

Farfan-Vallespin, Antonio; Bonick, Matthew

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On the Origins and Consequences of Racism

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On the Origin and Consequences of Racism

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Abstract

We use a novel method to measure racism at both the individual and the country level. We show that our measure of racism has a strong negative and significant impact on economic development, quality of institutions and education. We then test different hypotheses concerning the origin of racism and its channels of impact in order to establish causality. We find that racism is not correlated with any possible measure of coexistence of different racial or ethnic groups, like ethno-linguistic fragmentation, share of migrants, or ethnically-motivated conflicts among others. Racism has a negative effect on social capital measured as generalized trust and voice and accountability. More importantly, we show that for former colonies, racism is strongly correlated with the presence of extractive institutions during the colonial time, even when we control for current institutions, current GDP per capita or current education. We argue that extractive colonial institutions not only had a negative impact on the political and economic institutions of the colonized countries, but also shaped the cultural values of the population. We claim that colonial powers instilled racism among the population of their colonies in order to weaken their ability for collective action, justify their own role as extractive elite in the eyes of the ruled and facilitate the internal cohesion of the elite. We also show that, at the individual level and using country fixed effects, racism is negatively correlated with those cultural values that one would expect if an extractive elite would be able to decide the cultural values of the society they control: lower trust, higher obedience, lower respect for others, lower feeling of control of one's live, lower preference for democracy, higher support for military intervention of the government, lower preference for political participation, lower valuation of civil rights, higher preference for state intervention in the economy, lower support for economic competition, and higher acceptance of dishonest behavior. We finally show that racism still has a significant impact on our outcome variables even when we control for these potential cultural correlates.

Keywords: Racism, Institutions, Long term determinants of economic development, social capital, extractive institutions, culture

1 Introduction

Recent political and social developments have witnessed an increase in the number political statements considering that individuals of certain races or ethnic groups have lower moral qualities than members of the racial group of the speaker. Immigrants from other racial or ethnic groups are often declared to be generally dangerous and prone to criminality. Proponents of these views suggest, accordingly, that, since these entire groups are harmful for society, exceptional political measures targeted at these groups, often violating basic human rights, are justified in order protect the rest of society from these groups. The individual merits or qualities of the each particular member of such groups is never of any consideration. As a result, most of those supporting anti-immigration policies, do this not from a cost-benefit analysis of the potential welfare costs of immigration for society but rather from a consideration that the racial or ethnic groups to which these individuals belong , share negative characteristics which, as a whole, make these groups noxious for society, regardless of individual considerations. These attitudes, as we will see later, could be considered racist according to most of the definitions. Since these attitudes are becoming increasingly accepted in the public arena and are even gaining political power, it is prudent to analyze the potential effects that these attitudes might have for economic development and for the quality of institutions. Becker (1973) defined that "discrimination in the marketplace consists of voluntarily relinquishing profits, wages, or income in order to cater to prejudice".

The existence of racially-based discriminatory behavior has already been proven by a host of experimental literature. Broad evidence exists about ethnically or racially motivated discrimination in the labor market (Bertrand, Mullainathan 2004), in the real estate market (Beatty, Sommervoll 2012), in the mortgage market (Williams et al. 2005) and in public goods games (Habyarimana et al. 2007). However, no evidence exists on the impact of racially based discrimination at the macroeconomic level. We would expect that the more widespread these prejudices are, the larger the size of the foregone economic profits due to racial discrimination and, accordingly, the lower the level of economic development will be, compared to other economies with a lower level of racial prejudice. We also consider that racial prejudice might have an impact on the quality of institutions, on education and on the appearance of racially or ethnically motivated conflicts in these countries.

The purpose of this paper is, first, to estimate the impact of our measurement of racism on the level of economic development of nations and on the quality of their institutions. Second, determine the origins of racism and the channels of its impact in order to be able to disentangle causality from correlation.

We are the first ones, up to our knowledge, to take advantage of one of the questions of the World Value Survey and in using it for addressing this topic. In particular, we use the question "On this list are various groups of people. Could you please mention any that you would not like to have as neighbors?" The answer is coded 1 if the individual mentions people of a different race in his or her response". We believe this answer to be a proper measurement of racism according to several definitions. We are aware that important differences exist in the level of socially adequateness of expressing racism openly in the different countries. However, we consider this to be an integral part of the level of racism, since the more openly and uncontested racism can be expressed, the more likely it is to have an impact on the economy and on political institutions.

At the individual level, we find that people who express racial animosity tend to have a lower income level, lower education level, tend to be mostly male and to live in smaller urban centers. We then aggregate our variable at the national level in order to obtain the national percentage of individuals who answered that they did not want a neighbor from another race. We consider this to be a valid proxy for racism. We conduct cross-country analysis and find a strong and robust correlation between our measure of racism at the country level and lower economic development, worst quality of institutions and lower education level. Racism does not seem to have any relationship to the emergence of new ethnically motivated conflicts.

We then test different hypotheses concerning the potential channels through which racism might be affecting our outcomes, apart from the direct impact of the foregone benefits due to prejudice.

Additionally, we explore the origin of racism in order to establish the direction of causality among our variables. Each hypothesis involves a different consideration on how causality works and how the impact on the outcome variables takes place.

