

# Appendix II: Electronic supplementary material

## Results for the Bjornskov and Rode (2019) democracy measure

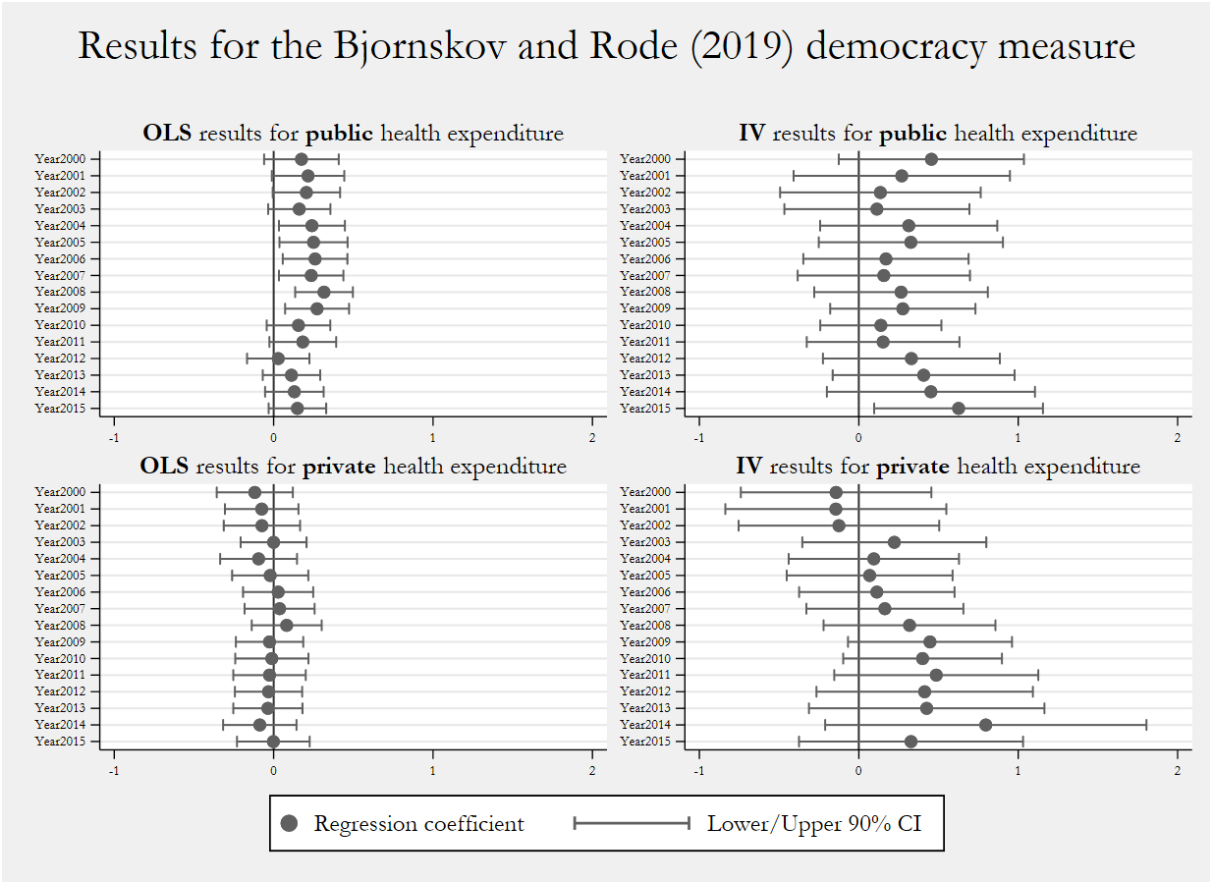


FIGURE 6: POOLED OLS AND IV ESTIMATES 2000-2015 (1/4)

