19	32
R-squared	0.525	0.606	0.577	0.535
State FE	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes

Notes: Columns (1) to (4) exclude observations when the state real minimum wage was increased due to a ballot initiative to check the sensitivity of baseline TWFE estimates in Table 1.1. Robust standard errors clustered at the state level are in parentheses. The p-values of wild cluster bootstrap (WCB) standard errors are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A18: (Logit Model Robustness Check - Outcome Variable: Presence of Minimum Wage Preemptive Laws) Marginal Effect of Campaign Contribution Laws the Presence of Minimum Wage Preemption Laws

	Indicator(MW Preemption Law Presence)				Indicator(MW Preemption Law Presence)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	-0.014**				-0.028**			
	(0.006)				(0.012)			
PACToCand		-0.022***				-0.025**		
		(0.008)				(0.012)		
CorpToCand			-0.025**				-0.029**	
			(0.010)				(0.011)	
LaborToCand				-0.023**				-0.028**
				(0.011)				(0.014)
HouseDem	-0.166***	-0.248***	-0.286***	-0.273***	-0.283***	-0.330***	-0.233***	-0.300***
	(0.015)	(0.037)	(0.043)	(0.042)	(0.064)	(0.049)	(0.047)	(0.060)
UnempRate	0.396***	0.436***	0.551***	0.507***	0.602***	0.642***	0.612***	0.619***
	(0.084)	(0.135)	(0.152)	(0.154)	(0.194)	(0.194)	(0.185)	(0.211)
PovertyRate	0.016	0.074	0.062	0.078	0.372*	0.283	0.434**	0.068
	(0.094)	(0.143)	(0.163)	(0.156)	(0.198)	(0.202)	(0.218)	(0.211)
lnStateGDPPC	0.424***	0.536***	0.608***	0.587***	0.738***	0.720***	0.739***	0.697***
	(0.025)	(0.023)	(0.039)	(0.057)	(0.107)	(0.056)	(0.035)	(0.077)
Observations	1,911	1,911	1,911	1,911	1,131	1,482	741	1,248
Sample	Full	Full	Full	Full	W/O AT	W/O AT	W/O AT	W/O AT
States	49	49	49	49	29	38	19	32

Notes: The outcome is an indicator variable that takes the value of 1 when the minimum wage preemption law is present. A simple probit model is used to obtain the marginal effects. The full sample is used in columns (1) to (4), whereas always-treated (AT) states are excluded in columns (5) to (8) estimates. Standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table A19: (TWFE Estimates Robustness Check - Lifting of Independent Expenditures Ban) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.012				0.013***			
	(0.026)				(0.010)			
	[0.369]				[0.004]			
PACToCand		0.013				0.016***		
		(0.021)				(0.009)		
		[0.267]				[0.003]		
CorpToCand			0.034***				0.013**	
			(0.026)				(0.010)	
			[0.005]				[0.014]	
LaborToCand				0.021**				0.007
				(0.019)				(0.010)
				[0.029]				[0.135]
HouseDem	0.179***	0.160***	0.239***	0.230***	0.146***	0.143***	0.128***	0.156***
	(0.071)	(0.066)	(0.074)	(0.060)	(0.061)	(0.055)	(0.068)	(0.061)
	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
UnempRate	0.370	-0.156	0.116	0.216	0.199	0.403***	0.048	0.180
	(0.786)	(0.617)	(0.834)	(0.595)	(0.234)	(0.262)	(0.266)	(0.217)
	[0.446]	[0.664]	[0.821]	[0.547]	[0.234]	[0.003]	[0.818]	[0.259]
PovertyRate	0.482**	0.341*	0.550**	0.366*	-0.066	-0.008	-0.107	0.118
	(0.333)	(0.260)	(0.339)	-0.279	(0.136)	(0.145)	(0.157)	(0.152)
	[0.031]	[0.094]	[0.038]	[0.069]	[0.390]	[0.923]	[0.300]	[0.137]
lnStateGDPPC	0.176***	0.196***	0.448***	0.165***	0.107***	0.117***	0.201***	0.109***
	(0.128)	(0.103)	(0.173)	(0.103)	(0.078)	(0.054)	(0.111)	(0.067)
	[0.007]	[0.003]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
IndepExpBan	0.033*	0.049***	0.012	0.003	0.010	0.007	-0.022	0.009
	(0.024)	(0.033)	(0.026)	(0.019)	(0.017)	(0.014)	(0.027)	(0.016)
	[0.097]	[0.005]	[0.610]	[0.813]	[0.266]	[0.287]	[0.301]	[0.258]
Constant	-0.076	-0.240	-3.019***	0.049	-1.213***	-1.323***	-2.198***	-1.263***
	(1.395)	(1.108)	(1.877)	(1.113)	-0.848	(0.590)	(1.207)	(0.730)
	[0.855]	[0.977]	[0.004]	[0.698]	[0.000]	[0.000]	[0.000]	[0.000]
Observations	1,131	1,482	741	1,248	1,131	1,482	741	1,248
States	29	38	19	32	29	38	19	32
R-squared	0.530	0.612	0.581	0.538	0.497	0.590	0.454	0.492
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The indicator variable *IndepExpBan* takes the value of 1 for state-year observations for which independent expenditures (IE) were banned before Citizens United v. Federal Election Commission, 558 U.S. 310 (2010). Robust standard errors (in parentheses) are clustered at the state and levels to check the sensitivity of baseline TWFE estimates in Table 1.1. The p-values of wild cluster bootstrap (WCB) standard errors, clustered at the state and levels, are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A20: (TWFE Estimates Robustness Check - Sub-sample of States With Power to Sanction Campaign Finance Law Violations) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.047*				0.010			
	(0.063)				(0.012)			
	[0.075]				[0.196]			
PACToCand		0.044**				0.011*		
		(0.045)				(0.011)		
		[0.016]				[0.100]		
CorpToCand			0.025				0.013*	
			(0.069)				(0.009)	
			[0.291]				[0.100]	
LaborToCand				0.069***				0.008
				(0.047)				(0.011)
				[0.000]				[0.254]
HouseDem	-0.062	0.044	0.106	0.125	0.172**	0.161*	0.179*	0.165*
	(0.148)	(0.144)	(0.102)	(0.119)	(0.119)	(0.125)	(0.137)	(0.136)
	[0.640]	[0.673]	[0.447]	[0.214]	[0.027]	[0.064]	[0.053]	[0.084]
UnempRate	-0.358	0.134	2.019	0.337	-0.522	-0.371	-0.571	-0.484
	(2.589)	(1.441)	(3.018)	(1.538)	(0.788)	(0.572)	(1.002)	(0.626)
	[0.821]	[0.920]	[0.241]	[0.783]	[0.193]	[0.184]	[0.255]	[0.113]
PovertyRate	1.413**	0.857	0.809	0.503	-0.081	-0.077	-0.098	-0.144
	(1.057)	(0.716)	(0.821)	(0.607)	(0.337)	(0.262)	(0.292)	(0.218)
	[0.041]	[0.113]	[0.276]	[0.313]	[0.685]	[0.645]	[0.631]	[0.306]
lnStateGDPPC	0.798***	0.706***	1.130***	0.685***	0.093	0.111	0.121	0.116
	(0.465)	(0.333)	(0.455)	(0.341)	(0.160)	(0.137)	(0.257)	(0.145)
	[0.006]	[0.000]	[0.000]	[0.001]	[0.276]	[0.166]	[0.397]	[0.169]
Constant	-6.761**	-5.766**	-10.494***	-5.546**	-1.051	-1.240	-1.355	-1.285
	(5.103)	(3.637)	(5.008)	(3.740)	(1.814)	(1.566)	(2.894)	(1.655)
	[0.031]	[0.024]	[0.000]	[0.026]	[0.283]	[0.175]	[0.410]	[0.184]
Observations	312	390	234	351	312	390	234	351
States	8	10	6	9	8	10	6	9
R-squared	0.578	0.549	0.656	0.589	0.322	0.302	0.321	0.315
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Sub-sample of states with agency(s) to conduct independent investigations and issue sanctions for campaign finance law violations. Robust standard errors (in parentheses) are clustered at the state and levels to check the sensitivity of baseline TWFE estimates in Table 1.1. The p-values of wild cluster bootstrap (WCB) standard errors, clustered at the state and levels, are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A21: (TWFE Estimates Robustness Check - Sub-sample of States Without Power to Sanction Campaign Finance Law Violations) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	-0.015				0.015***			
	(0.033)				(0.015)			
	[0.281]				[0.010]			
PACToCand		-0.001				0.019***		
		(0.026)				(0.012)		
		[0.926]				[0.007]		
CorpToCand			0.005				0.012**	
			(0.033)				(0.012)	
			[0.701]				[0.034]	
LaborToCand				-0.007				0.005
				(0.022)				(0.013)
				[0.527]				[0.391]
HouseDem	0.265***	0.208***	0.304***	0.270***	0.123***	0.128***	0.101***	0.146***
	(0.073)	(0.077)	(0.094)	(0.074)	(0.072)	(0.064)	(0.087)	(0.071)
	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
UnempRate	0.421	-0.162	-0.155	0.167	0.392*	0.587***	0.223	0.338
	(0.703)	(0.635)	(0.696)	(0.542)	(0.206)	-0.264	(0.192)	(0.181)
	[0.311]	[0.618]	[0.677]	[0.546]	[0.052]	[0.001]	[0.403]	[0.042]
PovertyRate	0.389*	0.265	0.652***	0.475**	0.004	0.075	-0.074	0.254
	(0.301)	(0.261)	(0.187)	(0.285)	(0.175)	(0.185)	(0.206)	(0.194)
	[0.052]	[0.197]	[0.010]	[0.014]	[0.960]	[0.438]	[0.537]	[0.015]
lnStateGDPPC	-0.003	0.074	0.174***	0.006	0.093***	0.101***	0.195***	0.086***
	(0.068)	(0.090)	(0.131)	(0.064)	-0.081	(0.052)	(0.080)	(0.066)
	[0.922]	[0.309]	[0.000]	[0.870]	[0.000]	[0.000]	[0.000]	[0.000]
Constant	1.846***	1.081	-0.080	1.748***	-1.062***	-1.160***	-2.116***	-1.025***
	(0.762)	(0.955)	(1.444)	(0.693)	-0.873	(0.561)	(0.862)	(0.708)
	[0.000]	[0.105]	[0.996]	[0.000]	[0.000]	[0.000]	[0.000]	[0.000]
Observations	819	1,092	507	897	819	1,092	507	897
States	21	28	13	23	21	28	13	23
R-squared	0.574	0.660	0.604	0.565	0.619	0.667	0.608	0.601
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Sub-sample of states without agency(s) to conduct independent investigations and issue sanctions for campaign finance law violations. Robust standard errors (in parentheses) are clustered at the state and levels to check the sensitivity of baseline TWFE estimates in Table 1.1. The p-values of wild cluster bootstrap (WCB) standard errors, clustered at the state and levels, are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A22: (TWFE Estimates Robustness Check - Northeast Census Region States Only) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.069*				0.138***			
	(0.057)				(0.032)			
	[0.065]				[0.002]			
PACToCand		0.060***				0.122***		
		(0.048)				(0.036)		
		[0.010]				[0.000]		
CorpToCand			0.016				-0.027	
			(0.000)				(0.000)	
			[0.740]				[0.455]	
LaborToCand				0.014				-0.034
				(0.047)				(0.077)
				[0.610]				[0.387]
HouseDem	0.049	0.052	-0.578***	-0.105	0.819***	0.495***	0.678***	0.755***
	(0.242)	(0.227)	(0.000)	(0.169)	(0.172)	(0.196)	(0.000)	(0.403)
	[0.715]	[0.643]	[0.006]	[0.399]	[0.000]	[0.000]	[0.000]	[0.000]
UnempRate	-0.922	-1.402**	-3.501***	-1.583*	-1.580	-0.960	0.872	-1.438
	(1.542)	(1.163)	(0.000)	(1.492)	(0.901)	(0.814)	(0.000)	(0.784)
	[0.325]	[0.039]	[0.017]	[0.069]	[0.187]	[0.195]	[0.634]	[0.196]
PovertyRate	-1.012	-0.193	0.505	-0.104	-1.164	-0.957*	-2.595**	-1.896***
	(1.197)	(0.582)	(0.000)	(0.368)	(1.518)	(0.644)	(0.000)	(1.175)
	[0.173]	[0.594]	[0.648]	[0.817]	[0.125]	[0.008]	[0.011]	[0.005]
lnStateGDPPC	0.499*	0.510***	-0.839	0.792***	0.371	0.303**	-2.379***	0.000
	(0.230)	(0.453)	(0.000)	-0.352	(0.335)	(0.286)	(0.000)	(0.527)
	[0.056]	[0.003]	[0.164]	[0.000]	[0.118]	[0.042]	[0.000]	[0.999]
Constant	-3.232	-3.394	11.748*	-6.373***	-4.271	-3.390**	25.693***	-0.076
	(2.513)	(5.013)	(0.000)	(3.984)	(3.687)	(3.106)	(0.000)	(5.890)
	[0.287]	[0.102]	[0.074]	[0.006]	[0.103]	[0.035]	[0.000]	[0.876]
Observations	156	273	78	156	156	273	78	156
States	4	7	2	4	4	7	2	4
R-squared	0.684	0.663	0.708	0.770	0.780	0.771	0.865	0.746
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Only Northeast Census Region States are included to check the sensitivity of baseline TWFE estimates in Table 1.1. Robust standard errors clustered at the state level are in parentheses. The p-values of wild cluster bootstrap (WCB) standard errors are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A23: (TWFE Estimates Robustness Check - Midwest Census Region States Only) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	-0.005				-0.003			
	(0.054)				(0.015)			
	[0.896]				[0.679]			
PACToCand		-0.006				0.0002		
		(0.054)				-0.015		
		[0.858]				[0.975]		
CorpToCand			-0.017				0.041**	
			(0.032)				(0.016)	
			[0.595]				[0.013]	
LaborToCand				-0.020				0.000
				(0.038)				(0.010)
				[0.402]				[0.974]
HouseDem	0.495***	0.329**	0.324	0.221	0.080**	0.073**	0.124	0.106
	(0.213)	(0.214)	(0.291)	(0.217)	(0.064)	(0.056)	(0.077)	(0.094)
	[0.006]	[0.022]	[0.272]	[0.112]	[0.023]	[0.025]	[0.130]	[0.022]
UnempRate	0.066	1.399	1.234	0.629	0.446	0.103	0.318	0.012
	(1.359)	(1.368)	(0.957)	(1.382)	(0.797)	(0.570)	(0.198)	(0.512)
	[0.947]	[0.128]	[0.245]	[0.444]	[0.239]	[0.724]	[0.129]	[0.977]
PovertyRate	1.924***	0.864	1.048	0.600	-0.069	0.029	-0.565**	-0.088
	(0.690)	(0.868)	(1.431)	(0.974)	(0.311)	(0.200)	(0.266)	(0.279)
	[0.003]	[0.199]	[0.504]	[0.312]	[0.625]	[0.771]	[0.043]	[0.755]
lnStateGDPPC	-0.159*	-0.143*	0.653***	-0.138**	-0.089***	-0.119***	0.125***	-0.109***
	-0.109	(0.079)	(0.115)	-0.087	(0.021)	-0.033	(0.021)	(0.032)
	[0.091]	[0.079]	[0.001]	[0.042]	[0.006]	[0.000]	[0.002]	[0.000]
Constant	3.224***	3.189***	-5.454***	3.298***	0.929**	1.256***	-1.348***	1.158**
	(1.201)	(0.835)	(1.279)	(0.935)	(0.231)	-0.372	(0.234)	(0.348)
	[0.007]	[0.001]	[0.006]	[0.000]	[0.012]	[0.000]	[0.005]	[0.000]
Observations	234	273	39	273	234	273	39	273
States	6	7	1	7	6	7	1	7
R-squared	0.596	0.560	0.692	0.473	0.716	0.684	0.766	0.451
State FE	Yes	Yes	No	Yes	Yes	Yes	No	Yes
Time FE	Yes	Yes	No	Yes	Yes	Yes	No	Yes

Notes: Only Midwest Census Region States are included to check the sensitivity of baseline TWFE estimates in Table 1.1. Robust standard errors clustered at the state level are in parentheses. The p-values of wild cluster bootstrap (WCB) standard errors are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A24: (TWFE Estimates Robustness Check - South Census Region States Only) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	-0.065				-0.020***			
	(0.048)				(0.021)			
	[0.140]				[0.001]			
PACToCand		-0.040*				-0.015		
		(0.030)				(0.013)		
		[0.066]				[0.112]		
CorpToCand			-0.036				-0.007	
			(0.027)				(0.007)	
			[0.195]				[0.265]	
LaborToCand				-0.009				-0.021***
				(0.031)				-0.019
				[0.698]				[0.002]
HouseDem	0.137	0.160*	0.302**	0.136	0.124***	0.057	0.351***	0.086***
	(0.200)	(0.123)	(0.094)	(0.165)	(0.119)	(0.056)	(0.182)	(0.091)
	[0.261]	[0.073]	[0.032]	[0.176]	[0.002]	[0.124]	[0.000]	[0.004]
UnempRate	1.716	0.772	1.652	0.557	0.127	0.545*	-0.007	0.323***
	(0.940)	(0.675)	(1.207)	(0.808)	(0.352)	(0.354)	(0.149)	(0.374)
	[0.133]	[0.062]	[0.176]	[0.476]	[0.406]	[0.073]	[0.967]	[0.006]
PovertyRate	0.489	0.422	0.206	0.416	0.190*	0.149	0.146**	0.160
	(0.265)	(0.337)	(0.296)	(0.262)	(0.130)	(0.113)	(0.039)	(0.107)
	[0.341]	[0.271]	[0.711]	[0.253]	[0.067]	[0.250]	[0.253]	[0.111]
lnStateGDPPC	0.465**	0.304**	0.488**	0.360**	0.098***	0.117**	0.176***	0.095***
	(0.359)	(0.236)	(0.301)	(0.258)	(0.096)	(0.049)	(0.110)	(0.074)
	[0.042]	[0.036]	[0.039]	[0.048]	[0.001]	[0.039]	[0.000]	[0.000]
Constant	-3.254	-1.456	-3.535	-2.022	-1.145***	-1.305**	-2.095***	-1.086***
	(3.856)	(2.516)	(3.235)	(2.753)	(1.103)	(0.566)	(1.225)	(0.849)
	[0.188]	[0.394]	[0.179]	[0.296]	[0.001]	[0.034]	[0.00]	[0.000]
Observations	312	468	234	390	312	468	234	390
States	8	12	6	10	8	12	6	10
R-squared	0.490	0.481	0.579	0.550	0.469	0.638	0.604	0.457
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Only South Census Region States are included to check the sensitivity of baseline TWFE estimates in Table 1.1. Robust standard errors clustered at the state level are in parentheses. The p-values of wild cluster bootstrap (WCB) standard errors are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A25: (TWFE Estimates Robustness Check - West Census Region States Only) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.061***				0.009*			
	(0.037)				(0.009)			
	[0.000]				[0.089]			
PACToCand		0.049***				0.004		
		(0.035)				(0.009)		
		[0.003]				[0.452]		
CorpToCand			0.071***				0.009	
			(0.039)				(0.009)	
			[0.000]				[0.118]	
LaborToCand				0.071***				0.009
				(0.039)				(0.009)
				[0.000]				[0.118]
HouseDem	0.203***	0.062	0.220***	0.220***	0.118**	0.129	0.132**	0.132**
	(0.107)	(0.203)	(0.103)	(0.103)	(0.094)	(0.096)	(0.103)	(0.103)
	[0.006]	[0.483]	[0.001]	[0.001]	[0.036]	[0.021]	[0.039]	[0.039]
UnempRate	0.571	-0.480	0.248	0.248	-0.210	-0.321	-0.184	-0.184
	(1.409)	(1.808)	(1.506)	(1.506)	(0.556)	(0.471)	(0.610)	(0.610)
	[0.441]	[0.638]	[0.751]	[0.751]	[0.481]	[0.202]	[0.591]	[0.591]
PovertyRate	0.581*	0.628*	1.028***	1.028***	0.045	-0.004	0.037	0.037
	(0.530)	(0.515)	(0.450)	(0.450)	(0.167)	(0.123)	(0.170)	(0.170)
	[0.087]	[0.092]	[0.010]	[0.010]	[0.707]	[0.969]	[0.807]	[0.807]
lnStateGDPPC	0.490***	0.518**	0.514***	0.514***	0.209*	0.102	0.192	0.192
	(0.244)	(0.183)	(0.237)	(0.237)	(0.216)	(0.125)	(0.214)	(0.214)
	[0.000]	[0.015]	[0.000]	[0.000]	[0.095]	[0.107]	[0.128]	[0.128]
Constant	-3.462***	-3.682	-3.768***	-3.768***	-2.285*	-1.130	-2.118	-2.118
	(2.666)	(2.007)	(2.589)	(2.589)	(2.389)	(1.397)	(2.372)	(2.372)
	[0.007]	[0.108]	[0.000]	[0.000]	[0.094]	[0.110]	[0.126]	[0.126]
Observations	429	468	390	390	429	468	390	390
States	11	12	10	10	11	12	10	10
R-squared	0.602	0.725	0.617	0.617	0.269	0.251	0.280	0.280
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Only West Census Region States are included to check the sensitivity of baseline TWFE estimates in Table 1.1. Robust standard errors clustered at the state level are in parentheses. The p-values of wild cluster bootstrap (WCB) standard errors are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

Table A26: (TWFE Estimates Robustness Check - Campaign Finance Laws Indices) Effect of Campaign Contribution Laws on State Real Minimum Wage & EITC Rate

	Log(State Real MW)				State EITC Rate			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Index_AtLeastOne	0.045***				-0.002			
	(0.009)				(0.007)			
Index_AllAtOnce		0.022**				0.006		
		(0.009)				(0.006)		
Index_PCA			0.008***				0.001	
			(0.002)				(0.001)	
Index_Flavin(2015)				0.012***				0.003
				(0.003)				(0.003)
HouseDem	0.142***	0.147***	0.145***	0.139***	0.164***	0.163***	0.163***	0.161***
	(0.028)	(0.029)	(0.029)	(0.028)	(0.013)	(0.013)	(0.013)	(0.013)
UnempRate	-0.390	-0.305	-0.323	-0.333	0.575***	0.561***	0.566***	0.555***
	(0.278)	(0.279)	(0.278)	(0.282)	(0.134)	(0.135)	(0.134)	(0.138)
PovertyRate	0.285	0.240	0.248	0.257	-0.000	-0.005	-0.000	-0.000
	(0.182)	(0.183)	(0.182)	(0.182)	(0.071)	(0.072)	(0.071)	(0.071)
lnStateGDPPC	0.165***	0.162***	0.162***	0.163***	0.078***	0.078***	0.078***	0.079***
	(0.032)	(0.032)	(0.032)	(0.032)	(0.012)	(0.013)	(0.012)	(0.012)
Constant	0.310	0.377	0.386	0.343	-1.009***	-1.006***	-1.008***	-1.015***
	(0.324)	(0.325)	(0.325)	(0.327)	(0.132)	(0.134)	(0.133)	(0.131)
Observations	1,911	1,911	1,911	1,911	1,911	1,911	1,911	1,911
States	49	49	49	49	49	49	49	49
R-squared	0.620	0.618	0.619	0.619	0.584	0.584	0.584	0.584
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: *Law_AtLeastOne* is a binary variable that equals 1 when at least one of the four contribution laws (*IndvToCand*, *PACToCand*, *CorpToCand*, and *LaborToCand*) is present. *Law_AllAtOnce* is also a binary variable equalling 1 when all contribution laws are simultaneously present. *Index_PCA* is an index created using the first component from Principal Component Analysis (PCA) on the four contribution laws. *Index_Flavin(2015)* is an index of campaign finance laws from Flavin (2015); it is constructed by summing indicator variables for mandatory contributor disclosure requirements, contribution limits on individuals and organizations (corporations, labor unions, etc.) to state candidates, gubernatorial and state elections public financing conditional on following expenditure limits, and 'clean elections' public financing laws. The table includes all states. Panel-corrected standard errors (in parentheses) are used as an alternative SE specification as in Flavin (2015). ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

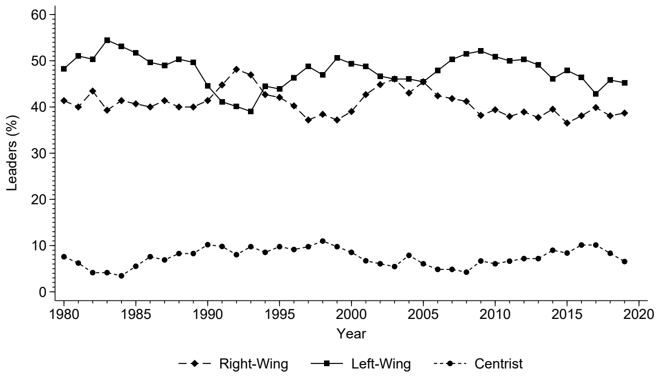
Table A27: (TWFE Estimates Robustness Check - Alternative Health Related Outcome Variables) Effect of Campaign Contribution Laws on Medicaid Beneficiaries & Percentage of Low-Income Uninsured Children

	Log(Medicaid Beneficiaries)				Uninsured Low-Income Children (%)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IndvToCand	0.104***				-2.214***			
	(0.046)				(0.726)			
	[0.000]				[0.000]			
PACToCand		0.088***				-1.619***		
		(0.041)				(0.928)		
		[0.002]				[0.003]		
CorpToCand			0.123***				-2.099***	
			(0.039)				(0.682)	
			[0.000]				[0.000]	
LaborToCand				0.082***				-1.328***
				(0.044)				(1.064)
				[0.000]				[0.004]
HouseDem	0.614***	0.467***	0.481**	0.503**	-0.352	0.858	2.132	0.491
	(0.204)	(0.156)	(0.213)	(0.186)	(2.292)	(1.745)	(2.533)	(1.940)
	[0.000]	[0.000]	[0.000]	[0.000]	[0.802]	[0.385]	[0.207]	[0.662]
UnempRate	-2.480**	-1.338	-3.067*	-0.265	41.219***	41.612***	56.785***	34.996***
	(1.469)	(1.815)	(2.007)	(1.966)	(13.065)	(11.325)	(16.675)	(13.004)
	[0.028]	[0.161]	[0.055]	[0.826]	[0.002]	[0.000]	[0.000]	[0.000]
PovertyRate	0.333	0.478	0.354	0.186	25.233***	21.111***	26.541***	26.361***
	(0.561)	(0.463)	(0.793)	(0.554)	(7.766)	(6.196)	(9.633)	(6.843)
	[0.419]	[0.158]	[0.513]	[0.633]	[0.000]	[0.000]	[0.009]	[0.000]
lnStateGDPPC	-0.781***	-0.497***	-0.968***	-0.560***	4.142***	2.538*	4.706	2.943**
	(0.274)	(0.262)	(0.560)	(0.289)	(2.349)	(2.301)	(5.872)	(2.366)
	[0.000]	[0.000]	[0.000]	[0.000]	[0.004]	[0.066]	[0.217]	[0.043]
Constant	21.624***	18.309***	23.525***	18.947***	-43.724***	-26.907*	-51.930	-31.536*
	(2.935)	(2.829)	(5.991)	(3.115)	(26.436)	(25.698)	(64.931)	(26.543)
	[0.000]	[0.000]	[0.000]	[0.000]	[0.009]	[0.100]	[0.241]	[0.071]
Observations	839	1,100	550	927	580	760	380	640
States	29	38	19	32	29	38	19	32
R-squared	0.981	0.983	0.975	0.980	0.783	0.774	0.758	0.738
State FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Two alternative outcome variables are used to check the sensitivity of baseline TWFE estimates in Table 1.1. The alternative outcome variables are the number of Medicaid beneficiaries (logged) and the percentage of low-income uninsured children. Robust standard errors clustered at the state level are in parentheses. The p-values of wild cluster bootstrap (WCB) standard errors are in square brackets. The table does not include always-treated states. ***, **, and * indicate WCB statistical significance at 1%, 5%, and 10% levels, respectively.

B Chapter 2

Figure B1: Percentage of Countries With Right-Wing, Left-Wing, and Centrist Political Leaders by Year



Notes: The graph shows the percentage of leaders' political ideologies across the years. The years are listed on the x-axis, and the percentage of right-wing (diamond), left-wing (square), and centrist (circle) heads of governments are shown on the x-axis.

Table B2: Description of IMF Conditions by Policy Areas

Policy Area	Description
External Debt (DEB)	Debt management and external arrears. Includes standardized quantitative conditions: - Medium/long-term external debt - Subceiling on medium/long-term external debt - Short-term debt - No new arrears - Ceilings on external arrears If unclear whether arrears are domestic or external, they are assumed to be external.
Financial Sector, Monetary Policy, and Central Bank (FIN)	Financial institution regulation, financial state-owned enterprise privatization, treasury bills, interest rates, Central Bank regulation, money supply, and domestic credit. Includes standardized quantitative conditions: - Net domestic assets - Credit to government - Credit to public sector
Fiscal Policy (FP)	Expenditure administration, fiscal transparency, audits, budget preparation, domestic arrears, and fiscal balance. Includes standardized quantitative conditions: - Fiscal deficit - Domestic arrears
External Sector: Trade and Exchange System (EXT)	Foreign reserves, trade liberalization, exchange rate policy, capital account liberalization, and foreign direct investment. Includes standardized quantitative condition: - Net international reserves Excludes customs administration (see Revenues and Tax Policy).
Revenues and Tax Policy (RTP)	Tax policy, tax administration, customs administration, user fees, and audits of private enterprises. Excludes trade taxes (see External Sector) and user fees in social sectors (see Social Policy).
State-Owned Enterprise Reform and Pricing (SOE)	Nonfinancial state-owned enterprise restructuring, subsidies, price liberalization, audits of state-owned enterprises, marketing board reforms, and corporatization and rationalization. Excludes price increases for basic needs goods (see Social Policy).
Labour Issues: Public and Private Sector (LAB)	Wage and employment limits, labor market laws, pensions, and social security institutions. Excludes measures related to labor in social sectors (see Social Policy and Poverty Reduction Policies) and income taxes (see Revenue and Tax Policy).
State-Owned Enterprise Privatisation (PRI)	Nonfinancial state-owned enterprise privatization (including liquidation and bankruptcy proceedings).
Social Policy: Restrictive or Neutral (SP)	Social sector policies (including health, education, and housing), social sector restructuring, and price increases for basic needs goods (including food, water, public transport, and electricity and gas when explicitly for households). Excludes poverty reduction policies (see Poverty Reduction Policies).
Poverty Reduction Policies (POV)	Poverty Reduction Strategy Paper development, increases in social sector spending, and implementation of social safety nets.
Institutional Reforms (INS)	Judicial system reforms, anti-corruption measures, competition enhancement, private sector development, combating economic crimes and financing terrorism, devolution, and sectoral policies. Excludes social sector policies (see Social Policy and Poverty Reduction Policies).
Land and environment (ENV)	Land registries, granting of property rights, environmental regulations, and access to commons.
Other: residual category (OTH)	National accounts frameworks, establishing statistical authorities, statistical standards and improvements, household surveys and censuses.

Notes: The Table is adapted from the Table 5 in Kentikelenis and Stubbs (2023) (pg. 18-19). The description of each of the thirteen IMF conditionalities classified by policy areas is shown.

Table B3: Country Classification - North, Emerging South, and Rest of the South

Global North		Global South		
		Emerging South		Rest of the South
Australia	Portugal	Argentina	Pakistan	All Other Countries
Austria	Slovenia	Bangladesh	Peru	
Belgium	Spain	Brazil	Philippines	
Canada	Sweden	Bulgaria	Poland	
Denmark	Switzerland	Chile	Qatar	
Finland	United Kingdom	China	South Korea	
France	United States	Colombia	Romania	
Germany		Czech Republic	Russia	
Greece		Egypt	Slovakia	
Iceland		Hungary	South Africa	
Ireland		India	Taiwan	
Israel		Indonesia	Thailand	
Italy		Iran	Turkey	
Japan		Malaysia	Ukraine	
Luxembourg		Mauritius	United Arab Emirates	
Netherlands		Mexico	Venezuela	
New Zealand		Nigeria	Vietnam	
Norway		Oman		

Notes: As of 2023, High-income Organisation for Economic Co-operation and Development (OECD) Member countries as of 2023 are classified as the Global North.

Table B4: Country Classification - World Bank Regions

Sub-Saharan Africa		Europe & Central Asia		Latin America & Caribbean	
Benin	Liberia	Albania	Kyrgyzstan	Argentina	Peru
Botswana	Madagascar	Armenia	Latvia	Bahamas	Saint Lucia
Burkina Faso	Malawi	Austria	Lithuania	Barbados	Suriname
Burundi	Mali	Azerbaijan	Luxembourg	Belize	Trinidad and Tobago
Cabo Verde	Mauritania	Belarus	Netherlands	Bolivia	Uruguay
Cameroon	Mauritius	Belgium	North Macedonia	Brazil	Venezuela
Central African Republic	Mozambique	Bosnia and Herzegovina	Norway	Chile	
Chad	Namibia	Bulgaria	Poland	Colombia	
Comoros	Niger	Croatia	Portugal	Costa Rica	
Republic of Congo	Nigeria	Cyprus	Moldova	Cuba	
Cote d'Ivoire	Rwanda	Czech Republic	Russia	Dominican Republic	
Democrtic Republic of Congo	Senegal	Denmark	Slovakia	Ecuador	
Equatorial Guinea	Seychelles	Estonia	Slovenia	El Salvador	
Eritrea	Sierra Leone	Finland	Spain	Grenada	
Eswatini	Somalia	France	Sweden	Guatemala	
Ethiopia	South Africa	Georgia	Switzerland	Guyana	
Gabon	Sudan	Germany	Tajikistan	Haiti	
Gambia	Togo	Greece	Turkey	Honduras	
Ghana	Tanzania	Hungary	Turkmenistan	Jamaica	
Guinea	Uganda	Iceland	Ukraine	Mexico	
Guinea-Bissau	Zambia	Ireland	United Kingdom	Nicaragua	
Kenya	Zimbabwe	Italy	Uzbekistan	Panama	
Lesotho		Kazakhstan		Paraguay	

Middle East & North Africa	North America	South Asia	East Asia & Pacific	
Bahrain	Canada	Afghanistan	Australia	Taiwan
Djibouti	United States	Bangladesh	Brunei Darussalam	Thailand
Egypt		Bhutan	Cambodia	Vanuatu
Iran		India	China	Vietnam
Iraq		Maldives	Fiji	
Israel		Nepal	Indonesia	
Jordan		Pakistan	Japan	
Kuwait		Sri Lanka	North Korea	
Lebanon			Laos	
Libya			Malaysia	
Malta			Mongolia	
Morocco			Myanmar	
Oman			New Zealand	
Qatar			Papua New Guinea	
Saudi Arabia			Philippines	
Syria			South Korea	
Tunisia			Samoa	
United Arab Emirates			Singapore	
Yemen			Solomon Islands	

Notes: The table shows the World Bank's classification of countries by seven regions (WB, 2017).

