# Appendix

**Figure A1:** Kernel Density Credit Default Swap (CDS) Price
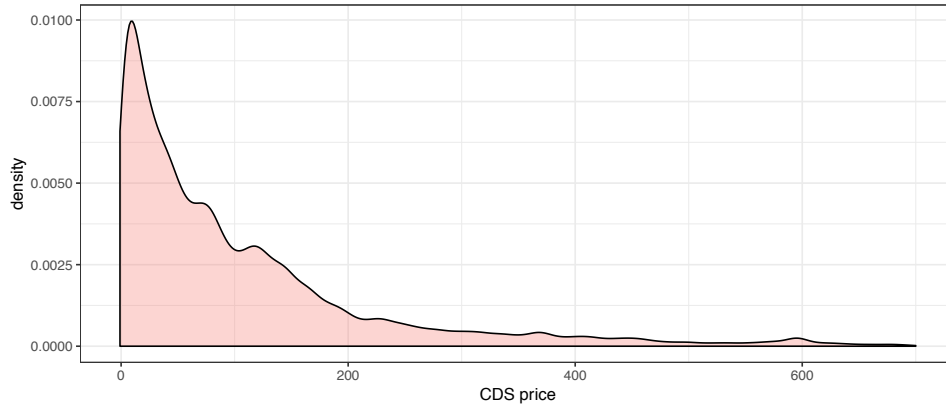


**Figure A2:** Kernel Density Credit Default Swap (CDS) Price Change (%)
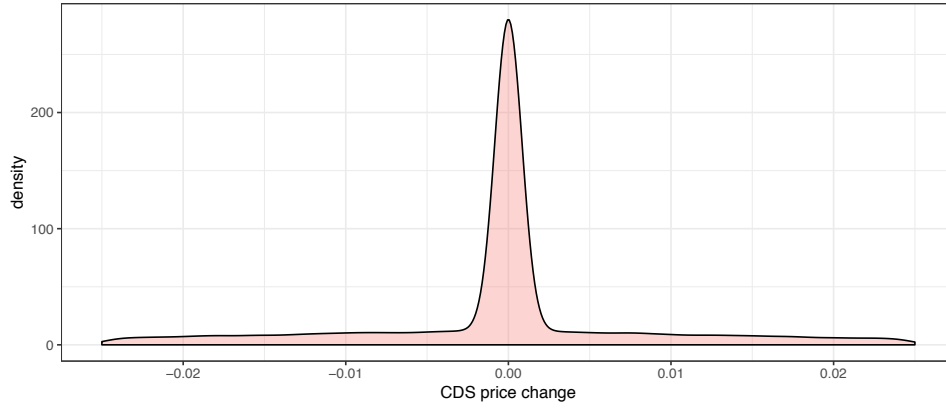
**Table A1:** Summary of the Dependent Variable

| CDS Price Change (%) | |
|---|---|
| 25 % | -0.40 |
| 50 % | 0.00 |
| 75 % | 0.35 |
| 99 % | 13.77 |
| Min. | -73.03 |
| Max. | 22.51 |
| Mean | 0.21 |
| St. Dev. | 9.37 |

**Table A2:** Credit Default Swap price summary statistics by country, 2004-2012

| Country | CDS price | | | Δ CDS price | | |
|---|---|---|---|---|---|---|
| | Min. | Max. | Mean | Min. | Max. | Mean |
| Argentina | 182.53 | 4689.08 | 923.77 | -0.15 | 0.27 | 0.00 |
| Austria | 1.75 | 268.98 | 75.92 | -0.41 | 0.86 | 0.01 |
| Australia | 21.00 | 166.35 | 63.41 | -0.17 | 0.64 | 0.00 |
| Belgium | 2.05 | 406.12 | 75.75 | -0.64 | 1.75 | 0.00 |
| Brazil | 61.50 | 586.41 | 178.01 | -0.31 | 0.41 | 0.00 |
| Switzerland | 30.39 | 167.50 | 55.85 | -0.24 | 0.17 | 0.00 |
| Chile | 12.50 | 322.96 | 68.97 | -0.23 | 0.33 | 0.00 |
| China | 10.08 | 276.30 | 63.60 | -0.35 | 0.67 | 0.00 |
| Colombia | 64.70 | 600.37 | 184.00 | -0.31 | 0.47 | 0.00 |
| Czech Republic | 3.41 | 350.00 | 94.01 | -0.43 | 0.61 | 0.00 |
| Germany | 2.13 | 119.16 | 28.94 | -0.58 | 2.14 | 0.01 |
| Denmark | 3.00 | 158.23 | 61.03 | -0.56 | 5.84 | 0.01 |
| Spain | 2.55 | 621.18 | 115.75 | -0.53 | 1.13 | 0.00 |
| Finland | 3.74 | 90.84 | 42.74 | -0.17 | 1.51 | 0.00 |
| France | 1.50 | 249.63 | 47.45 | -0.73 | 2.93 | 0.01 |
| United Kingdom | 16.50 | 164.92 | 73.79 | -0.16 | 0.31 | 0.00 |
| Greece | 5.20 | 5047.44 | 293.67 | -0.44 | 0.81 | 0.01 |
| Hong Kong | 8.75 | 106.74 | 48.63 | -0.22 | 5.79 | 0.01 |
| Hungary | 9.67 | 738.60 | 202.69 | -0.22 | 0.32 | 0.00 |
| Ireland | 5.18 | 1191.50 | 423.02 | -0.28 | 22.51 | 0.03 |
| Israel | 16.81 | 288.38 | 102.34 | -0.49 | 1.08 | 0.00 |
| Italy | 5.57 | 591.54 | 114.82 | -0.35 | 0.54 | 0.00 |
| Japan | 2.13 | 157.21 | 41.63 | -0.38 | 0.50 | 0.00 |
| South Korea | 13.75 | 674.88 | 94.08 | -0.37 | 1.05 | 0.00 |
| Mexico | 28.17 | 601.21 | 121.24 | -0.33 | 0.58 | 0.00 |
| Malaysia | 12.35 | 491.59 | 78.29 | -0.31 | 0.44 | 0.00 |
| Netherlands | 10.50 | 139.84 | 61.63 | -0.28 | 0.36 | 0.00 |
| Norway | 13.74 | 62.16 | 27.54 | -0.18 | 0.28 | 0.00 |
| New Zeland | 37.06 | 126.11 | 67.62 | -0.20 | 0.23 | 0.00 |
| Poland | 7.67 | 415.00 | 99.70 | -0.27 | 0.43 | 0.00 |
| Portugal | 4.02 | 1526.95 | 232.57 | -0.38 | 0.56 | 0.00 |
| Russia | 36.88 | 1113.38 | 173.25 | -0.25 | 0.54 | 0.00 |
| Saudi Arabia | 69.97 | 228.32 | 90.99 | -0.67 | 0.06 | -0.02 |
| Sweden | 1.63 | 156.36 | 28.52 | -0.38 | 0.99 | 0.00 |
| Turkey | 116.55 | 824.61 | 229.35 | -0.21 | 0.25 | 0.00 |
| United States | 18.99 | 65.13 | 42.79 | -0.13 | 0.60 | 0.00 |
| South Africa | 24.57 | 654.96 | 132.27 | -0.24 | 0.32 | 0.00 |

