

# Economic Integration and the Transmission of Democracy\*

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## Abstract

In this paper, we study if exposure to the institutions of trade partners changes individuals' attitudes towards democracy and favors the process of democratization. We combine survey data with country-level measures of democracy from 1960 to 2015, and exploit the improvement in air, relative to sea, transportation to derive a time-varying instrument for trade. Relying on within-country variation across cohorts, we find that individuals who grew up when their country was more integrated with democracies are, at the time of the survey, more supportive of democracy. Reflecting the change in citizens' preferences, economic integration with democratic partners has a large, positive effect on a country's democracy score. Instead, economic integration with non-democratic partners has no impact either on individuals' attitudes or on countries' institutions. We provide evidence consistent with the transmission of democratic capital from more to less democratic countries.

**Keywords:** Democracy, political preferences, institutions, economic integration.

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# 1 Introduction

Several papers in economics and political science have analyzed the forces that contribute to the development of democracy (Acemoglu and Robinson, 2006; Barro, 1999; Lipset, 1959; Przeworski et al., 2000). A growing strand of this literature has documented that longer exposure to democratic institutions improves individuals’ attitudes towards democracy and favors the stability of the latter (Besley and Persson, 2019; Fuchs-Schündeln and Schündeln, 2015; Persson and Tabellini, 2009). Most recently, Acemoglu et al. (2021) have shown that exposure to democracy promotes grassroots support for democratic values only among individuals growing up when their democratic country was—economically and socially—successful.

With the post-1960 surge in globalization, which coincided with the spread of democracy across the world (Figure 1), citizens of non-democratic countries may have been increasingly exposed to democratic institutions, through economic integration with more democratic countries. Do trade and, more broadly, economic integration with democratic partners favor the transmission of democratic values and the consolidation of democracy across countries?

In this paper, we study this question, relying on a large panel dataset of countries from 1960 to 2015. We begin by exploiting within-country, across-cohort variation in individuals’ exposure to democracy of a country’s trade partners during their impressionable years (Giuliano and Spilimbergo, 2014; Krosnick and Alwin, 1989). Using data from the Integrated Value Surveys (IVS), we test whether individuals who grew up while their country was trading more with democratic partners were, at the time of the survey, more supportive of democracy. In a nutshell, we compare individuals’ attitudes towards democracy between age cohorts that were more (or less) exposed to trade with democratic partners, relative to other cohorts in the same country and to the same cohorts in other countries over time. Then, we examine the effects of trade with democratic and non-democratic partners on democracy, measured with the *Polity2* score from the Polity5 project. We leverage within country variation over time, thereby absorbing country-specific, time-invariant differences as well as shocks common to all countries that may be correlated with both democracy and trade openness.

Identifying the causal effect of trade with democratic partners on citizens’ democratic values and on a country’s level of democracy is challenging for several reasons. First, political reforms, including democratic transitions, are often followed by economic liberalizations (Giavazzi and Tabellini, 2005; Giuliano et al., 2013). Second, a large literature has

shown that institutions are themselves important determinants of trade (Costinot, 2009; Nunn, 2007). Finally, broader trends, such as income growth or human capital accumulation, may be simultaneously correlated with individuals’ beliefs and regime transition on the one hand, and with economic integration on the other.

To address these and similar concerns, we build on Feyrer (2019), and construct an instrument for trade that exploits the rise in the importance of air, relative to sea, transportation over the last 60 years. Our strategy exploits the fact that, because of their geographic location, different country-pairs were differentially affected by technological change in air transportation, which led to a drastic increase in the share of air freight (Hummels, 2007). To formalize this intuition, we estimate a time-varying gravity equation (Anderson and Van Wincoop, 2003) that allows the elasticity of trade with respect to sea and air distance to change over time. We then use the estimated elasticities to predict bilateral trade flows in each 5-year period between 1960 and 2015, which we aggregate to the country level, to obtain instruments for trade with democratic and non-democratic partners.<sup>1</sup>

The time-varying instrument for trade, which is likely exogenous to any specific country and, within a country, to any specific age cohort, allows us to control for unobserved country-, time-, and (in the survey analysis) cohort-specific factors potentially correlated with changes in both trade openness and support for democracy. To address the possibility that economic integration predicted by improvements in air transportation coincided with regional democratization trends, our preferred specification further controls for democratization waves occurring in a country’s neighbors, similar to Acemoglu et al. (2019).

Because the instrument exploits variation in the relative importance of air versus sea transportation, it may partly capture the effect of movements of factors other than traded goods. Even though we show that our measure of predicted trade is uncorrelated with migration and foreign direct investment (FDI), we cannot rule out that the instrument at least partly predicts business travel, tourism, and, more broadly, ideas flows. For this reason, throughout our work, we interpret the results as the effects of economic integration, although sometimes we refer to “trade” for brevity.

Starting from the survey-level analysis, we find that individuals who grew up when their country was trading more with democratic partners were, at the time of the survey, more supportive of democracy. Instead, exposure to trade with autocracies has no

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<sup>1</sup>We consider 5-year periods, because the source of variation underlying our approach rests on the gradual diffusion of technological change in air transportation. To reduce concerns of endogeneity, we define a partner as democratic using a 5-year lag in its democracy score.

effect on individuals' attitudes. These results are robust to using alternative versions of the instrument, to measuring support for democracy in different ways, and to including survey-year by country fixed effects (in addition to cohort, survey-year, and country fixed effects), which absorb any country-specific shock across survey years that might change respondents' attitudes towards democracy. They are also robust to including data from the Afrobarometer for the countries not covered by the IVS, and to dropping specific groups of countries (e.g., members of the Soviet Union) or excluding trade with selected partners (e.g., the US or China).

The magnitude of our estimates is large: according to our preferred specification, doubling exposure to trade with democracies (a change in exposure equivalent to the inter-quartile range in our sample) increases an individual's support for democracy by .57 points on a 1 to 4 scale. This is similar to the difference between China and Sweden, or that between Colombia and France.

These findings are consistent with exposure to trade with democracies favoring the flow of democratic capital from more to less democratic countries, improving views about democracy among citizens in autocratic regimes. A related mechanism might be that trade with democratic partners induces countries to switch to democracy earlier, and that experience with own democracy—rather than with that of trade partners—influences individuals' beliefs. In contrast with this possibility, we document that results are unchanged when controlling for the average democracy score of the country (or the probability of switching to democracy) during both the impressionable years and an individual's life-time. This suggests that our findings capture citizens' exposure to democracy in *other* countries rather than in their own.

Another possibility is that trade with democratic partners (but not that with non-democratic ones) promotes economic development and favors human capital accumulation. These, and not the exposure to trade partners' institutions, may influence individuals' attitudes over the course of their lives, making them more supportive of democracy (Glaeser et al., 2007; Lipset, 1959). We provide evidence against this mechanism by showing that the effect of trade with democracies remains unchanged when controlling for a country's GDP growth or human capital accumulation, both during an individual's impressionable years and during her life-time.

In the second part of the paper, we show that the effects of trade with democracies on citizens' beliefs are reflected in changes in a country's institutions. In particular, trade with democratic partners has a positive and large effect on democracy. Instead, as for the

survey-level analysis, trade with non-democracies has no impact on a country’s democracy score. Our estimates indicate that increasing trade with democratic partners over a 5-year period by 80% (approximately its inter-quartile range) raises a country’s *Polity2* score by around 3.8 points. This is equivalent to the difference between Malaysia and Canada in 2010, or that between Russia and South Korea in 2015.

As for surveys, these results are robust to using different definitions of democracy and to constructing the instrument in different ways. They are also unchanged when interacting year dummies with several country-specific characteristics to allow for differential trends.<sup>2</sup> We also verify that our estimates are unchanged when dropping specific countries, such as the former Soviet Union bloc in Eastern Europe, and when considering trade with democratic (resp., non-democratic) countries excluding the US (resp., China).

Our preferred interpretation, consistent with results from the survey-level analysis, is that the trade-induced increase in democracy captures a process of transmission of democratic capital from more to less democratic countries. We corroborate this idea by constructing a measure of trade-induced democratic capital, which is very similar in spirit to that of Persson and Tabellini (2009) for domestic democratic capital. Weighing each democratic partner’s *Polity2* score by its trade share (relative to a country’s total trade), we document that trade-induced democratic capital improves a country’s level of democracy.

We also provide different pieces of evidence against alternative channels. First, we replicate the analysis controlling for lagged population, lagged GDP, and lagged GDP per capita, and we document that trade with democracies does not lead to human capital accumulation. This weighs against the possibility that trade with democratic partners might promote democracy by spurring growth or increasing educational attainment. Second, we show that the trade-induced increase in democracy is stronger for countries with higher rents from natural resources, and does not depend on the share of GDP accruing to services and manufacturing at baseline. This suggests that trade with democracies did not favor the emergence of democracy by strengthening the middle-class (Acemoglu et al., 2005; Puga and Trefler, 2014). Third, we allow countries that experienced a CIA intervention during the Cold War to be on differential trends, and we verify that economic integration with democracies does not increase the similarity in voting patterns on UN General Assembly resolutions –a proxy often used in the literature to measure countries’ political alignment (Bailey et al., 2017; Kleinman et al., 2020). These findings reduce con-

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<sup>2</sup>In particular, results are unchanged when accounting for the fact that the sample is unbalanced, and that countries entering later might be on differential trends.

cerns that our estimates may reflect democratic partners' pressure to implement political reforms.

Our paper is related to different strands of the literature. First, it complements works discussed above on the importance of experience with own democracy for the stability and the well-functioning of the latter (Acemoglu et al., 2021; Besley and Persson, 2019; Fuchs-Schündeln and Schündeln, 2015; Persson and Tabellini, 2009). We advance this literature by providing evidence that individuals can accumulate democratic capital also through economic integration with other (democratic) countries.

Second, our findings speak to papers studying the effects of trade on institutions. Acemoglu et al. (2005) and Puga and Trefler (2014) document that, by altering the economic power of different groups in the society, trade can trigger institutional change, and that the direction of the latter depends on the groups that benefit from trade. Levchenko (2007) shows that trade can promote or hinder democratization depending on the similarity of the institutions of trade partners. Liu and Ornelas (2014) find that free trade agreements increase the longevity of democracy by lowering protectionist rents and, in turn, elites' incentives to seek power.<sup>3</sup> We complement these papers by shedding light on a different channel through which trade can lead to institutional change: namely, the transmission of democracy from more to less democratic partners. In this respect, our findings contribute to a vast literature that, since at least Grossman and Helpman (1991), has shown that the trade-induced spread of ideas can foster economic growth (Grossman and Helpman, 2015; Sampson, 2016).<sup>4</sup>

Finally, from a methodological standpoint, our work builds on Feyrer (2019) to derive a time-varying instrument for trade that exploits improvements in air (relative to sea) transportation. A similar approach is used in Pascali (2017), who leverages variation induced by the introduction of steam technology in shipping. Both Feyrer (2019) and Pascali (2017) use the time-varying instrument obtained from a gravity equation to estimate the "gains from trade", as first done by Frankel and Romer (1999) in a cross-sectional, time-invariant setting.<sup>5</sup> We complement these works by focusing on institutional change,

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<sup>3</sup>Consistent with the ambiguous (theoretical and empirical) effects of trade on institutions documented in these papers, Rigobon and Rodrik (2005) and López-Córdova and Meissner (2008) find, respectively, a negative and a positive relationship between trade openness and democracy.

<sup>4</sup>Relatedly, Buera et al. (2011) show that countries learn from the experience of their neighbors, and that policymakers update their beliefs about the desirability of different policies based on other countries' performance.

<sup>5</sup>Campante and Yanagizawa-Drott (2018) exploit a discontinuity in the distance over which direct flights can take place to estimate the effects of international connectedness on the spatial allocation of economic activity.

rather than economic growth.<sup>6</sup>

The remainder of the paper proceeds as follows. Section 2 presents the data. Section 3 describes the empirical strategy and introduces the instrument for trade. Section 4 and Section 5 present the results for the effects of economic integration with democracies on individuals' attitudes and on countries' democracy, respectively. Section 6 concludes.

## 2 Data

**Actual and predicted trade.** Bilateral trade flows come from the IMF Direction of Trade Statistics. For each exporter-importer pair, in each year, there are potentially four measures of trade, namely exports and imports reported by both countries. Following the literature (Baldwin and Taglioni, 2007), we consider the average of these four measures.

We use air and sea distances to derive an instrument for trade. Air distance between each country-pair is the great circle distance between the most important cities in a country, reported by the CEPII (Mayer and Zignago, 2011). We calculate sea distances by first identifying the main commercial port for each country, and then collecting data on the sea-routes between ports of each pair of countries from the website [vesseldistance.org](http://vesseldistance.org).<sup>7</sup> Landlocked countries are not included, since there is no sea distance between them.

Actual and predicted trade data cover the period between 1960 and 2015, although we use 1955 data (when available) to construct pre-determined bilateral trade shares and other lagged variables. To express (actual and predicted) trade relative to the size of a country's economy, we collect GDP data from the Penn World Table, version 9.0.

**Attitudes towards democracy.** We measure individuals' attitudes towards democracy using data from the Integrated Value Survey (IVS), which harmonizes the European Value Survey (EVS) and the World Value Survey (WVS). The survey was first conducted in 1981, and includes socio-demographic and economic characteristics of respondents, as well as their political preferences and ideology. We restrict attention to waves conducted between 1995 and 2019, when questions on attitudes towards democracy are available. Not all countries were included in the earlier waves, leaving us with an unbalanced sample of 74 countries for a total of around 225,000 individuals. Table B.1 lists the set of

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<sup>6</sup>In related work, Ellingsen (2021) relies on improvements to maritime technology in the nineteenth century to test how the composition of trade influences institutional convergence across countries.

<sup>7</sup>For the US and Canada, sea distances are computed as the shortest sea-route from the main port on either the East or the West coast. A similar strategy is used for Russia, considering three ports (on the Baltic Sea, Black Sea, and Pacific Ocean).

countries covered by the survey-level analysis, with the corresponding number of waves as well as the first and the last interview year for which respondents from each country were included.

In measuring attitudes towards democracy, we select questions typically considered in the literature (Acemoglu et al., 2021; Fuchs-Schündeln and Schündeln, 2015; Persson and Tabellini, 2009). Our main variable, labelled *Democratic system*, is derived from the question: “Would you say having a democratic political system is a very good, fairly good, fairly bad or very bad way?” Respondents can answer on a 1 to 4 scale; for robustness, we replicate the analysis defining a dummy equal to one if a respondent viewed democracy as a “very good” or “fairly good” system. We also present results for the extent to which respondents agree with the statement: “Democracy may have problems but is better than any other form of government,” which we label *Democracy better*. As for *Democratic system*, we also create a dummy equal to one if respondents “strongly agree” or “agree” with the previous statement. Finally, following Acemoglu et al. (2021), we create a *Support democracy index*, which is constructed by taking the average of four separate questions from the IVS that elicit respondents’ attitudes towards different political systems. We always code answers so that higher values refer to stronger support for democracy. Table B.2 reports the exact wording, the range of the corresponding answer, and the years in which each question is available.

For robustness, we complement the IVS with data from the Afrobarometer, including the 16 African countries that are present in the latter but not in the former (Table B.3). We create a dummy equal to one if a respondent thinks that “Democracy is preferable to any other kind of government”, to make it as comparable as possible to the dummy described above for *Democratic system* from the IVS.<sup>8</sup>

**Democracy score.** To analyze the effects of trade on a country’s democracy, we use the *Polity2* score from the Polity5 project. This variable, which is widely used in the literature (Besley and Persson, 2019; Fuchs-Schündeln and Schündeln, 2015), is an index ranging from -10 to 10, with more positive values capturing stronger democratic institutions. We also define an indicator variable for countries with a *Polity2* score strictly positive, which we use both as an alternative outcome and to define democratic and non-democratic trade partners. The *Polity2* score is available for a larger set of countries and years than survey data from the IVS. In particular, our sample consists of an unbalanced sample of 116

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<sup>8</sup>The dummy takes a value of zero if the individual thinks either that “In some circumstances, a non-democratic government can be preferable” or that “For someone like me, it doesn’t matter what kind of government we have”. See Table B.2 for more details.



countries for the period from 1960 to 2015 (Table B.4). As a robustness check, we also use the democracy index from Freedom House, available from 1975 onwards.

We report the summary statistics in Table 1, presenting the variables used in the individual-level and in the country-level analysis in Panel A and Panel B, respectively. Respondents hold relatively positive views towards democracy, as reflected in the average value of the variable *Democratic system* (3.4).<sup>9</sup> However, there is substantial variation across countries. For instance, the average value of *Democratic system* ranges from 3.23 and 3.25 in China and South Africa to 3.70 and 3.71 in Norway and Sweden. The other proxies for citizens' views towards democracy display similar patterns. As expected, the average exposure to trade with democracies (scaled by GDP) during the formative years is more than four times larger than exposure to trade with autocracies (.17 vs .04). To account for such difference, when presenting the results, we also report the standardized beta coefficients. The *Polity2* score is, on average, 2.06. As for individual attitudes, also the democracy score masks substantial heterogeneity both across countries in a given period and within countries over time. The average trade-to-GDP ratio is .3. Trade with democracies accounts for almost 80% of total trade, but this number varies and declines since the 2000s, with the steady integration of China with the rest of the world.

### 3 Empirical Strategy

#### 3.1 Individual-Level Analysis: Attitudes Towards Democracy

We begin the analysis by estimating the effects of trade with democratic and non-democratic partners on citizens' attitudes towards democracy. We build on a large literature in psychology (Krosnick and Alwin, 1989; Sears, 1971) and, more recently, economics (Carreri and Teso, 2022; Giuliano and Spilimbergo, 2014) that documents that individuals' political preferences are formed during early adulthood. For individuals born in year  $b$  and living in country  $i$ , we define exposure to trade with democratic and non-democratic partners as:

$$T_{ib}^p = \frac{1}{N} \sum_{r=1}^N \frac{trade_{i,b+16+r}^p}{GDP_{i,b+16+r}} \quad (1)$$

where  $trade_i^p$  is country  $i$ 's trade with democratic ( $p = D$ ) and non-democratic ( $p = A$ ) partners during the impressionable years (from the age of 16 to the age of 24), and is

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<sup>9</sup>All survey answers are multiplied by 100 for presentation purposes.

scaled by the corresponding GDP.<sup>10</sup> To obtain average trade exposure, we divide the cumulated exposure during the impressionable age by the number of years for which the individual could be exposed to trade,  $N$ .<sup>11</sup> Questions on attitudes towards democracy are available in the IVS between 1995 and 2019, but exposure to economic integration can be constructed for the entire 1960-2015 period, since respondents interviewed in the same year (within the same country) often have a different exposure history, due to variation in their birth-year.

