3. Globalization and Regimes

- *3.1 Democracy and Economic Openness*
  - *The asymmetrical relationship*

- *3.2 Regimes and International Negotiations*

3. Globalization and Democracy
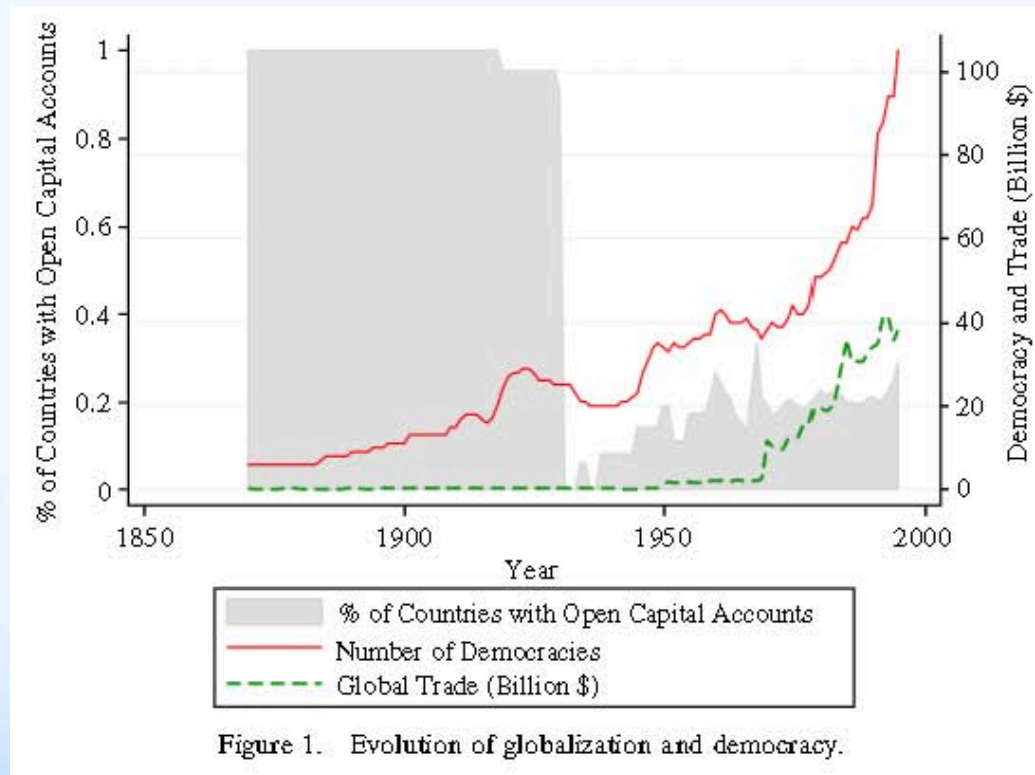## 3.1 Democracy and Economic Openness

- **Democracy and Openness/Globalization**
  - *Empirical Findings = Asymmetrical relationship*
    - Democracy → Trade and capital account openness *(Milner and Mukherjee)*
    - When liberalization → democratization (140 countries/1960-2000)
      - More growth/investment/trade/budget surplus
      - Little additional effect on governance and corruption
  - *Explanations*
    - Effects of leadership turnover or policy transparency *(Mansfield, McGillivray and Smith)*

- **Openness/globalization and democratization**
  - *Empirical findings*
    - Trade and capital account openness ≠ democracy *(Milner and Mukherjee / Li and Reuveny)*
  - *Explanations*
    - Controversy *(Li and Reuveny)*
    - Electoral autocracies can make arrangements for growth and openness *(Wright/ Souva et al)*
    - Autocracies are immune to inequality/redistribution/compensation
      - Relation between equality and democratization → positive (Boix) vs. inverted-U (Acemoglu and Robinson) vs. conditionally negative (Ansell and Samuels) vs. multiple paths (Haggard and Kaufman)

3. Globalization and Democracy
3.2 Regimes and International Agreements

- **Regimes and international agreements**
  - *Liberal institutionalism and two level games*
    - *The distribution issue*
    - *The logic of two-level games*
    - *A democratic advantage? (Mansfield et al.)*
  - *Regimes and the nature of agreement*
    - *Regimes and the size of the joint gains (Leeds)*
    - *Regimes and the duration of joint gains (Gaubatz)*
    - *Regimes and the conditions of joint gains (membership*

- **Regimes and international institutions**
  - *The dilemma of developing countries*
    - → *Derives from domestic regime characteristics beyond institutional governance*
    - *Benefits → Increased credibility*
    - *Costs → Prove commitment (reform) = screening) (Feng and Owen)*
    - → *Why democracies can join/form international institutions more easily*
    - → *Why autocracies are more likely to join economic IOs*

3.1 Democracy and Economic Openness
Long term trend 1870~2000

Figure 1. Evolution of globalization and democracy.

3.1 Democracy and Economic Openness
Effects of democracy

TABLE 1   EFFECT OF DEMOCRACY ON TRADE OPENNESS 1870–2000

	Democracy: dichotomous measure		Democracy: age of democracy	
	2nd stage	1st stage	2nd stage	1st stage
Democracy$(t-1)$	0.843** (0.379)		0.218** (0.096)	
Years since independence$(t-1)$		0.372*** (0.0384)		1.439*** 0.127
Log(total GDP PPP$(t-1)$)	−0.529*** (0.054)	0.103*** (0.006)	−0.536*** (0.056)	0.430*** (0.024)
Log(distance$(t-1)$)	−0.297 (0.188)	0.048 (0.043)	−0.212 (0.173)	−0.204 (0.158)
Log(country size$(t-1)$)	−0.080*** (0.023)	−0.012** (0.006)	−0.083*** (0.022)	−0.037* (0.021)
Log(total population$(t-1)$)	0.158*** (0.052)	−0.103*** (0.009)	0.159*** (0.051)	−0.402*** (0.029)
Interwar period	−0.190 (0.184)	−0.035 (0.0477)	−0.196 (0.183)	−0.107 (0.167)
Bretton Woods period	0.530*** (0.155)	−0.178*** (0.038)	−0.525*** (0.152)	−0.647*** (0.134)
Post-Bretton Woods period	1.915*** (0.177)	−0.276*** (0.039)	−1.934*** (0.178)	−1.155*** (0.139)
Constant	3.467** (1.444)	0.186 (0.369)	2.881** (1.377)	3.401*** (1.333)
Observations	8,184		8,184	
F	77.894		80.232	
Prob. > F	0.000		0.000	
First-stage F	93.76***		127.31***	
First-stage Prob. > F	(0.0000)		(0.0000)	
Cragg–Donald underid. test	434.767*		650.778*	
Endogeneity test χ^2	0.024		1.721	
p-Value	0.8757		0.1896	

Notes: Instrument for democracy: years since independence.
Instrumental variables regression estimated via GMM; heteroskedastic and autocorrelation-consistent standard errors in parentheses.
The first-stage F is the F-statistic for excluding the instrument in the first-stage regression; rejection of the null indicates that the instrument has a statistically significant effect on the endogenous variable. The Cragg–Donald underidentification test tests the null hypothesis that the first stage is weakly identified. The critical value for rejection of the hypothesis of weak identification is 16.38 (10% level) as reported in Stock and Yogo (2002). The endogeneity χ^2 tests the null hypothesis that the endogenous variable can be treated as exogenous.
*$p < 0.10$, **$p < 0.05$, ***$p < 0.01$.