**Table A3:** Change in Labor Market and Corporate Tax indices, 2004-2012

| Country | Δ Labor Market Index | | | Δ Corporate Tax Index | | |
| | Min. | Max. | Mean | Min. | Max. | Mean |
| --- | --- | --- | --- | --- | --- | --- |
| Argentina | -0.30 | 0.10 | -0.09 | 0.00 | 0.00 | 0.00 |
| Austria | -0.10 | 0.10 | 0.01 | 0.00 | 0.80 | 0.13 |
| Australia | 0.00 | 0.10 | 0.03 | 0.00 | 0.00 | 0.00 |
| Belgium | -0.40 | 0.10 | -0.05 | -0.20 | 1.00 | 0.03 |
| Brazil | -1.00 | 0.30 | -0.12 | 0.00 | 0.00 | 0.00 |
| Switzerland | 0.00 | 0.20 | 0.00 | 0.00 | 0.00 | 0.00 |
| Chile | -0.40 | 0.20 | -0.04 | 0.00 | 0.00 | 0.00 |
| China | -0.30 | 0.50 | 0.09 | 0.00 | 0.00 | 0.00 |
| Colombia | -0.20 | 0.10 | -0.04 | -0.20 | 0.20 | -0.06 |
| Czech Republic | -0.20 | 0.10 | 0.03 | 0.00 | 2.00 | 0.06 |
| Germany | -0.10 | 0.40 | 0.08 | -0.20 | 1.00 | 0.20 |
| Denmark | -0.20 | 0.20 | 0.02 | 0.00 | 0.00 | 0.00 |
| Spain | -0.20 | 0.10 | -0.04 | -0.20 | 0.20 | 0.00 |
| Finland | 0.00 | 0.20 | 0.04 | 0.00 | 0.20 | 0.13 |
| France | -0.40 | 0.20 | 0.00 | -0.20 | 1.00 | 0.05 |
| United Kingdom | 0.00 | 0.10 | 0.05 | 0.00 | 0.00 | 0.00 |
| Greece | -0.30 | 0.10 | -0.02 | 0.00 | 1.00 | 0.19 |
| Hong Kong | 0.00 | 0.30 | 0.01 | 0.00 | 0.00 | 0.00 |
| Hungary | -0.60 | 0.00 | -0.08 | 0.00 | 0.00 | 0.00 |
| Ireland | 0.00 | 0.10 | 0.03 | 0.00 | 0.00 | 0.00 |
| Israel | -0.10 | 0.10 | 0.01 | 0.00 | 2.00 | 0.26 |
| Italy | -0.20 | 0.10 | 0.02 | -1.00 | 0.00 | -0.03 |
| Japan | -0.10 | 0.30 | -0.02 | 0.00 | 0.00 | 0.00 |
| South Korea | -0.30 | 0.70 | 0.09 | -0.20 | 0.20 | 0.06 |
| Mexico | -0.20 | 0.20 | 0.03 | -0.20 | 0.20 | 0.06 |
| Malaysia | -0.40 | 0.30 | -0.03 | 0.00 | 0.00 | 0.00 |
| Netherlands | 0.00 | 0.10 | 0.04 | -0.20 | 0.20 | 0.12 |
| Norway | -0.10 | 0.00 | -0.06 | 0.00 | 0.00 | 0.00 |
| New Zealand | 0.00 | 0.10 | 0.05 | 0.00 | 0.00 | 0.00 |
| Poland | – | – | – | 0.00 | 2.00 | 0.26 |
| Portugal | -0.10 | 0.40 | 0.10 | 0.00 | 1.00 | 0.13 |
| Russia | -0.30 | 0.10 | -0.02 | 0.00 | 0.00 | 0.00 |
| Saudi Arabia | 0.10 | 0.10 | 0.10 | 0.00 | 0.30 | 0.24 |
| Sweden | -0.60 | 0.10 | 0.02 | 0.00 | 0.00 | 0.00 |
| Turkey | -0.10 | 0.60 | 0.06 | 0.00 | 0.80 | 0.13 |
| United States | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| South Africa | -0.90 | 1.00 | 0.18 | 0.00 | 0.00 | 0.00 |

*Note*: changes were calculated based on the Labor Market Index and Corporate Tax Index constructed by the Economist Intelligence Unit.

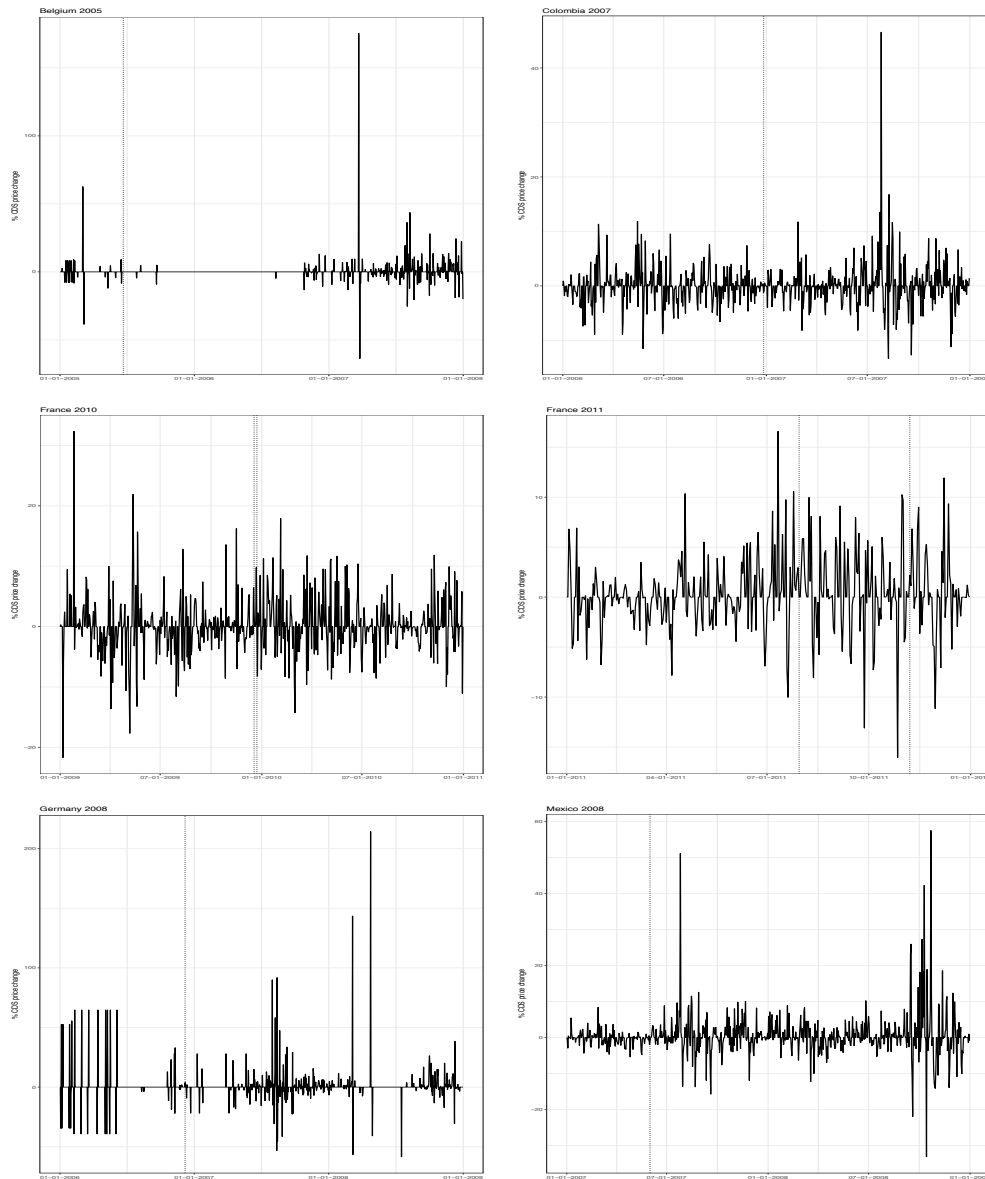## **Table A4:** Description of Microeconomic Policy Reforms

