

Table 1: Fixed Effects Results Regressing Economic Growth on Polity Measure of Democracy

	Large Sample, 1975-2017					
	Pooled OLS		Annual GDP Growth Fixed Effects		IV	
	(1)	(2)	(3)	(4)	(5)	(6)
Previous GDP Growth	0.380*** (0.048)	0.317*** (0.051)	0.302*** (0.053)	0.345*** (0.034)	0.326*** (0.034)	0.319*** (0.033)
Polity Score	-0.617** (0.277)	1.123*** (0.393)	0.839* (0.438)	0.751* (0.426)	0.880** (0.430)	0.602 (1.648)
log GDP per capita				-0.101 (0.297)	-0.325 (0.312)	-0.305 (0.357)
State Failure					-7.581*** (1.843)	-7.629*** (1.830)
Constant	2.642*** (0.299)					
Country dummy?	No	Yes	Yes	Yes	Yes	Yes
Year dummy?	No	No	Yes	Yes	Yes	Yes
Observations	5,574	5,574	5,574	5,495	5,495	5,486
R <sup>2</sup>	0.150	0.104	0.093	0.118	0.137	0.134
Adjusted R <sup>2</sup>	0.150	0.078	0.060	0.085	0.104	0.101

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Cross-sectional OLS regression in column 1. Fixed effects OLS regressions in columns 2 to 5, and IV regression with legislative election competitiveness as instrument in column 6. Robust standard errors clustered by country are reported in parentheses. Country dummies are included in regressions 2 to 6, and year dummies are included in regressions 3 to 6. Dependent variable is annual GDP growth rate. Covariates are added in regressions 4 through 6. Base sample is an unbalanced panel, 1975 to 2017. For detailed data definitions and sources, see table for descriptive statistics and Appendix Table 1.

Table 2: Fixed Effects Results Regressing Economic Growth on Freedom House Measure of Democracy

	Large Sample, 1975-2017					
	Pooled OLS		Annual GDP Growth Fixed Effects		IV	
	(1)	(2)	(3)	(4)	(5)	(6)
Previous GDP Growth	0.380*** (0.048)	0.317*** (0.051)	0.302*** (0.053)	0.345*** (0.034)	0.326*** (0.034)	0.319*** (0.033)
Freedom House Score	-0.617** (0.277)	1.123*** (0.393)	0.839* (0.438)	0.751* (0.426)	0.880** (0.430)	0.602 (1.648)
log GDP per capita				-0.101 (0.297)	-0.325 (0.312)	-0.305 (0.357)
State Failure					-7.581*** (1.843)	-7.629*** (1.830)
Constant	2.642*** (0.299)					
Country dummy?	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Year dummy?	<i>No</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Observations	5,574	5,574	5,574	5,495	5,495	5,486
R <sup>2</sup>	0.150	0.104	0.093	0.118	0.137	0.134
Adjusted R <sup>2</sup>	0.150	0.078	0.060	0.085	0.104	0.101

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Cross-sectional OLS regression in column 1. Fixed effects OLS regressions in columns 2 to 5, and IV regression with legislative election competitiveness as instrument in column 6. Robust standard errors clustered by country are reported in parentheses. Country dummies are included in regressions 2 to 6, and year dummies are included in regressions 3 to 6. Dependent variable is annual GDP growth rate. Covariates are added in regressions 4 through 6. Base sample is an unbalanced panel, 1975 to 2017. For detailed data definitions and sources, see table for descriptive statistics and Appendix Table 1.

Table 3: Fixed Effects Results Regressing Economic Growth on Unified Democracy Scores

	Large Sample, 1975-2017					
	Pooled OLS		Annual GDP Growth Fixed Effects		IV	
	(1)	(2)	(3)	(4)	(5)	(6)
Previous GDP Growth	0.362*** (0.056)	0.291*** (0.058)	0.277*** (0.060)	0.314*** (0.039)	0.296*** (0.039)	0.282*** (0.040)
Unified Democracy Scores	-0.270** (0.110)	0.739*** (0.227)	0.548** (0.235)	0.514** (0.230)	0.513** (0.227)	0.409 (0.856)
log GDP per capita				-0.262 (0.296)	-0.486 (0.337)	-0.311 (0.342)
State Failure					-7.568*** (2.141)	-7.619*** (2.149)
Constant	2.436*** (0.239)					
Country dummy?	No	Yes	Yes	Yes	Yes	Yes
Year dummy?	No	No	Yes	Yes	Yes	Yes
Observations	5,223	5,223	5,223	5,143	4,951	4,938
R <sup>2</sup>	0.138	0.090	0.080	0.100	0.117	0.111
Adjusted R <sup>2</sup>	0.138	0.060	0.043	0.063	0.080	0.075

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Cross-sectional OLS regression in column 1. Fixed effects OLS regressions in columns 2 to 5, and IV regression with legislative election competitiveness as instrument in column 6. Robust standard errors clustered by country are reported in parentheses. Country dummies are included in regressions 2 to 6, and year dummies are included in regressions 3 to 6. Dependent variable is annual GDP growth rate. Covariates are added in regressions 4 through 6. Base sample is an unbalanced panel, 1975 to 2017. For detailed data definitions and sources, see table for descriptive statistics and Appendix Table 1.

