Income and Democracy: Comment
Online Appendix

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Abstract

This Online Appendix reports the data sources, the results of the robustness tests discussed in Section II.C in the paper, additional findings and the alternative coding of Colonies.

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A Robustness Checks: Literature, Data Sources and Discussion of Results

This appendix presents the data sources and the results of the robustness checks discussed in Section 2.3 in the paper together with the related literature that motivated these checks. The analysis uses and extends the cross-country panel data compiled by AJRY (2008) (available at `http://pubs.aeaweb.org/doi/pdfplus/10.1257/aer.98.3.808`). The estimation follows the which analysis of AJRY (2008) for the five-year and ten-year panel data sets over the period 1960-2000.[1]

A.1 Alternative Codings of Colonies

Following the literature, including Acemoglu et al. (2001, 2002), the empirical analysis focuses on Western overseas colonialism. As a benchmark information on whether a country was a former colony we use information from the *French Center for Research and Studies on the World Economy* (CEPII) database, which has the advantage of providing a complete classification of colonial status of all countries in the sample. The CEPII coding also provides information on the respective (last) colonizing power of a former colony. The source for the CEPII data is `http://www.cepii.fr`. This data set includes all countries in the baseline sample of AJRY (2008), who also report information on former colonial status, but only for a subset of countries that is included in their 500-year panel. As consequence, some countries, in particular those that lack GDP data for time periods before the fall of the Soviet Union, are not coded with respect to colonial history. The two classifications are, however, very similar. The entire analysis is replicated using both colony codings as well as for a third coding that is available from the *Quality of Governance* institute (QoG data set; see `http://www.qog.pol.gu.se/`). This coding treats Western offshoots (Australia, Canada, New Zealand and the U.S.) as non-colonies. The results are robust to the use of alternative codings of colonial history.

In particular, the results are confirmed, with the heterogenous effect of income in colonies and within colonies being slightly stronger, when using the coding of colonies from AJRY (2008) (which contain information for a smaller number of countries) and from Quality of Governance data set

[1] An analysis of data before 1960 is prevented by the lack of reliable data for former colonies (for which data are typically available only after 1970). In particular, the 25-year panel is problematic in view of the main finding about the implications of sample composition and sample selection since it contains only 25 countries (out of 150), of which only 13 are colonies and the majority of these (9) are colonies with good institutions in terms of constraints on the executive as of 1900.

(which classifies Western offshoots as non-colonies).

The robustness results for the partially interacted model are reported in Table 1. Alternative samples apply the same sample restrictions as AJRY (2008) (Panel A), or relax these restrictions and exploit all available data points (Panel B). The results for estimates of the benchmark empirical model on the different samples of non colonies and colonies can be found in Table 2. Table 3 reports the robustness of the results for different colony codings for the heterogenous effect of income on democracy within the sample of colonies.

A.2 Alternative Specifications of the Relationship Between Income and Democracy

A.2.1 Income and Democracy in Non-Colonies and Colonies: Alternative Grouping

Table 4 presents the results when distinguishing between the three groups of countries: non-colonies, and colonies without and with constraints on the executive in 1900. The results confirm the finding that the effect of income on democracy is positive for non-colonies. For colonies with no constraints on the executive, the effect is significantly smaller, and the total effect is negative. For colonies with constraints on the executive, the effect is not significantly different from that for non-colonies. The effect of income on democracy is positive when pooling non-colonies and colonies with constraints on the executive in 1900 as reported in columns (2) and (5). In contrast, the effect is negative when estimating the model only for colonies with no constraints on the executive as shown in columns (3) and (6).

A.2.2 Heterogenous Effect Conditional on Levels of Democracy and Income

Income might have different effects conditional on the level of democracy and for transitions to and away from democracy, as suggested by Adam Przeworski & Fernando Limongi (1997) and Przeworski et al. (2000). To account for this, AJRY (2009) consider the possibility of a heterogeneous effect of income on democracy, depending on whether a country starts with a low level of democracy or a high level of democracy. The empirical strategy involves using two binary indicator variables. The variable $Non - Demo$ equals 1 if a country has a lagged level of democracy below the sample mean and 0 otherwise, variable $Demo$ equals 1 if a country has a lagged level of democracy above the sample mean, and zero otherwise. Interactions of these indicator variables with lagged income capture the possibility of the effect of income on promoting democracy being different from the effect of income for preventing coups and anti-democratic developments. This analysis replicates and extends the

analysis in AJRY (2009), Table 2. The findings, reported in Table 5 show that this distinction leaves the results unaffected. There is no evidence for different effects of income depending on the quality of democratic institutions in the previous period while the different income effect across colonies and non-colonies is confirmed.

The results presented in Table 6 complement these findings by documenting that there is no significant interaction effect between the democracy index and income. Including such an interaction confirms the main result of a heterogeneous effect of income on democracy by colonial status.

The results by Benhabib, Corvalan, and Spiegel (2011, 2013) suggest that the relationship between income and democracy might differ depending on the level of income of a country. The second set of results reported in Table 6 shows that the heterogeneous effect of income by colonial status is robust to the inclusion of an interaction between income and a binary indicator of whether a country was richer than the median of countries in 1960.

A.2.3 Non-Linear Effects of Income on Democracy

Table 7 presents results for a specification that also includes a quadratic income term as suggested by Enrique Moral-Benito & Cristian Bartolucci (2012). When estimating a specification that includes a linear and a squared term of lagged income using the full sample, the effect of income is insignificant, both individually and jointly. When adding interactions with colonial status, or when splitting the sample, the baseline results of a heterogenous effect in colonies and non-colonies are confirmed. For each subsample, the extremum of the income effect lies outside the range of income values in the sample, which implies a monotonic effect of income on democracy. In particular, the estimates imply that the effect of income in the empirically relevant range is negative and (jointly) significant for colonies, and positive (jointly) significant for non-colonies.[2]

A.3 Alternative Data for Democracy and Income

A.3.1 Polity IV Data

As benchmark index of democracy we use the data provided by Freedom House. The index is normalized to the range between zero and one, with higher values indicating higher levels of democracy. As alternative measure for democracy, we consider the Polity IV index, which is normalized to the range between zero and one. Table 8 provides a summary of the results obtained when replicating

[2]The effect of income for non-colonies is jointly significant at the 10-% level in the 5-year panel, and at the 1-% level in the 10-year panel.

the analysis with the alternative Polity IV measure of democracy used by AJRY (2008). The table contains the results for the different panel frequencies (five-year and ten-year data), and estimation techniques (OLS, GMM, IV and GMM-IV).[3] The results are qualitatively identical and quantitatively very similar to the baseline results obtained with the Freedom House index.[4]

A.3.2 Alternative Income Data

The use of more recent releases of income data (like the PWT 7.1) allows to recover information for several countries and years (within countries) and offers the opportunity to test for heterogeneous income effects in a more general setting. One relevant caveat is, however, that most of the additional data that is not contained in the PWT 6.1, and thus not used by AJRY (2008), refers to former socialist countries for which data quality on GDP per capita might be questionable. In addition, the latest release adds countries located in the Middle East as well as smaller countries and islands. The findings, reported in Table 9, are in line with baseline results.[5]

A.3.3 Binary Measures of Democracy

Several scholars have proposed the use of binary, or discrete, measures of democracy instead of a continuous index, see in particular, Przeworski et al. (2000), Epstein et al. (2006), Jose A. Cheibub, Jennifer Gandhi & James R. Vreeland (2010) and Benhabib, Corvalan, and Spiegel (2011, 2013). A caveat of relying on binary measures relates to the further reduction in period-to-period variability of democracy within countries overtime that can reduce the ability of the empirical model with country and time fixed effects to detect significant effects in the different sub-samples. To test the robustness of the results we use data from Cheibub, Gandhi & Vreeland (2010) that is available at `https://netfiles.uiuc.edu/cheibub/www/datasets.html`. The results, in Table 10, confirm the baseline findings.