## Results for the Polity IV index

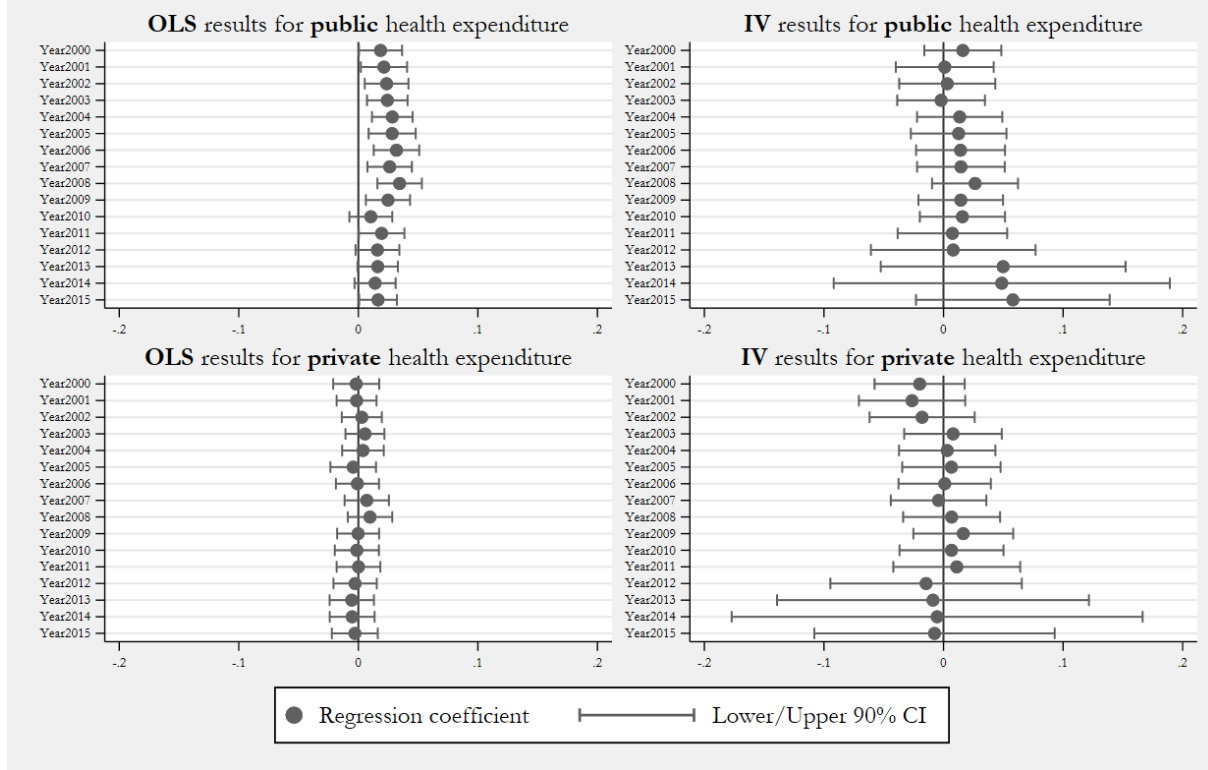


FIGURE 7: POOLED OLS AND IV ESTIMATES 2000-2015 (2/4)

## Results for the Dichotomous Machine Learning Index (DSVMDI)

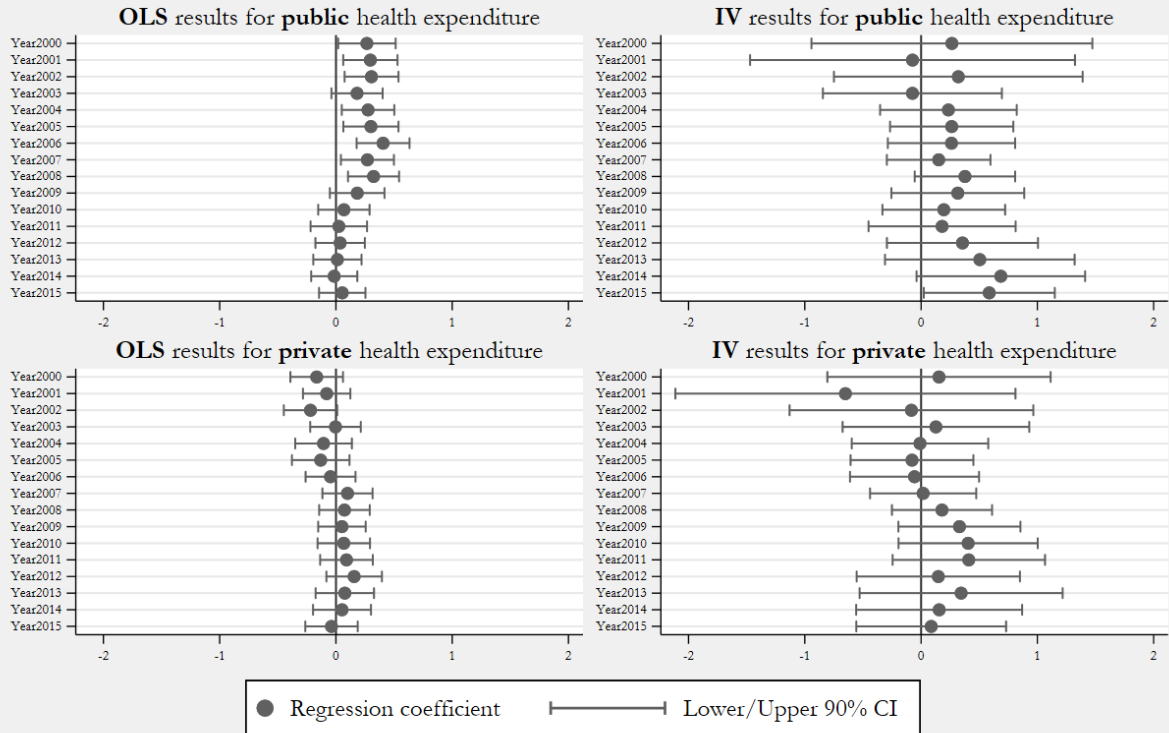


FIGURE 8: POOLED OLS AND IV ESTIMATES 2000-2015 (3/4)

