Sovereign Risk and Government Change: Elections, Ideology and Experience

Sarah M. Brooks, Raphael Cunha, and Layna Mosley

Comparative Political Studies

Supplementary Appendix

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A Election Event Study – Supplementary Tables and Figures

To identify broad patterns of sovereign debt market reactions to national elections in emerging-market countries, we conduct an event study of sovereign bond spreads (the yield on sovereign bonds over the yield on U.S. Treasuries of comparable maturity) and credit default swap prices (essentially an insurance premium against default) for 117 national elections in 47 developing countries during the 1995–2016 period. We include presidential elections in presidential systems and general legislative elections in parliamentary systems in country-years with a Polity IV score of 5 or greater. The included countries represent developing countries that make up the EMBI Global index, or for which credit default swap pricing data are available.

Following the strategy in Bernhard and Leblang (2006, Ch. 3), we estimate the median abnormal spread change in the ninety days prior to the election and compare it to a baseline distribution of median abnormal spread changes during non-electoral periods (defined as periods not within 6 months of an election). We first obtain an empirical distribution of median abnormal spread changes during non-electoral periods. For each country, we take a random sequence of 90 consecutive non-electoral trading days. For each of these sequences, we estimate a model for the daily change in the spread that accounts for exogenous and systematic correlates of country risk spreads. The residuals from this model represent the country-specific variation in daily country spreads, that is, the daily abnormal spread changes. We then identify the median abnormal spread change in each sequence. We repeat this process 5000 times to obtain an empirical distribution of median abnormal spread changes in non-electoral periods. This distribution serves as the baseline against which we can compare abnormal market behavior around elections. We compute 90% confidence intervals for each country from these empirical distributions.

In the next step, we calculate the median abnormal spread change in each electoral period (defined as the period of ninety days prior to the election. That is, we estimate the market model again for each electoral period, obtain the residuals, and calculate the median abnormal change during the period. We then compare the median abnormal spread change in the electoral period to the empirical distribution. If the median change during elections falls outside of the 90% CI, then we classify it as a significant market reaction.

We use the following model for the calculation of daily abnormal spread changes:

$$\Delta\text{Spread}_t = \beta_0 + \beta_1 \Delta\text{EM}_t + \beta_2 \Delta\text{Treasury}_t + \beta_3 \Delta\text{Oil}_t + \beta_4 \Delta\text{VIX}_t + \epsilon_t,$$

where ΔSpread_t is the daily change in the country risk spread at time t, ΔEM_t is the daily change in an index of emerging market risk spreads, $\Delta\text{Treasury}_t$ is the daily change in the 10-year constant maturity Treasury rate; ΔOil_t is the daily change in oil prices, and ΔVIX_t is the daily change in the VIX index, a forward-looking measure of global uncertainty based on the 30-day implied volatility generated from S&P 500 options. Tables 1 and 2 in the main text summarize the results for EMBI Global spreads, and Tables A1 and A2 in this appendix summarize the results for CDS spreads. Figures A1 and A2 show the pattern of bond market reactions (EMBIG spreads) over time. Figure A1 compares market reactions in elections that result in executive turnover with elections that do not result in turnover. Figure A2 breaks down bond market reactions by the direction of the resulting switch in partisanship – right to left, left to right, or no change. Figures A3 and A4 show the same analysis for sovereign CDS markets. Data on executive turnover is from V-Dem (Coppedge et al., 2016) and from the Database of Political Institutions (Beck et al., 2001). Data on executive ideology/partisanship are from the DPI.

Table A1. Elections, executive turnover, and CDS market reactions.

	All elections	Elections *with* executive turnover	Elections *without* executive turnover
Proportion of elections with significant market reaction	26% (19/72)	33% (14/43)	17% (5/29)

Notes: Data on executive turnover is from V-Dem and the Database of Political Institutions. We classify as significant market reactions those cases in which the median abnormal change in the CDS spread during the 90 days preceding an election falls outside of the 90% confidence interval constructed from an empirical distribution of median abnormal spread changes in non-electoral periods.

Table A2. Elections, partisan outcomes, and CDS market reactions.

	All elections	*Left* winner	*Right or center* winner	*Any* partisan switch	*Left-to-right* switch	*Right-to-left* switch	*Left incumbent* winner (no change)
Proportion of elections with significant market reaction	26% (19/72)	29% (5/17)	36% (8/22)	33% (4/12)	17% (1/6)	50% (3/6)	33% (5/15)

Notes: See Table A1 notes.

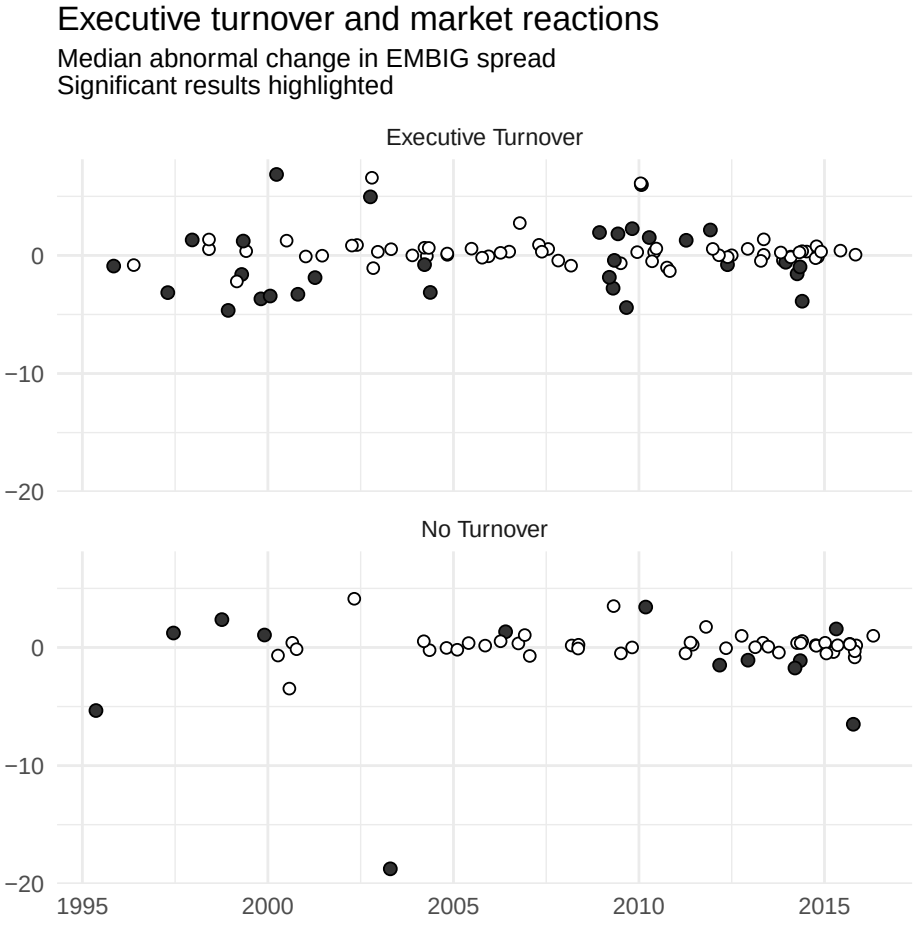

Figure A1. Executive turnover and bond market reactions

Notes: The graph shows the median abnormal change in sovereign bond spreads (EMBI Global) in the 90 days preceding an election. Each point represents a national election in an emerging-market country. Solid black points represent statistically significant median abnormal changes in the spread (defined as those median changes that fall outside of the 90% confidence interval based on an empirical distribution of median abnormal spread changes in non-electoral periods).

Figure A2. Partisan shifts and bond market reactions

Notes: The graph shows the median abnormal change in sovereign bond spreads (EMBI Global) in the 90 days preceding an election. Each point represents a national election in an emerging-market country. Solid points represent statistically significant median abnormal changes in the spread (defined as those median changes that fall outside of the 90% confidence interval based on an empirical distribution of median abnormal spread changes in non-electoral periods).

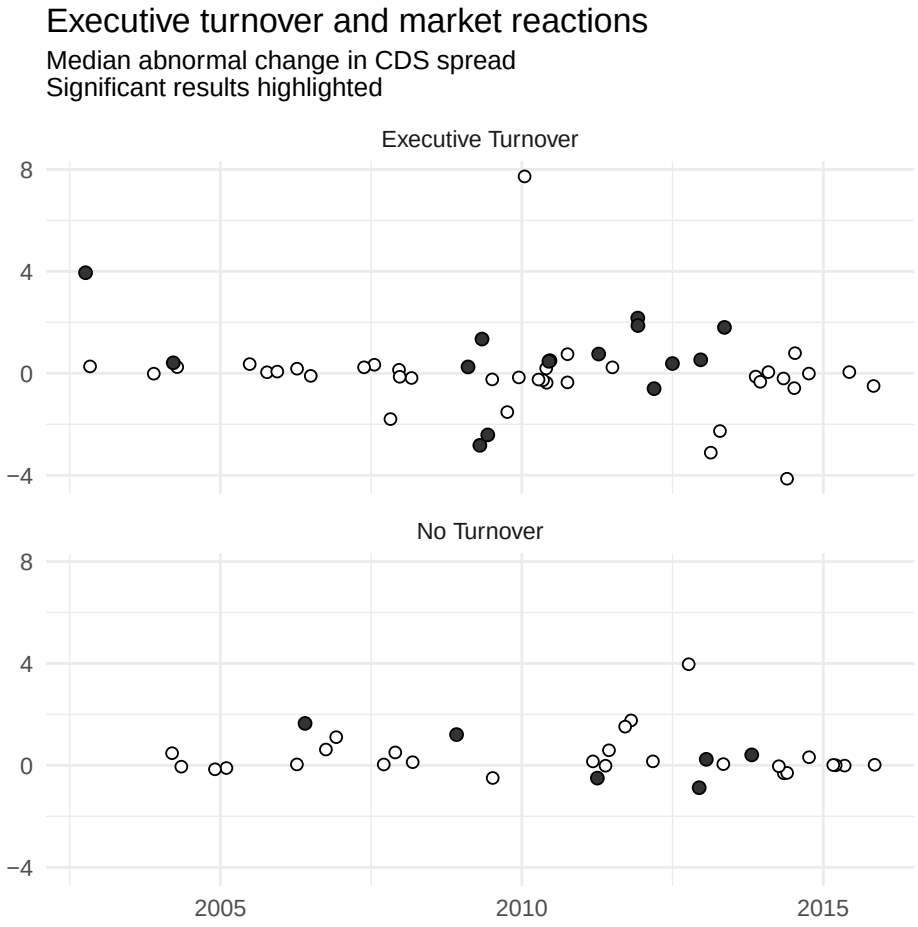

Figure A3. Executive turnover and CDS market reactions

Notes: The graph shows the median abnormal change in sovereign CDS spreads in the 90 days preceding an election. Each point represents a national election in an emerging-market country. Solid black points represent statistically significant median abnormal changes in the spread (defined as those median changes that fall outside of the 90% confidence interval based on an empirical distribution of median abnormal spread changes in non-electoral periods).

Figure A4. Partisan shifts and CDS market reactions

Notes: The graph shows the median abnormal change in sovereign CDS spreads in the 90 days preceding an election. Each point represents a national election in an emerging-market country. Solid black points represent statistically significant median abnormal changes in the spread (defined as those median changes that fall outside of the 90% confidence interval based on an empirical distribution of median abnormal spread changes in non-electoral periods).

B Data Sources and Definitions

Table A3. Sources and definitions.

Variable (alphabetically)	Source/Definition
Capital account openness	Source: Chinn and Ito (2008), Karcher and Steinberg (2013). Indexes of capital account openness complied from the IMF's Annual Reports on Capital Exchange Restrictions. Lower scores represent more severe restrictions on the payment and receipt of capital. The index is calculated such that the series mean is zero.
Central bank independence	Source: Bodea and Hicks (2015). Level of central bank independence based on the Cukierman, Web, and Neyapti (1992) index. The CBI index ranges from 0 to 1, with 1 representing the most independent central bank.
CDS spread	Source: Datastream and Bloomberg. The sovereign CDS spreads are mid-market indicative prices for five-year CDS contracts. In all cases, the CDS contract references the sovereign (as opposed to a central bank or some other entity). The monthly data are for the last trading day of the month.
Close election	Source: Varieties of Democracy (V-Dem) (Coppedge et al., 2016). Close elections are those in which the margin of victory is 5 percentage points or less (or 10 p.p. or less), calculated from the vote share of the largest and second-largest party in the lower chamber in parliamentary systems, and from the vote share of the winning candidate and the runner-up in presidential systems.
Commodity prices	Source: World Bank Commodities Price Data (The Pink Sheet). Monthly index of energy commodities.
Currency crisis	Source: Laeven and Valencia (2013). Dummy variable indicating whether a country has experienced a currency crisis in the past 12 months.
Current account balance	Source: World Development Indicators/World Bank (annual); International Financial Statistics/International Monetary Fund (quarterly). Balance on current account (sum of net exports of goods, services, net income, and net current transfers) as percentage of gross domestic product.
Debt restructuring	Source: Cruces and Trebesch (2013). Dummy variable indicating whether a government has announced a restructuring of its debt in the past 12 months.

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Variable (alphabetically)	Source/Definition
EMBI spread	Source: Datastream and Bloomberg. Spread between the country's representative yield and the US Treasury yield of comparable maturity. The index is the J.P. Morgan Emerging Markets Bond Index (EMBI) Global. This index covers US dollar-denominated Brady Bonds, Eurobonds, and trade bonds issued by sovereign and quasi-sovereign entities. Some instruments have low liquidity (in contrast to the EMBI+ index, which has stricter criteria for inclusion). The index is weighted by size of debt issued. We use the stripped spread (stripped of any collateral effects). The stripped spread reflects only changes in the value of the bond itself, while the non-stripped (blended) spread would also capture changes in the value of the collateral, such as a Treasury bill.
Equity premium	Source: Global Financial Data. As a proxy for the equity premium, we use the price-earnings ratio for the S&P 500 index (see e.g. Longstaff et al., 2011).
Exchange rate	Source: Bank of International Settlements (BIS). Exchange rates expressed as units of the local currency per US dollar.
External debt	Source: International Debt Statistics/World Bank (annual); Quarterly External Debt Statistics/World Bank (quarterly). Total external debt stocks to gross national income. Total external debt is debt owed to nonresidents repayable in currency, goods, or services. Total external debt is the sum of public, publicly guaranteed, and private nonguaranteed long-term debt, use of IMF credit, and short-term debt. Short-term debt includes all debt having an original maturity of one year or less and interest in arrears on long-term debt.
GDP growth	Source: World Development Indicators/World Bank (annual); International Financial Statistics/International Monetary Fund (quarterly). Rate of change in gross domestic product.
Global default rate	Source: Bank of Canada, Database of Sovereign Defaults (see Beers and Mavalwalla, 2017). Annual global rate of default on foreign currency-denominated sovereign bonds.
Inflation	Source: International Financial Statistics/International Monetary Fund. Monthly rate of change in consumer price index.
Last loss	Source: Rulers, Elections, and Irregular Governance Dataset (REIGN) (Bell, 2016). Number of months since the incumbent or incumbent political party last lost a competitive election, or, in the absence of previous losses, the number of months since the political system last changed.