Our first hypothesis, the racial contact explanation, argues that racism might be more likely to arise in areas where different racial or ethnic groups coexist and maybe a past of conflicts feeds racial animosity. Our second hypothesis, argues that racism might be a type of behavioral bias that could be overcome with sufficient education. Our next two hypotheses focus on racism as a cultural value: our third hypothesis considers that racism might be correlated with other values which, in turn, are those that have the true impact on our outcome variables, as identified in the literature (Tabellini 2010) among others. Our fourth hypothesis, is that racism might be harmful for cooperation and collective action, thus affecting social capital at the level of interaction between racially-defined groups. Hence, its effects should be similar to those of having low level of generalized trust. Trust has been shown to harm governance, education and economic development. We argue racism will have an effect independent from those of generalized trust (Bjørnskov, Méon 2013).

Another set of explanations considers that the origin of racism might lie in institutions. Our fifth hypothesis is that racism might arise in those areas where the rule of law is weak and does not succeed in protecting individuals from the harmful actions certain racially-defined groups. This would lead to a process of clustering of the different groups around racial lines in order to protect themselves and enforce social norms intra-racially. Finally, our preferred hypothesis is that racial animosity was deliberately instilled in the population of countries with extractive institutions by ruling elites. Racism, according to this view, would be a result of the efforts of the elite ruling class of such extractive institutions to facilitate the persistence of their institutions, following the old Roman maxim of "divide et impera" and legitimizing their role as an ethnically-defined extractive elites. Strong racial divides would also facilitate the internal cohesion of the elite group by making assimilation with the ruled more difficult.

We find that racism has no relation with any of the variables proxying for a conflicted coexistence of different racial groups. Therefore, coexistence of different races in the same territory is not the driving force behind our results. Further, we find education does indeed mitigate the level and the negative consequences of racism on our outcome variables. However, these results could also have been generated by other alternative hypotheses, as we will show. Racial animosity is also correlated with some cultural variables identified by the literature as being harmful for economic and institutional development. These include: lower importance of respecting others, higher importance of obedience, lower feeling of control of one's own life and a lower level of trust in other members of society. However, when tested pairwise, the impact of racism on our outcome variable remains unaffected. Another important finding is that racism seems to undermine the voice and accountability mechanisms of societies, providing support to our social capital hypothesis, and partially explaining the negative impact of racism on lower quality of institutions. We also find that racial animosity arises in places where the rule of law is weaker. However, this result could be explained by the social capital hypothesis and by the extractive institutions hypothesis. Finally, we find higher current levels of racism among former extractive colonies, even when we control for current education level, quality of current institutions and current per capita GDP together with other controls. Further, we find that individuals who expressed racial animosity in the World Value Survey, also expressed political preferences and endorse cultural values that tend to perpetuate extractive institutions. We interpret these results as an additional piece of evidence supporting the deliberate origin of these preferences and values. Therefore, we conclude that racism and other cultural values which make collective action more difficult, must have been deliberately and successfully instilled by the colonial powers and the subsequent local extractive elites in order to facilitate the persistence of these institutions. This would imply that the negative legacy of extractive institutions is not only to be found only at the level of political institutions but also at the cultural level, explaining in part the persistence of these institutions and the puzzle of the correlation between poor institutions, poor economic values and harmful cultural values.

In section 2 we discuss different definitions of race and racism. In section 3 we describe our measurement of racism and of other relevant variables. We also present some descriptive statistics of the distribution of racism in the world. In section 4 we discuss our different hypotheses and the

strategy to empirically identify them. In section 5 we present our empirical results describing the impact of racism on the four outcome variables: GDP per capita, education, rule of law and conflict. We then discuss and carry different tests of the hypotheses concerning the channels for the impacts and the different possible origins of racism. Section 6 concludes.

2 Definition of race and racism

The first problem we encounter is how to define race. The Cambridge Dictionaries Online¹ defines race as *"A group, especially of people, with particular similar physical characteristics, who are considered as belonging to the same type, or the fact of belonging to such a group."* and *"A group of people who share the same language, history, characteristics, etc."* For the Oxford Dictionaries² race is *"Each of the major divisions of humankind, having distinct physical characteristics: people of all races, colors, and creeds"*, or *"A group of people sharing the same culture, history, language, etc.; an ethnic group"*. It further clarifies that *"In recent years, the associations of race with the ideologies and theories that grew out of the work of 19th-century anthropologists and physiologists has led to the use of the word race itself becoming problematic. Although still used in general contexts, it is now often replaced by other words which are less emotionally charged, such as people(s) or community."* We can see that race seems to be a rather subjective concept, since it is difficult to determine the degree to which two given groups share a common history, or their languages are similar enough, or how close are their cultures. The boundaries of the identification with race or ethnic group may even vary over time according to external factors like electoral competition (Eifert et al. 2010) We accept this relative blurred definition of race because we can still consider that this concept must have a meaning for the person who expresses that he does not want somebody from a given race in his neighborhood. We also test for the stability of the answers across different waves of the survey and find that they are consistent over time. Further, the impacts we expect to measure do not depend on finding a specific and homogeneous definition of race but rather rely on individuals considering other people as being part of a race in a consistent way. For the persons in the survey answering yes to that question, the concept of race seems to be clear and he must have some expectations about the utility he would obtain in case a member of that group would live in his neighborhood, which lead us to the definition of racism.