We estimate individual-level regressions of the form:

$$y_{kibt} = \lambda_{it} + \zeta_b + \beta^D \log(T_{ibt}^{demo}) + \beta^A \log(T_{ibt}^{auto}) + W_{ib} + X_{kibt} + \epsilon_{kibt} \quad (2)$$

where  $y_{kibt}$  is a proxy for attitudes towards democracy of individual  $k$  from country  $i$  born in year  $b$  and interviewed in survey-year  $t$ ;  $X_{kibt}$  is a vector of individual controls (gender, income, and education); and,  $T_{ibt}^p$  is trade exposure with partners of type  $p$  defined in equation (1).<sup>12</sup> To account for the possibility that exposure to trade with democracies coincided with regional democratization trends, which may influence citizens' attitudes, we include a measure of democratization waves occurring in a country's influence set (Acemoglu et al., 2019) during the impressionable age period of individuals born in year  $b$ ,  $W_{ib}$ .<sup>13</sup> Finally, we include country by survey-year and birth-year fixed effects ( $\lambda_{it}$  and  $\zeta_b$ ). Standard errors are clustered at the country level.

The inclusion of country by survey-year and birth-year fixed effects implies that  $\beta^D$  and  $\beta^A$  are estimated from changes across birth cohorts *within* a country, as compared to changes across the same age groups in other countries, in a given survey-year. Note, also, that country by survey-year fixed effects absorb any country-specific shock occurring in any given survey-year.

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<sup>10</sup>We define a trade partner democratic if its *Polity2* score is strictly positive.

<sup>11</sup>In most cases,  $N = 9$ . For the subset of individuals who are either too young or too old, we use all available years over the 9-year impressionable age window. Results are robust to dropping these individuals and to using alternative definitions of impressionable years.

<sup>12</sup>Individual controls for income and education are dummies for: income quintiles; and, primary, secondary, and higher than secondary level of education attained.

<sup>13</sup>Following Acemoglu et al. (2019), we construct this variable as follows. First, we divide the world in 6 regions; then, within each region and for each country  $i$ , we define the share of countries other than  $i$  with a *Polity2* score strictly positive during year  $b$  and that were in the same institutional group as  $i$  at baseline (where an institutional group is either democratic, for *Polity2* > 0, or autocratic, for *Polity2* < 1). In our preferred specification, we lag this measure by one year, to reduce endogeneity concerns. Results are unchanged when using the contemporaneous version or 2, 3, 4, or 5-year lags. As for trade exposure, we calculate the average of this variable over the entire impressionable years window.

### 3.2 Country-Level Analysis: Democracy

In the second part of the paper, we examine the effects of economic integration with democratic and non-democratic partners on democracy. We conduct the analysis at the country level using 5-year intervals, to account both for the gradual diffusion of new technologies across countries and over time (the key source of variation behind our instrument) and for the sticky nature of institutions. Specifically, for the period from 1960 to 2015, we estimate:

$$D_{it} = \gamma_i + \lambda_t + \beta^D \log(T_{it}^{demo}) + \beta^A \log(T_{it}^{auto}) + W_{it} + \epsilon_{it} \quad (3)$$

where  $D_{it}$  is the democracy score of country  $i$  in year  $t$ , and  $T_{it}^{demo}$  (resp.,  $T_{it}^{auto}$ ) is trade with democracies (resp., autocracies) over GDP.  $W_{it}$  refers to democratization waves in country  $i$ 's influence set during year  $t$ , and  $\gamma_i$  and  $\lambda_t$  are country and year fixed effects. Standard errors are clustered at the country level.

### 3.3 Instrument for Economic Integration

Even when controlling for the fixed effects included in equations (2) and (3), a simple OLS regression of citizens' beliefs or countries' democracy scores on economic integration may be biased for several reasons. First, free trade agreements or broader economic liberalization episodes might lead to political reforms and institutional change (Giavazzi and Tabellini, 2005; Giuliano et al., 2013; Liu and Ornelas, 2014). Second, the pattern of specialization can be influenced by the quality of a country's institutions (Costinot, 2009; Nunn, 2007). Finally, individuals' beliefs and the quality of a country's democracy may be correlated with a host of other factors—such as income or education—that are also related to economic integration.

To address these and related concerns, we construct an instrument for economic integration that exploits the rise in the importance of air, relative to sea, transportation. Our strategy builds on recent work by Feyrer (2019), and rests on the following intuition. Improvements in air shipping occurring since the mid-1960s, especially the adoption of the jet engine, have reshaped the geography of international trade, leading to a dramatic increase in the share of air freight (Hummels, 2007). For instance, the trade costs incurred when shipping goods by air were 10 times lower in 2004 than in 1955. The reduction in sea transportation costs over the same period was instead much more limited. This resulted in an unprecedented surge in the share of goods traveling by air—from less than 10%

prior to 1960 to more than 50% by 2004, for the US.<sup>14</sup>

These patterns were not homogeneous across countries, but, rather, affected different country-pairs differently, depending on their geographic location. Specifically, the trade surge induced by improvements in air transportation should be lower for country-pairs for which air and sea distances are fairly similar (e.g., Japan and China) than for countries for which the two distances are very different (e.g., Japan and France).

### 3.3.1 The Gravity Step: Deriving Predicted Trade

To capture the previous intuition, we estimate a time-varying gravity equation (Anderson and Van Wincoop, 2003), allowing the elasticity of trade with respect to sea and air distance to change every five years between 1960 and 2015. We then use the estimated elasticities to predict bilateral trade flows, which we aggregate at the country level, to obtain instruments for economic integration with democratic and non-democratic partners, respectively.

The gravity model can be expressed as:

$$\ln(trade_{ijt}) = \ln(y_{it}) + \ln(y_{jt}) - \ln(y_{wt}) + (1 - \sigma)[\ln(\tau_{ijt}) + \ln(P_{it}) + \ln(P_{jt})] + \epsilon_{ijt} \quad (4)$$

where  $trade_{ijt}$  is bilateral trade between country  $i$  and country  $j$  at time  $t$ ;  $y_{it}$ ,  $y_{jt}$ , and  $y_{wt}$  are the GDP of countries  $i$  and  $j$  and of the world;  $P_{it}$  and  $P_{jt}$  are country-specific multilateral resistance terms that capture a weighed average of trade barriers of any given country; and,  $\tau_{ijt}$  is the bilateral resistance term, which captures all pair-specific trade barriers (e.g., distance, common language, shared border, and colonial ties).

Since we are not interested in identifying the causal effect of distance on trade, but rather to measure the change in the correlation between the latter and air and sea distances over time, our approach departs from the canonical gravity equation by explicitly modeling the bilateral resistance term as a function of sea and air distances, while absorbing all other factors in a large set of fixed effects. As in Feyrer (2019), we assume the following functional form for  $\tau_{ijt}$ :

$$\ln(\tau_{ijt}) = \beta_q^{sea} \ln(seadist_{ij}) + \beta_q^{air} \ln(airdist_{ij}) \quad (5)$$

where  $seadist_{ij}$  and  $airdist_{ij}$  are sea and air distances between countries  $i$  and  $j$ . Coefficients on distances in expression (5) are allowed to vary across time-periods  $q$ , capturing

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<sup>14</sup>Detailed statistics for most countries other than the US going back in time are not available.

the differential effect over time of technological change in air relative to sea transportation discussed above. We allow  $q$  to have a frequency lower than  $t$  (in particular, 5 years), since improvements in technology take time to be developed and diffuse.<sup>15</sup>

Replacing expression (5) in equation (4), we predict bilateral trade flows between countries  $i$  and  $j$  at time  $t$  by estimating:

$$\ln(\text{trade}_{ijt}) = \chi_{ij} + \varphi_{it} + \psi_{jt} + \beta_q^{sea} \ln(\text{seadist}_{ij}) + \beta_q^{air} \ln(\text{airdist}_{ij}) + u_{ijt} \quad (6)$$

where  $\chi_{ij}$ ,  $\varphi_{it}$ , and  $\psi_{jt}$  are country-pair and country by year fixed effects, respectively.<sup>16</sup> Country-pair fixed effects absorb any bilateral (time invariant) characteristic between countries, such as common language, colonial relationship, and common border. The inclusion of country-year fixed effects instead controls for any country-time specific variation that may affect bilateral trade and confound the effect of geographic distance, such as the construction of a new port or a cargo airport. Our preferred instrument is obtained by estimating equation (6) with OLS. However, results are similar when using the Poisson Pseudo Maximum Likelihood (PPML) estimator, which reduces concerns of potential inconsistency in the estimation of multiplicative models in log-linearized form, and addresses the issue that OLS estimates may be biased due to many zeros in bilateral trade flows (Silva and Tenreyro, 2006).

After estimating equation (6), we take the exponential of predicted bilateral log trade, and sum it over all partners  $j \neq i$ . In formulas:

$$\begin{aligned} \widehat{\text{trade}}_{it} &= \sum_{j \neq i} \omega_{ij} \exp(\ln \widehat{\text{trade}}_{ijt}) \\ &= \sum_{j \neq i} \omega_{ij} \left[ e^{\hat{\beta}_q^{sea}(\ln \text{seadist}_{ij}) + \hat{\beta}_q^{air}(\ln \text{airdist}_{ij})} \right] \end{aligned} \quad (7)$$

To predict economic integration with democratic and non-democratic partners, we sum bilateral trade flows in equation (7) separately for partners of either institutional type. In the baseline specification, we define a partner democratic if its 5-year lagged *Polity2* score is strictly positive. We also replicate the analysis using the *Polity2* score at baseline

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<sup>15</sup>A similar modeling strategy is used in Pascali (2017), to estimate the elasticity of trade with respect to sail versus steamship distances.

<sup>16</sup>Controlling for this battery of fixed effects is consistent with the suggestions in Baldwin and Taglioni (2007) and Head and Mayer (2014). We follow Baldwin and Taglioni (2007) also in calculating  $\log(\text{trade}_{ijt})$  as the average of the log of the two flows between  $i$  and  $j$  (instead of the log of the mean), and by expressing trade in current US dollars, while controlling for time fixed-effects (instead of deflating by the US CPI).

to classify the institutions of trade partners.

Note that the summation in (7) does not include the fixed effects from equation (6). Therefore, is obtained only from the estimated trade elasticities to distances. This comes at the cost of potentially reducing the predictive power of the instrument; however, it increases the confidence that we are isolating the variation in economic integration solely induced by the change in the importance of air relative to sea transportation. Finally, when aggregating bilateral (predicted) trade flows, we weigh by the average share of trade between countries  $i$  and  $j$ , relative to total trade of country  $i$  during the first 5-years for which trade data are available.<sup>17</sup> This is done to increase the precision of the instrument. However, as documented below, results are robust to using other weights that depend only on country  $j$ 's baseline characteristics—such as trade over GDP, population, and share of trade relative to world trade—and to aggregating bilateral predicted flows without weights.

Figure 2 plots OLS coefficients (with 95% confidence intervals) obtained from the gravity equation (6). The elasticity of trade with respect to sea distance (red, dashed line) remains flat throughout the entire 1960 to 2015 period. Instead, the elasticity of trade with respect to air distance (blue, solid line) becomes more negative over time, reflecting the trends described above and documented in Feyrer (2019) and Hummels (2007). Table A.1, column 1, reports the corresponding formal estimates. In column 2, we present results obtained by estimating equation (6) with PPML. Reassuringly, the patterns of the estimated elasticities are similar across models. As anticipated above, in our baseline specification, we use derived from OLS estimates, but we document that our findings are robust to using the instrument constructed from PPML.

### 3.3.2 Actual and Predicted Trade: First Stage

In Table A.2, we present the relationship between actual and predicted trade to test the strength of the first stage, reporting standardized beta coefficients in square brackets. In columns 1 and 2, we regress the log of trade with democracies over GDP against the log of predicted trade with democratic and non-democratic partners, again scaled by GDP. In columns 3 and 4, we consider the log of trade with non-democratic partners. As explained before, the instruments for trade are scaled by 5-year lagged GDP, and democratic partners are defined using a 5-year lag in the *Polity2* score. Columns 1 and

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<sup>17</sup>We use the first 5-years to limit concerns of endogeneity, and take the average over them to smooth out any possible noise in yearly trade data.

3 only include country and year fixed effects, while columns 2 and 4 further control for democratization waves.

Trade with democracies is strongly and positively correlated with its predicted counterpart. Instead, the coefficient on predicted trade with autocracies is negative, less precisely estimated, and smaller in magnitude. A similar picture holds for trade with autocracies, which is strongly correlated with predicted trade with non-democratic partners and weakly (and negatively) correlated with the instrument for trade with democracies. Figure A.1 displays the graphical analogue of columns 2 and 4 in a residualized binscatterplot that partials out country and year fixed effects, democratization waves, and predicted trade with autocratic (resp., democratic) partners in Panel A (resp., Panel B).

### 3.3.3 Identifying Assumption and Instrument Validity

The variation underlying the instrument, namely relative improvements in air transportation technology, is likely exogenous to any single country and, within countries, to any specific age cohort. Possible exceptions might be countries that play an important role in the aerospace industry, such as the US and France, but we show that results are unchanged when predicting trade omitting these (and other) partners. Moreover, since the instrument rests on variation that is solely induced by geography, it is free from reverse causation. Finally, the time-varying nature of the instrument allows us to absorb any country-specific, time-invariant factor and any shock common to all countries that might be correlated with both trade openness and democracy. In the individual-level analysis, the inclusion of country by survey-year fixed effects additionally controls for country-specific shocks that may influence support for democracy among citizens born in the same year (in the same country) and may also be correlated with the history of trade exposure.

One remaining concern may be that, relative to other cohorts in their country, and relative to individuals in the same cohort in other countries, cohorts more exposed to economic integration with democracies because of improvements in air transportation also experienced shocks that influenced their attitudes towards democracy. We address this possibility in different ways. First, we replicate the individual-level analysis controlling for factors specific to each cohort (within each country) that might be correlated with the instrument and may also shape attitudes through channels other than trade, such as GDP growth, educational attainment, and democracy. Second, we augment the preferred specification including different sets of fixed effects (e.g., country by survey-year and age

by survey-year fixed effects).

A second potential concern, specific to the country-level analysis, is that countries for which bilateral distances predict larger economic integration with democracies because of technological progress in air shipping were already on differential trends for institutional change. For instance, one may be worried that less democratic or more peripheral countries were more likely to get connected to democracies because of improvements in air transportation, and that these countries were already undergoing a process of democratization. Moreover, due to the unbalanced nature of the sample, one may be concerned that countries entering later in our analysis did so precisely when becoming more democratic, and that they are also predicted to experience faster integration because of their geography.

We tackle these and similar concerns by interacting year dummies with the number of years a country is in the sample as well as with baseline country characteristics—such as democracy, economic structure (including the share of GDP accruing to different sectors), measures of geographic remoteness, and trade exposure—to allow for differential trends. We also verify that results are robust to dropping specific groups of countries that underwent particularly fast episodes of political and economic liberalizations (e.g., former members of the Soviet Union), and to constructing trade excluding partners like the US and China. Finally, we show that neither the initial democracy score nor the baseline democratic capital of a country predicts economic integration with democracies in subsequent years.<sup>18</sup>

We provide more details about these and additional robustness checks below, after presenting the results.

### 3.3.4 Exclusion Restriction

Since the instrument exploits variation driven by changes in air transportation technologies, it might capture not only trade in goods, but also the movement of other factors. In Appendix C.1, we show that the instrument is uncorrelated with either migration or FDIs (Table C.1), suggesting that we are not capturing the effects that these factors might have on democracy. Data limitation prevents us from conducting a similar exercise for other variables. In particular, we cannot rule out the possibility that the instrument were correlated with tourism, business travel, and, more broadly, the flow of ideas.

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<sup>18</sup>The unbalanced nature of our sample and the fact that many variables become available for countries when the latter enter the sample prevent us from conducting formal “pre-trends” exercises.



Campante and Yanagizawa-Drott (2018) document that international long-distance flights have a positive effect on local economic activity, and promote the formation of business linkages. It is thus conceivable that our instrument partly captures changes in business travel, which may in turn favor the transmission of ideas and, possibly, democratic capital across countries. A similar process may be at play for tourism and other non-permanent movements of people, which would not be recorded in migration statistics. More broadly, improvements in air transportation are likely to foster the flow of ideas across countries. While some of these flows are embedded in the goods exchanged by countries, others are likely to occur through means we are not able to measure.

For these reasons, we interpret our findings as the effect of economic integration—including tourism, the formation of business linkages, and the flow of ideas—although we often refer to “trade” for brevity.

## 4 Economic Integration and Citizens’ Attitudes

### 4.1 Main Results

Table 2 presents our main results for the effects of exposure to economic integration with democratic and non-democratic partners during individuals’ impressionable years. The dependent variable, which is multiplied by 100 for readability, captures individuals’ agreement with the idea that democracy is a good political system (on a 1 to 4 scale, with higher values reflecting more positive views). We report OLS and 2SLS estimates in columns 1 and 2 and 3 to 6, respectively, presenting standardized beta coefficients in square brackets to ease comparisons. In columns 1 and 3, we only control for individual characteristics and for country, survey-year, and birth-year fixed effects. All remaining columns further include the measure of democratization waves described in Section 3.1 above.

OLS estimates reveal a positive and statistically significant correlation between economic integration with democratic partners during an individual’s impressionable age and her attitudes towards democracy later in life. The opposite relationship holds for exposure to economic integration with non-democratic countries. Turning to 2SLS estimates, the partial AP F-stats for each separate first stage (reported at the bottom of the table) confirm the strength of each instrument already shown in Table A.2 (Section 3.3).<sup>19</sup>

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<sup>19</sup>For completeness, we also report the KP F-stat for the joint significance of all instruments. However, the threshold values used for 2SLS regressions with one instrument do not apply to the case of multiple

Consistent with OLS estimates, 2SLS coefficients indicate that economic integration with democratic partners has a strong, positive effect on individuals' attitudes towards democracy. Instead, and in contrast with their OLS counterparts, 2SLS estimates for economic integration with non-democracies are no longer statistically significant and become positive and quantitatively small when controlling for democratization waves (column 4).

The magnitude of 2SLS coefficients for the effects of exposure to economic integration with democracies is more than twice as large as that of OLS ones. One potential explanation is that OLS estimates suffer from attenuation bias due to measurement error in trade. A second possibility is that we may be identifying a local average treatment effect (LATE) for countries that benefited more from improvements in air shipping, and whose citizens were more likely to update their beliefs about democracy. Finally, the instrument might not only capture trade in goods, but also the flow of other factors, such as business travel, tourism, and ideas. For this reason, as discussed above, we interpret our estimates as the effects of economic integration.

In columns 5 and 6, we augment the specification reported in column 4 by including, respectively, region by survey-year and country by survey-year fixed effects.<sup>20</sup> The latter absorb country-specific shocks in a given survey-year that may be correlated with both individuals' history of trade exposure and their beliefs about democracy. Results remain virtually unchanged. According to the coefficients reported in column 6, which we take as our preferred specification, doubling exposure to economic integration with democracies (about the inter-quartile range in our sample) increases an individual's attitudes towards democracy by .57 points on a 1 to 4 scale. This is similar to the difference in support for democracy between China and Sweden, or between Colombia and France. Figure A.2 plots the graphical analogue of results in column 6, reporting the 2SLS coefficient on exposure to economic integration with democracy, after partialling out all other controls and fixed effects.<sup>21</sup>

**Summary of Robustness Checks.** In Appendix C.2, we perform several robustness checks, which we briefly summarize here. First, we document that results are robust to measuring citizens' attitudes towards democracy in different ways (Table C.2), such as: defining a dummy equal to one if an individual views democracy as a very good or a fairly

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endogenous regressors (Andrews et al., 2019).

