

# Insuring Against Past Perils: The Politics of Post-Currency Crisis Foreign Exchange Reserve Accumulation\*

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## Abstract

In the aftermath of financial crises governments can use economic policy to minimise the risk of future recurrence. Yet not all do so. To explain this divergence in responses I develop a theory of economic policy choice after financial crises. I argue that past financial crises provide information to future governments about the political costs of financial crises. This subsequently informs the need to use economic policy to insure against such crises. Focusing on the accumulation of foreign exchange reserves after currency crises, I find that when past currency crises led to political changes future governments accumulate higher levels of reserves to prevent another crisis from occurring. This effect is stronger when political change occurred in situations where governments would not expect to be held accountable, and when reserve sales were shown to be effective in preventing political change. The theory and empirical results provide an answer as to why countries experiencing a similar form of financial crisis can nevertheless vary in their attempts to prevent future recurrence.

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## *1 Introduction*

With deepening integration into the global economy, governments are subject to increased economic volatility. While flows of international capital provide opportunities for receiving international investment, they render possible sudden capital outflows and speculative attacks that can have severe economic consequences. In addition, growing trade openness leaves countries' economies vulnerable to economic downturns in major trade partners.

A central question in comparative and international political economy is how governments respond to and manage these issues of economic openness and its associated volatility. It is well established that domestic politics play a considerable role. The partisanship of governments (Quinn and Inclan, 1997; Kastner and Rector, 2005) and the role of veto players (Kastner and Rector, 2003) have previously been found to impact countries' capital account openness. Moreover the role of domestic financial interests have long been considered important in understanding how governments react to the rise of global capital (Frieden, 1991). Additionally, financial crises which have become more frequent with greater economic openness, are often a driver of changes in economic policy (Drazen and Grilli, 1993; Drazen and Easterly, 2001; Biglaiser and DeRouen, 2004; Abiad and Mody, 2005).

In this paper I argue that in addition to these factors, a government's past political experiences affect incentives to use economic policy to reduce exposure to the pressures of economic globalisation. Governments form expectations about the political outcomes of failing to prevent economic shocks from the outcome of previous shocks. When a government lost political power during the previous crisis, future governments have a stronger expectation that a similar fate would occur if they too oversaw such a crisis. As

a result governments use economic policy to insure against this possibility. Moreover, previous events provide information about the efficacy of policies in preventing political change, as well as whether political accountability conforms to expectations.

To analyse how political change during past financial crises influences governments' attempts to protect against international capital movements, I focus on the use of foreign exchange reserve accumulation in the aftermath of currency crises. In the years after the spate of currency crises in the 1990s, the large scale accumulation of reserves became a prominent feature of the global economy. Reserve holdings are worth approximately 30% of developing countries' GDP (Rodrik, 2006). Furthermore, this accumulation occurred at a higher level than expected given macroeconomic fundamentals of those countries (Edison, 2003) suggesting other, political, concerns in the accumulation of reserves.

The empirical analysis of this paper lends support to the theory outlined above. Governments accumulate higher levels of reserves when previous currency crises resulted in political change. Moreover, the conditions surrounding the previous currency crisis influence the effect of this information. Governments further increase reserve accumulation when political change occurred in situations where governments would not expect to be held accountable, such as currency crises that did not have negative economic outcomes and regional currency crises. In addition, when reserve sales were effective at preventing political change during previous currency crises, future governments continue accumulating reserves.

This paper contributes to the existing literature in three ways. First, it offers an explanation of why some governments, in spite of recently undergoing a financial crisis, still put themselves in the position of being vulnerable to the possibility of a future currency

crisis or speculative attack. This complements existing work on governments' ability and credibility in attempting to prevent currency crises (Leblang, 2003; Chiu and Willett, 2009; Steinberg and Malhotra, 2014). Moreover it emphasises that governments' expectations of the consequences of currency crises are important to take into consideration, much like the importance attached to the expectations of investors and speculators in previous research (Leblang and Satyanath, 2005).

Second, it adds to the literature on how financial crises induce governments to make changes in economic policy (Drazen and Grilli, 1993; Drazen and Easterly, 2001; Biglaiser and DeRouen, 2004; Abiad and Mody, 2005) and in particular the use of capital controls during crises (Haggard and Maxfield, 1996; Pepinsky, 2012). This prior research typically examines how the existence of a crisis leads to changes in economic policy. In this paper I further contribute to understanding the role of crises in changing economic policy, by disentangling how previous currency crises differ in the information they provide to future governments. By examining political change and the conditions surrounding it, this paper offers a new explanation as to why governments who have recently experienced a similar form of economic crisis nevertheless respond with different economic policies.

Third, the paper adds to literature on the relationship between currency crises and political turnover. Previous literature has focused on how political changes affect the beliefs of speculators, subsequently increasing the likelihood of a currency crisis (Leblang and Satyanath, 2005; Bernhard and Leblang, 2008; Leblang and Satyanath, 2008). Conversely this paper looks at how currency crises influence political survival, which in turn affects governments' expectations about the political costs of currency crises. This provides further understanding of the link between financial crises and political change.

The paper proceeds as follows. In the next section I outline a political theory of economic policy choice in the aftermath of a financial crisis, with a focus on the case of reserve accumulation after currency crises. Section three describes the data used for the empirical tests in subsequent sections. Section four tests the hypotheses derived from the theory and conducts robustness tests on time-series cross-sectional data from 1970 to 2007. The final section offers concluding thoughts.

## *2 A Political Theory of Economic Policy Choice After Financial Crises*

Whilst countries can choose economic policy to ensure economic stability in the aftermath of a financial crisis, not all do so. To explain this divergence of responses, I focus on how governments whose countries experienced similar crises can learn different lessons. I assume governments are opportunistic. Therefore the effect of a crisis upon political survival is of primary importance. Although governments believe that citizens will attribute some amount of blame towards an incumbent presiding over a crisis, they are uncertain about its exact magnitude.

More explicitly, I focus on the case of accumulating foreign exchange reserves after currency crises. Governments accumulate reserves as a form of insurance against currency crises. A substantial body of empirical research has found that large holdings of reserves decrease the likelihood and severity of currency crises (Berg and Patillo, 1999; Edison, 2000; Goldstein, Kaminsky, and Reinhart, 2000; Bussière et al., 2014).<sup>1</sup>

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<sup>1</sup>In contrast first-generation currency crisis models imply that currency crises are driven by speculative attacks related to governments' unsustainable fiscal policy (Krugman, 1979; Flood and Garber, 1984), suggesting reserves in and of themselves do not prevent currency crises. Nevertheless, large stocks of reserves give governments time to reform unsustainable fiscal policy in the event of an attack. In addition, second-generation models (Obstfeld, 1986) allow for multiple equilibria, with self-fulfilling expectations being one such equilibrium. Therefore reserve accumulation can be a signal of a governments' willingness to prevent a currency crisis, as well as be a part of a government's ability to defend the currency as in Leblang (2003).

Furthermore large stocks of reserves buy governments time to implement reforms necessary to improve fiscal policy. Therefore reserves can be useful in maintaining political survival, by allowing governments to gradually implement reforms and build a political consensus behind such reforms in the event of a currency crisis.

Governments do not necessarily know *ex-ante* whether or not a currency crisis will result in loss of political power. Instead governments rely upon their expectation of the probability of removal from office, given the occurrence of a currency crisis. The more likely it is that citizens will attribute blame to the government for the occurrence of a currency crisis, the greater the incentive for the government to insure themselves through reserve accumulation to prevent this.

### *2.1 Political Change During Previous Currency Crises*

When forming an expectation of the likelihood of losing political power during a financial crisis, the events of previous financial crises can provide information. An important source of information is the political experience of past governments during previous currency crises. By observing whether a government lost political power during the previous currency crisis, governments update their beliefs on the probability of removal were a currency crisis to occur. In cases where a past government lost political power as a result of a currency crisis, future governments have a stronger belief that a future currency crisis will also result in a loss of political power. In contrast, governments who observe that the past currency crisis did not lead to a loss of political power will have a weaker belief that a future currency crisis will result in losing political power.<sup>2</sup>

Differing beliefs in the probability of removal from office were a currency crisis to

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<sup>2</sup>It is also possible that governments can learn from other countries' experiences during currency crises. For an exploration of mechanisms for learning from other countries' political experiences see (McGrath, 2015).

occur, result in differing levels of reserve accumulation. Governments have a greater incentive to avoid currency crises, and thus insure themselves through reserve accumulation, when their expectation of losing political power in the event of a currency crisis increases. Consequently governments in countries where a previous currency crisis resulted in political change, will hold larger stocks of foreign reserves. For these governments who believe a currency crisis will result in a loss of political power, the opportunity cost of reserve accumulation is of little importance. In contrast, governments in countries where a previous currency crisis resulted in no political change will be less likely to increase reserve accumulation. This is because the benefits of crisis prevention are lower, due to a lower belief in the probability of removal from office in the event of a crisis. Consequently the opportunity costs of preventing a crisis through reserve accumulation are higher. The preceding discussion leads to the following testable hypothesis:

*H1: If political change occurred during a previous currency crisis, then subsequent governments accumulate more foreign reserves.*

In addition, conditions surrounding the onset and outcome of a previous currency crisis can also provide relevant information to governments. Whether a crisis was domestic or regional, implies how responsible a government was for a currency crisis. The change in GDP during a currency crisis, suggests how damaging the currency crisis was for citizens. These two aspects entail different mechanisms of political accountability for currency crises, which are discussed below. Importantly, past crises will be particularly informative to governments when they do not align with expected mechanisms of accountability.

Governments will expect the likelihood of losing political power to be lower when other

countries in a region area also experiencing currency crises. This is because it is less clear that domestic policies were the determinant of the crisis. When observing that many countries are undergoing currency crises, individuals benchmarking their government's performance will attribute less blame to the government than if the country was the only one experiencing such a crisis.<sup>3</sup> As a result governments have a stronger expectation of being held accountable when a currency crisis occurs domestically and not in combination with other countries in the region.

Furthermore the economic outcomes of the currency crisis are related to political accountability. When currency crises lead to large declines in GDP, governments expect to be held politically accountable for allowing the crisis to occur. This is because such a crisis entails economic harm upon citizens. In contrast, a currency crisis that does not lead to such negative economic conditions would not be expected to lead to political costs, as individuals within the country are less affected.

Given these prior expectations of accountability, governments observe the events of the previous currency crisis. When political change occurs that runs counter to these expectations, future governments will further update their expectations related to political change in the event of a currency crisis. If political power was lost in spite of the fact that multiple crises were occurring, then governments learn that regional currency crises are also politically costly. Therefore their expectation of losing political power from a currency crisis increases, as they no longer believe that only domestic crises lead to losing political power. Similarly if the previous government lost political power when the currency crisis did not have negative economic effects, then governments learn that there are additional negative political effects of currency crises independent of the eco-

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<sup>3</sup>This logic is similar to that of Kayser and Peress (2012)



conomic component. In this case the very occurrence of a crisis acts as a possible signal of incompetence. Thus governments perceive the likelihood of losing political office in the event of a currency crisis to be higher.

This information, which informs governments' beliefs about the political costs of currency crises, affects the incentives for governments to insure against future crises. This leads to the following testable hypotheses:

*H2: The effect of political change upon future reserve accumulation increases when the number of currency crises in other countries that occurred at the same time increases.*

*H3: The effect of political change upon future reserve accumulation is stronger the better the economic outcomes of the previous currency crisis.*

## *2.2 The Efficacy of Reserves to Prevent Political Change*

So far I have argued that political change during previous currency crises, and the conditions surrounding the crisis, lead to an increased expectation of losing political power were a currency crisis to occur again. Therefore governments insure themselves against the possibility by accumulating foreign exchange reserves.

This however leaves unanswered the question of why governments would specifically choose reserve accumulation to insure themselves, rather than other policies. A possible answer is that governments can also learn from previous currency crises about the efficacy of reserves for preventing political change. Specifically, governments can learn about the efficacy of reserve sales by observing the extent to which reserves were spent during the previous crisis. This, in combination with whether the crisis resulted in political change, provides information on the effectiveness of reserve accumulation.

Reserves become an attractive option if they are expected to be effective at preventing political change during a crisis, in addition to their established effectiveness in preventing currency crises.

Observing political change during a previous currency crisis leads governments to form different expectations of the benefits of reserve accumulation, when taking into account reserve sales during the previous crisis. If the previous currency crisis involved large sales of reserves yet still resulted in political change, then future governments will assess the use of reserves to be ineffective. Thus whilst reserves may still be useful for preventing the occurrence of a crisis, they will be judged less useful for surviving a crisis were one to occur. As a result the incentive to increase reserve accumulation will decrease.

Governments can consider two pieces of information about the role of reserves during previous currency crises: the stock of reserves before the crisis and the proportion of reserves spent during the crisis. When pre-crisis levels of reserves are large then high proportions of reserve sales that do not prevent political change should lead future governments to doubt the efficacy of reserves. Thus governments will not have an incentive to increase reserve accumulation in the future. In contrast, the lesson learned will be different when initial levels of reserves were small. In this case a high proportion of reserve sales coupled with political change does not necessarily imply reserves are ineffective. Rather, it can imply that the pre-crisis level of reserves was insufficient. Therefore, governments will have a greater incentive to increase reserve accumulation in order to avoid loss of political power in the future. This leads to the following testable hypothesis:

*H4: When the amount of reserves spent during the previous crisis and pre-crisis levels*

*of reserves increase, the effect of political change decreases.*

### *2.3 The Costs and Constraints of Reserve Accumulation*

Whilst reserve accumulation can prevent the occurrence and severity of currency crises, it is not costless. The economic cost of accumulating reserves will determine the degree to which a government is able to accumulate reserves. Notably, foreign exchange reserves are typically held in currency deposits and bonds, with the US Dollar being the dominant reserve currency (Edison, 2003). As a result the ratio of the interest rate offered for US bonds to the domestic interest rate is an important determinant for the cost of reserve holding.

Countries' economic conditions affect incentives to accumulate reserves. If the interest rate on domestic deposits is higher than US bonds, then the opportunity cost of reserve accumulation is higher. The money spent on holding reserves receives a lower rate of return than if it were invested domestically. Governments in this situation, who may wish to accumulate reserves after learning that currency crises are politically costly, will be constrained. In contrast, when interest rates on US bonds are relatively higher investment in reserves has a higher rate of return than domestic investment, reducing the opportunity cost of reserve accumulation. Therefore governments who wish to insure against future currency crises by accumulating reserves are less constrained. This leads to the following testable hypothesis:

*H5: As interest rates on US bond yields become larger relative to domestic deposit rates, countries who experienced political change during previous currency crises will accumulate larger levels of reserves than those who did not.*

Moreover governments can face institutional constraints on their ability to accumulate

reserves. Central bank independence is of importance, as reserves are typically held by central banks. Therefore the extent to which a government is able to pursue large scale reserve accumulation is constrained by the independence of the central bank. With independent central banks, political influences on reserve accumulation are removed. Therefore the political outcomes of previous currency crises should not influence future reserve accumulation in the presence of an independent central bank. In contrast, a non-independent central bank allows governments to both over and under accumulate foreign reserves. Consequently, if a previous currency crisis resulted in loss of political power, governments with non-independent central banks are easily able to increase reserve holdings. Governments with non-independent central banks will also be less likely to accumulate reserves if there was no political change, compared to those with independent central banks. This is because those governments will have less incentive to accumulate reserves, and be unconstrained by a central bank that would be adverse to under-insuring against possible future crises. This leads to the testable hypothesis:

*H6: The effect of political change during previous currency crises is stronger the weaker the level of central bank independence.*

### *3 Research Design*

#### *3.1 Dependent Variable*

The dependent variable of interest in this paper is the ratio of foreign exchange reserves to months of imports. This measure is used as the effectiveness of reserves as insurance against currency crises is dependent upon the amount of imports they are able to cover (Edison, 2003; Rodrik, 2006; Gallagher and Shrestha, 2012). Data on the number of months of imports covered by foreign exchange reserves are taken from the World De-

velopment Indicators (World Bank, 2013). As this variable exhibits heavy positive skew I use the natural logarithm of the ratio of reserves to months of imports, which better approximates a normal distribution and has weaker skew.<sup>4</sup>

### 3.2 *Key Independent Variables*

In operationalising the key independent variable of political experience during previous currency crises, I use two measures of political turnover during previous currency crises from the Cross-National Time-Series Data Archive (Banks and Wilson, 2013). The first variable is a count of major cabinet changes. This variable is defined as a new premier being named and/or 50% of cabinet posts being assumed by new ministers.<sup>5</sup> The second variable is a count of changes of effective executive. This is defined as changes in effective control of executive power. For a change to be coded as having taken place the new executive must be independent of the previous executive. As this variable explicitly requires independence from the previous executive this can be seen as a stronger measure of political turnover than the major cabinet changes variable.<sup>6</sup> These variables are summed individually over the currency crisis years as a measure of the level of political turnover during the currency crisis, and are entered separately into the estimations. Both variables are entered as binary variables, indicating whether that form of political change occurred during the previous currency crisis.<sup>7</sup> A possible

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<sup>4</sup>Figure 8 in the appendix shows the distribution of the ratio of reserves to months imports. The mean of reserves in months of imports is 3.5 with a standard deviation of 3.1. Descriptive statistics for all variables can be found in table 2 in the appendix.

<sup>5</sup>Unfortunately the raw data that comprises this variable are not included in the data, thus sensitivity to the 50% threshold can not be assessed.

<sup>6</sup>These variables in the Cross-National Time-Series Data Archive are 'polit11' and 'polit12' respectively.

<sup>7</sup>This is done because for both variables the modal observation is that no change occurred during previous currency crises. In addition if political change does occur during a previous currency crisis, it is typically only one major cabinet change or change in effective executive. For this reason I transform these variables to be binary variables, indicating whether that form of event took place during the previous currency crisis. Doing so ensures that the results are not driven by particular cases with large numbers

concern with this measure is that governments may not learn much about the probability of political survival if there was a change in institutional structure since the past currency crisis. Therefore I also create a version of this variable weighted by similarity in the current political system and the system that oversaw the onset of the currency crisis as defined by the combined polity 2 score (Marshall and Jaggers, 2010).<sup>8</sup>

To measure whether the currency crisis was purely domestic, or in conjunction with other countries, I use data from Reinhart and Rogoff (2009). I create a variable that counts the number of countries within a given country's region that experienced a currency crisis in the same year as the given country.<sup>9</sup>

To measure the economic severity of the previous currency crisis, I use data on GDP from the World Development Indicators (World Bank, 2013). For cases where there was no political change, this is defined as the difference between the level of GDP in the year prior to the crisis and the minimum level of GDP during the currency crisis, as a proportion of the level of GDP prior to the crisis. For cases where there was political change, this is defined as the difference between the minimal level of GDP during the crisis before the political change occurs and the level of GDP in the year prior to the crisis, as a proportion of the level of GDP prior to the crisis. This variable is interpreted as the maximum decline in GDP as a result of the currency crisis.

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of political turnover, such as Argentina in 2001. Figure 9 in the appendix shows the distribution of observations for each variable during previous currency crises

<sup>8</sup>More formally the weight,  $w$ , is defined as  $w = 1/(1 + |(x_i - x_j)|)$  where  $x_i$  is the current combined polity 2 score, and  $x_j$  is the combined polity 2 score at the start of the previous currency crisis. The combined polity 2 score ranges from zero (fully autocratic) to twenty (fully democratic). The binary indicator variables that measure whether there was political change or not during a previous currency crisis are then multiplied by this weight. This variable receives a value of one if there was political change during the previous currency crisis and the current political system is the same as that of the system when the crisis occurred, and monotonically decreases toward zero the more dissimilar the systems.

<sup>9</sup>Regions are defined through the use of Correlates of War codes, see table 10 in the appendix.

To operationalise reserve sales during the previous currency crisis I use data on the value of reserves (excluding gold) in current US Dollars from the World Development Indicators (World Bank, 2013). I create a variable that is the maximum proportion of reserves spent during currency crises, taking into account the year when political change took place. Therefore I construct this variable in the same manner as the severity of the economic crisis outlined above. This variable is interpreted as the maximum response that the government made during the crisis. The variable is theoretically bounded below at -1 (all reserves spent) and values above zero indicate that reserve levels were increased during the crisis.

To measure the cost of reserves I use data on interest rates for domestic deposit rates and 10 year US bonds. As in previous research (Edison, 2003) the cost is defined as the difference between the real interest rate for domestic deposits and the interest rate on 10 year US bonds. Thus negative values indicate that the interest rate on 10 year US bonds is larger than that for domestic deposits. Data on the nominal domestic deposit rate and the inflation (CPI) rate used for creating the real interest rate are taken from the World Development Indicators (World Bank, 2013). Data for the interest rate on 10 year US bonds are taken from the FRED dataset (Board of Governors of the Federal Reserve System (US), 2014).

Central bank independence is measured using the level of turnover in central bank governors, a common proxy in the literature. As in Plümper and Neumayer (2011) I use the square root of the number of irregular turnovers in the past five years, multiplied by  $-1$  so that a value of zero indicates central bank independence and decreasing values indicate decreasing central bank independence. The data for this comes from Dreher, Sturm, and de Haan (2010).

### 3.3 *Control Variables*

For other independent variables I follow and add to the specification of Edison (2003). Edison (2003) notes that there are three categories of economic factors that influence foreign exchange reserve accumulation. First, as a country's economic size increases, international transactions are also likely to increase resulting in a greater need for foreign exchange reserves. Thus countries' GDP per capita and population size are included. These data are collected from the World Development Indicators (World Bank, 2013). Related to this aspect, countries that run current account surpluses will be unconsciously accumulating reserves. Therefore I include data on a country's current account balance (as a percentage of GDP) using data from the World Development Indicators (World Bank, 2013). Second, more open economies are likely to have higher current account variability, thus resulting in higher reserve holdings to offset this. Data on the level of imports as a percentage of GDP, are included to capture this. These data are collected from the World Development Indicators (World Bank, 2013). Third, higher levels of capital account openness result in a higher susceptibility to financial crises as well as greater possibility of capital flight, thus increasing the demand for foreign exchange reserves. To capture this the Chinn-Ito index, measuring capital account openness, is used (Chinn and Ito, 2008). Fourth, countries with pegged exchange rates typically need greater levels of reserves in order to maintain these pegs. I use data from Reinhart and Rogoff (2004), which classifies historical exchange rate regimes. Using this data I create a binary variable, which takes the value of one if a country has a pre-announced or de facto peg or crawling peg, and zero otherwise.<sup>10</sup>

To account for the level of international involvement in the previous currency crisis

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<sup>10</sup>De facto and crawling pegs are coded as having a value of 2 or less in the coarse annual data.



I include a binary variable which indicates whether there was an IMF program that lasted for at least 5 months during the previous currency crisis. This is important as a common conjecture for the large scale reserve accumulation in South East Asia after the currency crisis in the late 1990s was dissatisfaction with international involvement. This data comes from Midtgaard, Vadlamannati, and Soysa (2014). Finally to measure the extent to which governments are accountable to the general population, and thus likely to wish to avoid bad economic outcomes, I include the combined polity 2 score (Marshall and Jaggers, 2010), which measures the level of democracy, and a binary variable indicating whether the political system is a presidential system or not from the Database of Political Institutions (Beck et al., 2001).

### *3.4 Sample*

This paper is concerned with the behaviour of governments in terms of foreign exchange reserve accumulation after experiencing a currency crisis. Hence I restrict the sample to countries that have experienced a currency crisis. Data on the occurrence of currency crises come from Reinhart and Rogoff (2009), who define a currency crisis as a depreciation of 15% or more against the US Dollar or another relevant anchor currency in a given year. A country first enters the sample the first year after a currency crisis episode occurs and remains until the end year of available data. If a country experiences another currency crisis within this time frame, the indicator of whether political change occurred is updated. In order to capture differing dynamics in reserve accumulation during currency crises, a binary indicator for whether there is currently a currency crisis or not is included in all estimations. This process repeats for the number of currency crises that a country experiences during the time period of the available data. The original sample

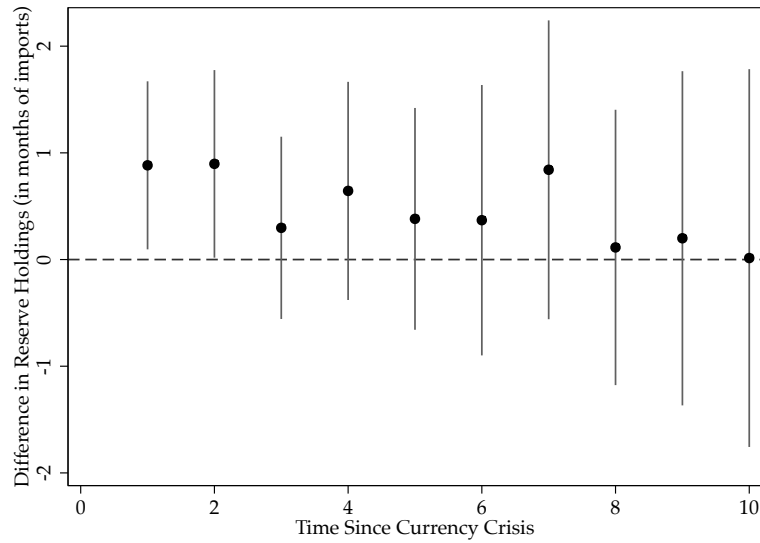


Figure 1: The difference over time in the mean reserve holdings for countries who experienced political change during the previous currency crisis and those who did not. Points indicate the difference in means, vertical lines indicate 95% confidence intervals.

covers the time period of 1970 to 2007.<sup>11</sup>

### 3.5 Estimation

The main statistical estimator used in this paper is fixed effects regression, which is used to account for unobserved time invariant unit heterogeneity. In order to account for temporal dependence in the level of reserves I include a lagged dependent variable, as well as a linear time trend.<sup>12</sup>

Before presenting the results of the estimation, I display descriptive statistics related to the main result of the paper. Figure 1 displays the difference in the average levels of reserves for countries who experienced any form of political change during a currency

<sup>11</sup>This is a similar approach to research on how concessions during previous civil wars affects the risk of future recurrence (Walter, 2006; Forsberg, 2013). Further discussion of possible issues to do with this sample definition and a table (table 9) illustrating sampling are located in the appendix.

<sup>12</sup>This is similar to the empirical model of Edison (2003), however differs as I also use a lagged dependent variable and a linear time trend to account for temporal dependence.

crisis to those who did not, for the time period after the previous crisis. We can see that countries who experienced political change have approximately 1 month worth of imports more reserves than those who did not for the first two years after experiencing the crisis. As a common rule of thumb for insuring against exogenous shocks is three months of imports (Edison, 2003; Rodrik, 2006; Gallagher and Shrestha, 2012), political change leads to governments accumulating approximately one third of this amount more than cases of no political change, a considerable amount. This is in line with the implications of the theory. Political change during previous currency crises lead to subsequent governments accumulating foreign exchange reserves. Over time this difference between countries decreases, becoming negligible eight years after the crisis.

#### *4 Results*

Table 1 shows the effects of political change during currency crises upon the level of foreign exchange reserves.<sup>13</sup> Models 1 and 2 test the unconditional effects of past major cabinet changes and changes in effective executive respectively, weighted by the similarity between the current political system and the system when the crisis occurred. For both major cabinet changes and changes in effective executive there is a positive and statistically significant coefficient. Previous currency crises that led to political change are thus associated with increased levels of reserves in subsequent years, supporting the implications of the theory.<sup>14</sup>

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<sup>13</sup>For reasons of space I focus on the political change variables that are weighted by similarity in political system. Results for the unweighted variables are located in the appendix, and are similar to their weighted counterparts.

<sup>14</sup>As the estimation includes a lagged dependent variable, the coefficients upon all other variables are contemporaneous effects. Figure 10 in the appendix shows the long run effect of political change during previous currency crises, over a ten year period calculated in the manner suggested by Williams and Whitten (2012). Over the simulated period major cabinet changes lead to an approximate increase of reserves by one month worth of imports, changes in effective executive lead to an approximate increase of reserves by one month and a half of imports.