[3]The estimates are conducted using the same Polity-IV data as in AJRY (2008), which has a smaller number of observations and exhibits less variation compared to the preferred data from the Freedom House. The results are confirmed. The heterogeneity is slightly larger and statistically more significant when using the 2010 release of Polity data, which retains more observations. To avoid duplication, the corresponding results are made available upon request.

[4]As for the Freedom House index, also for the Polity IV democracy coding the instrument gets stronger and the effect of income on democracy turns positive for the sample of non-colonies when dropping censored observations with a democracy score equal to one.

[5]The findings of a heterogeneous effect of income on democracy also emerge for data from Angus Maddison (2003), although the estimates rely on different samples and are more noisy.

A.3.4 Alternative Estimation: Tobit Estimates

Benhabib et al. (2011, 2013) and Alejandro Corvalan (2011) suggest that the insignificant effect of income on democracy might depend on the specific choice of the democracy variables and on the estimation procedure. A linear estimation model might deliver misleading estimates since the distribution of the democracy measure tends to be bi-modal and is censored. To address these issues, and keeping in mind the incidental parameter problem, a Tobit estimator can employed to account for censoring in the dependent variable (see Benhabib et al. (2011) and the discussion therein for details). The results reported in Table 11 confirm the findings.[6]

A.4 Alternative Interactions

A.4.1 Alternative Proxies of Institutions and Colonial History

The data on constraints on the executive in 1900 are taken from Daron Acemoglu, Simon Johnson & James A. Robinson (2002). Information on the colonial power before independence is taken from the CIA World Fact Book and from CEPII. The robustness of the results is investigated using further relevant information on colonial history, alternative proxies for early institutions and interactions with country specific characteristics. As alternative proxy for institutional quality, we consider the year of independence as "another measure of colonization strategy, since non-extractive colonies gained their independence typically earlier than the extractive ones" (Acemoglu et al., 2009, p. 1046). The link between the data of independence and the quality of institutions within colonies is supported by the political science literature, see Dietrich Rueschemeyer, Evelyn Huber Stephens & John D. Stephens (1992), Seymour M. Lipset, Kyoung-Ryung Seong & John C. Torres (1993), or Michael Bernhard, Christopher Reenock & Timothy Nordstrom (2004), and by recent findings of Graziella Bertocchi & Andrea Guerzoni (2010) who analyze the causes of state fragility in Sub-Saharan Africa. Early independence is thus an indicator that colonies were able to organize resistance against the colonizing power, as well as organize their own administration. As shown in Table 4 of the paper, income has a negative effect in former colonies that either had no constraints on the executive in 1900, or that became independent after 1900, or that were ruled by the late colonizers.

The literature has used alternative proxies for colonial history and institutional quality. The share of population with European descent (data from Putterman and Weil, 2010) has been related to better early institutions because of long-run oriented settlement strategies of colonizers. The year

[6] Additional unreported results also suggest that the heterogeneity in the effect of income on democracy is more pronounced when censored observations are simply dropped from the sample or when using a Logit estimator.

of colonization captures the timing of colonization, which impacted heavily on the institutions set up in colonies. While early colonies, colonized before about 1880, were colonized mostly to expand the market for goods (the "mercantilist wave of colonization"), later colonization was driven mainly by exploitation and imperialist intentions (the "imperialist wave of colonization") which is likely to have led to more extractive institutions, see Ola Olsson (2009). Finally, the religious fractionalization (data from Alesina et al., 2003) of a country has been argued to reflect the potential for, or prevalence of, divide-and-rule strategies that increase the extractive capacity of the colonizer, see Daron Acemoglu & James A. Robinson (2006). Table 12 reports the robustness with respect to the use of alternative proxies for institutional quality: share of population with European descent in 1970, colonization before/after 1880, and religious fractionalization. The results confirm the findings of substantial heterogeneity in the effect of income on democracy in colonies with different colonization history and institutional background.

A.4.2 Additional Interactions

The finding of a heterogenous effect of income on democracy is also extended to the consideration of other country-specific characteristics that might be relevant for comparative development but, in view of the literature, should not be regarded *per se* as relevant proxies for broad-based institutions that emerged during the colonial history. These characteristics include the share of a country's land located in the tropics, the share of arable land, and whether a country is located in Africa (data from Ashraf and Galor, 2011). As illustrated by the findings reported in Table 13, the main results are robust to the consideration of these further interactions, none of which has a significant effect on democracy.

A.5 Sensitivity Analysis and Further Controls

A.5.1 Dropping Groups of Countries: Socialist, Opec, Muslim, Middle-East, and Europe

The results are not driven by countries whose information on income or democracy (or both) might be deemed not fully reliable or by particular groups of countries, or outliers. Tables 14 and 15 document that the results consistently emerge also when dropping countries in the former socialist block as well as by excluding countries in the Middle-East, countries that are predominantly inhabited by

Muslims, or that are major oil exporter (defined by OPEC membership).[7] Table 14 replicates the main results when eliminating Western European countries (including Scandinavia).

A.5.2 Additional Controls: Education, Population, Median Age, Labor Share of Value Added

The significant heterogeneity in the income effect is robust to the inclusion of additional controls like average school years, log of total population (in thousands), the median age in the population as well as labor share of gross value added, see Table 16 and 17. The data are taken from AJRY (2008). The results reveal that the estimate of the negative effect of income on democracy is less precise for former colonies since the sample is reduced due to missing information on some of the controls. Also within colonies, the heterogeneity is robust with respect to the inclusion of the additional controls.

[7]Major oil exporters include current and former OPEC members and data on socialist countries is taken from AJRY (2008). The classification of Middle-East countries is based in the CIA World Factbook. The share of the muslim population is taken from the Pew Research Center and countries with a share higher than 80% are excluded.