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Variable (alphabetically)	Source/Definition
Left government	Source: Database of Political Institutions 2015 (Beck et al., 2001). Ideology of the executive branch. Original coding (EXECRLC) has three categories: left, right, and center. Variable is recoded as a dichotomous indicator of left government (left = 1, center or right = 0).
Liberal democracy	Source: Varieties of Democracy (V-Dem) (Coppedge et al., 2016) Liberal democracy index. From the V-Dem codebook: "The liberal principle of democracy emphasizes the importance of protecting individual and minority rights against the tyranny of the state and the tyranny of the majority. The liberal model takes a 'negative' view of political power insofar as it judges the quality of democracy by the limits placed on government. This is achieved by constitutionally protected civil liberties, strong rule of law, an independent judiciary, and effective checks and balances that, together, limit the exercise of executive power. To make this a measure of liberal democracy, the index also takes the level of electoral democracy into account."
Months in office	Source: Own coding based on election dates, leadership turnover, and time in office data from the Database of Political Institutions (Beck et al., 2001) and V-Dem (Coppedge et al., 2016). Number of months the chief executive has been in office.
Party ideology score (Latin America only)	Source: Baker and Greene (2011). Party ideology scores for all Latin American presidential elections. Each candidate or party is assigned an ideology score that ranges from 1 (farthest right) to 20 (farthest left).
Political constraints	Source: Henisz (2000). The Political Constraint Index (POLCON) estimates the feasibility of policy change (the extent to which a change in the preferences of any one actor may lead to a change in government policy). We use the POLITICAL CONSTRAINTS index.
Pre-election window	Source: Own coding based on data on election dates from the Database of Political Institutions (Beck et al., 2001) and V-Dem (Coppedge et al., 2016). Dummy variable coded 1 in the six months before an election (election month included), and zero otherwise.
Short-term debt/reserves	Source: International Debt Statistics/World Bank. Short-term debt includes all debt having an original maturity of one year or less and interest in arrears on long-term debt. Total reserves include gold. Annual frequency.
Sovereign credit rating	Source: Standard & Poor's, Moody's, and Fitch. Monthly long-term foreign-currency credit rating for sovereign issuers converted to a 0-21 numeric scale, with higher values indicating better ratings.

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Variable (alphabetically)	Source/Definition
Sovereign default	Source: Laeven and Valencia (2013). Dummy variable indicating whether a country has defaulted on its sovereign debt in the past 12 months.
U.S. Treasury rate	Source: H.15 Federal Reserve Statistical Release (Historical Data)/Federal Reserve Economic Data (FRED). Long-term U.S. Treasury rates based on the ten-year constant maturity Treasury yield.
VIX index	Source: Yahoo Finance. Forward-looking measure of global uncertainty based on the 30-day implied volatility generated from S&P 500 options; represents investors' view of short-term volatility in the US stock market.

C Summary of the Data

Table A4. Countries and periods covered in the analysis.

		Period covered	
	Country	EMBI Spread	CDS Spread
1	Algeria	Apr 1999 - Feb 2003	
2	Angola	Nov 2012 - Dec 2015	
3	Argentina	Jan 1994 - Nov 2015	Jul 2005 - May 2015
4	Armenia	Nov 2013 - Dec 2015	
5	Azerbaijan	May 2012 - Dec 2015	
6	Belarus	Oct 2010 - Sep 2015	
7	Belize	Apr 2007 - Dec 2015	
8	Bolivia	Dec 2012 - Dec 2015	
9	Brazil	May 1994 - Dec 2015	Nov 2001 - Dec 2015
10	Bulgaria	Aug 1994 - Dec 2013	Dec 2000 - Dec 2014
11	Chile	Jun 1999 - Dec 2013	Sep 2003 - Dec 2013
12	China	Apr 1994 - Dec 2015	Feb 2003 - Dec 2015
13	Colombia	Mar 1997 - Dec 2015	Feb 2003 - Dec 2015
14	Costa Rica	Sep 2012 - Dec 2015	
15	Côte D'Ivoire	May 1998 - Oct 2015	
16	Croatia	Sep 1996 - Dec 2014	Feb 2003 - Dec 2014
17	Cyprus		Nov 2009 - Jul 2013
18	Czech Republic		Jul 2008 - Apr 2014
19	Dominican Republic	Dec 2001 - Dec 2015	
20	Ecuador	Mar 1995 - Dec 2015	
21	Egypt	Aug 2001 - Dec 2015	
22	El Salvador	May 2002 - Dec 2015	
23	Estonia		Oct 2008 - Dec 2015
24	Ethiopia	Jan 2015 - Dec 2015	
25	Gabon	Jan 2008 - Dec 2015	
26	Georgia	Jul 2008 - Dec 2015	
27	Ghana	Nov 2007 - Dec 2015	
28	Greece		Nov 2006 - Aug 2014
29	Guatemala	Jul 2012 - Oct 2015	
30	Honduras	May 2013 - Dec 2015	
31	Hungary	Feb 1999 - Dec 2015	Jun 2003 - Dec 2015
32	India	Nov 2012 - Dec 2015	
33	Indonesia	Jun 2004 - Dec 2015	Oct 2005 - Dec 2015
34	Iraq	May 2006 - Dec 2015	
35	Israel		Jun 2006 - Oct 2015
36	Jamaica	Nov 2007 - Dec 2015	
37	Jordan	Feb 2011 - Dec 2015	

38	Kazakhstan	Jul 2007 - Apr 2015	Apr 2006 - Mar 2014
39	Kenya	Aug 2014 - Dec 2015	
40	Latvia	Oct 2012 - Dec 2015	Oct 2008 - Mar 2014
41	Lebanon	May 1998 - Dec 2014	Jun 2008 - Apr 2013
42	Lithuania	Dec 2009 - Dec 2015	Oct 2008 - Mar 2014
43	Malaysia	Nov 1996 - Dec 2015	Apr 2002 - Dec 2015
44	Mexico	Jan 1994 - Dec 2015	Nov 2001 - Dec 2015
45	Mongolia	Jun 2012 - Dec 2015	
46	Morocco	Jan 1998 - Dec 2015	
47	Mozambique	Dec 2013 - Dec 2015	
48	Namibia	Dec 2011 - Dec 2015	
49	Nigeria	Jan 1994 - Mar 2015	
50	Pakistan	Jul 2001 - Dec 2015	
51	Panama	Aug 1996 - Dec 2015	Dec 2003 - Dec 2015
52	Paraguay	Mar 2013 - Dec 2015	
53	Peru	Apr 1997 - Dec 2015	Nov 2003 - Dec 2015
54	Philippines	Jan 1998 - Dec 2015	Feb 2003 - Dec 2015
55	Poland	Nov 1994 - May 2015	Jul 2002 - May 2015
56	Qatar		Feb 2009 - Nov 2013
57	Republic of Korea	Jan 1994 - Apr 2004	Feb 2003 - Dec 2015
58	Romania	Mar 2012 - Dec 2015	Jan 2004 - Dec 2015
59	Russian Federation	Jan 1998 - Dec 2015	Apr 2001 - Dec 2015
60	Senegal	Jun 2011 - Dec 2015	
61	Slovakia	Sep 2013 - Dec 2015	Feb 2008 - Dec 2015
62	Slovenia		Oct 2008 - Dec 2015
63	South Africa	Jan 1995 - Dec 2015	May 2002 - Dec 2015
64	Sri Lanka	Dec 2007 - Dec 2014	
65	Thailand	Jun 1997 - Mar 2006	Feb 2003 - Dec 2015
66	Trinidad and Tobago	Sep 2013 - Dec 2015	
67	Tunisia	Jun 2002 - Dec 2015	
68	Turkey	Jul 1996 - Dec 2014	Mar 2001 - Dec 2014
69	Ukraine	Jun 2000 - Dec 2015	Sep 2004 - Apr 2015
70	United Republic of Tanzania	Jun 2013 - Oct 2015	
71	Uruguay	Jun 2001 - Dec 2015	
72	Venezuela	Jan 1994 - Dec 2015	Feb 2003 - Dec 2015
73	Viet Nam	Dec 2005 - Dec 2015	Jun 2006 - Jul 2013
74	Zambia	Nov 2012 - Jan 2015	

Table A5. Summary statistics.

Variable	*N*	*Mean*	*Std. Dev.*	*Min.*	*Max.*
EMBI spread	10,665	488.72	592.09	−3.5	7,078.00
CDS spread	5,120	276.29	516.96	3.43	6,581.50
Months in office	9,820	72.54	109.52	1	492
Left government	9,692	0.3	0.46	0	1
Pre-election window	11,862	0.08	0.27	0	1
Current account balance	10,374	−1.65	7.27	−43.77	33.18
External debt	7,928	50.53	32.12	4.13	231.99
GDP growth	10,735	3.74	4.03	−14.81	33.74
Short-term debt/reserves	7,674	67.22	132.39	0	1,297.13
Inflation	10,783	11.45	90.68	−23.9	4,452.97
GDP growth (quarterly)	6,617	4.3	16.24	−26.65	388.24
Current account balance (quarterly)	7,546	−1.8	13.09	−215.27	117.71
External debt (quarterly)	5,650	80.85	111.86	0	974.08
Treasury rate	11,862	3.45	1.41	1.5	7.96
VIX	11,862	19.47	7.97	9.51	59.89
Commodity prices	11,862	80.3	37.23	15.93	173.43
Equity premium	11,799	25.22	16.96	13.5	123.73
Global default rate	10,759	45.88	4.61	37.38	53.81
Regional diffusion (EMBI)	11,531	3,613.51	2,598.70	7.02	13,012.43
Regional diffusion (CDS)	9,710	1,318.43	1,402.59	3.43	9,843.76
Capital account openness	9,558	0.27	1.43	−1.9	2.37
Exchange rate	11,465	646.3	2,697.73	0.05	68,827.50
Left neighbors	9,933	0.29	0.14	0.11	0.65
Party ideology score (Latin America)	2,595	−11.18	5.05	−18.5	−2
Standard & Poor's rating	7,425	13.07	3.6	0	21
Moody's rating	7,406	13.14	3.62	0	21
Fitch rating	7,128	13.11	3.68	0	21
Liberal democracy	11,003	0.46	0.23	0.05	0.87
Political constraints	10,539	0.48	0.27	0	0.85

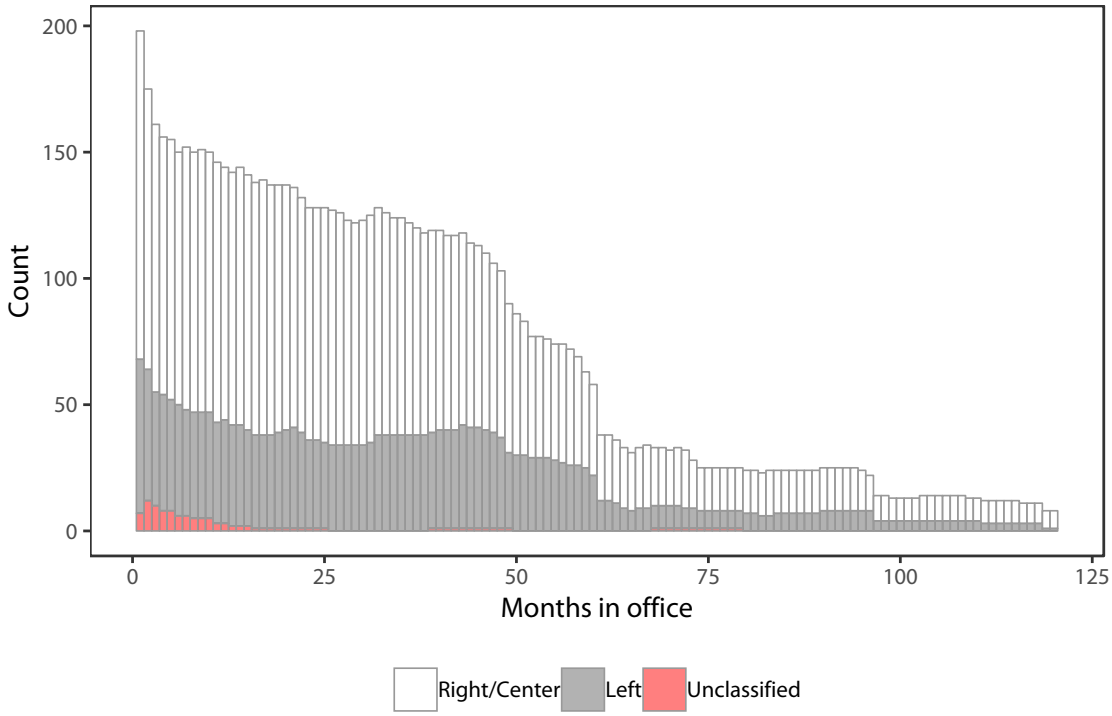

Figure A5. Distribution of months in office by partisanship of the chief executive

D Main Analysis (Full Results): Partisanship, Time in Office, and Sovereign Spreads

A note on estimation and interpretation of the heteroskedastic model of country spreads:

Our heteroskedastic regression model of country risk spreads allows us to evaluate hypotheses about the role of government change, partisanship, and experience in office – as well competing explanations – in driving volatility in sovereign debt markets. The heteroskedastic model allows the volatility of the monthly spread to vary across countries and over time, thus permitting us to assess whether variation in country-level and common external variables explain variation in the volatility of the monthly spread. The parameters of the heteroskedastic model are estimated using maximum likelihood and can be interpreted like the parameters in a GARCH model.

