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External Constraints Matter for Privatizations

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Abstract

We present an analysis of the share of public ownership in the product market in the OECD countries from 1974 to 2007. Despite much has been said on the broad topic of reforms and regulation, a sector-specific insight is missing. We replicate the analysis of Galasso (2014) by sector of activity accounting both for the dynamic bias of the lagged public ownership and the degree of state ownership at the beginning of the period. At the aggregate level both persistence and initial conditions play a major role, together with the European Single Market Program membership. Specifically, EMU members have a smaller share of public ownership in the electricity sector, while SMP members have less privatized telecommunications. Looking at the sub-sample of years when a change in the share of public ownership occurred, we find a composition effect of SMP: it has a negative impact on public ownership in telecommunications, but a positive one in the rail sector. Overall, we find that the countries in our sample tend to privatize mainly when decision taken at the supranational level (the EU for European countries) push towards this policy.

JEL-Code: C230, H500, L500, L980.

Keywords: product market regulation, privatization, OECD countries, dynamic regression.

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1. Introduction

In January 2014 *The Economist's* cover was titled “The \$9 Trillion Sale. (Almost) Everything Must Go!” calling for new wave of privatizations centered on properties. The magazine claimed that this was particularly important for European countries plagued by high government debt. More in general, structural reforms – of which privatizations are a special case - are often claimed as growth-enhancing policies. The EU’s Lisbon agenda, the G-7 countries’ “Agenda for Growth”, and the 2003 OECD Ministerial Council Meeting setting an Agenda for Growth and Development (OECD, 2003) all suggested deregulation and privatization for growth.

Since the publication of the Product Market Indicators (PMR hereafter; Conway and Nicoletti, 2006; Wolfl et al., 2008), a comprehensive dataset consisting of detailed information on the structural reforms in the OECD countries, many scholars studied the pattern of reforms, focusing on the overall index of public ownership in seven non-manufacturing industries. The debate has been renewed after the last economic crisis and privatizations are on the agenda of many European governments (e.g., the privatization of the British Royal Mail started in 2013). Galasso (2014) shows that left-wing governments in time of crises privatize more than their right-wing counterparts. If partisanship matters, does it matter in all the sectors? Are there sector-specific determinants that have so far been disregarded? A perspective by sector is needed to see where we can still intervene and disentangle some possible composition effects.

We present an analysis of the share of public ownership in the product market in the OECD countries from 1974 to 2007. Public ownership measures the share of equity owned by central or municipal governments in firms of a given sector between two polar cases: no public ownership (a value of 0 for the indicator) and full public ownership (a value of 6) (Nicoletti and Scarpetta, 2006). We replicate the regression analysis of Galasso (2014) by sector of activity and show that, once we account for the dynamic bias of the lagged public ownership, partisanship effects disappear. At the aggregate level persistence plays a major role, together with the membership to the European Single Market Program. Specifically, EMU members have a smaller share of public ownership in the electricity sector, while SMP members have less privatized telecommunications. Finally, by looking at the sub-sample of years when a change in the share of public ownership occurred, we find a composition effect of SMP: it has a negative impact on public ownership in telecommunications, but a positive one in the rail sector.

The rest of the paper is structured as follows: section 2 reviews the literature on product market regulation in general and privatization in particular; section 3 illustrates the evolution of the index of public ownership in the OECD countries; section 4 describes the methodology; section 5 presents the empirical results. Finally, section 6 concludes.

2. Review of the literature

Meggison and Netter (2001: 2) define the policy of privatization as “the deliberate sale by a government of State-Owned Enterprises (SOEs) or assets to private economic agents”. Public ownership in product market in OECD countries has been substantially reduced since 1979, and it represented a major issue in the 1990s. Castanheira et al. (2006) report that the market share of SOEs was reduced by one third. For most other European countries, product market reforms came in the 1990s due to the influence of the EU’s internal market program, as well as to access into the Eurozone (Alesina et al., 2009). Across sectors, they started with road transport to spread to the air transport industry, and, since the mid-90s, to the electricity and telecommunications sectors (Conway and Nicoletti, 2006).

Structural reforms, however, are policy decisions that require a favorable political coalition. Strong governments, facing little resistance by opposition parties or by other economic and social players, may choose to undertake rapid privatization process, by selling all the assets of the firm at once. Instead, if oppositions are able to block radical policies, wider consensus needs to be obtained, and the government may then keep a golden share in the firm to guarantee its control and generates a gradual transition from state to private ownership (Castanheira et al., 2006).

There are various reasons to privatize public utilities or enterprises in the OECD countries, mainly referring to the need to stop the misuse of their resources (Schneider, 2003).¹ Many SOEs, in fact, are less productive than their private counterparts. The reason of the inefficiency is that public agents may have stronger incentives to engage in anti-competitive behavior than their private counterparts (Sappington and Sidak, 2003). Griffith and Harrison (2003) claim that privatization improves the incentives of owners to monitor managers: for any given level of competition, a change in ownership would be expected to lead to an increase in productive efficiency. However, competition may not increase after

¹ Privatizations may also help to reduce public deficits, since they cut the subsidies to these SOEs and generate additional income through their sales.

privatization, if regulatory authorities create not enough market pressure, particularly in natural monopoly industries.

Therefore, privatizations might be less efficient than expected. In presence of a selection bias, productivity might not increase; the sale may generate a one-off income for the state, but it may also reduce the government subsequent earnings; entrenched interests may oppose the privatization. In the short-term, reforms have a non-negligible cost and no immediate impact on growth. The positive effects of structural reforms on growth materialize with some time lags. The results of the meta-analysis by Babecky and Campos (2011) show that the average magnitude of the long-run reform effect on growth is substantially larger than that of the average short-term effect.

When analyzing the pros and cons of economic reforms in the EMU area, Duval and Elmeskov (2006) claim that privatizations favor the efficient operation of the labor market while simultaneously enabling the public placement agencies to switch their activities to helping hard-to-place non-employed individuals into work. Nicoletti and Scarpetta (2006) support the theoretical research claiming that, at least in the long-run, increasing competitive pressures should be *a priori* good for employment. Deregulation, in fact, stimulates labor demand. Høj et al. (2006) empirically show that public ownership hinders deregulation, especially in airlines and telecommunication industries.

If so many scholars discuss the reasons for implementing structural reforms, that often refers to the expected consequences of the reforms themselves, there is a scant literature on the positive determinants of structural reforms. Castanheira et al. (2006) suggest that external constraints may be needed to initiate reforms, as increased international competition, increased costs of budget deficits, and deregulations on the product market. Globalization and economic downturns represent well these constraints. Lora and Panizza (2002) and Lora and Olivera (2004) estimate a privatization equation for Southern American countries. Although structural reforms are facilitated by economic and fiscal crises, privatizations are not. In the OECD countries, Høj et al. (2006) show that deep crises encourage product market reforms, while poor fiscal positions hinders them.

To the best of our knowledge, the state of the art in the analysis of the determinants of regulatory reforms in the OECD countries is Galasso (2014), which exploits the PMR dataset. The author investigates the effect of partisanship during economic crises over the implementation of a set of reforms including privatization. His theoretical argument is consistent with recent empirical contributions that confirm the role of political partisanship in

policy decisions (Pettersson-Lidbom, 2008). Galasso (2014) assumes a tension between pro-market deregulation and demand for social protection in times of crisis, and predicts that conservatives pursue pro-market policies in times of crisis, while democrats' priority remains social protection and therefore they refrain from reforming. However, empirical results indicate that right-wing governments are associated with larger product market privatization, but in time of crises right-wing parties refrain from promoting product market privatizations. By contrast, left-wing parties are more willing to privatize during crisis. This logic is explained by a credibility argument (Cuckierman and Tommasi, 1998): voters are more willing to believe that a policy decision is driven by economic motivations if, in times of crises, it is apparently against the ideology of the government (e.g., privatizations by left-wing government).

3. Public ownership in OECD countries

In this section we illustrate the pattern of public ownership in the OECD countries. The index of public ownership, *PUBLIC OWNERSHIP*, measures restrictions on private governance in several non-manufacturing industries: air passenger transport (*AIRLINES*), telecommunications (*TELECOM*), electricity (*ELECTRICITY*) and gas supply (*GAS*), rail transport (*RAIL*) and postal services (*POST*). The index ranges from 0 (the least restrictive) to 6 (the most restrictive).²

Graph 1 presents the average *PO* across countries over time and confirms the pattern of reduction determined by privatization policies. The decrease is monotonic but slow, and in the final year the degree of public ownership decreased overall by only 2 points. This evidence is explained with the heterogeneity of the privatization across countries, and also across sectors.

If we look at the dynamics across countries, Graph 2 maps the degree of public ownership at the beginning and at the end of the period that we consider (1975 on the *x*-axis and 2007 on the *y*-axis, respectively). We observe a positive association between the past and the current degree of public ownership, which indicates persistence over time. Greece, Ireland, Portugal and France have the most nationalized markets, while non-European OECD countries as the United States, Canada and Japan are the less nationalized. No country increased public ownership in the considered period, and the largest reductions occurred in

² For a detailed discussion on the construction of the index and its measurement, we refer to Conway and Nicoletti (2006) and Wolf et al. (2008).

the United Kingdom, Denmark and Germany. Full privatization has not been implemented anywhere at the total level.

