Regime Changes and Economic Preferences
Empirical Research Task

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Research question: Is there a causal link between experiencing regime changes and different

Economic preferences: patience, risk taking, positive reciprocity, negative reciprocity, altruism, trust

V-Dem	General Preference Survey
Panel from 1789-now	Cross-section collected in 2012
Liberal Democracy Index (0 - 1)	6 economic preferences, country, age, math skills, gender

- Combination of both: approx 75.000 individuals from 1910-2012 from 76 countries

- Economic preferences are formed during childhood + adolescence (Detlefsen et al., 2024)

Economic preferences

Note: přidej všechny preferences, jak byly měřeny a scale

Treatment group

- Initial approach: Regime change experienced between 3 –18 years old (democratization / autocratization)
  - ▸ Goal: identify whether an individual experienced a regime change during formative years (3-18)
    - – According to Lührmann et al. (2020): Evaluating differences of the LDI index at time **t** and **t-10** -> **confidence intervals** ->**no overlap** between them **AND** absolute value of the change in LDI is > 0.05 = identified as regime change
    - – Was individual's age between 3-18 during this identified year -> treated
- **New approach**: democratization / autocratization as a treatment

Note: Přidej graf regime changes na urovni zemi

Control group

Note: přidej tabulku pocty pozorovani v jednotlivych skupinach + rozdeleni zemi

Baseline specification

$$Y_{ict} = \alpha + \beta \cdot \text{Autocratization}_{ic} + \gamma_c + \delta_t + \varepsilon_{ict}$$

$$Y_{ict} = \alpha + \beta \cdot \text{Democratization}_{ic} + \gamma_c + \delta_t + \varepsilon_{ict}$$

Where:

Y_{ict}: **Preference outcome** (trust, patience, etc.) for **individual** (i), **country** (c), **birth cohort** (t)

$\text{Autocratization}_{ic}$ or $\text{Democratization}_{ic}$: Binary treatments indicator (1 if experienced democratization or autocratization during formative years, 0 otherwise)

γ_c : Country fixed effects

δ_t : Birth cohort fixed effects

X_{ict} : Controls including:

Average V-Dem LDI during formative years (ages 3-18)

Average GDP in formative years

Recession experience

β : Causal effect of interest

- Goal: Exploit cross-sectional variation between individuals who experienced regime changes and those who didn't, within the same country and birth cohort, while controlling for observed characteristics