

# Regime Changes and Economic Preferences: Global Evidence

## Milestone 4: Empirical Results

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## 1 Estimation Strategy

We employ a two-way fixed effects (TWFE) specification to identify the causal effect of regime changes exposure during formative years on economic preferences. Information about the econometric specification of our models can be found in the previous Milestone report. In

the current Milestone report, we present results from three complementary specifications to provide a comprehensive understanding of how regime changes affect economic preferences.

We estimate models with and without controls to assess the robustness of our findings. The baseline [Base model specification](#) show the raw associations, while models including average GDP per capita and average Liberal Democracy Index during formative years help isolate the effect of regime changes from general economic development and baseline institutional quality.

## 2 Combined effects model

We first estimate a model that pools all regime changes together, regardless of direction. This specification provides the average effect of experiencing any political instability during formative years and tests whether regime changes per se—independent of their direction—influence preference formation.

Table 1: Combined Effects specification

	Outcome variables					
	Patience	Risk taking	Positive reciprocity	Negative reciprocity	Altruism	Trust
Regime Change Experience	0.278***	0.298*	−0.332	0.390***	−0.416+	−0.108
	(0.052)	(0.138)	(0.241)	(0.088)	(0.236)	(0.190)
Num.Obs.	47 575	47 575	47 575	47 575	47 575	47 575
R2	0.193	0.196	0.233	0.167	0.185	0.164
R2 Adj.	0.173	0.175	0.214	0.146	0.164	0.142
Std.Errors	by: country	by: country	by: country	by: country	by: country	by: country
FE: region	X	X	X	X	X	X
FE: birth_year	X	X	X	X	X	X

+  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Standard errors in parentheses.

### 3 Base model specification

#### 3.1 Combined: Autocratization and Democratization

Table 2: Base model specification: Combined

	Outcome variables					
	Patience	Risk taking	Positive reciprocity	Negative reciprocity	Altruism	Trust
Democratization	0.078** (0.029)	0.062 (0.053)	−0.064 (0.063)	0.109* (0.047)	−0.084 (0.073)	−0.031 (0.043)
Autocratization	0.021 (0.024)	0.036 (0.033)	−0.060+ (0.033)	0.089* (0.039)	−0.009 (0.039)	−0.024 (0.034)
Num.Obs.	47 575	47 575	47 575	47 575	47 575	47 575
R2	0.193	0.195	0.233	0.167	0.185	0.164
R2 Adj.	0.172	0.175	0.213	0.146	0.164	0.142
Std.Errors	by: country	by: country	by: country	by: country	by: country	by: country
FE: region	X	X	X	X	X	X
FE: birth_year	X	X	X	X	X	X

+  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Standard errors in parentheses.

#### 3.2 Heterogenous Effects by Transtition Type

##### 3.2.1 Democratization

Table 3: Base model specification: Democratization

	Outcome variables					
	Patience	Risk taking	Positive reciprocity	Negative reciprocity	Altruism	Trust
Democratization	0.066* (0.025)	0.041 (0.044)	−0.027 (0.050)	0.055 (0.040)	−0.078 (0.056)	−0.016 (0.033)
Num.Obs.	47 575	47 575	47 575	47 575	47 575	47 575
R2	0.193	0.195	0.233	0.167	0.185	0.164
R2 Adj.	0.172	0.175	0.213	0.145	0.164	0.142
Std.Errors	by: country	by: country	by: country	by: country	by: country	by: country
FE: region	X	X	X	X	X	X
FE: birth_year	X	X	X	X	X	X

+  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Standard errors in parentheses.

### 3.2.2 Autocratization

Table 4: Base model specification: Autocratization

	Outcome variables					
	Patience	Risk taking	Positive reciprocity	Negative reciprocity	Altruism	Trust
Autocratization	−0.012 (0.022)	0.009 (0.028)	−0.033+ (0.019)	0.042 (0.034)	0.027 (0.023)	−0.011 (0.027)
Num.Obs.	47 575	47 575	47 575	47 575	47 575	47 575
R2	0.193	0.195	0.233	0.167	0.185	0.164
R2 Adj.	0.172	0.175	0.213	0.145	0.164	0.142
Std.Errors	by: country	by: country	by: country	by: country	by: country	by: country
FE: region	X	X	X	X	X	X
FE: birth_year	X	X	X	X	X	X

+  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Standard errors in parentheses.