Concerning the definition of racism, the Merriam Webster online dictionary³ provides a simple definition of racism according to which racism is *"poor treatment of or violence against people because of their race"* or *"the belief that some races of people are better than others"*. They also provide a full definition of racism as the *"belief that race is the primary determinant of human traits and capacities and that racial differences produce an inherent superiority of a particular race"* and also *"racial prejudice or discrimination"*. According to Oxford dictionaries,⁴ *"Prejudice, discrimination, or antagonism directed against someone of a different race based on the belief that one's own race is superior"* and *"The belief that all members of each race possess characteristics, abilities, or qualities specific to that race, especially so as to distinguish it as inferior or superior to another race or races: theories of racism"* and according to Cambridge Dictionaries online⁵ racism would be *"the belief that people's qualities are influenced by their race and that the members of other races are not as good as the members of your own, or the resulting unfair treatment of members of other races"* Three common elements emerge from these definitions that we adopt as the working definition of racism in our paper. First, that racism is a belief that individuals belong to a race, that this membership determines qualities that are shared by all members of that race. Second, that these racial characteristics are the fundamental determinant of human behavior. This implies that racism downplays the importance of individual differences in behavior and fails to evaluate individuals based on their own merit or performance, but rather evaluates them based on their subjective belonging to an exogenously determined group. The third element in these definitions is the justification of discrimination, meaning that the racist considers that people of other races should receive a different treatment than people from your own race, based on hierarchical consideration which indicate different levels of racial worth. Races

¹(<http://dictionary.cambridge.org/es/diccionario/ingles/race>)

²(<http://www.oxforddictionaries.com/definition/english/race>)

³(<http://www.merriam-webster.com/dictionary/racism>)

⁴(<http://www.oxforddictionaries.com/definition/english/racism>)

⁵(<http://dictionary.cambridge.org/dictionary/english/racism>)

with negative valuations do not deserve to be treated fairly and discrimination against them is not only allowed but enforced. For the rest of our paper we will indistinctively speak of racism, racial animosity and racial prejudice since all these elements are present in our definition.

3 Data

3.1 Measurement

Our measure for racism is based on the answer to one of the questions in the World Value Survey: *"On this list are various groups of people. Could you please mention any that you would not like to have as neighbors?"* The answer is coded 1 if the individuals mention people of a different race in his or her response. For national regressions, we average this variable from individual level responses, by country, with the provided country weights, over the last 6 waves available, which include: 1981-1984, 1990-1993, 1995-1998, 1999-2004, 2005-2009 and 2010-2014. Since many countries only have one data point, we choose to utilized averages. This is a common strategy used in the literature on generalized trust and thus is appropriate (Bjørnskov, Méon 2013).

One important consideration is that our variable measures not racial prejudice but the willingness to express racial prejudice. The literature has identified that sometimes expressed preferences might have more to do with the social identity the individual want to project than with their true preferences (Hillman 2010). Further, we are fully aware that cultural differences exist concerning the degree of social acceptance of the expression of racism. However, we believe that "expression of racism" must be strongly correlated with the true level of racism, since the degree of social acceptance of the expression of racism and the degree to which it might be (un-)attractive to identify oneself as (non-)racist are obviously correlated with the level of acceptance of racism in the society. Further, the more open racism can be expressed, the more likely it is that the different mechanisms through which racism can affect the economy will be in play. Therefore, the degree of acceptance of the public expression of racism and the degree of social desirability of expressing racism already constitutes an integral part of the degree of racism of a country. In other words, expressing racism is already part of racism for the impacts we are analyzing here.

Concerning our outcome variables, the data on GDP is taken from the World Bank Development Indicators database. Our main measure of development is the log of GDP per capita in constant 2005 US dollars averaged over the period 1984-2012. We take logarithms in order accomplish two goals; first, to permit effects to be larger in countries further away from the global production possibility frontier and second, to make sure identification does not depend on the small number of wealthy countries (Bjørnskov and Méon, 2013.) In order to measure education, we use the dataset constructed by Barro and Lee (2013). Specifically, we use the average years of education for the population over the age of 25 which is the average over the years 1985-2010. Our three measures of institutional quality come from the World Governance Indicators constructed by (Kaufmann et al. 2009). All measures are averaged over all available years 1996-2012. All variables ranges from approximately -2.5 to 2.5, with a higher score indicating better institutional quality. To measure the impact of social capital on public participation and governance, we utilize the measure voice and accountability. Voice and accountability is the perception the extent in which a country's citizens can participate in selecting their government, engage in freedom of expression, freedom of association, and the level of free media. Our proxy for legal institutions is the rule of law. This measure captures the level of confidence agents have in and abide by the rules of society. Specifically, the quality of contract enforcement, property rights, the police, the courts and finally, the probability of crime and violence. In order to capture corruption levels present in a country we utilize the control of corruption score. It captures the extent to which public power is implemented for the use of private gain. This includes both petty and grand forms of corruption and capture of the state by elites and private interests.