Table 4: Fixed Effects Results Regressing Debt Accumulation on Polity Measure of Democracy

	Large Sample, 1975-2017					
	Pooled OLS		Change in Debt-GDP Ratio from Last Year			IV
	(1)	(2)	(3)	(4)	(5)	(6)
Polity Score	1.141 (0.905)	9.534* (5.034)	6.910 (4.838)	7.373 (5.156)	7.590 (4.723)	-6.242 (19.326)
log GDP per capita				0.156 (2.020)	0.332 (1.853)	0.885 (1.714)
State Failure					26.442* (14.153)	26.275* (14.838)
Constant	-0.337 (0.814)					
Country dummy?	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Year dummy?	<i>No</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Observations	2,264	2,264	2,264	2,262	2,262	2,259
R <sup>2</sup>	0.001	0.006	0.003	0.003	0.034	0.023
Adjusted R <sup>2</sup>	0.0004	-0.054	-0.078	-0.078	-0.046	-0.057

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Cross-sectional OLS regression in column 1. Fixed effects OLS regressions in columns 2 to 5, and IV regression with legislative election competitiveness as instrument in column 6. Robust standard errors clustered by country are reported in parentheses. Country dummies are included in regressions 2 to 6, and year dummies are included in regressions 3 to 6. Dependent variable is the change in debt-GDP ratio from last year. Covariates are added in regressions 4 through 6. Base sample is an unbalanced panel, 1975 to 2017. For detailed data definitions and sources, see table for descriptive statistics and Appendix Table 1.

Table 5: Fixed Effects Results Regressing Debt Accumulation on Freedom House Measure of Democracy

	Large Sample, 1975-2017					
	Pooled OLS		Change in Debt-GDP Ratio from Last Year			IV
	(1)	(2)	(3)	(4)	(5)	(6)
Freedom House Score	1.033 (0.634)	4.735 (4.471)	4.223 (4.289)	3.124 (4.374)	4.837 (4.303)	-8.766 (27.047)
log GDP per capita				0.534 (1.843)	0.518 (1.821)	0.911 (1.697)
State Failure					26.485* (14.369)	25.385* (13.731)
Constant	-0.111 (0.542)					
Country dummy?	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Year dummy?	<i>No</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Observations	2,491	2,491	2,491	2,379	2,249	2,246
R <sup>2</sup>	0.001	0.001	0.001	0.001	0.031	0.024
Adjusted R <sup>2</sup>	0.0005	-0.057	-0.076	-0.080	-0.050	-0.057

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Cross-sectional OLS regression in column 1. Fixed effects OLS regressions in columns 2 to 5, and IV regression with legislative election competitiveness as instrument in column 6. Robust standard errors clustered by country are reported in parentheses. Country dummies are included in regressions 2 to 6, and year dummies are included in regressions 3 to 6. Dependent variable is the change in debt-GDP ratio from last year. Covariates are added in regressions 4 through 6. Base sample is an unbalanced panel, 1975 to 2017. For detailed data definitions and sources, see table for descriptive statistics and Appendix Table 1.

Table 6: Fixed Effects Results Regressing Debt Accumulation on Unified Democracy Scores

	Large Sample, 1975-2017					
	Pooled OLS		Change in Debt-GDP Ratio from Last Year			IV
	(1)	(2)	(3)	(4)	(5)	(6)
Unified Democracy Scores	0.953*** (0.289)	2.245* (1.338)	1.955 (1.383)	2.071 (1.525)	1.650 (1.326)	-13.207 (12.059)
log GDP per capita				-1.238 (2.494)	-0.834 (2.370)	0.827 (2.190)
State Failure					34.835* (17.805)	35.636* (19.428)
Constant	-0.479 (0.401)					
Country dummy?	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Year dummy?	<i>No</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Observations	1,909	1,909	1,909	1,909	1,802	1,801
R <sup>2</sup>	0.006	0.002	0.001	0.002	0.046	0.014
Adjusted R <sup>2</sup>	0.005	-0.075	-0.098	-0.098	-0.053	-0.088

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Cross-sectional OLS regression in column 1. Fixed effects OLS regressions in columns 2 to 5, and IV regression with legislative election competitiveness as instrument in column 6. Robust standard errors clustered by country are reported in parentheses. Country dummies are included in regressions 2 to 6, and year dummies are included in regressions 3 to 6. Dependent variable is the change in debt-GDP ratio from last year. Covariates are added in regressions 4 through 6. Base sample is an unbalanced panel, 1975 to 2017. For detailed data definitions and sources, see table for descriptive statistics and Appendix Table 1.