TABLE 2   EFFECT OF DEMOCRACY ON CAPITAL ACCOUNT OPENNESS 1870–2000

	Democracy: dichotomous measure		Democracy: age of democracy	
	2nd stage	1st stage	2nd stage	1st stage
Democracy$(t-1)$	0.857** (0.387)		0.234** (0.097)	
Years since independence$(t-1)$		0.152*** (0.045)		0.560*** (0.143)
Interwar period	−0.464*** (0.075)	0.080 (0.060)	−0.442*** (0.069)	0.201 (0.213)
Bretton Woods period	−0.919*** (0.056)	−0.023 (0.050)	−0.914*** (0.055)	−1.01 (0.181)
Post-Bretton Woods period	−0.626*** (0.081)	−0.176*** (0.046)	−0.595*** (0.087)	−0.781*** (0.165)
Log(total GDP PPP$(t-1)$)	−0.003 (0.008)	−0.005 (0.006)	−0.013* (0.008)	0.023 (0.021)
Log(GDP per capita PPP$(t-1)$)	−0.076 (0.102)	0.239*** (0.015)	−0.097 (0.103)	0.969*** (0.051)
Systemic crises$(t-1)$	−0.004* (0.002)	0.002 (0.002)	−0.003 (0.002)	0.002 (0.005)
Inflation$(t-1)$	−0.000*** (0.000)	0.0001*** (0.0000)	−0.000*** (0.000)	−0.0001 (0.0001)
Government balance$(t-1)$	0.006** (0.002)	−0.004*** (0.002)	0.005*** (0.002)	−0.013*** (0.003)
Constant	1.191** (0.589)	−1.351*** (0.0963)	1.474*** (0.661)	−6.172*** (0.331)
Observations	5,462		5,462	
F	64.987		79.017	
Prob. > F	0.000		0.000	
First-stage F	11.43***		15.38***	
First-stage Prob. > F	(0.0000)		(0.0000)	
Cragg–Donald underid. test	53.568*		72.945*	
Endogeneity χ^2	12.131***		10.911***	
p-Value	0.0005		0.0010	

Notes: Instrument for democracy: years since independence.
Instrumental variables regression estimated via GMM; heteroskedastic and autocorrelation-consistent standard errors in parentheses.
The first-stage F is the F-statistic for excluding the instrument in the first-stage regression; rejection of the null indicates that the instrument has a statistically significant effect on the endogenous variable. The Cragg–Donald underidentification test tests the null hypothesis that the first stage is weakly identified. The critical value for rejection of the hypothesis of weak identification is 16.38 (10% level) as reported in Stock and Yogo (2002). The endogeneity χ^2 tests the null hypothesis that the endogenous variable can be treated as exogenous.
*$p < 0.10$, **$p < 0.05$, ***$p < 0.01$.

24

Eichengreen and Leblang (2008)

3.1 Democracy and Economic Openness

- *Democratization and trade openness*
    - *Democracy → openness?*
        - *Weakens interest groups/Increases voters' wages*
    - *Openness reduces democracies*

- *Democratization and financial liberalization*
    - *Democracy → liberalization*
    - *Liberalization ≠ democracy*
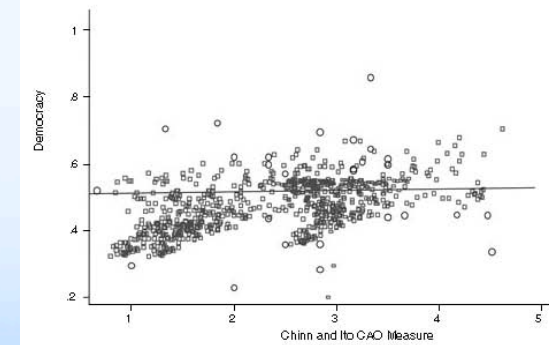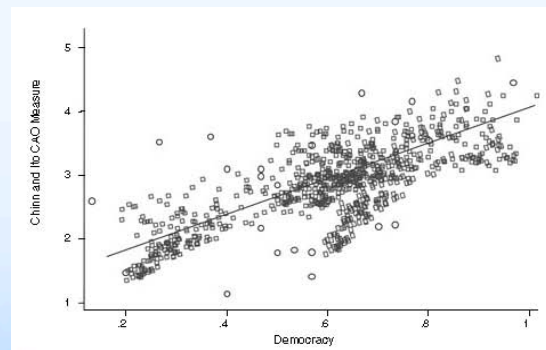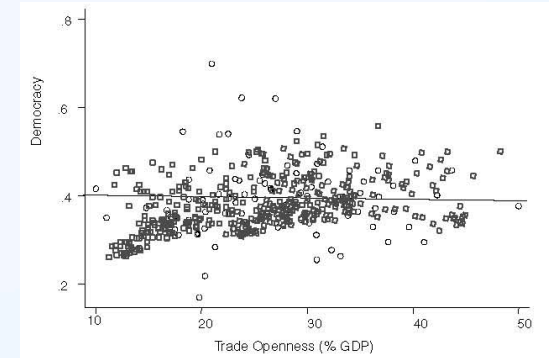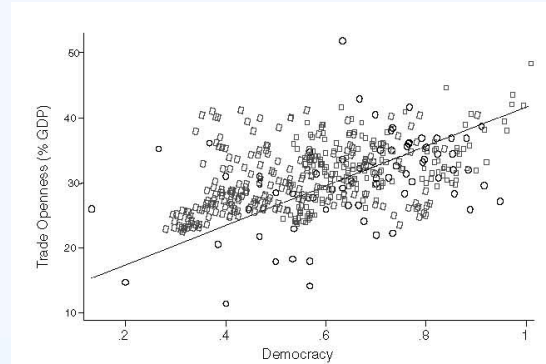
TABLE 2. *Effect of institutions and leadership turnover on dyadic trade (U.S. dyads only)*

Fixed-effect (dyad) panel regression (with variance modeled)	Dependent variable: $ln(TRADE_{AB,t})$, where AB represents the dyad U.S. and state B, and t represents year.			
	Model 1	Model 2	Model 3	Model 4
β equation				
LAGGED TRADE $ln(trade_{t-1})$	.876**	.876**	.868**	.867**
	(.007)	(.007)	(.007)	(.007)
ΔLEADERB$_t$	−.044**	−.052**	−.044**	−.055**
	(.018)	(.019)	(.018)	(.019)
ΔLEADERB$_t$*WB	.044*	.055*	.046	.060**
	(.025)	(.026)	(.022)	(.024)
WB	−.024	−.032*	−.027	−.036*
	(.017)	(.018)	(.017)	(.019)
ΔWB		.036		.039
		(.030)		(.029)
$(\Delta$WB$)^2$		.055		.047
		(.050)		(.048)
CONFLICTA	−.00018**	−.00018**	−.00014*	−.0001*
	(.00007)	(.00008)	(.00007)	(.00007)
CONFLICTB	−.00210**	−.0021**	−.0019**	−.0019**
	(.0005)	(.00054)	(.00051)	(.00051)
LN(GDPA)	.369**	.368**	.403**	.406**
	(.046)	(.046)	(.045)	(.045)
LN(GDPB)	.153**	.154**	.169**	.171**
	(.015)	(.015)	(.016)	(.016)
LN(PCPA)	−.965**	−.963**	−1.070**	−1.081**
	(.150)	(.150)	(.145)	(.145)
LN(PCPB)	.153**	−.143**	−.149**	−.152**
	(.015)	(.022)	(.021)	(.021)
Constant	8.691**	8.685**	−.000	−.000
	(1.338)	(1.338)	(.003)	(−.003)
σ equation				
σ: WB			−.062**	−.067**
			(.008)	(.008)
σ: ΔLEADERB$_t$			−.015	−.024*
			(.012)	(.013)
σ: ΔLEADERB$_t$*WB			−.010	.004
			(.015)	(.018)
σ: ΔWB				.040*
				(.021)
σ: $(\Delta$WB$)^2$				−.017
				(.035)
σ: LAGGED TRADE $ln(trade_{t-1})$			−.0044**	−.005
			(.0017)	(.002)
σ: Constant			.245**	.249**
			(.007)	(.007)
Observations	4,855, 143 dyads	4,855, 143 dyads	4,855, 143 dyads	4,855, 143 dyads
F test (β equation): (ΔLEADERB$_t$*WB + ΔLEADERB$_t$) = 0	$F(1,4702) = 0.00$ Pr. = 0.961	$F(1,4700) = .07$ Pr. = .795	chi^2(1) = .05 Pr. = .820	chi^2(1) = 0.25 Pr. = .615
F test (β equation): ΔLEADERB$_t$*WB = 0 and ΔLEADERB$_t$ = 0	$F(2,4702) = 3.27$ Pr. = 0.037	$F(2,4700) = 4.18$ Pr. = .015	chi^2(2) = 6.60 Pr. = .037	chi^2(2) = 9.01 Pr. = 0.011

Note: Standard error in parentheses. Pr. = probability. ** significant at 1% level in one-tailed test; * significant at 5% in a one-tailed test.

H1: Institutional effects: Large coalition states are more open than small coalition states and hence, all else equal, have greater trade flows.