Table B5: Summary Statistics

	(1) Obs.	(2) Mean	(3) SD	(4) Max.	(5) Min.
Right-Wing	6,419	0.384	0.486	1	0
Left-Wing	6,419	0.455	0.498	1	0
Centrist	6,419	0.0952	0.293	1	0
LeadRight-Wing	6,399	0.409	0.492	1	0
LeadLeft-Wing	6,399	0.477	0.500	1	0
LeadCentrist	6,399	0.0750	0.263	1	0
DPIRight-Wing	9,206	0.147	0.354	1	0
DPILeft-Wing	9,206	0.210	0.408	1	0
DPICentrist	9,206	0.0521	0.222	1	0
IMFProg	8,512	0.213	0.409	1	0
BA1TOT	8,093	7.940	16.98	148	0
BA2TOT	8,093	5.265	11.74	124	0
BA3TOT	8,093	13.21	28.33	272	0
dBA1TOT	7,029	6.805	15.30	122	0
dBA2TOT	7,029	4.643	10.75	93	0
dBA3TOT	7,029	11.45	25.71	204	0
QCsTOT	8,093	5.869	12.37	89	0
QPCsTOT	8,093	4.381	9.682	63	0
IBsTOT	8,093	1.487	4.658	56	0
PAsTOT	8,093	0.634	2.791	78	0
SBsTOT	8,093	1.188	3.435	54	0
SPCsTOT	8,093	0.249	1.084	27	0
SCsTOT	8,093	2.071	5.777	94	0
RGDPGR	6,882	0.0341	0.129	2.634	-3.142
RGDPPC	6,910	16,420	23,782	444,763	246.7
lnRGDPPC	6,910	9.006	1.231	13.01	5.508
SchSecond	5,764	23.26	16.15	84.77	-1.213
Inflation	6,221	28.19	382.7	23,773	-17.64
GovConsump	6,052	16.76	8.640	147.7	0
CurrAccBal	5,995	-3.010	13.52	311.8	-240.5
Union	6,282	0.396	1.290	3.418	-3.141
Gini	6,920	0.572	0.0986	0.781	0.211
lnRER	6,910	0.947	0.557	3.462	-3.107
KAOpen	6,068	0.474	0.369	1	0
PctAgreeUS	6,215	0.217	0.150	1	0
UNSC	6,936	0.0561	0.230	1	0
PolSys	6,576	0.759	0.911	2	0
Plurality	5,368	0.666	0.472	1	0
ICRG	4,266	4.042	0.266	4.466	1.921
Bicameral	6,334	1.306	0.573	2	0

Notes: 'Obs.' is the number of observations, 'SD' stands for standard deviation, 'Min.' and 'Max.' denote the minimum and the maximum values. The variables are abbreviated as follows. *Left-Wing*, *Right-Wing*, and *Centrist* represent the political ideology of heads of governments. The suffix *Lead* denotes the ideology for political leaders, and *DPI* represents ideology from an alternative dataset, i.e., the Database of Political Institutions. *IMFProg* is an indicator of the IMF program's presence. *BA* represents the IMF conditionality burden or burden of adjustment indicators; *TOT* means aggregate or total. The numerical infixes – *1*, *2*, and *3* — distinguish between a simple sum (total) of hard and soft conditions, a simple sum of hard conditions only, and a weighted sum of hard and soft conditions, respectively. The suffix *d* is employed to represent implementation-discounted conditions. *QCs*, *QPCs*, *IBs*, *PAs*, *SBs*, *SPCs*, *SCs* are all IMF condition types denoting total quantitative conditions, quantitative performance criteria, indicative benchmarks, prior actions, structural benchmarks, structural performance criteria, and total structural conditions, respectively. The real GDP growth rate and real GDP per capita log are given by *RGDPGR* and *lnRGDPPC*. The percentage of the population to have completed secondary schooling is *SchSecond*. *Inflation* is the rate of inflation. *GovConsump* and *CurrAccBal* represent the government's final consumption expenditure and current account balance as percentages of GDP. The exchange rate log is denoted by *lnRER*. *KAOpen* is an index of capital account openness. *PctAgreeUS* is a measure of voting alignment with the United States in the United Nations General Assembly. The temporary and permanent membership in the United Nations Security Council is denoted by *UNSC*. *PolSys* represents either a presidential, parliamentary, or assembly-elected presidential system. *Plurality* represents a plurality voting system in contrast to majority voting. *ICRG* is a composite indicator representing the quality of institutions. Lastly, *Bicameral* denotes bicameral legislature in a country as compared to a unicameral legislative system.

Table B6: (CMP Estimates - Alternative Aggregate Conditions Measures - Full Table) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)	(4)	(5)	(6)
	BA1TOT	*BA3TOT*	*cBATOT*	*dBA1TOT*	*dBA2TOT*	*dBA3TOT*
	Panel (A): *Left-Wing*					
Left-Wing$_{it-1}$	-0.283***	-0.292***	-0.241***	-0.253**	-0.249**	-0.247**
	(0.083)	(0.088)	(0.079)	(0.106)	(0.112)	(0.105)
IntIMF55$_{it-1}$	-0.189***	-0.179***	-0.200***	-0.200***	-0.197***	-0.199***
	(0.054)	(0.058)	(0.058)	(0.055)	(0.061)	(0.056)
RGDPGR$_{it-1}$	0.008	0.005	-0.014	-0.015	-0.021	-0.017
	(0.096)	(0.095)	(0.096)	(0.100)	(0.098)	(0.099)
lnRGDPPC$_{it-1}$	-0.219***	-0.214***	-0.227***	-0.230***	-0.230***	-0.231***
	(0.051)	(0.051)	(0.053)	(0.057)	(0.056)	(0.056)
Inflation$_{it-1}$	-0.005**	-0.005**	-0.006**	-0.005**	-0.006**	-0.006**
	(0.002)	(0.002)	(0.002)	(0.003)	(0.003)	(0.003)
GovConsump$_{it-1}$	0.429	0.397	0.380	0.433	0.408	0.429
	(0.298)	(0.297)	(0.308)	(0.309)	(0.306)	(0.306)
CurrAccBal$_{it-1}$	0.202**	0.189**	0.200**	0.219**	0.212*	0.218**
	(0.093)	(0.095)	(0.101)	(0.105)	(0.109)	(0.106)
Constant	3.289***	3.209***	3.417***	3.427***	3.423***	3.431***
	(0.490)	(0.515)	(0.502)	(0.532)	(0.556)	(0.532)
F-stat for Program	12.090***	9.577***	11.914***	13.093***	10.635***	12.434***
	Panel (B): *Right-Wing*					
Right-Wing$_{it-1}$	0.219**	0.216**	0.177**	0.167*	0.154*	0.159*
	(0.090)	(0.095)	(0.079)	(0.089)	(0.090)	(0.088)
IntIMF55$_{it-1}$	-0.188***	-0.182***	-0.197***	-0.198***	-0.202***	-0.198***
	(0.054)	(0.057)	(0.058)	(0.054)	(0.056)	(0.054)
RGDPGR$_{it-1}$	0.010	0.005	-0.026	-0.031	-0.036	-0.033
	(0.096)	(0.095)	(0.094)	(0.097)	(0.096)	(0.096)
lnRGDPPC$_{it-1}$	-0.255***	-0.253***	-0.261***	-0.269***	-0.269***	-0.269***
	(0.048)	(0.048)	(0.050)	(0.050)	(0.050)	(0.050)
Inflation$_{it-1}$	-0.006***	-0.006**	-0.006***	-0.007***	-0.007***	-0.007***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
GovConsump$_{it-1}$	0.477	0.454	0.415	0.477	0.456	0.472
	(0.310)	(0.312)	(0.327)	(0.322)	(0.319)	(0.321)
CurrAccBal$_{it-1}$	0.238**	0.232**	0.232**	0.261**	0.257**	0.260**
	(0.099)	(0.101)	(0.106)	(0.106)	(0.109)	(0.107)
Constant	3.402***	3.369***	3.543***	3.599***	3.640***	3.613***
	(0.484)	(0.506)	(0.497)	(0.483)	(0.492)	(0.484)
F-stat for Program	11.953***	10.375***	11.615***	13.536***	12.882***	13.264***
	Panel (C): *Centrist*					
Centrist$_{it-1}$	0.074	0.136	0.114	0.112	0.151	0.127
	(0.263)	(0.303)	(0.106)	(0.156)	(0.165)	(0.158)
IntIMF55$_{it-1}$	-0.191***	-0.195***	-0.229***	-0.231***	-0.245***	-0.236***
	(0.067)	(0.067)	(0.059)	(0.061)	(0.060)	(0.061)
RGDPGR$_{it-1}$	-0.062	-0.071	-0.044	-0.056	-0.054	-0.056
	(0.110)	(0.109)	(0.099)	(0.100)	(0.100)	(0.100)
lnRGDPPC$_{it-1}$	-0.273***	-0.270***	-0.270***	-0.272***	-0.269***	-0.271***
	(0.057)	(0.060)	(0.056)	(0.058)	(0.060)	(0.059)
Inflation$_{it-1}$	-0.009***	-0.009***	-0.009***	-0.009***	-0.009***	-0.009***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
GovConsump$_{it-1}$	0.453	0.436	0.469	0.437	0.434	0.435
	(0.348)	(0.351)	(0.329)	(0.333)	(0.332)	(0.332)
CurrAccBal$_{it-1}$	0.308**	0.305**	0.291**	0.295**	0.292**	0.294**
	(0.121)	(0.125)	(0.117)	(0.122)	(0.122)	(0.123)
Constant	3.779***	3.781***	3.904***	3.949***	3.993***	3.961***
	(0.539)	(0.569)	(0.502)	(0.515)	(0.522)	(0.518)
F-stat for Program	8.248***	8.556***	15.101***	14.574***	16.655***	15.081***
Observations	5,330	5,330	5,273	5,273	5,273	5,273
Countries	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. Columns (1) to (6) represent different alternate aggregate conditions measures. The prefix *c* and *d* depicts the implementation corrected and implementation discounted conditions, and the suffix *TOT* denotes the total conditions in each category. *BA1* gives the simple condition count (hard plus soft conditions); the count of only hard conditions is *BA2*; and the weighted condition count is given by *BA3*. The corresponding estimates for Eq. (2) and Eq. (3) are provided in Table B7 and Table B8, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B7: (CMP Estimates - Alternative Aggregate Conditions Measures - Full Table) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)	(4)	(5)	(6)
	BA1TOT	*BA3TOT*	*cBATOT*	*dBA1TOT*	*dBA2TOT*	*dBA3TOT*
	Panel (A): *Left-Wing*					
Left-Wing$_{it-1}$	-18.491***	-31.296***	-12.389***	-16.300***	-11.821***	-27.678***
	(1.220)	(1.970)	(0.793)	(1.104)	(0.820)	(1.817)
IntIMFCond$_{it-1}$	-0.079*	-0.097**	-0.172***	-0.120**	-0.168***	-0.139***
	(0.044)	(0.047)	(0.052)	(0.048)	(0.052)	(0.049)
RGDPGR$_{it-1}$	-1.844	-4.161	-2.839	-0.152	-0.931	-1.085
	(3.705)	(6.299)	(2.776)	(3.878)	(2.759)	(6.562)
lnRGDPPC$_{it-1}$	-9.703***	-16.138***	-6.536***	-8.626***	-5.709***	-14.451***
	(2.332)	(3.932)	(1.699)	(2.269)	(1.592)	(3.841)
Inflation$_{it-1}$	-0.041	-0.066	-0.033	-0.025	-0.013	-0.046
	(0.049)	(0.082)	(0.033)	(0.048)	(0.034)	(0.082)
GovConsump$_{it-1}$	-3.639	-6.089	-3.597	-10.054	-6.926	-16.077
	(9.032)	(15.490)	(6.842)	(9.576)	(7.038)	(16.270)
CurrAccBal$_{it-1}$	2.693	4.691	1.958	1.134	0.994	2.409
	(3.181)	(5.441)	(2.443)	(3.115)	(2.269)	(5.326)
Constant	123.707***	212.027***	93.535***	123.565***	88.547***	212.685***
	(20.993)	(36.102)	(15.786)	(20.685)	(14.892)	(35.359)
F-stat for Conditions	3.155*	4.203**	11.189***	6.225**	10.519***	8.152***
	Panel (B): *Right-Wing*					
Right-Wing$_{it-1}$	18.020***	30.474***	12.095***	16.117***	11.736***	27.285***
	(1.583)	(2.739)	(0.933)	(1.189)	(0.888)	(2.087)
IntIMFCond$_{it-1}$	-0.068	-0.085*	-0.143***	-0.095**	-0.140***	-0.113**
	(0.043)	(0.045)	(0.050)	(0.046)	(0.050)	(0.047)
RGDPGR$_{it-1}$	-0.741	-2.364	-2.594	0.159	-0.753	-0.611
	(3.564)	(6.037)	(2.585)	(3.677)	(2.568)	(6.179)
lnRGDPPC$_{it-1}$	-11.820***	-19.798***	-8.122***	-10.945***	-7.408***	-18.394***
	(2.184)	(3.713)	(1.596)	(2.114)	(1.504)	(3.593)
Inflation$_{it-1}$	-0.064	-0.114	-0.049	-0.054	-0.038	-0.099
	(0.063)	(0.110)	(0.040)	(0.056)	(0.040)	(0.095)
GovConsump$_{it-1}$	0.997	2.263	-0.585	-4.380	-2.780	-6.482
	(8.786)	(14.951)	(6.836)	(9.246)	(6.844)	(15.861)
CurrAccBal$_{it-1}$	4.400	7.727	3.223	3.400	2.631	6.243
	(3.240)	(5.611)	(2.442)	(3.136)	(2.303)	(5.397)
Constant	124.238***	213.023***	93.749***	125.092***	89.598***	215.228***
	(20.159)	(34.925)	(15.146)	(19.834)	(14.362)	(33.956)
F-stat for Conditions	2.512	3.529*	8.261***	4.249**	7.931***	5.813**
	Panel (C): *Centrist*					
Centrist$_{it-1}$	-17.896**	-26.794	15.494***	-16.138**	-11.043**	-26.516**
	(8.850)	(18.618)	(3.295)	(6.632)	(5.507)	(11.686)
IntIMFCond$_{it-1}$	-0.109*	-0.140**	-0.254***	-0.149**	-0.220**	-0.176**
	(0.056)	(0.063)	(0.070)	(0.074)	(0.090)	(0.079)
RGDPGR$_{it-1}$	-2.193	-5.511	-3.653	-0.860	-1.366	-2.254
	(4.480)	(7.798)	(3.050)	(4.048)	(2.824)	(6.804)
lnRGDPPC$_{it-1}$	-14.381***	-24.417***	-7.411***	-12.773***	-8.735***	-21.454***
	(2.559)	(4.357)	(1.879)	(2.388)	(1.716)	(4.077)
Inflation$_{it-1}$	-0.273***	-0.483***	-0.165***	-0.245***	-0.171***	-0.415***
	(0.094)	(0.155)	(0.049)	(0.078)	(0.052)	(0.129)
GovConsump$_{it-1}$	6.291	11.947	6.132	-0.410	0.461	0.191
	(12.169)	(21.578)	(8.636)	(12.499)	(9.375)	(21.549)
CurrAccBal$_{it-1}$	10.654**	19.080**	5.474	8.817**	6.694**	15.477**
	(4.914)	(8.725)	(3.330)	(4.493)	(3.264)	(7.684)
Constant	165.140***	288.655***	107.847***	161.341***	118.260***	278.575***
	(23.570)	(41.706)	(18.952)	(22.258)	(16.493)	(38.539)
F-stat for Conditions	3.770*	4.957**	13.130***	4.057**	5.940**	4.986**
Observations	5,330	5,330	5,273	5,273	5,273	5,273
Countries	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is the total number of IMF conditions (t-1). $IntIMFCond_{t-1}$ is the compound instrument for the number of IMF conditions. Columns (1) to (6) represent different alternate aggregate conditions measures. The prefix *c* and *d* depicts the implementation corrected and implementation discounted conditions, and the suffix *TOT* denotes the total conditions in each category. *BA1* gives the simple condition count (hard plus soft conditions); the count of only hard conditions is *BA2*; and the weighted condition count is given by *BA3*. The corresponding estimates for Eq. (1) and Eq. (3) are provided in Table 2.2 and Table 2.10, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B8: (CMP Estimates - Alternative Aggregate Conditions Measures - Full Table) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)	(4)	(5)	(6)
	BA1TOT	*BA3TOT*	*cBATOT*	*dBA1TOT*	*dBA2TOT*	*dBA3TOT*
	Panel (A): *Left-Wing* (Outcome Variable)					
$IMFProg_{it-1}$	0.142	0.102	0.116	-0.021	-0.033	0.002
	(0.315)	(0.332)	(0.265)	(0.356)	(0.356)	(0.345)
$IMFCond_{it-1}$	-0.027***	-0.015***	-0.035***	-0.023***	-0.031***	-0.014***
	(0.007)	(0.004)	(0.008)	(0.008)	(0.010)	(0.004)
$RGDPGR_{it-1}$	0.187*	0.166	0.151	0.253**	0.216**	0.238**
	(0.103)	(0.104)	(0.108)	(0.107)	(0.105)	(0.106)
$lnRGDPPC_{it-1}$	-0.162**	-0.153**	-0.131*	-0.141**	-0.118*	-0.134*
	(0.066)	(0.065)	(0.068)	(0.071)	(0.067)	(0.069)
$Union_{it-1}$	0.051**	0.048**	0.044*	0.050**	0.045*	0.048*
	(0.022)	(0.022)	(0.024)	(0.025)	(0.025)	(0.025)
$SchSecond_{it-1}$	0.198	0.198	0.348**	0.357**	0.348**	0.352**
	(0.137)	(0.137)	(0.174)	(0.178)	(0.177)	(0.177)
Constant	2.012***	1.953***	1.661***	1.836***	1.628***	1.777***
	(0.550)	(0.547)	(0.574)	(0.604)	(0.577)	(0.592)
F-stat for Program	12.090***	9.577***	11.914***	13.093***	10.635***	12.434***
F-stat for Conditions	3.155*	4.203**	11.189***	6.225**	10.519***	8.152***
F-stat Joint	12.98***	9.629***	14.344***	13.745***	14.268***	13.868***
	Panel (B): *Right-Wing* (Outcome Variable)					
$IMFProg_{it-1}$	-0.401	-0.406	-0.356	-0.271	-0.280	-0.302
	(0.339)	(0.351)	(0.269)	(0.283)	(0.274)	(0.275)
$IMFCond_{it-1}$	0.032***	0.019***	0.041***	0.029***	0.039***	0.017***
	(0.007)	(0.004)	(0.008)	(0.006)	(0.008)	(0.003)
$RGDPGR_{it-1}$	-0.082	-0.057	-0.023	-0.141	-0.095	-0.123
	(0.101)	(0.102)	(0.101)	(0.101)	(0.099)	(0.101)
$lnRGDPPC_{it-1}$	0.214***	0.205***	0.168***	0.181***	0.154**	0.173***
	(0.060)	(0.059)	(0.063)	(0.066)	(0.062)	(0.064)
$Union_{it-1}$	-0.084***	-0.081***	-0.076***	-0.081***	-0.075***	-0.079***
	(0.020)	(0.020)	(0.023)	(0.024)	(0.024)	(0.024)
$SchSecond_{it-1}$	0.037	0.039	-0.036	-0.035	-0.023	-0.030
	(0.153)	(0.153)	(0.187)	(0.190)	(0.188)	(0.189)
Constant	-1.537***	-1.464***	-1.064**	-1.249**	-0.994*	-1.176**
	(0.531)	(0.525)	(0.543)	(0.577)	(0.548)	(0.566)
F-stat for Program	11.953***	10.375***	11.615***	13.536***	12.882***	13.264***
F-stat for Conditions	2.512	3.529*	8.261***	4.249**	7.931***	5.813**
F-stat Joint	13.831***	11.273***	12.078***	13.552***	13.491***	13.314***
	Panel (C): *Centrist* (Outcome Variable)					
$IMFProg_{it-1}$	0.587**	0.628**	-0.272*	0.389**	0.400*	0.403**
	(0.249)	(0.258)	(0.143)	(0.193)	(0.211)	(0.202)
$IMFCond_{it-1}$	-0.018***	-0.011***	0.018**	-0.013**	-0.017*	-0.008*
	(0.005)	(0.003)	(0.007)	(0.006)	(0.010)	(0.004)
$RGDPGR_{it-1}$	-0.007	-0.026	-0.040	-0.027	-0.050	-0.036
	(0.064)	(0.064)	(0.059)	(0.058)	(0.056)	(0.057)
$lnRGDPPC_{it-1}$	-0.113**	-0.102**	0.037	-0.078*	-0.063	-0.073
	(0.046)	(0.049)	(0.035)	(0.046)	(0.043)	(0.045)
$Union_{it-1}$	0.058***	0.055***	0.044**	0.052***	0.048***	0.050***
	(0.018)	(0.018)	(0.020)	(0.018)	(0.018)	(0.018)
$SchSecond_{it-1}$	-0.222**	-0.224**	-0.242**	-0.296**	-0.306**	-0.300**
	(0.109)	(0.109)	(0.118)	(0.126)	(0.126)	(0.126)
Constant	0.983*	0.854	-0.448	0.691	0.537	0.646
	(0.515)	(0.574)	(0.318)	(0.450)	(0.422)	(0.440)
F-stat for Program	8.248***	8.556***	15.101***	14.574***	16.655***	15.081***
F-stat for Conditions	3.770*	4.957**	13.130***	4.057**	5.940**	4.986**
F-stat Joint	8.304**	8.615**	16.74***	16.171***	17.088***	16.079***
Observations	5,330	5,330	5,273	5,273	5,273	5,273
Countries	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is *Left-Wing* political ideology in Panel (A), *Right-Wing* in Panel (B), and *Centrist* in Panel (C). Columns (1) to (6) represent different alternate aggregate conditions measures. The prefix *c* and *d* depicts the implementation corrected and implementation discounted conditions, and the suffix *TOT* denotes the total conditions in each category. *BA1* gives the simple condition count (hard plus soft conditions); the count of only hard conditions is *BA2*; and the weighted condition count is given by *BA3*. The corresponding estimates for Eq. (1) and Eq. (2) are provided in Table B6 and Table B7, respectively. The Kleibergen-Paap F-stat is given to address any concern about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B9: (CMP Estimates - By Quantitative & Structural Conditions - Full Table) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Quantitative Conditions			*Structural Conditions*			
	QCsTOT	*QPCsTOT*	*IBsTOT*	*SCsTOT*	*PAsTOT*	*SPCsTOT*	*SBsTOT*
	Panel (A): *Left-Wing*						
$Left\text{-}Wing_{it-1}$	-0.322***	-0.393***	-0.388***	-0.231***	-0.438***	-0.297	-0.262***
	(0.096)	(0.075)	(0.097)	(0.074)	(0.030)	(0.350)	(0.067)
$IntIMF55_{it-1}$	-0.150***	-0.119**	-0.152**	-0.245***	-0.108**	-0.172	-0.255***
	(0.055)	(0.057)	(0.072)	(0.059)	(0.045)	(0.186)	(0.055)
$RGDPGR_{it-1}$	-0.007	-0.008	-0.016	0.009	-0.015	-0.039	0.010
	(0.094)	(0.088)	(0.091)	(0.098)	(0.086)	(0.092)	(0.097)
$lnRGDPPC_{it-1}$	-0.208***	-0.178***	-0.194***	-0.236***	-0.162***	-0.213*	-0.239***
	(0.053)	(0.050)	(0.057)	(0.052)	(0.047)	(0.129)	(0.051)
$Inflation_{it-1}$	-0.004	-0.002	-0.003	-0.007***	-0.002	-0.005	-0.005***
	(0.002)	(0.002)	(0.003)	(0.002)	(0.002)	(0.007)	(0.002)
$GovConsump_{it-1}$	0.419	0.241	0.268	0.379	0.070	0.317	0.413
	(0.298)	(0.283)	(0.312)	(0.306)	(0.200)	(0.477)	(0.293)
$CurrAccBal_{it-1}$	0.186*	0.124	0.152	0.221**	0.090	0.177	0.229***
	(0.102)	(0.090)	(0.109)	(0.092)	(0.067)	(0.219)	(0.088)
Constant	3.053***	2.720***	3.008***	3.667***	2.589***	3.307*	3.716***
	(0.518)	(0.508)	(0.656)	(0.509)	(0.470)	(1.694)	(0.483)
F-stat for Program	7.437***	4.349**	4.486**	16.966***	5.798**	0.857	21.61***
	Panel (B): *Right-Wing*						
$Right\text{-}Wing_{it-1}$	0.247**	0.321**	0.362**	0.173**	0.435***	0.140	0.218***
	(0.119)	(0.136)	(0.171)	(0.069)	(0.025)	(0.113)	(0.069)
$IntIMF55_{it-1}$	-0.153***	-0.127	-0.142	-0.252***	-0.093**	-0.231***	-0.258***
	(0.056)	(0.077)	(0.119)	(0.057)	(0.042)	(0.069)	(0.055)
$RGDPGR_{it-1}$	-0.004	0.005	0.000	0.007	-0.003	-0.041	0.014
	(0.094)	(0.086)	(0.089)	(0.097)	(0.076)	(0.092)	(0.095)
$lnRGDPPC_{it-1}$	-0.251***	-0.229***	-0.234***	-0.266***	-0.203***	-0.271***	-0.269***
	(0.049)	(0.051)	(0.067)	(0.049)	(0.046)	(0.053)	(0.048)
$Inflation_{it-1}$	-0.005*	-0.003	-0.004	-0.008***	-0.002	-0.008***	-0.006***
	(0.003)	(0.003)	(0.004)	(0.002)	(0.001)	(0.002)	(0.002)
$GovConsump_{it-1}$	0.491	0.349	0.326	0.411	0.095	0.424	0.446
	(0.309)	(0.317)	(0.383)	(0.315)	(0.187)	(0.327)	(0.299)
$CurrAccBal_{it-1}$	0.232**	0.173	0.182	0.250***	0.109*	0.257**	0.255***
	(0.111)	(0.113)	(0.145)	(0.096)	(0.064)	(0.111)	(0.091)
Constant	3.212***	2.894***	3.003***	3.807***	2.534***	3.878***	3.806***
	(0.523)	(0.683)	(1.047)	(0.489)	(0.471)	(0.581)	(0.473)
F-stat for Program	7.551***	2.698*	1.428	19.813***	4.831**	11.073***	22.156***
	Panel (C): *Centrist*						
$Centrist_{it-1}$	0.237	0.617	0.388	0.020	0.124	0.243	-0.065
	(0.477)	(0.699)	(0.383)	(0.131)	(0.120)	(0.299)	(0.117)
$IntIMF55_{it-1}$	-0.154**	-0.149***	-0.230***	-0.264***	-0.245***	-0.238***	-0.266***
	(0.071)	(0.051)	(0.073)	(0.054)	(0.057)	(0.063)	(0.055)
$RGDPGR_{it-1}$	-0.082	-0.038	-0.028	-0.040	-0.039	-0.055	-0.022
	(0.105)	(0.311)	(0.103)	(0.102)	(0.100)	(0.101)	(0.101)
$lnRGDPPC_{it-1}$	-0.252***	-0.178***	-0.239***	-0.283***	-0.270***	-0.264***	-0.286***
	(0.089)	(0.043)	(0.085)	(0.054)	(0.058)	(0.069)	(0.053)
$Inflation_{it-1}$	-0.008***	-0.005	-0.007**	-0.009***	-0.009***	-0.008***	-0.008***
	(0.003)	(0.012)	(0.003)	(0.002)	(0.002)	(0.002)	(0.002)
$GovConsump_{it-1}$	0.391	0.276	0.503	0.430	0.429	0.411	0.451
	(0.417)	(0.259)	(0.311)	(0.332)	(0.332)	(0.324)	(0.327)
$CurrAccBal_{it-1}$	0.296*	0.178	0.256*	0.294**	0.285**	0.290**	0.299***
	(0.155)	(0.310)	(0.148)	(0.115)	(0.118)	(0.125)	(0.111)
Constant	3.480***	2.889***	3.662***	4.168***	3.976***	3.876***	4.183***
	(0.810)	(0.365)	(0.890)	(0.483)	(0.532)	(0.725)	(0.463)
F-stat for Program	4.672**	8.381***	9.906***	23.631***	18.764***	14.168***	23.669***
Observations	5,330	5,330	5,330	5,330	5,330	5,330	5,330
Countries	154	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. Columns (1) to (3) depict the quantitative conditions, and structural conditions are presented in columns (4) to (7). The suffix *TOT* denotes the total conditions in each category. *QCs* stand for Quantitative Conditions; *QPCs* for Quantitative Performance Criteria; *IBs* for Indicative Benchmarks; *SCs* for Structural Conditions; *PAs* for Prior Actions; *SPCs* for Structural Performance Criterion; and *SBs* for Structural Benchmarks. Columns (1) and (4) delineate the broadest dimension of quantitative and structural conditions, whereas (2) and (3) display the two sub-dimensions for quantitative conditions, and (5) to (7) display the three sub-dimensions for structural conditions. The suffix *(H)* distinguishes hard from soft conditions. The corresponding estimates for Eq. (2) and Eq. (3) are provided in Table B10 and Table B11, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B10: (CMP Estimates - By Quantitative & Structural Conditions - Full Table) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Quantitative Conditions			*Structural Conditions*			
	QCsTOT	*QPCsTOT*	*IBsTOT*	*SCsTOT*	*PAsTOT*	*SPCsTOT*	*SBsTOT*
	Panel (A): *Left-Wing*						
$Left\text{-}Wing_{it-1}$	-13.499***	-10.401***	-4.136**	-6.746***	-1.198	-1.242**	-4.023***
	(0.847)	(1.449)	(1.615)	(0.501)	(1.055)	(0.627)	(0.311)
$IntIMFCond_{it-1}$	-0.051	-0.089*	0.056	-0.153***	-0.821***	-0.202	-0.045
	(0.044)	(0.049)	(0.079)	(0.058)	(0.221)	(0.139)	(0.043)
$RGDPGR_{it-1}$	0.818	0.039	0.476	-2.827*	-2.702***	-0.060	-0.295
	(2.565)	(2.145)	(0.858)	(1.526)	(0.974)	(0.250)	(0.823)
$lnRGDPPC_{it-1}$	-6.288***	-4.687***	-0.963*	-3.037***	-1.071***	-0.333***	-1.522***
	(1.649)	(1.290)	(0.523)	(0.799)	(0.378)	(0.120)	(0.416)
$Inflation_{it-1}$	-0.036	-0.039	0.025	0.017	0.050	0.006	0.003
	(0.036)	(0.036)	(0.016)	(0.017)	(0.034)	(0.004)	(0.008)
$GovConsump_{it-1}$	-3.757	-4.697	-5.107	-2.673	-0.984	-0.765	-2.196
	(7.199)	(5.932)	(3.112)	(3.049)	(3.231)	(0.905)	(1.805)
$CurrAccBal_{it-1}$	1.897	1.330	-0.907	-0.103	-0.174	-0.008	-0.345
	(2.264)	(1.956)	(0.989)	(1.180)	(0.981)	(0.189)	(0.682)
Constant	76.957***	63.701***	10.968**	46.103***	28.584***	5.277***	20.711***
	(14.290)	(12.024)	(4.408)	(7.834)	(5.412)	(1.276)	(3.766)
F-stat for Conditions	1.378	3.322*	0.503	6.975***	13.754***	2.127	1.098
	Panel (B): *Right-Wing*						
$Right\text{-}Wing_{it-1}$	13.305***	11.093***	4.399**	6.690***	0.753	1.370***	4.016***
	(1.208)	(0.706)	(2.171)	(0.510)	(0.763)	(0.134)	(0.296)
$IntIMFCond_{it-1}$	-0.045	-0.064	0.080	-0.125**	-0.841***	-0.159**	-0.032
	(0.044)	(0.043)	(0.072)	(0.049)	(0.190)	(0.075)	(0.045)
$RGDPGR_{it-1}$	1.574	0.802	0.750	-2.428*	-2.718***	-0.060	-0.034
	(2.456)	(1.949)	(0.861)	(1.465)	(0.984)	(0.221)	(0.809)
$lnRGDPPC_{it-1}$	-7.907***	-5.748***	-1.348**	-3.810***	-1.240***	-0.509***	-1.976***
	(1.594)	(1.187)	(0.541)	(0.760)	(0.335)	(0.133)	(0.406)
$Inflation_{it-1}$	-0.049	-0.029	0.027*	0.006	0.044	0.002	0.001
	(0.051)	(0.028)	(0.015)	(0.017)	(0.033)	(0.004)	(0.009)
$GovConsump_{it-1}$	0.286	-1.953	-4.506	-1.176	-0.491	-0.285	-1.350
	(7.135)	(5.921)	(3.014)	(2.850)	(3.309)	(0.626)	(1.757)
$CurrAccBal_{it-1}$	3.216	1.890	-0.732	0.550	0.092	0.147	0.011
	(2.518)	(1.850)	(0.847)	(1.068)	(0.977)	(0.196)	(0.630)
Constant	78.341***	60.995***	10.252**	45.203***	29.668***	5.425***	20.636***
	(14.442)	(10.668)	(3.994)	(7.272)	(4.417)	(1.327)	(3.736)
F-stat for Conditions	1.027	2.226	1.229	6.475**	19.602***	4.516**	0.499
	Panel (C): *Centrist*						
$Centrist_{it-1}$	-8.346	6.351	7.623***	-8.756***	5.346***	-1.569**	-5.657***
	(14.431)	(52.568)	(2.042)	(1.444)	(0.645)	(0.744)	(0.735)
$IntIMFCond_{it-1}$	-0.096	-0.176**	-0.014	-0.174***	-0.453**	-0.257**	-0.069
	(0.061)	(0.074)	(0.099)	(0.065)	(0.181)	(0.104)	(0.046)
$RGDPGR_{it-1}$	-0.215	-0.805	0.463	-2.440	-2.679***	-0.063	0.082
	(3.691)	(6.619)	(0.996)	(1.588)	(0.979)	(0.286)	(0.896)
$lnRGDPPC_{it-1}$	-9.886***	-6.177**	-0.952	-4.600***	-0.808**	-0.722***	-2.432***
	(1.926)	(2.481)	(0.662)	(0.818)	(0.365)	(0.137)	(0.431)
$Inflation_{it-1}$	-0.245***	-0.177	-0.006	-0.054***	0.013	-0.013***	-0.039***
	(0.088)	(0.365)	(0.026)	(0.018)	(0.016)	(0.004)	(0.015)
$GovConsump_{it-1}$	3.457	-0.488	-1.579	1.059	0.536	0.311	0.050
	(11.515)	(26.088)	(3.583)	(3.570)	(1.911)	(0.684)	(2.130)
$CurrAccBal_{it-1}$	8.371**	4.804	-0.107	2.476*	0.101	0.672**	1.129
	(3.864)	(13.034)	(1.233)	(1.386)	(0.715)	(0.315)	(0.732)
Constant	109.676***	83.072	11.499*	59.471***	18.978***	8.586***	28.515***
	(15.715)	(0.000)	(5.973)	(8.391)	(4.759)	(1.362)	(3.921)
F-stat for Conditions	2.501	5.657**	0.019	7.211***	6.247**	6.149**	2.265
Observations	5,330	5,330	5,330	5,330	5,330	5,330	5,330
Countries	154	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is the total number of IMF conditions (t-1). $IntIMFCond_{t-1}$ is the compound instrument for the number of IMF conditions. Columns (1) to (3) depict the quantitative conditions, and structural conditions are presented in columns (4) to (7). The suffix *TOT* denotes the total conditions in each category. *QCs* stand for Quantitative Conditions; *QPCs* for Quantitative Performance Criteria; *IBs* for Indicative Benchmarks; *SCs* for Structural Conditions; *PAs* for Prior Actions; *SPCs* for Structural Performance Criterion; and *SBs* for Structural Benchmarks. Columns (1) and (4) delineate the broadest dimension of quantitative and structural conditions, whereas (2) and (3) display the two sub-dimensions for quantitative conditions, and (5) to (7) display the three sub-dimensions for structural conditions. The suffix *(H)* distinguishes hard from soft conditions. The corresponding estimates for Eq. (1) and Eq. (3) are provided in Table B9 and Table B11, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B11: (CMP Estimates - By Quantitative & Structural Conditions - Full Table) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Quantitative Conditions			*Structural Conditions*			
	QCsTOT	*QPCsTOT*	*IBsTOT*	*SCsTOT*	*PAsTOT*	*SPCsTOT*	*SBsTOT*
	Panel (A): *Left-Wing* (Outcome Variable)						
$IMFProg_{it-1}$	0.005	-0.420	-0.659*	-0.035	-0.928***	-0.421	-0.138
	(0.413)	(0.421)	(0.346)	(0.206)	(0.189)	(0.959)	(0.198)
$IMFCond_{it-1}$	-0.033***	-0.026	-0.042	-0.069***	-0.013	-0.246	-0.111***
	(0.012)	(0.016)	(0.034)	(0.013)	(0.035)	(0.278)	(0.022)
$RGDPGR_{it-1}$	0.251***	0.207**	0.216**	0.035	0.145	0.144	0.198*
	(0.097)	(0.096)	(0.096)	(0.116)	(0.119)	(0.108)	(0.105)
$lnRGDPPC_{it-1}$	-0.136**	-0.106*	-0.089	-0.155**	-0.072	-0.082	-0.145**
	(0.064)	(0.062)	(0.060)	(0.066)	(0.060)	(0.061)	(0.060)
$Union_{it-1}$	0.049**	0.045**	0.047**	0.046**	0.044*	0.037	0.048**
	(0.022)	(0.022)	(0.022)	(0.022)	(0.022)	(0.027)	(0.021)
$SchSecond_{it-1}$	0.191	0.201	0.208	0.227	0.233	0.230	0.205
	(0.136)	(0.139)	(0.139)	(0.139)	(0.149)	(0.143)	(0.135)
Constant	1.732***	1.622***	1.389***	2.038***	1.402***	1.355*	1.926***
	(0.533)	(0.529)	(0.524)	(0.546)	(0.524)	(0.697)	(0.508)
F-stat for Program	7.437***	4.349**	4.486**	16.966***	5.798**	0.857	21.61***
F-stat for Conditions	1.378	3.322*	0.503	6.975***	13.754***	2.127	1.098
F-stat Joint	8.462**	5.644*	4.903*	18.391***	15.328***	10.887***	24.195***
	Panel (B): *Right-Wing* (Outcome Variable)						
$IMFProg_{it-1}$	-0.324	0.074	0.602	-0.144	1.000***	0.002	0.002
	(0.478)	(0.607)	(0.605)	(0.193)	(0.157)	(0.292)	(0.208)
$IMFCond_{it-1}$	0.042***	0.040*	0.052	0.079***	-0.001	0.350***	0.127***
	(0.012)	(0.020)	(0.054)	(0.012)	(0.025)	(0.072)	(0.021)
$RGDPGR_{it-1}$	-0.165*	-0.118	-0.121	0.092	-0.068	-0.015	-0.096
	(0.087)	(0.086)	(0.089)	(0.122)	(0.104)	(0.085)	(0.107)
$lnRGDPPC_{it-1}$	0.187***	0.159***	0.129**	0.202***	0.099**	0.109**	0.192***
	(0.056)	(0.054)	(0.053)	(0.063)	(0.050)	(0.055)	(0.058)
$Union_{it-1}$	-0.082***	-0.078***	-0.082***	-0.078***	-0.079***	-0.066***	-0.080***
	(0.021)	(0.021)	(0.022)	(0.020)	(0.021)	(0.022)	(0.020)
$SchSecond_{it-1}$	0.050	0.048	0.038	0.003	0.023	0.009	0.021
	(0.152)	(0.155)	(0.158)	(0.154)	(0.164)	(0.155)	(0.151)
Constant	-1.209**	-1.150**	-0.856*	-1.541***	-0.786*	-0.526	-1.434***
	(0.511)	(0.499)	(0.512)	(0.541)	(0.463)	(0.533)	(0.510)
F-stat for Program	7.551***	2.698*	1.428	19.813***	4.831**	11.073***	22.156***
F-stat for Conditions	1.027	2.226	1.229	6.475**	19.602***	4.516**	0.499
F-stat Joint	9.836***	3.046	2.847	19.892***	20.783***	12.273***	27.652***
	Panel (C): *Centrist* (Outcome Variable)						
$IMFProg_{it-1}$	0.701**	0.626	0.123	0.326***	-0.042	0.368*	0.247**
	(0.302)	(1.316)	(0.376)	(0.118)	(0.097)	(0.190)	(0.114)
$IMFCond_{it-1}$	-0.024**	-0.009	0.037	-0.044***	0.067***	-0.180**	-0.073***
	(0.011)	(0.097)	(0.026)	(0.010)	(0.021)	(0.070)	(0.016)
$RGDPGR_{it-1}$	0.024	-0.058	-0.104*	-0.095	0.091	-0.050	0.013
	(0.076)	(0.221)	(0.058)	(0.072)	(0.076)	(0.056)	(0.065)
$lnRGDPPC_{it-1}$	-0.080	-0.005	0.026	-0.113***	0.022	-0.046	-0.112***
	(0.066)	(0.273)	(0.035)	(0.041)	(0.031)	(0.045)	(0.039)
$Union_{it-1}$	0.050**	0.037	0.036**	0.058***	0.041**	0.048***	0.060***
	(0.021)	(0.023)	(0.018)	(0.017)	(0.017)	(0.018)	(0.017)
$SchSecond_{it-1}$	-0.231**	-0.216	-0.206*	-0.191*	-0.235**	-0.201*	-0.201*
	(0.110)	(0.140)	(0.107)	(0.104)	(0.107)	(0.105)	(0.103)
Constant	0.520	-0.348	-0.431	1.130***	-0.408	0.313	1.125***
	(0.844)	(2.802)	(0.452)	(0.405)	(0.296)	(0.543)	(0.373)
F-stat for Program	4.672**	8.381***	9.906***	23.631***	18.764***	14.168***	23.669***
F-stat for Conditions	2.501	5.657**	0.019	7.211***	6.247**	6.149**	2.265
F-stat Joint	4.765*	10.306***	15.455***	23.704***	22.801***	19.261***	25.688***
Observations	5,330	5,330	5,330	5,330	5,330	5,330	5,330
Countries	154	154	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is *Left-Wing* political ideology in Panel (A), *Right-Wing* in Panel (B), and *Centrist* in Panel (C). Columns (1) to (3) depict the quantitative conditions, and structural conditions are presented in columns (4) to (7). The suffix *TOT* denotes the total conditions in each category. *QCs* stand for Quantitative Conditions; *QPCs* for Quantitative Performance Criteria; *IBs* for Indicative Benchmarks; *SCs* for Structural Conditions; *PAs* for Prior Actions; *SPCs* for Structural Performance Criterion; and *SBs* for Structural Benchmarks. Columns (1) and (4) delineate the broadest dimension of quantitative and structural conditions, whereas (2) and (3) display the two sub-dimensions for quantitative conditions, and (5) to (7) display the three sub-dimensions for structural conditions. The suffix *(H)* distinguishes hard from soft conditions. The corresponding estimates for Eq. (1) and Eq. (2) are provided in Table B9 and Table B10, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B12: (CMP Estimates - BA2 Classification by Policy Areas) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	BA2DEB	*BA2ENV*	*BA2EXT*	*BA2FIN*	*BA2FP*	*BA2INS*	*BA2LAB*	*BA2POV*	*BA2PRI*	*BA2RTP*	*BA2SOE*	*BA2SP*	*BA2OTH*
Panel (A): *Left-Wing*													
$Left\text{-}Wing_{it-1}$	-0.055	-0.134**	-0.232	-0.142	-0.124***	-0.022	-0.320***	-0.327***	-0.318***	-0.294***	-0.037	-0.139	-0.326***
	(0.175)	(0.057)	(0.229)	(0.119)	(0.047)	(0.051)	(0.027)	(0.020)	(0.028)	(0.074)	(0.039)	(0.118)	(0.020)
$IntIMF55_{it-1}$	-0.091**	-0.038	0.007	-0.089**	-0.034	-0.017	0.021	0.022	0.003	-0.004	-0.021	-0.037	0.020
	(0.045)	(0.036)	(0.068)	(0.041)	(0.038)	(0.041)	(0.026)	(0.027)	(0.038)	(0.048)	(0.041)	(0.040)	(0.027)
$RGDPGR_{it-1}$	-0.056	-0.080	-0.065	-0.063	-0.060	-0.070	-0.111	-0.103	-0.100	-0.103	-0.085	-0.086	-0.102
	(0.092)	(0.090)	(0.091)	(0.088)	(0.086)	(0.089)	(0.086)	(0.085)	(0.086)	(0.086)	(0.089)	(0.088)	(0.085)
$lnRGDPPC_{it-1}$	-0.127***	-0.098***	-0.089*	-0.097***	-0.111***	-0.100***	-0.054*	-0.052*	-0.055*	-0.069*	-0.097***	-0.100***	-0.052*
	(0.037)	(0.029)	(0.051)	(0.033)	(0.029)	(0.029)	(0.029)	(0.029)	(0.030)	(0.038)	(0.029)	(0.031)	(0.029)
$Inflation_{it-1}$	-0.055	-0.134**	-0.232	-0.142	-0.124***	-0.022	-0.320***	-0.327***	-0.318***	-0.294***	-0.037	-0.139	-0.326***
	(0.175)	(0.057)	(0.229)	(0.119)	(0.047)	(0.051)	(0.027)	(0.020)	(0.028)	(0.074)	(0.039)	(0.118)	(0.020)
$GovConsump_{it-1}$	-0.091**	-0.038	0.007	-0.089**	-0.034	-0.017	0.021	0.022	0.003	-0.004	-0.021	-0.037	0.020
	(0.045)	(0.036)	(0.068)	(0.041)	(0.038)	(0.041)	(0.026)	(0.027)	(0.038)	(0.048)	(0.041)	(0.040)	(0.027)
$CurrAccBal_{it-1}$	0.238**	0.258**	0.214	0.212**	0.222**	0.236**	0.123	0.123	0.125	0.178	0.229**	0.249**	0.120
	(0.110)	(0.101)	(0.130)	(0.106)	(0.096)	(0.104)	(0.082)	(0.080)	(0.084)	(0.113)	(0.102)	(0.099)	(0.079)
Constant	2.086***	1.681***	1.402**	1.835***	1.645***	1.505***	1.062***	1.056***	1.152***	1.281***	1.496***	1.586***	1.056***
	(0.376)	(0.276)	(0.545)	(0.310)	(0.284)	(0.295)	(0.267)	(0.267)	(0.315)	(0.424)	(0.289)	(0.314)	(0.265)
F-stat for Program	4.115**	0.294	0.912	4.693**	0.367	0.685	0.436	0.417	0.935	0.931	0.611	0.348	0.46
Panel (B): *Right-Wing*													
$Right\text{-}Wing_{it-1}$	0.217	0.087*	0.049	0.045	0.082	-0.028	0.317***	0.321***	0.305***	0.239	-0.009	0.013	0.320***
	(0.142)	(0.051)	(0.127)	(0.102)	(0.054)	(0.047)	(0.023)	(0.019)	(0.047)	(0.147)	(0.038)	(0.084)	(0.019)
$IntIMF55_{it-1}$	-0.000	-0.032	-0.055	-0.048	-0.028	-0.022	0.041*	0.041*	0.016	-0.007	-0.022	-0.020	0.040
	(0.067)	(0.038)	(0.041)	(0.063)	(0.039)	(0.042)	(0.024)	(0.024)	(0.046)	(0.055)	(0.042)	(0.048)	(0.024)
$RGDPGR_{it-1}$	-0.099	-0.076	-0.080	-0.059	-0.059	-0.076	-0.097	-0.089	-0.087	-0.091	-0.083	-0.077	-0.089
	(0.086)	(0.089)	(0.090)	(0.092)	(0.085)	(0.090)	(0.081)	(0.079)	(0.081)	(0.083)	(0.089)	(0.090)	(0.079)
$lnRGDPPC_{it-1}$	-0.089**	-0.111***	-0.116***	-0.109***	-0.123***	-0.104***	-0.081***	-0.081***	-0.085***	-0.105***	-0.099***	-0.104***	-0.080***
	(0.042)	(0.029)	(0.029)	(0.030)	(0.029)	(0.029)	(0.028)	(0.028)	(0.031)	(0.034)	(0.030)	(0.030)	(0.028)
$Inflation_{it-1}$	-0.003	-0.006***	-0.007***	-0.007***	-0.006***	-0.006***	-0.002*	-0.002*	-0.002	-0.003	-0.006***	-0.007***	-0.002*
	(0.003)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)	(0.003)	(0.002)	(0.002)	(0.001)
$GovConsump_{it-1}$	0.307	0.504**	0.355	0.451*	0.452*	0.476*	0.123	0.154	0.199	0.382	0.453*	0.440	0.160
	(0.294)	(0.247)	(0.309)	(0.269)	(0.257)	(0.266)	(0.180)	(0.167)	(0.209)	(0.314)	(0.266)	(0.284)	(0.162)
$CurrAccBal_{it-1}$	0.189*	0.263***	0.200*	0.235**	0.228**	0.241**	0.134*	0.136*	0.141	0.225*	0.229**	0.227**	0.133*
	(0.110)	(0.102)	(0.114)	(0.107)	(0.098)	(0.106)	(0.080)	(0.080)	(0.087)	(0.118)	(0.104)	(0.110)	(0.078)
Constant	1.230**	1.677***	1.739***	1.691***	1.652***	1.581***	0.961***	0.962***	1.103***	1.380***	1.531***	1.545***	0.957***
	(0.613)	(0.278)	(0.344)	(0.375)	(0.286)	(0.301)	(0.254)	(0.256)	(0.376)	(0.485)	(0.293)	(0.348)	(0.254)
F-stat for Program	0.999	0.403	0.178	0.442	0.480	0.595	2.839*	2.787*	0.728	0.901	0.593	0.683	0.105
Panel (C): *Centrist*													
$Centrist_{it-1}$	-0.079	0.163**	0.141	0.117	0.161*	0.133**	0.495***	0.499***	0.469***	-0.155	0.025	0.095	0.498***
	(0.126)	(0.064)	(0.143)	(0.126)	(0.085)	(0.062)	(0.060)	(0.057)	(0.129)	(0.217)	(0.053)	(0.074)	(0.057)
$IntIMF55_{it-1}$	-0.061	-0.041	-0.047	-0.087*	-0.035	-0.032	0.003	0.002	-0.019	-0.013	-0.025	-0.036	0.002
	(0.053)	(0.040)	(0.047)	(0.050)	(0.041)	(0.040)	(0.034)	(0.035)	(0.061)	(0.039)	(0.041)	(0.042)	(0.034)
$RGDPGR_{it-1}$	-0.065	-0.081	-0.066	-0.056	-0.066	-0.093	-0.102	-0.095	-0.093	-0.073	-0.079	-0.079	-0.095
	(0.089)	(0.093)	(0.093)	(0.091)	(0.089)	(0.094)	(0.094)	(0.092)	(0.092)	(0.086)	(0.090)	(0.091)	(0.092)
$lnRGDPPC_{it-1}$	-0.119***	-0.097***	-0.108***	-0.103***	-0.109***	-0.100***	-0.040	-0.039	-0.048	-0.115***	-0.099***	-0.102***	-0.039
	(0.034)	(0.030)	(0.030)	(0.032)	(0.030)	(0.029)	(0.034)	(0.034)	(0.046)	(0.028)	(0.030)	(0.030)	(0.033)
$Inflation_{it-1}$	-0.007***	-0.006***	-0.006***	-0.007***	-0.006***	-0.007***	-0.004**	-0.004***	-0.004**	-0.006***	-0.007***	-0.006***	-0.004***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
$GovConsump_{it-1}$	0.428	0.509**	0.475*	0.422*	0.471*	0.482*	0.305	0.322*	0.358	0.495*	0.447*	0.491*	0.320*
	(0.273)	(0.248)	(0.273)	(0.255)	(0.258)	(0.257)	(0.202)	(0.191)	(0.229)	(0.257)	(0.265)	(0.266)	(0.190)
$CurrAccBal_{it-1}$	0.243**	0.257**	0.238**	0.235**	0.233**	0.247**	0.164*	0.164*	0.172*	0.271***	0.232**	0.248**	0.163*
	(0.105)	(0.104)	(0.103)	(0.106)	(0.101)	(0.106)	(0.092)	(0.090)	(0.102)	(0.102)	(0.105)	(0.106)	(0.090)
Constant	1.876***	1.649***	1.713***	1.852***	1.634***	1.576***	1.002***	1.001***	1.151**	1.618***	1.535***	1.605***	1.005***
	(0.373)	(0.294)	(0.325)	(0.322)	(0.304)	(0.294)	(0.332)	(0.334)	(0.547)	(0.266)	(0.298)	(0.303)	(0.334)
F-stat for Program	0.248	0.303	0.315	3.000*	0.392	0.427	0.927	0.944	0.755	0.744	0.547	0.381	0.959
Observations	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612
Countries	166	166	166	166	166	166	166	166	166	166	166	166	166
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. *BA2* is classified into thirteen mutually exclusive policy areas. *BA2* represent the conditions for the following classifications: external debt issues (*DEB*); land and environment (*ENV*); external sector (trade and exchange system) (*EXT*); financial sector, monetary policy, and Central Bank issues (*FIN*); fiscal issues (*FP*); institutional reforms (*INS*); labor issues (*LAB*); residual category (*OTH*); anti-poverty (*POV*); state-owned enterprises privatization (*PRI*); revenues and tax issues (*RTP*); state-owned enterprises reform and pricing (*SOE*); social policy and (*SP*). The corresponding estimates for Eq. (2) and Eq. (3) are provided in Table B13 and Table B15, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B13: (CMP Estimates - BA2 Classification by Policy Areas) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	BA2DEB	*BA2ENV*	*BA2EXT*	*BA2FIN*	*BA2FP*	*BA2INS*	*BA2LAB*	*BA2POV*	*BA2PRI*	*BA2RTP*	*BA2SOE*	*BA2SP*	*BA2OTH*
	Panel (A): *Left-Wing*												
$Left\text{-}Wing_{it-1}$	2.785***	0.145***	-1.037	1.828***	-2.191***	-0.300***	-0.099	-0.004	0.128	0.603	-0.801***	0.275***	-0.004
	(0.815)	(0.029)	(0.728)	(0.624)	(0.210)	(0.044)	(0.159)	(0.017)	(0.147)	(0.576)	(0.133)	(0.056)	(0.005)
$IntIMF55_{it-1}$	0.009	-0.525***	0.031	-0.024	0.156***	-0.112	0.229	-0.444	-0.677***	-0.333	0.033	-0.079	0.091
	(0.064)	(0.136)	(0.046)	(0.075)	(0.058)	(0.131)	(0.256)	(0.751)	(0.245)	(0.215)	(0.057)	(0.063)	(0.597)
$RGDPGR_{it-1}$	-0.913	0.004	-0.934**	-0.903	-0.765	-0.197***	-0.129	-0.033	-0.235*	-0.242	-0.362*	-0.120*	0.010
	(1.026)	(0.033)	(0.476)	(0.794)	(0.540)	(0.065)	(0.180)	(0.028)	(0.123)	(0.277)	(0.195)	(0.064)	(0.015)
$lnRGDPPC_{it-1}$	-0.935**	-0.011	-0.342**	-0.488**	-0.538**	-0.044*	0.003	-0.006	-0.047	-0.402***	0.085	-0.031	-0.004
	(0.421)	(0.011)	(0.151)	(0.212)	(0.221)	(0.025)	(0.044)	(0.006)	(0.039)	(0.122)	(0.071)	(0.032)	(0.004)
$Inflation_{it-1}$	-0.069**	-0.001***	-0.004	-0.046***	0.009	0.002***	0.002	0.000	-0.001	-0.002	0.005**	-0.001	0.000
	(0.027)	(0.000)	(0.009)	(0.015)	(0.007)	(0.000)	(0.002)	(0.000)	(0.003)	(0.009)	(0.002)	(0.002)	(0.000)
$GovConsump_{it-1}$	3.305	0.129	-1.446	2.012	-1.217	-0.087	0.964	0.072	0.314	1.587*	-0.412	0.362*	-0.018
	(2.033)	(0.082)	(1.279)	(1.448)	(1.160)	(0.120)	(0.679)	(0.102)	(0.354)	(0.951)	(0.363)	(0.215)	(0.077)
$CurrAccBal_{it-1}$	2.458*	0.061**	-0.150	1.834*	0.077	-0.010	0.106	-0.019	0.086	0.803***	-0.058	0.152	-0.002
	(1.294)	(0.027)	(0.517)	(0.955)	(0.515)	(0.041)	(0.154)	(0.051)	(0.150)	(0.262)	(0.119)	(0.103)	(0.021)
Constant	14.624***	0.838***	4.570***	9.144***	4.227**	0.641***	0.178	0.094	1.429***	5.444***	-0.387	0.303	0.069
	(4.825)	(0.173)	(1.562)	(2.711)	(1.916)	(0.220)	(0.931)	(0.115)	(0.423)	(1.263)	(0.558)	(0.234)	(0.097)
F-stat for Conditions	0.883	14.934***	0.505	0.745	7.37***	0.392	0.372	0.554	7.661***	0.121	0.565	0.213	0.879
	Panel (B): *Right-Wing*												
$Right\text{-}Wing_{it-1}$	2.854***	-0.150***	-1.176***	2.391***	2.225***	0.304***	0.058	0.004	-0.174	-0.876	0.809***	0.306***	0.006
	(0.592)	(0.028)	(0.193)	(0.198)	(0.193)	(0.044)	(0.179)	(0.009)	(0.208)	(0.605)	(0.126)	(0.054)	(0.007)
$IntIMF55_{it-1}$	0.066**	-0.489***	0.054	0.034	0.156***	-0.080	0.229	-0.438	-0.675***	-0.268	0.023	-0.066	0.100
	(0.032)	(0.110)	(0.041)	(0.040)	(0.051)	(0.107)	(0.266)	(0.745)	(0.252)	(0.218)	(0.048)	(0.045)	(0.594)
$RGDPGR_{it-1}$	-1.157	-0.004	-0.835*	-1.049	-0.591	-0.178***	-0.123	-0.033	-0.245**	-0.282	-0.314*	-0.142**	0.010
	(0.968)	(0.032)	(0.467)	(0.743)	(0.512)	(0.062)	(0.179)	(0.028)	(0.122)	(0.278)	(0.179)	(0.062)	(0.015)
$lnRGDPPC_{it-1}$	-0.726**	0.006	-0.405***	-0.489**	-0.788***	-0.078***	-0.009	-0.007	-0.036	-0.327**	-0.008	-0.029	-0.005
	(0.331)	(0.011)	(0.142)	(0.226)	(0.221)	(0.024)	(0.042)	(0.007)	(0.035)	(0.134)	(0.070)	(0.022)	(0.004)
$Inflation_{it-1}$	-0.021	-0.001***	-0.022***	-0.020	0.006	0.001**	0.002	0.000	-0.001	-0.006	0.004**	0.002*	0.000
	(0.016)	(0.000)	(0.008)	(0.013)	(0.007)	(0.000)	(0.002)	(0.000)	(0.003)	(0.009)	(0.002)	(0.001)	(0.000)
$GovConsump_{it-1}$	0.049	0.092	0.339	0.275	-0.783	-0.026	1.006	0.061	0.308	1.478*	-0.253	0.014	-0.020
	(1.932)	(0.076)	(0.695)	(1.321)	(1.142)	(0.118)	(0.715)	(0.103)	(0.360)	(0.868)	(0.347)	(0.112)	(0.077)
$CurrAccBal_{it-1}$	1.241	0.046**	0.515	1.045	0.223	0.011	0.120	-0.021	0.088	0.749**	-0.006	0.019	-0.003
	(1.101)	(0.023)	(0.430)	(0.772)	(0.495)	(0.038)	(0.160)	(0.053)	(0.156)	(0.336)	(0.110)	(0.036)	(0.020)
Constant	9.318***	0.778***	5.451***	6.219***	4.457**	0.634***	0.218	0.098	1.462***	5.193***	-0.276	0.125	0.066
	(3.103)	(0.147)	(1.251)	(2.031)	(1.823)	(0.194)	(0.968)	(0.103)	(0.404)	(1.445)	(0.562)	(0.179)	(0.096)
F-stat for Conditions	4.326**	19.897***	0.184	0.393	9.382***	0.454	0.39	0.556	7.192***	0.219	0.639	0.147	0.866
	Panel (C): *Centrist*												
$Center_{it-1}$	-4.722***	-0.234***	1.916***	-3.263***	3.308***	-0.464***	0.058	-0.002	-0.304	1.764***	1.259***	-0.476***	0.000
	(0.532)	(0.046)	(0.259)	(0.560)	(0.416)	(0.070)	(0.296)	(0.035)	(0.478)	(0.354)	(0.220)	(0.085)	(0.012)
$IntIMF55_{it-1}$	0.043	-0.509***	0.038	-0.011	0.134**	-0.059	0.207	-0.460	-0.581*	-0.264*	-0.020	-0.054	0.079
	(0.037)	(0.161)	(0.046)	(0.052)	(0.058)	(0.130)	(0.266)	(0.740)	(0.337)	(0.155)	(0.064)	(0.068)	(0.598)
$RGDPGR_{it-1}$	-0.818	0.006	-0.938**	-0.781	-0.774	-0.158**	-0.122	-0.033	-0.235*	-0.378	-0.360*	-0.114*	0.010
	(0.989)	(0.033)	(0.478)	(0.759)	(0.560)	(0.065)	(0.185)	(0.028)	(0.123)	(0.283)	(0.197)	(0.061)	(0.015)
$lnRGDPPC_{it-1}$	-0.999***	-0.021**	-0.311**	-0.624***	-0.419*	-0.091***	-0.006	-0.009	-0.070	-0.231*	0.134**	-0.047**	-0.005
	(0.344)	(0.010)	(0.140)	(0.215)	(0.220)	(0.020)	(0.058)	(0.007)	(0.067)	(0.122)	(0.063)	(0.024)	(0.005)
$Inflation_{it-1}$	-0.050***	-0.000	-0.013*	-0.038***	-0.004	-0.001	0.001	-0.000	-0.001	-0.000	0.001	0.001	-0.000
	(0.019)	(0.000)	(0.007)	(0.013)	(0.007)	(0.001)	(0.002)	(0.000)	(0.003)	(0.004)	(0.002)	(0.001)	(0.000)
$GovConsump_{it-1}$	1.555	0.038	-0.289	0.860	-0.120	0.067	1.058	0.078	0.219	0.968	0.012	0.146	-0.018
	(1.850)	(0.076)	(0.785)	(1.400)	(1.134)	(0.121)	(0.671)	(0.096)	(0.327)	(0.857)	(0.363)	(0.125)	(0.077)
$CurrAccBal_{it-1}$	2.016*	0.039*	0.188	1.535*	0.344	0.074	0.134	-0.015	0.076	0.440	0.052	0.096	-0.001
	(1.181)	(0.021)	(0.433)	(0.872)	(0.527)	(0.047)	(0.150)	(0.048)	(0.155)	(0.343)	(0.129)	(0.067)	(0.020)
Constant	14.162***	0.923***	4.130***	10.109***	3.374*	0.936***	0.296	0.115	1.496***	3.843***	-0.795*	0.472**	0.077
	(2.978)	(0.184)	(1.336)	(2.171)	(1.929)	(0.175)	(0.979)	(0.119)	(0.411)	(1.325)	(0.479)	(0.200)	(0.101)
F-stat for Conditions	0.256	9.961***	0.407	0.834	5.354**	0.651	0.436	0.534	2.961*	2.89*	0.758	0.432	0.895
Observations	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612
Countries	166	166	166	166	166	166	166	166	166	166	166	166	166
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variables are *BA2s*. $IntIMFCond_{t-1}$ are the compound instruments for $BA2s_{t-1}$. *BA2* is classified into thirteen mutually exclusive policy areas. *BA2* represent the conditions for the following classifications: external debt issues (*DEB*); land and environment (*ENV*); external sector (trade and exchange system) (*EXT*); financial sector, monetary policy, and Central Bank issues (*FIN*); fiscal issues (*FP*); institutional reforms (*INS*); labor issues (*LAB*); residual category (*OTH*); anti-poverty (*POV*); state-owned enterprises privatization (*PRI*); revenues and tax issues (*RTP*); state-owned enterprises reform and pricing (*SOE*); social policy and (*SP*). The corresponding estimates for Eq. (1) and Eq. (3) are provided in Table B12 and Table B15, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B14: (CMP Estimates - BA2 Classification by Policy Areas) Effect of IMF Residual Category on Political Ideology