| Country | Year | Type | Summary |
|---|---|---|---|
| *Pro-market* | | | |
| China | Nov-10 | Labor | Modification of minimum wage |
| China | Apr-11 | Labor | Regulation arbitration on labor-management disputes |
| Germany | Dec-06 | Corporate Tax | Exit tax regime |
| Germany | Apr-11 | Labor | Regulation on temporary workers |
| Greece | Apr-10 | Corporate Tax | Reduction in corporate tax rate |
| Greece | Aug-05 | Labor | Regulation on maximum working time and working time arrangements |
| Greece | Dec-04 | Labor | Change in annual paid leave. |
| Greece | May-05 | Labor | Regulation on minimum standards for the organization of working time |
| Malaysia | Jun-06 | Labor | Regulation on workers' skills training |
| Portugal | Feb-08 | Labor | Change in public regime of capitalization |
| Portugal | Jun-08 | Labor | Change in social protection for the unemployed |
| Saudi Arabia | May-10 | Corporate Tax | Modification on payment of benefits to workers that are non-residents |
| South Africa | Nov-05 | Labor | Change in compensation for occupational injuries |
| South Africa | Dec-10 | Labor | Regarding workers' skills training |
| South Korea | Dec-06 | Labor | Regulation on industrial relations and working standards |
| Turkey | Apr-05 | Labor | Change in the Trade Union Act |
| Turkey | Apr-07 | Corporate Tax | Reduction on tax rates on corporate income and interest |
| *Anti-market* | | | |
| Argentina | Mar-06 | Labor | Limits employers' capacity to unilaterally modify employees' working conditions |
| Argentina | Mar-06 | Labor | Increases minimum and maximum monthly unemployment insurance, and extends unemployment insurance period for workers |
| Belgium | Jul-05 | Labor | Diverse dispositions in relation to social concertation, including indemnization, working hours and early retirement |
| Brazil | Aug-05 | Labor | Increase in minimum wage |
| Brazil | Feb-06 | Labor | Modifies social prevision system |
| China | Nov-06 | Labor | Regulation on working place disputes |
| China | Aug-06 | Labor | Changes limits in labor provisions related to work related accidents and diseases. |
| China | May-05 | Labor | Establishes rules concerning the relationship between a worker and employer where no employment contract has been signed |
| China | Jan-05 | Labor | Enforcement rules of the Labor Pension Act |
| Colombia | Dec-06 | Corporate Tax | Change in tax breaks |
| Colombia | Dec-10 | Corporate Tax | Elimination of tax deduction on investments |
| France | Feb-05 | Labor | Change in working time |
| France | Jul-05 | Labor | Enables government to take measures in relation to employment emergency. |
| France | Dec-05 | Labor | Modification in labor code in relation to indeminization |
| France | Jun-05 | Labor | Increase in minimum wage. |
| France | Dec-09 | Corporate Tax | Strengthens anti-avoidance rules for companies |
| France | Dec-09 | Corporate Tax | Companies performing unsalaried business activities and realty companies are not subject to business tax |
| France | Jul-11 | Corporate Tax | Increase in corporate tax, wealth tax and gift taxes |
| France | Nov-11 | Corporate Tax | Increase in taxes for companies in specific sectors |
| Germany | Jul-07 | Corporate Tax | Change in corporate income tax |
| Hungary | Dec-05 | Labor | Strengthens labour inspection |
| Hungary | Jun-05 | Labor | Regulates the right to unemployment benefits |
| Malaysia | Dec-05 | Labor | Change in domestic arbitration |
| Mexico | Jun-07 | Corporate Tax | Introduction of new flat corporate tax, a new withholding tax on cash deposit interest and new reporting rules for value added tax |
| Russia | Dec-05 | Labor | Change in pension funds |
| Russia | May-05 | Labor | Changes in calculation and payment of benefits for temporary working incapacity, maternity benefits and levels of compulsory social insurance |
| South Korea | Dec-07 | Corporate Tax | Change in corporate income tax for foreign companies |
| Spain | Nov-06 | Corporate Tax | Change in corporate income tax |

**Figure A3:** CDS price change in country-years of major unexpected labor reforms
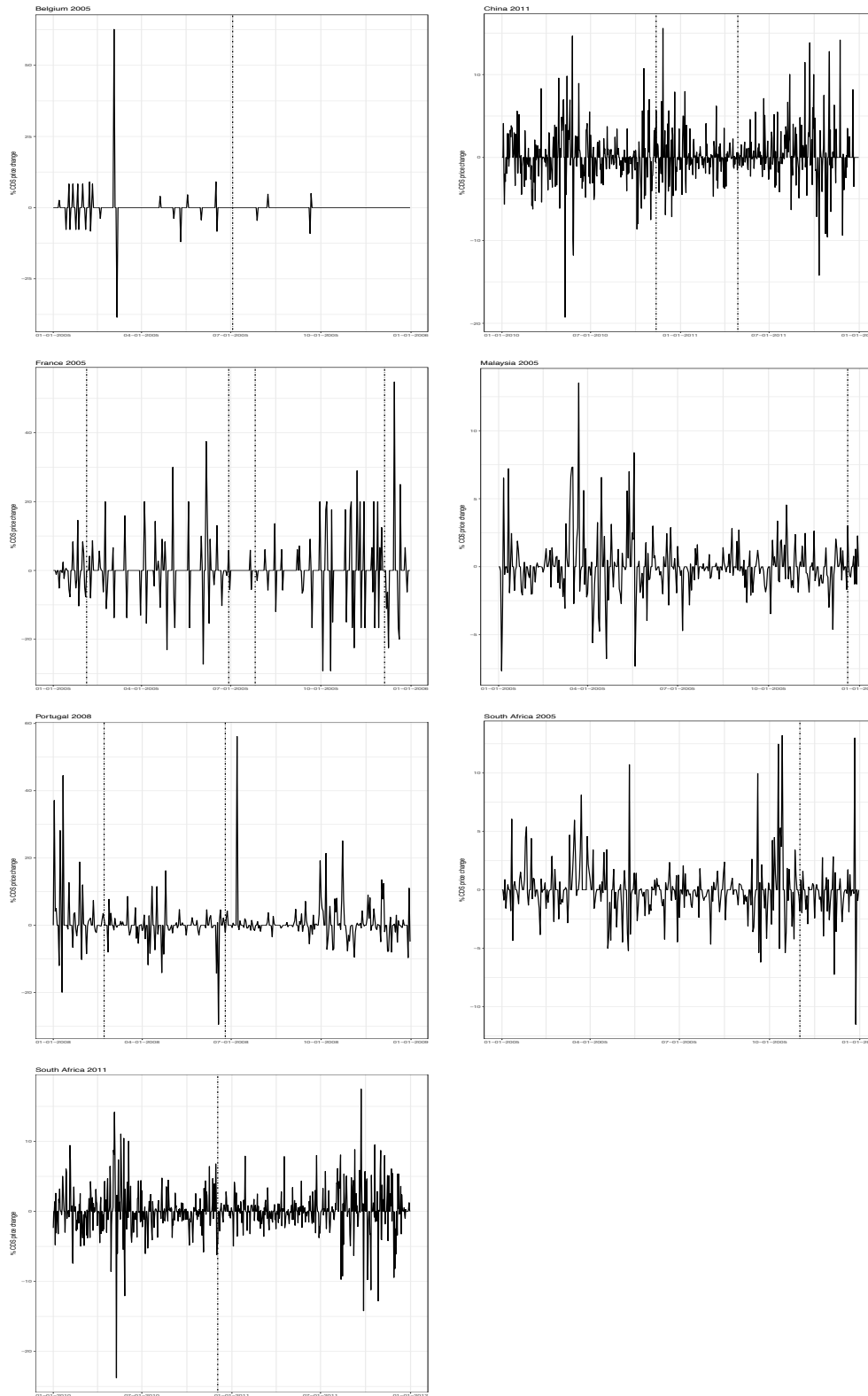
*Note:* Each figure shows movements in CDS price change around the events of interests for the country-years in which unexpected reforms occurred.

