

Democracy and Reserves

Supplementary Online Appendix

A1. Summary Statistics

Table A1: Summary Statistics (by regime types)

political regimes	democracy (polity \geq 6)				autocracy (polity \leq 5)			
Observations	1954				1393			
	Mean	SD	Min	Max	Mean	SD	Min	Max
ln(reserve)	22.298	2.089	9.393	28.972	20.537	2.455	8.922	28.82845
Democracy (polity)	8.513	2.425	-10	10	-3.401	4.918	-10	9
export/GDP	36.034	24.745	3.816	523.463	35.021	25.408	3.220	233.3484
ln(Gold)	13.840	2.896	4.164	19.442	12.170	2.474	3.365	17.33863
ln(GDP)	25.306	1.980	19.733	30.286	23.455	1.731	19.670	29.0649
ln(GDP per capita)	8.845	1.437	4.968	11.382	7.251	1.264	4.979	11.01657
inflation	45.780	425.454	-7.797	11749.640	69.375	967.545	-13.057	24411.03
Δ US Interest Rates	-0.075	1.269	-2.946	2.993	0.012	1.400	-2.946	2.9929
US Interest Rates	4.449	2.226	-1.281	8.722	4.707	2.324	-1.281	8.721832
OPEC	0.044	0.204	0	1	0.160	0.367	0	1
GDP growth	3.099	3.810	-32.119	18.287	3.844	5.467	-26.479	33.73578
Trend	21.575	10.301	0	37	17.536	10.451	0	36
Total Crises	32.875	11.438	15	68	30.154	9.961	15	65
No Crisis Duration	6.351	8.440	0	52	7.905	9.765	0	51

A2. Sensitivity Analysis: Detail

A series of sensitivity analyses concerning alternative control variables are implemented. First, it is possible that the size of reserve stocks are simply the consequences of overall exchange rate regimes. For example, because of frequent sterilizations, fixed regimes may sell off more foreign currencies than do, thereby leaving less reserves in stock. Given that democracy tends to have flexible de facto exchange rate regimes (Bearce and Hallerberg 2011), it is possible that what the benchmark model shows is actually the relationship between exchange rate regimes and reserves. Adding de facto exchange rate regime variables such as those from Reinhart and Rogoff (2004) to the benchmark model can show if this is the case. Model (1) of Table A2 suggests that the benchmark result is in fact robust to this possibility.

Similarly, it is possible that what the benchmark model represents is the relationship between strong institutions and reserves. Democracies might have much more functional institutions than autocracies (Biglaiser and Staats 2012). Countries with strong institutions might in turn be less susceptible to speculative attacks (Setzer 2006) and more efficient in monetary policies (Alesina and Wagner 2006). Such countries would have relatively little incentives to hoard foreign exchange reserves. The result of experimenting the benchmark model against variables representing institutional strengths such as veto players (*veto power*, Henisz 2000), political risk (*ICRG*, PRS Group 2014), macroeconomic data transparency (*transparency*, Hollyer, Rosendorff and Vreeland 2015), financial development from the IMF (*finance*, Svirydzenka 2016), a dummy variable for executive and/or parliamentary elections (*election*, Beck et al. 2001), and current account balance from the IMF is reported in Models (2) through (5) of Table A2. The result indicates that the effect of democracy variable in the benchmark model is indeed independent of that of institutional quality.

Finally, one can argue that the political dynamics surrounding foreign exchange reserve policies and democracy can be qualitatively different between the Global North and South or between the eurozone and non-eurozone countries. This is addressed by running the benchmark model with a limited sample. The result for these empirical alternatives is reported in Table A3, which confirms that the benchmark result remains robust to them.