Table 7: Fixed Effects Results Regressing Budget Deficit on Polity Measure of Democracy

	Large Sample, 1975-2017					
	Pooled OLS		Annual Budget Deficit Fixed Effects			IV
	(1)	(2)	(3)	(4)	(5)	(6)
Polity Score	-3.607** (1.707)	-4.783 (5.520)	-5.798 (4.926)	-5.034** (2.494)	-5.447** (2.649)	0.942 (5.000)
log GDP per capita				2.559*** (0.751)	2.553*** (0.742)	1.995** (0.860)
State Failure					-3.146* (1.605)	-2.395 (1.921)
Constant	0.629 (1.530)					
Country dummy?	No	Yes	Yes	Yes	Yes	Yes
Year dummy?	No	No	Yes	Yes	Yes	Yes
Observations	1,934	1,934	1,934	1,927	1,927	1,925
R <sup>2</sup>	0.020	0.003	0.005	0.019	0.022	0.011
Adjusted R <sup>2</sup>	0.019	-0.057	-0.080	-0.066	-0.063	-0.075

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Cross-sectional OLS regression in column 1. Fixed effects OLS regressions in columns 2 to 5, and IV regression with legislative election competitiveness as instrument in column 6. Robust standard errors clustered by country are reported in parentheses. Country dummies are included in regressions 2 to 6, and year dummies are included in regressions 3 to 6. Dependent variable is government annual budget deficit. Covariates are added in regressions 4 through 6. Base sample is an unbalanced panel, 1975 to 2017. For detailed data definitions and sources, see table for descriptive statistics and Appendix Table 1.

Table 8: Fixed Effects Results Regressing Budget Deficit on Freedom House Measure of Democracy

	Large Sample, 1975-2017					
	Pooled OLS		Annual Budget Deficit Fixed Effects			IV
	(1)	(2)	(3)	(4)	(5)	(6)
Freedom House Score	-0.333 (1.504)	7.257** (3.169)	4.135 (3.248)	-0.999 (2.789)	-1.496 (2.818)	0.672 (6.976)
log GDP per capita				2.285*** (0.741)	2.164*** (0.734)	1.997** (0.886)
State Failure					-2.480 (1.932)	-2.165 (2.108)
Constant	-2.119* (1.261)					
Country dummy?	No	Yes	Yes	Yes	Yes	Yes
Year dummy?	No	No	Yes	Yes	Yes	Yes
Observations	2,090	2,090	2,090	1,972	1,909	1,907
R <sup>2</sup>	0.0002	0.007	0.002	0.013	0.014	0.013
Adjusted R <sup>2</sup>	-0.0003	-0.050	-0.077	-0.070	-0.072	-0.073

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Cross-sectional OLS regression in column 1. Fixed effects OLS regressions in columns 2 to 5, and IV regression with legislative election competitiveness as instrument in column 6. Robust standard errors clustered by country are reported in parentheses. Country dummies are included in regressions 2 to 6, and year dummies are included in regressions 3 to 6. Dependent variable is government annual budget deficit. Covariates are added in regressions 4 through 6. Base sample is an unbalanced panel, 1975 to 2017. For detailed data definitions and sources, see table for descriptive statistics and Appendix Table 1.



Table 9: Fixed Effects Results Regressing Budget Deficit on Unified Democracy Scores

	Large Sample, 1975-2017					
	Pooled OLS		Annual Budget Deficit Fixed Effects			IV
	(1)	(2)	(3)	(4)	(5)	(6)
Unified Democracy Scores	-1.062** (0.525)	0.347 (0.839)	-0.369 (0.885)	-1.595* (0.819)	-1.558* (0.818)	1.227 (3.193)
log GDP per capita				3.276*** (0.885)	2.990*** (0.838)	2.165 (1.467)
State Failure					-3.830 (2.524)	-3.700 (2.879)
Constant	-1.021* (0.553)					
Country dummy?	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Year dummy?	<i>No</i>	<i>No</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>	<i>Yes</i>
Observations	1,551	1,551	1,551	1,550	1,494	1,494
R <sup>2</sup>	0.028	0.0004	0.0004	0.031	0.031	0.011
Adjusted R <sup>2</sup>	0.028	-0.078	-0.107	-0.074	-0.077	-0.099

*Note:*

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Cross-sectional OLS regression in column 1. Fixed effects OLS regressions in columns 2 to 5, and IV regression with legislative election competitiveness as instrument in column 6. Robust standard errors clustered by country are reported in parentheses. Country dummies are included in regressions 2 to 6, and year dummies are included in regressions 3 to 6. Dependent variable is government annual budget deficit. Covariates are added in regressions 4 through 6. Base sample is an unbalanced panel, 1975 to 2017. For detailed data definitions and sources, see table for descriptive statistics and Appendix Table 1.