<sup>20</sup>Regions are defined as: Emerging and Developing Europe; Emerging and Developing Asia; Latin America and the Caribbean; Middle East and Central Asia; Sub-Saharan Africa; Advanced Europe; North America (USA and Canada); and, Advanced Asia.

<sup>21</sup>Table A.3 replicates Table 2 reporting coefficients on all individual controls.

good political system; considering the extent to which individuals agree with democracy being better than other political arrangements; and, using the support for democracy index constructed in Acemoglu et al. (2021), which combines four different questions. Second, we verify that our findings are unchanged when including African countries that are not present in the IVS but for which citizens’ preferences can be measured in Afrobarometer (Table C.3). Third, we replicate the analysis excluding outliers as well as individuals that: *i*) were either too young or too old to be fully exposed to trade during their formative years; and, *ii*) were living in countries that underwent swift episodes of integration and political liberalization, such as former members of the Soviet Union, and the countries that became part of the European Union after its 2004 enlargement (Table C.4). Fourth, we document that results are robust to excluding trade with particularly influential countries, such as the US and China, or with countries involved in the development of air transportation technologies, such as France and the UK (Table C.5). Finally, we replicate the analysis with versions of the instrument that: *i*) aggregate predicted bilateral trade with baseline partners’ characteristics (e.g., population, and trade over GDP or world trade), or without any weights; and, *ii*) estimate the gravity equation (4) with PPML (Table C.6).<sup>22</sup>

## 4.2 Mechanisms

One interpretation for the results presented above is that exposure to economic integration with democracies during the impressionable years favors the transmission of democratic capital (Persson and Tabellini, 2009) from more to less democratic countries. This may in turn shape citizens’ views about democracy through a process similar to that documented in the literature for exposure to own country’s institutions (Acemoglu et al., 2021; Fuchs-Schündeln and Schündeln, 2015).

Another channel might be that economic integration with democracies leads to faster democratic transitions, either because of stronger demand for democracy among citizens (Acemoglu and Robinson, 2006) or because autocratic leaders perceive democracy as growth enhancing (Buera et al., 2011), or both. In turn, a longer experience with democracy in their *own* country—and not that acquired through trade exposure—might influence citizens’ attitudes towards democracy. To test this possibility, in column 2 of Table 3, we replicate our preferred specification (reported in column 1 to ease compar-

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<sup>22</sup>Table C.6 also documents that results are unchanged when replicating the baseline specification including a more stringent set of fixed effects.

isons) by controlling for the average *Polity2* score of a country during an individual’s impressionable age. Reassuringly, the coefficient on exposure to economic integration with democracies is barely affected. Next, in column 3, we replace the average democracy score during the formative years with that between the age of 16 and the year of the interview. Even though the precision and the size of the coefficient falls, the effect of economic integration with democracies remains positive, large, and statistically significant at the 10% level (with a p-value of .0501).<sup>23</sup>

Our baseline specification already includes the set of democratization waves occurring in a country’s neighbors during respondents’ impressionable years. This rules out the possibility that individuals may change their beliefs because of changes in their neighbors’ institutions (which may be correlated with trade exposure with democracies). In column 4, we check that democratization waves occurring in neighboring countries after an individual’s impressionable years are not responsible for changes in her beliefs. Specifically, we control for the average democratization waves (in a country’s neighbors) experienced by an individual from the age of 16 until the time of the interview. Results remain similar to those in the baseline specification.

A third possible mechanism is that economic integration with democratic partners fosters income growth (Donaldson, 2015), and this—rather than the exposure to partners’ institutions—improves citizens’ views of democracy. This idea resonates with the branch of the literature that posits a causal nexus from economic growth to democracy (Barro, 1999; Lipset, 1959); moreover, it would be consistent with the positive correlation between income and attitudes towards democracy that we observe in our sample (Table A.3).<sup>24</sup> To test this channel, we augment the preferred specification by controlling for average income growth of the country during: an individual’s impressionable years (column 5); and the period between the time she was 16 and the year of the interview (column 6). Also in this case, the coefficient on exposure to trade with democracies remains positive, large, and statistically significant.

Yet another possibility is that trade with democratic partners increases citizens’ level of education, which, in turn, ameliorates their attitudes towards democracy (Glaeser et al., 2007). Even though it is *ex-ante* unclear whether economic integration with democracies fosters the accumulation of human capital in less democratic countries, we nonetheless

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<sup>23</sup>Results are unchanged when using a dummy equal to one for *Polity2* score being strictly positive.

<sup>24</sup>A related mechanism is that income growth favors the transition to democracy, which in turn makes individuals more supportive of democratic institutions. Columns 2 and 3 in Table 3 weigh against this possibility.

consider this potential mechanism.<sup>25</sup> In columns 7 and 8 of Table 3, we replicate the previous analysis controlling for the average years of schooling in the country both for the impressionable years and for the period between the year in which an individual was 16 and the year of the interview. Once again, the point estimate on exposure to economic integration with democracies remains positive and statistically significant.

Finally, changes in citizens’ beliefs may be influenced by democratic partners’ pressure on less-democratic ones to democratize, once they start to trade with each other. Indeed, a long-standing idea in American foreign policy is that “democracy can be exported” (Eichengreen and Leblang, 2008).<sup>26</sup> Pressure from trade partners may, in turn, induce citizens of non-democratic countries to change their perceptions about democracy not because they observe their partners’ institutions, but rather because they are exposed to campaigns that are designed to change their attitudes. To test this possibility, we create cohort-specific variables that count the number of years (relative to the impressionable age period) in which the country was subject to an intervention by the CIA or by the KGB during the Cold War. This exercise is motivated by evidence in Berger et al., (2013b) that the US used its influence to increase the size of its export markets, during the Cold War. One may thus imagine a similar scenario where, following an (exogenous) increase in trade, the US exerted pressure on its partners to change their institutions.<sup>27</sup>

In Table A.4, we augment the baseline specification (reported in column 1 to ease comparisons) by controlling for the number of years, relative to the impressionable age window, that a country was exposed to an intervention by the CIA (column 2), by the KGB (column 3), or by either organization (column 4). The coefficient on exposure to trade with democracies remains positive and statistically significant. It is possible that democratic countries exert pressure on their less-democratic partners in ways that we cannot capture. Yet, given the importance of foreign policy during the Cold War, we interpret these trends as suggestive evidence that pressure from trade partners is unlikely to explain our main results. We return to this specific channel in Section 5.3 below.

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<sup>25</sup>In fact, results in Atkin (2015) and Blanchard and Olney (2015) as well as our own evidence below (Table 7) suggest the opposite. A negative effect of trade with democracies on human capital accumulation for less democratic countries is consistent with the latter specializing in the production of low-skilled intensive goods.

<sup>26</sup>For example, in May 2001, George W. Bush claimed that when “we [the US] promote open trade, we are promoting political freedom”, and that “societies that open to commerce across their borders will open to democracy within their borders.” See <https://georgewbush-whitehouse.archives.gov/news/releases/2001/05/20010507-6.html>.

<sup>27</sup>Note, however, that Berger et al., (2013a) have documented that CIA and KGB interventions had a negative effect on democracy during the Cold War.

### 4.3 Heterogeneous Effects

In Table 4, we explore the heterogeneity of our results depending on respondents' demographic and economic characteristics. In columns 1 and 2, we replicate the baseline specification (Table 2, column 6), splitting the sample between female and male respondents, respectively. The coefficient on trade with democracies is positive for both men and women, but is statistically significant only for the former; moreover, the point estimate is three times larger for male than for female respondents.

Next, in columns 3 and 4, we split the sample between respondents above and below the median age.<sup>28</sup> The effects of exposure to economic integration with democracies are driven by younger individuals (column 3); results are instead not statistically significant and quantitatively small for older cohorts (column 4). This is consistent with two, non-mutually exclusive, explanations. First, younger individuals may be more open to social change (Furlong and Cartmel, 2006). Second, the effect of exposure to trade partners' democracy during the impressionable years may gradually fade away as an individual ages.<sup>29</sup>

Finally, in columns 5 and 6, we cut the sample by income, reporting the effects for respondents with income below and above the median, respectively. As expected, richer individuals display stronger support for democracy on average.<sup>30</sup> However, exposure to economic integration with democracies during the impressionable years is positive and statistically significant for both groups. These patterns suggest that our findings are unlikely to be driven by trade with democracy making specific groups in the society richer, and these groups in turn becoming more supportive of democratic institutions (Lipset, 1959).

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<sup>28</sup>The number of countries is lower in the above-median age (71) than in the full sample (74), as we do not have enough individuals for Belgium, Latvia, and Ukraine in the "old" category. These countries are thus dropped due to the stringent set of fixed effects included in the regression.

<sup>29</sup>The fact that younger cohorts are less supportive of democracy than older ones likely captures the fact that the latter tend to live in more democratic countries, where citizens' support for democracy is higher.

<sup>30</sup>This partly reflects the fact that richer individuals are more likely to live in countries with a longer history of democracy, where democratic capital is higher (Fuchs-Schündeln and Schündeln, 2015; Persson and Tabellini, 2009).

## 5 Economic Integration and Democracy

### 5.1 Main Results

Having documented that economic integration with democracies influences citizens' beliefs, we now examine whether it also leads to changes in countries' institutions. In Table 5, we report OLS (columns 1 and 2) and 2SLS (columns 3 and 4) results for equation (3), where we estimate country-level panel regressions that control for country and period fixed effects.<sup>31</sup> Both OLS and 2SLS coefficients on trade with democracies are positive and statistically significant, and remain stable when controlling for democratization waves (columns 2 and 4).<sup>32</sup> Figure A.3 displays the graphical analogue of column 4, plotting the relationship between economic integration with democracies and the *Polity2* score, after partialling out democratization waves, trade with non-democracies, and country and year fixed effects. Instead, the OLS coefficient on trade with non-democracies is negative and statistically significant, while the 2SLS one is positive and imprecisely estimated (and smaller relative to that on trade with democracies).

As for the individual-level results, the estimated effects of economic integration with democracies are quantitatively large. According to our preferred specification (column 4), an 80% increase in economic integration with democracies (which corresponds to the inter-quantile range in our sample) raises the *Polity2* score of a country by 3.8 points. This corresponds to the difference in the democracy score between Malaysia and Canada in 2010, or that between Russia and South Korea in 2015.

In columns 5 and 6 of Table 5, we split the sample in baseline non-democracies and democracies, respectively, defining a country democratic if its *Polity2* score is strictly positive. Due to the smaller sample sizes, the partial F-stats become lower than in our preferred specification, suggesting that results should be interpreted with some caution. However, the picture that emerges is clear: trade with democratic partners has a large and positive effect only among countries that are non-democratic at baseline. Instead, the coefficient on trade with democracies is negative and very imprecisely estimated for democratic countries.

An interesting pattern emerging from both the individual-level and the country-level

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<sup>31</sup>As explained in Section 3.2, this analysis is conducted using 5-year periods. We report standardized beta coefficients in square brackets to ease comparisons, and present AP and KP F-stats at the bottom of the table.

<sup>32</sup>Also in this case, 2SLS estimates are an order of magnitude larger than OLS ones. As discussed above, this may be because of attenuation bias, because we are identifying a LATE, or because the instrument captures not only trade in goods but also idea flows, tourism, and business travel.

analyses is the asymmetric effect of economic integration by trade partners' institutions. Specifically, economic integration with democracies fosters individuals' democratic values and favors the process of democratization across countries. Instead, economic integration with autocratic partners does not lead either to lower attitudes towards democracy or to less democratic institutions. One possible explanation is that citizens of less democratic countries are not fully aware of the defining features of democracy, including in particular the protection of civil and human rights. When exposed to the institutions of another autocratic regime, citizens of non-democratic countries may thus not update their beliefs about the (perceived or actual) desirability of democracy. Institutional learning (for the lack of a better term) can only occur when individuals living in autocratic regimes are exposed for the first time to democratic institutions.

**Summary of Robustness Checks.** Our results are robust to a large number of robustness checks, which are presented in detail in Appendix C.3 and are briefly summarized here. First, we replicate the analysis using alternative measures of democracy (Table C.7). Second, we verify that results are robust to interacting period dummies with several baseline or time-invariant country characteristics (Table C.8), and that baseline levels of democracy are uncorrelated with subsequent changes in predicted economic integration with democracies (Figures C.1, C.2, and C.3 ).<sup>33</sup> Third, we check that results are unchanged when dropping countries that one may be worried were driving our results, such as former members of the Soviet Union, and when defining trade excluding key partners, such as the US, China, or countries involved in the development and the production of air transportation technologies (Tables C.9 and C.10). Finally, we document that results are robust to using different versions of the instrument and to estimating regressions using yearly, rather than 5-year, variation (Table C.11).

## 5.2 Additional Evidence on Trade-Induced Democratic Capital

Results in the previous section are consistent with the patterns documented in Section 4. There, we argued that exposure to trade with democratic partners raises support for democracy among citizens of less democratic countries through the transmission of democratic capital. This may, in turn, increase demand for democracy and lead to institutional

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<sup>33</sup>Among other controls, we include interactions between year dummies and the number of years that a country is in the sample. This is particularly important to rule out the possibility that our findings may be driven by countries that are on differential trends for democratization and that entered the sample in a way that is spuriously correlated with predicted economic integration.



change.

In Table 6, we provide additional evidence consistent with this mechanism using a measure of “trade-induced” democratic capital, which is very similar in spirit to that defined in Persson and Tabellini (2009) for exposure to own democracy. In particular, for each country, we construct a weighed average of their partners’ democracy scores, with weights equal to the trade shares. Formally, we define:

$$TD_{it} = \sum_{j \neq i} \omega_{ijt} D_{jt} \quad (8)$$

where  $\omega_{ijt}$  is the trade share of countries  $i$  and  $j$  in period  $t$ , relative to total trade of country  $i$ ; and  $D_{jt}$  is the 5-year lagged *Polity2* score of country  $j$ , which we set equal to zero whenever it is negative.

In column 1, we estimate equation (3) with OLS, controlling for democratization waves and for country and year fixed effects, and replacing trade with democratic and non-democratic partners with  $TD_{it}$  defined in (8). In column 2, we turn to 2SLS estimation, instrumenting the trade shares in  $TD_{it}$  with the version of predicted trade constructed in Section 3.3. In both cases, the coefficient on  $TD_{it}$  is positive and statistically significant, indicating that a more democratic pool of partners is associated with a higher increase in a country’s *Polity2* score.<sup>34</sup> According to the coefficient in column 2, one standard deviation increase in trade-induced democratic capital (.14) raises a country’s *Polity2* score by about 1.4 points.

In column 3, we replicate column 2 by controlling for interactions between year dummies and baseline (domestic) democratic capital to allow countries to be on differential trends depending on their historical exposure to own democracy. Results are virtually unchanged. Finally, in column 4, we replace the 5-year lagged *Polity2* score of a country’s partners with baseline democratic capital from Persson and Tabellini (2009).<sup>35</sup> If anything, the 2SLS coefficient becomes larger, consistent with democratic capital capturing a country’s partners history of democracy more precisely than the more recent democracy score.

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<sup>34</sup>As before, 2SLS estimate are larger than OLS ones.

<sup>35</sup>The number of observations is slightly lower, because democratic capital is not available for Belgium and Serbia.

### 5.3 Alternative Channels

As discussed in Section 4.2, an alternative mechanism, related to the “modernization hypothesis” (Lipset, 1959), might be that economic integration with democracies led to faster income growth or human capital accumulation, and that these forces—rather than the direct exposure to partners’ institutions—explain our results. We already showed above that our findings for citizens’ attitudes are unchanged when controlling for exposure to their country’s GDP growth or human capital accumulation (Table 3). Moreover, results are quantitatively similar for richer and poorer individuals (Table 4). In Table 7, we provide additional evidence against the modernization hypothesis.

First, in columns 2 to 4, we replicate the baseline specification (Table 5, column 4), by controlling for 5-year lagged (log of) GDP, population, and GDP per capita, respectively. 2SLS coefficients on economic integration with democratic and non-democratic partners remain very similar to those in our preferred specification, reported in column 1 to ease comparisons.<sup>36</sup> Second, in column 5, we test directly whether economic integration favored human capital accumulation, replacing the *Polity2* score with the average number of years of schooling.<sup>37</sup> If anything, economic integration with democracies is associated with lower educational attainment. This pattern is in line with results in Atkin (2015) and Blanchard and Olney (2015), and suggests that economic integration may induce (especially less developed) countries to specialize in the production of unskilled-intensive goods. Overall, Table 7 is not consistent with economic integration with democracies favoring the process of democratization through income growth or human capital accumulation.

A second channel for our findings may be that trade with democracies benefits groups that are more supportive of democracy, and these groups may, in turn, mobilize resources to promote democratization (Acemoglu et al., 2005; Puga and Trefler, 2014). Note that this mechanism would be consistent with the effects of trade on citizens’ attitudes documented in Section 4.1. For example, the groups benefiting from economic integration (and more supportive of democracy) may coordinate their efforts to influence the attitudes of the population at large, through large information campaigns. If redistribution of resources were a key mechanism, one would expect results to be stronger for countries

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<sup>36</sup>We refrain from interpreting the coefficients on GDP and population since, even when using a 5-year lag, they may not be fully exogenous to changes in democracy (Acemoglu et al., 2019).

<sup>37</sup>Data on educational attainment come from Barro and Lee (2013). The number of observations in column 5 is lower than in the rest of the table because data on the average number of years of schooling is not available consistently for the following countries: Angola, Belgium, Cape Verde, Comoros, Djibouti, Equatorial Guinea, Georgia, Guinea, Guinea Bissau, Lebanon, Madagascar, Nigeria, Oman, and Suriname.

with lower rents from natural resources, and with a higher share of GDP accruing to services and manufacturing. This is because, there, autocratic elites should be less likely to benefit from trade, while the middle-class may experience an increase in its relative economic and political clout.

To test this idea, in Figure 3, we split the sample in countries with baseline rents from natural resources and value added from manufacturing and services (all expressed as a share of GDP) above (orange bars) and below (below bars) the median, respectively.<sup>38</sup> The effects of economic integration with democracies are quantitatively larger in countries with rents from natural resources above the median (first set of bars). They are instead almost identical in countries with higher and lower GDP share in manufacturing and services (second and third sets of bars). These findings are not consistent with trade making groups that are more likely to benefit from democratization stronger.

A third mechanism through which economic integration with democracies may promote democratization is that more democratic countries pushed their less-democratic partners to implement political liberalizations, once they started to trade with each other. In Section 4.2, we already showed that results are unchanged when controlling for individuals' exposure to CIA or KGB interventions during their impressionable years, suggesting that pressure from trade partners alone is unlikely to explain our results. In what follows, we provide additional evidence using two complementary strategies.