## Results for the Continuous Machine Learning Index (CSVMDI)

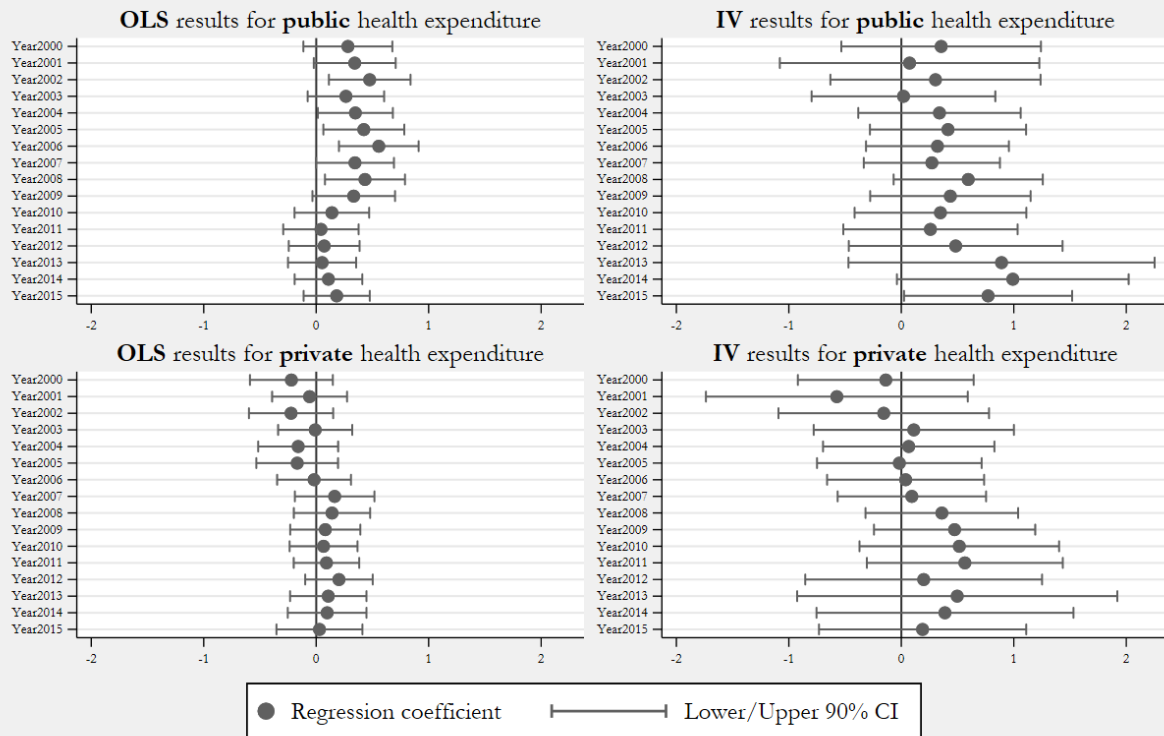


FIGURE 9: POOLED OLS AND IV ESTIMATES 2000-2015 (4/4)

Notes: All models of figures 6-9 include country and year fixed effects, baseline controls and standard errors robust to heteroskedasticity.

## Results for the Bjornskov and Rode (2019) democracy measure

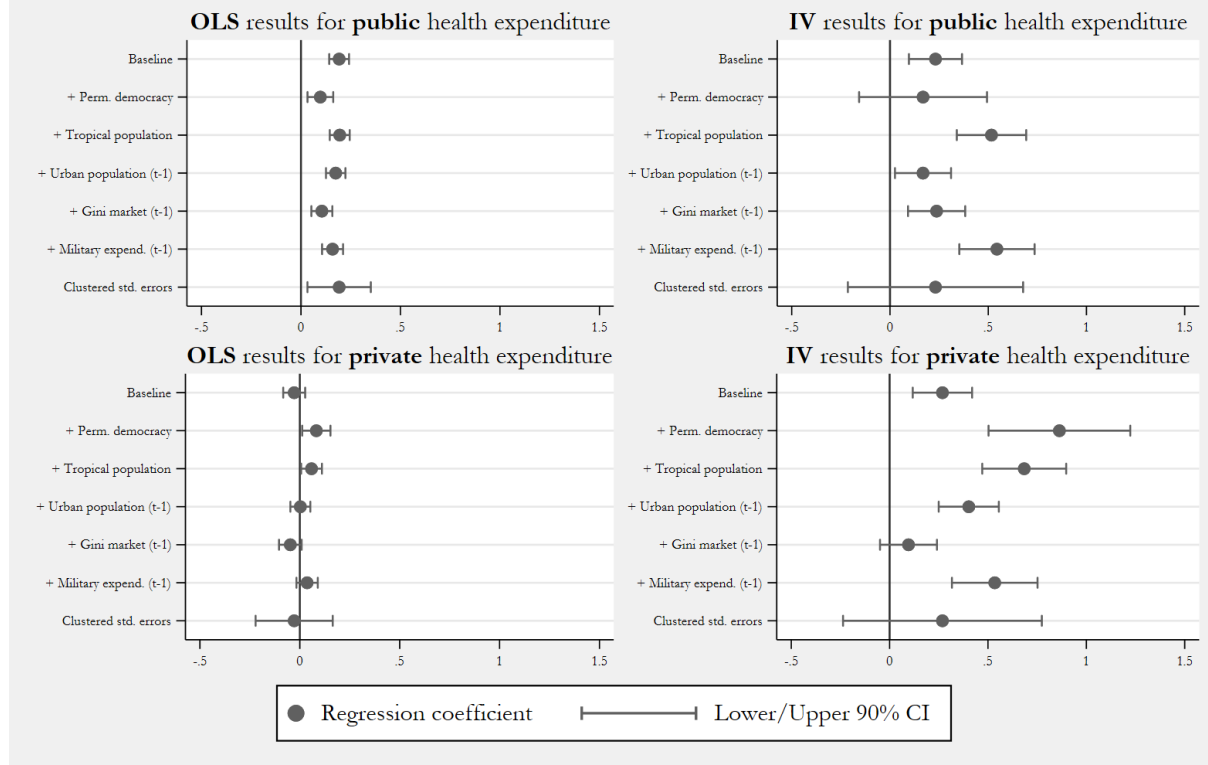


FIGURE 10: POOLED OLS AND IV ESTIMATES 2000-2015: ADDITIONAL CONTROLS (1/2)

Notes: Urban population share and military expenditure (as % of GDP) are expressed in their natural logarithm.

