International Political Economy

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1. BEYOND SYSTEM-LEVEL ANALYSIS
1.1 THE BASIC QUESTION OF IPE

- **Why Economic Globalization Persists**
  - *A Post WWII Phenomenon*
    - The evolution and spread of open economic development (since the 1990s)
      - ➔ *Survived the Global Recession of 2008-09*
  - *From Early 20th Century to the 1930s*
    - The Collapse of an open global economy

- **International Political Explanations**
      - ➔ *The Origin of IPE*
  - *Structural Realist Theories*
    - Hegemonic Stability Theory
    - Security Externality (Alliance) Theory
  - *Liberal Institutionalist Theory*

- **Limits of System Level Analysis**
  - *Empirical challenges*

1. BEYOND SYSTEM-LEVEL ANALYSIS
1.2 SYSTEM LEVEL ANALYSIS: REALISM

- **Structural Realism (= Third Image)**
  - *Anarchy (⇔ Hierarchy) and Unitary Actor*
  - *Security dilemma and Relative gains*

- **Hegemonic Stability Theory**
  - **International finance (⇔ Kindleberger)**
    - *"Beggar-thy-neighbor Policy" and financial stability*
    - *Hegemon = Provider of public goods*
    - *Problems = public good provision*
  - **International trade (⇔ Krasner)**
    - *When free trade benefits?*
    - *Structure dependent free trade*
    - *Contributions and problems*
  - **Beyond HST: Alliance Theory**
    - **Polarity and Free Trade**
    - **Security externalities (⇔ Gowa)**

- **Limits of Realist IPE**
  - *Absolute gains and relative gains debate*
  - *Economic globalization sans hegemon*

1. BEYOND SYSTEM-LEVEL ANALYSIS
1.3 SYSTEM-LEVEL ANALYSIS: INSTITUTIONALISM

- **Complex interdependence** (⇔ Nye and Keohane)
  - ➔ *International Organization Policymaking*
    - *Critique of realism*
    - *Interdependence and bargaining power*
    - *Issue analysis (⇔ Structural analysis)*

- **Liberal Institutionalism** (⇔ Keohane)
  - ➔ *Why International Institutions?*
    - *Anarchy and unitary actor (➔ third image)*
    - *Reiterated prisoners dilemma, Coase theorem, and information asymmetry*
    - *Role of international institutions/regimes*

- **Problems with Liberal Institutionalism**
    - *Institutions and the distribution problem*
    - *Institutions and compliance*
      - The selection bias and compliance problem

1. BEYOND SYSTEM-LEVEL ANALYSIS
1.4 CONFLICTING EVIDENCE

- *Democratic peace theory (Russett, Oneal, etc.)*
  - *Kantian Tripod*
    - Democratic dyads, commercial interdependence, and joint membership in international organizations
    - ➔ If so, trade and IO membership is dependent on domestic regime ⇔ inter-dependence/ institutionalism
  - *Scope and limits*
    - Scope – Similarity with embedded liberalism (norms)
    - Criticism and problems – cf. commercial peace theory

- *Democratic trade (➔ Milner and Mansfield)*
  - *Democracies trade more*
  - *Democracies enter more trade agreements*
  - ➔ *What is the source of this democratic advantage?*

1.2 Hegemonic Trade Theory: Trade

Domestic Effects of Openness

Goals	Predicted effects of openness according to (direction of relationship)	
	Larger relative size of country	Higher level of development of country
Political power	+	+
National income	−	system
Economic growth	system	system
Social stability	+	+

Probability of an Open Trading Structure with Different Distributions of Potential Economic Power

		Size of States		
		RELATIVELY EQUAL		VERY UNEQUAL
		SMALL	LARGE	
Level of Development of States	EQUAL	Moderate-High	Low-Moderate	High
	UNEQUAL	Moderate	Low	Moderate-High

Krasner's Hegemonic Stability Theory Framework (Lake 1993)

$$\log X_{ij(t)} = \log A + B_1 \log Y_{i(t-1)} + B_2 \log Y_{j(t-1)}$$
$$+ B_3 \log P_{i(t-1)} + B_4 \log P_{j(t-1)}$$
$$+ B_5 \log D_{ij(t-1)} + B_6 \log BA_{ij(t-1)}$$
$$+ B_7 \log MA_{ij(t-1)} + B_8 \log War_{ij(t-1)} + \log z_{ij}, \quad (1)$$

TABLE 1

Regression of Exports on GNP, Population, Distance, Alliances, and War, 1905–85

PARAMETER	PERIOD OF MULTIPOLARITY					PERIOD OF BIPOLARITY			
	1905	1913	1920	1930	1938	1955	1965	1975	1985
Intercept	−4.57	−8.79	57.21***	7.39	12.44*	34.81***	5.69	6.29	12.14**
	(7.88)	(9.99)	(14.74)	(5.06)	(6.19)	(8.19)	(5.17)	(4.25)	(4.88)
log GNP$_i$	.95***	1.68***	2.78***	1.53***	1.67***	1.12***	.28	.83***	.96***
	(.17)	(.23)	(.34)	(.14)	(.20)	(.26)	(.26)	(.20)	(.32)
log GNP$_j$	1.10***	.90***	2.17***	1.25***	1.57***	.93***	.44**	.55***	1.19***
	(.18)	(.25)	(.27)	(.14)	(.22)	(.25)	(.26)	(.21)	(.32)
log Population$_i$	−.02	−.95***	−4.10***	−1.21***	−1.68***	−1.88***	.14	−.68***	−1.13***
	(.33)	(.35)	(.83)	(.23)	(.34)	(.49)	(.39)	(.26)	(.42)
log Population$_j$	−1.21***	−.92***	−4.83***	−1.74***	−2.27***	−1.82***	−.38	−.45**	−1.42***
	(.27)	(.31)	(.59)	(.23)	(.32)	(.49)	(.39)	(.25)	(.40)
log Distance$_{ij}$	−.33***	−.06	.27	−.35***	−.06	−.01	−.12**	−.23***	−.28***
	(.09)	(.10)	(.13)	(.06)	(.09)	(.09)	(.06)	(.05)	(.07)
log Bilat. alliance$_{ij}$	−.37	−.57	.20	1.04***	−.30	3.02***	2.58***	2.07***	2.10***
	(.31)	(.36)	(.77)	(.42)	(.40)	(.55)	(.39)	(.32)	(.43)
log Multilat. alliance$_{ij}$	−.61	−.31	.96***	—^{a}	.48*	.86**	1.65***	.99***	.84***
	(.55)	(.72)	(.39)		(.35)	(.46)	(.33)	(.18)	(.26)
log War$_{ij}$	−7.12***	—^{b}	1.55	—^{b}	—^{b}	—^{b}	—^{b}	—^{b}	—^{b}
	(.61)		(.72)						
Adjusted R^2	.92	.71	.83	.86	.80	.78	.82	.82	.80
N	39	39	37^c	40	37^d	41	40	41	41

Note: Entries are unstandardized regression coefficients with standard errors in parentheses. Years shown are year t in equation 1. For each year, there are 42 observations minus the number of outliers.
^{a}No multilateral alliances existed among the major powers in 1929.
^{b}No wars between major powers were conducted during these years.
^{c}No data on the Soviet Union's exports to Germany are available for 1920.
^{d}No data on Italian exports to the Soviet Union are available for 1938.
*p ≤ .10 (one-tailed test); intercept p ≤ .10 (two-tailed test).
**p ≤ .05 (one-tailed test); intercept p ≤ .05 (two-tailed test).
***p ≤ .01 (one-tailed test); intercept p ≤ .01 (two-tailed test).

