

Foreign Aided: Why Democratization Brings Growth When Democracy Does Not

SUPPLEMENTAL INFORMATION

(FOR ONLINE APPENDIX)

Appendix Table A1 – Democratization by Year, Form of Government, and Electoral System

Country	Year	Presidential	Majoritarian	Mixed
Albania	1990	0	0	0
Algeria	2004	0	0	0
Argentina	1983	1	0	0
Bangladesh	1991	0	1	0
Benin	1991	0	0	0
Bolivia	1982	0	0	0
Brazil	1985	0	0	0
Bulgaria	1990	0	0	0
Burundi	2002	1	0	0
Cambodia	1990	0	0	0
Cape Verde	1991	1	0	0
Central African Republic	1993	0	0	0
Chile	1989	1	1	0
Comoros	1990	0	0	0
Congo Brazzaville	1992	0	0	0
Congo Kinshasa	2003	1	1	0
Croatia	1999	1	0	0
Cyprus	1968	1	0	0
Djibouti	1999	1	1	0
Dominican Republic	1978	1	0	0
Ecuador	1979	1	0	0
El Salvador	1982	0	0	0
Ethiopia	1994	1	1	0
Ghana	1996	1	1	0
Greece	1974	0	0	0
Guatemala	1966	0	0	0
Guatemala	1986	1	0	0
Guinea-Bissau	1994	1	0	0
Guyana	1992	0	0	0
Haiti	1994	0	0	0
Honduras	1980	0	0	0
Hungary	1989	0	0	0
Indonesia	1999	1	0	0
Iran	1997	1	0	1

Appendix Table A1 *continued*

Country	Year	Presidential	Majoritarian	Mixed
Kenya	2002	1	1	0
Korea South	1963	0	0	0
Korea South	1987	0	0	0
Kyrgyzstan	2005	0	0	1
Lebanon	2005	1	0	1
Lesotho	1993	0	0	0
Liberia	2003	1	1	0
Madagascar	1991	0	0	0
Malawi	1994	1	1	0
Mali	1992	0	0	0
Mexico	1994	1	0	1
Mongolia	1990	0	0	0
Mozambique	1994	1	0	0
Nicaragua	1990	1	0	0
Niger	1991	0	0	0
Nigeria	1979	0	0	0
Nigeria	1999	1	1	0
Nepal	1990	0	1	0
Pakistan	1962	0	0	0
Pakistan	1988	1	1	0
Panama	1989	0	0	0
Paraguay	1989	0	0	0
Peru	1979	1	0	0
Philippines	1986	0	0	0
Poland	1989	0	0	0
Portugal	1975	0	0	0
Romania	1990	0	0	0
Senegal	2000	1	0	1
Sierra Leone	2001	1	0	0
Spain	1976	0	0	0
Sudan	1965	0	0	0
Tanzania	2000	1	1	0
Thailand	1978	0	1	0
Uganda	1980	1	1	0
Uruguay	1985	0	0	0
Zambia	1991	1	1	0

Notes. Classification from Persson and Tabellini (2003). A country with year 1990 and zeros in all columns represent a transition to parliamentary democracy with a proportional electoral system in 1990.