## Results for the Dichotomous Machine Learning Index (DSVMDI)

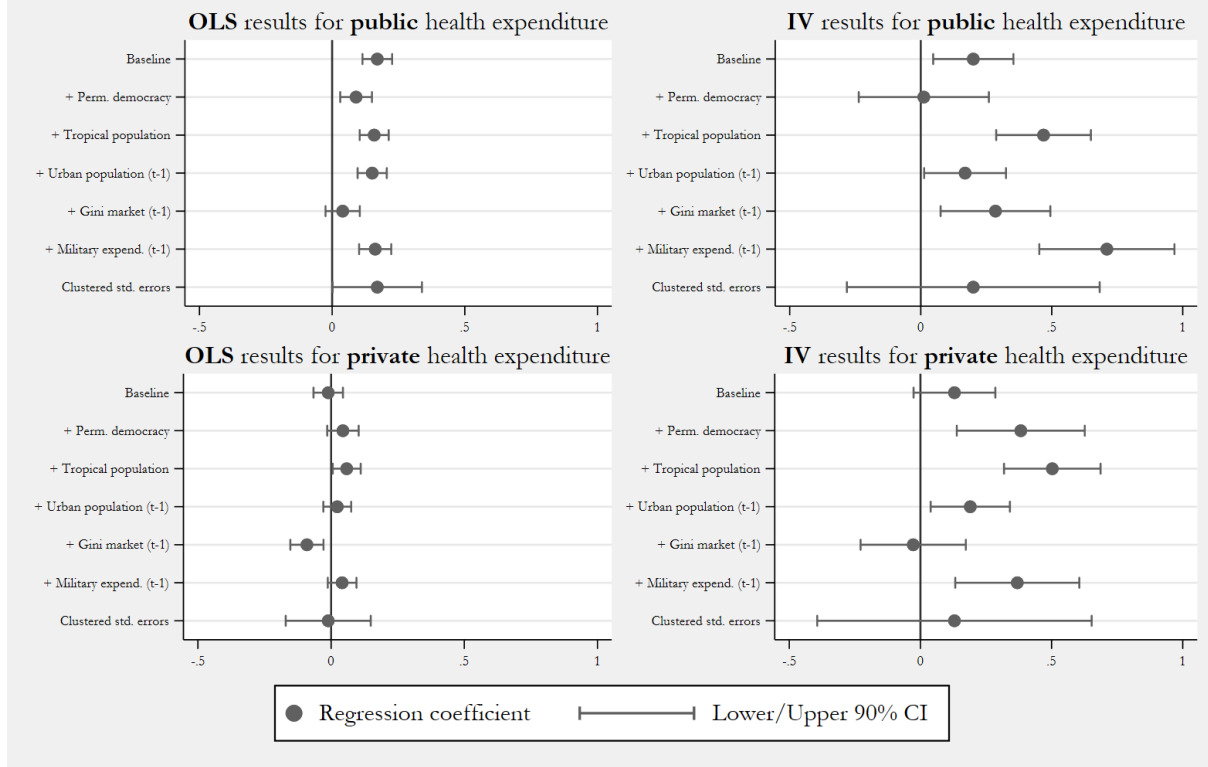


FIGURE 11: POOLED OLS AND IV ESTIMATES 2000-2015: ADDITIONAL CONTROLS (2/2)

Notes: Urban population share and military expenditure (as % of GDP) are expressed in their natural logarithm.

TABLE 8: DEMOCRATIC TRANSITION (DSVMDI) – EVENT STUDY RESULTS FOR GOVERNMENT HEALTH EXPENDITURE

Gov. health exp. (% of GDP) <sup>a</sup>	(1)	(2)	(3)	(4)	(5)	(6)
Year: $\leq t-8$	-0.154 (0.10)	-0.168 (0.12)	-0.101 (0.11)	-0.159 (0.12)	-0.170 (0.13)	-0.228* (0.14)
Year: $t-7$	-0.086 (0.12)	-0.100 (0.13)	-0.052 (0.12)	-0.089 (0.13)	-0.093 (0.14)	-0.117 (0.14)
Year: $t-6$	-0.214 (0.18)	-0.229 (0.18)	-0.167 (0.18)	-0.213 (0.18)	-0.191 (0.17)	-0.205 (0.18)
Year: $t-5$	-0.134 (0.10)	-0.145 (0.10)	-0.101 (0.10)	-0.140 (0.11)	-0.120 (0.10)	-0.132 (0.10)
Year: $t-4$	-0.155* (0.09)	-0.163 (0.10)	-0.136 (0.10)	-0.159 (0.10)	-0.134 (0.10)	-0.140 (0.10)
Year: $t-3$	-0.134 (0.09)	-0.142 (0.09)	-0.125 (0.09)	-0.142 (0.09)	-0.115 (0.09)	-0.118 (0.09)
Year: $t-2$	-0.009 (0.05)	-0.023 (0.05)	-0.004 (0.05)	-0.024 (0.05)	-0.021 (0.05)	-0.031 (0.05)
Year: $t-1$	0.000	0.000	0.000	0.000	0.000	0.000
Year: $t$	0.078** (0.04)	0.076* (0.04)	0.069* (0.04)	0.076** (0.04)	0.081* (0.04)	0.088** (0.04)
Year: $t+1$	0.108* (0.06)	0.102* (0.06)	0.085 (0.06)	0.096* (0.06)	0.114* (0.06)	0.115* (0.06)
Year: $t+2$	0.225*** (0.08)	0.221*** (0.08)	0.203** (0.08)	0.217*** (0.08)	0.259*** (0.09)	0.266*** (0.09)
Year: $t+3$	0.186** (0.09)	0.175* (0.09)	0.161* (0.09)	0.173* (0.09)	0.214** (0.10)	0.224** (0.10)
Year: $t+4$	0.096 (0.08)	0.084 (0.08)	0.058 (0.09)	0.078 (0.08)	0.142* (0.08)	0.151* (0.09)
Year: $t+5$	0.077 (0.10)	0.056 (0.10)	0.038 (0.10)	0.056 (0.10)	0.127 (0.11)	0.145 (0.11)
Year: $t+6$	0.090 (0.15)	0.065 (0.15)	0.044 (0.15)	0.064 (0.15)	0.139 (0.16)	0.145 (0.16)
Year: $t+7$	0.149 (0.13)	0.117 (0.13)	0.066 (0.13)	0.093 (0.13)	0.223* (0.13)	0.195 (0.13)
Year: $\geq t+8$	0.099 (0.17)	0.085 (0.17)	0.001 (0.18)	0.065 (0.17)	0.241 (0.19)	0.228 (0.20)
Controls	no	yes	no	yes	yes	yes
Country FE	yes	yes	yes	yes	yes	yes
Year FE	no	no	yes	yes	no	yes
Observations	2223	2216	2223	2216	1137	1137
R <sup>2</sup> (within)	0.034	0.085	0.060	0.094	0.088	0.166