Table A2: Robustness Check: Additional control variables

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	ER-regime	Veto	ICRG	HRV	finance	election	CAB
polity	0.037*** [0.008]	0.041*** [0.007]	0.057*** [0.009]	0.047*** [0.008]	0.053*** [0.007]	0.049*** [0.007]	0.058*** [0.007]
export/GDP	0.010*** [0.002]	0.011*** [0.002]	0.011*** [0.002]	0.010*** [0.002]	0.011*** [0.002]	0.011*** [0.002]	0.010*** [0.001]
polity × export/GDP	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]
ln(gold)	0.060*** [0.019]	0.045*** [0.017]	0.086*** [0.019]	0.082*** [0.019]	0.069*** [0.017]	0.049*** [0.017]	0.074*** [0.017]
ln(GDP)	0.985*** [0.046]	0.941*** [0.040]	0.991*** [0.039]	0.888*** [0.044]	0.970*** [0.042]	0.937*** [0.039]	0.935*** [0.039]
ln(GDP per capita)	-0.356*** [0.064]	-0.256*** [0.053]	-0.306*** [0.060]	-0.189*** [0.062]	-0.267*** [0.059]	-0.216*** [0.051]	-0.234*** [0.053]
inflation	-0.000 [0.000]	-0.000** [0.000]	-0.000** [0.000]	-0.000* [0.000]	-0.000 [0.000]	-0.000** [0.000]	-0.000 [0.000]
Δ US Interest	0.028*** [0.010]	0.028** [0.012]	0.023 [0.016]	0.021 [0.013]	0.031** [0.013]	0.028** [0.011]	0.027** [0.012]
US Interest	-0.028** [0.014]	-0.026* [0.016]	-0.001 [0.020]	-0.023 [0.015]	-0.026 [0.016]	-0.026* [0.016]	-0.021 [0.015]
OPEC	0.010 [0.159]	0.355** [0.147]	0.120 [0.150]	0.322* [0.177]	0.208 [0.149]	0.324** [0.154]	0.167 [0.152]
GDP growth	0.002 [0.003]	0.000 [0.003]	-0.002 [0.003]	-0.003 [0.003]	-0.002 [0.003]	-0.000 [0.003]	-0.002 [0.002]
t	0.015 [0.018]	0.023 [0.018]	0.076** [0.032]	-0.020 [0.023]	0.032 [0.022]	0.027 [0.018]	0.015 [0.021]
t ²	0.002*** [0.000]	0.001** [0.001]	0.000 [0.001]	0.002*** [0.001]	0.001 [0.001]	0.001** [0.000]	0.001** [0.000]
all past crises	0.010*** [0.004]	0.010** [0.004]	0.010*** [0.004]	0.010*** [0.003]	0.010*** [0.004]	0.011*** [0.004]	0.012*** [0.003]
no crisis	0.018 [0.014]	0.019 [0.014]	0.020 [0.017]	0.027* [0.015]	0.024* [0.013]	0.023* [0.014]	0.030** [0.014]
no crisis ²	-0.001 [0.001]	-0.000 [0.001]	-0.000 [0.001]	-0.001 [0.001]	-0.001 [0.000]	-0.000 [0.001]	-0.001 [0.001]
no crisis ³	0.000 [0.000]	0.000 [0.000]	0.000 [0.000]	0.000 [0.000]	0.000 [0.000]	0.000 [0.000]	0.000 [0.000]
peg	0.096 [0.199]						
crawling peg	0.301 [0.192]						
managed float	0.329* [0.190]						
float	0.452** [0.208]						
free falling	0.053 [0.192]						
Additional Control		0.382*** [0.091]	0.249 [0.263]	0.066*** [0.020]	-0.009 [0.353]	-0.054*** [0.016]	0.011*** [0.003]
Constant	-2.497*** [0.821]	-2.013*** [0.744]	-4.114*** [0.878]	-1.248 [0.824]	-2.789*** [0.776]	-2.158*** [0.731]	-2.142*** [0.776]
Observations	2796	3242	2385	2481	3055	3259	2937
R ²	0.984	0.980	0.983	0.988	0.982	0.981	0.9854

* p<0.10; ** p<0.05; *** p<0.01. OLS estimates with panel corrected standard errors in brackets. Panel-specific first-order autoregressive disturbance (PSAR(1)) applied.