Appendix Table A2 – Including Controls for War and Political Violence

	Reduced form associations			Controlling for potential channels		
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Panel A</i>						
Democratization	0.78*	0.70*		0.84**	0.83**	
	(0.44)	(0.35)		(0.39)	(0.38)	
Democratization Phase 1			0.69			1.28**
			(0.57)			(0.51)
Democratization Phase 2			1.15**			1.01**
			(0.51)			(0.43)
Democratization Phase 3			-0.05			-0.24
			(0.55)			(0.50)
Civil war aftermath	1.35**	1.16**	0.93**	1.10*	1.44***	1.09**
	(0.43)	(0.45)	(0.44)	(0.46)	(0.51)	(0.45)
Observations	4,135	3,922	4,134	3,507	3,274	3,507
R ²	0.11	0.15	0.14	0.20	0.21	0.20
Countries	123	120	122	118	115	118
<i>Panel B</i>						
Democratization	0.79*	0.69**		0.81**	0.81**	
	(0.45)	(0.36)		(0.39)	(0.38)	
Democratization Phase 1			0.64			1.25**
			(0.58)			(0.50)
Democratization Phase 2			1.12**			0.99**
			(0.50)			(0.43)
Democratization Phase 3			0.11			-0.25
			(0.52)			(0.50)
International war (lagged)	-0.53*	-0.063	-0.58**	-0.38	-0.15	-0.37
	(0.28)	(0.20)	(0.28)	(0.29)	(0.21)	(0.28)
Civil war (lagged)	-0.41**	-0.27*	-0.21	-0.06	-0.06	-0.06
	(0.20)	(0.16)	(0.20)	(0.17)	(0.14)	(0.17)
Observations	4,246	4,035	4,244	3,505	3,274	3,505
R ²	0.12	0.15	0.14	0.20	0.21	0.20
Countries	123	122	122	118	115	118
<i>Panel C</i>						
Democratization	0.80**	0.70**		0.82**	0.82**	
	(0.43)	(0.34)		(0.38)	(0.37)	
Democratization Phase 1			0.73			1.28***
			(0.56)			(0.49)
Democratization Phase 2			1.12**			1.01**
			(0.49)			(0.41)
Democratization Phase 3			0.07			-0.29
			(0.53)			(0.49)
Political violence (lagged)	-3.18***	-1.33**	-2.78**	-2.20*	-0.76	-2.23*
	(1.14)	(0.63)	(1.14)	(1.16)	(0.68)	(1.15)
Observations	4,246	4,035	4,244	3,505	3,274	3,505
R ²	0.12	0.15	0.15	0.21	0.21	0.21
Countries	123	122	122	118	115	118

Table A.2 continues on next page

Appendix Table A2 – *continued*

	Reduced form associations			Controlling for potential channels		
	PT (1)	PS (2)	RW (3)	PT (4)	PS (5)	RW (6)
<i>Panel D</i>						
Democratization	0.80*	0.70*		0.83**	0.83**	
	(0.44)	(0.36)		(0.37)	(0.37)	
Democratization Phase 1			0.74			1.26**
			(0.56)			(0.48)
Democratization Phase 2			1.20**			1.05**
			(0.50)			(0.40)
Democratization Phase 3			-0.07			-0.26
			(0.55)			(0.48)
Civil war (lagged)	-0.08	0.12	0.11	0.34**	0.18	0.33**
	(0.23)	(0.19)	(0.25)	(0.16)	(0.14)	(0.17)
International war (lagged)	-0.39	-0.02	-0.44	-0.26	-0.07	-0.24
	(0.26)	(0.20)	(0.27)	(0.27)	(0.20)	(0.26)
Political violence (lagged)	-2.87**	-1.00	-2.83**	-2.76**	-1.08	-2.79**
	(1.24)	(0.69)	(1.24)	(1.23)	(0.69)	(1.22)
Civil war aftermath	1.09**	0.97*	0.98**	1.56***	1.73***	1.55***
	(0.50)	(0.56)	(0.48)	(0.44)	(0.55)	(0.45)
Observations	4,130	3,919	4,129	3,504	3,273	3,504
R ²	0.12	0.15	0.15	0.21	0.21	0.21
Number of scodeno	123	120	122	118	115	118

Notes. All models contain country and year fixed effects, lagged income per capita, and indicators for short regime interims. Column (2) includes two lags of the dependent variable. Column (3) controls for autocratization and state failure. Columns (4)-(6) control for investment, trade, government spending, and economic liberalization. Column (5) contains a contemporaneous lag and two lags of the difference of economic controls. Robust standard errors clustered by country in parentheses.

*** p<0.01, ** p<0.05, * p<0.1. Source: Marshall (2010), Marshall and Jagers (2011), World Bank (2012), and Giavazzi and Tabellini (2005).