The six sectors, however, contribute differently to the average *PO*. If we look at the time evolution of the share of public ownership (Graph 3), we observe that *POST* and *RAIL* have always been largely public. Surprisingly, *RAIL* has increased its state ownership in the 2000s. *AIRLINE* and *GAS* on the contrary are the least publicly owned sectors, and in time they have been extensively privatized, together with the *TELECOM* sector. *ELECTRICITY*, in contrast, until 1992 followed the average indicator pattern, while in the last 15 years was slightly more public than the average.

Graph 4 provides a more detailed picture of the situation by representing the indicator of public ownership by country and by sector. Some countries show a quite stable pattern with privatization limited to one sector (e.g., United States, Canada, Switzerland), while other ones show evidence of many changes (e.g., Germany, Netherlands, Italy). Taken together, these data show a large inertia in public ownership, and some dependence from initial conditions. In the empirical section we address both issues.

[Graph 1 to 4 about here]

4. Methodology and data

We estimate two equations, the first one to address persistence of public ownership over time, the second to take into account the role of initial conditions in determining the privatization process:

$$[1] PO_{it}^s = \alpha_0 + \alpha_1 PO_{it-1}^s + \alpha_2 X_{it} + \varepsilon_{it}$$

$$[2] PO_{it}^s = \beta_0 + \beta_1 PO_{it_0}^s + \beta_2 X_{it} + \varepsilon_{it}$$

where $i = 1, \dots, 24$ is the country identifier and $t = 1974, \dots, 2008$ indicates time. The continuous dependent variable *PO* is the indicator of public ownership, ranging between 0 and 6. The index *s* stands for the sector of activity. In equation 1 the right hand side includes the time lag of the dependent variable, PO_{it-1}^s , to account for persistence. This term is replaced by $PO_{it_0}^s$ in equation 2 to tackle initial conditions. Both the equations include a set of

independent variables that are common in the literature. These covariates, grouped in the vector X , are:

- Crisis dummy: a binary variable equal to 1 if the output gap, defined as the difference between the actual output to potential output, is below the 90th percentile of the output gap empirical density (around -3.4%). The definition of the variable and the data are from Galasso (2014, page 154), based on the OECD Economic Outlook database. Following the literature, we expect a negative sign of this variable, which however often proved to be non significantly correlated with the share of public ownership;
- Right-wing: a dummy equal to 1 if the government party scores more than 5 in the 0-10 left/right scale reported by the *ParlGov* dataset.³ Right-wing governments are usually associated with pro-market policy platforms, therefore we expect a negative sign;
- Year of the legislature: a count variable starting from 1 (the electoral year) until the end of the term. Since reforms take time to give positive effects, we expect a government to implement them earlier in the term, and therefore predict a positive sign associated to this variable;
- Longevity of government party: a count variable that indicates the number of years that the government party stayed in office without any interruption. Since reforming requires a favorable coalition, a longer lasting government experience might improve the bargaining power of the executive party. Hence, we expect a positive sign;
- Incumbent government dummy: a binary variable equal to 1 if the current government is the same of the previous legislature. Incumbents may have an advantage over reforms in terms of time and experience, and be associated to more privatization; on the other hand, they might aim at keeping the *status quo* if it grants them the electoral support of the lobbies. The prior on this variable is therefore undetermined;
- Government fractionalization: the probability that two members of the parliament picked at random from the government parties will be of different parties.⁴ Fractionalized governments are associated with fewer privatizations because a large share of public ownership is functional to intra-party redistribution;

³ Source: www.parlgov.org.

⁴ Source: Database on Political Institutions, variable *GOVFRAC*.

- EMU dummy: binary variable equal to 1 if the observation is a member of the European Monetary Union (established in 1999). According to the Copenhagen criteria, membership requires, among other features, the "existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union" (Copenhagen European Council, 1993). We expect that EMU membership strengthened pro-market regulation, and we expect a negative sign associate to this variable;
- SMP: dummy binary variable equal to 1 if the observation is a member of the Single Market Program (established on December 31st, 1992). This free trade agreement incentivized the harmonization of country's legislation, including regulatory laws. We expect that such a process converged towards pro-market regulation and less public ownership.

Country- and year-dummies are also included. Descriptive statistics are shown in Table 1.

[Table 1 about here]

The large persistence of public ownership suggests to apply a dynamic regression model. We follow this approach throughout the paper, but since Galasso (2014) did not take into account persistence in its estimations, in the Appendix we present a set of results comparable to his ones. Specifically, in the Appendix we apply a within estimations that specifies the time lag of the dependent variable on the right hand side, and the one period lag of the covariates.

Our main strategy, however, involves the estimation of a dynamic regression model. Among the alternatives, we choose the Least Squares Dummy Variable Corrected estimator (LSDVC) developed by Bruno (2005). In fact, due to the small sample size of our dataset we must rule out the use of a GMM model *à la* Arellano and Bond (1991).⁵ The LSDVC performs a correction of the dynamic bias without generating instruments, and proves suitable when the number of units, as in our case, is limited.

Since the initial condition is time-fixed and partly included in the individual effect, the use of LSDVC or within estimators will generate serious collinearity issues resulting in the

⁵ In fact, when we specify only one instrument, the GMM number of instruments is larger than the number of groups, violating the rule of thumb of Roodman (2008).

drop of the variable of interest. For this reason for the estimation of equation 2 we retrieve to a random effects (RE) model.

Finally, to completely wipe out persistence, we replicate the estimates on a sub-sample of the dataset that includes only the years when a change in the dependent variable occurred, that is when the following condition is met:

$$[3] \Delta PO_{it}^s \neq 0, \text{ where } \Delta PO_{it}^s = PO_{it}^s - PO_{it-1}^s.$$

5. Results

Tables 2-8 report the coefficients of the regression estimations. Each Table includes 12 columns: models 1-6 report the coefficients from the LSDVC estimation, while models 7-12 show the RE estimations. The six models represent alternative specifications of the X vector. To summarize the results, all the measures of public ownership show a high degree of persistence, being PO_{it-1}^s always significant at the highest level and with a coefficient of about 0.90. Most of the independent variables are insignificant in the dynamic models, sometimes with the exceptions of *EMU* and *SMP*. Also initial conditions are quite important, although there is some variation in the size of the coefficient PO_{it0}^s . Both *EMU* and *SMP* are again significant, and political variables perform better than in the previous model. This point is worth noting, because the RE estimator does not account for country effects, therefore political variables, which vary only after elections, are more significant than in the "dummy variable" LSDVC model.

[Tables 2 to 8 about here]

In the RE models we reject, as Galasso (2014), any robust effect of economic crises on both *PO* and all the sector-specific indicators. Partisanship of the executive is significant but it is positively correlated with the index of privatization in the electricity and post sector, and negatively correlated with the index in the airlines and telecommunication sectors. In other words, those sectors who have experienced the largest privatization reforms are associated with right wing governments as expected.

Right wing governments, however, sometimes deregulate less in times of crises: the interacted variable shows a positive and significant coefficient in Table 2 (total), but also in

Table 7 (post) and 8 (rail). This results is explained with a possible composition effect of the structural reform: where some sectors were planned to be privatized, the government reacted to the crises by slowing down the reform in the most public owned sectors. The structural reforms, hence, were concentrated in some specific sectors only.

Coming to the other covariates, the longevity of the party government is significant in all the estimations except for Table 4 (telecommunications), and shows the positive sign for the total public ownership and the subsectors gas, post and rail. On the other hand, it is negative in Table 5 (electricity). Parties who stayed more in office deregulated electricity, but kept control in the gas, post and rail sector.

The incumbency status of the executive is significant only in the estimations of Table 6 and Table 8, and indicate a smaller index in presence of incumbent governments. This evidence is explained with the fact that incumbents are more likely to enjoy a larger governmental stability, therefore they are able to privatize more without incur crucial loss of popularity or instability of the cabinet. Another measure of government strength, that is the fragmentation index, hampers privatization in the telecommunications, electricity and gas sector. At the same time, it is related to a reduction of public ownership in the airlines sector.

The membership to the *SMP* and the *EMU* are the most interesting variables, being significant also in the *LSDVC* models. *SMP* membership increases total privatization by reducing *PO* in Table 2, and it has a negative effect only in the *TELECOM* sector. Fink (2011) explain this pattern in 21 Western European countries with emulation, since governments implemented the privatization policies that they observed in countries perceived as similar. *EMU* membership, on the other hand, shows a negative effect on *ELECTRICITY* only, although the coefficients suggest the same impact also on telecommunications, electricity and post, while in the post sector it is positive.