Notes: Standard errors in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1% significance levels. All regressions apply standard errors clustered at the country level. Columns (5) and (6) use a reduced sample without permanent democracies. Controls refer to the baseline controls following equation (6).

TABLE 9: DEMOCRATIC TRANSITION (DSVMDI) – EVENT STUDY RESULTS FOR PRIVATE HEALTH EXPENDITURE

Priv. health exp. (% of GDP) <sup>a</sup>	(1)	(2)	(3)	(4)	(5)	(6)
Year: ≤ t-8	-0.054 (0.09)	-0.126 (0.10)	-0.063 (0.09)	-0.098 (0.10)	-0.127 (0.10)	-0.096 (0.11)
Year: t-7	0.012 (0.07)	-0.039 (0.07)	0.000 (0.07)	-0.028 (0.07)	-0.041 (0.07)	-0.027 (0.07)
Year: t-6	-0.018 (0.07)	-0.056 (0.06)	-0.013 (0.06)	-0.038 (0.06)	-0.061 (0.07)	-0.045 (0.07)
Year: t-5	0.054 (0.06)	0.015 (0.06)	0.051 (0.06)	0.024 (0.06)	0.011 (0.06)	0.014 (0.06)
Year: t-4	0.037 (0.06)	0.011 (0.06)	0.036 (0.06)	0.019 (0.06)	0.011 (0.07)	0.017 (0.06)
Year: t-3	0.044 (0.07)	0.024 (0.06)	0.041 (0.07)	0.028 (0.06)	0.023 (0.07)	0.025 (0.06)
Year: t-2	-0.009 (0.04)	-0.027 (0.04)	-0.012 (0.04)	-0.026 (0.04)	-0.026 (0.04)	-0.031 (0.04)
Year: t-1	0.000	0.000	0.000	0.000	0.000	0.000
Year: t	0.020 (0.02)	0.025 (0.02)	0.023 (0.02)	0.027 (0.02)	0.029 (0.02)	0.027 (0.02)
Year: t+1	0.009 (0.03)	0.017 (0.03)	0.007 (0.03)	0.013 (0.03)	0.023 (0.04)	0.009 (0.04)
Year: t+2	0.048 (0.05)	0.064 (0.05)	0.051 (0.05)	0.059 (0.05)	0.059 (0.05)	0.051 (0.06)
Year: t+3	0.096* (0.05)	0.111** (0.05)	0.099* (0.05)	0.106** (0.05)	0.112** (0.06)	0.103* (0.06)
Year: t+4	0.049 (0.05)	0.067 (0.05)	0.047 (0.05)	0.059 (0.05)	0.067 (0.06)	0.047 (0.06)
Year: t+5	0.024 (0.06)	0.043 (0.06)	0.037 (0.06)	0.046 (0.06)	0.037 (0.07)	0.035 (0.07)
Year: t+6	0.017 (0.06)	0.038 (0.06)	0.035 (0.07)	0.043 (0.06)	0.036 (0.07)	0.030 (0.07)
Year: t+7	0.037 (0.07)	0.055 (0.07)	0.023 (0.08)	0.037 (0.08)	0.052 (0.09)	0.016 (0.09)
Year: ≥ t+8	-0.016 (0.07)	0.030 (0.07)	-0.014 (0.08)	0.023 (0.08)	0.047 (0.09)	0.013 (0.10)
Controls	no	yes	no	yes	yes	yes
Country FE	yes	yes	yes	yes	yes	yes
Year FE	no	no	yes	yes	no	yes
Observations	2223	2216	2223	2216	1137	1137
R <sup>2</sup> (within)	0.006	0.055	0.019	0.068	0.083	0.103

Notes: Standard errors in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1% significance levels. All regressions apply standard errors clustered at the country level. Columns (5) and (6) use a reduced sample without permanent democracies. Controls refer to the baseline controls following equation (6).