H2: Leadership dynamics: Leadership turnover in a small coalition system reduces trade. The impact of leadership turnover on trade is smaller in large coalition systems.

H3: Sour relations: Relative to small coalition systems, large winning coalition systems are less likely to have poor relations with trading partners (measured as a significant decline in trade relative to recent historical trading patterns).

H4: Restoration of cooperation: If relations between states are poor then leadership turnover in a small winning coalition system is more likely to restore relations than leadership change in large coalition systems.

3.1 Democracy and Economic Openness
Institutional Transparency/Representation

TABLE 1. Regression of Trade on GDP, Population, Distance, Regime Type, Alliances, Preferential Trading Arrangements, Major Power, GATT, Prior Colonial Ties, Command Economies, and War, 1960–90, Using Different Measures of Regime Type

| | Measure of Regime Type | | | |
| | Jaggers and Gurr (1995) | | Alvarez et al. (1996) | |
Variable	(1)	(1A)	(2)	(2A)
$\log \beta_0$	17.274*** (3.058)	17.688*** (3.057)	22.550*** (3.166)	23.263*** (3.175)
$\log(GDP_i \times GDP_j)$	.512*** (.039)	.512*** (.039)	.580*** (.044)	.582*** (.044)
$\log(POP_i \times POP_j)$	−.937*** (.080)	−.943*** (.080)	−1.211*** (.083)	−1.232*** (.084)
$\log(DIST_{ij})$	−.759*** (.014)	−.758*** (.014)	−.778*** (.014)	−.777*** (.014)
$MIXED_{ij}$	−.188*** (.035)	−.233*** (.039)	−.111*** (.025)	−.134*** (.027)
AUT_{ij}	.098 (.065)	.036 (.069)	−.053 (.051)	−.075 (.052)
$OTHER_{ij}$	−.088* (.039)	−.141*** (.043)	—	—
$DEMZ_{ij}$	—	−.142** (.053)	—	−.120** (.043)
$ALLY_{ij}$	.119* (.052)	.115* (.052)	.184*** (.051)	.180*** (.051)
PTA_{ij}	.527*** (.039)	.521*** (.039)	.473*** (.040)	.470*** (.040)
MP_{ij}	.548*** (.136)	.548*** (.135)	.618*** (.136)	.620*** (.137)
$ALLY_{ij} \times PTA_{ij}$	.535*** (.066)	.537*** (.067)	.618*** (.066)	.620*** (.066)
$ALLY_{ij} \times MP_{ij}$	.179** (.068)	.182** (.068)	.052 (.067)	.050 (.067)
$PTA_{ij} \times MP_{ij}$	−.476*** (.068)	−.483*** (.068)	−.518*** (.068)	−.522*** (.068)
$GATT_{ij}$	.074 (.038)	.072 (.038)	.126** (.040)	.125** (.040)
COL_{ij}	1.682*** (.085)	1.684*** (.085)	1.780*** (.087)	1.787*** (.087)
COM_{ij}	1.033*** (.095)	1.031*** (.095)	.855*** (.117)	.847*** (.117)
WAR_{ij}	−6.463*** (.107)	−6.447*** (.107)	−6.556*** (.110)	−6.562*** (.110)
lagged $\log(X_{ij})$	.855*** (.014)	.855*** (.014)	.946*** (.014)	.946*** (.014)
$\bar{R}^2$	.53	.53	.55	.55
N	33,116	33,116	30,480	30,480

Note: Entries are unstandardized regression coefficients. Figures in parentheses are White heteroskedasticity-consistent standard errors. One-tailed tests are conducted for the regression coefficient of $MIXED_{ij}$, since its sign is specified by the model. Two-tailed tests are conducted for the remaining coefficients. Regressions include dummy variables for country-specific and year-specific fixed effects. *p ≤ .05, **p ≤ .01, ***p ≤ .001.

$$\log(X_{ij}) = \log \beta_0 + \beta_1 \log(GDP_i \times GDP_j)$$
$$+ \beta_2 \log(POP_i \times POP_j) + \beta_3 \log(DIST_{ij})$$
$$+ \beta_4 MIXED_{ij} + \beta_5 AUT_{ij} + \beta_6 OTHER_{ij} + \beta_7 ALLY_{ij}$$
$$+ \beta_8 PTA_{ij} + \beta_9 MP_{ij} + \beta_{10}(ALLY_{ij} \times PTA_{ij})$$
$$+ \beta_{11}(ALLY_{ij} \times MP_{ij}) + \beta_{12}(PTA_{ij} \times MP_{ij})$$
$$+ \beta_{13} GATT_{ij} + \beta_{14} COL_{ij} + \beta_{15} COM_{ij} + \beta_{16} WAR_{ij}$$
$$+ \beta_{17} \text{lagged} \log(X_{ij}) + \log z_{ij}. \qquad (2)$$

3.1 Democracy and Economic Openness
Openness and Democratization

- *Effects of globalization on democracy*
  - *Trade openness*
  - → *Negative/constant*
  - *FDI*
  - → *Positive/weakens*
  - *Portfolio investment*
  - → *Negative/strengthens*
  - *Spread of democracy*
  - → *Positive /constant*

- *Why weak effects?*

TABLE 5	Effects of Economic Globalization on Democracy, 1970–96	
	All Countries	Non-OECD Countries
TRADE	− 0.0029***	− 0.0032***
	(0.0010)	(0.0011)
FDI	5.1906*	5.8359*
	(3.3016)	(3.7712)
PORTFOLIO	4.7240***	5.3892**
	(1.8888)	(2.4406)
DIFFUSION	0.2437***	0.2922***
	(0.1058)	(0.1219)
INFLATION	0.0599**	0.0537*
	(0.0350)	(0.0344)
ECONOMIC GROWTH	0.0068	0.0069
	(0.0084)	(0.0087)
ECONOMIC DEVELOPMENT	34.2597***	36.7637***
	(11.5024)	(16.8662)
PRIOR DEMOCRACY	0.9269***	0.9242***
	(0.0109)	(0.0115)
YEAR	0.1514***	0.1593***
	(0.0505)	(0.0670)
YEAR·FDI	− 0.0026*	− 0.0029*
	(0.0017)	(0.0019)
YEAR·PORTFOLIO	− 0.0024***	− 0.0027**
	(0.0009)	(0.0012)
YEAR·INFLATION	− 0.00003**	− 0.000027*
	(0.000017)	(0.000017)
YEAR·ECONOMIC DEVELOPMENT	− 0.0172***	− 0.0184**
	(0.0058)	(0.0085)
Constant	− 301.8202***	− 317.8469***
	(100.2552)	(132.8935)
Observations	2,021	1,640
Adjusted R^2	0.93	0.90

Notes: White robust standard errors adjusted for clustering over country in parentheses. One-tailed tests: * Significant at 10 per cent; ** Significant at 5 per cent; ***Significant at 1 per cent.

Li and Reuveny 2003

Globalization and democracy: explanations

TABLE 1 *Globalization Promotes Democracy*

Num.	Argument	Discussed in
1.	Globalization promotes economic development.	Schumpeter (1950), Held (1992), Platner (1993), Weitzman (1993), Bhagwati (1994), Lipset (1994), Muller (1995), Im (1996)
2.	Globalization increases the demand of international business for democracy.	Kant (1795), Bhagwati (1994), Schmitter (1996), Oneal and Russett (1997, 1999)
3.	Globalization reduces the incentives of authoritarian leaders to cling to power.	Rueschemeyer and Evans (1985), Diamond (1994), Drake (1998)
4.	Globalization reduces information costs, increasing contacts with other democracies and making the pro-democracy international non-governmental organizations (INGOs) more effective.	Van Hanen (1990), Brunn and Leinback (1991), Diamond (1992), Schmitter (1996), Kummell (1998), Keck and Sikkink (1998), Risse and Sikkink (1999), Boli and Thomas (1999)
5.	Globalization pushes the authoritarian states to decentralize power.	Self (1993), Sheth (1995), Roberts (1996)
6.	Globalization promotes domestic institutions that support democracy.	Roberts (1996), Stark (1998), Keck and Sikkink (1998), Fruhling (1998), Risse and Sikkink (1999), Boli and Thomas (1999)
7.	Globalization intensifies the diffusion of democratic ideas.	Kant (1795), Whitehead (1986, 1996), Huntington (1991), Starr (1991), Przeworski *et al.*, (1996)

Note: Please see footnotes to the text accompanying this table for full details of works referred to in this table.