In the Appendix we report the results of the within regressions, directly comparable with Galasso (2014). We find that right governments privatizes more, especially in the airline sector, but the interaction with the crisis is not significant. The main determinants of reforms are the incumbency status (airlines, telecommunications, post), the timing of the legislature (electricity and post), longevity of the government party (electricity and rail). The *EMU* membership, confirms the results of the *RE* estimations, but indicates a positive effect in the rail sector and a negative one in the post sector. This inconsistency between the coefficient estimated in the *RE* with initial conditions and the within regression model fully depends on the different estimator and the different specification, therefore they cannot be compared.

Since persistence plays a major role in explaining the share of public ownership in the dataset, we replicate the estimation of equation 1 on a sample of data meeting the condition:

$$[3] \Delta PO_{it}^s \neq 0, \text{ where } \Delta PO_{it}^s = PO_{it}^s - PO_{it-1}^s,$$

that is, we select the years in which a change in public ownership in a given sector occurred. We present the results of this sensitivity check in Table 9. The seven models differ with respect to the dependent variable, specified on the second row of the table. The X vector is specified as in the most complete models of Tables 2-8.

[Table 9 about here]

As we can see, persistence is still the major issue, but the coefficients are relatively smaller, ranging from 0.663 in model 3 to 0.883 in model 7. These magnitudes are consistent with the by-sector privatization: *TELECOM* is the least public one, while *RAIL* is the most public one. Regarding the covariates, we find partially different results. The partisanship of executive is now significant, but only for the *RAIL* sector. The significant coefficients indicates that right-wing governments are associated to less privatized postal services. This result seems at odds with the literature, but since the average public ownership is not significant, we suspect that also in Galasso (2014) some composition effects are hidden by the by-sector aggregation. Moreover, EMU membership now turns significant for *PO* and it is driven by privatization in the *RAIL* sector, while *SMP* does not affect *PO*. Two results are particularly interesting: the Single Market Program members show a relatively smaller share of public ownership in the *TELECOM* sector, but the same group of countries is associated to a larger share of public ownership in the *RAIL* sector. Privatization of the *RAIL* sector, therefore, shows a significant composition effect: it is fostered by the *EMU*, but constrained by the *SMP*. At this stage of the analysis we do not have enough information to exhaustively explain this evidence, but we suspect that international agreements might have generated reforming agendas that focus on the sectors with a different strength, and that emulation drove the pattern of privatization.

The RE estimations in Table 9 support the evidence of persistence with the coefficient associated to the initial conditions. Nonetheless, since the RE estimator relies on different assumptions than the LSDVC, their results are partially different. Specifically, the negative

sign of the right wing variable become significant in the *TELECOM* and *GAS* sectors; the incumbency status is associated to more privatization in *TELECOM*, *ELECTRICITY*, *POST* and *RAIL* sectors; government fractionalization positively affects the public ownership index, but with composition effects across sectors; finally, also the *EMU* and the *SMP* membership indicate a different pattern than in the *LSDVC* models. The *SMP* dummy associated to the *RAIL* sector, however, remains positive and significant.

6. Concluding remarks

We present an analysis of the share of public ownership in the product market in the OECD countries from 1974 to 2007. We show that history matters for privatizations: persistence and initial conditions are important factors slowing down the privatization process. Moreover, we find an important role for international agreements, namely the European Single Market Program and the European Monetary Union: countries belonging to these arrangements tend to privatize more than other countries. From a political economy point of view, governments seem unable to pursue a national policy of privatization because of the vested interests that oppose it. Therefore, they bring the issue at the European level and through their directives they are able to implement this policy. In this sense we claim that external constraints matter: *SMP* and *EMU* are competition shocks that require policy changes that nation states implement.

Specifically, *EMU* members have a smaller share of public ownership in the electricity sector, while *SMP* members have less privatized telecommunications. Finally, by looking at the sub-sample of years when a change in the share of public ownership occurred, we find a composition effect of *SMP*: it has a negative impact on public ownership in telecommunications, but a positive one in the rail sector.

We can conclude that the aggregate analysis of public ownership as in Galasso (2014) hides sector-specific determinants. In particular, if we observe the pattern of reforms in the *TELECOM* sector, is consistent with the presence of emulation. This sector is the only one showing this pattern, therefore we suspect that international agreements might have generated reforming agendas that focus on the sectors with a different strength, and that emulation drove the pattern of privatization. In such a situation it is possible that composition effects arise and blunt the overall picture, as we find in the *RAIL* sector where *EMU* membership is associated to more privatization and *SMP* to less privatization.

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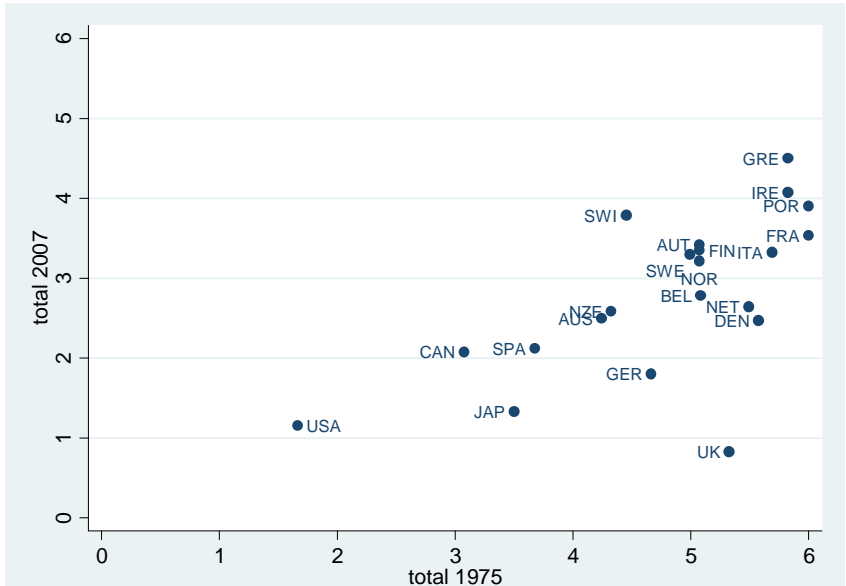
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Graph 1. Public ownership by year



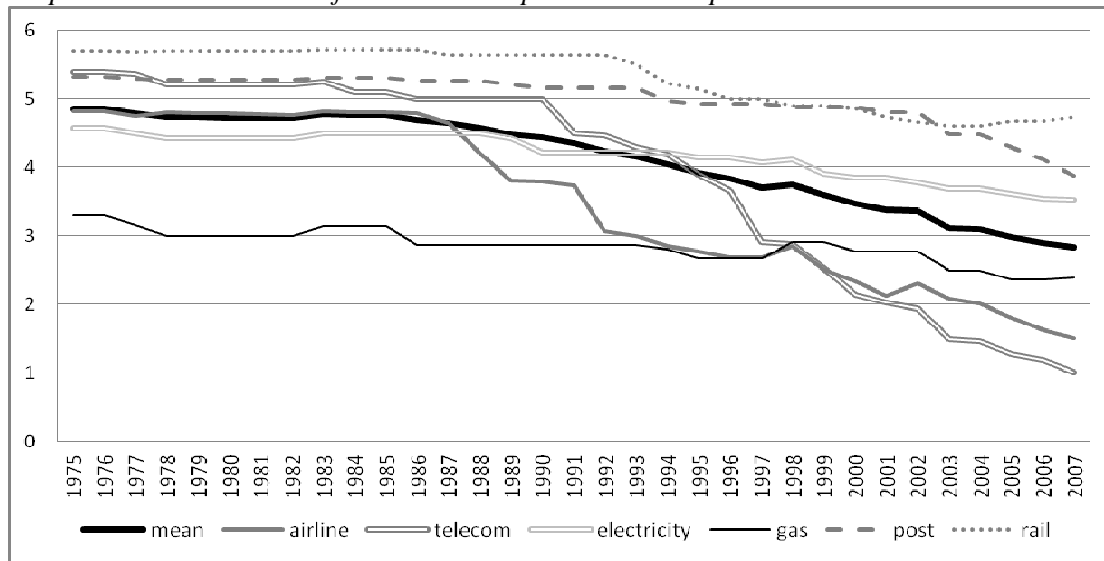
Notes: own calculations from OECD data.