TABLE 10: AUTOCRATIC TRANSITION (DSVMDI) – EVENT STUDY RESULTS FOR GOVERNMENT HEALTH EXPENDITURE

Gov. health exp. (% of GDP) <sup>a</sup>	(1)	(2)	(3)	(4)	(5)	(6)
Year: ≤ t-8	0.272 (0.17)	0.307* (0.16)	0.385** (0.17)	0.332** (0.17)	0.407** (0.19)	0.394** (0.19)
Year: t-7	0.279* (0.15)	0.334** (0.15)	0.362** (0.15)	0.352** (0.15)	0.417** (0.16)	0.434*** (0.16)
Year: t-6	0.197 (0.13)	0.251** (0.12)	0.267** (0.13)	0.266** (0.12)	0.301** (0.13)	0.320** (0.13)
Year: t-5	0.111 (0.10)	0.152 (0.10)	0.163* (0.10)	0.164* (0.09)	0.174* (0.10)	0.199** (0.10)
Year: t-4	0.100 (0.09)	0.137 (0.09)	0.150* (0.09)	0.158* (0.09)	0.148 (0.09)	0.189** (0.09)
Year: t-3	0.126 (0.10)	0.142 (0.10)	0.171* (0.10)	0.166* (0.10)	0.150 (0.10)	0.181* (0.10)
Year: t-2	-0.009 (0.07)	0.001 (0.06)	0.017 (0.07)	0.016 (0.06)	-0.001 (0.07)	0.014 (0.07)
Year: t-1	0.000	0.000	0.000	0.000	0.000	0.000
Year: t	-0.015 (0.06)	-0.021 (0.06)	-0.036 (0.06)	-0.031 (0.06)	-0.029 (0.06)	-0.040 (0.06)
Year: t+1	-0.001 (0.11)	-0.010 (0.11)	-0.033 (0.12)	-0.025 (0.11)	-0.007 (0.11)	-0.020 (0.12)
Year: t+2	-0.231 (0.15)	-0.256* (0.15)	-0.279* (0.15)	-0.277* (0.15)	-0.260* (0.15)	-0.273* (0.15)
Year: t+3	-0.165** (0.08)	-0.199** (0.08)	-0.241*** (0.08)	-0.234*** (0.07)	-0.206** (0.09)	-0.246*** (0.08)
Year: t+4	-0.164* (0.09)	-0.207** (0.09)	-0.253*** (0.09)	-0.242*** (0.09)	-0.209** (0.10)	-0.245** (0.10)
Year: t+5	-0.193 (0.18)	-0.245 (0.18)	-0.296 (0.19)	-0.287 (0.18)	-0.224 (0.19)	-0.257 (0.19)
Year: t+6	-0.140 (0.12)	-0.195* (0.12)	-0.261* (0.14)	-0.244* (0.13)	-0.183 (0.12)	-0.233* (0.14)
Year: t+7	-0.135 (0.13)	-0.200 (0.13)	-0.292* (0.16)	-0.273* (0.15)	-0.185 (0.13)	-0.268 (0.16)
Year: ≥ t+8	0.071 (0.09)	0.003 (0.09)	-0.330 (0.20)	-0.281 (0.19)	-0.003 (0.10)	-0.312 (0.19)
Controls	no	yes	no	yes	yes	yes
Country FE	yes	yes	yes	yes	yes	yes
Year FE	no	no	yes	yes	no	yes
Observations	2223	2216	2223	2216	1137	1137
R <sup>2</sup> (within)	0.030	0.084	0.079	0.102	0.088	0.122

Notes: Standard errors in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1% significance levels. All regressions apply standard errors clustered at the country level. Columns (5) and (6) use a reduced sample without permanent democracies. Controls refer to the baseline controls following equation (6).

TABLE 11: AUTOCRATIC TRANSITION (DSVMDI) – EVENT STUDY RESULTS FOR PRIVATE HEALTH EXPENDITURE

Priv. health exp. (% of GDP) <sup>a</sup>	(1)	(2)	(3)	(4)	(5)	(6)
Year: $\leq t-8$	0.060 (0.07)	0.007 (0.07)	0.059 (0.07)	0.024 (0.07)	0.018 (0.08)	0.038 (0.08)
Year: $t-7$	0.050 (0.07)	0.031 (0.07)	0.043 (0.07)	0.035 (0.07)	0.048 (0.07)	0.056 (0.07)
Year: $t-6$	0.124** (0.05)	0.115** (0.05)	0.115** (0.05)	0.113** (0.05)	0.135*** (0.05)	0.141*** (0.05)
Year: $t-5$	0.080 (0.05)	0.077* (0.05)	0.069 (0.05)	0.068 (0.04)	0.085* (0.04)	0.079* (0.04)
Year: $t-4$	0.075* (0.04)	0.079** (0.04)	0.072* (0.04)	0.076** (0.04)	0.090** (0.04)	0.089** (0.04)
Year: $t-3$	0.060* (0.03)	0.055* (0.03)	0.063** (0.03)	0.062** (0.03)	0.058** (0.03)	0.069** (0.03)
Year: $t-2$	0.042* (0.02)	0.040** (0.02)	0.044* (0.02)	0.045** (0.02)	0.043** (0.02)	0.051** (0.02)
Year: $t-1$	0.000	0.000	0.000	0.000	0.000	0.000
Year: $t$	-0.001 (0.02)	0.003 (0.02)	-0.009 (0.02)	-0.007 (0.02)	0.008 (0.02)	-0.004 (0.02)
Year: $t+1$	0.004 (0.05)	0.011 (0.05)	-0.001 (0.05)	0.003 (0.05)	0.022 (0.05)	0.010 (0.05)
Year: $t+2$	-0.057 (0.06)	-0.053 (0.06)	-0.052 (0.06)	-0.054 (0.06)	-0.047 (0.06)	-0.049 (0.06)
Year: $t+3$	-0.033 (0.09)	-0.025 (0.08)	-0.040 (0.09)	-0.033 (0.08)	-0.018 (0.08)	-0.031 (0.08)
Year: $t+4$	-0.025 (0.12)	-0.011 (0.11)	-0.026 (0.13)	-0.011 (0.12)	-0.002 (0.11)	-0.004 (0.12)
Year: $t+5$	0.103 (0.08)	0.116 (0.07)	0.114 (0.09)	0.120 (0.08)	0.126 (0.08)	0.123 (0.09)
Year: $t+6$	0.105 (0.09)	0.121 (0.08)	0.112 (0.10)	0.129 (0.09)	0.134 (0.08)	0.137 (0.09)
Year: $t+7$	0.125 (0.12)	0.145 (0.10)	0.133 (0.13)	0.153 (0.11)	0.161 (0.10)	0.167 (0.11)
Year: $\geq t+8$	0.094 (0.06)	0.107* (0.06)	0.085 (0.15)	0.122 (0.13)	0.137** (0.06)	0.138 (0.13)
Controls	no	yes	no	yes	yes	yes
Country FE	yes	yes	yes	yes	yes	yes
Year FE	no	no	yes	yes	no	yes
Observations	2223	2216	2223	2216	1137	1137
R <sup>2</sup> (within)	0.011	0.056	0.022	0.070	0.089	0.108