Table 1: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation

	Hypothesis 1		Hypothesis 2		Hypothesis 3		Hypothesis 4		Hypothesis 5		Hypothesis 6	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Lag of Log Reserves	0.809*** (0.040)	0.808*** (0.041)	0.807*** (0.039)	0.807*** (0.040)	0.794*** (0.040)	0.806*** (0.040)	0.804*** (0.035)	0.814*** (0.035)	0.783*** (0.040)	0.782*** (0.049)	0.809*** (0.040)	0.808*** (0.040)
Political Change	0.056** (0.023)	0.068** (0.027)	0.041 (0.038)	0.064 (0.044)	0.053** (0.026)	0.050* (0.028)	0.063 (0.054)	0.024 (0.056)	0.020 (0.054)	0.036 (0.032)	0.038 (0.032)	0.062 (0.032)
Polity 2 Score	0.006* (0.003)	0.005* (0.003)	0.006* (0.003)	0.004 (0.003)	0.004 (0.003)	0.005 (0.003)	0.006 (0.004)	0.006 (0.004)	0.005 (0.004)	0.005 (0.003)	0.006* (0.003)	0.005* (0.003)
IMF Program During Previous Crisis	-0.016 (0.029)	-0.021 (0.032)	-0.016 (0.029)	-0.022 (0.032)	-0.001 (0.027)	-0.019 (0.031)	-0.020 (0.031)	-0.027 (0.031)	-0.010 (0.031)	-0.015 (0.032)	-0.013 (0.030)	-0.020 (0.032)
Imports (% GDP)	-0.003 (0.002)	-0.002 (0.002)	-0.003 (0.002)	-0.002 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.016*** (0.004)	0.016*** (0.004)	0.013*** (0.004)	0.013*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Central Bank Independence	0.016 (0.014)	0.016 (0.014)	0.018 (0.015)	0.017 (0.014)	0.000 (0.014)	0.009 (0.014)	0.020 (0.016)	0.017 (0.015)	0.002 (0.016)	0.003 (0.016)	0.027 (0.017)	0.018 (0.015)
Presidential System	0.096 (0.065)	0.110* (0.064)	0.100 (0.066)	0.112* (0.065)	0.087 (0.056)	0.116* (0.064)	0.123* (0.066)	0.113* (0.065)	0.115* (0.065)	0.125* (0.064)	0.097 (0.065)	0.109* (0.064)
GDP per capita (natural log)	-0.109* (0.063)	-0.109* (0.063)	-0.111* (0.063)	-0.111* (0.063)	-0.130* (0.065)	-0.113* (0.066)	-0.154** (0.071)	-0.154** (0.073)	-0.100 (0.072)	-0.097 (0.072)	-0.107* (0.062)	-0.109* (0.063)
GDP growth	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)	-0.008** (0.004)	-0.009** (0.004)	-0.009** (0.004)	-0.008** (0.004)	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.383 (0.230)	0.375 (0.226)	0.369 (0.233)	0.359 (0.231)	0.461* (0.249)	0.451* (0.242)	0.322 (0.266)	0.290 (0.259)	0.396 (0.270)	0.390 (0.265)	0.396* (0.228)	0.377* (0.225)
Capital Account Openness	-0.013 (0.013)	-0.013 (0.013)	-0.014 (0.013)	-0.014 (0.013)	-0.018 (0.013)	-0.017 (0.013)	-0.008 (0.015)	-0.009 (0.015)	-0.015 (0.015)	-0.017 (0.014)	-0.013 (0.013)	-0.013 (0.013)
Currency Peg	0.029 (0.036)	0.031 (0.035)	0.028 (0.035)	0.032 (0.035)	0.052 (0.036)	0.037 (0.036)	0.023 (0.041)	0.018 (0.041)	0.029 (0.041)	0.030 (0.041)	0.028 (0.036)	0.031 (0.035)
Currency Crisis	-0.128*** (0.029)	-0.128*** (0.029)	-0.126*** (0.029)	-0.127*** (0.029)	-0.127*** (0.030)	-0.127*** (0.029)	-0.143*** (0.031)	-0.143*** (0.032)	-0.136*** (0.032)	-0.137*** (0.032)	-0.128*** (0.029)	-0.128*** (0.029)
Time Trend	-0.001 (0.006)	-0.001 (0.006)	-0.001 (0.006)	-0.001 (0.006)	-0.001 (0.006)	-0.002 (0.006)	0.003 (0.007)	0.002 (0.007)	-0.000 (0.007)	-0.000 (0.007)	-0.002 (0.006)	-0.001 (0.006)
# Crises in Region During Previous Crisis												
Political Change × # Crises in Region												
GDP Change During Previous Crisis												
Political Change × GDP Change Prev. Crisis												
Reserves Spent During Previous Crisis												
Political Change × Reserves Spent												
Pre-Crisis Reserves												
Political Change × Pre-Crisis Reserves												
Reserves Spent × Pre-Crisis Reserves												
Pol. Change × Reserves Spent × Pre-Crisis Reserves												
Real Interest Rate Differential												
Political Change × Real Interest Rate Differential												
Political Change × Central Bank Independence												
Constant	-5.317 (4.033)	-5.181 (3.964)	-5.064 (4.101)	-4.902 (4.066)	-6.450 (4.350)	-6.420 (4.241)	-4.860 (3.319)	-4.153 (5.254)	-5.557 (4.685)	-5.486 (4.246)	-5.536 (4.002)	-5.216 (3.958)
Observations	1477	1477	1477	1477	1429	1453	1352	1352	1246	1246	1477	1477
Country Fixed Effects	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Country clustered standard errors in parentheses  
\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

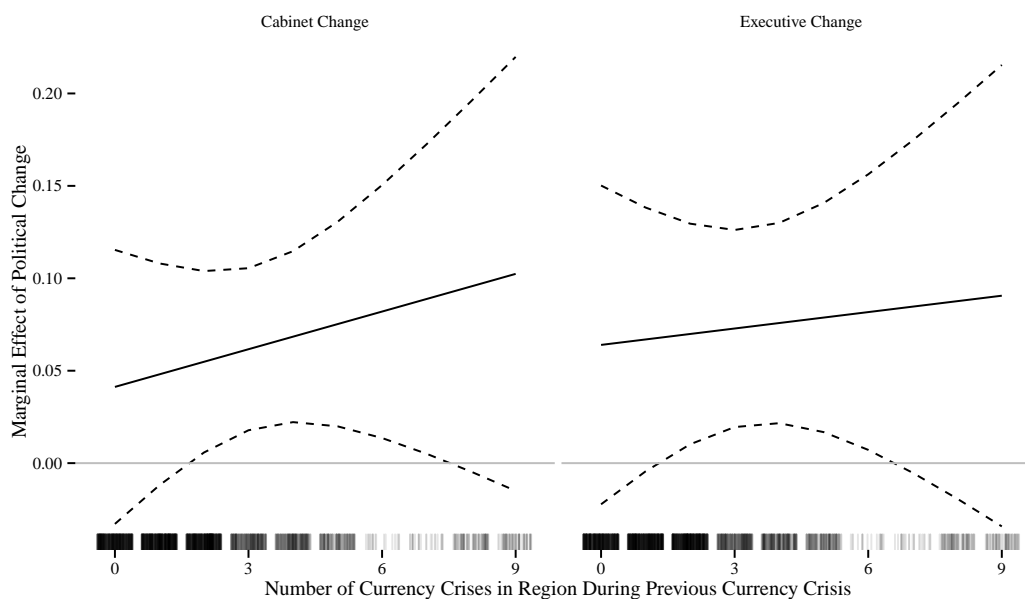


Figure 2: The marginal effect of political change upon reserve accumulation, conditional upon the number of currency crisis onsets in the same region at the start of the previous currency crisis. The dashed lines indicate 95% confidence intervals. Tick marks display the marginal distribution for the (jittered) number of currency crisis onsets in the same region at the start of the previous currency crisis.

I next turn to assessing whether the number of currency crises in a region during the previous currency crisis affects the lessons governments learn about political change during currency crises. Figure 2 displays the marginal effect of political change during the previous currency crisis conditional upon the number of countries simultaneously experiencing an onset of a currency crisis.<sup>15</sup> In line with hypothesis 2, the results show that the effect of political change upon reserve accumulation increases when the currency crisis was part of a regional episode rather than a domestic occurrence. Political change when there were multiple currency crises has a stronger effect in these cases as governments would expect to not be held accountable for such a regional crisis. Whilst

<sup>15</sup>Calculated from models 3 and 4 in table 1.

the value of zero is not contained within the confidence intervals when four other countries experienced a currency crisis at the same time as the previous crisis, the confidence intervals overlap at all points along this conditioning variable. Thus there is only moderate support for the interaction effect.

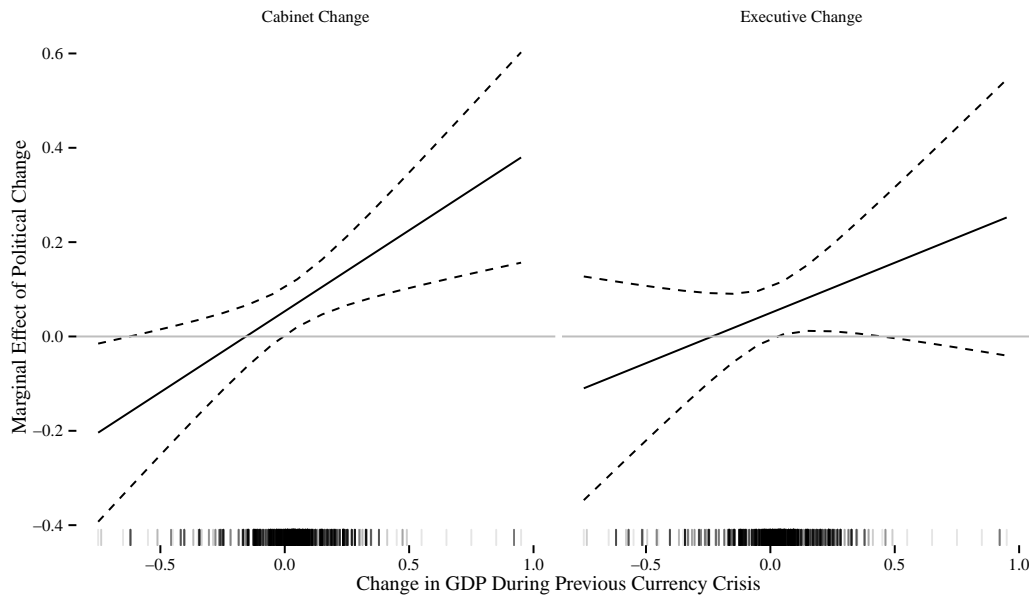


Figure 3: The marginal effect of political change upon reserve accumulation, conditional upon the change in GDP during the previous currency crisis. The dashed lines indicate 95% confidence intervals. Tick marks display the marginal distribution for the change in GDP during the previous currency crisis.

Figure 3 displays the marginal effect of political change during the previous currency crisis, conditional upon the proportional change in GDP.<sup>16</sup> The results provide some support for hypothesis 3. The effect of political change upon subsequent reserve accumulation increases the less severe economic outcome of the crisis was. This suggests that governments learn that currency crises have negative implications for political survival, beyond the effect of the crisis upon economic conditions. In contrast political

<sup>16</sup>Calculated from models 5 and 6 in table 1.

change matters little for reserve accumulation when the currency crisis had negative economic outcomes. This suggests that future governments, independent of the political outcomes, invest in reserve accumulation to avoid such economic outcomes in the future. However the statistical significance of this interaction effect is only moderate due to overlapping confidence intervals in the case of changes in effective executive. Nevertheless the confidence intervals do not include zero when the economic outcomes during the crisis were sufficiently positive (above 0.05).

I now move on to exploring hypothesis 4, which says that governments' are more likely to accumulate reserves after currency crises if the expenditure of reserves led to previous governments' retaining political power. Figure 4 displays the marginal effect of political change dependent upon the proportion of reserve sales and whether pre-crisis reserves were at a low or a high level.<sup>17</sup>

Figure 4 shows that when the previous currency crisis led to political change, in spite of large levels of reserve sales, governments do not increase reserve accumulation. This is because the political purpose of reserve accumulation is perceived to be ineffective, thus there is less incentive for a government to further accumulate reserves. However there is a positive effect of political change upon future reserve accumulation when pre-crisis reserves were low. When the previous currency crisis exhibited both political change and high reserve sales, future governments are more likely to accumulate reserves. Whilst the previous government may have spent a large proportion of reserves, the low pre-crisis level of reserves indicates that this entailed a low absolute level of

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<sup>17</sup>To do so I use the 10th percentile in the sample as a low pre-crisis level of reserves (approximately 1.1 months of imports) and the 90th percentile in the sample as a high pre-crisis level of reserves (approximately 6 months of imports). These marginal effects are based on the results of the models 7 and 8 in table 1. The estimation excludes outliers defined by the thirteen observations above the 99th percentile for the reserves spent during the previous crisis variable, as there exist observations that are approximately 6 standard deviations above the mean.

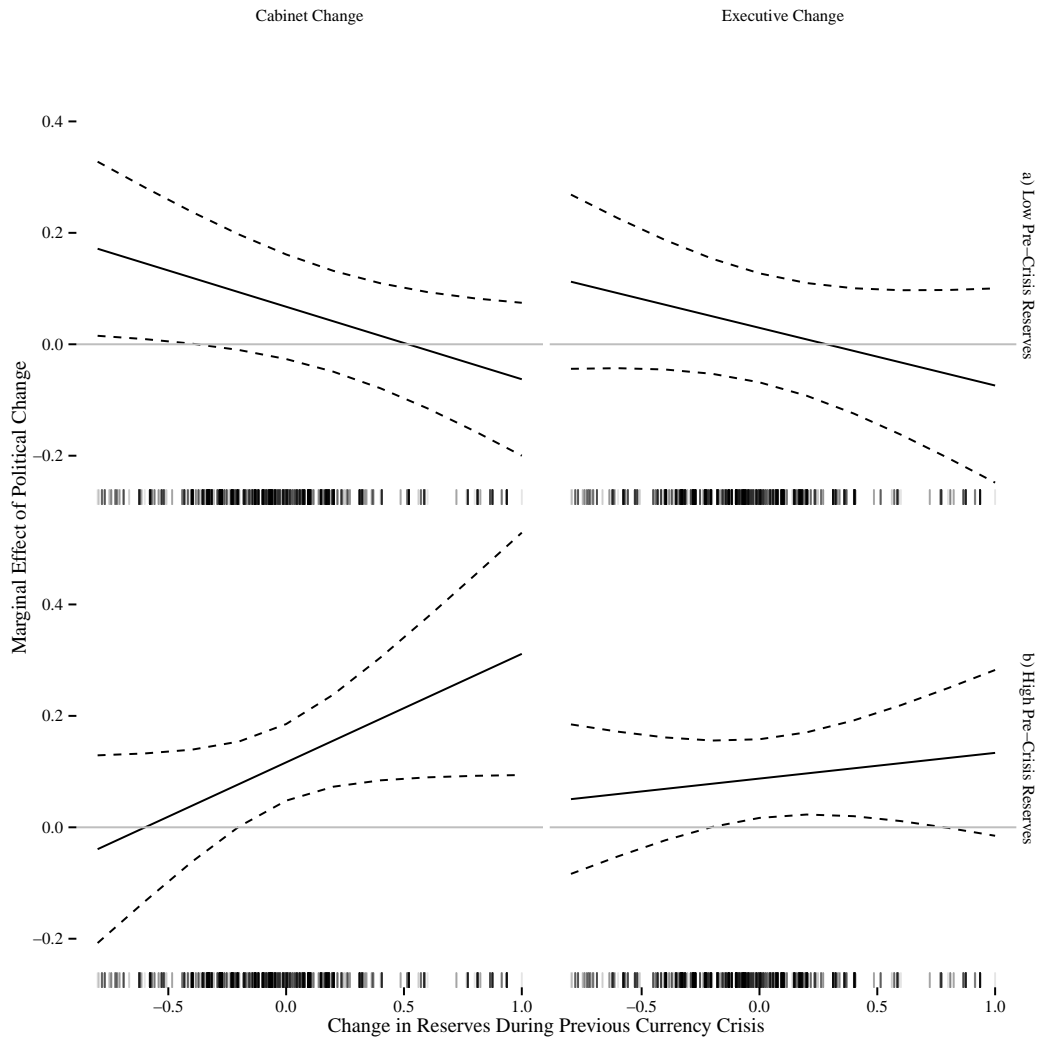


Figure 4: The marginal effect of political change upon reserve accumulation, conditional upon the proportion of reserves spent during the previous currency crisis and the pre-crisis level of reserves. The shaded polygon indicates 95% confidence intervals. A high level of pre-crisis reserves is approximately 6 months of imports (the 90th percentile), whilst a low level of pre-crisis reserves is approximately 1.1 months of imports (the 10th percentile). Tick marks display the marginal distribution for the proportion of reserves spent during the previous currency crisis.

sales. Therefore when political change occurs this informs future governments that further reserves need to be accumulated. In contrast, in the cases where there was no



political change the level of reserves would not be considered too low, therefore leading to a lower level of reserve accumulation than when political change occurs.

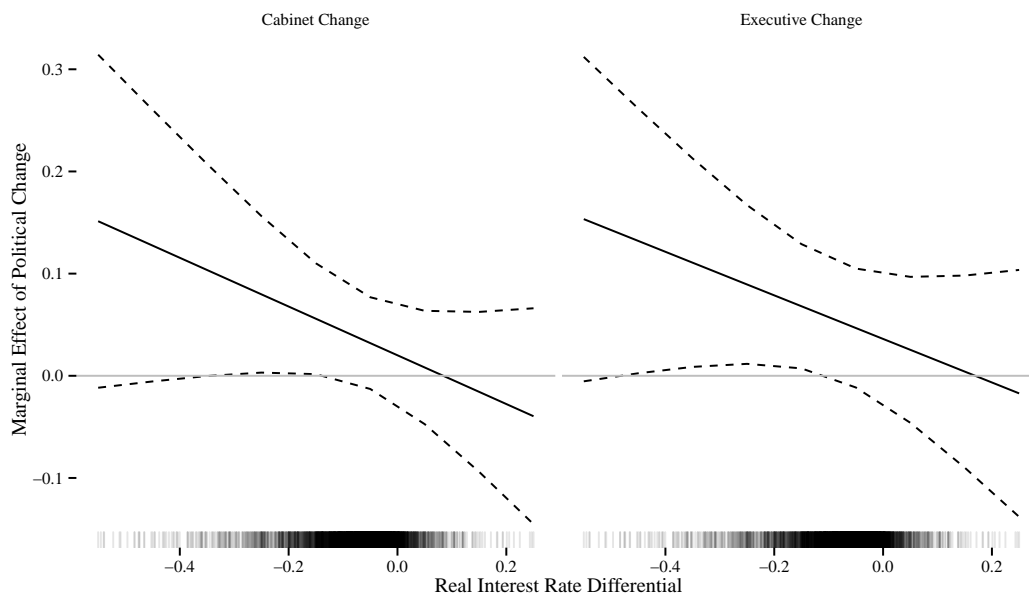


Figure 5: The marginal effect of political change upon reserve accumulation, conditional upon the difference between the real domestic interest rate and the interest rate on 10 year US bonds. The dashed lines indicate 95% confidence intervals. Tick marks display the marginal distribution for the difference between the real domestic interest rate and the interest rate on 10 year US bonds.

I now examine the implications related to the cost component in the choice of reserve accumulation. In line with hypothesis 5, figure 5 displays the marginal effect of previous political change for a range of values of the interest rate differential.<sup>18</sup> The results suggest that when the cost of holding reserves is low, political change during previous currency crises leads to greater reserve accumulation than when the cost of holding reserves is higher. However this interaction effect is not statistically significant at conventional levels.

<sup>18</sup>These marginal effects are computed using the estimates displayed in models 9 and 10 in table 1. The marginal effects are displayed for the 1st to 99th percentile for ease of presentation.

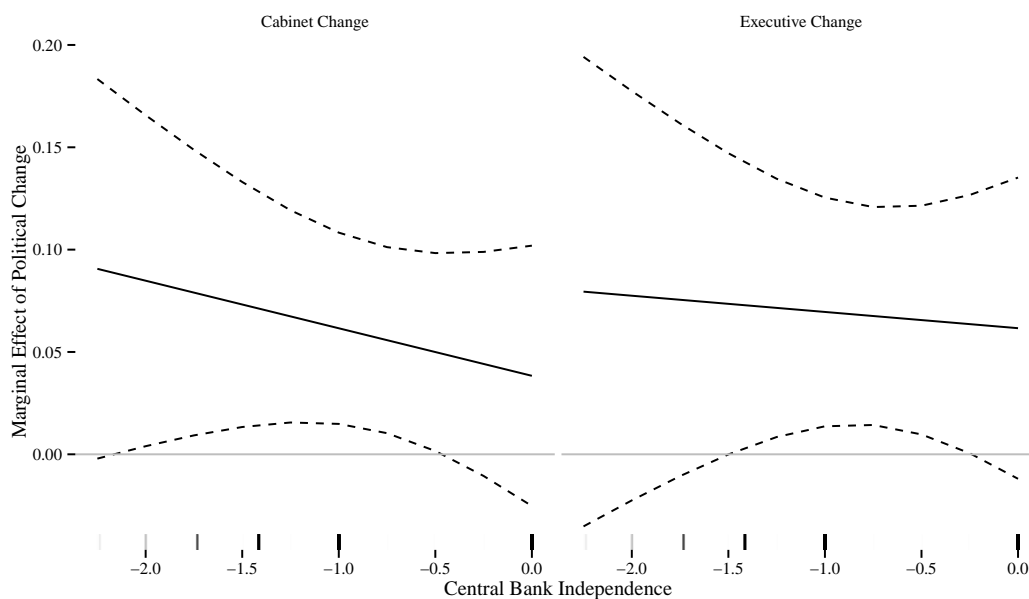


Figure 6: The marginal effect of political change upon reserve accumulation, conditional upon the degree of central bank independence. The dashed lines indicate 95% confidence intervals. Tick marks display the marginal distribution for the degree of central bank independence.

Finally figure 6 displays the effect of political change during previous currency crises upon reserve accumulation, conditional upon the degree of the central bank independence.<sup>19</sup> The direction of the effect is line with hypothesis 6, with decreased central bank independence governments are freer to accumulate reserves leading to a stronger response to previous political change. However the substantive size is small and the confidence levels overlap at all points. This suggests that these constraints play a small role in influencing governments' ability to change economic policy in response to the political outcomes associated with currency crises.

<sup>19</sup>These marginal effects are computed using the estimates displayed in models 11 and 12 in table 1.

#### *4.1 Robustness*

I also implement a series of robustness checks, to assess the sensitivity of the effect of political change during previous crises to alternative model specifications. For reasons of space the full details of the robustness tests are presented in the appendix.<sup>20</sup> In summary the main results on the association between political change and reserve accumulation are robust to all the robustness tests performed. This is also the case for the results on how the circumstances of the previous currency crisis, multiple crises in a region and the economic severity of the crisis, condition the effect of political change. In model specifications for the efficacy of the reserve sales during the previous currency crisis the results are robust for major cabinet changes; however they are less robust for changes in effective executive. In contrast the model specifications for the costs and constraints of reserve accumulation are much less robust. Results are not stable across all robustness tests for the conditioning effect of real interest rates, and there are changes in the direction of coefficients in the central bank independence specification for four of the robustness tests.

### *5 Conclusion*

The aftermath of financial crises can often lay bare the costs associated with the increasing role of international capital movements in domestic economies. Yet governments often vary in their choice of economic policy to respond to these pressures. In this paper I develop a theory to explain the variation in governments' decisions to use

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<sup>20</sup>The robustness tests are: allowing the effect of previous political change to be dependent upon the amount of time since the last currency crisis, learning from the entire crisis history, accounting for undervalued exchange rates, alternative operationalisation of the dependent variable, region fixed effects, accounting for sample selection with Heckman selection models, accounting for exchange rate fluctuations, increasing the window for which political change is attributed to the previous currency crisis, controlling for the length of the previous currency crisis, and the use of an Error Correction Model.

economic policy to prevent future economic shocks. Governments can learn the political cost of failing to prevent such shocks by observing previous political outcomes. When the previous economic shock resulted in loss of political power, future governments are more likely to use economic policy to prevent future recurrence. In addition if the previous crisis possessed features that would lead governments to expect not to be held accountable politically, then the occurrence of political change further leads to the use of economic policy to insure against these shocks in the future. Governments also learn from previous crises the efficacy of economic policy to prevent political change, determining the use of that specific policy in the future.

This theory was applied to the accumulation of foreign exchange reserves after currency crises, an economic policy that can both reduce the likelihood and severity of currency crises. In line with the implications of the theory, governments accumulate larger amounts of reserves when past currency crises led to governments losing political power. This implies that the extent to which governments respond to potential economic instability, due to increasing globalised economies, is dependent upon their expectation of the political costs of failing to do so. Consequently, the effect of political change is stronger when past governments are held accountable in cases where governments would not expect to be held to account: regional crises and crises that did not have negative economic outcomes. Furthermore, when reserves are shown to be effective in preventing political change during previous currency crises future governments tend to hold higher levels of reserves than otherwise.

The findings contribute to our understanding of why governments differ in their use of economic policy to manage the volatility associated with the rise in global capital mobility. Existing research has largely focused on how the existence of a crisis leads

to changes in economic policy (Drazen and Grilli, 1993; Drazen and Easterly, 2001; Biglaiser and DeRouen, 2004; Abiad and Mody, 2005). This paper furthers our understanding of these processes by disentangling how different features of the past currency crisis can lead to differences in governments post-crisis behaviour. That two governments can learn different lessons from a past currency crisis, dependent on both the existence and nature of political change during such a crisis, provides an interesting insight into understanding heterogenous responses. These differences can also shed light on the specific choices of policies used to manage this volatility. When a particular policy is shown to be effective then it is more likely to be used in the future, leading to policies that are substitutes being used less frequently.

Whilst this paper deals with the case of reserve accumulation after currency crises, the theoretical approach is sufficiently general to be applied to other areas of interest. In particular, the theoretical approach is well suited to cases where governments are uncertain about the political costs of failing to insure against the increased volatility from economic integration. Therefore future research, using this approach to examine different forms of crises and their associated policy responses, could offer new insights into how governments vary in their responses to economic openness. Furthermore, this paper provides a bridge between two separate literatures on the political outcomes of financial crises (Chwioroth and Walter, 2010; Crespo-Tenorio, Jensen, and Rosas, 2014) and the literature on changes in economic policy induced by financial crises (Drazen and Grilli, 1993; Drazen and Easterly, 2001; Biglaiser and DeRouen, 2004; Abiad and Mody, 2005). Future research on the intersection of these two literatures, can provide further understanding of the interdependence between economic policy choices and political outcomes.

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Insuring Against Past Perils:  
The Politics of Post-Currency Crisis Foreign Exchange Reserve Accumulation  
Supplementary Materials  
Liam F. McGrath

The supplementary materials include descriptive statistics and additional estimations referenced in the main text. In addition I discuss the robustness tests chosen in detail as well as the potential issues with the sample definition.

Table 2 displays descriptive statistics for all variables used in the statistical analyses.

Tables 4 - 8 display the tables of coefficients for the main results which were displayed graphically in the text.

Tables 11 - 63 display the various robustness tests conducted for the main results of the paper.