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	BA2DEB	*BA2ENV*	*BA2EXT*	*BA2FIN*	*BA2FP*	*BA2INS*	*BA2LAB*	*BA2POV*	*BA2PRI*	*BA2RTP*	*BA2SOE*	*BA2SP*	*BA2OTH*
	Panel (A): *Left-Wing* (Outcome Variable)												
$IntIMFResCond_{it-1}$	0.149***	0.148***	0.142***	0.150***	0.137***	0.147***	0.146***	0.148***	0.148***	0.147***	0.147***	0.148***	0.147***
	(0.006)	(0.006)	(0.007)	(0.006)	(0.007)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
$RGDPGR_{it-1}$	-4.867**	-6.040**	-4.914*	-4.548*	-5.347**	-5.711*	-6.231**	-6.170**	-6.006**	-5.808**	-6.283**	-6.076**	-6.247**
	(2.200)	(3.036)	(2.698)	(2.514)	(2.517)	(2.949)	(3.016)	(3.069)	(2.997)	(2.842)	(2.904)	(3.037)	(3.076)
$lnRGDPPC_{it-1}$	-0.997***	-1.679***	-1.598***	-1.169***	-1.706***	-1.655***	-1.683***	-1.681***	-1.652***	-1.609***	-1.644***	-1.673***	-1.680***
	(0.175)	(0.269)	(0.254)	(0.215)	(0.247)	(0.270)	(0.271)	(0.274)	(0.270)	(0.259)	(0.268)	(0.271)	(0.275)
$Inflation_{it-1}$	-0.035	-0.100**	-0.066	-0.056	-0.061	-0.074	-0.082	-0.081	-0.077	-0.086*	-0.089*	-0.088*	-0.077
	(0.036)	(0.049)	(0.042)	(0.036)	(0.050)	(0.050)	(0.051)	(0.051)	(0.050)	(0.051)	(0.046)	(0.053)	(0.051)
$GovConsump_{it-1}$	1.906	4.859	4.496	3.309	4.437	4.018	4.104	4.530	4.347	4.270	4.224	4.625	4.428
	(2.905)	(4.238)	(3.940)	(3.339)	(3.798)	(4.281)	(4.178)	(4.315)	(4.265)	(4.076)	(4.240)	(4.272)	(4.333)
$CurrAccBal_{it-1}$	3.319	5.275	4.640	3.719	4.591	4.810	5.112	5.228	5.109	4.786	4.648	5.239	5.174
	(2.224)	(3.373)	(2.922)	(2.555)	(2.831)	(3.280)	(3.307)	(3.363)	(3.269)	(3.206)	(3.178)	(3.341)	(3.354)
Constant	9.870***	16.257***	15.600***	11.383***	16.651***	16.182***	16.462***	16.354***	16.075***	15.693***	16.047***	16.245***	16.367***
	(1.587)	(2.431)	(2.348)	(1.920)	(2.297)	(2.445)	(2.456)	(2.466)	(2.428)	(2.347)	(2.404)	(2.451)	(2.472)
F-stat for Res	599.217***	626.836***	395.18***	591.935***	389.477***	602.936***	606.540***	625.778***	627.417***	545.857***	607.200***	592.259***	622.589***
	Panel (B): *Right-Wing* (Outcome Variable)												
$IntIMFResCond_{it-1}$	0.149***	0.148***	0.144***	0.149***	0.136***	0.147***	0.146***	0.147***	0.148***	0.147***	0.146***	0.148***	0.147***
	(0.006)	(0.006)	(0.007)	(0.007)	(0.007)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
$RGDPGR_{it-1}$	-4.804**	-6.058**	-5.102*	-4.313*	-5.300**	-5.648*	-6.231**	-6.169**	-5.996**	-5.794**	-6.204**	-6.072**	-6.234**
	(2.175)	(3.039)	(2.726)	(2.502)	(2.513)	(2.942)	(3.018)	(3.071)	(3.001)	(2.838)	(2.899)	(3.051)	(3.075)
$lnRGDPPC_{it-1}$	-0.996***	-1.680***	-1.560***	-1.197***	-1.710***	-1.655***	-1.685***	-1.684***	-1.649***	-1.607***	-1.648***	-1.666***	-1.684***
	(0.180)	(0.269)	(0.248)	(0.227)	(0.247)	(0.269)	(0.272)	(0.275)	(0.271)	(0.259)	(0.267)	(0.271)	(0.276)
$Inflation_{it-1}$	-0.041	-0.101**	-0.075*	-0.077**	-0.063	-0.077	-0.083*	-0.083*	-0.080	-0.092*	-0.092**	-0.094**	-0.080
	(0.037)	(0.048)	(0.043)	(0.036)	(0.049)	(0.050)	(0.050)	(0.051)	(0.050)	(0.051)	(0.046)	(0.047)	(0.051)
$GovConsump_{it-1}$	2.057	4.798	4.289	3.868	4.512	4.188	4.126	4.566	4.431	4.400	4.365	4.176	4.489
	(2.890)	(4.229)	(3.854)	(3.356)	(3.780)	(4.249)	(4.140)	(4.289)	(4.232)	(4.049)	(4.217)	(4.247)	(4.299)
$CurrAccBal_{it-1}$	3.456	5.297	4.595	3.915	4.536	4.754	5.100	5.230	5.120	4.853	4.583	4.842	5.172
	(2.258)	(3.379)	(2.936)	(2.596)	(2.834)	(3.282)	(3.309)	(3.371)	(3.275)	(3.222)	(3.180)	(3.303)	(3.361)
Constant	9.839***	16.279***	15.216***	11.588***	16.682***	16.154***	16.486***	16.379***	16.035***	15.635***	16.071***	16.264***	16.398***
	(1.615)	(2.436)	(2.272)	(2.041)	(2.297)	(2.442)	(2.475)	(2.485)	(2.447)	(2.347)	(2.411)	(2.467)	(2.493)
F-stat for Res	656.001***	630.030***	484.195***	522.230***	380.935***	595.585***	596.741***	613.879***	601.204***	548.644***	592.667***	586.845***	610.983***
	Panel (C): *Centrist* (Outcome Variable)												
$IntIMFResCond_{it-1}$	0.149***	0.148***	0.143***	0.149***	0.136***	0.147***	0.146***	0.148***	0.148***	0.147***	0.147***	0.148***	0.147***
	(0.006)	(0.006)	(0.007)	(0.006)	(0.007)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
$RGDPGR_{it-1}$	-4.726**	-6.134**	-4.864*	-4.279*	-5.152**	-5.724*	-6.060**	-5.983*	-5.791*	-5.692**	-5.967**	-5.999**	-6.036*
	(2.166)	(3.054)	(2.708)	(2.499)	(2.517)	(2.962)	(3.040)	(3.086)	(3.030)	(2.843)	(2.887)	(3.047)	(3.086)
$lnRGDPPC_{it-1}$	-1.005***	-1.677***	-1.587***	-1.195***	-1.721***	-1.679***	-1.695***	-1.694***	-1.669***	-1.617***	-1.663***	-1.684***	-1.697***
	(0.177)	(0.269)	(0.253)	(0.220)	(0.250)	(0.270)	(0.270)	(0.273)	(0.268)	(0.257)	(0.268)	(0.272)	(0.273)
$Inflation_{it-1}$	-0.044	-0.096**	-0.078**	-0.071**	-0.072	-0.092*	-0.088*	-0.087*	-0.088*	-0.100**	-0.102**	-0.095**	-0.087*
	(0.034)	(0.048)	(0.039)	(0.034)	(0.047)	(0.049)	(0.048)	(0.048)	(0.047)	(0.047)	(0.045)	(0.048)	(0.048)
$GovConsump_{it-1}$	2.190	4.636	4.714	3.794	4.730	4.559	4.377	4.782	4.716	4.482	4.725	4.630	4.773
	(2.864)	(4.227)	(3.883)	(3.327)	(3.771)	(4.217)	(4.147)	(4.277)	(4.196)	(4.040)	(4.174)	(4.230)	(4.288)
$CurrAccBal_{it-1}$	3.431	5.159	4.766	3.835	4.681*	5.143	5.154	5.267	5.200	4.745	4.847	5.202	5.251
	(2.235)	(3.362)	(2.935)	(2.565)	(2.840)	(3.322)	(3.308)	(3.361)	(3.270)	(3.231)	(3.202)	(3.336)	(3.359)
Constant	9.893***	16.295***	15.416***	11.558***	16.738***	16.328***	16.523***	16.415***	16.158***	15.729***	16.130***	16.357***	16.458***
	(1.599)	(2.445)	(2.324)	(1.981)	(2.327)	(2.454)	(2.467)	(2.471)	(2.432)	(2.338)	(2.411)	(2.467)	(2.477)
F-stat for Res	646.824***	614.517***	475.626***	558.431***	380.818***	594.476***	594.032***	614.862***	608.887***	523.874***	599.487***	586.438***	609.174***
Observations	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612
Countries	166	166	166	166	166	166	166	166	166	166	166	166	166
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. *IntIMFResCond* is the compound instrument for *IMFResCond*. *BA2* is classified into thirteen mutually exclusive policy areas. *BA2* represent the conditions for the following classifications: external debt issues (*DEB*); land and environment (*ENV*); external sector (trade and exchange system) (*EXT*); financial sector, monetary policy, and Central Bank issues (*FIN*); fiscal issues (*FP*); institutional reforms (*INS*); labor issues (*LAB*); residual category (*OTH*); anti-poverty (*POV*); state-owned enterprises privatization (*PRI*); revenues and tax issues (*RTP*); state-owned enterprises reform and pricing (*SOE*); social policy and (*SP*). The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B15: (CMP Estimates - BA2 Classification by Policy Areas) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	BA2DEB	*BA2ENV*	*BA2EXT*	*BA2FIN*	*BA2FP*	*BA2INS*	*BA2LAB*	*BA2POV*	*BA2PRI*	*BA2RTP*	*BA2SOE*	*BA2SP*	*BA2OTH*
							Panel (A): *Left-Wing* (Outcome Variable)						
$IMFProg_{it-1}$	-0.673	-0.470**	-0.763	-0.876**	-0.379**	-0.185	-1.274***	-1.285***	-1.254***	-1.143***	-0.211	-0.457	-1.287***
	(0.615)	(0.235)	(1.014)	(0.413)	(0.188)	(0.193)	(0.204)	(0.198)	(0.228)	(0.391)	(0.157)	(0.479)	(0.199)
$IMFCond_{it-1}$	0.148***	2.862***	-0.255	0.182***	-0.201***	-1.602***	-0.120	-0.143*	0.192	0.153	-0.638***	1.399***	-0.340
	(0.030)	(0.625)	(0.250)	(0.040)	(0.027)	(0.252)	(0.145)	(0.073)	(0.264)	(0.177)	(0.090)	(0.526)	(0.248)
$IMFResCond_{it-1}$	-0.056*	0.002	0.042***	-0.038*	0.033***	0.007	0.026***	0.024***	0.020***	0.015	0.013***	-0.002	0.024***
	(0.030)	(0.005)	(0.008)	(0.020)	(0.006)	(0.005)	(0.006)	(0.005)	(0.007)	(0.015)	(0.004)	(0.011)	(0.005)
$RGDPGR_{it-1}$	0.050	0.148	0.097	0.120	0.246***	-0.066	0.155	0.166*	0.202*	0.174*	-0.004	0.292***	0.174*
	(0.128)	(0.097)	(0.136)	(0.093)	(0.084)	(0.103)	(0.101)	(0.100)	(0.104)	(0.095)	(0.108)	(0.108)	(0.099)
$lnRGDPPC_{it-1}$	-0.022	0.008	-0.049	-0.017	-0.094*	-0.055	0.022	0.022	0.022	0.053	0.058	0.005	0.021
	(0.066)	(0.053)	(0.080)	(0.055)	(0.056)	(0.058)	(0.056)	(0.055)	(0.055)	(0.065)	(0.062)	(0.053)	(0.056)
$Union_{it-1}$	0.045	0.023	0.034	0.037*	0.034	0.040*	0.028	0.037	0.038*	0.036	0.033	0.028	0.038
	(0.028)	(0.022)	(0.026)	(0.022)	(0.023)	(0.023)	(0.023)	(0.023)	(0.022)	(0.023)	(0.023)	(0.023)	(0.023)
$SchSecond_{it-1}$	0.217*	0.195	0.211	0.275**	0.251*	0.267*	0.230*	0.251*	0.234*	0.247*	0.196	0.220*	0.255*
	(0.129)	(0.127)	(0.142)	(0.133)	(0.130)	(0.140)	(0.130)	(0.140)	(0.139)	(0.138)	(0.125)	(0.131)	(0.140)
Constant	0.178	-0.344	0.925*	0.434	0.813*	0.674	0.388	0.355	0.366	0.042	-0.389	0.173	0.382
	(0.701)	(0.468)	(0.516)	(0.471)	(0.462)	(0.484)	(0.456)	(0.450)	(0.449)	(0.613)	(0.508)	(0.445)	(0.450)
F-stat for Program	4.115**	0.294	0.912	4.693**	0.367	0.685	0.436	0.417	0.935	0.931	0.611	0.348	0.46
F-stat for Conditions	0.883	14.934***	0.505	0.745	7.37***	0.392	0.372	0.554	7.661***	0.121	0.565	0.213	0.879
F-stat for Res	599.217***	626.836***	395.18***	591.935***	389.477***	602.936***	606.540***	625.778***	627.417***	545.857***	607.200***	592.259***	622.589***
F-stat Joint	727.341***	733.092***	517.574***	649.726***	435.612***	662.606***	649.112***	664.979***	640.591***	601.018***	660.700***	660.978***	671.403***
							Panel (B): *Right-Wing* (Outcome Variable)						
$IMFProg_{it-1}$	0.448	0.298	0.415	-0.202	0.234	-0.013	1.327***	1.325***	1.266***	0.952	0.026	0.180	1.327***
	(0.681)	(0.208)	(0.492)	(0.451)	(0.236)	(0.193)	(0.210)	(0.210)	(0.299)	(0.685)	(0.169)	(0.363)	(0.210)
$IMFCond_{it-1}$	0.128**	-3.162***	-0.374***	0.208***	0.220***	1.697***	0.090	0.141**	-0.272	-0.241	0.672***	1.693***	0.474
	(0.062)	(0.653)	(0.063)	(0.033)	(0.029)	(0.268)	(0.177)	(0.067)	(0.397)	(0.220)	(0.106)	(0.395)	(0.371)
$IMFResCond_{it-1}$	-0.068***	0.002	0.038**	-0.052***	-0.032***	-0.003	-0.027***	-0.026***	-0.020*	-0.008	-0.010**	-0.007	-0.025***
	(0.013)	(0.004)	(0.017)	(0.012)	(0.007)	(0.005)	(0.007)	(0.005)	(0.010)	(0.024)	(0.005)	(0.008)	(0.005)
$RGDPGR_{it-1}$	-0.109	-0.039	-0.087	-0.026	-0.145*	0.189*	-0.056	-0.063	-0.113	-0.067	0.120	0.189*	-0.071
	(0.092)	(0.089)	(0.107)	(0.101)	(0.077)	(0.106)	(0.097)	(0.093)	(0.109)	(0.087)	(0.107)	(0.104)	(0.091)
$lnRGDPPC_{it-1}$	-0.007	0.031	-0.065	-0.007	0.140**	0.098*	0.010	0.011	0.011	-0.037	-0.020	0.018	0.012
	(0.053)	(0.049)	(0.061)	(0.062)	(0.055)	(0.054)	(0.048)	(0.047)	(0.047)	(0.065)	(0.059)	(0.050)	(0.047)
$Union_{it-1}$	-0.054**	-0.053***	-0.065	-0.054**	-0.066***	-0.056***	-0.075***	-0.073***	-0.072***	-0.068***	-0.060***	-0.056***	-0.073***
	(0.022)	(0.020)	(0.042)	(0.024)	(0.021)	(0.019)	(0.021)	(0.022)	(0.021)	(0.023)	(0.021)	(0.021)	(0.021)
$SchSecond_{it-1}$	-0.015	0.029	0.026	0.046	-0.019	-0.010	-0.029	-0.019	0.006	-0.015	0.014	0.009	-0.021
	(0.155)	(0.142)	(0.182)	(0.154)	(0.147)	(0.144)	(0.154)	(0.155)	(0.156)	(0.150)	(0.141)	(0.144)	(0.155)
Constant	0.327	0.999**	1.364**	0.756	-0.281	-0.103	0.192	0.224	0.215	0.765	1.002**	0.514	0.194
	(0.472)	(0.433)	(0.574)	(0.562)	(0.469)	(0.468)	(0.395)	(0.391)	(0.387)	(0.727)	(0.493)	(0.440)	(0.389)
F-stat for Program	0.999	0.403	0.178	0.442	0.480	0.595	2.839*	2.787*	0.728	0.901	0.593	0.683	0.105
F-stat for Conditions	4.326**	19.897***	0.184	0.393	9.382***	0.454	0.39	0.556	7.192***	0.219	0.639	0.147	0.866
F-stat for Res	656.001***	630.030***	484.195***	522.230***	380.935***	595.585***	596.741***	613.879***	601.204***	548.644***	592.667***	586.845***	610.983***
F-stat Joint	691.980***	726.998***	563.320***	527.713***	415.853***	642.280***	624.282***	636.456***	622.557***	598.308***	629.616***	614.838***	645.743***
							Panel (C): *Centrist* (Outcome Variable)						
$IMFProg_{it-1}$	0.137	0.189**	0.079	0.354*	0.161	0.129	0.706***	0.705***	0.652**	-0.187	0.054	0.069	0.705***
	(0.182)	(0.092)	(0.213)	(0.204)	(0.124)	(0.089)	(0.218)	(0.217)	(0.300)	(0.315)	(0.076)	(0.104)	(0.217)
$IMFCond_{it-1}$	-0.085***	-1.712***	0.190***	-0.109***	0.116***	-0.914***	0.028	-0.005	-0.150	0.164**	0.366***	-0.870***	0.044
	(0.020)	(0.439)	(0.051)	(0.024)	(0.025)	(0.204)	(0.101)	(0.047)	(0.307)	(0.076)	(0.069)	(0.268)	(0.214)
$IMFResCond_{it-1}$	0.037***	-0.001	-0.023***	0.024***	-0.020***	0.002	-0.016***	-0.015***	-0.012	-0.002	-0.008***	0.003	-0.015***
	(0.010)	(0.002)	(0.006)	(0.007)	(0.005)	(0.002)	(0.005)	(0.005)	(0.009)	(0.009)	(0.003)	(0.003)	(0.005)
$RGDPGR_{it-1}$	0.014	-0.053	-0.002	-0.032	-0.112*	-0.137**	-0.067	-0.071	-0.095	-0.009	0.035	-0.136**	-0.073
	(0.065)	(0.062)	(0.065)	(0.059)	(0.063)	(0.067)	(0.061)	(0.063)	(0.073)	(0.059)	(0.063)	(0.064)	(0.063)
$lnRGDPPC_{it-1}$	-0.011	-0.030	0.014	-0.015	0.029	-0.071**	-0.038	-0.038	-0.037	0.008	-0.059**	-0.028	-0.037
	(0.031)	(0.025)	(0.027)	(0.028)	(0.029)	(0.028)	(0.029)	(0.029)	(0.029)	(0.029)	(0.029)	(0.024)	(0.029)
$Union_{it-1}$	0.037**	0.049***	0.045***	0.041**	0.042**	0.044***	0.041**	0.041**	0.042**	0.050***	0.041***	0.043***	0.042**
	(0.018)	(0.016)	(0.016)	(0.017)	(0.017)	(0.016)	(0.017)	(0.017)	(0.017)	(0.018)	(0.016)	(0.016)	(0.017)
$SchSecond_{it-1}$	-0.197*	-0.182*	-0.179*	-0.234**	-0.225**	-0.175*	-0.232**	-0.224**	-0.209*	-0.195*	-0.184**	-0.192*	-0.227**
	(0.102)	(0.097)	(0.102)	(0.104)	(0.102)	(0.094)	(0.111)	(0.111)	(0.112)	(0.106)	(0.094)	(0.102)	(0.112)
Constant	0.228	0.477**	-0.271	0.049	-0.222	0.562**	0.030	0.035	0.045	-0.034	0.492**	0.207	0.032
	(0.283)	(0.221)	(0.236)	(0.234)	(0.227)	(0.233)	(0.236)	(0.235)	(0.236)	(0.281)	(0.229)	(0.199)	(0.236)
F-stat for Program	0.248	0.303	0.315	3.000*	0.392	0.427	0.927	0.944	0.755	0.744	0.547	0.381	0.959
F-stat for Conditions	0.256	9.961***	0.407	0.834	5.354**	0.651	0.436	0.534	2.961*	2.89*	0.758	0.432	0.895
F-stat for Res	646.824***	614.517***	475.626***	558.431***	380.818***	594.476***	594.032***	614.862***	608.887***	523.874***	599.487***	586.438***	609.174***
F-stat Joint	685.739***	695.482***	537.337***	597.188***	432.902***	656.160***	612.259***	630.661***	636.933***	564.594***	661.140***	640.351***	630.373***
Observations	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612	5,612
Countries	166	166	166	166	166	166	166	166	166	166	166	166	166
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. *BA2* is classified into thirteen mutually exclusive policy areas. *BA2* represent the conditions for the following classifications: external debt issues (*DEB*); land and environment (*ENV*); external sector (trade and exchange system) (*EXT*); financial sector, monetary policy, and Central Bank issues (*FIN*); fiscal issues (*FP*); institutional reforms (*INS*); labor issues (*LAB*); residual category (*OTH*); anti-poverty (*POV*); state-owned enterprises privatization (*PRI*); revenues and tax issues (*RTP*); state-owned enterprises reform and pricing (*SOE*); social policy and (*SP*). The corresponding estimates for Eq. (2) and Eq. (3) are provided in Table B12 and Table B13, respectively. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B16: (CMP Estimates - Additional Variables - International Factors) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)
$Left\text{-}Wing_{it-1}$	-0.335***		
	(0.107)		
$Right\text{-}Wing_{it-1}$		0.289**	
		(0.137)	
$Centrist_{it-1}$			0.354
			(0.230)
$IntIMF55_{it-1}$	-0.155**	-0.144*	-0.201***
	(0.067)	(0.081)	(0.061)
$RGDPGR_{it-1}$	-0.048	-0.056	-0.063
	(0.104)	(0.102)	(0.113)
$lnRGDPPC_{it-1}$	-0.182***	-0.218***	-0.218***
	(0.058)	(0.055)	(0.073)
$Inflation_{it-1}$	-0.004	-0.004	-0.007***
	(0.003)	(0.003)	(0.003)
$GovConsump_{it-1}$	0.348	0.420	0.621*
	(0.374)	(0.394)	(0.345)
$CurrAccBal_{it-1}$	0.125	0.162	0.222*
	(0.111)	(0.117)	(0.128)
$UNSC_{it-1}$	0.014	0.018	0.001
	(0.026)	(0.027)	(0.027)
$PctAgreeUS_{it-1}$	-0.196	-0.042	0.085
	(0.199)	(0.200)	(0.202)
$KAOpen_{it-1}$	-0.056	-0.092	-0.018
	(0.067)	(0.069)	(0.076)
Constant	2.950***	2.944***	3.343***
	(0.599)	(0.706)	(0.693)
Observations	4,322	4,322	4,322
Countries	145	145	145
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Program	5.353**	3.111*	10.826***