**Figure A4:** CDS price change in country-years of major unexpected corporate tax reforms

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**Table A5:** Growth Rates and Timing of Reforms

*Pro-market Reforms*

| Country | Date | Type Reform | Unexpected | Growth Rate (US$) |
|---|---|---|---|---|
| China | Nov-10 | Labor | Yes | 877251.5 |
| China | Apr-11 | Labor | Yes | 838249.4 |
| Germany | Dec-06 | Corporate Tax | No | 730704.7 |
| Germany | Apr-11 | Labor | No | 761221.7 |
| Greece | Apr-10 | Corporate Tax | No | 61449.26 |
| Greece | Aug-05 | Labor | No | 60026.36 |
| Greece | Dec-04 | Labor | No | 58894.46 |
| Greece | May-05 | Labor | No | 28989.12 |
| Malaysia | Jun-06 | Labor | No | 36659.62 |
| Portugal | Feb-08 | Labor | Yes | 49588.93 |
| Portugal | Jun-08 | Labor | Yes | 49474.91 |
| Saudi Arabia | May-10 | Corporate Tax | nd | |
| South Africa | Nov-05 | Labor | Yes | 259356.9 |
| South Africa | Dec-10 | Labor | Yes | 302743.6 |
| South Korea | Dec-06 | Labor | No | 209964 |
| Turkey | Apr-05 | Labor | No | 116566 |
| Turkey | Apr-07 | Corporate Tax | No | 131954.1 |
| | | | | |
| **Mean** | | | | **285818.41** |
| **Median** | | | | **124260.05** |

*Anti-market Reforms*

| Country | Date | Type Reform | Unexpected | Growth Rate (US$) |
|---|---|---|---|---|
| Argentina | Mar-06 | Labor | No | 182988.8 |
| Argentina | Mar-06 | Labor | No | 182988.8 |
| Belgium | Jul-05 | Labor | Yes | 93346.15 |
| Brazil | Aug-05 | Labor | No | 195496.5 |
| Brazil | Feb-06 | Labor | No | 201390.5 |
| China | Nov-06 | Labor | No | 560470.3 |
| China | Aug-06 | Labor | No | 542200.3 |
| China | May-05 | Labor | No | 466379.1 |
| China | Jan-05 | Labor | No | 457666.4 |
| Colombia | Dec-06 | Corporate Tax | Yes | 38607.81 |
| Colombia | Dec-10 | Corporate Tax | Yes | 44873.2 |
| France | Feb-05 | Labor | Yes | 526090.6 |
| France | Jul-05 | Labor | Yes | 530647.1 |
| France | Dec-05 | Labor | Yes | 534499.7 |
| France | Jun-05 | Labor | Yes | 527807 |
| France | Dec-09 | Corporate Tax | Yes | 540439.1 |
| France | Dec-09 | Corporate Tax | Yes | 540439.1 |
| France | Jul-11 | Corporate Tax | Yes | 556491.6 |
| France | Nov-11 | Corporate Tax | Yes | 556553.4 |
| Germany | Jul-07 | Corporate Tax | Yes | 745496.7 |
| Hungary | Dec-05 | Labor | No | 28989.12 |
| Hungary | Jun-05 | Labor | No | 28486.3 |
| Malaysia | Dec-05 | Labor | Yes | 35657.03 |
| Mexico | Jun-07 | Corporate Tax | Yes | 886683.4 |
| Russia | Dec-05 | Labor | No | 184602.8 |
| Russia | May-05 | Labor | No | 178277.5 |
| South Korea | Dec-07 | Corporate Tax | No | 225810.4 |
| Spain | Nov-06 | Corporate Tax | No | 293782.8 |
| | | | | |
| **Mean** | | | | **353112.90** |
| **Median** | | | | **375724.61** |

**Table A6:** Summary of event study results for pro-market events at different estimation window lengths (% of total events)

| Estimation window | Event window | 5 days | | 10 days | | 15 days | | 21 days | |
|---|---|---|---|---|---|---|---|---|---|
| | | CAR > 0 | CAR < 0 | CAR > 0 | CAR < 0 | CAR > 0 | CAR < 0 | CAR > 0 | CAR < 0 |
| 60 days | | 2.12 | 2.12 | 6.38 | 0 | 4.25 | 6.38 | 6.38 | 8.51 |
| 90 days | | 0 | 2.12 | 6.66 | 4.44 | 4.44 | 2.22 | 8.88 | 0 |
| 120 days | | 0 | 2.27 | 4.54 | 2.27 | 4.54 | 4.54 | 9.09 | 9.09 |

*Note*: Table displays the percentage of labor and corporate tax reform events in which the null of no effect

(Cumulative Abnormal Returns = 0) is rejected against the alternative of positive (CAR > 0) or

negative (CAR > 0) effect considering a 5% significance level and different lengths of the event and estimation windows.

**Table A7:** Summary of event study results for anti-market events at different estimation window lengths (% total events)

| Estimation window \ Event window | 5 days | | 10 days | | 15 days | | 21 days | |
|---|---|---|---|---|---|---|---|---|
| | CAR > 0 | CAR < 0 | CAR > 0 | CAR < 0 | CAR > 0 | CAR < 0 | CAR > 0 | CAR < 0 |
| 60 days | 2.12 | 6.38 | 10.63 | 10.63 | 12.76 | 14.89 | 8.51 | 2.13 |
| 90 days | 8.69 | 2.17 | 8.88 | 8.88 | 8.88 | 6.66 | 11.11 | 4.44 |
| 120 days | 4.54 | 2.27 | 4.54 | 9.09 | 6.81 | 9.09 | 6.81 | 4.54 |

*Note*: Table displays the percentage of labor and corporate tax reform events in which the null of no effect

(Cumulative Abnormal Returns = 0) is rejected against the alternative of positive (CAR > 0) or

negative (CAR > 0) effect considering a 5% significance level and different lengths of the event and estimation windows.

**Table A8:** Test CAR significance across all events

| 5 days | 10 days | 15 days | 21 days |
|--------|---------|---------|---------|
| -0.004 | -0.000  | 0.001   | 0.050   |
| (.011) | (0.021) | (0.024) | (0.037) |

Note: Each column displays the significance test of cumulative abnormal returns when considering all country-events together, at different event window sizes. Number of total country-events: 47. Robust standard errors in parenthesis.

**Table A9:** Events that fall in months of crisis

| Event-month |
| --- |
| Greece (Apr. 2010);<br>Turkey (Apr. 2005);<br>Turkey (Apr. 2007);<br>Argentina (Mar. 2006);<br>Brazil (Aug. 2005);<br>Brazil (Feb. 2006);<br>Colombia (Dec. 2006);<br>Mexico (Jun. 2007);<br>Russia (Dec. 2005);<br>Russia (May 2007) |

*Note*: Months of crisis are operationalized as those in which a country's average credit rating score is half standard deviation below the median rating of our sample.

**Table A10:** Event-year by type of economic crisis

| Inflation crisis | Banking crisis | Currency crisis | Debt domestic/foreign crisis | Stock market crash |
| --- | --- | --- | --- | --- |
| Argentina 2006 | Greece 2010; France 2009 | Greece 2005; Belgium 2005; Portugal 2008; France 2005 | None | Greece 2010; China 2005 |

*Note:* Complete data and definitions of the different types of economic crisis can be found in Reinhart and Rogoff (2009).

**Table A11:** Multicollinearity test

| Variable | VIF |
|---|---|
| Reserves | 1.93 |
| Log GDP | 1.86 |
| Growth | 1.48 |
| Inflation | 1.24 |
| U.S. bank prime | 1.06 |
| U.S. stock market | 1.00 |
| Pro-capital window | 1.00 |
| Anti-capital window | 1.00 |

**Table A12:** The effect of pro- and anti-capital events on domestic macroeconomic indicators

| Dependent variable | Pro-capital event window | Anti-capital event window |
|---|---|---|
| *Growth* | 17578.07 | -21586.82 |
| | (0.344) | (0.263) |
| *Log GDP* | -0.13 | -0.02 |
| | (0.532) | (0.407) |
| *Reserves* | 0.37 | -1.36 |
| | (0.339) | (0.035) |
| *Inflation* | -0.11 | -0.52 |
| | (0.750) | (0.127) |

*Note*: Results from pooled-OLS models with fixed effects by country and day;
p-values between parenthesis.