Table 2: Summary statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Foreign Exchange Reserves in Months of Imports (WDI)	4569	3.518	3.115	0	43.692
Log of Reserves in Months of Imports (fi_res_tod_mo) (WDI)	4568	.904	.953	-6.113	3.777
Lag of Log of Reserves in Months of Imports (fi_res_tod_mo) (WDI)	4568	.904	.953	-6.113	3.777
Major Cabinet Change	2020	.596	.491	0	1
Change in Effective Executive	2020	.303	.46	0	1
Weighted Major Cabinet Change	1783	.434	.445	0	1
Weighted Change in Effective Executive	1783	.217	.384	0	1
Time since last currency crisis	2685	6.035	7.095	0	38
Polity 2 Score	5373	10.753	7.463	0	20
IMF Program (lasting > 5 month) During Previous Crisis	2159	.366	.482	0	1
Imports (\ % GDP) (WDI)	5537	41.108	23.688	.125	215.268
Trade Balance (Exports - Imports \ % GDP) (WDI)	5537	-6.42	16.525	-135.601	81.546
Central Bank Independence	5446	-.484	.6	-2.236	0
Presidential System (DPI)	6225	.554	.497	0	1
GDP per capita (natural log) (WDI)	5890	7.345	1.526	4.046	11.455
GDP growth (WDI)	5789	3.742	6.442	-51.031	106.28
Population (natural log) (WDI)	6816	15.374	1.998	10.043	21.005
Capital Account Openness (Chinn and Ito)	5573	-.055	1.505	-1.864	2.439
Currency Peg (calculated from annual_coarse)	5076	.656	.475	0	1
Currency Crisis (Reinhart and Rogoff)	2685	.206	.405	0	1
Undervalued Exchange Rate	6860	-.003	.484	-5.391	2.905
GDP Change During Previous Crisis	2016	.033	.162	-.738	.922
GDP Change During Previous Crisis	2041	.032	.213	-.738	1.986
\# Crises in Region During Previous Crisis	2003	2.306	2.257	0	9
Proportion of reserves spent during previous crisis (maj cab change)	2084	.891	8.513	-.795	89.41
Proportion of reserves spent during previous crisis (change in eff. exec)	2084	.879	8.514	-.795	89.41
Pre-Crisis Reserves	1823	.986	.848	-2.829	2.768
Real Interest Rate Differential: (real_ir/100) - us_10yr	3841	-.076	.152	-1.078	4.373
Log of Total Reserves (excluding gold)	5689	20.205	2.525	9.21	28.056
Lag of Log of Total Reserves (excluding gold)	5683	20.207	2.525	9.21	28.056
Change in Exchange Rate (Penn World Tables, US Dollar Numeraire)	6960	.861	33.038	-.984	2626.765
Major Cabinet Change (crisis window extended)	2170	.872	.334	0	1
Change in Effective Executive (crisis window extended)	2075	.662	.473	0	1
Weighted Major Cabinet Change (crisis window extended)	1701	.666	.398	0	1
Change in Effective Executive (crisis window extended)	1606	.512	.449	0	1
Length of Previous Currency Crisis	1976	3.682	2.197	2	21
Major Cabinet Change (mean over all previous crises)	1890	.564	.382	0	1
Change in Effective Executive (mean over all previous crises)	1890	.312	.361	0	1
Major Cabinet Change (weighted mean over all previous crises)	1890	.307	.327	0	1
Change in Effective Executive (weighted mean over all previous crises)	1890	.163	.261	0	1

*Tables for Main Results in Text*

Table 3: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.810*** (0.039)	0.809*** (0.040)	0.811*** (0.040)	0.808*** (0.041)
Major Cabinet Changes	0.051* (0.027)	0.056** (0.023)		
Change in Effective Executive			0.057** (0.026)	0.068** (0.027)
Polity 2 Score	0.006* (0.003)	0.006* (0.003)	0.006** (0.003)	0.005* (0.003)
IMF Program During Previous Crisis	-0.016 (0.029)	-0.016 (0.029)	-0.023 (0.032)	-0.021 (0.032)
Imports (% GDP)	-0.002 (0.002)	-0.003 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Central Bank Independence	0.018 (0.015)	0.016 (0.014)	0.018 (0.015)	0.016 (0.014)
Presidential System	0.093 (0.065)	0.096 (0.065)	0.104 (0.065)	0.110* (0.064)
GDP per capita (natural log)	-0.118* (0.062)	-0.109* (0.063)	-0.116* (0.062)	-0.109* (0.063)
GDP growth	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.342 (0.228)	0.383 (0.230)	0.347 (0.222)	0.375 (0.226)
Capital Account Openness	-0.015 (0.013)	-0.013 (0.013)	-0.014 (0.012)	-0.013 (0.013)
Currency Peg	0.032 (0.037)	0.029 (0.036)	0.030 (0.036)	0.031 (0.035)
Currency Crisis	-0.124*** (0.029)	-0.128*** (0.029)	-0.125*** (0.029)	-0.128*** (0.029)
Time Trend	-0.000 (0.006)	-0.001 (0.006)	-0.000 (0.006)	-0.001 (0.006)
Constant	-4.601 (3.996)	-5.317 (4.033)	-4.692 (3.900)	-5.181 (3.964)
Observations	1479	1477	1479	1477
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses  
\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 4: Log Reserves in Months of Imports - Crises in Neighbourhood when Own Occurs

	(1) Unweighted	(2) Weighted	(3) Unweighted	(4) Weighted
Lag of Log Reserves	0.808*** (0.038)	0.807*** (0.039)	0.810*** (0.039)	0.807*** (0.040)
Major Cabinet Change	0.023 (0.044)	0.041 (0.038)		
# Crises in Region During Previous Crisis	-0.014 (0.013)	-0.010 (0.012)	-0.010 (0.011)	-0.009 (0.011)
Major Cabinet Change × # Crises in Region During Previous Crisis	0.012 (0.012)	0.007 (0.010)		
Change in Effective Executive			0.036 (0.042)	0.064 (0.044)
Change in Effective Executive × # Crises in Region During Previous Crisis			0.009 (0.011)	0.003 (0.010)
Polity 2 Score	0.006* (0.003)	0.006* (0.003)	0.006** (0.003)	0.006* (0.003)
IMF Program During Previous Crisis	-0.019 (0.029)	-0.016 (0.029)	-0.027 (0.032)	-0.022 (0.032)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Central Bank Independence	0.019 (0.015)	0.018 (0.015)	0.020 (0.015)	0.017 (0.014)
Presidential System	0.096 (0.066)	0.100 (0.066)	0.106 (0.065)	0.112* (0.065)
GDP per capita (natural log)	-0.121* (0.062)	-0.111* (0.063)	-0.118* (0.062)	-0.111* (0.063)
GDP growth	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.319 (0.231)	0.369 (0.233)	0.322 (0.227)	0.359 (0.231)
Capital Account Openness	-0.015 (0.013)	-0.014 (0.013)	-0.015 (0.013)	-0.014 (0.013)
Currency Peg	0.030 (0.036)	0.028 (0.035)	0.029 (0.035)	0.032 (0.035)
Currency Crisis	-0.122*** (0.029)	-0.126*** (0.029)	-0.124*** (0.029)	-0.127*** (0.029)
Time Trend	0.000 (0.006)	-0.001 (0.006)	0.000 (0.006)	-0.001 (0.006)
Constant	-4.180 (4.063)	-5.064 (4.101)	-4.254 (4.002)	-4.902 (4.066)
Observations	1479	1477	1479	1477
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses 38  
 \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 5: Log Reserves in Months of Imports - Economic Severity of the Previous Currency Crisis

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.795*** (0.041)	0.794*** (0.041)	0.809*** (0.040)	0.806*** (0.040)
Major Cabinet Change	0.042 (0.029)	0.053** (0.026)		
Change in Effective Executive			0.039 (0.026)	0.050* (0.028)
GDP Change During Previous Crisis	-0.121 (0.152)	-0.084 (0.092)	-0.024 (0.104)	-0.048 (0.088)
Major Cabinet Change × GDP Change During Previous Crisis	0.237 (0.155)	0.343*** (0.120)		
Change in Effective Executive × GDP Change During Previous Crisis			0.055 (0.116)	0.213 (0.156)
Polity 2 Score	0.004 (0.003)	0.004 (0.003)	0.005 (0.003)	0.005 (0.003)
IMF Program During Previous Crisis	-0.002 (0.027)	-0.001 (0.027)	-0.020 (0.033)	-0.019 (0.032)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.014*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Central Bank Independence	0.002 (0.014)	0.000 (0.014)	0.011 (0.014)	0.009 (0.014)
Presidential System	0.066 (0.055)	0.087 (0.056)	0.100 (0.065)	0.116* (0.064)
GDP per capita (natural log)	-0.130* (0.066)	-0.130* (0.065)	-0.114* (0.066)	-0.113* (0.066)
GDP growth	-0.007 (0.004)	-0.007 (0.004)	-0.009** (0.004)	-0.008** (0.004)
Population (natural log)	0.460* (0.254)	0.461* (0.249)	0.445* (0.242)	0.451* (0.242)
Capital Account Openness	-0.017 (0.013)	-0.018 (0.013)	-0.017 (0.012)	-0.017 (0.013)
Currency Peg	0.051 (0.037)	0.052 (0.036)	0.032 (0.036)	0.037 (0.036)
Currency Crisis	-0.118*** (0.030)	-0.127*** (0.030)	-0.123*** (0.030)	-0.127*** (0.029)
Time Trend	-0.001 (0.007)	-0.001 (0.006)	-0.001 (0.006)	-0.002 (0.006)
Constant	-6.419 (4.442)	-6.450 (4.350)	-6.291 (4.242)	-6.420 (4.241)
Observations	1429	1429	1453	1453
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses 39

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 6: The Effect of Political Change During Previous Currency Crises Conditional Upon the Maximal Proportion of Reserves Spent During the Crisis and the Pre-Crisis Level of Reserves

	(1)	(2)	(3)	(4)
	Unweighted	Unweighted	Weighted	Weighted
Lag of Log of Reserves	0.808*** (0.032)	0.813*** (0.034)	0.804*** (0.034)	0.814*** (0.034)
Major Cabinet Change	0.022 (0.066)		0.063 (0.053)	
Change in Effective Executive		-0.042 (0.052)		0.024 (0.055)
Reserves Spent During Previous Crisis	0.304*** (0.103)	0.206** (0.079)	0.235*** (0.066)	0.168*** (0.058)
Pre-Crisis Reserves	-0.033 (0.039)	-0.017 (0.029)	-0.021 (0.033)	-0.011 (0.028)
Major Cabinet Change × Reserves Spent	-0.233** (0.115)		-0.159** (0.071)	
Change in Effective Executive × Reserves Spent		-0.116 (0.084)		-0.117 (0.083)
Major Cabinet Change × Pre-Crisis Reserves	0.055 (0.048)		0.030 (0.038)	
Change in Eff. Executive × Pre-Crisis Reserves		0.075** (0.034)		0.035 (0.038)
Reserves Spent × Pre-Crisis Reserves	-0.208** (0.095)	-0.084** (0.042)	-0.225*** (0.068)	-0.100** (0.041)
Major Cabinet Change × Reserves Spent × Pre-Crisis Reserves	0.166 (0.100)		0.196*** (0.069)	
Change in Eff. Exec. × Reserves Spent × Pre-Crisis Reserves		0.012 (0.054)		0.090 (0.066)
Polity 2 Score	0.006 (0.004)	0.006 (0.004)	0.006 (0.004)	0.006 (0.004)
IMF Program During Previous Crisis	-0.033 (0.026)	-0.028 (0.026)	-0.020 (0.027)	-0.027 (0.030)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.016*** (0.004)	0.016*** (0.004)	0.016*** (0.004)	0.016*** (0.004)
Central Bank Independence	0.018 (0.014)	0.018 (0.015)	0.020 (0.016)	0.017 (0.015)
Presidential System (DPI)	0.102 (0.064)	0.102 (0.066)	0.123* (0.064)	0.113* (0.064)
GDP per capita (natural log)	-0.159** (0.065)	-0.157** (0.069)	-0.154** (0.069)	-0.154** (0.071)
GDP growth	-0.008** (0.003)	-0.009** (0.004)	-0.009** (0.004)	-0.009** (0.004)
Population (natural log)	0.294 (0.261)	0.307 (0.251)	0.322 (0.260)	0.290 (0.254)
Capital Account Openness	-0.008 (0.015)	-0.009 (0.015)	-0.008 (0.015)	-0.009 (0.015)
Currency Peg	0.003 (0.041)	0.002 (0.041)	0.023 (0.040)	0.018 (0.040)
Currency Crisis	-0.135*** (0.031)	-0.143*** (0.032)	-0.143*** (0.030)	-0.143*** (0.031)
Time Trend	0.003 (0.007)	0.002 (0.007)	0.003 (0.007)	0.002 (0.007)
Constant	-3.538 (4.476)	-3.738 (4.357)	-4.086 (4.478)	-3.522 (4.420)
Observations	1352	1352	1352	1352
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



Table 7: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Conditional Upon Interest Rate Differentials

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag Log of Reserves	0.786*** (0.048)	0.785*** (0.048)	0.786*** (0.049)	0.782*** (0.049)
Major Cabinet Change	0.013 (0.037)	0.020 (0.024)		
Real Interest Rate Differential	-0.067 (0.242)	-0.005 (0.057)	-0.135 (0.282)	-0.019 (0.071)
Major Cabinet Change × Real Interest Rate Differential	-0.036 (0.250)	-0.239 (0.161)		
Change in Effective Executive			0.040 (0.034)	0.036 (0.032)
Change in Effective Executive × Real Interest Rate Differential			0.036 (0.286)	-0.213 (0.162)
Polity 2 Score	0.006* (0.003)	0.005 (0.004)	0.006* (0.003)	0.005 (0.003)
IMF Program During Previous Crisis	-0.016 (0.031)	-0.010 (0.031)	-0.022 (0.031)	-0.015 (0.032)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.013*** (0.004)	0.013*** (0.004)	0.013*** (0.004)	0.013*** (0.004)
Central Bank Independence	0.002 (0.016)	0.002 (0.016)	0.003 (0.016)	0.003 (0.016)
Presidential System	0.121* (0.063)	0.115* (0.065)	0.126** (0.062)	0.125* (0.064)
GDP per capita (natural log)	-0.103 (0.071)	-0.100 (0.072)	-0.103 (0.071)	-0.097 (0.073)
GDP growth	-0.007* (0.004)	-0.008* (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.372 (0.263)	0.396 (0.270)	0.373 (0.264)	0.390 (0.265)
Capital Account Openness	-0.019 (0.014)	-0.015 (0.015)	-0.019 (0.015)	-0.017 (0.014)
Currency Peg	0.032 (0.041)	0.029 (0.041)	0.030 (0.040)	0.030 (0.041)
Currency Crisis	-0.131*** (0.032)	-0.136*** (0.032)	-0.131*** (0.032)	-0.137*** (0.032)
Time Trend	0.000 (0.007)	-0.000 (0.007)	0.000 (0.006)	-0.000 (0.007)
Constant	-5.170 (4.569)	-5.557 (4.685)	-5.204 (4.585)	-5.486 (4.611)
Observations	1248	1246	1248	1246
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 8: Interaction Effects of Central Bank Independence and Political Change upon Reserve Accumulation

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.811*** (0.040)	0.809*** (0.040)	0.811*** (0.040)	0.808*** (0.040)
Major Cabinet Change	0.042 (0.029)	0.038 (0.032)		
Change in Effective Executive			0.055* (0.029)	0.062 (0.038)
Central Bank Independence	0.027 (0.020)	0.027 (0.017)	0.020 (0.015)	0.018 (0.015)
Major Cabinet Change × CBI	-0.013 (0.024)	-0.023 (0.028)		
Change in Effective Exec. × CBI			-0.003 (0.025)	-0.008 (0.035)
Polity 2 Score	0.006** (0.003)	0.006* (0.003)	0.006** (0.003)	0.005* (0.003)
IMF Program During Previous Crisis	-0.014 (0.029)	-0.013 (0.030)	-0.023 (0.033)	-0.020 (0.032)
Imports (% GDP)	-0.002 (0.002)	-0.003 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Presidential System	0.094 (0.066)	0.097 (0.065)	0.104 (0.065)	0.109* (0.064)
GDP per capita (natural log)	-0.118* (0.062)	-0.107* (0.062)	-0.116* (0.062)	-0.109* (0.063)
GDP growth	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.342 (0.227)	0.396* (0.228)	0.347 (0.222)	0.377* (0.225)
Capital Account Openness	-0.014 (0.013)	-0.013 (0.013)	-0.014 (0.013)	-0.013 (0.013)
Currency Peg	0.031 (0.036)	0.028 (0.036)	0.030 (0.035)	0.031 (0.035)
Currency Crisis	-0.124*** (0.029)	-0.128*** (0.029)	-0.125*** (0.030)	-0.128*** (0.029)
Time Trend	-0.000 (0.006)	-0.002 (0.006)	-0.000 (0.006)	-0.001 (0.006)
Constant	-4.598 (3.981)	-5.536 (4.002)	-4.687 (3.898)	-5.216 (3.958)
Observations	1479	1477	1479	1477
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses  
\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

### *Sample Definition*

One limitation of the sampling strategy is that it does not allow the inclusion of countries who have not experienced a currency crisis. However the inclusion of these country years is not without its own problems. For those country years to be included they would have to receive values for the political change variables. Yet as political change is unobserved when there is no currency crisis, this would necessitate choosing values for those country years where there has yet to be a currency crisis. Whilst it may seem intuitive to simply set these to zeros, this is problematic as countries who experienced no political change during a currency crisis would then be considered the same as those who have not experienced a currency crisis.<sup>21</sup> Thus in order to ensure observations remain comparable, countries who have not experienced a currency crisis are not included in the sample.<sup>22</sup> However I conduct a series of robustness tests to ensure that this sample definition does not drive the results.

A second limitation of this approach is that the political consequences of a currency crisis may occur after the crisis period itself. That is a government may lose political power two years after the crisis ends, which would not have occurred if there were no crisis. However this limitation of the sample would make the tests more conservative if the implications of the theory were true. This is because cases where the government lost power after the currency crisis, and subsequent governments engaged in insurance through reserves, would be coded as not having political change. Thus there would be a greater proportion of those classed as having no change engaging in reserve accumulation, resulting in similar reserve levels when comparing those countries who are classed

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<sup>21</sup>As noted in the robustness section, using this approach instead does not change the inferences of the main results.

<sup>22</sup>Other work looking at learning from political change in other countries does not have this same limitation (Author, 2014).

as experiencing political change to those who didn't. Therefore whilst it would be preferred to correctly classify these cases, this approach minimises incorrect classifications in the other direction (i.e. countries where political turnover after currency crises was not the result of the crisis itself), whilst also providing a more conservative test of the implications of the theory.

Table 9 illustrates this for two hypothetical countries, one that experiences just one currency crisis and the other that experiences two currency crises.

Table 9: An Example Sample

Country	Year	Crisis	Pol. $\Delta$	$\Delta Pol_{crisis}$	In Sample?
1	1970	0	1	.	F
1	1971	1	2	.	F
1	1972	1	0	.	F
1	1973	0	1	1	T
1	1974	0	0	1	T
2	1970	0	0	.	F
2	1971	1	2	.	F
2	1972	0	1	1	T
2	1973	1	0	1	T
2	1974	0	0	0	T

### *Robustness Tests*

First, I examine the extent to which the effect of political change during currency crises changes as the past currency crisis becomes further in the past. This is important as we could expect the political lessons of a crisis that occurred twenty years ago to be far less informative to a government than one that occurred two years ago. To account for this I include an interaction effect between the political change variables and the amount of years since the last currency crisis.<sup>23</sup> In doing so the effect of political change during

<sup>23</sup>Table 11 in the appendix.

previous currency crises changes as the time since the crisis ended increases.<sup>24</sup> Over time the effect of political change becomes weaker, and is no longer statistically significant after approximately seven years. However this interaction itself is not statistically significant due to the confidence intervals at all time periods overlapping. Thus the results of the main statistical analysis are robust to accounting for the time since the currency crisis occurred.

Second, the main estimation focuses on governments' only learning from the most recent currency crisis. However it is plausible that governments' base their decisions on the whole history of political outcomes of currency crises. Therefore I construct variables which are cumulative means of the political change variables over the entire time frame of the sample.<sup>25</sup> The inferences of the main results remain the same.<sup>26</sup> The only models that are not robust are those that condition the effect of political change upon the real interest rate differential. In this case the coefficients on the constitutive term of the real interest rate differential change sign.

Third, another potential non-political mechanism for the results observed may be related to undervalued exchange rates. It is possible that after currency crises governments' seek to improve their country's export performance by using an undervalued exchange rate. In this way they would be able to reduce their likelihood of currency crises as well as increase reserve levels, in a way that is not driven by the political reasoning outlined in this paper. Whilst this is to some extent already accounted for with the inclusion of a country's trade balance in the main models, as a robustness check I include a variable

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<sup>24</sup>Figure 11 in the appendix

<sup>25</sup>These are weighted means in the case of the variables weighted by political similarity, following the same approach as before. Models that rely on other information from the currency crisis, e.g. reserves spent, are not estimated for this robustness test.

<sup>26</sup>Tables 12 - 14 in the appendix.

measuring the degree to which a country's exchange rate is undervalued. This variable is constructed using the methodology suggested by Rodrik (2008), using data from the Penn World Tables (Heston, Summers, and Aten, 2012). In doing so the results remain robust in terms of the sign of the coefficients.<sup>27</sup> However this is not the case for the models for the real interest rate differential. In this case the sign of the coefficient for the constitutive term of the real interest rate differential changes in the estimations including the weighted political change variables, and the unweighted executive change variable also changes sign.

Fourth, I examine the robustness of the results to the use of an alternative dependent variable. For the main results I use a dependent variable which is the ratio of reserves to months of imports, due to the effectiveness of reserves being tied to the amount of imports they are able to cover. However as it is a ratio, it is possible for this variable to increase due to declines in imports whilst reserve levels remain unchanged. This can be problematic as currency crises are often associated with shocks to trade. Therefore I perform a robustness test using the natural logarithm of the value of reserves (excluding gold) in current US Dollars from the World Development Indicators (World Bank, 2013) as the dependent variable.<sup>28</sup> The effects of variables remain in the expected direction. However for two classes of model the results are not robust. First, in the models looking at the efficacy of reserve sales during the previous crisis the marginal effects for unweighted change in executive is in the opposite direction to the main results. Furthermore whilst the weighted change in executive marginal effect remains in the expected direction, it is substantively very weak. Second are the models for the real interest rate

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<sup>27</sup>Tables 15 - 20 in the appendix. Note that these estimations exclude the United States as exchange rates are relative to the US Dollar.

<sup>28</sup>Tables 21 - 26 in the appendix.

differential. In this case the sign of the coefficient for the constitutive term of the real interest rate differential changes in the estimations including the weighted political change variables, and the unweighted political change variables also changes sign.

Fifth, I examine possible unit heterogeneity in the form of countries within different regions typically implementing different reserve policies. Edison (2003) notes how countries in South-East Asia following the 1997 crisis have typically held high levels of reserves. South America also had a famous financial crisis in the 1980s as well, which may also have subsequently affected governments reserve accumulation policies. To assess the sensitivity of the results to these concerns, I include region fixed effects into the estimation. Country fixed effects are removed in this estimation, as regional fixed effects are a linear combination of country fixed effects. In this case there are problems with robustness for four out of the six hypotheses.<sup>29</sup> For the effect of political change conditional upon the number of other currency crises occurring at the same time as the previous currency crisis, the multiplicative term for the weighted change in effective executive model changes sign. For the effect of political change conditional upon the severity of the previous crisis, the constitutive term for change in GDP and the multiplicative term change sign for the unweighted versions of the political change variable. For the models regarding the efficacy of previous reserves sales, the marginal effect is in the opposite direction for the unweighted major cabinet change and effective executive variables, and is flat for the weighted change in effective executive variable. Finally for the models regarding the conditional effect of central bank independence, the constitutive term for central bank independence changes sign in the unweighted models.

Sixth, as the statistical analysis focuses on governments learning from previous cur-

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<sup>29</sup>Tables 27 - 32 in the appendix

rency crises occurring within their country there may be issues of sample selection. I attempt to account for this issue in two distinct ways. First, I run Heckman selection models.<sup>30</sup> The selection stage comprises of an outcome variable, which is whether for a given country year there has ever been a currency crisis. As predictors of this I include the natural logarithm of GDP per capita, GDP growth, capital account openness, the trade balance, whether a country has a currency peg or not and a cubic polynomial of time. The results remain robust to this operationalisation, apart from two of the models regarding the real interest rate differential. In those models the constitutive term for the real interest rate differential changes sign when using the unweighted political change variables. Second, I replace missing values generated by the crisis sampling in order to run a comparable analysis on the full sample. For the unweighted political change variables, I set the missing values to 0.5 which is the point between experiencing (1) and not experiencing political change (0).<sup>31</sup> I then conduct another robustness test but this time set all the missing values for political change to zero.<sup>32</sup> Missing values for whether a country is experiencing a currency and whether the IMF was involved in the previous currency crisis are also set to zero in all models. For these imputation models I do not replicate the estimations related to hypotheses 2 - 4, as they rely upon features of the previous currency crisis. In doing so the results remain robust for the unconditional effect of political change. The results are not robust for the effect conditional upon the real interest rate differential, where the constitutive term for the real interest rate differential changes sign in all models. In addition the results for central bank independence are

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<sup>30</sup>Tables 33 - 38 in the appendix.

<sup>31</sup>Tables 39 - 41 in the appendix. This approach is not done for the political change variables weighted by political similarity, as any positive value would have the interpretation of a political change occurring previously in a non-identical political system.

<sup>32</sup>Tables 42 - 44 in the appendix. This approach is calculated for both unweighted and weighted political change variables.



not robust to setting missing values to zero, as the multiplicative term of the interaction changes sign.

Seventh, I use a variable measuring annual changes in a country's exchange rate as a control variable instead of whether a country is currently experiencing a currency crisis. This allows for greater variation in a country's economic situation, and weakens the cut-off based definition used by Reinhart and Rogoff (2009).<sup>33</sup> All models apart from those focused on the real interest rate differential are robust to this robustness test. In that case the multiplicative term for the interaction effect changes sign for the unweighted change in effective executive.

Eighth, I assess whether the effect of political change is sensitive to extending the window defining whether the previous currency crisis resulted in political change. As noted in the data section, by looking at political change during the time period where the currency crisis was ongoing this misses cases where political change occurred after the crisis that would not have occurred if the crisis did not happen. Therefore I allow political change that occurred in a two year period after the previous currency crisis to be coded as a political change occurring as a result of the crisis.<sup>34</sup> In doing so the direction of the effect of political change remains positive, however its substantive size decreases and is no longer statistically significant at conventional levels. However this is likely due to increasing false positives on the political change variable. By extending the window outside of the crisis period, the variable now also includes cases where there was political change in this period but not related to the currency crisis. Thus we attribute learning to these cases, even though governments would learn that the crisis was not politically costly and thus not accumulate reserves. Therefore these false pos-

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<sup>33</sup>Tables 45 - 50 in the appendix.

<sup>34</sup>Table 51 in the appendix.

itives should move the coefficient towards zero or even negative. Even so the fact that the association remains in the same direction does not completely invalidate the results of the paper.

The ninth robustness test deals with the issue of variation in the lengths of currency crises. Whilst the majority of currency crises last five years or less, some go on for longer periods of time. To ensure that the length of the currency crises isn't confounding the association between political change and reserve accumulation, I conduct two robustness tests. First I estimate the models on a subsample of countries, excluding cases where the previous currency crisis lasted longer than 5 years.<sup>35</sup> Second I include the length of the previous currency crisis in the model to control for this factor.<sup>36</sup> For both cases the direction of the unconditional effect is robust, and is always statistically significant at conventional levels for the effect of political change when weighted by political similarity. In contrast for the unweighted variable the effect is close to conventional levels of statistical significance when measured as change in effective executive, yet is not the case for major cabinet changes. All other models are robust in the direction of the coefficients, apart from those related to the real interest rate differential and central bank independence. In the case of the real interest rate differential, there are a number of sign changes in the coefficients for both controlling and subsampling to deal with the length of the previous crisis. In the case of central bank independence, the multiplicative interaction term changes sign for unweighted change in effective executive when controlling for the length of the crisis. For subsampling to deal with the length of the previous currency crisis all multiplicative interaction terms change sign, other than those related to the weighted major cabinet changes variable.

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<sup>35</sup>Tables 52 - 57 in the appendix.

<sup>36</sup>Tables 58 - 63 in the appendix.

The tenth and final robustness test is the use of an Error Correction Model specification, the results of which are displayed in table 64.<sup>37</sup> The Error Correction Model finds a statistically significant effect for the difference (contemporaneous effect) in political change, and an effect in the expected (positive) direction for the lagged value (compounding effect) however this is not statistically significant at conventional levels for 3 of the 4 models.

Table 10: Definition of Regions

<b>Region</b>	<b>Correlates of War Codes</b>
North and Middle America	2 - 99
South America	100 - 199
West and Central Europe	200 - 325
East and Southern Europe	338 - 373
Central Africa	400 - 499
Southern Africa	500 - 599
Northern Africa	600 - 699
Asia	700 - 850
Australasia	851 - 990

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<sup>37</sup>This is only estimated for the models where there are no interaction terms. Current research suggests that there are potential problems with the use of interaction terms in dynamic models including the Error Correction Model (Warner, 2015). However as the research behind this problem is work in progress it is not clear how the effectively deal with the problem, and so these models are omitted.