B Tables

Table 1: Income and Democracy: Alternative Country Coding

Dependent Variable	Democracy (Freedom House)							
	Panel A: Base Sample							
	5-years				10-years			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Democracy_{t-1}	0.379***	0.363***	0.365***	0.366***	-0.025	-0.069	-0.06	-0.063
	[0.047]	[0.044]	[0.045]	[0.045]	[0.075]	[0.065]	[0.067]	[0.067]
Income_{t-1}	0.010	0.080**	0.064*	0.064*	0.053	0.190***	0.149**	0.159**
	[0.032]	[0.039]	[0.036]	[0.038]	[0.056]	[0.070]	[0.066]	[0.069]
$\text{Income}_{t-1} \times \text{Colony}$		-0.118***	-0.108***	-0.097**		-0.247***	-0.207***	-0.205***
		[0.042]	[0.041]	[0.042]		[0.067]	[0.064]	[0.065]
Observations	945	945	927	945	457	457	455	457
Countries	150	150	134	150	127	127	125	127
Adj. R^2	0.234	0.242	0.24	0.239	0.110	0.153	0.139	0.138
Source Colony Coding		CEPII	AJRY	QoG		CEPII	AJRY	QoG
	Panel B: Full Sample							
	5-years				10-years			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Democracy_{t-1}	0.389***	0.372***	0.373***	0.374***	-0.017	-0.065	-0.057	-0.059
	[0.049]	[0.046]	[0.047]	[0.047]	[0.073]	[0.063]	[0.064]	[0.065]
Income_{t-1}	0.001	0.072*	0.057	0.058	0.050	0.194***	0.154**	0.163**
	[0.032]	[0.039]	[0.036]	[0.039]	[0.054]	[0.069]	[0.065]	[0.068]
$\text{Income}_{t-1} \times \text{Colony}$		-0.123***	-0.116***	-0.105***		-0.249***	-0.210***	-0.208***
		[0.040]	[0.039]	[0.040]		[0.066]	[0.061]	[0.063]
Observations	988	988	970	988	465	465	463	465
Countries	150	150	134	150	127	127	125	127
Adj. R^2	0.235	0.246	0.244	0.243	0.105	0.15	0.137	0.136
Source Colony Coding		CEPII	AJRY	QoG		CEPII	AJRY	QoG

Fixed-effect panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The results in column (1) of panel A replicate those in AJRY (2008), Table 2 Col. (2). Results in column (5) of panel A replicate those in AJRY (2008), Table 2 Col. (7).

Table 2: Income and Democracy in Non Colonies and Colonies: Alternative Country Codings

Dependent Variable	Democracy (Freedom House)											
Panel A: Non Colonies												
Colony Coding	AJRY (2008)						Quality of Governance					
Panel	5-years			10-years			5-years			10-years		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Democracy_{t-1}	0.604***	0.597***	0.435***	0.230*	0.230*	-0.009	0.619***	0.612***	0.439***	0.252**	0.252**	-0.003
	[0.095]	[0.105]	[0.105]	[0.123]	[0.123]	[0.121]	[0.097]	[0.108]	[0.110]	[0.124]	[0.124]	[0.129]
Income_{t-1}	0.140***	0.151***	0.177***	0.385***	0.385***	0.371***	0.157***	0.166***	0.210***	0.427***	0.427***	0.436***
	[0.042]	[0.042]	[0.055]	[0.100]	[0.100]	[0.126]	[0.042]	[0.042]	[0.055]	[0.097]	[0.097]	[0.122]
Sample	Full	≥7 Obs.	Balanced	Full	≥3 Obs.	Balanced	Full	≥7 Obs.	Balanced	Full	≥3 Obs.	Balanced
Observations	304	290	210	144	142	90	332	305	217	151	150	93
Countries	41	32	30	35	33	30	56	33	31	35	34	31
Adj. R^2	0.480	0.479	0.411	0.382	0.382	0.291	0.490	0.489	0.414	0.430	0.429	0.393
Panel B: Colonies												
Colony Coding	AJRY (2008)						Quality of Governance					
Panel	5-years			10-years			5-years			10-years		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Democracy_{t-1}	0.316***	0.309***	0.216***	-0.129*	-0.132*	-0.129	0.318***	0.312***	0.225***	-0.127*	-0.130*	-0.132
	[0.051]	[0.055]	[0.062]	[0.070]	[0.070]	[0.091]	[0.051]	[0.055]	[0.061]	[0.070]	[0.070]	[0.090]
Income_{t-1}	-0.070*	-0.091**	-0.105*	-0.087*	-0.093*	-0.144**	-0.061*	-0.079**	-0.087*	-0.082*	-0.089*	-0.134*
	[0.036]	[0.037]	[0.054]	[0.050]	[0.050]	[0.072]	[0.035]	[0.036]	[0.052]	[0.049]	[0.049]	[0.071]
Sample	Full	≥7 Obs.	Balanced	Full	≥3 Obs.	Balanced	Full	≥7 Obs.	Balanced	Full	≥3 Obs.	Balanced
Observations	666	576	420	319	308	207	656	561	413	314	300	204
Countries	93	70	60	90	82	69	94	69	59	92	81	68
Adj. R^2	0.194	0.198	0.169	0.111	0.109	0.100	0.201	0.206	0.179	0.120	0.118	0.103

Fixed-effect panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The coding of colonies is according to AJRY (2008) in columns (1)-(6) and the Quality of Governance data in columns (7)-(12).

Table 3: Income and Democracy within Colonies: Alternative Country Codings

Dependent Variable	Democracy (Freedom House)											
c_i	Constraints on the Executive in 1900				Independence in 1900				No Late Colonial Power			
Colony Coding:	AJRY(2008)		Quality of Governance		AJRY(2008)		Quality of Governance		AJRY(2008)		Quality of Governance	
Panel	5-years	10-years	5-years	10-years	5-years	10-years	5-years	10-years	5-years	10-years	5-years	10-years
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Democracy_{t-1}	0.283***	-0.160**	0.280***	-0.159**	0.308***	-0.140**	0.309***	-0.140**	0.317***	-0.125*	0.318***	-0.126*
	[0.053]	[0.070]	[0.054]	[0.072]	[0.050]	[0.069]	[0.050]	[0.070]	[0.051]	[0.072]	[0.051]	[0.073]
Income_{t-1}	-0.130***	-0.150**	-0.131***	-0.150**	-0.092**	-0.117**	-0.080**	-0.114**	-0.118***	-0.165***	-0.104***	-0.166***
	[0.036]	[0.057]	[0.037]	[0.058]	[0.037]	[0.055]	[0.037]	[0.054]	[0.037]	[0.059]	[0.037]	[0.060]
$\text{Income}_{t-1} \times c_i$	0.152**	0.162*	0.187**	0.201*	0.142**	0.191**	0.144*	0.226**	0.167***	0.270***	0.160**	0.309***
	[0.070]	[0.087]	[0.086]	[0.103]	[0.069]	[0.089]	[0.076]	[0.100]	[0.063]	[0.086]	[0.067]	[0.093]
Observations	614	297	576	278	666	319	656	314	660	316	650	311
Countries	79	79	76	76	93	90	94	92	92	89	93	91
Adjusted R^2	0.192	0.117	0.200	0.126	0.198	0.120	0.205	0.132	0.205	0.140	0.212	0.154

Fixed-effect panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The coding of colonies is according to AJRY (2008) in columns (1)-(2), (5)-(6), (9)-(10) and the Quality of Governance data in columns in columns (3)-(4), (7)-(8), (11)-(12).

