Economic Integration and the Transmission of Democracy*

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Abstract

In this paper, we study the effects of economic integration with democracies on individuals' democratic values and on countries' institutions. We combine survey data with country level measures of democracy from 1960 to 2015, and exploit improvements in air, relative to sea, transportation to derive a time-varying instrument for trade. We find that economic integration with democracies increases both citizens' support for democracy and countries' democracy scores. Instead, trade with non-democracies has no impact on either attitudes or institutions. The effects of trade with democracies are stronger when partners have a longer history of democracy, grow faster, spend more on public goods, and are culturally closer. They are also driven by imports, rather than exports, and by integration with partners that export higher quality goods and that account for a larger share of a country's trade in institutionally intensive, cultural, and consumer goods as well as in goods that involve more face-to-face interactions and entail higher levels of bilateral trust. These patterns are consistent with trade in goods favoring the transmission of democracy by signaling the (actual or perceived) desirability of the latter. We examine alternative mechanisms, and conclude that none of them can, alone, explain our findings.

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1 Introduction

The post-1960 surge in globalization coincided with the spread of democracy across the world (Figure 1). As a result, citizens of non-democratic countries might have been increasingly exposed to the institutions and the values of their more democratic partners. Do trade and, more broadly, economic integration with democratic partners favor the transmission of democratic values and the consolidation of democracy across countries? Several papers have documented that longer exposure to domestic 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), especially when the country is economically and socially successful (Acemoglu et al., 2021).[1] Yet, less is known about the extent to which democracy can travel across countries, through economic integration. This issue is particularly important today, as globalization seems to be on retreat and countries are increasingly trading with partners that share their institutional and geopolitical stance.[2]

In this paper, we study the effects of economic integration with democracies on individuals' support for democracy and on the development of democratic institutions, using a large panel dataset of countries from 1960 to 2015. We begin by exploiting within-country, cross-cohort variation in individuals' exposure to democracy of a country's trade partners during their impressionable years (Giuliano and Spilimbergo, 2022, 2023; 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 are more supportive of democracy at the time of the survey. 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 economic integration with democratic and non-democratic partners on democracy. We estimate panel regressions that absorb country-specific, time-invariant differences and shocks common to all countries that may be correlated with both democracy and trade openness.

To identify the causal effect of economic integration with democracies, we build on Feyrer (2019), and construct an instrument for trade that exploits the rise in the importance of air, relative to sea, transportation since 1960. Our strategy relies on the fact that, because of their geographic location, different country-pairs were differentially affected by technological change in air transportation that 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

[1] A large literature has analyzed the forces that contribute to the development of democracy (Acemoglu and Robinson, 2006; Barro, 1999; Lipset, 1959; Przeworski et al., 2000; Murtin and Wacziarg, 2014).

[2] See https://www.wsj.com/articles/economic-blacklist-of-russia-marks-new-blow-for-globalization-11646940040.

Van Wincoop, 2003) that allows the elasticity of trade with respect to sea and air distance between countries to change over time. We then use the estimated elasticities to predict bilateral trade flows between 1960 and 2015, which we aggregate at the country level to obtain instruments for trade with democratic and non-democratic partners. The time-varying instrument makes it possible 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 concern that economic integration predicted by improvements in air transportation coincided with regional democratization trends, our preferred specification further controls for lagged democratization waves occurring in a country's neighbors, similar to Acemoglu et al. (2019).

We find that individuals who grew up when their country was trading more with democratic partners are more supportive of democracy at the time of the survey. The effects of trade with democracies on citizens' beliefs are reflected in changes in countries' institutions. We document that economic integration with democratic partners has a positive and large effect on the *Polity2* democracy score. Instead, exposure to trade with autocracies has no effect on either individuals' attitudes or countries' democracy. According to our preferred specification, doubling economic integration with democracies (a change in exposure equivalent to the inter-quartile range in our sample) increases an individual's support for democracy by .58 points on a 1 to 4 scale. This is similar to the difference in attitudes towards democracy between Mexico and Norway, or that between Philippines and Italy. At the country level, our estimates imply that increasing trade with democratic partners over a 5-year period by 80% (or, its inter-quartile range) raises the *Polity2* score by around 4 points. This is equivalent to the gap between Malaysia and Canada in 2010, or that between Turkey and Senegal in 2015.

Results are robust to varying the definition of impressionable years, using alternative versions of the instrument, measuring support for democracy and countries' democracy scores in different ways, and 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, dropping specific groups of countries (e.g., members of the European Union or the former Soviet Union bloc), excluding trade with selected partners (e.g., the US or China), and interacting year dummies with several country-specific characteristics to allow for differential trends.

Consistent with a large literature in economics (Giuliano and Spilimbergo, 2022, 2023; Saka et al., 2022), the effects of integration with democracies on attitudes display an inverted U-shaped pattern across age cohorts: they are strongest among individuals exposed during their impressionable years, and become weaker and gradually disappear for those exposed to trade with democracies at younger and older ages. At the same time, economic integration with

democracies promotes the accumulation of trade-induced democratic capital over an individual's lifetime. This dynamic effect, which is similar to that of exposure to own democracy identified in previous work (Acemoglu et al., 2021; Persson and Tabellini, 2009), resonates with the patterns documented in the macroeconomic literature for inflation and other economic shocks (Malmendier and Nagel, 2011, 2016).

Using the individual level estimates of trade-induced democratic capital, we predict the distribution of attitudes towards democracy across countries over time. Then, we provide suggestive evidence that changes in citizens' beliefs are important to explain subsequent improvements in autocratic countries' democracy. To examine the effect timing at the country level, we exploit two separate sources of variation. First, estimating event studies around the first large increase in predicted trade with democracies, we observe a gradual, but persistent improvement in baseline autocracies' democracy score. Second, we study the effects of (instrumented) democratization episodes in autocratic partners on own democracy, and find no evidence of democratic spillovers.

Our preferred interpretation of results is that trade with democracies improves the views about democracy among citizens of autocratic regimes and favors the flow of democratic capital from more to less democratic countries. Consistent with this idea, democratization is more likely to occur when countries trade with democratic partners that have a longer experience with democracy themselves, and may thus become "role models" for their less democratic partners. This is also in line with the effect timing described above, namely that: the first large trade shock with democratic partners is followed by persistent improvements in baseline autocracies' institutions; and, democratization episodes in formerly autocratic partners have no impact on own democracy. Moreover, our results are driven by trade with democratic partners that grow faster and spend more on public goods. These findings resonate with the idea that trade with democracies changes the perceived desirability of democracy among less democratic partners, especially when democracies deliver.[3] Consistent with cultural similarity facilitating the transmission of norms, the effects are also larger when trade occurs with democracies that are culturally closer.

Next, we disentangle whether the transmission of democracy occurs through imports or exports (or, both). On the one hand, imports of specific goods might provide citizens of autocratic countries with a signal about the (perceived or actual) desirability of democracy. On the other hand, by conducting business in democratic countries, exporters of autocratic regimes might appreciate the value of the rule of law, property rights, and, more broadly, democratic institutions. Our evidence is more consistent with the former channel: we find that only imports, and not exports, foster the spread of democracy across countries. Furthermore,

[3]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.

the effect of integration with democracies is driven by partners that export higher quality goods and that account for a larger share of a country's trade in institutionally intensive, cultural, and consumer goods and in products that entail more bilateral trust and more face-to-face interactions. These are precisely the types of goods that can signal the characteristics of democracy and embed democratic values.

We also consider additional mechanisms, which might complement our preferred one. First, we document that results are unchanged when controlling for the average democracy score of the country during both the impressionable years and an individual's lifetime. This suggests that our findings capture citizens' exposure to democracy in other, rather than in their own, countries. Second, we provide evidence against the possibility that trade with democracies fosters the process of democratization mainly by favoring economic development and human capital accumulation. Third, we show that trade with democracies does not favor the emergence of democracy by strengthening the middle-class. Finally, we document that results cannot be explained by changes in inequality, democratic partners' pressure, or increased probability of signing preferential trade agreements (PTAs).

The evidence described thus far suggests that trade in goods plays an important role in the process of democratization. In the last part of the paper, we explore several non-trade components of economic integration. We show that trade with democracies is uncorrelated with migration, foreign direct investment (FDI), students abroad, book translations, and the presence of large US corporations. Exploiting a discontinuity in air distance to predict when countries are connected through direct flights as in Campante and Yanagizawa-Drott (2018), we also provide suggestive evidence that our results cannot be mainly explained by business travels. However, this does not rule out the possibility that the effects of trade in goods are complemented by those of other factors, including the flow of people and ideas.

Our paper complements works 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) by providing evidence that individuals can accumulate democratic capital also through economic integration with other (democratic) countries.[4]

Our findings also 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.[5] Liu and Ornelas (2014) find that free trade agreements increase the longevity of

[4]Our findings are also consistent with those in Bursztyn and Cantoni (2016) for the effects of information transmission through Western media on consumption patterns in Eastern Germany after 1990.

[5]Consistent with the ambiguous effects of trade on institutions documented in these papers, Rigobon and Rodrik (2005) and

democracy by lowering protectionist rents and elites' incentives to seek power. 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).

Finally, from a methodological standpoint, our work builds on Feyrer (2019) to derive a time-varying instrument for trade.[6] 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 time-varying instruments obtained from gravity equations to estimate the "gains from trade", as first done by Frankel and Romer (1999) in a cross-sectional, time-invariant setting. We complement these works by focusing on institutional change, rather than economic growth.

2 Data

This section describes the key variables used in the analysis. Appendix B provides further details on variables, data sources, and samples.

Actual and predicted trade. We use bilateral trade flows from the IMF Direction of Trade Statistics. For each exporter-importer pair, in each year, there are 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 also rely on industry level data from UN Comtrade to study the effects of different types of goods (see Appendix B.3). 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.[7]

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

López-Córdova and Meissner (2008) find, respectively, a negative and a positive relationship between trade openness and democracy.

[6] Aksoy et al. (2018) use a version of the instrument developed by Feyrer (2019) to estimate the effects of skill composition of trade on political approval across countries.

[7] The website vesseldistance.org was last accessed in July 2014. For Canada, we compute sea distances as the shortest sea-route from the main port on either the East or the West coast. We consider three ports for the US (on the East Coast, the West Coast, and the gulf of Mexico), and Russia (on the Baltic Sea, the Black Sea, and the Pacific Ocean). See Table B.1 for more details. Landlocked countries are not included in the analysis, since there is no sea distance between them.

preferences and ideology. We restrict attention to waves conducted between 1995 and 2020, when questions on attitudes towards democracy are available. Not all countries are included in all waves, leaving us with an unbalanced sample of 74 countries for a total of around 224,000 individuals. Table B.4 lists the set of countries in the survey level analysis, with the corresponding number of waves and the first and the last interview year.

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 of governing this country?" Respondents can answer on a 1 to 4 scale. We consider both the full scale and, for robustness, a dummy variable equal to one if a respondent views democracy as a "very good" system. In Appendix C.1, we replicate the analysis using additional proxies for support for democracy, which are presented in detail in Table B.2.[8] We also 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.5).

Democracy score. To analyze the effects of trade on a country's democracy, we use the *Polity2* score from the Polity5 project. The index, which is widely used in the literature (Besley and Persson, 2019; Burke and Leigh, 2010; Fuchs-Schündeln and Schündeln, 2015), ranges 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 country level analysis is conducted on an unbalanced sample of 116 countries for the period from 1960 to 2015 (Table B.6). As a robustness check, we also use the democracy index from Freedom House, available from 1975 onwards.

Summary statistics. Table A.1 reports summary statistics for the main individual level (Panel A) and country level (Panel B) variables used in the analysis. Survey respondents hold relatively positive views towards democracy, as reflected in the average value of the variable *Democratic system* (3.4 on a 1 to 4 scale). However, there is substantial variation across countries. For instance, the average value of *Democratic system* ranges from 2.88 and 2.89 in Haiti and Latvia to 3.76 and 3.78 in Ghana and Denmark. Other proxies for citizens' views towards democracy display similar patterns. 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). There is also more variation in exposure to democratic partners relative to autocratic partners (with standard deviations of .13 and .05 respectively). To account for such differences, when presenting the results, we also report standardized beta

[8] We also consider additional variables, including whether respondents think that democracy: is good for the economy, might lead to political stalemate, and does not guarantee social stability. See Table B.2 for more details.

coefficients. The *Polity2* score is, on average, 2.06; as for individual attitudes, it exhibits large variation 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, though large variation exists across countries and over time. Trade with democracies declines since the 2000s, with the steady integration of China with the rest of the world.

3 Empirical Strategy

3.1 Estimating Equations

Individual level analysis. 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, 1975) and, more recently, economics (Carreri and Teso, 2022; Giuliano and Spilimbergo, 2022, 2023) that documents that individuals' political preferences are formed during early adulthood. For individuals living in country i, born in year b, and interviewed in year t, we define exposure to trade with partners of institutional type p as:

$$T^p_{ibt} = \frac{1}{N_t} \sum_{r=1}^{N_t} \frac{trade^p_{i,b+15+r}}{GDP_{i,b+15+r}} \tag{1}$$

where $trade^p_i$ 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), scaled by the corresponding GDP.[9] To obtain individuals' average trade exposure, we divide the cumulated exposure during the impressionable age by the number of years of exposure, N_t, which for some individuals may depend on the year of interview t.[10] Questions on attitudes towards democracy are available in the IVS between 1995 and 2020, but exposure to economic integration can be calculated from 1960 (when trade data becomes systematically available).

We estimate individual level regressions of the form:

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

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^p_{ibt} is trade exposure with partners of type p defined in equation (1).[11]

[9] We define a trade partner democratic if its *Polity2* score is strictly positive.

[10] In most cases, $N_t = 9$, covering the whole 16-to-24 age span. 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.

[11] Individual controls for income and education are dummies for: income deciles; and, primary, secondary, and higher than secondary level of education attained.

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 lagged 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}.[12] Finally, we include country by survey-year and birth-year fixed effects (λ_{it} and ζ_b). Standard errors are clustered at the country level.

The inclusion of country by survey-year and birth-year fixed effects implies that β^D and β^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. Country by survey-year fixed effects also absorb any country-specific shock occurring in any given survey-year.

Country level analysis. To examine the effects of economic integration on democracy, we conduct the analysis at the country level from 1960 to 2015. Using 5-year intervals to account for the gradual diffusion of technology across countries and over time, we estimate:

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

where y_{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 (1-year lagged) democratization waves in country i's influence set during year t, and γ_i and λ_t are country and year fixed effects. Standard errors are clustered at the country level.

3.2 Instrument for Economic Integration

Even when controlling for the fixed effects included in equations (2) and (3), an OLS regression of citizens' beliefs or countries' democracy scores on economic integration may be biased for several reasons. First, political reforms, including democratic transitions, are often followed by economic liberalizations (Giavazzi and Tabellini, 2005; Giuliano et al., 2013). 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

[12] 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-year window.

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.[13]

These patterns affected different country-pairs differently, depending on their geographic location. Specifically, the trade surge induced by improvements in air transportation is 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).

3.2.1 The Gravity Step: Deriving Predicted Trade

We estimate a time-varying gravity equation (Anderson and Van Wincoop, 2003) with both air and sea distances, allowing the elasticity of trade with respect to each 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 general gravity model can be expressed as:

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

where $trade_{ijt}$ is bilateral trade between countries i and 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, τ_{ijt} is the bilateral resistance term, which captures all pair-specific trade barriers (e.g., distance, common language, shared border, and colonial ties).

We depart from the canonical gravity equation by 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 τ_{ijt}:

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

where $seadist_{ij}$ and $airdist_{ij}$ are sea and air distances between countries i and j. Coefficients on distances in expression (5) vary across time-periods q, capturing the differential effect over time of technological change in air relative to sea transportation discussed above. We allow q

[13] Detailed statistics for most countries other than the US going back in time are not available.

to have a frequency lower than t (in particular, 5 years), since improvements in technology take time to be developed and diffuse.

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

$$\ln\left(trade_{ijt}\right) = \chi_{ij} + \varphi_{it} + \psi_{jt} + \beta_q^{sea} \ln\left(seadist_{ij}\right) + \beta_q^{air} \ln\left(airdist_{ij}\right) + u_{ijt} \tag{6}$$

Country-pair fixed effects (χ_{ij}) absorb any constant bilateral characteristic between countries, such as common language, colonial relationship, and common border. The inclusion of country-year fixed effects (φ_{it} and ψ_{jt}) 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.[14] 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 of country i. In formulas:

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

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 as democratic if its 5-year lagged *Polity2* score is strictly positive. In Appendix C, we replicate the analysis using the *Polity2* score at baseline to classify the institutions of trade partners.

By omitting the estimated fixed effects from equation (6) in the summation in (7), we increase confidence that the instrument only captures the variation in economic integration induced by changes in the importance of air relative to sea transportation. Yet, this comes at the cost of potentially reducing the predictive power of the instrument. For this reason, when aggregating bilateral predicted trade flows in (7), we weigh by the average trade share between countries i and j, relative to total trade of country i during the first 5-years for which trade

[14] 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 $\log(trade_{ijt})$ 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).

data is available.[15] As documented below, results are robust to using 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.

3.2.2 Estimated Trade Elasticities

Figure 2 plots OLS coefficients (with 95% confidence intervals) from equation (6). The elasticity of trade with respect to sea distance (red, dashed line) remains flat between 1960 and 2015, while that with respect to air distance (blue, solid line) becomes more negative over time. That is, as technological progress makes air transportation cheaper, the importance of air distance (relative to sea distance) rises. Table A.2, column 1, reports the corresponding formal estimates. In column 2, we present results obtained with PPML. Reassuringly, the patterns of the estimated elasticities are similar across models.[16]

Equation (6) exploits variation induced by improvements in air (relative to sea) transportation technologies. Thus, one would expect trade elasticities with respect to sea and air distances to diverge more for goods that are more likely to travel by air. In Appendix B.3.1, we derive a measure of air intensity for each 3-digit SITC industry. Then, in Figure A.1, we replicate Figure 2 separately for goods in each quartile of the distribution of air intensity. The steepest divergence in trade elasticities appears for goods that are in the top two quartiles (Panels A and B). The pattern is instead less pronounced for goods in the third quartile (Panel C), and disappears altogether for goods in the bottom quartile (Panel D).[17]

3.2.3 Identifying Assumption and Instrument Validity

Appendix D.1 reports first stage regressions and verifies that the instruments for trade with democracies and autocracies are strongly correlated with the corresponding actual counterparts (Table D.1 and Figure D.1). We now discuss the identifying assumptions behind our empirical strategy.

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.[18] 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

[15] 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.

[16] In principle, standard errors in 2SLS regressions would need to be adjusted to account for the fact that the instrument is obtained from the estimation of the gravity equation. We applied the numerical procedure described in footnote 15 in Frankel and Romer (1999) and footnote 18 in Pascali (2017), and verified that 2SLS standard errors are unchanged up to the the third decimal point or higher.

[17] Table B.7 lists the top 3-digit SITC industry categories in each quartile of the distribution of air intensity.

[18] Possible exceptions might be countries that play an important role in the aerospace industry, such as the US and France. However, results are unchanged when predicting trade omitting these (and other) partners.

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, country by survey-year fixed effects additionally control for country-specific shocks that may influence support for democracy among citizens interviewed 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 by controlling for factors specific to each cohort (within each country) and 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 the instrument predicts larger economic integration with democracies 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, trade exposure, economic structure (including the share of GDP accruing to different sectors), and measures of economic development and geographic remoteness—to allow for differential trends. We also verify that results are robust to dropping groups of countries that underwent particularly fast episodes of political and economic liberalizations (e.g., member countries of the European Union), and to constructing trade excluding partners like the US and China. In addition, we show that neither the initial democracy score nor the baseline democratic capital of a country predicts economic integration with democracies in subsequent years. We provide more details about these and additional robustness checks below, after presenting the results.

Since the instrument exploits variation induced by improvements in air transportation (interacted with geography), one may wonder if our results can be attributed solely to trade in goods or if they are also due to the movement of other factors. Although we cannot fully rule out that non-trade forces might have independent effects, our analysis provides support for the notion that trade in goods is a central driver of our results. Instead, other variables—including migration, FDI, students abroad, the number of book translations, and the presence of large US corporations—cannot explain our findings. We return to this point below, when discussing the mechanisms.

3.2.4 Local Average Treatment Effects and Compliers

We visually inspect the variation underlying the instrument by plotting its average 5-year change in Figure 3. Eastern Europe and Russia experienced the largest gains, but the instrument predicts large increases in trade with democracies also for many African countries, South East Asia, and the Middle East. At the same time, there is substantial variation within the same region, and the instrument predicts low levels of integration with democracies for a number of countries in Latin America and Africa as well as for China, India, Mexico, and Australia.

In the presence of heterogeneous treatment effects, our 2SLS estimates identify the impact of economic integration with democracies for countries that were induced to trade more with their democratic partners because of exogenous changes in air transportation, i.e., the "compliers" (Angrist et al., 1996). In principle, this is not problematic for our identification strategy. However, one may be worried that compliers were already on a path of economic or institutional development, and that this, rather than integration with democracies, fostered democratization. We address this and related issues by interacting year fixed effects with baseline country controls to allow for differential trends.

Besides identification, compliers' characteristics matter for the interpretation of results, since the local average treatment effect (LATE) might differ from the average effect of economic integration with democracies. Figure 3 suggests that compliers in our sample are likely to be countries at intermediate or low levels of economic and institutional development—a group of countries with higher "democratization potential" relative to fully established democracies. The LATE might depend also on the types of goods that are traded by air. In Appendix D.2, we provide evidence that cultural and institutionally intensive goods as well as products that entail a higher degree of bilateral trust and more face-to-face interactions disproportionately travel by air (see also Figure D.2). As discussed below, it seems conceivable that these goods are more likely to embed democratic values, suggesting that the LATE in our context might be larger than the average treatment effect.

4 Main Results

4.1 Economic Integration and Citizens' Attitudes

Table 1 presents the effects of exposure to economic integration with democratic and non-democratic partners during individuals' impressionable years. The dependent variable, 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 lagged democratization waves described in Section 3.1.

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 at the time of the survey. The opposite relationship holds for exposure to economic integration with non-democratic countries. Consistent with OLS estimates, 2SLS coefficients indicate that economic integration with democratic partners has a strong, positive effect on individuals' attitudes towards democracy (column 3).[19] 2SLS estimates become somewhat smaller in magnitude when controlling for lagged democratization waves (column 4) and when adding region by survey-year (column 5) and country by survey-year (column 6) fixed effects. However, they remain quantitatively large and, in our most stringent specification (column 6), statistically significant at the 5% level. Instead, 2SLS estimates for economic integration with non-democracies are no longer statistically significant, and become positive and quantitatively small.[20]

According to our preferred specification (column 6), doubling exposure to economic integration with democracies (about the inter-quartile range in our sample) increases an individual's attitudes towards democracy by .58 points on a 1 to 4 scale. This is similar to the difference in support for democracy between China and Denmark, or between Philippines and Italy.

Summary of robustness checks. In Appendix C.1, we perform several robustness checks. First, we document that results are robust to measuring citizens' attitudes towards democracy in different ways (Table C.1). 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.2). Third, we replicate the analysis excluding potential 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 (Table C.3). 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.4). Fifth, we replicate the analysis: *i*) aggregating predicted

[19]The F-stats for each separate first stage (reported at the bottom of the table) confirm the strength of each instrument already shown in Table D.1. For completeness, we also report the Kleibergen-Paap (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 endogenous regressors and, in fact, no critical values exist for the KP F-stat in the case of multiple instruments and non-homoskedastic errors (Andrews et al., 2019).

[20]Table A.3 replicates Table 1 reporting coefficients on all individual controls. Figure A.2 plots the graphical analogue of results in column 6 for exposure to economic integration with democracies. In Appendix D.3, we examine additional outcomes, and find that individuals more exposed to trade with democracies during their impressionable years think that democracy promotes economic growth and does not lead to political stalemate, and that religious authorities should not interfere with democratic institutions (Table D.2).

bilateral trade with baseline partners' characteristics (e.g., population, and trade over GDP or world trade), or without weights; *ii*) estimating the gravity equation (4) with PPML; *iii*) including additional fixed effects or controls; and, *iv*) using baseline *Polity2* score to define democratic and autocratic partners (Table C.5). Finally, we show that results are unchanged when using different age windows to define the impressionable years (Table C.6).

4.2 Economic Integration and Democracy

Having documented that economic integration with democracies influences citizens' beliefs, we now examine whether it also leads to changes in countries' institutions. In Table 2, 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. Both OLS and 2SLS coefficients on trade with democracies are positive and statistically significant, and remain stable when controlling for lagged democratization waves (columns 2 and 4).[21] Instead, the OLS coefficient on trade with non-democracies is negative and statistically significant, while the 2SLS one is positive, imprecisely estimated, and smaller than that on trade with democracies. Our estimates indicate that an 80% increase in economic integration with democracies (about the inter-quantile range in our sample) raises the *Polity2* score of a country by 4 points. This corresponds to the difference in the democracy score between Malaysia and Canada in 2010, or that between Turkey and Senegal in 2015.

In columns 5 and 6 of Table 2, 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 SW 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 baseline autocracies. Instead, the coefficient on trade with democracies is negative and very imprecisely estimated for baseline democratic countries.

An interesting pattern emerging from both Table 1 and Table 2 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 influence either attitudes or institutions. One possible explanation is that citizens of less democratic countries are not fully aware of the defining features of democracy. 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. This is likely

[21] As explained in Section 3, this analysis is conducted using 5-year periods. We report standardized beta coefficients in square brackets to ease comparisons, and present SW and KP F-stats at the bottom of the table. Figure A.3 displays the graphical analogue of column 4, plotting the relationship between trade with democracies and *Polity2*.

to occur only when individuals living in autocratic regimes are exposed for the first time to democratic institutions.

Summary of robustness checks. Results are robust to a large number of checks, which are presented in detail in Appendix C.2. 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).[22] Third, we check that results are unchanged when dropping members of the European Union or former members of the Soviet Union, and when defining trade excluding 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, defining trade partners' institutions using baseline *Polity2* score, and estimating regressions at yearly frequency (Table C.11).

4.3 Comparing OLS and 2SLS Coefficients

Both in Table 1 and in Table 2, 2SLS coefficients are an order of magnitude larger than OLS ones. One interpretation is that patterns of comparative advantage bias OLS estimates downwards, since autocracies tend to produce non-institutionally intensive goods and are more likely to trade with democracies (Costinot, 2009; Levchenko, 2007; Nunn, 2007).[23] A second explanation, in line with the discussion in Section 3.2.4, is that the instrument identifies a LATE for countries that began to trade more with democracies due to improvements in air shipping, and whose citizens were more likely to update their beliefs about democracy. For one, Figure 3 shows that the instrument predicts larger variation for countries at low or intermediate levels of institutional development, which are likely to have higher potential gains in terms of democratization (relative to more established democracies). Moreover, improvements in air transportation might have provided less integrated and non-democratic countries with the opportunity to interact in non-primary-commodity-based goods markets with faraway democracies for the first time.

A related possibility is that the instrument isolates variation in trade in goods that are more conducive to the transmission of democratic values. This is consistent with the patterns documented in Appendix D.2: goods that are more institutionally intensive and that entail a higher degree of bilateral trust and more face-to-face interactions are more likely to travel by

[22] 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 are driven by countries on differential trends for democratization that entered the sample in a way that is spuriously correlated with predicted economic integration.

[23] OLS estimates may be downward biased also due to measurement error in trade. However, this is unlikely to be the only explanation for the difference between OLS and 2SLS coefficients.

air. Likewise, all cultural goods are shipped by air (Figure D.2). As we note in Section 5.2 when examining the mechanisms, these are precisely the types of goods that one might expect to embed democratic values and signal the quality—actual or perceived—of democracy.

In Section 6, we consider a complementary interpretation: namely, that the instrument might capture not only trade in goods, but also the flow of other factors.

5 Mechanisms

Our interpretation of results in Section 4 is that exposure to economic integration with democracies during the impressionable years favors the transmission of democratic values from more to less democratic countries. In turn, changes in citizens' support for democratic institutions might lead to improvements in countries' democracy. In this section, we first examine the effect timing and explore the link between changes in individuals' attitudes and countries' institutions (Section 5.1). Next, we provide evidence in support of the transmission channel (Section 5.2). Finally, we document that alternative mechanisms are unlikely to explain our findings (Section 5.3).

5.1 Effect Timing

Validating the impressionable years hypothesis. We begin by exploring the timing of the effects estimated in Section 4. First, we ask whether exposure to economic integration in age periods other than the formative years also shifts people's attitudes. In Figure 4, we replicate our preferred specification by calculating exposure over the age window reported on the x-axis.[24] Consistent with the impressionable years hypothesis, coefficients display an inverted U-shaped pattern. When individuals are very young, the effects of exposure to trade with democracies are imprecisely estimated and close to zero. Then, they gradually increase, peaking somewhere around the 20-28 years old window. The effects decline again, as individuals are exposed to trade with democracies when older. To zoom in onto the year-to-year change in exposure, in Figure A.4, we estimate regressions using 1-year rolling windows, from the -8 to 0 (i.e., before the individual was born) to the 30 to 38 age period. Results confirm the patterns documented in Figure 4.[25]

Persistence. Next, we test if and how quickly individuals forget about their impressionable

[24] For instance, the first dot from the left plots the 2SLS coefficient on economic integration with democracies for the country when the respondent was between 0 and 8 years old (included). The blue diamond corresponds to our preferred specification (Table 1, column 6). See Table A.4 for formal estimates associated with Figure 4.

[25] A priori, one may be worried that an increase in trade with democracies might have opposite effects on different age cohorts. While, it can improve attitudes toward democracy among young adults, exposed during the impressionable years, it may constitute a negative labor market shock (via import competition) for older people, who may as a result view democracy less favorably. By indicating that trade has no effect for cohorts exposed outside the impressionable years, Figures 4 and A.4 reduce these concerns.

years' experiences as they become older. In Figure A.5, we plot 2SLS coefficients for the effects of economic integration with democracies during the impressionable years for different age groups (at the time of the survey). To reach sufficient statistical power, we consider relatively wide age groups (30 years), which are reported on the x-axis.[26] The blue diamond plots the coefficient for the full sample (i.e., the coefficient in Table 1, column 6). The second coefficient from the left refers to individuals who, at the time of the interview, were between 16 and 46. Each subsequent dot rolls the age window at the interview by 1 year, until the cohort of individuals who, at the time of the survey, are between 30 and 60 years old. Results indicate a fair amount of persistence: while the point estimate gradually declines as individuals become older, it remains sizeable at least until the age group 28-58 (at the time of the interview).