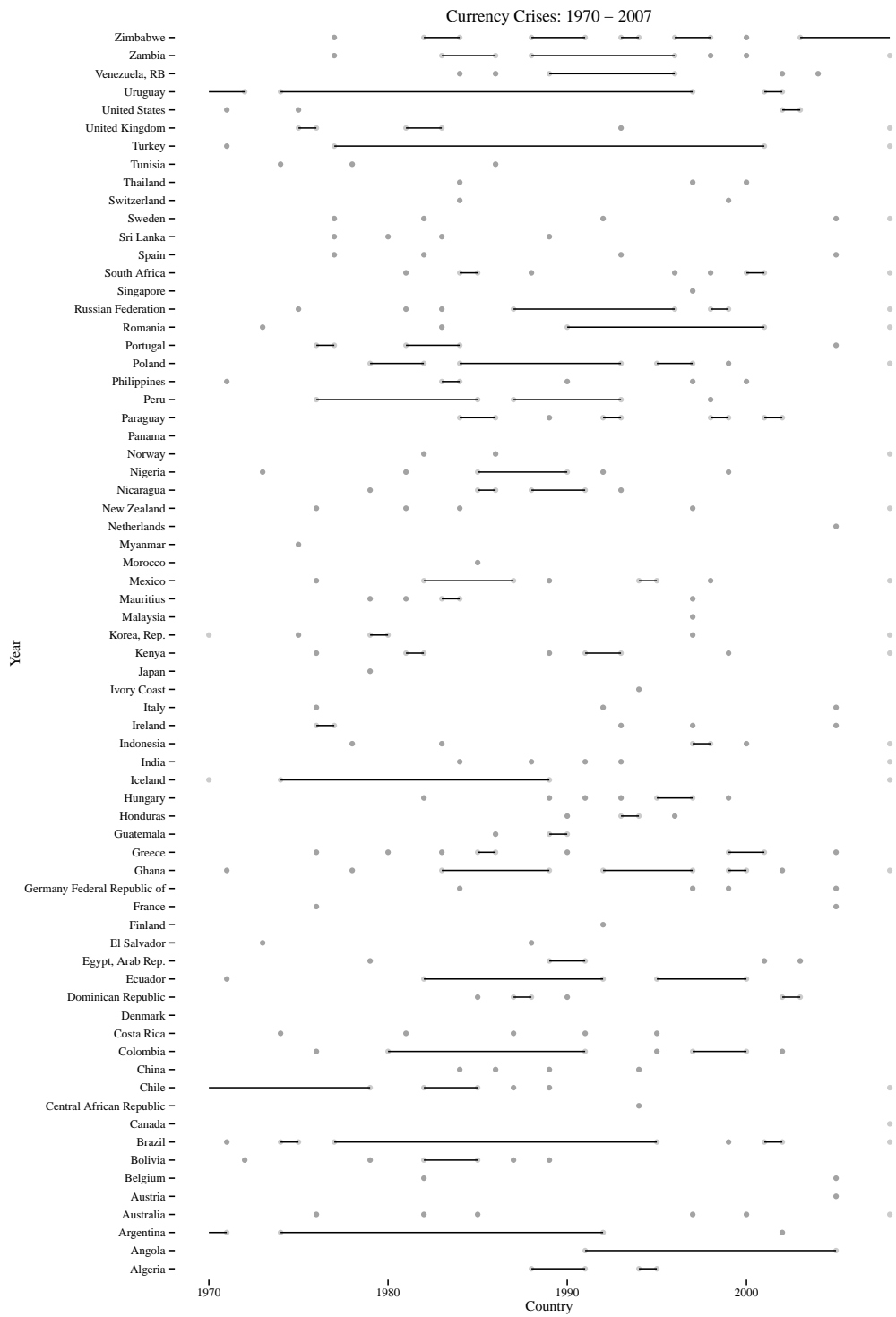


Figure 7: Crisis episodes for all countries included in the sample, data from Reinhart and Rogoff (2009)

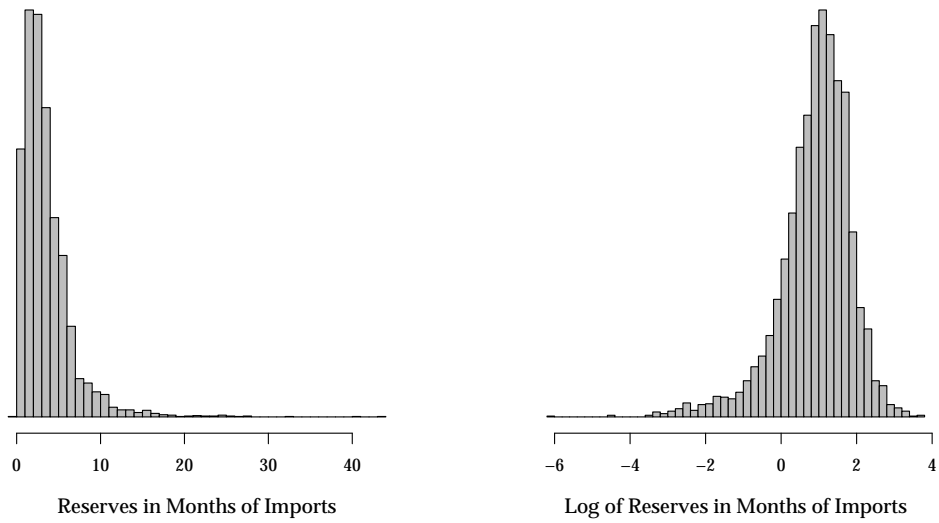


Figure 8: Histograms displaying that the variable measuring reserves in months of imports has a heavy positive skew. Transformation using the natural logarithm results in a variable that is closer to being distributed normally.

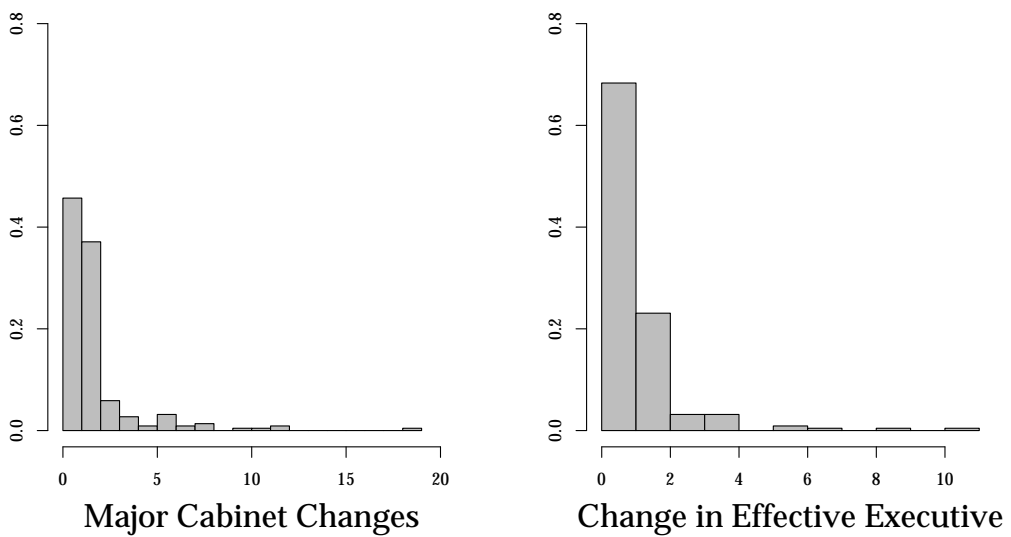


Figure 9: Histograms for the variables measuring political change during previous currency crises.

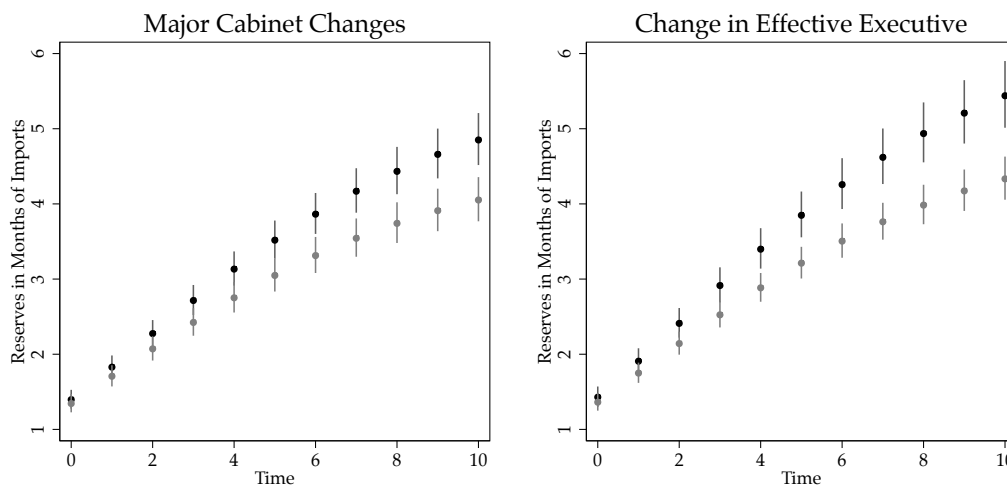


Figure 10: The long-run effect of political change during past currency crises upon reserve accumulation. Points indicate predicted values of the level of reserves, lines indicate 95% confidence intervals. Black indicates the scenario where there was political change during the previous crisis, grey where there was no such political change.

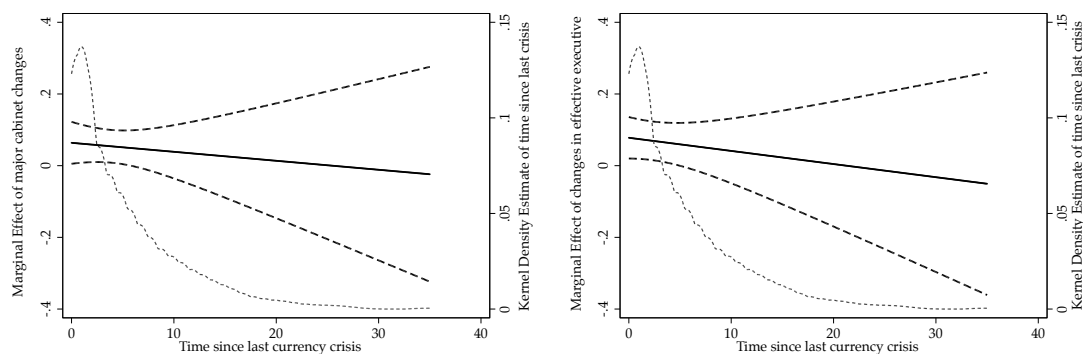


Figure 11: The effect of political change during previous currency crises, conditional upon time since the last crisis. The larger dashed lines indicate 95% confidence intervals, and the dashed density shows the distribution of the amount of time since the last currency crisis in the sample.

Table 11: Interaction Effects of Time Since Last Currency Crisis and Political Change upon Reserve Accumulation

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.810*** (0.039)	0.809*** (0.039)	0.810*** (0.039)	0.807*** (0.040)
Major Cabinet Change	0.055* (0.031)	0.064** (0.029)		
Change in Effective Executive			0.065** (0.026)	0.078*** (0.029)
Time Since Last Currency Crisis	0.001 (0.003)	0.002 (0.003)	0.001 (0.003)	0.001 (0.003)
Major Cab. Changes × Time	-0.001 (0.004)	-0.003 (0.005)		
Change in Eff. Exec × Time			-0.003 (0.004)	-0.004 (0.005)
Polity 2 Score	0.006* (0.003)	0.005* (0.003)	0.006** (0.003)	0.005* (0.003)
IMF Program During Previous Crisis	-0.016 (0.029)	-0.017 (0.030)	-0.021 (0.032)	-0.021 (0.032)
Imports (% GDP)	-0.002 (0.002)	-0.003 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Central Bank Independence	0.018 (0.015)	0.016 (0.015)	0.019 (0.015)	0.016 (0.015)
Presidential System	0.093 (0.065)	0.095 (0.064)	0.104 (0.065)	0.108* (0.063)
GDP per capita (natural log)	-0.119* (0.065)	-0.112* (0.066)	-0.116* (0.065)	-0.110 (0.066)
GDP growth	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.337 (0.224)	0.374* (0.224)	0.352 (0.217)	0.375* (0.221)
Capital Account Openness	-0.015 (0.013)	-0.014 (0.013)	-0.014 (0.012)	-0.013 (0.013)
Currency Peg	0.032 (0.036)	0.029 (0.036)	0.031 (0.036)	0.032 (0.036)
Currency Crisis	-0.124*** (0.031)	-0.129*** (0.030)	-0.127*** (0.031)	-0.129*** (0.030)
Time Trend	-0.000 (0.006)	-0.001 (0.006)	-0.001 (0.006)	-0.001 (0.006)
Constant	-4.518 (3.920)	-5.162 (3.934)	-4.773 (3.822)	-5.180 (3.892)
Observations	1479	1477	1479	1477
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses  
\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$  55

Table 12: The Effect of Average Political Change Over All Previous Currency Crises upon Reserve Accumulation

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.811*** (0.039)	0.812*** (0.039)	0.811*** (0.039)	0.808*** (0.040)
Major Cabinet Changes	0.105 (0.072)	0.115** (0.051)		
Change in Effective Executive			0.111* (0.062)	0.134** (0.066)
Polity 2 Score	0.006** (0.003)	0.006** (0.003)	0.006** (0.003)	0.006** (0.003)
IMF Program During Previous Crisis	-0.010 (0.029)	-0.006 (0.030)	-0.021 (0.032)	-0.015 (0.032)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Central Bank Independence	0.019 (0.014)	0.019 (0.014)	0.019 (0.014)	0.018 (0.014)
Presidential System	0.095 (0.064)	0.092 (0.061)	0.099 (0.063)	0.102 (0.061)
GDP per capita (natural log)	-0.106* (0.060)	-0.103* (0.060)	-0.105* (0.060)	-0.102* (0.060)
GDP growth	-0.007* (0.004)	-0.008* (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.375 (0.228)	0.423* (0.222)	0.388* (0.220)	0.409* (0.219)
Capital Account Openness	-0.013 (0.012)	-0.013 (0.012)	-0.013 (0.012)	-0.014 (0.012)
Currency Peg	0.028 (0.035)	0.027 (0.035)	0.028 (0.035)	0.033 (0.035)
Currency Crisis	-0.123*** (0.029)	-0.125*** (0.029)	-0.124*** (0.029)	-0.124*** (0.029)
Time Trend	-0.002 (0.006)	-0.002 (0.006)	-0.002 (0.006)	-0.002 (0.006)
Constant	-5.251 (3.974)	-6.043 (3.885)	-5.429 (3.851)	-5.798 (3.847)
Observations	1497	1497	1497	1497
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



Table 13: The Effect of Average Political Change Over All Previous Currency Crises upon Reserve Accumulation

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.786*** (0.047)	0.784*** (0.047)	0.783*** (0.047)	0.780*** (0.048)
Major Cabinet Change	0.009 (0.091)	0.033 (0.061)		
Change in Effective Executive			0.069 (0.074)	0.002 (0.078)
Real Interest Rate Differential	0.040 (0.119)	-0.060 (0.041)	0.029 (0.138)	-0.023 (0.043)
Major Cabinet Change × IR Differential	-0.179 (0.145)	-0.428 (0.342)		
Change in Effective Executive × IR Differential			-0.171 (0.166)	-0.992** (0.394)
Polity 2 Score	0.006 (0.003)	0.007* (0.004)	0.006* (0.003)	0.006* (0.003)
IMF Program During Previous Crisis	-0.012 (0.030)	-0.010 (0.030)	-0.018 (0.031)	-0.008 (0.031)
Imports (% GDP)	-0.003 (0.002)	-0.004* (0.002)	-0.003* (0.002)	-0.004* (0.002)
Trade Balance (Exports - Imports % GDP)	0.013*** (0.004)	0.013*** (0.004)	0.013*** (0.004)	0.013*** (0.004)
Central Bank Independence	0.003 (0.016)	0.003 (0.016)	0.005 (0.016)	0.007 (0.016)
Presidential System	0.118* (0.063)	0.108* (0.061)	0.121* (0.061)	0.102 (0.061)
GDP per capita (natural log)	-0.097 (0.069)	-0.093 (0.068)	-0.092 (0.068)	-0.081 (0.068)
GDP growth	-0.008* (0.004)	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.390 (0.264)	0.410 (0.263)	0.393 (0.257)	0.403 (0.257)
Capital Account Openness	-0.018 (0.014)	-0.016 (0.015)	-0.019 (0.014)	-0.019 (0.014)
Currency Peg	0.028 (0.040)	0.031 (0.040)	0.029 (0.040)	0.038 (0.041)
Currency Crisis	-0.132*** (0.032)	-0.132*** (0.032)	-0.131*** (0.031)	-0.133*** (0.032)
Time Trend	-0.001 (0.006)	-0.000 (0.006)	-0.001 (0.006)	-0.000 (0.006)
Constant	-5.482 (4.550)	-5.877 (4.547)	-5.575 (4.465)	-5.829 (4.465)
Observations	1259	1259	1259	1259
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses  
 \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 14: The Effect of Average Political Change Over All Previous Currency Crises upon Reserve Accumulation

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.812*** (0.039)	0.810*** (0.039)	0.811*** (0.039)	0.808*** (0.040)
Major Cabinet Change	0.065 (0.071)	0.033 (0.066)		
Change in Effective Executive			0.092 (0.063)	0.085 (0.084)
Central Bank Independence	0.053** (0.024)	0.050*** (0.018)	0.027 (0.019)	0.028 (0.017)
Major Cabinet Change × CBI	-0.056 (0.037)	-0.098* (0.049)		
Change in Effective Executive × CBI			-0.021 (0.039)	-0.048 (0.064)
Polity 2 Score	0.006** (0.003)	0.006** (0.003)	0.006** (0.003)	0.006** (0.003)
IMF Program During Previous Crisis	-0.007 (0.029)	-0.002 (0.031)	-0.019 (0.031)	-0.013 (0.032)
Imports (% GDP)	-0.002 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Presidential System	0.096 (0.064)	0.094 (0.062)	0.098 (0.064)	0.100 (0.062)
GDP per capita (natural log)	-0.103* (0.060)	-0.095 (0.060)	-0.105* (0.060)	-0.101* (0.060)
GDP growth	-0.008* (0.004)	-0.008** (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.385* (0.223)	0.453** (0.214)	0.392* (0.220)	0.418* (0.219)
Capital Account Openness	-0.013 (0.012)	-0.014 (0.012)	-0.013 (0.012)	-0.013 (0.012)
Currency Peg	0.026 (0.035)	0.028 (0.034)	0.028 (0.035)	0.033 (0.035)
Currency Crisis	-0.123*** (0.029)	-0.123*** (0.029)	-0.124*** (0.029)	-0.124*** (0.029)
Time Trend	-0.002 (0.006)	-0.003 (0.006)	-0.002 (0.006)	-0.002 (0.006)
Constant	-5.406 (3.897)	-6.561* (3.754)	-5.488 (3.857)	-5.949 (3.844)
Observations	1497	1497	1497	1497
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 15: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling for Whether the Current Exchange Rate Is Undervalued

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.809*** (0.040)	0.808*** (0.041)	0.810*** (0.041)	0.806*** (0.042)
Major Cabinet Change	0.050* (0.028)	0.057** (0.023)		
Change in Effective Executive			0.058** (0.026)	0.070** (0.028)
Undervalued Exchange Rate	-0.028 (0.052)	-0.041 (0.052)	-0.035 (0.055)	-0.045 (0.055)
Polity 2 Score	0.006* (0.003)	0.005* (0.003)	0.005* (0.003)	0.005 (0.003)
IMF Program During Previous Crisis	-0.015 (0.030)	-0.013 (0.030)	-0.021 (0.032)	-0.018 (0.032)
Imports (% GDP)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Central Bank Independence	0.019 (0.015)	0.017 (0.015)	0.019 (0.015)	0.016 (0.015)
Presidential System	0.094 (0.066)	0.097 (0.067)	0.105 (0.066)	0.111* (0.066)
GDP per capita (natural log)	-0.130** (0.065)	-0.126* (0.066)	-0.130* (0.066)	-0.127* (0.067)
GDP growth	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.354 (0.232)	0.403* (0.233)	0.362 (0.226)	0.396* (0.228)
Capital Account Openness	-0.017 (0.013)	-0.016 (0.013)	-0.017 (0.012)	-0.016 (0.013)
Currency Peg	0.033 (0.037)	0.029 (0.037)	0.031 (0.036)	0.032 (0.036)
Currency Crisis	-0.124*** (0.030)	-0.128*** (0.030)	-0.125*** (0.030)	-0.128*** (0.030)
Time Trend	0.000 (0.006)	-0.001 (0.006)	0.000 (0.006)	-0.001 (0.006)
Constant	-4.709 (4.026)	-5.523 (4.043)	-4.837 (3.922)	-5.401 (3.975)
Observations	1447	1445	1447	1445
Country Fixed Effects	✓	✓	✓	✓

Standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 16: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling for Whether the Current Exchange Rate Is Undervalued

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.809*** (0.038)	0.808*** (0.039)	0.811*** (0.039)	0.807*** (0.040)
Major Cabinet Changes	0.021 (0.043)	0.041 (0.038)		
Change in Effective Executive			0.036 (0.042)	0.065 (0.045)
# Currency Crises in Region During Prev. Crisis	-0.014 (0.014)	-0.010 (0.012)	-0.010 (0.011)	-0.009 (0.011)
Major Cabinet Changes × # Crises in Region	0.013 (0.012)	0.007 (0.010)		
Change in Effective Executive × # Crises in Region			0.009 (0.011)	0.003 (0.010)
Undervalued Exchange Rate	-0.029 (0.054)	-0.039 (0.053)	-0.033 (0.056)	-0.043 (0.056)
Polity 2 Score	0.005* (0.003)	0.005* (0.003)	0.006** (0.003)	0.005* (0.003)
IMF Program During Previous Crisis	-0.016 (0.030)	-0.013 (0.030)	-0.025 (0.032)	-0.019 (0.032)
Imports (% GDP)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Central Bank Independence	0.018 (0.015)	0.017 (0.015)	0.019 (0.015)	0.016 (0.015)
Presidential System	0.097 (0.067)	0.101 (0.067)	0.107 (0.067)	0.114* (0.066)
GDP per capita (natural log)	-0.132** (0.065)	-0.126* (0.066)	-0.131* (0.065)	-0.127* (0.066)
GDP growth	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.338 (0.235)	0.394 (0.236)	0.343 (0.231)	0.387 (0.234)
Capital Account Openness	-0.016 (0.013)	-0.014 (0.013)	-0.016 (0.013)	-0.015 (0.013)
Currency Peg	0.029 (0.036)	0.027 (0.035)	0.028 (0.035)	0.031 (0.035)
Currency Crisis	-0.122*** (0.029)	-0.126*** (0.029)	-0.123*** (0.029)	-0.127*** (0.029)
Time Trend	0.000 (0.006)	-0.001 (0.006)	0.000 (0.006)	-0.001 (0.006)
Constant	-4.416 (4.099)	-5.382 (4.120)	-4.523 (4.039)	-5.254 (4.084)
Observations	60 1479	1477	1479	1477
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 17: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling for Whether the Current Exchange Rate Is Undervalued

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.796*** (0.041)	0.794*** (0.041)	0.809*** (0.040)	0.806*** (0.040)
Major Cabinet Change	0.040 (0.029)	0.053** (0.026)		
GDP Change During Previous Crisis	-0.126 (0.152)	-0.091 (0.089)	-0.029 (0.105)	-0.052 (0.088)
Major Cabinet Changes × GDP Change During Prev. Crisis	0.236 (0.156)	0.344*** (0.116)		
Change in Effective Executive			0.038 (0.026)	0.051* (0.028)
Change in Effective Executive × GDP Change During Prev. Crisis			0.057 (0.117)	0.212 (0.156)
Undervalued Exchange Rate	-0.046 (0.051)	-0.055 (0.052)	-0.040 (0.056)	-0.045 (0.056)
Polity 2 Score	0.004 (0.003)	0.003 (0.003)	0.005 (0.003)	0.004 (0.003)
IMF Program During Previous Crisis	0.002 (0.028)	0.004 (0.027)	-0.017 (0.033)	-0.016 (0.032)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.016*** (0.004)
Central Bank Independence	0.000 (0.014)	-0.002 (0.014)	0.010 (0.014)	0.008 (0.014)
Presidential System	0.066 (0.056)	0.087 (0.057)	0.101 (0.066)	0.117* (0.065)
GDP per capita (natural log)	-0.148** (0.069)	-0.151** (0.069)	-0.129* (0.070)	-0.129* (0.070)
GDP growth	-0.007 (0.004)	-0.007 (0.004)	-0.008* (0.004)	-0.008* (0.004)
Population (natural log)	0.496* (0.255)	0.502** (0.248)	0.473* (0.242)	0.482* (0.242)
Capital Account Openness	-0.018 (0.013)	-0.019 (0.013)	-0.018 (0.012)	-0.018 (0.013)
Currency Peg	0.050 (0.037)	0.051 (0.036)	0.031 (0.036)	0.036 (0.036)
Currency Crisis	-0.118*** (0.030)	-0.126*** (0.030)	-0.122*** (0.030)	-0.126*** (0.030)
Time Trend	-0.001 (0.007)	-0.001 (0.006)	-0.002 (0.006)	-0.002 (0.006)
Constant	-6.885 (4.435)	-6.979 (4.333)	-6.658 (4.241)	-6.819 (4.227)
Observations	61			
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 18: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling for Whether the Current Exchange Rate Is Undervalued

	(1)	(2)	(3)	(4)
	Unweighted	Unweighted	Weighted	Weighted
Lag of Log Reserves	0.809*** (0.033)	0.813*** (0.035)	0.805*** (0.035)	0.814*** (0.035)
Major Cabinet Change	0.022 (0.067)		0.064 (0.054)	
Change in Effective Executive		-0.043 (0.052)		0.026 (0.057)
Reserves Spent During Previous Crisis	0.305*** (0.105)	0.207** (0.081)	0.234*** (0.067)	0.168*** (0.059)
Pre-Crisis Reserves	-0.033 (0.040)	-0.017 (0.030)	-0.022 (0.033)	-0.011 (0.029)
Major Cabinet Change × Reserves Spent	-0.233* (0.117)		-0.157** (0.073)	
Change in Eff. Exec. × Reserves Spent		-0.116 (0.085)		-0.116 (0.086)
Major Cabinet Change × Pre-Crisis Reserves	0.056 (0.049)		0.030 (0.039)	
Change in Eff. Exec. × Pre-Crisis Reserves		0.075** (0.034)		0.034 (0.040)
Reserves Spent × Pre-Crisis Reserves	-0.209** (0.097)	-0.084* (0.042)	-0.225*** (0.070)	-0.101** (0.042)
Major Cabinet Change × Reserves Spent × Pre-Crisis Reserves	0.167 (0.102)		0.194*** (0.071)	
Change in Eff. Exec. × Reserves Spent × Pre-Crisis Reserves		0.010 (0.056)		0.089 (0.069)
Undervalued Exchange Rate	-0.030 (0.061)	-0.036 (0.069)	-0.030 (0.062)	-0.027 (0.068)
Polity 2 Score	0.006 (0.004)	0.006 (0.004)	0.006 (0.004)	0.006 (0.004)
IMF Program During Previous Crisis	-0.033 (0.027)	-0.027 (0.028)	-0.020 (0.028)	-0.027 (0.031)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.016*** (0.005)	0.016*** (0.004)	0.016*** (0.005)	0.017*** (0.004)
Central Bank Independence	0.018 (0.015)	0.018 (0.015)	0.020 (0.016)	0.016 (0.015)
Presidential System	0.102 (0.066)	0.102 (0.069)	0.124* (0.067)	0.114* (0.066)
GDP per capita (natural log)	-0.171** (0.074)	-0.172** (0.081)	-0.167** (0.078)	-0.165** (0.082)
GDP growth	-0.008** (0.004)	-0.009** (0.004)	-0.008** (0.004)	-0.009** (0.004)
Population (natural log)	0.314 (0.266)	0.332 (0.259)	0.340 (0.267)	0.308 (0.261)
Capital Account Openness	-0.008 (0.016)	-0.009 (0.015)	-0.008 (0.015)	-0.010 (0.015)
Currency Peg	0.002 (0.041)	0.001 (0.042)	0.022 (0.041)	0.018 (0.041)
Currency Crisis	-0.134*** (0.032)	-0.141*** (0.033)	-0.142*** (0.031)	-0.141*** (0.032)
Time Trend	0.003 (0.007)	0.002 (0.007)	0.003 (0.007)	0.002 (0.007)
Constant	-4.517 (5.289)	-4.762 (5.179)	-5.106 (5.307)	-4.393 (5.248)
Observations	1352	1352	1352	1352
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 19: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling for Whether the Current Exchange Rate Is Undervalued

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.786*** (0.048)	0.786*** (0.048)	0.786*** (0.048)	0.782*** (0.049)
Major Cabinet Change	0.014 (0.037)	0.021 (0.024)		
Change in Effective Executive			0.041 (0.034)	0.037 (0.033)
Real Interest Rate Differential	-0.072 (0.237)	-0.005 (0.058)	-0.138 (0.275)	-0.019 (0.071)
Major Cabinet Change × IR Differential	-0.029 (0.247)	-0.236 (0.164)		
Change in Effective Executive × IR Differential			0.041 (0.278)	-0.209 (0.160)
Undervalued Exchange Rate	-0.011 (0.062)	-0.015 (0.062)	-0.014 (0.060)	-0.016 (0.064)
Polity 2 Score	0.006* (0.003)	0.005 (0.003)	0.006* (0.003)	0.005 (0.003)
IMF Program During Previous Crisis	-0.016 (0.031)	-0.009 (0.031)	-0.022 (0.031)	-0.014 (0.032)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.013*** (0.005)	0.013*** (0.005)	0.013*** (0.005)	0.013*** (0.005)
Central Bank Independence	0.002 (0.016)	0.002 (0.016)	0.003 (0.016)	0.003 (0.016)
Presidential System	0.122* (0.063)	0.115* (0.065)	0.126** (0.063)	0.126* (0.065)
GDP per capita (natural log)	-0.108 (0.077)	-0.107 (0.077)	-0.109 (0.077)	-0.103 (0.079)
GDP growth	-0.007 (0.004)	-0.007* (0.004)	-0.007 (0.004)	-0.007 (0.004)
Population (natural log)	0.379 (0.267)	0.405 (0.274)	0.382 (0.267)	0.400 (0.269)
Capital Account Openness	-0.019 (0.014)	-0.015 (0.015)	-0.019 (0.016)	-0.017 (0.014)
Currency Peg	0.032 (0.040)	0.028 (0.041)	0.029 (0.040)	0.029 (0.041)
Currency Crisis	-0.131*** (0.032)	-0.136*** (0.032)	-0.130*** (0.032)	-0.136*** (0.032)
Time Trend	0.000 (0.007)	-0.000 (0.007)	0.000 (0.006)	-0.000 (0.007)
Constant	-5.255 (4.602)	-5.670 (4.714)	-5.310 (4.602)	-5.604 (4.644)
Observations	63 1248	1246	1248	1246
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 20: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling for Whether the Current Exchange Rate Is Undervalued