Table 4: Income and Democracy in Non-Colonies and Within Colonies

Dependent Variable	Democracy (Freedom House)					
c_i	Constraints on Exececutive in 1900					
	5-years			10-years		
	(1)	(2)	(3)	(4)	(5)	(6)
Democracy_{t-1}	0.357***	0.446***	0.252***	-0.08	0.019	-0.173*
	[0.000]	[0.000]	[0.002]	[0.223]	[0.842]	[0.097]
Income_{t-1}	0.074**	0.078*	-0.107***	0.172***	0.185**	-0.113*
	[0.034]	[0.054]	[0.007]	[0.006]	[0.019]	[0.074]
$\text{Income}_{t-1} \times \text{Colony}$	-0.183***			-0.288***		
	[0.001]			[0.000]		
$\text{Income}_{t-1} \times \text{Colony} \times c_i$	-0.046			-0.128		
	[0.450]			[0.117]		
Observations	988	564	424	465	261	204
Countries	150	91	59	127	68	59
Adj. R^2	0.262	0.317	0.237	0.164	0.191	0.155

Fixed-effect panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The colony coding follows the CEPII data set. Results in Columns (2) and (5) are based on the restricted sample of non-colonies and colonies with constraints on the executive in 1900. Results in Columns (3) and (6) are based on the restricted sample of non-colonies with no constraints on the executive in 1900.

Table 5: Income and Democracy: Effects in Democracies and Non-Democracies

Dependent Variable	Democracy (Freedom House)							
	5-years				10-years			
Sample	All Countries		Colonies	Non Colonies	All Countries		Colonies	Non Colonies
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Democracy_{t-1}	0.346***	0.353***	0.309***	0.732***	-0.019	0.003	-0.115	0.240*
	[0.071]	[0.071]	[0.073]	[0.142]	[0.105]	[0.100]	[0.131]	[0.136]
$\text{Income}_{t-1} \times Non-Demo_{t-1}$	0.005	0.063*	-0.061*	0.161***	0.050	0.186***	-0.090*	0.488***
	[0.032]	[0.037]	[0.035]	[0.039]	[0.055]	[0.066]	[0.049]	[0.106]
$\text{Income}_{t-1} \times Demo_{t-1}$	0.001	0.053	-0.063*	0.176***	0.050	0.181***	-0.090*	0.491***
	[0.031]	[0.038]	[0.034]	[0.039]	[0.054]	[0.067]	[0.047]	[0.109]
$\text{Income}_{t-1} \times Non-Demo_{t-1} \times$ Colony		-0.116***				-0.257***		
		[0.039]				[0.065]		
$\text{Income}_{t-1} \times Demo_{t-1} \times$ Colony		-0.106***				-0.243***		
		[0.039]				[0.065]		
Observations	988	988	737	251	465	465	352	113
Countries	150	150	106	44	127	127	100	27
Adj. R^2	0.236	0.247	0.202	0.487	0.103	0.154	0.113	0.455

Clustered standard errors are in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regression include country fixed effects and time fixed effects. The results in column (1) of the five year panel replicate those in AJRY (2009), Table 2, Panel A, Col. (2). $Non-Demo_{t-1}$ is a binary indicator variable which equals 1 only if Democracy_{t-1} is below the sample mean. In the terminology of Acemoglu et al. (2009), the interaction $\text{Income}_{t-1} \times Non-Demo_{t-1}$ corresponds to the effect of income on transitions from non-democracy, whereas $\text{Income}_{t-1} \times Demo_{t-1}$ corresponds to transitions away from democracy.

Table 6: Heterogeneity by Democratic Quality and Income

Dependent Variable	Democracy (Freedom House)							
	5-years		10-years		5-years		10-years	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Democracy_{t-1}	0.293	0.419	-0.312	0.055	0.389***	0.372***	-0.022	-0.065
	[0.387]	[0.215]	[0.497]	[0.907]	[0.000]	[0.000]	[0.758]	[0.295]
Income_{t-1}	-0.005	0.075*	0.03	0.204**	0.001	0.077*	0.023	0.187**
	[0.882]	[0.075]	[0.623]	[0.010]	[0.983]	[0.059]	[0.754]	[0.015]
$\text{Income}_{t-1} \times$ Colony		-0.124***		-0.252***		-0.124***		-0.247***
		[0.002]		[0.000]		[0.002]		[0.000]
$\text{Income}_{t-1} \times \text{Democracy}_{t-1}$	0.012	-0.006	0.037	-0.015				
	[0.772]	[0.885]	[0.511]	[0.792]				
$\text{Income}_{t-1} \times$ Rich					0.001	-0.01	0.056	0.012
					[0.993]	[0.803]	[0.499]	[0.865]
Observations	988	988	465	465	988	988	465	465
Countries	150	150	127	127	150	150	127	127
Adj. R^2	0.244	0.255	0.118	0.163	0.244	0.255	0.119	0.163

Fixed-effect OLS panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The colony coding follows the CEPII data set. Rich represents a binary indicator variable that takes value 1 if a country has higher income per capita than the median country, and 0 otherwise.

Table 7: Baseline Results of Income and Democracy: Nonlinearities in the Income Effect

Dependent Variable	Democracy (Freedom House)							
	5-years				10-years			
Sample	All Countries		Non-Colonies	Colonies	All Countries		Non-Colonies	Colonies
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Democracy_{t-1}	0.388***	0.372***	0.588***	0.330***	-0.02	-0.066	0.222	-0.122*
	[0.000]	[0.000]	[0.000]	[0.000]	[0.788]	[0.294]	[0.125]	[0.072]
Income_{t-1}	-0.062	0.587	0.355	-0.089	-0.052	1.749**	1.507**	-0.328
	[0.749]	[0.132]	[0.235]	[0.694]	[0.856]	[0.022]	[0.011]	[0.225]
$(\text{Income}_{t-1})^2$	0.004	-0.03	-0.011	0.002	0.006	-0.089**	-0.062*	0.015
	[0.740]	[0.179]	[0.543]	[0.906]	[0.712]	[0.037]	[0.081]	[0.352]
$\text{Income}_{t-1} \times \text{Colony}$		-0.717				-2.081***		
		[0.101]				[0.010]		
$(\text{Income}_{t-1})^2 \times \text{Colony}$		0.034				0.106**		
		[0.163]				[0.018]		
Observations	988	988	251	737	465	465	113	352
Countries	150	150	44	106	127	127	27	100
Adj. R^2	0.244	0.257	0.5	0.215	0.117	0.183	0.522	0.132
Joint significance of colony interaction (P-value)		< 0.01				< 0.01		

Fixed-effect panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The colony coding follows the CEPII data set.