We utilize number of different control variables. Some are extracted from the Ethnic Power Relations data set (Wimmer, Cederman and Min 2009). These variables include: mountainous terrain, oil production per capita, regional dummies, new onset of ethnic conflict, log of population and excluded population. In general all variables are taken from and averaged over the period 1984-2012. Addi-

tionally, we exploit two more variables from the World Bank Development Indicators data bank. The first one, the standard GINI index, captures levels of income inequality. The variable is averaged over the years 1984-2012. Finally, to capture the immigration ratio we use two variables, population and net migration. We create our own variable which is the net migration over total population averaged over the time period 1984-2012 and we call it, migration ratio. In order to capture levels of ethnic and linguistic fractionalization we apply the dataset created by Alesina et al. (2003)

3.2 Descriptive statistics

One of the advantages of our measure is that it is comparable across countries and time. The following table shows the ranking of the countries ordered by the share of the population expressing racial prejudice. We can see that developed countries and Latin American countries occupy the lowest positions in this ranking, being less racist according to our measurement, but several differences exist that cannot be accounted at simple sight like the high positions of Ecuador, France, or Czech Republic, for instance, compared to their neighbouring countries.

HERE TABLE 1 - RANKING OF RACISM BY COUNTRY

This diversity in the rankings can better be observed in the following map describing the distribution of racism in different countries.

HERE FIGURE 1 - MAP OF THE DISTRIBUTION OF RACISM IN THE WORLD

Table 2 describes the individual characteristics associated with those respondents answering positively to the question about not wanting a neighbor from another race. We can see that individuals who expressed racism have a significantly lower income level, lower educational level, come from a smaller population centers, are more likely to be male, and consider that they enjoy a better subjective health state.

HERE TABLE 2 - INDIVIDUAL CORRELATES OF RACISM

In table 3 we see that racism is correlated with many variables but the coefficient is never larger than 0.5, meaning that any potential effect of racism will not be due to its correlation with other variables. Interestingly, racism is not correlated with the two variables that could be considered to be more closely related to racism: migration and ethno-linguistic fragmentation.

HERE TABLE 3 - NATIONAL LEVEL CORRELATES OF RACISM

4 Hypotheses and identification strategy

On first sight, the main channel of impact of racism on GDP per capita is likely to be the consequences of racially-based discrimination in the different markets, mostly in the labor, real estate and mortgage markets, as identified in the literature. However, racism might potentially have other channels as we will discuss later, and it could affect other variables. Therefore, in order to study racism our first step is to determine whether racism has an impact on four relevant outcomes: GDP per capita, education, quality of institutions and conflict. The next step is to consider the direction of causality and the mechanisms at work in these impacts. For this, we consider 6 hypotheses on the potential relationship between racism and these outcomes and vice-versa. We then carry different econometric tests in order to reject some these hypotheses and reach some conclusions which can be claimed to be causal to a certain level.

In what follows, we are going to present the main arguments supported by the literature concerning the possible origins of racism and the direction of its channels of impact.

4.1 Direct impacts of racism

Discrimination on the basis of race might have some direct effects on the economy, on education, and on institutions.

4.1.1 Direct economic impacts

There is a large amount of experimental evidence on the existence of racial discrimination in different areas of the economy. Burns (2006), for instance, shows that racism affects the willingness to cooperate with people of a different race. The author conducts a trust experiment examining the impact of racial identity on the level of trust of high school students in South Africa. The results indicate a systematic pattern of distrust towards black partners. Pecenka and Kundhlande (2013) test for theft behavior utilizing a dictator game to determine the impact of racial identity and inequality on theft also in South Africa. In the experiment, the dictator has no threat of punishment. The results indicate that racial identity significantly influences theft decisions. With regard to the provision of public goods, Burns and Keswell (2015) implement a public goods experiment highlighting that racial homogeneity does not uniformly determine higher contributions to public goods but the racial makeup of each group affects patterns of communication.

There is an abundance of evidence of racial prejudice in the labor market. Bertrand and Mullainathan (2004), show that job applicants with White-sounding names are more likely to receive callbacks and employers were more responsive to resume quality than in, otherwise identical applications with the only difference being African-American-sounding names. With another experiment with similar applicants of different races, Pager et al. (2009) show that African American applicants were half as likely as equally qualified Whites to receive a call back or job offer. Also, African American and Latino applicants with no criminal background face similar call back rates as white applicants just released from prison. Gaddis (2015) shows that African American candidates from elite Universities only do as well as white candidates from less selective universities in the job market. They argue that a bachelor's degree for African Americans cannot fully offset the importance of race in the labor market. List (2004) shows how members of minorities are consistently discriminated in the sports card market, receiving inferior initial and final offers than those received by members from minorities.

Concerning racial discrimination in the real estate market, some examples of the existing evidence include Beatty and Sommervoll (2012) who analyze a dataset on rental contracts from Norway. They find that tenants born outside Norway, pay a statistically significant and economically important premium for their units. Additionally, Hanson and Hawley (2011) test for racial discrimination in the rental housing market in the United States using matched-pair audits conducted via e-mail for rental units advertised on-line. The results indicate the existence of racial discrimination in the rental housing market. Finally, Williams et al. (2005) argues that racial discrimination also has an effect on mortgages loan terms. As we can see there is an abundance of experimental evidence that racial bias exists and is relevant for a number of contexts which are relevant for economist.