Graph 2. Public ownership in 1975 and in 2007 by country



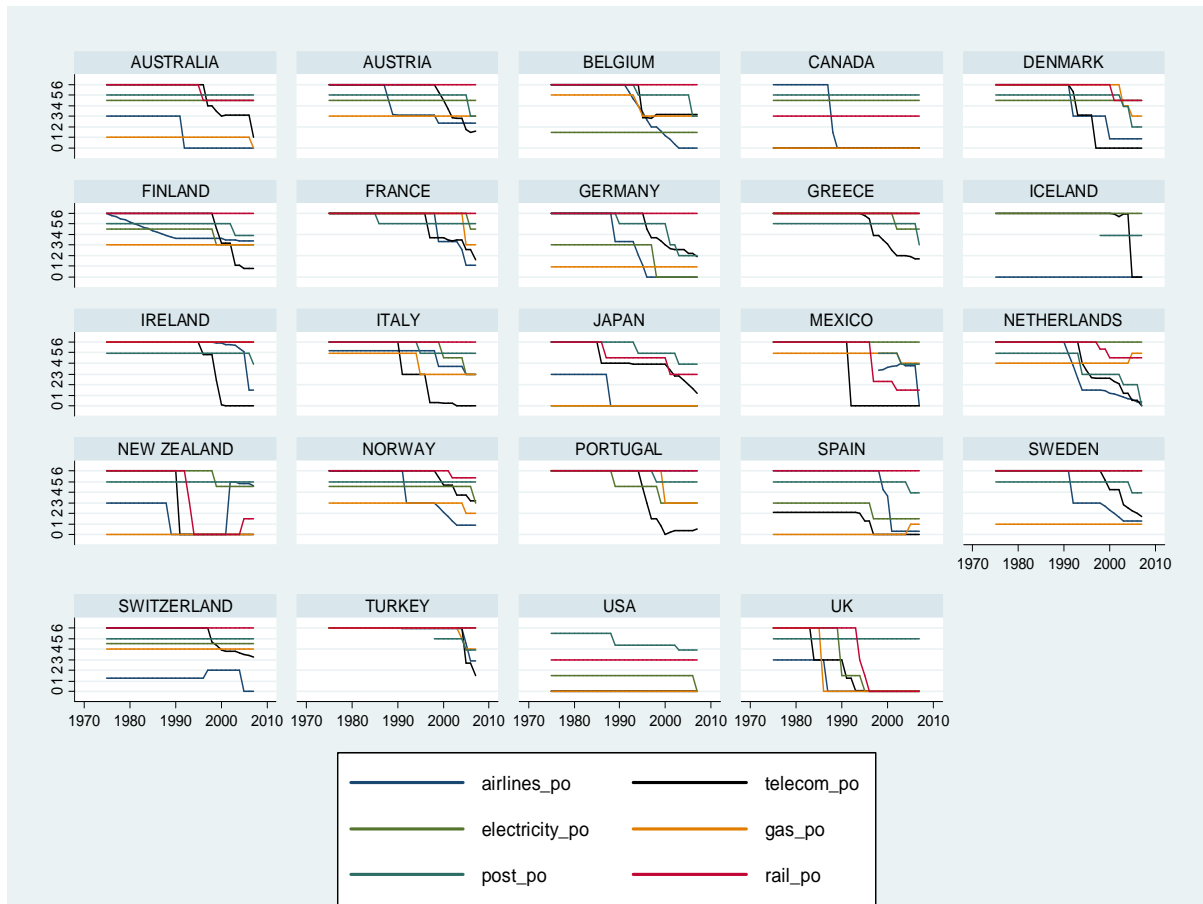
Notes: own calculations from OECD data.

Graph 3. The contribution of each sector to public ownership



Notes: own calculations from OECD data.

Graph 4. The time dynamics of public ownership by sector and by country



Notes: own calculations from OECD data.

Table 1. Descriptive statistics

Variable	Obs.	Mean	Std. Dev.	Min	Max
<i>Public ownership indicators</i>					
Public ownership (total)	776	4.168	1.347	0.827	6
Airlines	769	3.429	2.459	0	6
Telecom	792	3.991	2.459	0	6
Electricity	792	4.375	1.872	0	6
Gas	759	3.030	2.334	0	6
Post	723	4.981	0.709	0	6
Rail	759	5.350	1.430	0	6
<i>Independent variables, X</i>					
Crisis dummy	792	0.234	0.423	0	1
Right-wing	792	0.479	0.500	0	1
Year of the legislature	758	2.369	1.189	1	6
Longevity of government party	758	8.302	7.189	1	34
Incumbent government	758	0.670	0.470	0	1
Government fractionalization	719	0.283	0.278	0	0.83
EMU	792	0.139	0.346	0	1
SMP	758	0.244	0.430	0	1

TABLE 2 - The determinants of total public ownership, 1974-2007

Estimator	(1) LSDVC	(2) LSDVC	(3) LSDVC	(4) LSDVC	(5) LSDVC	(6) LSDVC	(7) RE	(8) RE	(9) RE	(10) RE	(11) RE	(12) RE
Public ownership, t-1	0.946*** (0.031)	0.929*** (0.038)	0.919*** (0.031)	0.924*** (0.033)	0.919*** (0.032)	0.924*** (0.035)						
Public ownership, initial value							0.919*** (0.108)	0.968*** (0.095)	0.959*** (0.095)	0.959*** (0.111)	0.958*** (0.111)	0.957*** (0.107)
Crisis dummy, t-1	-0.001 (0.027)	-0.009 (0.027)	-0.006 (0.040)	-0.010 (0.040)	-0.008 (0.040)	-0.009 (0.039)	0.121 (0.073)	0.052 (0.071)	0.064 (0.079)	0.075 (0.079)	0.045 (0.080)	0.0633 (0.079)
Crisis dummy*Right wing, t-1	0.017 (0.035)	0.025 (0.043)	0.026 (0.040)	0.027 (0.039)	0.028 (0.039)	0.027 (0.039)	0.160 (0.099)	0.205** (0.096)	0.208** (0.102)	0.205** (0.101)	0.220** (0.101)	0.222** (0.100)
Right wing, t-1	-0.028 (0.020)	-0.029 (0.023)	-0.033 (0.024)	-0.034 (0.026)	-0.034 (0.025)	-0.034 (0.026)	0.006 (0.053)	-0.011 (0.051)	-0.023 (0.052)	-0.009 (0.052)	-0.029 (0.052)	-0.021 (0.052)
Year of the legislature, t-1			-0.004 (0.006)			-0.004 (0.006)			-0.024 (0.015)			-0.025 (0.015)
Longevity of govt. party, t-1				-0.001 (0.001)		-0.001 (0.001)				0.008** (0.004)		0.015*** (0.004)
Incumbent govt., t-1					-0.011 (0.021)	-0.001 (0.025)					-0.061 (0.047)	-0.160*** (0.054)
Govt. fractionalization, t-1			0.025 (0.058)	0.029 (0.059)	0.025 (0.058)	0.028 (0.060)			0.096 (0.117)	0.062 (0.118)	0.084 (0.118)	0.033 (0.117)
EMU		-0.030 (0.048)	-0.033 (0.051)	-0.032 (0.051)	-0.033 (0.052)	-0.032 (0.050)		-0.046 (0.089)	-0.059 (0.090)	-0.059 (0.089)	-0.058 (0.089)	-0.024 (0.089)
SMP		-0.081** (0.036)	-0.082* (0.042)	-0.085*** (0.043)	-0.083* (0.043)	-0.085** (0.042)		-0.407*** (0.08)	-0.402*** (0.082)	-0.392*** (0.081)	-0.414*** (0.082)	-0.409*** (0.081)
Constant							-1.649*** (0.553)	-1.631*** (0.489)	-1.540*** (0.489)	-1.682*** (0.563)	-1.545*** (0.565)	-1.553*** (0.546)
R ²							0.742	0.744	0.733	0.731	0.733	0.736
Observations	749	733	692	692	692	692	723	707	666	666	666	666

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

TABLE 3 - The determinants of airlines public ownership, 1974-2007

Estimator	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	RE	RE	RE	RE	RE	RE
Airlines, t-1	0.938*** (0.0305)	0.927*** (0.031)	0.921*** (0.029)	0.920*** (0.029)	0.921*** (0.029)	0.919*** (0.029)						
Airlines, initial value							0.757*** (0.107)	0.811*** (0.102)	0.796*** (0.071)	0.804*** (0.103)	0.800*** (0.101)	0.800*** (0.077)
Crisis dummy, t-1	-0.061 (0.099)	-0.072 (0.104)	-0.085 (0.131)	-0.099 (0.131)	-0.093 (0.131)	-0.096 (0.134)	0.274 (0.180)	0.229 (0.182)	0.232 (0.206)	0.221 (0.202)	0.229 (0.203)	0.224 (0.205)
Crisis dummy*Right wing, t-1	0.138 (0.14)	0.137 (0.162)	0.149 (0.170)	0.149 (0.171)	0.153 (0.171)	0.148 (0.175)	-0.028 (0.241)	-0.008 (0.241)	-0.0281 (0.259)	-0.041 (0.253)	-0.028 (0.254)	-0.042 (0.257)
Right wing, t-1	-0.091 (0.069)	-0.091 (0.073)	-0.101 (0.071)	-0.108 (0.073)	-0.104 (0.075)	-0.107 (0.076)	-0.303** (0.133)	-0.278** (0.133)	-0.328** (0.139)	-0.359*** (0.137)	-0.355** (0.138)	-0.344** (0.139)
Year of the legislature, t-1			-0.007 (0.022)			-0.006 (0.022)			-0.082* (0.045)			-0.082* (0.044)
Longevity of govt. party, t-1				-0.008 (0.006)		-0.008 (0.006)				-0.018* (0.009)		-0.020* (0.012)
Incumbent govt., t-1					-0.036 (0.070)	0.019 (0.083)					-0.087 (0.121)	0.044 (0.147)
Govt. fractionalization, t-1			-0.026 (0.160)	-0.004 (0.157)	-0.025 (0.161)	-0.001 (0.163)			-0.521* (0.287)	-0.529* (0.302)	-0.581* (0.301)	-0.481 (0.293)
EMU		-0.086 (0.108)	-0.091 (0.148)	-0.108 (0.148)	-0.088 (0.149)	-0.114 (0.147)		-0.417* (0.235)	-0.323 (0.242)	-0.452* (0.238)	-0.399* (0.238)	-0.398 (0.243)
SMP		-0.192 (0.126)	-0.196 (0.136)	-0.204 (0.137)	-0.201 (0.137)	-0.201 (0.141)		-0.596*** (0.212)	-0.608*** (0.220)	-0.669*** (0.217)	-0.662*** (0.218)	-0.629*** (0.219)
Constant							-1.903*** (0.613)	-1.610*** (0.590)	-1.194** (0.477)	-1.169* (0.607)	-1.284** (0.597)	-1.009** (0.511)
R ²							0.615	0.601	0.581	0.582	0.580	0.583
Observations	745	728	689	689	689	689	736	719	680	680	680	680