Table 8: Income and Democracy with the Polity IV Democracy Score

Dependent Variable	Democracy (Polity IV)											
Panel A: Non Colonies and Colonies												
	Non Colonies						Colonies					
	Fixed Effect, OLS		GMM		IV	GMM-IV	Fixed Effect, OLS		GMM		IV	GMM-IV
Panel	5-years	10-years	5-years	10-years	5-years	5-years	5-years	10-years	5-years	10-years	5-years	5-years
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Democracy_{t-1}	0.674***	0.287**	0.432**	0.501***	0.839	0.446**	0.381***	-0.068	0.517***	0.102	0.366***	0.537***
	[0.095]	[0.108]	[0.218]	[0.138]	[0.801]	[0.174]	[0.061]	[0.081]	[0.120]	[0.334]	[0.061]	[0.121]
Income_{t-1}	0.125**	0.299**	0.703*	0.097	-2.012	0.438	-0.062*	-0.117**	-0.273*	-0.888	-0.155*	-0.199
	[0.056]	[0.128]	[0.386]	[0.159]	[8.314]	[0.321]	[0.036]	[0.053]	[0.140]	[0.544]	[0.092]	[0.127]
Observations	250	113	202	85	215	185	646	308	545	217	641	545
Countries	44	27	27	25	26	25	92	87	87	82	87	87
Adj. R^2	0.593	0.375					0.350	0.259				
Instruments			25	19		25			55	9		55
Hansen J Test			0.453	0.272		0.421			0.204	0.389		0.176
AR(2) Test			0.543	0.712		0.553			0.539	0.631		0.496
Lags for Internal IV's			2/3	All		2/3			All	2/2		All
First Stage F					0.05						37.10	

Panel B: Within Colonies

c_i	Constraints on the Executive in 1900				Independence in 1900				No Late Colonial Power			
	Fixed Effect, OLS		GMM		Fixed Effect, OLS		GMM		Fixed Effect, OLS		GMM	
Panel	5-years	10-years	5-years	10-years	5-years	10-years	5-years	10-years	5-years	10-years	5-years	10-years
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Democracy_{t-1}	0.366***	-0.093	0.491***	0.233	0.357***	-0.099	0.492***	0.175	0.371***	-0.077	0.500***	0.161
	[0.064]	[0.084]	[0.133]	[0.196]	[0.062]	[0.081]	[0.129]	[0.187]	[0.061]	[0.081]	[0.123]	[0.173]
Income_{t-1}	-0.086**	-0.145**	-0.441*	-0.258	-0.097***	-0.160***	-0.291**	-0.304	-0.120***	-0.211***	-0.288**	-0.403*
	[0.037]	[0.059]	[0.229]	[0.412]	[0.035]	[0.050]	[0.145]	[0.243]	[0.035]	[0.044]	[0.141]	[0.230]
$\text{Income}_{t-1} \times c_i$	0.140*	0.123	0.083	0.128	0.240***	0.319***	0.099	0.314*	0.193***	0.355***	0.083	0.441***
	[0.081]	[0.109]	[0.165]	[0.157]	[0.072]	[0.092]	[0.140]	[0.172]	[0.055]	[0.075]	[0.131]	[0.158]
Observations	570	274	484	193	642	306	542	216	646	308	545	217
Countries	77	77	77	73	91	86	86	81	92	87	87	82
Adjusted R^2	0.361	0.268			0.362	0.290			0.364	0.313		
Instruments			56	20			56	20			56	20
Hansen J Test			0.234	0.023			0.209	0.036			0.205	0.059
AR(2) Test			0.572	0.884			0.540	0.747			0.536	0.723
Lags for Internal IV's			All	All			All	All			All	All

Fixed-effect panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The coding of colonies is according to the CEPII data set. Instruments in the GMM estimates are chosen to avoid instrument proliferation. The income coefficient has a p-value of 10.3% and 11.8% in panel A, column 10 and 12, respectively.

Table 9: Income and Democracy: Alternative Income Data

Dependent Variable	Democracy (Freedom House)							
	Panel A: Non Colonies and Colonies							
Sample	Full		Full		Non-Colonies		Colonies	
Panel	5-years	10-years	5-years	10-years	5-years	10-years	5-years	10-years
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Democracy_{t-1}	0.411***	0.033	0.397***	-0.004	0.628***	0.296**	0.341***	-0.074
	[0.045]	[0.067]	[0.043]	[0.060]	[0.086]	[0.119]	[0.047]	[0.067]
Income_{t-1}	-0.001	0.053	0.060*	0.176***	0.079*	0.273***	-0.053*	-0.056
	[0.027]	[0.047]	[0.035]	[0.060]	[0.039]	[0.083]	[0.029]	[0.048]
$\text{Income}_{t-1} \times \text{Colony}$			-0.107***	-0.213***				
			[0.037]	[0.061]				
Observations	1,153	547	1,153	547	302	138	851	409
Countries	181	157	181	157	55	36	126	121
Adj. R^2	0.246	0.101	0.254	0.133	0.478	0.351	0.196	0.0868
	Panel B: Within Colonies							
c_i	Execut. Constr. 1900				Independence in 1900		No Late C. Power	
Panel	5-years	10-years			5-years	10-years	5-years	10-years
	(1)	(2)			(3)	(4)	(5)	(6)
Democracy_{t-1}	0.291***	-0.135*			0.320***	-0.103	0.339***	-0.076
	[0.053]	[0.070]			[0.046]	[0.065]	[0.046]	[0.067]
Income_{t-1}	-0.101**	-0.132**			-0.071**	-0.077	-0.066**	-0.089*
	[0.038]	[0.062]			[0.032]	[0.052]	[0.030]	[0.051]
$\text{Income}_{t-1} \times c_i$	0.103*	0.138			0.100**	0.140**	0.065	0.157**
	[0.057]	[0.084]			[0.048]	[0.070]	[0.048]	[0.074]
Observations	649	315			845	406	851	409
Countries	85	85			125	120	126	121
Adj. R^2	0.182	0.103			0.189	0.092	0.197	0.096

Fixed-effect panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The coding of colonies is according to the CEPII data set. The income data is latest release of the Penn World Tables (version 7.1).

Table 10: Income and Democracy: Binary Democracy Measure

Dependent Variable	Democracy (Binary)							
Panel A: Non Colonies and Colonies								
Sample	Full		Full		Non Colonies		Colonies	
Panel	5-years	10-years	5-years	10-years	5-years	10-years	5-years	10-years
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Democracy_{t-1}	0.370***	-0.018	0.363***	-0.046	0.540***	0.207	0.318***	-0.123
	[0.057]	[0.074]	[0.057]	[0.072]	[0.096]	[0.154]	[0.066]	[0.081]
Income_{t-1}	0.019	0.051	0.070	0.183	0.242**	0.337	-0.045	-0.101
	[0.056]	[0.089]	[0.069]	[0.115]	[0.115]	[0.231]	[0.063]	[0.097]
$\text{Income}_{t-1} \times \text{Colony}$			-0.094	-0.260**				
			[0.065]	[0.108]				
Observations	982	461	982	461	242	110	740	351
Countries	147	125	147	125	42	25	105	100
Pseudo/ Adj. R^2	0.257	0.138	0.259	0.158	0.448	0.296	0.223	0.145
Panel B: Within Colonies								
Sample			Execut. Constr. 1900		Independence in 1900		No Late Colonial Power	
Panel			5-years	10-years	5-years	10-years	5-years	10-years
			(1)	(2)	(3)	(4)	(5)	(6)
Democracy_{t-1}			0.298***	-0.157*	0.312***	-0.125	0.320***	-0.11
			[0.069]	[0.084]	[0.067]	[0.084]	[0.067]	[0.085]
Income_{t-1}			-0.099	-0.188*	-0.073	-0.133	-0.114*	-0.209**
			[0.064]	[0.099]	[0.064]	[0.098]	[0.066]	[0.100]
$\text{Income}_{t-1} \times \text{Colony}$			0.187*	0.179	0.199**	0.212*	0.231***	0.379***
			[0.104]	[0.139]	[0.097]	[0.126]	[0.080]	[0.112]
Observations			613	293	736	349	740	351
Countries			79	79	104	99	105	100
Adj. R^2			0.217	0.153	0.225	0.150	0.232	0.172

Fixed effects linear probability regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The coding of colonies is according to the CEPII data set.