Trade-induced democratic capital. Consistent with the impressionable years hypothesis (Giuliano and Spilimbergo, 2022, 2023), Figures 4 and A.4 suggest that exposure to trade with democracies during the formative years is key to shape attitudes towards democracy; moreover, Figure A.5 indicates that such effect persists over time.[27] In Appendix D.4, we test a complementary channel. We ask whether prolonged exposure to trade with democracies leads to the accumulation of democratic capital over time. We derive a measure of actual and predicted trade-induced democratic capital that, similar to its domestic counterpart (Persson and Tabellini, 2009), reflects the cumulated experience of an individual with the democracy of her country's trade partners. Tables D.3 and D.4 document that trade-induced democratic capital increases individuals' support for democracy. This is in line with the patterns documented for exposure to own democracy (Acemoglu et al., 2021; Fuchs-Schündeln and Schündeln, 2015; Persson and Tabellini, 2009). Results in Tables D.3 and D.4 also resonate with the macroeconomic literature showing that preferences and beliefs are shaped by the cumulative experience with economic shocks (Malmendier and Nagel, 2011, 2016).

From attitudes to institutions. Having documented that individuals accumulate trade-induced democratic capital, we explore the relationship between citizens' preferences and countries' institutions. In Appendix D.5, we provide suggestive evidence that changes in individuals' beliefs, predicted by their trade-induced democratic capital, lead to subsequent improvements in baseline autocracies' institutions. Using the estimates from Table D.3, we construct the predicted support for democracy in each country and year, aggregating individuals' trade-induced democratic capital across cohorts. Next, in Table D.5, we estimate panel regressions that relate the *Polity2* score of a country to the predicted preferences (shaped by trade with democracies) prevailing among its population in previous years. Consistent with trade-induced changes in democratic capital leading to subsequent democratic transitions, the coefficient on predicted (lagged) support for democracy is positive and statistically significant. As expected, this holds

[26] Results are similar if we select slightly smaller (e.g., 25 years) or larger (e.g., 35 years) windows.

[27] Results in Figures 4 and A.4 are also in line with those in Saka et al. (2022) for the negative effects of epidemics on confidence in political institutions and leaders.

only for baseline autocratic countries.

First large trade shock with democracies. Next, in Appendix D.6, we examine the dynamics behind trade-induced improvements in democracy at the country level. We create a dummy equal to one for the first period in which predicted trade with democracies is above the median for each country. Then, we replicate the country level specification in an event study design, reporting results in Figure D.3. Reassuringly, there are no differential trends before the first large increase in predicted trade with democracies. Instead, after the shock, coefficients gradually increase over time. Even though the point estimate is never statistically significant, it indicates that, within 10 years from the shock, the *Polity2* score increases by about 1.7 points. This effect is not only large, but also persistent: 25 years after the first large trade shock with democracies, the *Polity2* score is more than 2 points higher than prior to the shock. These patterns are entirely driven by baseline autocracies (Figure D.3, Panel C).

Partners' democratic transitions. Finally, in Appendix D.7, we test if trade partners' democratization episodes influence the trajectory of institutional change in initially autocratic countries. Following the logic in Acemoglu et al. (2019), we predict a partner's democratization using democratization waves occurring in its region. Then, for each country, we create a weighed average of the (predicted) switches among its baseline autocratic partners, with weights equal to the initial trade shares between the country and each partner. Estimating 2SLS panel regressions, we do not detect any democratization spillover following the transition of formerly large autocratic trade partners (Table D.6).[28] These findings, together with those in Figure D.3, suggest that autocratic countries learn mostly from established democracies, where democratic values are more deep-rooted.

5.2 Trade with Democracies and the Transmission of Democracy

Democratic partners as role models. One implication of our proposed mechanism is that the trade-induced transmission of democracy should be stronger when partners are more likely to be taken as role models and when they (are perceived to) deliver. This is because both citizens and elites of non-democracies may update their beliefs about the desirability of democracy upwards especially when they observe that democratic countries are more successful.[29] In Table 3, we test this idea by estimating country level regressions as in Table 2, column 4, that split democratic partners depending on their characteristics.

In column 1, we consider separately trade with democratic partners that have baseline do-

[28] We exclude partners within the same region. This reduces concerns that a democratization shock in a partner may be correlated with broader factors influencing the institutions of all countries in the same region (e.g., the Arab Spring). Since autocratic countries have several partners switching to democracy even within relatively narrow time windows, we are unable to implement a proper event study design, as instead in Figure D.3. See Appendix D.7 for more details.

[29] Buera et al. (2011) provide evidence of a similar mechanism in the context of economic policies.

mestic democratic capital above and below the median.[30] Consistent with our conjecture, and in line with the effect timing shown in Section 5.1, results are driven by partners with higher democratic capital, where democratic values are likely to be more entrenched and deep-rooted. In column 2, we define democratic partners as "good" if they record a growth rate of real GDP per capita above the median of all democratic partners of a given country up to a given year. In column 3, we instead define as good democratic partners those with government spending over GDP above the median. Our estimates indicate that trade with democracies favors democratization only when partners do relatively well economically and spend more on public goods.[31] This resonates with findings in Acemoglu et al. (2021) for exposure to own democracy, and suggests that successful economic performance and public goods provision (within a country and among its partners) are important factors in driving support for democracy. In column 4, we test the role of cultural similarity, splitting democratic partners as culturally close and far, using the measure of genetic distance from Spolaore and Wacziarg (2009). In line with a process of (cultural or institutional) transmission, the coefficient on trade with democracies is quantitatively large and statistically significant only for culturally similar democratic partners.[32]

Imports vs exports. Next, we examine whether the effects of trade with democracies operate through imports or exports (or, both). On the one hand, exporters of autocratic countries may appreciate the value of democratic institutions, such as secure property rights and the rule of law, when conducting business and interacting with importers of democratic partners. On the other hand, citizens of autocratic countries may update their prior about the desirability of democracy by observing imported goods that signal the (actual or perceived) qualities of the latter. In Appendix D.8, we leverage industry level data to derive separate instruments for imports and exports. Then, we replicate the country level specification by splitting trade with democracies between imports and exports (while controlling for total trade with autocracies). Results in Table 4 indicate that only imports, and not exports, are associated with the increase in a country's democracy score (column 1). These patterns become stronger when focusing on baseline autocracies (column 2).[33]

Trade in (specific types of) goods. The transmission of democracy through imports should happen especially when trade involves goods that are more likely to signal the quality of democratic institutions. We corroborate this idea in different ways. First, in column 5 of Table 3,

[30] We always define the median based on the set of democratic partners of a given country in a given year. For predicted trade, consistent with the instrument (see Section 3.2), we lag the set of democratic partners and their characteristics by 5 years.

[31] The number of observations in column 2 is lower than in the baseline specification, since for a handful of countries actual or predicted trade with good or bad partners is equal to zero. Likewise, the number of observations in column 3 is lower than in other columns because data on government spending (taken from the IMF) is not available for all countries in all years.

[32] Data on genetic distance is missing for Belgium and Luxembourg (which constitutes a single country-entity before 2000 in the rest of our analysis), Serbia, and Yemen.

[33] Columns 3 and 4 replicate columns 1 and 2 using the alternative instruments for imports and exports described in Appendix D.8. We do not report results for baseline democracies, since we were unable to obtain a meaningful first stage for this sample.

we find that the effects of trade with democracies are driven by partners whose exports have unit values above the median (relative to the other democratic partners of a given country in a given year). Next, we test if the effects are stronger when democratic partners account for a larger shares of a country's trade in goods that might be more conducive to the transmission of democratic values. We consider: institutionally intensive goods; cultural goods; consumer (as opposed to producer) goods; differentiated products; and, goods that are more technologically advanced.[34] For each category, we calculate the baseline trade share between each country pair (relative to total trade of the country in that specific good). Then, as in Table 3, we split democratic partners above and below the median of such trade share for each good category.

Table 5 documents that the effect of trade with democracies is driven by partners that account for a larger share of a country's trade in institutionally intensive (column 1), cultural (column 2), and consumer (column 3) goods. This is consistent with the transmission of democracy occurring through the exchange of goods that: are more likely to embed democratic values, convey cultural norms, and are purchased by final consumers (rather than used as intermediate inputs by a country's producers). Table 5 also indicates that results are driven by trade with partners that are more important for the exchange of technologically advanced (column 4) and differentiated (column 5) goods. This is additional evidence that trade favors the flow of democratic capital from more to less democratic countries. Indeed, more differentiated goods require more bilateral trust (Guiso et al., 2009), whereas technologically advanced goods involve high levels of face-to-face interactions (Lall, 2000; Söderlund, 2022).[35]

While results in Table 5 are consistent with our proposed mechanism, it is important to discuss a few caveats. First, since good categories are not mutually exclusive, there might be substantial overlap between them. Note that, even if this were to be the case, our estimates would still shed light on the bundle of goods' characteristics that are conducive to the transmission of democratic values through trade. To inspect the extent of overlap between goods, in Appendix B.3.2, we present the conditional probability that a good of one type is also of another type (Table B.8). Although there is significant overlap across categories, this is not always the case: almost all cultural products are institutionally intensive, differentiated, and consumer goods. Yet, only 54% of them are technologically advanced. Similarly, although 70% of consumer goods are also institutionally intensive, only 8% of them are cultural goods, and only 16% of them are technologically advanced. Similar patterns are evident for other goods as well. This does not imply that we can isolate the effects of each of the good types considered in Table 5. At the same time, it increases our confidence that the different columns of Table 5 are not merely picking the same set of goods over and over.

A second potential concern may be that democratic partners that are above the median for

[34] See Appendix B.3.1 for more details on the classification of good types (including high unit value goods).

[35] We cannot rule out the possibility that results for technologically advanced products are also driven by the fact that these goods have a high unit value. Their quality, rather than the higher degree of interpersonal interaction, may thus explain our findings.

country i (in a given good type) are also above the median for all other countries. If these partners are also growing faster or spending more on public goods, we may be attributing to the type of trade they do the effect of other characteristics (see also results in Table 3). We address this issue by expressing the trade shares relative to total trade of partner j, rather than total trade of country i in good type x. Reassuringly, results are unchanged (Table A.5).[36]

Taking stock. Summing up, this section suggests that trade with democracies promotes the transmission of democracy from more to less democratic countries. Consistent with this interpretation, results are driven by trade with democratic partners that can be taken as role models and that are culturally closer. Our findings also indicate that the process of institutional transmission operates through the exchange of goods that can signal the (perceived or actual) qualities of democracy. First, imports, rather than exports, are associated with improvements in (autocratic) countries' democracy. Second, trade with democracies fosters democratization only when democratic partners export higher unit value goods and account for a larger share in a country's trade in goods that are more likely to embed democratic values and convey social norms, are bought (and observed) by final consumers, and entail higher levels of face-to-face interactions and bilateral trust. Except for consumer goods, these products are also more likely to travel by air (Figure D.2), possibly explaining why 2SLS estimates in Tables 1 and 2 are an order of magnitude larger than OLS ones.

5.3 Alternative Channels

In this section, we discuss a number of alternative channels, presenting the related analyses in Appendix D.9. We conclude that none of these mechanisms can, alone, explain our key results.

Exposure to own democracy. First, in Appendix D.9.1, we consider the possibility that economic integration with democracies leads to faster democratic transitions. In turn, a longer experience with democracy in their own country—and not that acquired through trade exposure—might influence citizens' attitudes towards democracy. Weighing against this possibility, Table D.7 documents that results are unchanged when controlling for the average *Polity2* score of a country during: the impressionable years (column 2), or an individual's lifetime (column 3).[37] A related possibility is that democratization waves in neighboring countries after an individual's impressionable years were correlated with both exposure to trade with democracies of an individual and her attitudes towards democracy later in life. In contrast with this idea, controlling 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 leaves results unchanged (column 4).

[36] Results are also very similar when expressing bilateral trade shares relative to total trade of partner j in good x (Table A.6).

[37] We define an individual's lifetime as the period between the age of 16 and the year of the interview. Results are unchanged when using alternative definitions.

Economic growth and human capital accumulation. Second, in Appendix D.9.2, we provide evidence against the possibility that trade-induced economic growth and human capital accumulation are driving the change in citizens' attitudes and in countries' institutions. First, we show that our main IVS results are robust to controlling for average income growth and average years of schooling in the country during the impressionable years and an individual's lifetime (Table D.7, columns 5 to 8). Second, we document that cohorts that were more exposed to trade with democracies during their impressionable years are not richer or more educated at the time of the survey (Table D.8). Third, turning to the country level analysis, we document that: *i*) our estimates are unchanged when controlling for lagged GDP or population or for instrumented GDP per capita; and, *ii*) if anything, trade with democracies is associated with lower educational attainment (Table D.10).

Redistribution of resources and income inequality. Yet another explanation for our results is that trade with democracies benefits groups that are more supportive of democracy, which, in turn, mobilize resources to promote democratization. Relatedly, one may be worried that our findings are driven by changes in income inequality, and that democracy emerged as citizens demanded more redistribution. In Appendix D.9.3, we provide suggestive evidence against both mechanisms. First, we document that results are stronger in countries with higher rents from natural resources and are not systematically larger where the middle class is more likely to gain from trade (Figure D.5). Second, we do not find any relationship between trade with democracies and income inequality (Table D.12).

Pressure from trade partners. Next, in Appendix D.9.4, we test whether results are driven by pressure from trade partners. First, we verify that results are unchanged when controlling for CIA or KGB interventions (Tables D.13 and D.14), which might have altered individuals' beliefs or countries' democratization trajectories (or, both). Second, relying on different variables used in the literature, we do not find evidence that trade with democracies has an impact on countries' political alignment (Table D.15) or on the influence that full democracies and the US have on other countries (Tables D.16 and D.17).

Preferential trade agreements. Finally, we consider the possibility that the exogenous surge in trade with democracies made it more appealing to sign preferential trade agreements (PTAs), which might have independent effects on democracy (Liu and Ornelas, 2014). In contrast with this channel, in Appendix D.9.5, we do not find any effect of economic integration with democracies on the probability of signing PTAs (Table D.18).

6 Unbundling Economic Integration: Summary

The previous analysis indicates that trade in (specific types of) goods favors the transmission of democracy across countries. However, since the instrument exploits variation driven by changes

in air transportation, our estimates might also capture the effects of forces other than trade in goods. In Appendix D.10, we seek to unbundle different components of economic integration. In Table D.19, we show that trade with democracies is uncorrelated with: migration (columns 1 to 3), the number of students abroad (columns 4 to 6), FDI (column 7), and foreign book translations (column 8).[38] Next, in Table D.21, we explore the potential role of business linkages. In column 1, we split trade with democracies between partners with an air distance above and below 6,000 miles. This is the cut-off above which direct flights can no longer take place and that, as shown in Campante and Yanagizawa-Drott (2018), creates a discontinuity in business linkages across countries. Coefficients are imprecisely estimated, but, if anything, are larger for trade with far-away partners. Albeit only suggestive, this is consistent with the idea that business travels alone cannot explain our findings. In columns 2 to 4, we corroborate this idea by showing that trade with democracies is uncorrelated with the entry of large US corporations, such as McDonald's, Coca Cola, and IBM.[39]

Summing up, forms of economic integration other than trade in goods are unlikely to explain the bulk of our findings. Yet, we cannot (nor want to) completely rule out the possibility that the direct effects of trade in goods are amplified by the flow of other factors. One may thus prefer to interpret our results as the effects of a broader notion of trade, which also includes the flow of people and ideas.

7 Conclusions

Between 1960 and 2010, the world witnessed a dramatic increase in globalization and the simultaneous spread of democracy across countries. Over the last decade, however, both economic integration and democracy have been on retreat. 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 work by Feyrer (2019), we exploit improvements in air (relative to sea) transportation to derive instruments for economic integration with democratic and non-democratic partners.

We find that 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 more supportive of democracy at the time of the survey. Mirroring the changes in citizens' beliefs, economic integration favors the adoption of more democratic institutions in initially less-democratic countries. Instead, economic integration with non-democratic partners has no effect on either citizens' beliefs or countries' institutions. We provide evidence that the

[38] Book translations have been used as a proxy for the flow of ideas across countries (Abramitzky and Sin, 2014).

[39] Data limitations prevent us from examining the role of tourism. However, since (air-based) mass tourism took off towards the end of our sample period, it seems unlikely that this force can, alone, have a substantial impact on results.

effects of trade with democracies are driven by partners that can be taken as role models. We also document that the transmission of democratic values is more likely to occur when countries exchange goods that signal the (perceived or actual) qualities of democracy.

At a time when economic integration is slowing down and trade is becoming increasingly fragmented along institutional and geopolitical blocs, our findings might have important implications for the future of democracy.

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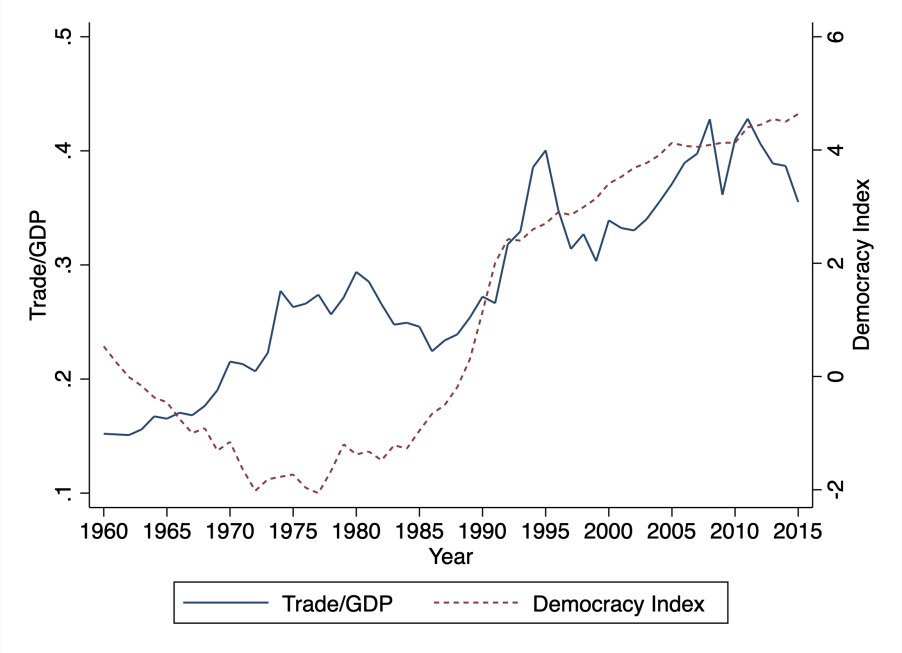
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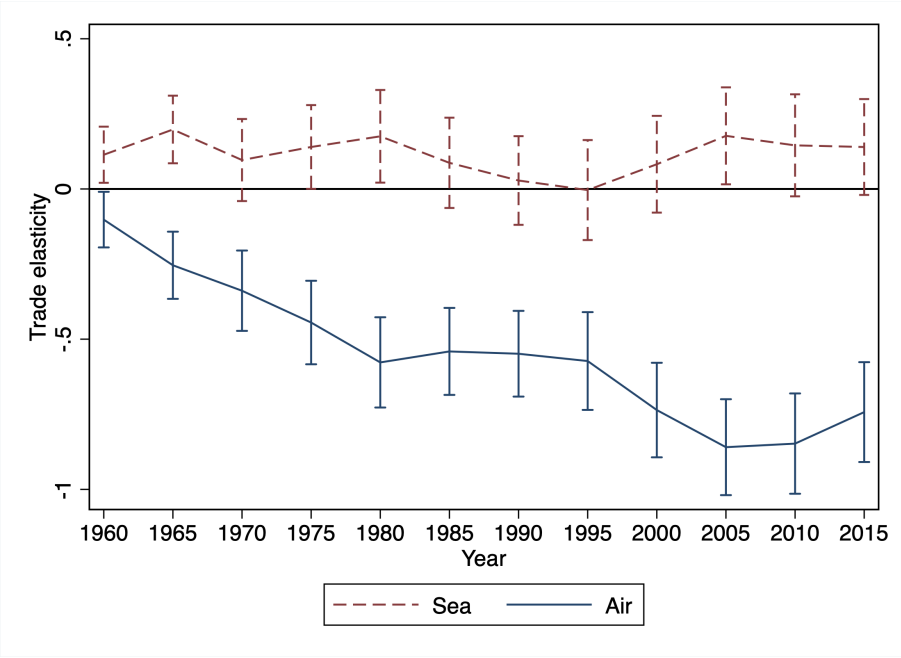
Figures and Tables

Figure 1. Economic Integration and Democracy: Aggregate Trends



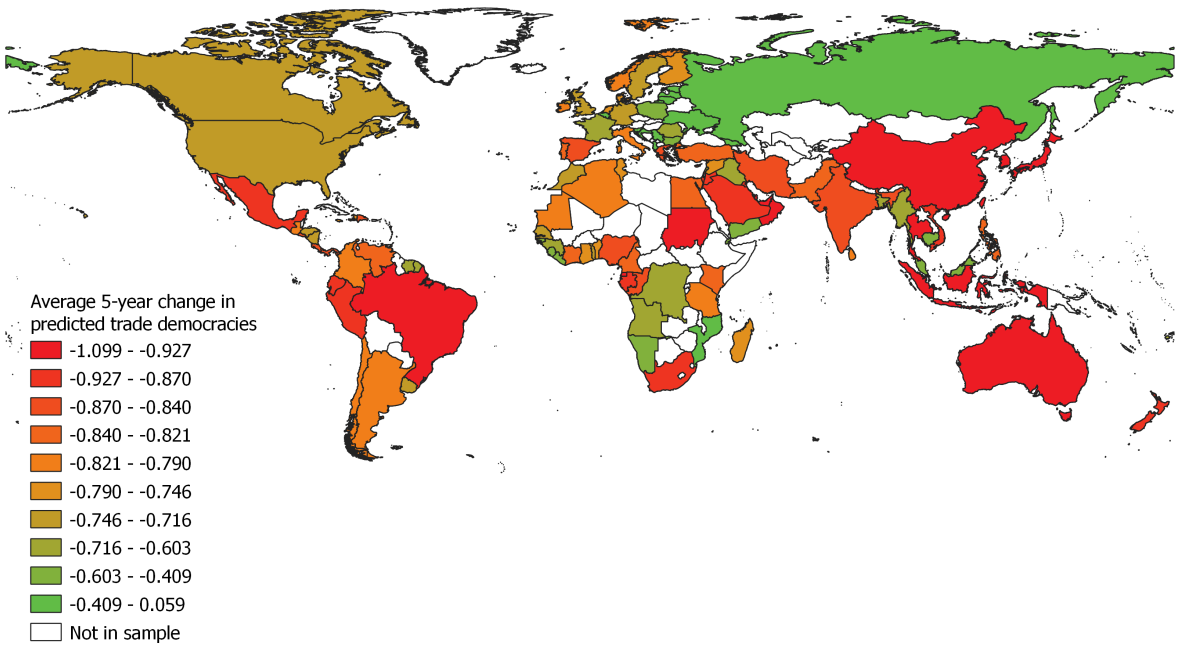
Notes: The figure plots the average trade-to-GDP ratio (blue solid line) and *Polity2* democracy score (red dotted line, secondary y-axis) across countries between 1960 and 2015. See Table B.1 for more details on the variables plotted.

Figure 2. Gravity Equation Coefficients



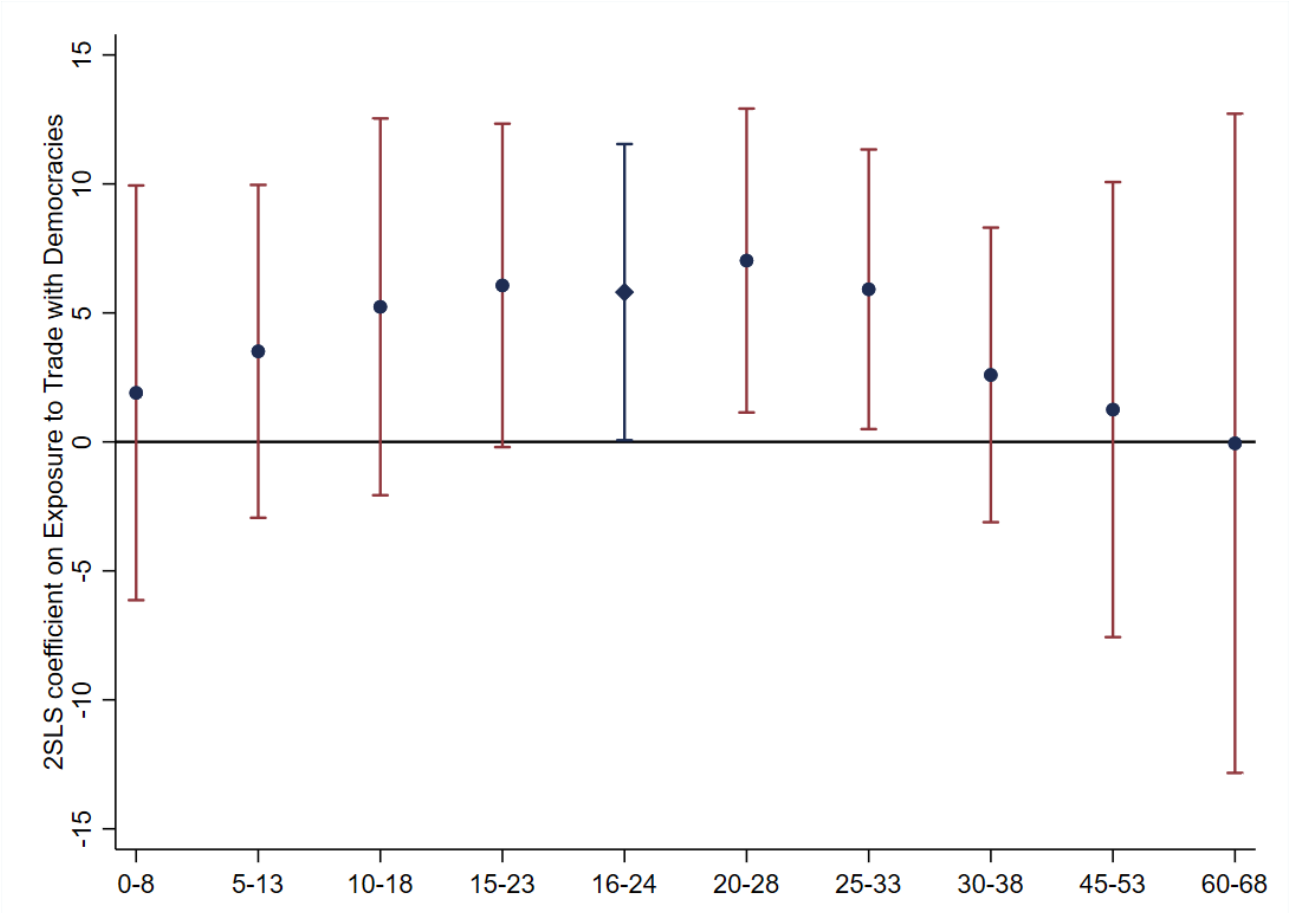
Notes: The figure plots OLS coefficients (with corresponding 95% confidence intervals) on the log of sea (red, dotted line) and air (blue, solid line) distances interacted with 5-year period dummies from the gravity equation (4). Regressions are estimated at the calendar-year, country-pair level from 1955 to 2015. The 1955 coefficients are not estimated because of collinearity with fixed effects. Standard errors are clustered at the country-pair, calendar-year level. See Table A.2 for formal estimates.

Figure 3. Average Change in Predicted Trade with Democracies



Notes: The figure plots the deciles of the average 5-year change in the log of predicted trade with democracies over 5-year lagged GDP for the countries in our sample (except for Belgium and Luxembourg, which constitute a single country-entity before 2000).

Figure 4. Effects of Trade with Democracies, by Exposure Window



Notes: The figure plots 2SLS coefficients (with corresponding 95% confidence intervals) on exposure to trade with democracies, defined as the log of the average trade with democracies to GDP ratio during the age window reported on the x-axis. The dependent variable is an individual's support for democracy, measured with the variable *Democratic system* (see Table B.2 for more details). All regressions partial out: (instrumented) exposure to trade with autocracies; individual characteristics (gender, three categories for education, and dummies for income deciles); (lagged) democratization waves; and, country by survey-year and birth-year fixed effects. Standard errors are clustered at the country level. The blue diamond corresponds to our preferred specification (Table 1, column 6), i.e., the effects of trade with democracies for the 16-24 exposure window. See Table A.4 for the formal estimates.