Table A3: Different Samples

	(1)	(2)	(3)
	No Euro	Global South	Max Obs
polity	0.040***	0.045***	0.028***
	[0.006]	[0.008]	[0.006]
export/GDP	0.009***	0.007***	0.004**
	[0.002]	[0.002]	[0.002]
polity \times export/GDP	-0.001***	-0.000**	-0.000**
	[0.000]	[0.000]	[0.000]
ln(gold)	0.054***	0.069***	
	[0.014]	[0.019]	
ln(GDP)	0.902***	0.941***	0.926***
	[0.036]	[0.038]	[0.031]
ln(GDP per capita)	-0.089**	-0.061	-0.123***
	[0.042]	[0.049]	[0.046]
inflation	-0.000*	-0.000	
	[0.000]	[0.000]	
Δ US Interest	0.024**	0.025*	0.019
	[0.011]	[0.013]	[0.013]
US Interest	-0.022	-0.020	-0.025
	[0.015]	[0.018]	[0.016]
OPEC	0.233	0.085	0.569***
	[0.161]	[0.158]	[0.137]
GDP growth	0.000	0.000	-0.000
	[0.002]	[0.003]	[0.002]
t	0.019	-0.011	0.050***
	[0.017]	[0.020]	[0.017]
t ²	0.001***	0.002***	0.001
	[0.000]	[0.001]	[0.000]
all past crises	0.011***	0.006	0.004
	[0.004]	[0.005]	[0.003]
no crisis	0.011	0.030*	0.015
	[0.013]	[0.017]	[0.013]
no crisis ²	-0.000	-0.002	-0.000
	[0.001]	[0.001]	[0.001]
no crisis ³	-0.000	0.000	-0.000
	[0.000]	[0.000]	[0.000]
Constant	-2.296***	-3.080***	-1.915***
	[0.712]	[0.709]	[0.533]
Observations	3171	2271	4684
R ²	0.985	0.982	0.971

* p<0.10; ** p<0.05; *** p<0.01. OLS estimates with panel corrected standard errors in brackets. Panel-specific first-order autoregressive disturbance (PSAR(1)) applied. The first model excludes the eurozone countries all together. The second model excludes the cases of Europe, North America, and Japan.

A3. Not scaling the dependent variable

The dependent variable is not ‘scaled’ by macroeconomic indicators such as GDP (Steiner 2013; Aizenman and Sun 2012), money supply (M2), or months of import (Rodrik 2006) not only because it is simply “unclear what lies behind the view that [certain types of indicators] are appropriate scaling variables” (Wyplosz 2007, 2). GDP, for example, is a measure of the size of an economy, which may or may not be related to the amount of reserves required for the macroeconomic policies of the country. Indeed, ‘reserve/GDP’ tends to put small-open global financial centers and oil-exporting low-population countries at the top of the ranking of the largest reserve holders.

More importantly, in a purely arithmetical sense, having GDP as a denominator of the outcome variable risks a spurious inference when variables closely related to GDP are included as explanatory variables, a problem Roodman (2008) convincingly points out. That is, if reserve is denominated by GDP, the increase in these independent variables such as the level of democracy should by definition exert negative influence on the dependent variable, regardless of the value of the reserve itself.

Consider a model written as $\frac{reserve}{GDP} = \beta X + \varepsilon$ and it is defined that $X = \alpha GDP + \lambda Z + \epsilon$, where X is an independent variable that is *observable* whereas Z is an unobservable latent variable unrelated to GDP. Here, β is very likely to be significant regardless of the effect of Z (λ) because of GDP located in both the left and right sides of the equation.

Given that the size of import is heavily correlated with exports, which is one of the central independent variables discussed below, ‘months of import’ would also suffer from a similar problem. Therefore, a safer solution is to use un-scaled, logged values of reserve variable while still employing these ‘denominators’ in the right-hand side of the equation.