Table 11: Income and Democracy: Tobit Estimates

Dependent Variable	Democracy (Freedom House)							
	Panel A: Non Colonies and Colonies							
Sample	Full		Full		Non-Colonies		Colonies	
Panel	5-years	10-years	5-years	10-years	5-years	10-years	5-years	10-years
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Democracy_{t-1}	0.468***	0.003	0.439***	-0.089	0.663***	0.172	0.401***	-0.119
	[0.061]	[0.088]	[0.057]	[0.071]	[0.002]	[0.164]	[0.061]	[0.079]
Income_{t-1}	0.051	0.111	0.174***	0.447***	0.147***	0.601***	-0.032	-0.101
	[0.041]	[0.074]	[0.052]	[0.103]	[0.000]	[0.158]	[0.047]	[0.066]
$\text{Income}_{t-1} \times \text{Colony}$			-0.217***	-0.544***				
			[0.060]	[0.109]				
Observations	988	465	980	462	251	113	737	352
Countries	150	127	148	126	44	27	106	100
Pseudo R^2	0.903	0.865	0.916	0.923	1.014	0.995	0.884	0.897
	Panel B: Within Colonies							
c_i			Execut. Constr. 1900		Independence in 1900		No Late C. Power	
Panel			5-years	10-years	5-years	10-years	5-years	10-years
			(1)	(2)	(3)	(4)	(5)	(6)
Democracy_{t-1}			0.332***	-0.169**	0.381***	-0.142*	0.399***	-0.118
			[0.064]	[0.080]	[0.061]	[0.079]	[0.061]	[0.080]
Income_{t-1}			-0.140***	-0.187**	-0.056	-0.132*	-0.071	-0.161**
			[0.044]	[0.073]	[0.049]	[0.071]	[0.048]	[0.076]
$\text{Income}_{t-1} \times c_i$			0.227**	0.245*	0.166*	0.215*	0.137*	0.258**
			[0.099]	[0.127]	[0.088]	[0.122]	[0.082]	[0.123]
Observations			610	295	733	350	737	352
Countries			79	79	105	99	106	100
Pseudo R^2			0.887	0.903	0.891	0.903	0.887	0.908

Two-sided tobit regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The coding of colonies is according to the CEPII data set. The income coefficient has a p-value of 12.6% in panel A, column 8.

Table 12: Income and Democracy Within Colonies: Alternative Proxies for Institutions

Dependent Variable	Democracy (Freedom House)					
$I[\cdot]$	% Population of Europ. Desc.		$I[Colonization > 1880]$		Religious Fractionalisation	
Panel	5-years	10-years	5-years	10-years	5-years	10-years
	(1)	(2)	(3)	(4)	(5)	(6)
Democracy_{t-1}	0.323***	-0.133**	0.318***	-0.128*	0.322***	-0.134**
	[0.049]	[0.067]	[0.051]	[0.070]	[0.048]	[0.067]
Income_{t-1}	-0.084**	-0.122**	-0.030	-0.033	0.068	0.054
	[0.034]	[0.052]	[0.045]	[0.062]	[0.059]	[0.073]
$\text{Income}_{t-1} \times I[\cdot]$	0.221**	0.313**	-0.116*	-0.167*	-0.289***	-0.308**
	[0.106]	[0.148]	[0.065]	[0.093]	[0.099]	[0.129]
Observations	707	339	660	317	736	352
Countries	98	93	91	90	105	100
Adj. R^2	0.204	0.120	0.199	0.120	0.212	0.126

Fixed-effect panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The coding of colonies is according to the CEPII data set. Data on the fraction of the population in 1970 with European origins (% *Pop Eur Desc.*) is from Louis Putterman & David Weil (2010). Data on year of colonization are taken from Olsson (2009), data on religious fractionalization are from Alesina et al. (2003).

Table 13: Additional Interactions and Income and Democracy

Dependent Variable	Democracy (Freedom House)					
	Panel A: Further Interactions in Full Sample					
$I[\cdot]$	% Land in Tropics		% Arable Land		Africa	
Panel	5-years	10-years	5-years	10-years	5-years	10-years
	(1)	(2)	(3)	(4)	(5)	(6)
Democracy_{t-1}	0.361***	-0.09	0.369***	-0.067	0.372***	-0.066
	[0.049]	[0.063]	[0.046]	[0.063]	[0.046]	[0.063]
Income_{t-1}	0.047	0.168**	0.007	0.157**	0.072*	0.197***
	[0.043]	[0.075]	[0.047]	[0.072]	[0.039]	[0.070]
$\text{Income}_{t-1} \times$ Colony	-0.136***	-0.284***	-0.091**	-0.228***	-0.122***	-0.239***
	[0.040]	[0.066]	[0.042]	[0.069]	[0.041]	[0.070]
$\text{Income}_{t-1} \times I[\cdot]$	0.035	0.088	0.018	0.009	-0.002	-0.034
	[0.044]	[0.066]	[0.012]	[0.016]	[0.054]	[0.069]
Observations	912	431	970	457	988	465
Countries	134	112	147	125	150	127
Adj. R^2	0.236	0.154	0.237	0.139	0.245	0.148
	Panel B: Further Interactions Within Colonies					
$I[\cdot]$	% Land in Tropics		% Arable Land		Africa	
Panel	5-years	10-years	5-years	10-years	5-years	10-years
	(1)	(2)	(3)	(4)	(5)	(6)
Democracy_{t-1}	0.312***	-0.155**	0.329***	-0.119*	0.330***	-0.120*
	[0.052]	[0.065]	[0.049]	[0.067]	[0.049]	[0.067]
Income_{t-1}	-0.080**	-0.114**	-0.071**	-0.059	-0.069*	-0.088
	[0.038]	[0.053]	[0.034]	[0.045]	[0.038]	[0.058]
$\text{Income}_{t-1} \times I[\cdot]$	0.004	0.024	0.005	-0.021	0.013	-0.005
	[0.049]	[0.067]	[0.011]	[0.014]	[0.057]	[0.071]
Observations	668	321	727	347	737	352
Countries	91	86	105	99	106	100
Adj. R^2	0.197	0.128	0.201	0.114	0.202	0.113

Fixed-effect panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The coding of colonies is according to the CEPII data set. Data on land in tropics, arable land and the Africa dummy is taken from Ashraf and Galor (2011).

