

Appendix 2

Checking the correlation between the frequency of use of terms and underlying economic developments

To check the correlation between the frequency of terms and the underlying economy, we run two different regressions of the absolute frequency of the terms of small and large country approach on their main economic determinants. The baseline regression is:

$$y = \alpha + \beta\sigma_x + u$$

where y is the frequency of terms, α the intercept and β the slope parameter, and u the residual. The independent variable σ_x is the square root deviation of the observed value from the mean computed both for the real effective exchange rate and for the unemployment rate in the euro area over the period 1999 – 2016, taken as salient variables of the small and the the large country approach respectively.

Table 4 shows the results for the small country approach.

Table A.3 Results for the small approach

	<i>Coefficients</i>
α	92.48 (53.35)
$\beta_{RealEffective}$	18.14* (10.36)

Note: Robust Standard Error in parenthesis.
Significance level: ***:0,01, **:0,05 *:0,1

The results show that the deviation of the real effective exchange rate (CPI deflated) from the mean value over the period 1999-2016 weakly affects (p-value=0.09) the number of times President or Vice President use terms related to the small country approach in their speeches and press conferences. The following table displays the residuals of the abovementioned regression.

Table 5 Residuals of the regression

year	residuals
1999	198.359
2000	288.4669
2001	45.0188
2002	-51.9468
2003	-3.1075
2004	37.82732
2005	57.08647
2006	118.5354
2007	-41.9862
2008	-1.16104
2009	-220.316
2010	-51.8048
2011	-27.0743
2012	-120.28
2013	-51.5291
2014	-4.0015
2015	-76.7708
2016	-95.3169

Table 6 shows the results of the regression performed for checking the impact of unemployment deviations over the frequency of terms related to the large country approach. It is worth reminding that the dependent variable y is the frequency of large approach's terms, and the independent variable the deviation of unemployment rate in the euro area.

Table 6 Results for the large approach

	<i>Coefficients</i>
α	202.55 (51.05)
$\beta_{Unemployment}$	10.55 (45.28)

Note: Robust Standard Error in parenthesis.
Significance level: ***:0,01, **:0,05 *:0,1

The table shows that there is no statistically significant relation between the movement of the unemployment rate over years and the use of large approach's terms.