Notes: Standard errors in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1% significance levels. All regressions apply standard errors clustered at the country level. Columns (5) and (6) use a reduced sample without permanent democracies. Controls refer to the baseline controls following equation (6).

**TABLE 12: ROBUSTNESS TEST – POOLED OLS AND IV RESULTS FOR GOVERNMENT HEALTH EXPENDITURE, EXCLUDING HIGH-INCOME COUNTRIES**

Gov. health exp. (% of GDP) <sup>a</sup>	(1)	(2)	(3)	(4)
<b>Panel A</b>				
Democracy (t-1)	0.150*** (0.029)			
Polity IV (t-1)		0.017*** (0.003)		
DSVMDI (t-1)			0.126*** (0.032)	
CSVMDI (t-1)				0.189*** (0.051)
GDP per capita (t-1) <sup>a</sup>	0.036 (0.024)	0.047** (0.023)	0.034 (0.024)	0.038 (0.024)
Population (t-1) <sup>a</sup>	-0.127*** (0.010)	-0.118*** (0.011)	-0.126*** (0.010)	-0.125*** (0.010)
Population ages 65 and above (% of total) (t-1) <sup>a</sup>	-0.214*** (0.076)	-0.234*** (0.076)	-0.210*** (0.076)	-0.228*** (0.078)
Population ages 0-14 (% of total) (t-1) <sup>a</sup>	-0.700*** (0.123)	-0.778*** (0.124)	-0.727*** (0.124)	-0.745*** (0.126)
Globalization (t-1)	0.020*** (0.002)	0.017*** (0.002)	0.020*** (0.002)	0.020*** (0.002)
Constant	4.045*** (0.583)	4.307*** (0.587)	4.136*** (0.591)	4.182*** (0.599)
Observations	1,606	1,600	1,606	1,606
Countries	106	106	106	106
R <sup>2</sup>	0.344	0.348	0.340	0.340
<b>Panel B: Two-stage-least-squares estimates (controls not shown)</b>				
Democracy (t-1)	0.151** (0.075)			
Polity IV (t-1)		-0.000 (0.007)		
DSVMDI (t-1)			0.170* (0.095)	
CSVMDI (t-1)				0.247** (0.122)
<b>Panel C: First-stage estimates (excluded instruments only)</b>				
Jackknifed democracy measure	0.754*** (0.051)	0.643*** (0.047)	0.565*** (0.050)	0.569*** (0.040)
Control variables included	yes	yes	yes	yes
Observations	1,606	1,600	1,606	1,606
Countries	106	106	106	106
R <sup>2</sup> (second-stage regression)	0.344	0.333	0.340	0.339
Kleibergen-Paap F-Statistic	220.56	184.13	127.98	203.51
Stock-Yogo (10% rel. bias)	16.38	16.38	16.38	16.38

Notes: Pooled OLS model. Standard errors in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1% significance levels. All regressions apply standard errors robust to heteroskedasticity. <sup>a</sup> denotes variables which are expressed in their natural logarithm.

**TABLE 13: ROBUSTNESS TEST – POOLED OLS AND IV RESULTS FOR PRIVATE HEALTH EXPENDITURE, EXCLUDING HIGH-INCOME COUNTRIES**