TABLE 2

Regression of Exports on Per Capita GNP, Distance, and Alliances, Excluding the Soviet Union, 1905–1985

PARAMETER	PERIOD OF MULTIPOLARITY				PERIOD OF BIPOLARITY			
	1905	1913	1920	1938	1955	1965	1975	1985
Intercept	9.57***	3.60	2.68	3.17	10.51***	8.73**	8.33***	7.78*
	(2.54)	(3.46)	(2.95)	(3.05)	(1.85)	(3.48)	(2.79)	(4.27)
log Per capita GNP$_i$	1.12***	1.76***	1.88***	1.41***	.80***	.79***	.90***	.69**
	(.23)	(.30)	(.29)	(.26)	(.21)	(.31)	(.21)	(.30)
log Per capita GNP$_j$	.96***	.69***	.94***	1.36***	.51***	.82***	.78***	1.15***
	(.23)	(.32)	(.28)	(.26)	(.20)	(.30)	(.21)	(.30)
log Distance$_{ij}$	−.26**	.06	−.21**	−.18**	−.14*	−.17*	−.21***	−.32***
	(.11)	(.14)	(.10)	(.10)	(.10)	(.11)	(.06)	(.09)
log Bilat. alliance$_{ij}$	−.41	−.11	.58	−.21	2.36***	2.41***	2.18***	1.92***
	(.39)	(.42)	(.66)	(.62)	(.49)	(.51)	(.32)	(.44)
log Multilat. alliance$_{ij}$	−.61	−.12	1.06**	.33	1.31***	.93*	.97***	.80***
	(.63)	(.75)	(.35)	(.41)	(.53)	(.55)	(.25)	(.31)
Adjusted R^2	.75	.63	.74	.78	.87	.80	.85	.81
N	28	28	28	28	29	30	28	28

Note: Entries are unstandardized regression coefficients with standard errors in parentheses. Years shown are year t in equation 2. For each year, there are 30 observations minus the number of outliers.
*p ≤ .10 (one-tailed test); intercept p ≤ .10 (two-tailed test).
**p ≤ .05 (one-tailed test); intercept p ≤ .05 (two-tailed test).
***p ≤ .01 (one-tailed test); intercept p ≤ .01 (two-tailed test).

1.4 DEMOCRATIC PEACE THEORY

$$DISPUTE_{ij,t} = \beta_0 + \beta_1 * IGO_{ij} + \beta_2 * DEM_L + \beta_3 * DEM_H + \beta_4 * DEPEND_L$$

$$+ \beta_5 * dDEPEND_H + \beta_6 * GROWTH_L + \beta_7 * CAPRATIO_{ij}$$

$$+ \beta_8 * ALLIES_{ij} + \beta_9 * CONTIG_{ij}$$

$$IGO_{ij} = \beta_0 + \beta_1 * DISPUTE_{ij} + \beta_2 * DEM_L + \beta_3 * DEPEND_L$$

$$+ \beta_4 * ALLIES_{ij} + \beta_5 * DISTANCE_{ij} + \beta_6 * GDPPC_L$$

TABLE 1. *Involvement in militarized disputes: The pacific benefits of democracy, interdependence, and IGOs*

	Coefficient	Standard error of coefficient	Probability
Joint IGO memberships$_{t-1}$	−0.008	0.003	.01
Democracy score$_L$	−0.023	0.007	.002
Democracy score$_H$	0.017	0.007	.02
Dependence score$_{L, t-1}$	−21.087	12.296	.09
Trend in dependence	−3.915	1.770	.03
Three-year economic growth$_L$	0.012	0.007	.10
Capability ratio	−0.0010	0.0003	.10
Allies	−0.245	0.103	.02
Contiguity	0.746	0.118	.000
Constant	−1.760	0.140	.000
Log likelihood function	−3210.2		
N	19,752		

TABLE 2. *Joint IGO memberships as affected by militarized disputes, democracy, and interdependence*

	Coefficient	Standard error of coefficient	Probability
Dispute involvement$_{t-1}$	−2.151	1.073	.05
Democracy score$_L$	0.604	0.063	.000
Dependence score$_{L, t-1}$	348.013	130.465	.01
Allies	7.503	0.742	.000
Distance	−0.0019	0.0001	.000
GDPPC$_L$	0.0032	0.0002	.000
Constant	34.449	0.910	.000
Adjusted R^2	0.63		
N	18,657		

KANTIAN TRIPOD: DEMOCRACY, DEPENDENCE, INTER-GOVERNMENT ORGANIZATIONS (RUSSETT, ONEAL, DAVIS 1998)

2. SECOND IMAGE "REVISITED"
2.1 THE SOURCES OF DEMOCRATIC OPENNESS

- *Social Sources of Economic Openness*
    - *Democratic Peace*
    - *Embedded liberalism* (= Ruggie)

- *Political Sources of Economic Openness*
    - *Leadership survival* (= Survival theory)
        - ➔ *Why democracies provide (openness as)public goods*
    - *Democratic institutions*
        - ➔ *Why certain democracies are more open*
        - Distribution
            - ➔ Small State Corporatism (Katzenstein / Cameron)
        - Stability
            - ➔ Patterns of Democracy and Veto Players (Lijphart / Tsebelis)
    - *Democratic competition*
        - Transparency and consent
            - ➔ Economic Voting and representation (spatial) theory

- *Sources of International Democratic Advantage*
    - *Democratic Advantage in reaching agreements*
        - ➔ Two level games and consensus, veto players, and transparency
    - *Democratic Advantage in Credible Commitments*
        - ➔ Sources of Reliability, endurance, magnitude
        - ⇔ Compliance and self-selection

2. SECOND IMAGE "REVISITED"
2.2 DEMOCRATIC DISTINCTIVENESS

- **Social Sources**
  - **Democratic peace theory** *(Russett, Oneal, etc.)*
    - **Kantian Tripod**
      - *Democratic dyads, commercial interdependence, and joint membership in international organizations*
      - *Scope* – Domestic origins and norms (constructivism)
      - *Limits* – Cannot explain democratic diversity
      - *Criticism and problems* – *cf. commercial peace theory*
  - **Embedded liberalism** *(Ruggie)*
    - **Historical Uniqueness**
      - ➔ Economic openness founded on domestic stability