Appendix Table A3 – Including Controls for War, Political Violence and Aid

	(1)	(2)	(3)	(4)	(5)	(6)
<i>Panel A</i>						
		<i>Controlling for years after civil war</i>				
Democratization	0.34 (0.43)	0.26 (0.35)		0.35 (0.41)	0.39 (0.38)	
Democratization Phase 1			0.20 (0.57)			0.67 (0.50)
Democratization Phase 2			0.74 (0.51)			0.63 (0.46)
Democratization Phase 3			-0.29 (0.54)			-0.56 (0.52)
Civil war aftermath	1.25*** (0.41)	1.09*** (0.38)	0.85** (0.42)	1.11** (0.45)	1.50*** (0.48)	1.11** (0.44)
Lag foreign aid	0.10*** (0.04)	0.10*** (0.03)	0.09*** (0.03)	0.12*** (0.04)	0.12*** (0.03)	0.12*** (0.04)
Observations	4,135	3,922	4,134	3,507	3,274	3,507
R ²	0.13	0.16	0.15	0.22	0.22	0.22
Countries	123	120	122	118	115	118
<i>Panel B</i>						
		<i>Controlling for civil war and international war (both lagged)</i>				
Democratization	0.39 (0.43)	0.29 (0.35)		0.32 (0.41)	0.37 (0.39)	
Democratization Phase 1			0.21 (0.57)			0.65 (0.50)
Democratization Phase 2			0.69 (0.50)			0.60 (0.45)
Democratization Phase 3			-0.10 (0.51)			-0.57 (0.51)
International war (lagged)	-0.51* (0.28)	-0.04 (0.20)	-0.56* (0.28)	-0.33 (0.29)	-0.10 (0.22)	-0.32 (0.28)
Civil war (lagged)	-0.45** (0.19)	-0.31** (0.15)	-0.24 (0.19)	-0.11 (0.16)	-0.11 (0.13)	-0.11 (0.16)
Lag foreign aid	0.09*** (0.03)	0.09*** (0.03)	0.08*** (0.03)	0.12*** (0.04)	0.12*** (0.03)	0.12*** (0.04)
Observations	4,246	4,035	4,244	3,505	3,274	3,505
R ²	0.13	0.16	0.15	0.22	0.22	0.22
Countries	123	122	122	118	115	118
<i>Panel C</i>						
		<i>Controlling for political violence (lagged)</i>				
Democratization	0.40 (0.41)	0.31 (0.34)		0.34 (0.40)	0.38 (0.38)	
Democratization Phase 1			0.30 (0.55)			0.68 (0.49)
Democratization Phase 2			0.69 (0.50)			0.62 (0.44)
Democratization Phase 3			-0.14 (0.52)			-0.60 (0.50)
Political violence (lagged)	-3.19*** (1.12)	-1.36** (0.61)	-2.79** (1.11)	-2.12* (1.11)	-0.70 (0.64)	-2.15* (1.10)
Lag foreign aid	0.09*** (0.03)	0.09*** (0.03)	0.08*** (0.03)	0.12*** (0.04)	0.11*** (0.03)	0.12*** (0.04)
Observations	4,246	4,035	4,244	3,505	3,274	3,505
R ²	0.13	0.16	0.15	0.22	0.22	0.22
Countries	123	122	122	118	115	118

Table A3 continues on next page

Appendix Table A3 – *continued*

	(1)	(2)	(3)	(4)	(5)	(6)
<i>Panel D</i>						
Democratization	0.35 (0.42)	0.26 (0.35)		0.36 (0.39)	0.39 (0.38)	
Democratization Phase 1			0.25 (0.57)			0.67 (0.48)
Democratization Phase 2			0.78 (0.50)			0.67 (0.43)
Democratization Phase 3			-0.31 (0.53)			-0.57 (0.49)
Civil war (lagged)	-0.15 (0.22)	-0.18 (0.19)	0.05 (0.24)	0.26* (0.15)	0.11 (0.13)	0.26 (0.16)
International war (lagged)	-0.37 (0.26)	0.04 (0.20)	-0.42 (0.27)	-0.21 (0.28)	-0.02 (0.21)	-0.20 (0.27)
Political violence (lagged)	-2.79** (1.21)	-0.94 (0.67)	-2.74** (1.20)	-2.55** (1.18)	-0.89 (0.70)	-2.58** (1.18)
Civil war aftermath	0.89** (0.44)	0.80* (0.47)	0.81* (0.43)	1.46*** (0.41)	1.67*** (0.51)	1.46*** (0.42)
L.oда_gni	0.10*** (0.04)	0.10*** (0.03)	0.09*** (0.03)	0.12*** (0.04)	0.12*** (0.03)	0.12*** (0.04)
Observations	4,130	3,919	4,129	3,504	3,273	3,504
R ²	0.13	0.16	0.16	0.22	0.22	0.22
Countries	123	120	120	118	115	118

Notes. All models contain country and year fixed effects, lagged income per capita, and indicators for short regime interims. Column (2) includes two lags of the dependent variable. Column (3) controls for autocratization and state failure. Columns (4)-(6) control for investment, trade, government spending, and economic liberalization.

Column (5) contains a contemporaneous lag and two lags of the difference of economic controls. Robust standard errors clustered by country in parentheses.
*** p<0.01, ** p<0.05, * p<0.1. Source: Marshall (2010), Marshall and Jaggers (2011), World Bank (2012), and Giavazzi and Tabellini (2005).