Table 1. Economic Integration and Individuals' Attitudes

Dep. variable:	Democratic system *(Mean: 339.5)*					
	OLS (1)	OLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)
Exposure democracies	2.062**	2.509**	5.961*	5.144*	5.582*	5.804**
	(0.997)	(1.165)	(3.497)	(3.046)	(2.890)	(2.880)
	[0.020]	[0.024]	[0.057]	[0.049]	[0.053]	[0.056]
Exposure autocracies	-1.437**	-1.415**	-0.643	-0.755	0.567	0.725
	(0.664)	(0.660)	(1.695)	(1.591)	(1.679)	(1.656)
	[-0.020]	[-0.020]	[-0.009]	[-0.011]	[0.008]	[0.010]
Observations	223,960	223,960	223,960	223,960	223,960	223,960
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			4.071	6.079	6.088	5.886
F-stat (Demo Trade)			8.974	14.03	13.75	13.24
F-stat (Auto Trade)			13.42	16.75	16.62	15.80

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 deciles), and country, survey year, and birth year fixed effects. All columns, except columns 1 and 3, also add exposure to (lagged) 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. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 2. Economic Integration and Democracy

Dep. variable:	Polity2					
	OLS (1)	OLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)
Log(Trade democracy/GDP)	1.743***	1.249**	4.576**	4.977**	6.522**	-3.241
	(0.558)	(0.551)	(2.156)	(2.110)	(2.755)	(5.945)
	[0.173]	[0.124]	[0.453]	[0.493]	[0.798]	[-0.417]
Log(Trade autocracy/GDP)	-0.574**	-0.451*	0.163	0.933	0.793	-0.053
	(0.278)	(0.261)	(1.134)	(1.050)	(1.202)	(2.035)
	[-0.092]	[-0.072]	[0.026]	[0.149]	[0.152]	[-0.011]
Sample	Full	Full	Full	Full	Baseline autocracy	Baseline democracy
Observations	1,192	1,192	1,192	1,192	602	590
Clusters	116	116	116	116	60	56
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			5.312	6.249	3.940	2.406
F-stat (Demo Trade)			12.18	13.78	8.919	5.665
F-stat (Auto Trade)			16.75	19.35	13.85	6.163
Dep. variable mean	2.060	2.060	2.060	2.060	-2.339	6.549

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 lagged 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. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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. Trade with Democracies, Split by Partners' Characteristics

Dep. variable:	Polity2				
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)
Log(Above median trade democracy/GDP)	2.929***	3.389**	4.785***	2.972**	4.928***
	(1.047)	(1.495)	(1.736)	(1.266)	(1.536)
Log(Below median trade democracy/GDP)	1.252	1.071	0.545	0.552	0.367
	(0.878)	(2.600)	(1.188)	(1.408)	(0.816)
Log(Trade autocracy/GDP)	0.725	0.210	-0.173	0.986	0.043
	(1.069)	(1.249)	(1.235)	(1.053)	(1.077)
Split variable	1960 democratic capital	Up to current year growth	Government expenditure	Genetic proximity	Unit value exports
Observations	1,192	1,178	1,024	1,170	1,192
Clusters	116	116	116	113	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	3.985	1.645	4.253	5.769	4.626
F-stat (Above Median Demo Trade)	34.74	8.038	17.39	17.57	20.43
F-stat (Below Median Demo Trade)	30.65	6.039	29.41	25.42	25.47
F-stat (Auto Trade)	12.65	11.14	14.28	20.59	15.77

Notes: The table replicates column 4 of Table 2 by splitting democratic partners as above and below the median of: *i*) baseline domestic democratic capital from Persson and Tabellini (2009) in column 1; *ii*) growth rate of GDP per capita up to the current year, from 1960, in column 2; *iii*) government spending over GDP in column 3; *iv*) the index of weighed genetic proximity from Spolaore and Wacziarg (2009) in column 4; *v*) the unit value of exports. When defining predicted trade in each sub-sample, we consider the sample of democratic partners 5 years before (consistent with the timing used to define democratic and non-democratic partners for the instruments used in the main analysis). All regressions control for country and year fixed effects and for lagged democratization waves. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. F-stat (Above Median Demo Trade), F-stat (Below Median Demo Trade), and F-stat (Auto Trade) refer to the Sanderson-Windmeijer F-stats for joint significance of the instruments in the three separate first-stage regressions. Significance levels: *** p< 0.01, ** p< 0.05, * p< 0.1.

Table 4. Imports, Exports, and Democracy

Dep. variable:	Polity2			
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)
Log(Import democracy/GDP)	3.974*	6.548***	3.709*	6.590***
	(2.060)	(2.215)	(2.010)	(2.083)
Log(Export democracy/GDP)	-0.548	-1.702	-0.235	-1.746
	(1.224)	(1.175)	(1.213)	(1.084)
Log(Trade autocracy/GDP)	1.276	1.834	1.264	1.843
	(0.891)	(1.501)	(0.897)	(1.512)
Sample	Full	Baseline autocracy	Full	Baseline autocracy
Observations	1,114	573	1,114	573
Clusters	115	59	115	59
Democratization waves	X	X	X	X
Country FE	X	X	X	X
Year FE	X	X	X	X
K-P F-stat	6.089	3.337	6.060	3.311
F-stat (Demo Import)	27.97	21.68	27.01	23.91
F-stat (Demo Export)	11.67	14.84	11.18	17.67
F-stat (Auto Trade)	23.73	8.628	23.70	8.654
Dep. variable mean	1.973	-2.276	1.973	-2.276

Notes: The table replicates column 4 of Table 2 for the full sample (columns 1 and 3) and for baseline autocracies (columns 2 and 4), replacing total trade with democracies with imports from and exports to democracies. Predicted trade from industry level data for Serbia (needed to construct instruments for imports and exports) can be derived for a single time period; for this reason the country drops out from the regressions. In columns 1 and 2, the instruments for imports and exports with democracies are constructed as described in equations (17) and (18) in Appendix D.8. In columns 3 and 4, the instruments are derived using the alternative strategy described in Appendix D.8 (see also footnote 81). Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Import), F-stat (Demo Export), and F-stat (Auto Trade) refer to the Sanderson-Windmeijer F-stats for joint significance of the instruments in the three separate first-stage regressions. Significance levels: *** p< 0.01, ** p< 0.05, * p< 0.1.

Table 5. Trade with Democracies, Split by Good Categories

Dep. variable:	Polity2				
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)
Log(Above median trade democracy/GDP)	5.988***	3.412*	3.947*	4.433**	5.783**
	(2.249)	(2.000)	(2.087)	(1.936)	(2.827)
Log(Below median trade democracy/GDP)	-1.219	2.192	0.678	0.611	-0.970
	(1.310)	(1.850)	(1.120)	(1.029)	(1.626)
Log(Trade autocracy/GDP)	1.051	0.557	0.899	0.885	0.898
	(1.100)	(0.985)	(1.043)	(1.062)	(1.106)
Split variable	Institutionally intensive goods	Cultural goods	Consumer goods	Interaction goods	Differentiated goods
Observations	1,188	1,192	1,186	1,191	1,187
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	4.751	3.949	4.569	3.968	2.787
F-stat (Above Median Demo Trade)	14.51	13.60	13.76	13.92	9.209
F-stat (Below Median Demo Trade)	21.63	28.75	32.43	22.95	7.971
F-stat (Auto Trade)	26.27	22.20	21.61	22.10	22.52

Notes: The table replicates column 4 of Table 2 by splitting democratic partners on the basis of the share of bilateral trade in specific types of goods over the country's type-specific total trade (see also Section 5.2 for more details). We consider: *i*) institutionally-intensive goods (column 1); *ii*) cultural goods (column 2); *iii*) consumer goods (column 3); *iv*) high-interaction goods (column 4); and, *v*) differentiated goods (column 5). See Appendix B.3.1 for more details on the definition of each type of good. When defining predicted trade in each sub-sample, we consider the sample of democratic partners 5 years before (consistent with the timing used to define democratic and non-democratic partners for the instruments used in the main analysis). All regressions control for country and year fixed effects and for (lagged) democratization waves. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. F-stat (Above Median Demo Trade), F-stat (Below Median Demo Trade), and F-stat (Auto Trade) refer to the Sanderson-Windmeijer F-stats for joint significance of the instruments in the three separate first-stage regressions. Significance levels: *** p< 0.01, ** p< 0.05, * p< 0.1.

Appendix

Table of Contents

A Additional Tables and Figures **42**

B Data Appendix **53**

B.1 Main Variables 53

B.2 Sample: Countries and Years 60

B.3 Industry Level Data 63

C Robustness Checks **69**

C.1 Robustness Checks for Individual Level Analysis 69

C.2 Robustness Checks for Country Level Analysis 71

D Additional Results **88**

D.1 First Stage Regressions 88

D.2 Descriptive Evidence on Good Categories Traveling by Air 88

D.3 Additional Results on Individuals' Attitudes 89

D.4 Trade-Induced Democratic Capital 90

D.5 From Individuals' Attitudes to Countries' Institutions 91

D.6 Dynamics of Democratization Following Large Trade Shocks 93

D.7 Testing for Democratization Spillovers 95

D.8 Instrumenting Imports and Exports 97

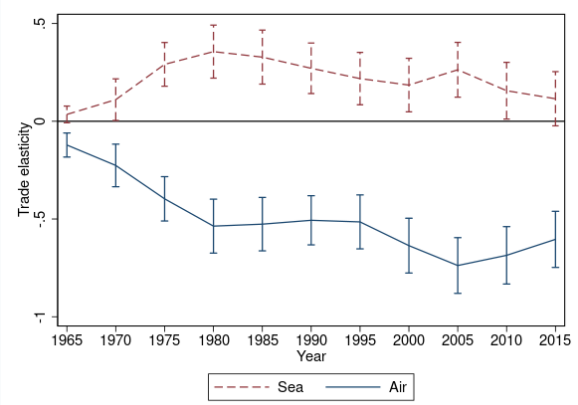
D.9 Evidence Against Alternative Mechanisms 98

D.10 Unbundling Economic Integration 104

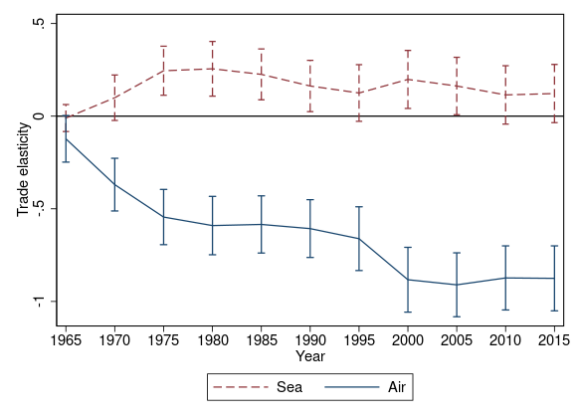
A Additional Tables and Figures

Figure A.1. Gravity Equation Coefficients, by Quartile of Air Intensity

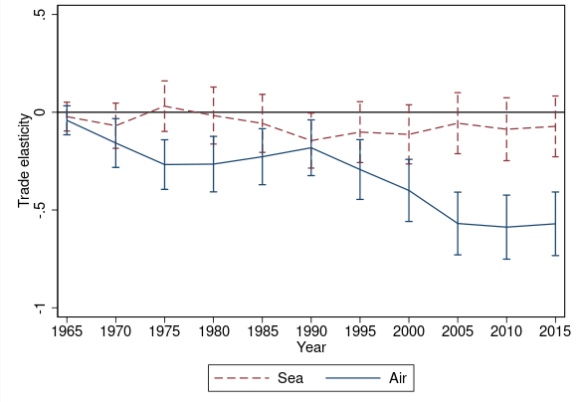
Panel A. 75^{th} + Percentile



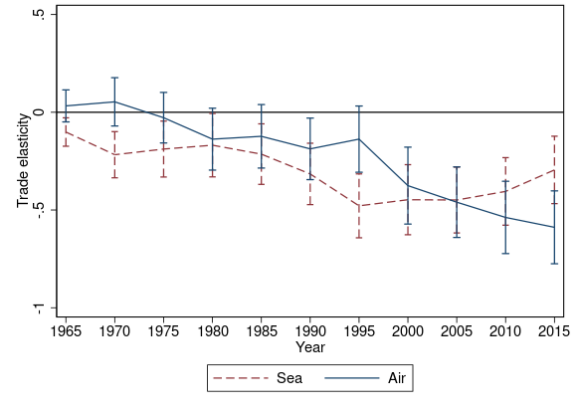
Panel B. $50^{th} - 75^{th}$ Percentiles



Panel C. $25^{th} - 50^{th}$ Percentiles

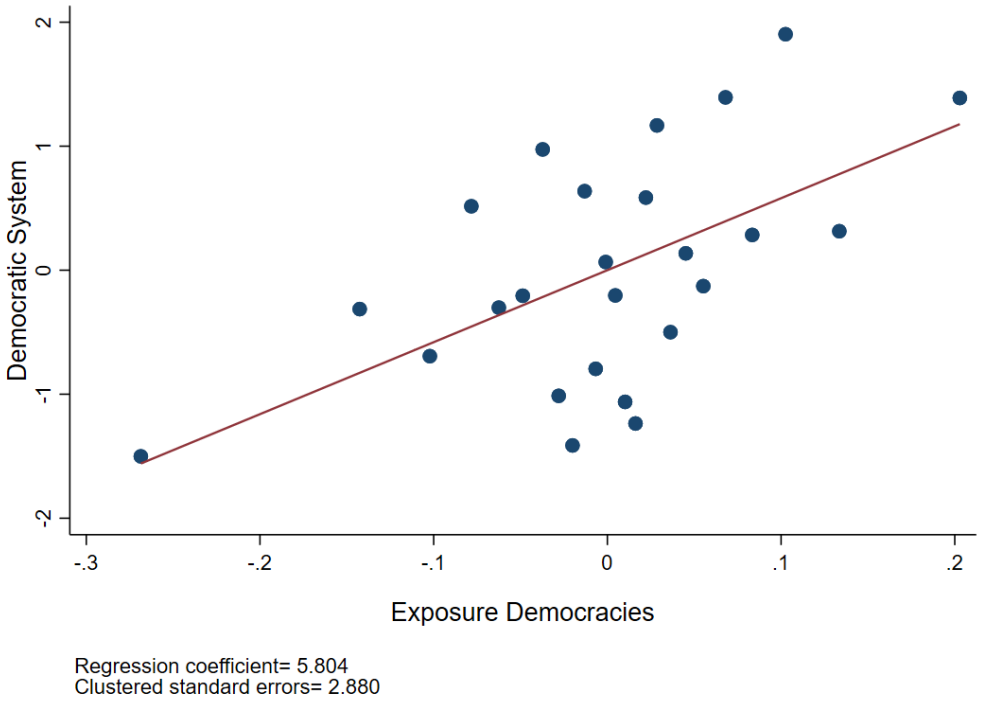


Panel D. 25^{th} - Percentile



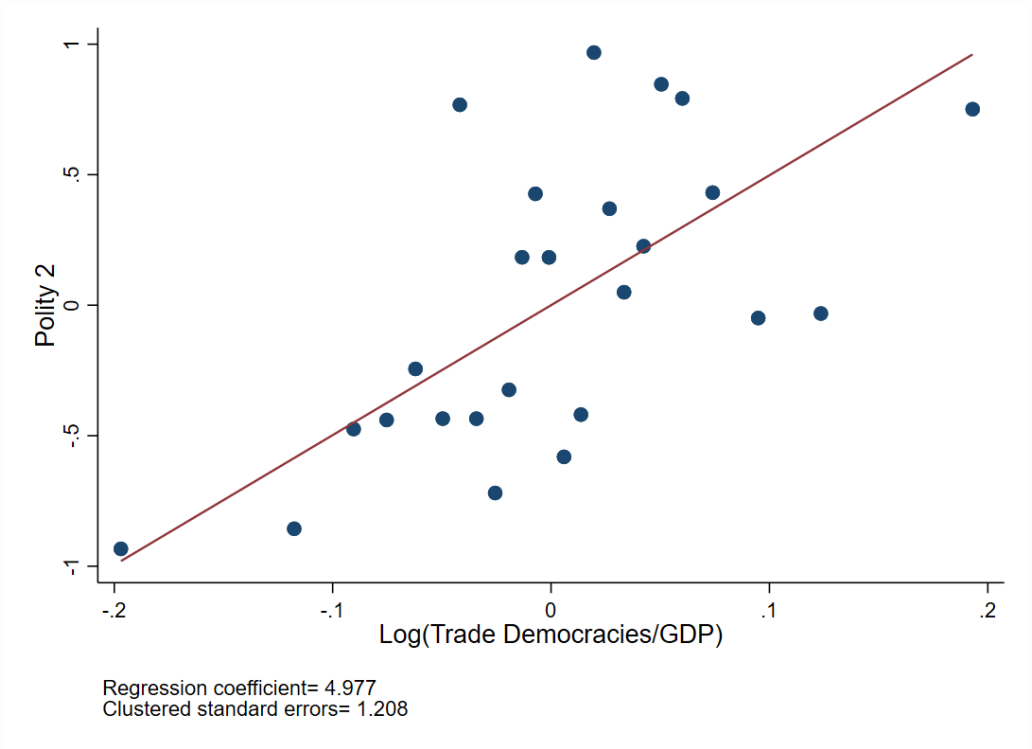
Notes: The figure replicates Figure 2 separately for goods in each quartile (from top in Panel A to bottom in Panel D) of the distribution of air intensity. See Appendix B.3.1 for more details on the definition of air intensive industries. Specifically, each panel plots OLS coefficients (with corresponding 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 (separately for each quartile of the distribution of air intensity) at the calendar-year, country-pair level from 1962 to 2015. The estimation sample is shorter (1962-2015 vs 1955-2015) than in the full data, because 1962 is the first year for which industry level data, needed to construct the quartiles of air intensity, becomes available. The 1962 coefficients are not estimated because of collinearity with fixed effects. Standard errors are clustered at the country-pair, calendar-year level.

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



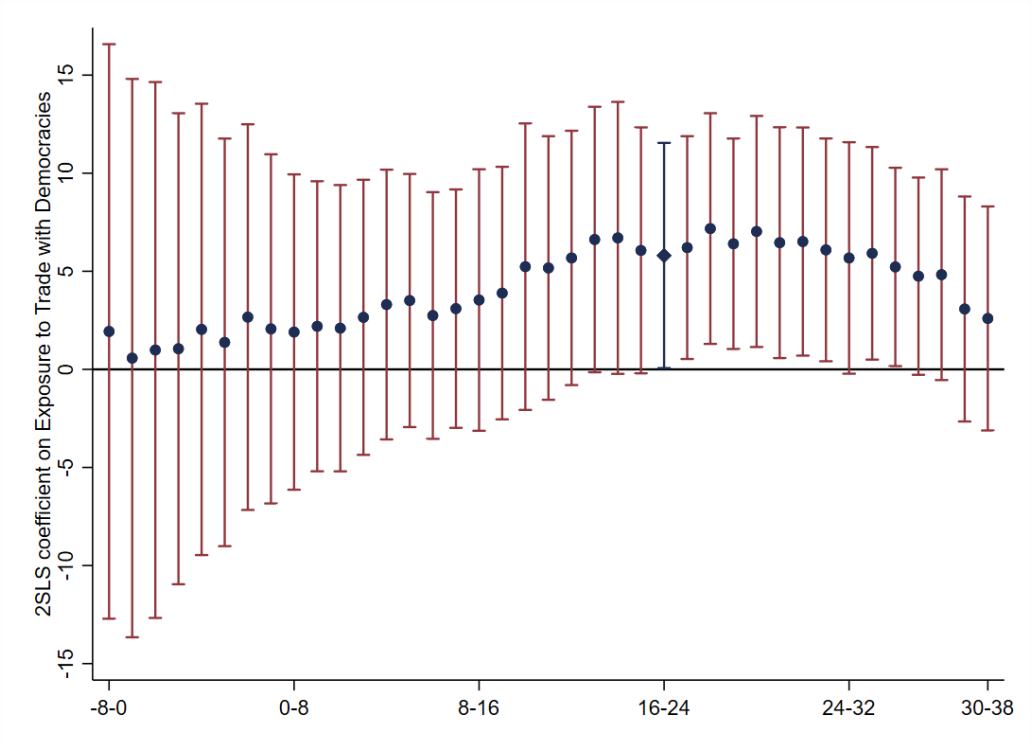
Notes: The y-axis (resp., x-axis) reports individuals' support for democracy, measured with the variable *Democratic system* (resp., the log of the average trade with democracies to GDP ratio during an individual's impressionable years). The scatterplot pools observations into 25 bins. Each point in the scatter diagram represents the residuals of the two variables, after partialling out individual controls, lagged democratization waves, (instrumented) exposure to economic integration with autocracies as well as birth cohort and country by survey year fixed effects. The red line refers to the slope of the 2SLS 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



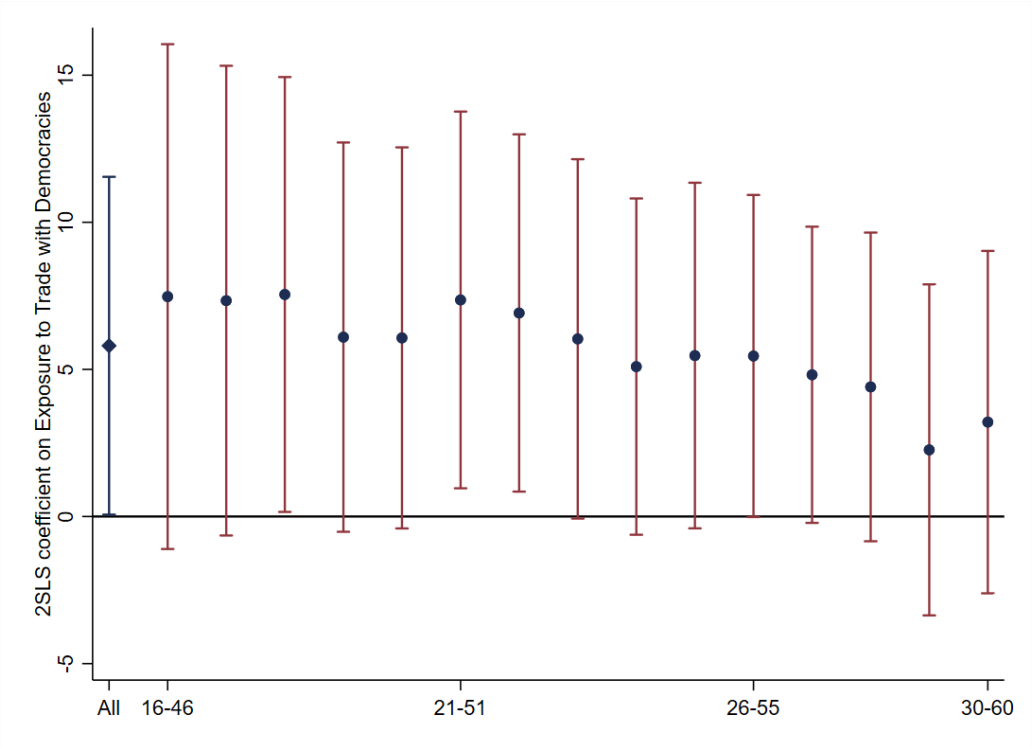
Notes: The y-axis (resp., x-axis) reports a country's *Polity2* score (resp., the log of trade with democracies to GDP ratio). The scatterplot pools observations into 25 bins. Each point in the scatter diagram represents the residuals of the two variables, after partialling out country and year fixed effects, lagged democratization waves, and the log of (instrumented) trade with autocracies to GDP ratio. The red line refers to the slope of the 2SLS coefficient, which is also reported in the notes (with associated standard errors, clustered at the country level).

Figure A.4. Effects of Trade with Democracies, by Exposure Window (Detailed)



Notes: The figure plots 2SLS coefficients (with corresponding 95% confidence intervals) on exposure to trade with democracies, defined as the log of the average trade with democracies to GDP ratio during the age window reported on the x-axis. The dependent variable is an individual's support for democracy, measured with the variable *Democratic system* (see Table B.2 for more details). All regressions partial out: (instrumented) exposure to trade with autocracies; individual characteristics (gender, three categories for education, and dummies for income deciles); (lagged) democratization waves; and, country by survey-year and birth-year fixed effects. Standard errors are clustered at the country level. The blue diamond corresponds to our preferred specification (Table 1, column 6), i.e., the effects of trade with democracies for the 16-24 exposure window.

Figure A.5. Effects of Trade with Democracies, by Age at Survey



Notes: The figure plots 2SLS coefficients (with corresponding 95% confidence intervals) on exposure to trade with democracies, defined as the log of the average trade with democracies to GDP ratio, during the impressionable years (16-24) for individuals who are in the age bracket reported on the x-axis at the time of the survey. The dependent variable is an individual's support for democracy, measured with the variable *Democratic system* (see Table B.2 for more details). All regressions partial out: (instrumented) exposure to trade with autocracies; individual characteristics (gender, three categories for education, and dummies for income deciles); (lagged) democratization waves; and, country by survey-year and birth-year fixed effects. Standard errors are clustered at the country level. The blue diamond (first coefficient from the left) corresponds to our preferred specification (Table 1, column 6), i.e., the full sample of respondents.

Table A.1. Summary Statistics

Variables	Mean	Median	St. Dev.	Min	Max	Obs
Panel A: Individual level analysis						
Democratic system	339.5	400	72.55	100	400	223,960
Dummy democratic system	51.37	100	49.98	0	100	223,960
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	296.5	300	61.03	100	400	232,584
Average trade democracies	0.170	0.145	0.134	0.005	0.983	223,960
Average trade autocracies	0.036	0.021	0.048	0	0.485	223,960
Average democratization waves	0.598	0.677	0.367	0	1	223,960
Gender	0.496	0	0.500	0	1	223,960
Education class	2.080	2	0.672	1	3	223,960
Income decile	4.922	5	2.389	1	10	223,960
Panel B: Country level analysis						
Polity2	2.060	5	7.281	-10	10	1,192
Dummy *Polity2*	0.589	1	0.492	0	1	1,192
Trade/GDP	0.301	0.216	0.676	0.010	18.63	1,192
Trade with democracies/GDP	0.238	0.178	0.575	0.007	16.86	1,192
Trade with autocracies/GDP	0.057	0.028	0.143	0	3.627	1,192
Democratization waves	0.514	0.500	0.371	0	1	1,192

Notes: All survey answers are multiplied by 100 for presentation purposes. See Tables B.1 to B.3 for definition and source of each variable.

Table A.2. Gravity Equation Coefficients

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

Dep. variable:	Democratic system *(Mean: 339.5)*					
	OLS (1)	OLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)
Exposure democracies	2.062**	2.509**	5.961*	5.144*	5.582*	5.804**
	(0.997)	(1.165)	(3.497)	(3.046)	(2.890)	(2.880)
Exposure autocracies	-1.437**	-1.415**	-0.643	-0.755	0.567	0.725
	(0.664)	(0.660)	(1.695)	(1.591)	(1.679)	(1.656)
Male	2.672***	2.675***	2.666***	2.673***	2.646***	2.630***
	(0.489)	(0.488)	(0.489)	(0.488)	(0.489)	(0.487)
Secondary educ.	5.856***	5.941***	5.769***	5.929***	6.177***	6.202***
	(1.039)	(1.048)	(1.071)	(1.071)	(1.030)	(1.024)
Tertiary or higher educ.	19.475***	19.542***	19.361***	19.503***	19.578***	19.586***
	(1.762)	(1.752)	(1.802)	(1.779)	(1.815)	(1.803)
Second income decile	-0.006	0.007	-0.014	0.007	0.328	0.516
	(1.329)	(1.332)	(1.334)	(1.337)	(1.193)	(1.171)
Third income decile	2.522	2.546	2.514	2.553	3.022**	3.111**
	(1.699)	(1.700)	(1.704)	(1.706)	(1.515)	(1.484)
Forth income decile	4.281**	4.320**	4.249**	4.319**	4.800***	4.748***
	(1.929)	(1.931)	(1.938)	(1.937)	(1.708)	(1.668)
Fifth income decile	4.561**	4.600**	4.518**	4.593**	5.028***	4.957***
	(1.824)	(1.823)	(1.838)	(1.832)	(1.647)	(1.587)
Sixth income decile	4.291*	4.335**	4.221*	4.314*	4.974**	4.736**
	(2.272)	(2.274)	(2.286)	(2.285)	(2.038)	(2.012)
Seventh income decile	4.644*	4.687*	4.614*	4.692*	5.355**	5.331**
	(2.614)	(2.614)	(2.618)	(2.617)	(2.353)	(2.353)
Eighth income decile	5.183*	5.229*	5.168*	5.245*	6.075**	6.068**
	(2.940)	(2.942)	(2.941)	(2.942)	(2.624)	(2.621)
Ninth income decile	9.360***	9.410***	9.340***	9.426***	9.741***	9.524***
	(2.994)	(2.995)	(2.993)	(2.995)	(2.664)	(2.693)
Tenth income decile	11.979***	12.034***	11.951***	12.049***	12.446***	12.118***
	(2.535)	(2.526)	(2.550)	(2.534)	(2.356)	(2.364)
Democratization waves		-3.593		-5.698	-5.450	-5.337
		(4.126)		(4.447)	(4.154)	(4.008)
Observations	223,960	223,960	223,960	223,960	223,960	223,960
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			4.071	6.079	6.088	5.886
F-stat (Demo Trade)			8.974	14.03	13.75	13.24
F-stat (Auto Trade)			13.42	16.75	16.62	15.80

Notes: The table replicates Table 1 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. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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. Effects of Trade with Democracies, by Exposure Window

Dep. variable	Democratic system									
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)	2SLS (7)	2SLS (8)	2SLS (9)	2SLS (10)
Log(Trade Democracies/GDP)	1.902	3.510	5.234	6.065*	5.804**	7.029**	5.915**	2.596	1.251	-0.057
	(4.033)	(3.237)	(3.664)	(3.145)	(2.880)	(2.955)	(2.719)	(2.865)	(4.426)	(6.410)
Log(Trade Autocracies/GDP)	2.456	0.375	0.961	0.742	0.725	0.570	-0.037	-0.681	-1.262	5.270*
	(1.708)	(1.263)	(1.647)	(1.697)	(1.656)	(1.729)	(1.516)	(1.427)	(2.318)	(3.066)
Observations	165,276	185,938	204,403	221,261	223,960	222,880	202,545	180,373	110,285	52,262
Clusters	74	74	74	74	74	74	74	74	74	73
Exposure window	0-8	5-13	10-18	15-23	16-24	20-28	25-33	30-38	45-53	60-68
Dep. variable mean	339.6	339.8	339.7	339.5	339.5	339.5	340.1	340.2	340.5	339
Birth year FE	X	X	X	X	X	X	X	X	X	X
Country X Survey year FE	X	X	X	X	X	X	X	X	X	X
Democratization waves	X	X	X	X	X	X	X	X	X	X
K-P F-stat	7.595	6.948	5.779	5.844	5.886	5.721	5.880	6.420	4.411	2.675
F-stat (Demo Trade)	15.41	14.44	12.57	12.92	13.24	13.65	14.73	16.46	10.62	9.160
F-stat (Auto Trade)	25.85	18.45	15.63	16	15.80	15.26	15.63	16.71	13.93	8.606

Notes: The table replicates the baseline specification for the individual level analysis (Table 1, column 6), also presented in column 5 of this table, by measuring exposure to trade with democracies over alternative windows (reported in the corresponding column). All regressions partial out: (instrumented) exposure to trade with autocracies; individual characteristics (gender, three categories for education, and dummies for income deciles); (lagged) democratization waves; and, country by survey-year and birth-year 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. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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. Split by Good Categories: Robustness/1

Dep. variable:	Polity2				
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)
Log(Above median trade democracy/GDP)	4.827**	4.468*	3.969**	4.031**	4.462**
	(2.223)	(2.464)	(1.590)	(1.858)	(2.042)
Log(Below median trade democracy/GDP)	-0.100	0.504	-0.630	1.351	0.097
	(1.252)	(1.750)	(1.030)	(1.132)	(0.893)
Log(Trade autocracy/GDP)	1.051	0.879	1.093	0.690	0.974
	(1.104)	(1.082)	(0.953)	(1.110)	(1.028)
Split variable	Institutionally intensive goods	Cultural goods	Consumer goods	Interaction goods	Differentiated goods
Observations	1,192	1,192	1,189	1,192	1,191
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	5.509	4.374	5.784	4.811	4.677
F-stat (Above Median Demo Trade)	16.54	11.96	19.91	17.10	15.27
F-stat (Below Median Demo Trade)	27.12	30.56	43.72	8.789	41.78
F-stat (Auto Trade)	29.14	23.81	20.82	23.48	27.67

Notes: The table replicates Table 5 by expressing the trade shares (used to perform the split of democratic partners) relative to total trade of partner j, rather than total trade of country i in good type x. All regressions control for country and year fixed effects and for lagged democratization waves. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. F-stat (Above Median Demo Trade), F-stat (Below Median Demo Trade), and F-stat (Auto Trade) refer to the Sanderson-Windmeijer F-stats for joint significance of the instruments in the three separate first-stage regressions. Significance levels: *** p< 0.01, ** p< 0.05, * p< 0.1.