TABLE 2 *Globalization Obstructs Democracy*

Num.	Argument	Discussed in
1.	Globalization reduces state policy autonomy and brings about public policies that please foreign investors instead of the common people.	Lindblom (1977), Held (1991), Diamond (1994), Gill (1995), Jones (1995), Gray (1996), Schmitter (1996), Cox (1997), Cammack (1998)
2.	Globalization produces more domestic losers than winners, at least in the short run, and it also diminishes the ability of the state to compensate the losers financially.	Drucker (1994), Muller (1995), Bryan and Farrel (1996), Beck (1996), Cox (1996), Moran (1996), Marquand (1997), Rodrik (1997), Martin and Schumann (1997), Longworth (1998)
3.	Globalization enables the fast movement of money between countries, resulting in frequent balance of payment crises and unstable domestic economic performance.	Im (1987), Diamond (1992, 1999), Haggard and Kaufman (1995), MacDonald (1991), O'Donnell (1994), Trent (1994), Cammack (1998)
4.	Globalization deepens ethnic and class cleavages and diminishes the national-cultural basis of democracy.	Robertson (1992), Dahl (1994), Im (1996)
5.	Globalization enables the state and MNCs to control and manipulate information supplied to the public.	Gill (1995), Im (1996), Martin and Schumann (1997)
6.	Globalization degrades the concept of citizenship, an important prerequisite for a functioning and stable democracy.	Whitehead (1993), O'Donnell (1993), Im (1996), Sassen (1996), Cox (1997), Boron (1998)
7.	Globalization widens the economic gap between the North and the South.	Wallerstein (1974), Bollen (1983), Tarkowski (1989), Przeworski (1991), Gill (1995), Amin (1996), Cox (1996), Im (1996), Kummell (1998)

Note: Please see footnotes to the text accompanying this table for full details of works referred to in this table.

Li and Reuveny 2003

3.1 Democracy and Economic Openness
Trends in regime types

TABLE 4   Legislatures in Authoritarian Regimes

	All Years	Cold War	Post–Cold War
Personalist	69%	63%	82%
Monarchy	62%	60%	69%
Military	37%	36%	42%
Single Party	92%	90%	98%

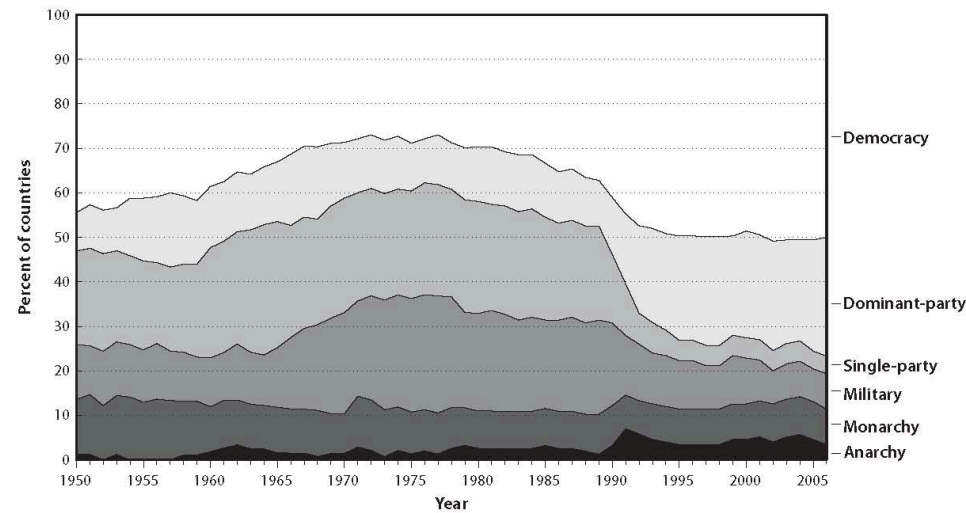Each cell is the percent of country-year observations where there is a legislature.

Figure 1

Political order: democratic, anarchic, military, monarchic, single-party, and dominant-party regimes during 1950–2006.

Wright (2008) & Magaloni & Kreicheli (2010)

3.2 Democracy and Economic Openness
Why Democratize?

TABLE 6 Authoritarian Legislatures and Investment

Model	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
β_1 Legislature	−0.736*	−0.741*	−0.701*	−0.510	−0.649+	−0.735*	−0.682	−0.667+	−0.647+
	(0.36)	(0.37)	(0.35)	(0.37)	(0.36)	(0.36)	(0.41)	(0.36)	(0.36)
β_2 Military Legislature	1.880*	3.361**	1.773*	2.323**	1.958*	1.891*	1.611+	1.922**	1.846*
	(0.77)	(0.99)	(0.75)	(0.77)	(0.77)	(0.77)	(0.83)	(0.74)	(0.74)
β_3 Military No Legislature	0.036	1.103+	−0.015	0.695	0.040	0.034	−0.222	0.139	0.111
	(0.47)	(0.62)	(0.46)	(0.49)	(0.47)	(0.47)	(0.53)	(0.47)	(0.47)
β_4 Single Party Legislature	2.641**	3.778**	2.623**	1.848**	2.599**	2.544**	1.992**	2.264**	2.214**
	(0.70)	(0.76)	(0.63)	(0.64)	(0.70)	(0.72)	(0.77)	(0.71)	(0.70)
β_5 Single Party No Legislature	1.869**	2.359**	1.867**	1.102+	1.844**	1.806**	1.375+	1.733**	1.686**
	(0.62)	(0.78)	(0.59)	(0.61)	(0.62)	(0.63)	(0.72)	(0.62)	(0.62)
β_6 Monarchy Legislature	−1.605	−1.137	−1.739	−1.893+	−1.760	−1.615	−1.711	−1.333	−1.169
	(1.16)	(1.08)	(1.14)	(1.03)	(1.15)	(1.16)	(1.60)	(1.16)	(1.12)
β_7 Monarchy No Legislature	−3.470**	−3.005*	−3.576**	−3.624**	−3.623**	−3.476**	−4.941**	−3.045*	−2.823*
	(1.34)	(1.28)	(1.34)	(1.25)	(1.35)	(1.34)	(1.74)	(1.34)	(1.31)
Log(GDPpc)	5.533**	3.908**	5.590**	4.562**	5.462**	5.602**	5.510**	6.169**	5.968**
	(0.62)	(0.60)	(0.61)	(0.55)	(0.61)	(0.62)	(0.63)	(0.69)	(0.67)
Life Expectancy	0.068	0.202**	0.068+	0.127**	0.074+	0.056	0.080+	0.034	0.027
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.05)	(0.04)	(0.04)
Prob(Fail)				−14.421**					
				(2.74)					
Polity					−0.056+				
					(0.03)				
Communist							1.478		
							(1.99)		
Govt Consumption							−0.066*		
							(0.03)		
Constant	−32.932**	−28.063**	−33.249**	−28.007**	−32.974**	−32.881**	−32.456**	−34.520**	−32.618**
	(3.42)	(3.15)	(3.35)	(2.90)	(3.39)	(3.43)	(3.43)	(4.83)	(4.73)
R^2	0.162	0.226	0.183	0.197	0.165	0.162	0.201	0.179	0.189
Observations	2342	1766	2340	2340	2340	2342	1926	2342	2342
Countries	91	77	91	91	91	91	88	91	91
Influential obs	no	no	yes	no	no	no	no	no	no
Hybrid regimes	yes	no	yes	yes	yes	yes	yes	yes	yes
Region dummies	no	no	no	no	no	no	no	yes	yes
Decade dummies	no	no	no	no	no	no	no	no	yes
Marginal Effect of Legislature: $\beta_{Legislature} + \beta_{RegimeLeg} - \beta_{RegimeNoLeg}$									
Military $\beta_1 + \beta_2 - \beta_3$	1.11+	1.52+	1.09+	1.12+	1.27*	1.12+	1.15+	1.12+	1.09+
	(0.65)	(0.85)	(0.64)	(0.67)	(0.65)	(0.65)	(0.68)	(0.59)	(0.60)
Single Party $\beta_1 + \beta_4 - \beta_5$	0.04	0.68	0.06	0.24	0.11	0.00	0.06	−0.13	−0.12
	(0.48)	(0.67)	(0.47)	(0.48)	(0.48)	(0.48)	(0.58)	(0.48)	(0.48)
Monarchy $\beta_1 + \beta_6 - \beta_7$	1.13	1.13	1.13	1.22	1.21	1.12	2.55*	1.00	1.01
	(0.79)	(0.80)	(0.79)	(0.80)	(0.79)	(0.79)	(1.09)	(0.79)	(0.79)

Dependent variable is domestic investment as a share of GDP. Estimation is OLS with AR(1) correlation and panel corrected standard errors that allow for panel heteroskedasticity. Omitted regime type is personalist. Decade dummies are 1950s, 1960s, 1970s, 1980s, and 1990s (omitted). Region controls are Central America, South America, Sub-Saharan Africa, North Africa, Middle East, Central Asia, East Asia, and Europe (omitted). Years covered in sample: 1950–2000. $^+p < .10$; $^*p < .05$; $^{**}p < .01$.