First, similar to the analysis presented in Section 4.2, we allow countries that experienced CIA or KGB interventions during the Cold War to be on differential trends. In Panel A of Table A.6, we augment the baseline specification (Table 5, column 4) with interactions between year dummies and, respectively, a dummy equal to one if, during the Cold War, the country had: *i*) at least one CIA intervention (column 2); *ii*) at least one KGB intervention (column 3); and, *iii*) at least one CIA or KGB intervention (column 4). In Panel B, we replicate the analysis controlling for a time varying indicator equal to one if an intervention took place in a given 5-year period. In both cases, if anything, results become somewhat larger than in the baseline specification (column 1), when allowing countries to be on differential trends if they experienced at least one CIA intervention.

Second, we rely on data from Bailey et al. (2017) to measure countries' voting behavior in the United Nations General Assembly (UNGA). We ask if economic integration with democracies induces countries to vote in a way that is more aligned with that of

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<sup>38</sup>Formal estimates are reported in Table A.5. Especially for manufacturing and services as a share of GDP, the partial F-stats are lower than in the baseline specification, suggesting that results should be interpreted with caution.

democracies. Voting on UN resolutions is often considered a proxy for a country’s bilateral (or multilateral) political alignment (Kleinman et al., 2020), and we thus use it to indirectly test whether democratic countries exert pressure on their less democratic partners to become politically more aligned.

We construct the absolute value of the difference between the vote of any country and that of full democracies (defined as in Besley and Persson, 2019) on UN resolutions. For robustness, we also construct the same measure using only the US as a “reference point”.<sup>39</sup> Since multiple resolutions may occur within a 5-year period, we take the closest to the beginning of each period.<sup>40</sup> Note that economic integration might reduce the distance in voting behavior between countries even without pressure from trade partners: as countries become more democratic, their interests and ideologies might genuinely become more aligned with those of full democracies.

With this caveat in mind, in Panel A of Table 8 we document that economic integration has no effect on the similarity of voting patterns, either contemporaneously (column 1) or with a 5-year lag (column 2). In both columns, the coefficient is close to zero and very imprecisely estimated. In columns 3 and 4, we replicate column 1 focusing on baseline democracies and non-democracies, respectively. Once again, results are not statistically significant and, especially for non-democracies, very close to zero. Very similar patterns emerge when defining the distance of a country’s voting behavior from that of the US (Panel B).<sup>41</sup> While pressure from trade partners might occur through channels we cannot observe, these results, as well as the stability of our estimates to controlling for CIA interventions, seem to weigh against this alternative mechanism.

## 6 Conclusions

A growing literature has shown that experience with democracy in one’s own country improves individuals’ attitudes towards democracy (Besley and Persson, 2019; Fuchs-Schündeln and Schündeln, 2015; Persson and Tabellini, 2009), especially when the country

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<sup>39</sup>Data are recorded as 1 (yea), 2 (abstain), and 3 (nay). We recode votes as either 0 (Yes) or 1 (No), and exclude countries that abstain from voting on a given resolution. Results are identical when defining the average votes of democracies focusing on the countries in our sample with a *Polity2* score strictly positive at baseline.

<sup>40</sup>For example, for the 1970-1974 period, we select the resolution closest to 1970 among those voted upon between 1970 and 1974. Results are unchanged when selecting the closest calendar year to the last year of a 5-year period (i.e., in the previous example, the year closest to 1974 for the 1970-1974 period).

<sup>41</sup>In this case, the US is excluded from the regression sample. We obtained very similar results (not reported for brevity) when examining each of the six resolutions’ categories separately.

is socially and economically successful (Acemoglu et al., 2021). The higher levels of globalization since the 1960s have increased the probability that citizens of non-democratic regimes get exposed—directly or indirectly—to the institutions of their more democratic partners, possibly raising their demand for democracy and leading to eventual institutional change.

In this paper, we study the effects of economic integration with democratic partners on individuals’ attitudes towards democracy and on countries’ institutions between 1960 and 2015. Building on recent work by Feyrer (2019), we exploit improvements in air (relative to sea) transportation that influenced different country-pairs differently, depending on their geographic location. We estimate a gravity equation (Anderson and Van Wincoop, 2003) with time-varying trade elasticities to sea and air distance, and use the predicted bilateral flows to derive instruments for economic integration with democratic and non-democratic partners.

Individuals who grew up when their country was more integrated with democracies (relative to other cohorts in their own country, and relative to the same cohorts in other countries) are, at the time of the survey, more supportive of democracy. Mirroring the changes in citizens’ beliefs, economic integration improves the quality of the institutions of initially less-democratic countries. Instead, economic integration with non-democratic partners has no effect either on citizens’ beliefs or on countries’ institutions. Our results are consistent with the transmission of democracy from more to less democratic countries, and indicate that economic integration with more democratic partners might be another force behind the accumulation of democratic capital. We provide evidence against a number of alternative mechanisms—such as human capital accumulation or income growth, redistribution of resources, and pressure from democratic trade partners.

Findings in this paper open the door to several fascinating questions. Understanding the mechanisms of cross-country learning and the channels through which economic integration favors the transmission of democracy may be particularly important at a time when the rise of China into the global economy is providing less democratic countries with an alternative role model to the democratic, US-based one. Results in Acemoglu et al. (2021) suggest that economic integration with democracies may increase support for democracy in non-democratic countries especially when democratic partners are successful. More work is needed to identify what “successful” means in this context. Moreover, we have not investigated the extent to which cultural similarity between trade partners and bilateral trust might reinforce the transmission of democracy. Future work should

also examine whether the exchange of specific goods (e.g., “institutionally intensive” products, Nunn, 2007) is more conducive to the transmission of democratic values. Finally, our empirical strategy did not allow us to isolate the relative contribution of trade in goods as opposed to that of other factors, such as idea flows, tourism, and business travel. We leave these, and more, questions for future research.

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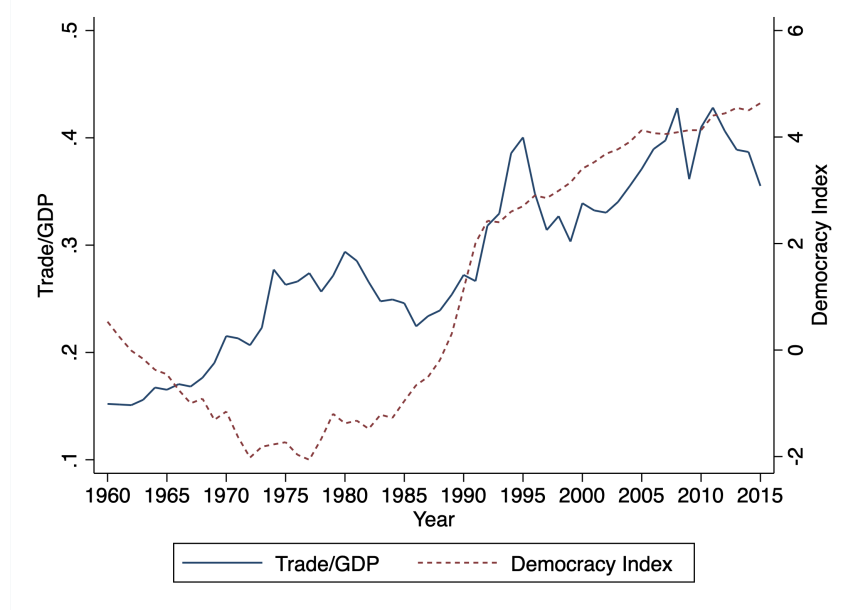


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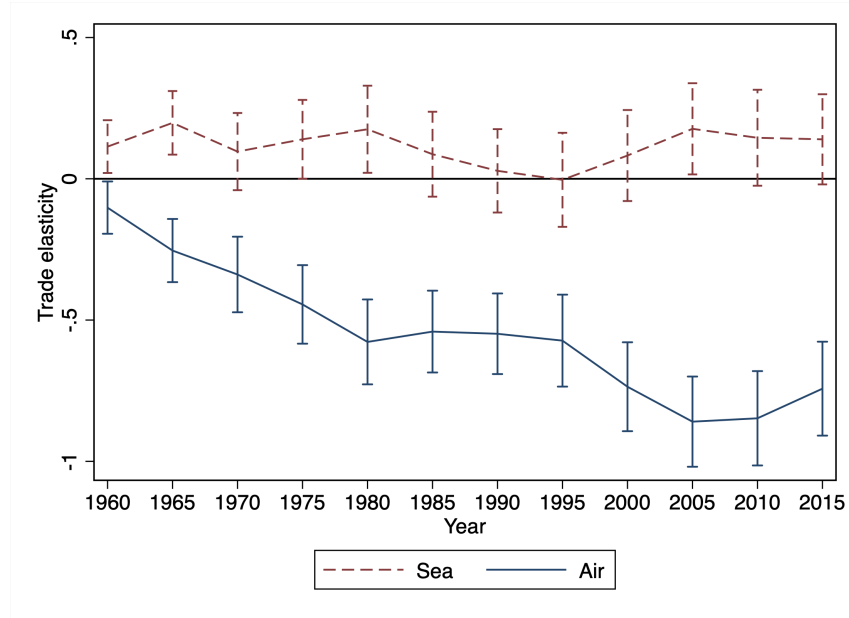
## Figures and Tables

Figure 1. Economic Integration and Democracy: Aggregate Trends



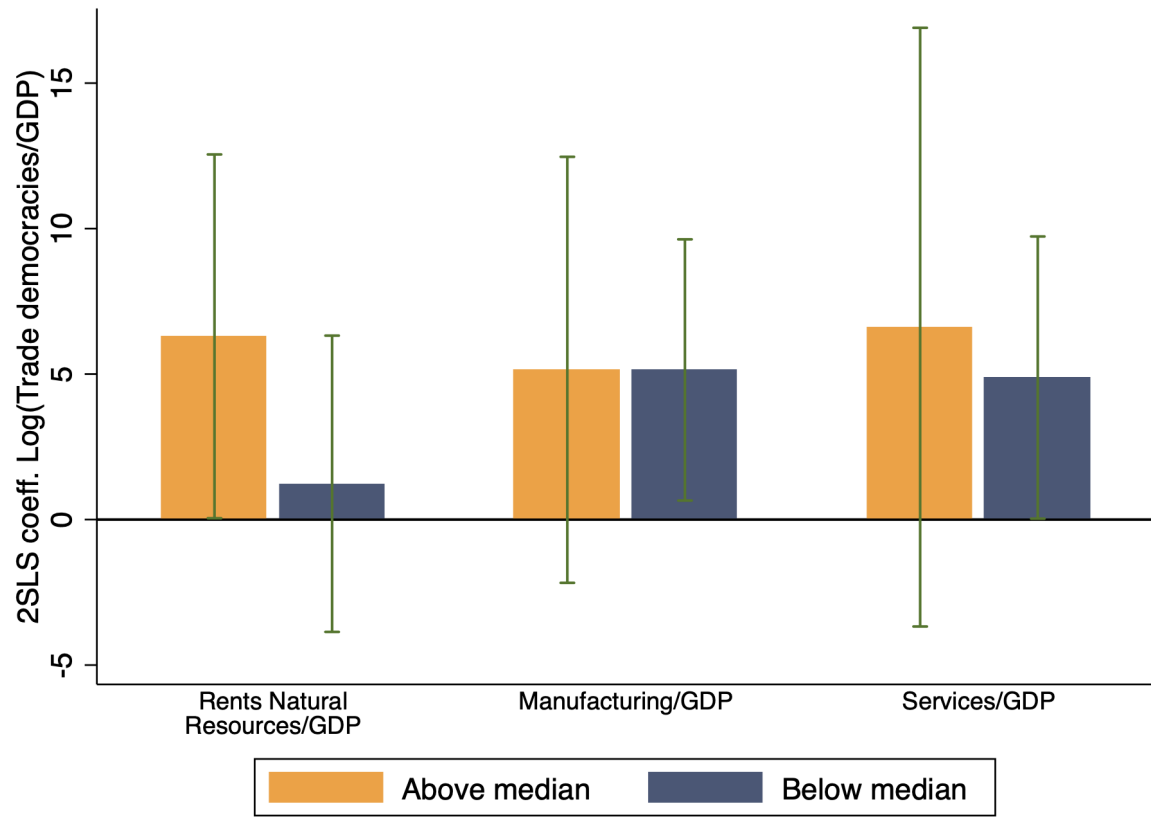
*Notes:* The figure plots the average trade-to-GDP ratio (blue solid line) and *Polity2* democracy score (red dotted line, secondary y-axis) across countries between 1960 and 2015. *Sources:* trade and GDP data are taken from the IMF Direction of Trade Statistics and the Penn World Table, version 9.0, respectively. Data on the *Polity2* democracy index come from the Polity5 project.

Figure 2. Gravity Equation Coefficients



*Notes:* The figure plots OLS coefficients (with corresponding 95% confidence intervals) on the log of sea (red, dotted line) and air (blue, solid line) distances interacted with 5-year period dummies from the gravity equation (4). Regressions are estimated at the calendar year, country-pair level from 1955 to 2015. The interactions between the 1955 dummy and log distances are omitted. Standard errors are clustered at the country-pair calendar year level. See Table A.1 for formal estimates.

Figure 3. Heterogeneity by Baseline Country Characteristics



*Notes:* The figure plots 2SLS coefficients (with corresponding 95% confidence intervals) for the effects of the log of trade with democracies over GDP on the *Polity2* democracy score, after partialling out the log of trade with democracies over GDP, democratization waves, and country and 5-year period fixed effects. Orange (resp., blue) bars refer to countries with baseline values of each variable reported on the x-axis above (resp., below) median. Standard errors are clustered at the country level.

Table 1. Summary Statistics

Variables	Mean	Median	St. Dev.	Min	Max	Obs
<i>Panel A: Individual level analysis</i>						
Democratic system	339.3	400	72.64	100	400	225,811
Dummy democratic system	90.51	100	29.31	0	100	225,811
Democracy better	329.4	300	73.22	100	400	93,629
Dummy democracy better	43.33	0	49.55	0	100	93,629
Support democracy index	296.1	300	61.09	100	400	234,455
Average democratization waves	0.58	0.63	0.37	0	1	225,811
Average trade democracies	0.17	0.14	0.13	0.00	0.98	225,811
Average trade autocracies	0.04	0.02	0.05	0.00	0.49	225,811
Gender	0.50	0	0.50	0	1	225,811
Education class	2.07	2	0.67	1	3	225,811
Income quintile	2.72	3	1.19	1	5	225,811
<i>Panel B: Country level analysis</i>						
<i>Polity2</i>	2.060	5	7.281	-10	10	1,192
Dummy <i>Polity2</i>	0.589	1	0.492	0	1	1,192
Trade/GDP	0.301	0.216	0.676	0.010	18.625	1,192
Trade with democracies/GDP	0.238	0.178	0.575	0.007	16.863	1,192
Trade with autocracies/GDP	0.057	0.028	0.143	0	3.627	1,192
Democratization waves	0.510	0.467	0.362	0	1	1,192
Trade democratic capital	0.721	0.747	0.143	0.166	0.966	1,192

Table 2. Economic Integration and Citizens' Attitudes

Dep. variable:	Democratic System ( <i>Mean: 339.3</i> )					
	OLS (1)	OLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)
Exposure democracies	2.180** (0.968) [0.021]	2.389** (1.060) [0.023]	5.580** (2.674) [0.054]	5.177** (2.474) [0.050]	5.186** (2.455) [0.050]	5.682** (2.490) [0.055]
Exposure autocracies	-1.546** (0.652) [-0.022]	-1.553** (0.646) [-0.022]	-0.897 (1.622) [-0.013]	-0.950 (1.555) [-0.014]	0.248 (1.739) [0.004]	0.729 (1.725) [0.010]
Observations	225,811	225,811	225,811	225,811	225,811	225,811
Clusters	74	74	74	74	74	74
Democratization waves		X		X	X	X
Country FE	X	X	X	X	X	
Survey year FE	X	X	X	X		
Birth year FE	X	X	X	X	X	X
Survey year X Region FE					X	
Country X Survey year FE						X
K-P F-stat			7.479	8.872	8.670	8.299
SW F-stat (Demo Trade)			20.07	26.36	25.22	23.50
SW F-stat (Auto Trade)			21.87	22.49	22.26	21.41

*Notes:* The table reports OLS (columns 1 and 2) and 2SLS (columns 3 to 6) coefficients on exposure to economic integration with democratic and non-democratic partners estimated in equation (2), measuring support for democracy using the variable *Democratic System* defined in Table B.2. The variable ranges from 1 to 4 (with higher values reflecting more support for democracy, and is multiplied by 100 to improve readability of coefficients). Exposure to economic integration with democratic and non-democratic partners (*Exposure democracies* and *Exposure autocracies*) is the log of the average trade-to-GDP ratio with either type of partner during the formative years (16-24), as defined in equation (1). All columns control for individual characteristics (gender, three categories for education, and dummies for income quintiles), and country, survey year, and birth year fixed effects. All columns except columns 1 and 3 also add exposure to democratization waves during formative years. Columns 5 and 6 add, respectively, survey year by region and survey year by country fixed effects. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Table 3. Citizens' Attitudes: Controlling for Exposure to Other Forces

Dep. variable:	Democratic System ( <i>Mean: 339.3</i> )							
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)	2SLS (7)	2SLS (8)
Exposure democracies	5.682** (2.490) [0.055]	5.382** (2.577) [0.052]	5.230* (2.625) [0.050]	5.855** (2.569) [0.057]	6.585** (3.285) [0.064]	6.013** (2.845) [0.058]	6.671** (3.086) [0.065]	7.437** (3.026) [0.073]
Exposure autocracies	0.729 (1.725) [0.010]	0.643 (1.843) [0.009]	0.617 (1.815) [0.009]	0.852 (1.729) [0.012]	0.911 (1.928) [0.013]	0.762 (1.791) [0.011]	0.305 (2.153) [0.004]	-0.152 (2.120) [-0.002]
Observations	225,811	224,468	224,591	225,811	225,811	225,811	212,999	212,999
Clusters	74	74	74	74	74	74	70	70
Democratization wavess	X	X	X		X	X	X	X
Birth Year FE	X	X	X	X	X	X	X	X
Country X Survey Year	X	X	X	X	X	X	X	X
Exposure Years		<i>Polity2</i> Formative	<i>Polity2</i> 16+	Democratization waves 16+	GDP growth Formative	GDP growth 16+	Education Formative	Education 16+
K-P F-stat	8.299	8.576	8.301	7.693	6.571	8.306	5.608	5.582
SW F-stat (Demo Trade)	23.50	29.07	27.60	21.20	15.72	21.91	14.24	14.14
SW F-stat (Auto Trade)	21.41	19.74	19.82	20.81	18.37	21.95	17.30	17.39

*Notes:* The table replicates column 6 of Table 2 in column 1. Columns 2 and 3 control for average *Polity2* of the country during the formative years and from the age of 15 until the year of the interview of the respondent. Column 4 controls for average democratization waves experienced from the age of 15 until the year of the interview. Columns 5 and 6 replicate columns 2 and 3 replacing average *Polity2* with average per capita GDP growth. Columns 7 and 8 replicate columns 2 and 3 replacing *Polity2* with the average number of years of schooling. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. Significance levels: \*\*\* p< 0.01, \*\* p< 0.05, \* p< 0.1.