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.811*** (0.040)	0.809*** (0.040)	0.812*** (0.040)	0.808*** (0.040)
Major Cabinet Change	0.042 (0.028)	0.039 (0.032)		
Central Bank Independence	0.026 (0.020)	0.026 (0.017)	0.018 (0.015)	0.017 (0.015)
Major Cabinet Change × CBI	-0.012 (0.025)	-0.022 (0.028)		
Change in Effective Executive			0.055* (0.029)	0.064 (0.039)
Change in Effective Executive × CBI			-0.002 (0.026)	-0.007 (0.035)
Undervalued Exchange Rate	-0.026 (0.053)	-0.038 (0.052)	-0.034 (0.056)	-0.044 (0.055)
Polity 2 Score	0.006* (0.003)	0.005* (0.003)	0.006* (0.003)	0.005* (0.003)
IMF Program During Previous Crisis	-0.012 (0.030)	-0.010 (0.031)	-0.020 (0.033)	-0.017 (0.032)
Imports (% GDP)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Presidential System	0.094 (0.066)	0.098 (0.066)	0.105 (0.066)	0.111* (0.066)
GDP per capita (natural log)	-0.128** (0.064)	-0.122* (0.065)	-0.130* (0.066)	-0.126* (0.066)
GDP growth	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.359 (0.231)	0.420* (0.231)	0.369 (0.225)	0.405* (0.227)
Capital Account Openness	-0.015 (0.013)	-0.014 (0.013)	-0.015 (0.013)	-0.014 (0.013)
Currency Peg	0.030 (0.036)	0.027 (0.036)	0.029 (0.035)	0.030 (0.035)
Currency Crisis	-0.124*** (0.030)	-0.127*** (0.029)	-0.125*** (0.030)	-0.127*** (0.029)
Time Trend	-0.001 (0.006)	-0.002 (0.006)	-0.000 (0.006)	-0.001 (0.006)
Constant	-4.812 (4.019)	-5.833 (4.018)	-4.963 (3.917)	-5.564 (3.962)
Observations	1479	1477	1479	1477
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses  
\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



Table 21: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation - Using the Total Value of Reserves

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.811*** (0.035)	0.812*** (0.036)	0.812*** (0.036)	0.811*** (0.036)
Major Cabinet Change	0.081** (0.035)	0.068** (0.030)		
Change in Effective Executive			0.073** (0.032)	0.068** (0.032)
Polity 2 Score	0.004 (0.004)	0.004 (0.004)	0.004 (0.004)	0.004 (0.004)
IMF Program During Previous Crisis	-0.005 (0.041)	-0.004 (0.041)	-0.014 (0.045)	-0.009 (0.044)
Imports (% GDP)	0.003 (0.003)	0.003 (0.003)	0.003 (0.003)	0.003 (0.003)
Trade Balance (Exports - Imports % GDP)	0.017*** (0.004)	0.017*** (0.004)	0.017*** (0.004)	0.017*** (0.004)
Central Bank Independence	0.014 (0.022)	0.012 (0.022)	0.014 (0.022)	0.011 (0.022)
Presidential System	0.011 (0.056)	0.015 (0.059)	0.024 (0.056)	0.026 (0.059)
GDP per capita (natural log)	0.071 (0.086)	0.079 (0.086)	0.076 (0.086)	0.082 (0.086)
GDP growth	0.011*** (0.004)	0.011*** (0.004)	0.011*** (0.004)	0.011*** (0.004)
Population (natural log)	0.595** (0.228)	0.634*** (0.229)	0.605*** (0.223)	0.631*** (0.227)
Capital Account Openness	-0.022 (0.014)	-0.020 (0.014)	-0.021 (0.013)	-0.020 (0.014)
Currency Peg	0.029 (0.036)	0.026 (0.035)	0.024 (0.036)	0.028 (0.035)
Currency Crisis	-0.166*** (0.033)	-0.171*** (0.033)	-0.168*** (0.034)	-0.170*** (0.034)
Time Trend	0.001 (0.005)	0.001 (0.005)	0.001 (0.005)	0.000 (0.005)
Constant	-6.602* (3.807)	-7.266* (3.827)	-6.788* (3.728)	-7.226* (3.805)
Observations	1547	1545	1547	1545
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 22: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation - Using the Total Value of Reserves

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.809*** (0.035)	0.809*** (0.036)	0.809*** (0.036)	0.809*** (0.036)
Major Cabinet Change	0.053 (0.059)	0.054 (0.049)		
# Currency Crises in Region During Prev. Crisis	-0.018 (0.015)	-0.015 (0.013)	-0.018 (0.012)	-0.016 (0.011)
Major Cabinet Changes × # Crises in Region	0.013 (0.016)	0.007 (0.013)		
Change in Effective Executive			0.034 (0.051)	0.046 (0.046)
Change in Effective Executive × # Crises in Region			0.017 (0.014)	0.011 (0.014)
Polity 2 Score	0.004 (0.004)	0.004 (0.004)	0.005 (0.004)	0.004 (0.004)
IMF Program During Previous Crisis	-0.007 (0.042)	-0.004 (0.042)	-0.022 (0.047)	-0.013 (0.045)
Imports (% GDP)	0.003 (0.003)	0.003 (0.003)	0.003 (0.003)	0.003 (0.003)
Trade Balance (Exports - Imports % GDP)	0.017*** (0.004)	0.017*** (0.004)	0.017*** (0.004)	0.017*** (0.004)
Central Bank Independence	0.015 (0.022)	0.014 (0.022)	0.015 (0.022)	0.013 (0.022)
Presidential System	0.015 (0.057)	0.019 (0.060)	0.028 (0.057)	0.031 (0.059)
GDP per capita (natural log)	0.070 (0.084)	0.079 (0.085)	0.074 (0.084)	0.081 (0.085)
GDP growth	0.011*** (0.004)	0.011*** (0.004)	0.011*** (0.004)	0.011*** (0.004)
Population (natural log)	0.568** (0.230)	0.618*** (0.230)	0.565** (0.225)	0.608** (0.229)
Capital Account Openness	-0.023 (0.015)	-0.021 (0.015)	-0.023 (0.014)	-0.021 (0.014)
Currency Peg	0.028 (0.036)	0.027 (0.035)	0.023 (0.035)	0.028 (0.035)
Currency Crisis	-0.164*** (0.033)	-0.169*** (0.033)	-0.165*** (0.033)	-0.168*** (0.033)
Time Trend	0.003 (0.005)	0.001 (0.005)	0.002 (0.005)	0.002 (0.005)
Constant	-6.078 (3.864)	-6.942* (3.849)	-6.049 (3.768)	-6.773* (3.843)
Observations	1547	1545	1547	1545
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 23: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation - Using the Total Value of Reserves

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.804*** (0.035)	0.805*** (0.035)	0.811*** (0.036)	0.810*** (0.036)
Major Cabinet Change	0.068* (0.036)	0.064** (0.031)		
Change in Effective Executive			0.051* (0.029)	0.044 (0.030)
GDP Change During Previous Crisis	-0.083 (0.221)	-0.047 (0.111)	-0.065 (0.102)	-0.081 (0.082)
Major Cabinet Changes × GDP Change During Prev. Crisis	0.189 (0.241)	0.288* (0.166)		
Change in Effective Executive × GDP Change During Prev. Crisis			0.092 (0.134)	0.282 (0.169)
Polity 2 Score	0.002 (0.004)	0.002 (0.004)	0.003 (0.004)	0.003 (0.004)
IMF Program During Previous Crisis	0.003 (0.040)	0.005 (0.039)	-0.014 (0.047)	-0.010 (0.046)
Imports (% GDP)	0.003 (0.003)	0.002 (0.003)	0.003 (0.003)	0.003 (0.003)
Trade Balance (Exports - Imports % GDP)	0.017*** (0.004)	0.017*** (0.004)	0.017*** (0.004)	0.018*** (0.004)
Central Bank Independence	-0.005 (0.021)	-0.007 (0.020)	0.005 (0.021)	0.002 (0.021)
Presidential System	-0.016 (0.049)	0.006 (0.057)	0.020 (0.057)	0.035 (0.064)
GDP per capita (natural log)	0.066 (0.090)	0.066 (0.088)	0.085 (0.089)	0.084 (0.087)
GDP growth	0.011*** (0.004)	0.011** (0.004)	0.010** (0.004)	0.010** (0.004)
Population (natural log)	0.716*** (0.238)	0.716*** (0.234)	0.726*** (0.228)	0.732*** (0.226)
Capital Account Openness	-0.023 (0.014)	-0.022 (0.013)	-0.023* (0.013)	-0.023* (0.013)
Currency Peg	0.042 (0.035)	0.042 (0.035)	0.026 (0.035)	0.032 (0.035)
Currency Crisis	-0.160*** (0.034)	-0.169*** (0.035)	-0.167*** (0.034)	-0.171*** (0.034)
Time Trend	0.001 (0.006)	0.001 (0.005)	-0.001 (0.005)	-0.000 (0.005)
Constant	-8.388** (3.970)	-8.389** (3.914)	-8.778** (3.800)	-8.874** (3.765)
Observations	1497	1497	1521	1521
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses 67

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 24: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation - Using the Total Value of Reserves

	(1)	(2)	(3)	(4)
	Unweighted	Unweighted	Weighted	Weighted
Lag of Log Reserves	0.810*** (0.029)	0.818*** (0.031)	0.809*** (0.032)	0.821*** (0.032)
Major Cabinet Change	0.045 (0.081)		0.124* (0.065)	
Change in Effective Executive		-0.073 (0.068)		0.002 (0.083)
Reserves Spent During Previous Crisis	0.401*** (0.110)	0.235** (0.099)	0.260*** (0.080)	0.179** (0.071)
Pre-Crisis Reserves	-0.029 (0.048)	-0.004 (0.034)	0.019 (0.042)	0.011 (0.035)
Major Cabinet Change × Reserves Spent	-0.315** (0.142)		-0.157* (0.090)	
Change in Eff. Exec. × Reserves Spent		-0.099 (0.112)		-0.056 (0.087)
Major Cabinet Change × Pre-Crisis Reserves	0.082 (0.065)		-0.009 (0.047)	
Change in Eff. Exec. × Pre-Crisis Reserves		0.123** (0.049)		0.061 (0.055)
Reserves Spent × Pre-Crisis Reserves	-0.271** (0.106)	-0.066 (0.051)	-0.204** (0.081)	-0.078* (0.046)
Major Cabinet Change × Reserves Spent × Pre-Crisis Reserves	0.259** (0.121)		0.195** (0.086)	
Change in Eff. Exec. × Reserves Spent × Pre-Crisis Reserves		-0.004 (0.074)		0.049 (0.064)
Polity 2 Score	0.005 (0.004)	0.006 (0.005)	0.006 (0.005)	0.006 (0.005)
IMF Program During Previous Crisis	-0.002 (0.031)	0.007 (0.033)	0.018 (0.033)	0.011 (0.037)
Imports (% GDP)	0.002 (0.003)	0.002 (0.002)	0.003 (0.003)	0.003 (0.003)
Trade Balance (Exports - Imports % GDP)	0.019*** (0.005)	0.020*** (0.005)	0.019*** (0.005)	0.020*** (0.005)
Central Bank Independence	0.019 (0.021)	0.018 (0.021)	0.020 (0.023)	0.016 (0.022)
Presidential System	0.040 (0.070)	0.043 (0.075)	0.057 (0.070)	0.053 (0.074)
GDP per capita (natural log)	0.063 (0.083)	0.054 (0.089)	0.066 (0.089)	0.056 (0.092)
GDP growth	0.010*** (0.004)	0.009** (0.004)	0.009** (0.004)	0.009** (0.004)
Population (natural log)	0.666** (0.283)	0.665** (0.279)	0.686** (0.283)	0.659** (0.286)
Capital Account Openness	-0.021 (0.016)	-0.021 (0.016)	-0.023 (0.016)	-0.023 (0.016)
Currency Peg	-0.006 (0.045)	-0.002 (0.047)	0.022 (0.043)	0.019 (0.045)
Currency Crisis	-0.171*** (0.035)	-0.181*** (0.037)	-0.183*** (0.035)	-0.181*** (0.036)
Time Trend	0.004 (0.007)	0.002 (0.007)	0.003 (0.007)	0.002 (0.007)
Constant	-9.161 (5.486)	-9.107* (5.427)	-9.601* (5.490)	-9.106 (5.567)
Observations	1363	1363	1363	1363
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 25: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation - Using the Total Value of Reserves

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.795*** (0.041)	0.793*** (0.041)	0.793*** (0.041)	0.789*** (0.041)
Major Cabinet Change	0.071* (0.042)	0.048 (0.032)		
Change in Effective Executive			0.082* (0.046)	0.063 (0.042)
Real Interest Rate Differential	-0.448 (0.283)	-0.061 (0.077)	-0.380 (0.340)	-0.094 (0.108)
Major Cabinet Change × IR Differential	0.320 (0.298)	-0.181 (0.175)		
Change in Effective Executive × IR Differential			0.261 (0.346)	-0.102 (0.209)
Polity 2 Score	0.005 (0.004)	0.005 (0.004)	0.005 (0.004)	0.005 (0.004)
IMF Program During Previous Crisis	-0.011 (0.042)	-0.001 (0.043)	-0.019 (0.044)	-0.010 (0.045)
Imports (% GDP)	0.001 (0.003)	0.002 (0.003)	0.002 (0.003)	0.002 (0.003)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.005)	0.015*** (0.005)	0.015*** (0.005)	0.015*** (0.005)
Central Bank Independence	0.000 (0.023)	-0.001 (0.022)	-0.000 (0.022)	-0.001 (0.023)
Presidential System	-0.011 (0.058)	-0.015 (0.064)	-0.005 (0.059)	-0.004 (0.065)
GDP per capita (natural log)	0.132 (0.101)	0.140 (0.101)	0.137 (0.102)	0.148 (0.102)
GDP growth	0.012*** (0.004)	0.012*** (0.003)	0.012*** (0.004)	0.012*** (0.004)
Population (natural log)	0.688*** (0.242)	0.687*** (0.242)	0.688*** (0.246)	0.684*** (0.239)
Capital Account Openness	-0.026* (0.015)	-0.023 (0.015)	-0.025 (0.015)	-0.025* (0.015)
Currency Peg	0.029 (0.043)	0.026 (0.042)	0.023 (0.042)	0.027 (0.042)
Currency Crisis	-0.176*** (0.038)	-0.182*** (0.038)	-0.174*** (0.038)	-0.181*** (0.038)
Time Trend	0.002 (0.005)	0.001 (0.005)	0.002 (0.005)	0.001 (0.005)
Constant	-8.226** (3.985)	-8.179** (3.991)	-8.220** (4.052)	-8.101** (3.948)
Observations	1298	1296	1298	1296
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 26: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation - Using the Total Value of Reserves

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.812*** (0.035)	0.812*** (0.036)	0.812*** (0.036)	0.811*** (0.036)
Major Cabinet Change	0.059* (0.035)	0.051 (0.040)		
Change in Effective Executive			0.068* (0.039)	0.065 (0.051)
Central Bank Independence	0.037 (0.031)	0.022 (0.028)	0.016 (0.022)	0.012 (0.023)
Major Cabinet Change × CBI	-0.032 (0.035)	-0.023 (0.044)		
Change in Effective Executive × CBI			-0.006 (0.036)	-0.005 (0.055)
Polity 2 Score	0.004 (0.004)	0.004 (0.004)	0.004 (0.004)	0.004 (0.004)
IMF Program During Previous Crisis	-0.000 (0.040)	-0.002 (0.041)	-0.013 (0.045)	-0.009 (0.044)
Imports (% GDP)	0.003 (0.003)	0.003 (0.003)	0.003 (0.003)	0.003 (0.003)
Trade Balance (Exports - Imports % GDP)	0.017*** (0.004)	0.017*** (0.004)	0.017*** (0.004)	0.017*** (0.004)
Presidential System	0.012 (0.057)	0.016 (0.060)	0.023 (0.057)	0.026 (0.059)
GDP per capita (natural log)	0.072 (0.086)	0.083 (0.085)	0.076 (0.086)	0.082 (0.086)
GDP growth	0.011*** (0.004)	0.011*** (0.004)	0.011*** (0.004)	0.011*** (0.004)
Population (natural log)	0.595** (0.225)	0.646*** (0.224)	0.606*** (0.223)	0.633*** (0.227)
Capital Account Openness	-0.021 (0.014)	-0.020 (0.014)	-0.021 (0.013)	-0.020 (0.013)
Currency Peg	0.026 (0.036)	0.025 (0.035)	0.024 (0.036)	0.028 (0.035)
Currency Crisis	-0.166*** (0.033)	-0.171*** (0.033)	-0.168*** (0.034)	-0.170*** (0.034)
Time Trend	0.001 (0.005)	0.000 (0.005)	0.001 (0.005)	0.000 (0.005)
Constant	-6.601* (3.756)	-7.483* (3.753)	-6.794* (3.734)	-7.256* (3.795)
Observations	1547	1545	1547	1545
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 27: Controlling for Regional Fixed Effects

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.891*** (0.027)	0.892*** (0.027)	0.891*** (0.027)	0.890*** (0.028)
Major Cabinet Change	0.043** (0.018)	0.044** (0.019)		
Change in Effective Executive			0.053*** (0.019)	0.058** (0.022)
Polity 2 Score	0.005*** (0.002)	0.005** (0.002)	0.005** (0.002)	0.005** (0.002)
IMF Program During Previous Crisis	0.014 (0.020)	0.018 (0.020)	0.009 (0.021)	0.015 (0.021)
Imports (% GDP)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)
Trade Balance (Exports - Imports % GDP)	0.009*** (0.002)	0.009*** (0.002)	0.009*** (0.002)	0.009*** (0.002)
Central Bank Independence	-0.003 (0.012)	-0.006 (0.012)	-0.000 (0.012)	-0.003 (0.012)
Presidential System	0.010 (0.030)	0.021 (0.030)	0.026 (0.029)	0.030 (0.030)
GDP per capita (natural log)	-0.044*** (0.012)	-0.042*** (0.012)	-0.041*** (0.012)	-0.040*** (0.012)
GDP growth	-0.010** (0.004)	-0.010** (0.004)	-0.010** (0.004)	-0.010** (0.004)
Population (natural log)	0.022*** (0.007)	0.021*** (0.007)	0.021*** (0.007)	0.020*** (0.007)
Capital Account Openness	-0.016** (0.007)	-0.016** (0.007)	-0.013** (0.007)	-0.013* (0.006)
Currency Peg	0.008 (0.022)	0.010 (0.021)	0.010 (0.021)	0.010 (0.021)
Currency Crisis	-0.095*** (0.025)	-0.097*** (0.025)	-0.099*** (0.025)	-0.099*** (0.025)
Time Trend	0.002 (0.001)	0.002 (0.001)	0.002 (0.001)	0.001 (0.001)
Observations	1479	1477	1479	1477
Region Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 28: Controlling for Regional Fixed Effects

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.888*** (0.027)	0.889*** (0.027)	0.888*** (0.027)	0.888*** (0.028)
Major Cabinet Change	0.013 (0.026)	0.034 (0.028)		
Change in Effective Executive			0.044* (0.026)	0.066** (0.029)
# Currency Crises in Region During Prev. Crisis	-0.019*** (0.007)	-0.013* (0.007)	-0.010 (0.006)	-0.009 (0.006)
Major Cabinet Changes × # Crises in Region	0.014** (0.006)	0.006 (0.007)		
Change in Effective Executive × # Crises in Region			0.003 (0.007)	-0.002 (0.006)
Polity 2 Score	0.005*** (0.002)	0.005** (0.002)	0.005** (0.002)	0.005** (0.002)
IMF Program During Previous Crisis	0.013 (0.020)	0.017 (0.020)	0.008 (0.021)	0.014 (0.021)
Imports (% GDP)	0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)
Trade Balance (Exports - Imports % GDP)	0.009*** (0.002)	0.009*** (0.002)	0.009*** (0.002)	0.009*** (0.002)
Central Bank Independence	-0.004 (0.012)	-0.007 (0.012)	-0.000 (0.012)	-0.003 (0.012)
Presidential System	0.012 (0.030)	0.020 (0.031)	0.024 (0.031)	0.028 (0.031)
GDP per capita (natural log)	-0.042*** (0.012)	-0.042*** (0.011)	-0.040*** (0.013)	-0.040*** (0.012)
GDP growth	-0.010** (0.004)	-0.010** (0.004)	-0.010** (0.004)	-0.010** (0.004)
Population (natural log)	0.021*** (0.007)	0.021*** (0.007)	0.020*** (0.007)	0.020*** (0.007)
Capital Account Openness	-0.015** (0.007)	-0.016** (0.007)	-0.014** (0.006)	-0.014** (0.006)
Currency Peg	0.006 (0.022)	0.010 (0.021)	0.011 (0.021)	0.013 (0.021)
Currency Crisis	-0.094*** (0.025)	-0.098*** (0.025)	-0.100*** (0.025)	-0.102*** (0.025)
Time Trend	0.002 (0.001)	0.002 (0.001)	0.002 (0.001)	0.002 (0.001)
Observations	1479	1477	1479	1477
Region Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



Table 29: Controlling for Regional Fixed Effects

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.893*** (0.027)	0.893*** (0.027)	0.890*** (0.028)	0.892*** (0.027)
Major Cabinet Change	0.043** (0.018)	0.042** (0.020)		
Change in Effective Executive			0.053*** (0.019)	0.050** (0.022)
GDP Change During Previous Crisis	0.068 (0.121)	-0.046 (0.069)	0.033 (0.093)	-0.020 (0.072)
Major Cabinet Changes × GDP Change During Prev. Crisis	-0.096 (0.122)	0.116 (0.102)		
Change in Effective Executive × GDP Change During Prev. Crisis			-0.104 (0.105)	0.007 (0.118)
Polity 2 Score	0.005*** (0.002)	0.004** (0.002)	0.005** (0.002)	0.005** (0.002)
IMF Program During Previous Crisis	0.018 (0.020)	0.022 (0.020)	0.011 (0.022)	0.015 (0.021)
Imports (% GDP)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)
Trade Balance (Exports - Imports % GDP)	0.009*** (0.002)	0.009*** (0.002)	0.009*** (0.002)	0.009*** (0.002)
Central Bank Independence	-0.005 (0.012)	-0.008 (0.012)	-0.002 (0.012)	-0.003 (0.012)
Presidential System	0.002 (0.030)	0.006 (0.030)	0.024 (0.031)	0.025 (0.032)
GDP per capita (natural log)	-0.044*** (0.014)	-0.044*** (0.014)	-0.039*** (0.013)	-0.039*** (0.013)
GDP growth	-0.010** (0.004)	-0.010** (0.004)	-0.011** (0.004)	-0.011** (0.004)
Population (natural log)	0.023*** (0.008)	0.022*** (0.008)	0.021*** (0.007)	0.021*** (0.008)
Capital Account Openness	-0.015** (0.007)	-0.015** (0.007)	-0.014** (0.007)	-0.014** (0.007)
Currency Peg	0.009 (0.022)	0.015 (0.022)	0.007 (0.021)	0.010 (0.021)
Currency Crisis	-0.091*** (0.026)	-0.094*** (0.026)	-0.099*** (0.026)	-0.099*** (0.026)
Time Trend	0.002 (0.001)	0.002 (0.001)	0.002 (0.001)	0.002 (0.001)
Observations	1429	1429	1453	1453
Region Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 30: Controlling for Regional Fixed Effects

	(1)	(2)	(3)	(4)
	Unweighted	Unweighted	Weighted	Weighted
Lag of Log Reserves	0.857*** (0.027)	0.863*** (0.028)	0.855*** (0.028)	0.861*** (0.028)
Major Cabinet Change	0.018 (0.045)		0.055 (0.047)	
Change in Effective Executive		0.001 (0.033)		0.005 (0.057)
Reserves Spent During Previous Crisis	0.267*** (0.081)	0.113*** (0.041)	0.198*** (0.050)	0.112*** (0.035)
Pre-Crisis Reserves	0.028 (0.028)	0.032 (0.021)	0.046* (0.025)	0.039* (0.021)
Major Cabinet Change × Reserves Spent	-0.193** (0.090)		-0.150** (0.071)	
Change in Eff. Exec. × Reserves Spent		-0.001 (0.046)		-0.000 (0.078)
Major Cabinet Change × Pre-Crisis Reserves	0.025 (0.035)		-0.000 (0.036)	
Change in Eff. Exec. × Pre-Crisis Reserves		0.028 (0.021)		0.025 (0.036)
Reserves Spent × Pre-Crisis Reserves	-0.123 (0.085)	-0.048 (0.030)	-0.136** (0.054)	-0.064** (0.027)
Major Cabinet Change × Reserves Spent × Pre-Crisis Reserves	0.061 (0.087)		0.101 (0.066)	
Change in Eff. Exec. × Reserves Spent × Pre-Crisis Reserves		-0.048 (0.040)		-0.018 (0.061)
Polity 2 Score	0.007** (0.003)	0.006** (0.003)	0.006** (0.003)	0.006** (0.003)
IMF Program During Previous Crisis	-0.012 (0.019)	-0.002 (0.019)	-0.003 (0.018)	-0.001 (0.019)
Imports (% GDP)	-0.002** (0.001)	-0.002** (0.001)	-0.002** (0.001)	-0.002** (0.001)
Trade Balance (Exports - Imports % GDP)	0.012*** (0.002)	0.012*** (0.002)	0.012*** (0.002)	0.012*** (0.002)
Central Bank Independence	0.014 (0.013)	0.016 (0.014)	0.011 (0.014)	0.016 (0.013)
Presidential System	0.007 (0.036)	0.007 (0.037)	0.001 (0.038)	0.007 (0.036)
GDP per capita (natural log)	-0.081*** (0.015)	-0.070*** (0.016)	-0.076*** (0.017)	-0.070*** (0.016)
GDP growth	-0.010** (0.004)	-0.010** (0.004)	-0.009** (0.004)	-0.009** (0.004)
Population (natural log)	-0.017 (0.013)	-0.015 (0.014)	-0.013 (0.014)	-0.014 (0.014)
Capital Account Openness	-0.009 (0.008)	-0.007 (0.008)	-0.012 (0.008)	-0.009 (0.008)
Currency Peg	-0.023 (0.024)	-0.016 (0.025)	-0.013 (0.024)	-0.012 (0.024)
Currency Crisis	-0.126*** (0.029)	-0.132*** (0.029)	-0.128*** (0.029)	-0.130*** (0.029)
Time Trend	0.003** (0.001)	0.003* (0.001)	0.004** (0.002)	0.003* (0.001)
Constant	0.986*** (0.275)	0.887*** (0.253)	0.852*** (0.281)	0.852*** (0.260)
Observations	1352	1352	1352	1352
Region Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 31: Controlling for Regional Fixed Effects

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.884*** (0.031)	0.885*** (0.030)	0.881*** (0.032)	0.881*** (0.032)
Major Cabinet Change	0.030 (0.027)	0.023 (0.022)		
Change in Effective Executive			0.026 (0.026)	0.020 (0.025)
Real Interest Rate Differential	-0.085 (0.233)	0.011 (0.057)	-0.022 (0.224)	0.014 (0.065)
Major Cabinet Change × IR Differential	-0.003 (0.240)	-0.245* (0.142)		
Change in Effective Executive × IR Differential			-0.071 (0.232)	-0.272* (0.139)
Polity 2 Score	0.005** (0.002)	0.005** (0.002)	0.005** (0.002)	0.005** (0.002)
IMF Program During Previous Crisis	0.009 (0.022)	0.016 (0.022)	0.008 (0.023)	0.015 (0.022)
Imports (% GDP)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)
Trade Balance (Exports - Imports % GDP)	0.009*** (0.002)	0.009*** (0.002)	0.008*** (0.002)	0.008*** (0.002)
Central Bank Independence	-0.014 (0.012)	-0.016 (0.012)	-0.013 (0.013)	-0.013 (0.013)
Presidential System	0.009 (0.031)	0.016 (0.032)	0.020 (0.031)	0.023 (0.032)
GDP per capita (natural log)	-0.040*** (0.012)	-0.039*** (0.012)	-0.036*** (0.013)	-0.035*** (0.013)
GDP growth	-0.009** (0.004)	-0.009** (0.004)	-0.009** (0.004)	-0.009** (0.004)
Population (natural log)	0.021*** (0.007)	0.021*** (0.007)	0.020** (0.008)	0.020** (0.008)
Capital Account Openness	-0.016** (0.007)	-0.015* (0.007)	-0.015* (0.008)	-0.014* (0.007)
Currency Peg	0.010 (0.025)	0.011 (0.024)	0.010 (0.024)	0.010 (0.025)
Currency Crisis	-0.106*** (0.027)	-0.111*** (0.028)	-0.109*** (0.027)	-0.113*** (0.027)
Time Trend	0.002 (0.002)	0.002 (0.002)	0.002 (0.002)	0.002 (0.002)
Observations	1248	1246	1248	1246
Region Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 32: Controlling for Regional Fixed Effects