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. Additional variables representing the influence of international factors are added to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B17: (CMP Estimates - Additional Variables - International) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)
$\textit{Left-Wing}_{it-1}$	-12.978***		
	(1.036)		
$\textit{Right-Wing}_{it-1}$		13.086***	
		(0.840)	
$\textit{Centrist}_{it-1}$			19.479***
			(2.756)
$\textit{IntBA2TOT}_{it-1}$	-0.154***	-0.111**	-0.201***
	(0.056)	(0.051)	(0.076)
$\textit{RGDPGR}_{it-1}$	-2.699	-2.748	-2.563
	(2.975)	(2.891)	(3.279)
$\textit{lnRGDPPC}_{it-1}$	-5.736***	-6.962***	-6.076***
	(1.840)	(1.697)	(2.137)
$\textit{Inflation}_{it-1}$	-0.011	-0.005	-0.111*
	(0.027)	(0.038)	(0.062)
$\textit{GovConsump}_{it-1}$	-6.924	-3.881	5.567
	(8.034)	(8.163)	(8.628)
$\textit{CurrAccBal}_{it-1}$	0.257	1.394	3.095
	(2.583)	(2.461)	(3.335)
$\textit{UNSC}_{it-1}$	-0.647	-0.411	-1.380*
	(0.719)	(0.757)	(0.749)
$\textit{PctAgreeUS}_{it-1}$	-8.210	-3.625	1.440
	(7.047)	(6.870)	(5.890)
$\textit{KAOpen}_{it-1}$	-1.785	-3.388	0.189
	(2.118)	(2.200)	(2.142)
Constant	-0.154***	-0.111**	-0.201***
	(0.056)	(0.051)	(0.076)
Observations	4,322	4,322	4,322
Countries	145	145	145
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Conditions	7.590***	4.755**	6.892***

Notes: The outcome variable is the total number of IMF conditions (t-1) ($\textit{BA2TOT}_{t-1}$). $\textit{IntBA2TOT}_{t-1}$ is the compound instrument for $\textit{BA2TOT}_{t-1}$. Additional variables representing the influence of international factors are added to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B18: (CMP Estimates - Additional Variables - International) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)
	Left-Wing	*Right-Wing*	*Centrist*
$IMFProg_{it-1}$	-0.145	-0.042	-0.097
	(0.429)	(0.544)	(0.263)
$BA2TOT_{it-1}$	-0.029**	0.036***	0.020***
	(0.012)	(0.014)	(0.007)
$RGDPGR_{it-1}$	0.107	0.024	-0.036
	(0.117)	(0.117)	(0.071)
$lnRGDPPC_{it-1}$	-0.099	0.133*	0.060
	(0.075)	(0.069)	(0.047)
$Union_{it-1}$	0.054**	-0.087***	0.050**
	(0.024)	(0.021)	(0.021)
$SchSecond_{it-1}$	0.270	0.047	-0.207*
	(0.165)	(0.165)	(0.121)
$UNSC_{it-1}$	-0.030	0.002	0.055***
	(0.038)	(0.042)	(0.021)
$PctAgreeUS_{it-1}$	-0.505	0.388	0.029
	(0.332)	(0.339)	(0.240)
$KAOpen_{it-1}$	-0.049	0.142	-0.029
	(0.088)	(0.094)	(0.044)
Constant	1.681***	-1.102*	-0.844*
	(0.638)	(0.629)	(0.468)
Observations	4,322	4,322	4,322
Countries	145	145	145
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Program	5.353**	3.111*	10.826***
F-stat for Conditions	7.590***	4.755**	6.892***
F-stat Joint	8.758**	5.057*	10.905***

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. Additional variables representing the influence of international factors are added to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B19: (CMP Estimates - Additional Variables - Institutional Factors) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)
$Left\text{-}Wing_{it-1}$	-0.317**		
	(0.140)		
$Right\text{-}Wing_{it-1}$		0.191	
		(0.128)	
$Centrist_{it-1}$			0.162
			(0.362)
$IntIMF55_{it-1}$	-0.141	-0.173***	-0.167**
	(0.095)	(0.067)	(0.069)
$RGDPGR_{it-1}$	0.029	0.033	-0.038
	(0.101)	(0.110)	(0.121)
$lnRGDPPC_{it-1}$	-0.235***	-0.302***	-0.329***
	(0.083)	(0.072)	(0.070)
$Inflation_{it-1}$	-0.003	-0.006**	-0.007***
	(0.003)	(0.003)	(0.002)
$GovConsump_{it-1}$	0.429	0.634	0.881***
	(0.398)	(0.388)	(0.316)
$CurrAccBal_{it-1}$	0.098	0.221	0.327
	(0.175)	(0.172)	(0.203)
$Plurality_{it-1}$	0.025	0.013	0.033
	(0.073)	(0.085)	(0.085)
$Bicameral\text{-}0_{it-1}$	0.077	0.064	0.032
	(0.100)	(0.100)	(0.101)
$Bicameral\text{-}1_{it-1}$	0.032	0.006	-0.075
	(0.099)	(0.102)	(0.106)
$Sys\text{-}AssembPres_{it-1}$	0.030	-0.020	-0.048
	(0.072)	(0.077)	(0.084)
$Sys\text{-}Parli_{it-1}$	0.077	0.048	-0.016
	(0.110)	(0.112)	(0.112)
Constant	3.083***	3.623***	4.073***
	(0.965)	(0.783)	(0.621)
Observations	4,435	4,435	4,435
Countries	146	146	146
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Program	2.207	6.669***	5.859**

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. Additional variables representing the influence of socio-political institutions are added to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B20: (CMP Estimates - Additional Variables - Institutional) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)
Left-Wing$_{it-1}$	-12.461***		
	(1.138)		
Right-Wing$_{it-1}$		12.195***	
		(1.424)	
Centrist$_{it-1}$			-10.527
			(9.600)
IntBA2TOT$_{it-1}$	-0.123**	-0.115**	-0.164**
	(0.054)	(0.052)	(0.070)
RGDPGR$_{it-1}$	-2.986	-1.861	-3.693
	(3.344)	(3.182)	(4.042)
lnRGDPPC$_{it-1}$	-7.484***	-9.171***	-12.156***
	(1.793)	(2.043)	(1.983)
Inflation$_{it-1}$	0.006	-0.035	-0.183***
	(0.033)	(0.057)	(0.053)
GovConsump$_{it-1}$	3.734	7.773	21.619*
	(8.097)	(8.924)	(11.708)
CurrAccBal$_{it-1}$	0.785	3.534	11.056*
	(3.591)	(3.828)	(5.971)
Plurality$_{it-1}$	1.860	1.134	1.706
	(1.579)	(1.841)	(2.194)
Bicameral-0$_{it-1}$	6.435***	6.368***	6.028**
	(2.130)	(2.027)	(2.627)
Bicameral-1$_{it-1}$	4.394**	4.657*	3.237
	(2.231)	(2.465)	(3.599)
Sys-AssembPres$_{it-1}$	-0.268	-1.155	-3.977
	(1.940)	(2.267)	(2.435)
Sys-Parli$_{it-1}$	0.887	1.583	-3.273
	(2.500)	(2.838)	(2.782)
Constant	95.111***	97.508***	133.669***
	(16.013)	(18.652)	(20.625)
Observations	4,435	4,435	4,435
Countries	146	146	146
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Conditions	5.162**	4.832**	5.477**

Notes: The outcome variable is the total number of IMF conditions (t-1) ($BA2TOT_{t-1}$). $IntBA2TOT_{t-1}$ is the compound instrument for $BA2TOT_{t-1}$. Additional variables representing the influence of socio-political institutions are added to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B21: (CMP Estimates - Additional Variables - Institutional) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)
	Left-Wing	*Right-Wing*	*Centrist*
$IMFProg_{it-1}$	-0.141	-0.467	0.847**
	(0.728)	(0.568)	(0.391)
$BA2TOT_{it-1}$	-0.033*	0.050***	-0.032***
	(0.020)	(0.012)	(0.008)
$RGDPGR_{it-1}$	0.105	0.041	-0.112
	(0.133)	(0.144)	(0.105)
$lnRGDPPC_{it-1}$	-0.164*	0.248***	-0.132
	(0.084)	(0.080)	(0.104)
$Union_{it-1}$	0.043	-0.086***	0.048**
	(0.027)	(0.022)	(0.020)
$SchSecond_{it-1}$	0.142	0.117	-0.215**
	(0.152)	(0.167)	(0.104)
$Plurality_{it-1}$	0.095	-0.081	0.044
	(0.073)	(0.098)	(0.075)
$Bicameral\text{-}0_{it-1}$	0.327***	-0.236**	0.064
	(0.122)	(0.094)	(0.106)
$Bicameral\text{-}1_{it-1}$	0.300**	-0.202*	0.099
	(0.117)	(0.108)	(0.095)
$Sys\text{-}AssembPres_{it-1}$	0.079	0.002	-0.098
	(0.090)	(0.128)	(0.083)
$Sys\text{-}Parli_{it-1}$	0.045	-0.079	-0.078
	(0.136)	(0.147)	(0.089)
Constant	1.920***	-1.817**	1.020
	(0.738)	(0.823)	(1.235)
Observations	4,435	4,435	4,435
Countries	146	146	146
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Program	2.207	6.669***	5.859**
F-stat for Conditions	5.162**	4.832**	5.477**
F-stat Joint	6.163**	6.804**	7.914**

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. Additional variables representing the influence of socio-political institutions are added to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B22: (CMP Estimates - Additional Variables - Economic Factors) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)
Left-Wing$_{it-1}$	-0.320***		
	(0.123)		
Right-Wing$_{it-1}$		0.203	
		(0.126)	
Centrist$_{it-1}$			0.262
			(0.317)
IntIMF55$_{it-1}$	-0.167**	-0.182***	-0.201***
	(0.069)	(0.062)	(0.065)
RGDPGR$_{it-1}$	-0.032	-0.039	-0.103
	(0.097)	(0.099)	(0.107)
lnRGDPPC$_{it-1}$	-0.212***	-0.263***	-0.267***
	(0.055)	(0.048)	(0.065)
Inflation$_{it-1}$	-0.005	-0.007**	-0.008***
	(0.003)	(0.003)	(0.003)
GovConsump$_{it-1}$	0.430	0.545*	0.582*
	(0.311)	(0.312)	(0.330)
CurrAccBal$_{it-1}$	0.142	0.206*	0.262**
	(0.105)	(0.107)	(0.129)
lnRER$_{it-1}$	0.201***	0.229***	0.253***
	(0.053)	(0.054)	(0.054)
Gini$_{it-1}$	0.017	0.034	0.507
	(0.447)	(0.470)	(0.453)
Constant	2.886***	3.146***	3.166***
	(0.636)	(0.574)	(0.727)
Observations	5,252	5,252	5,252
Countries	152	152	152
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Program	5.919**	8.589***	9.740***

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. Additional variables representing the influence of economic factors are added to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B23: (CMP Estimates - Additional Variables - Economic) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)
$Left\text{-}Wing_{it-1}$	-13.168***		
	(0.935)		
$Right\text{-}Wing_{it-1}$		13.052***	
		(1.287)	
$Centrist_{it-1}$			-8.599
			(9.835)
$IntBA2TOT_{it-1}$	-0.139***	-0.117**	-0.197**
	(0.054)	(0.052)	(0.080)
$RGDPGR_{it-1}$	-3.445	-2.918	-4.273
	(2.777)	(2.635)	(3.258)
$lnRGDPPC_{it-1}$	-6.754***	-8.465***	-10.416***
	(1.588)	(1.565)	(1.698)
$Inflation_{it-1}$	-0.019	-0.053	-0.219***
	(0.037)	(0.062)	(0.071)
$GovConsump_{it-1}$	-0.823	3.105	10.648
	(7.338)	(7.044)	(9.991)
$CurrAccBal_{it-1}$	1.239	2.754	7.546**
	(2.428)	(2.551)	(3.674)
$lnRER_{it-1}$	5.924***	6.457***	8.736***
	(1.329)	(1.480)	(1.590)
$Gini_{it-1}$	-0.864	-5.776	10.331
	(11.792)	(11.139)	(11.016)
Constant	85.576***	88.132***	109.841***
	(17.118)	(16.190)	(16.754)
Observations	5,252	5,252	5,252
Countries	152	152	152
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Conditions	6.658***	5.176**	6.062**

Notes: The outcome variable is the total number of IMF conditions (t-1) ($BA2TOT_{t-1}$). $IntBA2TOT_{t-1}$ is the compound instrument for $BA2TOT_{t-1}$. Additional variables representing the influence of economic factors are added to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B24: (CMP Estimates - Additional Variables - Economic) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)
	Left-Wing	*Right-Wing*	*Centrist*
$IMFProg_{it-1}$	-0.096	-0.351	0.637***
	(0.479)	(0.430)	(0.230)
$BA2TOT_{it-1}$	-0.030**	0.042***	-0.021**
	(0.013)	(0.010)	(0.009)
$RGDPGR_{it-1}$	0.113	0.017	-0.061
	(0.107)	(0.101)	(0.060)
$lnRGDPPC_{it-1}$	-0.136**	0.187***	-0.077
	(0.065)	(0.061)	(0.058)
$Union_{it-1}$	0.045**	-0.070***	0.045**
	(0.023)	(0.021)	(0.019)
$SchSecond_{it-1}$	0.195	0.011	-0.207*
	(0.141)	(0.156)	(0.118)
$lnRER_{it-1}$	0.120**	-0.158**	0.039
	(0.056)	(0.064)	(0.062)
$Gini_{it-1}$	0.022	0.546	-0.278
	(0.586)	(0.541)	(0.296)
Constant	1.661***	-1.394***	0.667
	(0.612)	(0.529)	(0.577)
Observations	5,252	5,252	5,252
Countries	152	152	152
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Program	5.919**	8.589***	9.740***
F-stat for Conditions	6.658***	5.176**	6.062**
F-stat Joint	8.281**	8.603**	10.307***

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. Additional variables representing the influence of economic factors are added to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B24: (CMP Estimates - North, Emerging South, & Rest of the South) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	South	North	Emerging South	Rest of the South	South	North	Emerging South	Rest of the South	South	North	Emerging South	Rest of the South
$Left\text{-}Wing_{it-1}$	-0.436***	0.049	-0.482***	-0.441***								
	(0.120)	(0.042)	(0.058)	(0.115)								
$Right\text{-}Wing_{it-1}$					0.281*	0.214	-0.048	0.338*				
					(0.160)	(0.231)	(0.031)	(0.190)				
$Centrist_{it-1}$									0.490	-0.126***	0.281*	0.394
									(0.338)	(0.036)	(0.151)	(0.630)
$IntIMF55_{it-1}$	-0.108	1.004***	0.009	-0.142*	-0.144*	0.114	0.853***	-0.175**	-0.187***	0.727***	-0.021	-0.247***
	(0.074)	(0.216)	(0.150)	(0.075)	(0.078)	(0.254)	(0.243)	(0.088)	(0.070)	(0.257)	(0.107)	(0.070)
$RGDPGR_{it-1}$	0.025	-0.703**	-0.300	0.117	0.024	-0.179	-0.691**	0.100	0.004	-0.686**	-0.420**	0.094
	(0.094)	(0.299)	(0.235)	(0.108)	(0.096)	(0.214)	(0.294)	(0.106)	(0.109)	(0.299)	(0.205)	(0.119)
$lnRGDPPC_{it-1}$	-0.174***	-0.089	-0.186**	-0.170**	-0.239***	-0.305***	-0.062	-0.216***	-0.226***	-0.078**	-0.327**	-0.217**
	(0.058)	(0.064)	(0.087)	(0.070)	(0.055)	(0.115)	(0.078)	(0.072)	(0.073)	(0.035)	(0.150)	(0.098)
$Inflation_{it-1}$	-0.003	0.138*	-0.000	-0.004	-0.006*	-0.004	0.060	-0.005	-0.007**	0.160**	-0.008**	-0.008**
	(0.003)	(0.072)	(0.002)	(0.003)	(0.003)	(0.006)	(0.084)	(0.004)	(0.003)	(0.076)	(0.004)	(0.003)
$GovConsump_{it-1}$	0.150	-0.079	0.171	0.053	0.282	0.304	-0.038	0.173	0.420	0.070	0.147	0.392
	(0.319)	(0.360)	(0.483)	(0.338)	(0.341)	(0.891)	(0.344)	(0.375)	(0.313)	(0.151)	(1.141)	(0.368)
$CurrAccBal_{it-1}$	0.118	0.003	0.319	0.069	0.202	0.704	0.014	0.114	0.252**	0.016	0.964***	0.183
	(0.110)	(0.147)	(0.256)	(0.098)	(0.125)	(0.484)	(0.145)	(0.115)	(0.128)	(0.077)	(0.357)	(0.128)
Constant	2.649***	0.961	2.158***	2.786***	3.089***	2.596***	0.702	3.019***	3.387***	0.894**	2.900**	3.582***
	(0.635)	(0.669)	(0.689)	(0.707)	(0.711)	(1.007)	(0.791)	(0.869)	(0.722)	(0.381)	(1.145)	(0.977)
Observations	4,366	964	1,215	3,151	4,366	964	1,215	3,151	4,366	964	1,215	3,151
Countries	129	25	33	96	129	25	33	96	129	25	33	96
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
F-stat for Program	2.163	21.655***	0.003	3.615*	3.415*	12.299***	0.203	3.983**	7.123***	8.005***	0.037	12.438***

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. Regression is performed on a subset of countries representing the global North, the Emerging South, and the Rest of the South to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B26: (CMP Estimates - North, Emerging South, & Rest of the South) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	South	North	Emerging South	Rest of the South	South	North	Emerging South	Rest of the South	South	North	Emerging South	Rest of the South
Left-Wing$_{it-1}$	-14.792***	-0.722	-9.080	-14.806***								
	(2.028)	(1.731)	(5.797)	(2.203)								
Right-Wing$_{it-1}$					15.420***	0.634	12.816***	16.211***				
					(1.212)	(1.403)	(2.558)	(1.130)				
Centrist$_{it-1}$									21.572***	-1.390	-8.921	18.716*
									(4.465)	(1.065)	(5.489)	(10.378)
IntBA2TOT$_{it-1}$	-0.109*	0.818***	-0.349**	-0.091	-0.082	0.719**	-0.073	-0.067	-0.190**	0.909***	-0.085	-0.218**
	(0.066)	(0.275)	(0.162)	(0.071)	(0.054)	(0.287)	(0.076)	(0.062)	(0.091)	(0.176)	(0.093)	(0.091)
RGDPGR$_{it-1}$	-2.296	-14.284*	-22.135***	3.844	-1.476	-14.559*	-15.185***	3.449	-2.568	-14.714**	-16.552**	3.362
	(2.793)	(7.292)	(7.791)	(2.997)	(2.597)	(7.652)	(5.225)	(2.890)	(3.288)	(7.204)	(6.905)	(3.210)
lnRGDPPC$_{it-1}$	-5.631***	-3.861*	-3.816	-7.116***	-7.246***	-4.087	-5.649*	-8.040***	-6.347***	-3.471	-7.617**	-7.639**
	(1.748)	(2.231)	(3.539)	(2.359)	(1.680)	(2.759)	(3.082)	(2.299)	(2.140)	(2.304)	(3.708)	(2.983)
Inflation$_{it-1}$	0.009	1.315	-0.113	-0.007	-0.023	1.242	-0.028	-0.022	-0.116*	1.673	-0.232**	-0.128
	(0.023)	(3.083)	(0.186)	(0.028)	(0.058)	(2.674)	(0.088)	(0.058)	(0.063)	(4.394)	(0.093)	(0.078)
GovConsump$_{it-1}$	-8.299	5.510	-3.564	-11.020	-4.198	6.595	5.727	-8.253	3.692	1.292	5.155	2.682
	(7.242)	(12.980)	(33.920)	(8.271)	(6.883)	(11.752)	(15.317)	(7.810)	(8.896)	(8.475)	(32.747)	(11.565)
CurrAccBal$_{it-1}$	0.662	1.829	10.247	0.033	2.051	1.462	10.210	0.615	4.760	2.472	23.474**	3.628
	(2.382)	(5.177)	(12.899)	(2.760)	(2.679)	(4.889)	(11.449)	(2.661)	(3.546)	(5.298)	(9.325)	(4.086)
Constant	82.144***	40.224*	54.426**	94.026***	78.932***	42.119	52.510**	85.413***	95.106***	37.406	69.923**	109.825***
	(18.066)	(22.829)	(26.993)	(23.475)	(16.414)	(27.669)	(25.439)	(22.028)	(23.377)	(23.754)	(29.851)	(31.883)
Observations	4,366	964	1,215	3,151	4,366	964	1,215	3,151	4,366	964	1,215	3,151
Countries	129	25	33	96	129	25	33	96	129	25	33	96
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
F-stat for Conditions	2.733*	8.867***	4.669**	1.672	2.321	6.267**	0.899	1.163	4.352**	26.729***	0.845	5.771**