Pre-WWI	No IEOs	Superiority of external adjustment
Interwar	No IEOs	Emergence of domestic factors
Post WWII	IEOs	Superiority of domestic adjustment reinforced by international regimes

      - *Scope and Limits* – same as Democratic Peace Theory

- **Political Sources**
  - **Selectorate theory** (Bueno de Mesquita, Smith, etc.)
    - **Leadership survival** (= *Size of selectorate and winning coalition)*
    - **Policy provision** *(= public goods and private goods)*
      - *Large winning coalition* ➔ *more public goods, more challenges*
      - **Evidence** (BdM and Smith 1999 vs. Quinn and Wooley 2001)
    - ➔ **Empirical support for trade and Democracy** (Mansfield et al. 2000, McGillivray and Smith 2004 ⇔ Souva et al. 2008)

2. SECOND IMAGE "REVISITED"
2.3 DEMOCRATIC DIVERSITY

- *Democratic Institutions*
  - *Distribution*
    - *Small State Corporatism* (Katzenstein)
      - **Industrial policy, proportional representation, social democracy**
        - ➔ *Corporatist state more open*
      - **Evidence**
        - *Market Distribution* (Rodrik 1999)
        - *State Redistribution* (Cameron 1978, Rodrik 1998, Adsera and Boix 2002)
  - *Stability*
    - *Patterns of Democracy*
      - *Majoritarian vs. Consensus Democracies*
      - **Electoral systems/Government coalition/Market organization**
        - ➔ *consensus democracies more open/larger fiscal states*
      - **Evidence (**Persson and Tabellini 2003, Iversen and Soskice 2006**)**
    - *Veto player theory* **(**Tsebelis**)**
      - **Policy stability**
      - **Number, distance, and coherence of (institutional and political) veto players**

- *Democratic Competition*
  - ➔ *Transparency and consent*
  - *Economic Voting*
  - *Ideological Voting*
    - **Ideological Competition and Median Voter Theorem**

2. SECOND IMAGE "REVISITED"
2.4 DEMOCRATIC ADVANTAGE

- *International Negotiations*
  - *Two-level games* (Putnam)
    - **Distribution issues and negotiations**
      - *Win-set and ratifying agent*
    - **Democratic advantages**
      - *Winning coalition, veto players, and transparency*
      - *Transparency -* **Empirical support**
        - ➔ **Trade and Democracy** (Mansfield et al. 2000, McGillivray and Smith 2004⇔ Souva et al. 2008)

- *International Institutional Cooperation*
  - *Credibility of Commitment/Compliance*
    - **Democratic Advantages**
      - ➔ *Winning coalition, veto players, and transparency*
    - **Commitment and Compliance**
      - ⇔ *Liberal Institutionalism*
  - *International Obligations and Domestic Commitments*

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2.2 DEMOCRATIC DISTINCTIVENESS
DEMOCRATIC PEACE THEORY

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KANTIAN TRIPOD: DEMOCRACY, DEPENDENCE, INTER-GOVERNMENT ORGANIZATIONS (RUSSETT, ONEAL, DAVIS 1998)

2.2 DEMOCRATIC DISTINCTIVENESS DEMOCRATIC PEACE IOs

3. Only certain types of IGOs, defined by function and by the global/regional distinction, may have significant conflict-reducing effects. For example, global organizations with nearly universal membership may have no discernible effect, but others which, though global, have more restricted membership [for example, the General Agreement on Tariffs and Trade (GATT), World Trade Organization (WTO), World Bank, and International Monetary Fund] may exclude states already in highly conflictual relationships with one or more of their members, and so, may more effectively inhibit violent conflict among those who are members.
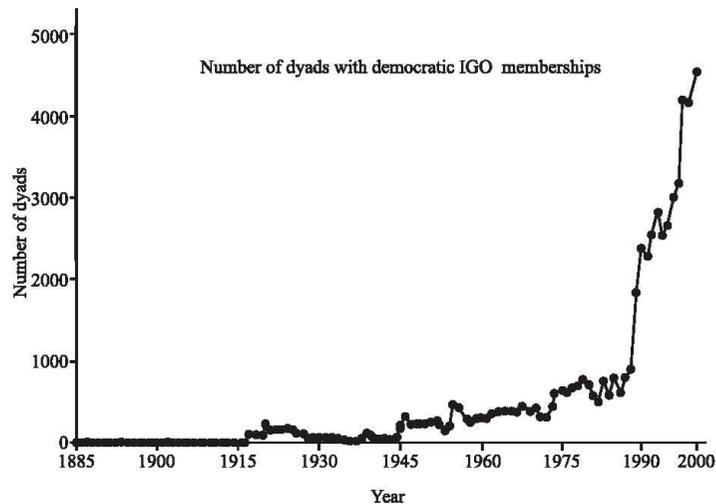
TABLE 2. *The effects of democracy, interdependence, and IGO membership on fatal militarized disputes, 1885–2000*

Variable	Base model	Democratic dyads	Allies	Base model[1]	EU/EFTA
DEMOCRATIC IGOS	−0.079**	−0.072**	−0.079**	−0.073***	−0.073***
	(0.037)	(0.036)	(0.037)	(0.027)	(0.044)
$DEMOCRACY_s$	−0.063***	−0.052***	−0.063***	−0.058***	−0.063***
	(0.014)	(0.017)	(0.014)	(0.014)	(0.014)
$DEPENDENCE_s$	−52.011***	−52.110***	−51.915***	−51.705***	−51.670***
	(18.272)	(18.407)	(18.051)	(18.047)	(18.229)
CONTIGUITY	1.635***	1.632***	1.638***	1.631***	1.635***
	(0.263)	(0.264)	(0.270)	(0.264)	(0.263)
DISTANCE	−0.693***	−0.695***	−0.693***	−0.690***	−0.694***
	(0.104)	(0.104)	(0.104)	(0.104)	(0.104)
MAJOR POWER	1.348***	1.347***	1.348***	1.361***	1.350***
	(0.190)	(0.191)	(0.191)	(0.191)	(0.189)
CUMULATIVE MIDS	0.118***	0.117***	0.117***	0.119***	0.117***
	(0.015)	(0.015)	(0.015)	(0.014)	(0.014)
JOINT IGOS	−0.001	−0.002	−0.001	0.001	−0.001
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)
DEMOCRATIC DYAD	—	−0.393*	—		
		(0.301)			
ALLIES	—	—	−0.011	—	—
			(0.183)		
EU-EFTA	—	—	—	—	−0.480
					(1.300)
Constant	−0.939	−0.846	−0.942	−0.961	−0.938
	(0.836)	(0.853)	(0.833)	(0.839)	(0.836)
Pseudo R^2	.27	.27	.27	.27	.27
N	454,380	454,380	454,380	454,380	454,380

Notes: Parameters are estimated using logistic regression, after including a cubic spline function with two knots. Entries in parentheses are Huber standard errors clustered on the dyad. All significance tests are one-tailed: *** $p \leq 0.01$; ** $p \leq 0.05$; * $p \leq 0.1$.
1. DEMOCRATIC IGOS includes IGOs with composite democracy scores at or above 6.