Table A.6. Split by Good Categories: Robustness/2

Dep. variable:	Polity2				
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)
Log(Above median trade democracy/GDP)	4.715**	4.424*	4.055**	4.025**	4.672**
	(2.200)	(2.598)	(1.614)	(2.031)	(2.029)
Log(Below median trade democracy/GDP)	-0.075	0.455	-0.938	1.221	-0.367
	(1.153)	(1.990)	(1.119)	(1.312)	(0.980)
Log(Trade autocracy/GDP)	1.112	0.918	1.044	0.680	1.100
	(1.104)	(1.082)	(0.968)	(1.052)	(1.037)
Split variable	Institutionally intensive goods	Cultural goods	Consumer goods	Interaction goods	Differentiated goods
Observations	1,192	1,192	1,189	1,191	1,191
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	4.628	5.023	5.784	4.894	4.722
F-stat (Above Median Demo Trade)	14.94	12.52	18.70	14.31	15.45
F-stat (Below Median Demo Trade)	45.17	30.94	30.44	20.20	46.35
F-stat (Auto Trade)	26.73	25.36	20.18	30.26	30.48

Notes: The table replicates Table 5 by expressing the trade shares (used to perform the split of democratic partners) relative to total trade of partner j in good type x, rather than total trade of country i in good type x. All regressions control for country and year fixed effects and for lagged democratization waves. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. F-stat (Above Median Demo Trade), F-stat (Below Median Demo Trade), and F-stat (Auto Trade) refer to the Sanderson-Windmeijer F-stats for joint significance of the instruments in the three separate first-stage regressions. Significance levels: *** p< 0.01, ** p< 0.05, * p< 0.1.

B Data Appendix

B.1 Main Variables

Table B.1. Variables' Description

Variable	Description	Source
Panel A. Outcomes		
Polity2	Regime authority spectrum on a 21-point scale ranging from -10 (full autocracy) to +10 (full democracy).	Polity5 Project: Regime Authority Characteristics and Transitions Datasets, accessible at https://www.systemicpeace.org
Dummy Polity2	Dummy equal to one if *Polity2* is strictly positive.	Authors' calculation from Polity5 Project: Regime Authority Characteristics and Transitions Datasets
Freedom House	Average of the *Political rights* and *Civil liberties* indicators from the Freedom House Freedom in the World Report. Both components range from 1 to 7 and are coded so that higher values indicate greater political rights and civil liberties, respectively.	Freedom House Freedom in the World Report, available at https://freedomhouse.org
Dummy Freedom House	Dummy equal to one if the Freedom House score is strictly greater than three.	Authors' calculation from Freedom House Freedom in the World Report
Executive constraints	Extent of institutionalized constraints on the decision-making powers of chief executives, whether individuals or collectivities. The variable ranges from 1 (unlimited authority) to 7 (executive parity or subordination). That is, higher values reflect more stringent constraints on the executive.	Polity5 Project: Regime Authority Characteristics and Transitions Datasets
Average years of schooling	Average years of schooling attained. The number of years of schooling for the population aged 15 and above in a given country is constructed as the weighed sum of the number of years of schooling of a given age group in a given year, with weights reflecting the population share of each age group in population 15 and above.	Barro and Lee (2013)
Migration	Sum of bilateral migration flows for each origin and destination, calculated as the simple average of in- and out-migration from and to every other country. To increase the temporal coverage of the data, estimates based on migration stock data from Özden et al. (2011), from 1965 to 2000, are combined with those from the United Nations' Trends in international migration stock—the 2015 revision (from 2005 to 2015). Migration flows are estimated at five-year frequency.	Authors' calculations from Abel (2018) using demographic data from the 2015 World Population Prospects
Students abroad	Number of students abroad as a share of total population in the sending country. The number of students in democratic and autocratic host countries is taken from Spilimbergo (2009), who uses the *Polity2* index from the Polity IV project (an earlier version relative to that used in our main analysis). Democratic (resp., autocratic) countries are defined as those with a *Polity2* index strictly greater than zero (resp., strictly lower than one).	Spilimbergo (2009)

Foreign Direct Investment	Direct investment equity flows in each country, defined as the sum of equity capital, reinvestment of earnings, and other capital. Data, in current US dollars and based on IMF Balance of Payments database, available from 1970 to 2000. In the analysis, the variable is defined as the logarithm of one plus the simple average of net inflows and outflows.	Authors' calculation from World Bank World Development Indicators, available at https://databank.worldbank.org
Book Translations	Number of books translated in a given country in each year from 1960 to 2009. The underlying data is collected at the national level through the law of legal deposit that mandates the submission of every book intended for circulation to the national depository. The list of publications is then submitted to UNESCO. In the analysis, the dependent variable is defined as the log of (one plus) the number of book translations.	UNESCO Index Translationum (IT), available at https://www.unesco.org/xtrans/bsform.aspx
Log(X pctile)/Log(Z pctile)	Ratio of the log of income at different percentiles of the income distribution. Income is defined as pre-tax national income, and is divided equally among spouses. The population considered includes all adults who are 20 or older.	Authors' calculations from the World Inequality Database, accessible at: https://wid.world/data
Difference between country vote and average vote among full democracies	Absolute difference between a country own vote on the first United Nations resolution within each 5-year period and the (leave-out) average vote of full democracies (defined as in Besley and Persson, 2019) on the same resolution. Voting patterns in the original 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.	Adapted from Bailey et al. (2017)
Difference between own vote and US vote	Absolute difference between country own vote on the first United Nations resolution within each 5-year period and US vote on the same resolution.	Adapted from Bailey et al. (2017)
Offers	Yearly number of economic, military, and diplomatic offers received or sent by a country from 1980 to 2010. In the analysis, the dependent variable is the log of (one plus) each offer category.	GDELT Event Dataset, accessible at https://www.gdeltproject.org
Formal Bilateral Influence Capacity (FBIC) Index	Normalized measure of the yearly bilateral (economic, political, and security) influence between two countries from 1960 to 2020. It takes values between 0 (no influence) and 1 (maximum influence). It combines two sub-index: *i*) Bandwidth, which measures the size of the relationship between the two countries; and, *ii*) Dependence (see below). The Bandwidth sub-index is determined by economic factors (such as trade agreements and total goods trade), political factors (e.g. diplomatic level of representation), and security factors (arms transfers and military alliances). For the analysis, the index is collapsed at the level of the target country, for each 5-year period.	FBIC Dataset (Moyer et al., 2021), accessible at https://korbel.du.edu/fbic
Dependence (FBIC sub-index)	Sub-component of the FBIC index. It is a normalized measure of the ability of the source country to take advantage of its relationship with the target country (i.e., a measure of dependence of the target country on the source country). It takes values between 0 (no ability to influence the target) and 1 (maximum level of dependence of the target on the source country). The dependence index is itself obtained from two sub-index: *i*) Economic dependence, which is derived from trade and economic aid; and, *ii*) Security dependence, which is evaluated in terms of arm imports. As for the overall FBIC index, the Dependence index is collapsed at the level of the target country, for each 5-year period.	FBIC Dataset, (Moyer et al., 2021)
Weaker Power Index (WPI)	It measures the relative power of countries as the power share of all weaker competitors, defined as countries whose power on the target is lower than the country of analysis. Specifically, the index is computed as the sum of the influence, measured with the FBIC index (or, its dependence sub-component), of all countries on the target country whose influence is lower than that of the source country. In the analysis, the index is collapsed at the level of the target country for each 5-year period, using either the overall FBIC index or its dependence sub-index to proxy for power.	Authors' calculations from Camboni and Porcellacchia (2021)

Preferential trade agreements (PTAs)	PTAs encompass all free trade agreements and custom unions among 187 countries. In the case of custom unions, member countries must have implemented a common external tariff for the vast majority of products, not merely agreed on them. Therefore, PTAs effectively represent arrangements whereby trade among members is substantially duty free.	Facchini et al. (2021)
McDonald's Coca Cola IBM	Dummies equal to one for the first year of entry of McDonald's, Cocal Cola, and IBM.	Historical Data & Sources from Harvard Business School, available at https://www.hbs.edu
Panel B. Main Regressors		
Trade democracy Trade autocracy	Trade with democratic (resp., autocratic) partners in a given year. It is derived by aggregating bilateral trade flows for a given country in a given year over all democratic (resp., autocratic) trade partners for which is possible to estimate predicted trade (bilateral trade flows are in turn computed as the simple average of the two directed trade flows involving a pair of countries). Democratic (resp., autocratic) partners are defined as countries with *Polity2* index strictly greater than 0 (resp., strictly lower than 1). In the analysis, both trade with democratic and trade with autocratic partners are scaled by GDP, and then logged.	Authors' calculations from the IMF Direction of Trade Statistics, available at https://data.imf.org
Predicted trade democracy Predicted trade autocracy	Predicted trade with democratic (resp., autocratic) partners in a given year. It is obtained by estimating gravity equations that rely on bilateral air and sea distances between each country pair. Air distances are calculated following the great circle formula, which uses latitudes and longitudes of the most important city (in terms of population) or of its official capital. Sea distances are the shortest maritime distances between the two main commercial ports for each pair of countries, expect for Canada, for which we take the shortest sea-route from either Halifax or Vancouver; the US, for which we consider New York, New Orleans, and San Francisco; and Russia, for which we consider Novorossiysk, Saint Petersburg, and Vladivostok. See the main text (Section 3.2.1) for more details on the construction of predicted trade. Democratic (resp., autocratic) partners are defined as countries with a 5-year lagged *Polity2* index strictly greater than 0 (resp., strictly lower than 1). For the analysis, both predicted trade with democratic and predicted trade with autocratic partners are scaled by 5-year lagged GDP, and then logged.	Authors' calculations from IMF Direction of Trade Statistics. Air distances are from CEPII (Mayer and Zignago, 2011). Sea distances are from vesseldistance.org (last accessed in July 2014)
Exposure democracies Exposure autocracies	Log of the country level average of trade with democratic (resp., autocratic) partners in a given year, scaled by GDP, during formative years (16-24). Democratic (resp., autocratic) partners are defined as countries with a *Polity2* index strictly greater than 0 (resp., strictly lower than 1).	Authors' calculations from IMF Direction of Trade Statistics and Integrated Value Survey (available at https://www.europeanvaluesstudy.eu)
Predicted exposure democracies Predicted exposure autocracies	Log of the country level average of predicted trade with democratic (resp., autocratic) partners in a given year, scaled by 5-year lag GDP, during formative years (16-24). Democratic (resp., autocratic) partners are defined as countries with a 5-year lagged *Polity2* index strictly greater than 0 (resp., strictly lower than 1).	Authors' calculations from IMF Direction of Trade Statistics and Integrated Value Survey
Democratization waves	The variable is constructed following the approach in Acemoglu et al. (2019). First, we divide the world in 6 regions (using the World Bank's classification); 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 t 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). For the analysis, this measure is lagged by one year, though results are unchanged when using alternative lags. As for actual and predicted trade, in the survey level analysis, we calculate the average of this variable over the entire impressionable years window.	Authors' calculations from Acemoglu et al. (2019)

Trade-induced democratic capital	Stock of democratic capital accumulated by an individual from the year in which she turns 16 to the year of the interview. In a first step, for every country i and calendar year t, we define a measure of (flow) democratic capital as the weighed sum of trade partners' democracy score (5-year lagged normalized *Polity2*, set to zero if a partner's *Polity2* is negative), with weights equal to the share of trade with each partner over total trade. Then, for every birth cohort b living in country i, we compute the stock of the yearly flows of trade-induced democratic capital just described by summing them from the year an individual turns 16 to the year of the interview. For more details, see Appendix D.4, which also describes the procedure to construct the instrument and alternative versions of trade-induced democratic capital (e.g., computed using domestic democratic capital of trade partners from Persson and Tabellini, 2009, or applying different discounting schemes).	Authors' calculations from: IMF Direction of Trade Statistics, Polity5 Project: Regime Authority Characteristics and Transitions Datasets, and Integrated Value Survey
Predicted support for democracy	Predicted trade-induced support for democracy prevailing in each country in a given year. For each birth cohort b in country i in year t, the variable is constructed by interacting the 2SLS coefficient in Table D.3, column 1, with the predicted trade-induced democratic capital for cohort b in year t in country i. This quantity is then aggregated across cohorts in each country-year, using as cohort-specific weights the share of individuals in country i in year t who belong to cohort b (relative to all individuals of country i who are 16 or older in year t). For more details, see Appendix D.5.	Authors' calculations from: IMF Direction of Trade Statistics, Polity5 Project: Regime Authority Characteristics and Transitions Datasets, Integrated Value Survey, and 2022 World Population Prospects (available at https://population.un.org)
WTD	Weighed sum over baseline autocratic partners j (excluding those within the same region of country i) of a dummy equal to one if partner j switched from autocracy to democracy in the previous period. Weights correspond to bilateral trade shares at baseline, where the denominator is total trade of country i with its baseline autocratic partners j in regions other than that of country i. In 5-year regressions, the variable is computed as the average of actual switches in partners over the previous 5 years. For more details, see Appendix D.7, which also describes the procedure to construct the instrument used corresponding to actual WTD.	Authors' calculations from: IMF Direction of Trade Statistics and Polity5 Project: Regime Authority Characteristics and Transitions Datasets
First trade shock with democracies	Dummy equal to one for the first year in which the change in the log of predicted trade with democracies over GDP is above the median of its distribution for each country. For more details, see Appendix D.6, which also describes an alternative dummy measure, constructed by taking as a reference the median computed over all countries and years in the sample.	Authors' calculations from IMF Direction of Trade Statistics, CEPII, and vesseldistance.org (last accessed in July 2014)
Log(Import democracy/GDP) Log(Export democracy/GDP)	Imports from (resp., exports to) democratic partners in a given year. Imports (resp., exports) are calculated as the simple average of the two directed trade flows corresponding to imports (resp., exports) for each country-pair. These are then aggregated at the country-year level by summing the flows over all democratic partners for which it is possible to estimate predicted trade. For more details, see the notes for "Trade democracy" at the top of Panel B of this table. In the analysis, both imports and exports with democratic partners are scaled by GDP, and then logged. For more details, see Appendix D.8, which also describes the procedure to construct predicted imports from (resp., exports to) democracies.	Authors' calculations from the UN Comtrade dataset, available at https://comtradeplus.un.org/
GDP	GDP is gross domestic product calculated from the output side. In the analysis, it is used: i) at current prices to scale variables, such as actual and predicted trade defined above and FDI; and, ii) in real terms at current PPPs as an additional control defined as either the log of GDP or the log of GDP per capita.	Authors' calculations from Penn World Table version 9.1 available at https://www.rug.nl
Population	Population in millions.	Penn World Table version 9.1
Panel C. Additional Variables		

Domestic democratic capital	Measure that increases as members of society gain experience with democracy. It depends on the historical path experienced by the country as it grows in years of democracy, and depreciates geometrically in years of autocracy. See also Persson and Tabellini (2009) for more details.	Persson and Tabellini (2009)
Per capita GDP growth rate	Yearly growth rate of output-side real GDP per capita at current PPPs in million of 2005 US dollars.	Authors' calculations from Penn World Table version 9.1
Government expenditure	Non-interest government expenditure over GDP.	IMF Public Finance in Modern History Database (available at https://www.imf.org/external), Mauro et al. (2015)
Genetic proximity	One minus *Dominant Genetic Distance* from Spolaore and Wacziarg (2016). The latter is defined as the genetic distance between the plurality ethnic group of each country in a pair (i.e., the groups with the largest shares of each country's population).	Spolaore and Wacziarg (2016)
Commodity Price Index	Country-specific index of commodity export prices. The index is composed of 50 commodities (35 agricultural and 15 non-agricultural), which are aggregated using weights equal to the share of each commodity in the country's exports in 1995. It takes value equal to 100 in 2000. It is then logged and differenced, and interacted with the ratio of the 1995 commodity exports to GDP. Data available from 1960 to 2007.	Burke and Leigh (2010)
Share of GDP on rents from natural resources	Share of a country's GDP accruing to rents from natural resources (measured at baseline). Total natural resources rents are defined as the sum of rents from: oil, natural gas, coal, mineral, and forest. Natural resources rents are calculated as the difference between the price of a commodity and the average cost of producing it, estimating the price of units of specific commodities and subtracting estimates of average unit costs of extraction or harvesting costs. These unit rents are then multiplied by the physical quantities countries extract or harvest to determine the rents for each commodity as a share of gross domestic product (GDP).	World Bank World Development Indicators
Share of GDP on manufacturing	Share of a country's GDP coming from manufacturing (measured at baseline). Manufacturing refers to industries belonging to ISIC divisions 15-37. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs.	World Bank World Development Indicators
Share of GDP on services	Share of country's GDP coming from services (measured at baseline). Services correspond to ISIC divisions 50-99 and they include value added in wholesale and retail trade (including hotels and restaurants), transport, and government, financial, professional, and personal services such as education, health care, and real estate services. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs.	World Bank World Development Indicators
Telephone subscriptions	Number of fixed telephone subscriptions per 100 people (measured at baseline).	World Bank World Development Indicators
Urban population share	Urban population as % of total population (measured at baseline).	World Bank World Development Indicators
CIA and/or KGB intervention	Dummy equal to one if a country experienced at least one intervention from : *i*) the CIA; *ii*) the KGB; and, *iii*) either the CIA or the KGB, at least once in a 5-year period.	Berger et al. (2013b)

Notes: The table describes all variables used in the paper, reporting the corresponding source, except for those obtained from the survey datasets, which are instead presented in Tables B.2 and B.3.

Table B.2. Dependent Variables 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 2020
Dummy democratic system	Equals 1 if "Very good" (0 otherwise) to the same question in *Democratic system*.	1995 to 2020
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 read 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 strongly" (0 otherwise) to the same question in *Democracy better*.	1995 to 2009
Support democracy index	Average of *Democratic system*, *Opposes strong leader*, *Opposes army ruling* and *Government above experts*.	1995 to 2020
Democracy economy	Equals 1 if "Agree strongly", 2 if "Agree", 3 if "Disagree", and 4 if "Disagree 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 read each one of them? In democracy, the economic system runs badly".	1995 to 2004, 2008-2009
Democracy decision	Equals 1 if "Agree strongly", 2 if "Agree", 3 if "Disagree", and 4 if "Disagree 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 read each one of them? Democracies are indecisive and have too much squabbling".	1995 to 2004, 2008-2009
Democracy order	Equals 1 if "Agree strongly", 2 if "Agree", 3 if "Disagree", 4 if "Disagree 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 read each one of them? Democracies aren't good at maintaining order".	1995 to 2004, 2008-2009
Democracy religion	"Please tell me for each of the following things how essential you think it is as a characteristic of democracy. Use this scale where 1 means "not at all an essential characteristic of democracy" and 10 means "it definitely is an essential characteristic of democracy". Religious authorities interpret the laws".	2005 to 2014, 2016 to 2020
	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", and 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
Dummy democratic support	Equals 1 if "Democracy is preferable to any other kind of government" (0 otherwise) to the same question in *Democratic support*.	2000 to 2015

Table B.3. Additional Variables from IVS

Variable	Description	Years
Education level	Self-reported measure of educational attainment. Equals 1 if "No formal education" or "Incomplete primary school" or "Complete primary school"; 2 if "Incomplete secondary school: technical/vocational type" or "Complete secondary school: technical/vocational type" or "Incomplete secondary: university-preparatory type" or "Complete secondary: university-preparatory type"; and, 3 if "Some university-level education, without degree" or "University-level education, with degree".	1995 to 2020
Income level	Self-reported measure of family income. Income deciles, from 1 (poorest) to 10 (richest).	1995 to 2020
Gender	Self-reported gender of respondent. Equals 1 if "Male", 0 if "Female".	1995 to 2020

B.2 Sample: Countries and Years

Table B.4. Countries in IVS Sample

Countries	Number of periods	First year	Last year
Albania	4	1998	2018
Algeria	2	2002	2014
Argentina	3	1995	2013
Australia	3	1995	2012
Bangladesh	2	1996	2002
Belgium	2	1999	2009
Bosnia Herzegovina	4	1998	2019
Brazil	3	1997	2014
Bulgaria	5	1997	2017
Canada	2	2000	2006
Chile	4	1996	2012
China	3	2001	2013
Colombia	3	1997	2012
Croatia	3	1999	2017
Cyprus	3	2006	2011
Denmark	3	1999	2017
Dominican Rep	1	1996	1996
Ecuador	1	2013	2013
Egypt	3	2001	2013
El Salvador	1	1999	1999
Estonia	5	1996	2018
Finland	5	1996	2017
France	4	1999	2018
Georgia	5	1996	2018
Germany	6	1997	2017
Ghana	2	2007	2012
Greece	2	1999	2008
Guatemala	1	2004	2004
Haiti	1	2016	2016
India	4	1995	2012
Indonesia	2	2001	2006
Iran	2	2000	2007
Iraq	3	2004	2013
Ireland	2	1999	2008
Italy	4	1999	2018
Japan	3	2000	2010
Jordan	3	2001	2014

Countries	Number of periods	First year	Last year
Korea South	4	1996	2010
Kuwait	1	2014	2014
Latvia	3	1996	2008
Lebanon	1	2013	2013
Lithuania	4	1997	2018
Malaysia	2	2006	2012
Mexico	4	1996	2012
Morocco	3	2001	2011
Netherlands	5	1999	2017
New Zealand	3	1998	2011
Nigeria	3	1995	2012
Norway	4	1996	2018
Pakistan	3	1997	2012
Peru	4	1996	2012
Philippines	2	2001	2012
Poland	5	1999	2017
Portugal	1	2008	2008
Romania	6	1998	2018
Russia	6	1995	2017
Serbia	5	1996	2018
Singapore	2	2002	2012
Slovenia	5	1999	2017
South Africa	4	1996	2013
Spain	7	1995	2017
Sweden	6	1996	2017
Tanzania	1	2001	2001
Thailand	2	2007	2013
Trinidad And Tobago	2	2006	2010
Tunisia	1	2013	2013
Turkey	5	1996	2011
Ukraine	6	1996	2020
United Kingdom	5	1999	2018
United States	4	1995	2011
Uruguay	3	1996	2011
Venezuela	2	1996	2000
Vietnam	2	2001	2006
Yemen	1	2014	2014

Table B.5. 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.6. Countries in *Polity2* Sample

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

B.3 Industry Level Data

In the paper, we complement the trade data from the IMF Direction of Trade Statistics with more granular data on trade at the industry level. Specifically, we use data from UN Comtrade, available starting from 1962, to classify goods in different categories. As for the data on total trade, for each exporter-importer pair, in each year, we get four measures of trade (i.e., imports and exports reported by both countries) for each 3-digit SITC Rev.1 industry.[40]

B.3.1 Classifying Industry Categories

Air intensive goods. To classify goods as air intensive, as in Feyrer (2019), we rely on data from the US Census Bureau. The dataset reports the value of US imports from and exports to the rest of the world traveling by air for each 6-digit Harmonized System (HS) industry and year between 2008 and 2020.[41] Since the HS classification changed in 2012, we focus on 2015—the last year in our sample.[42] Next, we map 6-digit HS to 4-digit SITC codes using the UN official crosswalks.[43] Whenever the match between HS and SITC codes is either of type "1:1" or of type "n:1" (that is, one or more HS codes correspond to a single SITC code), we attribute all trade to that SITC code. Instead, in the case of "1:n" or "n:n" matches (that is, more than one SITC code associated to one or more HS codes), we split each HS industry's trade equally across all SITC industries matched to it. After the conversion, we collapse the SITC codes from 4 to 3-digit, and derive total trade and total trade by air by taking the mean between imports and exports (for each industry).[44] Finally, for each industry, we compute the share of air trade, relative to total trade, and classify industries as "air intensive" if such shares are above the median.[45]

Institutionally intensive goods. To define goods as institutionally intensive, we follow the approach used by Nunn (2007), which relies on the goods' classification from Rauch (1999). In particular, Rauch (1999) divides 4-digit SITC Rev.2 industries as either homogeneous or differentiated. The latter category refers to industries where goods are neither sold on organized exchanges nor reference priced. Rauch (1999) uses a "liberal" and a "conservative" classification. Nunn (2007) focuses on the liberal classification and, using the 1987 I-O tables from the Bureau of Economic Analysis, computes the share of inputs of each industry that are neither sold on organized exchanges nor reference priced, relative to all inputs in that industry.

[40] See https://comtradeplus.un.org/ for more details.

[41] We focus on the US because trade data by industry traveling via air is not systematically available for other countries.

[42] All results are unchanged if we use 2008, 2020, or the average between all years at our disposal (2008–2015 or 2008–2020).

[43] The crosswalk is available at https://unstats.un.org/unsd/classifications/Econ.

[44] This is the same approach used in the paper (and in the trade literature) to calculate total trade. See also Section 2.

[45] All results presented in the paper are robust to using alternative thresholds to define an industry as air intensive. Table B.7 reports the top-5 industries in each quartile of the distribution of air shares. Note that, as in Feyrer (2019), we assume that the share of trade traveling through air in each industry is the same across countries. We acknowledge that this is an imperfect assumption. See Feyrer (2019) for a more detailed discussion.

Since I-O tables are expressed using 5-digit SIC codes, and because no direct crosswalk exists between SIC and SITC codes, we first match the SIC classification to the corresponding (10-digit) HS codes. Then, as for air intensive goods, we map the HS codes to 3-digit SITC codes, and, following Nunn (2007), we compute the aforementioned share. We define an industry as institutionally intensive when these shares are above the median.[46] Intuitively, institutionally intensive goods require strong contract enforcement and high judicial quality (Nunn, 2007). For instance, according to our classification, road motor vehicles, watches, and air-crafts are examples of high institutionally intensive goods. Instead, petroleum, wool, and tobacco are industries that have a low degree of institutionally intensity.

Cultural goods. We define cultural goods using the 2009 UNESCO Framework for Cultural Statistics (UNESCO Institute for Statistics, 2009). This document includes the list of 6-digit HS industries (according to the 2007 version) that are classified as cultural goods by the UNESCO. We manually match these industries to the corresponding SITC codes in the industry level Comtrade dataset. Since no one-to-one matching between HS and SITC codes exists, the same 3-digit SITC code might be matched to both cultural and non-cultural goods. We define a 3-digit SITC industry as cultural if more than half of the HS industries (in the UNESCO Framework for Cultural Statistics) it is matched to are considered cultural goods. Examples of cultural goods are films, musical instruments, and works of art.

Consumer and producer goods. We define consumer goods using the 2002 Classification by Broad Economic Categories (United Nations, 2002). This source classifies BEC Rev.4 industries across the categories of the System of National Accounts (capital goods, intermediate goods, and consumption goods), with the exception of a few codes. We rely on crosswalks provided by the United Nations to match BEC Rev.4 codes to 4-digit SITC codes, and then collapse the data to 3-digit SITC codes. Whenever a BEC Rev.4 industry is not mapped to the System of National Accounts, we manually assign it based on the characteristics of the goods in that industry.[47] Next, we define as consumer goods the (3-digit) industries where the majority of corresponding 4-digit codes is of consumer type.[48] According to our classification, examples of consumer goods include cosmetics, clothing, and jewellery. Examples of producer goods are, instead, silk, organic chemicals, and clay.

High interaction goods. We define high interaction goods using the classification provided by Lall (2000), which divides industries in five categories (primary products, resource-based, low technology, medium technology, and high technology) based on the required degree of interaction. We consider as high interaction goods those that are either high technology or

[46] As for air intensive goods, all results presented in the paper are robust to using alternative thresholds to define an industry as institutionally intensive.

[47] Results are robust to excluding these cases.

[48] The same procedure can be used to define producer goods.

"automotive or engineering products".[49] Since the original industry classification from Lall (2000) is coded in 3-digit SITC Rev.2 codes, we use the crosswalk made available from the UN to match it to Comtrade data (which, as noted above, are expressed in 3-digit SITC Rev.1 codes). Whenever a SITC code is matched to both high and low interaction goods, we classify it as high interaction if more than half of the SITC Rev.2 industries it is matched to are considered high interaction goods.[50] Examples of high interaction goods are metalworking machinery, telecommunications apparatus, and pharmaceutical products.

Differentiated goods. To define differentiated goods, we follow Guiso et al. (2009), who, in turn, base their classification on that made available by Rauch (1999).[51] As in Guiso et al. (2009), we focus on goods where the liberal and conservative classifications coincide. As done for other types of goods, we collapse 4-digit SITC Rev.2 codes to 3-digit ones, defining differentiated only the industries where more than half of the 4-digit codes are differentiated. Finally, we map the Rev.2 to the Rev.1 classification in the Comtrade data using the UN crosswalk mentioned above. Examples of differentiated goods include wood, clothing, and office machines.

High unit value goods. We derive the trade unit value of goods for each country using the Trade Unit Values dataset by Berthou and Emlinger (2011), which provides data at the (6-digit HS code) industry level. For consistency with the classification of air intensive goods (described above), we focus on 2015. Since we are interested in export values, we only focus on exports, rather than on the average value of imports and exports. As the unit value of each industry varies across years and countries, we do not construct an industry level crosswalk; instead, we simply take the average of unit value across industries by country. Then, we use this variable to perform the splits described in Section 5.2 (Table 3, column 5).