Notes: The outcome variable is the total number of IMF conditions (t-1) ($BA2TOT_{t-1}$). $IntBA2TOT_{t-1}$ is the compound instrument for $BA2TOT_{t-1}$. Regression is performed on a subset of countries representing the global North, the Emerging South, and the Rest of the South to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B27: (CMP Estimates - North, Emerging South, & Rest of the South) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Left-Wing				*Right-Wing*				*Centrist*			
	South	North	Emerging South	Rest of the South	South	North	Emerging South	Rest of the South	South	North	Emerging South	Rest of the South
$IMFProg_{it-1}$	-0.300	6.474**	-1.107**	-0.299	-0.198	-8.192***	-0.450	-0.058	-0.002	-5.309***	0.942***	-0.015
	(0.465)	(2.641)	(0.533)	(0.389)	(0.433)	(3.093)	(0.969)	(0.448)	(0.300)	(1.701)	(0.342)	(0.381)
$BA2TOT_{it-1}$	-0.023	-0.193***	-0.001	-0.019	0.035***	0.239***	0.052**	0.028**	0.012	0.075**	-0.033***	0.009
	(0.014)	(0.065)	(0.025)	(0.012)	(0.010)	(0.083)	(0.022)	(0.012)	(0.009)	(0.035)	(0.012)	(0.011)
$RGDPGR_{it-1}$	0.130	2.327	0.073	0.226**	0.000	-2.344	0.324	-0.065	-0.047	-2.801***	-0.241	-0.086
	(0.102)	(1.869)	(0.273)	(0.099)	(0.098)	(2.343)	(0.269)	(0.092)	(0.058)	(0.994)	(0.188)	(0.060)
$lnRGDPPC_{it-1}$	-0.105*	-0.265	-0.169	-0.094	0.141***	0.695**	0.136	0.126*	0.030	-0.125	0.010	0.022
	(0.063)	(0.248)	(0.117)	(0.079)	(0.054)	(0.316)	(0.102)	(0.066)	(0.032)	(0.158)	(0.048)	(0.041)
$Union_{it-1}$	0.049**	-0.031	0.009	0.085***	-0.074***	0.049	-0.062	-0.095***	0.039*	-0.025	0.057*	0.031
	(0.024)	(0.046)	(0.042)	(0.029)	(0.023)	(0.053)	(0.056)	(0.025)	(0.021)	(0.046)	(0.031)	(0.030)
$SchSecond_{it-1}$	0.224	0.049	0.127	0.158	0.074	0.172	0.008	0.149	-0.255**	-0.285	-0.164	-0.284
	(0.160)	(0.193)	(0.216)	(0.192)	(0.178)	(0.248)	(0.334)	(0.189)	(0.126)	(0.221)	(0.198)	(0.195)
Constant	1.563***	2.906	2.501***	1.412**	-0.865*	-6.965**	-1.392	-0.722	-0.516	1.944	0.115	-0.377
	(0.523)	(2.620)	(0.958)	(0.643)	(0.484)	(3.371)	(0.883)	(0.547)	(0.338)	(1.711)	(0.374)	(0.430)
Observations	4,366	964	1,215	3,151	4,366	964	1,215	3,151	4,366	964	1,215	3,151
Countries	129	25	33	96	129	25	33	96	129	25	33	96
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
F-stat for Program	2.163	21.655***	0.003	3.615*	3.415*	12.299***	0.203	3.983**	7.123***	8.005***	0.037	12.438***
F-stat for Conditions	2.733*	8.867***	4.669**	1.672	2.321	6.267**	0.899	1.163	4.352**	26.729***	0.845	5.771**
F-stat Joint	4.553	26.955***	6.087**	4.611*	3.538	13.031***	1.08	4.027	7.195**	27.159***	1.788	12.463***

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. Regression is performed on a subset of countries representing the global North, the Emerging South, and the Rest of the South to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B28: (CMP Estimates - Without Regions) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Without East Asia & Pacific	Without Europe & Central Asia	Without Latin America & Caribbean	Without Middle East & North Africa	Without North America	Without South Asia	Without Sub-Saharan Africa
	Panel (A): *Left-Wing*						
$Left\text{-}Wing_{it-1}$	-0.365***	-0.453***	-0.204	-0.259***	-0.343***	-0.357***	-0.386***
	(0.115)	(0.073)	(0.130)	(0.100)	(0.109)	(0.130)	(0.053)
$IntBA2TOT_{it-1}$	-0.135*	-0.083	-0.225***	-0.172***	-0.155**	-0.153*	-0.131**
	(0.070)	(0.055)	(0.064)	(0.065)	(0.069)	(0.091)	(0.064)
$RGDPGR_{it-1}$	0.018	-0.023	-0.042	-0.023	-0.000	0.011	-0.016
	(0.096)	(0.093)	(0.102)	(0.113)	(0.092)	(0.092)	(0.104)
$lnRGDPPC_{it-1}$	-0.174***	-0.122**	-0.219***	-0.238***	-0.195***	-0.201***	-0.262***
	(0.058)	(0.050)	(0.060)	(0.062)	(0.055)	(0.060)	(0.065)
$Inflation_{it-1}$	-0.004	-0.001	-0.022***	-0.006**	-0.004	-0.004	-0.002
	(0.003)	(0.002)	(0.007)	(0.003)	(0.003)	(0.003)	(0.002)
$GovConsump_{it-1}$	0.298	0.027	0.382	0.683*	0.292	0.282	0.066
	(0.330)	(0.261)	(0.355)	(0.382)	(0.308)	(0.326)	(0.247)
$CurrAccBal_{it-1}$	0.126	0.109	0.240**	0.264*	0.150	0.151	0.058
	(0.103)	(0.088)	(0.115)	(0.154)	(0.105)	(0.111)	(0.103)
Constant	2.731***	2.112***	3.489***	3.344***	2.985***	3.023***	3.083***
	(0.625)	(0.497)	(0.625)	(0.624)	(0.607)	(0.739)	(0.662)
F-stat for Program	3.713*	2.225	12.559***	6.911***	4.98**	2.806*	4.157**
	Right-Wing						
$Right\text{-}Wing_{it-1}$	0.280*	0.368**	0.087	0.220**	0.241*	0.274*	0.292**
	(0.143)	(0.153)	(0.109)	(0.102)	(0.127)	(0.151)	(0.121)
$IntBA2TOT_{it-1}$	-0.148**	-0.090	-0.230***	-0.172***	-0.172**	-0.169*	-0.137**
	(0.076)	(0.084)	(0.055)	(0.065)	(0.069)	(0.095)	(0.055)
$RGDPGR_{it-1}$	0.030	-0.013	-0.045	0.002	-0.000	0.022	-0.094
	(0.095)	(0.089)	(0.102)	(0.113)	(0.094)	(0.094)	(0.110)
$lnRGDPPC_{it-1}$	-0.232***	-0.176***	-0.257***	-0.268***	-0.247***	-0.251***	-0.317***
	(0.054)	(0.053)	(0.055)	(0.057)	(0.051)	(0.054)	(0.080)
$Inflation_{it-1}$	-0.005	-0.002	-0.024***	-0.006**	-0.006**	-0.005	-0.004
	(0.003)	(0.003)	(0.007)	(0.003)	(0.003)	(0.003)	(0.003)
$GovConsump_{it-1}$	0.409	0.090	0.443	0.706*	0.403	0.382	0.101
	(0.341)	(0.309)	(0.362)	(0.394)	(0.319)	(0.334)	(0.334)
$CurrAccBal_{it-1}$	0.177	0.155	0.289**	0.289*	0.214*	0.203*	0.161
	(0.114)	(0.126)	(0.117)	(0.152)	(0.112)	(0.120)	(0.128)
Constant	3.021***	2.284***	3.749***	3.416***	3.275***	3.262***	3.227***
	(0.685)	(0.742)	(0.545)	(0.614)	(0.625)	(0.793)	(0.791)
F-stat for Program	3.854**	1.160	17.815***	6.983***	6.316**	3.149*	6.156**
	Panel (C): *Centrist*						
$Centrist_{it-1}$	0.440	0.623**	0.234	0.163	0.358	0.284	0.279**
	(1.107)	(0.301)	(0.370)	(0.187)	(0.627)	(0.548)	(0.111)
$IntBA2TOT_{it-1}$	-0.171	-0.136**	-0.267***	-0.203***	-0.208***	-0.218***	-0.143**
	(0.107)	(0.069)	(0.064)	(0.066)	(0.070)	(0.075)	(0.069)
$RGDPGR_{it-1}$	-0.061	-0.024	-0.079	-0.061	-0.080	-0.073	-0.084
	(0.118)	(0.111)	(0.110)	(0.117)	(0.100)	(0.109)	(0.113)
$lnRGDPPC_{it-1}$	-0.210	-0.154**	-0.244***	-0.285***	-0.247**	-0.264***	-0.358***
	(0.273)	(0.076)	(0.081)	(0.067)	(0.123)	(0.101)	(0.068)
$Inflation_{it-1}$	-0.007	-0.005*	-0.019*	-0.009***	-0.008	-0.008**	-0.007***
	(0.011)	(0.003)	(0.010)	(0.002)	(0.005)	(0.004)	(0.002)
$GovConsump_{it-1}$	0.360	0.242	0.430	0.877**	0.374	0.448	0.049
	(0.593)	(0.272)	(0.372)	(0.376)	(0.403)	(0.382)	(0.405)
$CurrAccBal_{it-1}$	0.223	0.213	0.303**	0.366**	0.274	0.293*	0.213*
	(0.361)	(0.137)	(0.142)	(0.179)	(0.200)	(0.162)	(0.122)
Constant	3.240	2.593***	3.897***	3.855***	3.688***	3.840***	3.891***
	(2.472)	(0.769)	(0.705)	(0.608)	(1.057)	(0.910)	(0.549)
F-stat for Program	2.572	3.944**	17.46***	9.462***	8.847***	8.421***	4.308**
Observations	4,770	4,077	4,520	4,758	5,260	5,111	4,097
Countries	130	106	125	134	152	146	107
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. The world regions (according to the World Bank classification) are excluded one at a time to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at the levels 1%, 5 <., and 10%, respectively.

Table B29: (CMP Estimates - Without Regions) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Without East Asia & Pacific	Without Europe & Central Asia	Without Latin America & Caribbean	Without Middle East & North Africa	Without North America	Without South Asia	Without Sub-Saharan Africa
	Panel (A): *Left-Wing*						
$Left\text{-}Wing_{it-1}$	-13.076***	-13.607***	-12.298***	-13.077***	-13.180***	-12.969***	-6.273
	(1.588)	(1.582)	(1.207)	(0.871)	(1.099)	(1.576)	(4.950)
$IntBA2TOT_{it-1}$	-0.130**	0.019	-0.202***	-0.122**	-0.137**	-0.137**	-0.258***
	(0.058)	(0.046)	(0.065)	(0.055)	(0.055)	(0.063)	(0.082)
$RGDPGR_{it-1}$	-2.480	-0.299	-3.067	-3.586	-2.518	-2.262	-5.819
	(2.762)	(2.374)	(3.065)	(3.375)	(2.662)	(2.691)	(4.153)
$lnRGDPPC_{it-1}$	-6.498***	-2.300*	-7.100***	-7.370***	-6.325***	-6.646***	-10.159***
	(1.794)	(1.387)	(1.962)	(1.936)	(1.631)	(1.662)	(2.649)
$Inflation_{it-1}$	-0.007	-0.006	-0.100	-0.036	-0.011	-0.011	-0.096
	(0.026)	(0.026)	(0.318)	(0.041)	(0.029)	(0.028)	(0.118)
$GovConsump_{it-1}$	-4.474	-13.394**	-1.613	2.915	-4.555	-2.037	-0.091
	(7.758)	(6.704)	(8.187)	(8.310)	(7.150)	(7.401)	(13.416)
$CurrAccBal_{it-1}$	2.003	0.931	3.370	1.915	1.546	1.991	4.996
	(2.415)	(1.638)	(2.885)	(4.094)	(2.345)	(2.434)	(5.123)
Constant	90.631***	42.480***	102.478***	95.054***	89.643***	91.397***	123.539***
	(17.494)	(12.926)	(18.872)	(17.586)	(15.795)	(16.666)	(23.423)
F-stat for Conditions	5.111**	0.170	9.611***	5.015**	6.172**	4.727**	9.941***
	Panel (B): *Right-Wing*						
$Right\text{-}Wing_{it-1}$	13.609***	14.301***	11.572***	13.017***	13.416***	13.463***	0.893
	(0.878)	(1.065)	(1.805)	(1.077)	(1.060)	(0.898)	(5.677)
$IntBA2TOT_{it-1}$	-0.100**	0.020	-0.177***	-0.104**	-0.112**	-0.101*	-0.213**
	(0.049)	(0.059)	(0.056)	(0.050)	(0.051)	(0.057)	(0.090)
$RGDPGR_{it-1}$	-1.587	0.480	-2.397	-1.766	-1.717	-1.147	-7.112*
	(2.493)	(2.222)	(2.935)	(3.105)	(2.517)	(2.502)	(3.821)
$lnRGDPPC_{it-1}$	-8.112***	-3.720***	-9.173***	-8.748***	-7.891***	-8.084***	-11.661***
	(1.668)	(1.381)	(1.847)	(1.734)	(1.582)	(1.609)	(2.444)
$Inflation_{it-1}$	-0.022	-0.003	-0.236	-0.040	-0.034	-0.027	-0.188*
	(0.052)	(0.023)	(0.301)	(0.048)	(0.053)	(0.055)	(0.103)
$GovConsump_{it-1}$	-0.767	-10.218	2.413	3.961	-0.064	1.127	0.222
	(7.383)	(6.718)	(7.986)	(7.790)	(6.737)	(7.125)	(13.992)
$CurrAccBal_{it-1}$	2.943	1.628	5.069*	2.665	2.903	2.903	7.519
	(2.383)	(1.886)	(2.974)	(3.819)	(2.492)	(2.565)	(4.711)
Constant	89.037***	41.897***	107.008***	93.982***	88.008***	87.931***	129.213***
	(15.568)	(14.076)	(17.885)	(16.071)	(15.391)	(15.810)	(20.000)
F-stat for Conditions	4.140**	0.116	9.847***	4.399**	4.771**	3.067*	5.562**
	Panel (C): *Centrist*						
$Centrist_{it-1}$	-2.282	19.026***	-7.618	17.025***	-5.706	-8.086	-6.126
	(45.741)	(5.452)	(13.720)	(3.616)	(22.171)	(16.984)	(3.804)
$IntBA2TOT_{it-1}$	-0.219	-0.044	-0.279**	-0.192**	-0.226*	-0.217**	-0.166**
	(0.173)	(0.063)	(0.129)	(0.076)	(0.125)	(0.109)	(0.070)
$RGDPGR_{it-1}$	-3.689	-0.295	-3.164	-5.147	-3.846	-2.941	-6.626*
	(4.867)	(2.833)	(3.358)	(3.683)	(3.764)	(3.963)	(3.662)
$lnRGDPPC_{it-1}$	-9.931*	-3.006*	-10.414***	-8.275***	-10.000***	-10.286***	-12.376***
	(5.843)	(1.636)	(2.192)	(2.231)	(2.362)	(1.980)	(2.214)
$Inflation_{it-1}$	-0.201	-0.105*	-0.212	-0.158***	-0.208***	-0.213***	-0.213***
	(0.194)	(0.054)	(0.452)	(0.058)	(0.070)	(0.057)	(0.062)
$GovConsump_{it-1}$	4.051	-5.686	4.299	13.590	4.850	8.403	-2.121
	(21.295)	(9.408)	(11.275)	(9.173)	(12.260)	(10.366)	(12.532)
$CurrAccBal_{it-1}$	7.705	4.014	8.460**	6.468	8.498*	8.677**	7.030*
	(7.590)	(2.855)	(4.173)	(5.345)	(4.403)	(3.950)	(4.011)
Constant	127.319***	54.429***	137.105***	108.491***	127.794***	127.869***	130.696***
	(27.702)	(16.517)	(19.860)	(21.604)	(17.952)	(18.567)	(18.355)
F-stat for Conditions	1.596	0.478	4.66**	6.387**	3.277*	3.989**	5.597**
Observations	4,770	4,077	4,520	4,758	5,260	5,111	4,097
Countries	130	106	125	134	152	146	107
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is the total number of IMF conditions (t-1) ($BA2TOT_{t-1}$). $IntBA2TOT_{t-1}$ is the compound instrument for $BA2TOT_{t-1}$. World Regions (as per World Bank Classification) are excluded one at a time to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B30: (CMP Estimates - Without Regions) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Without East Asia & Pacific	Without Europe & Central Asia	Without Latin America & Caribbean	Without Middle East & North Africa	Without North America	Without South Asia	Without Sub-Saharan Africa
				Panel (A): *Left-Wing* (Outcome Variable)			
$IMFProg_{it-1}$	-0.290	-0.399	0.183	0.125	-0.178	-0.244	-1.382***
	(0.524)	(0.298)	(0.411)	(0.350)	(0.448)	(0.584)	(0.519)
$BA2TOT_{it-1}$	-0.025*	-0.022**	-0.033***	-0.036***	-0.028**	-0.026	0.011
	(0.015)	(0.010)	(0.011)	(0.009)	(0.013)	(0.017)	(0.025)
$RGDPGR_{it-1}$	0.202**	0.165*	0.115	0.108	0.145	0.152	0.169
	(0.102)	(0.093)	(0.109)	(0.128)	(0.102)	(0.103)	(0.144)
$lnRGDPPC_{it-1}$	-0.122*	-0.064	-0.111	-0.140*	-0.119*	-0.136**	-0.160*
	(0.073)	(0.059)	(0.072)	(0.074)	(0.063)	(0.066)	(0.092)
$Union_{it-1}$	0.038	0.060***	0.021	0.060**	0.045**	0.044*	0.037
	(0.025)	(0.023)	(0.027)	(0.025)	(0.023)	(0.024)	(0.023)
$SchSecond_{it-1}$	0.162	0.394**	0.201	0.203	0.220	0.253*	0.042
	(0.153)	(0.160)	(0.170)	(0.151)	(0.143)	(0.150)	(0.118)
Constant	1.776***	1.259**	1.489**	1.810***	1.716***	1.844***	1.650*
	(0.609)	(0.495)	(0.608)	(0.625)	(0.534)	(0.546)	(0.849)
F-stat for Program	3.713*	2.225	12.559***	6.911***	4.98**	2.806*	4.157**
F-stat for Conditions	5.111**	0.170	9.611***	5.015**	6.172**	4.727**	9.941***
F-stat Joint	7.079**	5.345*	13.271***	7.272**	7.827**	6.088**	9.992***
				Right-Wing (Outcome Variable)			
$IMFProg_{it-1}$	-0.084	0.104	-0.591*	-0.289	-0.231	-0.121	1.732***
	(0.565)	(0.520)	(0.353)	(0.374)	(0.446)	(0.584)	(0.289)
$BA2TOT_{it-1}$	0.037***	0.031**	0.042***	0.043***	0.039***	0.037**	-0.035
	(0.014)	(0.015)	(0.009)	(0.010)	(0.011)	(0.015)	(0.023)
$RGDPGR_{it-1}$	-0.061	-0.086	0.032	-0.031	-0.022	-0.033	-0.106
	(0.105)	(0.079)	(0.105)	(0.127)	(0.101)	(0.103)	(0.141)
$lnRGDPPC_{it-1}$	0.185***	0.088*	0.185***	0.217***	0.174***	0.189***	0.051
	(0.065)	(0.050)	(0.063)	(0.068)	(0.056)	(0.056)	(0.130)
$Union_{it-1}$	-0.068***	-0.092***	-0.068***	-0.076***	-0.081***	-0.081***	-0.066***
	(0.022)	(0.021)	(0.024)	(0.023)	(0.020)	(0.021)	(0.025)
$SchSecond_{it-1}$	0.100	-0.037	0.028	-0.000	-0.007	-0.010	0.189
	(0.171)	(0.205)	(0.188)	(0.162)	(0.151)	(0.158)	(0.137)
Constant	-1.395**	-0.557	-1.102**	-1.602***	-1.210**	-1.353***	0.427
	(0.574)	(0.445)	(0.555)	(0.597)	(0.507)	(0.506)	(1.245)
F-stat for Program	3.854**	1.160	17.815***	6.983***	6.316**	3.149*	6.156**
F-stat for Conditions	4.140**	0.116	9.847***	4.399**	4.771**	3.067*	5.562**
F-stat Joint	4.757*	6.477**	17.872***	6.995**	6.482**	3.590	7.757**
				Panel (C): *Centrist* (Outcome Variable)			
$IMFProg_{it-1}$	0.730***	0.180	0.502*	-0.276	0.634**	0.659**	1.062***
	(0.227)	(0.392)	(0.268)	(0.194)	(0.247)	(0.311)	(0.226)
$BA2TOT_{it-1}$	-0.018	0.009	-0.016	0.020***	-0.019	-0.021*	-0.033***
	(0.042)	(0.012)	(0.014)	(0.007)	(0.017)	(0.012)	(0.007)
$RGDPGR_{it-1}$	-0.085	-0.073	-0.065	0.026	-0.060	-0.048	-0.185*
	(0.099)	(0.059)	(0.060)	(0.064)	(0.063)	(0.065)	(0.102)
$lnRGDPPC_{it-1}$	-0.055	0.012	-0.090	0.044	-0.062	-0.075	-0.032
	(0.211)	(0.029)	(0.065)	(0.044)	(0.090)	(0.075)	(0.056)
$Union_{it-1}$	0.040	0.034	0.067***	0.030	0.050**	0.048**	0.040**
	(0.036)	(0.021)	(0.021)	(0.021)	(0.023)	(0.022)	(0.018)
$SchSecond_{it-1}$	-0.251**	-0.309*	-0.229*	-0.156	-0.192*	-0.205*	-0.205*
	(0.121)	(0.159)	(0.126)	(0.109)	(0.106)	(0.111)	(0.110)
Constant	0.230	-0.444	0.652	-0.564	0.361	0.503	0.307
	(2.650)	(0.309)	(0.749)	(0.423)	(1.163)	(0.991)	(0.478)
F-stat for Program	2.572	3.944**	17.46***	9.462***	8.847***	8.421***	4.308**
F-stat for Conditions	1.596	0.478	4.66**	6.387**	3.277*	3.989**	5.597**
F-stat Joint	8.880**	7.170**	17.865***	9.586***	10.626***	9.956***	5.600*
Observations	4,770	4,077	4,520	4,758	5,260	5,111	4,097
Countries	130	106	125	134	152	146	107
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. World Regions (as per World Bank Classification) are excluded one at a time to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B31: (CMP Estimates - Including Lagged Effects of IMF Program and Conditions) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)	(4)	(5)
	Panel (A): *Left-Wing*				
$Left\text{-}Wing_{it-1}$	-0.338***				
	(0.113)				
$IntIMF55_{it-1}$	-0.154**				
	(0.072)				
$Left\text{-}Wing_{it-2}$		-0.054*			
		(0.028)			
$IntIMF55_{it-2}$		-0.215***			
		(0.065)			
$Left\text{-}Wing_{it-3}$			-0.049*		
			(0.026)		
$IntIMF55_{it-3}$			-0.177**		
			(0.069)		
$Left\text{-}Wing_{it-4}$				-0.047*	
				(0.027)	
$IntIMF55_{it-4}$				-0.155**	
				(0.072)	
$Left\text{-}Wing_{it-5}$					-0.046*
					(0.027)
$IntIMF55_{it-5}$					-0.162**
					(0.070)
$RGDPGR_{it-1}$	0.001	-0.034	-0.047	-0.067	-0.072
	(0.092)	(0.101)	(0.101)	(0.100)	(0.101)
$lnRGDPPC_{it-1}$	-0.195***	-0.267***	-0.251***	-0.251***	-0.243***
	(0.056)	(0.055)	(0.055)	(0.056)	(0.056)
$Inflation_{it-1}$	-0.004	-0.008***	-0.009***	-0.009***	-0.008***
	(0.003)	(0.002)	(0.002)	(0.002)	(0.002)
$GovConsump_{it-1}$	0.299	0.431	0.455	0.338	0.350
	(0.306)	(0.330)	(0.337)	(0.345)	(0.370)
$CurrAccBal_{it-1}$	0.152	0.310**	0.327**	0.302**	0.280**
	(0.105)	(0.123)	(0.129)	(0.133)	(0.133)
Constant	2.979***	3.823***	3.501***	3.432***	3.419***
	(0.627)	(0.531)	(0.543)	(0.556)	(0.549)
F-stat for Program	4.542**	11.053***	6.582***	4.600**	5.390**
	Panel (B): *Right-Wing*				
$Right\text{-}Wing_{it-1}$	0.234*				
	(0.125)				
$IntIMF55_{it-1}$	-0.174**				
	(0.069)				
$Right\text{-}Wing_{it-2}$		0.055**			
		(0.026)			
$IntIMF55_{it-2}$		-0.215***			
		(0.064)			
$Right\text{-}Wing_{it-3}$			0.055**		
			(0.024)		
$IntIMF55_{it-3}$			-0.177***		
			(0.068)		
$Right\text{-}Wing_{it-4}$				0.064***	
				(0.025)	
$IntIMF55_{it-4}$				-0.154**	
				(0.071)	
$Right\text{-}Wing_{it-5}$					0.063***
					(0.023)
$IntIMF55_{it-5}$					-0.162**
					(0.070)
$RGDPGR_{it-1}$	0.001	-0.038	-0.049	-0.067	-0.070
	(0.094)	(0.100)	(0.099)	(0.097)	(0.098)
$lnRGDPPC_{it-1}$	-0.247***	-0.276***	-0.258***	-0.257***	-0.248***
	(0.051)	(0.054)	(0.054)	(0.055)	(0.055)
$Inflation_{it-1}$	-0.006**	-0.008***	-0.008***	-0.008***	-0.007***
	(0.003)	(0.002)	(0.002)	(0.002)	(0.002)
$GovConsump_{it-1}$	0.399	0.402	0.443	0.338	0.354
	(0.316)	(0.331)	(0.338)	(0.347)	(0.372)
$CurrAccBal_{it-1}$	0.214*	0.309**	0.329**	0.303**	0.277**
	(0.111)	(0.123)	(0.129)	(0.133)	(0.133)
Constant	3.287***	3.858***	3.523***	3.433***	3.411***
	(0.623)	(0.525)	(0.537)	(0.550)	(0.545)
F-stat for Program	6.430**	11.187***	6.695***	4.663**	5.422**

Table B31c: (CMP Estimates - Including Lagged Effects of IMF Program and Conditions) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)	(4)	(5)
	Panel (C): *Centrist*				
$Centrist_{it-1}$	0.301				
	(0.488)				
$IntIMF55_{it-1}$	-0.206***				
	(0.067)				
$Centrist_{it-2}$		-0.035			
		(0.038)			
$IntIMF55_{it-2}$		-0.213***			
		(0.065)			
$Centrist_{it-3}$			-0.021		
			(0.032)		
$IntIMF55_{it-3}$			-0.177***		
			(0.069)		
$Centrist_{it-4}$				-0.032	
				(0.029)	
$IntIMF55_{it-4}$				-0.158**	
				(0.072)	
$Centrist_{it-5}$					-0.025
					(0.032)
$IntIMF55_{it-5}$					-0.168**
					(0.069)
$RGDPGR_{it-1}$	-0.080	-0.036	-0.047	-0.061	-0.067
	(0.102)	(0.100)	(0.100)	(0.098)	(0.100)
$lnRGDPPC_{it-1}$	-0.255***	-0.276***	-0.261***	-0.263***	-0.254***
	(0.093)	(0.055)	(0.056)	(0.056)	(0.057)
$Inflation_{it-1}$	-0.008**	-0.009***	-0.009***	-0.009***	-0.007***
	(0.004)	(0.002)	(0.002)	(0.002)	(0.002)
$GovConsump_{it-1}$	0.393	0.382	0.386	0.267	0.280
	(0.368)	(0.332)	(0.340)	(0.348)	(0.370)
$CurrAccBal_{it-1}$	0.286*	0.319***	0.322**	0.293**	0.270**
	(0.158)	(0.124)	(0.129)	(0.131)	(0.132)
Constant	3.737***	3.907***	3.608***	3.557***	3.537***
	(0.826)	(0.530)	(0.544)	(0.558)	(0.551)
F-stat for Program	9.433***	10.837***	6.669***	4.878**	5.868**
Observations	5,330	5,197	5,062	4,929	4,799
Countries	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. The lags of *IntIMF55* are included to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at the levels 1%, 5 <., and 10%, respectively.

Table B32: (CMP Estimates - Including Lagged Effects of IMF Program and Conditions) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)	(4)	(5)
	Panel (A): *Left-Wing*				
$Left\text{-}Wing_{it-1}$	-13.203***				
	(1.045)				
$IntBA2TOT_{it-1}$	-0.129**				
	(0.054)				
$Left\text{-}Wing_{it-2}$		-0.854			
		(0.661)			
$IntBA2TOT_{it-2}$		-0.295***			
		(0.071)			
$Left\text{-}Wing_{it-3}$			-0.813		
			(0.623)		
$IntBA2TOT_{it-3}$			-0.254***		
			(0.067)		
$Left\text{-}Wing_{it-4}$				-0.309	
				(0.718)	
$IntBA2TOT_{it-4}$				-0.258***	
				(0.068)	
$Left\text{-}Wing_{it-5}$					-0.462
					(0.706)
$IntBA2TOT_{it-5}$					-0.247***
					(0.064)
$RGDPGR_{it-1}$	-2.426	-3.824	-4.114	-4.482	-4.480
	(2.651)	(3.133)	(3.221)	(3.251)	(3.410)
$lnRGDPPC_{it-1}$	-6.298***	-9.366***	-9.394***	-9.591***	-9.492***
	(1.611)	(1.907)	(1.931)	(1.972)	(2.016)
$Inflation_{it-1}$	-0.011	-0.185***	-0.197***	-0.205***	-0.169***
	(0.030)	(0.060)	(0.061)	(0.064)	(0.060)
$GovConsump_{it-1}$	-3.932	2.979	3.722	2.253	2.647
	(7.083)	(11.137)	(12.113)	(12.552)	(13.506)
$CurrAccBal_{it-1}$	1.657	7.565*	8.061*	7.943*	7.694
	(2.309)	(4.212)	(4.484)	(4.651)	(4.783)
Constant	88.369***	130.741***	125.773***	128.028***	126.526***
	(15.429)	(17.597)	(17.307)	(17.497)	(17.620)
F-stat for Conditions	5.75**	17.281***	14.577***	14.206***	14.978***
	Panel (B): *Right-Wing*				
$Right\text{-}Wing_{it-1}$	13.253***				
	(1.090)				
$IntBA2TOT_{it-1}$	-0.108**				
	(0.051)				
$Right\text{-}Wing_{it-2}$		0.672			
		(0.647)			
$IntBA2TOT_{it-2}$		-0.296***			
		(0.071)			
$Right\text{-}Wing_{it-3}$			0.572		
			(0.581)		
$IntBA2TOT_{it-3}$			-0.255***		
			(0.066)		
$Right\text{-}Wing_{it-4}$				0.404	
				(0.685)	
$IntBA2TOT_{it-4}$				-0.258***	
				(0.068)	
$Right\text{-}Wing_{it-5}$					0.614
					(0.650)
$IntBA2TOT_{it-5}$					-0.246***
					(0.063)
$RGDPGR_{it-1}$	-1.616	-3.868	-4.138	-4.555	-4.518
	(2.513)	(3.104)	(3.193)	(3.218)	(3.367)
$lnRGDPPC_{it-1}$	-7.867***	-9.444***	-9.454***	-9.582***	-9.499***
	(1.572)	(1.879)	(1.904)	(1.953)	(1.995)
$Inflation_{it-1}$	-0.036	-0.187***	-0.199***	-0.205***	-0.169***
	(0.053)	(0.060)	(0.061)	(0.064)	(0.060)
$GovConsump_{it-1}$	0.144	2.887	3.601	2.350	2.807
	(6.601)	(11.174)	(12.184)	(12.662)	(13.644)
$CurrAccBal_{it-1}$	2.962	7.660*	8.136*	8.003*	7.732
	(2.463)	(4.231)	(4.497)	(4.670)	(4.792)
Constant	87.551***	130.923***	125.825***	127.477***	125.878***
	(15.285)	(17.487)	(17.182)	(17.431)	(17.540)
F-stat for Conditions	4.486**	17.386***	14.727***	14.311***	15.067***

Table B32c: (CMP Estimates - Including Lagged Effects of IMF Program and Conditions) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)	(4)	(5)
	Panel (C): *Centrist*				
$Centrist_{it-1}$	-7.459				
	(15.751)				
$IntBA2TOT_{it-1}$	-0.215**				
	(0.100)				
$Centrist_{it-2}$		0.424			
		(1.121)			
$IntBA2TOT_{it-2}$		-0.295***			
		(0.071)			
$Centrist_{it-3}$			0.549		
			(1.009)		
$IntBA2TOT_{it-3}$			-0.253***		
			(0.066)		
$Centrist_{it-4}$				0.118	
				(0.980)	
$IntBA2TOT_{it-4}$				-0.258***	
				(0.068)	
$Centrist_{it-5}$					0.312
					(1.046)
$IntBA2TOT_{it-5}$					-0.248***
					(0.063)
$RGDPGR_{it-1}$	-3.548	-3.839	-4.140	-4.566	-4.593
	(3.596)	(3.100)	(3.196)	(3.228)	(3.388)
$lnRGDPPC_{it-1}$	-10.074***	-9.479***	-9.557***	-9.747***	-9.687***
	(1.934)	(1.905)	(1.927)	(1.970)	(2.020)
$Inflation_{it-1}$	-0.210***	-0.190***	-0.196***	-0.198***	-0.158***
	(0.059)	(0.060)	(0.061)	(0.064)	(0.061)
$GovConsump_{it-1}$	5.369	2.184	2.432	1.092	1.162
	(10.610)	(11.082)	(12.041)	(12.526)	(13.414)
$CurrAccBal_{it-1}$	8.529**	7.599*	7.846*	7.712*	7.434
	(3.954)	(4.206)	(4.462)	(4.617)	(4.743)
Constant	126.914***	131.803***	127.295***	129.486***	128.451***
	(17.954)	(17.449)	(17.230)	(17.413)	(17.647)
F-stat for Conditions	4.635**	17.239***	14.602***	14.426***	15.342***
Observations	5,330	5,197	5,062	4,929	4,799
Countries	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is the total number of IMF conditions (t-1) ($BA2TOT_{t-1}$). $IntBA2TOT_{t-1}$ is the compound instrument for $BA2TOT_{t-1}$. The lags of *IntBA2TOT* are included to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B33: (CMP Estimates - Including Lagged Effects of IMF Program and Conditions) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)	(4)	(5)
	Panel (A): *Left-Wing* (Outcome Variable)				
$IMFProg_{it-1}$	-0.159				
	(0.467)				
$BA2TOT_{it-1}$	-0.029**				
	(0.013)				
$IMFProg_{it-2}$		-0.046*			
		(0.027)			
$BA2TOT_{it-2}$		-0.002***			
		(0.001)			
$IMFProg_{it-3}$			-0.009		
			(0.027)		
$BA2TOT_{it-3}$			-0.002***		
			(0.001)		
$IMFProg_{it-4}$				0.010	
				(0.028)	
$BA2TOT_{it-4}$				-0.002**	
				(0.001)	
$IMFProg_{it-5}$					0.033
					(0.029)
$BA2TOT_{it-5}$					-0.001*
					(0.001)
$RGDPGR_{it-1}$	0.146	0.122	0.132*	0.131	0.128
	(0.103)	(0.074)	(0.076)	(0.080)	(0.080)
$lnRGDPPC_{it-1}$	-0.127**	-0.005	-0.003	0.005	0.010
	(0.064)	(0.056)	(0.056)	(0.056)	(0.057)
$Union_{it-1}$	0.044*	0.027	0.026	0.023	0.012
	(0.022)	(0.040)	(0.041)	(0.042)	(0.043)
$SchSecond_{it-1}$	0.202	0.496**	0.502**	0.505**	0.490**
	(0.139)	(0.216)	(0.215)	(0.213)	(0.212)
Constant	1.784***	0.088	0.054	-0.047	-0.107
	(0.541)	(0.440)	(0.442)	(0.444)	(0.446)
F-stat for Program	4.542**	11.053***	6.582***	4.600**	5.390**
F-stat for Conditions	5.75**	17.281***	14.577***	14.206***	14.978***
F-stat Joint	7.199**	17.281***	15.465***	16.595***	17.281***
	Panel (B): *Right-Wing* (Outcome Variable)				
$IMFProg_{it-1}$	-0.254				
	(0.451)				
$BA2TOT_{it-1}$	0.041***				
	(0.011)				
$IMFProg_{it-2}$		0.028			
		(0.025)			
$BA2TOT_{it-2}$		0.003***			
		(0.001)			
$IMFProg_{it-3}$			-0.022		
			(0.026)		
$BA2TOT_{it-3}$			0.003***		
			(0.001)		
$IMFProg_{it-4}$				-0.034	
				(0.027)	
$BA2TOT_{it-4}$				0.002***	
				(0.001)	
$IMFProg_{it-5}$					-0.027
					(0.027)
$BA2TOT_{it-5}$					0.001
					(0.001)
$RGDPGR_{it-1}$	-0.025	-0.002	-0.009	-0.008	0.006
	(0.102)	(0.064)	(0.065)	(0.068)	(0.069)
$lnRGDPPC_{it-1}$	0.180***	0.018	0.013	0.004	-0.006
	(0.057)	(0.051)	(0.051)	(0.050)	(0.050)
$Union_{it-1}$	-0.076***	-0.089**	-0.086**	-0.084**	-0.073*
	(0.020)	(0.036)	(0.037)	(0.037)	(0.038)
$SchSecond_{it-1}$	0.042	-0.074	-0.078	-0.068	-0.043
	(0.154)	(0.245)	(0.246)	(0.245)	(0.243)
Constant	-1.274**	0.662	0.734*	0.835**	0.922**
	(0.518)	(0.407)	(0.405)	(0.400)	(0.397)
F-stat for Program	6.430**	11.187***	6.695***	4.663**	5.422**
F-stat for Conditions	4.486**	17.386***	14.727***	14.311***	15.067***
F-stat Joint	6.480**	17.386***	15.616***	16.732***	17.403***