Priv. health exp. (% of GDP) <sup>a</sup>	(1)	(2)	(3)	(4)
<b>Panel A</b>				
Democracy (t-1)	-0.072** (0.035)			
Polity IV (t-1)		-0.008*** (0.003)		
DSVMDI (t-1)			-0.071* (0.036)	
CSVMDI (t-1)				-0.127** (0.056)
GDP per capita (t-1) <sup>a</sup>	-0.183*** (0.019)	-0.187*** (0.019)	-0.183*** (0.019)	-0.186*** (0.019)
Population (t-1) <sup>a</sup>	0.026** (0.011)	0.021** (0.010)	0.025** (0.011)	0.024** (0.011)
Population ages 65 and above (% of total) (t-1) <sup>a</sup>	0.325*** (0.089)	0.326*** (0.088)	0.325*** (0.089)	0.341*** (0.091)
Population ages 0-14 (% of total) (t-1) <sup>a</sup>	0.396*** (0.149)	0.422*** (0.149)	0.414*** (0.151)	0.432*** (0.153)
Globalization (t-1)	0.016*** (0.002)	0.017*** (0.002)	0.016*** (0.002)	0.017*** (0.002)
Constant	-0.905 (0.746)	-0.970 (0.747)	-0.967 (0.753)	-1.021 (0.759)
Observations	1,606	1,600	1,606	1,606
Countries	106	106	106	106
R <sup>2</sup>	0.083	0.082	0.083	0.084
<b>Panel B: Two-stage-least-squares estimates (controls not shown)</b>				
Democracy (t-1)	0.080 (0.078)			
Polity IV (t-1)		-0.016** (0.007)		
DSVMDI (t-1)			-0.107 (0.095)	
CSVMDI (t-1)				-0.105 (0.125)
<b>Panel C: First-stage estimates (excluded instruments only)</b>				
Jackknifed democracy measure	0.754*** (0.051)	0.643*** (0.047)	0.565*** (0.050)	0.569*** (0.040)
Control variables included	yes	yes	yes	yes
Observations	1,606	1,600	1,606	1,606
Countries	106	106	106	106
R <sup>2</sup> (second-stage regression)	0.070	0.078	0.082	0.084
Kleibergen-Paap F-Statistic	220.56	184.13	127.98	203.51
Stock-Yogo (10% rel. bias)	16.38	16.38	16.38	16.38

Notes: Pooled OLS model. Standard errors in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1% significance levels. All regressions apply standard errors robust to heteroskedasticity. <sup>a</sup> denotes variables which are expressed in their natural logarithm.

**TABLE 14: ROBUSTNESS TEST – PANEL FIXED-EFFECTS RESULTS FOR GOVERNMENT HEALTH EXPENDITURE, EXCLUDING HIGH-INCOME COUNTRIES**

Gov. health exp. (% of GDP) <sup>a</sup>	(1)	(2)	(3)	(4)
Democracy (t-1)	0.144*** (0.050)			
Polity IV (t-1)		0.012 (0.008)		
DSVMDI (t-1)			0.188** (0.076)	
CSVMDI (t-1)				0.264** (0.127)
GDP per capita (t-1) <sup>a</sup>	0.025 (0.076)	0.035 (0.076)	0.046 (0.074)	0.033 (0.074)
Population (t-1) <sup>a</sup>	-0.190 (0.385)	-0.239 (0.390)	-0.267 (0.381)	-0.260 (0.384)
Population ages 65 and above (% of total) (t-1) <sup>a</sup>	0.345 (0.320)	0.364 (0.327)	0.413 (0.323)	0.354 (0.328)
Population ages 0-14 (% of total) (t-1) <sup>a</sup>	-0.662 (0.596)	-0.688 (0.603)	-0.690 (0.586)	-0.738 (0.593)
Globalization (t-1)	0.009 (0.008)	0.008 (0.008)	0.008 (0.008)	0.008 (0.008)
Country Fixed Effects	yes	yes	yes	yes
Year Fixed Effects	yes	yes	yes	yes
Observations	1,606	1,600	1,606	1,606
Countries	106	106	106	106
R <sup>2</sup> Overall	0.293	0.285	0.279	0.279
R <sup>2</sup> Within	0.065	0.062	0.081	0.072
R <sup>2</sup> Between	0.360	0.354	0.341	0.341

*Notes:* Standard errors in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1% significance level, respectively. All regressions apply standard errors clustered at the country level. <sup>a</sup> denotes variables which are expressed in their natural logarithm.

TABLE 15: ROBUSTNESS TEST – PANEL FIXED-EFFECTS RESULTS FOR PRIVATE HEALTH EXPENDITURE, EXCLUDING HIGH-INCOME COUNTRIES

Priv. health exp. (% of GDP) <sup>a</sup>	(1)	(2)	(3)	(4)
Democracy (t-1)	0.040 (0.038)			
Polity IV (t-1)		0.002 (0.006)		
DSVMDI (t-1)			0.049 (0.043)	
CSVMDI (t-1)				0.079 (0.072)
GDP per capita (t-1) <sup>a</sup>	-0.013 (0.057)	-0.013 (0.057)	-0.008 (0.057)	-0.011 (0.057)
Population (t-1) <sup>a</sup>	-0.741** (0.326)	-0.745** (0.329)	-0.761** (0.327)	-0.762** (0.328)
Population ages 65 and above (% of total) (t-1) <sup>a</sup>	0.074 (0.316)	0.083 (0.313)	0.091 (0.317)	0.078 (0.317)
Population ages 0-14 (% of total) (t-1) <sup>a</sup>	0.237 (0.403)	0.225 (0.402)	0.229 (0.397)	0.217 (0.396)
Globalization (t-1)	-0.003 (0.006)	-0.003 (0.006)	-0.003 (0.006)	-0.003 (0.006)
Country Fixed Effects	yes	yes	yes	yes
Year Fixed Effects	yes	yes	yes	yes
Observations	1,606	1,600	1,606	1,606
Countries	106	106	106	106
R <sup>2</sup> Overall	0.013	0.013	0.014	0.013
R <sup>2</sup> Within	0.046	0.045	0.048	0.048
R <sup>2</sup> Between	0.016	0.017	0.016	0.016

Notes: Standard errors in parentheses. \*, \*\*, and \*\*\* indicate significance at the 10, 5, and 1% significance level, respectively. All regressions apply standard errors clustered at the country level. <sup>a</sup> denotes variables which are expressed in their natural logarithm.