B.3.2 Exploring the Overlap Between Good Types

Since the categories of goods defined in Appendix B.3.1 are not mutually exclusive, one may wonder the extent to which they overlap. In Appendix D.2, we focus on the probability that goods of a given type also fall in the "high air intensive" category (see also Figure D.2). Here, instead, we consider the potential overlap between the other types of goods. This is important to interpret the results shown in Section 5.2 (Table 5), where we find that the effects of trade with democracies are driven by partners that account for a larger share of a country's trade in: institutionally intensive (column 1), cultural (column 2), consumer (column 3), technologically

[49] Automotive or engineering products are formally part of the medium technology group, but stand out for being particularly linkage-intensive (Lall, 2000). For this reason, we treat them as high interaction goods. Söderlund (2022) uses a similar classification, but defines as high interaction also all medium technology products. We prefer to be more "conservative", and focus on a smaller set of industries.

[50] In the few cases in which a code is matched to only two industries of opposite classification, we consider it as high interaction if the low intensive good belongs to the medium technology group.

[51] See the paragraph on the definition of institutionally intensive goods for more details on Rauch (1999)'s classification.

advanced (column 4), and differentiated (column 5) goods.[52]

In Table B.8, we report the probability that an industry belonging to a given classification (reported on the rows of the table) is also of another good type (reported on the columns of the table). To compute this conditional probability, we proceed as follows. First, we consider the 3-digit SITC industries that belong to the good category in each row. Then, for each of these industries, we define a dummy equal to one if it also belongs to the good type reported in each column. Then, we compute the weighed mean of each indicator variable at the good type level, with weights equal to the average share of each industry relative to global trade between 1962 and 2015.

Table B.8 reveals that some good types are strongly related to each other. For instance, cultural goods are always air intensive and differentiated. Yet, this pattern is driven by the fact that very few goods are classified as cultural goods.[53] Another example is that of high interaction goods: industries in this category have a 99.6% probability of being also institutionally intensive or differentiated goods. In addition, as explained in Appendix B.3.1, institutionally intensive and differentiated goods are closely linked, since they both originate from Rauch (1999)'s classification.

At the same time, there are cases of limited overlap. For instance, as it appears from column 4, except for cultural goods, all types of goods have little relation to consumer goods (always around 20% probability or less). Furthermore, even though 71% of consumer goods are also institutionally intensive, only 8% of them are cultural goods, and only 16% of them require high interactions. Likewise, while institutionally intensive and differentiated products are often also goods that entail a high degree of interactions, the conditional probabilities are well below 1 (at 61% and 57%, respectively).

To sum up, even if there are clear patterns of overlap across categories, Table B.8 also suggests that each category has specific characteristics that make it different from the other good types. Thus, while we cannot isolate the effects of each of the good types considered in Section 5.2, we believe that the different columns of Table 5 are not merely picking the same set of goods over and over.

[52] As explained in Appendix B.3.1, technologically advanced goods entail a higher degree of interactions (Lall, 2000; Söderlund, 2022), while differentiated goods require more bilateral trust (Guiso et al., 2009).

[53] Indeed, note that only a small share of air intensive or differentiated products are also cultural goods.

Table B.7. Industries in Different Quartiles of Air Intensity

SITC Code	**Commodity Name**
	Panel A: 1st Quartile (Top)
719	Machinery and appliances non electrical parts
729	Other electrical machinery and apparatus
714	Office machines
841	Clothing except fur clothing
724	Telecommunications apparatus
	Panel B: 2nd Quartile
629	Articles of rubber, nes
894	Perambulators, toys, games and sporting goods
893	Articles of artificial plastic materials, nes
715	Metalworking machinery
725	Domestic electrical equipment
	Panel C: 3rd Quartile
664	Glass
733	Road vehicles other than motor vehicles
611	Leather
099	Food preparations, nes
122	Tobacco manufactures
	Panel D: 4th Quartile (Bottom)
895	Office and stationery supplies, nes
291	Crude animal materials, nes
285	Silver & platinum ores
521	Crude chemicals from coal, petroleum and gas
951	Firearms of war and ammunition therefor

Table B.8. Overlap across Good Categories

	Air intensive	Institutionally intensive	Cultural	Consumer	High interaction	Differentiated
Air intensive	1	0.837	0.032	0.206	0.556	0.875
Institutionally intensive	0.697	1	0.026	0.216	0.611	0.909
Cultural	1	0.989	1	0.947	0.548	1
Consumer	0.565	0.709	0.082	1	0.159	0.587
High interaction	0.756	0.996	0.024	0.079	1	0.996
Differentiated	0.678	0.846	0.025	0.166	0.568	1

Notes: The table reports the conditional probability that industries that are of the type displayed in each row are also of the type reported in the corresponding column. See Appendix B.3.2 for more details.

C Robustness Checks

C.1 Robustness Checks for Individual Level Analysis

Table C.1 documents that our results are robust to measuring individuals' 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 political system. In columns 3 and 4, we consider the extent to which individuals agree with democracy being better than other political arrangements.[54] Finally, in column 5, we use the support for democracy index constructed in Acemoglu et al. (2021), which combines four different questions.[55] 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.[56]

One potential limitation of the IVS sample is that it does not include several African countries. For this reason, in Table C.2, 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.5). Since no identical questions on support for democracy exist in the two surveys, we focus on the two most similar items. 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.1, 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 estimate regressions that omit this control.

In columns 1 to 3 of Table C.2, 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. Then, 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. 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. In column 5, we document that results remain similar, even though the magnitude and the precision of the coefficient become somewhat lower, when including respondents (from the same country) in both surveys.

Next, in Table C.3, we check that results are robust to excluding respondents from countries

[54] Column 4 presents results using a dummy equal to one if a respondent strongly agrees with the statement.

[55] See Table B.2 for the exact wording of the questions and the range of answers behind the variables used in Table C.1.

[56] The precision of the estimates becomes somewhat lower, especially in column 4, where the point estimate is no longer statistically significant. This is likely due to the fact that the sample size drops by almost 40% relative to the baseline specification.

that experienced sudden episodes of political liberalizations and concomitant integration with democratic blocs. In columns 2 and 3, we exclude the UK and, respectively, the EU-14 and the EU-27 countries; in column 4, we exclude former members of the Soviet Union (Estonia, Georgia, Latvia, Lithuania, Russia, and Ukraine). 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 column 4, the coefficient on exposure to democratic partners becomes lower and is no longer statistically significant at conventional levels. However, it remains positive and statistically indistinguishable from that from the preferred specification (column 1). Also, and reassuringly, in all other cases, results are close to those reported in column 1.

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.4, 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 Germany (column 5).[57] 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.5, 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 total world population, averaged over the first five available years. 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 to address 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 (often, larger and more precisely estimated than) those from the baseline instrument, reported in column 1 to ease comparisons.

In columns 7 to 9 of Table C.5, we perform three additional robustness exercises. First, in column 7, 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

[57] France, Spain, and the UK are among the most important countries in the aerospace industry in Europe.

was already absorbing any country-specific, time varying shock across survey waves). Second, in column 8, we control for domestic democratic capital from Persson and Tabellini (2009) measured when an individual was 16. This allows the instrument to be correlated with the history of democracy of a country in a way that is cohort-specific.[58] Finally, in column 9, we address the concern that lagging trade partners' institutions by 5 years to define democratic and non-democratic partners may not be enough to address the potential issue of correlated shocks that may simultaneously influence a country's democracy score as well as that of its partners. In particular, we use baseline *Polity2* of trade partners to construct predicted trade with democracies and autocracies. Reassuringly, in all cases results remain unchanged.

Finally, in Table C.6, we check that results are not sensitive to the age range used to define the impressionable years of an individual. In column 1, we replicate the baseline specification, where the impressionable age window is 16-24, included. In columns 2 to 5, we define the age window as: 16-25, 17-24, 18-25, and 18-24 respectively. In all cases, results remain very similar to those reported in column 1.

C.2 Robustness Checks for Country Level Analysis

In Table C.7, we replicate country level results with different definitions of democracy, reporting the baseline coefficient (Table 2, 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.[59] 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, quantitatively large, and statistically significant.[60]

Next, in Table C.8, we verify that results are robust to interacting several baseline or time invariant country characteristics with period dummies.[61] 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

[58] Recall that our preferred specification already includes birth cohort and country by survey year fixed effects. The number of countries in column 8 is lower (72) than in the full sample (74), because data on democratic capital is not available for Bosnia and Serbia.

[59] The number of observations is lower in columns 3 and 4, because the Freedom House index is available from 1975.

[60] For the index of executive constraints, the level of statistical significance drops to 10%. The index of executive constraints is missing for some of the country-year observations for which *Polity2* is available. For this reason, the number of observations in column 5 is lower than in columns 1 and 2.

[61] The number of countries and observations varies across columns due to constraints imposed by data availability.

entered the sample in a way that is spuriously correlated with predicted economic integration. In columns 3, 4, and 5, we interact period dummies with baseline *Polity2*, domestic democratic capital from Persson and Tabellini (2009), and (log of) trade over GDP, respectively. In columns 6 to 8, 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. Finally, in columns 9 and 10, we interact year dummies with two proxies for (baseline) economic development: the number of fixed telephone subscriptions per 100 people (column 9); and, the urban population share (column 10). 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 lagged 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.4, 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 columns 2 and 3, we omit the UK and countries from the EU-14 and EU-27, respectively; in column 4, we exclude countries that were part of the former Soviet Union. Then, in column 5, we drop observations above (resp., 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 Germany (column 5). Also in this case, the coefficient on trade with democracies remains positive, large, and statistically significant.

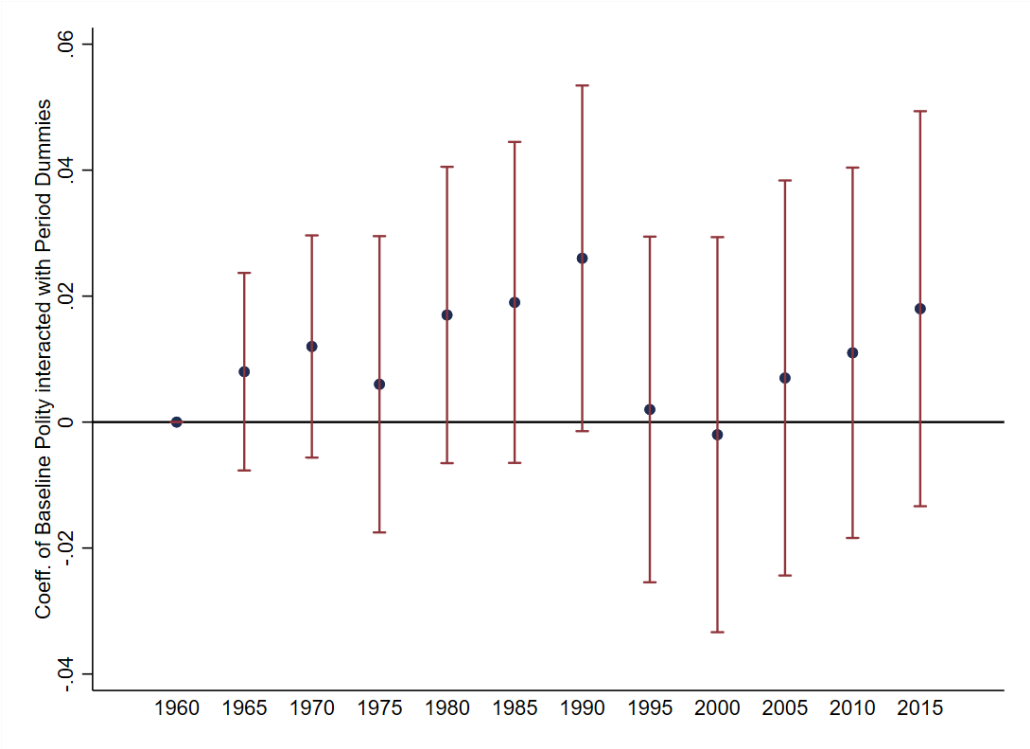
In Table C.11, we document that results are robust to using different versions of the instrument. In columns 2 to 4, we construct the instrument by aggregating predicted bilateral trade flows from equation (7) using as weights baseline partners': *i*) population; and, *ii*) trade over GDP and world trade, 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 discussed in the main text, we classify trade partners using a 5-year lag in their *Polity2* score to construct predicted trade with democracies and autocracies. One may be worried that even a 5-year lag in partners' institutions is not enough to address the concern of correlated shocks that change the democracy score of both a country and its trade partners. In column 7, we thus replicate the baseline specification using baseline *Polity2* to define a partner as democratic or autocratic in the construction of the instrument. Reassuringly, results are almost identical to those in our preferred specification.

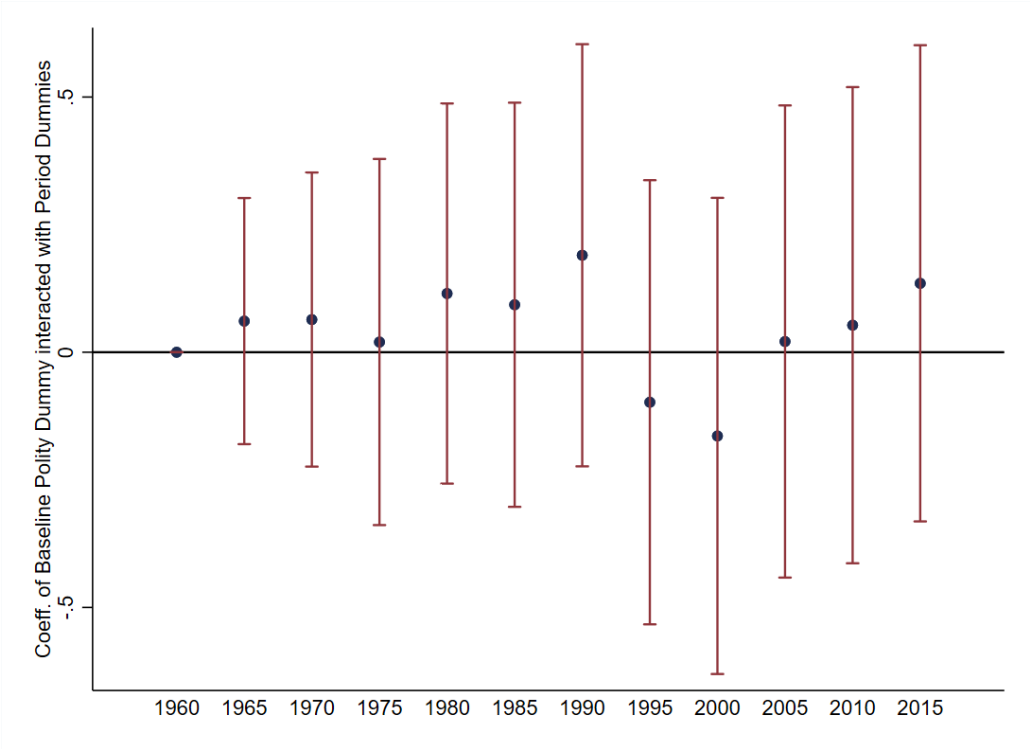
Lastly, as described in the paper, when estimating the effects of trade on a country's democracy, we prefer to consider 5-year periods to capture the gradual diffusion of technology and the slow-moving nature of institutions. However, in the individual level analysis, predicted trade during the impressionable 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 8, 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*



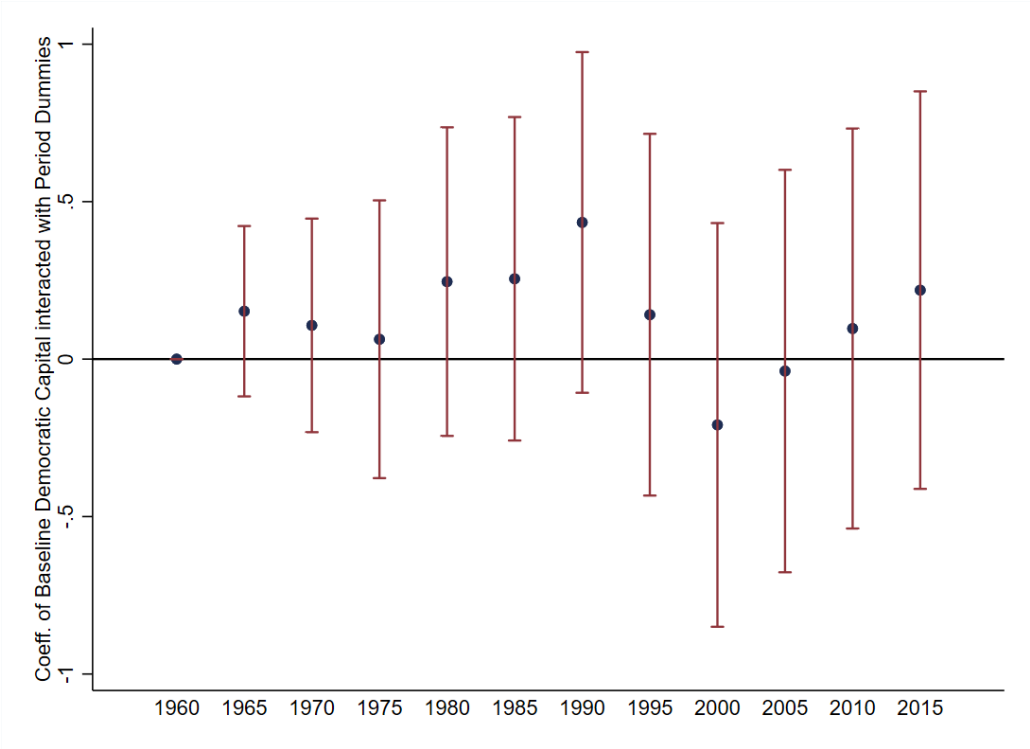
Notes: The figure plots coefficients (with 95% confidence intervals) on the interaction between period dummies and baseline *Polity2* score, in regressions that control for country and period fixed effects and lagged democratization waves. The dependent variable is the log of predicted trade with democracies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

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



Notes: The figure plots coefficients (with 95% confidence intervals) 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 lagged 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. Standard errors are clustered at the country level.

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



Notes: The figure plots coefficients (with 95% confidence intervals) 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 lagged 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. Standard errors are clustered at the country level.

Table C.1. Support for Democracy: Alternative Measures

Dep. variable:	Democratic system	Dummy Democratic system	Democracy better	Dummy Democracy better	Support Democracy index
	2SLS	2SLS	2SLS	2SLS	2SLS
	(1)	(2)	(3)	(4)	(5)
Exposure democracies	5.804**	3.695*	6.225*	4.454	5.849*
	(2.880)	(2.002)	(3.450)	(2.779)	(3.436)
Exposure autocracies	0.725	0.081	0.749	0.815	1.531
	(1.656)	(1.052)	(1.729)	(1.171)	(1.465)
Observations	223,960	223,960	93,629	93,629	232,584
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	5.886	5.886	7.920	7.920	5.890
F-stat (Demo Trade)	13.24	13.24	15.95	15.95	13.35
F-stat (Auto Trade)	15.80	15.80	23.48	23.48	15.77
Dep. Variable Mean	339.5	51.37	329.4	43.33	296.5

Notes: The table replicates column 6 of Table 1 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. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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.2. Support for Democracy: Including Afrobarometer Data

Dep. variable:	Democratic system	Dummy Democratic system			
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)
Exposure democracies	5.804**	3.659*	3.990*	4.113**	3.200*
	(2.880)	(2.002)	(2.037)	(1.854)	(1.892)
Exposure autocracies	0.725	0.081	0.014	0.686	0.810
	(1.656)	(1.052)	(1.077)	(0.904)	(0.737)
Observations	223,960	223,960	223,960	306,345	360,064
Clusters	74	74	74	90	90
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
Survey FE				X	X
K-P F-stat	5.886	5.886	5.880	7.757	9.641
F-stat (Demo Trade)	13.24	13.24	13.22	18.50	23.77
F-stat (Auto Trade)	15.80	15.80	15.81	19.05	19.17
Dep. Variable Mean	339.5	51.37	51.37	55.72	58.34

Notes: The table replicates column 6 of Table 1 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" 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.4 and B.5 for more details). Column 5 replicates column 3 by adding all the respondents included in Afrobarometer. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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: Dropping Specific Countries

Dep. variable:	Democratic system					
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)
Exposure democracies	5.804**	6.368**	6.061*	4.495	5.825**	7.106*
	(2.880)	(3.009)	(3.413)	(3.125)	(2.867)	(4.021)
Exposure autocracies	0.725	2.142	2.888	0.423	0.466	0.996
	(1.656)	(1.692)	(1.945)	(1.732)	(1.701)	(1.848)
Sample	Full	Drop EU14+UK	Drop EU27+UK	Drop former USSR	Full impressionable years	Drop outliers
Observations	223,960	172,213	151,870	212,680	221,838	219,994
Clusters	74	61	52	68	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	5.886	6.106	6.638	4.170	5.881	5.347
F-stat (Demo Trade)	13.24	14.59	13.78	8.91	13.25	12.13
F-stat (Auto Trade)	15.80	13.70	13.26	12.86	15.85	12.56
Dep. variable mean	339.5	335.4	336.1	340.8	339.5	339.7

Notes: The table replicates column 6 of Table 1 in column 1. Columns 2, 3, and 4 replicate column 1 by dropping individuals living in respectively: *i*) country members of the EU-14 and the UK; *ii*) country members of the EU-27 and the UK; and, *iii*) former country members of the Soviet Union. 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. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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: Omitting Specific Trade Partners

Dep. variable:	Democratic system				
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)
Exposure democracies	5.804**	6.395*	5.519*	6.253*	6.501*
	(2.880)	(3.313)	(2.831)	(3.218)	(3.329)
Exposure autocracies	0.725	0.327	0.796	0.531	0.965
	(1.656)	(1.624)	(1.200)	(1.200)	(1.490)
Observations	223,960	219,076	220,836	215,952	195,865
Clusters	74	73	73	72	69
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	5.886	4.873	8.884	6.872	4.652
F-stat (Demo Trade)	13.24	10.21	17.91	13.65	9.817
F-stat (Auto Trade)	15.80	16.32	29.84	29.71	15.70
Dep. variable mean	339.5	339.7	339.7	340	338.6

Notes: The table replicates column 6 of Table 1 in column 1. Columns 2 to 5 replicate column 1 by dropping trade with, respectively: *i*) the US (column 2); *ii*) China (column 3); *iii*) the US and China (column 4); and, *iv*) the US, France, Germany, the UK, and Spain (column 5). Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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: Alternative Specifications

Dep. variable:	Democratic system								
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)	2SLS (7)	2SLS (8)	2SLS (9)
Exposure democracies	5.804**	6.217**	6.549**	6.704**	6.340**	4.794*	4.803*	6.591*	6.976**
	(2.880)	(2.617)	(2.759)	(2.735)	(2.657)	(2.592)	(2.548)	(3.916)	(3.213)
Exposure autocracies	0.725	-0.630	0.566	0.777	0.812	-0.073	-0.662	1.262	2.452
	(1.656)	(1.665)	(1.824)	(1.815)	(1.623)	(1.989)	(1.613)	(1.938)	(2.081)
Weight	Baseline	Population	Trade-to GDP	Trade-to world trade	No weights	Baseline	Baseline	Baseline	Baseline
Gravity	OLS	OLS	OLS	OLS	OLS	PPML	OLS	OLS	OLS
Observations	223,960	223,960	223,960	223,960	223,960	223,960	223,956	201,994	223,960
Clusters	74	74	74	74	74	74	74	72	74
Democratization waves	X	X	X	X	X	X	X	X	X
Birth Year FE	X	X	X	X	X	X	X	X	X
Country X Survey Year FE	X	X	X	X	X	X	X	X	X
Birth Year X Survey Year FE							X		
Democratic capital at age 16								X	
Baseline year for partners' democracy									X
K-P F-stat	5.886	9.453	8.761	10.22	10.01	5.824	7.328	3.099	6.334
F-stat (Demo Trade)	13.24	17	17.66	19.49	18.84	11.97	16.19	6.646	14.07
F-stat (Auto Trade)	15.80	27.49	13.30	16.11	21.45	16.96	22.12	8.980	20.83
Dep. variable mean	339.5	339.5	339.5	339.5	339.5	339.5	339.5	339.4	339.5

Notes: The table replicates column 6 of Table 1 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. Columns 7, 8, and 9 replicate column 1 by: *i*) adding survey-year by birth year fixed effects; *ii*) controlling for domestic democratic capital from Persson and Tabellini (2009) of the country when the individual was 16; and, *iii*) defining predicted trade with democracies and autocracies using baseline, rather than 5-year lagged, *Polity2*. The number of observations in columns 7 and 8 is lower than in the rest of the table because of the inclusion of the additional fixed effects and because domestic democratic capital is not available for Bosnia and Serbia. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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.6. Support for Democracy: Alternative Definitions for Impressionable Age

Dep. variable:	Democratic system				
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)
Exposure democracies	5.804**	6.224**	5.688**	5.624**	5.396**
	(2.880)	(2.936)	(2.718)	(2.599)	(2.607)
Exposure autocracies	0.725	0.642	0.784	0.487	0.602
	(1.656)	(1.760)	(1.603)	(1.679)	(1.611)
Impressionable age	16-24	16-25	17-24	18-25	18-24
Observations	223,960	225,567	223,507	224,333	222,726
Clusters	74	74	74	74	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	5.886	5.569	6.514	6.664	6.959
F-stat (Demo Trade)	13.24	12.38	15.40	16.51	17.49
F-stat (Auto Trade)	15.80	15.46	16.36	16.27	16.33
Dep. variable mean	339.5	339.4	339.5	339.4	339.5

Notes: The table replicates column 6 of Table 1 in column 1. Columns 2 to 5 replicate column 1 by defining the impressionable age window as: 16-25, 17-24, 18-25, and 18-24 respectively. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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:	Polity2	1[Polity2>0]	Freedom House	1[Freedom House>3]	Executive constraints
	2SLS	2SLS	2SLS	2SLS	2SLS
	(1)	(2)	(3)	(4)	(5)
Log(Trade democracy/GDP)	4.977**	0.402**	1.170**	0.505***	1.069*
	(2.110)	(0.160)	(0.487)	(0.187)	(0.636)
Log(Trade autocracy/GDP)	0.933	0.046	-0.114	-0.086	0.065
	(1.050)	(0.088)	(0.322)	(0.101)	(0.318)
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	6.249	6.249	9.019	9.019	6.656
F-stat (Demo Trade)	13.78	13.78	14.45	14.45	14.46
F-stat (Auto Trade)	19.35	19.35	18.28	18.28	19.83
Dep. variable mean	2.060	0.589	4.307	0.572	4.538

Notes: The table replicates column 4 of Table 2 in column 1. Columns 2 to 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. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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	Polity2									
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)	2SLS (7)	2SLS (8)	2SLS (9)	2SLS (10)
Log(Trade Democracies/GDP)	4.977**	4.476*	4.383*	4.308*	5.651**	5.236**	4.583**	5.606**	5.106**	5.394**
	(2.110)	(2.297)	(2.283)	(2.220)	(2.947)	(2.197)	(1.964)	(2.454)	(2.167)	(2.568)
Log(Trade Autocracies/GDP)	0.933	0.534	-0.472	0.068	1.358	0.672	0.744	1.043	0.838	1.219
	(1.050)	(1.093)	(0.950)	(1.039)	(1.121)	(1.111)	(1.251)	(1.201)	(1.052)	(1.408)
Observations	1,192	1,192	1,192	1,179	1,192	1,184	1,155	1,173	1,184	1,184
Clusters	116	116	116	114	116	115	112	114	115	115
Country FE	X	X	X	X	X	X	X	X	X	X
Year FE	X	X	X	X	X	X	X	X	X	X
Democratization waves	X	X	X	X	X	X	X	X	X	X
Year Dummies by		Years in sample	Baseline *Polity2*	Baseline demo dapital	Baseline log(trade/GDP)	Baseline share rents natural resources	Baseline share GDP in manufacturing	Baseline share GDP in services	Telephone subscriptions	Urban population share
K-P F-stat	6.249	5.642	5.145	4.550	5.058	6.380	6.290	4.767	6.141	3.672
F-stat (Demo Trade)	13.78	12.43	12.28	11.63	9.129	13.51	16.04	11.87	13.19	8.786
F-stat (Auto Trade)	19.35	17.07	15.14	11.59	20.35	17.40	15.05	14.70	19.35	9.476
Dep. variable mean	2.060	2.060	2.060	1.998	2.060	2.008	2.016	2.105	2.008	2.008

Notes: The table replicates column 4 of Table 2 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 10 replicate column 1 by interacting period dummies with baseline: *i*) Polity2; *ii*) domestic democratic capital from Persson and Tabellini (2009); *iii*) log of trade-to-GDP ratio; *iv*) share of GDP accruing to rents from natural resources; *v*) share of GDP accruing to the manufacturing sector; *vi*) share of GDP accruing to services; *vii*) number of fixed telephone subscriptions per 100 people; *viii*) urban population share. See Table B.1 for more details on variable definition and sources. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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:	Polity2				
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)
Log(Trade democracy/GDP)	4.977**	5.655**	4.570*	5.163**	5.411*
	(2.110)	(2.199)	(2.498)	(2.205)	(2.784)
Log(Trade autocracy/GDP)	0.933	0.308	0.478	0.951	1.263
	(1.050)	(1.219)	(1.270)	(1.071)	(1.143)
Observations	1,192	1,044	978	1,162	1,168
Clusters	116	103	94	110	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 EU14+UK	Drop EU27+UK	Drop former USSR	Drop outliers
K-P F-stat	6.249	6.168	4.583	5.777	4.023
F-stat (Demo Trade)	13.78	12.69	9.070	12.79	9.449
F-stat (Auto Trade)	19.35	16.50	13.11	18.48	14.35
Dep. variable mean	2.060	1.109	0.788	1.933	2.150

Notes: The table replicates column 4 of Table 2 in column 1. Columns 2, 3, and 4 replicate column 1 by dropping: *i*) country members of the EU-14 and the UK; *ii*) country members of the EU-27 and the UK; and, *iii*) former country members of the Soviet Union. 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. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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.10. Omitting Specific Trade Partners

Dep. variable:	Polity2				
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)
Log(Trade democracy/GDP)	4.977**	4.831**	4.646**	4.505**	4.842**
	(2.110)	(1.982)	(2.001)	(1.892)	(1.865)
Log(Trade autocracy/GDP)	0.933	0.949	0.912	0.923	0.725
	(1.050)	(1.065)	(0.796)	(0.818)	(1.052)
Observations	1,192	1,180	1,180	1,168	1,131
Clusters	116	115	115	114	111
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	6.249	5.769	6.267	5.870	7.452
F-stat (Demo Trade)	13.78	14.43	14.48	15.11	20.17
F-stat (Auto Trade)	19.35	18.61	21.34	19.70	21.41
Dep. variable mean	2.060	1.983	2.156	2.079	1.720

Notes: The table replicates column 4 of Table 2 in column 1. Columns 2 to 5 replicate column 1 by dropping trade with, respectively: *i*) the US (column 2); *ii*) China (column 3); *iii*) the US and China (column 4); and, *iv*) the US, France, Germany, UK, and Spain (column 5). Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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. Trade with Democracies and Democracy Score: Alternative Specifications

Dep. variable:	Polity2							
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)	2SLS (7)	2SLS (8)
Log(Trade democracy/GDP)	4.977**	4.597**	5.926**	4.686**	5.209**	4.986**	4.945**	4.685**
	(2.110)	(2.045)	(2.834)	(2.139)	(2.511)	(2.277)	(2.146)	(2.264)
Log(Trade autocracy/GDP)	0.933	-0.079	-0.381	0.646	0.346	0.478	0.687	0.579
	(1.050)	(0.715)	(0.778)	(0.713)	(0.711)	(1.230)	(1.297)	(1.051)
Observations	1,192	1,192	1,192	1,192	1,192	1,192	1,189	5,770
Clusters	116	116	116	116	116	116	116	116
Democratization waves	X	X	X	X	X	X	X	X
Country FE	X	X	X	X	X	X	X	X
Year FE	X	X	X	X	X	X	X	X
Baseline year for partners' democracy							X	
Instrument	Baseline	Population	Trade-GDP	Trade-to-world	No weights	Baseline	Baseline	Baseline
Gravity	OLS	OLS	OLS	OLS	OLS	PPML	OLS	OLS
K-P F-stat	6.249	7.576	5.161	6.368	5.959	5.831	6.485	6.753
F-stat (Demo Trade)	13.78	16.48	12.02	13.71	14.23	11.81	12.46	13.83
F-stat (Auto Trade)	19.35	49.72	61.67	46.93	57.62	17.12	12.40	25.26
Dep. variable mean	2.060	2.060	2.060	2.060	2.060	2.060	2.077	2.032

Notes: The table replicates column 4 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. Columns 7 and 8 replicate column 1 by: *i*) defining predicted trade with democracies and autocracies using baseline (rather than 5-year lagged) *Polity2*; and, *ii*) estimating yearly (rather than 5-year) regressions. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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.