**Table A13: Effect of pro- and anti-market labor and corporate tax reforms on CDS price change**

Event window: 15 days

| | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| *Pro-market event window* | −0.003 | −0.003 | | |
| | (0.002) | (0.002) | | |
| *Anti-market event window* | −0.001 | −0.001 | | |
| | (0.002) | (0.002) | | |
| *Labor pro-market event window* | | | −0.158 | −0.127 |
| | | | (0.121) | (0.116) |
| *Labor anti-market event window* | | | −0.348 | −0.319 |
| | | | (0.206) | (0.202) |
| *Corporate anti-market event window* | | | 1.074 ∗∗∗ | 1.035 ∗∗∗ |
| | | | (0.077) | (0.086) |
| *U.S. bank prime* | 0.000 | 0.000 | 0.012 | 0.029 |
| | (0.000) | (0.000) | (0.019) | (0.023) |
| *U.S. stock market* | −0.491 ∗∗∗ | −0.491 ∗∗∗ | −49.076 ∗∗∗ | −49.123 ∗∗∗ |
| | (0.104) | (0.104) | (10.375) | (10.387) |
| *Reserves* | −0.000 ∗∗ | −0.000 ∗∗ | −0.044 ∗∗ | −0.046 ∗∗ |
| | (0.000) | (0.000) | (0.014) | (0.015) |
| *Election month* | −0.002 | −0.002 | −0.264 | −0.261 |
| | (0.002) | (0.002) | (0.185) | (0.191) |
| *Incumbent party ideology* | −0.001 | −0.000 | −0.084 | −0.030 |
| | (0.001) | (0.001) | (0.053) | (0.057) |
| *Inflation* | 0.000 | 0.000 | 0.016 | 0.013 |
| | (0.000) | (0.000) | (0.022) | (0.023) |
| *Growth rate* | 0.000 ∗∗∗ | | 0.000 ∗∗∗ | |
| | (0.000) | | (0.000) | |
| *Log GDP* | | 0.009∗ | | 0.876∗ |
| | | (0.003) | | (0.327) |
| Observations | 28383 | 28460 | 28383 | 28460 |
| Countries | 17 | 17 | 17 | 17 |
| $R^2$ | 0.07 | 0.00 | 0.07 | 0.00 |

Clustered standard errors by country in parenthesis

∗∗∗ $p < 0.001$, ∗∗ $p < 0.01$, ∗ $p < 0.05$

**Table A14: Effect of pro- and anti-market labor and corporate tax reforms on CDS price**

Event window: 5 days

| | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| *Pro-market event window* | −0.009 | −0.009 | | |
| | (0.005) | (0.005) | | |
| *Anti-market event window* | −0.010 | −0.009 | | |
| | (0.005) | (0.005) | | |
| *Labor pro-market event window* | | | −0.085 | −0.096 |
| | | | (0.144) | (0.145) |
| *Labor anti-market event window* | | | −1.137 | −1.075 |
| | | | (0.743) | (0.736) |
| *Corporate pro-market event window* | | | −1.819 | −1.826 |
| | | | (1.024) | (1.023) |
| *Corporate anti-market event window* | | | −0.567 ∗∗∗ | −0.565 ∗∗∗ |
| | | | (0.143) | (0.121) |
| *U.S. bank prime* | 0.000 | 0.000 | 0.024 | 0.047 |
| | (0.000) | (0.000) | (0.017) | (0.024) |
| *U.S. stock market* | −0.566 ∗∗∗ | −0.565 ∗∗∗ | −56.559 ∗∗∗ | −56.547 ∗∗∗ |
| | (0.080) | (0.080) | (8.006) | (8.000) |
| *Reserves* | −0.000∗ | −0.000 ∗∗ | −0.032∗ | −0.038 ∗∗ |
| | (0.000) | (0.000) | (0.014) | (0.012) |
| *Election month* | −0.002 | −0.002 | −0.223 | −0.224 |
| | (0.001) | (0.001) | (0.126) | (0.128) |
| *Incumbent party ideology* | 0.000 | 0.000 | 0.030 | 0.037 |
| | (0.000) | (0.000) | (0.038) | (0.032) |
| *Growth rate* | 0.000 | | 0.000 | |
| | (0.000) | | (0.000) | |
| *Log GDP* | | 0.009∗ | | 0.863∗ |
| | | (0.003) | | (0.320) |
| Observations | 66407 | 66638 | 66407 | 66638 |
| Countries | 31 | 31 | 31 | 31 |
| $R^2$ | 0.006 | 0.001 | 0.006 | 0.001 |

Clustered standard errors by country in parenthesis

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∗ ∗ ∗ $p < 0.01$, ∗∗ $p < 0.01$, ∗ $p < 0.05$

**Table A15: Effect of pro- and anti-market labor and corporate tax reforms on CDS price**

Event window: 10 days

|  | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| *Pro-market event window* | −0.003 | −0.003 | | |
|  | (0.004) | (0.004) | | |
| *Anti-market event window* | −0.004 | −0.003 | | |
|  | (0.004) | (0.004) | | |
| *Labor pro-market event window* | | | −0.276 | −0.291 |
|  | | | (0.233) | (0.235) |
| *Labor anti-market event window* | | | −0.702 | −0.639 |
|  | | | (0.741) | (0.734) |
| *Corporate pro-market event window* | | | −0.711 | −0.721 |
|  | | | (0.676) | (0.687) |
| *Corporate anti-market event window* | | | 0.427 | 0.431 |
|  | | | (0.419) | (0.402) |
| *U.S. bank prime* | 0.000 | 0.000 | 0.024 | 0.046 |
|  | (0.000) | (0.000) | (0.018) | (0.024) |
| *U.S. stock market* | −0.566 ∗∗∗ | −0.566 ∗∗∗ | −56.557 ∗∗∗ | −56.545 ∗∗∗ |
|  | (0.080) | (0.080) | (8.005) | (7.999) |
| *Reserves* | −0.000∗ | −0.000 ∗∗ | −0.032∗ | −0.038 ∗∗ |
|  | (0.000) | (0.000) | (0.014) | (0.011) |
| *Election month* | −0.002 | −0.002 | −0.228 | −0.229 |
|  | (0.001) | (0.001) | (0.125) | (0.127) |
| *Incumbent party ideology* | 0.000 | 0.000 | 0.030 | 0.037 |
|  | (0.000) | (0.000) | (0.038) | (0.031) |
| *Growth rate* | 0.000 | | 0.000 | |
|  | (0.000) | | (0.000) | |
| *Log GDP* | | 0.009∗ | | 0.860∗ |
|  | | (0.003) | | (0.318) |
| Observations | 66407 | 66638 | 66407 | 66638 |
| Countries | 31 | 31 | 31 | 31 |
| $R^2$ | 0.006 | 0.001 | 0.006 | 0.001 |

Clustered standard errors by country in parenthesis

∗ ∗ ∗ $p < 0.01$, ∗∗ $p < 0.01$, ∗ $p < 0.05$

**Table A16: Effect of pro- and anti-market labor and corporate tax reforms on CDS price**

Event window: 21 days

|  | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| *Pro-market event window* | −0.001 | −0.001 | | |
| | (0.004) | (0.004) | | |
| *Anti-market event window* | 0.001 | 0.001 | | |
| | (0.002) | (0.002) | | |
| *Labor pro-market event window* | | | −0.552∗ | −0.570∗ |
| | | | (0.257) | (0.259) |
| *Labor anti-market event window* | | | −0.078 | −0.012 |
| | | | (0.190) | (0.198) |
| *Corporate pro-market event window* | | | 0.186 | 0.174 |
| | | | (0.921) | (0.930) |
| *Corporate anti-market event window* | | | 0.303 | 0.305 |
| | | | (0.278) | (0.252) |
| *U.S. bank prime* | 0.000 | 0.000 | 0.023 | 0.047 |
| | (0.000) | (0.000) | (0.017) | (0.024) |
| *U.S. stock market* | −0.566 ∗∗∗ | −0.565 ∗∗∗ | −56.563 ∗∗∗ | −56.550 ∗∗∗ |
| | (0.080) | (0.080) | (8.005) | (7.999) |
| *Reserves* | −0.000∗ | −0.000 ∗∗ | −0.032∗ | −0.037 ∗∗ |
| | (0.000) | (0.000) | (0.014) | (0.011) |
| *Election month* | −0.002 | −0.002 | −0.229 | −0.230 |
| | (0.001) | (0.001) | (0.123) | (0.125) |
| *Incumbent party ideology* | 0.000 | 0.000 | 0.030 | 0.037 |
| | (0.000) | (0.000) | (0.038) | (0.031) |
| *Growth rate* | 0.000 | | 0.000 | |
| | (0.000) | | (0.000) | |
| *Log GDP* | | 0.009∗ | | 0.874∗ |
| | | (0.003) | | (0.322) |
| Observations | 66407 | 66638 | 66407 | 66638 |
| Countries | 31 | 31 | 31 | 31 |
| $R^2$ | 0.001 | 0.007 | 0.001 | 0.006 |