Table 14: Income and Democracy in Non Colonies and Colonies: Different Samples

	Democracy (Freedom House)														
	Panel A: Panel 5-years														
Sample	Full					Non Colonies					Colonies				
Excluding:	Socialist	Opec	Muslim	Mid-East	Europe	Socialist	Opec	Muslim	Mid-East	Europe	Socialist	Opec	Muslim	Mid-East	Europe
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Democracy_{t-1}	0.357***	0.385***	0.372***	0.372***	0.344***	0.515***	0.589***	0.587***	0.632***	0.497***	0.325***	0.344***	0.330***	0.328***	0.330***
	[0.047]	[0.047]	[0.046]	[0.047]	[0.045]	[0.127]	[0.108]	[0.108]	[0.108]	[0.122]	[0.050]	[0.051]	[0.049]	[0.050]	[0.049]
Income_{t-1}	0.063	0.070*	0.072*	0.083**	0.060	0.187***	0.174***	0.172***	0.168***	0.134**	-0.062*	-0.078**	-0.063*	-0.065*	-0.063*
	[0.042]	[0.040]	[0.039]	[0.039]	[0.043]	[0.057]	[0.049]	[0.045]	[0.046]	[0.060]	[0.033]	[0.035]	[0.033]	[0.034]	[0.033]
Income_{t-1}	-0.114***	-0.138***	-0.123***	-0.139***	-0.115**										
× Colony	[0.042]	[0.039]	[0.040]	[0.041]	[0.045]										
Observations	951	924	988	937	879	221	242	251	230	142	730	682	737	707	737
Countries	128	142	150	141	138	26	43	44	40	32	102	99	106	101	106
Adj. R^2	0.225	0.264	0.246	0.256	0.235	0.434	0.485	0.476	0.541	0.427	0.427	0.220	0.203	0.201	0.215
	Panel B: Panel 10-years														
Sample	Full					Non Colonies					Colonies				
Excluding:	Socialist	Opec	Muslim	Mid-East	Europe	Socialist	Opec	Muslim	Mid-East	Europe	Socialist	Opec	Muslim	Mid-East	Europe
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Democracy_{t-1}	-0.072	-0.04	-0.065	-0.059	-0.103	0.201	0,222	0.212	0.291**	0.077	-0.124*	-0.093	-0.119*	-0.121*	-0.119*
	[0.065]	[0.067]	[0.063]	[0.063]	[0.063]	[0.151]	[0.137]	[0.137]	[0.122]	[0.171]	[0.068]	[0.074]	[0.067]	[0.068]	[0.067]
Income_{t-1}	0.166**	0.185**	0.194***	0.201***	0.174**	0.441***	0.504***	0.490***	0.488***	0.419***	-0.089*	-0.118**	-0.090*	-0.086*	-0.090*
	[0.072]	[0.071]	[0.069]	[0.071]	[0.077]	[0.107]	[0.118]	[0.109]	[0.116]	[0.120]	[0.047]	[0.051]	[0.047]	[0.048]	[0.047]
Income_{t-1}	-0.225***	-0.273***	-0.249***	-0.260***	-0.243***										
× Colony	[0.068]	[0.066]	[0.066]	[0.068]	[0.077]										
Observations	456	435	465	442	411	106	109	113	104	59	350	326	352	338	352
Countries	124	119	127	120	115	25	26	27	25	15	99	93	100	95	100
Adj. R^2	0.130	0.165	0.150	0.159	0.155	0.441	0.467	0.460	0.504	0.438	0.115	0.125	0.115	0.113	0.13

Fixed-effect panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The coding of colonies is according to the CEPII data set.

Table 15: Income and Democracy within Colonies: Different Samples

Dependent Variable	Democracy (Freedom House)								
	Panel A: Panel 5-years								
c_i	Constraint on Executive 1900			Independence in 1900			Early vs. Late Colonizers		
Excluding	Opec	Muslim.	Middle-East	Opec	Muslim.	Middle-East	Opec	Muslim.	Middle-East
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Democracy_{t-1}	0.303***	0.288***	0.288***	0.336***	0.319***	0.316***	0.343***	0.327***	0.325***
	[0.056]	[0.053]	[0.053]	[0.051]	[0.049]	[0.050]	[0.051]	[0.049]	[0.049]
Income_{t-1}	-0.139***	-0.127***	-0.127***	-0.084**	-0.077**	-0.081**	-0.100***	-0.098***	-0.105***
	[0.039]	[0.036]	[0.036]	[0.036]	[0.034]	[0.035]	[0.035]	[0.034]	[0.036]
$\text{Income}_{t-1} \times c_i$	0.094*	0.148**	0.148**	0.061	0.113*	0.122**	0.093*	0.123**	0.133**
	[0.055]	[0.070]	[0.070]	[0.045]	[0.060]	[0.061]	[0.054]	[0.053]	[0.055]
Observations	555	610	610	678	733	703	682	737	707
Countries	72	79	79	98	105	100	99	106	101
Adj. R^2	0.208	0.194	0.194	0.215	0.201	0.200	0.223	0.209	0.208
	Panel B: Panel 10-years								
c_i:	Constraint on Executive 1900			Independence in 1900			Early vs. Late Colonizers		
Excluding:	Opec	Muslim.	Middle-East	Opec	Muslim.	Middle-East	Opec	Muslim.	Middle-East
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Democracy_{t-1}	-0.128	-0.156**	-0.156**	-0.101	-0.132*	-0.134*	-0.09	-0.120*	-0.122*
	[0.078]	[0.071]	[0.071]	[0.075]	[0.068]	[0.069]	[0.075]	[0.068]	[0.069]
Income_{t-1}	-0.185***	-0.154***	-0.154***	-0.129**	-0.108**	-0.105**	-0.163***	-0.146***	-0.145***
	[0.064]	[0.058]	[0.058]	[0.054]	[0.050]	[0.051]	[0.058]	[0.054]	[0.055]
$\text{Income}_{t-1} \times c_i$	0.116	0.164*	0.164*	0.093	0.143*	0.145*	0.188**	0.213***	0.216***
	[0.080]	[0.087]	[0.087]	[0.068]	[0.078]	[0.078]	[0.081]	[0.074]	[0.075]
Observations	269	295	295	324	350	336	326	352	338
Countries	72	79	79	92	99	94	93	100	95
Adj.	0.128	0.120	0.120	0.125	0.120	0.118	0.138	0.134	0.132

Fixed-effect panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The coding of colonies is according to the CEPII data set. Note that the sample excluding socialist countries essentially coincides with the sample excluding middle-east countries and has therefore been omitted. The reason is the additional sample reduction by just considering colonies.