In our model, investors' disagreements over their assessments of sovereign risk – and the changes in their assessments over time – are captured on a month-to-month basis, as implied by the monthly frequency of the country spread data. Modeling market volatility at the monthly level involves trade-offs. We expect markets to incorporate new information or react to events at a faster pace; the monthly data misses some of that daily (and intra-day) action. At the same time, our hypotheses are about investors' learning processes with respect to slower-moving policy variables. Most of our right-hand side variables are sampled at monthly, quarterly, or annual intervals, and daily spreads would be too noisy for inferences about the variables of interest.

The potential downside of sampling spreads monthly is that some of the dynamics of interest are attenuated: the monthly data misses some large movements in spreads that would be captured by daily data, and therefore our estimates likely understate the amount of volatility in country spreads, especially in periods of higher market volatility. This likely works against us and makes our estimates conservative.

Table A6. Partisanship, time in office, and sovereign spreads – global conditions (full results). Is the relationship contingent on U.S. interest rates and neighbors' partisanship? Heteroskedastic regression analysis of EMBI and CDS spreads.

	EMBI Spread		CDS Spread	
	(1)	(2)	(3)	(4)
Equation: ΔSpread				
Months in office × Left government × Treasury yield	0.012	−0.006		
	(0.013)	(0.007)		
Months in office × Left government × Left neighbors			−0.067	−1.810
			(0.308)	(2.303)
Months in office × Left government	−0.018	−0.018	0.030	0.663
	(0.053)	(0.107)	(0.121)	(0.768)
Months in office × Treasury yield	0.002	0.009**		
	(0.010)	(0.004)		
Left government × Treasury yield	−5.169*	−1.174		
	(2.918)	(1.553)		
Months in office × Left neighbors			−0.111	0.063
			(0.126)	(0.174)
Left government × Left neighbors			1.097	144.278
			(63.940)	(137.432)
Months in office	−0.023	0.069**	−0.006	0.043
	(0.032)	(0.031)	(0.068)	(0.059)
Left government	7.464	10.455	−8.014	−65.236
	(7.911)	(8.354)	(37.879)	(57.307)
Treasury yield	2.441	−2.406*		
	(1.800)	(1.423)		
Left neighbors			2.624	18.093
			(13.521)	(11.263)
Pre-election window	0.800	4.690	−2.364	−3.698
	(3.813)	(3.056)	(4.367)	(4.573)
Current account balance	−0.770***	−0.109	−0.955***	0.011
	(0.289)	(0.125)	(0.253)	(0.158)
External debt	−0.254**	0.077	−0.272*	0.061
	(0.113)	(0.089)	(0.161)	(0.052)
Short-term debt/reserves	0.023*	−0.007	0.024	−0.006
	(0.012)	(0.010)	(0.018)	(0.004)
GDP growth	0.700	1.105***	0.426	0.901***
	(0.490)	(0.385)	(0.565)	(0.258)
ΔInflation	0.230	3.320*	0.040	4.074**
	(0.248)	(1.836)	(0.068)	(1.801)
ΔTreasury yield	−9.539	2.771	−15.227**	1.471
	(7.859)	(4.517)	(6.143)	(4.127)

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Table A6 (Continued from previous page).

ΔVIX	3.613***	2.738***	3.696***	2.975***
	(0.790)	(0.565)	(1.227)	(0.254)
ΔCommodity prices (energy)	−0.987***	−0.440***	−0.559	−0.435***
	(0.288)	(0.107)	(0.424)	(0.092)
ΔEquity premium	−0.513	−0.409***	−0.587	−0.409***
	(0.477)	(0.135)	(0.521)	(0.089)
ΔRegional diffusion	0.026***	0.015**	0.029***	0.012***
	(0.004)	(0.007)	(0.006)	(0.004)
Capital account openness	−0.495	2.650**	−1.526	2.370
	(2.088)	(1.122)	(3.557)	(1.595)
Global default rate	−0.930*	0.451	−0.654	0.372
	(0.481)	(0.386)	(0.405)	(0.347)
Constant	45.836	−48.101**	44.145	−31.042
	(34.706)	(23.241)	(33.971)	(29.270)
Equation: Spread volatility [log(σ)]				
Months in office × Left government × Treasury yield	−0.002***	−0.001***		
	(0.0001)	(0.0001)		
Months in office × Left government × Left neighbors			−0.027***	−0.056***
			(0.005)	(0.017)
Months in office × Left government	−0.0002	−0.00005	0.003**	0.015***
	(0.002)	(0.002)	(0.001)	(0.005)
Months in office × Treasury yield	−0.001***	−0.001***		
	(0.0001)	(0.0001)		
Left government × Treasury yield	0.144	0.172		
	(0.187)	(0.245)		
Months in office × Left neighbors			0.007**	0.057***
			(0.003)	(0.007)
Left government × Left neighbors			1.233	5.965***
			(1.497)	(2.177)
Months in office	0.003**	−0.002*	−0.003***	−0.020***
	(0.001)	(0.001)	(0.001)	(0.002)
Left government	0.417	−0.005	0.569	−1.420
	(0.783)	(1.042)	(0.504)	(0.936)
Treasury yield	0.234***	−0.174		
	(0.086)	(0.141)		
Left neighbors			−0.839	−3.884***
			(1.150)	(0.781)
ΔVIX	0.021***	0.022***	0.027***	0.017***
	(0.005)	(0.006)	(0.005)	(0.006)
Capital account openness	−0.249***	−0.519***	−0.257***	−0.481***
	(0.071)	(0.064)	(0.062)	(0.065)
Pre-election window	0.477***	0.619***	0.427***	0.783***
	(0.151)	(0.202)	(0.148)	(0.199)

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Table A6 (Continued from previous page).

Constant	3.725***	4.948***	4.919***	5.395***
	(0.371)	(0.509)	(0.361)	(0.264)
Observations	6042	2679	6030	2679
Countries	51	20	50	20
Country Fixed Effects	Yes	Yes	Yes	Yes
AIC	74183.14	30397.76	74755.24	29983.55

Table shows maximum likelihood estimates for heteroskedastic regression models of EMBI and CDS spreads.
Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

E Robustness Checks

Effects in the subsample of democracies (Table A7). Our results are stronger for the subsample of established democracies. We use different criteria for selecting democratic observations: whether a country-month-year observation has a Polity score of at least 6 (on a –10 to 10 scale); whether a country has a Polity score of at least 6 during at least 75% of the sampled period; whether a country has an average Polity score of at least 6 in the sampled period; and whether a country maintains a minimum Polity score of at least 6 during the entire period. Coefficients for the Left Government × Months in Office interaction are larger (in absolute value) and statistically significant for democracies in most estimations, while we find little evidence of that relationship in non-democracies.

Regional heterogeneity: Is the effect specific to Latin America? (Table A8). We expect Latin America to be influential in our results. Latin America features prominently among issuers of sovereign bonds. The region has the highest representation in our dataset (28% of total observations), followed by Eastern Europe (25%), Asia (17%), North Africa and the Middle East (13%), and Sub-Saharan Africa (12%). Moreover, Latin American sovereign bond stocks often are large, making issuers eligible for inclusion in the EMBI indices and facilitating the creation of CDS instruments. We estimate separate analyses for Latin America vs. other regions to assess potential heterogeneity. The interaction of partisanship and time in office in the volatility component of our model is substantively stronger and statistically significant for Latin America, whereas coefficients for other regions are smaller and statistically insignificant.

Heterogeneity across left and right governments (Table A9). We consider the possibility of heterogeneous effects for left and right governments by including separate interaction terms for each category (left government × months in office; right government × months in office). The results for left governments are virtually identical to those comparing left vs. right/center, while the results for right governments are conflicting across samples and specifications.

Party turnover (Table A9). We consider the hypothesis that volatility might be driven by party turnover as opposed to leadership turnover. To do that, we count the number of months since the last change in the governing party (while our original "months in office" variable counts the number of months since the last change in the chief executive). We use the "last loss" variable from the REIGN dataset (Bell, 2016), which records the "number of months since the incumbent or incumbent political party last lost a competitive election, or, in the absence of previous losses, the number of months since the political system last changed." We interact left government with the "last loss" variable in the mean and volatility equations. We obtain nearly identical results using "months in office" and "last loss."

Domestic political institutions (Table A10). We control for indicators of liberal democracy (Coppedge et al., 2016), political constraints (Henisz, 2000), and central bank independence (Bodea and Hicks, 2015), one at a time, in the mean and volatility equations of country spreads. Our main results remain substantively unchanged.

Capital account openness (Table A11). We test the robustness of the results to an alternative measure of capital account openness. We replace the Chinn-Ito index of capital account openness with a modified index proposed by Karcher and Steinberg (2013), which corrects for biases in the original index. We find no change in our results.

Government partisanship/ideology in Latin America (Table A16). We test an alternative measure of government ideology. Partisan labels and ideology are notoriously difficult to measure, and comparisons across political systems and over time can be challenging. To check that our results are not sensitive to these measurement decisions, we estimate our models using the party ideology scores

for Latin American presidential elections from Baker and Greene (2011). While this strategy limits the sample to Latin American countries, it also allows for more accurate comparisons of government ideology across countries and over time. The evidence for Latin America is consistent with our general findings: coefficient estimates for the interaction of partisanship and time in office are negative and statistically significant only in the volatility equation, indicating that new left-wing governments in Latin America induce higher volatility in sovereign debt markets, but time in office tends to reduce this volatility.

Close elections (**Table A12**). In our main specifications, we control for electoral periods (the 6 months prior to an election, including the election month), as we expect electoral uncertainty to induce higher volatility in country spreads. Indeed, our results show that the volatility of EMBI and CDS spreads is higher in the six months before an election than during non-electoral periods. As a robustness check, we further assess whether excess market volatility observed during electoral periods is driven by close elections, whose outcomes are less predictable to sovereign debt investors. We define close elections as those in which the margin of victory is 5 percentage points or less – and, alternatively, 10 p.p. or less. We use data from V-Dem (Coppedge et al., 2016) on the vote share of the largest and second-largest party in the lower chamber for parliamentary systems, and on the vote share of the winning candidate and the runner-up in presidential systems. We find mixed evidence that close elections induce a higher spread volatility, and no evidence that close elections affect the mean change in spreads. Our main results for the interaction of partisanship and time in office remain unchanged.

Financial crises (**Table A13**). Because volatility increases in times of crisis or financial distress, we adjust for the occurrence of sovereign defaults, currency crises, and debt restructuring episodes. We use data on sovereign default and currency crises from Laeven and Valencia (2013) and data on debt restructurings from Cruces and Trebesch (2013). These three variables capture whether a country has experienced a debt crisis, currency crisis, or debt restructuring in the past 12 months. The results indicate that the volatility of country spreads is higher if a country has defaulted on its debt or experienced a currency crisis in the previous twelve months; the results for partisanship and time in office remain substantively unchanged.

Exchange rates (**Table A14**). We use data from the Bank for International Settlements (BIS) to control for the monthly percentage change in the country's exchange rate against the U.S. dollar. While EMBI and CDS spreads capture the risk premium on dollar-denominated debt only, thus avoiding direct concerns about exchange rate risk, exchange rate movements can have indirect effects on credit risk, as a depreciation of the currency will raise the burden of debt in domestic currency. Our main results are robust to this adjustment (but see below for a caveat).

Sovereign credit ratings (**Table A15**). We control for sovereign credit ratings, which serve as a summary indicator of a country's creditworthiness, by including the monthly change in country ratings from Standard & Poor's, Moody's, and Fitch (converted to numeric scales). In both tests – exchange rates and credit ratings – we caution that these variables may be considered intermediate outcomes: political uncertainty is known to affect both a country's exchange rate and its credit rating (Hays, Freeman, and Nesseth, 2003; Block and Vaaler, 2004; Vaaler, Schrage, and Block, 2006). While our main findings remain unchanged, these tests should be interpreted with caution.

Quarterly macroeconomic data (**Table A17**). We guard against potential bias arising out of temporal aggregation in some of the right-hand side macroeconomic variables. Current account balance, external debt, and GDP growth are sampled annually in our main models. We test alternative measures that are sampled quarterly. Quarterly data on the current account and GDP growth are from the IMF's International Financial Statistics; quarterly data on external debt are from the World Bank's Quarterly

External Debt Statistics. While the country and time coverage is more limited, the quarterly data more accurately capture changes in macroeconomic conditions. The results remain substantively unchanged.

Month-year fixed effects (**Table A18**). We adopt a more general approach for dealing with global economic conditions and common external shocks: instead of explicitly modeling these shocks by including specific variables that capture global capital cycles, liquidity, and risk aversion, we estimate models that capture common external shocks through month-year fixed effects. Our findings are robust to this alternative specification choice.

Structural break (**Table A22**). We consider the possibility of temporal heterogeneity, or a structural break, in the effects of interest. We split the sample into pre- and post-2008 observations, using the 2007-08 Global Financial Crisis as the breakpoint. Our results are invariant to the time period.

Table A7. Robustness: Analysis on the subsample of democracies. Heteroskedastic regression analysis of EMBI spreads restricted to the subsample of democratic observations.

	DV: EMBI Spread							
	Country-month-year obs. has Polity ≥ 6:		Country has Polity ≥ 6 in at least 75% of period:		Country has average Polity ≥ 6 in period:		Country has min. Polity ≥ 6 in entire period:	
	Yes (1)	No (2)	Yes (3)	No (4)	Yes (5)	No (6)	Yes (7)	No (8)
Equation: ΔSpread								
Months in office × Left government	0.249	0.044	0.300***	−0.094***	0.337***	−0.005	0.437*	−0.008
	(0.167)	(0.047)	(0.097)	(0.036)	(0.120)	(0.034)	(0.229)	(0.032)
Months in office	−0.108	0.002	−0.072*	0.044	−0.082	−0.001	−0.122	−0.005
	(0.082)	(0.034)	(0.042)	(0.037)	(0.064)	(0.047)	(0.098)	(0.036)
Left Government	−17.368	−124.748***	−24.125**	2.527	−23.776**	−35.341***	−30.610	−2.749
	(10.871)	(17.527)	(11.192)	(9.780)	(11.981)	(2.928)	(21.063)	(5.630)
Pre-election window	5.383	−14.888	3.098	−9.712	4.127	−11.948	4.877	−11.615
	(4.355)	(13.569)	(4.152)	(9.922)	(3.592)	(10.544)	(4.519)	(10.219)
Current account balance	−1.019***	−0.586	−1.063***	−0.208	−0.984**	−0.642***	−0.927***	−0.810**
	(0.320)	(0.658)	(0.249)	(0.330)	(0.389)	(0.234)	(0.352)	(0.330)
External debt	−0.250*	−0.642*	−0.412**	0.062	−0.349*	−0.185	−0.193*	−0.390
	(0.136)	(0.376)	(0.174)	(0.104)	(0.197)	(0.225)	(0.113)	(0.256)
Short-term debt/reserves	0.018	0.337**	0.037*	0.034	0.032	0.039	0.016	0.085**
	(0.012)	(0.150)	(0.019)	(0.045)	(0.021)	(0.083)	(0.011)	(0.043)
GDP growth	0.399	0.872	−0.017	0.505	−0.569	0.576	−0.565	0.557
	(0.615)	(0.809)	(0.633)	(0.544)	(0.729)	(0.639)	(0.761)	(0.527)
ΔInflation	0.061	−2.154	0.046	2.958	0.027	1.838	0.047	−0.844
	(0.084)	(4.014)	(0.075)	(2.889)	(0.057)	(2.918)	(0.097)	(2.481)
ΔTreasury yield	1.746	−33.717*	−11.301	−2.955	−6.166	−9.929	−10.907	−16.588***
	(8.629)	(20.322)	(9.211)	(6.918)	(10.078)	(6.159)	(12.086)	(5.985)

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Table A7 (Continued from previous page).