Another market where evidence of racial discrimination exists is the credit market. For example, Williams et al. (2005) argues that racial discrimination exists in not just the housing market but also has an effect on mortgages. This discrimination manifested in less favorable loan terms, problematic forms of housing, and a deficiency in consumer protection from predatory and abusive practices. For a more detailed discussion about this subject please see (Pager, Shepherd 2008).

4.1.2 Direct impacts on education

Racism might affect the returns of education. If a racial-bias exists in the market for qualified workers, it is clear that members of those groups with lower returns will invest less on education than members of groups with positive racial premiums. Further, Knack and Keefer (1997) hypothesize that, given that work relationships in countries with low levels of trust are linked to networks, their labor markets would be segmented, and accordingly smaller, and the potential gains from specialization will not be completely fulfilled. Therefore, the returns on education will be lower than those of similar societies with higher level of trust. We claim that race might play a similar in segmenting the market according to race lines and we would expect also a reduction in the returns to education. We have provided

a number of experiments in the previous section supporting the notion that racial bias does have an effect of the labor market and hence the differentiation in the returns to education along racial lines. Knack and Keefer (1997) present another mechanism, the credit market. If individuals have difficulty obtaining credit due to low levels of trust, it will become harder to invest in human capital accumulation. Thus, trust helps to moderate credit-market imperfections and lessen credit constraints. Guiso et al. (2000) show trust allows individuals to better finance their investments in education. We believe this line of argumentation can also be extended to racism. If a racial bias exists in the credit market, as already discussed, individuals suffering this bias would have more difficulties in funding their investment in education.

4.1.3 Direct impacts on institutions

If certain individuals are excluded from the public service due to the existence of a racial bias, we can expect a lower quality of civil servants and politicians since they are selected from a reduced pool of candidates and potential candidates with higher talent but wrong race will be rejected. Additionally, if politicians do not have the objective of maximizing the welfare of their entire constituency but only of their racial or ethnic group, we will sub-optimal policies being implemented (Easterly, Levine 1997). Racism might also affect institutions indirectly by affecting the level of defacto power of the different groups in society. This changes in the balance of power would affect the institutions in ways we cannot predict by now. We will discuss this more in detail in the next section.

4.2 Alternative explanations or confounding effects

In this section we will discuss several other channels through which racism can potentially affect GDP per capita, education and quality of institutions. For this, we inquire about the potential causes of racism which will allow us to see in which direction causality might work. In total, we have six alternative hypotheses that look at different views on the origin of racism and on the channels of impact.

4.2.1 The contact hypothesis

Our first possible explanation about the origin of racism is the contact hypothesis. According to it, racism will appear whenever different racial or ethnic groups come into contact and coexist in the same territory. This coexistence might according to this view lead to conflicts and to lower levels of cooperation. As Putnam (2007) highlights, in the short run immigration and ethnic diversity reduce, on average, social solidarity and social capital. Koopmans and Veit (2014a and 2014b), through the use of field experiments, show that ethnic diversity reduces trust and cooperation on the neighborhood level. Additionally, (Alesina et al. 2003; Easterly, Levine 1997a; Hodler 2006) have empirically shown types of societal fractionalization are negatively correlated with economic development and the functioning of institutions, therefore, we must control for that.

If negative racial views are driven by the level of diversity within a country, then racism may well be a proxy for fractionalization or migration. To account for this possibility we systematically control for the migration ratio and ethno-linguistic fractionalization in our regressions and test their direct connection to racism. Further, co-existence of different racial groups under the same political constituency might lead to race-based politics, by which government officers maximize the utility of the racial group rather than that of the entire citizenship, excluding other racial groups. Cederman et al. (2011) empirically show the relationship between ethnically-based politics and economic inequality with ethnic conflict (Ostby 2008). Cederman et al. (2011) theorizes that concentrations of ethnic political power and ethnic income inequality are a large driver of conflict and ethnic grievances. We, therefore, would expect ethno-linguistic fractionalization, migration, ethnic power distribution, concentration of ethnic power, income inequality, or ethno national conflict and inter-ethnic conflict to be correlated with racism.

In order to test this, we estimate the impact of racism on ethnically-motivated conflict, one of our outcome variables. Further, we systematically control for the different previous variables in our regressions. We measure then in the following way: First, our proxy for concentrations of ethnic power

is the percentage of ethnically relevant groups excluded from the executive branch as a percentage of the population (Cederman et al. 2009). Second, to control for income inequality use the GINI index. Finally, we control for new onsets of ethnic conflict to ensure ongoing conflicts are not driving racism.

4.2.2 Psychological explanations: Racism as a product of ignorance

Given the negative correlation at the individual level between racism and education, it is conceivable that racism might be a prejudice and that this prejudice could be reduced by education. One could consider that racism could be a product of "ignorance" in that education curves the innate tendency toward racism of individuals, and therefore countries or individuals with a lower level of education might be more likely to experience more racism. In order to control for that we will add education to our regression variables. If racism is truly a consequence of lack of education, its effect should vanish when both variables are included in the regression.