Table 4. Citizens' Attitudes: Heterogeneous Effects

Dep. variable:	Democratic System					
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)
Exposure democracies	2.905 (2.702) [0.027]	8.585*** (3.169) [0.085]	5.986* (3.381) [0.051]	0.841 (4.754) [0.009]	5.107* (2.573) [0.049]	6.358** (2.878) [0.063]
Exposure autocracies	-0.571 (1.691) [-0.008]	1.937 (1.991) [0.028]	0.647 (1.729) [0.009]	-0.899 (3.881) [-0.013]	0.590 (1.732) [0.008]	0.851 (1.957) [0.012]
Sample	Female	Male	Young	Old	Poor	Rich
Observations	113,606	112,205	138,269	87,536	137,122	88,689
Clusters	74	74	74	71	74	74
Democratization waves	X	X	X	X	X	X
Birth Year FE	X	X	X	X	X	X
Country X Survey Year FE	X	X	X	X	X	X
K-P F-stat	8.978	7.555	4.865	4.920	7.705	8.538
SW F-stat (Demo Trade)	25.95	21.36	19.79	31.95	20.45	27.25
SW F-stat (Auto Trade)	21.21	21.46	9.098	10.51	20.11	20.17
Dep. variable mean	337.5	341	335.6	345	336.1	344.2

*Notes:* The table replicates column 6 of Table 2 splitting the sample between: *i*) female and male respondents (columns 1 and 2); *ii*) respondents below and above the median age (columns 3 and 4); and, *iv*) respondents with income below and above median income (columns 5 and 6). Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Table 5. Economic Integration and Democracy

Dep. variable:	<i>Polity2 (Mean: 2.060)</i>					
	OLS (1)	OLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)
Log(Trade democracy/GDP)	1.743*** (0.558)	1.412** (0.553)	4.576** (2.155)	4.805** (2.143)	7.339** (2.960)	-1.839 (4.341)
	[0.183]	[0.148]	[0.480]	[0.504]	[0.770]	[-0.193]
Log(Trade autocracy/GDP)	-0.574** (0.278)	-0.561** (0.257)	0.163 (1.133)	0.916 (1.105)	-0.035 (1.190)	1.111 (1.589)
	[-0.101]	[-0.099]	[0.029]	[0.161]	[-0.006]	[0.195]
Sample	Full	Full	Full	Full	Baseline autocracy	Baseline democracy
Observations	1,192	1,192	1,192	1,192	553	639
Clusters	116	116	116	116	55	61
Democratization waves		X		X	X	X
Country FE	X	X	X	X	X	X
Year FE	X	X	X	X	X	X
K-P F-stat			5.316	6.234	3.398	3.025
SW F-stat (Demo Trade)			12.19	13.48	8.144	7.352
SW F-stat (Auto Trade)			16.76	20.32	14.03	9.166

*Notes:* The table reports OLS (columns 1 and 2) and 2SLS (columns 3 to 6) coefficients on the log of trade-to-GDP ratio with democratic and non-democratic partners estimated in equation (3). The dependent variable is the *Polity2* democracy score, which ranges from -10 (full autocracy) to 10 (full democracy). Regressions are estimated on 5-year periods, from 1960 to 2015, and always control for country and period fixed effects. All columns except for columns 1 and 3 also control for democratization waves. Columns 5 and 6 restrict the sample to countries with *Polity2* score at baseline strictly lower than 1 and strictly greater than zero, respectively. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Table 6. Trade-Induced Democratic Capital and Democracy

Dep. variable:	<i>Polity2</i> (Mean: 2.060)			
	OLS (1)	2SLS (2)	2SLS (3)	2SLS (4)
Trade democratic capital	5.374** (2.180) [0.252]	9.898** (4.085) [0.464]	10.74** (4.135) [0.503]	14.89* (7.709) [0.615]
Observations	1,192	1,192	1,179	1,179
Clusters	116	116	114	114
Democratization waves	X	X	X	X
Country FE	X	X	X	X
Year FE	X	X	X	X
Year X Democratic capital			X	X
K-P F-stat		23.72	22.28	11.36

*Notes:* The table reports OLS (column 1) and 2SLS (columns 2 to 4) coefficients on the trade-induced democratic capital (*Trade democratic capital* constructed in equation (8)). The dependent variable is the *Polity2* democracy score, which ranges from -10 (full autocracy) to 10 (full democracy). Regressions are estimated on 5-year periods, from 1960 to 2015, and always control for country and period fixed effects, and for democratization waves. Columns 3 and 4 also include interactions between period dummies and baseline domestic democratic capital from Persson and Tabellini (2009). Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for weak instruments. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Table 7. Controlling for Income Effects and Human Capital Accumulation

Dep. variable:	<i>Polity2</i>				Avg. years of schooling
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)
Log(Trade democracy/GDP)	4.805** (2.143) [0.504]	5.278** (2.356) [0.554]	5.373** (2.375) [0.564]	4.654** (2.135) [0.488]	-1.675* (0.849) [-0.391]
Log(Trade autocracy/GDP)	0.916 (1.105) [0.161]	0.958 (1.181) [0.168]	0.726 (1.400) [0.128]	0.888 (1.254) [0.156]	-0.156 (0.238) [-0.061]
Log(GDP <sub><i>t-5</i></sub> )		0.175 (0.582) [0.053]	0.065 (0.638) [0.020]		
Log(Population <sub><i>t-5</i></sub> )			1.039 (1.931) [0.141]		
Log(GDP per capita <sub><i>t-5</i></sub> )				-0.065 (0.685) [-0.011]	
Observations	1,192	1,192	1,192	1,192	1,067
Clusters	116	116	116	116	102
Democratization waves	X	X	X	X	X
Country FE	X	X	X	X	X
Year FE	X	X	X	X	X
K-P F-stat	6.234	5.231	4.933	4.625	3.278
SW F-stat (Demo Trade)	13.48	13.19	13.86	13.62	6.796
SW F-stat (Auto Trade)	20.32	14.53	12.14	10.92	15.08
Dep. variable mean	2.060	2.060	2.060	2.060	6.652

*Notes:* The table replicates column 4 of Table 5 in column 1. Columns 2 to 4 add, respectively, the log of the 5-year lagged: *i*) GDP; *ii*) population; *iii*) GDP per capita. Column 5 replicates column 1 using as dependent variable the average years of schooling from Barro and Lee (2013). The number of observations in column 5 is lower than in the rest of the table because data on the average number of years of schooling is not available consistently for the following countries: Angola, Belgium, Cape Verde, Comoros, Djibouti, Equatorial Guinea, Georgia, Guinea, Guinea Bissau, Lebanon, Madagascar, Nigeria, Oman, and Suriname. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Table 8. Economic Integration and Votes on UNGA Resolutions

	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)
<i>Panel A. Dep. Variable:</i>	<i>Distance between own vote and average democracies' vote</i>			
Log(Trade democracy/GDP)	-0.020 (0.084) [-0.078]	-0.050 (0.085) [-0.153]	-0.088 (0.168) [-0.341]	0.008 (0.102) [0.033]
Log(Trade autocracy/GDP)	-0.003 (0.027) [-0.018]	0.078** (0.032) [0.063]	0.021 (0.074) [0.129]	0.003 (0.024) [0.018]
Observations	1,167	1,166	583	584
Clusters	115	115	57	58
K-P F-stat	5.836	5.879	3.522	2.729
SW F-stat (Demo Trade)	12.02	12.07	10.84	6.878
SW F-stat (Auto Trade)	18.76	18.88	5.777	12.17
Dep. variable mean	0.931	0.729	0.885	0.976
<i>Panel B. Dep. Variable:</i>	<i>Distance between own vote and US vote</i>			
Log(Trade democracy/GDP)	0.017 (0.064) [0.085]	0.021 (0.051) [0.146]	-0.051 (0.188) [-0.260]	0.016 (0.038) [0.081]
Log(Trade autocracy/GDP)	-0.035 (0.022) [-0.288]	-0.025** (0.012) [-0.286]	-0.049 (0.063) [-0.404]	-0.006 (0.017) [-0.052]
Observations	1,155	1,154	571	584
Clusters	114	114	56	58
K-P F-stat	5.711	5.752	3.643	2.729
SW F-stat (Demo Trade)	11.66	11.71	10.07	6.878
SW F-stat (Auto Trade)	18.98	19.10	5.996	12.17
Dep. variable mean	0.975	0.975	0.960	0.990
Specification	Baseline	Lagged Trade	Baseline	Baseline
Sample	Full	Full	Baseline Democracies	Baseline Autocracies
Democratization waves	X	X	X	X
Country FE	X	X	X	X
Year FE	X	X	X	X

*Notes:* The table replicates the specification in column 4 of Table 5 using as dependent variable the distance between the vote of a country on a given United Nation General Assembly (UNGA) resolution and the average vote cast by “full democracies” on the same resolution (resp., the US) in Panel A (resp., Panel B). Column 2 replicates column 1 by considering a 5-year period lag in trade with democracies and autocracies (and extending the UNGA resolutions’ sample until 2020). Columns 3 and 4 restrict attention to baseline democracies and autocracies, respectively. Voting on UNGA resolution are taken from Bailey et al. (2017), and are not available for Cape Verde. Full democracies are defined as in Besley and Persson (2019), Table 1. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

# Appendix

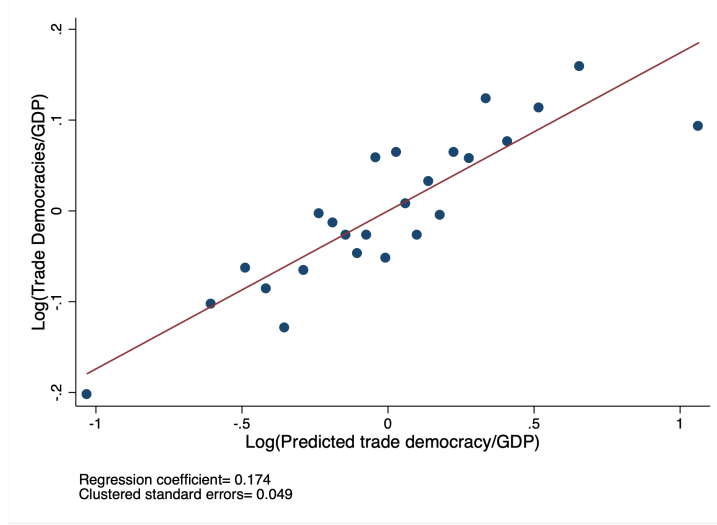
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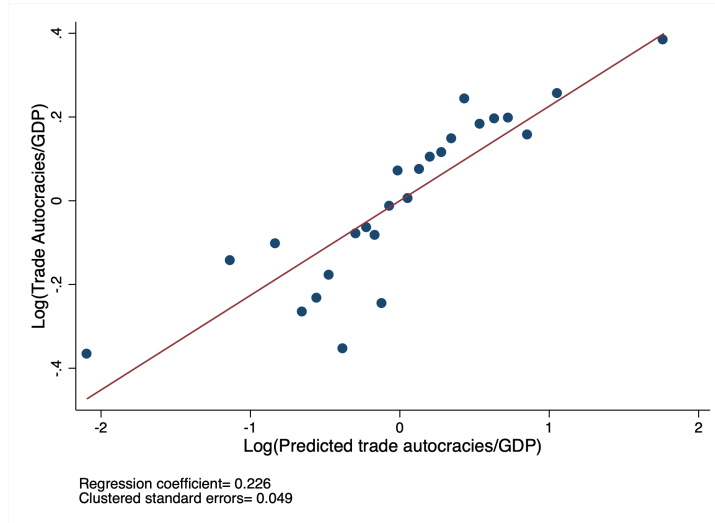
## A Additional Tables and Figures

Figure A.1. First Stage: Actual and Predicted Trade

Panel A

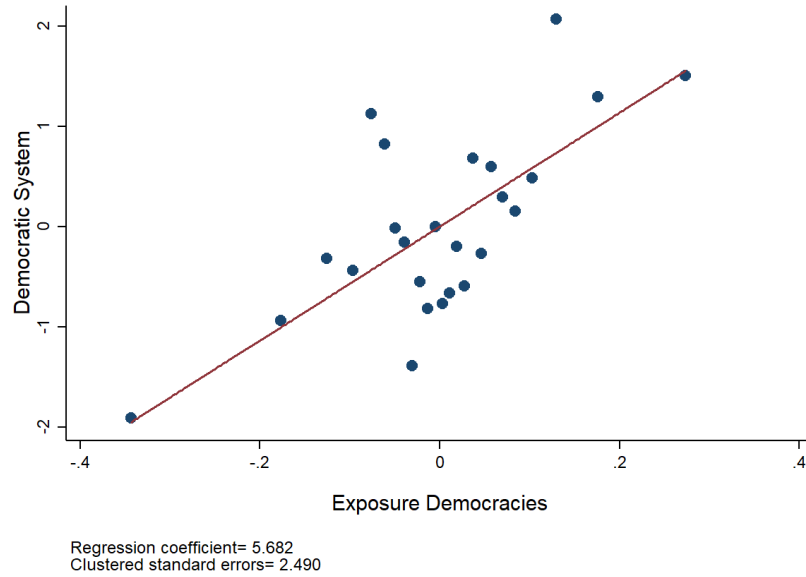


Panel B



*Notes:* The y-axis (resp., x-axis) reports the actual (resp., predicted) trade with democratic (resp., autocratic) partners in Panel A (resp., Panel B). The scatterplot pools observations into 25 bins. Each point in the scatter diagram represents the residuals of the two variables, after partialling out country and year fixed effects, democratization waves, and predicted trade with autocratic (resp., democratic) partners in Panel A (resp., Panel B). The red line refers to the slope of the first stage coefficient, which is also reported in the notes (with associated standard errors, clustered at the country level).

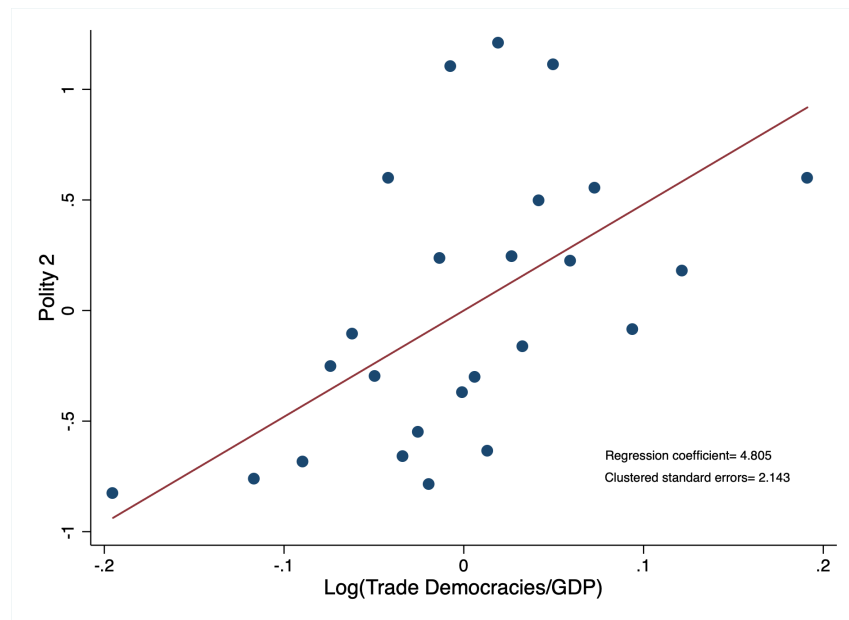
Figure A.2. Economic Integration with Democracies and Citizens' Attitudes



*Notes:* The y-axis (resp., x-axis) reports individuals' support for democracy, measured with the variable *Democratic system* (resp., the log of the average trade with democracies to GDP ratio during an individual's impressionable years). The scatterplot pools observations into 25 bins. Each point in the scatter diagram represents the residuals of the two variables, after partialling out country and year fixed effects, and democratization waves. The red line refers to the slope of the first stage coefficient, which is also reported in the notes (with associated standard errors, clustered at the country level).



Figure A.3. Economic Integration with Democracies and Democracy Score



*Notes:* The y-axis (resp., x-axis) reports a country's *Polity2* score (resp., the log of trade with democracies to GDP ratio). The scatterplot pools observations into 25 bins. Each point in the scatter diagram represents the residuals of the two variables, after partialling out country and year fixed effects, and democratization waves. The red line refers to the slope of the first stage coefficient, which is also reported in the notes (with associated standard errors, clustered at the country level).

Table A.1. Gravity Equation Coefficients

Dep. variable:	Log(Trade)	Trade
	OLS (1)	PPML (2)
Log(Air distance) x 1960	-0.102** (0.046)	-0.134*** (0.016)
Log(Air distance) x 1965	-0.254*** (0.056)	-0.313*** (0.046)
Log(Air distance) x 1970	-0.339*** (0.067)	-0.418*** (0.061)
Log(Air distance) x 1975	-0.445*** (0.070)	-0.453*** (0.067)
Log(Air distance) x 1980	-0.577*** (0.075)	-0.449*** (0.066)
Log(Air distance) x 1985	-0.541*** (0.072)	-0.489*** (0.069)
Log(Air distance) x 1990	-0.548*** (0.071)	-0.528*** (0.070)
Log(Air distance) x 1995	-0.573*** (0.081)	-0.540*** (0.071)
Log(Air distance) x 2000	-0.736*** (0.079)	-0.557*** (0.072)
Log(Air distance) x 2005	-0.859*** (0.080)	-0.570*** (0.074)
Log(Air distance) x 2010	-0.848*** (0.084)	-0.537*** (0.073)
Log(Air distance) x 2015	-0.743*** (0.083)	-0.521*** (0.073)
Log(Sea distance) x 1960	0.114** (0.047)	0.149*** (0.031)
Log(Sea distance) x 1965	0.198*** (0.056)	0.240*** (0.064)
Log(Sea distance) x 1970	0.096 (0.068)	0.287*** (0.085)
Log(Sea distance) x 1975	0.140** (0.070)	0.313*** (0.095)
Log(Sea distance) x 1980	0.175** (0.077)	0.257*** (0.091)
Log(Sea distance) x 1985	0.087 (0.075)	0.260*** (0.093)
Log(Sea distance) x 1990	0.028 (0.074)	0.291*** (0.094)
Log(Sea distance) x 1995	-0.004 (0.083)	0.295*** (0.096)
Log(Sea distance) x 2000	0.082 (0.081)	0.289*** (0.097)
Log(Sea distance) x 2005	0.177** (0.081)	0.296*** (0.100)
Log(Sea distance) x 2010	0.145* (0.085)	0.262*** (0.100)
Log(Sea distance) x 2015	0.140* (0.080)	0.265*** (0.100)
Observations	407,321	558,247
Country-Year FE	X	X
Country pair FE	X	X

*Notes:* The table reports coefficients on the log of sea and air distances interacted with 5-year period dummies from the gravity equation (4), omitting the interaction with the 1955 dummy (first year in the estimating sample). Columns 1 and 2 present, respectively, OLS and Pseudo Poisson Maximum Likelihood (PPML) estimates. The dependent variable is the log of bilateral trade between country  $i$  and country  $j$  in each calendar year in column 1, and bilateral trade (not logged) in column 2. All regressions include country-year and country-pair fixed effects. Standard errors, clustered at the country-pair and year level, in parentheses. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Table A.2. First Stage