Table 16: Income and Democracy in Non Colonies and Colonies: Additional Controls

	Democracy (Freedom House)														
	Panel A: Panel 5-years														
Sample	Full					Non Colonies					Colonies				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Democracy_{t-1}	0.345***	0.373***	0.348***	0.210***	0.209***	0.527***	0.599***	0.516***	0.356**	0.401**	0.310***	0.330***	0.313***	0.176**	0.167*
	[0.047]	[0.047]	[0.050]	[0.072]	[0.077]	[0.105]	[0.109]	[0.109]	[0.157]	[0.151]	[0.051]	[0.050]	[0.056]	[0.079]	[0.086]
Income_{t-1}	0.060	0.099**	0.065	0.117*	0.112	0.140***	0.150**	0.179***	0.354***	0.329**	-0.058	-0.034	-0.080**	-0.103*	-0.084
	[0.051]	[0.047]	[0.054]	[0.065]	[0.083]	[0.052]	[0.059]	[0.063]	[0.069]	[0.148]	[0.037]	[0.036]	[0.039]	[0.061]	[0.070]
Income_{t-1}	-0.110**	-0.131***	-0.130**	-0.158**	-0.158*										
× Colony	[0.052]	[0.043]	[0.054]	[0.073]	[0.082]										
Log Population	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes
Median Age	No	Yes	No	No	Yes	No	Yes	No	No	Yes	No	Yes	No	No	Yes
Education	No	No	Yes	No	Yes	No	No	Yes	No	Yes	No	No	Yes	No	Yes
Labor Share	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes
Observations	898	955	692	479	431	213	237	184	131	121	685	718	508	348	310
Countries	149	142	97	98	86	43	42	24	23	21	106	100	73	75	65
Adj. R^2	0.224	0.240	0.226	0.138	0.128	0.404	0.455	0.434	0.339	0.316	0.195	0.204	0.184	0.098	0.094
	Panel A: Panel 10-years														
Sample	Full					Non Colonies					Colonies				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Democracy_{t-1}	-0.114*	-0.067	-0.102	-0.201**	-0.226**	0.138	0.201	0.146	0.006	0.028	-0.157**	-0.117*	-0.156*	-0.265***	-0.281**
	[0.063]	[0.064]	[0.070]	[0.085]	[0.095]	[0.127]	[0.142]	[0.132]	[0.159]	[0.188]	[0.070]	[0.069]	[0.083]	[0.098]	[0.113]
Income_{t-1}	0.197**	0.235***	0.170*	0.243**	0.264**	0.483***	0.539***	0.458***	0.591***	0.531***	-0.090	-0.063	-0.139**	-0.058	-0.008
	[0.092]	[0.078]	[0.090]	[0.103]	[0.103]	[0.126]	[0.149]	[0.116]	[0.109]	[0.152]	[0.056]	[0.045]	[0.063]	[0.084]	[0.084]
Income_{t-1}	-0.252***	-0.270***	-0.269***	-0.210**	-0.234**										
× Colony	[0.085]	[0.072]	[0.087]	[0.092]	[0.094]										
Log Population	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes
Median Age	No	Yes	No	No	Yes	No	Yes	No	No	Yes	No	Yes	No	No	Yes
Education	No	No	Yes	No	Yes	No	No	Yes	No	Yes	No	No	Yes	No	Yes
Labor Share	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes
Observations	427	451	338	254	230	98	107	91	70	65	329	344	247	184	165
Countries	126	120	95	93	82	26	25	24	22	20	100	95	71	71	62
Adj. R^2	0.139	0.149	0.145	0.144	0.128	0.391	0.432	0.429	0.502	0.428	0.119	0.116	0.115	0.101	0.088

Fixed-effect panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The coding of colonies is according to the CEPII data set.

Table 17: Income and Democracy within Colonies: Additional Controls

	Democracy (Freedom House)														
	Panel A: 5-years Data														
c_i	Constraints on the Executive in 1900					Independence in 1900					Early vs. Late Colonizers				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Democracy$_{t-1}$	0.262***	0.287***	0.286***	0.134*	0.124	0.296***	0.318***	0.296***	0.157**	0.144*	0.302***	0.328***	0.312***	0.180**	0.172*
	[0.056]	[0.053]	[0.059]	[0.075]	[0.082]	[0.052]	[0.050]	[0.056]	[0.073]	[0.080]	[0.050]	[0.050]	[0.055]	[0.079]	[0.086]
Income$_{t-1}$	-0.116***	-0.097***	-0.108**	-0.180**	-0.157*	-0.077**	-0.046	-0.110***	-0.144**	-0.125*	-0.122***	-0.070*	-0.120***	-0.132**	-0.118*
	[0.037]	[0.036]	[0.042]	[0.069]	[0.082]	[0.037]	[0.037]	[0.040]	[0.056]	[0.066]	[0.036]	[0.036]	[0.043]	[0.056]	[0.064]
Income$_{t-1}$	0.176*	0.161**	0.147	0.356**	0.384**	0.181**	0.120**	0.199**	0.340**	0.390***	0.234***	0.123**	0.167**	0.156	0.173
$\times$ c_i	[0.104]	[0.070]	[0.111]	[0.142]	[0.152	[0.089]	[0.059]	[0.099]	[0.138]	[0.146]]	[0.071]	[0.052]	[0.080]	[0.139]	[0.154]
Log Population	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes
Median Age	No	Yes	No	No	Yes	No	Yes	No	No	Yes	No	Yes	No	No	Yes
Education	No	No	Yes	No	Yes	No	No	Yes	No	Yes	No	No	Yes	No	Yes
Labor Share	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes
Observations	566	610	447	299	270	681	714	504	346	308	685	718	508	348	310
Countries	79	79	63	65	58	105	99	72	74	64	106	100	73	75	65
Adj. R^2	0.183	0.198	0.179	0.122	0.122	0.196	0.203	0.187	0.130	0.133	0.214	0.210	0.191	0.104	0.100
	Panel B: 10-years Data														
c_i	Constraints on the Executive in 1900					Independence in 1900					Early vs. Late Colonizers				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Democracy$_{t-1}$	-0.190**	-0.155**	-0.176*	-0.282***	-0.299**	-0.171**	-0.132*	-0.172**	-0.283***	-0.301***	-0.160**	-0.119*	-0.149*	-0.245**	-0.256**
	[0.075]	[0.072]	[0.089]	[0.098]	[0.112]	[0.071]	[0.069]	[0.085]	[0.096]	[0.111]	[0.071]	[0.069]	[0.085]	[0.099]	[0.117]
Log GDP p.c.$_{t-1}$	-0.144**	-0.121**	-0.170**	-0.085	-0.022	-0.114*	-0.08	-0.173**	-0.096	-0.040	-0.172***	-0.121**	-0.210***	-0.133	-0.097
	[0.064]	[0.053]	[0.075]	[0.091]	[0.094]	[0.058]	[0.048]	[0.068]	[0.082]	[0.084]	[0.061]	[0.052]	[0.075]	[0.090]	[0.099]
Log GDP p.c.$_{t-1}$	0.146	0.185**	0.152	0.226	0.295*	0.219*	0.155**	0.247*	0.333**	0.393**	0.346***	0.219***	0.321**	0.429***	0.477***
$\times$ c_i	[0.140]	[0.088]	[0.152]	[0.174]	[0.170]	[0.123]	[0.076]	[0.136]	[0.159]	[0.168]	[0.105]	[0.073]	[0.122]	[0.136]	[0.148]
Log Population	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes
Median Age	No	Yes	No	No	Yes	No	Yes	No	No	Yes	No	Yes	No	No	Yes
Education	No	No	Yes	No	Yes	No	No	Yes	No	Yes	No	No	Yes	No	Yes
Labor Share	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	Yes
Observations	275	295	218	158	144	327	342	245	183	164	329	344	247	184	165
Countries	79	79	63	62	55	99	94	70	70	61	100	95	71	71	62
Adj. R^2	0.119	0.126	0.113	0.096	0.092	0.130	0.123	0.129	0.134	0.130	0.163	0.137	0.148	0.174	0.169

Fixed-effect panel regressions with clustered standard errors in brackets. ***, **,* indicate significance at 1-, 5-, and 10-percent level, respectively. All regressions include country fixed effects and time fixed effects. The coding of colonies is according to the CEPII data set.

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