D Additional Results

D.1 First Stage Regressions

In Table D.1, we present the relationship between actual and predicted trade. 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 are scaled by 5-year lagged GDP, and democratic partners are defined using a 5-year lag in the *Polity2* score. Columns 1 and 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 close to zero, unstable, and imprecisely estimated. Likewise, trade with autocracies is strongly correlated with predicted trade with non-democratic partners and weakly (and negatively) correlated with the instrument for trade with democracies. Figure D.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).

D.2 Descriptive Evidence on Good Categories Traveling by Air

In this section, we rely on industry level data to explore which types of goods are more likely to travel by air. Using the definitions presented in Appendix B.3.1, we consider the following categories: institutionally intensive goods; cultural goods; consumer goods; technologically advanced goods (that entail frequent interactions, Lall, 2000); and, differentiated products (that involve higher levels of bilateral trust, Guiso et al., 2009). In Figure D.2, we plot the probability that a good of the type specified on the x-axis is also an air intensive good. To calculate this probability, we proceed as follows. First, for each type of good and 3-digit SITC industry, we create a dummy that takes value one if the industry is of that good type (e.g., institutionally intensive) and air intensive. Next, we compute the weighed mean of this variable, with weights corresponding to the average share of global trade in each industry over world trade for the 1962–2015 period. The resulting probability can thus be interpreted as the share of 3-digit industries in each good type that are also air intensive.[62]

The first bar from the left indicates that 70% of institutionally intensive industries are also

[62]Note that industry level data is available starting from 1962. Results are unchanged when calculating the probability without weights (or using weights defined at baseline or at endline).

air intensive according to our definition. The figure also reveals that all cultural products and 56% of consumer goods belong to air intensive industries (second and third bars from the left). Finally, the last two bars from the left document that goods that entail a high degree of face-to-face interactions and that are differentiated disproportionately travel by air (75% and 68%, respectively). This evidence is consistent with the idea that goods that are more likely to embed democratic values, that are bought by final consumers, and that entail a high degree of interactions and bilateral trust are more likely to travel via air. Since these are precisely the types of goods that one would expect can favor the transmission of democracy across countries, these patterns might help explain why 2SLS estimates are an order of magnitude larger than OLS ones (see also Section 4.3).

D.3 Additional Results on Individuals' Attitudes

In Table D.2, we consider additional variables to better understand why cohorts more exposed to trade with democracies during their impressionable years hold more positive attitudes towards democracy.[63] In column 1, we replicate our preferred specification (Table 1, column 6) using as dependent variable respondents' agreement with the following statement: "In democracy, the economic system runs badly". The variable ranges from 1 (strongly agree) to 4 (strongly disagree), so that higher values imply that an individual believes that democracy is good for the economy. The coefficient on trade with democracies is positive and marginally significant, suggesting that individuals update upwards their views that democracy is economically beneficial. This is consistent with the interpretation proposed in the main text that economic integration with democracies improves individuals' perceptions about the desirability of democracy.

In column 2, we consider individuals' agreement with the statement: "Democracies are indecisive and have too much squabbling". As in column 1, the variable ranges from 1 (strongly agree) to 4 (strongly disagree). Also in this case, trade with democracies improves respondents' attitudes towards democracy: individuals growing up when their country was trading more with democratic partners are less likely to view democratic institutions as indecisive and conducive to political stalemate. In column 3, the dependent variable is based on a question asking whether respondents agree that: "Democracies aren't good at maintaining order". The coefficient on trade with democracies is positive, but standard errors are very large. Interestingly, the coefficient on trade with autocracies is instead negative and statistically significant. In other words, individuals more exposed to trade with autocracies during the impressionable years are more likely to agree that democracies are not good at maintaining order. This is the only instance in which we observe a statistically significant effect of trade with non-democracies

[63] As in the main text, all outcomes are multiplied by 100. The number of observations (and clusters) in Table D.2 is lower than in Table 1 because questions are available for fewer countries. See Table B.2 for more details.

on either attitudes or institutions.

Finally, in column 4, we consider individuals' agreement with the idea that in democracies "religious authorities interpret the laws". The variable ranges from 0 ("it is an essential characteristic of democracy") to 10 ("it is against democracy"). The positive and statistically significant coefficient indicates that trade with democracies makes individuals more likely to say that religious authorities should not interfere with democratic decision making.

Taken together, results in Table D.2 complement our main findings, and suggest that trade with democracies improves individuals' attitudes towards democracy, inducing people to view democratic institutions as growth enhancing, unlikely to lead to political stalemate, and as secular.

D.4 Trade-Induced Democratic Capital

In this section, we examine the possibility that exposure to trade with democracies leads to the accumulation of trade-induced democratic capital at the individual level. We define:

$$\widetilde{TD_{it}} = \sum_{j \neq i} \omega_{ijt} D_{jt} \tag{8}$$

where ω_{ijt} is the trade share of countries i and j in year t, relative to total trade of country i in year t; and, D_{jt} is the 5-year lagged *Polity2* score of country j (set equal to zero when negative).[64] Then, for individuals in cohort b living in country i, we compute the stock of democratic capital in each year as the sum of $\widetilde{TD_{it}}$ in equation (8) from the year in which they turned 16 to the year of the interview: TD_{ibt}. We construct an instrument for TD_{ibt} by replacing the trade shares in $\widetilde{TD_{it}}$ in equation (8) with their analogues derived from predicted trade constructed in Section 3.2 in the paper.

Next, we estimate 2SLS regressions similar to column 6 in Table 1, using as main regressor the measure of trade-induced democratic capital just described instead of average exposure to trade with democracies and autocracies during the impressionable years. We report results in column 1 of Table D.3.[65] The coefficient is positive and statistically significant, indicating that cohorts with higher trade-induced democratic capital (accumulated between the age of 16 and the time of the interview) are more supportive of democracy. In column 2, we verify that results are robust to interacting survey wave fixed effects with domestic democratic capital of the country (taken from Persson and Tabellini, 2009) in the year in which the cohort turned 16. In columns 3 and 4, we replicate the analysis by replacing the lagged *Polity2* score of

[64] As in Persson and Tabellini (2009), we rescale the *Polity2* score by 10, so that D_{jt} ranges from 0 to 1.

[65] The number of observations in Table D.3 is larger than in Table 1, since TD_{ibt} can be defined also for individuals who were too old to be exposed to trade with democracies during their impressionable years (and who are thus excluded from the analysis in Table 1).

partners with baseline democratic capital. Reassuringly, both the magnitude and the precision of coefficients remains similar to that in previous columns.[66]

In Table D.4, we replicate column 1 of Table D.3 by allowing individuals to forget about past exposure to trade with democracies. That is, when aggregating the yearly flows in equation (8) to derive the stock of trade-induced democratic capital, we discount lagged values. The intuition is that, at any time t, an individual perfectly observes the contemporaneous flows of trade-induced democratic capital. However, she forgets about her history of exposure over time. In light of results presented in the main text (e.g., Figures 4, A.4, and A.5), we assume that individuals perfectly remember all the flows of trade-induced democratic capital until the age of 24, and then begin to forget about them as they turn 25. For robustness, we also allow the discounting process to start when individuals turn 34. Following Persson and Tabellini (2009), we consider different values for the discount rate—from .99 to .95.

In column 1 of Table D.4, we assume no discounting, and replicate exactly the specification reported in Table D.3. Then, from columns 2 to 6, we increase the extent of discounting from .99 to .95. In Panel A, we assume that individual begin to forget about past trade-induced democratic capital when they turn 25; in Panel B, we fix the threshold to the age of 34. In all cases, results are similar to those presented in column 1. To ease comparisons, we also report standardized beta coefficients in square brackets. As expected, reducing individuals' memory about the past lowers the impact of trade-induced democratic capital on preferences for democracy. However, coefficients are never statistically different from each other, and reveal that, even with discounting, trade-induced democratic capital increases individuals' support for democracy.

These findings corroborate our interpretation that trade with democracies favors the transmission of democratic values by promoting the accumulation of (trade-induced) democratic capital. In this respect, they complement the papers showing that exposure to own democracy increases individuals' support for democratic institutions (Acemoglu et al., 2021; Fuchs-Schündeln and Schündeln, 2015; Persson and Tabellini, 2009). Moreover, there is an interesting analogue between our results here and those obtained in the macroeconomic literature, which documents that preferences and beliefs are shaped by the cumulative experience with economic shocks, such as inflation or stock market returns (Malmendier and Nagel, 2011, 2016).

D.5 From Individuals' Attitudes to Countries' Institutions

Having documented that exposure to trade with democracies leads to the accumulation of democratic capital at the individual level, we now seek to connect the change in people's preferences with the (trade-induced) improvement in countries' institutions. We build on results

[66] Domestic democratic capital is not available for Belgium and Serbia.

obtained in Appendix D.4 to derive a measure of predicted support for democracy, shaped by trade exposure, prevailing in each country in a given year. We consider all countries in the regression sample of Table 2, and focus on yearly observations from 1970 onwards. We begin from 1970 so as to include at least one "fully treated" cohort during the impressionable years.[67] For each birth cohort b in country i in year t, we define:

$$\widehat{P}_{ibt} = \hat{\beta}^{TD} \times \widehat{TD}_{ibt} \tag{9}$$

where $\hat{\beta}^{TD}$ is the coefficient reported in column 1 of Table D.3 and $\widehat{TD}_{ibt}$ is predicted trade-induced democratic capital for cohort b in year t in country i (i.e., the predicted counterpart of the actual amount defined in Appendix D.4).[68]

Then, we aggregate the quantity in equation (9) across cohorts in each country and year to get a country level measure of predicted trade-induced democratic capital:

$$\widehat{P}_{it} = \sum_{b} s_{ibt} \widehat{P}_{ibt} \tag{10}$$

where s_{ibt} is the share of individuals in country i and year t who belong to cohort b, relative to all individuals of country i who are 16 or older in year t.[69] Intuitively, $\widehat{P}_{it}$ is the weighed average of trade-induced attitudes towards democracy among citizens of country i in year t, with weights equal to the share of individuals in each birth cohort.

With this measure at hand, we estimate yearly panel regressions of the form:

$$y_{it} = \gamma_i + \lambda_t + \beta \widehat{P}_{it-1} + W_{it} + \epsilon_{it} \tag{11}$$

where y_{it} is the *Polity2* score of country i in year t, and $\widehat{P}_{it-1}$ is the 1-year lag in the predicted trade-induced support for democracy among citizens of country i defined in equation (10). To ease the interpretation of results, we standardize $\widehat{P}_{it-1}$ by subtracting its mean and dividing through its standard deviation. In this way, β can be interpreted as the effect of a one standard deviation increase in the (1-year lagged) trade-induced support for democracy among citizens of country i on the country's democracy score. All other terms are as in equation (3) in the main text: W_{it} refers to (1-year lagged) democratization waves in country i's influence set during year t, and γ_i and λ_t are country and year fixed effects.[70]

[67] Since actual and predicted trade exposure is available from 1960, we cannot start before 1968 to get a fully treated cohort. We thus round the analysis so that the starting year is 1970; results are unchanged if we select earlier years (and include partially treated cohorts).

[68] We restrict attention to cohorts between 16 and 64, setting $\widehat{TD}_{ibt} = 0$ for people 65 or older (and, 15 or younger). Results are unchanged if we relax this assumption. Results are also similar when using coefficients estimated in columns 2 to 4 of Table D.3.

[69] Data on the age distribution across countries comes from the 2022 World Population Prospects database. It is missing for Belgium and Luxembourg (which constitute a single country-entity before 2000 in the rest of our analysis). See also: https://population.un.org.

[70] Note that, differently from equation (3), t refers to calendar years, rather than to 5-year periods. Results are unchanged when estimating regressions at 5-year frequency.

We present results in Table D.5. In the full sample (columns 1 and 2), there is no statistically significant relationship between individuals' attitudes and countries' democracy. The picture changes dramatically when considering the sample of baseline autocracies (columns 3 and 4). In this case, the coefficient is large and precisely estimated. This is true when considering both the 1-year (column 3) and the 5-year (column 4) lag in trade-induced predicted support for democracy. Coefficients drop and become again statistically insignificant for the sample of baseline democracies (columns 5 and 6). The point estimates in columns 3 and 4 imply that one standard deviation increase in trade-induced democratic capital among citizens of autocratic countries increases the *Polity2* score by about 3.4 point—a sizeable effect.[71]

It is important to note that the evidence presented in Table D.5 is obtained by imposing a number of simplifying assumptions. First, by using the same coefficient estimated in Table D.3, $\hat{\beta}^{TD}$, for all countries and cohorts, we are assuming that the relationship between trade-induced democratic capital and citizens' preferences for democracy is the same for all individuals (regardless of their age and the country where they live in). That is, we are not incorporating any heterogeneity in how experience shapes attitudes across countries and age groups. Second, we are not modeling the timing or the process through which individuals' preferences lead to changes in countries' democracy.[72] Finally, our estimates remain silent on the possible feedback loop that might kick in once baseline autocratic countries transition to democracy. At that point, democratic capital accumulated through trade (with democracies) might be compounded by an individual's experience with democracy in her own country (Acemoglu et al., 2021; Persson and Tabellini, 2009).

For these reasons, one should interpret results in Table D.5 as suggestive. At the same time, the patterns documented in this section are consistent with the idea that trade-induced changes in individuals' attitudes lead to subsequent improvements in countries' democracy.

D.6 Dynamics of Democratization Following Large Trade Shocks

In this section, we study the dynamics behind the effects of economic integration with democracies on countries' democracy scores documented in Table 2. We focus on the first instance in which the instrument predicts a "large" trade shock with democracies, and estimate event studies around this episode. To define the first large shock, for each country, we calculate the change in the log of predicted trade with democracies over GDP in any 5-year period from 1960 (or, the first year in which the country enters the sample) and 2015: $\Delta log(\widehat{T}_{it}^{demo})$. Then, we create a dummy equal to one for the first year in which $\Delta log(\widehat{T}_{it}^{demo})$ is above the median of its

[71] Results, not reported for brevity, are unchanged when defining $\widehat{P}_{it}$: using coefficients estimated in columns 2 to 4 of Table D.3 (multiplied by the appropriate measure of predicted trade-induced democratic capital, in columns 3 and 4); and, applying any of the discounting schemes in Table D.4 (again, multiplying the coefficient in Table D.4 with the corresponding measure of predicted trade-induced democratic capital).

[72] See, for instance, Acemoglu and Robinson (2006).

distribution for each country, Z_{it}. We take this as our measure of first (predicted) trade shock with democracies.[73]

Then, we estimate a regression of the form:

$$y_{it} = \gamma_i + \lambda_t + \sum_{k=-3}^{+5} \beta_{t+k} Z_{i,t+k} + W_{it} + \epsilon_{it} \tag{12}$$

where y_{it} is *Polity2* of country i in year t; γ_i and λ_t are country and year fixed effects; and, W_{it} includes lagged democratization waves in country i's influence set during year t and a dummy identical to Z_{it} defined for $\Delta log(\widehat{T}_{it}^{auto})$. The main regressor of interest is the predicted trade shock dummy, Z_{it}. To examine the path of democracy before and after the shock, we include leads and lags, setting the coefficient on Z_{it-1} (i.e., the 5-year period before the shock) equal to zero.[74] Standard errors are clustered at the country level.

We plot the estimated β coefficients in Figure D.3 together with the corresponding 95% confidence intervals. Panel A considers the full sample, while Panels B and C include, respectively, baseline democracies and baseline autocracies. Reassuringly, there is no evidence of pre-trends. That is, democracy does not seem to evolve differentially before the first large trade shock of a country with its democratic partners (depicted by the black vertical bar).

After the shock, coefficients in the full sample (Panel A) become positive and gradually increase over time. This effect is driven by baseline autocracies (Panel C). Even though the point estimates are never statistically significant at conventional levels, the magnitude is economically large. In particular, coefficients in Panels A and C indicate that 15 years after the first large trade shock with democracies, the *Polity2* score of a country is about 1.7 points higher than before the shock. The effects of the trade shock are also highly persistent: even 25 years after the first large trade shock with democracies, *Polity2* is more than 2 points higher than prior to the shock.

Results in Figure D.3 are obtained defining the trade shock relative to the distribution of the instrument within each country. This implies that all countries are "treated". As a robustness check, we define the dummy Z_{it} comparing $\Delta log(\widehat{T}_{it}^{demo})$ to its distribution in the entire sample. In particular, we now define the dummy equal to one in the first year when $\Delta log(\widehat{T}_{it}^{demo})$ is above the median computed over all countries and years in our sample. That is, a country will be treated only if (in a given period) it experiences a shock that is sufficiently large, relative to that experienced by other countries. We report results in Figure D.4: the patterns are almost identical to those presented in Figure D.3 above.

To sum up, findings in this section indicate that the effects of trade with democracies seem

[73] Concretely, if $\Delta log(\widehat{T}_{it}^{demo})$ is above the median of the distribution of $\Delta log(\widehat{T}_{it}^{demo})$ for country i for the first time between 1965 and 1970, we set the dummy equal to one in 1970 (and zero in all other years).

[74] Since we are estimating equation (12) using 5-year intervals, coefficients will capture the relationship between *Polity2* and the trade shock from -15 to +25 years, relative to the shock.

to build up gradually over time, after the first large episode of integration with democratic partners. One interpretation is that a sufficiently large trade shock is needed for autocratic countries (and their citizens) to observe and appreciate the democratic values embedded in goods exchanged with their democratic partners. This may also be the first instance in which autocracies interact in non-primary-commodity-based goods markets with faraway, already democratized partners. The first large trade shock might also coincide with the (first relevant increase in) interactions between individuals living in democratic and autocratic countries. This might further amplify the effects of trade in goods.

D.7 Testing for Democratization Spillovers

Our main results show that autocratic countries experience an improvement in their democracy score as they trade more with democracies (Table 2). In this section, we ask whether countries also learn from the democratic transition of their baseline autocratic partners. This process would be consistent with models of learning, where countries observe the choices of their neighbors (in this case, trade partners) when deciding which policies to implement (Buera et al., 2011). In such models, democratization spillovers would arise only if transitions were followed by higher than expected performance among neighboring countries. Moreover, it is possible that the transmission of democracy (through economic integration) occurs only when autocracies interact with countries where democratic values are sufficiently ingrained (or, using the terminology in Persson and Tabellini, 2009, democratic capital is large enough). This discussion suggests that the effects of democratic transitions among baseline autocratic partners on autocracies' own institutions are *ex-ante* ambiguous.

To test these ideas, we consider only baseline autocratic partners. We further exclude partners that are in the same region of country i. We impose this restriction to reduce concerns that a democratization shock in partner j may be correlated with broader factors influencing the institutions of all countries in the same region (e.g., the Arab Spring). Then, for each country pair $i-j$, we construct the bilateral trade share at baseline, $\omega_{ij} \equiv \frac{trade_{ij}}{trade_i}$, where $trade_{ij}$ is total trade of country i with its baseline autocratic partners j in regions other than that of country i.[75] Then, we define:

$$WTD_{it} = \sum_j \left(\omega_{ij} \times 1[Switch_{jt-1}]\right) \tag{13}$$

where $\omega_{ij} \equiv \frac{trade_{ij}}{trade_i}$ is defined above and $1[Switch_{jt-1}]$ is a dummy equal to one if country j switched from autocracy to democracy in year $t-1$.[76]

[75] As in the paper, we define "baseline" the first five years in which the countries i and j are observed.

[76] Note that we only consider baseline autocracies (that are not in the same region of country i). If partner j switches to democracy, then back to autocracy, and again back to democracy, the "multiple switches" are captured in WTD_{it}.

We estimate regressions identical to equation (3) in the main text, now using as main regressor WTD_{it}:

$$y_{it} = \gamma_i + \lambda_t + \beta WTD_{it} + W_{it} + \epsilon_{it} \tag{14}$$

where y_{it} is *Polity2* of country i in year t; γ_i and λ_t are country and year fixed effects; WTD_{it} is defined in equation (13); and, W_{it} includes lagged democratization waves in country i's influence set during year t.

To reduce concerns of correlated shocks across trade partners, we follow Acemoglu et al. (2019), and replace a democratization episode in a partner with an indicator equal to one if, in year t, there is a democratization wave in the country's region. More specifically, for each partner j, we compute the net share of countries that in its region experience a transition from autocracy to democracy in a given year. Then, we replace $1[Switch_{jt-1}]$ in equation (13) with a dummy equal to one if the net share just described is strictly positive. We use this predicted value for the switch of partner j in year $t-1$ in equation (13) to obtain a predicted (trade weighed) average of past switches occurring among country i's partners, $\widehat{WTD}_{it}$.[77]

We report 2SLS results in Table D.6.[78] Columns 1 to 3 estimate equation (14) using yearly frequencies; columns 4 to 6 replicate the analysis using 5-year intervals. In the latter case, we define WTD_{it} and $\widehat{WTD}_{it}$ as the average switches (actual and predicted) in partners over the previous 5 years. In columns 1 and 4, we consider the full sample. In columns 2 and 5 (resp., columns 3 and 6) we consider baseline democratic (resp., autocratic) countries.

In all cases, results are imprecisely estimated. While the coefficient is positive (except for column 4), standard errors are large. Moreover, the implied magnitude is rather small. For instance, the coefficient in column 6 implies that one standard deviation (2.2) increase in WTD_{it} raises the *Polity2* score by .19 points. Our preferred interpretation, consistent with the discussion presented in the main paper and with the event studies reported in Appendix D.6, is that it is not enough for a partner to switch in order for country i to "learn about democracy". Instead, we conjecture that, for learning (or transmission) to occur, experience with democracy (i.e., accumulation of democratic capital) is needed. As noted above, an alternative interpretation, not in contrast with the previous one, is that democratic transitions of formerly autocratic partners are not followed by (higher than expected) economic growth. For this reason, other autocratic countries do not update their priors about the desirability of democracy in a positive direction.

[77] Importantly, $\widehat{WTD}_{it}$ is uncorrelated with the measure of democratization waves occurring in a country's region. This is reassuring, because it suggests that democratization waves occurring in partners' regions are uncorrelated with those happening in the region of country i.

[78] We present the KP F-stat for weak instruments at the bottom of the table.

D.8 Instrumenting Imports and Exports

In Section 5.2 of the paper, we unpack the effects of trade with democracies between imports and exports (see also Table 4). To do so, we derive instruments for both quantities using the industry level dataset described in Appendix B.3. We proceed as follows. First, we estimate gravity equation (6) to get predicted trade between i and j in year t, $\widehat{trade}_{ijt}$. Next, we obtain predicted trade between i and j in industry x and year t, $\widehat{trade}_{ijxt}$, by interacting $\widehat{trade}_{ijt}$ with the baseline trade share between countries i and j in industry x, $\omega_{ijx} \equiv \frac{trade_{ijx}}{trade_{ij}}$.[79]

Then, we define predicted imports (of i from j) and exports (from i to j) in year t as:

$$\hat{I}_{ijt} = \sum_x \left(\alpha^I_{ix} \times \widehat{trade}_{ijxt} \right) \tag{15}$$

$$\hat{E}_{ijt} = \sum_x \left(\alpha^E_{ix} \times \widehat{trade}_{ijxt} \right) \tag{16}$$

where $\widehat{trade}_{ijxt}$ is predicted trade defined above, and $\alpha^I_{ix} \equiv \frac{I_{ix}}{I_i}$ (resp., $\alpha^E_{ix} \equiv \frac{E_{ix}}{E_i}$) is the share of imports (resp., exports) of country i in industry x relative to all imports (resp., exports) of i at baseline. Finally, we aggregate $\hat{I}_{ijt}$ and $\hat{E}_{ijt}$ by summing over all partners j's to get

$$\hat{I}_{it} = \sum_j \omega_{ij} \hat{I}_{ijt} \tag{17}$$

$$\hat{E}_{it} = \sum_j \omega_{ij} \hat{E}_{ijt} \tag{18}$$

where ω_{ij} is the bilateral trade share at baseline also used in the main paper to aggregate bilateral predicted trade (see equation (7) in Section 3.2). Since we are interested in deriving instruments for imports and exports with democratic partners, we aggregate predicted imports and exports in equations (17) and (18) over all democratic partners.[80] For both imports and exports, we also define an alternative instrument that interacts $\widehat{trade}_{ijxt}$ with $\tilde{\alpha}^I_{ix} \equiv \frac{I_{ix}}{I_x}$ and $\tilde{\alpha}^E_{ix} \equiv \frac{E_{ix}}{E_x}$, where the denominator refers to world imports and exports in industry x.

With the instruments just described, in Table 4, we present 2SLS results for a regression identical to equation (3) in the main text, where we replace trade with democracies with imports from and exports to democracies (see Section 5.2 of the paper).[81]

[79] We consider 1-digit industries. As in the rest of the paper, we define baseline as the average of the first 5 years for which a country enters the sample. Since the industry level dataset differs from the aggregated trade data used in the main paper, for consistency, when predicting $\widehat{trade}_{ijt}$ in this specific exercise, we estimate the gravity equation on the industry level dataset (aggregating all industries together). Results are unchanged when using the IMF Direction of Statistics dataset to estimate the gravity equation, as done when predicting trade in the main analysis.

[80] As for total trade, we define a partner democratic if its 5-year lagged *Polity2* score is strictly positive.

[81] Columns 1 and 2 (resp., columns 3 and 4) present results for imports and exports predicted using $\alpha^I_{ix} \equiv \frac{I_{ix}}{I_i}$ and $\alpha^E_{ix} \equiv \frac{E_{ix}}{E_i}$ (resp., $\tilde{\alpha}^I_{ix} \equiv \frac{I_{ix}}{I_x}$ and $\tilde{\alpha}^E_{ix} \equiv \frac{E_{ix}}{E_x}$). Note that predicted trade from industry level data for Serbia can be derived for a single time

D.9 Evidence Against Alternative Mechanisms

In this section, we discuss and present evidence against several alternative mechanisms for our main results. Note that these forces are not necessarily in contrast with (and in fact might complement) our preferred channel of transmission. However, this analysis suggests that, alone, they cannot explain our central findings.

D.9.1 Exposure to Own Democracy and Regional Democratization Waves

As discussed in the main text, our results are consistent with a framework where exposure to trade with democracies increases citizens' attitudes towards democracy and favors the flow of democratic capital from more to less democratic countries. Another, complementary, 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 D.7, we replicate our preferred individual level specification (reported in column 1 to ease comparisons) by controlling for the average *Polity2* score of a country during an individual's impressionable age. The coefficient on exposure to economic integration with democracies remains quantitatively similar to that in column 1, albeit somewhat less precisely estimated. 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.[82]

Our baseline specification already includes (lagged) democratization waves occurring in a country's neighbors during respondents' impressionable years (see also column 6 in Table 1). 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.

When interpreting results described above it should be kept in mind that both changes in own democracy and democratization waves occurring between the impressionable years and the

period; for this reason the country drops out from the regressions, once country and year fixed effects are controlled for.

[82] Results are unchanged when using a dummy equal to one if the *Polity2* score is strictly positive.

year of the interview might be themselves influenced by trade with democracies. As such, they might be "bad controls" (Angrist and Pischke, 2008). For this reason, these patterns should be viewed as suggestive, and we refrain from reporting or interpreting the coefficients on these other variables. At the same time, we find it reassuring that the coefficient on exposure to trade with democracies remains quantitatively similar to that in our baseline specification (Table 1, column 6).

D.9.2 Economic Growth and Human Capital Accumulation

A second alternative mechanism is that economic integration with democratic partners fosters growth (Donaldson, 2015), and this—rather than the exposure to partners' institutions—improves citizens' views of democracy. This idea is consistent with the "modernization hypothesis", and 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).[83] To test this channel, in Table D.7, 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.

A related 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, we nonetheless consider this potential mechanism.[84] In columns 7 and 8 of Table D.7, 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.

As already noted in Appendix D.9.1, one may be worried that the variables included in columns 5 to 8 of Table D.7 are bad controls. For this reason, and to provide more direct evidence against the possibility that trade with democracies increased income or human capital of cohorts that were more exposed during their impressionable years, we perform an alternative exercise. In column 1 of Table D.8, we replicate the baseline specification (Table 1, column 6), omitting controls for income and education, and using as dependent variable a dummy equal

[83] 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 D.7 weigh against this possibility.