Dep. variable:	Log(Trade/GDP)			
Partners:	Democracies		Autocracies	
	(1)	(2)	(3)	(4)
Log(Predicted trade democracy/GDP)	0.179*** (0.050)	0.174*** (0.049)	-0.170* (0.092)	-0.174* (0.092)
Log(Predicted trade autocracy/GDP)	-0.001 (0.025)	0.008 (0.025)	0.218*** (0.050)	0.226*** (0.049)
Observations	1,192	1,192	1,192	1,192
Clusters	116	116	116	116
Democratization waves		X		X
Country FE	X	X	X	X
Year FE	X	X	X	X

*Notes:* The table reports first stage coefficients for a regression of log actual trade with democracies (resp., autocracies) over GDP in columns 1 and 2 (resp., 3 and 4) against the corresponding instruments. Predicted trade is computed as described in Section 3.3. When constructing the instrument, democratic (resp., autocratic) partners are defined as countries with a 5-year lagged *Polity2* score strictly positive (resp., strictly smaller than 1). Predicted trade is scaled by a 5-year lag in GDP. All regressions control for country and 5-year period fixed effects. Columns 2 and 4 further control for democratization waves. Standard errors, clustered at the country level, in parentheses. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Table A.3. Economic Integration and Citizens' Attitudes: All Controls

Dep. variable:	Democratic System ( <i>Mean: 339.3</i> )					
	OLS (1)	OLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)
Exposure democracies	2.180** (0.968)	2.389** (1.060)	5.580** (2.674)	5.177** (2.474)	5.186** (2.455)	5.682** (2.490)
Exposure autocracies	-1.546** (0.652)	-1.553** (0.646)	-0.897 (1.622)	-0.950 (1.555)	0.248 (1.739)	0.729 (1.725)
Male	2.629*** (0.491)	2.635*** (0.490)	2.627*** (0.491)	2.636*** (0.490)	2.606*** (0.491)	2.596*** (0.488)
Secondary educ.	5.983*** (1.046)	6.039*** (1.049)	5.918*** (1.072)	6.022*** (1.075)	6.260*** (1.020)	6.363*** (1.034)
Tertiary or higher educ.	19.732*** (1.778)	19.780*** (1.765)	19.640*** (1.809)	19.737*** (1.790)	19.823*** (1.816)	19.910*** (1.822)
Second income quintile	3.618*** (1.204)	3.631*** (1.203)	3.604*** (1.208)	3.628*** (1.206)	3.936*** (1.063)	3.741*** (1.030)
Third income quintile	4.616*** (1.428)	4.635*** (1.426)	4.570*** (1.439)	4.611*** (1.435)	5.006*** (1.286)	4.626*** (1.250)
Forth income quintile	4.973** (2.190)	4.994** (2.189)	4.954** (2.190)	4.993** (2.188)	5.586*** (1.960)	5.350*** (1.965)
Fifth income quintile	10.669*** (2.191)	10.694*** (2.187)	10.656*** (2.195)	10.701*** (2.189)	10.936*** (1.990)	10.411*** (2.023)
Democratization waves		-2.139 (3.431)		-3.609 (3.549)	-3.281 (3.321)	-3.406 (3.336)
Observations	225,811	225,811	225,811	225,811	225,811	225,811
Clusters	74	74	74	74	74	74
Country FE	X	X	X	X	X	
Survey year FE	X	X	X	X		
Birth year FE	X	X	X	X	X	X
Survey year X Region FE					X	
Country X Survey year FE						X
K-P F-stat			7.479	8.872	8.670	8.299
SW F-stat (Demo Trade)			20.07	26.36	25.22	23.50
SW F-stat (Auto Trade)			21.87	22.49	22.26	21.41

*Notes:* The table replicates Table 2 reporting all controls included in the regressions (except for the fixed effects). Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\* p < 0.01, \*\* p < 0.05, \* p < 0.1.

Table A.4. Controlling for Foreign Interventions during Impressionable Age

Dep. variable:	Democratic system ( <i>Mean: 339.3</i> )			
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)
Exposure democracies	5.682** (2.490) [0.055]	6.565** (3.092) [0.063]	5.484** (2.703) [0.053]	6.119** (2.673) [0.059]
Exposure autocracies	0.729 (1.725) [0.010]	0.600 (1.776) [0.009]	0.782 (1.782) [0.011]	0.710 (1.754) [0.010]
Observations	225,811	225,811	225,811	225,811
Clusters	74	74	74	74
Democratization waves	X	X	X	X
Birth Year FE	X	X	X	X
Country X Survey Year FE	X	X	X	X
KP F-stat	8.299	7.578	8.086	8.206
SW F-stat(Demo Trade)	23.50	17.07	20.46	20.44
SW F-stat(Auto Trade)	21.41	23.28	22.31	24.04

*Notes:* The table replicates column 6 of Table 2 in column 1. Columns 2, 3, and 4 control for number of years, relative to the impressionable age window of the respondent, for which the country was subject to an intervention by: *i*) the CIA; *ii*) the KGB; and, *iii*) either the CIA or the KGB. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Table A.5. Heterogeneity Results

Dep. variable:	<i>Polity2</i>					
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)
	Above Median			Below Median		
Log(Trade democracy/GDP)	6.297** (3.122) [0.624]	5.146 (3.659) [0.51]	6.612 (5.140) [0.655]	1.23 (2.543) [0.122]	5.142** (2.240) [0.509]	4.880** (2.421) [0.483]
Log(Trade autocracy/GDP)	2.593 (1.863) [0.413]	0.348 (1.870) [0.055]	1.966 (2.408) [0.313]	-0.079 (1.142) [-0.013]	0.271 (1.658) [0.043]	0.143 (1.224) [0.023]
Observations	580	622	611	612	570	581
Clusters	58	56	57	58	56	57
Democratization waves	X	X	X	X		
Country FE	X	X	X	X		
Year FE	X	X	X	X		
Split Variable	Rents Natural Resources/GDP	Manufacturing/GDP	Services/GDP	Rents Natural Resources/GDP	Manufacturing/GDP	Services/GDP
K-P F-stat	5.917	2.957	1.894	4.227	4.194	3.966
SW F-stat (Demo Trade)	7.376	6.853	3.748	17.41	7.984	8.594
SW F-stat (Auto Trade)	17.23	7.164	6.568	8.713	10.23	17.11

*Notes:* The table replicates column 4 of Table 5, splitting the sample between observations that score above or below the median for: *i*) baseline share of GDP on rents from natural resources (columns 1-4); *ii*) baseline share of GDP on manufacturing (columns 2-5); *iii*) baseline share of GDP on services (columns 3-6). Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\* p< 0.01, \*\* p< 0.05, \* p< 0.1.

Table A.6. Controlling for Foreign Interventions

Dep. variable:	<i>Polity2</i> (Mean: 2.060)			
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)
<i>Panel A. Time Invariant Controls by Period Dummies</i>				
Log(Trade democracy/GDP)	4.805** (2.144) [0.476]	6.840** (2.732) [0.677]	4.258** (2.129) [0.422]	6.098** (2.418) [0.604]
Log(Trade autocracy/GDP)	0.916 (1.106) [0.146]	1.358 (1.194) [0.216]	1.151 (1.123) [0.183]	1.476 (1.176) [0.235]
Observations	1,192	1,192	1,192	1,192
Clusters	116	116	116	116
K-P F-stat	6.229	4.991	6.314	5.645
SW F-stat (Demo Trade)	13.47	10.66	13.15	12
SW F-stat (Auto Trade)	20.31	19.37	19.70	19.67
<i>Panel B. Time-Varying Controls</i>				
Log(Trade democracy/GDP)	4.805** (2.144) [0.476]	6.673** (2.636) [0.661]	4.443* (2.263) [0.440]	6.130** (2.416) [0.607]
Log(Trade autocracy/GDP)	0.916 (1.106) [0.146]	1.421 (1.141) [0.227]	1.004 (1.121) [0.160]	1.547 (1.133) [0.247]
Observations	1,192	1,192	1,192	1,192
Clusters	116	116	116	116
K-P F-stat	6.229	5.432	5.978	5.990
SW F-stat (Demo Trade)	13.47	11.23	12.44	12.52
SW F-stat (Auto Trade)	20.31	21.24	20.60	21.25
Specification	Baseline	CIA intervention	KGB intervention	Any intervention
Democratization waves	X	X	X	X
Country FE	X	X	X	X
Year FE	X	X	X	X

*Notes:* The table replicates column 4 of Table 5 in column 1. Columns 2 to 4 of Panel A augment the specification in column 1 by controlling for interactions between period dummies and a dummy equal to one if the country experienced at least one intervention from: *i*) the CIA; *ii*) the KGB; and, *iii*) either the CIA or the KGB. Columns 2 to 4 of Panel B control for time-varying dummies that take the value of one in the period in which an intervention in *i*) to *iii*) took place. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

## B Data Appendix

Table B.1. Countries in IVS sample

Countries	Number of periods	First year	Last year	Countries	Number of periods	First year	Last year
Albania	4	1998	2018	Korea South	4	1996	2010
Algeria	2	2002	2014	Kuwait	1	2014	2014
Argentina	3	1995	2013	Latvia	3	1996	2008
Australia	3	1995	2012	Lebanon	1	2013	2013
Bangladesh	2	1996	2002	Lithuania	4	1997	2018
Belgium	2	1999	2009	Malaysia	2	2006	2012
Bosnia Herzegovina	4	1998	2019	Mexico	4	1996	2012
Brazil	3	1997	2014	Morocco	3	2001	2011
Bulgaria	5	1997	2017	Netherlands	5	1999	2017
Canada	2	2000	2006	New Zealand	3	1998	2011
Chile	4	1996	2012	Nigeria	3	1995	2012
China	3	2001	2013	Norway	4	1996	2018
Colombia	3	1997	2012	Pakistan	3	1997	2012
Croatia	3	1999	2017	Peru	4	1996	2012
Cyprus	3	2006	2011	Philippines	2	2001	2012
Denmark	3	1999	2017	Poland	5	1999	2017
Dominican Rep	1	1996	1996	Portugal	1	2008	2008
Ecuador	1	2013	2013	Romania	6	1998	2018
Egypt	3	2001	2013	Russia	6	1995	2017
El Salvador	1	1999	1999	Serbia	5	1996	2018
Estonia	5	1996	2018	Singapore	2	2002	2012
Finland	5	1996	2017	Slovenia	5	1999	2017
France	4	1999	2018	South Africa	4	1996	2013
Georgia	5	1996	2018	Spain	7	1995	2017
Germany	6	1997	2017	Sweden	6	1996	2017
Ghana	2	2007	2012	Tanzania	1	2001	2001
Greece	2	1999	2008	Thailand	2	2007	2013
Guatemala	1	2004	2004	Trinidad And Tobago	2	2006	2010
Haiti	1	2016	2016	Tunisia	1	2013	2013
India	4	1995	2012	Turkey	5	1996	2011
Indonesia	2	2001	2006	Ukraine	5	1996	2011
Iran	2	2000	2007	United Kingdom	5	1999	2018
Iraq	3	2004	2013	United States	4	1995	2011
Ireland	2	1999	2008	Uruguay	3	1996	2011
Italy	4	1999	2018	Venezuela	2	1996	2000
Japan	3	2000	2010	Vietnam	2	2001	2006
Jordan	3	2001	2014	Yemen	1	2014	2014



Table B.2. Questions from Survey Data

Variable Name	Wording	Years
Panel A. IVS		
Democratic system	Equals 1 if “Very bad”, 2 if “Fairly bad”, 3 if “Fairly good” and 4 if “Very good” to the question “I’m going to describe various types of political systems and ask what you think about each as a way of governing this country. For each one, would you say it is a very good, fairly good, fairly bad or very bad way of governing this country? Having a democratic political system”.	1995 to 2019
Dummy democratic system	Equals 1 if “Very good” or “Fairly good”, 0 if “Very bad” or “Fairly bad” to the same question in <i>Democratic system</i>	1995 to 2019
Democracy better	Equals 1 if “Disagree strongly”, 2 if “Disagree”, 3 if “Agree” and 4 if “Agree strongly” to the question “I’m going to read off some things that people sometimes say about a democratic political system. Could you please tell me if you agree strongly, agree, disagree or disagree strongly, after I reach each of them? Democracy may have problems but it’s better than any other form of government”	1995 to 2009
Dummy democracy better	Equals 1 if “Agree” or “Agree strongly” 0 if “Disagree strongly” or “Disagree” to the same question in <i>Democracy better</i> ,	1995 to 2009
Support democracy index	Average of <i>Democratic system</i> , <i>Opposes strong leader</i> , <i>Opposes army ruling</i> and <i>Government above experts</i> .	1995 to 2019
Opposes strong leader	Equals 1 if “Very good”, 2 if “Fairly good”, 3 if “Fairly bad” and 4 if “Very bad” to a question with the same framing as in Democratic system but asks instead for “Having a strong leader who does not have to bother with parliament and elections”.	1995 to 2019
Opposes army ruling	Equals 1 if “Very good”, 2 if “Fairly good”, 3 if “Fairly bad” and 4 if “Very bad” to a question with the same framing as in Democratic system but asks instead for “Having the army rule the country”.	1995 to 2019
Government experts	Equals “Disagree strongly”, 2 if “Disagree”, 3 if “Agree” and 4 if “Agree strongly” to a question with the same framing as in Opposes one man rule but asks instead for “We should get rid of elections and parliaments and have experts make decisions on behalf of the people”.	1995 to 2019
Panel B. Afrobarometer		
Democratic support	Equals 1 if: ”Democracy is preferable to any other kind of government”, 2 if: ” In some circumstances, a non-democratic government can be preferable”, 3 if: ”For someone like me, it doesn’t matter what kind of government we have” to the question: ”Which of these three statements is closest to your opinion?”	2000 to 2015

Notes: Panel A (resp. B) lists variables and questions taken from the IVS (Afrobarometer) survey.

Table B.3. Countries in *Afrobarometer* Sample

Country	Number of periods	First year	Last year
Benin	4	2005	2014
Cameroon	2	2013	2015
Cape Verde	5	2002	2014
Gabon	1	2015	2015
Guinea	2	2013	2015
Ivory Coast	2	2013	2014
Kenya	5	2003	2014
Liberia	3	2008	2015
Madagascar	4	2005	2014
Mauritius	2	2012	2014
Mozambique	5	2002	2015
Namibia	6	2000	2014
Senegal	5	2002	2014
Sierra Leone	2	2012	2015
Sudan	2	2013	2015
Togo	2	2012	2014

Table B.4. Countries in *Polity2* sample

Country	Number of periods	First year	Last year	Country	Number of periods	First year	Last year
Albania	9	1975	2015	Kenya	11	1965	2015
Algeria	11	1965	2015	Korea South	12	1960	2015
Angola	9	1975	2015	Kuwait	8	1975	2015
Argentina	12	1960	2015	Latvia	5	1995	2015
Australia	12	1960	2015	Lebanon	6	1975	2015
Bahrain	9	1975	2015	Liberia	10	1970	2015
Bangladesh	9	1975	2015	Lithuania	5	1995	2015
Belgium	4	2000	2015	Madagascar	11	1965	2015
Belgium And Luxembourg	8	1960	1995	Malaysia	10	1970	2015
Benin	11	1965	2015	Mauritania	11	1965	2015
Brazil	12	1960	2015	Mauritius	10	1970	2015
Bulgaria	9	1975	2015	Mexico	12	1960	2015
Cambodia	7	1975	2015	Morocco	12	1960	2015
Cameroon	11	1965	2015	Mozambique	9	1975	2015
Canada	12	1960	2015	Myanmar	10	1970	2015
Cape Verde	9	1975	2015	Namibia	6	1990	2015
Chile	12	1960	2015	Netherlands	12	1960	2015
China	12	1960	2015	New Zealand	12	1960	2015
Colombia	12	1960	2015	Nicaragua	12	1960	2015
Comoros	9	1975	2015	Nigeria	12	1960	2015
Congo	11	1965	2015	Norway	12	1960	2015
Costa Rica	12	1960	2015	Oman	9	1975	2015
Croatia	5	1995	2015	Pakistan	12	1960	2015
Cyprus	12	1960	2015	Panama	12	1960	2015
Dem Rep Congo	12	1960	2015	Peru	12	1960	2015
Denmark	12	1960	2015	Philippines	12	1960	2015
Djibouti	8	1980	2015	Poland	9	1975	2015
Dominican Rep	12	1960	2015	Portugal	12	1960	2015
Ecuador	12	1960	2015	Qatar	9	1975	2015
Egypt	12	1960	2015	Romania	11	1965	2015
El Salvador	12	1960	2015	Russia	5	1995	2015
Equatorial Guinea	10	1970	2015	Saudi Arabia	9	1975	2015
Estonia	5	1995	2015	Senegal	11	1965	2015
Fiji	10	1970	2015	Serbia	5	1995	2015
Finland	12	1960	2015	Sierra Leone	10	1970	2015
France	12	1960	2015	Singapore	10	1970	2015
Gabon	11	1965	2015	Slovenia	5	1995	2015
Gambia	11	1965	2015	South Africa	12	1960	2015
Georgia	5	1995	2015	Spain	12	1960	2015
Germany	12	1960	2015	Sri Lanka	12	1960	2015
Ghana	12	1960	2015	Sudan	8	1975	2010
Greece	12	1960	2015	Suriname	9	1975	2015
Guatemala	12	1960	2015	Sweden	12	1960	2015
Guinea	11	1965	2015	Syria	11	1965	2015
Guinea-Bissau	9	1975	2015	Tanzania	11	1965	2015
Haiti	11	1965	2015	Thailand	12	1960	2015
Honduras	12	1960	2015	Togo	11	1965	2015
India	12	1960	2015	Trinidad And Tobago	11	1965	2015
Indonesia	11	1965	2015	Tunisia	11	1965	2015
Iran	12	1960	2015	Turkey	12	1960	2015
Iraq	8	1975	2015	Ukraine	5	1995	2015
Ireland	12	1960	2015	United Arab Emirates	9	1975	2015
Israel	12	1960	2015	United Kingdom	12	1960	2015
Italy	12	1960	2015	United States	12	1960	2015
Ivory Coast	11	1965	2015	Uruguay	12	1960	2015
Jamaica	12	1960	2015	Venezuela	12	1960	2015
Japan	12	1960	2015	Vietnam	8	1980	2015
Jordan	12	1960	2015	Yemen	5	1995	2015

## C Robustness Checks

### C.1 Evidence on the Exclusion Restriction: Migration and FDI

As explained in Section 3.3.4 of the paper, the instrument may capture not only the flow of goods but also that of people, financial investment, and, more broadly, ideas. For this reason, rather than interpreting our results as the effects of trade in goods alone, we prefer to interpret them as the effects of economic integration more broadly. At the same time, we can measure at least some of the factors that might be impacted by changes in air transportation.

In this section, we focus on FDI and migration, testing whether predicted trade is correlated with either of these forces. Data on FDI come from the World Bank World Development Indicators, and refer to the period 1960-2015; especially in the first years, very few countries are included. We derive the number of migrants in each country (from each origin country) using the Global Bilateral Migration dataset made available from the World Bank.<sup>42</sup> To keep the analysis comparable, we restrict attention to years between 1970 and 2000, when all variables can be defined, but results are unchanged when including additional years for FDI, whenever possible. Moreover, since for most countries, FDI data exist only at the country, rather than at the country-pair, level, we cannot consider the relationship between FDI and predicted trade with democracies and non-democracies separately.