TABLE 7 Authoritarian Legislatures and Growth

Model	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
β_1 Legislature	−0.519	−1.448*	−1.451*	−1.342*	−1.154+	−1.607*	−1.426*	−1.225+
	(0.39)	(0.68)	(0.66)	(0.66)	(0.66)	(0.68)	(0.68)	(0.69)
β_2 Military Legislature		1.012	0.834	0.766	0.938	1.052	1.033	0.569
		(0.68)	(0.70)	(0.68)	(0.70)	(0.67)	(0.68)	(0.66)
β_3 Military No Legislature		−1.614*	−1.623*	−1.499*	−1.194+	−1.687*	−1.581*	−1.284+
		(0.73)	(0.71)	(0.71)	(0.71)	(0.74)	(0.73)	(0.76)
β_4 Single Party Legislature		1.061*	1.079*	1.064*	1.019*	1.130*	1.000*	0.459
		(0.45)	(0.48)	(0.43)	(0.45)	(0.44)	(0.45)	(0.45)
β_5 Single Party No Legislature		−0.080	−0.433	0.005	0.301	−0.080	−0.041	−0.410
		(0.91)	(1.38)	(0.91)	(0.90)	(0.91)	(0.91)	(0.92)
β_6 Monarchy Legislature		1.402*	1.249*	0.885	0.835	1.624*	1.427*	0.251
		(0.64)	(0.60)	(0.64)	(0.58)	(0.66)	(0.64)	(0.79)
β_7 Monarchy No Legislature		2.194*	2.167+	1.772+	2.042+	2.425*	2.221*	1.167
		(1.11)	(1.12)	(1.08)	(1.05)	(1.14)	(1.11)	(1.25)
Log(GDPpc)	0.583	0.534	0.685+	0.302	0.132	0.570	0.563	0.818+
	(0.38)	(0.39)	(0.37)	(0.36)	(0.31)	(0.39)	(0.39)	(0.43)
Ethnic Frac.	−2.314**	−2.491**	−2.303**	−2.084**	−1.873**	−2.614**	−2.375**	−2.892**
	(0.64)	(0.67)	(0.72)	(0.65)	(0.63)	(0.68)	(0.68)	(0.69)
Sub-Saharan Africa	0.443	0.504	0.731	−0.027		0.625	0.541	1.034
	(0.59)	(0.61)	(0.62)	(0.57)		(0.62)	(0.61)	(0.71)
British Colony	1.224*	1.384**	1.162*	1.152*		1.319**	1.379**	1.454**
	(0.48)	(0.49)	(0.47)	(0.48)		(0.48)	(0.49)	(0.49)
Investment (% GDP)	0.168**	0.173**	0.186**	0.172**	0.179**	0.174**	0.169**	0.153**
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Govt Consumption	−0.204**	−0.210**	−0.193**	−0.177**	−0.182**	−0.216**	−0.207**	−0.210**
	(0.04)	(0.04)	(0.04)	(0.03)	(0.03)	(0.04)	(0.04)	(0.04)
Inflation	−0.000*	−0.000*	−0.000*	−0.007**	−0.000*	−0.000*	−0.000*	−0.000*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
1960s	1.053*	0.960+	0.912+	0.821	0.832	0.963+	1.007+	1.270*
	(0.52)	(0.53)	(0.53)	(0.51)	(0.53)	(0.53)	(0.53)	(0.52)
1970s	1.410**	1.452**	0.887+	1.348**	1.346**	1.500**	1.485**	1.762**
	(0.36)	(0.37)	(0.38)	(0.36)	(0.37)	(0.37)	(0.37)	(0.37)
Polity						0.057+		
						(0.03)		
Communist							1.271	
							(1.30)	
Military	−0.422							
	(0.51)							
Single Party	0.763+							
	(0.40)							
Monarchy	1.502**							
	(0.52)							
Constant	−2.181	−1.119	−2.588	0.457	1.417	−0.974	−1.438	−3.190
	(2.65)	(2.83)	(2.61)	(2.67)	(2.19)	(2.87)	(2.84)	(3.08)
R^2	0.130	0.135	0.147	0.165	0.126	0.137	0.135	0.154
Observations	1576	1576	1279	1571	1576	1575	1576	1576
Countries	80	80	73	80	80	80	80	80

$$PTA_{ij} = \beta_0 + \beta_1 REG_i + \beta_2 REG_j + \beta_3 GDP_i + \beta_4 GDP_j + \beta_5 \Delta GDP_i \quad (4)$$
$$+ \beta_6 \Delta GDP_j + \beta_7 TRADE_{ij} + \beta_8 DISPUTE_{ij} + \beta_9 COL_{ij}$$
$$+ \beta_{10} ALLY_{ij} + \beta_{11} DISTANCE_{ij} + \beta_{12} GATT_{ij}$$
$$+ \beta_{13} HEGEMONY + e_{ij}$$

TABLE 1. *Effects of regime type, GDP, the change in GDP, trade, military disputes, colonial relations, alliances, distance, the GATT, and hegemony on PTA formation, 1951–1992*

Variable	(1)	(2)	(3)	(4)
Intercept	7.315**	7.223**	6.847**	7.212**
	(11.85)	(11.64)	(11.82)	(11.54)
REG_i	0.038**	0.038**	0.035**	0.038**
	(8.89)	(8.80)	(8.84)	(8.93)
REG_j	0.035**	0.035**	0.032**	0.035**
	(8.47)	(8.40)	(8.15)	(8.51)
GDP_i	-4.84×10^{-10}**	-3.29×10^{-10}**	-7.75×10^{-10}**	-4.89×10^{-10}**
	(−3.29)	(−3.47)	(−4.26)	(−3.34)
GDP_j	-3.84×10^{-10}*	-2.26×10^{-10}*	-6.94×10^{-10}**	-3.88×10^{-10}*
	(−2.39)	(−2.16)	(−4.17)	(−2.43)
ΔGDP_i	4.72×10^{-9}		6.41×10^{-9}	4.63×10^{-9}
	(1.28)		(1.55)	(1.26)
ΔGDP_j	4.85×10^{-9}		6.88×10^{-9}*	4.77×10^{-9}
	(1.71)		(2.04)	(1.69)
$TRADE_{ij}$	-1.21×10^{-7}	-1.23×10^{-7}		-1.18×10^{-7}
	(−1.53)	(−1.56)		(−1.52)
$DISPUTE_{ij}$	−0.740	−0.734	−0.620	
	(−1.91)	(−1.89)	(−1.64)	
COL_{ij}	1.338**	1.327**	1.356**	1.324**
	(8.74)	(8.73)	(8.62)	(8.45)
$ALLY_{ij}$	0.665**	0.663**	0.645**	0.673**
	(9.70)	(9.69)	(9.34)	(9.73)
$DISTANCE_{ij}$	−0.731**	−0.730**	−0.681**	−0.717**
	(−17.51)	(−17.47)	(−20.20)	(−16.62)
$GATT_{ij}$	0.391**	0.389**	0.376**	0.396**
	(6.05)	(6.03)	(5.79)	(6.12)
$HEGEMONY$	−53.75**	−53.07**	−52.29**	−53.84**
	(−14.92)	(−14.73)	(−14.68)	(−14.93)
χ^2	1915.28**	1906.12**	1866.84**	1911.48**
Log likelihood	−7146.54	−7147.73	−7173.51	−7149.97

Note: These parameters are estimated using logistic regression, after including a natural spline function with three knots. Figures in parentheses are asymptotic z-statistics computed using Huber standard errors. In each model, $N = 223,568$.
**$p \leq .001$. Two-tailed tests are conducted for all estimates.
*$p \leq .05$. Two-tailed tests are conducted for all estimates.