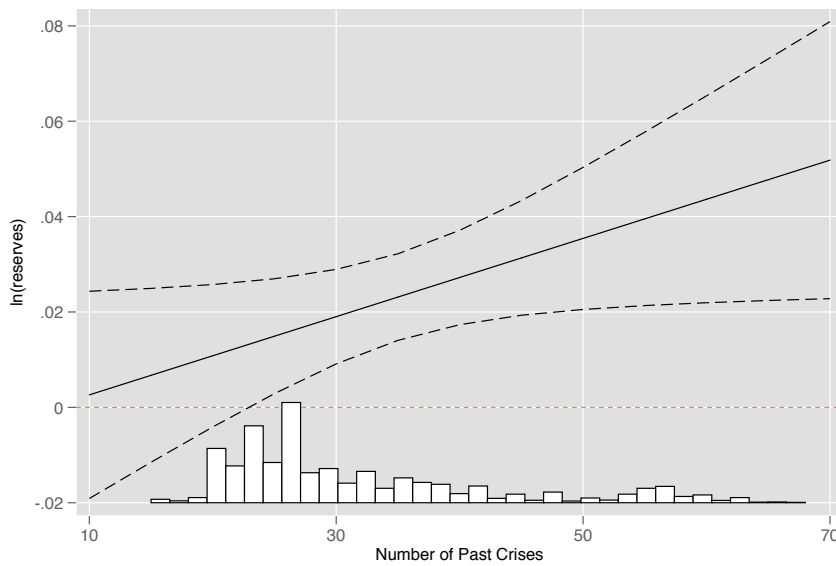
A4. Insurance Argument: Limited Evidence

The benchmark result lends strong support to the conditional hypothesis derived from the mercantilist and rentier state arguments. This adjudication notwithstanding, however, we may not rush to conclude that there is absolutely no empirical support for the insurance and social cost arguments. As stated above, the benchmark results represents the *average* effect of democracy. A more nuanced empirical investigation shall identify the circumstances in which these arguments do enjoy empirical support, albeit limited. To this end, I revised the benchmark model specification such that the conditioning variable—*export/GDP*—is replaced by a variable that directly captures governments’ needs for financial safety against external vulnerability (insurance). Specifically, the number of past financial crises is used.¹

The result of this alternative model reported in Figure A1 indicates that there is indeed evidence for the insurance argument: Democracies are more likely than autocracies to be reserve hoarders when they have experienced more than about twenty-seven financial crises. These cases are relatively rare (about 21% of the sample), however. More importantly, the significance of the interaction term (*polity* × *crises*) is barely within the traditionally acceptable range ($p \approx 0.042$) and highly sensitive to the changes in the model specification. Consequently, it is plausible to conclude that the a fairly limited support for the insurance argument can be found in unusually crisis-prone countries.

¹Unlike the need for insurance, the sensitivity of the government to government programs is hard to operationalize. When lagged values of government spending using the government final consumption data from World Bank (2015) were employed, the interaction term was insignificant.

Figure A1: Marginal Effect of Democracy Conditioned by the Number of Crises



The solid line represents the marginal effect of the level of democracy—one unit increase in Polity—on the volume of reserves. The horizontal axis is the cumulative number of past financial crises. The bars at the bottom represent the distribution of observations. Dashed lines indicate 95% confidence intervals.