ΔVIX	5.114***	3.744**	5.396***	3.309***	5.449***	3.710***	4.664***	4.645***
	(0.688)	(1.649)	(0.857)	(0.919)	(0.591)	(1.019)	(0.558)	(1.488)
ΔCommodity prices (energy)	−0.794***	−0.919	−0.934*	−0.582*	−0.933***	−0.686*	−0.829***	−0.939
	(0.288)	(0.723)	(0.489)	(0.305)	(0.339)	(0.400)	(0.188)	(0.630)
ΔEquity premium	−0.592	−0.562	−0.968*	0.258	−1.163***	0.142	−1.214***	−0.407
	(0.579)	(1.062)	(0.525)	(0.211)	(0.288)	(0.256)	(0.194)	(0.559)
ΔRegional diffusion	0.022***	0.051**	0.023***	0.038***	0.025***	0.031***	0.030***	0.026***
	(0.006)	(0.024)	(0.005)	(0.011)	(0.005)	(0.011)	(0.010)	(0.009)
Capital account openness	0.727	1.708	−1.373	−5.406*	−1.377	0.261	−1.340	0.439
	(3.111)	(3.695)	(3.051)	(2.765)	(3.940)	(1.007)	(5.083)	(1.080)
Global default rate	−1.130**	0.610	−1.137***	−1.065*	−0.936**	−0.457	−0.585	−0.445
	(0.441)	(0.685)	(0.380)	(0.642)	(0.425)	(0.540)	(0.651)	(0.526)
Constant	64.385**	94.709*	72.468***	56.170	69.435**	62.698**	45.582	39.525
	(32.285)	(53.547)	(27.791)	(41.573)	(31.365)	(31.899)	(38.511)	(41.484)
Equation: Spread volatility [**log**(σ)]								
Months in office × *Left government*	−0.017**	−0.002	−0.013***	−0.0001	−0.014*	0.001	−0.016	−0.003**
	(0.008)	(0.002)	(0.004)	(0.001)	(0.008)	(0.001)	(0.011)	(0.001)
Months in office	−0.003***	−0.002***	−0.002***	−0.001	−0.001	−0.003***	0.001	−0.003***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.004)	(0.001)	(0.001)	(0.001)
Left Government	1.251***	0.306	1.219***	−0.924***	1.423***	−1.165***	1.249**	0.686
	(0.388)	(0.857)	(0.336)	(0.268)	(0.365)	(0.243)	(0.498)	(0.443)
ΔVIX	0.027***	0.033***	0.030***	0.032***	0.021***	0.033***	0.020*	0.032***
	(0.007)	(0.006)	(0.006)	(0.007)	(0.007)	(0.006)	(0.011)	(0.006)
Capital account openness	−0.288***	−0.111	−0.282***	−0.326***	−0.246*	−0.306***	−0.335***	−0.216***
	(0.075)	(0.212)	(0.076)	(0.070)	(0.132)	(0.091)	(0.100)	(0.082)
Pre-election window	0.689***	0.393***	0.523***	0.235	0.389***	0.602**	0.442**	0.509***
	(0.223)	(0.142)	(0.159)	(0.168)	(0.101)	(0.234)	(0.181)	(0.175)
Constant	4.684***	4.968***	4.780***	4.439***	4.569***	4.885***	4.575***	4.822***
	(0.192)	(0.264)	(0.158)	(0.168)	(0.176)	(0.134)	(0.290)	(0.130)

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Table A7 (Continued from previous page).

Observations	3905	2040	4603	1342	3454	2491	2626	3416
Countries	36	27	34	16	27	23	24	27
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
AIC	48140.33	25233.61	57552.41	15032.83	42697.58	29803.84	32513.35	42238.85

Table shows maximum likelihood estimates for heteroskedastic regression models of EMBI spreads.
Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

Table A8. Regional heterogeneity: Is the effect specific to Latin America? Heteroskedastic regression analysis of EMBI and CDS spreads for Latin America vs. other regions.

	Latin America		Other Regions	
	EMBI	CDS	EMBI	CDS
	(1)	(2)	(3)	(4)
Equation: ΔSpread				
Months in office × Left government	0.308	0.390	0.047	0.034
	(0.194)	(0.255)	(0.035)	(0.031)
Months in office	−0.084	0.130*	−0.056*	0.007
	(0.107)	(0.078)	(0.030)	(0.036)
Left government	−27.605	−1.245	−10.393***	−49.593***
	(17.324)	(8.182)	(3.204)	(6.906)
Pre-election window	4.809	2.754	−3.883	−0.560
	(6.352)	(4.129)	(5.023)	(4.057)
Current account balance	−1.140**	0.884	−0.709***	−0.191
	(0.537)	(0.808)	(0.208)	(0.116)
External debt	−0.428	0.126**	−0.094	−0.106
	(0.340)	(0.055)	(0.111)	(0.239)
Short-term debt/reserves	0.037	−0.006	0.041	0.136
	(0.033)	(0.006)	(0.029)	(0.154)
GDP growth	0.266	1.374***	0.647*	0.539*
	(0.742)	(0.529)	(0.379)	(0.304)
ΔInflation	0.802	14.387*	0.009	4.797**
	(1.612)	(7.486)	(0.049)	(2.047)
ΔTreasury yield	1.358	17.806**	−14.907	−5.709
	(9.279)	(8.345)	(10.001)	(4.320)
ΔVIX	6.408***	3.671***	3.717***	2.707***
	(1.076)	(0.187)	(0.648)	(0.369)
ΔCommodity prices (energy)	−1.107	−0.545**	−0.805***	−0.381***
	(0.728)	(0.219)	(0.248)	(0.121)
ΔEquity premium	−1.336***	−0.519***	−0.341	−0.471***
	(0.463)	(0.103)	(0.342)	(0.096)
ΔRegional diffusion	0.022***	0.012	0.024***	0.012***
	(0.007)	(0.011)	(0.005)	(0.004)
Capital account openness	−3.599	−1.852	1.261	1.627*
	(4.730)	(8.614)	(1.846)	(0.986)
Global default rate	−1.419***	−0.351	−0.622	0.488
	(0.444)	(0.458)	(0.429)	(0.380)
Constant	91.618**	−40.483	47.127	−28.045
	(41.625)	(32.167)	(29.836)	(23.249)
Equation: Spread volatility [log(σ)]				

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Table A8 (Continued from previous page).

Months in office × *Left government*	−0.017***	−0.006	−0.001	0.001
	(0.006)	(0.006)	(0.001)	(0.001)
Months in office	−0.002	0.004	−0.001	−0.004***
	(0.003)	(0.007)	(0.001)	(0.0005)
Left government	1.450***	0.883	−0.860***	−0.796*
	(0.322)	(0.936)	(0.232)	(0.443)
ΔVIX	0.031***	0.025*	0.025***	0.010***
	(0.007)	(0.014)	(0.007)	(0.003)
Capital account openness	−0.331***	−0.575***	−0.400***	−0.441***
	(0.122)	(0.161)	(0.063)	(0.096)
Pre-election window	0.727***	0.596*	−0.024	0.242*
	(0.172)	(0.336)	(0.120)	(0.136)
Constant	4.851***	4.051***	4.523***	4.343***
	(0.253)	(0.795)	(0.127)	(0.209)
Observations	2260	980	3770	1699
Countries	15	7	35	13
Country Fixed Effects	Yes	Yes	Yes	Yes
AIC	28653.83	11278.6	43800.62	18442.21

Table shows maximum likelihood estimates for heteroskedastic regression models of EMBI and CDS spreads. Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

Table A9. Robustness: Heterogeneity across left and right governments; party turnover. Heteroskedastic regression analysis of EMBI and CDS spreads, accounting for differential effects for left and right governments; and accounting for party turnover (number of months since party last lost an election – "last loss" (Bell, 2016)).

	EMBI Spread				CDS Spread			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Equation: ΔSpread								
Months in office	−0.042		−0.010		0.066**		0.055**	
	(0.032)		(0.028)		(0.026)		(0.026)	
Left government	−8.611	−11.003	−8.808	−12.558	3.788	3.563	3.498	5.547*
	(11.490)	(12.756)	(10.707)	(12.378)	(2.487)	(3.140)	(2.661)	(2.852)
Right government	−0.468	−3.821	6.639	0.765	−5.250***	−9.428***	−5.738***	−5.801**
	(8.397)	(9.755)	(4.934)	(8.974)	(1.681)	(2.620)	(2.150)	(2.838)
Months in office × Left government			−0.014				0.003	
			(0.028)				(0.040)	
Months in office × Right government			−0.163				0.051	
			(0.120)				(0.035)	
Last loss		−0.017*		−0.013		0.089***		0.091***
		(0.009)		(0.009)		(0.022)		(0.023)
Last loss × Left government				−0.011				−0.018
				(0.023)				(0.026)
Last loss × Right government				−0.062				−0.026
				(0.049)				(0.046)
Pre-election window	−2.195	−3.137	−2.715	−1.452	2.632	−1.043	0.705	0.200
	(4.473)	(3.944)	(4.953)	(4.174)	(3.663)	(5.200)	(3.683)	(3.927)
Current account balance	−0.913***	−0.944***	−0.874***	−0.631**	0.022	0.261	0.023	0.170*
	(0.256)	(0.283)	(0.224)	(0.310)	(0.151)	(0.173)	(0.143)	(0.096)
External debt	−0.242	−0.567**	−0.309*	−0.390*	0.021	−0.030	0.029	0.020
	(0.154)	(0.274)	(0.166)	(0.210)	(0.077)	(0.123)	(0.071)	(0.087)
Short-term debt/reserves	0.023	0.069*	0.031*	0.042	0.002	0.006	0.001	0.002

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Table A9 (Continued from previous page).

	(0.016)	(0.038)	(0.017)	(0.025)	(0.007)	(0.012)	(0.007)	(0.008)
GDP growth	0.066	−0.240	0.146	0.241	0.965***	0.961**	0.959***	1.162***
	(0.670)	(0.634)	(0.632)	(0.584)	(0.297)	(0.385)	(0.285)	(0.353)
ΔInflation	0.007	−0.032	0.037	0.057	3.259	2.389	3.586*	3.143
	(0.105)	(0.081)	(0.074)	(0.084)	(2.010)	(2.242)	(1.996)	(2.208)
ΔTreasury yield	−16.661*	−13.608	−12.727*	−10.159	0.641	2.874	0.213	−1.709
	(9.154)	(9.421)	(7.638)	(6.343)	(4.641)	(3.498)	(4.697)	(4.537)
ΔVIX	5.317***	5.398***	4.642***	3.441***	3.024***	2.909***	2.961***	2.903***
	(0.553)	(0.582)	(0.902)	(0.834)	(0.449)	(0.437)	(0.440)	(0.448)
ΔCommodity prices (energy)	−1.067***	−1.219***	−0.931**	−0.527*	−0.359***	−0.440***	−0.397***	−0.398***
	(0.317)	(0.291)	(0.382)	(0.279)	(0.087)	(0.149)	(0.100)	(0.139)
ΔEquity premium	−1.238***	−1.012***	−0.709	−0.364	−0.616***	−0.607***	−0.611***	−0.531***
	(0.447)	(0.372)	(0.438)	(0.350)	(0.108)	(0.151)	(0.122)	(0.132)
ΔRegional diffusion	0.025***	0.026***	0.027***	0.028***	0.010***	0.012***	0.011***	0.013***
	(0.004)	(0.004)	(0.005)	(0.004)	(0.003)	(0.004)	(0.004)	(0.005)
Capital account openness	−1.542	−1.095	−0.610	−1.070	1.518	0.807	1.559	1.049
	(2.927)	(3.712)	(2.775)	(3.392)	(1.435)	(1.331)	(1.682)	(1.528)
Global default rate	−0.699**	−0.197	−0.554	−0.568*	0.211	0.256	0.187	0.489*
	(0.311)	(0.417)	(0.341)	(0.331)	(0.307)	(0.292)	(0.259)	(0.293)
Constant	65.685**	44.611*	53.869*	58.769**	−36.309*	−43.870**	−32.504*	−54.120**
	(31.378)	(23.098)	(30.421)	(28.079)	(20.521)	(22.138)	(17.238)	(21.456)
Equation: Spread volatility [log(σ)]								
Months in office	−0.002*		−0.002***		−0.004***		−0.003***	
	(0.001)		(0.001)		(0.001)		(0.001)	
Left government	0.659**	0.552*	0.806***	1.043***	0.359	0.496	0.586	0.782*
	(0.288)	(0.310)	(0.300)	(0.285)	(0.346)	(0.355)	(0.387)	(0.409)
Right government	0.165	−0.100	−0.157	0.141	−0.166	0.305	0.252	−0.139
	(0.225)	(0.195)	(0.213)	(0.191)	(0.297)	(0.381)	(0.254)	(0.361)
Months in office × Left government			−0.003***				−0.003***	

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Table A9 (Continued from previous page).

