

Online Appendix Material to
“Resolving Debt Overhang:
Political Constraints in the Aftermath of Financial Crises”

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Table A1: Frequency of Crises 1975-2010 by Country. Source: Reinhart and Rogoff (2011)

Country Name	Years of Banking Crisis	Years of Currency Crisis	Years of Debt Crisis	Years of Inflation Crisis
Algeria	3	6	6	5
Angola	7	17	20	21
Argentina	10	19	21	21
Australia	4	6	0	1
Austria	3	1	0	0
Belgium	3	2	0	0
Bolivia	7	7	17	10
Brazil	6	24	13	21
Canada	3	1	0	0
Central African Republic	19	1	29	1
Chile	5	12	9	10
China	8	4	0	1
Colombia	8	19	0	18
Costa Rica	4	4	9	7
Cote d'Ivoire	4	1	27	3
Denmark	9	1	0	0
Dominican Republic	2	6	28	9
Ecuador	6	17	17	19
Egypt	9	6	1	6
El Salvador	1	1	16	5
Finland	4	1	0	0
France	5	2	0	0
Germany	6	4	0	0
Ghana	9	19	3	22
Greece	8	10	0	2
Guatemala	3	3	2	3
Honduras	3	4	30	6
Hungary	8	8	0	6
Iceland	7	15	0	14
India	6	5	2	0
Indonesia	8	6	5	3
Ireland	4	5	0	2
Italy	6	3	0	1
Japan	10	1	0	0
Kenya	9	9	10	4
Korea	11	5	0	2
Malaysia	9	1	0	0
Mauritius	0	5	0	3
Mexico	9	12	9	17
Morocco	2	1	6	0

Myanmar	8	1	10	19
Netherlands	3	1	0	0
New Zealand	4	5	0	0
Nicaragua	13	8	32	15
Nigeria	5	9	14	12
Norway	7	3	0	0
Panama	2	0	14	0
Paraguay	6	10	9	11
Peru	9	18	17	20
Philippines	12	5	12	2
Poland	5	19	14	13
Portugal	3	7	0	3
Romania	10	15	4	13
Russia	4	16	22	8
Singapore	2	1	0	0
South Africa	3	9	5	0
Spain	12	4	0	1
Sri Lanka	5	4	5	3
Sweden	4	5	0	0
Switzerland	2	2	0	0
Taiwan	4	1	0	0
Thailand	14	3	0	0
Tunisia	5	2	4	0
Turkey	7	26	4	27
UK	8	7	0	1
USA	12	3	0	0
Uruguay	5	25	7	21
Venezuela	11	13	13	20
Zambia	1	17	12	20
Zimbabwe	14	20	10	19

Table A2: Frequency of Crises 1975-2010 by Year. Source: Reinhart and Rogoff (2011)

Year	Countries in Banking Crisis	Countries in Currency Crisis	Countries in Debt Crisis	Countries in Inflation Crisis	Number of Countries
1975	1	10	4	14	70
1976	3	16	5	11	70
1977	5	14	2	14	70
1978	5	10	4	9	70
1979	4	14	7	16	70
1980	5	11	6	21	70
1981	10	17	13	17	70
1982	14	22	17	13	70
1983	16	23	24	17	70
1984	15	27	24	20	70
1985	15	22	23	17	70
1986	12	20	27	17	70
1987	15	16	26	16	70
1988	13	20	23	19	70
1989	16	27	24	19	70
1990	17	22	24	25	70
1991	20	21	21	25	70
1992	22	19	20	21	70
1993	21	21	18	20	70
1994	25	16	17	23	70
1995	27	16	15	20	70
1996	17	14	15	16	70
1997	20	21	12	10	70
1998	18	14	10	10	70
1999	18	16	9	9	70
2000	12	14	11	8	70
2001	13	9	11	9	70
2002	10	10	11	8	70
2003	4	5	11	8	70
2004	1	3	10	4	70
2005	1	13	10	2	70
2006	2	1	6	3	70
2007	5	1	7	3	70
2008	17	22	8	5	70
2009	16	2	7	1	70
2010	13	4	6	1	70

Table A3: Constraining to +/-2 years around crises.