[84] In fact, results in Atkin (2016) and Blanchard and Olney (2017) as well as our own evidence below (Table D.10) 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.

to one if an individual's income is above the sample median at the time of the survey. The coefficient on exposure to trade with democracies is positive, but quantitatively small and not statistically significant, suggesting that cohorts that grew up while their country was trading more with democracies did not experience faster income growth during their lifetime. Results are similar when using as dependent variable dummies for income quintiles (Table D.9). Next, in columns 2 to 4 of Table D.8, we replace the above-median income dummy with dummies for having, respectively, primary, secondary, or tertiary education. If anything, cohorts that were more exposed to economic integration with democracies during their impressionable years have lower education, relative to less exposed cohorts.

In Table D.10, we provide additional evidence against the modernization hypothesis in our context. First, in columns 2 to 4, we replicate the baseline specification 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.[85] Columns 5 and 6 confirm these patterns instrumenting the level and the growth rate of GDP per capita with the measure of commodity prices from Burke and Leigh (2010).

In column 7, we test whether economic integration favors human capital accumulation, replacing the *Polity2* score with the average number of years of schooling as dependent variable.[86] If anything, economic integration with democracies is associated with lower educational attainment. This pattern is in line with results in Atkin (2016) and Blanchard and Olney (2017), and suggests that economic integration may induce (especially less developed) countries to specialize in the production of unskilled-intensive goods.

D.9.3 Redistribution of Resources and Inequality

A third channel for our findings may be that trade with democracies benefits groups that are more supportive of democracy, which, 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 information campaigns. If redistribution of resources were a key mechanism, one would expect results to be stronger for countries with lower rents from natural resources, and with a higher share of GDP accruing to services and manufacturing. This is because, there, the elites should be less likely to benefit from trade, while the middle class may be better positioned to gain economic

[85] As pointed out above, we refrain from interpreting the coefficients on GDP and population since, even when using a 5-year lag, they may not be exogenous to changes in democracy (Acemoglu et al., 2019).

[86] Data for years of schooling is from Barro and Lee (2013) and is not available consistently for all countries in the main analysis. See Table B.1 for more details.

and political clout as the economy becomes more integrated with the rest of the (democratic) world.

To test this idea, in Figure D.5, 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 (dark-colored bars) and below (light-colored bars) the median, respectively.[87] 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 similar in countries with higher and lower GDP share in manufacturing (second set of bars). Economic integration has a larger effect in countries with a higher service share at baseline, but estimates are imprecisely estimated in both samples (third set of bars). These findings are not consistent with trade making more powerful groups that are more likely to benefit from democratization.

A related possibility is that trade with democracies increases income inequality, leading to democratization as citizens demand redistribution. To examine this possibility, we replicate our preferred specification using different proxies for the distribution of income as dependent variables. Relying on data from the World Inequality Database and following the literature (Autor et al., 2008), we calculate the ratio of the log of income at different percentiles of the (pre-tax) income distribution (see Table B.1 for more details). We report results in Table D.12, considering the ratio of the (log of the) following income percentiles: *i*) 5th to 90th (column 1); *ii*) 5th to 50th (column 2); *iii*) 10th to 90th (column 3); *iv*) 10th to 50th (column 4); and, *v*) 50th to 90th (columnn 5). In all cases, the coefficient on trade with democracies is small and imprecisely estimated, suggesting that the trade-induced democratization documented above is unlikely to be explained by changes in income inequality.[88]

D.9.4 Pressure from Trade Partners

Changes in citizens' beliefs may be influenced by 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).[89] 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

[87] Formal estimates are reported in Table D.11. Especially for manufacturing and services as a share of GDP, the SW F-stats are lower than in the baseline specification, suggesting that results should be interpreted with caution.

[88] Results, not reported for brevity, are very similar when considering the ratio of other income percentiles, and when measuring inequality using the share of income accruing to the top 1, 5, or 10% of the distribution.

[89] 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.

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.[90]

In Table D.13, we augment the baseline individual specification (reported in column 1 to ease comparisons) by controlling for the number of years, during 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 complement the evidence obtained in Table D.13 by turning to the country level analysis. First, we allow countries that experienced CIA or KGB interventions during the Cold War to be on differential trends. Panel A of Table D.14 shows that results are unchanged when interacting year dummies with a dummy equal to one if, during the Cold War, the country had at least one: *i*) CIA intervention (column 2); *ii*) KGB intervention (column 3); and, *iii*) CIA or KGB intervention (column 4). Our findings remain similar when controlling for a time varying indicator equal to one if an intervention took place in a given 5-year period (Panel B).

Second, we rely on data from Bailey et al. (2017) to measure countries' voting behavior in the United Nations General Assembly (UNGA)—a proxy for countries' political alignment (Kleinman et al., 2020). 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 construct the same measure using only the US as a "reference point".[91] Table D.15 documents that trade with democracies has no effect on the similarity of voting patterns, either contemporaneously (column 1) or with a 5-year lag (column 2). Results are unchanged when considering separately baseline democracies and non-democracies (columns 3 and 4), and when defining the distance of a country's voting behavior from that of the US (Panel B).[92]

Third, as in Camboni and Porcellacchia (2021), we rely on GDELT data to proxy for a country's political alignment, which may directly or indirectly capture pressure exerted from its partners.[93] For each country, we measure the number of economic, military, and diplomatic

[90] Yet, Berger et al. (2013a) have documented that CIA and KGB interventions had a negative effect on democracy during the Cold War.

[91] See Table B.1 for more details. Results are identical when defining democracies as countries with a *Polity2* score strictly positive at baseline. Since multiple resolutions may occur within a 5-year period, we take the closest to the beginning of each period. Results are unchanged when selecting the closest to the last year of a 5-year period.

[92] In Panel B, the US is excluded from the regression sample.

[93] GDELT records the number of interactions between country pairs between 1979 and 2012. See Table B.1 and Leetaru and Schrodt (2013) for more details.

offers received or made in a given year. These can be interpreted as attempts made by other countries to influence a country's policies and as a country's alignment with other countries, respectively. Table D.16 replicates our baseline specification using the log of (one plus) the number of offers received (columns 1 to 4) and sent (columns 5 to 8) for the period 1980-2010 as dependent variable. In most cases, the coefficient on trade with democracies is negative and imprecisely estimated.[94]

Finally, we use the Formal Bilateral Influence Capacity (FBIC) index, which measures bilateral influence of a source country on a target country (Moyer et al., 2021) and is described in detail in Table B.1. We collapse the bilateral index to derive a measure of total and average influence received by any given country in each 5-year period between 1960 and 2015. In Panel A of Table D.17, we consider the overall influence received by a country from all countries (column 1) and from democratic countries (column 2). Coefficients on trade with democracies are negative, small, and imprecisely estimated. Similar patterns hold when: *i*) considering the FBIC sub-component index that captures a country's dependence on others (columns 3 and 4); *ii*) using the average FBIC index (columns 5 to 8); and, *iii*) measuring foreign influence using Camboni and Porcellacchia (2021)'s Weaker Power Index (Panel B).

D.9.5 Preferential Trade Agreements

Finally, we consider the possibility that the (exogenous) increase in economic integration with democracies makes it more appealing for countries to sign preferential trade agreements (PTAs). If this were to be the case, our estimates may, at least in part, capture the "pro-democracy" effect of PTAs (Liu and Ornelas, 2014), rather than our proposed transmission channel. To address this possibility, we use data from Facchini et al. (2021) and study whether economic integration with democracies is associated with a larger number of PTAs signed by a country.[95] We report 2SLS estimates from our preferred specification in Table D.18, replacing the *Polity2* score with proxies for the presence of PTAs.

In columns 1 to 3 (resp., 4 to 6), we define the dependent variable as PTAs that a country has in place with any partner (resp., with democratic partners only). In columns 1 and 4, we consider the full sample, while in columns 2−5 and 3−6, we focus on baseline democracies and autocracies, respectively. The coefficient on economic integration with democracies is never statistically significant and, except for column 6, negative.[96] This evidence weighs against the

[94] Regressions include 115 (rather than 116) countries, because there is no data on offers for Belgium and Luxembourg. Very similar results, not reported for brevity, hold when considering aid and (political, economic, military, diplomatic, and judiciary) agreements recorded in the GDELT dataset.

[95] PTAs data is not available for Serbia and for Belgium and Luxembourg. Namibia also drops from our regressions with country fixed effects, since PTA data is reported for a single time period.

[96] Results (not reported for brevity) remain very similar when considering PTAs in place in the following 5-year period, and when defining the dependent variable as the number of PTAs signed in a given 5-year period and separately controlling for PTAs in place in the previous period.

idea that economic integration with democracies might lead to democratic transitions as a result of trade agreements.

D.10 Unbundling Economic Integration

As discussed in Section 6, our results suggest that trade in goods is important to promote the transmission of democracy across countries. At the same time, since the instrument exploits variation driven by changes in air transportation, one may wonder if our estimates also capture the effects of forces other than trade in goods. Moreover, the connections created by trade in goods might favor the development of other forms of economic (and non-economic) exchange, such as migration, business travels, and FDI. These may, in turn, reinforce the direct effects of trade on democracy.

To explore this possibility, in Table D.19, we replicate our preferred country level specification using different outcomes. We begin from migration, which has been shown to favor the transmission of culture and institutions across and within countries (Barsbai et al., 2017; Bazzi et al., 2021; Rapoport et al., 2020). In column 1, the dependent variable is the number of in- and out-migrants to and from a country, scaled by population, in each 5-year period from 1965 to 2015 (see Table B.1 for more details). In columns 2 and 3, we consider migration separately to (or from) democratic and non-democratic countries. In all cases, the coefficient on trade with democracies is imprecisely estimated and quantitatively small.[97] Next, we turn to the flow of students from less to more democratic countries, which might be conducive to the process of democratization (Spilimbergo, 2009). Using data from Spilimbergo (2009), we do not find any effect of trade with democracies on the number of students (relative to sending country population) abroad, to any destination (column 4) and separately to democratic (column 5) and non-democratic (column 6) countries.[98]

In column 7, we consider the (log of) FDI to GDP ratio. Also in this case, the coefficient on trade with democracies is imprecisely estimated and quantitatively small.[99] Finally, in column 8, we consider the (log of) the number of foreign book translations—a proxy used in Abramitzky and Sin (2014) to capture the flow of ideas across countries. Once again, the coefficient on trade with democracies is small and imprecisely estimated (and, if anything, negative). Results are unchanged when considering separately translations of books that were written: *i*) in English; *ii*) in languages spoken in democratic countries; and, *iii*) on different topics (Table D.20).[100]

[97] Migration data is not available for all years and countries in our sample. Results (not reported for brevity) are similar when using the log number of migrants, and when considering separately in- and out-migration.

[98] Data on the number of students abroad is always missing for Belgium and Luxembourg, Myanmar, and Serbia. It is also present with gaps for other countries.

[99] In most cases, FDI data (taken from the World Bank World Development Indicators) exists only at the country, rather than at the country-pair, level. For this reason, we cannot separate FDIs to or from democracies and non-democracies.

[100] To classify book translations in groups *i*) to *iii*), we follow Abramitzky and Sin (2014). The number of observations for humanistic and scientific books is lower than in other columns because, for some countries and years, no translations were reported

Table D.19 suggests that migration, students abroad, FDI, and book translations are not driving our results. Business linkages are another important factor related to air travel that might influence the spread of democracy across countries. Even though we cannot directly measure this force, in Table D.21, we provide evidence consistent with the idea that business linkages cannot, alone, explain our results. Building on Campante and Yanagizawa-Drott (2018), we exploit the fact that no direct flight can take place above the cutoff of 6,000 miles. This creates a discontinuity in air (and business) linkages across countries. In column 1, we split trade with democracies between partners that have an air distance above and below 6,000 miles. Even though coefficients are imprecisely estimated, they indicate that, if anything, the effects of trade with democracies are driven by far-away partners. Albeit only suggestive, this is consistent with the interpretation that business travels cannot be the main force behind our findings. In columns 2 to 4, we corroborate this idea by considering the relationship between trade in goods and the presence of large US corporations. In particular, we define the dependent variable as a dummy equal to one in the year of entry of McDonald's (column 2), Coca Cola (column 3), and IBM (column 4).[101] Coefficients are unstable, quantitatively small, and never statistically significant.

To sum up, results in this section suggest that forms of economic integration other than trade in goods are unlikely to explain our findings. Yet, we cannot (nor want to) exclude the possibility that other factors amplified the direct effects of trade in goods.[102] For this reason, as also noted in the main text, one may prefer to view our results as the effects of a broader notion of trade, which also includes not only the exchange of goods but also the flow of people and ideas.

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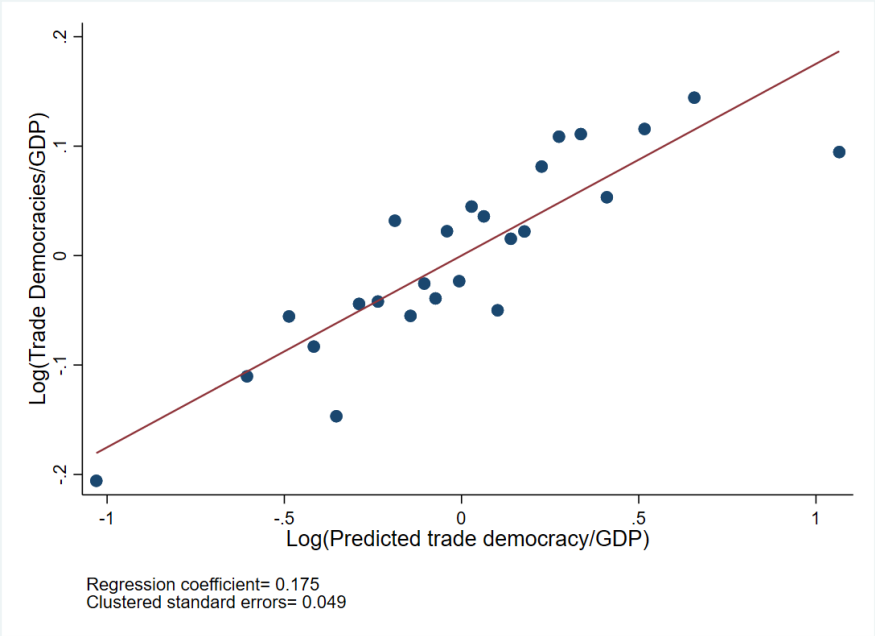
for these categories.

[101] Data on the presence of McDonald's, Coca Cola, and IBM across countries is taken from https://www.hbs.edu/businesshistory/courses/teaching-resources/historical-data-visualization/data-and-sources. See also Table B.1.

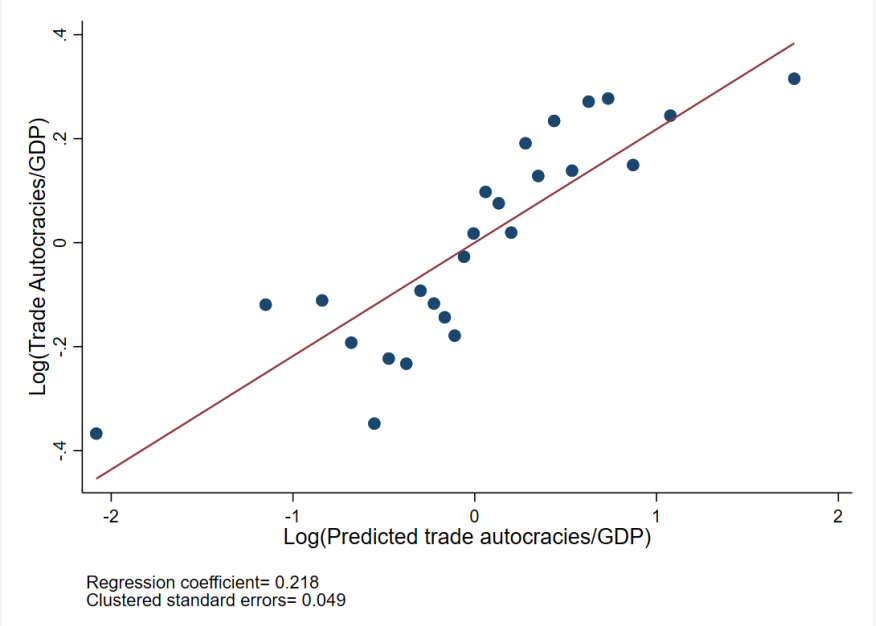
[102] For instance, data limitations prevent us from examining the role of tourism. However, since (air-based) mass tourism took off towards the end of our sample period, it seems unlikely that this force can, alone, have a substantial impact on results.

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

Panel A. Trade with Democracies

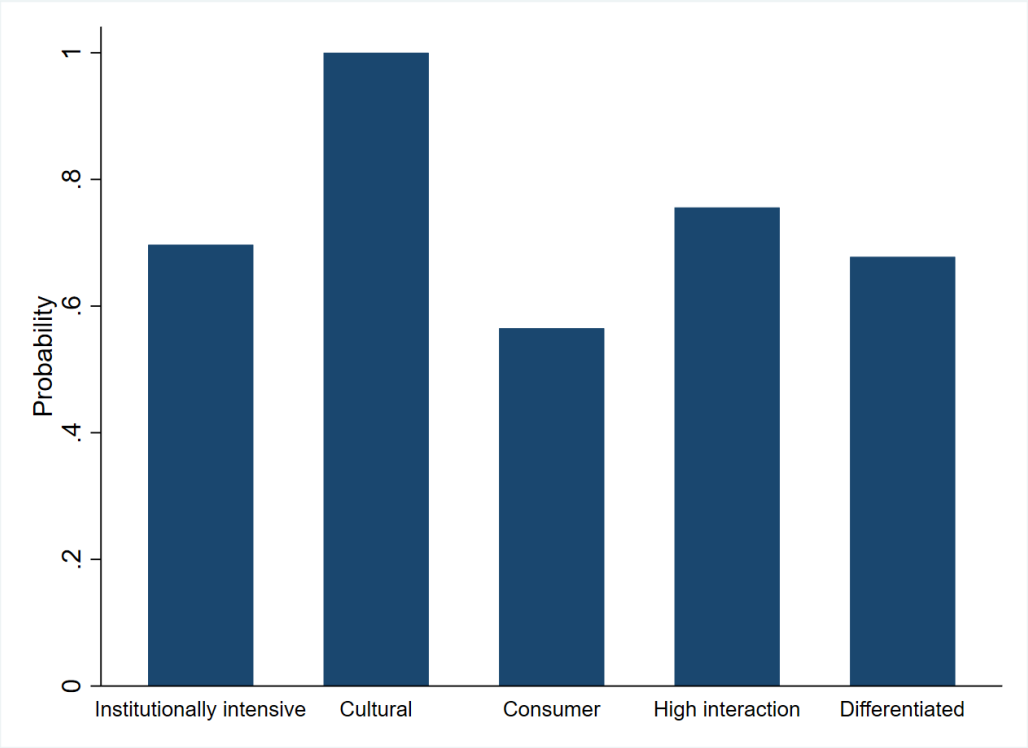


Panel B. Trade with Autocracies



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).

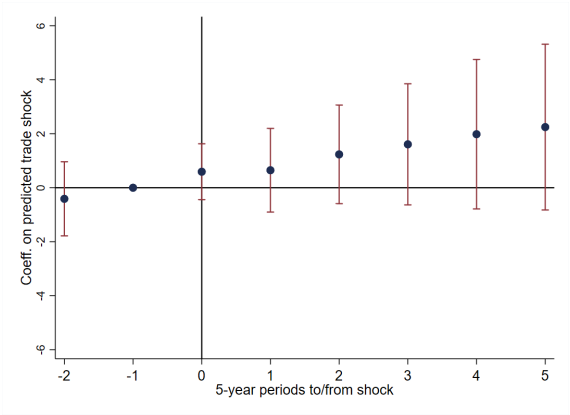
Figure D.2. Share of Air Intensive Goods, by Type



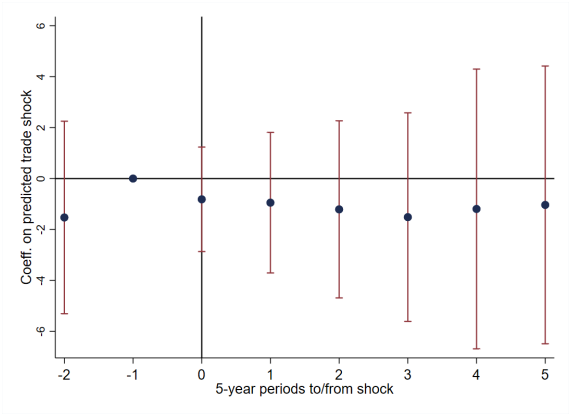
Notes: The figure plots the probability that industries in each of the good categories reported on the x-axis are also "air intensive". See Appendix B.3 for more details on the definition of good types.

Figure D.3. Effects of First Large Trade Shock with Democracies

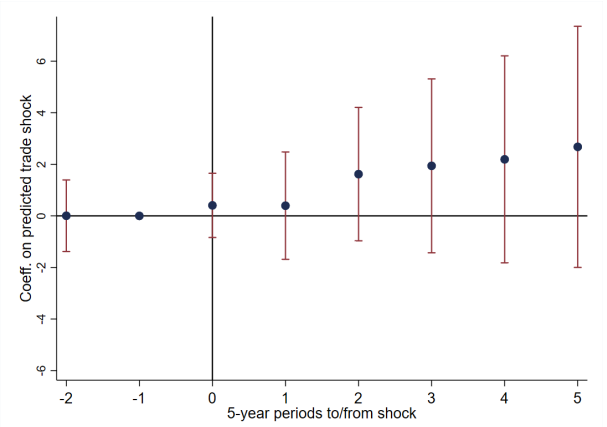
Panel A. Full Sample



Panel B. Baseline Democracies



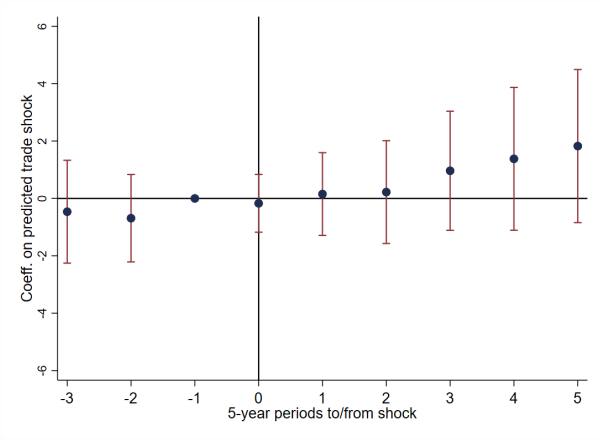
Panel C. Baseline Autocracies



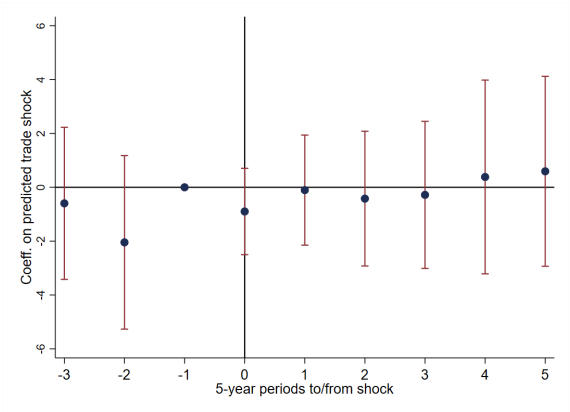
Notes: The figure plots coefficient (with corresponding 95% confidence intervals) on leads and lags of a dummy equal to one for the first year when the change in predicted trade with democracies is above the median of its distribution for each country. The dependent variable is the *Polity2* democracy score. Panel A covers the full sample, while Panels B and C include baseline democracies and autocracies, respectively. All regressions are estimated on 5-year periods, and control for: lagged democratization waves, country and year fixed effects, and a dummy for trade shocks with autocracies identical to the one defined for trade with democracies. The vertical line corresponds to the year of the shock (i.e., the first time that predicted trade with democracies is above the median for the country). The period before the shock is the omitted category. See the description in Appendix D.6 for more details. Standard errors are clustered at the country level.

Figure D.4. Effects of First Large Trade Shock: Robustness

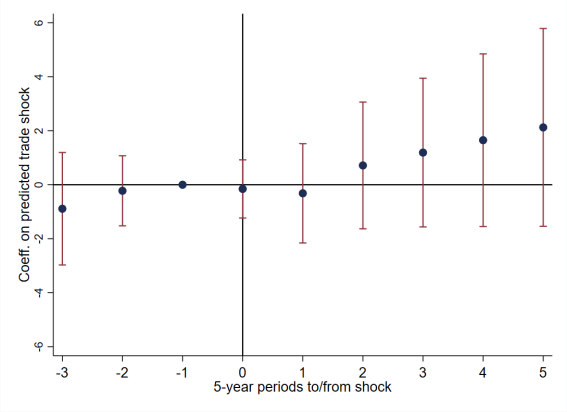
Panel A. Full Sample



Panel B. Baseline Democracies

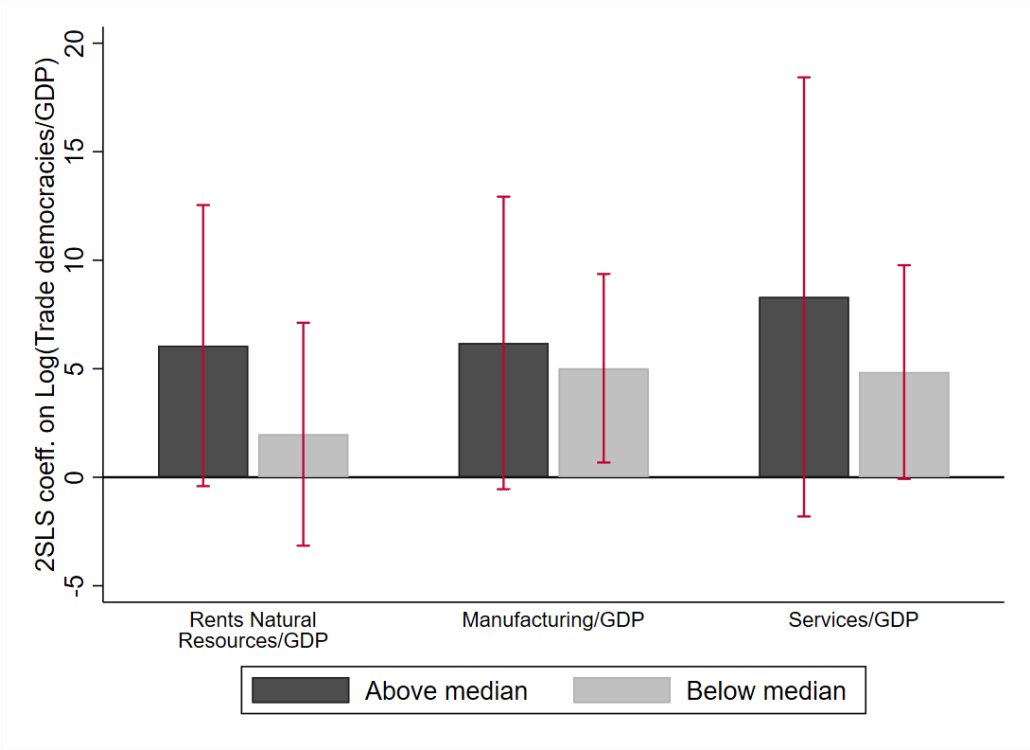


Panel C. Baseline Autocracies



Notes: The figure plots coefficient (with corresponding 95% confidence intervals) on leads and lags of a dummy equal to one for the first year when the change in predicted trade with democracies is above the median of the distribution in the full sample of countries and years. The dependent variable is the *Polity2* democracy score. Panel A covers the full sample, while Panels B and C include baseline democracies and autocracies, respectively. All regressions are estimated on 5-year periods, and control for: lagged democratization waves, country and year fixed effects, and a dummy for trade shocks with autocracies identical to the one defined for trade with democracies. The vertical line corresponds to the year of the shock (i.e., the first time that predicted trade with democracies is above the median for the country). The period before the shock is the omitted category. See the description in Appendix D.6 for more details. Standard errors are clustered at the country level.

Figure D.5. Effects of Trade with Democracies, 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 autocracies over GDP, lagged democratization waves, and country and time fixed effects. Dark (resp., light) grey bars refer to regressions estimated on the sample of countries with baseline values of each variable reported on the x-axis above (resp., below) the sample median. Standard errors are clustered at the country level.

Table D.1. First Stage: Actual and Predicted Trade

Dep. variable:	Log(Trade/GDP)			
Partners:	Democracies		Autocracies	
	(1)	(2)	(3)	(4)
Log(Predicted trade democracy/GDP)	0.179***	0.175***	-0.170*	-0.170*
	(0.050)	(0.049)	(0.092)	(0.092)
Log(Predicted trade autocracy/GDP)	-0.001	0.009	0.218***	0.218***
	(0.025)	(0.025)	(0.050)	(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 3.2. 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 lagged democratization waves. Standard errors, clustered at the country level, in parentheses. Significance levels: *** p< 0.01, ** p< 0.05, * p< 0.1.

Table D.2. Additional Results on Individuals' Attitudes

Dep. variable:	Democracy economy	Democracy decision	Democracy order	Democracy religion
	2SLS	2SLS	2SLS	2SLS
	(1)	(2)	(3)	(4)
Exposure democracies	7.578*	5.826*	3.334	38.07**
	(3.809)	(3.360)	(2.927)	(17.931)
Exposure autocracies	-1.770	-2.815	-3.409**	1.567
	(1.465)	(2.078)	(1.662)	(9.435)
Observations	85,204	86,368	87,433	115,695
Clusters	60	60	61	63
Democratization waves	X	X	X	X
Birth Year FE	X	X	X	X
Country X Survey Year FE	X	X	X	X
K-P F-stat	8.076	8.152	8.669	2.876
F-stat (Demo Trade)	16.12	16.38	17.68	6.671
F-stat (Auto Trade)	23.71	23.77	26.01	6.915
Dep. Variable Mean	227.2	82.20	80.47	299.3

Notes: The table replicates column 6 of Table 1 using additional measures of individuals' attitudes towards 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. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.3. Trade-Induced Democratic Capital and Support for Democracy

Dep. variable:	Democratic system			
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)
Trade-induced democratic capital	0.330**	0.317**	0.361**	0.351**
	(0.136)	(0.152)	(0.149)	(0.166)
Observations	273,258	263,287	273,258	263,287
Clusters	74	72	74	72
Democratization waves	X	X	X	X
Birth Year FE	X	X	X	X
Country X Survey Year FE	X	X	X	X
Democratic capital X Survey Year FE		X		X
Partners' democracy	*Polity2*	*Polity2*	Democratic capital	Democratic capital
K-P F-stat	806.3	596.4	1,390	1,021
Dep. variable mean	336.4	336.5	336.4	336.5

N*otes:* The table replicates column 6 of Table 1 in column 1, using as main regressor the measure of trade-induced democratic capital described in equation (8). Trade-induced democratic capital is instrumented using the predicted trade shares as explained in the text of Appendix D.4. Column 2 also controls for the interaction between survey wave fixed effects and domestic democratic capital of the country (from Persson and Tabellini, 2009) in the year in which the cohort turned 16. Columns 3 and 4 replicate columns 1 and 2 by replacing the lagged *Polity2* score of partners with baseline domestic democratic capital. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for weak instruments. Significance levels: *** p< 0.01, ** p< 0.05, * p< 0.1.