			(0.001)				(0.001)	
Months in office × *Right government*			0.003***				−0.013***	
			(0.001)				(0.002)	
Last loss		−0.001***		−0.0004**		−0.003***		−0.002***
		(0.0002)		(0.0002)		(0.0004)		(0.0003)
Last loss × *Left government*				−0.004***				−0.002***
				(0.0004)				(0.0004)
Last loss × *Right government*				−0.002***				0.002***
				(0.0004)				(0.001)
ΔVIX	0.026***	0.025***	0.028***	0.028***	0.017***	0.019***	0.016***	0.017***
	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Capital account openness	−0.254***	−0.181**	−0.269***	−0.247***	−0.538***	−0.513***	−0.552***	−0.504***
	(0.076)	(0.088)	(0.071)	(0.067)	(0.057)	(0.061)	(0.057)	(0.062)
Pre-election window	0.411**	0.321**	0.475***	0.423***	0.460*	0.363	0.508**	0.301
	(0.162)	(0.136)	(0.150)	(0.142)	(0.271)	(0.239)	(0.259)	(0.231)
Constant	4.715***	4.826***	4.754***	4.679***	4.454***	4.427***	4.369***	4.397***
	(0.140)	(0.159)	(0.133)	(0.134)	(0.188)	(0.168)	(0.180)	(0.171)
Observations	6042	5922	6042	5922	2723	2637	2723	2637
Countries	51	50	51	50	20	19	20	19
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
AIC	75765.42	73998.1	74943.24	72576.85	30965.62	29833.18	30774.09	29604.82

Table shows maximum likelihood estimates for heteroskedastic regression models of EMBI and CDS spreads.
Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

Table A10. Robustness: Controlling for domestic institutions. Heteroskedastic regression analysis of EMBI and CDS spreads, controlling for regime type, political constraints, and central bank independence.

	DV: EMBI Spread			DV: CDS Spread		
	Lib. Democracy (1)	Pol. Constraints (2)	CBI (3)	Lib. Democracy (4)	Pol. Constraints (5)	CBI (6)
Equation: ΔSpread						
Months in office × Left government	0.007	0.030	0.039	0.042	0.050	0.130
	(0.026)	(0.025)	(0.047)	(0.072)	(0.086)	(0.110)
Months in office	−0.025	−0.059*	−0.071*	0.054	0.060*	−0.006
	(0.027)	(0.032)	(0.038)	(0.033)	(0.031)	(0.028)
Left government	−6.166	−10.622	−11.870*	4.195	5.769	−5.424
	(6.064)	(7.975)	(6.654)	(4.065)	(5.093)	(6.716)
Pre-election window	−3.294	−0.519	0.484	1.924	2.230	8.914*
	(4.656)	(4.391)	(5.344)	(3.539)	(3.755)	(5.320)
Liberal democracy	−9.807			−42.532		
	(13.495)			(35.980)		
Political constraints		−9.934			−0.395	
		(6.468)			(9.290)	
Central bank independence			−13.320			23.037
			(21.095)			(18.422)
Current account balance	−0.821***	−0.855***	−1.060***	−0.166	−0.063	−0.062
	(0.205)	(0.191)	(0.324)	(0.134)	(0.151)	(0.155)
External debt	−0.280	−0.326**	−0.407**	0.037	0.071	−0.380
	(0.174)	(0.144)	(0.181)	(0.101)	(0.079)	(0.242)
Short-term debt/reserves	0.030	0.029*	0.101***	−0.00002	−0.003	0.136
	(0.022)	(0.015)	(0.033)	(0.010)	(0.008)	(0.121)
GDP growth	0.382	0.040	0.510	1.063***	1.126***	1.097**
	(0.485)	(0.543)	(0.596)	(0.346)	(0.355)	(0.426)
ΔInflation	0.049	0.052	−0.106	4.119*	3.324	2.155

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Table A10 (Continued from previous page).

	(0.110)	(0.068)	(0.146)	(2.272)	(2.188)	(2.412)
ΔTreasury yield	−12.950**	−9.885	−20.834**	−1.897	−0.471	0.146
	(5.982)	(6.786)	(9.136)	(5.288)	(5.793)	(6.218)
ΔVIX	4.800***	4.734***	4.357***	3.106***	3.087***	2.692***
	(1.072)	(0.875)	(0.983)	(0.410)	(0.396)	(0.469)
ΔCommodity prices (energy)	−0.956**	−0.923**	−0.678*	−0.581***	−0.523***	−0.385***
	(0.395)	(0.360)	(0.398)	(0.201)	(0.150)	(0.142)
ΔEquity premium	−0.757	−0.658*	−0.413	−0.549***	−0.567***	−0.451***
	(0.501)	(0.386)	(0.434)	(0.113)	(0.105)	(0.125)
ΔRegional diffusion	0.030***	0.028***	0.030***	0.011**	0.012**	0.017***
	(0.006)	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)
Capital account openness	−0.473	−1.510	−0.628	1.479	1.760	1.987
	(1.858)	(3.209)	(2.623)	(1.627)	(1.583)	(2.303)
Global default rate	−0.539*	−0.818**	−0.652	0.261	0.313	0.098
	(0.326)	(0.337)	(0.523)	(0.393)	(0.392)	(0.503)
Constant	47.436**	70.883**	72.544	−13.437	−45.524*	−27.690
	(24.098)	(31.806)	(45.114)	(32.272)	(26.001)	(43.571)
Equation: Spread volatility [log(σ)]						
Months in office × *Left government*	−0.003***	−0.003***	−0.005***	−0.002*	−0.003**	−0.004***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Months in office	−0.001*	−0.002***	−0.0003	−0.003***	−0.003***	−0.003***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Left government	0.744**	0.777***	0.528*	0.320	0.543	1.094**
	(0.307)	(0.270)	(0.298)	(0.433)	(0.390)	(0.471)
ΔVIX	0.030***	0.028***	0.030***	0.016***	0.016***	0.014***
	(0.005)	(0.005)	(0.006)	(0.005)	(0.005)	(0.004)
Capital account openness	−0.261***	−0.256***	−0.326***	−0.598***	−0.553***	−0.511***
	(0.070)	(0.061)	(0.064)	(0.081)	(0.073)	(0.074)
Pre-election window	0.382***	0.412***	0.426**	0.411	0.535*	0.905***

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Table A10 (Continued from previous page).

	(0.133)	(0.134)	(0.203)	(0.285)	(0.275)	(0.320)
Liberal democracy	0.805			0.810		
	(0.802)			(0.779)		
Political constraints		−0.717			0.044	
		(0.469)			(0.514)	
Central bank independence			1.242**			1.841***
			(0.569)			(0.698)
Constant	4.384***	4.984***	3.933***	4.053***	4.358***	2.921***
	(0.290)	(0.199)	(0.301)	(0.306)	(0.216)	(0.634)
Observations	5791	5933	5177	2569	2667	2420
Countries	50	50	48	20	20	19
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
AIC	71801.29	73372.78	63659.53	29346.27	30371.15	27589.68

Table shows maximum likelihood estimates for heteroskedastic regression models of EMBI and CDS spreads.
Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

Table A11. Robustness: Comparing measures of capital account openness. Heteroskedastic regression analysis of EMBI and CDS spreads, controlling for alternative measures of capital account openness (Chinn and Ito, 2008; Karcher and Steinberg, 2013).

	Chinn-Ito		Karcher-Steinberg	
	EMBI	CDS	EMBI	CDS
	(1)	(2)	(3)	(4)
Equation: ΔSpread				
Months in office × Left government	0.021	0.049	0.039	0.042
	(0.036)	(0.081)	(0.047)	(0.072)
Months in office	−0.054	0.059*	−0.071*	0.054
	(0.044)	(0.031)	(0.038)	(0.033)
Left government	−9.445	5.688	−11.870*	4.195
	(8.582)	(4.242)	(6.654)	(4.065)
Pre-election window	−1.479	2.266	0.484	1.924
	(4.322)	(3.636)	(5.344)	(3.539)
Central bank independence			−13.320	
			(21.095)	
Liberal democracy				−42.532
				(35.980)
Current account balance	−0.939***	−0.069	−1.060***	−0.166
	(0.226)	(0.149)	(0.324)	(0.134)
External debt	−0.266*	0.067	−0.407**	0.037
	(0.161)	(0.080)	(0.181)	(0.101)
Short-term debt/reserves	0.024	−0.003	0.101***	−0.00002
	(0.017)	(0.008)	(0.033)	(0.010)
GDP growth	0.279	1.105***	0.510	1.063***
	(0.583)	(0.319)	(0.596)	(0.346)
ΔInflation	0.043	3.480	−0.106	4.119*
	(0.073)	(2.158)	(0.146)	(2.272)
ΔTreasury yield	−12.444*	−0.397	−20.834**	−1.897
	(7.496)	(5.986)	(9.136)	(5.288)
ΔVIX	4.708***	3.080***	4.357***	3.106***
	(0.985)	(0.393)	(0.983)	(0.410)
ΔCommodity prices (energy)	−1.005***	−0.522***	−0.678*	−0.581***
	(0.379)	(0.143)	(0.398)	(0.201)
ΔEquity premium	−0.865*	−0.570***	−0.413	−0.549***
	(0.460)	(0.106)	(0.434)	(0.113)
ΔRegional diffusion	0.028***	0.012**	0.030***	0.011**
	(0.006)	(0.005)	(0.006)	(0.005)
Capital account openness	−1.300	1.629	−0.628	1.479
	(3.270)	(1.615)	(2.623)	(1.627)
Global default rate	−0.716**	0.305	−0.652	0.261

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Table A11 (Continued from previous page).

	(0.342)	(0.380)	(0.523)	(0.393)
Constant	62.715*	−44.606*	72.544	−13.437
	(32.235)	(24.294)	(45.114)	(32.272)
Equation: Spread volatility [log(σ)]				
Months in office × *Left government*	−0.005***	−0.003***	−0.005***	−0.002*
	(0.001)	(0.001)	(0.001)	(0.001)
Months in office	−0.001	−0.003***	−0.0003	−0.003***
	(0.001)	(0.001)	(0.001)	(0.001)
Left government	0.890***	0.557	0.528*	0.320
	(0.266)	(0.374)	(0.298)	(0.433)
ΔVIX	0.027***	0.016***	0.030***	0.016***
	(0.006)	(0.005)	(0.006)	(0.005)
Capital account openness	−0.266***	−0.549***	−0.326***	−0.598***
	(0.069)	(0.066)	(0.064)	(0.081)
Pre-election window	0.445***	0.525*	0.426**	0.411
	(0.146)	(0.275)	(0.203)	(0.285)
Central bank independence			1.242**	
			(0.569)	
Liberal democracy				0.810
				(0.779)
Constant	4.669***	4.369***	3.933***	4.053***
	(0.141)	(0.178)	(0.301)	(0.306)
Observations	6042	2679	5177	2569
Countries	51	20	48	20
Country Fixed Effects	Yes	Yes	Yes	Yes
AIC	75135.18	30520.68	63659.53	29346.27

Table shows maximum likelihood estimates for heteroskedastic regression models.
Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

Table A12. Robustness: Controlling for close elections. Heteroskedastic regression analysis of EMBI and CDS spreads, controlling for close elections. Close elections are defined as those in which the winning margin of the elected candidate or party is less than or equal to 5 percentage points or, alternatively, 10 percentage points). In presidential systems, we use the difference in vote shares between the winner and the runner-up; in parliamentary systems, we use the difference in vote shares between the largest and second largest party. Data on vote shares are from V-Dem.

	Close election = 5 p.p. margin		Close election = 10 p.p. margin	
	EMBI	CDS	EMBI	CDS
	(1)	(2)	(3)	(4)
Equation: ΔSpread				
Months in office × Left government	0.024	0.018	0.046	0.048
	(0.034)	(0.032)	(0.073)	(0.075)
Months in office	−0.060	−0.054	0.044	0.046
	(0.044)	(0.042)	(0.034)	(0.033)
Left government	−7.577	−7.830	4.222	4.539
	(8.620)	(8.057)	(5.249)	(5.032)
Pre-election window	−1.952	1.661	0.577	0.318
	(4.875)	(5.687)	(3.762)	(3.947)
Close election	0.110	−3.817	−19.961	−11.014
	(11.403)	(6.867)	(22.634)	(7.511)
Pre-election window × Close election	1.339	−3.538	31.753	21.306
	(15.084)	(12.169)	(25.574)	(15.795)
Current account balance	−0.947***	−0.977***	−0.117	−0.107
	(0.230)	(0.236)	(0.137)	(0.137)
External debt	−0.241	−0.227*	0.013	0.020
	(0.148)	(0.138)	(0.115)	(0.109)
Short-term debt/reserves	0.020	0.019	0.002	0.001
	(0.017)	(0.016)	(0.011)	(0.011)
GDP growth	0.254	0.274	1.066***	1.057***
	(0.508)	(0.536)	(0.319)	(0.331)
ΔInflation	0.022	0.011	3.770*	3.483
	(0.051)	(0.051)	(2.085)	(2.157)
ΔTreasury yield	−13.553*	−12.066	0.610	0.341
	(7.534)	(7.902)	(5.586)	(5.689)
ΔVIX	4.659***	4.677***	3.121***	3.122***
	(0.966)	(0.972)	(0.395)	(0.401)
ΔCommodity prices (energy)	−0.985***	−1.000***	−0.532***	−0.518***
	(0.378)	(0.381)	(0.154)	(0.148)
ΔEquity premium	−0.834*	−0.823*	−0.588***	−0.597***
	(0.443)	(0.439)	(0.098)	(0.103)
ΔRegional diffusion	0.029***	0.029***	0.012**	0.012**
	(0.006)	(0.006)	(0.005)	(0.005)

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Table A12 (Continued from previous page).