A5. Full results for the tables discussed in the main text and appendix

Table A4: Scaled Reserve Variables

reserves scaled by:	(1) GDP	(2) M3	(3) months of imports
polity	0.002*** [0.001]	0.006*** [0.002]	0.044** [0.019]
export/GDP	0.001*** [0.000]	0.002*** [0.000]	0.017*** [0.005]
polity \times export/GDP	-0.000*** [0.000]	-0.000*** [0.000]	-0.001** [0.000]
ln(gold)	-0.002 [0.003]	0.009** [0.004]	0.263*** [0.042]
inflation	-0.000 [0.000]	0.000*** [0.000]	-0.000 [0.000]
Δ US Interest	0.001 [0.001]	0.007** [0.003]	0.026 [0.054]
US Interest	0.001 [0.001]	-0.009** [0.004]	-0.091 [0.073]
OPEC	0.025* [0.015]	0.397*** [0.082]	2.802*** [0.675]
GDP growth	-0.000 [0.000]	0.000 [0.001]	-0.012* [0.007]
t	-0.007*** [0.002]	-0.004 [0.004]	-0.011 [0.070]
t^2	0.000*** [0.000]	0.000 [0.000]	0.002 [0.002]
all past crises	-0.000 [0.000]	0.004*** [0.001]	-0.040*** [0.008]
no crisis	0.002** [0.001]	0.006* [0.003]	0.044 [0.032]
no crisis ²	-0.000** [0.000]	-0.001*** [0.000]	-0.005* [0.003]
no crisis ³	0.000*** [0.000]	0.000*** [0.000]	0.000* [0.000]
ln(GDP)		-0.048*** [0.010]	-0.056 [0.074]
ln(GDP per capita)		-0.017 [0.012]	-0.349*** [0.114]
Observations	3266	2836	2976
R^2	0.314	0.335	0.326

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$. OLS estimates with panel corrected standard errors in brackets. Panel-specific first-order autoregressive disturbance (PSAR(1)) applied.

Table A5: Alternative Regime Variables

	(1)	(2)	(3)	(4)	(5)
	HT	V-dem	DPI	DD	FH
military dictator	-0.725*** [0.228]				
one-party dictator	-1.771*** [0.447]				
multi-party dictator	-0.859*** [0.225]				
other dictator	-0.505 [0.384]				
democracy	-0.309 [0.214]				
military dictator × export/GDP	-0.009 [0.007]				
one-party dictator × export/GDP	0.011 [0.015]				
multi-party dictator × export/GDP	-0.005 [0.004]				
other dictator × export/GDP	-0.012 [0.018]				
democracy × export/GDP	-0.018*** [0.004]				
alternative democracy index		1.308*** [0.225]	0.084*** [0.019]	0.543*** [0.118]	0.118*** [0.016]
alt. democracy × export/GDP		-0.026*** [0.006]	-0.002*** [0.001]	-0.012*** [0.004]	-0.003*** [0.000]
export/GDP	0.018*** [0.004]	0.021*** [0.004]	0.017*** [0.004]	0.011*** [0.003]	0.028*** [0.004]
ln(gold)	0.048*** [0.017]	0.046*** [0.015]	0.049*** [0.016]	0.052*** [0.017]	0.049*** [0.015]
ln(GDP)	0.975*** [0.043]	0.873*** [0.038]	0.918*** [0.044]	0.931*** [0.038]	0.896*** [0.040]
ln(GDP per capita)	-0.335*** [0.062]	-0.121*** [0.044]	-0.179*** [0.054]	-0.201*** [0.048]	-0.211*** [0.050]
inflation	-0.000 [0.000]	-0.000** [0.000]	-0.000 [0.000]	-0.000** [0.000]	-0.000** [0.000]
Δ US Interest	0.029** [0.012]	0.022* [0.011]	0.026** [0.011]	0.029*** [0.011]	0.029** [0.012]
US Interest	-0.027* [0.016]	-0.021 [0.015]	-0.027* [0.016]	-0.027* [0.015]	-0.027* [0.016]
OPEC	0.030 [0.178]	0.358** [0.157]	0.339** [0.169]	0.412*** [0.150]	0.377** [0.160]
GDP growth	0.000 [0.003]	0.000 [0.003]	0.000 [0.003]	0.001 [0.003]	0.000 [0.003]
t	0.035** [0.018]	0.034** [0.017]	0.034* [0.018]	0.005 [0.018]	0.037** [0.017]
t ²	0.001* [0.000]	0.001** [0.000]	0.001** [0.000]	0.002*** [0.001]	0.001* [0.000]
all past crises	0.009** [0.004]	0.005 [0.003]	0.010** [0.004]	0.014*** [0.004]	0.007** [0.003]
no crisis	0.025* [0.013]	0.029** [0.013]	0.021 [0.013]	0.015 [0.015]	0.028** [0.013]
no crisis ²	-0.001 [0.001]	-0.001 [0.001]	-0.001 [0.001]	-0.000 [0.001]	-0.001 [0.001]
no crisis ³	0.000 [0.000]	0.000 [0.000]	0.000 [0.000]	0.000 [0.000]	0.000 [0.000]
Observations	3309	3249	3345	2974	3272
R ²	0.979	0.984	0.981	0.983	0.982