Table B33c: (CMP Estimates - Including Lagged Effects of IMF Program and Conditions) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)	(4)	(5)
	Panel (C): *Centrist* (Outcome Variable)				
$IMFProg_{it-1}$	0.663**				
	(0.264)				
$BA2TOT_{it-1}$	-0.021*				
	(0.012)				
$IMFProg_{it-2}$		0.004			
		(0.017)			
$BA2TOT_{it-2}$		-0.000			
		(0.001)			
$IMFProg_{it-3}$			0.017		
			(0.020)		
$BA2TOT_{it-3}$			-0.001		
			(0.001)		
$IMFProg_{it-4}$				0.020	
				(0.018)	
$BA2TOT_{it-4}$				-0.001	
				(0.001)	
$IMFProg_{it-5}$					-0.004
					(0.021)
$BA2TOT_{it-5}$					0.000
					(0.001)
$RGDPGR_{it-1}$	-0.056	-0.049	-0.046	-0.044	-0.051
	(0.063)	(0.047)	(0.047)	(0.051)	(0.052)
$lnRGDPPC_{it-1}$	-0.070	-0.025	-0.025	-0.025	-0.021
	(0.072)	(0.023)	(0.024)	(0.024)	(0.024)
$Union_{it-1}$	0.048**	0.066***	0.066***	0.067***	0.069**
	(0.021)	(0.023)	(0.024)	(0.025)	(0.027)
$SchSecond_{it-1}$	-0.225**	-0.336**	-0.336**	-0.344**	-0.356**
	(0.109)	(0.138)	(0.143)	(0.149)	(0.157)
Constant	0.465	0.205	0.191	0.191	0.155
	(0.931)	(0.185)	(0.187)	(0.189)	(0.189)
F-stat for Program	9.433***	10.837***	6.669***	4.878**	5.868**
F-stat for Conditions	4.635**	17.239***	14.602***	14.426***	15.342***
F-stat Joint	10.934***	17.239***	15.370***	16.572***	17.300***
Observations	5,330	5,197	5,062	4,929	4,799
Countries	154	154	154	154	154
Country FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. The lags of *IMFProg* and *BA2TOT* are included to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B34: (CMP Estimates - Interacting IMF Program and Conditions with Political Economy Variables) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)	(4)	(5)	(6)
	Accountability	*MilitaryinPolitics*	*GovStability*	*InterConflict*	*LawOrder*	*Polity2*
			Panel (A): *Left-Wing*			
$Left\text{-}Wing_{it-1}$	-0.405***	-0.386***	-0.261***	-0.426***	-0.408***	-0.375***
	(0.068)	(0.082)	(0.073)	(0.091)	(0.085)	(0.126)
$Left\text{-}Wing{*}InterVar_{it-1}$	-0.000	-0.003	-0.019***	0.004	0.004	0.000
	(0.011)	(0.010)	(0.006)	(0.007)	(0.010)	(0.005)
$IntIMF55_{it-1}$	-0.121***	-0.114**	-0.111**	-0.117**	-0.117**	-0.128*
	(0.045)	(0.046)	(0.045)	(0.054)	(0.049)	(0.065)
$RGDPGR_{it-1}$	-0.007	0.000	-0.004	-0.015	0.001	0.011
	(0.098)	(0.099)	(0.098)	(0.099)	(0.100)	(0.096)
$lnRGDPPC_{it-1}$	-0.138***	-0.147***	-0.131**	-0.139**	-0.142**	-0.171***
	(0.052)	(0.053)	(0.053)	(0.055)	(0.056)	(0.054)
$Inflation_{it-1}$	-0.001	-0.001	-0.001	-0.002	-0.001	-0.003
	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)	(0.003)
$GovConsump_{it-1}$	0.042	0.052	0.004	0.095	0.086	0.282
	(0.230)	(0.243)	(0.252)	(0.280)	(0.262)	(0.339)
$CurrAccBal_{it-1}$	0.063	0.065	0.056	0.078	0.069	0.124
	(0.077)	(0.084)	(0.085)	(0.101)	(0.091)	(0.109)
$InterVar_{it-1}$	0.023*	0.019	0.005	0.009	0.014	0.002
	(0.013)	(0.016)	(0.008)	(0.008)	(0.020)	(0.004)
Constant	1.734***	1.761***	1.652***	1.678***	1.739***	2.699***
	(0.421)	(0.415)	(0.414)	(0.430)	(0.426)	(0.570)
F-stat for Program	7.211***	6.11**	6.027**	4.659**	5.651**	3.826**
			Panel (B): *Right-Wing*			
$Right\text{-}Wing_{it-1}$	0.353**	0.333*	0.265*	0.339*	0.348*	0.244
	(0.153)	(0.172)	(0.150)	(0.184)	(0.181)	(0.156)
$Left\text{-}Wing{*}InterVar_{it-1}$	0.006	0.005	0.015*	-0.000	-0.002	0.005
	(0.014)	(0.011)	(0.008)	(0.008)	(0.011)	(0.005)
$IntIMF55_{it-1}$	-0.104	-0.110	-0.097	-0.120	-0.120	-0.142*
	(0.071)	(0.093)	(0.087)	(0.097)	(0.099)	(0.075)
$RGDPGR_{it-1}$	0.010	0.014	0.011	0.002	0.015	0.024
	(0.095)	(0.097)	(0.091)	(0.100)	(0.100)	(0.096)
$lnRGDPPC_{it-1}$	-0.165***	-0.174***	-0.161***	-0.173***	-0.177***	-0.226***
	(0.054)	(0.057)	(0.061)	(0.063)	(0.063)	(0.053)
$Inflation_{it-1}$	-0.001	-0.002	-0.001	-0.002	-0.002	-0.005
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)	(0.003)
$GovConsump_{it-1}$	0.172	0.207	0.169	0.228	0.271	0.416
	(0.351)	(0.339)	(0.361)	(0.359)	(0.344)	(0.353)
$CurrAccBal_{it-1}$	0.095	0.112	0.098	0.131	0.130	0.184
	(0.143)	(0.153)	(0.152)	(0.166)	(0.164)	(0.122)
$InterVar_{it-1}$	0.017	0.008	-0.008	0.008	0.015	-0.000
	(0.015)	(0.021)	(0.009)	(0.010)	(0.022)	(0.006)
Constant	1.482***	1.549***	1.528***	1.521***	1.555***	3.007***
	(0.421)	(0.490)	(0.477)	(0.536)	(0.534)	(0.687)
F-stat for Program	2.177	1.4	1.251	1.532	1.467	3.543*
			Panel (C): *Centrist*			
$Centrist_{it-1}$	0.419	0.417	0.440*	0.455	0.457	0.300
	(0.309)	(0.342)	(0.230)	(0.356)	(0.455)	(0.282)
$Left\text{-}Wing{*}InterVar_{it-1}$	0.049	0.017	0.026	-0.002	0.017	-0.016**
	(0.062)	(0.030)	(0.017)	(0.018)	(0.030)	(0.008)
$IntIMF55_{it-1}$	-0.127	-0.160	-0.130	-0.167*	-0.150	-0.201***
	(0.281)	(0.122)	(0.125)	(0.093)	(0.173)	(0.062)
$RGDPGR_{it-1}$	0.018	0.031	0.016	0.010	0.027	-0.035
	(0.324)	(0.130)	(0.155)	(0.126)	(0.124)	(0.108)
$lnRGDPPC_{it-1}$	-0.121	-0.158	-0.114	-0.169*	-0.153	-0.244***
	(0.092)	(0.118)	(0.100)	(0.096)	(0.156)	(0.065)
$Inflation_{it-1}$	-0.003	-0.005	-0.003	-0.005	-0.004	-0.008***
	(0.002)	(0.005)	(0.004)	(0.004)	(0.007)	(0.002)
$GovConsump_{it-1}$	0.086	0.267	0.051	0.302	0.224	0.635**
	(0.226)	(0.479)	(0.251)	(0.410)	(0.636)	(0.314)
$CurrAccBal_{it-1}$	0.101	0.178	0.113	0.202	0.155	0.303**
	(0.299)	(0.261)	(0.235)	(0.215)	(0.326)	(0.130)
$InterVar_{it-1}$	0.016	-0.003	-0.012	0.005	0.015	-0.001
	(0.017)	(0.016)	(0.011)	(0.010)	(0.025)	(0.004)
Constant	1.293	1.564*	1.350	1.589**	1.477	3.545***
	(1.121)	(0.889)	(0.867)	(0.726)	(1.181)	(0.561)
F-stat for Program	0.204	1.705	1.071	3.248*	0.754	10.43***
Observations	3,838	3,838	3,856	3,838	3,838	5,107
Countries	128	128	129	128	128	148
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. Political ideology interacts with political economy variables ($InterVar_{t-1}$) (given in the row below the column numbers) to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at the levels 1%, 5 <., and 10%, respectively.

Table B35: (CMP Estimates - Interacting IMF Program and Conditions with Political Economy Variables) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)	(4)	(5)	(6)
	Accountability	*MilitaryinPolitics*	*GovStability*	*InterConflict*	*LawOrder*	*Polity2*
			Panel (A): *Left-Wing*			
Left-Wing$_{it-1}$	-9.790***	-11.166***	-7.774***	-11.871***	-11.815***	-13.275***
	(3.408)	(2.843)	(2.821)	(2.829)	(3.058)	(1.925)
*Left-Wing**InterVar*$_{it-1}$	-0.213	-0.015	-0.455*	0.006	0.102	0.078
	(0.364)	(0.293)	(0.266)	(0.154)	(0.287)	(0.088)
IntBA2TOT$_{it-1}$	-0.182	-0.163*	-0.165*	-0.149*	-0.155*	-0.137**
	(0.114)	(0.097)	(0.100)	(0.083)	(0.092)	(0.062)
RGDPGR$_{it-1}$	-2.772	-2.579	-2.658	-3.054	-2.463	-2.771
	(2.912)	(2.859)	(2.803)	(2.798)	(2.831)	(2.901)
lnRGDPPC$_{it-1}$	-5.781***	-5.856***	-5.442***	-5.415***	-5.478***	-5.872***
	(1.981)	(1.857)	(1.924)	(1.876)	(1.912)	(1.630)
Inflation$_{it-1}$	-0.010	-0.002	-0.001	0.004	-0.003	-0.003
	(0.066)	(0.054)	(0.062)	(0.038)	(0.050)	(0.024)
GovConsump$_{it-1}$	-3.132	-3.338	-4.378	-3.993	-3.701	-5.192
	(9.604)	(8.800)	(9.145)	(8.232)	(8.414)	(7.057)
CurrAccBal$_{it-1}$	1.823	1.436	1.390	1.002	1.260	1.361
	(3.407)	(2.850)	(3.098)	(2.520)	(2.777)	(2.300)
InterVar$_{it-1}$	0.780*	0.615	0.168	0.480*	0.058	0.167
	(0.471)	(0.504)	(0.363)	(0.255)	(0.703)	(0.117)
Constant	61.161***	62.106***	59.447***	57.148***	61.391***	87.492***
	(14.644)	(14.311)	(14.962)	(14.238)	(14.404)	(17.041)
F-stat for Conditions	2.55	2.795*	2.76*	3.189*	2.865*	4.992**
			Panel (B): *Right-Wing*			
Right-Wing$_{it-1}$	10.729**	12.249***	8.657**	11.976***	12.134***	13.481***
	(5.081)	(2.437)	(4.085)	(2.616)	(2.608)	(1.084)
*Left-Wing**InterVar*$_{it-1}$	0.183	0.018	0.457	0.069	0.109	-0.013
	(0.515)	(0.276)	(0.291)	(0.163)	(0.280)	(0.086)
IntBA2TOT$_{it-1}$	-0.148	-0.118	-0.130	-0.116*	-0.111	-0.106**
	(0.229)	(0.094)	(0.150)	(0.070)	(0.070)	(0.046)
RGDPGR$_{it-1}$	-2.210	-1.842	-2.060	-2.237	-1.636	-1.663
	(3.536)	(2.799)	(2.930)	(2.702)	(2.702)	(2.585)
lnRGDPPC$_{it-1}$	-6.248***	-6.338***	-6.086***	-6.159***	-6.143***	-7.272***
	(1.898)	(1.596)	(1.652)	(1.636)	(1.668)	(1.494)
Inflation$_{it-1}$	0.001	0.008	0.011	0.007	0.008	-0.017
	(0.114)	(0.036)	(0.077)	(0.024)	(0.025)	(0.050)
GovConsump$_{it-1}$	0.387	0.238	-0.317	-0.458	0.463	-1.722
	(9.531)	(8.201)	(8.590)	(8.413)	(8.436)	(7.197)
CurrAccBal$_{it-1}$	2.226	1.759	1.913	1.645	1.662	2.127
	(5.440)	(2.459)	(3.654)	(2.173)	(2.208)	(2.334)
InterVar$_{it-1}$	0.558	0.458	-0.193	0.380	0.062	0.252*
	(0.465)	(0.523)	(0.312)	(0.252)	(0.704)	(0.135)
Constant	53.411***	53.109***	54.312***	50.037***	52.763***	84.414***
	(16.814)	(12.617)	(14.391)	(12.306)	(12.516)	(14.231)
F-stat for Conditions	0.416	1.564	0.75	2.723*	2.508	5.344**
			Panel (C): *Centrist*			
Centrist$_{it-1}$	6.103	16.815***	6.496	19.212***	18.526***	17.199***
	(54.014)	(3.774)	(18.089)	(4.492)	(4.839)	(4.665)
*Left-Wing**InterVar*$_{it-1}$	1.547	0.693	0.410	0.056	0.213	0.096
	(4.287)	(0.645)	(1.000)	(0.433)	(0.835)	(0.247)
IntBA2TOT$_{it-1}$	-0.227	-0.135**	-0.249	-0.134**	-0.133**	-0.194***
	(0.944)	(0.061)	(0.175)	(0.064)	(0.063)	(0.072)
RGDPGR$_{it-1}$	-2.230	-0.769	-2.456	-1.464	-1.160	-3.909
	(12.289)	(3.175)	(4.578)	(3.230)	(3.283)	(3.282)
lnRGDPPC$_{it-1}$	-5.815	-4.906**	-6.256	-4.933**	-4.771**	-6.890***
	(14.947)	(2.048)	(5.386)	(2.121)	(2.042)	(2.090)
Inflation$_{it-1}$	-0.076	-0.055	-0.113	-0.067	-0.054	-0.152**
	(0.619)	(0.075)	(0.224)	(0.069)	(0.073)	(0.071)
GovConsump$_{it-1}$	0.843	-0.451	2.047	0.022	-1.748	8.821
	(47.627)	(10.161)	(21.217)	(9.543)	(11.164)	(8.033)
CurrAccBal$_{it-1}$	4.237	2.225	5.684	2.487	1.949	6.176
	(36.077)	(3.778)	(12.632)	(3.867)	(3.320)	(3.867)
InterVar$_{it-1}$	0.488	0.049	-0.258	0.292	0.228	-0.013
	(0.857)	(0.552)	(0.290)	(0.259)	(0.650)	(0.110)
Constant	53.666	46.187***	58.813	43.932***	45.204***	97.997***
	(111.857)	(14.492)	(36.478)	(14.986)	(13.636)	(20.497)
F-stat for Conditions	0.058	4.95**	2.028	4.402**	4.381**	7.248***
Observations	3,838	3,838	3,856	3,838	3,838	5,107
Countries	128	128	129	128	128	148
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is the total number of IMF conditions (t-1) ($BA2TOT_{t-1}$). $IntBA2TOT_{t-1}$ is the compound instrument for $BA2TOT_{t-1}$. Political ideology interacts with political economy variables ($InterVar_{t-1}$) (given in the row below the column numbers) to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B36: (CMP Estimates - Interacting IMF Program and Conditions with Political Economy Variables) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)	(4)	(5)	(6)
	Accountability	*MilitaryinPolitics*	*GovStability*	*InterConflict*	*LawOrder*	*Polity2*
			Panel (A): *Left-Wing*			
$IMFProg_{it-1}$	-0.687	-0.739	-0.698	-0.680	-0.691	-0.335
	(0.477)	(0.516)	(0.513)	(0.506)	(0.530)	(0.531)
$BA2TOT_{it-1}$	-0.014	-0.015	-0.014	-0.014	-0.013	-0.024
	(0.018)	(0.018)	(0.018)	(0.017)	(0.018)	(0.016)
$IMFProg{*}InterVar_{it-1}$	-0.043	-0.004	-0.011	0.008	-0.004	-0.002
	(0.032)	(0.016)	(0.016)	(0.011)	(0.024)	(0.007)
$BA2TOT{*}InterVar_{it-1}$	0.000	-0.000	0.000	-0.001**	-0.001	-0.000
	(0.001)	(0.001)	(0.000)	(0.000)	(0.001)	(0.000)
$RGDPGR_{it-1}$	0.130	0.142	0.138	0.091	0.135	0.150
	(0.117)	(0.116)	(0.114)	(0.116)	(0.116)	(0.107)
$lnRGDPPC_{it-1}$	-0.085	-0.108	-0.088	-0.099	-0.096	-0.118*
	(0.084)	(0.085)	(0.084)	(0.084)	(0.088)	(0.065)
$Union_{it-1}$	0.016	0.018	0.020	0.015	0.020	0.025
	(0.026)	(0.025)	(0.026)	(0.026)	(0.025)	(0.025)
$SchSecond_{it-1}$	0.215	0.231	0.264	0.248	0.235	0.177
	(0.170)	(0.170)	(0.175)	(0.167)	(0.172)	(0.147)
$InterVar_{it-1}$	0.041**	0.043*	0.004	0.027***	0.015	0.012**
	(0.020)	(0.024)	(0.013)	(0.010)	(0.025)	(0.006)
Constant	1.830***	1.965***	1.917***	1.799***	1.964***	1.780***
	(0.652)	(0.652)	(0.654)	(0.636)	(0.669)	(0.547)
F-stat for Program	7.211***	6.11**	6.027**	4.659**	5.651**	3.826**
F-stat for Conditions	2.55	2.795*	2.76*	3.189*	2.865*	4.992**
F-stat Joint	7.629**	7.763**	7.475**	7.899**	8.034**	8.015**
			Panel (B): *Right-Wing*			
$IMFProg_{it-1}$	0.503	0.390	0.354	0.272	0.325	-0.079
	(1.370)	(1.032)	(1.236)	(0.885)	(0.954)	(0.540)
$BA2TOT_{it-1}$	0.020	0.025	0.026	0.025	0.024	0.036***
	(0.050)	(0.033)	(0.042)	(0.027)	(0.028)	(0.014)
$IMFProg{*}InterVar_{it-1}$	0.046	0.015	0.030	0.005	0.002	-0.000
	(0.077)	(0.021)	(0.028)	(0.018)	(0.033)	(0.007)
$BA2TOT{*}InterVar_{it-1}$	-0.000	0.000	-0.001	0.001	0.001	0.000**
	(0.002)	(0.001)	(0.001)	(0.001)	(0.001)	(0.000)
$RGDPGR_{it-1}$	-0.047	-0.053	-0.053	-0.020	-0.050	-0.016
	(0.114)	(0.111)	(0.115)	(0.114)	(0.110)	(0.106)
$lnRGDPPC_{it-1}$	0.114	0.141	0.119	0.135*	0.133	0.177***
	(0.129)	(0.086)	(0.105)	(0.082)	(0.084)	(0.056)
$Union_{it-1}$	-0.065***	-0.066***	-0.069**	-0.066**	-0.067***	-0.055**
	(0.025)	(0.026)	(0.027)	(0.026)	(0.025)	(0.022)
$SchSecond_{it-1}$	-0.003	-0.015	-0.032	-0.010	-0.013	0.065
	(0.183)	(0.178)	(0.185)	(0.177)	(0.185)	(0.163)
$InterVar_{it-1}$	-0.036*	-0.037	-0.006	-0.021*	-0.007	-0.015**
	(0.022)	(0.027)	(0.016)	(0.011)	(0.031)	(0.006)
Constant	-0.977	-1.142*	-1.050	-1.024*	-1.165*	-1.352***
	(0.956)	(0.651)	(0.740)	(0.594)	(0.633)	(0.506)
F-stat for Program	2.177	1.4	1.251	1.532	1.467	3.543*
F-stat for Conditions	0.416	1.564	0.75	2.723*	2.508	5.344**
F-stat Joint	5.793*	5.68*	5.42*	5.803*	5.591*	5.65*
			Panel (C): *Centrist*			
$IMFProg_{it-1}$	0.605	0.112	0.922	0.095	0.172	-0.265
	(2.975)	(0.869)	(0.754)	(0.576)	(1.197)	(0.252)
$BA2TOT_{it-1}$	0.002	0.021	-0.010	0.019	0.018	0.020***
	(0.138)	(0.021)	(0.041)	(0.013)	(0.030)	(0.006)
$IMFProg{*}InterVar_{it-1}$	0.037	-0.003	-0.004	-0.012	0.006	-0.005
	(0.153)	(0.017)	(0.013)	(0.011)	(0.034)	(0.005)
$BA2TOT{*}InterVar_{it-1}$	-0.000	0.000	0.000	0.001	0.000	0.000**
	(0.005)	(0.001)	(0.000)	(0.000)	(0.001)	(0.000)
$RGDPGR_{it-1}$	-0.022	-0.021	-0.044	0.006	-0.016	-0.016
	(0.108)	(0.083)	(0.093)	(0.083)	(0.085)	(0.063)
$lnRGDPPC_{it-1}$	0.013	0.053	-0.012	0.055	0.055	0.031
	(0.416)	(0.057)	(0.131)	(0.052)	(0.070)	(0.036)
$Union_{it-1}$	0.041*	0.040*	0.038*	0.040*	0.037*	0.045**
	(0.021)	(0.022)	(0.023)	(0.022)	(0.022)	(0.020)
$SchSecond_{it-1}$	-0.097	-0.107	-0.140	-0.121	-0.123	-0.180*
	(0.146)	(0.102)	(0.104)	(0.101)	(0.107)	(0.107)
$InterVar_{it-1}$	-0.026	-0.003	0.005	-0.013**	-0.016	0.000
	(0.037)	(0.016)	(0.010)	(0.006)	(0.023)	(0.003)
Constant	-0.328	-0.640	-0.214	-0.540	-0.620	-0.459
	(3.147)	(0.425)	(1.032)	(0.407)	(0.484)	(0.414)
F-stat for Program	0.204	1.705	1.071	3.248*	0.754	10.43***
F-stat for Conditions	0.058	4.95**	2.028	4.402**	4.381**	7.248***
F-stat Joint	2.633	4.969*	3.758	4.523	5.387*	10.778***
Observations	3,838	3,838	3,856	3,838	3,838	5,107
Countries	128	128	129	128	128	148
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. *IMFProg* and *BA2TOT* interact with political economy variables ($InterVar_{t-1}$) (given in the row below the column numbers) to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B37: (CMP Estimates - Dropping The Top Five Percentile of IMF Conditions) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)
$Left\text{-}Wing_{it-1}$	-0.373***		
	(0.045)		
$Right\text{-}Wing_{it-1}$		0.332***	
		(0.060)	
$Centrist_{it-1}$			0.479**
			(0.205)
$IntIMF55_{it-1}$	-0.077*	-0.070	-0.108*
	(0.047)	(0.050)	(0.057)
$RGDPGR_{it-1}$	0.032	0.043	-0.011
	(0.083)	(0.075)	(0.091)
$lnRGDPPC_{it-1}$	-0.109***	-0.146***	-0.116*
	(0.041)	(0.039)	(0.059)
$Inflation_{it-1}$	-0.002	-0.002	-0.005
	(0.001)	(0.002)	(0.003)
$GovConsump_{it-1}$	0.168	0.279	0.323
	(0.236)	(0.253)	(0.289)
$CurrAccBal_{it-1}$	0.119	0.142*	0.204*
	(0.074)	(0.079)	(0.118)
Constant	1.923***	1.960***	2.102***
	(0.397)	(0.410)	(0.553)
Observations	4,740	4,740	4,740
Countries	153	153	153
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Program	2.729*	1.999	3.675*

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. The top five percentile of *BA2TOT* are dropped to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B38: (CMP Estimates - Dropping The Top Five Percentile of IMF Conditions) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)
$Left\text{-}Wing_{it-1}$	-8.330***		
	(0.797)		
$Right\text{-}Wing_{it-1}$		8.965***	
		(0.643)	
$Centrist_{it-1}$			12.924***
			(1.664)
$IntBA2TOT_{it-1}$	0.007	0.017	-0.022
	(0.028)	(0.026)	(0.038)
$RGDPGR_{it-1}$	-0.448	0.120	-1.109
	(1.755)	(1.608)	(1.869)
$lnRGDPPC_{it-1}$	-1.933**	-2.611***	-1.607
	(0.977)	(0.920)	(1.067)
$Inflation_{it-1}$	-0.023	-0.012	-0.071**
	(0.019)	(0.016)	(0.035)
$GovConsump_{it-1}$	-3.672	-0.734	0.357
	(4.163)	(3.752)	(4.799)
$CurrAccBal_{it-1}$	0.947	1.156	2.488
	(1.387)	(1.216)	(1.886)
Constant	29.185***	27.252***	29.261***
	(8.436)	(7.918)	(9.675)
Observations	4,740	4,740	4,740
Countries	153	153	153
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Conditions	0.063	0.453	0.337

Notes: The outcome variable is the total number of IMF conditions (t-1) ($BA2TOT_{t-1}$). $IntBA2TOT_{t-1}$ is the compound instrument for $BA2TOT_{t-1}$. The top five percentile of $BA2TOT$ are dropped to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B39: (CMP Estimates - Dropping The Top Five Percentile of IMF Conditions) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)
	Left-Wing	*Right-Wing*	*Centrist*
$IMFProg_{it-1}$	-0.456**	0.253	0.106
	(0.228)	(0.299)	(0.343)
$BA2TOT_{it-1}$	-0.033***	0.046***	0.022*
	(0.011)	(0.014)	(0.012)
$RGDPGR_{it-1}$	0.193**	-0.103	-0.050
	(0.096)	(0.091)	(0.064)
$lnRGDPPC_{it-1}$	-0.055	0.087	0.002
	(0.061)	(0.055)	(0.032)
$Union_{it-1}$	0.050**	-0.078***	0.032*
	(0.023)	(0.021)	(0.018)
$SchSecond_{it-1}$	0.195	0.060	-0.187*
	(0.138)	(0.154)	(0.105)
Constant	1.234**	-0.736	-0.423
	(0.513)	(0.474)	(0.342)
Observations	4,740	4,740	4,740
Countries	153	153	153
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Program	2.729*	1.999	3.675*
F-stat for Conditions	0.063	0.453	0.337
F-stat Joint	4.492	4.815*	4.720*

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. The top five percentile of *BA2TOT* are dropped to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B40: (CMP Estimates - Alternative Econometric Model - Control Function Approach) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)
$Left\text{-}Wing_{it-1}$	-0.173***		
	(0.044)		
$Right\text{-}Wing_{it-1}$		0.146***	
		(0.055)	
$Centrist_{it-1}$			0.410***
			(0.027)
$IntIMF55_{it-1}$	0.025*	0.018	0.118***
	(0.013)	(0.014)	(0.017)
$RGDPGR_{it-1}$	-0.121	-0.184*	-0.144
	(0.097)	(0.099)	(0.095)
$lnRGDPPC_{it-1}$	-0.157***	-0.159***	-0.088***
	(0.015)	(0.016)	(0.021)
$Inflation_{it-1}$	0.001	0.001	-0.004**
	(0.001)	(0.001)	(0.002)
$GovConsump_{it-1}$	0.046	0.042	0.114
	(0.057)	(0.052)	(0.150)
$CurrAccBal_{it-1}$	0.016	-0.011	0.067
	(0.030)	(0.023)	(0.083)
Constant	1.756***	1.708***	0.935***
	(0.151)	(0.191)	(0.220)
Observations	5,330	5,330	5,330
Countries	154	154	154
Country FE	No	No	No
Year FE	Yes	Yes	Yes
F-stat for Program	3.721*	1.652	50.800***

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. An alternative econometric model, the Control Function Approach, is employed to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B41: (CMP Estimates - Alternative Econometric Model - Control Function Approach) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)
$Left\text{-}Wing_{it-1}$	-0.304***		
	(0.105)		
$Right\text{-}Wing_{it-1}$		0.285**	
		(0.124)	
$Centrist_{it-1}$			0.426***
			(0.158)
$IntBA2TOT_{it-1}$	0.009***	0.009***	0.013***
	(0.001)	(0.001)	(0.001)
$RGDPGR_{it-1}$	-0.945***	-1.057***	-1.004***
	(0.352)	(0.356)	(0.360)
$lnRGDPPC_{it-1}$	-0.402***	-0.406***	-0.351***
	(0.040)	(0.040)	(0.044)
$Inflation_{it-1}$	0.001	0.000	-0.009
	(0.007)	(0.007)	(0.007)
$GovConsump_{it-1}$	-0.085	-0.071	-0.065
	(0.468)	(0.482)	(0.571)
$CurrAccBal_{it-1}$	-0.362	-0.405	-0.301
	(0.307)	(0.305)	(0.375)
Constant	2.785***	2.667***	2.073***
	(0.377)	(0.388)	(0.445)
Observations	5,330	5,330	5,330
Countries	154	154	154
Country FE	No	No	No
Year FE	Yes	Yes	Yes
F-stat for Conditions	60.350***	57.248***	87.945***

Notes: The outcome variable is the total number of IMF conditions (t-1) ($BA2TOT_{t-1}$). $IntBA2TOT_{t-1}$ is the compound instrument for $BA2TOT_{t-1}$. An alternative econometric model, the Control Function Approach, is employed to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B42: (CMP Estimates - Alternative Econometric Model - Control Function Approach) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)
	Left-Wing	*Right-Wing*	*Centrist*
$IMFProg_{it-1}$	-2.243***	2.236***	1.908***
	(0.082)	(0.092)	(0.190)
$BA2TOT_{it-1}$	-0.002*	0.002**	-0.002
	(0.001)	(0.001)	(0.004)
$RGDPGR_{it-1}$	-0.134	0.385	-0.399
	(0.243)	(0.247)	(0.326)
$lnRGDPPC_{it-1}$	-0.429***	0.416***	0.409***
	(0.040)	(0.037)	(0.076)
$Union_{it-1}$	0.011	-0.005	0.050
	(0.009)	(0.006)	(0.041)
$SchSecond_{it-1}$	0.093	-0.037	0.362
	(0.058)	(0.038)	(0.322)
Constant	4.491***	-4.638***	-5.212***
	(0.391)	(0.372)	(0.691)
Observations	5,330	5,330	5,330
Countries	154	154	154
Country FE	No	No	No
Year FE	Yes	Yes	Yes
F-stat for Program	3.721*	1.652	50.800***
F-stat for Conditions	60.350***	57.248***	87.945***
F-stat Joint	66.300***	64.658***	90.608***

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist.* An alternative econometric model, the Control Function Approach, is employed to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B43: (OLS Estimates - Alternative Econometric Model - Panel Fixed Effects) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)
$Left\text{-}Wing_{it-1}$	-0.038***		
	(0.015)		
$Right\text{-}Wing_{it-1}$		0.018	
		(0.014)	
$Centrist_{it-1}$			0.041*
			(0.023)
$IntIMF55_{it-1}$	-0.236***	-0.236***	-0.237***
	(0.034)	(0.034)	(0.034)
$RGDPGR_{it-1}$	-0.055	-0.057	-0.060
	(0.082)	(0.082)	(0.082)
$lnRGDPPC_{it-1}$	-0.271***	-0.276***	-0.276***
	(0.026)	(0.026)	(0.026)
$Inflation_{it-1}$	-0.009***	-0.009***	-0.009***
	(0.002)	(0.002)	(0.002)
$GovConsump_{it-1}$	0.402*	0.383*	0.353*
	(0.213)	(0.213)	(0.213)
$CurrAccBal_{it-1}$	0.281***	0.281***	0.274***
	(0.086)	(0.087)	(0.087)
Constant	3.054***	3.079***	3.090***
	(0.249)	(0.249)	(0.249)
Observations	4,276	4,276	4,276
R-squared	0.397	0.396	0.396
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes

Notes: The outcome variable is $IMFProg_{t-1}$. An alternative econometric model, the panel fixed effects regression, is employed to check the sensitivity of the baseline estimates. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B44: (OLS Estimates - Alternative Econometric Model - Panel Fixed Effects) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)
$Left\text{-}Wing_{it-1}$	-1.104**		
	(0.449)		
$Right\text{-}Wing_{it-1}$		1.192***	
		(0.437)	
$Centrist_{it-1}$			-0.050
			(0.709)
$IntBA2TOT_{it-1}$	-0.335***	-0.335***	-0.335***
	(0.037)	(0.037)	(0.037)
$RGDPGR_{it-1}$	-4.034	-4.064	-4.119*
	(2.489)	(2.488)	(2.491)
$lnRGDPPC_{it-1}$	-8.956***	-9.058***	-9.132***
	(0.789)	(0.786)	(0.787)
$Inflation_{it-1}$	-0.194***	-0.195***	-0.191***
	(0.071)	(0.071)	(0.071)
$GovConsump_{it-1}$	2.436	2.542	1.442
	(6.472)	(6.471)	(6.468)
$CurrAccBal_{it-1}$	6.880***	7.004***	6.792***
	(2.622)	(2.622)	(2.624)
Constant	101.474***	101.419***	102.753***
	(7.449)	(7.445)	(7.442)
Observations	4,236	4,236	4,236
R-squared	0.362	0.362	0.361
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes

Notes: The outcome variable is the total number of IMF conditions (t-1) ($BA2TOT_{t-1}$). An alternative econometric model, the panel fixed effects regression, is employed to check the sensitivity of the baseline estimates. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B45: (OLS Estimates - Alternative Econometric Model - Panel Fixed Effects) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)
	Left-Wing	*Right-Wing*	*Centrist*
$IMFProg_{it-1}$	-0.045**	-0.027	0.042***
	(0.020)	(0.020)	(0.012)
$BA2TOT_{it-1}$	-0.002***	0.004***	-0.001**
	(0.001)	(0.001)	(0.000)
$RGDPGR_{it-1}$	0.113*	0.014	-0.047
	(0.065)	(0.066)	(0.040)
$lnRGDPPC_{it-1}$	-0.007	0.021	-0.025*
	(0.021)	(0.022)	(0.013)
$Union_{it-1}$	0.026**	-0.088***	0.063***
	(0.013)	(0.014)	(0.008)
$SchSecond_{it-1}$	0.457***	-0.053	-0.320***
	(0.103)	(0.104)	(0.063)
Constant	0.398**	0.271	0.364***
	(0.190)	(0.193)	(0.117)
Observations	4,870	4,870	4,870
R-squared	0.422	0.398	0.435
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. An alternative econometric model, the panel fixed effects regression, is employed to check the sensitivity of the baseline estimates. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B46: (CMP Estimates - Alternative Ideology Measure - Leader's Ideology) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)
$LeadLeft\text{-}Wing_{it-1}$	-0.423*		
	(0.231)		
$LeadRight\text{-}Wing_{it-1}$		0.350	
		(0.350)	
$LeadCentrist_{it-1}$			0.178
			(0.198)
$IntIMF55_{it-1}$	-0.097	-0.122	-0.181***
	(0.112)	(0.175)	(0.058)
$RGDPGR_{it-1}$	0.040	0.029	-0.030
	(0.082)	(0.103)	(0.100)
$lnRGDPPC_{it-1}$	-0.156*	-0.201**	-0.246***
	(0.080)	(0.098)	(0.055)
$Inflation_{it-1}$	-0.002	-0.004	-0.008***
	(0.006)	(0.008)	(0.002)
$GovConsump_{it-1}$	0.351	0.435	0.679**
	(0.570)	(0.647)	(0.300)
$CurrAccBal_{it-1}$	0.124	0.192	0.333***
	(0.179)	(0.255)	(0.117)
Constant	2.472***	2.595	3.457***
	(0.897)	(1.622)	(0.484)
Observations	5,372	5,372	5,372
Countries	155	155	155
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Program	0.759	0.482	9.813***

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. An alternative variable for political ideology, the leader's ideology (the prefix *Lead*) from the Global Leaders Ideology Dataset, is employed to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B47: (CMP Estimates - Alternative Ideology Measure - Leader's Ideology) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)
$LeadLeft\text{-}Wing_{it-1}$	-12.888**		
	(6.533)		
$LeadRight\text{-}Wing_{it-1}$		13.605***	
		(2.626)	
$LeadCentrist_{it-1}$			19.069***
			(3.665)
$IntBA2TOT_{it-1}$	-0.111	-0.089*	-0.138***
	(0.146)	(0.054)	(0.052)
$RGDPGR_{it-1}$	-1.671	-1.357	-2.146
	(3.301)	(2.489)	(3.004)
$lnRGDPPC_{it-1}$	-5.916***	-6.783***	-6.963***
	(2.036)	(1.502)	(1.822)
$Inflation_{it-1}$	0.008	-0.001	-0.148**
	(0.059)	(0.073)	(0.059)
$GovConsump_{it-1}$	-1.579	-0.512	10.929*
	(8.500)	(12.881)	(6.459)
$CurrAccBal_{it-1}$	2.206	3.031	6.771**
	(3.214)	(2.533)	(3.104)
Constant	85.219***	77.246***	90.949***
	(32.174)	(14.855)	(16.672)
Observations	5,372	5,372	5,372
Countries	155	155	155
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Conditions	0.583	2.758*	7.151***

Notes: The outcome variable is the total number of IMF conditions (t-1) ($BA2TOT_{t-1}$). $IntBA2TOT_{t-1}$ is the compound instrument for $BA2TOT_{t-1}$.. An alternative variable for political ideology, the leader's ideology (the prefix *Lead*) from the Global Leaders Ideology Dataset, is employed to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B48: (CMP Estimates - Alternative Ideology Measure - Leader's Ideology) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)
	LeadLeft-Wing	*LeadRight-Wing*	*LeadCentrist*
$IMFProg_{it-1}$	-0.535	0.170	-0.358*
	(1.441)	(1.625)	(0.212)
$BA2TOT_{it-1}$	-0.020	0.031	0.025***
	(0.049)	(0.046)	(0.006)
$RGDPGR_{it-1}$	0.172	-0.097	-0.030
	(0.109)	(0.125)	(0.066)
$lnRGDPPC_{it-1}$	-0.134	0.156*	0.072*
	(0.107)	(0.084)	(0.037)
$Union_{it-1}$	0.054**	-0.080***	0.015
	(0.022)	(0.025)	(0.015)
$SchSecond_{it-1}$	0.202	-0.034	-0.169*
	(0.145)	(0.158)	(0.094)
Constant	2.008**	-1.222**	-0.784**
	(0.791)	(0.541)	(0.371)
Observations	5,372	5,372	5,372
Countries	155	155	155
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Program	0.759	0.482	9.813***
F-stat for Conditions	0.583	2.758*	7.151***
F-stat Joint	6.037***	4.569*	10.106***

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. An alternative variable for political ideology, the leader's ideology (the prefix *Lead*) from the Global Leaders Ideology Dataset, is employed to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B49: (CMP Estimates - Alternative Ideology Measure - Database of Political Institutions [DPI]) Effect of Political Ideology on IMF Program

	(1)	(2)	(3)
$DPILeft\text{-}Wing_{it-1}$	-0.409		
	(0.262)		
$DPIRight\text{-}Wing_{it-1}$		0.285	
		(0.180)	
$DPICentrist_{it-1}$			0.156
			(0.403)
$IntIMF55_{it-1}$	-0.133	-0.179***	-0.160**
	(0.123)	(0.066)	(0.073)
$RGDPGR_{it-1}$	0.058	0.041	0.005
	(0.082)	(0.095)	(0.096)
$lnRGDPPC_{it-1}$	-0.168*	-0.231***	-0.251***
	(0.092)	(0.055)	(0.056)
$Inflation_{it-1}$	-0.001	-0.005	-0.008***
	(0.007)	(0.004)	(0.002)
$GovConsump_{it-1}$	0.253	0.370	0.432
	(0.353)	(0.294)	(0.316)
$CurrAccBal_{it-1}$	0.130	0.214**	0.276**
	(0.151)	(0.107)	(0.114)
Constant	2.676**	3.344***	3.454***
	(1.159)	(0.615)	(0.505)
Observations	5,640	5,640	5,640
Countries	166	166	166
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Program	1.176	7.491***	7.491***

Notes: The outcome variable is $IMFProg_{t-1}$. $IntIMF55_{t-1}$ is the compound instrument for $IMFProg_{t-1}$. An alternative variable for political ideology, from the Database of Political Institutions (the prefix *DPI*), is employed to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B50: (CMP Estimates - Alternative Ideology Measure - Database of Political Institutions [DPI]) Effect of Political Ideology on IMF Conditions

	(1)	(2)	(3)
$DPILeft\text{-}Wing_{it-1}$	-16.003***		
	(1.836)		
$DPIRight\text{-}Wing_{it-1}$		16.491***	
		(1.854)	
$DPICentrist_{it-1}$			23.143***
			(6.830)
$IntBA2TOT_{it-1}$	-0.096***	-0.115**	-0.129**
	(0.037)	(0.051)	(0.057)
$RGDPGR_{it-1}$	-0.404	-0.213	-1.174
	(2.401)	(2.651)	(2.530)
$lnRGDPPC_{it-1}$	-5.272***	-6.895***	-7.428***
	(1.412)	(1.556)	(1.921)
$Inflation_{it-1}$	0.119**	0.065	-0.167**
	(0.059)	(0.084)	(0.077)
$GovConsump_{it-1}$	-5.185	0.369	5.659
	(8.724)	(6.008)	(7.193)
$CurrAccBal_{it-1}$	0.907	3.161	5.786*
	(2.155)	(2.485)	(3.434)
Constant	76.610***	88.933***	95.647***
	(11.937)	(15.145)	(16.972)
Observations	5,640	5,640	5,640
Countries	166	166	166
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Conditions	6.725***	5.116**	5.116**

Notes: The outcome variable is the total number of IMF conditions (t-1) ($BA2TOT_{t-1}$). $IntBA2TOT_{t-1}$ is the compound instrument for $BA2TOT_{t-1}$. An alternative variable for political ideology, from the Database of Political Institutions (the prefix *DPI*), is employed to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Table B51: (CMP Estimates - Alternative Ideology Measure - Database of Political Institutions [DPI]) Effect of IMF Program and Conditions on Political Ideology

	(1)	(2)	(3)
	DPILeft-Wing	*DPRight-Wing*	*DPICentrist*
$IMFProg_{it-1}$	-0.163	-0.288	-0.334
	(0.932)	(0.467)	(0.287)
$BA2TOT_{it-1}$	-0.031	0.037***	0.022***
	(0.025)	(0.010)	(0.006)
$RGDPGR_{it-1}$	0.124	-0.080	-0.024
	(0.085)	(0.078)	(0.043)
$lnRGDPPC_{it-1}$	-0.112*	0.146***	0.058*
	(0.063)	(0.051)	(0.032)
$Union_{it-1}$	0.027	-0.028*	0.008
	(0.020)	(0.017)	(0.010)
$SchSecond_{it-1}$	0.061	-0.095	-0.011
	(0.125)	(0.129)	(0.088)
Constant	1.794***	-1.763***	-0.679*
	(0.533)	(0.509)	(0.370)
Observations	5,640	5,640	5,640
Countries	166	166	166
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
F-stat for Program	1.176	7.491***	7.491***
F-stat for Conditions	6.725***	5.116**	5.116**
F-stat Joint	6.726**	7.502**	7.502**

Notes: The outcome variable is political ideology: *Left-Wing*, *Right-Wing*, and *Centrist*. An alternative variable for political ideology, from the Database of Political Institutions (the prefix *DPI*), is employed to check the sensitivity of the baseline estimates. The Kleibergen-Paap F-stat is given to address concerns about the weak instrument problem. Cluster-robust standard errors are in parentheses. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

C Chapter 3

Intensity (Lall, 2000)

The product classifications, based on SITC Rev. 2 product codes, are as follows:

High-Skill Manufactures: 716, 718, 751, 752, 759, 761, 764, 771, 774, 776, 778, 524, 541, 712, 792, 871, 874, 881.

Medium-Skill-Manufactures: 781, 782, 783, 784, 785, 266, 267, 512, 513, 533, 553, 554, 562, 572, 582, 583, 584, 585, 591, 598, 653, 671, 672, 678, 786, 791, 882, 711, 713, 714, 721, 722, 723, 724, 725, 726, 727, 728, 736, 737, 741, 742, 743, 744, 745, 749, 762, 763, 772, 773, 775, 793, 812, 872, 873, 884, 885, 951.

Low-Skill Manufactures: 611, 612, 613, 651, 652, 654, 655, 656, 657, 658, 659, 831, 842, 843, 844, 845, 846, 847, 848, 851, 642, 665, 666, 673, 674, 675, 676, 677, 679, 691, 692, 693, 694, 695, 696, 697, 699, 821, 893, 894, 895, 897, 898, 899.

Resource-Intensive Manufactures: 012, 014, 023, 024, 035, 037, 046, 047, 048, 056, 058, 061, 062, 073, 098, 111, 112, 122, 233, 247, 248, 251, 264, 265, 269, 423, 424, 431, 621, 625, 628, 633, 634, 635, 641, 281, 282, 286, 287, 288, 289, 323, 334, 335, 411, 511, 514, 515, 516, 522, 523, 531, 532, 551, 592, 661, 662, 663, 664, 667, 688, 689.

Primary goods: 001, 011, 022, 025, 034, 036, 041, 042, 043, 044, 045, 054, 057, 071, 072, 074, 075, 081, 091, 121, 211, 212, 222, 223, 232, 244, 245, 246, 261, 263, 268, 271, 273, 274, 277, 278, 291, 292, 322, 333, 341, 681, 682, 683, 684, 685, 686, 687.

Unclassified Goods: All others not mentioned above.

Intensity OECD (Hatzichronoglou, 1997; OECD, 2011)

The product classifications are based on ISIC Rev.3 product codes. Concordance tables are used to match SITC Rev. 2 codes to ISIC Rev. 3 product codes. The product categories are as follows:

Low-Technology: 15, 16, 17, 18, 19, 20, 21, 22, 36, 37.

Medium-Low Technology: 351, 23, 25, 26, 27, 28.

Medium-High Technology: 24, 31, 34, 29, 352, 359.

High-Technology: 353, 30, 32, 33, 2423.

Unclassified Goods: All others mentioned above.

Economic Complexity Index

To show how *ECI* is measured technically, I follow Hausmann et al. (2014) and OEC (2021). Let M_{cp} be a matrix containing information on the productive capabilities of a country c which produces product p. The diversity and ubiquity can then be estimated by summing over the rows and columns of M_{cp}, given as follows:

$$Diversity = k_{c,0} = \sum_{p} M_{cp}$$

$$Ubiquity = k_{p,0} = \sum_{c} M_{cp}$$

Note that *ECI* is a relative measure. That means the product mix that a country produces and exports contains information about the complexity of that country. In contrast, the country where a certain product is manufactured has information about the complexity required to produce that product. To address this circular argument, we need to calculate a country's average diversity and the ubiquity of products produced by that country and vice versa. After that, we use this information to correct the circular logic. The solution to the following two equations gives us the formula to calculate *ECI*:

$$k_{c,N} = \frac{1}{k_{c,0}} \sum_{p} M_{cp}.k_{p,N-1}$$

$$k_{p,N} = \frac{1}{k_{p,0}} \sum_{c} M_{cp}.k_{c,N-1}$$

Then, by substitution:

$$k_{c,N} = \frac{1}{k_{c,0}} \sum_{p} M_{cp} \frac{1}{k_{p,0}} \sum_{c'} M_{c'p}.k_{c',N-2}$$

$$k_{c,N} = \sum_{c'} M_{c'p}.k_{c',N-2} \sum \frac{M_{cp}M_{c'p}}{k_{c,0}k_{p,0}}$$

Rewriting the last equation as:

$$k_{c,N} = \sum_{c'} \widetilde{M_{cc'}}.k_{c',N-2}$$

where

$$\widetilde{M_{cc'}} = \sum_{p} \frac{M_{cp}M_{c'p}}{k_{c,0}k_{p,0}}$$

The first eigenvector satisfied the $\widetilde{M_{cc'}}$ identity is $1 = k_{c,N} = k_{p,N-2}$. However, we need the second-largest eigenvector as it gives the largest variation in the equation system. This second eigenvector is the measure of ECI:

$$ECI = \frac{K_c - \widetilde{K_c}}{\sigma(K_c)}$$

where K_c is the eigenvector of $\widetilde{M_{cc'}}$ associated with the second highest eigenvalue, $\widetilde{K_c}$ is the average of K_c, and $\sigma(K_c)$ is the standard deviation of K_c[17].

[17]Product Complexity Index, which givens the level of complexity at the product-level, can analogously be calculated as $PCI = \frac{K_p - \widetilde{K_p}}{\sigma(K_p)}$.

Table C1: Summary Statistics of 5-Year Average Data Specification

	(1) No. of Observations	(2) Mean	(3) Standard Deviation	(4) Maximum Value	(5) Minimum Value
Right-Wing	2,162	0.386	0.440	1	0
Left-Wing	2,162	0.447	0.451	1	0
Centrist	2,162	0.0920	0.257	1	0
LeadRight-Wing	2,173	0.416	0.452	1	0
LeadLeft-Wing	2,173	0.460	0.460	1	0
LeadCentrist	2,173	0.0751	0.234	1	0
CompRegionLeft	1,795	0.206	0.162	0.680	0
CompRegionRight	1,795	0.157	0.130	0.587	0
CompRegionCenter	1,795	0.0146	0.0504	0.662	0
IMFProg	2,135	0.188	0.319	1	0
FreeComp	2,018	0.171	0.373	1	0
IntensityLall	1,925	0.411	0.150	0.932	0.0597
IntensityOECD	1,220	0.425	0.0823	0.755	0.211
ECIPlus	1,275	-0.00648	0.992	1.973	-3.532
Pop	2,068	31.17	116.8	1,421	0.00462
lnPop	2,068	1.587	2.120	7.259	-5.376
RGDPPC	2,058	13,926	23,282	314,849	457.1
lnRGDPPC	2,058	8.797	1.218	12.66	6.125
Openness	2,058	0.527	0.594	8.045	-3.413
YrsSchool	2,166	0.0632	0.0346	0.144	0.000284
Polity2	1,823	1.203	7.216	10	-10
RuleofLaw	2,158	0.527	0.302	0.999	0.00400
KOFGI	1,805	49.71	16.65	90.82	14.79
PctAgreeUS	2,069	0.289	0.187	1	0
UNSC	2,332	0.0886	0.218	1	0
GFCF	1,656	0.224	0.0780	0.775	0
Inflation	1,821	0.274	2.167	64.25	-0.0553
GovCons	1,765	0.166	0.0830	1.195	0
CurrAccBal	1,553	-0.0289	0.121	2.062	-1.175

Notes: The number of observations, mean, standard deviation, maximum, and minimum values are shown. The right-wing, left-wing, and centrist political ideologies of heads of governments are represented by *Right-Wing*, *Left-Wing*, and *Centrist*. The suffix *Lead* before political ideology variables represent the ideology of political leaders. The compound instrumental variables are abbreviated as *CompRegion* with suffix *Left*, *Right*, and *Center* to distinguish between political ideologies for which the instrument is constructed. *IMFProg* is an indicator variable for participation in an IMF loan program. *FreeComp* is also a binary variable that tells if a country's constitution enforces a right to free and competitive markets. *IntensityLall*, *IntensityOECD*, and *ECIPlus* are measures of productive capabilities or skill and technology intensity of a country. Pop is population in millions with a prefix *ln* representing logged values. The real GDP per capita is abbreviated as *RGDPPC* with a prefix *ln* indicating its logged values. Trade openness is captured by *Openness*. *YrsSchool* is the average years of schooling. *Polity2* is an index capturing the quality of democracy and institutions. The rule of law in a country is represented by a *RuleofLaw* index. The level of globalization is measured by *KOFGI* index. *PctAgreeUS* is a Lijphart's index of agreement between United Nations General Assembly members and the United States. *UNSC* is a binary indicating temporary and permanent United Nations Security Council members. The gross fixed capital formation as a percentage of GDP, inflation rate, government final consumption expenditure as a percentage of GDP, and current account balance as a percentage of GDP are represented by *GFCF*, *Inflation*, *GovCons*, and *CurrAccBal*, respectively.

Table C2: Country Classification - North, Emerging South, and Rest of the South

Global North		Global South		
		Emerging South		Rest of the South
Australia	Portugal	Argentina	Pakistan	All Other Countries
Austria	Slovenia	Bangladesh	Peru	
Belgium	Spain	Brazil	Philippines	
Canada	Sweden	Bulgaria	Poland	
Denmark	Switzerland	Chile	Qatar	
Finland	United Kingdom	China	South Korea	
France	United States	Colombia	Romania	
Germany		Czech Republic	Russia	
Greece		Egypt	Slovakia	
Iceland		Hungary	South Africa	
Ireland		India	Taiwan	
Israel		Indonesia	Thailand	
Italy		Iran	Turkey	
Japan		Malaysia	Ukraine	
Luxembourg		Mauritius	United Arab Emirates	
Netherlands		Mexico	Venezuela	
New Zealand		Nigeria	Vietnam	
Norway		Oman		

Notes: As of 2023, High-income Organisation for Economic Co-operation and Development (OECD) member countries are classified as the Global North.

Table C3: Country Classification - World Bank Regions

Sub-Saharan Africa	
Benin	Liberia
Botswana	Madagascar
Burkina Faso	Malawi
Burundi	Mali
Cabo Verde	Mauritania
Cameroon	Mauritius
Central African Republic	Mozambique
Chad	Namibia
Comoros	Niger
Republic of Congo	Nigeria
Cote d'Ivoire	Rwanda
Democrtic Republic of Congo	Senegal
Equatorial Guinea	Seychelles
Eritrea	Sierra Leone
Eswatini	Somalia
Ethiopia	South Africa
Gabon	Sudan
Gambia	Togo
Ghana	Tanzania
Guinea	Uganda
Guinea-Bissau	Zambia
Kenya	Zimbabwe
Lesotho	

Europe & Central Asia	
Albania	Kyrgyzstan
Armenia	Latvia
Austria	Lithuania
Azerbaijan	Luxembourg
Belarus	Netherlands
Belgium	North Macedonia
Bosnia and Herzegovina	Norway
Bulgaria	Poland
Croatia	Portugal
Cyprus	Moldova
Czech Republic	Russia
Denmark	Slovakia
Estonia	Slovenia
Finland	Spain
France	Sweden
Georgia	Switzerland
Germany	Tajikistan
Greece	Turkey
Hungary	Turkmenistan
Iceland	Ukraine
Ireland	United Kingdom
Italy	Uzbekistan
Kazakhstan	

Latin America & Caribbean	
Argentina	Peru
Bahamas	Saint Lucia
Barbados	Suriname
Belize	Trinidad and Tobago
Bolivia	Uruguay
Brazil	Venezuela
Chile	
Colombia	
Costa Rica	
Cuba	
Dominican Republic	
Ecuador	
El Salvador	
Grenada	
Guatemala	
Guyana	
Haiti	
Honduras	
Jamaica	
Mexico	
Nicaragua	
Panama	
Paraguay	

Middle East & North Africa
Bahrain
Djibouti
Egypt
Iran
Iraq
Israel
Jordan
Kuwait
Lebanon
Libya
Malta
Morocco
Oman
Qatar
Saudi Arabia
Syria
Tunisia
United Arab Emirates
Yemen

North America
Canada
United States

South Asia
Afghanistan
Bangladesh
Bhutan
India
Maldives
Nepal
Pakistan
Sri Lanka

East Asia & Pacific	
Australia	Taiwan
Brunei Darussalam	Thailand
Cambodia	Vanuatu
China	Vietnam
Fiji	
Indonesia	
Japan	
North Korea	
Laos	
Malaysia	
Mongolia	
Myanmar	
New Zealand	
Papua New Guinea	
Philippines	
South Korea	
Samoa	
Singapore	
Solomon Islands	

Notes: The table shows the World Bank's classification of countries by seven regions (WB, 2017).

Table C4: Effect of Political Ideology on Productive Capabilities - OLS Panel Fixed Effects 5-Year Average Specification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	IntensityLall			*IntensityOECD*			*ECIPlus*		
Left-Wing	0.006			-0.004			0.017		
	(0.005)			(0.004)			(0.030)		
Right-Wing		-0.012**			0.005			-0.044	
		(0.005)			(0.003)			(0.030)	
Centrist			0.023**			0.003			0.087**
			(0.009)			(0.007)			(0.040)
lnRGDPPC	0.051***	0.051***	0.051***	0.032***	0.032***	0.032***	0.256***	0.255***	0.258***
	(0.006)	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)	(0.042)	(0.042)	(0.042)
Openness	0.032**	0.033**	0.032**	0.022	0.022	0.022	0.191***	0.197***	0.202***
	(0.016)	(0.016)	(0.016)	(0.015)	(0.015)	(0.016)	(0.048)	(0.048)	(0.047)
YrsSchool	0.872***	0.855***	0.868***	0.676***	0.684***	0.666***	8.059***	7.982***	7.995***
	(0.324)	(0.323)	(0.323)	(0.192)	(0.191)	(0.190)	(1.366)	(1.359)	(1.367)
lnPop	0.021*	0.020*	0.017	0.012	0.013	0.013	0.241***	0.237***	0.232***
	(0.012)	(0.012)	(0.012)	(0.009)	(0.009)	(0.009)	(0.068)	(0.068)	(0.069)
Constant	-0.148**	-0.135*	-0.143**	0.053	0.045	0.051	-3.511***	-3.464***	-3.511***
	(0.072)	(0.072)	(0.073)	(0.055)	(0.055)	(0.055)	(0.473)	(0.476)	(0.474)
Observations	1,406	1,406	1,406	1,069	1,069	1,069	1,101	1,101	1,101
R-squared	0.844	0.844	0.845	0.848	0.848	0.848	0.921	0.921	0.921
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variables are *IntensityLall* in columns (1) to (3), *IntensityOECD* in (4) to (6), and *ECIPlus* in (7) to (9). Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C5: Effect of Political Ideology on Productive Capabilities - OLS Panel Fixed Effects 3-Year Average Specification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	IntensityLall			*IntensityOECD*			*ECIPlus*		
Left-Wing	0.003			-0.003			0.016		
	(0.004)			(0.002)			(0.022)		
Right-Wing		-0.009**			0.003			-0.041**	
		(0.004)			(0.002)			(0.021)	
Centrist			0.019***			0.003			0.084***
			(0.006)			(0.004)			(0.029)
lnRGDPPC	0.046***	0.046***	0.047***	0.030***	0.030***	0.030***	0.248***	0.247***	0.249***
	(0.005)	(0.005)	(0.005)	(0.004)	(0.004)	(0.004)	(0.033)	(0.033)	(0.033)
Openness	0.036***	0.036**	0.036**	0.028*	0.028*	0.028*	0.178***	0.184***	0.187***
	(0.014)	(0.014)	(0.014)	(0.015)	(0.015)	(0.015)	(0.038)	(0.038)	(0.038)
YrsSchool	0.968***	0.950***	0.963***	0.618***	0.624***	0.610***	7.880***	7.810***	7.859***
	(0.238)	(0.238)	(0.237)	(0.147)	(0.147)	(0.146)	(1.204)	(1.200)	(1.202)
lnPop	0.013	0.012	0.010	0.015*	0.016*	0.015*	0.268***	0.264***	0.259***
	(0.010)	(0.010)	(0.010)	(0.008)	(0.008)	(0.008)	(0.059)	(0.059)	(0.060)
Constant	-0.100*	-0.092*	-0.097*	0.061	0.057	0.060	-3.466***	-3.423***	-3.461***
	(0.055)	(0.055)	(0.055)	(0.045)	(0.045)	(0.045)	(0.387)	(0.389)	(0.387)
Observations	2,377	2,377	2,377	1,730	1,730	1,730	1,663	1,663	1,663
R-squared	0.842	0.843	0.843	0.845	0.845	0.845	0.924	0.924	0.924
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variables are *IntensityLall* in columns (1) to (3), *IntensityOECD* in (4) to (6), and *ECIPlus* in (7) to (9). Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C6: Effect of Political Ideology on Productive Capabilities - OLS Panel Fixed Effects Yearly Specification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	IntensityLall			*IntensityOECD*			*ECIPlus*		
Left-Wing	0.002			-0.002			0.005		
	(0.004)			(0.003)			(0.028)		
Right-Wing		-0.006			0.002			-0.023	
		(0.005)			(0.002)			(0.029)	
Centrist			0.013*			0.004			0.061*
			(0.007)			(0.005)			(0.035)
lnRGDPPC	0.045***	0.045***	0.045***	0.033***	0.033***	0.033***	0.242***	0.241***	0.243***
	(0.011)	(0.011)	(0.011)	(0.009)	(0.009)	(0.009)	(0.067)	(0.067)	(0.067)
Openness	0.055***	0.056***	0.056***	0.056***	0.056***	0.056***	0.164**	0.167**	0.170**
	(0.016)	(0.016)	(0.016)	(0.011)	(0.011)	(0.011)	(0.067)	(0.066)	(0.065)
YrsSchool	0.915	0.903	0.910	0.645*	0.646*	0.636*	8.164***	8.118***	8.140***
	(0.560)	(0.562)	(0.560)	(0.383)	(0.383)	(0.382)	(2.672)	(2.673)	(2.697)
lnPop	0.031	0.031	0.029	0.030**	0.031**	0.030**	0.232*	0.229*	0.225*
	(0.022)	(0.022)	(0.022)	(0.013)	(0.013)	(0.013)	(0.124)	(0.124)	(0.124)
Constant	-0.129	-0.124	-0.128	-0.011	-0.014	-0.012	-3.322***	-3.296***	-3.317***
	(0.135)	(0.134)	(0.134)	(0.091)	(0.091)	(0.091)	(0.801)	(0.802)	(0.799)
Observations	6,806	6,806	6,806	4,707	4,707	4,707	4,818	4,818	4,818
R-squared	0.835	0.835	0.835	0.837	0.837	0.837	0.921	0.921	0.921
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: The outcome variables are *IntensityLall* in columns (1) to (3), *IntensityOECD* in (4) to (6), and *ECIPlus* in (7) to (9). Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C7: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage 3-Year Average Specification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	IntensityLall			*IntensityOECD*			*ECIPlus*		
CompRegionLeft	1.708***			2.492***			1.861***		
	(0.185)			(0.235)			(0.215)		
CompRegionRight		1.915***			2.064***			1.994***	
		(0.143)			(0.166)			(0.154)	
CompRegionCenter			2.253***			2.197***			2.090***
			(0.207)			(0.205)			(0.183)
lnRGDPPC	0.002	0.008	-0.016	-0.010	-0.006	-0.024	-0.001	0.013	-0.017
	(0.026)	(0.025)	(0.015)	(0.032)	(0.029)	(0.021)	(0.031)	(0.029)	(0.017)
Openness	-0.045**	0.068*	-0.020	-0.042*	0.044	-0.004	-0.013	0.131***	-0.103***
	(0.021)	(0.038)	(0.034)	(0.022)	(0.037)	(0.030)	(0.040)	(0.043)	(0.032)
YrsSchool	3.118**	-2.385*	-0.253	4.958***	-4.986***	0.456	3.961**	-3.682**	0.108
	(1.346)	(1.337)	(0.767)	(1.646)	(1.751)	(1.133)	(1.548)	(1.520)	(0.933)
lnPop	-0.115***	0.053	0.090***	-0.207***	0.085	0.111***	-0.069	0.016	0.063**
	(0.044)	(0.046)	(0.027)	(0.056)	(0.059)	(0.035)	(0.048)	(0.049)	(0.028)
Observations	2,107	2,107	2,107	1,545	1,545	1,545	1,660	1,660	1,660
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
SW F-stat p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SW Chi-Sq p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table C8. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. The row below the column numbers represents the outcome variables from the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C8: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage 3-Year Average Specification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	IntensityLall			*IntensityOECD*			*ECIPlus*		
Left-Wing	0.015			-0.017			0.030		
	(0.022)			(0.010)			(0.109)		
Right-Wing		-0.047***			0.001			-0.194***	
		(0.016)			(0.008)			(0.067)	
Centrist			0.056***			0.010*			0.172***
			(0.015)			(0.006)			(0.046)
lnRGDPPC	0.047***	0.047***	0.048***	0.035***	0.035***	0.035***	0.249***	0.245***	0.251***
	(0.006)	(0.006)	(0.006)	(0.004)	(0.004)	(0.004)	(0.033)	(0.033)	(0.033)
Openness	0.034**	0.037**	0.035**	0.026	0.026*	0.026	0.179***	0.210***	0.198***
	(0.016)	(0.017)	(0.017)	(0.016)	(0.016)	(0.016)	(0.038)	(0.040)	(0.038)
YrsSchool	0.785***	0.706**	0.802***	0.646***	0.589***	0.573***	7.737***	7.277***	7.685***
	(0.293)	(0.288)	(0.286)	(0.174)	(0.168)	(0.168)	(1.262)	(1.231)	(1.207)
lnPop	0.029**	0.026**	0.020*	0.019**	0.023**	0.021**	0.274***	0.257***	0.256***
	(0.012)	(0.012)	(0.012)	(0.010)	(0.009)	(0.009)	(0.059)	(0.060)	(0.060)
Observations	2,107	2,107	2,107	1,545	1,545	1,545	1,660	1,660	1,660
R-squared	0.070	0.031	0.060	0.099	0.112	0.111	0.106	0.075	0.105
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
KP LM p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
KP F-stat	85.31	178.50	118.10	112.80	153.80	115.20	74.64	168.20	130.40

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table C7. The outcome variables are *IntensityLall* in columns (1) to (3), *IntensityOECD* in (4) to (6), and *ECIPlus* in (7) to (9). The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C9: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage Yearly Specification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	IntensityLall			*IntensityOECD*			*ECIPlus*		
CompRegionLeft	1.707***			2.399***			1.857***		
	(0.301)			(0.315)			(0.345)		
CompRegionRight		1.923***			2.057***			2.020***	
		(0.207)			(0.246)			(0.226)	
CompRegionCenter			2.235***			2.196***			2.069***
			(0.532)			(0.516)			(0.445)
lnRGDPPC	0.008	-0.004	-0.013	-0.004	-0.012	-0.024	0.002	0.009	-0.016
	(0.048)	(0.047)	(0.020)	(0.054)	(0.045)	(0.031)	(0.056)	(0.047)	(0.029)
Openness	-0.038	0.110**	-0.062	-0.041	0.095	-0.042	-0.017	0.111*	-0.081
	(0.049)	(0.054)	(0.042)	(0.054)	(0.062)	(0.043)	(0.059)	(0.063)	(0.052)
YrsSchool	3.144	-2.420	-0.218	4.234*	-4.009	0.227	4.062	-3.585	-0.071
	(2.315)	(2.267)	(1.045)	(2.473)	(2.567)	(1.598)	(2.852)	(2.628)	(1.350)
lnPop	-0.117	0.069	0.073	-0.177**	0.086	0.092	-0.053	-0.010	0.073
	(0.078)	(0.088)	(0.045)	(0.090)	(0.102)	(0.062)	(0.082)	(0.087)	(0.056)
Observations	6,390	6,390	6,390	4,421	4,421	4,421	4,803	4,803	4,803
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
SW F-stat p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SW Chi-Sq p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table C10. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. The row below the column numbers represents the outcome variables from the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively

Table C10: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage Yearly Specification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	IntensityLall			*IntensityOECD*			*ECIPlus*		
Left-Wing	0.005			-0.013			0.006		
	(0.034)			(0.016)			(0.132)		
Right-Wing		-0.036			-0.001			-0.172	
		(0.028)			(0.012)			(0.111)	
Centrist			0.048**			0.005			0.148***
			(0.022)			(0.007)			(0.035)
lnRGDPPC	0.045***	0.044***	0.045***	0.035***	0.035***	0.035***	0.246***	0.242***	0.248***
	(0.012)	(0.012)	(0.012)	(0.009)	(0.009)	(0.009)	(0.067)	(0.066)	(0.068)
Openness	0.056***	0.061***	0.059***	0.057***	0.058***	0.058***	0.170**	0.194***	0.183***
	(0.017)	(0.018)	(0.016)	(0.011)	(0.012)	(0.011)	(0.066)	(0.069)	(0.064)
YrsSchool	0.820	0.741	0.813	0.689*	0.648	0.645	8.068***	7.620***	7.990***
	(0.654)	(0.648)	(0.641)	(0.398)	(0.408)	(0.404)	(2.756)	(2.713)	(2.740)
lnPop	0.040	0.039*	0.034	0.035**	0.037***	0.036***	0.249**	0.231*	0.233*
	(0.025)	(0.024)	(0.024)	(0.014)	(0.014)	(0.013)	(0.124)	(0.121)	(0.125)
Observations	6,390	6,390	6,390	4,421	4,421	4,421	4,803	4,803	4,803
R-squared	0.077	0.046	0.062	0.139	0.150	0.152	0.102	0.065	0.099
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
KP LM p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
KP F-stat	32.22	86.58	17.67	58.08	69.76	18.12	28.90	79.76	21.64

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table C9. The outcome variables are *IntensityLall* in columns (1) to (3), *IntensityOECD* in (4) to (6), and *ECIPlus* in (7) to (9). The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C11: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage 5-Year Average Specification With Additional International Influence Covariates

