

Web Appendix: Variable Measurement and Sources

Variable	Measurement	Source
Differences in sectoral hourly wage growth	The difference in the following values: 1) the log change of the sum of compensation of employees within the public administration and defence (ISIC category L), education (ISIC category M), and health and social work (ISIC category N) sectors divided by the sum of total hours worked within these sectors, and; 2) the log change of the sum of compensation of employees within manufacturing (ISIC category D), divided by the sum of total hours worked within manufacturing. Hourly wages are then deflated according to the consumer price index.	Compensation of employees and number of hours worked by sector taken from the EU KLEMS database. Consumer price index data taken from the OECD Main Economic Indicators.
(Weighted) central bank non-accommodation index	Based on Iversen's (1999) index, the average of Cukierman's (1992) central bank independence index and (normalised) 4 year moving averages of the nominal effective exchange rate). Variable is then weighted according to the proportion of employees working in the public sector (ISIC Categories L, M, and N) to the entire economy over which the central bank presides	Central bank independence data taken from Cukierman (1992) and Polillo and Gulli�n (2005). Nominal effective exchange rate data taken from the European Commission's Annual Macroeconomic Database. Public sector and total economy employment taken from EU KLEMS
Maastricht Dummy	Assumes the value of 1 for years 1992-1998 for the following countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, the Netherlands, Portugal and Spain. 0 if otherwise.	NA
EMU Dummy	Assumes the value of 1 for years 1999-2007 for the	NA

	following countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, the Netherlands, Portugal and Spain. 0 if otherwise.	
Differences in sectoral productivity growth	The difference in the following values: 1) the log change of the (employee weighted) average of gross value added per hour worked for the public administration and defence (ISIC category L), education (ISIC category M), and health and social work (ISIC category N) sectors, and; 2) the log change in gross value added per hour worked for the manufacturing sector (ISIC category D).	EU KLEMS database
Differences in sectoral employment growth	The difference in the following values: 1) the log change of the number of employees working within the public administration and defence (ISIC category L), education (ISIC category M), and health and social work (ISIC category N) sectors, and 2) the log change of the number of employees working within the manufacturing sector (ISIC category D).	EU KLEMS database
Net public borrowing	Net public borrowing divided by GDP	European Commission's Annual Macroeconomic Database. Sweden and Australia's more complete deficit data was obtained from the OECD.
Export share growth	Log change in the export share (measured as exports divided by GDP)	European Commission's Annual Macroeconomic Database.
FDI growth	Log change in annual inward and outward foreign direct investment stock (as a percentage of GDP)	UNCTAD database
Partisanship	Right-party legislative seats as a percentage of total legislative seats. In election	Swank's (2006) Comparative Parties Dataset

	years, party seats are weighted according to tenure.	
Centralisation	Based on Iversen's (1999) centralisation index. Ranges from 0 (no centralisation among unions) to 1 (monopoly centralisation among unions).	Visser (2009)
Wage coordination	Based on Kenworthy's (2003) coordination index. Scores range from 1 (no coordination) to 5 (economy wide-bargaining based upon enforceable agreements or the government imposition of a wage schedule).	Visser (2009)
Pattern Bargaining Dummy	Assumes the value of 1 for years countries with (trade-led) pattern bargaining systems at time t, and 0 if otherwise.	Traxler and Brandl (2010)
Relative Sectoral Union Density	Ratio of the membership of the three largest public-sector affiliates to the three largest exposed-sector affiliates within a country's largest union confederation.	Traxler and Brandl (2010)