Clustered standard errors by country in parenthesis

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∗∗∗ $p < 0.01$, ∗∗ $p < 0.01$, ∗ $p < 0.05$

**Table A17: Effect of pro- and anti-market labor and corporate tax reforms on CDS price**

Event window: 30 days

| | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| *Pro-market event window* | −0.001 | −0.001 | | |
| | (0.005) | (0.005) | | |
| *Anti-market event window* | −0.002 | −0.001 | | |
| | (0.002) | (0.002) | | |
| *Labor pro-market event window* | | | −0.087 | −0.109 |
| | | | (0.467) | (0.471) |
| *Labor anti-market event window* | | | −0.264 | −0.198 |
| | | | (0.223) | (0.220) |
| *Corporate pro-market event window* | | | 0.087 | 0.073 |
| | | | (0.926) | (0.936) |
| *Corporate anti-market event window* | | | 0.078 | 0.072 |
| | | | (0.570) | (0.560) |
| *U.S. bank prime* | 0.000 | 0.000 | 0.024 | 0.046 |
| | (0.000) | (0.000) | (0.018) | (0.024) |
| *U.S. stock market* | −0.566 ∗∗∗ | −0.566 ∗∗∗ | −56.561 ∗∗∗ | −56.550 ∗∗∗ |
| | (0.080) | (0.080) | (8.006) | (7.999) |
| *Reserves* | −0.000∗ | −0.000 ∗∗ | −0.033∗ | −0.038 ∗∗ |
| | (0.000) | (0.000) | (0.014) | (0.011) |
| Election month | −0.002 | −0.002 | −0.228 | −0.229 |
| | (0.001) | (0.001) | (0.123) | (0.126) |
| *Incumbent party ideology* | 0.000 | 0.000 | 0.030 | 0.036 |
| | (0.000) | (0.000) | (0.038) | (0.031) |
| *Growth rate* | 0.000 | | 0.000 | |
| | (0.000) | | (0.000) | |
| *Log GDP* | | 0.009∗ | | 0.860∗ |
| | | (0.003) | | (0.320) |
| Observations | 66407 | 66638 | 66407 | 66638 |
| Countries | 31 | 31 | 31 | 31 |
| $R^2$ | 0.001 | 0.006 | 0.001 | 0.006 |

Clustered standard errors by country in parenthesis

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∗∗∗ $p < 0.01$, ∗∗ $p < 0.01$, ∗ $p < 0.05$

**Table A18: Effect of the days around reform events on CDS price change**

|  | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| Pro-market +1 day | −0.040∗ | −0.040∗ | 0.001 | 0.001 |
|  | (0.015) | (0.015) | (0.008) | (0.008) |
| Pro-market +2 days | −0.042∗ | −0.042∗ | −0.002 | −0.002 |
|  | (0.016) | (0.016) | (0.008) | (0.008) |
| Pro-market +3 days | −0.034∗ | −0.034∗∗ | −0.001 | −0.001 |
|  | (0.014) | (0.014) | (0.012) | (0.012) |
| Pro-market + 4 days | −0.035∗∗ | −0.035∗∗ | −0.011 | −0.011 |
|  | (0.012) | (0.012) | (0.017) | (0.017) |
| Pro-market +5 days | −0.032∗ | −0.032∗ | −0.008 | −0.008 |
|  | (0.015) | (0.015) | (0.011) | (0.011) |
| Pro-market + 6 days | −0.048∗∗ | −0.048∗∗ | −0.013∗∗ | −0.013∗∗∗ |
|  | (0.013) | (0.013) | (0.002) | (0.002) |
| Pro-market + 7 days | −0.034∗ | −0.034∗ | −0.001 | −0.001 |
|  | (0.013) | (0.013) | (0.008) | (0.008) |
| Anti-market + 1 day | 0.008 | 0.008 | −0.006 | −0.006 |
|  | (0.014) | (0.014) | (0.013) | (0.013) |
| Anti-market +2 days | −0.001 | −0.001 | −0.020 | −0.020 |
|  | (0.015) | (0.015) | (0.013) | (0.013) |
| Anti-market + 3 days | 0.018 | 0.018 | −0.000 | −0.000 |
|  | (0.016) | (0.016) | (0.020) | (0.020) |
| Anti-market + 4 days | 0.001 | 0.001 | −0.007 | −0.007 |
|  | (0.014) | (0.014) | (0.008) | (0.008) |
| Anti-market + 5 days | 0.022 | 0.022 | −0.006 | −0.006 |
|  | (0.021) | (0.021) | (0.011) | (0.011) |
| Anti-market + 6 days | 0.003 | 0.003 | −0.001 | −0.001 |
|  | (0.008) | (0.008) | (0.013) | (0.013) |
| Anti-market + 7 days | 0.013 | 0.012 | −0.005 | −0.006 |
|  | (0.012) | (0.012) | (0.008) | (0.008) |
| Pro-market -2 day | −0.032∗ | −0.032∗ | 0.007 | 0.007 |
|  | (0.014) | (0.014) | (0.016) | (0.016) |
| Pro-market - 3 days | −0.046∗ | −0.046∗ | −0.003 | −0.003 |
|  | (0.020) | (0.020) | (0.009) | (0.009) |
| Pro-market - 4 days | −0.047∗∗ | −0.047∗∗ | 0.005 | 0.005 |
|  | (0.016) | (0.016) | (0.014) | (0.014) |
| Pro-market - 5 days | −0.036∗∗ | −0.036∗∗ | −0.002 | −0.002 |
|  | (0.011) | (0.011) | (0.008) | (0.008) |
| Pro-market - 6 days | −0.041∗∗ | −0.042∗∗ | −0.012 | −0.012 |
|  | (0.014) | (0.014) | (0.015) | (0.015) |
| Pro-market - 7 days | −0.034∗ | −0.033∗ | −0.001 | −0.001 |
|  | (0.012) | (0.012) | (0.009) | (0.009) |
| Anti-market - 2 days | 0.020 | 0.020 | 0.002 | 0.002 |
|  | (0.020) | (0.020) | (0.004) | (0.004) |
| Anti-market - 3 days | 0.014 | 0.014 | −0.021 | −0.021 |
|  | (0.018) | (0.018) | (0.016) | (0.016) |
| Anti-market - 4 days | 0.012 | 0.012 | −0.012 | −0.012 |
|  | (0.013) | (0.013) | (0.009) | (0.009) |
| Anti-market - 5 days | 0.021 | 0.021 | −0.003 | −0.003 |
|  | (0.017) | (0.017) | (0.015) | (0.015) |
| Anti-market - 6 days | 0.011 | 0.011 | 0.002 | 0.002 |

**Table A19: Effect of pro- and anti-market labor and corporate tax reforms on CDS price change (single events)**

Event window: 15 days

| | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| *Pro-market event window* | 0.003 | 0.003 | | |
| | (0.017) | (0.017) | | |
| *Anti-market event window* | 0.003 | 0.004 | | |
| | (0.004) | (0.004) | | |
| *Labor pro-market event window* | | | −1.232 | −1.232 |
| | | | (0.748) | (0.752) |
| *Labor anti-market event window* | | | −0.244 ∗ ∗∗ | −0.155 ∗ ∗∗ |
| | | | (0.025) | (0.024) |
| *Corporate pro-market event window* | | | 1.678 | 1.671 |
| | | | (2.768) | (2.781) |
| *Corporate anti-market event window* | | | 0.483 | 0.494 |
| | | | (0.414) | (0.375) |
| *U.S. bank prime* | 0.000 | 0.000 | 0.023 | 0.046 |
| | (0.000) | (0.000) | (0.017) | (0.024) |
| *U.S. stock market* | −0.566 ∗ ∗∗ | −0.565 ∗ ∗∗ | −56.565 ∗ ∗∗ | −56.553 ∗ ∗∗ |
| | (0.080) | (0.080) | (8.005) | (7.999) |
| *Reserves* | −0.000∗ | −0.000 ∗∗ | −0.032∗ | −0.037 ∗∗ |
| | (0.000) | (0.000) | (0.014) | (0.012) |
| *Election month* | −0.002 | −0.002 | −0.230 | −0.231 |
| | (0.001) | (0.001) | (0.123) | (0.126) |
| *Incumbent party ideology* | 0.000 | 0.000 | 0.029 | 0.036 |
| | (0.000) | (0.000) | (0.037) | (0.031) |
| *Growth rate* | 0.000 | | 0.000 | |
| | (0.000) | | (0.000) | |
| *Log GDP* | | 0.009∗ | | 0.870∗ |
| | | (0.003) | | (0.321) |
| Observations | 66407 | 66638 | 66407 | 66638 |
| Countries | 31 | 31 | 31 | 31 |
| $R^2$ | 0.001 | 0.006 | 0.001 | 0.006 |

Note: this model considers the single most relevant event per country-year.