We present results in Table C.1. In column 1, we start by regressing the log of predicted trade (irrespective of the partners) over 5-year lagged GDP against the log of actual trade over GDP. In columns 2 and 3, we add the log of migration over country population and the log of FDI scaled by GDP, respectively.<sup>43</sup> In column 4, we include all three variables together. We focus on this specification for brevity. The instrument is positively correlated with actual trade, but not with either migration or FDI. In addition, the coefficient on trade is an order of magnitude larger than that on the other two variables.<sup>44</sup>

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<sup>42</sup>This dataset is available until 2000; moreover, as in Özden et al. (2011), when constructing the stock of migrants in each country, we cannot include the 1960-1970 decade. For these reasons, migration data only cover the years from 1970 to 2000.

<sup>43</sup>We scale the number of foreign born individuals and FDI by country population and GDP, respectively, so as to make the resulting variables as close as possible to our definition of trade. Results are unchanged when using migration and FDI that are not normalized, or when defining migration as the number of migrants over country population.

<sup>44</sup>To ease comparisons, we report standardized beta coefficients in square brackets.

Next, in columns 5 and 6, we consider the relationship between predicted trade with democracies and non-democracies and both trade and migration (with the corresponding partners). As already shown in Table A.2, predicted trade with democratic and non-democratic partners is positively and strongly correlated with its actual counterpart. Instead, no such relationship emerges for migration. If anything, there is a negative and statistically significant correlation between the instrument for trade with democracies and migration with autocracies (column 5). As before, comparing the magnitude of coefficients on trade and migration, the latter are an order of magnitude larger than the former.

Taken together, Table C.1 suggests that predicted trade is unlikely to capture variation in FDIs or migration possibly induced by improvements in air transportation.

## C.2 Robustness Checks for Individual-Level Analysis

Table C.2 documents that our results are robust to measuring citizens' attitudes towards democracy in different ways. In column 2, the dependent variable is a dummy equal to one if an individual views democracy as a very good or a fairly good political system. In columns 3 and 4, we consider the extent to which individuals agree with democracy being better than other political arrangements.<sup>45</sup> Finally, in column 5, we use the support for democracy index constructed in Acemoglu et al. (2021), which combines four different questions.<sup>46</sup> In all cases, results remain in line with our baseline specification (reported in column 1 to ease comparisons): individuals more exposed to economic integration with democratic partners during their formative years hold substantially more positive views towards democracy later in life.

One potential limitation of the IVS sample is that it does not include several African countries. For this reason, in Table C.3, we replicate the analysis using also information from the Afrobarometer, including the countries for which actual and predicted trade could be computed but that are not covered by the IVS (Table B.3). Since no identical questions on support for democracy exist in the two surveys, we focus on the two most similar items. In particular, we consider the dummy equal to one if an individual thinks that democracy is either a very good or a fairly good political system defined above (Table C.2, column 2), and create a corresponding variable for the Afrobarometer sample. Moreover, since income is available only for 6% of respondents in the Afrobarometer, we

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<sup>45</sup>Column 4 presents results using a dummy equal to one if a respondent strongly agrees or agrees with the statement.

<sup>46</sup>See Table B.2 for the exact wording of the questions and the range of answers behind the variables used in Table C.2.

estimate regressions that omit this control. In columns 1 and 3 of Table C.3, we report results from the IVS sample only. Column 1 replicates our baseline specification for the *Democratic system* variable. Columns 2 and 3 turn to the dummy version, including and excluding the income control, respectively. Finally, in column 4, we augment the sample with the 16 countries from the Afrobarometer, further controlling for survey source fixed effects. Reassuringly, results remain in line with those from the IVS sample: exposure to trade with democracies has a positive and statistically significant effect on citizens' attitudes towards democracy.<sup>47</sup>

Next, in Table C.4, we check that results are robust to excluding respondents from countries that experienced sudden episodes of political liberalizations and concomitant integration with democratic blocs. In column 2, we exclude former members of the Soviet Union (Estonia, Georgia, Latvia, Lithuania, Russia, and Ukraine); in columns 3 and 4, we exclude the UK and, respectively, the EU-14 and the EU-27 countries. Then, in column 5, we drop respondents who, given their age at the time of the survey, are either too young or too old to be fully exposed to trade between 1960 and 2015. Lastly, in column 6, we exclude respondents above (resp., below) the 99th (resp., 1st) percentile of the distribution of exposure to democracies. In all cases, results remain close to those from the preferred specification, which is reported in column 1 to ease comparisons.

Yet another concern is that results may be driven by integration with particularly influential countries, or with countries that are deeply involved in the production and development of air transportation technologies. In Table C.5, we address this possibility by excluding trade with: *i*) the US (column 2); *ii*) China (column 3); *iv*) both China and the US (column 4); and, *v*) France, the UK, Spain, the US, and China (column 5).<sup>48</sup> In all cases, the point estimate on exposure to economic integration with democracies remains positive, statistically significant, and quantitatively large.

In our preferred specification, we derive the instrument by aggregating bilateral predicted flows using baseline trade shares, in order to increase precision. In Table C.6, we document that results are robust to constructing predicted trade without any information from country *i*. In column 2, we aggregate bilateral flows using trade partners' share of

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<sup>47</sup>Some countries are included in both the IVS and Afrobarometer. So as not to double-count them, in column 4 we only add respondents available in Afrobarometer, but not in the IVS. Results remain similar when dropping from the IVS all African countries present in Afrobarometer, using the latter to measure citizens' attitudes for any available African country.

<sup>48</sup>France, Spain, and the UK are among the most important countries in the aerospace industry in Europe.

total world population, averaged over the first five available years.<sup>49</sup> In columns 3 and 4, we consider partners' trade-to-GDP ratio and trade share over world trade, again defined over the first five years for which this is available. In column 5, we aggregate trade without any weight. Finally, in column 6, we construct the instrument by estimating the gravity equation with PPML, to reduce concerns of potential inconsistency in the estimation of multiplicative models in log-linearized form, and addresses the issue that OLS estimates may be biased due to many zeros in bilateral trade flows (Silva and Tenreyro, 2006). Reassuringly, results always remain very similar to (if anything, larger and more precisely estimated than) those from the baseline instrument, reported in column 1 to ease comparisons.

Finally, in column 7 of Table C.6, we return to our baseline instrument, augmenting the estimating equation by further controlling for survey-year by birth-year fixed effects (in addition to country by survey-year fixed effects). This assuages the concern that results may be biased due to cohort specific shocks across survey years (note that the inclusion of country by survey-year fixed effects was already absorbing any country-specific, time varying shock across survey waves). Also in this case, results remain positive, precisely estimated, and similar to those in the baseline specification.

### C.3 Robustness Checks for Country-Level Analysis

In Table C.7, we replicate our results with different definitions of democracy, reporting the baseline coefficient (Table 5, column 4) in column 1. In column 2, the dependent variable is a dummy for having a *Polity2* score strictly positive. In column 3, we rely on the 1 to 7 democracy score from Freedom House, and in column 4, we define a dummy if the latter score is strictly greater than 3.<sup>50</sup> In all cases, results remain in line with our preferred specification: economic integration with democratic partners has a positive and strong effect on a country's democracy score. Lastly, in column 5, we consider the quality of constraints on the executive from the Polity5 project, which ranges from 1 to 7, with higher values reflecting more constraints. The coefficient on economic integration with democracies is again positive and quantitatively large, but imprecisely estimated and not statistically significant at conventional levels.<sup>51</sup>

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<sup>49</sup>Due to the unbalanced nature of the sample, this does not correspond to 1960-1964 for all countries.

<sup>50</sup>The Freedom House index is available only from 1975 onwards, explaining why the number of observations is lower in columns 3 and 4.

<sup>51</sup>The index of executive constraints is missing for some of the countries for which Polity2 is available, explaining why the number of observations in column 5 is lower than in columns 1 and 2.

Next, in Table C.8, we verify that results are robust to interacting several baseline or time invariant country characteristics with period dummies. In column 1, we report our preferred specification to ease comparisons. In column 2, we interact period dummies with the number of years for which a country is present in the sample. This is important to rule out that our findings may be driven by countries that are on differential trends for democratization and that entered the sample in a way that is spuriously correlated with predicted economic integration. In columns 3 and 4, we interact period dummies with baseline *Polity2* and (log of) trade over GDP, respectively.<sup>52</sup> In columns 5 to 7, we include different measures of baseline economic structure, proxied for by the share of GDP accruing to: *i*) rents from natural resources; *ii*) the manufacturing sector; and, *iii*) services. Reassuringly, in all cases, the point estimate for the effects of economic integration with democratic partners remains positive, statistically significant, and quantitatively close to that in our preferred specification.

Due to the unbalanced nature of our sample, it is complicated to formally test for pre-trends, since countries (and their characteristics) are observed for the first time when entering the sample. However, in Figures C.1, C.2, and C.3 we provide evidence that predicted trade with democracies is orthogonal to the *Polity2* index, a dummy equal to one if *Polity2* is strictly positive, and a country's democratic capital, all measured at baseline. Formally, we regress the instrument for trade in each 5-year period against period dummies interacted with each of the three measures of democracy at baseline, after partialling out country and period fixed effects, and the measure of democratization waves. We omit the interaction between baseline democracy and the 1960 year dummy, and plot the coefficient on all other interactions. Reassuringly, all coefficients are statistically insignificant and quantitatively small. Moreover, we do not observe consistent patterns indicating that baseline democracy might be associated with differential growth in predicted trade with democracies.

Next, as in Table C.5, in Table C.9 we replicate the analysis by dropping selected countries that might have experienced large political changes while becoming simultaneously integrated to other democratic regions. In column 2, we exclude countries that were part of the former Soviet Union. In columns 3 and 4, we omit the UK and countries from the EU-15 and EU-27, respectively. Then, in column 5, we drop observations above (resp.,

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<sup>52</sup>Results are unchanged when replacing *Polity2* with either an indicator for the score to be strictly positive or baseline democratic capital. To reduce noise in the measurement of trade, we consider the average over the first 5 years for which a country enters the sample. However, results are unchanged when measuring trade in the very first year only.

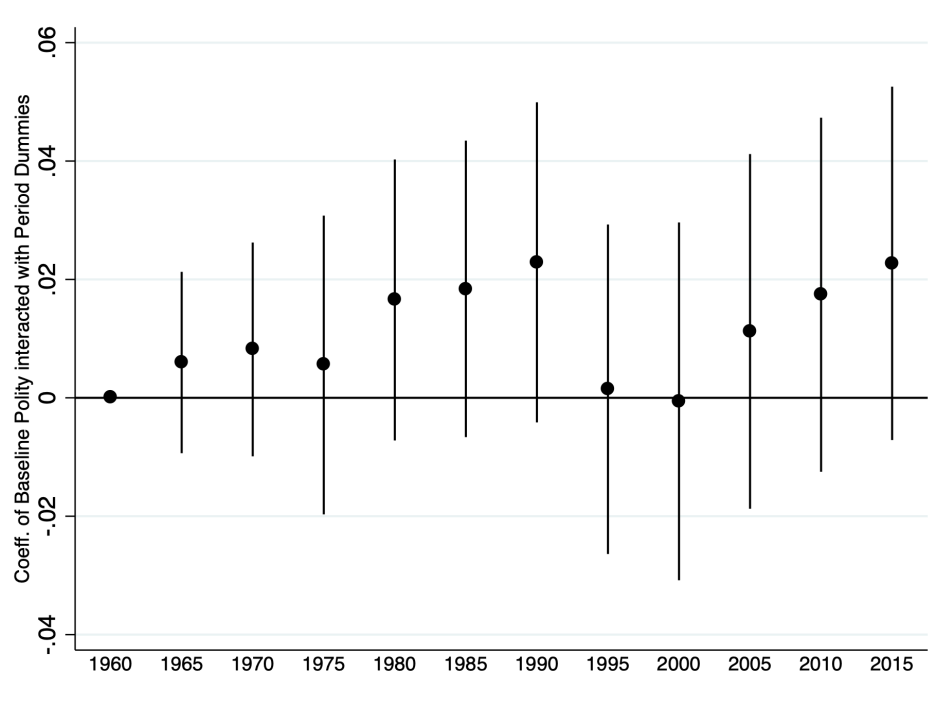


below) the 99th (resp., 1st) percentile of trade with democracies. Reassuringly, results remain similar to those reported in our baseline specification (reported in column 1 to ease comparisons). As for the survey-level results, in Table C.10, we also replicate the analysis defining trade without: *i*) the US (column 2); *ii*) China (column 3); *iii*) both the US and China (column 4); and, *iv*) France, the UK, Spain, the US, and China (column 5). Also in this case, the coefficient on trade with democracies remains positive, large, and statistically significant.

In Table C.11, we document that results are robust to using different versions of the instrument. In columns 2 to 4, we construct the instrument by aggregating predicted bilateral trade flows from equation (7) using as weights baseline partners': *i*) population; and, *ii*) trade over GDP and world trade, respectively. In column 5, we use a version of the instrument that collapses predicted bilateral flows without any weight, while in column 6, we construct the instrument using coefficients obtained when estimating the gravity equation (4) with PPML. Reassuringly, results remain quantitatively close to those from our preferred specification, which is reported in column 1 to ease comparisons.

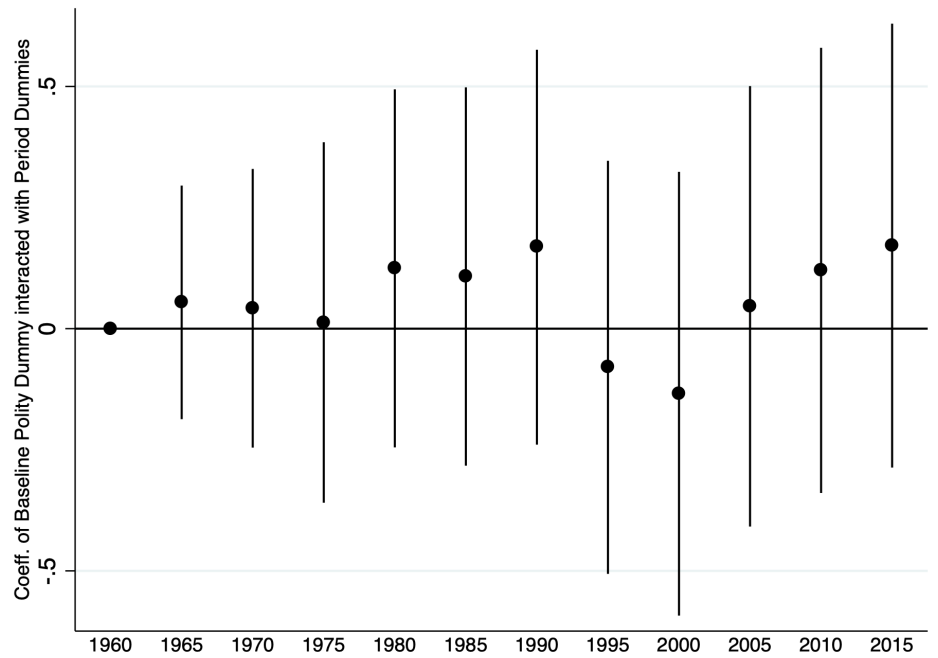
As noted in the main text, when estimating the effects of trade on a country's democracy, we prefer to consider 5-year periods to capture the gradual diffusion of technology and the slow-moving nature of institutions. However, in the individual-level analysis, predicted trade during the impressionable age was computed at the year-level (since we would in any case then average it over the impressionable years of the individual). For robustness, in column 7 of Table C.11, we replicate the preferred specification with the baseline instrument exploiting yearly, rather than 5-year period, variation. Perhaps not surprisingly, results are in line with those reported in column 1.

Figure C.1. Predicted Trade with Democracies and Baseline *Polity2*



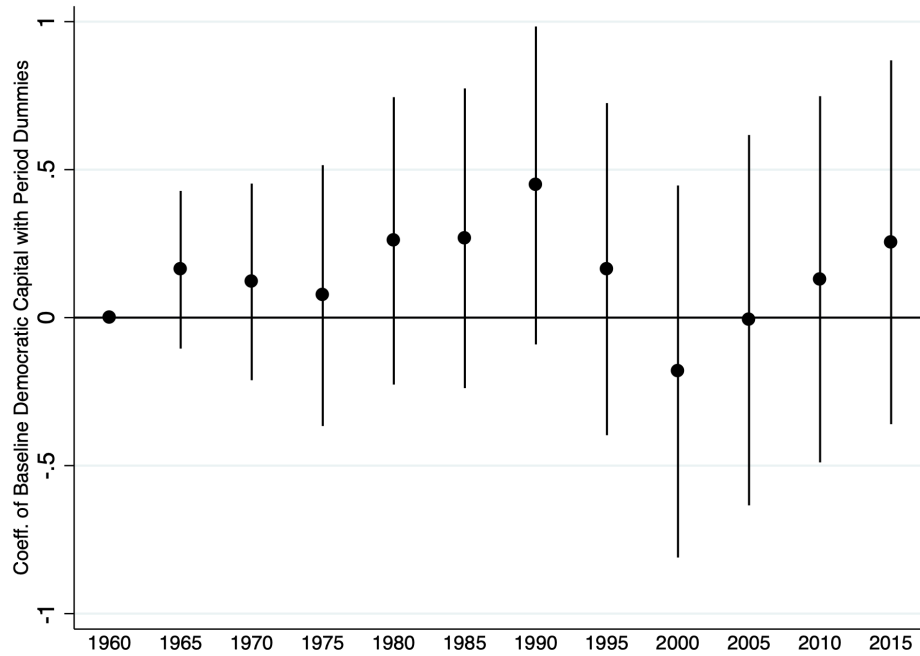
*Notes:* The figure plots coefficients on the interaction between period dummies and baseline *Polity2* score, in regressions that control for country and period fixed effects and democratization waves. The dependent variable is the log of predicted trade with democracies, scaled by 5-year lagged GDP. The coefficient on the interaction with the 1960 year dummy is omitted. Bars refer to 95% confidence intervals. Standard errors are clustered at the country level.

Figure C.2. Predicted Trade with Democracies and Baseline *Polity2* Dummy



*Notes:* The figure plots coefficients on the interaction between period dummies and a dummy for having baseline *Polity2* score strictly positive, in regressions that control for country and period fixed effects and democratization waves. The dependent variable is the log of predicted trade with democracies, scaled by 5-year lagged GDP. The coefficient on the interaction with the 1960 year dummy is omitted. Bars refer to 95% confidence intervals. Standard errors are clustered at the country level.

Figure C.3. Predicted Trade with Democracies and Baseline Democratic Capital



*Notes:* The figure plots coefficients on the interaction between period dummies and baseline democratic capital from Persson and Tabellini (2009), in regressions that control for country and period fixed effects and democratization waves. The dependent variable is the log of predicted trade with democracies, scaled by 5-year lagged GDP. The coefficient on the interaction with the 1960 year dummy is omitted. Bars refer to 95% confidence intervals. Standard errors are clustered at the country level.