Capital account openness	−0.635	−1.107	2.201	2.151
	(3.126)	(3.153)	(1.501)	(1.498)
Global default rate	−0.735**	−0.718**	0.135	0.163
	(0.332)	(0.347)	(0.375)	(0.376)
Constant	64.360**	61.875*	−17.486	−23.894
	(30.908)	(31.699)	(26.311)	(25.808)
Equation: Spread volatility [log(σ)]				
Months in office × *Left government*	−0.005***	−0.005***	−0.002**	−0.002***
	(0.001)	(0.001)	(0.001)	(0.001)
Months in office	−0.001	−0.001	−0.003***	−0.003***
	(0.001)	(0.001)	(0.001)	(0.001)
Left government	0.919***	0.912***	0.414	0.461
	(0.266)	(0.265)	(0.380)	(0.372)
ΔVIX	0.025***	0.025***	0.016***	0.016***
	(0.006)	(0.006)	(0.006)	(0.005)
Capital account openness	−0.266***	−0.266***	−0.543***	−0.545***
	(0.066)	(0.067)	(0.065)	(0.065)
Pre-election window	0.184	0.223	0.174	0.232
	(0.129)	(0.143)	(0.216)	(0.208)
Close election	−0.354***	−0.272	0.574	0.418
	(0.098)	(0.190)	(0.362)	(0.306)
Pre-election window × **Close election**	0.949***	0.724*	0.384	0.366
	(0.337)	(0.416)	(0.619)	(0.523)
Constant	4.666***	4.669***	4.390***	4.378***
	(0.140)	(0.142)	(0.182)	(0.184)
Observations	6042	6042	2679	2679
Countries	51	51	20	20
Country Fixed Effects	Yes	Yes	Yes	Yes
AIC	75032.23	75071.67	30409.25	30439.94

Table shows maximum likelihood estimates for heteroskedastic regression models.
Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

Table A13. Robustness: Controlling for financial crises and debt restructurings. Heteroskedastic regression analysis of EMBI spreads, controlling for episodes of sovereign default, currency crisis, and debt restructuring. The variables indicate whether a country has experienced a sovereign default, debt restructuring or currency crisis in the past 12 months. Data on financial crises are from Laeven and Valencia (2013) and data on debt restructurings are from Cruces and Trebesch (2013).

	Dependent variable:			
	EMBI (1)	EMBI (2)	EMBI (3)	EMBI (4)
Equation: ΔSpread				
Months in office × Left government	−0.168*	−0.100	−0.040	−0.150
	(0.094)	(0.131)	(0.154)	(0.111)
Months in office	0.058	−0.093	−0.094	0.047
	(0.122)	(0.186)	(0.188)	(0.127)
Left government	4.063	−3.096	7.027	2.983
	(8.898)	(22.047)	(24.853)	(9.857)
Pre-election window	−0.655	25.015	23.009	−1.445
	(13.834)	(15.781)	(17.350)	(12.889)
Current account balance	−1.826**	−1.729	−2.112***	−1.835**
	(0.931)	(1.074)	(0.777)	(0.902)
External debt	−0.619**	−0.619	−0.736**	−0.577*
	(0.296)	(0.393)	(0.317)	(0.315)
Short-term debt/reserves	0.077	0.069	0.087*	0.074
	(0.049)	(0.063)	(0.051)	(0.052)
GDP growth	0.857	1.168	−0.927	0.505
	(0.823)	(1.117)	(1.089)	(0.816)
ΔInflation	−0.272***	−0.282***	−0.178	−0.224***
	(0.045)	(0.075)	(0.136)	(0.045)
ΔTreasury yield	−34.620***	−35.143**	−29.132**	−31.960***
	(12.395)	(14.057)	(13.388)	(12.144)
ΔVIX	6.663***	6.426***	6.455***	6.608***
	(1.434)	(1.865)	(1.530)	(1.350)
ΔCommodity prices (energy)	−2.465***	−3.209***	−3.121***	−2.420***
	(0.745)	(1.138)	(1.012)	(0.711)
ΔEquity premium	0.988	1.448	1.204	0.771
	(1.127)	(1.403)	(1.279)	(1.074)
ΔRegional diffusion	0.019***	0.019**	0.016**	0.018***
	(0.007)	(0.009)	(0.008)	(0.007)
Capital account openness	1.401	−9.250	−8.492	0.669
	(3.218)	(10.153)	(8.984)	(3.389)
Global default rate	−4.083***	−5.495***	−4.606***	−3.987***
	(1.174)	(1.681)	(1.573)	(1.263)
Sovereign default	380.031			600.404*

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Table A13 (Continued from previous page).

	(238.654)			(330.374)
Debt restructuring		10.948		29.291
		(21.480)		(19.916)
Currency crisis			−83.188**	−26.074
			(33.199)	(28.032)
Constant	203.157***	340.549***	299.521***	199.686***
	(68.410)	(101.678)	(95.400)	(71.778)
Equation: Spread volatility [log(σ)]				
Months in office × *Left government*	−0.002**	−0.003**	−0.002	−0.002*
	(0.001)	(0.001)	(0.001)	(0.001)
Months in office	−0.002**	−0.003***	−0.003***	−0.002*
	(0.001)	(0.001)	(0.001)	(0.001)
Left government	0.129	0.607	0.465	0.140
	(0.253)	(0.490)	(0.460)	(0.264)
ΔVIX	0.025***	0.023***	0.027***	0.025***
	(0.007)	(0.006)	(0.006)	(0.007)
Capital account openness	−0.196***	−0.216*	−0.207*	−0.189***
	(0.065)	(0.117)	(0.118)	(0.067)
Pre-election window	0.418**	0.508***	0.626***	0.418**
	(0.164)	(0.172)	(0.191)	(0.166)
Sovereign default	2.186***			2.031***
	(0.148)			(0.190)
Debt restructuring		−0.885***		−0.199
		(0.319)		(0.239)
Currency crisis			0.635**	0.321
			(0.284)	(0.268)
Constant	4.595***	4.946***	4.928***	4.591***
	(0.142)	(0.247)	(0.260)	(0.147)
Observations	991	991	991	991
Countries	28	28	28	28
Country Fixed Effects	Yes	Yes	Yes	Yes
AIC	11855.49	12518.65	12476.53	11851.03

Table shows maximum likelihood estimates for heteroskedastic regression models of EMBI spreads. Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

Table A14. Robustness: Controlling for exchange rates. Heteroskedastic regression analysis of EMBI and CDS spreads, controlling for monthly changes in the exchange rate against the US dollar.

	Dependent variable:	
	EMBI Spread (1)	CDS Spread (2)
Equation: ΔSpread		
Months in office × Left government	0.005	0.074
	(0.033)	(0.068)
Months in office	−0.043	0.049*
	(0.044)	(0.030)
Left government	−11.621	5.939
	(8.816)	(3.826)
Pre-election window	−1.788	3.052
	(4.674)	(3.723)
Current account balance	−0.777***	−0.018
	(0.211)	(0.128)
External debt	−0.293**	0.072
	(0.137)	(0.081)
Short-term debt/reserves	0.026*	−0.002
	(0.013)	(0.008)
GDP growth	0.499	1.359***
	(0.531)	(0.277)
ΔInflation	−0.176	2.573
	(0.134)	(1.893)
ΔExchange rate	3.207**	4.169***
	(1.376)	(0.762)
ΔTreasury yield	−12.594*	−8.077
	(6.913)	(5.938)
ΔVIX	4.261***	2.411***
	(0.853)	(0.519)
ΔCommodity prices (energy)	−0.709**	−0.176
	(0.323)	(0.181)
ΔEquity premium	−0.524	−0.463***
	(0.346)	(0.111)
ΔRegional diffusion	0.027***	0.010***
	(0.006)	(0.004)
Capital account openness	0.429	1.008
	(3.347)	(1.629)
Global default rate	−0.882**	0.680*
	(0.368)	(0.366)
Constant	73.897**	−68.912***
	(34.380)	(23.505)

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Table A14 (Continued from previous page).

Equation: Spread volatility [log(σ)]		
Months in office × *Left government*	-0.004^{***}	-0.002^{**}
	(0.001)	(0.001)
Months in office	-0.001	-0.004^{***}
	(0.001)	(0.001)
Left government	0.597^{*}	0.526
	(0.350)	(0.375)
ΔVIX	0.028^{***}	0.016^{***}
	(0.006)	(0.005)
Capital account openness	-0.320^{***}	-0.562^{***}
	(0.056)	(0.066)
Pre-election window	0.451^{***}	0.503^{*}
	(0.174)	(0.258)
Constant	4.667^{***}	4.374^{***}
	(0.141)	(0.185)
Observations	5812	2679
Countries	50	20
Country Fixed Effects	Yes	Yes
AIC	71316.56	30375.4

Table shows maximum likelihood estimates for heteroskedastic regression models. Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

Table A15. Robustness: Controlling for sovereign credit ratings. Heteroskedastic regression analysis of EMBI and CDS spreads, controlling for monthly changes in the long-term foreign-currency sovereign credit rating.

	DV: EMBI Spread			DV: CDS Spread		
	S&P (1)	Moody's (2)	Fitch (3)	S&P (4)	Moody's (5)	Fitch (6)
Equation: ΔSpread						
Months in office × Left government	−0.016	0.007	−0.036	0.050	0.053	0.050
	(0.023)	(0.024)	(0.033)	(0.081)	(0.083)	(0.081)
Months in office	−0.012	−0.055	−0.013	0.059*	0.062**	0.060*
	(0.035)	(0.038)	(0.042)	(0.030)	(0.031)	(0.031)
Left government	−10.274	−12.326	−9.681	6.199	5.906	6.036
	(8.740)	(8.914)	(9.003)	(4.171)	(4.400)	(4.230)
Pre-election window	−0.753	0.921	−3.875	3.717	2.493	2.332
	(5.593)	(4.246)	(6.176)	(3.384)	(3.698)	(3.640)
Current account balance	−0.459*	−0.733***	−0.371	−0.066	−0.069	−0.047
	(0.243)	(0.165)	(0.230)	(0.143)	(0.150)	(0.147)
External debt	−0.445**	−0.428**	−0.282*	0.083	0.074	0.083
	(0.174)	(0.170)	(0.170)	(0.076)	(0.080)	(0.080)
Short-term debt/reserves	0.042**	0.039**	0.022	−0.004	−0.003	−0.004
	(0.018)	(0.019)	(0.016)	(0.007)	(0.008)	(0.008)
GDP growth	0.777	0.394	1.050*	1.146***	1.124***	1.181***
	(0.486)	(0.594)	(0.583)	(0.321)	(0.315)	(0.322)
ΔInflation	0.155	0.012	0.808	3.311	3.373	3.329
	(1.122)	(0.087)	(1.830)	(2.407)	(2.195)	(2.176)
ΔCredit rating	−60.600**	−30.143**	−63.201**	−8.424	1.921	−11.392**
	(29.935)	(12.753)	(24.755)	(5.544)	(3.529)	(5.605)
ΔTreasury yield	−9.637	−8.901	−6.281	−0.128	−0.242	−0.184
	(6.287)	(6.352)	(6.504)	(6.220)	(6.008)	(6.158)
ΔVIX	4.695***	4.473***	4.621***	3.020***	3.055***	3.060***

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Table A15 (Continued from previous page).

	(0.976)	(0.939)	(0.947)	(0.399)	(0.391)	(0.393)
ΔCommodity prices (energy)	−0.961**	−0.673*	−0.875**	−0.467***	−0.513***	−0.508***
	(0.454)	(0.371)	(0.407)	(0.131)	(0.137)	(0.135)
ΔEquity premium	−0.456	−0.393	−0.473	−0.577***	−0.563***	−0.548***
	(0.436)	(0.401)	(0.414)	(0.098)	(0.101)	(0.094)
ΔRegional diffusion	0.025***	0.024***	0.021***	0.011**	0.011**	0.011**
	(0.006)	(0.006)	(0.006)	(0.005)	(0.005)	(0.005)
Capital account openness	−1.392	−1.056	−0.469	1.876	1.800	1.719
	(2.633)	(3.088)	(2.843)	(1.629)	(1.617)	(1.573)
Global default rate	−0.783**	−1.062***	−1.142**	0.355	0.367	0.358
	(0.392)	(0.334)	(0.454)	(0.377)	(0.381)	(0.371)
Equation: Spread volatility [log(σ)]						
Months in office × *Left government*	−0.002**	−0.003***	−0.003***	−0.002***	−0.002***	−0.002***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Months in office	−0.003***	−0.003***	−0.003***	−0.004***	−0.004***	−0.004***
	(0.001)	(0.001)	(0.001)	(0.0005)	(0.0005)	(0.0005)
Left government	0.638**	0.859***	0.807***	0.493	0.477	0.481
	(0.269)	(0.275)	(0.292)	(0.362)	(0.356)	(0.354)
ΔVIX	0.032***	0.032***	0.033***	0.016***	0.017***	0.017***
	(0.005)	(0.006)	(0.005)	(0.005)	(0.005)	(0.005)
Capital account openness	−0.261***	−0.278***	−0.285***	−0.566***	−0.565***	−0.567***
	(0.082)	(0.080)	(0.091)	(0.062)	(0.063)	(0.062)
Pre-election window	0.490***	0.500***	0.484**	0.506*	0.520*	0.521*
	(0.165)	(0.171)	(0.193)	(0.295)	(0.281)	(0.278)
Constant	4.793***	4.769***	4.748***	4.428***	4.434***	4.432***
	(0.172)	(0.177)	(0.177)	(0.174)	(0.168)	(0.168)

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Table A15 (Continued from previous page).

Observations	4873	4915	4620	2459	2526	2526
Countries	36	35	36	19	19	19
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
AIC	60081.46	60846.16	56889.32	28087.13	28794.75	28790.5

Table shows maximum likelihood estimates for heteroskedastic regression models of EMBI and CDS spreads.
Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

Table A16. Robustness: Country spreads, left governments, and time in office in Latin America. Heteroskedastic regression analysis of EMBI and CDS spreads using Baker and Greene (2011)'s party ideology scores for Latin American countries.

	EMBI Spread		CDS Spread	
	(1)	(2)	(3)	(4)
Equation: ΔSpread				
Months in office × Party ideology (executive)	−0.016**	−0.003	0.046	0.037**
	(0.007)	(0.013)	(0.071)	(0.015)
Months in office	−0.127	−0.045	1.053	0.664***
	(0.104)	(0.153)	(1.321)	(0.199)
Party ideology (executive)	−0.148	−0.430	−0.371	−0.815
	(0.324)	(0.563)	(1.961)	(0.617)
Pre-election window		11.424*		−3.064
		(5.982)		(11.862)
Current account balance		−0.034		0.271
		(1.036)		(0.385)
External debt		−0.301		0.004
		(0.358)		(0.063)
Short-term debt/reserves		0.030		0.003
		(0.041)		(0.004)
GDP growth		0.137		0.570
		(0.518)		(0.892)
ΔInflation		−0.101		9.862*
		(0.351)		(5.423)
ΔTreasury yield		−6.550		9.541
		(13.744)		(8.102)
ΔVIX		6.432***		3.484***
		(1.590)		(0.129)
ΔCommodity prices (energy)		−1.088		−0.499
		(1.088)		(0.305)
ΔEquity premium		−1.473*		−0.316**
		(0.894)		(0.126)
ΔRegional diffusion		0.028*		0.015
		(0.016)		(0.011)
Capital account openness		3.162		8.402*
		(4.269)		(4.738)
Global default rate		−0.636		−0.590*
		(0.720)		(0.338)
Constant	−7.781	10.685	−11.568	−16.498
	(7.537)	(29.110)	(44.907)	(16.096)
Equation: Spread volatility [log(σ)]				

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Table A16 (Continued from previous page).