* p<0.10; ** p<0.05; *** p<0.01. OLS estimates with panel corrected standard errors in brackets. Panel-specific first-order autoregressive disturbance (PSAR(1)) applied. Monarchy is the baseline indicator in the first model.

Table A6: Central Bank Independence

	(1)		(2)	
	Garriga		Bodea–Hicks	
polity	0.041***	[0.008]	0.017**	[0.008]
export/GDP	0.008***	[0.002]	0.007***	[0.002]
polity \times export/GDP	-0.001***	[0.000]	-0.001***	[0.000]
CBI Garriga	-0.139	[0.169]		
CBI Bodea-Hicks			0.058	[0.097]
ln(gold)	0.047***	[0.016]	0.021	[0.015]
ln(GDP)	0.951***	[0.043]	0.774***	[0.032]
ln(GDP per capita)	-0.289***	[0.057]	0.126***	[0.048]
inflation	-0.000*	[0.000]	-0.000**	[0.000]
Δ US interest	0.026**	[0.012]	0.016*	[0.009]
US interest	-0.022	[0.016]	-0.021*	[0.011]
OPEC	0.297*	[0.160]	0.889***	[0.155]
GDP growth	-0.000	[0.003]	-0.004	[0.003]
t	0.025	[0.019]	0.066***	[0.013]
t ²	0.001**	[0.001]	0.001**	[0.000]
all past crises	0.012***	[0.004]	-0.002	[0.003]
noCrisis	0.012	[0.015]	-0.003	[0.012]
noCrisis ²	-0.000	[0.001]	0.001	[0.001]
noCrisis ³	-0.000	[0.000]	-0.000	[0.000]
Constant	-1.799**	[0.804]	-0.390	[0.760]
Observations	3045		1716	
R ²	0.981		0.993	

* p<0.10; ** p<0.05; *** p<0.01. OLS estimates with panel corrected standard errors in brackets. Panel-specific first-order autoregressive disturbance (PSAR(1)) applied.

Table A7: Fixed and Random Effects

	(1)	(2)	(3)	(4)
	FE	FE	FE	RE
polity	0.038*** [0.007]	0.049*** [0.007]	0.052*** [0.007]	0.010*** [0.003]
export/GDP	0.011*** [0.002]	0.010*** [0.002]	0.015*** [0.002]	0.002*** [0.001]
polity \times export/GDP	-0.001*** [0.000]	-0.001*** [0.000]	-0.001*** [0.000]	-0.000*** [0.000]
ln(gold)	-0.007 [0.018]	0.050*** [0.016]	-0.024 [0.018]	-0.000 [0.006]
ln(GDP)	-1.535** [0.780]	0.934*** [0.041]	2.822*** [0.255]	0.106*** [0.012]
ln(GDP per capita)	2.371*** [0.783]	-0.236*** [0.053]	-0.858*** [0.327]	-0.037*** [0.011]
inflation	-0.000 [0.000]	-0.000** [0.000]	-0.000 [0.000]	-0.000 [0.000]
Δ US Interest	0.031*** [0.010]	0.035* [0.019]	0.035*** [0.010]	0.015* [0.008]
US Interest	-0.027** [0.011]	-0.017 [0.017]	-0.042*** [0.012]	-0.038*** [0.006]
OPEC	1.507*** [0.361]	0.317* [0.163]	1.930*** [0.394]	0.050 [0.036]
GDP growth	-0.000 [0.003]	0.001 [0.003]	-0.004 [0.003]	0.005** [0.002]
all past crises	-0.090*** [0.018]	0.007** [0.003]	0.002 [0.011]	0.000 [0.001]
no crisis	0.009 [0.012]	0.019 [0.013]	0.030** [0.012]	0.008 [0.006]
no crisis ²	-0.000 [0.001]	-0.001 [0.001]	-0.002*** [0.001]	-0.001 [0.000]
no crisis ³	-0.000 [0.000]	0.000 [0.000]	0.000** [0.000]	0.000 [0.000]
ln(reserve) _{t-1}				0.894*** [0.008]
t		0.020*** [0.003]	0.023*** [0.004]	0.024*** [0.005]
t ²		-0.001*** 0.000	-0.001*** [0.000]	-0.001*** [0.000]
Observations	3347	3347	3347	3342
R ²	0.992	0.982	0.989	0.994
Country Fixed effects	✓		✓	
Year Fixed effects	¶	✓		