Cultural explanations

Banfield (1958) described the set of values characteristic of the inhabitants of one village in Southern Italy and labeled them as *familiar amoralism*. These values included lack of trust on other people, lack of interest in contributing to the common good, envy, suspicion and others. Banfield considered that *"the extreme poverty and backwardness of (this village was) to be explained largely (but entirely) by the inability of the villagers to act together for their common good or indeed for any end transcending the immediate material interest of the nuclear family"*. We observe here two aspects that the literature has broadly explored after the seminal work from Banfield and has focused on estimating empirically the link between trust and other cultural values and economic development and quality of institutions. Taking these insights into consideration, we believe that racism could affect economic development and institutions in two possible ways.

4.2.3 Correlation of racism with other cultural values

First, it could be that racism appears in combination with other cultural values and that these other values would be the ones responsible, at least in part, for the outcomes we observed. The most important cultural value identified in the literature so far is generalized trust. Countries with higher generalized trust might be less racist or, the other way round, racism, might be a component of generalized trust. Social capital and generalized trust have been found to be correlated with and even having a causal effect on economic development, education and functioning of political institutions (Bjørnskov 2012; Bjørnskov, Méon 2015; Dearmon, Grier 2009; Dearmon, Grier 2011; Knack 2003; Knack, Keefer 1997; Bjørnskov 2011; Bjørnskov, Méon 2013; Knack 2002; LaPorta et al. 1997). We must therefore ensure that racism is a specific phenomenon, different from generalized trust. For this, in our regressions we consistently control for generalized trust.

Further, Tabellini (2010) identifies some cultural traits favorable to economic development that could be defined as social capital: trust and respect (appreciating the virtue of having tolerance and respect for others in children). He also identifies two values that he interprets as confidence in the individual: control (feeling in control of one's life) and obedience (appreciating obedience in one's child), the later affecting confidence negatively. We estimate first whether racism is also part of this set of values by regressing racism on each of these values under different specification. We then estimate the impact of racism on our outcome variables controlling for these values.

4.2.4 Racism and social capital

The second cultural channel through which racism could affect economic development and quality of institutions is via social capital and norms of cooperation. Racial groups might have a higher level of social capital within the group, but might have a low level of social capital towards other racial groups. Racism might have a negative effect on social capital if it reduces the level of trust on other racial groups or the willingness to cooperate among racial groups. There are several authors considering racism as a form of social capital. See for instance (Arrow 1972), (Putnam et al. 1993), (Knack, Keefer 1997), (Fukuyama 1995) and (Fukuyama 2001) for the direct effects of racism and lower social capital, can have on economic outcomes. Arrow (1972) states general trust reduces transaction

costs. Knack, Keefer (1997) highlights, levels of social trust allow for the more efficient allocation of resources because it reduces the necessity for investment in protection against theft and expropriation. La Porta et al. (1997) argue, that high levels of social trust allow agents to write shorter contracts which cover only broad set of constraints. Thus, lower levels of racism will decrease transaction costs and by reducing the need for complex and expensive contract enforcement mechanisms applied to members of different races. La Porta et al. (1997) also stipulates higher levels of trust encourage economic development by increasing physical capital accumulation. Knack and Keefer (1997) support his argument by showing the positive association between trust and physical capital stock.

Further, it could be that racism affects institutions in a similar way as Knack and Keefer (1997) have argued for social trust. These authors consider that social trust has an impact on economic growth through the quality of legal and bureaucratic institutions, racism may also have a similar effect through the same channel. We argue racism can hinder the functioning of institutions in a number of different ways. First, higher levels of racism will hamper cooperation and compromises between government bureaucrats across racial lines. Racial distrust will also make it difficult for bureaucracies to solve the principal-agent problem intrinsic in relationship of government and the public. This is especially true if the officials and the community in which serve are of a different race. Additionally, racism can increase the expense and difficulty of implementing institutional reforms and compromises. This could be due to the fact when negotiating with a racial groups outside of the radius of trust, individuals may view the process as a zero sum game instead of a coordination game. Thus, any compromise may be viewed a loss for their group going to the opposing race. Boix and Posner (1998) argue along similar lines discusses social capital and its ability facilitate striking deals. They claim compromise is increasingly difficult in polarized societies which are facing a crisis. Thus, trust allows political compromises that include payoffs which are recognized in the future. This line of argumentation is also supported by Knack (2002) who claims trust enables the implementation of institutional reforms.