Clustered standard errors by country in parenthesis. ∗ ∗ ∗ $p < 0.01$, ∗∗ $p < 0.01$, ∗ $p < 0.05$

## Table A20: Baseline models incorporating interaction with type of regime

Event window: 15 days

|  | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| *Pro-capital event window* | −0.657 | −0.693* |  |  |
|  | (0.398) | (0.379) |  |  |
| *Autocracy* | 0.136 | 0.236 ∗∗ | 0.136 | 0.235 ∗∗ |
|  | (0.091) | (0.087) | (0.091) | (0.087) |
| *Pro-capital event window X Autocracy* | 0.636 | 0.658 |  |  |
|  | (0.719) | (0.718) |  |  |
| *Anti-capital event window* | 0.450 | 0.556 |  |  |
|  | (0.596) | (0.594) |  |  |
| *Anti-capital event window X Autocracy* | −0.734 | −0.763 |  |  |
|  | (1.085) | (1.067) |  |  |
| *Labor pro-market event window* |  |  | −0.751 | −0.797 |
|  |  |  | (0.543) | (0.518) |
| *Labor pro-market event window X Autocracy* |  |  | 0.158 | 0.198 |
|  |  |  | (0.550) | (0.517) |
| *Labor anti-market event window* |  |  | −0.176* | −0.035 |
|  |  |  | (0.100) | (0.084) |
| *Labor anti-market event window X Autocracy* |  |  | −0.306 | −0.355 |
|  |  |  | (0.770) | (0.776) |
| *Corporate pro-market event window* |  |  | 0.083 | 0.059 |
|  |  |  | (1.278) | (1.289) |
| *Corporate pro-market event window X Autocracy* |  |  | 0.000 | 0.000 |
|  |  |  | (.) | (.) |
| *Corporate anti-market event window* |  |  | 1.313 ∗∗∗ | 1.351 ∗∗∗ |
|  |  |  | (0.050) | (0.050) |
| *Corporate anti-market event window X Autocracy* |  |  | −0.678 | −0.713* |
|  |  |  | (0.422) | (0.370) |
| Observations | 69835 | 70078 | 69835 | 70078 |
| Covariates | Yes | Yes | Yes | Yes |
| Countries | 35 | 35 | 35 | 35 |
| $R^2$ | 0.000 | 0.000 | 0.000 | 0.000 |

Clustred standard errors by country in parenthesis

∗ ∗ ∗ $p < 0.01$, ∗∗ $p < 0.01$, ∗ $p < 0.05$

## Table A21: Baseline models incorporating interaction with OECD member

Event window: 15 days

| | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| *Pro-capital event window* | $-0.456 * **$ | $-0.448 * **$ | | |
| | (0.129) | (0.112) | | |
| *OECD* | $-0.994 * **$ | $-0.991 * **$ | $-0.994 * **$ | $-0.991 * **$ |
| | (0.026) | (0.026) | (0.027) | (0.026) |
| *Pro-capital event window X OECD* | 0.594 | 0.589 | | |
| | (0.776) | (0.786) | | |
| *Anti-capital event window* | $-0.239$ | $-0.192$ | | |
| | (0.278) | (0.288) | | |
| *Anti-capital event window X OECD* | 0.303 | 0.311 | | |
| | (0.677) | (0.686) | | |
| *Labor pro-market event window* | | | $-0.341 * **$ | $-0.318 * **$ |
| | | | (0.107) | (0.099) |
| *Labor pro-market event window X OECD* | | | 0.606 | 0.653 |
| | | | (1.001) | (1.046) |
| *Labor anti-market event window* | | | $-0.245$ | $-0.168$ |
| | | | (0.318) | (0.325) |
| *Labor anti-market event window X OECD* | | | $-0.071$ | $-0.073$ |
| | | | (1.096) | (1.099) |
| *Corporate pro-market event window* | | | $-0.081$ | $-0.567 * **$ |
| | | | (1.106) | (0.016) |
| *Corporate pro-market event window X OECD* | | | 0.000 | 0.468 |
| | | | (.) | (1.121) |
| *Corporate anti-market event window* | | | $-0.220$ | $-0.273$ |
| | | | (0.604) | (0.608) |
| *Corporate anti-market event window X OECD* | | | 0.906 | 0.972 |
| | | | (0.736) | (0.719) |
| Observations | 84735 | 85722 | 84735 | 85722 |
| Covariates | Yes | Yes | Yes | Yes |
| Countries | 35 | 35 | 35 | 35 |
| $R^2$ | 0.000 | 0.000 | 0.000 | 0.000 |

Clustered standard errors by country in parenthesis

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

## Table A22: Baseline models incorporating interaction with OECD member

Event window: 15 days

| | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| *Pro-capital event window* | $-0.456 ***$ | $-0.448 ***$ | | |
| | (0.129) | (0.112) | | |
| *OECD* | $-0.994 ***$ | $-0.991 ***$ | $-0.994 ***$ | $-0.991 ***$ |
| | (0.026) | (0.026) | (0.027) | (0.026) |
| *Pro-capital event window X OECD* | 0.594 | 0.589 | | |
| | (0.776) | (0.786) | | |
| *Anti-capital event window* | $-0.239$ | $-0.192$ | | |
| | (0.278) | (0.288) | | |
| *Anti-capital event window X OECD* | 0.303 | 0.311 | | |
| | (0.677) | (0.686) | | |
| *Labor pro-market event window* | | | $-0.341 ***$ | $-0.318 ***$ |
| | | | (0.107) | (0.099) |
| *Labor pro-market event window X OECD* | | | 0.606 | 0.653 |
| | | | (1.001) | (1.046) |
| *Labor anti-market event window* | | | $-0.245$ | $-0.168$ |
| | | | (0.318) | (0.325) |
| *Labor anti-market event window X OECD* | | | $-0.071$ | $-0.073$ |
| | | | (1.096) | (1.099) |
| *Corporate pro-market event window* | | | $-0.081$ | $-0.567 ***$ |
| | | | (1.106) | (0.016) |
| *Corporate pro-market event window X OECD* | | | 0.000 | 0.468 |
| | | | (.) | (1.121) |
| *Corporate anti-market event window* | | | $-0.220$ | $-0.273$ |
| | | | (0.604) | (0.608) |
| *Corporate anti-market event window X OECD* | | | 0.906 | 0.972 |
| | | | (0.736) | (0.719) |
| Observations | 84735 | 85722 | 84735 | 85722 |
| Covariates | Yes | Yes | Yes | Yes |
| Countries | 35 | 35 | 35 | 35 |
| $R^2$ | 0.000 | 0.000 | 0.000 | 0.000 |

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Clustered standard errors by country in parenthesis