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

TABLE 4 - The determinants of telecom public ownership, 1974-2007

Estimator	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	RE	RE	RE	RE	RE	RE
Telecom, t-1	0.904*** (0.0307)	0.884*** (0.0274)	0.870*** (0.0299)	0.872*** (0.029)	0.871*** (0.029)	0.870*** (0.028)						
Telecom, initial value							0.756*** (0.105)	0.772*** (0.103)	0.715*** (0.094)	0.718*** (0.097)	0.717*** (0.101)	0.717*** (0.093)
Crisis dummy, t-1	0.022 (0.085)	0.001 (0.084)	0.021 (0.111)	0.006 (0.112)	0.0204 (0.114)	0.0149 (0.113)	0.143 (0.166)	0.0921 (0.163)	0.209 (0.181)	0.188 (0.181)	0.188 (0.182)	0.200 (0.182)
Crisis dummy*Right wing, t-1	-0.068 (0.138)	-0.067 (0.133)	-0.085 (0.138)	-0.083 (0.137)	-0.085 (0.139)	-0.088 (0.140)	0.154 (0.224)	0.135 (0.218)	0.0480 (0.228)	0.0511 (0.228)	0.0563 (0.228)	0.0488 (0.229)
Right wing, t-1	-0.004 (0.068)	-0.025 (0.067)	-0.037 (0.076)	-0.044 (0.078)	-0.035 (0.077)	-0.042 (0.079)	-0.138 (0.120)	-0.179 (0.117)	-0.220* (0.120)	-0.221* (0.121)	-0.218* (0.121)	-0.227* (0.121)
Year of the legislature, t-1			-0.008 (0.024)				-0.008 (0.0238)		-0.055 (0.038)			-0.055 (0.038)
Longevity of govt. party, t-1				-0.006 (0.005)			-0.008 (0.006)			-0.005 (0.009)		-0.005 (0.01)
Incumbent govt., t-1					0.008 (0.076)	0.067 (0.095)					-0.041 (0.109)	-0.011 (0.129)
Govt. fractionalization, t-1			-0.000 (0.186)	0.019 (0.188)	0.002 (0.187)	0.027 (0.191)			0.620** (0.270)	0.628** (0.272)	0.596** (0.272)	0.640** (0.272)
EMU		0.143 (0.128)	0.103 (0.131)	0.101 (0.135)	0.101 (0.131)	0.0721 (0.138)		-0.550*** (0.211)	-0.572*** (0.211)	-0.592*** (0.212)	-0.584*** (0.212)	-0.576*** (0.213)
SMP		-0.321** (0.136)	-0.342*** (0.131)	-0.348*** (0.135)	-0.340** (0.134)	-0.341** (0.135)		-0.864*** (0.190)	-0.846*** (0.193)	-0.859*** (0.193)	-0.860*** (0.193)	-0.852*** (0.193)
Constant							-2.994*** (0.643)	-2.300*** (0.631)	-1.989*** (0.587)	-2.087*** (0.599)	-2.102*** (0.616)	-1.948*** (0.585)
R ²							0.667	0.673	0.679	0.677	0.677	0.679
Observations	768	751	706	706	706	706	768	751	706	706	706	706

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

TABLE 5 - The determinants of electricity public ownership, 1974-2007

Estimator	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	RE	RE	RE	RE	RE	RE
Electricity, t-1	0.998*** (0.029)	0.983*** (0.030)	0.977*** (0.034)	0.979*** (0.035)	0.979*** (0.035)	0.978*** (0.037)						
Electricity, initial value							0.942*** (0.083)	0.944*** (0.081)	0.948*** (0.093)	0.949*** (0.092)	0.947*** (0.093)	0.949*** (0.092)
Crisis dummy, t-1	-0.012 (0.046)	-0.012 (0.048)	-0.011 (0.058)	-0.012 (0.056)	-0.014 (0.058)	-0.010 (0.058)	0.175* (0.101)	0.088 (0.097)	0.076 (0.108)	0.096 (0.108)	0.059 (0.109)	0.075 (0.108)
Crisis dummy*Right wing, t-1	0.034 (0.075)	0.034 (0.076)	0.037 (0.076)	0.036 (0.071)	0.038 (0.075)	0.039 (0.077)	0.021 (0.136)	0.088 (0.130)	0.135 (0.136)	0.131 (0.136)	0.142 (0.136)	0.151 (0.135)
Right wing, t-1	-0.027 (0.039)	-0.017 (0.036)	-0.016 (0.040)	-0.014 (0.039)	-0.015 (0.040)	-0.016 (0.041)	0.269*** (0.073)	0.270*** (0.070)	0.309*** (0.072)	0.326*** (0.072)	0.303*** (0.072)	0.316*** (0.072)
Year of the legislature, t-1			-0.016 (0.012)				-0.016 (0.012)		-0.014 (0.022)			-0.014 (0.022)
Longevity of govt. party, t-1				0.001 (0.003)		0.001 (0.003)				0.012** (0.005)		0.021*** (0.006)
Incumbent govt., t-1					-0.002 (0.038)	-0.008 (0.049)					-0.074 (0.065)	-0.210*** (0.076)
Govt. fractionalization, t-1			0.039 (0.099)	0.041 (0.089)	0.043 (0.094)	0.036 (0.095)			0.439*** (0.166)	0.410** (0.166)	0.438*** (0.166)	0.373** (0.166)
EMU		-0.122* (0.069)	-0.123* (0.069)	-0.120* (0.065)	-0.124* (0.068)	-0.119* (0.069)		-0.361*** (0.126)	-0.373*** (0.126)	-0.357*** (0.126)	-0.367*** (0.127)	-0.319** (0.126)
SMP		0.031 (0.067)	0.041 (0.067)	0.039 (0.063)	0.039 (0.065)	0.0413 (0.067)		-0.358*** (0.114)	-0.272** (0.116)	-0.262** (0.115)	-0.284** (0.116)	-0.278** (0.115)
Constant							-0.936** (0.444)	-0.574 (0.431)	-0.730 (0.498)	-0.895* (0.490)	-0.708 (0.498)	-0.797 (0.494)
R ²							0.738	0.745	0.737	0.739	0.737	0.742
Observations	768	751	706	706	706	706	768	751	706	706	706	706