FIGURE 1. *Trends in democratic IGO membership over time*

DEMOCRATIC IOS AND PEACE (RUSSETT AND PEVEHOUSE 2006)

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2.2 DEMOCRATIC DISTINCTIVENESS
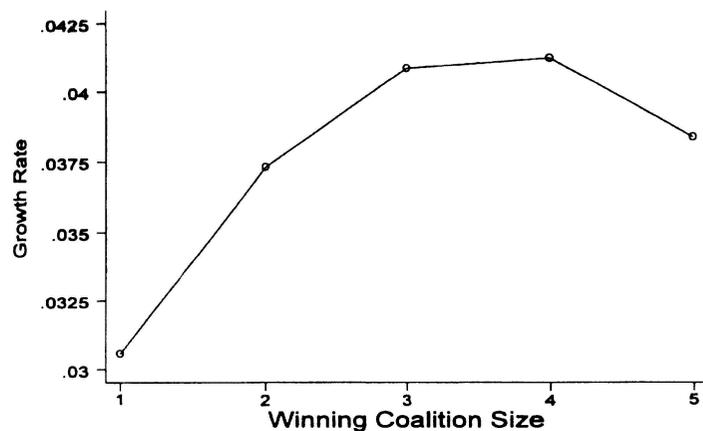### SELECTORATE THEORY EVIDENCE

Figure 1: Winning Coalition Size and Economic Growth

TABLE 2

Cox Proportional Hazards Results of the Effect of Institutions on
Leader Survival: All Cases and When Policy Performance Is Poor

	All Cases		When Policy Performance Is Poor	
	Hazard Ratio	*Probability (one-tailed)*	*Hazard Ratio*	*Probability (one-tailed)*
W	1.09	0.00	1.08	.11
S	0.91	0.02	0.75	.02
N	9,502		915	

Selectorate and growth

Bueno de Mesquita et al. (1999)

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TABLE 4 Democracy Is a Robust Determinant of the Volatility of Economic Growth

Variable	Model 1	Model 2	Model 3	Model 4
Prior Volatility (logged, 1963–1973)	.171** (.073)	.256*** (.072)	.241* (.127)	.147 (.086)
Initial GDP per capita, 1973 (log)	.029 (.073)		.260*** (.085)	.341** (.095)
Investment (logged) (INV)	−.200 (.175)		−.356 (.282)	.203 (.185)
Population Growth (GPO)	.091 (.058)			.122* (.061)
Secondary-School enrollment (log) (SEC)	.093 (.077)			.054 (.076)
Primary-School enrollment (log) (PRI)	.014 (.107)			−.149 (.105)
Trade Openness (log, Imports + Exports as a Percentage of GDP)	.083 (.075)	.260** (.113)	.043 (.125)	.260* (.101)
Volatility of Government Expenditures (log, as % of GDP)	.080*** (.016)	−.244 (0.151)	.063*** (.019)	.187** (.053)
Index of Democracy, 1973	**−.787*** (.234)**	**−.524*** (.197)**	**−.673** (.285)**	**−.631** (.214)**
Change in *Index of Democracy* ΔDemocracy (1974–1989)	−0.689** (.030)	−.548** (.279)	−.455 (.373)	−.432* (.214)
Average Annual Growth (GDP7489)		−.090*** (.026)		0.002 (0.035)
Growth, 1974–89, Squared		.012* (0.006)		.009 (.006)
Volatility in Terms of Trade (log) (VARTERMS)			.317*** (.093)	
Share of Primary Products as % of Exports (SXP)			1.694** (.717)	
Government Consumption (log) (GOV)				−.020 (.012)
Growth of Government Share (GSG)				.011 (.015)
Revolutions/coups (REVC)		.047 (.215)		−.010 (.225)
Political Instability, 1974–89 (Feng, Kugler, and Zak 2000)		1.243 (1.768)		
Africa dummy (AFRICA)				.308* (.142)
Latin America dummy (LAAM)				.368* (.144)
Growth of domestic credit (GDC)				−.001 (.001)
Standard Deviation of Domestic credit (STDC) (log)				.070 (.062)
Export-share growth (XSG)				.042** (.012)
Intercept	2.369*** (0.834)	2.203*** (.519)	.314 (1.201)	−1.69 (1.01)
Observations	105	96	45	88
Adj. R²	.47	.48	.55	.59

(Standard errors are listed below the coefficients) * ≤ .1, ** ≤ .05; *** ≤ .01 Notes: Coefficients were estimated using ordinary least squares regression (OLS), with a Heteroskedasticity-Consistent Covariance Matrix (White 1984).

FIGURE 1 Growth Rates and Growth Volatility, 1974–89, by Level of Democracy with Growth/Volatility Relationships for Low and High Growth Cases

Growth Volatility (Standard Deviation)
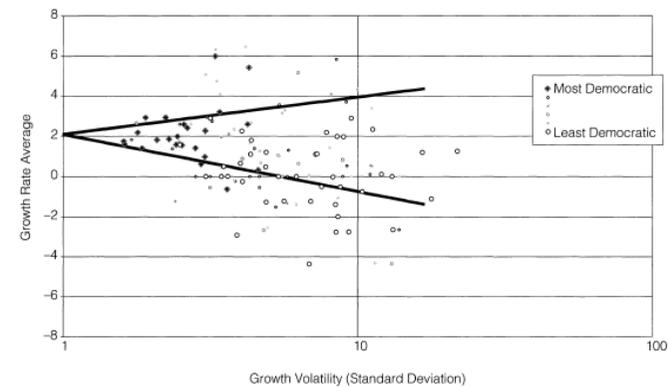
Democracy, Growth, and Economic Volatility
(Quinn and Woolley 2001)

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TABLE VII

TESTS OF SOME POSSIBLE CHANNELS OF CAUSATION FROM DEMOCRACY TO MANUFACTURING WAGES

	Bench-mark	Rule of law		Political instability	Worker bargaining/rights				Political competition/participation		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
democracy (Freedom House)	0.60*	0.43**	0.73*	0.64**	0.59*	0.61*	1.58*	1.56*			
	(0.16)	(0.21)	(0.23)	(0.24)	(0.21)	(0.18)	(0.29)	(0.25)			
ICRG index		0.01									
		(0.03)									
bureaucratic efficiency			−0.01								
			(0.03)								
pinstab				0.04							
				(0.45)							
unionization ratio					−0.16		0.44***				
					(0.21)		(0.21)				
basic worker rights						0.00		0.11*			
						(0.03)		(0.02)			
political rights								1.46**			
								(0.63)			
civil liberties								0.31			
								(0.55)			
competitiveness of political participation										0.57**	0.54*
										(0.28)	(0.17)
competitiveness of executive recruitment											−0.38
											(0.27)
openness of executive recruitment											0.50*
											(0.16)
constraints on the chief executive											0.10
											(0.27)
N	93	80	59	60	53	92	27	27	27	89	89
Root MSE	0.31	0.30	0.31	0.36	0.21	0.32	0.20	0.14	0.21	0.30	0.31
R^2	0.93	0.94	0.94	0.91	0.97	0.93	0.93	0.98	0.97	0.94	0.93

All regressions (except those in columns (8)–(11)) use WBLMDB/UNIDO wage data for 1985–1989 and include a constant term, log MVA per worker, log per capita GDP, log price level and dummies for East Asia, Latin America, sub-Saharan Africa, socialist countries, and OECD members (coefficient estimates not shown). Regressions in columns (8)–(11) use BLS data for 1990–1994. Robust standard errors are reported in parentheses. Levels of statistical significance are indicated by asterisks: * 99 percent; ** 95 percent; *** 90 percent.