As we previously mentioned Fukuyama (2001) explains, when individuals view groups which fall outside of the radius of trust, such groups are faced with a lower standard of moral behavior. He argues such a social dynamic provides cultural reinforcement for corruption. In segmented societies individuals may feel entitled to steal on behalf of their groups. This is also a central argument of Putnam et al. (1993) with regard to southern Italy and the different moral standard for those inside one's own family vs those outside. Such a scenario will inhibit the functioning of political institutions and increase probability of corruption. Fukuyama (2001) highlights that even in countries with strong institutions, they will fail to function as designed if the officials and political leaders in the government lack the proper norms of personal behavior with regard to enforcing rule and promoting policy which benefits all segments of society. Such an argument is also highlighted by Putnam et al. (1993) as an explanation for why Southern and Northern Italy, who have the same institutional framework, see vastly different levels government performance. Pecenka and Kundhlande (2013) utilize dictator game to determine the impact of racial identity and inequality on theft in South Africa. In the experiment, the dictator can take money from the receiver's endowment with no threat of punishment. One of the proposed channels attribute to a differential in the amount taken is the racial identity of the potential victim. The results indicate, racial identity significantly influences theft decisions. Additionally, Fukuyama (2001) points to how an unequal moral standard effects the design of political institutions. In this light, institutions will be designed to specifically benefit certain groups, ignoring or even actively harming minority races. We can look to the United States as an example for how this dynamic is exemplified. While the US constitution was an historic document it is evident the rights and legal protections established in it, did not apply to all races. Thus, the moral standard which applied to the Whites who wrote the constitution, did not apply to African Americans who faced enslavement.

Empirically we will explore the connection of racism and institution in a similar manner as the large body of literature on social trust (Bjørnskov 2012, 2011, 2010; Bjørnskov, Méon 2013; Knack 2002; LaPorta et al. 1997; Knack 2003; Knack, Keefer 1997). Specifically, we will focus on three manifestations of institutional quality: control of corruption, democratic institutions and legal institutions. Importantly we always control for generalized to ensure racism is not just a proxy for this variables which have already been established to have a relationship with the functioning of institutions.

Institutional explanations

4.2.5 Racism as a consequence of failing rule of law

Racism could be correlated with intuitions through two specific channels. First, racism could be caused by the absence of rule of law and the existence of failed institutions. Whenever the state fails to protect individual rights, individuals turn to racially-based groups in order to secure clusters of cooperation and insurance. It could also be that crimes committed by a particular group against another group are more likely to escalate inter-racial tensions and animosity, which would not have occurred in a state which protected the potential victims. However, this view does not address the question of why are institutions weak to begin with?

4.2.6 Racism as the deliberate product of extractive institutions

One of the main problem with the use of cultural variables is that the origin of the differences in cultural values itself is often unclear. Who decides about which cultural values a society should have? Some papers assume that individuals decide which values should their offspring have based on their judgment on which values will be more useful for them. Dohmen et al. (2011) discusses the inter-generational transmission of risk and trust attitudes. Common sense, on the hand, seems to understand that those who hold the power in a society, might have also the power to shape the values of the societies they rule and then it would be rational to shape the values of this society in their own advantage. Acemoglu et al. (2014) already suggest that elites could take control of civil society organizations and use them to shape social capital in their advantage. It is clear that if a group might control civil organizations, education, art, culture, and religion, this group might be able to exert a large influence in shaping the values of this society. We believe that colonial powers in the colonization era enjoyed this power to a large extent and exerted it purposefully.

The next question would then be, which values would the elite ruling a country for extractive purposes want to promote? Maybe they would like to encourage obedience as an important value of their forced labor? The benefits seem obvious. Would they like to instill respect for the hierarchy? Probably yes. What about policy preferences? Would an extractive elite want to promote values of democracy, engagement in the political process, or free entrepreneurship? Probably not. Further, we would expect extractive elites to encourage values that make collective action more difficult, like cheating or not respecting other individuals. But why would an elite ruling an extractive institution wish to instill racism?

Acemoglu et al. (2004) show that kleptocrats can be successful in stealing the resources of a society if they manage to prevent the coordination of the exploited by imposing punishments on those who attempt to organize collective action and redistributing the wealth of the punished among other citizens in order to gain their support and break collective actions. Posner et al (2010) provides a taxonomy of different game theoretical settings in which the logic of "divide et impera", that is, dividing rivals, might be in the benefit of the divider. Posner et al. (2010) cites different historical examples like imperial Rome who systematically divided the Germanic tribes threatening the border of the Roman Empire by making them fight amongst themselves, instead of fighting against the Rome. There is evidence that colonial powers also made deliberate use of this tactic in their interaction with the different political entities in the colonized countries. They encouraged rivalries and grievances among them with the goal of making the cooperation of local political entities against the colonizer powers more difficult. Is it conceivable that colonial powers also applied these tactics in the education of the population of these countries? Is it possible that people of these colonies were raised to learn to hate people from other ethnic groups in their communities so that coordination among these different communities against the ruling elites would be more difficult?

Moreover, some authors claim that in most of the cases, given that the colonizers belonged to a different ethnic group, they promoted this differentiation with two purposes: on the one hand, make the ruled accept that the ruling ethnic group was superior and due to this innate superiority, they deserved to rule, facilitating the acceptance of the status quo by the colonized. Second, differentiation