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

TABLE 6 - The determinants of gas public ownership, 1974-2007

Estimator	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	RE	RE	RE	RE	RE	RE
Gas, t-1	1.000***	0.986***	0.979***	0.978***	0.979***	0.974***						
	(0.028)	(0.026)	(0.030)	(0.030)	(0.030)	(0.030)						
Gas, initial value							0.861***	0.865***	0.849***	0.849***	0.847***	0.850***
							(0.073)	(0.063)	(0.067)	(0.067)	(0.067)	(0.064)
Crisis dummy, t-1	0.005	0.002	-0.003	0.006	-0.007	0.006	0.195*	0.052	0.001	0.029	-0.010	0.018
	(0.045)	(0.041)	(0.044)	(0.044)	(0.044)	(0.044)	(0.105)	(0.101)	(0.110)	(0.110)	(0.111)	(0.110)
Crisis dummy*Right wing, t-1	-0.028	-0.008	0.005	0.004	0.008	0.0114	0.392***	0.533***	0.609***	0.610***	0.610***	0.626***
	(0.051)	(0.071)	(0.054)	(0.054)	(0.055)	(0.055)	(0.145)	(0.138)	(0.142)	(0.142)	(0.143)	(0.141)
Right wing, t-1	-0.023	-0.023	-0.026	-0.024	-0.025	-0.025	0.006	-0.004	0.0321	0.056	0.033	0.043
	(0.031)	(0.038)	(0.043)	(0.043)	(0.044)	(0.044)	(0.076)	(0.073)	(0.074)	(0.074)	(0.075)	(0.073)
Year of the legislature, t-1			-0.005			-0.005			-0.036			-0.037
			(0.011)			(0.011)			(0.023)			(0.023)
Longevity of govt. party, t-1				0.003		0.005*				0.016***		0.024***
				(0.003)		(0.003)				(0.005)		(0.006)
Incumbent govt., t-1					-0.008	-0.036					-0.022	-0.183**
					(0.030)	(0.036)					(0.066)	(0.078)
Govt. fractionalization, t-1			-0.038	-0.053	-0.036	-0.059			0.352**	0.285	0.357**	0.242
			(0.092)	(0.094)	(0.092)	(0.095)			(0.173)	(0.174)	(0.174)	(0.174)
EMU		-0.009	-0.015	-0.008	-0.012	0.003		0.170	0.145	0.155	0.141	0.192
		(0.068)	(0.069)	(0.072)	(0.072)	(0.073)		(0.131)	(0.130)	(0.129)	(0.130)	(0.130)
SMP		-0.003	0.0002	-0.009	-0.0002	-0.014		-0.456***	-0.378***	-0.383***	-0.385***	-0.400***
		(0.051)	(0.061)	(0.062)	(0.061)	(0.062)		(0.118)	(0.120)	(0.119)	(0.120)	(0.119)
Constant							-0.494	-0.306	-0.299	-0.528	-0.368	-0.381
							(0.340)	(0.302)	(0.324)	(0.323)	(0.324)	(0.318)
R ²							0.787	0.785	0.778	0.777	0.778	0.779
Observations	736	721	677	677	677	677	736	721	677	677	677	677

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

TABLE 7 - The determinants of post services public ownership, 1974-2007

Estimator	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	RE	RE	RE	RE	RE	RE
Post, t-1	1.000*** (0.031)	0.985*** (0.032)	0.983*** (0.032)	0.977*** (0.037)	0.981*** (0.034)	0.979*** (0.034)						
Post, initial value							0.494*** (0.145)	0.554*** (0.165)	0.496*** (0.153)	0.518*** (0.168)	0.496*** (0.164)	0.519*** (0.134)
Crisis dummy, t-1	0.021 (0.051)	0.023 (0.047)	0.032 (0.051)	0.037 (0.048)	0.033 (0.053)	0.038 (0.050)	0.023 (0.072)	0.041 (0.072)	0.043 (0.079)	0.072 (0.078)	0.045 (0.080)	0.0520 (0.078)
Crisis dummy*Right wing, t-1	-0.003 (0.060)	-0.007 (0.069)	-0.015 (0.061)	-0.015 (0.058)	-0.017 (0.061)	-0.012 (0.059)	0.003 (0.100)	-0.027 (0.098)	-0.041 (0.103)	-0.035 (0.101)	-0.041 (0.103)	-0.014 (0.102)
Right wing, t-1	0.001 (0.041)	-0.002 (0.039)	-0.0004 (0.040)	0.006 (0.038)	0.002 (0.041)	0.004 (0.040)	0.071 (0.055)	0.068 (0.054)	0.095* (0.056)	0.107* (0.056)	0.093 (0.057)	0.102* (0.055)
Year of the legislature, t-1			-0.016 (0.011)				-0.016 (0.011)		0.013 (0.018)			0.011 (0.017)
Longevity of govt. party, t-1				0.003 (0.002)		0.0043 (0.004)				0.016*** (0.004)		0.024*** (0.005)
Incumbent govt., t-1					0.017 (0.043)	-0.011 (0.051)					-0.0001 (0.049)	-0.164*** (0.059)
Govt. fractionalization, t-1			0.011 (0.109)	0.000 (0.108)	0.016 (0.110)	-0.007 (0.110)			0.194 (0.124)	0.131 (0.126)	0.204 (0.125)	0.052 (0.121)
EMU		-0.052 (0.067)	-0.051 (0.079)	-0.051 (0.077)	-0.057 (0.079)	-0.047 (0.078)		-0.437*** (0.093)	-0.438*** (0.095)	-0.406*** (0.093)	-0.435*** (0.095)	-0.375*** (0.094)
SMP		-0.076 (0.065)	-0.075 (0.072)	-0.075 (0.071)	-0.073 (0.075)	-0.074 (0.071)		-0.164* (0.085)	-0.154* (0.087)	-0.146* (0.086)	-0.152* (0.088)	-0.173** (0.086)
Constant							1.219 (0.781)	1.239 (0.883)	1.440* (0.820)	1.204 (0.896)	1.471* (0.876)	1.233* (0.721)
R ²							0.393	0.427	0.392	0.416	0.391	0.423
Observations	699	685	648	648	648	648	672	658	621	621	621	621

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

TABLE 8 - The determinants of rail services public ownership, 1974-2007

Estimator	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	RE	RE	RE	RE	RE	RE
Rail, t-1	0.965*** (0.032)	0.962*** (0.026)	0.957*** (0.033)	0.963*** (0.032)	0.957*** (0.034)	0.965*** (0.033)						
Rail, initial value							0.863*** (0.200)	0.764*** (0.172)	0.740*** (0.164)	0.729*** (0.182)	0.751*** (0.182)	0.734*** (0.180)
Crisis dummy, t-1	0.019 (1.100)	0.027 (0.713)	0.037 (1.108)	0.028 (0.701)	0.035 (0.884)	0.030 (0.577)	-0.092 (0.133)	-0.149 (0.127)	-0.148 (0.142)	-0.099 (0.140)	-0.181 (0.142)	-0.143 (0.138)
Crisis dummy*Right wing, t-1	0.011 (1.22)	0.007 (1.298)	0.001 (1.409)	-0.002 (0.892)	0.002 (1.121)	-0.005 (0.750)	0.345* (0.184)	0.440** (0.173)	0.453** (0.183)	0.466*** (0.180)	0.474*** (0.183)	0.508*** (0.178)
Right wing, t-1	-0.047 (0.772)	-0.037 (0.633)	-0.042 (1.047)	-0.048 (0.657)	-0.045 (0.852)	-0.046 (0.552)	-0.078 (0.097)	-0.109 (0.091)	-0.146 (0.095)	-0.111 (0.094)	-0.158* (0.095)	-0.131 (0.093)
Year of the legislature, t-1			0.005 (0.248)			0.006 (0.128)			-0.000 (0.030)			-0.000 (0.029)
Longevity of govt. party, t-1				-0.005 (0.045)		-0.006 (0.047)				0.028*** (0.007)		0.048*** (0.008)
Incumbent govt., t-1					-0.018 (0.573)	0.0229 (0.476)					-0.141* (0.085)	-0.458*** (0.099)
Govt. fractionalization, t-1			0.0841 (2.345)	0.108 (1.509)	0.082 (1.857)	0.115 (1.247)			0.016 (0.216)	-0.142 (0.217)	-0.032 (0.218)	-0.246 (0.215)
EMU		-0.096 (1.223)	-0.097 (1.829)	-0.110 (1.102)	-0.094 (1.477)	-0.117 (0.919)		1.292*** (0.164)	1.286*** (0.167)	1.309*** (0.165)	1.295*** (0.166)	1.380*** (0.163)
SMP		0.158 (1.139)	0.159 (1.720)	0.160 (1.102)	0.158 (1.359)	0.162 (0.914)		0.195 (0.148)	0.165 (0.154)	0.159 (0.151)	0.142 (0.153)	0.106 (0.150)
Constant							-0.180 (1.178)	-0.332 (1.015)	-0.157 (0.965)	-0.308 (1.067)	-0.106 (1.065)	-0.186 (1.057)
R ²							0.343	0.446	0.431	0.428	0.429	0.439
Observations	736	721	677	677	677	677	736	721	677	677	677	677

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Table 9. Dynamic estimation of equation 1, sample of changing observations