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.892*** (0.027)	0.892*** (0.027)	0.891*** (0.027)	0.890*** (0.027)
Major Cabinet Change	0.032 (0.023)	0.036 (0.028)		
Change in Effective Executive			0.048 (0.030)	0.058 (0.039)
Central Bank Independence	0.008 (0.015)	-0.002 (0.016)	0.002 (0.012)	-0.003 (0.012)
Major Cabinet Change × CBI	-0.017 (0.018)	-0.010 (0.026)		
Change in Effective Executive × CBI			-0.006 (0.023)	0.000 (0.033)
Polity 2 Score	0.005*** (0.002)	0.005** (0.002)	0.005** (0.002)	0.005** (0.002)
IMF Program During Previous Crisis	0.015 (0.020)	0.018 (0.020)	0.009 (0.021)	0.015 (0.021)
Imports (% GDP)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)
Trade Balance (Exports - Imports % GDP)	0.009*** (0.002)	0.009*** (0.002)	0.009*** (0.002)	0.009*** (0.002)
Presidential System	0.010 (0.030)	0.021 (0.030)	0.026 (0.030)	0.030 (0.030)
GDP per capita (natural log)	-0.043*** (0.012)	-0.042*** (0.012)	-0.041*** (0.012)	-0.040*** (0.012)
GDP growth	-0.010** (0.004)	-0.010** (0.004)	-0.010** (0.004)	-0.010** (0.004)
Population (natural log)	0.022*** (0.007)	0.022*** (0.007)	0.021*** (0.007)	0.020*** (0.007)
Capital Account Openness	-0.016** (0.007)	-0.016** (0.007)	-0.013** (0.007)	-0.013* (0.007)
Currency Peg	0.008 (0.022)	0.010 (0.021)	0.010 (0.021)	0.010 (0.021)
Currency Crisis	-0.096*** (0.025)	-0.097*** (0.025)	-0.099*** (0.025)	-0.099*** (0.025)
Time Trend	0.002 (0.001)	0.002 (0.001)	0.002 (0.001)	0.001 (0.001)
Observations	1479	1477	1479	1477
Region Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 33: Accounting for Sample Selection with Heckman Selection Models

	(1)	(2)	(3)	(4)
	Unweighted	Unweighted	Weighted	Weighted
<i>Outcome Equation</i>				
Lag of Log Reserves	0.805*** (0.016)	0.806*** (0.016)	0.804*** (0.016)	0.803*** (0.016)
Major Cabinet Change	0.056** (0.022)		0.060*** (0.022)	
Change in Effective Executive		0.063*** (0.023)		0.072*** (0.025)
Polity 2 Score	0.006** (0.002)	0.006** (0.002)	0.006** (0.002)	0.006** (0.002)
IMF Program During Previous Crisis	-0.015 (0.026)	-0.022 (0.026)	-0.014 (0.026)	-0.019 (0.026)
Imports (% GDP)	-0.003** (0.001)	-0.003** (0.001)	-0.003** (0.001)	-0.003** (0.001)
Trade Balance (Exports - Imports % GDP)	0.013*** (0.002)	0.013*** (0.002)	0.013*** (0.002)	0.013*** (0.002)
Central Bank Independence	0.015 (0.015)	0.015 (0.015)	0.013 (0.015)	0.012 (0.015)
Presidential System	0.088* (0.049)	0.100** (0.049)	0.090* (0.049)	0.105** (0.049)
GDP per capita (natural log)	-0.118*** (0.033)	-0.115*** (0.033)	-0.108*** (0.033)	-0.108*** (0.033)
GDP growth	-0.007*** (0.002)	-0.007*** (0.002)	-0.007*** (0.002)	-0.007*** (0.002)
Population (natural log)	0.311** (0.134)	0.316** (0.134)	0.355*** (0.134)	0.347*** (0.134)
Capital Account Openness	-0.028** (0.011)	-0.028** (0.011)	-0.026** (0.011)	-0.026** (0.011)
Currency Peg	0.001 (0.025)	-0.002 (0.025)	-0.002 (0.025)	0.001 (0.025)
Currency Crisis	-0.121*** (0.021)	-0.122*** (0.021)	-0.125*** (0.021)	-0.126*** (0.021)
Time Trend	0.004 (0.004)	0.004 (0.004)	0.003 (0.004)	0.003 (0.004)
Constant	-5.047* (2.682)	-5.130* (2.678)	-5.952** (2.688)	-5.755** (2.689)
<i>Selection Equation</i>				
GDP per capita (natural log)	-0.051 (0.037)	-0.051 (0.037)	-0.051 (0.037)	-0.051 (0.037)
GDP growth	-0.002 (0.011)	-0.002 (0.011)	-0.002 (0.011)	-0.002 (0.011)
Capital Account Openness	-0.276*** (0.035)	-0.276*** (0.035)	-0.275*** (0.035)	-0.275*** (0.035)
Currency Peg	-0.579*** (0.084)	-0.579*** (0.084)	-0.579*** (0.084)	-0.579*** (0.084)
Trade Balance (Exports - Imports % GDP)	-0.032*** (0.007)	-0.032*** (0.007)	-0.032*** (0.007)	-0.032*** (0.007)
Time Trend	1.013*** (0.141)	1.013*** (0.141)	1.014*** (0.141)	1.014*** (0.141)
Time Trend Squared	-0.027*** (0.005)	-0.027*** (0.005)	-0.027*** (0.005)	-0.027*** (0.005)
Time Trend Cubed	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)
Constant	-10.858*** (1.337)	-10.858*** (1.337)	-10.867*** (1.338)	-10.867*** (1.338)
Inverse-Mills Ratio				
$\lambda$	0.141*** (0.053)	0.143*** (0.053)	0.141*** (0.053)	0.139*** (0.053)
Observations	2065	2065	2063	2063
Country Fixed Effects	✓	✓	✓	✓

Standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 34: Log Reserves in Months of Imports - Crises in Neighbourhood when Own Occurs with Heckman Selection Model

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
<i>Outcome Equation</i>				
Lag of Log of Reserves	0.804*** (0.016)	0.803*** (0.016)	0.806*** (0.016)	0.802*** (0.016)
Major Cabinet Change	0.029 (0.031)	0.047 (0.031)		
Change in Effective Executive			0.043 (0.034)	0.068* (0.036)
# Crises in Region During Previous Crisis	-0.012 (0.009)	-0.008 (0.008)	-0.009 (0.008)	-0.007 (0.008)
Major Cabinet Change × # Crises in Region During Previous Crisis	0.012 (0.010)	0.006 (0.009)		
Change in Effective Executive × # Crises in Region During Previous Crisis			0.008 (0.010)	0.003 (0.010)
Polity 2 Score	0.006** (0.003)	0.006** (0.002)	0.006** (0.002)	0.006** (0.002)
IMF Program During Previous Crisis	-0.017 (0.026)	-0.015 (0.026)	-0.026 (0.027)	-0.020 (0.026)
Imports (% GDP)	-0.003** (0.001)	-0.003** (0.001)	-0.003** (0.001)	-0.003** (0.001)
Trade Balance (Exports - Imports % GDP)	0.013*** (0.002)	0.013*** (0.002)	0.013*** (0.002)	0.013*** (0.002)
Central Bank Independence	0.015 (0.015)	0.014 (0.015)	0.016 (0.015)	0.014 (0.015)
Presidential System	0.090* (0.049)	0.094* (0.049)	0.101** (0.049)	0.107** (0.049)
GDP per capita (natural log)	-0.120*** (0.033)	-0.110*** (0.034)	-0.117*** (0.033)	-0.109*** (0.034)
GDP growth	-0.007*** (0.002)	-0.007*** (0.002)	-0.007*** (0.002)	-0.007*** (0.002)
Population (natural log)	0.293** (0.135)	0.345** (0.135)	0.296** (0.135)	0.335** (0.135)
Capital Account Openness	-0.028** (0.011)	-0.026** (0.011)	-0.028** (0.011)	-0.026** (0.011)
Currency Peg	0.000 (0.025)	-0.001 (0.026)	-0.002 (0.026)	0.003 (0.026)
Currency Crisis	-0.119*** (0.021)	-0.124*** (0.021)	-0.121*** (0.021)	-0.125*** (0.021)
Time Trend	0.005 (0.004)	0.004 (0.004)	0.005 (0.004)	0.004 (0.004)
Constant	-4.653* (2.697)	-5.746** (2.696)	-4.731* (2.700)	-5.523** (2.700)
<i>Selection Equation</i>				
GDP per capita (natural log)	-0.051 (0.037)	-0.051 (0.037)	-0.051 (0.037)	-0.051 (0.037)
GDP growth	-0.002 (0.011)	-0.002 (0.011)	-0.002 (0.011)	-0.002 (0.011)
Capital Account Openness	-0.276*** (0.035)	-0.275*** (0.035)	-0.276*** (0.035)	-0.275*** (0.035)
Currency Peg	-0.579*** (0.084)	-0.579*** (0.084)	-0.579*** (0.084)	-0.579*** (0.084)
Trade Balance (Exports - Imports % GDP)	-0.032*** (0.007)	-0.032*** (0.007)	-0.032*** (0.007)	-0.032*** (0.007)
Time Trend	1.013*** (0.141)	1.014*** (0.141)	1.013*** (0.141)	1.014*** (0.141)
Time Trend Squared	-0.027*** (0.005)	-0.027*** (0.005)	-0.027*** (0.005)	-0.027*** (0.005)
Time Trend Cubed	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)
Constant	-10.858*** (1.337)	-10.867*** (1.338)	-10.858*** (1.337)	-10.867*** (1.338)
Inverse-Mills Ratio				
$\lambda$	0.136** (0.053)	0.135** (0.053)	0.139*** (0.053)	0.134** (0.053)
Observations	2065	2063	2065	2063
Country Fixed Effects	✓	✓	✓	✓

Standard errors in parentheses  
\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 35: Log Reserves in Months of Imports - Economic Severity of the Previous Currency Crisis with Heckman Selection Model

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
<i>Outcome Equation</i>				
Lag of Log of Reserves	0.791*** (0.017)	0.790*** (0.017)	0.804*** (0.016)	0.801*** (0.016)
Major Cabinet Change	0.047** (0.023)	0.057*** (0.022)		
GDP Change During Previous Crisis	-0.134 (0.126)	-0.090 (0.091)	-0.041 (0.085)	-0.056 (0.071)
Major Cabinet Change × GDP Change During Previous Crisis	0.244* (0.142)	0.343** (0.140)		
Change in Effective Executive			0.044* (0.024)	0.053** (0.025)
Change in Effective Executive × GDP Change During Previous Crisis			0.072 (0.113)	0.219 (0.138)
Polity 2 Score	0.004* (0.003)	0.004 (0.003)	0.005** (0.002)	0.005** (0.002)
IMF Program During Previous Crisis	-0.003 (0.027)	-0.001 (0.027)	-0.020 (0.027)	-0.018 (0.026)
Imports (% GDP)	-0.004*** (0.001)	-0.004*** (0.001)	-0.004** (0.001)	-0.004** (0.001)
Trade Balance (Exports - Imports % GDP)	0.013*** (0.002)	0.013*** (0.002)	0.013*** (0.002)	0.013*** (0.002)
Central Bank Independence	-0.001 (0.015)	-0.002 (0.015)	0.008 (0.015)	0.006 (0.015)
Presidential System	0.062 (0.050)	0.084* (0.050)	0.096* (0.049)	0.111** (0.050)
GDP per capita (natural log)	-0.127*** (0.036)	-0.127*** (0.036)	-0.112*** (0.035)	-0.110*** (0.035)
GDP growth	-0.007*** (0.002)	-0.007*** (0.002)	-0.008*** (0.002)	-0.008*** (0.002)
Population (natural log)	0.434*** (0.141)	0.437*** (0.140)	0.417*** (0.139)	0.426*** (0.139)
Capital Account Openness	-0.029*** (0.011)	-0.030*** (0.011)	-0.030*** (0.011)	-0.030*** (0.011)
Currency Peg	0.023 (0.026)	0.023 (0.026)	0.002 (0.026)	0.008 (0.025)
Currency Crisis	-0.116*** (0.021)	-0.125*** (0.021)	-0.120*** (0.021)	-0.124*** (0.021)
Time Trend	0.003 (0.004)	0.003 (0.004)	0.003 (0.004)	0.003 (0.004)
Constant	-7.205** (2.825)	-7.299*** (2.803)	-7.037** (2.793)	-7.213*** (2.785)
<i>Selection Equation</i>				
GDP per capita (natural log)	-0.044 (0.037)	-0.044 (0.037)	-0.045 (0.037)	-0.045 (0.037)
GDP growth	-0.001 (0.011)	-0.001 (0.011)	-0.001 (0.011)	-0.001 (0.011)
Capital Account Openness	-0.275*** (0.036)	-0.275*** (0.036)	-0.279*** (0.036)	-0.279*** (0.036)
Currency Peg	-0.565*** (0.085)	-0.565*** (0.085)	-0.565*** (0.084)	-0.565*** (0.084)
Trade Balance (Exports - Imports % GDP)	-0.034*** (0.007)	-0.034*** (0.007)	-0.032*** (0.007)	-0.032*** (0.007)
Time Trend	1.013*** (0.142)	1.013*** (0.142)	1.006*** (0.142)	1.006*** (0.142)
Time Trend Squared	-0.027*** (0.005)	-0.027*** (0.005)	-0.027*** (0.005)	-0.027*** (0.005)
Time Trend Cubed	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)
Constant	-10.935*** (1.347)	-10.935*** (1.347)	-10.865*** (1.339)	-10.865*** (1.339)
Inverse-Mills Ratio $\lambda$	0.125** (0.054)	0.124** (0.053)	0.139*** (0.053)	0.134** (0.053)
Observations	2015	2015	2039	2039
Country Fixed Effects	✓	✓	✓	✓

Standard errors in parentheses  
\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 36: Log Reserves in Months of Imports with Heckman Selection Model

	(1)	(2)	(3)	(4)
	log_fi_res_totl_mo	log_fi_res_totl_mo	log_fi_res_totl_mo	log_fi_res_totl_mo
<i>Outcome Equation</i>				
Lag of Log Reserves	0.807*** (0.019)	0.811*** (0.018)	0.802*** (0.019)	0.812*** (0.018)
Major Cabinet Change	0.025 (0.038)		0.065* (0.037)	
Change in Effective Executive		-0.046 (0.048)		0.020 (0.056)
Reserves Spent During Previous Crisis	0.301*** (0.058)	0.201*** (0.047)	0.235*** (0.043)	0.165*** (0.039)
Pre-Crisis Reserves	-0.030 (0.030)	-0.016 (0.023)	-0.020 (0.026)	-0.010 (0.023)
Major Cabinet Change × Reserves Spent	-0.229*** (0.067)		-0.158*** (0.054)	
Change in Effective Executive × Reserves Spent		-0.105 (0.068)		-0.107 (0.068)
Major Cabinet Change × Pre-Crisis Reserves	0.052 (0.034)		0.028 (0.033)	
Change in Effective Executive × Pre-Crisis Reserves		0.076** (0.035)		0.037 (0.041)
Reserves Spent During Previous Crisis × Pre-Crisis Reserves	-0.203*** (0.066)	-0.081** (0.034)	-0.224*** (0.048)	-0.099*** (0.031)
Major Cabinet Change × Reserves Spent × Pre-Crisis Reserves	0.160** (0.071)		0.194*** (0.054)	
Change in Effective Executive × Reserves Spent × Pre-Crisis Reserves		0.004 (0.057)		0.081 (0.060)
Polity 2 Score	0.006* (0.003)	0.006** (0.003)	0.006* (0.003)	0.006** (0.003)
IMF Program During Previous Crisis	-0.031 (0.027)	-0.025 (0.028)	-0.018 (0.027)	-0.025 (0.028)
Imports (% GDP)	-0.003** (0.001)	-0.003** (0.001)	-0.003** (0.001)	-0.003** (0.001)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.002)	0.016*** (0.002)	0.016*** (0.002)	0.016*** (0.002)
Central Bank Independence	0.018 (0.015)	0.018 (0.015)	0.020 (0.015)	0.016 (0.015)
Presidential System	0.101** (0.049)	0.100** (0.049)	0.122** (0.049)	0.112** (0.049)
GDP per capita (natural log)	-0.154*** (0.037)	-0.153*** (0.037)	-0.149*** (0.037)	-0.150*** (0.037)
GDP growth	-0.008*** (0.002)	-0.009*** (0.002)	-0.009*** (0.002)	-0.009*** (0.002)
Population (natural log)	0.283* (0.150)	0.300** (0.147)	0.311** (0.148)	0.283* (0.147)
Capital Account Openness	-0.005 (0.011)	-0.006 (0.011)	-0.005 (0.011)	-0.007 (0.011)
Currency Peg	0.001 (0.025)	0.001 (0.025)	0.020 (0.024)	0.017 (0.024)
Currency Crisis	-0.135*** (0.021)	-0.143*** (0.021)	-0.143*** (0.021)	-0.143*** (0.022)
Time Trend	0.003 (0.004)	0.002 (0.004)	0.003 (0.004)	0.002 (0.004)
Constant	-4.034 (2.994)	-4.294 (2.947)	-4.665 (2.958)	-4.020 (2.946)
<i>Selection Equation</i>				
GDP per capita (natural log)	-0.645* (0.378)	-0.645* (0.378)	-0.645* (0.378)	-0.645* (0.378)
GDP growth	0.124* (0.064)	0.124* (0.064)	0.124* (0.064)	0.124* (0.064)
Capital Account Openness	-18.405*** (6.769)	-18.405*** (6.769)	-18.405*** (6.769)	-18.405*** (6.769)
Currency Peg	-0.134 (0.293)	-0.134 (0.293)	-0.134 (0.293)	-0.134 (0.293)
Trade Balance (Exports - Imports % GDP)	0.004 (0.029)	0.004 (0.029)	0.004 (0.029)	0.004 (0.029)
Time Trend	-2.108 (1.454)	-2.108 (1.454)	-2.108 (1.454)	-2.108 (1.454)
Time Trend Squared	0.061 (0.041)	0.061 (0.041)	0.061 (0.041)	0.061 (0.041)
Time Trend Cubed	-0.001 (0.000)	-0.001 (0.000)	-0.001 (0.000)	-0.001 (0.000)
Constant	75.139 (.)	75.139 (.)	75.139 (.)	75.139 (.)
Inverse-Mills Ratio				
$\lambda$	-0.200 (0.145)	-0.193 (0.146)	-0.222 (0.143)	-0.185 (0.146)
Observations	1372	1372	1372	1372
Country Fixed Effects	✓	✓	✓	✓

Standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



Table 37: Log Reserves in Months of Imports with Heckman Selection Model

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
<i>Outcome Equation</i>				
Lag of Log Reserves	0.782*** (0.019)	0.780*** (0.019)	0.780*** (0.019)	0.776*** (0.019)
Major Cabinet Change	0.015 (0.033)	0.026 (0.031)		
Real Interest Rate Differential	-0.000 (0.225)	0.066 (0.164)	-0.000 (0.172)	0.102 (0.147)
Major Cabinet Change × Real Interest Rate Differential	-0.110 (0.245)	-0.313 (0.246)		
Change in Effective Executive			0.034 (0.030)	0.017 (0.035)
Change in Effective Executive × Real Interest Rate Differential			-0.138 (0.216)	-0.552** (0.263)
Polity 2 Score	0.007** (0.003)	0.007** (0.003)	0.007** (0.003)	0.006** (0.003)
IMF Program During Previous Crisis	-0.013 (0.028)	-0.012 (0.028)	-0.019 (0.029)	-0.013 (0.029)
Imports (% GDP)	-0.005*** (0.001)	-0.004*** (0.001)	-0.004*** (0.001)	-0.004*** (0.001)
Trade Balance (Exports - Imports % GDP)	0.011*** (0.002)	0.011*** (0.002)	0.011*** (0.002)	0.010*** (0.002)
Central Bank Independence	0.004 (0.016)	0.003 (0.016)	0.005 (0.016)	0.004 (0.016)
Presidential System	0.111** (0.052)	0.107** (0.052)	0.117** (0.052)	0.117** (0.052)
GDP per capita (natural log)	-0.125*** (0.036)	-0.119*** (0.036)	-0.124*** (0.036)	-0.116*** (0.036)
GDP growth	-0.009*** (0.003)	-0.009*** (0.003)	-0.009*** (0.003)	-0.009*** (0.003)
Population (natural log)	0.221 (0.153)	0.240 (0.153)	0.214 (0.152)	0.226 (0.153)
Capital Account Openness	-0.035*** (0.013)	-0.033** (0.013)	-0.037*** (0.013)	-0.035*** (0.013)
Currency Peg	-0.008 (0.030)	-0.013 (0.030)	-0.011 (0.030)	-0.012 (0.030)
Currency Crisis	-0.133*** (0.022)	-0.137*** (0.022)	-0.133*** (0.022)	-0.139*** (0.022)
Time Trend	0.008* (0.004)	0.007* (0.004)	0.008* (0.004)	0.008* (0.004)
Constant	-2.769 (2.455)	-3.095 (2.461)	-2.683 (2.443)	-2.914 (2.448)
<i>Selection Equation</i>				
GDP per capita (natural log)	-0.020 (0.043)	-0.020 (0.043)	-0.020 (0.043)	-0.020 (0.043)
GDP growth	0.019 (0.013)	0.019 (0.013)	0.019 (0.013)	0.019 (0.013)
Capital Account Openness	-0.303*** (0.042)	-0.303*** (0.042)	-0.303*** (0.042)	-0.303*** (0.042)
Currency Peg	-0.809*** (0.106)	-0.808*** (0.106)	-0.809*** (0.106)	-0.808*** (0.106)
Trade Balance (Exports - Imports % GDP)	-0.044*** (0.008)	-0.044*** (0.008)	-0.044*** (0.008)	-0.044*** (0.008)
Time Trend	0.792*** (0.182)	0.794*** (0.182)	0.792*** (0.182)	0.794*** (0.182)
Time Trend Squared	-0.021*** (0.006)	-0.021*** (0.006)	-0.021*** (0.006)	-0.021*** (0.006)
Time Trend Cubed	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)
Constant	-8.470*** (1.768)	-8.483*** (1.769)	-8.470*** (1.768)	-8.483*** (1.769)
Inverse-Mills Ratio				
$\lambda$	0.179** (0.077)	0.185** (0.077)	0.183** (0.077)	0.187** (0.076)
Observations	1538	1536	1538	1536
Country Fixed Effects	✓	✓	✓	✓

Standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 38: Log Reserves in Months of Imports with Heckman Selection Model

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
<i>Outcome Equation</i>				
Lag of Log Reserves	0.806*** (0.016)	0.804*** (0.016)	0.806*** (0.016)	0.803*** (0.016)
Major Cabinet Change	0.047 (0.029)	0.044 (0.031)		
Central Bank Independence	0.025 (0.025)	0.023 (0.020)	0.016 (0.019)	0.014 (0.017)
Major Cabinet Change × Central Bank Independence	-0.014 (0.028)	-0.021 (0.029)		
Change in Effective Executive			0.062** (0.032)	0.068* (0.036)
Change in Effective Executive × Central Bank Independence			-0.001 (0.027)	-0.004 (0.032)
Polity 2 Score	0.006** (0.002)	0.006** (0.002)	0.006** (0.002)	0.006** (0.002)
IMF Program (lasting $\zeta$ 5 month) During Previous Crisis	-0.013 (0.026)	-0.012 (0.026)	-0.022 (0.026)	-0.019 (0.026)
Imports (% GDP)	-0.003** (0.001)	-0.003** (0.001)	-0.003** (0.001)	-0.003** (0.001)
Trade Balance (Exports - Imports % GDP)	0.013*** (0.002)	0.013*** (0.002)	0.013*** (0.002)	0.013*** (0.002)
Presidential System (DPI)	0.088* (0.049)	0.092* (0.049)	0.100** (0.049)	0.105** (0.049)
GDP per capita (natural log)	-0.117*** (0.033)	-0.106*** (0.034)	-0.115*** (0.033)	-0.108*** (0.033)
GDP growth	-0.007*** (0.002)	-0.007*** (0.002)	-0.007*** (0.002)	-0.007*** (0.002)
Population (natural log)	0.311** (0.134)	0.367*** (0.135)	0.316** (0.134)	0.348*** (0.135)
Capital Account Openness	-0.028** (0.011)	-0.026** (0.011)	-0.028** (0.011)	-0.026** (0.011)
Currency Peg	-0.000 (0.025)	-0.003 (0.025)	-0.002 (0.025)	0.001 (0.025)
Currency Crisis	-0.121*** (0.021)	-0.125*** (0.021)	-0.122*** (0.021)	-0.125*** (0.021)
Time Trend	0.004 (0.004)	0.003 (0.004)	0.004 (0.004)	0.003 (0.004)
Constant	-5.044* (2.682)	-6.182** (2.707)	-5.128* (2.678)	-5.777** (2.694)
<i>Selection Equation</i>				
GDP per capita (natural log)	-0.051 (0.037)	-0.051 (0.037)	-0.051 (0.037)	-0.051 (0.037)
GDP growth	-0.002 (0.011)	-0.002 (0.011)	-0.002 (0.011)	-0.002 (0.011)
Capital Account Openness	-0.276*** (0.035)	-0.275*** (0.035)	-0.276*** (0.035)	-0.275*** (0.035)
Currency Peg	-0.579*** (0.084)	-0.579*** (0.084)	-0.579*** (0.084)	-0.579*** (0.084)
Trade Balance (Exports - Imports % GDP)	-0.032*** (0.007)	-0.032*** (0.007)	-0.032*** (0.007)	-0.032*** (0.007)
Time Trend	1.013*** (0.141)	1.014*** (0.141)	1.013*** (0.141)	1.014*** (0.141)
Time Trend Squared	-0.027*** (0.005)	-0.027*** (0.005)	-0.027*** (0.005)	-0.027*** (0.005)
Time Trend Cubed	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)	0.000*** (0.000)
Constant	-10.858*** (1.337)	-10.867*** (1.338)	-10.858*** (1.337)	-10.867*** (1.338)
<i>Inverse-Mills Ratio</i>				
$\lambda$	0.141*** (0.053)	0.140*** (0.053)	0.143*** (0.053)	0.138*** (0.053)
Observations	2065	2063	2065	2063
Country Fixed Effects	✓	✓	✓	✓

Standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 39: Setting Missing Values in the Political Change Variables to 0.5

	(1)	(2)
	Unweighted	Unweighted
Lag of Log Reserves	0.776*** (0.028)	0.776*** (0.028)
Major Cabinet Changes	0.058** (0.024)	
Change in Effective Executive		0.062** (0.028)
Polity 2 Score	0.006** (0.003)	0.006** (0.003)
IMF Program During Previous Crisis	0.011 (0.032)	0.008 (0.035)
Imports (% GDP)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.009*** (0.002)	0.009*** (0.002)
Central Bank Independence	0.011 (0.013)	0.010 (0.013)
Presidential System	0.155*** (0.050)	0.160*** (0.050)
GDP per capita (natural log)	-0.158*** (0.043)	-0.156*** (0.044)
GDP growth	-0.004 (0.003)	-0.004 (0.003)
Population (natural log)	0.134 (0.169)	0.135 (0.168)
Capital Account Openness	0.006 (0.012)	0.006 (0.011)
Currency Peg	0.007 (0.027)	0.006 (0.026)
Currency Crisis	-0.116*** (0.026)	-0.116*** (0.026)
Time Trend	0.003 (0.004)	0.003 (0.004)
Constant	-0.886 (2.808)	-0.913 (2.788)
Observations	2632	2632
Country Fixed Effects	✓	✓

Country clustered standard errors in parentheses  
 \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 40: Setting Missing Values in the Political Change Variables to 0.5

	(1)	(2)
	Unweighted	Unweighted
Lag of Log Reserves	0.746*** (0.035)	0.747*** (0.035)
Major Cabinet Change	0.004 (0.038)	
Change in Effective Executive		0.026 (0.037)
Real Interest Rate Differential	0.162 (0.279)	0.022 (0.242)
Major Cabinet Change × Real Interest Rate Differential	-0.265 (0.283)	
Change in Effective Executive × Real Interest Rate Differential		-0.117 (0.246)
Polity 2 Score	0.008** (0.003)	0.007** (0.003)
IMF Program During Previous Crisis	0.014 (0.037)	0.011 (0.038)
Imports (% GDP)	-0.003* (0.002)	-0.003* (0.002)
Trade Balance (Exports - Imports % GDP)	0.008*** (0.002)	0.008*** (0.002)
Central Bank Independence	-0.009 (0.014)	-0.008 (0.014)
Presidential System	0.201*** (0.057)	0.203*** (0.056)
GDP per capita (natural log)	-0.129*** (0.047)	-0.130*** (0.048)
GDP growth	-0.003 (0.003)	-0.003 (0.003)
Population (natural log)	0.331 (0.205)	0.331 (0.204)
Capital Account Openness	0.000 (0.013)	-0.000 (0.013)
Currency Peg	0.032 (0.033)	0.032 (0.032)
Currency Crisis	-0.117*** (0.029)	-0.117*** (0.030)
Time Trend	0.001 (0.005)	0.001 (0.005)
Constant	-4.165 (3.339)	-4.196 (3.334)
Observations	2112	2112
Country Fixed Effects	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 41: Setting Missing Values in the Political Change Variables to 0.5