## 4 Specification with Controls

Table 5: Base model specification: Combined with controls

	Outcome variables					
	Patience	Risk taking	Positive reciprocity	Negative reciprocity	Altruism	Trust
Democratization	0.074* (0.032)	0.076 (0.051)	−0.066 (0.064)	0.101* (0.048)	−0.092 (0.074)	−0.029 (0.042)
Autocratization	0.043 (0.028)	0.021 (0.033)	−0.049 (0.031)	0.108** (0.039)	0.007 (0.036)	−0.028 (0.040)
Log of Average GDP per Capita during formative years	0.121*** (0.032)	0.124* (0.057)	0.064 (0.041)	0.036 (0.058)	−0.005 (0.069)	0.007 (0.078)
Average LDI during formative years	0.060 (0.079)	−0.203* (0.091)	0.031 (0.077)	0.109 (0.112)	0.114 (0.097)	−0.031 (0.114)
Num.Obs.	47 575	47 575	47 575	47 575	47 575	47 575
R2	0.194	0.196	0.233	0.167	0.185	0.164
R2 Adj.	0.173	0.175	0.213	0.146	0.164	0.142
Std.Errors	by: country	by: country	by: country	by: country	by: country	by: country
FE: region	X	X	X	X	X	X
FE: birth_year	X	X	X	X	X	X

+  $p < 0.1$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Standard errors in parentheses.

## 4.1 Heterogenous Effects by Transtition Type

### 4.1.1 Democratization

Table 6: Base model specification: Democratization with controls

	Outcome variables					
	Patience	Risk taking	Positive reciprocity	Negative reciprocity	Altruism	Trust
Democratization	0.053+	0.066	−0.042	0.047	−0.095	−0.015
	(0.031)	(0.046)	(0.055)	(0.044)	(0.061)	(0.036)
Log of Average GDP per Capita during formative years	0.119***	0.123*	0.067	0.030	−0.006	0.009
	(0.032)	(0.057)	(0.041)	(0.058)	(0.069)	(0.078)
Average LDI during formative years	0.031	−0.218*	0.064	0.035	0.110	−0.012
	(0.073)	(0.088)	(0.079)	(0.110)	(0.102)	(0.101)
Num.Obs.	47 575	47 575	47 575	47 575	47 575	47 575
R2	0.194	0.196	0.233	0.167	0.185	0.164
R2 Adj.	0.173	0.175	0.213	0.145	0.164	0.142
Std.Errors	by: country	by: country	by: country	by: country	by: country	by: country
FE: region	X	X	X	X	X	X
FE: birth_year	X	X	X	X	X	X

+ p < 0.1, \* p < 0.05, \*\* p < 0.01, \*\*\* p < 0.001

Standard errors in parentheses.

### 4.1.2 Autocratization

Table 7: Base model specification: Autocratization with controls

	Outcome variables					
	Patience	Risk taking	Positive reciprocity	Negative reciprocity	Altruism	Trust
Autocratization	0.015	−0.008	−0.023	0.069*	0.042+	−0.017
	(0.028)	(0.029)	(0.022)	(0.033)	(0.023)	(0.036)
Log of Average GDP per Capita during formative years	0.121***	0.124*	0.065	0.035	−0.004	0.007
	(0.032)	(0.058)	(0.041)	(0.058)	(0.069)	(0.078)
Average LDI during formative years	0.080	−0.183*	0.013	0.136	0.090	−0.039
	(0.078)	(0.092)	(0.074)	(0.113)	(0.093)	(0.116)
Num.Obs.	47 575	47 575	47 575	47 575	47 575	47 575
R2	0.194	0.196	0.233	0.167	0.185	0.164
R2 Adj.	0.173	0.175	0.213	0.146	0.164	0.142
Std.Errors	by: country	by: country	by: country	by: country	by: country	by: country
FE: region	X	X	X	X	X	X
FE: birth_year	X	X	X	X	X	X

+ p < 0.1, \* p < 0.05, \*\* p < 0.01, \*\*\* p < 0.001

Standard errors in parentheses.

## **5 Robustness of Results**

The robustness will be examined in the last Milestone report.

## **6 Limitations**

## **7 Implications**