Estimator	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	LSDVC	RE	RE	RE	RE	RE	RE	RE
Dep var: share public ownership	TOTAL	AIR	TEL	ELEC	GAS	POST	RAIL	TOTAL	AIR	TEL	ELEC	GAS	POST	RAIL
Dep var, t-1	0.825*** (0.066)	0.786*** (0.074)	0.663*** (0.065)	0.861*** (0.085)	0.820*** (0.074)	0.790*** (0.083)	0.883*** (0.060)							
Dep var, initial value								0.921*** (0.081)	0.628*** (0.121)	0.408*** (0.095)	0.991*** (0.045)	0.749*** (0.040)	0.372*** (0.122)	0.503** (0.196)
Crisis dummy, t-1	0.068 (0.087)	0.308 (0.399)	-0.037 (0.447)	0.003 (0.263)	-0.063 (0.235)	0.116 (0.217)	0.149 (0.189)	0.209 (0.331)	1.283* (0.699)	0.483 (0.547)	0.507 (0.393)	0.192 (0.438)	0.154 (0.282)	0.297 (0.406)
Crisis dummy*right wing, t-1	-0.097 (0.147)	-0.204 (0.489)	-0.456 (0.527)	0.174 (0.299)	-0.115 (0.317)	-0.165 (0.250)	-0.024 (0.274)	0.033 (0.439)	-1.499 (0.935)	-0.584 (0.725)	-0.277 (0.530)	0.001 (0.598)	-0.106 (0.384)	0.225 (0.554)
Right-wing, t-1	-0.059 (0.062)	-0.252 (0.155)	0.078 (0.291)	-0.131 (0.171)	-0.007 (0.119)	0.167* (0.099)	-0.104 (0.098)	-0.082 (0.124)	0.069 (0.331)	-0.518** (0.236)	0.152 (0.174)	-0.585*** (0.193)	0.152 (0.129)	-0.219 (0.180)
Year of the legislature, t-1	0.0002 (0.013)	0.0102 (0.054)	0.016 (0.066)	-0.041 (0.038)	0.014 (0.034)	-0.01 (0.029)	0.009 (0.028)	-0.025 (0.047)	-0.024 (0.118)	-0.058 (0.087)	-0.041 (0.064)	-0.022 (0.073)	0.049 (0.049)	-0.045 (0.066)
Longevity of govt. party, t-1	-0.001 (0.004)	0.004 (0.018)	-0.014 (0.021)	-0.0001 (0.012)	0.008 (0.011)	0.013 (0.011)	-0.014 (0.009)	0.012 (0.008)	-0.027 (0.022)	0.019 (0.016)	0.021* (0.012)	0.001 (0.013)	0.031*** (0.009)	0.026** (0.012)
Incumbent govt., t-1	-0.004 (0.053)	-0.117 (0.241)	0.055 (0.244)	-0.035 (0.144)	-0.053 (0.150)	-0.080 (0.133)	0.119 (0.120)	-0.407*** (0.158)	0.014 (0.388)	-0.642** (0.295)	-0.469** (0.216)	-0.233 (0.240)	-0.360** (0.158)	-0.573** (0.223)
Govt. fractionalization, t-1	0.026 (0.128)	0.154 (0.440)	-0.524 (0.552)	0.268 (0.283)	-0.179 (0.336)	0.065 (0.272)	0.310 (0.266)	0.701*** (0.200)	-1.690*** (0.503)	2.649*** (0.387)	1.349*** (0.282)	0.900*** (0.308)	-0.554*** (0.204)	1.133*** (0.288)
EMU	-0.247*** (0.094)	-0.412 (0.391)	0.194 (0.450)	-0.330 (0.252)	0.198 (0.218)	-0.119 (0.187)	-0.742*** (0.193)	-0.255 (0.216)	0.299 (0.551)	-0.275 (0.410)	-1.236*** (0.299)	-0.030 (0.336)	-0.039 (0.218)	0.293 (0.310)
SMP	-0.112 (0.101)	-0.265 (0.332)	-1.433*** (0.409)	0.206 (0.222)	-0.186 (0.284)	-0.068 (0.223)	0.732*** (0.231)	-0.042 (0.207)	-0.683 (0.572)	-0.575 (0.385)	0.451 (0.281)	0.018 (0.313)	-0.437** (0.206)	1.580*** (0.290)
Constant								-1.374*** (0.444)	-0.444 (0.784)	-0.712 (0.716)	-0.800* (0.426)	0.359 (0.421)	2.105*** (0.700)	1.047 (1.193)
Observations	237	247	250	250	245	240	245	230	233	243	243	238	222	238

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

APPENDIX: WITHIN ESTIMATIONS

TABLE A1 - The determinants of total public ownership, 1974-2007

	(1)	(2)	(3)	(4)	(5)	(6)
Public ownership, t-1	0.945*** (0.0130)	0.927*** (0.0138)	0.916*** (0.0147)	0.920*** (0.0148)	0.917*** (0.0147)	0.920*** (0.0149)
Crisis dummy, t-1	-0.00190 (0.0237)	-0.00734 (0.0242)	-0.00286 (0.0275)	-0.00858 (0.0275)	-0.00580 (0.0276)	-0.00665 (0.0277)
Crisis dummy*Right wing, t-1	0.0169 (0.0319)	0.0218 (0.0323)	0.0224 (0.0347)	0.0228 (0.0347)	0.0236 (0.0348)	0.0220 (0.0348)
Right wing, t-1	-0.0352** (0.0176)	-0.0379** (0.0178)	-0.0414** (0.0189)	-0.0445** (0.0190)	-0.0422** (0.0190)	-0.0444** (0.0190)
Year of the legislature, t-1			-0.00554 (0.00575)			-0.00544 (0.00575)
Longevity of govt. party, t-1		-0.0420 (0.0311)	-0.0452 (0.0321)	-0.0490 (0.0321)	-0.0449 (0.0322)	-0.0495 (0.0323)
Incumbent govt., t-1		-0.0658** (0.0285)	-0.0672** (0.0299)	-0.0692** (0.0298)	-0.0691** (0.0300)	-0.0679** (0.0300)
Govt. fractionalization, t-1			0.0314 (0.0446)	0.0392 (0.0447)	0.0320 (0.0446)	0.0393 (0.0448)
EMU				-0.00225* (0.00133)		-0.00255 (0.00156)
SMP					-0.00958 (0.0168)	0.00731 (0.0198)
Constant	0.269*** (0.0732)	0.368*** (0.0824)	0.408*** (0.141)	0.395*** (0.140)	0.403*** (0.141)	0.400*** (0.141)
Observations	749	733	692	692	692	692
R-squared	0.963	0.962	0.960	0.960	0.960	0.960
Number of id	24	24	24	24	24	24

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

TABLE A2 - The determinants of airlines public ownership, 1974-2007

	(1)	(2)	(3)	(4)	(5)	(6)
Airlines, t-1	0.938*** (0.0157)	0.927*** (0.0162)	0.921*** (0.0171)	0.920*** (0.0171)	0.921*** (0.0171)	0.919*** (0.0171)
Crisis dummy, t-1	-0.0655 (0.0725)	-0.0746 (0.0748)	-0.0864 (0.0852)	-0.101 (0.0852)	-0.0950 (0.0857)	-0.0965 (0.0857)
Crisis dummy*Right wing, t-1	0.140 (0.0968)	0.140 (0.0988)	0.151 (0.107)	0.151 (0.106)	0.155 (0.107)	0.149 (0.107)
Right wing, t-1	-0.0925* (0.0536)	-0.0912* (0.0546)	-0.101* (0.0583)	-0.108* (0.0582)	-0.104* (0.0585)	-0.107* (0.0585)
Year of the legislature, t-1			-0.00807 (0.0180)			-0.00698 (0.0180)
Longevity of govt. party, t-1		-0.0914 (0.0968)	-0.0970 (0.100)	-0.114 (0.100)	-0.0937 (0.100)	-0.118 (0.101)
Incumbent govt., t-1		-0.180** (0.0877)	-0.187** (0.0923)	-0.196** (0.0922)	-0.192** (0.0925)	-0.193** (0.0924)
Govt. fractionalization, t-1			-0.0206 (0.135)	0.00208 (0.135)	-0.0202 (0.135)	0.00390 (0.135)
EMU				-0.00784* (0.00411)		-0.00879* (0.00487)
SMP					-0.0355 (0.0511)	0.0232 (0.0604)
Constant	-0.0137 (0.109)	0.372*** (0.173)	0.469 (0.387)	0.498 (0.386)	0.466 (0.387)	0.507 (0.387)
Observations	745	728	689	689	689	689
R-squared	0.917	0.915	0.910	0.910	0.910	0.910
Number of id	24	24	24	24	24	24

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

TABLE A3 - The determinants of telecom public ownership, 1974-2007

	(1)	(2)	(3)	(4)	(5)	(6)
Telecom, t-1	0.899*** (0.0174)	0.881*** (0.0183)	0.868*** (0.0196)	0.869*** (0.0196)	0.868*** (0.0196)	0.869*** (0.0196)
Crisis dummy, t-1	0.0253 (0.0764)	0.00637 (0.0786)	0.0243 (0.0902)	0.00860 (0.0903)	0.0252 (0.0907)	0.0194 (0.0907)
Crisis dummy*Right wing, t-1	-0.0796 (0.103)	-0.0759 (0.105)	-0.0878 (0.113)	-0.0857 (0.113)	-0.0894 (0.113)	-0.0933 (0.113)
Right wing, t-1	-0.00834 (0.0559)	-0.0296 (0.0568)	-0.0421 (0.0606)	-0.0506 (0.0608)	-0.0396 (0.0609)	-0.0477 (0.0609)
Year of the legislature, t-1			-0.00890 (0.0186)			-0.00880 (0.0186)
Longevity of govt party, t-1		0.0505 (0.102)	0.0356 (0.106)	0.0252 (0.106)	0.0332 (0.106)	0.0122 (0.107)
Incumbent govt, t-1		-0.309*** (0.0924)	-0.328*** (0.0975)	-0.336*** (0.0974)	-0.327*** (0.0978)	-0.328*** (0.0976)
Govt fractionalization, t-1			-0.00547 (0.143)	0.0151 (0.143)	-0.00326 (0.143)	0.0264 (0.143)
EMU				-0.00691 (0.00430)		-0.0103** (0.00503)
SMP					0.0144 (0.0544)	0.0822 (0.0635)
Constant	0.518*** (0.156)	0.679*** (0.190)	0.737* (0.420)	0.755* (0.419)	0.723* (0.419)	0.764* (0.419)
Observations	768	751	706	706	706	706
R-squared	0.925	0.925	0.920	0.921	0.920	0.921
Number of id	24	24	24	24	24	24