Table C.1. Predicted Trade, Actual Trade, FDIs, and Migration

Dep. variable: Partners:	Log(Predicted Trade/GDP)					
	All				Democracies	Autocracies
	(1)	(2)	(3)	(4)	(5)	(6)
Log(Trade/GDP)	0.188** (0.077) [0.048]	0.199** (0.076) [0.051]	0.189** (0.078) [0.049]	0.199** (0.076) [0.051]		
Log(Migration/Pop)		-0.036 (0.034) [-0.017]		-0.036 (0.034) [-0.017]		
Log(FDI/GDP)			-0.176 (0.585) [-0.002]	-0.115 (0.591) [-0.001]		
Log(Trade democracy/GDP)					0.247*** (0.088) [0.056]	-0.092 (0.127) [-0.018]
Log(Trade autocracy/GDP)					-0.080* (0.044) [-0.031]	0.438*** (0.082) [0.146]
Log(Migr. democracy/Pop)					-0.012 (0.028) [-0.006]	-0.033 (0.048) [-0.015]
Log(Migr. autocracy/Pop)					-0.050** (0.024) [-0.033]	0.044 (0.034) [0.025]
Observations	648	648	648	648	648	648
Clusters	109	109	109	109	109	109
Democratization waves	X	X	X	X	X	X
Country FE	X	X	X	X	X	X
Year FE	X	X	X	X	X	X

*Notes:* The table reports OLS regressions (for the 1970-2010 period) of the log of predicted trade with all (resp., democratic and non-democratic) partners scaled by 5-year lagged GDP in columns 1 to 4 (resp., columns 5 and 6) against the regressors reported in each column. The number of migrants in each country is computed using the methodology and the data Özden et al. (2011), which are available until 2000. Migration democracy and autocracy refers to migration from democratic and non-democratic countries respectively. FDI data come from the World Bank World Development Indicators, and refer to the period 1960-2015. However, to remain consistent with the migration sample, we restrict attention to the 1970-2010 period. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Table C.2. Support for Democracy: Alternative Measures

Dep. variable:	Democratic system (1)	Dummy Democratic system (2)	Democracy better (3)	Dummy Democracy better (4)	Support Democracy index (5)
Exposure democracies	5.682** (2.490) [0.055]	1.599* (0.896) [0.038]	5.126* (2.575) [0.047]	3.678* (2.038) [0.050]	4.906* (2.781) [0.056]
Exposure autocracies	0.729 (1.725) [0.010]	0.294 (0.494) [0.010]	1.709 (1.974) [0.023]	1.384 (1.253) [0.027]	1.107 (1.557) [0.019]
Observations	225,811	225,811	93,629	93,629	234,455
Clusters	74	74	61	61	74
Democratization waves	X	X	X	X	X
Birth Year FE	X	X	X	X	X
Country X Survey Year FE	X	X	X	X	X
K-P F-stat	8.299	8.299	13.27	13.27	8.258
SW F-stat (Demo Trade)	23.50	23.50	32.38	32.38	23.82
SW F-stat (Auto Trade)	21.41	21.41	33.19	33.19	21.41
Dep. Variable Mean	339.3	90.51	329.4	43.33	296.1

*Notes:* The table replicates column 6 of Table 2 using different definitions of support for democracy. Each variable (reported at the top of the corresponding column) is defined in Table B.2. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\* p< 0.01, \*\* p< 0.05, \* p< 0.1.

Table C.3. Support for Democracy: Including Afrobarometer Data

Dep. variable:	Democratic system	Dummy Democratic system		
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)
Exposure democracies	5.682** (2.490) [0.055]	1.599* (0.896) [0.038]	1.686* (0.900) [0.040]	1.269* (0.762) [0.029]
Exposure autocracies	0.729 (1.725) [0.010]	0.294 (0.494) [0.010]	0.283 (0.497) [0.010]	0.037 (0.541) [0.001]
Observations	225,811	225,811	225,811	309,759
Clusters	74	74	74	90
Democratization waves	X	X	X	X
Birth Year FE	X	X	X	X
Country X Survey Year FE	X	X	X	X
KP F-stat	8.299	8.299	8.296	11.20
SW F-stat(Demo Trade)	23.50	23.50	23.47	32.70
SW F-stat(Auto Trade)	21.41	21.41	21.42	28.08
Dep. Variable Mean	339.3	90.51	90.51	87.92

*Notes:* The table replicates column 6 of Table 2 in column 1. In columns 2 and 3, the dependent variable is a dummy equal to one if respondents think that democracy is a “Very good” or a “Fairly good” political system (see also Table B.2 for more details). Column 3 excludes respondents’ income among the individual controls. Column 4 replicates column 3 by adding data from the Afrobarometer for the 16 African countries not included in the IVS (see Tables B.2 and C.3 for more details). Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Table C.4. Support for Democracy: Dropping Specific Countries

Dep. variable:	Democratic System					
	(1)	(2)	(3)	(4)	(5)	(6)
Exposure democracies	5.682** (2.490) [0.055]	5.721** (2.474) [0.055]	5.023* (2.847) [0.048]	6.013* (3.538) [0.060]	5.721** (2.474) [0.055]	6.353** (3.104) [0.056]
Exposure autocracies	0.729 (1.725) [0.010]	0.566 (1.769) [0.008]	0.639 (1.798) [0.009]	3.961* (2.034) [0.061]	0.566 (1.769) [0.008]	0.678 (1.758) [0.009]
Sample	Full	Drop former USSR	Drop EU14+UK	Drop EU27+UK	Full impressionable years	Drop outliers
Observations	225,811	223,775	215,283	153,721	223,775	221,136
Clusters	74	74	68	52	74	74
Democratization waves	X	X	X	X	X	X
Birth Year FE	X	X	X	X	X	X
Country X Survey Year FE	X	X	X	X	X	X
K-P F-stat	8.299	8.295	5.899	6.491	8.295	10.39
SW F-stat (Demo Trade)	23.50	23.66	13.90	17.38	23.66	26.09
SW F-stat (Auto Trade)	21.41	21.18	18.45	15.50	21.18	23.32
Dep Variable Mean	339.3	339.3	340.5	335.9	339.3	339.5

*Notes:* The table replicates column 6 of Table 2 in column 1. Columns 2, 3, and 4 replicate column 1 by dropping individuals living in respectively: *i*) former country members of the Soviet Union; *ii*) country members of the EU-14 and the UK; and, *iii*) country members of the EU-27 and the UK. Column 5 includes only individuals that are observed for the entire 9-year window of the impressionable age (from the age of 16 to the age of 24, included). Column 6 excludes observations for which exposure to economic integration with democratic partners is below (resp., above) the 1st (resp., 99th) percentile. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\* p< 0.01, \*\* p< 0.05, \* p< 0.1.



Table C.5. Support for Democracy: Omitting Specific Trade Partners

Dep. variable:	Democratic System					
	(1)	(2)	(3)	(4)	(5)	(6)
Exposure democracies	0.057** (0.025) [0.055]	0.054** (0.025) [0.056]	0.049** (0.023) [0.047]	0.054** (0.025) [0.056]	0.052** (0.023) [0.051]	0.052** (0.023) [0.059]
Exposure autocracies	0.007 (0.017) [0.010]	-0.002 (0.015) [-0.002]	0.004 (0.012) [0.006]	0.001 (0.012) [0.002]	0.004 (0.016) [0.006]	0.006 (0.013) [0.009]
Observations	225,811	220,927	222,687	217,803	221,263	197,716
Clusters	74	73	73	72	73	69
Democratization waves	X	X	X	X	X	X
Birth Year FE	X	X	X	X	X	X
Country X Survey Year FE	X	X	X	X	X	X
K-P F-stat	8.299	7.403	12.20	10.06	8.236	7.113
SW F-stat (Demo Trade)	23.50	17.94	26.67	21.70	22	19.15
SW F-stat (Auto Trade)	21.41	20.07	35.68	35.34	19.57	18.84
Dep. variable mean	339.3	339.5	339.5	339.7	339.2	338.4

*Notes:* The table replicates column 6 of Table 2 in column 1. Columns 2 to 6 replicate column 1 by dropping trade with, respectively: *i*) the US; *ii*) China; *iii*) the US and China; and, *iv*) the US, France, Germany, UK, and Spain. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Table C.6. Support for Democracy: Alternative Instruments and Specifications

Dep. variable:	Democratic System ( <i>Mean: 339.3</i> )						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Exposure democracies	5.682** (2.490) [0.055]	6.046*** (2.257) [0.058]	5.933** (2.285) [0.057]	6.344*** (2.370) [0.061]	6.029*** (2.275) [0.058]	5.396** (2.594) [0.052]	5.268** (2.198) [0.051]
Exposure autocracies	0.729 (1.725) [0.010]	-0.597 (1.636) [-0.009]	0.350 (1.944) [0.005]	0.540 (1.794) [0.008]	0.343 (1.559) [0.005]	0.658 (1.821) [0.009]	0.479 (1.652) [0.007]
Weight Gravity	Baseline OLS	Population OLS	Trade-to-GDP OLS	Trade-to-world trade OLS	No weight OLS	Baseline PPML	Baseline OLS
Observations	225,811	225,811	225,811	225,811	225,811	225,811	225,807
Clusters	74	74	74	74	74	74	74
Democratization waves	X	X	X	X	X	X	X
Birth Year FE	X	X	X	X	X	X	
Country X Survey Year FE	X	X	X	X	X	X	X
Birth Year X Survey Year FE							X
K-P F-stat	8.299	10.68	11.91	9.793	12.36	5.080	9.800
SW F-stat (Demo Trade)	23.50	23.52	25.81	22.52	25.07	13.75	30.18
SW F-stat (Auto Trade)	21.41	26.10	17.75	14.18	28.08	18.78	22.77

*Notes:* The table replicates column 6 of Table 2 in column 1. Columns 2 to 4 replicate column 1 using the instrument constructed by using as weights baseline partners': *i*) population; *ii*) trade-to-GDP ratio; and, *iii*) trade relative to world trade. Columns 5 and 6 replicate column 1 using the instrument obtained: *i*) without weights; and, *ii*) estimating the gravity equation with PPML. Column 7 replicates column 1 by also controlling for survey-year by birth year fixed effects. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Table C.7. Alternative Measures of Democracy

Dep. variable:	<i>Polity2</i> (1)	1[ <i>Polity2</i> >0] (2)	Freedom House (3)	1[Freedom House>3] (4)	Executive constraints (5)
Log(Trade democracy/GDP)	4.805** (2.143) [0.504]	0.388** (0.162) [0.602]	1.158** (0.489) [0.438]	0.503*** (0.187) [0.792]	1.022 (0.634) [0.341]
Log(Trade democracy/GDP)	0.916 (1.105) [0.161]	0.039 (0.093) [0.101]	-0.082 (0.317) [-0.052]	-0.081 (0.101) [-0.213]	0.064 (0.328) [0.036]
Observations	1,192	1,192	982	982	1,156
Clusters	116	116	116	116	116
Democratization waves	X	X	X	X	X
Country FE	X	X	X	X	X
Year FE	X	X	X	X	X
K-P F-stat	6.234	6.234	9.218	9.218	6.592
SW F-stat (Demo Trade)	13.48	13.48	14.47	14.47	14.15
SW F-stat (Auto Trade)	20.32	20.32	17.99	17.99	20.60

*Notes:* The table replicates column 4 of Table 5 in column 1. Columns 2, 3, 4, and 5 use as dependent variable: *i*) a dummy equal to one if *Polity2* is strictly positive; *ii*) the Freedom House index; *iii*) a dummy equal to one if the Freedom House index is strictly greater than 3; *iv*) the index of constraints on the executive (taken from the Polity5 project). The Freedom House index is available from 1975 onwards, explaining why the number of observations in columns 3 and 4 is lower than in the rest of the table. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\* p< 0.01, \*\* p< 0.05, \* p< 0.1.

Table C.8. Democracy Score: Interacting Year Dummies with Baseline Characteristics

Dep. variable	<i>Polity2 (Mean: 2.060)</i>						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Log(Trade Democracies/GDP)	4.805** (2.144) [0.476]	4.681** (2.122) [0.464]	4.725** (2.233) [0.468]	5.687** (2.861) [0.563]	5.121** (2.239) [0.507]	4.337** (2.007) [0.429]	5.499** (2.476) [0.545]
Log(Trade Autocracies/GDP)	0.916 (1.106) [0.146]	0.859 (1.248) [0.137]	-0.261 (0.950) [-0.042]	1.251 (1.143) [0.199]	0.727 (1.176) [0.116]	0.658 (1.259) [0.105]	0.966 (1.263) [0.154]
Observations	1,192	1,192	1,192	1,192	1,184	1,155	1,173
Country FE	X	X	X	X	X	X	X
Year FE	X	X	X	X	X	X	X
Democratization waves	X	X	X	X	X	X	X
Year Dummies by		Years in Sample	Baseline <i>Polity2</i>	Baseline Log(Trade/GDP)	Baseline Share Rents Natural Resources	Baseline Share GDP in Manufacturing	Baseline Share GDP in Services
K-P F-stat	6.229	6.930	5.321	5.243	6.513	6.359	4.833
SW F-stat (Demo Trade)	13.47	15.38	13.02	10.93	13.41	15.18	11.76
SW F-stat (Auto Trade)	20.31	17.14	17.17	22.06	18.29	16.14	15.12

*Notes:* The table replicates column 4 of Table 5 in column 1. Column 2 replicates column 1 by interacting period dummies with the number of years that a country was in the sample. Columns 3 to 7 replicate column 1 by interacting period dummies with baseline: Polity2; Log of trade-to-GDP ratio; rents from natural resources as a share of GDP; and, the share of GDP accruing to manufacturing and to services, respectively. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\* p< 0.01, \*\* p< 0.05, \* p< 0.1.

Table C.9. Dropping Specific Countries

Dep. variable:	<i>Polity2 (Mean: 2.060)</i>				
	(1)	(2)	(3)	(4)	(5)
Log(Trade democracy/GDP)	4.805** (2.143) [0.504]	5.007** (2.239) [0.525]	5.626** (2.218) [0.590]	4.613* (2.514) [0.484]	5.187* (2.831) [0.544]
Log(Trade autocracy/GDP)	0.916 (1.105) [0.161]	0.934 (1.127) [0.164]	0.215 (1.204) [0.038]	0.344 (1.251) [0.061]	1.228 (1.209) [0.216]
Observations	1,192	1,162	1,044	978	1,168
Clusters	116	110	103	94	116
Democratization waves	X	X	X	X	X
Country FE	X	X	X	X	X
Year FE	X	X	X	X	X
Sample	Baseline	Drop former USSR	Drop EU14+UK	Drop EU27+UK	Drop outliers
K-P F-stat	6.234	5.781	5.920	4.692	3.995
SW F-stat (Demo Trade)	13.48	12.56	12.40	9.242	9.306
SW F-stat (Auto Trade)	20.32	19.38	17.15	14.79	14.78

*Notes:* The table replicates column 4 of Table 5 in column 1. Columns 2, 3, and 4 replicate column 1 by dropping individuals: *i*) former country members of the Soviet Union; *ii*) country members of the EU-14 and the UK; and, *iii*) country members of the EU-27 and the UK. Column 5 drops observations with trade with democracies below (resp., above) the 1st (resp., 99th) percentile. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Standardized beta coefficients are reported in square brackets. Significance levels: \*\*\* p< 0.01, \*\* p< 0.05, \* p< 0.1.

Table C.10. Omitting Specific Trade Partners

Dep. variable:	<i>Polity2 (Mean: 2.060)</i>				
	(1)	(2)	(3)	(4)	(5)
Log(Trade democracy/GDP)	4.805** (2.143) [0.504]	4.837** (2.003) [0.546]	4.478** (2.040) [0.461]	4.527** (1.923) [0.505]	4.738** (1.831) [0.615]
Log(Trade autocracy/GDP)	0.916 (1.105) [0.161]	0.876 (1.131) [0.154]	0.911 (0.861) [0.166]	0.885 (0.891) [0.161]	0.699 (0.885) [0.131]
Observations	1,192	1,180	1,180	1,168	1,119
Clusters	116	115	115	114	110
Democratization waves	X	X	X	X	X
Country FE	X	X	X	X	X
Year FE	X	X	X	X	X
Omitted partners		US	China	US and China	US, China France, Germany, Spain and UK
K-P F-stat	6.234	6.039	6.253	6.065	7.631
SW F-stat (Demo Trade)	13.48	14.66	14.24	15.37	21.05
SW F-stat (Auto Trade)	20.32	19.72	21	19.61	21.06

*Notes:* The table replicates column 4 of Table 5 in column 1. Columns 2 to 6 replicate column 1 by dropping trade with, respectively: *i*) the US; *ii*) China; *iii*) the US and China; *iv*) France; and, *v*) the US, France, Germany, UK, and Spain. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ .

Table C.11. Alternative Instruments and Yearly Regression

Dep. variable:	<i>Polity2</i>						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Log(Trade democracy/GDP)	4.805** (2.143) [0.504]	4.403** (2.069) [0.462]	5.656* (2.856) [0.594]	4.282* (2.217) [0.449]	4.859* (2.562) [0.510]	4.742** (2.318) [0.498]	4.664** (2.258) [0.496]
Log(Trade autocracy/GDP)	0.916 (1.105) [0.161]	-0.064 (0.730) [-0.011]	-0.319 (0.769) [-0.056]	0.799 (0.718) [0.140]	0.467 (0.705) [0.082]	0.372 (1.272) [0.065]	0.441 (1.098) [0.076]
Observations	1,192	1,192	1,192	1,192	1,192	1,192	5,770
Clusters	116	116	116	116	116	116	116
Democratization waves	X	X	X	X	X	X	X
Country FE	X	X	X	X	X	X	X
Year FE	X	X	X	X	X	X	X
Instrument	Baseline	Population	Trade-GDP ratio	Trade-to-world	No weights	Baseline	Baseline
Gravity	OLS	OLS	OLS	OLS	OLS	PPML	OLS
K-P F-stat	6.234	7.402	5.024	6.157	5.717	5.617	6.723
SW F-stat (Demo Trade)	13.48	16.12	11.64	13.36	13.59	11.43	13.74
SW F-stat (Auto Trade)	20.32	47.18	64.39	47.98	58.36	18.10	25.32

*Notes:* The table replicates column 4 of Table 5 in column 1. Columns 2 to 4 replicate column 1 using the instrument constructed by using as weights baseline partners': *i*) population; *ii*) trade-to-GDP ratio; and, *iii*) trade relative to world trade. Columns 5 and 6 replicate column 1 using the instrument obtained: *i*) without weights; and, *ii*) estimating the gravity equation with PPML. Column 7 replicates column 1 by estimating yearly (rather than 5-year) regressions. Standard errors, clustered at the country level, in parentheses. Standardized beta coefficients are reported in square brackets. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. SW F-stat (Demo Trade) and SW F-stat (Auto Trade) refer to the partial F-stats for joint significance of the instruments in the two separate first-stage regressions. Significance levels: \*\*\* p< 0.01, \*\* p< 0.05, \* p< 0.1.