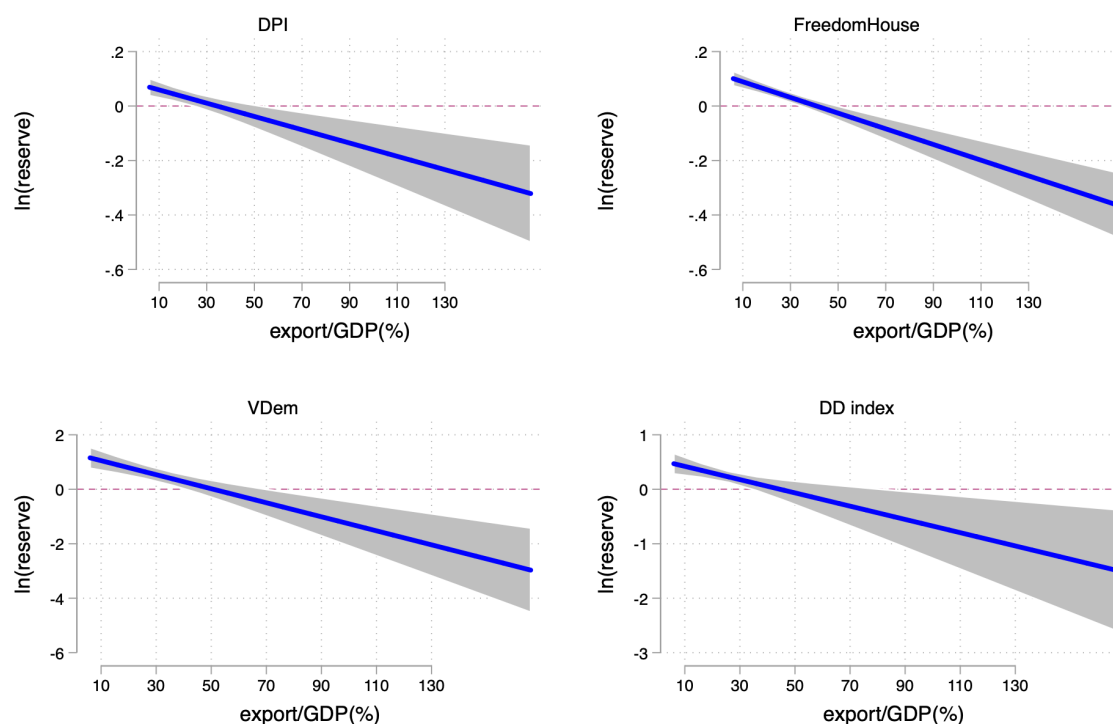
* p<0.10; ** p<0.05; *** p<0.01. For Models (1) through (3), OLS estimates with panel corrected standard errors in brackets. Panel-specific first-order autoregressive disturbance (PSAR(1)) applied. ¶ Panel-specific time trend applied. The results for year- and country-dummies are not reported. In Model (4), random effect estimates with robust standard errors clustered over countries are reported. For Model (4), a lagged dependent variable is included in stead of PSAR(1) to account for sereial correlations in the error term.