Democracy and trade agreements (Mansfield et al. 2000)

3.2 Regimes and International Agreements
The Size of joint gains

H1: Jointly democratic dyads will engage in comparatively high levels of co-operation.

H2: Jointly autocratic dyads will engage in higher levels of cooperation than dyads composed of one democracy and one autocracy.

H3: Dyads composed of one democracy and one autocracy will find the impediments to cooperation strongest; they will engage in lower levels of cooperation than states with similar internal structures.
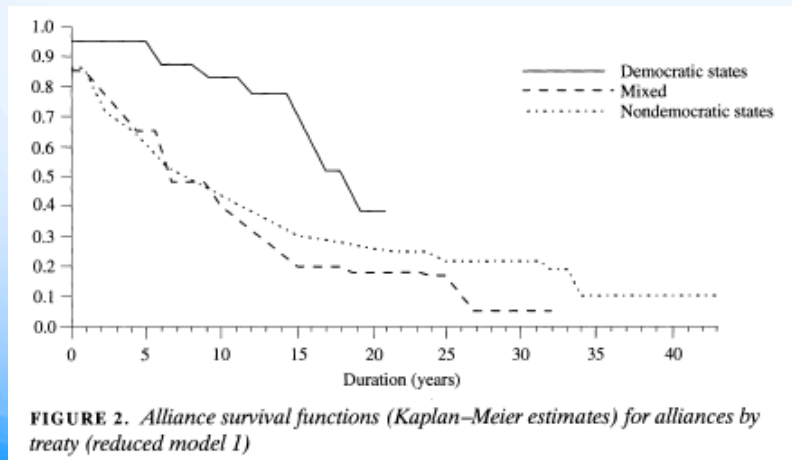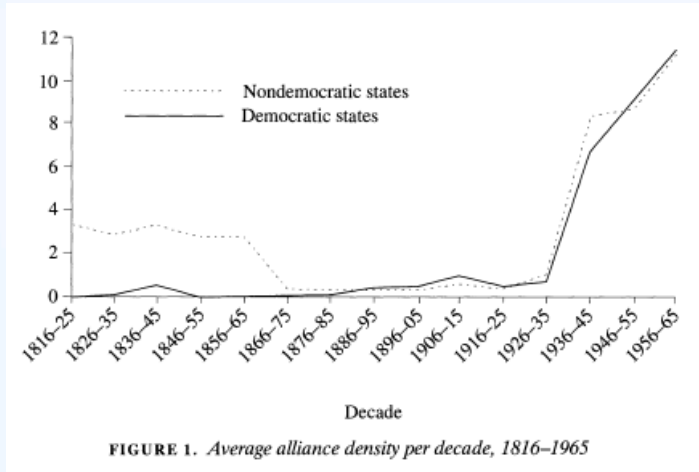
Table 1. Regime Type and International Cooperation, 1953–1978
Unit of Analysis: Dyad-Year

Independent Variable	Model 1 Average Level of Cooperation	Model 2 Cooperation (1 = Yes; 0 = No)	Model 3 Average Level of Cooperation if Cooperation > 0
Jointly Democratic Dyad	3.108** (0.408)	0.606** (0.101)	2.847** (0.237)
Jointly Autocratic Dyad	3.062** (0.275)	0.410** (0.077)	1.335** (0.166)
Mixed Regime Type Dyad	2.180** (0.255)	0.311** (0.059)	0.563** (0.174)
Jointly Wealthy Dyad	0.890* (0.394)	0.225* (0.098)	0.616** (0.192)
Jointly Stable Dyad	0.728** (0.167)	0.187** (0.034)	0.271* (0.130)
Shared Alliance	4.553** (0.361)	0.542** (0.082)	1.541** (0.159)
Constant	3.523	–0.455	10.847
N	22,320	22,320	11,815

Note: Each cell contains the estimated coefficient with its associated standard error listed in parentheses below. **indicates statistical significance at the .001 level. *indicates statistical significance at the .05 level.

Regime type and international cooperation (Leeds 1999)

3.2 Regimes and International Agreements
Duration of Joint Gains

FIGURE 1. *Average alliance density per decade, 1816–1965*

FIGURE 2. *Alliance survival functions (Kaplan–Meier estimates) for alliances by treaty (reduced model 1)*

Regime type and alliance density (Gaubatz 1996)

Its message is that (1) compliance is generally quite good; (2) this high level of compliance has been achieved with little attention to enforcement; (3) those compliance problems that do exist are best addressed as management rather than enforcement problems; and (4) the management rather than the enforcement approach holds the key to the evolution of future regulatory cooperation in the international system
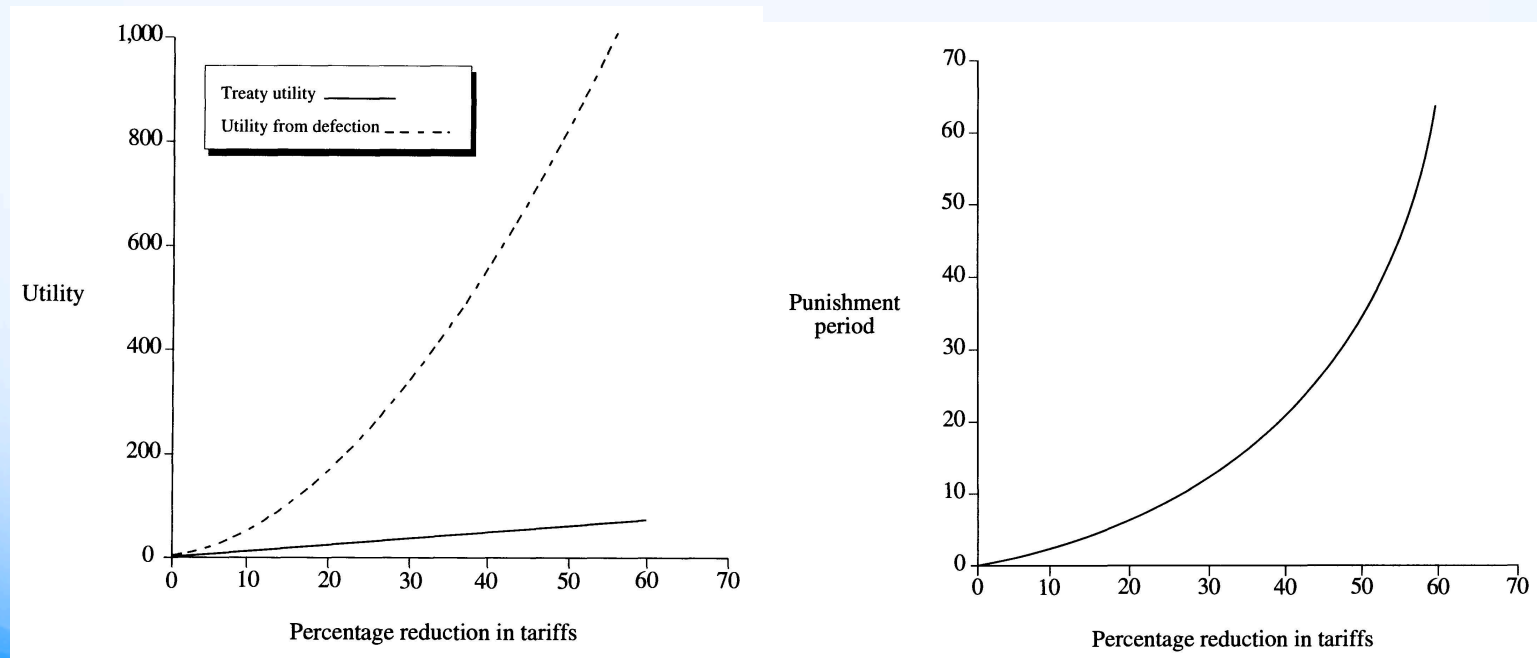
3.2 Regimes and International Agreements
Benefits of Institution Membership