TABLE IV

DEMOCRACY AND WAGES: PANEL RESULTS USING WBLMDB/UNIDO DATA (1960–1994)

	Log wages (manuf.)				Log factor share of labor (manuf.)			
Democracy	OLS (1)	Fixed effects (2)	OLS (3)	Fixed effects (4)	OLS (5)	Fixed effects (6)	OLS (7)	Fixed effects (8)
Freedom House index	0.28*	0.15**			0.41*	0.14**		
	(0.06)	(0.07)			(0.07)	(0.07)		
Polity III index			0.16*	0.12*			0.20*	0.11**
			(0.04)	(0.04)			(0.04)	(0.05)
Log MVA/worker	0.77*	0.75*	0.78*	0.74*				
	(0.03)	(0.03)	(0.03)	(0.03)				
Log GDP/cap.	0.27*	0.34*	0.23*	0.34*	0.16*	0.20*	0.13*	0.17*
	(0.03)	(0.06)	(0.03)	(0.05)	(0.03)	(0.06)	(0.03)	(0.05)
Log price level	0.30*	0.20*	0.27*	0.26*	0.12**	0.09***	0.12*	0.12*
	(0.06)	(0.05)	(0.05)	(0.04)	(0.05)	(0.05)	(0.04)	(0.04)
Period dummies	yes	yes	yes	yes	yes	yes	yes	yes
Country dummies	no	yes	no	yes	no	yes	no	yes
N	441	441	548	548	441	441	548	548
R^2	0.94	0.99	0.95	0.98	0.43	0.87	0.44	0.83

Estimated using five-year averages covering 1960–1964, 1965–1969, 1970–1974, 1975–1979, 1980–1984, 1985–1989, and 1990–1994. Regressions using Freedom House index do not cover 1960–1964 and 1965–1969. OLS regressions include a constant term and dummies for East Asia, Latin America, sub-Saharan Africa, socialist countries, and OECD members (coefficient estimates not shown). Robust standard errors are reported in parentheses for OLS regressions. Levels of statistical significance are indicated by asterisks: * 99 percent; ** 95 percent; *** 90 percent.

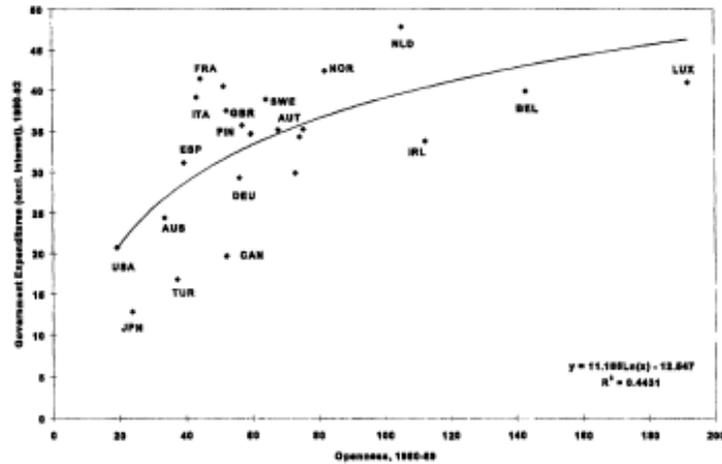*Democracy and Market Distribution (Wages) (Rodrik 1999)*

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FIG. 1.—Relationship between openness and government expenditures

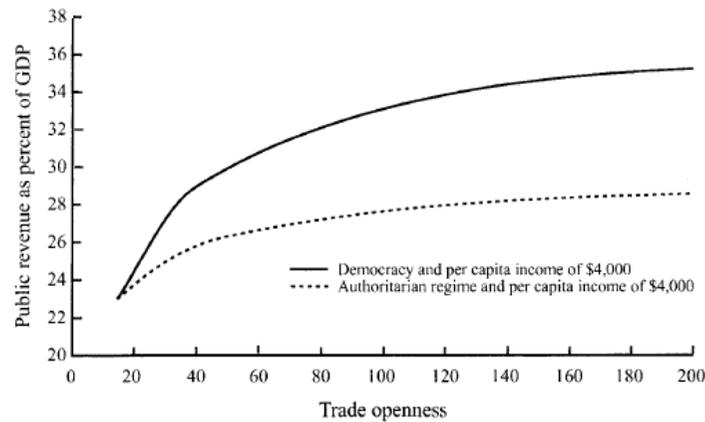*Openness and the fiscal size of the state: OECD countries (Rodrik 1998)*

FIGURE 2. *Public revenue as a function of trade openness and political regime*

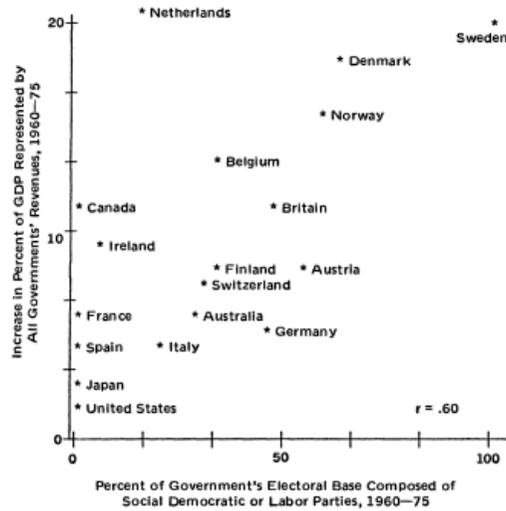*Openness, political regimes, and the revenue size: Simulation (Adsera and Boix 2002)*

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Figure 1. The Partisan Composition of Government and the Expansion of the Public Economy

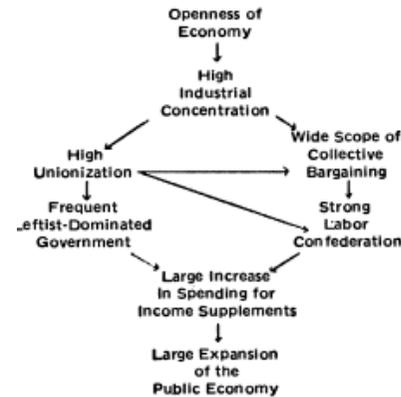Figure 2. The Openness of the Economy and the Expansion of the Public Economy

Figure 3. The Domestic Consequences of an Open Economy

Openness and state revenue (Cameron 1978)

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2.3 DEMOCRATIC DIVERSITY
INSTITUTIONAL ANALYSIS - VETO POWER THEORY

PROPOSITION 1: As the number of players who are required to agree for a movement of the status quo increases, the winset of the status quo does not increase (i.e., policy stability does not decrease).

