Appendix

In Table A1 I report the first-stage FE regressions. All internal instruments (the lags of the political-regime characteristic variables) are positive and statistically significant (individually and overall), which suggests that political regimes are persistent and that the instruments are not weak.

TABLE A1: First-stage regressions

VARIABLES	(1) FE	(2) FE	(3) FE	(4) FE	(5) FE
L2.freed	0.855***				
	(0.0481)				
gdp	1.17e-05	0.000446*	-1.04e-05	0.000187***	7.31e-05
	(1.57e-05)	(0.000213)	(6.75e-06)	(5.53e-05)	(4.55e-05)
growth	0.00240	0.0438	-0.00278	-0.00113	0.00781**
	(0.00296)	(0.0463)	(0.00356)	(0.0121)	(0.00315)
inflation	-1.07e-06	0.000145	-5.03e-05**	-2.56e-05	0.000241***
	(1.03e-05)	(0.000254)	(1.67e-05)	(0.000199)	(2.02e-05)
m2	-4.50e-05	0.0236	0.00218	0.0338	-0.00277
	(0.00131)	(0.0180)	(0.00204)	(0.0239)	(0.00426)
open	0.000752*	0.0159*	-0.00110	0.00825	0.00704***
	(0.000328)	(0.00774)	(0.00146)	(0.0144)	(0.00180)
inequality	0.00466*	-0.0114	-0.00516	-0.129	0.00697
	(0.00240)	(0.0642)	(0.00368)	(0.0736)	(0.00768)
L.govdebt	0.00110	0.0189*	-0.000222	0.000602	0.00138
	(0.000667)	(0.00845)	(0.00114)	(0.00239)	(0.000964)
L2.polity		0.774***			
		(0.0286)			
L2.ldictat			0.672***		

				(0.0269)
L2.nodemoc				0.593***
				(0.0440)
L2.mdemoc					1.028***
					(0.00695)
Observations	145	145	145	145	145
R-squared	0.886	0.798	0.520	0.512	0.998
Number of i	9	9	9	9	9
Country FE	YES	YES	YES	YES	YES
Rob SE	YES	YES	YES	YES	YES
F test	0	0	0	7.00e-11	0

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

In Table A2 I further test for the hypothesis that there is a non-linear relationship between democratic maturity and government debt by using the variable mdemoc and its squared term mdemoc2 on the right side. Although most estimates are positive and then negative, they are not significant and therefore do not suggest any non-linear relationship taking place in South America.

TABLE A2: Number of Years Since Democratisation and Squared Term

VARIABLES	(1) FE	(2) FE	(3) FE-IV	(4) MG
L.mdemoc	0.825	0.945	0.847	4.790*
	(1.847)	(0.515)	(0.699)	(2.749)
L.mdemoc2	0.0332	-0.0293	-0.0255	-0.119
	(0.105)	(0.0211)	(0.0322)	(0.133)
gdp	-0.0129***	-0.00448***	-0.00436***	-0.00589
	(0.00202)	(0.000668)	(0.00139)	(0.00436)
growth	0.552	-1.214***	-1.238***	-0.0602
	(0.460)	(0.261)	(0.288)	(0.277)
inflation	0.0106**	-0.00281*	-0.00274	0.107
	(0.00424)	(0.00144)	(0.00449)	(0.0656)
m2	0.243	0.487**	0.492***	0.700
	(0.789)	(0.151)	(0.171)	(0.641)
open	-0.0220	-0.139*	-0.132	-2.302*
	(0.229)	(0.0622)	(0.131)	(1.268)
inequality	1.128	0.209	0.232	-0.294
	(1.274)	(0.456)	(0.361)	(1.129)
L.govdebt		0.806***	0.809***	0.274
		(0.0337)	(0.0406)	(0.226)
Observations	148	145	143	128
R-squared	0.261	0.822		

Number of i	9	9	9	6
Country FE	YES	YES	YES	YES
Rob SE	YES	YES	YES	NA
IV			LAG mdem and mdem2	

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

In Table A3 I report FE regressions with freed, polity and a dummy that captures whether those countries had a standby arrangement with the IMF for at least five months (imfsba) provided by Boockmann and Dreher (2003). The freed and polity variables keep their positive and significant effect on govdebt.

Table A3: Regressions with IMF Dummy

VARIABLES	(1) FE	(2) FE	(3) FE	(4) FE
L.freed	22.31**	7.274***		
	(8.336)	(1.767)		
gdp	-0.0129***	-0.00444***	-0.0136***	-0.00494***
	(0.00220)	(0.000646)	(0.00233)	(0.000463)
growth	0.331	-1.221***	0.379	-1.204***
	(0.449)	(0.238)	(0.413)	(0.234)
inflation	-0.00197	-0.00517**	-0.00228	-0.00558**
	(0.00671)	(0.00187)	(0.00666)	(0.00200)
m2	0.348	0.471***	0.379	0.478***
	(0.672)	(0.115)	(0.681)	(0.108)
open	-0.152	-0.175**	-0.153	-0.188**
	(0.173)	(0.0621)	(0.204)	(0.0585)
inequality	1.200	0.277	1.555	0.401
	(1.072)	(0.416)	(1.046)	(0.425)
L.govdebt		0.783***		0.777***
		(0.0390)		(0.0381)
imfsba	18.08**	4.632*	19.13**	4.985*
	(6.938)	(2.371)	(7.163)	(2.504)

L.polity			1.610***	0.629***
			(0.411)	(0.100)
Observations	148	145	148	145
R-squared	0.322	0.826	0.334	0.830
Number of i	9	9	9	9
Country FE	YES	YES	YES	YES
Rob SE	YES	YES	YES	YES

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1