Months in office × *Party ideology (executive)*	−0.0002*	−0.001***	−0.002***	−0.001***
	(0.0001)	(0.0002)	(0.0001)	(0.0004)
Months in office	−0.009*	−0.022***	−0.015***	−0.011
	(0.005)	(0.004)	(0.006)	(0.007)
Party ideology (executive)	0.041	0.098***	0.243***	0.121
	(0.049)	(0.038)	(0.060)	(0.109)
ΔVIX		0.030***		0.028*
		(0.009)		(0.015)
Capital account openness		−0.431***		−0.611***
		(0.158)		(0.144)
Pre-election window		0.521**		0.764*
		(0.257)		(0.413)
Constant	5.944***	6.838***	7.438***	5.978***
	(0.716)	(0.472)	(0.973)	(1.198)
Observations	2556	2047	1062	906
Countries	17	12	8	7
Country Fixed Effects	Yes	Yes	Yes	Yes
AIC	33978.37	26484.71	13351.7	10467.76

Table shows maximum likelihood estimates for heteroskedastic regression models.
Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

Table A17. Robustness: Sampling country-level macroeconomic indicators at quarterly frequency. Heteroskedastic regression analysis of EMBI and CDS spreads, replacing annual indicators of GDP growth, current account balance, and external debt with quarterly data.

	Dependent variable:	
	EMBI Spread (1)	CDS Spread (2)
Equation: ΔSpread		
Months in office × Left government	0.088	0.014
	(0.110)	(0.062)
Months in office	0.0004	0.010
	(0.032)	(0.038)
Left government	−1.594	0.958
	(5.261)	(15.117)
Pre-election window	2.709	−1.699
	(3.858)	(3.318)
GDP growth (quarterly)	0.011	0.007
	(0.013)	(0.017)
Current account balance (quarterly)	−0.313***	−0.722*
	(0.067)	(0.403)
External debt (quarterly)	−0.069	−0.380
	(0.073)	(0.335)
ΔInflation	1.607	23.173***
	(1.382)	(7.372)
ΔTreasury yield	−1.624	11.327
	(7.680)	(9.123)
ΔVIX	3.339***	2.200***
	(0.854)	(0.644)
ΔCommodity prices (energy)	−0.757***	−0.835***
	(0.270)	(0.231)
ΔEquity premium	−1.110***	−0.822***
	(0.320)	(0.216)
ΔRegional diffusion	0.021***	0.012***
	(0.006)	(0.004)
Capital account openness	5.584*	1.093
	(2.904)	(2.155)
Global default rate	0.269	0.797
	(0.275)	(0.718)
Constant	−56.469***	−8.660
	(18.446)	(48.509)
Equation: Spread volatility [log(σ)]		

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Table A17 (Continued from previous page).

Months in office × *Left government*	-0.006^{***}	0.001
	(0.001)	(0.006)
Months in office	-0.002^{**}	-0.005^{***}
	(0.001)	(0.001)
Left government	1.622^{***}	0.385
	(0.276)	(0.475)
ΔVIX	0.015^{***}	0.015
	(0.004)	(0.011)
Capital account openness	-0.358^{***}	-0.060
	(0.081)	(0.138)
Pre-election window	0.145	-0.651^{***}
	(0.187)	(0.188)
Constant	4.261^{***}	5.114^{***}
	(0.179)	(0.317)
Observations	2649	2689
Countries	34	25
Country Fixed Effects	Yes	Yes
AIC	31441.32	33996.04

Table shows maximum likelihood estimates for heteroskedastic regression models. Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

Table A18. Robustness: Month-year fixed effects. Heteroskedastic regression analysis of EMBI and CDS spreads, replacing (country-invariant) common external variables with month-year fixed effects.

	EMBI Spread		CDS Spread	
	(1)	(2)	(3)	(4)
Equation: ΔSpread				
Months in office × Left government	0.0004	−0.039	−0.035*	0.031
	(0.036)	(0.031)	(0.021)	(0.057)
Months in office	−0.037	−0.029	0.0001	−0.043
	(0.034)	(0.027)	(0.097)	(0.034)
Left government	−5.863	−4.957	8.812	−2.614
	(9.291)	(5.924)	(9.765)	(2.495)
Pre-election window		−1.721		0.973
		(3.814)		(2.040)
Current account balance		−0.862***		−0.192
		(0.211)		(0.126)
External debt		−0.232***		−0.054
		(0.079)		(0.047)
Short-term debt/reserves		0.021**		0.007
		(0.009)		(0.007)
GDP growth		−0.574		1.013*
		(0.640)		(0.578)
ΔInflation		0.066		1.329
		(0.048)		(3.221)
Capital account openness		−1.492		−3.211
		(2.873)		(2.316)
Constant	−30.641	60.609*	−81.679***	−129.091***
	(102.307)	(32.500)	(30.643)	(17.939)
Equation: Spread volatility [log(σ)]				
Months in office × Left government	−0.003***	−0.005***	−0.006*	−0.003
	(0.001)	(0.001)	(0.004)	(0.002)
Months in office	−0.0003	−0.0004	−0.005***	−0.004
	(0.001)	(0.001)	(0.001)	(0.003)
Left government	0.543**	1.041***	0.636	0.579
	(0.242)	(0.288)	(0.533)	(0.417)
ΔVIX		0.022***		0.019***
		(0.006)		(0.005)
Capital account openness		−0.316***		−0.659***
		(0.090)		(0.082)
Pre-election window		0.465**		0.578
		(0.182)		(0.383)

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Table A18 (Continued from previous page).

Constant	4.689***	4.496***	5.166***	4.213***
	(0.158)	(0.145)	(0.310)	(0.269)
Observations	8519	6322	4476	2808
Countries	67	51	36	20
Country Fixed Effects	Yes	Yes	Yes	Yes
Month-Year Fixed Effects	Yes	Yes	Yes	Yes
AIC	106082.44	77640.14	55915.66	31188.21

Table shows maximum likelihood estimates for heteroskedastic regression models.
Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

Table A19. Robustness: Structural break/temporal heterogeneity (pre-/post-Global Financial Crisis). Heteroskedastic regression analysis of EMBI spreads, splitting the sample into pre-/post-2008 observations.

	Dependent variable: EMBI Spread	
	Pre-2008 (1)	Post-2008 (2)
Equation: ΔSpread		
Months in office × Left government	0.062	0.434
	(0.082)	(0.315)
Months in office	−0.054	−0.005
	(0.073)	(0.052)
Left government	7.543	−8.110
	(27.228)	(13.051)
Pre-election window	0.130	−1.279
	(8.395)	(4.242)
Current account balance	−1.959***	−0.043
	(0.622)	(0.373)
External debt	−0.694**	−0.018
	(0.310)	(0.266)
Short-term debt/reserves	0.095**	0.004
	(0.045)	(0.016)
GDP growth	−1.112	2.263***
	(0.822)	(0.566)
ΔInflation	−0.054	5.811**
	(0.091)	(2.810)
ΔTreasury yield	−23.981**	−14.078
	(11.932)	(9.864)
ΔVIX	4.528	2.503***
	(3.988)	(0.358)
ΔCommodity prices (energy)	−0.837***	−0.770**
	(0.226)	(0.326)
ΔEquity premium	0.779	−0.308*
	(4.223)	(0.168)
ΔRegional diffusion	0.022***	0.040***
	(0.006)	(0.006)
Capital account openness	−7.074	−6.815
	(6.605)	(5.826)
Global default rate	−3.846***	−1.557**
	(1.264)	(0.767)
Constant	231.749***	−144.255
	(78.170)	(125.754)
Equation: Spread volatility [log(σ)]		

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Table A19 (Continued from previous page).

Months in office × *Left government*	-0.007^{***}	-0.004^{***}
	(0.002)	(0.001)
Months in office	-0.001	0.0002
	(0.001)	(0.001)
Left government	1.045^{***}	0.679^{*}
	(0.279)	(0.408)
ΔVIX	0.030^{***}	-0.004
	(0.006)	(0.004)
Capital account openness	-0.281^{***}	-0.209^{**}
	(0.080)	(0.095)
Pre-election window	0.575^{***}	0.023
	(0.173)	(0.073)
Constant	4.841^{***}	4.224^{***}
	(0.177)	(0.201)
Observations	3186	2856
Countries	32	50
Country Fixed Effects	Yes	Yes
AIC	40678.67	33054.04

Table shows maximum likelihood estimates for heteroskedastic regression models. Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

F Additional Analyses: Partisanship, Populism, and Policy Uncertainty

F.1 Fiscal policy volatility under left and right governments

We probe the assumption that macroeconomic policy under left governments is more uncertain by comparing the volatility of fiscal policy under left, right, and center governments. We follow Fatás and Mihov (2003, 2013) in calculating fiscal policy volatility as the standard deviation of the residuals from a regression of government spending growth on GDP growth. For each country, we separately run the following regression:

$$\Delta ln(G)_t = \alpha + \beta \Delta ln(Y)_t + \epsilon_t,$$

where G is real government consumption spending and Y is real GDP. Government consumption and GDP data are from the World Bank's World Development Indicators. We calculate fiscal policy volatility under each leader for a set of 101 middle-income countries between 1980–2015.

In line with the economics literature, we interpret this regression as the policy reaction function for the government (Alesina, Campante, and Tabellini, 2008; Fatás and Mihov, 2013). The residuals thus capture the stance of fiscal policy over and above the business cycle, and serve as an estimate of "discretionary policy or fiscal activism" (Fatás and Mihov, 2013). We use the volatility of fiscal policy – estimated as $\sqrt{var(\hat{\epsilon}_t)}$ for each government – as our measure of policy uncertainty. We identify leaders/government terms using the REIGN dataset (Bell, 2016). We then compare fiscal policy volatility across left, right, and center governments.

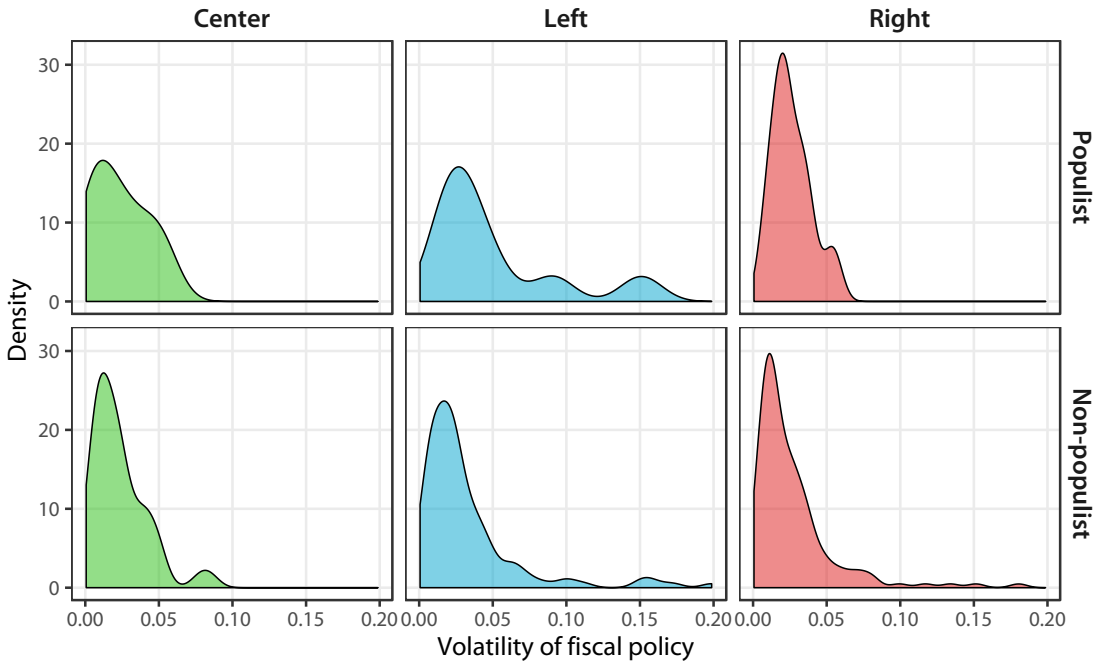

Figure A6. Fiscal policy volatility by partisanship and populism

Figure A6 shows the distribution of fiscal policy volatility by partisanship and by populist/non-

populist government types. Populism data are from Kenny (Forthcoming).[1] Overall, left governments show greater heterogeneity with respect to policy volatility. The distribution of policy volatility among left governments has a higher dispersion, with more cases of governments that have very high policy volatility, especially among populist left governments.

Table A20 shows the distribution of populist governments by government ideology. Overall, a small proportion of governments are categorized as populists. We find a similar proportion of populist governments among left, right, and center governments, which indicates that the higher levels of policy uncertainty under left governments is not driven by a higher prevalence of populists among left governments.

Table A20. Proportion of populist and non-populist governments by government ideology.

	Non-Populist	Populist
Center	0.96 (67/70)	0.04 (3/70)
Left	0.95 (197/208)	0.05 (11/208)
Right	0.95 (200/210)	0.05 (10/210)
No information	0.93 (163/175)	0.07 (12/175)

Data on government partisanship are from the Database of Political Institutions. Data on populism are from (Kenny, Forthcoming).

F.2 Populism, partisanship, and sovereign spreads

Table A21 shows the results of heteroskedastic models of EMBI and CDS spreads that include the interaction: *Left Government* × *Populist* × *Months in Office*. Figure A7 summarizes the results of the triple interaction by showing the difference in the predicted spread volatility between left and right/center governments, for populist and non-populist governments. In the sample of EMBI spreads, populist left governments experience significantly higher volatility than populist right governments, and the volatility under populist left governments steeply declines with time in office. The difference in volatility between non-populist left and right governments is small, which indicates that high policy uncertainty under populist left governments is one of the main drivers of bond market volatility. We do not find a significant effect of populism in CDS markets; in this case, partisanship appears to be the main source of uncertainty.

[1] Note that both the partisanship and the populism data end in 2015, before the most recent wave of right-wing populism.