PROPOSITION 2: As the distance of players who are required to agree for a movement of the status quo increases along the same line, the winset of the status quo does not increase (i.e., policy stability increases).

PROPOSITION 3: As the size of the yolk of collective players who are required to agree for a movement of the status quo increases, the area that includes the winset of the status quo increases (i.e., policy stability decreases).
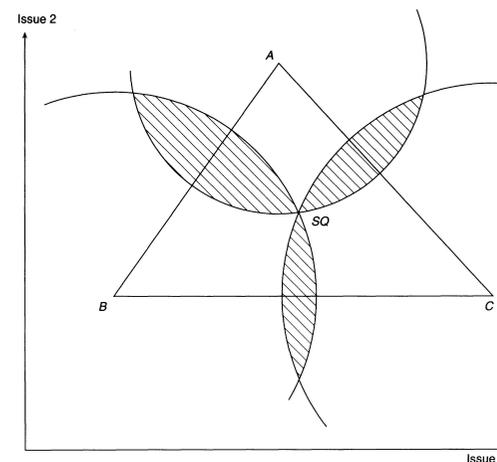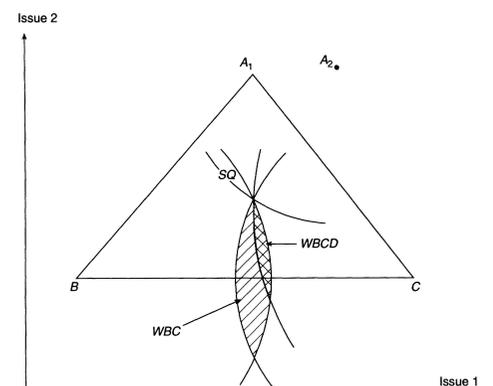

Fig. 1. Winset of status quo with three players in two dimensions

Status quo cannot be changed even if A_1 moves to A_2. If A_1 is replaced by D, then the status quo can be replaced by any point in the WBCD area.

Fig. 2. Change of status quo with three individual decision makers

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: $\ln(\text{TRADE}_{ABt})$, 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 $\ln(\text{trade}_{t-1})$	.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)
$(\Delta\text{WB})^2$		.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(POPA)	−.965**	−.963**	−1.070**	−1.081**
	(.150)	(.150)	(.145)	(.145)
LN(POPB)	.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: $(\Delta\text{WB})^2$				−.017
				(.035)
σ: LAGGED TRADE $\ln(\text{trade}_{t-1})$			−.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.*

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. *$p \leq .05$, **$p \leq .01$, ***$p \leq .001$.

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

Democracy and Exports
(Mansfield et al. 2000)

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Table 3. Reforms and Democracy, Robustness to Controls

Dependent variable: reform in (country, sector, year)

	(1)	(2)	(3)	(4)	(5)	(6)
Lagged democracy	0.008**	0.016***	0.041***	0.009***	0.011***	0.038***
Lagged level of index	-0.161***	-0.223***	-0.427***	-0.149***	-0.192***	-0.421***
Lagged crisis (inflation>40)	-0.003					-0.006
Lagged real devaluation	0.004**					-0.007
Lagged public expenditure to GDP		0.000				-0.001
Lagged bureaucratic quality			0.002			0.003
Lagged tertiary enrollment			0.018			0.003
Lagged reforms in geographical neighbor				0.056***		0.072
Lagged dummy for left					0.002	-0.002
Lagged dummy for presidential					-0.002	0.005
Observations	18,245	13,176	7,027	19,851	16,762	6,019

Note. The estimators are within estimators and allow for first-order autoregressive disturbance term. All regressions control for country sector, year fixed effects and country*sector and sector*year interactions. ***, ** and * denote statistical significance at 1, 5 and 10 percent respectively.

Table 5. Reforms and Democracy: By Reform

Dependent variable: reform in (country, year)

	(1) Finance	(2) Cap. Acc.	(3) Prod. Mkt	(4) Agricult.	(5) Labor	(6) Fiscal	(7) Trade	(8) Curr. Acc.
Lagged democracy	0.067***	0.182***	-0.028	0.202***	0.056**	0.033	0.075***	0.167***
Lagged level of index	-0.379***	-0.521***	-0.291***	-0.558***	-0.826***	-0.920***	-0.420***	-0.540***
Lagged crisis (inflation>40)	0.019*	-0.042*	-0.001	-0.016	0.008	0.004	0.002	0.017
Lagged real devaluation	-0.007	0.024	-0.016	-0.039*	-0.003	0.007	0.006	-0.004
Lagged public expenditure to GDP	0.002	0.002	0.002	0.000	0.000	-0.001	-0.003***	0.000
Lagged bureaucratic quality	0.014***	0.022*	0.012	-0.01	-0.011*	-0.001	0.012**	0.022**
Lagged tertiary enrollment	-0.038	0.057	0.117	-0.145	0.112**	0.017	-0.007	0.05
Lagged reforms in geographical neighbors	-0.01	0.257*	0.061	-0.147	-0.016	-0.028	0.228**	0.012
Lagged dummy for left	-0.003	-0.008	-0.007	-0.005	-0.007	0.004	-0.001	0.000
Lagged dummy for presidential	0.037*	0.026	0.039	0.042	0.075***	-0.024	0.046**	0.015
Observations	786	786	824	807	525	824	857	610

Note. The estimators are within estimators and allow for first-order autoregressive disturbance term. All regressions control for country and year fixed effects. ***, ** and * denote statistical significance at 1, 5 and 10 percent respectively.