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

TABLE A4 - The determinants of electricity public ownership, 1974-2007

	(1)	(2)	(3)	(4)	(5)	(6)
Electricity, t-1	0.943*** (0.0144)	0.928*** (0.0155)	0.919*** (0.0165)	0.918*** (0.0166)	0.919*** (0.0165)	0.918*** (0.0167)
Crisis dummy, t-1	-0.0125 (0.0382)	-0.0123 (0.0393)	-0.00991 (0.0450)	-0.0109 (0.0453)	-0.0134 (0.0454)	-0.00861 (0.0454)
Crisis dummy*Right wing, t-1	0.0319 (0.0513)	0.0346 (0.0523)	0.0404 (0.0565)	0.0402 (0.0567)	0.0406 (0.0568)	0.0412 (0.0567)
Right wing, t-1	-0.0309 (0.0283)	-0.0210 (0.0288)	-0.0188 (0.0308)	-0.0153 (0.0311)	-0.0172 (0.0310)	-0.0172 (0.0311)
Year of the legislature, t-1			-0.0168* (0.00927)			-0.0168* (0.00928)
Longevity of govt. party, t-1		-0.138*** (0.0509)	-0.138*** (0.0527)	-0.139*** (0.0529)	-0.141*** (0.0529)	-0.135** (0.0531)
Incumbent govt., t-1		0.0303 (0.0462)	0.0393 (0.0486)	0.0381 (0.0487)	0.0370 (0.0489)	0.0392 (0.0488)
Govt. fractionalization, t-1			0.0330 (0.0715)	0.0336 (0.0719)	0.0364 (0.0717)	0.0286 (0.0720)
EMU				0.00113 (0.00216)		0.00161 (0.00254)
SMP					-0.000612 (0.0272)	-0.0106 (0.0320)
Constant	0.278*** (0.0906)	0.349*** (0.106)	0.364* (0.214)	0.348 (0.214)	0.350 (0.215)	0.365* (0.214)
Observations	768	751	706	706	706	706
R-squared	0.890	0.884	0.879	0.878	0.878	0.879
Number of id	24	24	24	24	24	24

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

TABLE A5 - The determinants of gas public ownership, 1974-2007

	(1)	(2)	(3)	(4)	(5)	(6)
Gas, t-1	0.923*** (0.0165)	0.902*** (0.0181)	0.891*** (0.0195)	0.888*** (0.0195)	0.891*** (0.0194)	0.886*** (0.0197)
Crisis dummy, t-1	0.0174 (0.0446)	0.00229 (0.0459)	-0.00528 (0.0524)	0.00197 (0.0526)	-0.00590 (0.0527)	0.000630 (0.0528)
Crisis dummy*Right wing, t-1	-0.0300 (0.0618)	-0.00133 (0.0636)	0.0158 (0.0688)	0.0174 (0.0687)	0.0147 (0.0689)	0.0219 (0.0690)
Right wing, t-1	-0.00841 (0.0326)	-0.00994 (0.0331)	-0.00670 (0.0354)	-0.00115 (0.0354)	-0.00563 (0.0355)	-0.00309 (0.0355)
Year of the legislature, t-1			-0.00709 (0.0110)			-0.00733 (0.0110)
Longevity of govt. party, t-1		0.0395 (0.0594)	0.0375 (0.0617)	0.0402 (0.0616)	0.0359 (0.0618)	0.0463 (0.0620)
Incumbent govt., t-1		-0.0531 (0.0543)	-0.0556 (0.0576)	-0.0576 (0.0575)	-0.0559 (0.0577)	-0.0608 (0.0577)
Govt. fractionalization, t-1			-0.0313 (0.0850)	-0.0470 (0.0856)	-0.0303 (0.0850)	-0.0546 (0.0861)
EMU				0.00388 (0.00263)		0.00526* (0.00313)
SMP					0.00392 (0.0317)	-0.0300 (0.0376)
Constant	0.193** (0.0778)	0.306*** (0.109)	0.378 (0.243)	0.363 (0.242)	0.369 (0.243)	0.375 (0.243)
Observations	736	721	677	677	677	677
R-squared	0.854	0.835	0.824	0.825	0.824	0.825
Number of id	23	23	23	23	23	23

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

TABLE A6 - The determinants of postal services public ownership, 1974-2007

	(1)	(2)	(3)	(4)	(5)	(6)
Post, t-1	0.941*** (0.0214)	0.924*** (0.0223)	0.919*** (0.0237)	0.909*** (0.0239)	0.916*** (0.0237)	0.912*** (0.0242)
Crisis dummy, t-1	0.0223 (0.0361)	0.0244 (0.0372)	0.0330 (0.0420)	0.0374 (0.0422)	0.0340 (0.0424)	0.0394 (0.0423)
Crisis dummy*Right wing, t-1	-0.00464 (0.0496)	-0.00967 (0.0505)	-0.0163 (0.0540)	-0.0172 (0.0540)	-0.0192 (0.0541)	-0.0151 (0.0540)
Right wing, t-1	0.000914 (0.0278)	-0.00132 (0.0283)	-0.000433 (0.0302)	0.00582 (0.0303)	0.00301 (0.0304)	0.00398 (0.0304)
Year of the legislature, t-1			-0.0161* (0.00917)			-0.0163* (0.00917)
Longevity of govt. party, t-1		-0.0644 (0.0494)	-0.0632 (0.0512)	-0.0647 (0.0512)	-0.0697 (0.0513)	-0.0588 (0.0514)
Incumbent govt., t-1		-0.0826* (0.0447)	-0.0819* (0.0470)	-0.0830* (0.0470)	-0.0807* (0.0472)	-0.0823* (0.0472)
Govt. fractionalization, t-1			0.0118 (0.0714)	-0.000737 (0.0721)	0.0173 (0.0715)	-0.00794 (0.0726)
EMU				0.00359* (0.00218)		0.00403 (0.00262)
SMP					0.0187 (0.0263)	-0.00827 (0.0316)
Constant	0.0255 (0.102)	0.391*** (0.141)	0.416* (0.224)	0.436* (0.224)	0.413* (0.224)	0.438* (0.224)
Observations	699	685	648	648	648	648
R-squared	0.846	0.847	0.840	0.840	0.840	0.841
Number of id	24	24	24	24	24	24

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

TABLE A7 - The determinants of rail services public ownership, 1974-2007

	(1)	(2)	(3)	(4)	(5)	(6)
Rail, t-1	0.965*** (0.0116)	0.962*** (0.0128)	0.957*** (0.0135)	0.963*** (0.0137)	0.957*** (0.0135)	0.965*** (0.0140)
Crisis dummy, t-1	0.0187 (0.0399)	0.0286 (0.0412)	0.0374 (0.0469)	0.0287 (0.0470)	0.0350 (0.0473)	0.0300 (0.0472)
Crisis dummy*Right wing, t-1	0.0108 (0.0552)	0.00630 (0.0564)	0.000576 (0.0608)	-0.00244 (0.0606)	0.00264 (0.0609)	-0.00575 (0.0609)
Right wing, t-1	-0.0461 (0.0292)	-0.0370 (0.0297)	-0.0422 (0.0316)	-0.0482 (0.0316)	-0.0446 (0.0318)	-0.0464 (0.0317)
Year of the legislature, t-1			0.00579 (0.00981)			0.00599 (0.00979)
Longevity of govt. party, t-1		-0.0990* (0.0561)	-0.0978* (0.0583)	-0.110* (0.0584)	-0.0940 (0.0585)	-0.117** (0.0593)
Incumbent govt., t-1		0.156*** (0.0482)	0.159*** (0.0511)	0.160*** (0.0509)	0.158*** (0.0512)	0.162*** (0.0512)
Govt. fractionalization, t-1			0.0842 (0.0759)	0.108 (0.0765)	0.0826 (0.0759)	0.115 (0.0772)
EMU				-0.00504** (0.00238)		-0.00613** (0.00288)
SMP					-0.0177 (0.0284)	0.0228 (0.0342)
Constant	0.195** (0.0815)	0.210* (0.113)	0.196 (0.223)	0.190 (0.222)	0.207 (0.223)	0.175 (0.223)
Observations	736	721	677	677	677	677
R-squared	0.929	0.928	0.924	0.925	0.924	0.925
Number of id	23	23	23	23	23	23

Note: year effects included: standard errors in parenthesis. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.