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

**Table A23: Baseline models incorporating controlling for Liberal Market Economy**

Event window: 15 days

| | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| *Pro-capital event window* | −0.060 | −0.066 | | |
| | (0.833) | (0.447) | | |
| *Anti-capital event window* | −0.043 | −0.034 | | |
| | (0.694) | (0.331) | | |
| *U.S. bank prime* | 0.025 | 0.025 ∗∗ | 0.025 ∗∗ | 0.025 ∗∗ |
| | (0.017) | (0.011) | (0.011) | (0.011) |
| *Reserves* | −0.015 ∗∗ | −0.012 ∗∗∗ | −0.015 ∗∗∗ | −0.012 ∗∗∗ |
| | (0.007) | (0.003) | (0.004) | (0.003) |
| *Election month* | −0.145 | −0.145 | −0.146 | −0.145 |
| | (0.346) | (0.122) | (0.124) | (0.123) |
| *Growth rate* | −0.000 | | −0.000 | |
| | (0.000) | | (0.000) | |
| *LME* | 0.257∗ | 0.241 | 0.256 | 0.242 |
| | (0.156) | (0.274) | (0.301) | (0.274) |
| *Log GDP* | | −0.003 | | −0.003 |
| | | (0.040) | | (0.040) |
| *Labor pro-market event window* | | | −0.078 | −0.086 |
| | | | (0.433) | (0.432) |
| *Labor anti-market event window* | | | −0.232 | −0.220 |
| | | | (0.537) | (0.537) |
| *Corporate pro-market event window* | | | −0.011 | −0.020 |
| | | | (1.104) | (0.961) |
| *Corporate anti-market event window* | | | 0.217 | 0.213 |
| | | | (0.489) | (0.495) |
| Observations | 84735 | 85722 | 84735 | 85722 |
| Countries | 35 | 35 | 35 | 36 |
| $R^2$ | 0.000 | 0.000 | 0.000 | 0.000 |

Clustered standard errors by country in parenthesis

$* * * \, p < 0.01, \, * * \, p < 0.01, \, * \, p < 0.05$

**Table A24:** Baseline models excluding 2007-2010 period

Event window: 15 days

|  | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| *Pro-market event window* | −1.012 ∗ ∗∗ | −1.000 ∗ ∗∗ | | |
|  | (0.318) | (0.319) | | |
| *Anti-market event window* | 0.074 | 0.061 | | |
|  | (0.387) | (0.385) | | |
| *U.S. bank prime* | −0.023∗ | −0.032∗ | −0.023∗ | −0.031∗ |
|  | (0.012) | (0.017) | (0.012) | (0.017) |
| *Reserves* | 0.005 | 0.010 | 0.005 | 0.010 |
|  | (0.011) | (0.011) | (0.011) | (0.011) |
| *Election month* | −0.131 | −0.133 | −0.130 | −0.132 |
|  | (0.141) | (0.139) | (0.142) | (0.141) |
| *Incumbent party ideology* | −0.013 | −0.015 | −0.013 | −0.015 |
|  | (0.029) | (0.031) | (0.029) | (0.031) |
| *Growth rate* | 0.000 | | 0.000 | |
|  | (0.000) | | (0.000) | |
| *Log GDP* | | −0.165 | | −0.165 |
|  | | (0.223) | | (0.224) |
| *Labor pro-market event window* | | | −0.788 | −0.772 |
|  | | | (0.518) | (0.528) |
| *Labor anti-market event window* | | | −0.121 | −0.136 |
|  | | | (0.569) | (0.567) |
| *Corporate pro-market event window* | | | −1.672 ∗ ∗∗ | −1.650 ∗ ∗∗ |
|  | | | (0.183) | (0.182) |
| *Corporate anti-market event window* | | | 0.732 | 0.724 |
|  | | | (0.549) | (0.554) |
| Observations | 32175 | 32418 | 32175 | 32418 |
| Countries | 31 | 31 | 31 | 31 |
| $R^2$ | 0.008 | 0.023 | 0.078 | 0.023 |

Clustered standard errors by country in parenthesis

∗ ∗ ∗ $p < 0.01$, ∗∗ $p < 0.01$, ∗ $p < 0.05$

**Table A25:** Baseline models excluding 2009-2012 period

Event window: 15 days

| | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| *Pro-market event window* | −1.018∗ | −1.032∗ | | |
| | (0.566) | (0.523) | | |
| *Anti-market event window* | −0.242 | −0.120 | | |
| | (0.552) | (0.555) | | |
| *U.S. bank prime* | −0.069 ∗∗ | −0.059 ∗∗ | −0.069 ∗∗ | −0.058 ∗∗ |
| | (0.026) | (0.025) | (0.026) | (0.025) |
| *Reserves* | −0.002 | −0.001 | −0.002 | −0.001 |
| | (0.039) | (0.043) | (0.039) | (0.043) |
| *Election month* | −0.307∗ | −0.233 | −0.318∗ | −0.243 |
| | (0.170) | (0.191) | (0.169) | (0.193) |
| *Incumbent party ideology* | 0.015 | 0.016 | 0.014 | 0.014 |
| | (0.093) | (0.049) | (0.093) | (0.049) |
| *Growth rate* | 0.000 ∗∗∗ | | 0.000 ∗∗∗ | |
| | (0.000) | | (0.000) | |
| *Log GDP* | | 2.655 ∗∗∗ | | 2.648 ∗∗∗ |
| | | (0.383) | | (0.383) |
| *Labor pro-market event window* | | | −0.608 ∗∗∗ | −0.638 ∗∗∗ |
| | | | (0.092) | (0.032) |
| *Labor anti-market event window* | | | −0.380 | −0.237 |
| | | | (0.631) | (0.638) |
| *Corporate pro-market event window* | | | −2.133 ∗∗∗ | −2.115 ∗∗∗ |
| | | | (0.070) | (0.063) |
| *Corporate anti-market event window* | | | 0.577 | 0.571 |
| | | | (0.430) | (0.354) |
| Observations | 32175 | 32418 | 32175 | 32418 |
| Countries | 31 | 31 | 31 | 31 |
| $R^2$ | 0.008 | 0.023 | 0.078 | 0.023 |

Clustered standard errors by country in parenthesis

∗∗∗ $p < 0.01$, ∗∗ $p < 0.01$, ∗ $p < 0.05$

**Table A26:** Effect of pro- and anti-market labor and corporate tax reforms on CDS price volatility

Event window: 15 days

| | Model 1 | Model 2 | Model 3 | Model 4 |
|---|---|---|---|---|
| *Pro-capital event window* | 15.644 | 14.197 | | |
| | (9.792) | (9.499) | | |
| *Anti-market event window* | $-29.914$ | $-28.800$ | | |
| | (20.502) | (20.670) | | |
| *U.S. bank prime* | $-18.622***$ | $-16.861**$ | $-18.622***$ | $-16.865**$ |
| | (5.820) | (6.324) | (5.821) | (6.327) |
| *Reserves* | $-7.775**$ | $-8.619***$ | $-7.778**$ | $-8.622***$ |
| | (3.169) | (3.038) | (3.169) | (3.037) |
| *Election month* | 8.952 | 8.677 | 8.987 | 8.712 |
| | (11.638) | (11.542) | (11.618) | (11.524) |
| *Incumbent party ideology* | 24.170 | 24.183 | 24.177 | 24.188 |
| | (20.385) | (20.221) | (20.384) | (20.220) |
| *Growth rate* | 0.000 | | 0.000 | |
| | (0.000) | | (0.000) | |
| *Log GDP* | | 43.173 | | 43.033 |
| | | (29.109) | | (29.146) |
| *Labor pro-market event window* | | | 15.367 | 14.184 |
| | | | (13.051) | (12.740) |
| *Labor anti-market event window* | | | $-34.171$ | $-33.041$ |
| | | | (22.157) | (22.292) |
| *Corporate pro-market event window* | | | 35.682 | 31.485 |
| | | | (24.385) | (25.371) |
| *Corporate anti-market event window* | | | $-4.913$ | $-3.271$ |
| | | | (3.050) | (3.489) |
| Observations | 32197 | 32440 | 32197 | 32440 |
| Countries | 31 | 31 | 31 | 31 |
| $R^2$ | 0.281 | 0.023 | 0.277 | 0.281 |

Clustered standard errors by country in parenthesis

$***\,p < 0.01, **\,p < 0.01, *\,p < 0.05$