Table A8: Alternatives to export/GDP

	(1)	(2)	(3)	(4)	(5)
	manu 1	manu 2	non-hitech	ln(export)	Δ export
polity	0.035*** [0.007]	0.040*** [0.005]	0.011 [0.009]	0.330*** [0.045]	0.043*** [0.010]
export measures	0.004*** [0.002]	1.120*** [0.175]	0.001 [0.001]	0.287*** [0.050]	0.004 [0.003]
polity \times export	-0.001*** [0.000]	-0.231*** [0.038]	-0.000** [0.000]	-0.014*** [0.002]	-0.001*** [0.000]
ln(gold)	0.011 [0.014]	0.014 [0.014]	0.012 [0.013]	0.031** [0.014]	0.046*** [0.016]
ln(GDP)	0.835*** [0.032]	0.845*** [0.031]	0.893*** [0.027]	0.702*** [0.063]	0.934*** [0.040]
ln(GDP per capita)	-0.113*** [0.038]	-0.106*** [0.037]	-0.162*** [0.040]	-0.167*** [0.041]	-0.212*** [0.054]
inflation	-0.000 [0.000]	-0.000 [0.000]	-0.000* [0.000]	-0.000 [0.000]	-0.000 [0.000]
Δ US Interest	0.022** [0.010]	0.023** [0.009]	0.029* [0.015]	0.025** [0.011]	0.027** [0.011]
US Interest	-0.028** [0.014]	-0.030** [0.013]	-0.022 [0.017]	-0.032** [0.016]	-0.026* [0.015]
OPEC	0.719*** [0.155]	0.620*** [0.142]	0.187 [0.147]	0.074 [0.133]	0.389** [0.162]
GDP growth	0.003 [0.003]	0.003 [0.003]	-0.001 [0.003]	-0.001 [0.003]	-0.000 [0.003]
t	0.054*** [0.015]	0.055*** [0.014]	0.051 [0.040]	0.037** [0.017]	0.032* [0.018]
t ²	0.000 [0.000]	0.000 [0.000]	0.000 [0.001]	0.001 [0.000]	0.001** [0.000]
all past crises	0.006* [0.004]	0.007* [0.004]	0.003 [0.003]	0.003 [0.004]	0.010*** [0.004]
no crisis	0.012 [0.013]	0.011 [0.013]	0.032** [0.014]	0.018 [0.013]	0.019 [0.014]
no crisis ²	-0.000 [0.001]	0.000 [0.001]	-0.001 [0.001]	-0.001 [0.001]	-0.001 [0.001]
no crisis ³	-0.000 [0.000]	-0.000 [0.000]	0.000 [0.000]	0.000 [0.000]	0.000 [0.000]
Constant	0.221 [0.573]	-0.066 [0.583]	-0.352 [0.744]	-2.283*** [0.672]	-1.937*** [0.733]
Observations	2942	2908	1931	3372	3311
R ²	0.985	0.985	0.993	0.985	0.981

* p<0.10; ** p<0.05; *** p<0.01. OLS estimates with panel corrected standard errors in brackets. Panel-specific first-order autoregressive disturbance (PSAR(1)) in all models. The alternative conditioning variables used in Models (1) through (5) are 'size of manufactured goods in terms of GDP (%)', 'size of manufactured goods in total exports of goods and services (%)', 'size of non-hightech manufactured exports (%)', 'natural log of the total volume of exports of goods and services,' and 'two-year lagged, three-year moving average of export growth,' respectively.

Figure A2: Marginal Effects of Alternative Democracy Variables



Note: Based on the estimates reported in Table A5.

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