Table D.4. Trade-Induced Democratic Capital: Discounting Past Experience

Dep. variable:	Democratic system *(Mean: 336.4)*					
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)
Panel A. Discounting from age 25						
Trade-induced democratic capital	0.330**	0.402**	0.464**	0.508**	0.529**	0.526**
	(0.136)	(0.168)	(0.201)	(0.232)	(0.258)	(0.278)
	[0.049]	[0.051]	[0.051]	[0.049]	[0.045]	[0.040]
K-P F-stat	806.3	632.9	535.3	485	465.5	466.9
Panel B. Discounting from age 34						
Trade-induced democratic capital	0.330**	0.376**	0.402**	0.407**	0.395**	0.371**
	(0.136)	(0.156)	(0.170)	(0.179)	(0.182)	(0.181)
	[0.049]	[0.050]	[0.049]	[0.045]	[0.041]	[0.036]
K-P F-stat	806.3	649	572.5	545.1	549.1	574.1
Observations	273,258	273,258	273,258	273,258	273,258	273,258
Clusters	74	74	74	74	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
Discount rate	1	0.99	0.98	0.97	0.96	0.95

Notes: The table replicates column 1 of Table D.3 in column 1. In Panel A (resp., Panel B), in columns 2-6, the trade-induced democratic capital stock is constructed by applying the discount rate reported at the bottom of the table, starting from the age of 25 (resp., 34). Following Persson and Tabellini (2009), we use discount rates from 0.99 to 0.95. 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 D.5. Connecting Preferences to Institutions

Dep. variable:	Polity2					
	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)
Predicted support for democracy	0.716	0.582	3.485***	3.322***	0.445	0.527
	(0.770)	(0.722)	(0.907)	(0.915)	(1.402)	(1.295)
Observations	4,975	4,975	2,618	2,618	2,357	2,357
Clusters	115	115	60	60	55	55
Democratization waves	X	X	X	X	X	X
Country FE	X	X	X	X	X	X
Year FE	X	X	X	X	X	X
Sample	Full	Full	Baseline autocracy	Baseline autocracy	Baseline democracy	Baseline democracy
Dep. variable mean	1.879	1.879	-2.217	-2.217	6.429	6.429

Notes: The table estimates yearly OLS regressions using as dependent variable the *Polity2* democracy score. The main regressor of interest is the predicted trade-induced support for democracy defined in equation (10), lagged 1 year (resp., 5 years) in odd (resp., even) numbered columns. It is standardized by subtracting its mean and dividing by its standard deviation to ease the interpretation of coefficients. Columns 1 and 2 focus on the full sample. Columns 3 and 4 (resp., columns 5 and 6) replicate columns 1 and 2 restricting the sample to baseline autocracies (resp., baseline democracies). Data on the age distribution, which is needed to define predicted trade-induced support for democracy ($\widehat{P}_{it}$), is missing for Belgium and Luxembourg (which constitute a single country-entity before 2000 in the rest of our analysis). For this reasons, the analysis is conducted on 115 (rather than 116) countries. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. Significance levels: *** p< 0.01, ** p< 0.05, * p< 0.1.

Table D.6. Testing for Democratization Spillovers

Dep. variable:	Polity2					
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)
WTD	0.041	0.121	0.172	-0.051	0.010	0.098
	(0.147)	(0.451)	(0.140)	(0.218)	(0.326)	(0.354)
Observations	6,060	2,908	3,152	1,161	557	604
Clusters	116	56	60	116	56	60
Democratization wave	X	X	X	X	X	X
Country FE	X	X	X	X	X	X
Year FE	X	X	X	X	X	X
Sample	Full	Baseline democracy	Baseline autocracy	Full	Baseline democracy	Baseline autocracy
Frequency	1-year	1-year	1-year	5-years	5-years	5-years
K-P F-stat	23.46	4.292	17.42	45.67	22.32	21.88
Dep. variable mean	1.837	6.460	-2.428	1.901	6.526	-2.364

Notes: The table estimates 2SLS regressions using as dependent variable the *Polity2* democracy score. Columns 1 to 3 (resp., columns 4 to 6) estimate regressions using yearly (resp., 5-year) frequency. Columns 1 and 4 consider the full sample; columns 2 and 5 (resp., columns 3 and 6) replicate columns 1 and 4 restricting the sample to baseline democracies (resp., baseline autocracies). The main regressor of interest, WTD, is the share of partners of country i that switched from autocracy to democracy in the previous period. See equation (13) in Appendix D.7. It is instrumented using democratization waves in partners' regions, as explained in Appendix D.7. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for weak instruments. Significance levels: *** p< 0.01, ** p< 0.05, * p< 0.1.

Table D.7. Individuals' Attitudes: Controlling for Exposure to Other Forces

Dep. variable:	Democratic system							
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)	2SLS (7)	2SLS (8)
Exposure democracies	5.804**	5.250*	4.850*	6.305*	7.028*	5.969*	5.815*	6.525*
	(2.880)	(2.910)	(2.903)	(3.172)	(4.000)	(3.255)	(3.284)	(3.297)
	[0.056]	[0.050]	[0.046]	[0.060]	[0.067]	[0.057]	[0.056]	[0.063]
Exposure autocracies	0.725	0.613	0.538	1.000	1.065	0.752	0.145	-0.339
	(1.656)	(1.779)	(1.734)	(1.726)	(1.959)	(1.743)	(1.979)	(1.894)
	[0.010]	[0.009]	[0.008]	[0.014]	[0.015]	[0.011]	[0.002]	[-0.005]
Observations	223,960	222,617	222,740	223,960	223,960	223,960	213,452	213,452
Clusters	74	74	74	74	74	74	70	70
Democratization waves	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		*Polity2*	*Polity2*	Democratization waves	GDP growth	GDP growth	Education	Education
Years		Formative	16+	16+	Formative	16+	Formative	16+
K-P F-stat	5.886	6.171	5.877	4.631	3.583	5.486	4.364	4.248
F-stat (Demo Trade)	13.24	15.04	14.34	10.13	7.852	12.15	9.216	9.029
F-stat (Auto Trade)	15.80	15.34	14.70	13.62	10.52	14.43	12.99	12.94
Dep. variable mean	339.5	339.5	339.5	339.5	339.5	339.5	339.1	339.1

Notes: The table replicates column 6 of Table 1 in column 1. Columns 2 and 3 control for average *Polity2* of the country during the formative years and from the age of 16 until the year of the interview of the respondent. Column 4 controls for average (lagged) democratization waves experienced from the age of 16 until the year of the interview. Columns 5 and 6 (resp., columns 7 and 8) replicate columns 2 and 3 by replacing average *Polity2* with average per capita GDP growth (resp., 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. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.8. Exposure to Democracy: Income and Education

Dep. variable:		Education Level		
	Above Median Income	Primary	Secondary	Tertiary
	2SLS	2SLS	2SLS	2SLS
	(1)	(2)	(3)	(4)
Exposure democracies	0.034	0.097*	0.058	-0.154**
	(0.029)	(0.053)	(0.099)	(0.070)
Exposure autocracies	-0.013	-0.052**	0.062**	-0.010
	(0.012)	(0.023)	(0.024)	(0.029)
Observations	223,960	223,960	223,960	223,960
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
K-P F-stat	5.866	5.866	5.866	5.866
F-stat (Demo Trade)	13.14	13.14	13.14	13.14
F-stat (Auto Trade)	15.84	15.84	15.84	15.84
Dep. variable mean	0.395	0.189	0.541	0.270

Notes: The table replicates column 6 of Table 1 omitting controls for income and education, and using as dependent variable a dummy equal to one if: *i*) an individual's income is above the sample median at the time of the survey (column 1); and if an individual's maximum level of education is *ii*) primary (column 2); *iii*) secondary (column 3); or *iv*) tertiary (column 4). All columns control for gender dummies, lagged democratization waves, and for birth year and survey year by country 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. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.9. Exposure to Democracy and Income (Quintiles)

Dep. variable:	Income Quintile				
	First	Second	Third	Fourth	Fifth
	2SLS	2SLS	2SLS	2SLS	2SLS
	(1)	(2)	(3)	(4)	(5)
Exposure democracies	-0.019	-0.039**	0.031**	0.016	0.010
	(0.022)	(0.018)	(0.015)	(0.017)	(0.011)
Exposure autocracies	-0.005	0.003	0.017**	-0.005	-0.010**
	(0.012)	(0.008)	(0.008)	(0.008)	(0.005)
Observations	223,960	223,960	223,960	223,960	223,960
Clusters	74	74	74	74	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	5.866	5.866	5.866	5.866	5.866
F-stat (Demo Trade)	13.14	13.14	13.14	13.14	13.14
F-stat (Auto Trade)	15.84	15.84	15.84	15.84	15.84
Dep. variable mean	0.181	0.261	0.292	0.186	0.080

Notes: The table replicates column 6 of Table 1 omitting controls for income and education, and using as dependent variable a dummy equal to one if an individual's income is in each quintile of the distribution at the time of the survey. All columns control for gender dummies and for birth year and survey year by country 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. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.10. Controlling for Income Effects and Human Capital Accumulation

Dep. variable:	Polity2						Avg. years of schooling
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)	2SLS (7)
Log(Trade democracy/GDP)	4.977**	5.330**	5.399**	4.855**	6.905**	4.579**	-1.638*
	(2.110)	(2.308)	(2.338)	(2.036)	(3.330)	(2.132)	(0.829)
Log(Trade autocracy/GDP)	0.933	0.964	0.773	0.909	0.666	0.308	-0.146
	(1.050)	(1.114)	(1.332)	(1.182)	(1.395)	(0.996)	(0.247)
Log(GDP_{t-5})		0.132	0.045				
		(0.573)	(0.622)				
Log($Population_{t-5}$)			0.824				
			(1.876)				
Log(GDP per $capita_{t-5}$)				-0.053			
				(0.658)			
Log(GDP per $capita_t$)					1.852		
					(2.191)		
GDP growth per $capita_t$						-5.084	
						(5.568)	
Observations	1,192	1,192	1,192	1,192	881	881	1,067
Clusters	116	116	116	116	113	113	102
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
K-P F-stat	6.249	5.069	4.701	4.438	2.107	3.802	3.295
F-stat (Demo Trade)	13.78	13.17	13.97	13.47	9.526	16.24	6.878
F-stat (Auto Trade)	19.35	13.87	11.81	10.33	6.517	18.45	14.71
F-stat (GDP per capita)					10.73		
F-stat (GDP growth per capita)						12.28	
Dep. variable mean	2.060	2.060	2.060	2.060	1.194	1.194	6.652

Notes: The table replicates column 4 of Table 2 in column 1. Columns 2 to 4 add, respectively, the log of the 5-year lagged: *i*) GDP; *ii*) population; *iii*) GDP per capita. Columns 5 and 6 control for the log of GDP per capita and GDP per capita growth rate, respectively. Both variables are instrumented using the Commodity Export Price Index as defined in Burke and Leigh (2010). See Table B.1 for more details on the latter variable. Column 7 replicates column 1 using as dependent variable the average years of schooling from Barro and Lee (2013). Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. F-stat (Demo Trade), F-stat (Auto Trade), F-stat (GDP per capita), and F-stat (GDP growth per capita) refer to the Sanderson-Windmeijer F-stats for joint significance of the instruments in the separate first-stage regressions. Significance levels: *** p< 0.01, ** p< 0.05, * p< 0.1.

Table D.11. Economic Integration and Democracy: Heterogeneous Effects

Dep. variable:	Polity2					
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)
	Above Median			Below Median		
Log(Trade democracy/GDP)	6.066*	6.187*	8.310	1.982	5.021**	4.847*
	(3.234)	(3.368)	(5.054)	(2.564)	(2.167)	(2.458)
Log(Trade autocracy/GDP)	2.493	-0.184	2.175	-0.292	0.470	0.023
	(1.841)	(1.850)	(2.331)	(0.961)	(1.761)	(1.239)
Observations	580	622	611	612	570	581
Clusters	58	56	57	58	56	57
Democratization waves	X	X	X	X	X	X
Country FE	X	X	X	X	X	X
Year FE	X	X	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	5.430	2.497	2.215	3.899	4.165	3.724
F-stat (Demo Trade)	6.860	8.207	4.328	16.80	8.095	8.349
F-stat (Auto Trade)	17.16	6.513	6.158	8.312	8.984	16.83

Notes: The table replicates column 4 of Table 2, splitting the sample between countries above and below the median for baseline share of GDP in: *i*) rents from natural resources (columns 1 and 4); *ii*) manufacturing (columns 2 and 5); *iii*) services (columns 3 and 6). Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.12. Economic Integration and Inequality

Dep. variable:	Ratio of log income percentiles				
	$5^{th}/90^{th}$	$5^{th}/50^{th}$	$10^{th}/90^{th}$	$10^{th}/50^{th}$	$50^{th}/90^{th}$
	2SLS	2SLS	2SLS	2SLS	2SLS
	(1)	(2)	(3)	(4)	(5)
Log(Trade democracy/GDP)	0.020	0.009	0.014	0.004	0.006
	(0.037)	(0.013)	(0.032)	(0.009)	(0.019)
Log(Trade autocracy/GDP)	-0.025	-0.014**	-0.017	-0.008*	-0.008
	(0.017)	(0.006)	(0.014)	(0.004)	(0.009)
Observations	850	850	850	850	850
Clusters	109	109	109	109	109
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	5.163	5.163	5.163	5.163	5.163
F-stat (Demo Trade)	9.224	9.224	9.224	9.224	9.224
F-stat (Auto Trade)	16.40	16.40	16.40	16.40	16.40

Notes: The table replicates the specification of column 4 of Table 2, using as dependent variable the ratio of the log of the income percentiles reported at the top of each column. For more details see Table B.1. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.13. Controlling for Foreign Interventions during Impressionable Age

Dep. variable:	Democratic system *(Mean: 339.5)*			
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)
Exposure democracies	5.804**	6.842*	5.384*	6.383**
	(2.880)	(3.832)	(3.110)	(3.193)
Exposure autocracies	0.725	0.688	0.773	0.740
	(1.656)	(1.719)	(1.661)	(1.703)
Observations	223,960	223,960	223,960	223,960
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
K-P F-stat	5.886	4.811	5.572	5.721
F-stat (Demo Trade)	13.24	9.817	11.79	11.99
F-stat (Auto Trade)	15.80	17.39	16.65	17.32

N*otes:* The table replicates column 6 of Table 1 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. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.14. Controlling for Foreign Interventions

Dep. variable:	Polity2 *(Mean: 2.060)*			
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)
Panel A. Time Invariant Controls by Period Dummies				
Log(Trade democracy/GDP)	4.977**	7.052***	4.524**	6.286***
	(2.110)	(2.676)	(2.089)	(2.370)
Log(Trade autocracy/GDP)	0.933	1.437	1.128	1.558
	(1.050)	(1.168)	(1.047)	(1.139)
Observations	1,192	1,192	1,192	1,192
Clusters	116	116	116	116
K-P F-stat	6.249	5.139	6.386	5.811
F-stat (Demo Trade)	13.78	11.09	13.56	12.46
F-stat (Auto Trade)	19.35	18.66	18.72	18.90
Panel B. Time-Varying Controls				
Log(Trade democracy/GDP)	4.977**	6.849***	4.752**	6.267***
	(2.110)	(2.596)	(2.223)	(2.370)
Log(Trade autocracy/GDP)	0.933	1.472	0.979	1.571
	(1.050)	(1.118)	(1.058)	(1.102)
Observations	1,192	1,192	1,192	1,192
Clusters	116	116	116	116
K-P F-stat	6.249	5.546	6.065	6.044
F-stat (Demo Trade)	13.78	11.55	12.88	12.78
F-stat (Auto Trade)	19.35	20.33	19.64	20.12
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 2 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. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.15. Economic Integration and Votes on UNGA Resolutions

	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)
Panel A. Dep. Variable:	Distance between own vote and average democracies' vote			
Log(Trade democracy/GDP)	-0.020	-0.034	-0.082	0.002
	(0.084)	(0.064)	(0.163)	(0.098)
Log(Trade autocracy/GDP)	0.003	0.011	0.033	0.017
	(0.027)	(0.017)	(0.072)	(0.027)
Observations	1,167	1,166	579	588
Clusters	115	115	57	58
K-P F-stat	5.943	5.990	3.027	2.711
F-stat (Demo Trade)	12.34	12.39	12.14	6.681
F-stat (Auto Trade)	17.85	17.96	5.574	12.14
Dep. variable mean	0.931	0.941	0.888	0.973
Panel B. Dep. Variable:	Distance between own vote and US vote			
Log(Trade democracy/GDP)	0.016	0.019	-0.043	0.013
	(0.064)	(0.051)	(0.190)	(0.038)
Log(Trade autocracy/GDP)	-0.030	-0.023**	-0.021	0.009
	(0.022)	(0.011)	(0.061)	(0.014)
Observations	1,155	1,154	567	588
Clusters	114	114	56	58
K-P F-stat	5.824	5.869	3.099	2.711
F-stat (Demo Trade)	11.98	12.03	11.30	6.681
F-stat (Auto Trade)	17.99	18.09	5.668	12.14
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
Dep. variable mean	0.975	0.990	0.959	0.990

Notes: The table replicates the specification in column 4 of Table 2 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. KP F-stat is the Kleibergen-Paap F stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.16. Economic Integration and Offers from GDELT Data

Dep. variable:	Log(Offers received)				Log(Offers sent)			
	Any	Economic	Military	Diplomatic	Any	Economic	Military	Diplomatic
	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Panel A. From/To Democratic Countries								
Log(Trade democracy/GDP)	-1.017	-1.200	-0.803	-0.371	-1.175	-1.181	-0.441	-0.875
	(0.687)	(0.736)	(0.520)	(0.608)	(0.768)	(0.767)	(0.442)	(0.711)
Log(Trade autocracy/GDP)	-0.118	-0.176	-0.027	0.209	-0.143	-0.262	0.020	0.052
	(0.356)	(0.383)	(0.197)	(0.274)	(0.350)	(0.365)	(0.185)	(0.270)
Panel B. From/To Autocratic Countries								
Log(Trade democracy/GDP)	-0.667	-0.722	-0.121	-0.648	-1.009	-0.997	0.033	-1.164*
	(0.563)	(0.636)	(0.181)	(0.492)	(0.761)	(0.773)	(0.206)	(0.635)
Log(Trade autocracy/GDP)	0.397	0.293	0.137*	0.384*	0.220	0.201	0.054	0.389
	(0.259)	(0.270)	(0.074)	(0.216)	(0.263)	(0.269)	(0.057)	(0.249)
Observations	762	762	762	762	762	762	762	762
Clusters	115	115	115	115	115	115	115	115
Democratization waves	X	X	X	X	X	X	X	X
Country FE	X	X	X	X	X	X	X	X
Year FE	X	X	X	X	X	X	X	X
K-P F-stat	4.275	4.275	4.275	4.275	4.275	4.275	4.275	4.275
F-stat (Demo Trade)	8.082	8.082	8.082	8.082	8.082	8.082	8.082	8.082
F-stat (Auto Trade)	16.06	16.06	16.06	16.06	16.06	16.06	16.06	16.06

Notes: The table replicates the specification in column 4 of Table 2 using as dependent variable the (log of 1 plus) the number of offers received (resp., sent) by a country in columns 1 to 4 (resp., 5 to 8). Panels A and B consider offers from/to democratic and autocratic countries respectively. Offers are defined as the number of times over a year in which a country sent or received a pledge/offer/promise to or from another country, and are taken from the GDELT dataset (see also Camboni and Porcellacchia, 2021). The sample period is restricted to 1980 to 2010, due to data availability from GDELT. Democratic and autocratic countries in Panels A and B are defined as countries with *Polity2* score strictly positive and strictly lower than 1, respectively. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.17. Economic Integration and International Influence

	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)	2SLS (7)	2SLS (8)
Panel A. Dep. variable:	Total FBIC				Average FBIC			
	All Components (Overall)	All Components (from Democracies)	Dependence (Overall)	Dependence (from Democracies)	All Components (Overall)	All Components (from Democracies)	Dependence (Overall)	Dependence (from Democracies)
Log(Trade democracy/GDP)	-0.337	-0.138	-0.028	0.230	-0.003	0.000	-0.001	0.001
	(0.337)	(0.320)	(0.374)	(0.301)	(0.003)	(0.003)	(0.003)	(0.006)
Log(Trade autocracy/GDP)	-0.331**	-0.487***	-0.041	-0.257**	-0.002**	-0.004**	-0.001	-0.005**
	(0.150)	(0.142)	(0.123)	(0.098)	(0.001)	(0.002)	(0.001)	(0.002)
Dep. variable mean	1.358	1.166	3.372	2.763	0.012	0.019	0.030	0.045
Panel B. Dep. variable:	Total WPI				Average WPI			
	FBIC (Overall)	FBIC (from Democracies)	Dependence (Overall)	Dependence (from Democracies)	FBIC (Overall)	FBIC (from Democracies)	Dependence (Overall)	Dependence (from Democracies)
Log(Trade democracy/GDP)	-4.643	-2.693	-0.150	2.566	-0.040	-0.033	-0.010	0.005
	(3.755)	(3.332)	(6.691)	(5.430)	(0.031)	(0.035)	(0.060)	(0.089)
Log(Trade autocracy/GDP)	-1.725	-2.999**	2.631	-0.880	-0.012	-0.023*	0.021	-0.013
	(1.276)	(1.173)	(2.121)	(1.632)	(0.010)	(0.012)	(0.018)	(0.027)
Dep. variable mean	9.691	7.962	36.25	28.67	0.083	0.117	0.316	0.441
Observations	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167
Clusters	115	115	115	115	115	115	115	115
Democratization waves	X	X	X	X	X	X	X	X
Country FE	X	X	X	X	X	X	X	X
Year FE	X	X	X	X	X	X	X	X
K-P F-stat	5.573	5.573	5.573	5.573	5.573	5.573	5.573	5.573
F-stat (Demo Trade)	11.95	11.95	11.95	11.95	11.95	11.95	11.95	11.95
F-stat (Auto Trade)	20.21	20.21	20.21	20.21	20.21	20.21	20.21	20.21

Notes: The table replicates the specification in column 4 of Table 2 using as dependent variable a measure of total (resp., average) influence received by a country in columns 1 to 4 (resp., 5 to 8), using, respectively, all countries and only democratic countries (defined as countries with *Polity2* score strictly positive). Panel A presents results obtained using the FBIC index collapsed at year level, while Panel B employs the WPI index as defined by Camboni and Porcellacchia (2021), constructed using the FBIC index. The sample period is from 1960 to 2015. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.18. Economic Integration and Preferential Trade Agreements

Dep. variable:	PTA Share			PTA Share Demo		
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)	2SLS (6)
Log(Trade democracy/GDP)	-0.018	-0.135	-0.004	-0.006	-0.141	0.025
	(0.035)	(0.150)	(0.039)	(0.034)	(0.153)	(0.030)
Log(Trade autocracy/GDP)	-0.025*	-0.060	-0.010	-0.042***	-0.065	-0.022*
	(0.015)	(0.043)	(0.016)	(0.014)	(0.044)	(0.011)
Sample	Full	Baseline democracies	Baseline autocracies	Full	Baseline democracies	Baseline autocracies
Observations	1,143	557	586	1,143	557	586
Clusters	113	54	59	113	54	59
Democratization waves	X	X	X	X	X	X
Country FE	X	X	X	X	X	X
Year FE	X	X	X	X	X	X
K-P F-stat	4.426	1.386	2.895	4.426	1.386	2.895
F-stat (Demo Trade)	10.03	3.083	6.962	10.03	3.083	6.962
F-stat (Auto Trade)	17.05	3.635	13.93	17.05	3.635	13.93
Dep. variable mean	0.051	0.063	0.040	0.042	0.058	0.028

Notes: The table replicates the specification in column 4 of Table 2 using as dependent variable the number of PTAs every country has in place in any given 5-year period in total (columns 1 to 3) and with democratic countries only (columns 4 to 6), divided by the total number of countries in the world in the 5-year period. Columns 2 and 5 and columns 3 and 6 restrict the sample to countries with *Polity2* score at baseline strictly greater than zero and strictly lower than 1, respectively. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.19. Unbundling Economic Integration

Dep. variable:	Migration/Pop.			Students abroad/Pop.			Log(FDI/GDP)	Log(book translations)
	All	Demo	Auto	All	Demo	Auto	All	All
	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Log(Trade demo/GDP)	0.001	-0.004	0.006	-0.021	-0.073	0.058	0.001	-0.843
	(0.005)	(0.005)	(0.004)	(0.050)	(0.051)	(0.039)	(0.022)	(1.444)
Log(Trade auto/GDP)	-0.000	0.000	-0.001	-0.025	-0.006	-0.019	-0.003	-0.496
	(0.002)	(0.002)	(0.001)	(0.021)	(0.016)	(0.014)	(0.005)	(0.598)
Observations	1,118	1,118	1,118	825	826	826	648	495
Clusters	113	113	113	112	112	112	109	86
Democratization waves	X	X	X	X	X	X	X	X
Country FE	X	X	X	X	X	X	X	X
Year FE	X	X	X	X	X	X	X	X
K-P F-stat	6.781	6.781	6.781	7.248	7.505	7.505	2.343	3.024
F-stat (Demo Trade)	13.75	13.75	13.75	15.31	15.99	15.99	4.703	7.164
F-stat (Auto Trade)	21.07	21.07	21.07	25.61	24.99	24.99	22.55	6.656

Notes: The table replicates column 4 of Table 2 using different outcomes. In column 1, the dependent variable is the number of in- and out-migrants over country population in each 5-year period from 1965 to 2015. Columns 2 and 3 separate migration from or to democratic and non-democratic countries, respectively. The dependent variable is: the number of students abroad over (sending) country population from Spilimbergo (2009) between 1960 and 2015 to any country, to democracies, and to autocracies (columns 4 to 6); the log of FDIs over GDP (column 7); and, the log of the number of book translations (column 8). See Table B.1 for more details on variables' definitions. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.20. Economic Integration and Book Translations

Dep. variable:	Log(book translations)				
	English	Democratic countries	Humanistic	Scientific	Most Influential
	2SLS (1)	2SLS (2)	2SLS (3)	2SLS (4)	2SLS (5)
Log(Trade democracy/GDP)	-0.646	-0.489	-0.557	-0.065	-0.261
	(1.620)	(1.415)	(1.336)	(1.598)	(0.241)
Log(Trade autocracy/GDP)	-0.490	-0.568	-0.315	-0.535	-0.086
	(0.674)	(0.612)	(0.595)	(0.539)	(0.090)
Observations	495	495	464	421	495
Clusters	86	86	81	81	86
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	3.024	3.024	3.483	2.299	3.024
F-stat (Demo Trade)	7.164	7.164	9.192	5.382	7.164
F-stat (Auto Trade)	6.656	6.656	7.700	4.341	6.656

Notes: The table replicates the specification in column 8 of Table D.19, splitting the number of book translations in different (book) categories. The dependent variable is the log number of translations: from English (column 1); from languages spoken by the majority of the population in countries with baseline *Polity2* score strictly positive (column 2); of humanistic books (column 3); of scientific books (column 4); and of books classified in Abramitzky and Sin (2014) as "most influential" (column 5). Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade) and F-stat (Auto Trade) refer to the Sanderson-Windmeijer 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 D.21. Suggestive Evidence Against Business Linkages

Dep. variable:		Entry of:		
	Polity2	McDonald's	Coca Cola	IBM
	2SLS	2SLS	2SLS	2SLS
	(1)	(2)	(3)	(4)
Log(Trade democracy far/GDP)	3.481			
	(2.596)			
Log(Trade democracy close/GDP)	1.536			
	(0.948)			
Log(Trade democracy/GDP)		0.059	-0.061	0.179
		(0.074)	(0.064)	(0.136)
Log(Trade autocracy/GDP)	-0.499	0.010	-0.038	-0.010
	(1.708)	(0.036)	(0.030)	(0.046)
Observations	1,185	1,078	987	1,015
Clusters	116	116	106	108
Democratization waves	X	X	X	X
Country FE	X	X	X	X
Year FE	X	X	X	X
K-P F-stat	0.928	6.303	5.388	4.323
F-stat (Demo Trade far)	3.975			
F-stat (Demo Trade close)	9.458			
F-stat (Demo Trade)		13.86	13.41	9.112
F-stat (Auto Trade)	5.442	21.51	16.75	20.65
Dep. variable mean	2.070	0.068	0.027	0.070

Notes: Column 1 of this table replicates column 4 of Table 2 splitting trade with democracies between democratic partners with an air distance above ("far") and below ("close") 6,000 miles. Columns 2 to 4 replicate column 4 of Table 2 using as dependent variable a dummy equal to one in the year of entry of: *i*) McDonald's; *ii*) Coca Cola; and, *iii*) IBM (see also Table B.1 for more details on the source and definition of these variables). All regressions control for country and period fixed effects and for lagged democratization waves. Standard errors, clustered at the country level, in parentheses. KP F-stat is the Kleibergen-Paap F-stat for joint significance of instruments. F-stat (Demo Trade far), F-stat (Demo Trade close), F-stat (Demo Trade), and F-stat (Auto Trade) refer to the Sanderson-Windmeijer F-stats for joint significance of the instruments in the separate first-stage regressions. Significance levels: *** p< 0.01, ** p< 0.05, * p< 0.1.