	(1)	(2)
	Unweighted	Unweighted
Lag of Log Reserves	0.776*** (0.028)	0.776*** (0.028)
Major Cabinet Change	0.056* (0.031)	
Change in Effective Executive		0.052 (0.035)
Central Bank Independence	0.013 (0.020)	0.016 (0.014)
Major Cabinet Change × Central Bank Independence	-0.004 (0.027)	
Change in Effective Executive × Central Bank Independence		-0.013 (0.027)
Polity 2 Score	0.006** (0.003)	0.006** (0.003)
IMF Program During Previous Crisis	0.011 (0.032)	0.009 (0.035)
Imports (% GDP)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.009*** (0.002)	0.009*** (0.002)
Presidential System	0.155*** (0.050)	0.160*** (0.051)
GDP per capita (natural log)	-0.158*** (0.043)	-0.157*** (0.044)
GDP growth	-0.004 (0.003)	-0.004 (0.003)
Population (natural log)	0.134 (0.169)	0.135 (0.168)
Capital Account Openness	0.006 (0.012)	0.006 (0.012)
Currency Peg	0.007 (0.026)	0.005 (0.026)
Currency Crisis	-0.116*** (0.026)	-0.117*** (0.026)
Time Trend	0.003 (0.004)	0.003 (0.004)
Constant	-0.883 (2.806)	-0.909 (2.787)
Observations	2632	2632
Country Fixed Effects	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 42: Setting Missing Values in the Political Change Variables to 0

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.776*** (0.028)	0.776*** (0.028)	0.777*** (0.028)	0.775*** (0.028)
Major Cabinet Change	0.054** (0.024)	0.060*** (0.021)		
Change in Effective Executive			0.064** (0.027)	0.081*** (0.029)
Polity 2 Score	0.006** (0.003)	0.006** (0.003)	0.006** (0.003)	0.006** (0.003)
IMF Program During Previous Crisis	0.006 (0.032)	0.008 (0.031)	0.002 (0.034)	0.005 (0.033)
Imports (% GDP)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.009*** (0.002)	0.009*** (0.002)	0.009*** (0.002)	0.009*** (0.002)
Central Bank Independence	0.012 (0.013)	0.011 (0.013)	0.012 (0.013)	0.011 (0.013)
Presidential System	0.156*** (0.050)	0.156*** (0.050)	0.161*** (0.050)	0.162*** (0.050)
GDP per capita (natural log)	-0.159*** (0.043)	-0.157*** (0.044)	-0.157*** (0.044)	-0.155*** (0.044)
GDP growth	-0.004 (0.003)	-0.004 (0.003)	-0.004 (0.003)	-0.004 (0.003)
Population (natural log)	0.132 (0.169)	0.143 (0.170)	0.132 (0.168)	0.139 (0.169)
Capital Account Openness	0.006 (0.012)	0.007 (0.011)	0.006 (0.011)	0.007 (0.011)
Currency Peg	0.007 (0.027)	0.007 (0.026)	0.006 (0.026)	0.009 (0.026)
Currency Crisis	-0.119*** (0.026)	-0.123*** (0.026)	-0.119*** (0.026)	-0.123*** (0.026)
Time Trend	0.003 (0.004)	0.003 (0.004)	0.003 (0.004)	0.003 (0.004)
Constant	-0.823 (2.806)	-1.005 (2.821)	-0.833 (2.787)	-0.947 (2.805)
Observations	2632	2632	2632	2632
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses  
\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 43: Setting Missing Values in the Political Change Variables to 0

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.745*** (0.036)	0.747*** (0.035)	0.746*** (0.035)	0.746*** (0.036)
Major Cabinet Change	0.016 (0.032)	0.021 (0.025)		
Change in Effective Executive			0.033 (0.033)	0.041 (0.034)
Real Interest Rate Differential	0.109 (0.203)	0.042 (0.081)	0.049 (0.187)	0.026 (0.082)
Major Cabinet Change × Real Interest Rate Differential	-0.221 (0.208)	-0.354** (0.177)		
Change in Effective Executive × Real Interest Rate Differential			-0.157 (0.191)	-0.324* (0.171)
Polity 2 Score	0.008** (0.003)	0.007** (0.003)	0.007** (0.003)	0.007** (0.003)
IMF Program During Previous Crisis	0.011 (0.037)	0.017 (0.037)	0.007 (0.037)	0.013 (0.038)
Imports (% GDP)	-0.003* (0.002)	-0.003** (0.002)	-0.003* (0.002)	-0.003* (0.002)
Trade Balance (Exports - Imports % GDP)	0.008*** (0.002)	0.008*** (0.002)	0.008*** (0.002)	0.008*** (0.002)
Central Bank Independence	-0.008 (0.014)	-0.007 (0.014)	-0.008 (0.014)	-0.006 (0.014)
Presidential System	0.201*** (0.056)	0.194*** (0.057)	0.204*** (0.056)	0.199*** (0.057)
GDP per capita (natural log)	-0.130*** (0.047)	-0.132*** (0.048)	-0.130*** (0.048)	-0.130*** (0.048)
GDP growth	-0.003 (0.003)	-0.003 (0.003)	-0.003 (0.003)	-0.003 (0.003)
Population (natural log)	0.327 (0.205)	0.335 (0.205)	0.324 (0.203)	0.328 (0.203)
Capital Account Openness	0.000 (0.013)	0.003 (0.013)	-0.000 (0.013)	0.002 (0.013)
Currency Peg	0.032 (0.033)	0.035 (0.032)	0.031 (0.032)	0.036 (0.032)
Currency Crisis	-0.119*** (0.030)	-0.127*** (0.030)	-0.119*** (0.030)	-0.126*** (0.030)
Time Trend	0.001 (0.005)	0.001 (0.005)	0.001 (0.005)	0.001 (0.005)
Constant	-4.104 (3.338)	-4.214 (3.346)	-4.066 (3.318)	-4.127 (3.324)
Observations	2112	2112	2112	2112
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 44: Setting Missing Values in the Political Change Variables to 0

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.776*** (0.028)	0.776*** (0.028)	0.777*** (0.028)	0.775*** (0.028)
Major Cabinet Change	0.062** (0.028)	0.060* (0.031)		
Central Bank Independence	0.007 (0.016)	0.011 (0.015)	0.009 (0.014)	0.010 (0.013)
Major Cabinet Change × Central Bank Independence	0.011 (0.023)	0.001 (0.030)		
Change in Effective Executive			0.072** (0.032)	0.086** (0.041)
Change in Effective Executive × Central Bank Independence			0.009 (0.026)	0.006 (0.037)
Polity 2 Score	0.006** (0.003)	0.006** (0.003)	0.006** (0.003)	0.006** (0.003)
IMF Program During Previous Crisis	0.005 (0.031)	0.008 (0.031)	0.002 (0.034)	0.004 (0.033)
Imports (% GDP)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.009*** (0.002)	0.009*** (0.002)	0.009*** (0.002)	0.009*** (0.002)
Presidential System	0.156*** (0.050)	0.156*** (0.050)	0.161*** (0.050)	0.162*** (0.050)
GDP per capita (natural log)	-0.159*** (0.043)	-0.157*** (0.044)	-0.157*** (0.044)	-0.155*** (0.044)
GDP growth	-0.004 (0.003)	-0.004 (0.003)	-0.004 (0.003)	-0.004 (0.003)
Population (natural log)	0.134 (0.169)	0.143 (0.170)	0.133 (0.168)	0.139 (0.169)
Capital Account Openness	0.006 (0.011)	0.007 (0.011)	0.006 (0.011)	0.007 (0.011)
Currency Peg	0.008 (0.026)	0.007 (0.026)	0.006 (0.026)	0.009 (0.026)
Currency Crisis	-0.118*** (0.026)	-0.123*** (0.026)	-0.119*** (0.026)	-0.123*** (0.026)
Time Trend	0.003 (0.004)	0.003 (0.004)	0.003 (0.004)	0.003 (0.004)
Constant	-0.851 (2.808)	-1.003 (2.824)	-0.849 (2.786)	-0.945 (2.806)
Observations	2632	2632	2632	2632
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



Table 45: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling for Changes in the Exchange Rate

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.821*** (0.042)	0.821*** (0.043)	0.822*** (0.043)	0.820*** (0.043)
Major Cabinet Change	0.058** (0.028)	0.051** (0.023)		
Change in Effective Executive			0.061** (0.026)	0.063** (0.025)
Polity 2 Score	0.007** (0.003)	0.006** (0.003)	0.007** (0.003)	0.006** (0.003)
IMF Program During Previous Crisis	0.000 (0.029)	0.003 (0.028)	-0.007 (0.032)	-0.002 (0.031)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.016*** (0.004)	0.015*** (0.004)
Central Bank Independence	0.023 (0.016)	0.022 (0.016)	0.023 (0.016)	0.021 (0.016)
Presidential System	0.070 (0.065)	0.070 (0.066)	0.082 (0.065)	0.083 (0.064)
GDP per capita (natural log)	-0.103 (0.063)	-0.092 (0.064)	-0.100 (0.064)	-0.092 (0.064)
GDP growth	-0.005 (0.004)	-0.005 (0.004)	-0.005 (0.004)	-0.005 (0.004)
Population (natural log)	0.322 (0.228)	0.367 (0.228)	0.327 (0.222)	0.358 (0.225)
Capital Account Openness	-0.011 (0.014)	-0.009 (0.014)	-0.011 (0.014)	-0.009 (0.014)
Currency Peg	0.048 (0.037)	0.045 (0.036)	0.045 (0.036)	0.047 (0.035)
Change in Exchange Rate	-0.006 (0.014)	-0.004 (0.013)	-0.007 (0.014)	-0.004 (0.013)
Time Trend	0.000 (0.006)	-0.001 (0.006)	0.000 (0.006)	-0.001 (0.006)
Constant	-4.442 (4.000)	-5.238 (4.000)	-4.545 (3.899)	-5.094 (3.957)
Observations	1433	1431	1433	1431
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 46: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling for Changes in the Exchange Rate

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.818*** (0.040)	0.818*** (0.042)	0.820*** (0.041)	0.818*** (0.042)
Major Cabinet Change	0.022 (0.044)	0.025 (0.037)		
# Crises in Region During Previous Crisis	-0.018 (0.014)	-0.015 (0.012)	-0.014 (0.011)	-0.012 (0.011)
Major Cabinet Change × # Crises in Region During Previous Crisis	0.015 (0.013)	0.012 (0.010)		
Change in Effective Executive			0.032 (0.042)	0.048 (0.041)
Change in Effective Executive × # Crises in Region During Previous Crisis			0.012 (0.011)	0.008 (0.010)
Polity 2 Score	0.006** (0.003)	0.006** (0.003)	0.007** (0.003)	0.006** (0.003)
IMF Program During Previous Crisis	-0.004 (0.029)	0.002 (0.029)	-0.014 (0.032)	-0.005 (0.031)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Central Bank Independence	0.024 (0.016)	0.023 (0.016)	0.025 (0.016)	0.023 (0.016)
Presidential System	0.073 (0.066)	0.076 (0.067)	0.084 (0.066)	0.086 (0.065)
GDP per capita (natural log)	-0.107* (0.063)	-0.094 (0.064)	-0.103 (0.063)	-0.094 (0.064)
GDP growth	-0.005 (0.004)	-0.005 (0.004)	-0.005 (0.004)	-0.005 (0.004)
Population (natural log)	0.293 (0.230)	0.350 (0.230)	0.294 (0.225)	0.336 (0.229)
Capital Account Openness	-0.012 (0.014)	-0.009 (0.014)	-0.012 (0.014)	-0.010 (0.014)
Currency Peg	0.045 (0.036)	0.043 (0.035)	0.043 (0.035)	0.047 (0.035)
Change in Exchange Rate	-0.007 (0.014)	-0.003 (0.013)	-0.008 (0.014)	-0.005 (0.013)
Time Trend	0.001 (0.006)	0.000 (0.006)	0.001 (0.006)	0.000 (0.006)
Constant	-3.905 (4.043)	-4.908 (4.043)	-3.960 (3.960)	-4.703 (4.025)
Observations	1433	1431	1433	1431
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses 90

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 47: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling for Changes in the Exchange Rate

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.805*** (0.043)	0.805*** (0.044)	0.818*** (0.043)	0.815*** (0.043)
Major Cabinet Change	0.049* (0.029)	0.051* (0.026)		
GDP Change During Previous Crisis	-0.093 (0.151)	-0.064 (0.101)	-0.019 (0.111)	-0.049 (0.096)
Major Cabinet Change × GDP Change During Previous Crisis	0.197 (0.156)	0.288** (0.122)		
Change in Effective Executive			0.043* (0.024)	0.046* (0.027)
Change in Effective Executive × GDP Change During Previous Crisis			0.042 (0.127)	0.208 (0.157)
Polity 2 Score	0.005* (0.003)	0.005 (0.003)	0.006** (0.003)	0.006* (0.003)
IMF Program During Previous Crisis	0.014 (0.027)	0.018 (0.026)	-0.007 (0.033)	-0.003 (0.031)
Imports (% GDP)	-0.004 (0.002)	-0.004* (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.016*** (0.004)
Central Bank Independence	0.006 (0.016)	0.005 (0.015)	0.015 (0.016)	0.013 (0.016)
Presidential System	0.044 (0.056)	0.058 (0.056)	0.077 (0.065)	0.089 (0.064)
GDP per capita (natural log)	-0.116* (0.069)	-0.112 (0.068)	-0.099 (0.068)	-0.096 (0.068)
GDP growth	-0.005 (0.004)	-0.005 (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.447* (0.254)	0.457* (0.248)	0.433* (0.240)	0.443* (0.240)
Capital Account Openness	-0.014 (0.014)	-0.014 (0.014)	-0.014 (0.013)	-0.015 (0.013)
Currency Peg	0.066* (0.037)	0.068* (0.037)	0.047 (0.037)	0.052 (0.036)
Change in Exchange Rate	-0.010 (0.015)	-0.006 (0.012)	-0.011 (0.014)	-0.009 (0.013)
Time Trend	-0.000 (0.007)	-0.000 (0.007)	-0.001 (0.006)	-0.001 (0.006)
Constant	-6.356 (4.443)	-6.550 (4.352)	-6.263 (4.215)	-6.452 (4.225)
Observations	1384	1384	1408	1408
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses 91

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 48: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling for Changes in the Exchange Rate

	(1)	(2)	(3)	(4)
	Unweighted	Unweighted	Weighted	Weighted
Lag of Log Reserves	0.809*** (0.032)	0.815*** (0.035)	0.807*** (0.036)	0.817*** (0.036)
Major Cabinet Change	0.035 (0.069)		0.059 (0.057)	
Change in Effective Executive		-0.042 (0.052)		-0.003 (0.056)
Reserves Spent During Previous Crisis	0.328*** (0.106)	0.215** (0.086)	0.257*** (0.066)	0.188*** (0.062)
Pre-Crisis Reserves	-0.027 (0.043)	-0.012 (0.032)	-0.012 (0.035)	-0.007 (0.031)
Major Cabinet Change × Reserves Spent	-0.240** (0.119)		-0.166** (0.079)	
Change in Effective Executive × Reserves Spent		-0.103 (0.090)		-0.113 (0.092)
Major Cabinet Change × Pre-Crisis Reserves	0.058 (0.053)		0.031 (0.044)	
Change in Effective Executive × Pre-Crisis Reserves		0.081** (0.035)		0.054 (0.041)
Reserves Spent × Pre-Crisis Reserves	-0.237** (0.099)	-0.102** (0.043)	-0.247*** (0.072)	-0.123*** (0.042)
Major Cabinet Change × Reserves Spent × Pre-Crisis Reserves	0.179* (0.105)		0.200** (0.077)	
Change in Effective Executive × Reserves Spent × Pre-Crisis Reserves		0.015 (0.057)		0.095 (0.073)
Polity 2 Score	0.007 (0.004)	0.007* (0.004)	0.007 (0.004)	0.007* (0.004)
IMF Program During Previous Crisis	-0.022 (0.026)	-0.016 (0.027)	-0.002 (0.027)	-0.011 (0.030)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.005)	0.016*** (0.004)	0.016*** (0.005)	0.017*** (0.005)
Central Bank Independence	0.026 (0.016)	0.025 (0.017)	0.029* (0.017)	0.025 (0.017)
Presidential System	0.081 (0.065)	0.081 (0.067)	0.099 (0.067)	0.088 (0.065)
GDP per capita (natural log)	-0.139** (0.069)	-0.136* (0.073)	-0.130* (0.073)	-0.131* (0.075)
GDP growth	-0.006* (0.004)	-0.007* (0.004)	-0.007* (0.004)	-0.007* (0.004)
Population (natural log)	0.299 (0.281)	0.316 (0.266)	0.351 (0.277)	0.310 (0.268)
Capital Account Openness	-0.011 (0.016)	-0.011 (0.016)	-0.008 (0.016)	-0.011 (0.016)
Currency Peg	0.017 (0.044)	0.019 (0.044)	0.038 (0.043)	0.034 (0.042)
Change in Exchange Rate	-0.016 (0.014)	-0.018 (0.012)	-0.007 (0.012)	-0.012 (0.011)
Time Trend	0.004 (0.007)	0.003 (0.007)	0.003 (0.007)	0.003 (0.007)
Constant	-3.712 (4.510)	-3.940 (4.318)	-4.598 (4.472)	-3.907 (4.367)
Observations	1311	1311	1311	1311
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses  
\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 49: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling for Changes in the Exchange Rate

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.796*** (0.051)	0.794*** (0.050)	0.796*** (0.051)	0.791*** (0.051)
Major Cabinet Change	0.023 (0.040)	0.017 (0.031)		
Real Interest Rate Differential	-0.041 (0.246)	0.020 (0.089)	-0.156 (0.289)	-0.015 (0.112)
Major Cabinet Change × Real Interest Rate Differential	-0.020 (0.258)	-0.217 (0.263)		
Change in Effective Executive			0.053 (0.035)	0.040 (0.036)
Change in Effective Executive × Real Interest Rate Differential			0.123 (0.295)	-0.132 (0.242)
Polity 2 Score	0.007** (0.003)	0.007* (0.003)	0.007** (0.003)	0.006* (0.003)
IMF Program During Previous Crisis	0.003 (0.032)	0.005 (0.030)	-0.007 (0.033)	0.000 (0.032)
Imports (% GDP)	-0.004 (0.002)	-0.004* (0.002)	-0.004 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.013*** (0.005)	0.013*** (0.005)	0.013*** (0.005)	0.013*** (0.005)
Central Bank Independence	0.009 (0.017)	0.007 (0.017)	0.009 (0.017)	0.008 (0.017)
Presidential System	0.091 (0.062)	0.086 (0.064)	0.097 (0.062)	0.096 (0.063)
GDP per capita (natural log)	-0.089 (0.072)	-0.085 (0.072)	-0.090 (0.072)	-0.081 (0.073)
GDP growth	-0.006 (0.004)	-0.007 (0.004)	-0.006 (0.004)	-0.007 (0.004)
Population (natural log)	0.355 (0.257)	0.383 (0.262)	0.358 (0.256)	0.381 (0.258)
Capital Account Openness	-0.016 (0.015)	-0.013 (0.016)	-0.016 (0.016)	-0.015 (0.016)
Currency Peg	0.038 (0.041)	0.033 (0.041)	0.034 (0.041)	0.035 (0.041)
Change in Exchange Rate	-0.010 (0.016)	-0.019 (0.020)	-0.013 (0.016)	-0.015 (0.019)
Time Trend	0.001 (0.006)	0.000 (0.006)	0.001 (0.006)	0.000 (0.007)
Constant	-5.065 (4.468)	-5.538 (4.560)	-5.127 (4.448)	-5.534 (4.507)
Observations	1238	1236	1238	1236
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 50: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling for Changes in the Exchange Rate

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.821*** (0.042)	0.821*** (0.043)	0.822*** (0.043)	0.819*** (0.043)
Major Cabinet Change	0.052* (0.030)	0.033 (0.034)		
Change in Effective Executive			0.058* (0.030)	0.051 (0.036)
Central Bank Independence	0.030 (0.020)	0.032* (0.018)	0.025 (0.015)	0.025 (0.015)
Major Cabinet Change × Central Bank Independence	-0.009 (0.026)	-0.023 (0.030)		
Change in Effective Executive × Central Bank Independence			-0.003 (0.029)	-0.015 (0.035)
Polity 2 Score	0.007** (0.003)	0.006** (0.003)	0.007** (0.003)	0.006** (0.003)
IMF Program During Previous Crisis	0.001 (0.029)	0.006 (0.029)	-0.007 (0.032)	-0.000 (0.031)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.016*** (0.004)	0.015*** (0.004)
Presidential System	0.070 (0.065)	0.071 (0.065)	0.081 (0.065)	0.083 (0.064)
GDP per capita (natural log)	-0.103 (0.063)	-0.090 (0.063)	-0.101 (0.064)	-0.092 (0.064)
GDP growth	-0.005 (0.004)	-0.005 (0.004)	-0.005 (0.004)	-0.005 (0.004)
Population (natural log)	0.322 (0.228)	0.381* (0.227)	0.327 (0.222)	0.363 (0.226)
Capital Account Openness	-0.010 (0.014)	-0.008 (0.014)	-0.011 (0.014)	-0.008 (0.014)
Currency Peg	0.047 (0.036)	0.044 (0.036)	0.045 (0.036)	0.047 (0.036)
Change in Exchange Rate	-0.007 (0.014)	-0.003 (0.013)	-0.008 (0.014)	-0.005 (0.013)
Time Trend	0.000 (0.006)	-0.001 (0.006)	0.000 (0.006)	-0.001 (0.006)
Constant	-4.439 (3.991)	-5.463 (3.985)	-4.539 (3.891)	-5.162 (3.965)
Observations	1433	1431	1433	1431
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 51: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Including Political Changes Two Years After the Crisis

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.811*** (0.042)	0.809*** (0.042)	0.805*** (0.044)	0.803*** (0.045)
Major Cabinet Changes	0.029 (0.048)	0.005 (0.034)		
Change in Effective Executive			0.005 (0.034)	0.012 (0.036)
Polity 2 Score	0.005* (0.003)	0.005* (0.003)	0.005* (0.003)	0.005* (0.003)
IMF Program During Previous Crisis	0.003 (0.031)	0.005 (0.031)	0.004 (0.032)	0.003 (0.032)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Central Bank Independence	0.014 (0.016)	0.013 (0.015)	0.016 (0.016)	0.016 (0.016)
Presidential System	0.079 (0.073)	0.081 (0.074)	0.078 (0.076)	0.080 (0.076)
GDP per capita (natural log)	-0.104* (0.061)	-0.101 (0.063)	-0.106 (0.065)	-0.104 (0.067)
GDP growth	-0.008** (0.004)	-0.009** (0.004)	-0.008* (0.004)	-0.008* (0.004)
Population (natural log)	0.456* (0.231)	0.461* (0.234)	0.412* (0.235)	0.420* (0.240)
Capital Account Openness	-0.016 (0.013)	-0.016 (0.013)	-0.018 (0.014)	-0.017 (0.014)
Currency Peg	0.021 (0.037)	0.022 (0.037)	0.020 (0.038)	0.021 (0.038)
Currency Crisis	-0.122*** (0.030)	-0.122*** (0.030)	-0.120*** (0.031)	-0.120*** (0.031)
Time Trend	-0.003 (0.006)	-0.003 (0.006)	-0.001 (0.006)	-0.002 (0.006)
Constant	-6.566 (4.045)	-6.626 (4.097)	-5.791 (4.084)	-5.930 (4.184)
Observations	1439	1430	1378	1369
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 52: The Effect of Political Change During Previous Currency Crises That Lasted Five Years or Less upon Reserve Accumulation

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.789*** (0.044)	0.787*** (0.045)	0.788*** (0.044)	0.782*** (0.045)
Major Cabinet Change	0.030 (0.032)	0.049** (0.024)		
Change in Effective Executive			0.058 (0.035)	0.083** (0.034)
Polity 2 Score	0.007** (0.003)	0.007** (0.003)	0.007** (0.003)	0.007** (0.003)
IMF Program During Previous Crisis	0.009 (0.038)	0.011 (0.037)	0.003 (0.040)	0.007 (0.039)
Imports (% GDP)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.017*** (0.003)	0.017*** (0.003)	0.017*** (0.003)	0.017*** (0.003)
Central Bank Independence	0.019 (0.018)	0.018 (0.018)	0.020 (0.018)	0.017 (0.018)
Presidential System	0.069 (0.079)	0.077 (0.078)	0.076 (0.080)	0.093 (0.079)
GDP per capita (natural log)	-0.092 (0.056)	-0.084 (0.057)	-0.089 (0.057)	-0.080 (0.059)
GDP growth	-0.008* (0.005)	-0.008* (0.004)	-0.008* (0.004)	-0.008* (0.004)
Population (natural log)	0.232 (0.250)	0.272 (0.251)	0.224 (0.244)	0.261 (0.249)
Capital Account Openness	-0.020 (0.015)	-0.018 (0.015)	-0.020 (0.015)	-0.018 (0.015)
Currency Peg	0.040 (0.044)	0.036 (0.044)	0.036 (0.043)	0.038 (0.044)
Currency Crisis	-0.102*** (0.033)	-0.105*** (0.031)	-0.102*** (0.032)	-0.107*** (0.032)
Time Trend	0.001 (0.006)	0.000 (0.006)	0.001 (0.006)	0.000 (0.007)
Constant	-3.021 (4.279)	-3.723 (4.314)	-2.906 (4.202)	-3.569 (4.292)
Observations	1190	1188	1190	1188
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



Table 53: The Effect of Political Change During Previous Currency Crises That Lasted Five Years or Less upon Reserve Accumulation

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.787*** (0.042)	0.785*** (0.043)	0.787*** (0.043)	0.781*** (0.044)
Major Cabinet Change	0.003 (0.052)	0.028 (0.043)		
Change in Effective Executive			0.036 (0.054)	0.068 (0.054)
# Crises in Region During Previous Crisis	-0.018 (0.015)	-0.016 (0.013)	-0.016 (0.013)	-0.017 (0.012)
Major Cabinet Change × # Crises in Region During Previous Crisis	0.011 (0.013)	0.009 (0.010)		
Change in Effective Executive × # Crises in Region During Previous Crisis			0.009 (0.012)	0.009 (0.011)
Polity 2 Score	0.007** (0.003)	0.007** (0.003)	0.008** (0.003)	0.007** (0.003)
IMF Program During Previous Crisis	0.010 (0.038)	0.012 (0.037)	0.002 (0.039)	0.008 (0.039)
Imports (% GDP)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.017*** (0.003)	0.017*** (0.003)	0.017*** (0.003)	0.017*** (0.003)
Central Bank Independence	0.022 (0.019)	0.021 (0.019)	0.024 (0.019)	0.021 (0.019)
Presidential System	0.072 (0.082)	0.081 (0.081)	0.079 (0.083)	0.097 (0.082)
GDP per capita (natural log)	-0.096* (0.056)	-0.088 (0.057)	-0.094 (0.056)	-0.085 (0.059)
GDP growth	-0.008* (0.005)	-0.008* (0.005)	-0.008* (0.005)	-0.008* (0.004)
Population (natural log)	0.197 (0.255)	0.244 (0.256)	0.187 (0.250)	0.226 (0.254)
Capital Account Openness	-0.021 (0.015)	-0.019 (0.015)	-0.022 (0.015)	-0.020 (0.015)
Currency Peg	0.040 (0.045)	0.036 (0.044)	0.036 (0.044)	0.039 (0.044)
Currency Crisis	-0.100*** (0.032)	-0.104*** (0.031)	-0.101*** (0.032)	-0.106*** (0.031)
Time Trend	0.002 (0.007)	0.001 (0.007)	0.003 (0.007)	0.002 (0.007)
Constant	-2.388 (4.380)	-3.225 (4.407)	-2.255 (4.301)	-2.961 (4.384)
Observations	1190	1188	1190	1188
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses 97

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 54: The Effect of Political Change During Previous Currency Crises That Lasted Five Years or Less upon Reserve Accumulation