Table A21. Partisanship, populism, time in office, and sovereign spreads. Heteroskedastic regression analysis of EMBI and CDS spreads; interaction with populism.

	DV: EMBI Spread		DV: CDS Spread	
	(1)	(2)	(3)	(4)
Equation: ΔSpread				
Months in office × Left government × Populist		1.284***		0.403***
		(0.234)		(0.138)
Months in office × Left government		0.019		0.065
		(0.032)		(0.057)
Months in office × Populist	−0.218	−0.124	0.113	0.093*
	(0.136)	(0.126)	(0.080)	(0.056)
Left government × Populist		−87.464***		−11.474***
		(20.634)		(3.856)
Months in office	−0.026	−0.070**	0.041*	0.018
	(0.022)	(0.028)	(0.024)	(0.026)
Left government		−13.669		4.838
		(8.337)		(4.517)
Populist	−7.926	−9.293	−7.353*	−1.843
	(9.940)	(6.468)	(4.053)	(3.179)
Pre-election window	7.861**	1.288	5.572	4.618
	(3.471)	(4.292)	(3.869)	(3.024)
Current account balance	−0.912***	−0.832***	−0.119	−0.113
	(0.241)	(0.256)	(0.178)	(0.169)
External debt	−0.634**	−0.592**	0.010	0.024
	(0.278)	(0.262)	(0.100)	(0.080)
Short-term debt/reserves	0.063**	0.056**	0.002	0.002
	(0.029)	(0.028)	(0.010)	(0.008)
GDP growth	−0.074	0.548	0.868***	0.917***
	(0.489)	(0.651)	(0.248)	(0.290)
ΔInflation	−0.065	0.005	1.297	2.311
	(0.112)	(0.122)	(2.809)	(2.303)
ΔTreasury yield	−15.424***	−12.860**	0.445	−0.665
	(5.452)	(5.644)	(4.807)	(5.008)
ΔVIX	4.212***	4.004***	2.751***	2.717***
	(0.981)	(1.117)	(0.345)	(0.375)
ΔCommodity prices (energy)	−0.270	−0.254	−0.386***	−0.368***
	(0.322)	(0.348)	(0.056)	(0.070)
ΔEquity premium	−0.248	−0.211	−0.454***	−0.444***
	(0.446)	(0.414)	(0.081)	(0.083)
ΔRegional diffusion	0.023***	0.025***	0.015***	0.017***
	(0.007)	(0.005)	(0.003)	(0.004)
Capital account openness	−1.250	−0.935	2.093	1.477

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Table A21 (Continued from previous page).

	(2.000)	(3.354)	(2.291)	(1.867)
Global default rate	−0.321	−0.850*	0.312	0.278
	(0.379)	(0.446)	(0.452)	(0.440)
Constant	53.897	78.110*	−36.212	−41.592
	(39.007)	(41.144)	(23.710)	(26.403)
Equation: Spread volatility [log(σ)]				
Months in office × Left government × Populist		−0.030***		−0.003
		(0.006)		(0.003)
Months in office × Left government		−0.003**		−0.002***
		(0.001)		(0.001)
Months in office × Populist	−0.009***	0.001	−0.0001	0.005*
	(0.002)	(0.004)	(0.003)	(0.003)
Left government × Populist		2.125***		0.876***
		(0.459)		(0.293)
Months in office	−0.004***	−0.003***	−0.004***	−0.004***
	(0.001)	(0.001)	(0.0004)	(0.001)
Left government		0.369		0.488*
		(0.437)		(0.278)
Populist	1.050***	−0.036	0.554*	−0.021
	(0.233)	(0.265)	(0.336)	(0.290)
ΔVIX	0.031***	0.033***	0.020***	0.014***
	(0.005)	(0.006)	(0.006)	(0.003)
Capital account openness	−0.314***	−0.325***	−0.560***	−0.481***
	(0.093)	(0.078)	(0.072)	(0.089)
Pre-election window	0.295*	0.509***	0.853***	0.714***
	(0.173)	(0.184)	(0.299)	(0.273)
Constant	5.020***	4.860***	4.347***	4.202***
	(0.196)	(0.162)	(0.180)	(0.254)
Observations	4146	4135	2194	2194
Countries	29	29	16	16
Country Fixed Effects	Yes	Yes	Yes	Yes
AIC	51793.82	50562.9	24745.97	24406.49

Table shows maximum likelihood estimates for heteroskedastic regression models of EMBI and CDS spreads.
Standard errors clustered by country in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

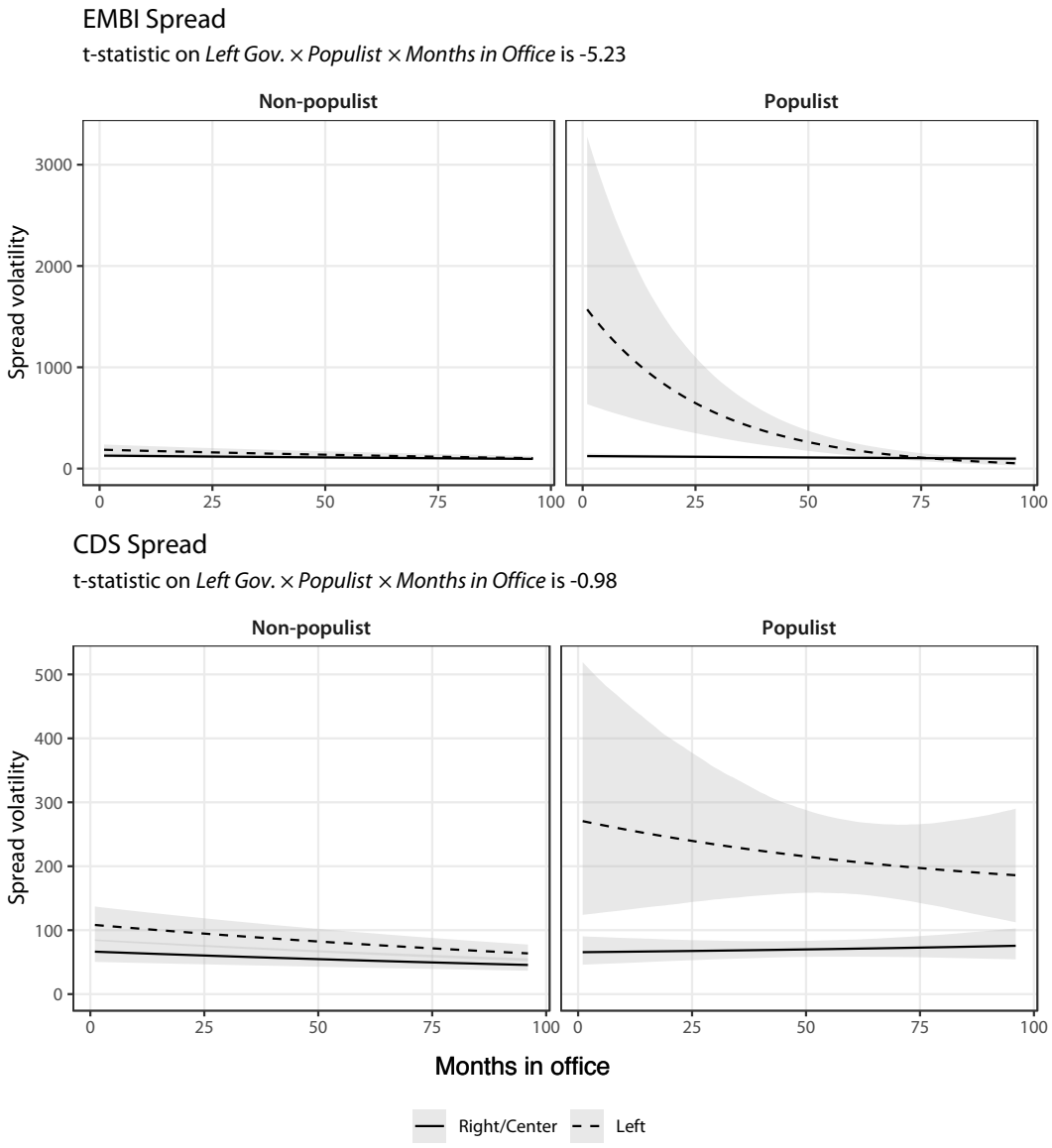

Figure A7. Predicted sovereign spread volatility by populism. Volatility is measured as the standard deviation of the EMBI or CDS spread in basis points.

G GARCH Analysis

Table A22. Pooled panel GARCH analysis

The table shows results of pooled panel GARCH$(1,1)$ and GARCH-M$(1,1)$ [GARCH-in-mean] models of EMBI and CDS spreads.

	EMBI Spread		CDS Spread	
	GARCH (1)	GARCH-M (2)	GARCH (3)	GARCH-M (4)
Conditional mean (ΔSpread)				
Months in office	0.025***	0.024***	0.002	0.001
	(0.003)	(0.003)	(0.004)	(0.004)
Left government	0.130	0.153	-1.734*	-1.686*
	(0.937)	(0.933)	(1.019)	(1.024)
Left government × Months in office	-0.019***	-0.018***	0.012**	0.012**
	(0.005)	(0.005)	(0.005)	(0.005)
Pre-election window	0.965	1.042	0.408	0.430
	(1.400)	(1.382)	(1.198)	(1.200)
Current account balance	-0.429***	-0.420***	-0.007	-0.006
	(0.044)	(0.044)	(0.061)	(0.061)
External debt	-0.128***	-0.122***	-0.005	-0.004
	(0.015)	(0.015)	(0.020)	(0.020)
Short-term debt/reserves	0.013***	0.013***	0.001	0.001
	(0.002)	(0.002)	(0.002)	(0.002)
GDP growth	0.165	0.143	-0.312***	-0.318***
	(0.103)	(0.102)	(0.119)	(0.119)
ΔInflation	-0.105	-0.108	4.658***	4.631***
	(0.076)	(0.076)	(0.595)	(0.600)
ΔTreasury yield	2.691	2.563	5.009***	4.955***
	(1.698)	(1.688)	(1.639)	(1.644)
ΔVIX	3.345***	3.342***	2.814***	2.808***
	(0.109)	(0.109)	(0.086)	(0.086)
ΔCommodity prices (energy)	-0.377***	-0.377***	-0.328***	-0.327***
	(0.064)	(0.063)	(0.061)	(0.061)
ΔEquity premium	-0.717***	-0.730***	-0.283	-0.285
	(0.190)	(0.188)	(0.252)	(0.254)
ΔRegional diffusion	0.010***	0.010***	0.004***	0.004***
	(0.000)	(0.000)	(0.000)	(0.000)
Capital account openness	0.651**	0.594**	0.097	0.075
	(0.255)	(0.252)	(0.317)	(0.317)
Global default rates	-0.035	-0.026	-0.017	-0.014
	(0.088)	(0.087)	(0.119)	(0.119)
Constant	2.242	1.968	2.258	2.209
	(4.298)	(4.247)	(5.566)	(5.583)

AR(1)	-0.071***	-0.081***	-0.050**	-0.050**
	(0.012)	(0.014)	(0.020)	(0.021)
Conditional variance (h_t)				
Months in office	-0.002***	-0.002***	-0.003***	-0.003***
	(0.000)	(0.000)	(0.001)	(0.001)
Left government	-0.094	-0.092	0.484***	0.484***
	(0.080)	(0.080)	(0.092)	(0.093)
Left government × Months in office	-0.004***	-0.004***	-0.003***	-0.003***
	(0.001)	(0.001)	(0.001)	(0.001)
Pre-election window	0.724***	0.721***	0.652***	0.659***
	(0.096)	(0.095)	(0.188)	(0.189)
ΔVIX	0.380***	0.379***	0.373***	0.373***
	(0.004)	(0.004)	(0.006)	(0.007)
Capital account openness	-0.245***	-0.242***	-0.509***	-0.510***
	(0.020)	(0.020)	(0.038)	(0.038)
Constant	3.839***	3.841***	3.238***	3.219***
	(0.091)	(0.090)	(0.090)	(0.094)
ARCH	0.449***	0.447***	0.440***	0.439***
	(0.011)	(0.013)	(0.016)	(0.016)
GARCH	0.597***	0.598***	0.561***	0.564***
	(0.006)	(0.006)	(0.008)	(0.008)
GARCH-in-mean (σ^2)		-0.000135***		-0.000144**
		(0.0000329)		(0.0000690)
N	6042	6042	2723	2723
AIC	65455.2	65449.6	26790.6	26791.7
BIC	65636.3	65637.4	26950.2	26957.2
Log-likelihood	-32700.6	-32696.8	-13368.3	-13367.8

Table shows maximum likelihood coefficient estimates for pooled panel GARCH$(1,1)$ and GARCH-M$(1,1)$ models. Standard errors in parentheses.
$^{*}p < 0.10$; $^{**}p < 0.05$; $^{***}p < 0.01$.

Table A23. Country-specific GARCH$(1,1)$ models of EMBI spreads. The table shows coefficient estimates for the *Left Government* $\times$ *Months in Office* interaction term in the conditional variance equation (γ_5) for the following model:

$$\Delta\text{Spread}_t = \beta_0 + \beta_1\text{Left Gov}_t + \beta_2\text{Months in Office}_t + \beta_3(\text{Left Gov} \times \text{Months in Office})_t + \epsilon_t,$$

$$h_t = \gamma_0 + \gamma_1 h_{t-1} + \gamma_2\varepsilon_{t-1}^2 + \gamma_3\text{Left Gov}_t + \gamma_4\text{Months in Office}_t + \gamma_5(\text{Left Gov} \times \text{Months in Office})_t$$

Country	Coefficient (γ_5)	SE	z	p	N
Argentina	-0.006	0.094	-0.067	0.947	263
Chile	-0.004	0.099	-0.043	0.966	175
Croatia	-0.118^*	0.030	-3.918	0.000	155
Cote D'Ivoire	-0.303^*	0.082	-3.708	0.000	210
Dominican Republic	0.165	0.240	0.689	0.491	169
Ecuador	0.003	0.050	0.055	0.957	239
El Salvador	-0.089^*	0.015	-5.857	0.000	164
Jamaica	0.075	0.054	1.386	0.166	98
Pakistan	-0.153	0.100	-1.533	0.125	160
Peru	-0.082^*	0.033	-2.465	0.014	225
Poland	-0.111^*	0.027	-4.090	0.000	247
Turkey	0.083	0.048	1.714	0.086	222
Uruguay	0.034	0.062	0.547	0.585	175

$^*p < 0.05$.

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