- *Why participate?*
  - *The benefits of participation*
    - *market credibility*

Table 2
International organizations and country risk, 1985–2004.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Membership in selected IOs, unweighted	3.965*	5.762***	2.574*	3.965**	1.512**	5.250*	28.708***	39.008**
$(t-1)$	(1.76)	(2.90)	(1.83)	(2.05)	(2.04)	(1.84)	(2.11)	(2.42)
Law and order, index $(t-1)$	0.308***			0.308***	0.300***	0.595***	0.170	
	(2.72)			(2.72)	(5.27)	(3.38)	(1.24)	
(log) GDP per capita	2.159	4.068*		2.159	1.771***	16.011***	3.900**	5.215***
	(0.89)	(1.68)		(1.23)	(8.86)	(5.79)	(2.31)	(3.40)
Trade (% of GDP)	−0.014	−0.004		−0.014	−0.004	−0.028	−0.018	−0.009
	(0.76)	(0.23)		(0.91)	(1.35)	(1.47)	(1.33)	(0.68)
GDP growth (annual %)	0.199***	0.175***		0.199***	0.218***	0.054	0.202***	0.176***
	(3.05)	(3.15)		(3.44)	(7.33)	(1.54)	(5.38)	(4.63)
Inflation	−8.776***	−9.853***		−8.776***	−3.681***	−7.348***	−9.873***	−10.183***
	(4.45)	(4.73)		(4.32)	(3.23)	(2.94)	(4.52)	(4.65)
Real interest rate	−0.019	−0.019		−0.019	−0.019*	−0.037**	−0.038**	−0.042**
	(1.33)	(1.19)		(1.29)	(1.88)	(2.21)	(2.00)	(2.08)
Dependent variable $(t-1)$	0.511***	0.493***	0.571***	0.511***	0.698***		0.489***	0.459***
	(17.38)	(14.12)	(14.68)	(16.65)	(30.73)		(17.30)	(15.34)
Dependent variable $(t-2)$	0.059*	0.065**	0.081***	0.059*	0.163***		0.037	0.029
	(1.93)	(2.21)	(3.23)	(2.12)	(7.58)		(1.33)	(0.96)
Method	OLS, fe	OLS, fe	OLS, fe	Newey West	GLS	AR(1)	2SLS	2SLS
Number of observations	1571	1823	2420	1571	1569	1486	1569	1821
Number of countries	111	126	137	111	111	110	109	124
R-squared	0.56	0.54	0.54	0.56	0.69	0.25	0.49	0.39

Notes: The dependent variable is Euromoney's risk rating, ranging between zero and 100, with higher values representing higher credibility. Standard errors are clustered at the country level. A dummy for each year is included. Absolute *t*-statistics in parentheses; * (**, ***) indicates significance at 10 (5, 1) percent level.
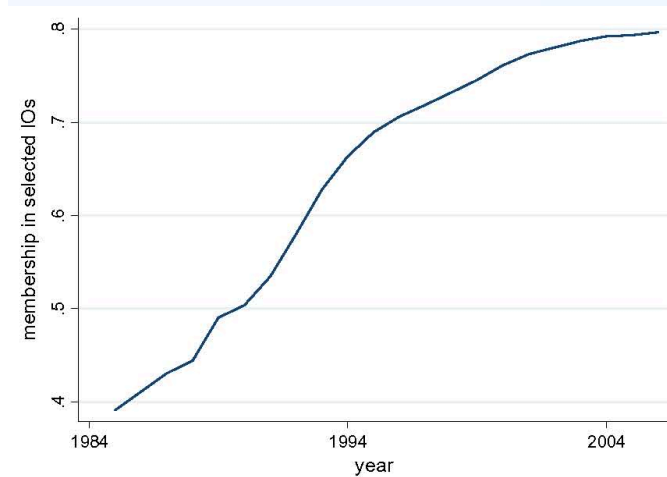

Fig. 1. IO membership over time, unweighted indicator, 1985-2004.

Hypothesis 1 *As the depth of its economic reform increases, a country is more likely to enter a higher phase of IMF involvement to signal to international audiences its commitment to reform and the success it has achieved.*

Hypothesis 2 *Non-democracies are more likely to be participants of IMF programs than democracies at a given level of economic reforms.*

$$\text{IMF STATUS}_t = \begin{cases} 0 & \text{if} \quad y_t^* \leq \tau_1 \\ 1 & \text{if} \quad \tau_1 < y_t^* \leq \tau_2 \\ 2 & \text{if} \quad y_t^* > \tau_2 \end{cases}$$

$$Y_t^* = \beta_1 \text{REFORM}_{t-1} + \beta_2 \text{NONDEM}_{t-1} + \beta_3 \text{REFORM}_{t-1} \times \text{NONDEM}_{t-1}$$
$$+ \beta_4 \text{DEBT}_{t-1} + \beta_5 \text{BOP}_{t-1} + \beta_6 \text{RESERVES}_{t-1} + \beta_7 \text{GDPPC}_{t-1}$$
$$+ \beta_8 \text{YRSINPROG}_{t-1} + \epsilon$$

Table 2 The maximum likelihood estimates of the ordered probit model of all countries

Independent variables	Model 1	Model 2
Reform$_{t-1}$	0.224*	0.234*
	(0.057)	(0.054)
Non-democracy$_{t-1}$	2.442*	2.008*
	(1.060)	(0.998)
Reform$\times$non-democracy$_{t-1}$	−0.167*	−0.147*
	(0.071)	(0.066)
Debt service$_{t-1}$	0.007	0.008
	(0.020)	(0.019)
Balance of payments$_{t-1}$	−3.010	−1.440
	(2.135)	(1.774)
Reserves$_{t-1}$	−0.086	−0.063
	(0.125)	(0.120)
GDP per capita$_{t-1}$	0.0003*	0.0003*
	(0.0001)	(0.0001)
# years in program$_{t-1}$	−0.114	−0.185*
	(0.76)	(0.075)
Accessions open$_{t-1}$		0.581
		(0.426)
Affinity to US		−1.275
		(0.675)
Threshold 1	1.475	1.321
	(0.760)	(0.726)
Threshold 2	3.581	3.438
	(0.762)	(0.717)
χ^2	117.23	187.27
Log likelihood	−145.77	−141.30
N	218	218
Correctly predicted (%)	74.1	74.3
Modal prediction (%)	49.5	49.5
Reduction of error (%)	48.2	49.1

PCSEs in parentheses.
*$p < 0.05$

International institutions and credible commitment (Feng and Owen 2011)

3.2 Regimes and International Agreements
Costs of Institution Membership

FIGURE 1. The Percentage of States Placing Current Account Restrictions as a Function of the Number of Years to and since an Article VIII Commitment
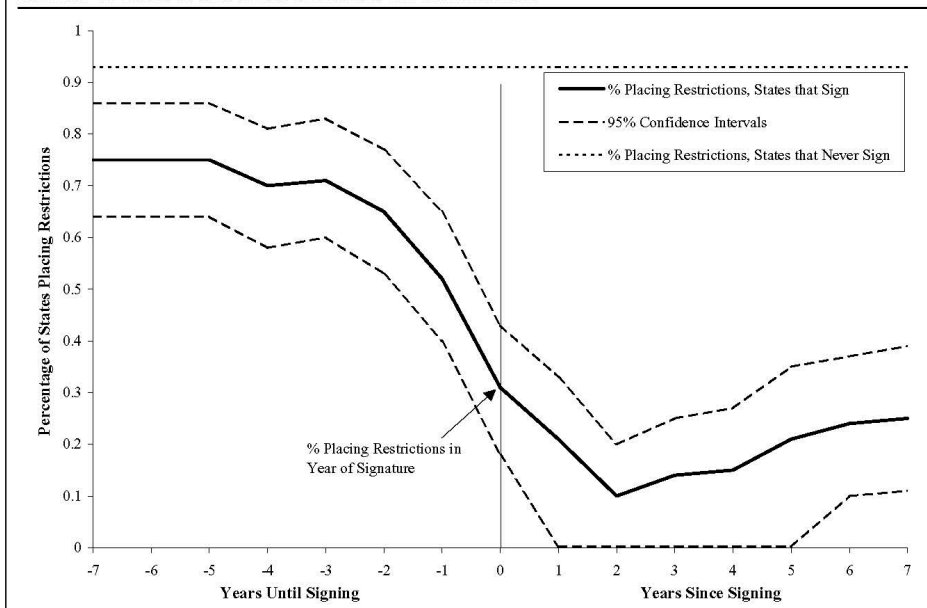
Legend:
- % Placing Restrictions, States that Sign
- 95% Confidence Intervals
- % Placing Restrictions, States that Never Sign

