

Democracy and Reforms: Evidence from a New Dataset

Online Appendix

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TABLE 1—APPENDIX: SUMMARY STATISTICS

Variable	Obs	Mean	Std. Dev.	Min.	Max
Change in reform index	20,123	0.01	0.08	-1	1
Lagged democracy	20,123	0.59	0.37	0	1
Lagged reform_index	20,123	0.40	0.37	0	1
Lagged crisis (inflation>40)	5,252	0.10	0.30	0	1
Lagged real devaluation	5,252	0.01	0.17	-1.00	1.30
Lagged public expenditure as a percent of GDP	5,252	15.06	5.18	2.98	34.39
Lagged bureaucratic quality	5,252	2.54	1.14	0	4
Lagged tertiary enrollment	5,252	0.27	0.22	0.00	0.97
Lagged reforms in geographical neighbor	5,252	0.02	0.03	-0.21	0.22
Lagged dummy for left	5,252	0.33	0.47	0	1
Lagged dummy for presidential	5,252	0.55	0.50	0	1
Lagged democracy in political neighbors	18,970	1.25	5.12	-9	10
Lagged crisis (growth<0)	5,234	0.26	0.44	0	1
Terms of trade shocks	5,252	-0.01	0.14	-0.70	0.47
Lagged crisis (debt)	4,679	0.01	0.12	0	1
Lagged crisis (bank)	4,679	0.05	0.22	0	1
Lagged reform in trade neighbors	5,252	0.01	0.03	-0.21	0.39
Change in reform index (principal component)	1,418	0.02	0.04	-0.18	0.31
Lagged reform index (principal component)	1,418	0.50	0.25	0	1.00
Political reform (Giavazzi and Tabellini, 2005)	22,565	0.20	0.40	0	1

Note: The summary statistics correspond to samples used in Tables 4, 5, 6 11, 12 and 14.

TABLE 2—APPENDIX: PANEL UNIT ROOT TEST (REFORM)

	Agriculture	Prod. Mkt	Trade	Cap. Acc.	Curr. Acc.	Finance	Polity2 (overall sample)
Levin-Lin ADF-stat	2.93	1.63	-2.57	-2.46	-1.39	-1.50	-1.53
Im, Pesharan & Shin ADF-stat	1.71	-0.63	-5.91	-3.25	-3.86	-1.70	-5.17
Number of countries	91	118	95	71	60	71	135
Number of years	43	44	44	31	44	31	44

Note: The missing values for intermediate years have been interpolate to apply the unit root tests. All reported values are distributed $N(0,1)$ under null of unit root or no cointegration. Large negative values imply rejection of the unit root, with the 5% and 10% critical values being -1.64 and 1.28 respectively.

TABLE 3—APPENDIX: REFORMS AND DEMOCRACY, ROBUSTNESS TO CONTROLS: SAMPLE

Dependent variable: reform in (country, sector, year)						
	(1)	(2)	(3)	(4)	(5)	(6)
Lagged democracy	0.11*** [0.004]	0.014** [0.006]	0.044*** [0.014]	0.011*** [0.003]	0.014*** [0.004]	0.039** [0.016]
Lagged level of index	-0.148*** [0.004]	-0.207*** [0.006]	-0.402*** [0.011]	-0.135*** [0.004]	-0.173*** [0.05]	-0.415*** [0.012]
Observations	17,235	10,128	6,111	18,400	14,776	5,252

Note: All regressions are restricted to corresponding samples in Table 4. The estimators are within estimators and allow for first-order autoregressive disturbance term. All regressions control for country sector, year fixed effects and country*sector and sector*year interactions. Standard errors are denoted in parentheses. ***, ** and * denote statistical significance at 1, 5 and 10 percent respectively.

TABLE 4—APPENDIX: REFORM REVERSAL AND DEMOCRACY

Dependent variable: dummy for reform reversal in country, sector, year				
	(1)	(2)	(3)	(4)
Lagged democracy	-0.006 [0.014]	-0.009 [0.017]	-0.008 [0.014]	-0.009 [0.018]
Lagged level of index	0.118*** [0.013]	0.210*** [0.018]	0.115*** [0.014]	0.212*** [0.020]
Country FE	Y	Y	Y	Y
Sector FE	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
Country*Sector FE		Y		Y
Sector*Year FE			Y	Y
Observations	20,123	20,123	20,123	20,123

Note: The regressions are estimated by OLS. Reform reversal is defined by a decrease in the level of the reform index. Standard errors are denoted in parentheses.***, ** and * denote statistical significance at 1, 5 and 10 percent respectively.