Democracy and Reforms
(Giuliano 2009)

2.4 DEMOCRATIC ADVANTAGE
INTERNATIONAL COOPERATION

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)

2.4 DEMOCRATIC ADVANTAGE
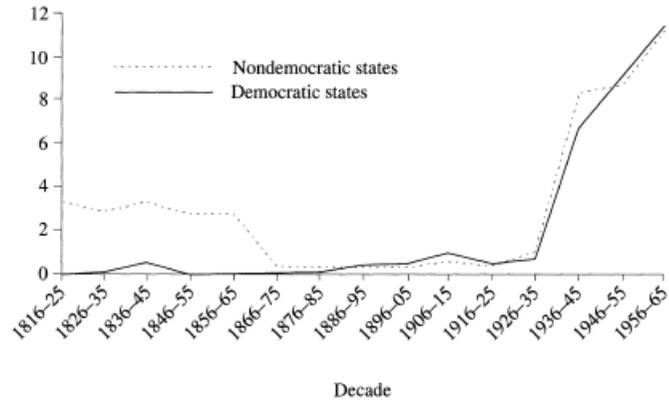## INTERNATIONAL ALLIANCE

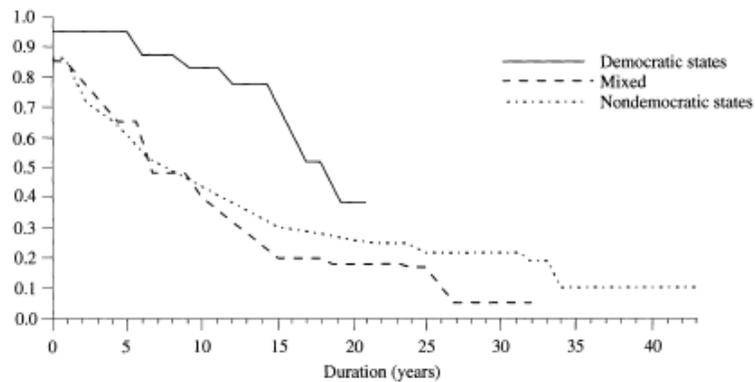**FIGURE 1.** *Average alliance density per decade, 1816–1965*

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

Regime type and alliance density (Gaubatz 1996

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2.4 DEMOCRATIC ADVANTAGE
INTERNATIONAL AGREEMENTS

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

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

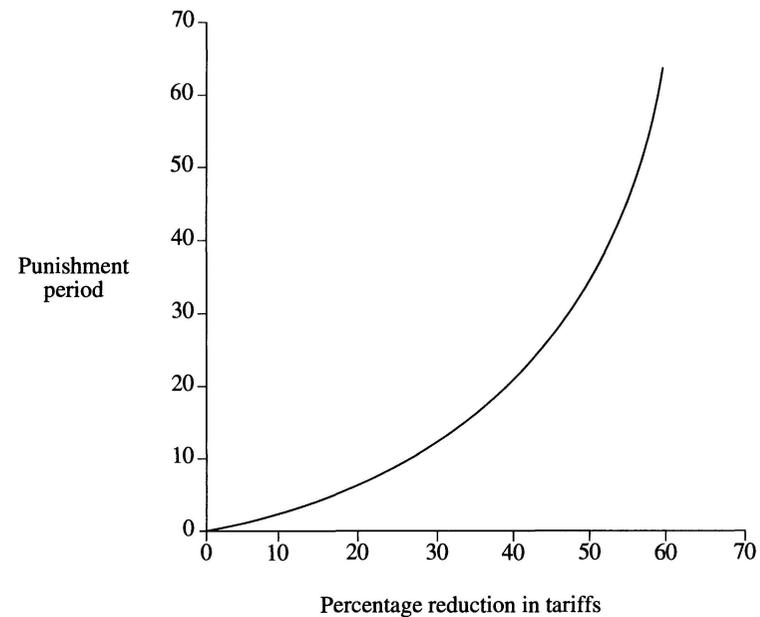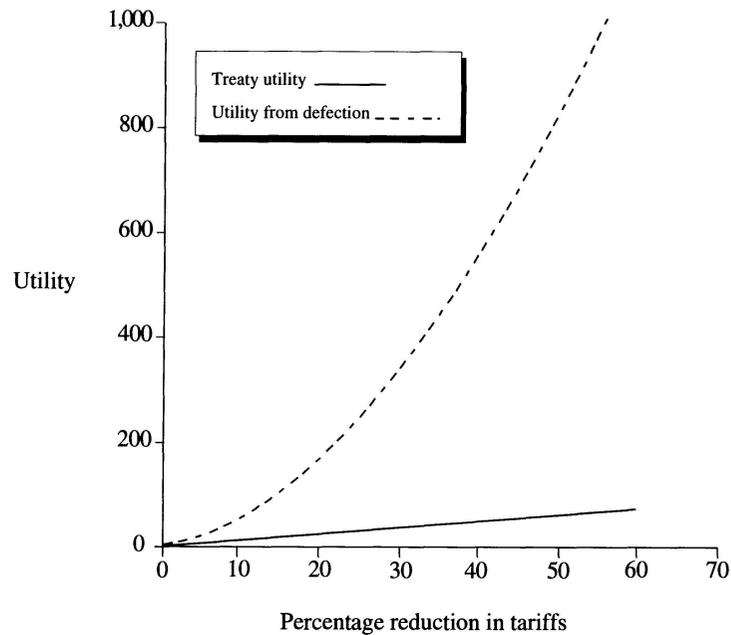*Note:* These parameters are estimated using logistic regression, after including a natural spline function with three knots. Figures in parentheses are asymptotic z-statistics computed using Huber standard errors. In each model, $N = 223{,}568$.
**$p \leq .001$. Two-tailed tests are conducted for all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

Democracy and trade agreements (Mansfield et al. 2000)

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

Treaty utility ——————
Utility from defection — — — —

Utility

Percentage reduction in tariffs

Punishment period

Percentage reduction in tariffs

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
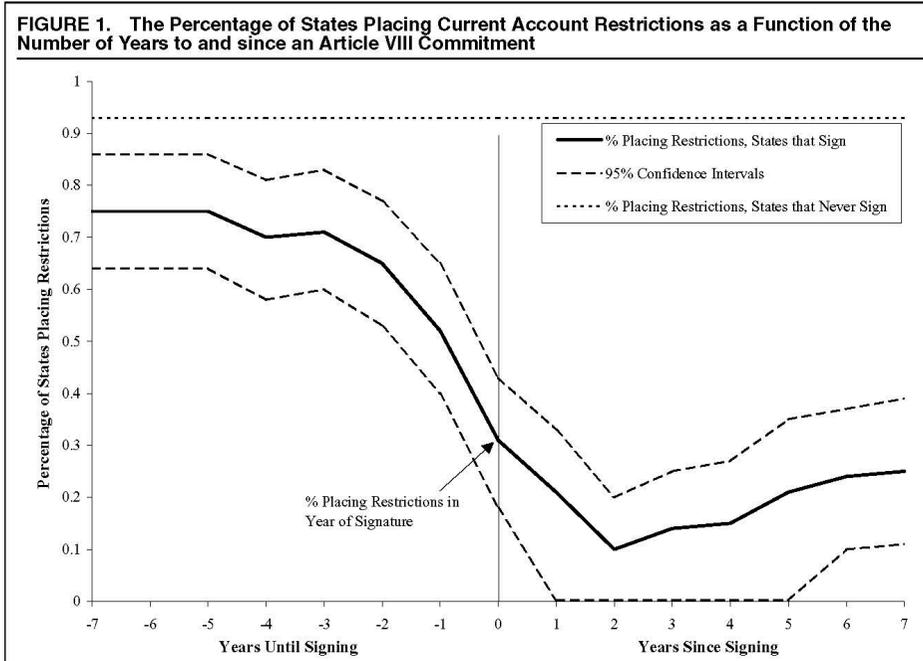

TABLE 1. Results of Analysis of Current Account Restrictions as a State Approaches an Article VIII Commitment

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. *$p < 0.05$; **$p < 0.01$; ***$p < 0.001$.