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.775*** (0.046)	0.772*** (0.046)	0.786*** (0.045)	0.780*** (0.045)
Major Cabinet Change	0.018 (0.034)	0.047 (0.029)		
Change in Effective Executive			0.036 (0.035)	0.065* (0.035)
GDP Change During Previous Crisis	-0.058 (0.163)	-0.086 (0.097)	-0.023 (0.122)	-0.070 (0.101)
Major Cabinet Change × GDP Change During Previous Crisis	0.122 (0.164)	0.282** (0.132)		
Change in Effective Executive × GDP Change During Previous Crisis			0.036 (0.138)	0.261 (0.165)
Polity 2 Score	0.005* (0.003)	0.005 (0.003)	0.006* (0.003)	0.006* (0.003)
IMF Program During Previous Crisis	0.029 (0.037)	0.025 (0.035)	0.007 (0.040)	0.006 (0.039)
Imports (% GDP)	-0.003* (0.002)	-0.003* (0.002)	-0.003 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.017*** (0.003)	0.017*** (0.003)	0.017*** (0.003)	0.017*** (0.003)
Central Bank Independence	-0.002 (0.017)	-0.004 (0.017)	0.010 (0.018)	0.008 (0.018)
Presidential System	0.033 (0.066)	0.065 (0.065)	0.075 (0.082)	0.110 (0.081)
GDP per capita (natural log)	-0.105* (0.062)	-0.105* (0.061)	-0.086 (0.062)	-0.085 (0.062)
GDP growth	-0.008 (0.005)	-0.008 (0.005)	-0.010** (0.005)	-0.009** (0.005)
Population (natural log)	0.417 (0.276)	0.412 (0.269)	0.378 (0.263)	0.393 (0.263)
Capital Account Openness	-0.022 (0.015)	-0.024 (0.015)	-0.024 (0.015)	-0.025 (0.015)
Currency Peg	0.061 (0.045)	0.063 (0.045)	0.038 (0.045)	0.045 (0.045)
Currency Crisis	-0.095*** (0.033)	-0.102*** (0.033)	-0.099*** (0.032)	-0.104*** (0.032)
Time Trend	-0.000 (0.007)	0.000 (0.007)	-0.000 (0.007)	-0.000 (0.007)
Constant	-5.902 (4.726)	-5.862 (4.622)	-5.435 (4.539)	-5.724 (4.544)
Observations	1140	1140	1164	1164
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 55: The Effect of Political Change During Previous Currency Crises That Lasted Five Years or Less upon Reserve Accumulation

	(1)	(2)	(3)	(4)
	Unweighted	Unweighted	Weighted	Weighted
Lag of Log Reserves	0.787*** (0.037)	0.793*** (0.039)	0.778*** (0.040)	0.788*** (0.039)
Major Cabinet Change	0.029 (0.084)		0.059 (0.064)	
Change in Effective Executive		-0.040 (0.066)		0.032 (0.065)
Reserves Spent During Previous Crisis	0.337** (0.132)	0.233** (0.105)	0.322*** (0.100)	0.246** (0.093)
Pre-Crisis Reserves	-0.061 (0.044)	-0.047 (0.032)	-0.059 (0.037)	-0.048 (0.031)
Major Cabinet Change × Reserves Spent	-0.236 (0.143)		-0.212** (0.092)	
Change in Effective Executive × Reserves Spent		-0.117 (0.119)		-0.188* (0.104)
Major Cabinet Change × Pre-Crisis Reserves	0.061 (0.063)		0.052 (0.050)	
Change in Effective Executive × Pre-Crisis Reserves		0.092* (0.046)		0.064 (0.049)
Reserves Spent × Pre-Crisis Reserves	-0.255** (0.126)	-0.116* (0.069)	-0.295*** (0.089)	-0.165** (0.072)
Major Cabinet Change × Reserves Spent × Pre-Crisis Reserves	0.196 (0.135)		0.243*** (0.090)	
Change in Effective Executive × Reserves Spent × Pre-Crisis Reserves		0.036 (0.084)		0.152* (0.086)
Polity 2 Score	0.005 (0.004)	0.006 (0.004)	0.005 (0.004)	0.006 (0.004)
IMF Program During Previous Crisis	-0.024 (0.034)	-0.014 (0.032)	-0.011 (0.032)	-0.012 (0.034)
Imports (% GDP)	-0.003 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.019*** (0.004)	0.020*** (0.003)	0.020*** (0.004)	0.020*** (0.004)
Central Bank Independence	0.015 (0.019)	0.015 (0.020)	0.015 (0.020)	0.013 (0.020)
Presidential System	0.083 (0.079)	0.091 (0.083)	0.112 (0.082)	0.101 (0.082)
GDP per capita (natural log)	-0.122* (0.064)	-0.122* (0.068)	-0.113* (0.066)	-0.110 (0.070)
GDP growth	-0.009** (0.004)	-0.009** (0.004)	-0.009** (0.004)	-0.010** (0.004)
Population (natural log)	0.091 (0.313)	0.088 (0.310)	0.130 (0.306)	0.108 (0.309)
Capital Account Openness	-0.018 (0.019)	-0.020 (0.018)	-0.015 (0.018)	-0.019 (0.019)
Currency Peg	0.007 (0.053)	0.007 (0.054)	0.021 (0.053)	0.016 (0.052)
Currency Crisis	-0.105*** (0.036)	-0.111*** (0.035)	-0.115*** (0.034)	-0.113*** (0.035)
Time Trend	0.008 (0.008)	0.007 (0.008)	0.007 (0.008)	0.006 (0.008)
Constant	-0.865 (6.167)	-0.739 (6.173)	-1.718 (6.042)	-1.244 (6.161)
Observations	1091	1091	1091	1091
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses  
\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 56: The Effect of Political Change During Previous Currency Crises That Lasted Five Years or Less upon Reserve Accumulation

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.757*** (0.052)	0.755*** (0.052)	0.757*** (0.053)	0.749*** (0.053)
Major Cabinet Change	-0.006 (0.039)	0.006 (0.023)		
Real Interest Rate Differential	-0.120 (0.262)	0.015 (0.051)	-0.203 (0.308)	-0.003 (0.065)
Major Cabinet Change × Real Interest Rate Differential	0.019 (0.271)	-0.300* (0.150)		
Change in Effective Executive			0.044 (0.042)	0.046 (0.038)
Change in Effective Executive × Real Interest Rate Differential			0.107 (0.311)	-0.263* (0.137)
Polity 2 Score	0.007* (0.004)	0.007* (0.004)	0.008** (0.004)	0.007* (0.004)
IMF Program During Previous Crisis	0.010 (0.038)	0.016 (0.038)	0.002 (0.038)	0.012 (0.039)
Imports (% GDP)	-0.003* (0.002)	-0.003* (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.016*** (0.004)	0.015*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Central Bank Independence	0.007 (0.021)	0.007 (0.021)	0.008 (0.021)	0.009 (0.021)
Presidential System	0.090 (0.077)	0.085 (0.079)	0.090 (0.076)	0.100 (0.079)
GDP per capita (natural log)	-0.058 (0.062)	-0.062 (0.063)	-0.060 (0.062)	-0.055 (0.066)
GDP growth	-0.008* (0.005)	-0.009* (0.005)	-0.008 (0.005)	-0.008* (0.005)
Population (natural log)	0.366 (0.297)	0.388 (0.302)	0.360 (0.301)	0.366 (0.297)
Capital Account Openness	-0.022 (0.016)	-0.018 (0.016)	-0.021 (0.018)	-0.021 (0.016)
Currency Peg	0.027 (0.047)	0.022 (0.048)	0.023 (0.047)	0.023 (0.048)
Currency Crisis	-0.113*** (0.034)	-0.119*** (0.034)	-0.111*** (0.034)	-0.120*** (0.033)
Time Trend	-0.000 (0.007)	-0.001 (0.007)	-0.000 (0.007)	-0.000 (0.008)
Constant	-5.402 (5.061)	-5.745 (5.156)	-5.336 (5.146)	-5.437 (5.099)
Observations	1030	1028	1030	1028
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 57: The Effect of Political Change During Previous Currency Crises That Lasted Five Years or Less upon Reserve Accumulation

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.789*** (0.044)	0.787*** (0.045)	0.788*** (0.044)	0.782*** (0.045)
Major Cabinet Change	0.034 (0.032)	0.036 (0.036)		
Central Bank Independence	0.016 (0.024)	0.025 (0.022)	0.013 (0.019)	0.016 (0.019)
Major Cabinet Change × Central Bank Independence	0.005 (0.029)	-0.017 (0.036)		
Change in Effective Executive			0.072* (0.039)	0.086* (0.047)
Change in Effective Executive × Central Bank Independence			0.017 (0.031)	0.004 (0.041)
Polity 2 Score	0.007** (0.003)	0.007** (0.003)	0.007** (0.003)	0.007** (0.003)
IMF Program During Previous Crisis	0.009 (0.039)	0.012 (0.039)	0.001 (0.040)	0.007 (0.039)
Imports (% GDP)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.017*** (0.003)	0.017*** (0.003)	0.017*** (0.003)	0.017*** (0.003)
Presidential System	0.068 (0.079)	0.080 (0.078)	0.078 (0.079)	0.093 (0.079)
GDP per capita (natural log)	-0.092 (0.056)	-0.083 (0.057)	-0.089 (0.057)	-0.080 (0.059)
GDP growth	-0.008* (0.005)	-0.008* (0.004)	-0.008* (0.004)	-0.008* (0.004)
Population (natural log)	0.233 (0.251)	0.278 (0.249)	0.228 (0.243)	0.260 (0.249)
Capital Account Openness	-0.020 (0.015)	-0.018 (0.015)	-0.021 (0.015)	-0.018 (0.015)
Currency Peg	0.040 (0.044)	0.035 (0.044)	0.037 (0.044)	0.038 (0.044)
Currency Crisis	-0.102*** (0.033)	-0.105*** (0.031)	-0.102*** (0.032)	-0.107*** (0.032)
Time Trend	0.001 (0.006)	0.000 (0.006)	0.001 (0.006)	0.000 (0.007)
Constant	-3.046 (4.305)	-3.828 (4.283)	-2.994 (4.187)	-3.559 (4.294)
Observations	1190	1188	1190	1188
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 58: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling For The Length of the Previous Currency Crisis

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.785*** (0.043)	0.782*** (0.043)	0.785*** (0.043)	0.780*** (0.044)
Major Cabinet Change	0.035 (0.031)	0.054** (0.023)		
Change in Effective Executive			0.054* (0.032)	0.075** (0.031)
Polity 2 Score	0.007** (0.003)	0.007** (0.003)	0.007** (0.003)	0.007** (0.003)
IMF Program During Previous Crisis	0.012 (0.035)	0.014 (0.035)	0.007 (0.037)	0.010 (0.037)
Imports (% GDP)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.017*** (0.003)	0.017*** (0.003)	0.017*** (0.003)	0.017*** (0.003)
Central Bank Independence	0.025 (0.017)	0.024 (0.017)	0.027 (0.017)	0.024 (0.017)
Presidential System	0.068 (0.078)	0.078 (0.077)	0.075 (0.079)	0.091 (0.078)
GDP per capita (natural log)	-0.086 (0.052)	-0.078 (0.054)	-0.084 (0.053)	-0.077 (0.055)
GDP growth	-0.008* (0.004)	-0.008* (0.004)	-0.008* (0.004)	-0.008* (0.004)
Population (natural log)	0.267 (0.238)	0.305 (0.240)	0.257 (0.235)	0.288 (0.238)
Capital Account Openness	-0.019 (0.014)	-0.018 (0.014)	-0.019 (0.014)	-0.018 (0.014)
Currency Peg	0.028 (0.042)	0.024 (0.042)	0.026 (0.041)	0.028 (0.041)
Currency Crisis	-0.112*** (0.031)	-0.116*** (0.030)	-0.113*** (0.031)	-0.117*** (0.030)
Time Trend	0.001 (0.006)	-0.000 (0.006)	0.001 (0.006)	-0.000 (0.006)
Length of Previous Currency Crisis	-0.000 (0.003)	-0.001 (0.003)	0.000 (0.003)	-0.000 (0.003)
Constant	-3.627 (4.070)	-4.303 (4.115)	-3.478 (4.024)	-4.031 (4.090)
Observations	1284	1282	1284	1282
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses  
\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 59: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling For The Length of the Previous Currency Crisis

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.783*** (0.041)	0.780*** (0.042)	0.783*** (0.042)	0.778*** (0.043)
Major Cabinet Change	0.012 (0.050)	0.032 (0.042)		
Change in Effective Executive			0.040 (0.049)	0.066 (0.050)
# Currency Crises in Region During Prev. Crisis	-0.015 (0.014)	-0.016 (0.012)	-0.013 (0.012)	-0.015 (0.011)
Major Cabinet Changes × # Crises in Region	0.009 (0.012)	0.010 (0.010)		
Change in Effective Executive × # Crises in Region			0.006 (0.011)	0.006 (0.010)
Polity 2 Score	0.007** (0.003)	0.007** (0.003)	0.008*** (0.003)	0.007** (0.003)
IMF Program During Previous Crisis	0.013 (0.035)	0.014 (0.035)	0.005 (0.037)	0.009 (0.036)
Imports (% GDP)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.017*** (0.003)	0.017*** (0.003)	0.017*** (0.003)	0.017*** (0.003)
Central Bank Independence	0.027 (0.017)	0.026 (0.017)	0.029* (0.017)	0.027 (0.017)
Presidential System	0.071 (0.081)	0.081 (0.080)	0.078 (0.082)	0.094 (0.081)
GDP per capita (natural log)	-0.089* (0.052)	-0.081 (0.054)	-0.087 (0.053)	-0.080 (0.054)
GDP growth	-0.008* (0.004)	-0.008* (0.004)	-0.008* (0.004)	-0.008* (0.004)
Population (natural log)	0.237 (0.244)	0.279 (0.244)	0.226 (0.241)	0.257 (0.243)
Capital Account Openness	-0.021 (0.014)	-0.019 (0.014)	-0.021 (0.014)	-0.020 (0.014)
Currency Peg	0.028 (0.042)	0.024 (0.042)	0.026 (0.042)	0.030 (0.042)
Currency Crisis	-0.111*** (0.031)	-0.114*** (0.030)	-0.111*** (0.030)	-0.115*** (0.030)
Time Trend	0.001 (0.006)	0.001 (0.006)	0.001 (0.006)	0.001 (0.006)
Length of Previous Currency Crisis	-0.000 (0.003)	-0.001 (0.003)	0.000 (0.003)	-0.001 (0.004)
Constant	-3.077 (4.178)	-3.833 (4.205)	-2.924 (4.134)	-3.477 (4.191)
Observations	1284	1282	1284	1282
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 60: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling For The Length of the Previous Currency Crisis

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
lag_log_fi_res_totl_mo	0.772*** (0.045)	0.768*** (0.045)	0.783*** (0.043)	0.778*** (0.043)
Major Cabinet Change	0.024 (0.032)	0.051* (0.027)		
GDP Change During Previous Crisis	-0.072 (0.161)	-0.111 (0.096)	-0.017 (0.118)	-0.075 (0.098)
Major Cabinet Changes × GDP Change During Prev. Crisis	0.118 (0.158)	0.311** (0.130)		
Change in Effective Executive			0.033 (0.032)	0.058* (0.032)
Change in Effective Executive × GDP Change During Prev. Crisis			0.013 (0.131)	0.254 (0.162)
Polity 2 Score	0.005* (0.003)	0.005 (0.003)	0.006* (0.003)	0.006* (0.003)
IMF Program During Previous Crisis	0.029 (0.034)	0.026 (0.032)	0.010 (0.038)	0.008 (0.037)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.016*** (0.003)	0.016*** (0.003)	0.017*** (0.003)	0.017*** (0.003)
Central Bank Independence	0.006 (0.016)	0.004 (0.016)	0.017 (0.016)	0.015 (0.016)
Presidential System	0.033 (0.065)	0.068 (0.065)	0.073 (0.081)	0.107 (0.080)
GDP per capita (natural log)	-0.096 (0.058)	-0.095 (0.057)	-0.081 (0.057)	-0.081 (0.057)
GDP growth	-0.008* (0.005)	-0.008* (0.005)	-0.010** (0.005)	-0.010** (0.004)
Population (natural log)	0.445* (0.263)	0.448* (0.258)	0.400 (0.252)	0.415 (0.253)
Capital Account Openness	-0.021 (0.014)	-0.023 (0.014)	-0.023 (0.014)	-0.024* (0.014)
Currency Peg	0.047 (0.042)	0.050 (0.042)	0.028 (0.042)	0.035 (0.042)
Currency Crisis	-0.106*** (0.032)	-0.114*** (0.032)	-0.110*** (0.031)	-0.114*** (0.031)
Time Trend	-0.001 (0.007)	-0.001 (0.007)	-0.001 (0.007)	-0.001 (0.007)
Length of Previous Currency Crisis	0.001 (0.003)	0.001 (0.003)	0.001 (0.003)	0.001 (0.003)
Constant	-6.426 (4.508)	-6.513 (4.424)	-5.828 (4.334)	-6.100 (4.354)
Observations	1234	1234	1258	1258
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



Table 61: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling For The Length of the Previous Currency Crisis

	(1)	(2)	(3)	(4)
	Unweighted	Unweighted	Weighted	Weighted
Lag of Log Reserves	0.787*** (0.035)	0.791*** (0.038)	0.781*** (0.038)	0.792*** (0.038)
Major Cabinet Change	0.024 (0.081)		0.073 (0.059)	
Change in Effective Executive		-0.024 (0.064)		0.063 (0.064)
Reserves Spent During Previous Crisis	0.316** (0.132)	0.219** (0.102)	0.241*** (0.084)	0.183** (0.075)
Pre-Crisis Reserves	-0.061 (0.044)	-0.041 (0.032)	-0.045 (0.036)	-0.034 (0.030)
Major Cabinet Change × Reserves Spent	-0.268* (0.147)		-0.199** (0.086)	
Change in Eff. Exec. × Reserves Spent		-0.186 (0.123)		-0.207* (0.106)
Major Cabinet Change × Pre-Crisis Reserves	0.059 (0.061)		0.032 (0.046)	
Change in Eff. Exec. × Pre-Crisis Reserves		0.070 (0.046)		0.022 (0.048)
Reserves Spent × Pre-Crisis Reserves	-0.247* (0.128)	-0.091 (0.060)	-0.233*** (0.080)	-0.099* (0.053)
Major Cabinet Change × Reserves Spent × Pre-Crisis Reserves	0.229* (0.136)		0.229*** (0.085)	
Change in Eff. Exec. × Reserves Spent × Pre-Crisis Reserves		0.072 (0.085)		0.144 (0.088)
Polity 2 Score	0.006 (0.004)	0.008* (0.004)	0.007* (0.004)	0.008** (0.004)
IMF Program During Previous Crisis	-0.025 (0.030)	-0.020 (0.030)	-0.013 (0.030)	-0.020 (0.033)
Imports (% GDP)	-0.003 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)
Trade Balance (Exports - Imports % GDP)	0.018*** (0.003)	0.019*** (0.003)	0.019*** (0.003)	0.019*** (0.003)
Central Bank Independence	0.024 (0.017)	0.025 (0.017)	0.027 (0.018)	0.024 (0.018)
Presidential System	0.078 (0.079)	0.089 (0.083)	0.100 (0.081)	0.091 (0.083)
GDP per capita (natural log)	-0.133** (0.058)	-0.133** (0.064)	-0.137** (0.062)	-0.134** (0.066)
GDP growth	-0.008** (0.004)	-0.009** (0.004)	-0.009** (0.004)	-0.009** (0.004)
Population (natural log)	0.135 (0.288)	0.110 (0.290)	0.149 (0.283)	0.106 (0.291)
Capital Account Openness	-0.013 (0.018)	-0.016 (0.017)	-0.012 (0.018)	-0.015 (0.018)
Currency Peg	0.000 (0.050)	-0.002 (0.050)	0.023 (0.050)	0.015 (0.048)
Currency Crisis	-0.116*** (0.034)	-0.124*** (0.035)	-0.125*** (0.032)	-0.126*** (0.034)
Time Trend	0.007 (0.007)	0.006 (0.008)	0.007 (0.007)	0.006 (0.008)
Length of Previous Currency Crisis	0.001 (0.004)	0.002 (0.003)	0.003 (0.004)	0.001 (0.004)
Constant	-1.606 (5.632)	-1.072 (5.743)	-1.888 (5.549)	-0.998 (5.761)
Observations	1185	1185	1185	1185
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 62: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling For The Length of the Previous Currency Crisis

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.757*** (0.050)	0.755*** (0.050)	0.758*** (0.051)	0.750*** (0.051)
Major Cabinet Change	-0.005 (0.039)	0.010 (0.022)		
Change in Effective Executive			0.041 (0.040)	0.041 (0.036)
Real Interest Rate Differential	-0.129 (0.256)	0.013 (0.049)	-0.198 (0.298)	-0.002 (0.065)
Major Cabinet Change × Real Interest Rate Differential	0.026 (0.265)	-0.297** (0.148)		
Change in Effective Executive × Real Interest Rate Differential			0.100 (0.301)	-0.271* (0.136)
Polity 2 Score	0.008** (0.004)	0.008** (0.004)	0.008** (0.004)	0.007** (0.004)
IMF Program During Previous Crisis	0.008 (0.036)	0.013 (0.035)	-0.000 (0.036)	0.008 (0.037)
Imports (% GDP)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)	-0.003 (0.002)
Trade Balance (Exports - Imports % GDP)	0.016*** (0.004)	0.014*** (0.004)	0.015*** (0.004)	0.015*** (0.004)
Central Bank Independence	0.012 (0.019)	0.013 (0.019)	0.014 (0.019)	0.014 (0.019)
Presidential System	0.091 (0.077)	0.086 (0.078)	0.091 (0.076)	0.100 (0.079)
GDP per capita (natural log)	-0.062 (0.059)	-0.065 (0.061)	-0.064 (0.060)	-0.060 (0.063)
GDP growth	-0.009* (0.005)	-0.009* (0.005)	-0.008* (0.005)	-0.009* (0.005)
Population (natural log)	0.371 (0.287)	0.392 (0.293)	0.365 (0.291)	0.372 (0.286)
Capital Account Openness	-0.021 (0.015)	-0.018 (0.016)	-0.021 (0.017)	-0.021 (0.015)
Currency Peg	0.022 (0.046)	0.017 (0.047)	0.018 (0.046)	0.018 (0.047)
Currency Crisis	-0.115*** (0.033)	-0.120*** (0.032)	-0.113*** (0.033)	-0.122*** (0.032)
Time Trend	-0.001 (0.007)	-0.001 (0.007)	-0.000 (0.007)	-0.001 (0.007)
Length of Previous Currency Crisis	-0.000 (0.003)	-0.001 (0.003)	-0.000 (0.003)	-0.001 (0.003)
Constant	-5.464 (4.894)	-5.780 (4.998)	-5.381 (4.966)	-5.485 (4.913)
Observations	1101	1099	1101	1099
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 63: The Effect of Political Change During Previous Currency Crises upon Reserve Accumulation Controlling For The Length of the Previous Currency Crisis

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log Reserves	0.785***	0.782***	0.785***	0.780***
	(0.043)	(0.043)	(0.043)	(0.044)
Major Cabinet Change	0.032	0.039		
	(0.032)	(0.035)		
Change in Effective Executive			0.057	0.072
			(0.037)	(0.043)
Central Bank Independence	0.029	0.033	0.025	0.025
	(0.024)	(0.021)	(0.017)	(0.017)
Major Cabinet Change × Central Bank Independence	-0.005	-0.019		
	(0.028)	(0.033)		
Change in Effective Executive × Central Bank Independence			0.003	-0.004
			(0.029)	(0.036)
Polity 2 Score	0.007**	0.007**	0.007**	0.007**
	(0.003)	(0.003)	(0.003)	(0.003)
IMF Program During Previous Crisis	0.013	0.016	0.007	0.010
	(0.036)	(0.036)	(0.038)	(0.038)
Imports (% GDP)	-0.002	-0.002	-0.002	-0.002
	(0.002)	(0.002)	(0.002)	(0.002)
Trade Balance (Exports - Imports % GDP)	0.017***	0.017***	0.017***	0.017***
	(0.003)	(0.003)	(0.003)	(0.003)
Presidential System	0.069	0.081	0.076	0.091
	(0.078)	(0.077)	(0.079)	(0.079)
GDP per capita (natural log)	-0.086	-0.076	-0.084	-0.077
	(0.052)	(0.054)	(0.053)	(0.055)
GDP growth	-0.008*	-0.008*	-0.008*	-0.008*
	(0.004)	(0.004)	(0.004)	(0.004)
Population (natural log)	0.266	0.313	0.258	0.289
	(0.238)	(0.238)	(0.234)	(0.238)
Capital Account Openness	-0.019	-0.018	-0.019	-0.018
	(0.014)	(0.014)	(0.014)	(0.014)
Currency Peg	0.027	0.024	0.026	0.028
	(0.041)	(0.042)	(0.041)	(0.041)
Currency Crisis	-0.112***	-0.116***	-0.113***	-0.117***
	(0.031)	(0.030)	(0.031)	(0.030)
Time Trend	0.001	-0.001	0.001	-0.000
	(0.006)	(0.006)	(0.006)	(0.006)
Length of Previous Currency Crisis	-0.000	-0.000	0.000	-0.000
	(0.003)	(0.003)	(0.003)	(0.004)
Constant	-3.604	-4.434	-3.496	-4.038
	(4.082)	(4.086)	(4.008)	(4.096)
Observations	1284	1282	1284	1282
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 64: Error Correction Model for the Effect of Political Change During Previous Currency Crises upon Reserve Accumulation

	(1)	(2)	(3)	(4)
	Unweighted	Weighted	Unweighted	Weighted
Lag of Log of Reserves	-0.183*** (0.036)	-0.186*** (0.036)	-0.180*** (0.035)	-0.186*** (0.036)
Δ Major Cabinet Change	0.112*** (0.041)	0.067** (0.030)		
Lag of Major Cabinet Change	0.028 (0.026)	0.048** (0.024)		
Δ Change in Effective Executive			0.159*** (0.046)	0.106** (0.043)
Lag of Change in Effective Executive			0.026 (0.027)	0.046 (0.029)
Δ Polity 2 Score	0.001 (0.005)	0.002 (0.005)	0.000 (0.005)	0.000 (0.005)
Lag of Polity 2 Score	0.004 (0.003)	0.004 (0.003)	0.004 (0.003)	0.003 (0.003)
Δ IMF Program During Previous Crisis	0.087 (0.054)	0.090 (0.054)	0.062 (0.052)	0.077 (0.054)
Lag of IMF Program During Previous Crisis	-0.028 (0.031)	-0.028 (0.030)	-0.028 (0.032)	-0.029 (0.032)
Δ Imports (% GDP)	-0.003 (0.004)	-0.003 (0.004)	-0.003 (0.004)	-0.003 (0.004)
Lag of Imports (% GDP)	-0.003 (0.002)	-0.002 (0.002)	-0.003 (0.002)	-0.002 (0.002)
Δ Trade Balance (Exports - Imports % GDP)	0.025*** (0.003)	0.024*** (0.003)	0.025*** (0.003)	0.025*** (0.003)
Lag of Trade Balance (Exports - Imports % GDP)	0.007** (0.003)	0.007** (0.003)	0.007** (0.003)	0.007** (0.003)
Δ Central Bank Independence	-0.002 (0.019)	-0.005 (0.019)	-0.004 (0.019)	-0.005 (0.019)
Lag of Central Bank Independence	0.011 (0.015)	0.010 (0.015)	0.010 (0.015)	0.009 (0.015)
Δ Presidential System	0.025 (0.117)	0.033 (0.116)	0.023 (0.117)	0.038 (0.117)
Lag of Presidential System	0.106* (0.060)	0.108* (0.059)	0.111* (0.060)	0.113* (0.059)
Δ GDP per capita (natural log)	0.064 (0.094)	0.063 (0.095)	0.057 (0.096)	0.061 (0.096)
Lag of GDP per capita (natural log)	-0.067 (0.048)	-0.059 (0.049)	-0.068 (0.048)	-0.059 (0.049)
Δ GDP growth	-0.006 (0.004)	-0.006 (0.004)	-0.006 (0.004)	-0.006 (0.004)
Lag of GDP growth	-0.005 (0.004)	-0.006 (0.004)	-0.005 (0.004)	-0.006 (0.004)
Δ Population (natural log)	-6.843 (4.115)	-7.154* (4.101)	-6.968* (4.081)	-7.305* (4.060)
Lag of Population (natural log)	0.304 (0.217)	0.343 (0.220)	0.293 (0.209)	0.330 (0.215)
Δ Capital Account Openness	0.027 (0.023)	0.027 (0.023)	0.025 (0.023)	0.027 (0.023)
Lag of Capital Account Openness	-0.023* (0.013)	-0.022* (0.013)	-0.023* (0.013)	-0.022 (0.013)
Δ Currency Peg	0.048 (0.049)	0.050 (0.048)	0.051 (0.048)	0.056 (0.047)
Lag of Currency Peg	0.011 (0.036)	0.005 (0.036)	0.010 (0.036)	0.007 (0.036)
Δ Currency Crisis	-0.129*** (0.033)	-0.137*** (0.033)	-0.127*** (0.033)	-0.136*** (0.033)
Lag of Currency Crisis	-0.074** (0.032)	-0.077** (0.031)	-0.073** (0.033)	-0.075** (0.031)
Time Trend	-0.001 (0.005)	-0.002 (0.005)	-0.001 (0.005)	-0.002 (0.005)
Constant	-4.244 (3.771)	-4.925 (3.838)	-4.045 (3.643)	-4.693 (3.755)
Observations	1432	1430	1432	1430
Country Fixed Effects	✓	✓	✓	✓

Country clustered standard errors in parentheses  
\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$