% Placing Restrictions in Year of Signature

Y-axis: Percentage of States Placing Restrictions (0 to 1)
X-axis: Years Until Signing (-7 to 0) / Years Since Signing (0 to 7)

TABLE 1. Results of Analysis of Current Account Restrictions as a State Approaches an Article VIII Commitment

Independent Variables	Standard Probit Model 1
Lead 4[a]	−.473***
	(.116)
Year of Signature	−.931***
	(.242)
Article VIII Signatory	−.494***
	(.083)
Terms of Trade Volatility	.183***
	(.054)
Balance of Payments/GDP	−.006*
	(.003)
Reserves/GDP	.357*
	(.179)
GDP Growth	−.012*
	(.006)
Use of IMF Credits	.364***
	(.078)
Years since Last Restriction	−.034**
	(.012)
0 Years since Last Restriction	2.608***
	(.128)
1 Year since Last Restriction	.384*
	(.180)
Constant	−1.726***
	(.218)
Number of Observations	3,100
Log Likelihood	−693.440

Note: Figures are probit coefficients; robust standard errors are in parentheses. Dependent variable equals 1 if state restricted current account in year t, and 0 if not.
[a] Lead 4 equals 1 if state will sign Article VIII in next 1 to 4 years and 0 otherwise. *$p < 0.05$; **$p < 0.01$; ***$p < 0.001$.

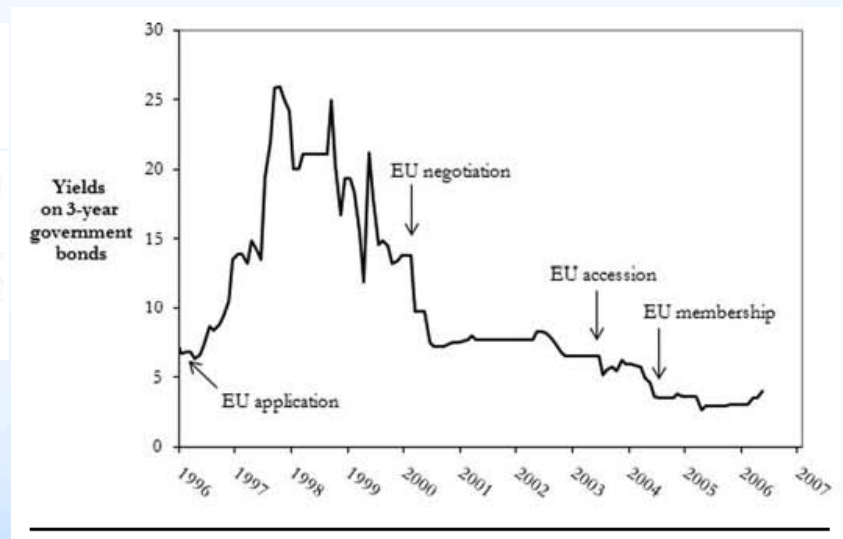## 3.2 Regimes and International Agreements
Costs and Benefits of Institution Membership

- *Why participate?*
  - *Benefits of IEO membership and credibility*
    ⇔ newly democratic countries

H_1 *(Selection)*: The same countries that are likely to start the EU membership process are also the same countries that are likely to have low sovereign yields.

H_2 *(Policy reform)*: Markets react to changes in economic policy undertaken outside EU negotiations.

H_3 *(Seal of approval)*: Markets react to signals from Brussels that accession countries have conformed to EU standards.

3.2 Regimes and International Agreements
Types of Institution Membership

- *Why participate?*
  - *Democratization and IOs*
    - ➔ *Join more democratic regimes to strengthen credibility*
  - *What kind of IO memberships are more credibility enhancing?*
    - ➔ *standards IOs/economic IOs, or political IOs*

Figure 1
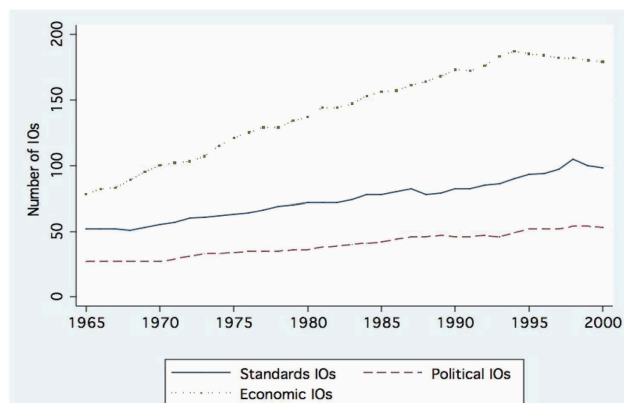**The Number of Economic, Standards-Based, and Political International Organizations (IOs), 1965–2000**

Table 2
The Effects of Regime Type and Regime Change on Changes in International Organization (IO) Membership, 1965–2000

Variable	Economic IOs	Political IOs	Standards IOs	Economic IOs[a]	Political IOs[a]	Standards IOs[a]
Democratization	0.153**	0.048*	0.150***	0.124*	0.096**	0.197***
	(0.080)	(0.028)	(0.058)	(0.084)	(0.043)	(0.059)
Autocratization	−0.156**	0.025	−0.001	−0.134*	0.079*	−0.008
	(0.067)	(0.028)	(0.043)	(0.072)	(0.046)	(0.048)
Stable Democracy	0.069	0.074***	0.091***	0.096*	0.128***	0.128***
	(0.059)	(0.023)	(0.034)	(0.058)	(0.033)	(0.045)
#Economic IOs	−0.018**	0.005**	0.013***	−0.022**	−0.001	0.014**
	(0.007)	(0.002)	(0.004)	(0.009)	(0.004)	(0.006)
#Political IOs	0.048***	−0.030***	0.012	0.050***	−0.029***	0.019**
	(0.015)	(0.009)	(0.009)	(0.012)	(0.010)	(0.008)
#Standards IOs	0.025**	0.003	−0.039***	0.011	0.016**	−0.041***
	(0.012)	(0.004)	(0.010)	(0.012)	(0.006)	(0.011)
Major Power	0.180*	0.015	0.145**	0.207**	0.100	0.176**
	(0.106)	(0.045)	(0.062)	(0.117)	(0.071)	(0.078)
Independence	0.00001	0.0001	0.0003	−0.0001	0.0004	0.0004
	(0.0006)	(0.0002)	(0.0004)	(0.001)	(0.0003)	(0.0004)
Dispute	−0.027*	−0.012**	−0.036***	−0.032*	−0.032***	−0.044***
	(0.017)	(0.006)	(0.010)	(0.017)	(0.009)	(0.012)
Hegemony	−14.393***	−2.167	−6.127	−15.913***	−2.838	−11.402**
	(5.466)	(1.858)	(4.589)	(5.824)	(3.059)	(5.068)
Year	−0.048***	−0.005	−0.006	−0.049***	0.001	−0.023*
	(0.013)	(0.005)	(0.012)	(0.014)	(0.008)	(0.013)
Former Communist	0.496***	0.150**	0.342***	0.498***	0.328***	0.414***
	(0.167)	(0.065)	(0.050)	(0.186)	(0.117)	(0.114)
Constant	99.667***	10.330	14.665	100.777***	−0.596	48.321*
	(27.836)	(9.597)	(24.02)	(29.932)	(15.986)	(26.349)
R^2	0.05	0.03	0.06	0.05	0.03	0.06
N	4,665	4,665	4,665	4,665	4,665	4,665

Note: Entries are ordinary least squares estimates, with panel-corrected standard errors in parentheses. We do not report coefficient estimates for region fixed effects.
[a] Counts of IO membership not based on mutually exclusive categories.
*$p \leq .10$. **$p \leq .05$. ***$p \leq .01$. One-tailed tests of statistical significance are conducted for the coefficient estimates of *Democratization* because its sign is specified by the model. Two-tailed tests are conducted for the remaining estimates.