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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×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.
*$p < 0.05$

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International institutions and credible commitment (Feng and Owen 2011)

DEMOCRATIC ADVANTAGE
DOMESTIC CHANGE AND INTERNATIONAL COMMITMENTS

TABLE 1. *Impact of partisan shifts on capital openness*

Variables	Simmons variables	Simmons and DPI controls	Partisan preferences
SHIFTRIGHT			**0.079**
			(0.033)
BALANCE OF PAYMENTS	0.00082	0.00081	0.00083
	(0.00067)	(0.00068)	(0.00068)
RESERVES	**0.54**	**0.54**	**0.54**
	(0.20)	**(0.20)**	**(0.20)**
GDP GROWTH	−0.00015	−0.00014	−0.00015
	(0.00035)	(0.00035)	(0.00035)
USE IMF CREDITS	**−0.076**	**−0.076**	**−0.076**
	(0.026)	**(0.026)**	**(0.026)**
GNP PER CAPITA	0.000012	0.000012	0.000012
	(0.0000080)	(0.0000080)	(0.0000081)
IMF SURVEILLANCE	−0.027	−0.026	−0.027
	(0.040)	(0.045)	(0.044)
REGIONAL NORM OF RESTRICTIONS	**−0.0040**	**−0.0040**	**−0.0040**
	(0.0018)	**(0.0018)**	**(0.0018)**
EXCHANGE RATE FLEXIBILITY	0.031	0.030	0.027
	(0.026)	(0.025)	(0.025)
TRADE DEPENDENCE	0.00094	0.00093	0.00097
	(0.00058)	(0.00060)	(0.00060)
PROPORTION OF STATES SIGNING ARTICLE VIII	−0.0056	−0.0054	−0.0053
	(0.0030)	(0.0030)	(0.0030)
MILITARY		−0.0020	−0.0039
		(0.038)	(0.038)
TERM LIMITATIONS		−0.016	−0.018
		(0.037)	(0.036)
PARLIAMENTARY		0.052	0.049
		(0.095)	(0.095)
Constant	**0.029**	**0.029**	**0.027**
	(0.0061)	**(0.0060)**	**(0.0061)**
N	3941	3941	3941

Notes: Robust standard errors in parentheses. Coefficients statistically significant at 0.05. Level marked in bold. DPI = Database of Political Institutions.
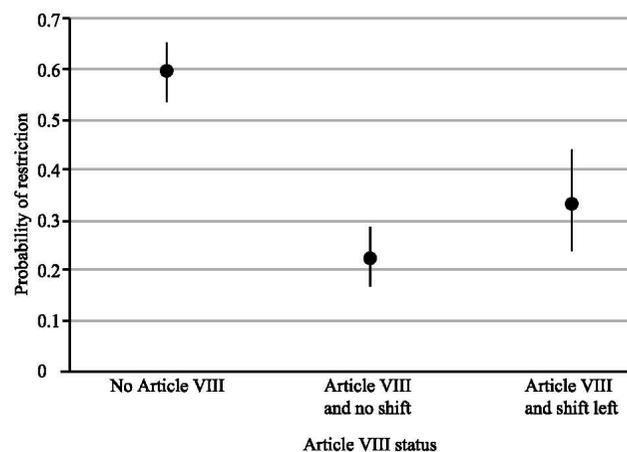

FIGURE 1. *Domestic preferences and capital restrictions*

TABLE 2. *Partisan shifts, Article VIII commitments, and current account restrictions*

Variables	Simmons variables	Simmons and DPI controls	Article VIII and preferences
ARTICLE VIII COMMITMENT	**−1.53**	**−1.56**	**−1.64**
	(0.24)	**(0.25)**	**(0.25)**
SHIFTLEFT SINCE ARTICLE VIII			**0.54**
			(0.24)
EXCHANGE RATE FLEXIBILITY	**−0.56**	**−0.57**	**−0.56**
	(0.19)	**(0.19)**	**(0.19)**
GNP PER CAPITA	−0.000026	−0.000031	−0.000032
	(0.000020)	(0.000022)	(0.000021)
REGIONAL NORM OF RESTRICTIONS	0.0054	0.0055	0.0052
	(0.0037)	(0.0037)	(0.0037)
GDP GROWTH	−0.0076	−0.0069	−0.0064
	(0.0078)	(0.0079)	(0.0079)
RESERVES	−0.079	−0.086	−0.079
	(0.76)	(0.78)	(0.78)
BALANCE OF PAYMENTS	−0.0057	−0.0061	−0.0060
	(0.0065)	(0.0066)	(0.0065)
USE IMF CREDITS	**0.92**	**0.93**	**0.93**
	(0.12)	**(0.18)**	**(0.18)**
IMF SURVEILLANCE	**0.46**	**0.50**	**0.50**
	(0.22)	**(0.22)**	**(0.22)**
PROPORTION OF STATES SIGNING ARTICLE VIII	**0.036**	**0.036**	**0.037**
	(0.0096)	**(0.0097)**	**(0.0097)**
RESERVES VOLATILITY	0.069	0.043	0.052
	(0.16)	(0.16)	(0.17)
TERMS OF TRADE VOLATILITY	**0.34**	**0.37**	**0.36**
	(0.12)	**(0.13)**	**(0.13)**
TRADE DEPENDENCE	**−0.0065**	**−0.0068**	**−0.0068**
	(0.0021)	**(0.0022)**	**(0.0020)**
MILITARY		−0.32	−0.33
		(0.19)	(0.19)
TERM LIMITATIONS		−0.17	−0.17
		(0.22)	(0.22)
PARLIAMENTARY		0.064	0.035
		(0.20)	(0.20)
TIME SINCE LAST RESTRICTION	**−1.67**	**−1.67**	**−1.67**
	(0.10)	**(0.10)**	**(0.11)**
TIME SINCE LAST RESTRICTION SQUARED	**0.13**	**0.13**	**0.13**
	(0.016)	**(0.016)**	**(0.017)**
TIME SINCE LAST RESTRICTION CUBED	**−0.0030**	**−0.0030**	**−0.0030**
	(0.00058)	**(0.00058)**	**(0.00058)**
Constant	−0.058	0.0094	0.042
	(0.84)	(0.88)	(0.89)
N	4362	4362	4362

Notes: Robust standard errors in parentheses. Coefficients statistically significant at 0.05. Level marked in bold. DPI = Database of Political Institutions.

Partisanship and IO membership (Grieco, Gelpi, Warren 2009)