	(1)	(2)	(3)
CompRegionLeft	1.603***		
	(0.229)		
CompRegionRight		1.619***	
		(0.195)	
CompRegionCenter			2.627***
			(0.433)
lnRGDPPC	-0.013	0.002	-0.031*
	(0.034)	(0.032)	(0.018)
Openness	-0.021	0.085*	-0.092**
	(0.045)	(0.050)	(0.038)
YrsSchool	0.018	-0.844	0.168
	(1.663)	(1.703)	(0.951)
lnPop	-0.157***	0.097*	0.055*
	(0.053)	(0.053)	(0.033)
UNSC	0.092	-0.179**	0.037
	(0.072)	(0.071)	(0.048)
PctAgreeUS	-1.204***	0.982***	0.004
	(0.209)	(0.201)	(0.114)
KOFGI	0.009***	-0.005*	0.003*
	(0.003)	(0.003)	(0.002)
Observations	1,194	1,194	1,194
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
SW F-stat p-value	0.000	0.000	0.000
SW Chi-Sq p-value	0.000	0.000	0.000

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table C12. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. *IntensityLall* is the outcome variable for the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively

Table C12: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage 5-Year Average Specification With Additional International Influence Covariates

	(1)	(2)	(3)
Left-Wing	0.007		
	(0.028)		
Right-Wing		-0.046*	
		(0.024)	
Centrist			0.044**
			(0.018)
lnRGDPPC	0.025***	0.026***	0.027***
	(0.007)	(0.007)	(0.007)
Openness	0.046***	0.051***	0.051***
	(0.010)	(0.011)	(0.010)
YrsSchool	0.586*	0.548	0.569*
	(0.330)	(0.338)	(0.332)
lnPop	0.016	0.017	0.011
	(0.014)	(0.013)	(0.013)
UNSC	0.011	0.004	0.010
	(0.012)	(0.013)	(0.012)
PctAgreeUS	0.028	0.074*	0.018
	(0.049)	(0.044)	(0.033)
KOFGI	0.004***	0.004***	0.004***
	(0.001)	(0.001)	(0.001)
Observations	1,194	1,194	1,194
R-squared	0.153	0.112	0.150
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
KP LM p-value	0.000	0.000	0.000
KP F-stat	48.81	68.85	36.74

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table C11. The outcome variable is *IntensityLall*. The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C13: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage 5-Year Average Specification With Additional Economic Covariates

	(1)	(2)	(3)
CompRegionLeft	1.708***		
	(0.314)		
CompRegionRight		1.590***	
		(0.235)	
CompRegionCenter			2.216***
			(0.282)
lnRGDPPC	0.116**	-0.103**	-0.005
	(0.055)	(0.050)	(0.030)
Openness	0.011	0.043	-0.047
	(0.069)	(0.071)	(0.053)
YrsSchool	0.357	-1.574	0.150
	(2.398)	(2.483)	(1.500)
lnPop	-0.044	-0.007	0.111*
	(0.107)	(0.103)	(0.061)
Inflation	-0.194	0.243	0.049
	(0.288)	(0.277)	(0.156)
GFCF	0.001	-0.002	-0.005
	(0.005)	(0.005)	(0.004)
CurrAccBal	0.104	-0.174	0.134
	(0.218)	(0.224)	(0.125)
GovCons	0.990**	-1.178**	0.395
	(0.422)	(0.471)	(0.260)
Observations	867	867	867
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
SW F-stat p-value	0.000	0.000	0.000
SW Chi-Sq p-value	0.000	0.000	0.000

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table C12. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. *IntensityLall* is the outcome variable for the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively

Table C14: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage 5-Year Average Specification With Additional Economic Covariates

	(1)	(2)	(3)
Left-Wing	0.041		
	(0.034)		
Right-Wing		-0.061**	
		(0.027)	
Centrist			0.039*
			(0.021)
lnRGDPPC	0.054***	0.051***	0.059***
	(0.010)	(0.011)	(0.010)
Openness	0.077***	0.081***	0.079***
	(0.012)	(0.013)	(0.012)
YrsSchool	1.437***	1.356***	1.395***
	(0.414)	(0.421)	(0.405)
lnPop	0.060***	0.049**	0.053**
	(0.022)	(0.022)	(0.021)
Inflation	0.050	0.063	0.048
	(0.056)	(0.056)	(0.054)
GFCF	0.000	0.000	0.000
	(0.001)	(0.001)	(0.001)
CurrAccBal	-0.010	-0.015	-0.006
	(0.041)	(0.041)	(0.040)
GovCons	-0.185*	-0.223**	-0.149*
	(0.095)	(0.096)	(0.085)
Observations	867	867	867
R-squared	0.075	0.046	0.154
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
KP LM p-value	0.000	0.000	0.000
KP F-stat	29.62	45.62	61.79

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table C13. The outcome variable is *IntensityLall*. The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C15: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage 5-Year Average Specification With Additional Institutional Covariates

	(1)	(2)	(3)
CompRegionLeft	1.701***		
	(0.235)		
CompRegionRight		1.735***	
		(0.183)	
CompRegionCenter			2.308***
			(0.258)
lnRGDPPC	-0.021	0.020	-0.027*
	(0.030)	(0.029)	(0.015)
Openness	-0.045	0.148***	-0.096***
	(0.042)	(0.046)	(0.034)
YrsSchool	1.812	-2.062	0.110
	(1.493)	(1.469)	(0.783)
lnPop	-0.135***	0.096*	0.055**
	(0.051)	(0.052)	(0.027)
Polity2	-0.002	-0.003	0.006***
	(0.004)	(0.003)	(0.001)
RuleOfLaw	0.462***	-0.378***	0.082
	(0.113)	(0.111)	(0.056)
Observations	1,354	1,354	1,354
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
SW F-stat p-value	0.000	0.000	0.000
SW Chi-Sq p-value	0.000	0.000	0.000

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table C16. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. *IntensityLall* is the outcome variable for the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively

Table C16: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage 5-Year Average Specification With Additional Institutional Covariates

	(1)	(2)	(3)
Left-Wing	-0.020		
	(0.029)		
Right-Wing		-0.047**	
		(0.023)	
Centrist			0.081***
			(0.026)
lnRGDPPC	0.047***	0.048***	0.049***
	(0.007)	(0.007)	(0.007)
Openness	0.064***	0.073***	0.074***
	(0.011)	(0.012)	(0.011)
YrsSchool	0.797**	0.686**	0.720**
	(0.341)	(0.337)	(0.337)
lnPop	0.038***	0.042***	0.034***
	(0.013)	(0.012)	(0.012)
Polity2	-0.000	-0.000	-0.001
	(0.001)	(0.001)	(0.001)
RuleOfLaw	0.068**	0.036	0.053**
	(0.030)	(0.026)	(0.024)
Observations	1,354	1,354	1,354
R-squared	0.101	0.090	0.096
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
KP LM p-value	0.000	0.000	0.000
KP F-stat	52.32	89.46	80.31

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table C15. The outcome variable is *IntensityLall*. The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C17: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage 5-Year Average Specification With Alternative Political Ideology Dependent Variable

	(1)	(2)	(3)
CompRegionLeft	1.884***		
	(0.603)		
CompRegionRight		2.288***	
		(0.272)	
CompRegionCenter			2.785***
			(0.391)
lnRGDPPC	-0.002	-0.027	-0.000
	(0.029)	(0.028)	(0.014)
Openness	-0.044*	0.043	-0.007
	(0.023)	(0.034)	(0.034)
YrsSchool	1.497	-2.166	-0.692
	(1.548)	(1.543)	(0.776)
lnPop	-0.121**	-0.019	0.117***
	(0.050)	(0.051)	(0.030)
Observations	1,420	1,420	1,420
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
SW F-stat p-value	0.002	0.000	0.000
SW Chi-Sq p-value	0.001	0.000	0.000

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table C18. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. *IntensityLall* is the outcome variable for the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively

Table C18: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage 5-Year Specification Average With Alternative Political Ideology Dependent Variable

	(1)	(2)	(3)
LeadLeft-Wing	-0.066		
	(0.042)		
LeadRight-Wing		-0.027	
		(0.016)	
LeadCentrist			0.059***
			(0.017)
lnRGDPPC	0.052***	0.051***	0.052***
	(0.007)	(0.006)	(0.006)
Openness	0.025*	0.030**	0.029*
	(0.014)	(0.014)	(0.015)
YrsSchool	0.985***	0.832**	0.914***
	(0.343)	(0.327)	(0.326)
lnPop	0.012	0.019	0.011
	(0.013)	(0.012)	(0.012)
Observations	1,420	1,420	1,420
R-squared	-0.023	0.082	0.079
Country FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
KP LM p-value	0.045	0.000	0.000
KP F-stat	9.762	70.68	50.80

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table C17. The outcome variable is *IntensityLall*. The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C19: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage 5-Year Average Specification by Political Ideology Cutoffs

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	25% or 15 Month Cutoff			50% or 30 Month Cutoff			75% or 30 Month Cutoff		
CompRegionLeft	1.543***			1.728***			1.960***		
	(0.248)			(0.258)			(0.259)		
CompRegionRight		1.864***			2.066***			2.079***	
		(0.222)			(0.222)			(0.222)	
CompRegionCenter			2.677***			2.891***			2.597***
			(0.383)			(0.422)			(0.367)
lnRGDPPC	0.023	-0.010	-0.010	0.019	0.001	-0.021	0.022	0.014	-0.030**
	(0.034)	(0.033)	(0.020)	(0.035)	(0.032)	(0.018)	(0.033)	(0.031)	(0.015)
Openness	-0.022	0.030	-0.009	-0.027	0.055	-0.021	-0.034	0.033	0.001
	(0.032)	(0.036)	(0.037)	(0.027)	(0.041)	(0.039)	(0.024)	(0.033)	(0.044)
YrsSchool	1.252	-1.170	0.096	1.440	-1.671	0.742	1.293	-1.704	0.136
	(1.787)	(1.718)	(1.161)	(1.786)	(1.794)	(0.903)	(1.609)	(1.695)	(0.815)
lnPop	-0.126**	0.012	0.138***	-0.109*	0.052	0.076**	-0.067	0.090	0.051*
	(0.060)	(0.057)	(0.040)	(0.058)	(0.059)	(0.035)	(0.053)	(0.059)	(0.031)
Observations	1,403	1,403	1,403	1,403	1,403	1,403	1,403	1,403	1,403
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
SW F-stat p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SW Chi-Sq p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table C20. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. *IntensityLall* is the outcome variable for the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively

Table C20: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage 5-Year Average Specification by Political Ideology Cutoffs

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	25% or 15 Month Cutoff			50% or 30 Month Cutoff			75% or 45 Month Cutoff		
Left-Wing	-0.007			-0.006			-0.005		
	(0.030)			(0.027)			(0.023)		
Right-Wing		-0.049**			-0.044**			-0.044**	
		(0.022)			(0.020)			(0.019)	
Centrist			0.066***			0.061***			0.068***
			(0.021)			(0.018)			(0.021)
lnRGDPPC	0.051***	0.050***	0.052***	0.051***	0.051***	0.052***	0.051***	0.051***	0.053***
	(0.006)	(0.006)	(0.007)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Openness	0.032**	0.034**	0.033*	0.032**	0.035**	0.034*	0.032**	0.034**	0.033*
	(0.016)	(0.017)	(0.018)	(0.016)	(0.017)	(0.018)	(0.016)	(0.017)	(0.018)
YrsSchool	0.900***	0.833**	0.848**	0.900***	0.817**	0.809**	0.898***	0.816**	0.846**
	(0.327)	(0.328)	(0.330)	(0.328)	(0.326)	(0.329)	(0.326)	(0.326)	(0.329)
lnPop	0.021	0.018	0.010	0.021*	0.020	0.015	0.021*	0.022*	0.016
	(0.013)	(0.012)	(0.013)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)
Observations	1,403	1,403	1,403	1,403	1,403	1,403	1,403	1,403	1,403
R-squared	0.085	0.046	0.048	0.085	0.049	0.067	0.086	0.049	0.071
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
KP LM p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
KP F-stat	38.74	70.65	48.93	44.96	86.78	46.94	57.09	87.86	50.07

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table C19. The outcome variable is *IntensityLall*. The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C21: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage 5-Year Average Specification by 1989 Income Classification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Low Income - 1989			Middle Income - 1989			High Income - 1989		
CompRegionLeft	1.351***			1.488***			3.288***		
	(0.391)			(0.317)			(0.933)		
CompRegionRight		2.217***			1.179***			1.765***	
		(0.528)			(0.280)			(0.300)	
CompRegionCenter			12.368***			10.848***			2.049***
			(4.057)			(3.822)			(0.192)
lnRGDPPC	-0.105	0.072	-0.032	0.014	0.030	-0.016	-0.041	0.003	-0.035
	(0.067)	(0.066)	(0.029)	(0.041)	(0.038)	(0.020)	(0.047)	(0.050)	(0.031)
Openness	0.106	0.166	-0.137	-0.051	0.032	0.027	-0.032	0.066	-0.024
	(0.165)	(0.144)	(0.088)	(0.032)	(0.042)	(0.027)	(0.039)	(0.052)	(0.043)
YrsSchool	1.759	-1.672	1.405	1.852	-0.328	0.154	-2.341	1.639	-2.559*
	(3.845)	(3.809)	(1.530)	(2.693)	(2.272)	(1.454)	(2.300)	(2.756)	(1.307)
lnPop	-0.419**	0.682***	0.005	-0.216**	0.106	0.136***	-0.014	-0.111*	0.092**
	(0.183)	(0.169)	(0.077)	(0.094)	(0.091)	(0.051)	(0.062)	(0.066)	(0.038)
Observations	390	390	390	574	574	574	318	318	318
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
SW F-stat p-value	0.000	0.000	0.002	0.000	0.000	0.005	0.000	0.000	0.000
SW Chi-Sq p-value	0.000	0.000	0.001	0.000	0.000	0.003	0.000	0.000	0.000

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table C22. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. *IntensityLall* is the outcome variable for the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively

Table C22: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage 5-Year Average Specification by 1989 Income Classification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Low Income - 1989			Middle Income - 1989			High Income - 1989		
Left-Wing	-0.143			0.006			0.003		
	(0.092)			(0.043)			(0.054)		
Right-Wing		-0.007			-0.042			0.000	
		(0.040)			(0.063)			(0.018)	
Centrist			0.192***			-0.042			0.024
			(0.059)			(0.046)			(0.020)
lnRGDPPC	-0.008	0.005	0.006	0.083***	0.083***	0.082***	0.068***	0.068***	0.068***
	(0.018)	(0.014)	(0.015)	(0.009)	(0.008)	(0.009)	(0.014)	(0.014)	(0.014)
Openness	0.072	0.054	0.088	0.042*	0.043*	0.043*	0.054***	0.054***	0.055***
	(0.059)	(0.050)	(0.054)	(0.023)	(0.024)	(0.022)	(0.012)	(0.012)	(0.011)
YrsSchool	2.103*	1.941**	1.605*	-0.507	-0.494	-0.506	0.876**	0.867***	0.902***
	(1.181)	(0.944)	(0.971)	(0.537)	(0.545)	(0.537)	(0.358)	(0.325)	(0.319)
lnPop	-0.186***	-0.105*	-0.115**	0.015	0.015	0.019	0.046***	0.046***	0.044***
	(0.068)	(0.059)	(0.055)	(0.027)	(0.023)	(0.022)	(0.015)	(0.015)	(0.015)
Observations	390	390	390	574	574	574	318	318	318
R-squared	-0.518	0.080	-0.026	0.158	0.095	0.144	0.217	0.217	0.231
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
KP LM p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
KP F-stat	11.96	17.64	9.292	22.09	17.76	8.058	12.42	34.59	114.2

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table C21. The outcome variable is *IntensityLall*. The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C23: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage 5-Year Average Specification by 1998 Income Classification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Low Income - 1998			Middle Income - 1998			High Income - 1998		
CompRegionLeft	1.675***			1.342***			3.427***		
	(0.412)			(0.277)			(0.895)		
CompRegionRight		2.680***			1.444***			1.436***	
		(0.522)			(0.237)			(0.284)	
CompRegionCenter			12.822***			10.784***			2.132***
			(4.133)			(2.387)			(0.216)
lnRGDPPC	-0.148***	0.085	-0.030	0.066*	-0.044	0.002	-0.043	0.043	-0.032
	(0.055)	(0.053)	(0.023)	(0.040)	(0.037)	(0.022)	(0.057)	(0.054)	(0.040)
Openness	0.212	0.141	-0.134*	-0.082	0.176**	-0.125**	-0.063**	0.021	0.034
	(0.153)	(0.138)	(0.080)	(0.076)	(0.072)	(0.050)	(0.024)	(0.031)	(0.024)
YrsSchool	5.950*	-3.409	-1.092	-3.735*	0.639	3.792***	-1.193	1.004	-1.929
	(3.599)	(3.221)	(1.616)	(2.265)	(2.390)	(1.460)	(2.329)	(2.647)	(1.299)
lnPop	-0.337*	0.455***	0.053	0.032	0.023	-0.076	-0.048	-0.055	0.071**
	(0.182)	(0.174)	(0.090)	(0.091)	(0.087)	(0.049)	(0.067)	(0.072)	(0.035)
Observations	468	468	468	580	580	580	352	352	352
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
SW F-stat p-value	0.000	0.000	0.002	0.000	0.000	0.000	0.000	0.000	0.000
SW Chi-Sq p-value	0.000	0.000	0.001	0.000	0.000	0.000	0.000	0.000	0.000

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table C24. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. *IntensityLall* is the outcome variable for the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively

Table C24: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage 5-Year Average Specification by 1998 Income Classification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Low Income - 1998			Middle Income - 1998			High Income - 1998		
Left-Wing	0.014			-0.044			-0.012		
	(0.050)			(0.047)			(0.043)		
Right-Wing		-0.063**			-0.031			0.026	
		(0.028)			(0.054)			(0.024)	
Centrist			0.191***			0.018			0.030
			(0.048)			(0.047)			(0.018)
lnRGDPPC	0.008	0.013	0.009	0.074***	0.070***	0.072***	0.084***	0.083***	0.085***
	(0.012)	(0.011)	(0.011)	(0.010)	(0.009)	(0.009)	(0.015)	(0.015)	(0.014)
Openness	0.062	0.070*	0.100**	0.122***	0.133***	0.129***	0.022**	0.022**	0.022**
	(0.041)	(0.036)	(0.040)	(0.019)	(0.022)	(0.018)	(0.011)	(0.010)	(0.011)
YrsSchool	0.906	0.680	1.183	0.023	0.327	0.245	1.024***	0.961***	1.058***
	(0.812)	(0.742)	(0.759)	(0.698)	(0.669)	(0.699)	(0.343)	(0.346)	(0.326)
lnPop	-0.133***	-0.112***	-0.149***	0.075***	0.075***	0.076***	0.042**	0.045**	0.040**
	(0.040)	(0.037)	(0.038)	(0.027)	(0.026)	(0.027)	(0.017)	(0.017)	(0.017)
Observations	468	468	468	580	580	580	352	352	352
R-squared	0.092	0.065	-0.025	0.154	0.154	0.181	0.194	0.136	0.224
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
KP LM p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
KP F-stat	16.49	26.39	9.623	23.46	37.11	20.40	14.65	25.64	97.11

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table C23. The outcome variable is *IntensityLall*. The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C25: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage 5-Year Average Specification by 2018 Income Classification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Low Income - 2018			Middle Income - 2018			High Income - 2018		
CompRegionLeft	0.744			1.937***			1.228***		
	(0.739)			(0.290)			(0.392)		
CompRegionRight		2.830***			1.666***			1.681***	
		(0.998)			(0.235)			(0.282)	
CompRegionCenter			13.221**			9.823***			2.165***
			(5.627)			(2.309)			(0.223)
lnRGDPPC	-0.203**	0.208**	-0.034	0.073*	-0.058	-0.041*	0.033	-0.003	0.009
	(0.085)	(0.088)	(0.034)	(0.043)	(0.038)	(0.022)	(0.043)	(0.043)	(0.029)
Openness	0.093	0.104	-0.088	-0.121	0.342***	-0.182***	-0.007	-0.013	0.035
	(0.174)	(0.159)	(0.100)	(0.108)	(0.097)	(0.063)	(0.024)	(0.025)	(0.026)
YrsSchool	-3.985	5.004	-2.146	6.904***	-4.190**	0.584	-1.764	0.116	-1.019
	(5.761)	(5.696)	(1.818)	(2.319)	(2.062)	(1.304)	(2.092)	(2.446)	(1.194)
lnPop	-0.805**	0.848***	0.144	0.043	-0.026	-0.004	-0.022	-0.031	0.076**
	(0.341)	(0.312)	(0.134)	(0.104)	(0.098)	(0.058)	(0.059)	(0.061)	(0.030)
Observations	222	222	222	682	682	682	499	499	499
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
SW F-stat p-value	0.315	0.005	0.02	0.000	0.000	0.000	0.002	0.000	0.000
SW Chi-Sq p-value	0.269	0.002	0.01	0.000	0.000	0.000	0.001	0.000	0.000

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table C26. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. *IntensityLall* is the outcome variable for the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively

Table C26: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage 5-Year Average Specification by 2018 Income Classification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Low Income - 2018			Middle Income - 2018			High Income - 2018		
Left-Wing	-0.284			0.006			-0.006		
	(0.291)			(0.034)			(0.052)		
Right-Wing		-0.069			-0.064			0.004	
		(0.084)			(0.040)			(0.018)	
Centrist			0.254***			0.068			0.041**
			(0.080)			(0.054)			(0.020)
lnRGDPPC	-0.088	-0.010	-0.026*	0.069***	0.066***	0.072***	0.078***	0.078***	0.077***
	(0.069)	(0.025)	(0.015)	(0.010)	(0.010)	(0.010)	(0.009)	(0.009)	(0.009)
Openness	0.052	0.016	0.031	0.146***	0.166***	0.161***	0.030**	0.030**	0.029**
	(0.068)	(0.029)	(0.040)	(0.027)	(0.030)	(0.029)	(0.014)	(0.014)	(0.014)
YrsSchool	0.536	2.080	1.977	0.738	0.445	0.737	1.153***	1.158***	1.158***
	(2.605)	(1.347)	(1.304)	(0.585)	(0.576)	(0.543)	(0.333)	(0.314)	(0.311)
lnPop	-0.419*	-0.118	-0.181***	0.042*	0.037	0.040	0.019	0.019	0.015
	(0.243)	(0.126)	(0.068)	(0.024)	(0.025)	(0.026)	(0.012)	(0.012)	(0.012)
Observations	222	222	222	682	682	682	499	499	499
R-squared	-1.571	0.011	0.011	0.157	0.105	0.127	0.234	0.231	0.245
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
KP LM p-value	0.270	0.003	0.006	0.000	0.000	0.000	0.000	0.000	0.000
KP F-stat	1.015	8.049	5.520	44.78	50.16	18.09	9.843	35.49	93.94

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table C25. The outcome variable is *IntensityLall*. The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C27: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage 5-Year Average Specification by North, South, and Rest of the South Country Classification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Global North			Global South			Emerging South			Rest of the South		
CompRegionLeft	5.503***			1.473***			1.776***			1.273***		
	(1.302)			(0.220)			(0.398)			(0.265)		
CompRegionRight		1.521***			1.829***			1.269***			2.121***	
		(0.303)			(0.216)			(0.372)			(0.271)	
CompRegionCenter			1.521***			10.105***			9.999***			9.964***
			(0.303)			(2.421)			(3.188)			(3.253)
lnRGDPPC	0.102	0.022	-0.151	-0.002	0.011	-0.029**	0.028	-0.040	0.010	-0.029	0.028	-0.026
	(0.119)	(0.140)	(0.098)	(0.030)	(0.028)	(0.015)	(0.046)	(0.050)	(0.030)	(0.040)	(0.037)	(0.018)
Openness	-0.093	0.181	-0.018	-0.033	0.041	0.000	0.042	0.167*	-0.093	-0.063**	0.029	0.025
	(0.098)	(0.143)	(0.106)	(0.024)	(0.034)	(0.036)	(0.086)	(0.090)	(0.059)	(0.024)	(0.031)	(0.028)
YrsSchool	-1.538	2.545	-2.668	3.136*	-1.749	0.605	0.825	-4.639	6.105***	1.717	-0.300	0.168
	(3.575)	(3.857)	(1.788)	(1.686)	(1.625)	(0.873)	(2.903)	(3.438)	(1.924)	(2.110)	(1.901)	(1.002)
lnPop	-0.071	0.460*	0.097	-0.097*	0.063	0.030	0.066	-0.033	-0.056*	-0.197**	0.175**	0.046
	(0.259)	(0.271)	(0.113)	(0.054)	(0.055)	(0.031)	(0.066)	(0.069)	(0.033)	(0.082)	(0.081)	(0.045)
Observations	287	287	287	1,116	1,116	1,116	332	332	332	784	784	784
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
SW F-stat p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.002
SW Chi-Sq p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.001

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table C28. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. *IntensityLall* is the outcome variable for the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively

Table C28: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage 5-Year Average Specification by North, South, and Rest of the South Country Classification

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Global North			Global South			Emerging South			Rest of the South		
Left-Wing	0.008			-0.030			-0.014			-0.009		
	(0.026)			(0.033)			(0.038)			(0.049)		
Right-Wing		0.019			-0.039			-0.096			-0.016	
		(0.020)			(0.030)			(0.074)			(0.031)	
Centrist			0.026			0.047			-0.054			0.128***
			(0.019)			(0.034)			(0.048)			(0.044)
lnRGDPPC	0.079***	0.078***	0.082***	0.047***	0.048***	0.049***	0.078***	0.073***	0.079***	0.024***	0.024***	0.025***
	(0.027)	(0.027)	(0.026)	(0.007)	(0.006)	(0.006)	(0.012)	(0.012)	(0.012)	(0.008)	(0.008)	(0.008)
Openness	0.081***	0.075***	0.080***	0.037**	0.039**	0.038**	0.174***	0.190***	0.167***	0.007	0.008	0.004
	(0.023)	(0.024)	(0.020)	(0.018)	(0.019)	(0.019)	(0.020)	(0.025)	(0.022)	(0.009)	(0.009)	(0.011)
YrsSchool	1.500***	1.343***	1.496***	0.967**	0.788*	0.876**	0.125	-0.581	0.435	0.841	0.826	0.838
	(0.443)	(0.459)	(0.418)	(0.443)	(0.436)	(0.427)	(0.728)	(1.012)	(0.776)	(0.514)	(0.508)	(0.516)
lnPop	0.238***	0.225***	0.232***	-0.033**	-0.027**	-0.031**	0.024	0.022	0.021	-0.038*	-0.034*	-0.042**
	(0.034)	(0.033)	(0.028)	(0.013)	(0.013)	(0.013)	(0.019)	(0.017)	(0.019)	(0.021)	(0.018)	(0.018)
Observations	287	287	287	1,116	1,116	1,116	332	332	332	784	784	784
R-squared	0.272	0.194	0.280	0.085	0.098	0.106	0.351	0.127	0.316	0.034	0.047	-0.011
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
KP LM p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.000
KP F-stat	17.87	25.15	104.1	44.85	71.46	17.42	19.92	11.62	9.839	23.12	61.25	9.382

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table C27. The outcome variable is *IntensityLall*. The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C29: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage 5-Year Average Specification by Excluding One World Region At a Time

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		East Asia & Pacific			Europe & Central Asia			Latin America & Caribbean			Middle East & North Africa	
CompRegionLeft	1.829***			1.521***			2.116***			1.336***		
	(0.240)			(0.229)			(0.288)			(0.238)		
CompRegionRight		1.823***			1.818***			1.789***			1.833***	
		(0.197)			(0.188)			(0.204)			(0.184)	
CompRegionCenter			2.429***			2.190***			2.387***			2.276***
			(0.296)			(0.240)			(0.282)			(0.250)
lnRGDPPC	0.023	0.020	-0.036**	-0.016	0.030	-0.020	-0.013	0.015	-0.035**	0.026	-0.020	-0.002
	(0.034)	(0.031)	(0.018)	(0.030)	(0.028)	(0.015)	(0.032)	(0.031)	(0.017)	(0.034)	(0.033)	(0.016)
Openness	-0.034	0.041	-0.007	-0.047**	0.046	0.004	-0.025	0.026	0.003	0.012	0.116**	-0.084**
	(0.024)	(0.038)	(0.038)	(0.022)	(0.040)	(0.038)	(0.024)	(0.031)	(0.032)	(0.051)	(0.058)	(0.042)
YrsSchool	2.186	-1.962	-0.614	3.370**	-2.635	0.350	3.354**	-2.937*	-0.162	1.896	-1.237	-0.337
	(1.666)	(1.666)	(0.936)	(1.645)	(1.624)	(0.856)	(1.554)	(1.565)	(0.833)	(1.656)	(1.636)	(0.791)
lnPop	-0.097*	0.043	0.097***	-0.187***	0.143**	0.029	-0.149***	0.043	0.087***	-0.136*	0.132*	0.126***
	(0.050)	(0.052)	(0.031)	(0.060)	(0.058)	(0.034)	(0.052)	(0.053)	(0.032)	(0.073)	(0.076)	(0.038)
Observations	1,223	1,223	1,223	1,043	1,043	1,043	1,130	1,130	1,130	1,229	1,229	1,229
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
SW F-stat p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SW Chi-Sq p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table C30. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. *IntensityLall* is the outcome variable for the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively

Table C29c: Effect of Instrumental Variable on Political Ideology - 2SLS First-Stage 5-Year Average Specification by Excluding One World Region At a Time

	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
		North America			South Asia			Sub-Saharan Africa	
CompRegionLeft	1.629***			1.481***			1.611***		
	(0.217)			(0.227)			(0.229)		
CompRegionRight		1.828***			1.819***			1.749***	
		(0.196)			(0.192)			(0.175)	
CompRegionCenter			6.514***			2.380***			2.406***
			(1.123)			(0.280)			(0.285)
lnRGDPPC	0.014	0.004	-0.028**	0.004	0.013	-0.026*	0.030	-0.029	-0.005
	(0.029)	(0.027)	(0.014)	(0.029)	(0.027)	(0.015)	(0.030)	(0.028)	(0.016)
Openness	-0.030	0.042	0.010	-0.028	0.041	-0.010	-0.047**	0.042	0.003
	(0.022)	(0.037)	(0.029)	(0.023)	(0.035)	(0.037)	(0.021)	(0.039)	(0.036)
YrsSchool	2.052	-1.829	-0.348	1.691	-1.814	0.203	-1.738	0.125	0.931
	(1.502)	(1.467)	(0.770)	(1.519)	(1.507)	(0.817)	(1.575)	(1.732)	(0.978)
lnPop	-0.116**	0.055	0.050*	-0.123**	0.065	0.083***	-0.025	-0.044	0.090***
	(0.049)	(0.050)	(0.028)	(0.050)	(0.051)	(0.030)	(0.047)	(0.051)	(0.031)
Observations	1,379	1,379	1,379	1,335	1,335	1,335	1,079	1,079	1,079
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(FS Weak IVs SW F-stat p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SW Chi-Sq p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes: The 2SLS first-stage estimates are shown; the corresponding second-stage estimates are displayed in Table C30c. The outcome variable is *Left-Wing* political ideology in columns (1), (4), and (7); *Right-Wing* in (2), (5), (8); and *Centrist* in (3), (6), and (9). The compound instrument is *CompRegion* with the suffix *Left*, *Right*, and *Center* representing left-wing, right-wing, and centrist political ideologies. *IntensityLall* is the outcome variable for the second stage. The SW F-stat is a first-stage weak IV test. The Chi-Sq test is a first-stage test for IV underidentification. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively

Table C30: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage 5-Year Average Specification by Excluding One World Region At a Time

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	East Asia & Pacific			Europe & Central Asia			Latin America & Caribbean			Middle East & North Africa		
Left-Wing	-0.028			-0.028			-0.001			-0.011		
	(0.028)			(0.033)			(0.025)			(0.040)		
Right-Wing		-0.024			-0.051**			-0.053*			-0.038*	
		(0.022)			(0.026)			(0.028)			(0.022)	
Centrist			0.069***			0.038*			0.075***			0.074***
			(0.023)			(0.020)			(0.024)			(0.026)
lnRGDPPC	0.031***	0.032***	0.034***	0.046***	0.049***	0.048***	0.053***	0.053***	0.056***	0.048***	0.045***	0.047***
	(0.007)	(0.006)	(0.007)	(0.007)	(0.007)	(0.007)	(0.008)	(0.007)	(0.008)	(0.008)	(0.008)	(0.008)
Openness	0.015	0.017	0.017	0.031*	0.033*	0.032*	0.029**	0.030**	0.029*	0.072***	0.078***	0.080***
	(0.012)	(0.013)	(0.014)	(0.017)	(0.018)	(0.018)	(0.014)	(0.015)	(0.016)	(0.013)	(0.013)	(0.012)
YrsSchool	0.768**	0.671*	0.713*	1.016**	0.761*	0.916**	1.038***	0.892**	1.004***	1.203***	1.110***	1.159***
	(0.378)	(0.370)	(0.371)	(0.409)	(0.400)	(0.390)	(0.358)	(0.357)	(0.352)	(0.373)	(0.351)	(0.358)
lnPop	-0.003	-0.000	-0.008	-0.018	-0.001	-0.013	0.011	0.009	0.002	0.060***	0.061***	0.049***
	(0.012)	(0.011)	(0.011)	(0.015)	(0.014)	(0.013)	(0.012)	(0.012)	(0.012)	(0.017)	(0.016)	(0.017)
Observations	1,223	1,223	1,223	1,043	1,043	1,043	1,130	1,130	1,130	1,229	1,229	1,229
R-squared	0.012	0.040	0.033	0.073	0.059	0.092	0.110	0.093	0.096	0.091	0.090	0.078
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
KP LM p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
KP F-stat	57.92	85.66	67.12	44.28	93.92	83.51	54.01	76.78	71.46	31.63	99.46	82.76

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table C29. The outcome variable is *IntensityLall*. The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.

Table C30c: Effect of Political Ideology on Productive Capabilities - 2SLS Second-Stage 5-Year Average Specification by Excluding One World Region At a Time

	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
		North America			South Asia			Sub-Saharan Africa	
Left-Wing	-0.008			0.008			0.002		
	(0.028)			(0.034)			(0.030)		
Right-Wing		-0.056**			-0.067***			-0.047**	
		(0.026)			(0.024)			(0.023)	
Centrist			0.153***			0.069***			0.067***
			(0.037)			(0.023)			(0.021)
lnRGDPPC	0.051***	0.050***	0.054***	0.054***	0.054***	0.056***	0.068***	0.066***	0.068***
	(0.006)	(0.006)	(0.007)	(0.006)	(0.006)	(0.007)	(0.007)	(0.007)	(0.007)
Openness	0.032**	0.034*	0.035	0.033**	0.036*	0.034*	0.041**	0.043**	0.041**
	(0.016)	(0.018)	(0.021)	(0.016)	(0.018)	(0.018)	(0.018)	(0.020)	(0.020)
YrsSchool	0.871**	0.750**	0.791**	0.778**	0.674**	0.732**	0.872***	0.892***	0.742**
	(0.339)	(0.337)	(0.349)	(0.333)	(0.336)	(0.332)	(0.319)	(0.329)	(0.332)
lnPop	0.020	0.019	0.002	0.029**	0.026**	0.020	0.050***	0.043***	0.042***
	(0.013)	(0.012)	(0.013)	(0.013)	(0.013)	(0.013)	(0.015)	(0.015)	(0.015)
Observations	1,379	1,379	1,379	1,335	1,335	1,335	1,079	1,079	1,079
R-squared	0.083	0.044	-0.045	0.095	0.025	0.079	0.127	0.077	0.105
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
KP LM p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
KP F-stat	56.33	87.12	33.64	42.52	90.20	72.01	49.46	99.85	71.14

Notes: The 2SLS second-stage estimates are shown; the corresponding first-stage estimates are displayed in Table C29c. The outcome variable is *IntensityLall*. The KP LM is a second-stage IV underidentification test. The KP F-stat is provided to address concerns for the second-stage weak IV. Robust standard errors, clustered at the country level, are in parentheses. Statistical significance at 1%, 5%, and 10% levels are represented by ***, **, and *, respectively.