	Banking Crisis		Currency Crisis		Dom./External Debt Crisis		Inflation Crisis	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dependent Variable: Government Vote Share								
Post-Crisis	-7.3835	-5.1613	-5.9354	1.3797	-15.5019	-0.0512	-26.8005	-7.3741
	[2.0654]***	[2.2154]**	[2.2015]***	[1.7517]	[4.2957]***	[6.0147]	[4.3116]***	[3.8770]
R^2	0.05	0.73	0.03	0.79	0.11	0.92	0.27	0.98
N	232	232	292	292	103	103	119	119
Dependent Variable: Opposition Vote Share (Excluding Unaligned Parties)								
Post-Crisis	5.6020	5.8209	2.7971	-3.8728	9.9647	1.4343	19.4959	5.5676
	[2.1510]***	[2.1767]***	[2.2255]	[1.9740]	[4.0064]**	[6.3068]	[4.2262]***	[3.9883]
R^2	0.03	0.79	0.01	0.76	0.06	0.88	0.17	0.94
N	232	232	292	292	103	103	119	119
Dependent Variable: Polarization								
Post-Crisis	0.2319	0.1014	0.1416	0.0209	0.2405	0.0507	0.4120	0.2124
	[0.0953]**	[0.0959]	[0.0918]	[0.0738]	[0.1211]**	[0.1362]	[0.0966]***	[0.1289]
R^2	0.02	0.69	0.01	0.70	0.02	0.71	0.08	0.75
N	327	327	362	362	158	158	174	174

Note: This table estimates pre and post crisis levels of three different dependent variables. Independent variable is a post-crisis indicator variable. Columns (2), (4), (6), and (8) include country and year fixed effects. Robust standard errors in brackets. ***Significant at the 1 percent level **Significant at the 5 percent level. Includes only country and year observations within 5 years before or after a crisis. All 70 Reinhart and Rogoff (2011) countries. All crises 1975-2010.

Table A4: Constraining to +/-2 years around crises (Cont.d)

	<u>Banking Crisis</u>		<u>Currency Crisis</u>		<u>Dom./External Debt Crisis</u>		<u>Inflation Crisis</u>	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Dependent Variable: Party Fractionalization								
Post-Crisis	0.0851	0.0616	0.0866	0.0093	0.1943	0.1664	0.3192	0.0843
	[0.0272]***	[0.0211]***	[0.0279]***	[0.0163]	[0.0621]***	[0.0333]***	[0.0537]***	[0.0505]
R^2	0.04	0.85	0.04	0.87	0.10	0.98	0.27	0.97
N	227	227	285	285	99	99	115	115
Dependent Variable: Government Fractionalization								
Post-Crisis	0.0518	0.0197	0.0405	0.0424	0.0275	0.2060	0.1181	0.0223
	[0.0328]	[0.0364]	[0.0306]	[0.0293]	[0.0582]	[0.0843]**	[0.0402]***	[0.0664]
R^2	0.01	0.78	0.01	0.76	0.00	0.88	0.05	0.90
N	232	232	287	287	101	101	117	117
Dependent Variable: Opposition Fractionalization								
Post-Crisis	0.0057	0.0306	-0.0014	0.0057	0.0473	0.0775	0.1126	0.0415
	[0.0303]	[0.0325]	[0.0284]	[0.0260]	[0.0511]	[0.0717]	[0.0523]**	[0.0581]
R^2	0.00	0.64	0.00	0.67	0.01	0.70	0.03	0.87
N	294	294	355	355	115	115	139	139

Note: This table estimates pre and post crisis levels of three different dependent variables. Independent variable is a post-crisis indicator variable. Dependent variable is a post-crisis indicator. Columns (2), (4), (6), and (8) include country and year fixed effects. Robust standard errors in brackets. ***Significant at the 1 percent level **Significant at the 5 percent level. Includes only country and year observations within 5 years before or after a crisis. All 70 Reinhart and Rogoff (2011) countries. All crises 1975-2010.

Table A5: Liberalizations After Financial Crises. Constraining to +/-2 years around crises.

	Banking Crisis	Currency Crisis	Dom./External Debt Crisis	Inflation Crisis
	(1)	(2)	(3)	(4)
Dependent Variable: IMF Aggregate Index of Degree of Financial Liberalization				
Post-Crisis	-0.5278	0.0791	1.6650	0.4436
	[0.3410]	[0.2691]	[0.5364]***	[0.3842]
<i>R</i> ²	0.91	0.95	0.94	0.97
<i>N</i>	286	284	134	154

Notes: Independent variable is a post-crisis dummy. All columns include country and year fixed effects. Robust standard errors in brackets. ***Significant at 1 percent level **Significant at the 5 percent level. Includes only country and year observations within 5 years before or after a crisis. All 70 Reinhart and Rogoff (2011) countries, all crises 1975-2010 included. The degree of liberalization indexes of directed credit/reserves, interest rate controls, entry barriers, privatizations, capital accounts, banking supervision, and security markets degree of liberalization are from Abiad, Detragiache and Tressel (2008). All liberalization scores are defined on [0,3], where higher score is more liberalized, and summed up for each country.