among racial lines should facilitate the internal coordination among elite members. Given that the elites tended to be a rather small group, defection among its members siding with local entities might have had fatal consequences for this elite. By making the cooperation with other racial groups in the country more difficult, the loyalty of the individual elite members to the group would be guaranteed. In order to test for this hypothesis we use different proxies for extractive institutions and estimate whether they have an impact on the level of racism today even controlling for all the other variable offering an alternative hypothesis about the origin of racism. For this we use population density in the 15th Century as a proxy for the likelihood of receiving extractive institutions once colonized. As explained by (Acemoglu et al. 2001; Acemoglu et al. 2002; Sokoloff, Engerman 2000; Engerman, Sokoloff 2002) colonial powers set different types of colonial institutions depending on the availability of resources and population. In those colonies where resources and population was scarce, colonial powers created colonies with European settlement and allowed them to enjoy institutions with a high level of inclusiveness. In contrast, those areas with abundant labor force or other resources that could be exploited received extractive institutions aiming at deliberately eroding the ability of the colonized to resist the domination of the colonizers. Acemoglu et al. (2002) then makes the argument of the reversal of fortune claiming that countries with higher density of population in the 15th Century should have been more likely to receive extractive institutions and, given the persistence of institutions, should nowadays have lower quality of institutions and as a consequence lower level of economic development. The results are likely to be causal given that economic development tends to be stable over countries and countries more developed in the 15th Century should in principle be more developed today. We use the same argument and claim that given that racism is associated with lower income, lower education and people living in smaller population centers, countries with a higher population density in the 15th Century should have a lower level of racism today if colonization would not have reversed this trend. We therefore expect that population density in the 15th century should be associated with more racism today as a consequence of these extractive institutions.

Further, we test whether racism is associated with those political preferences that we would expect that a extractive institution would prefer their subjugated population to have like obedience, dislike for democracy, preference for dictatorships, disinterest in political participation. We also expect to find racism associated with preference for inefficient economic policies like those normal in countries with extractive institutions like large government ownership, lack of competition, lack of redistributive system, and preference for tradition over economic growth. Finally, we expect racism to be associated with values that make collective action more difficult, like lack of respect for others,

5 Empirical analysis

We present the results for our four outcome variables: GDP per capita, education, institutional quality and conflict.

5.1 Racism and economic outcomes

TABLE 4 HERE

In table 4 we show that racism is consistently associated with lower GDP per capita, even controlling for the usual variables of the literature. We observe that trust remains significant, confirming thus that racism is not a mere proxy of generalized trust but a specific and different channel. In columns 2 and 3 we observe that ethnic and linguistic fragmentation are not significant in our specification, although the rest of the variables are similar to those of the ethno-fragmentation literature. Therefore, racism has a stronger explanatory power than ethnic and linguistic fragmentation. In columns 4 to 7 we control for other variables also related to the contact hypothesis: GINI, excluded population, migration ratio, oil production, and ethnic conflict. The value of the coefficient of racism and its level of significance remains unchanged across all these specifications. In the first seven columns an increase of racism by one standard deviation is correlated with a reduction in GDP per capita by between 4.37 % and 3.19 %. In columns 8, 9 and 10 we include "voice and accountability", "rule of law" and "total schooling". As it is known from the literature, these variables are significantly correlated with GDP per capita and this correlation also appears in our regression, but our measure of racism loses

its significance. At this point, one could tentatively interpret these results as supporting the view of racism as a consequence of ignorance and the view of racism as a consequence of the failure of the state to enforce the rule of law. However, we have not yet tested other alternative hypotheses.

5.1.1 Racism and education

HERE TABLE 5

Table 5 displays the results of the OLS regression of education, measured as total years of schooling, and racism. Columns 1-8 confirm the negative relationship between racism and education controlling for different measures of the contact hypotheses. The coefficient of racism is strong and ranges between 1% and 5% in significance in the first 8 specifications. The coefficients indicate that a one point increase in the standard deviation of racism is associated with a reduction in the average number year of education by between 1.2 and .78 years. When we control for rule of law and log of GDP per capital, racism is no longer significant but still remains negative in sign, indicating that there must a relationship between rule of law and racism, as we will see in brief. It also seems that prosperity and rule of law mitigate the negative influence of racism on education

5.1.2 Racism and quality of institutions

HERE TABLE 6

Table 6 shows that racism is consistently associated with lower rule of law. Through columns 1-8 we find that racism remains significant at the 1 % level. Overall, the coefficient indicates a 1 point increase in the standard deviations of racism is correlated with a reduction in the rule of law score form at its highest 0.396 and at its lowest 0.319. When we include education and current economic development we see, the coefficients is greatly reduced in size, to 0.145 and 0.168 respectively. However, the sign remains negative and significant at the 5 % level. Consistent with the literature, generalized trust is also significant and positively correlated with rule of law in the majority of specifications. The variable for generalized trust is only not significant when we control for education and log of GDP per capita. Such a result is not a surprising given the literature linking legal institutions, education and economic development. Most importantly, we see the connection between legal institutions and racism is strong and cannot be fully explained by other factors.

HERE TABLE 7

As an alternative measure of institutions we run same regression for control of corruption. Table 7 shows even stronger results than table 6. Interestingly, the coefficient for racism is significant across all specifications at the 1 % level. This is the case even when we control for education and GDP per capita. Overall we see increase in racism by one standard deviation is correlated with, on average, the reduction in the control of corruption score by between 0.468 and 0.251 points. It must be noted, consistent with our previous table, the coefficients for racism show its greatest reduction when controlling for education and log of GDP per capita. Overall we see that racism has a strong and consistently negative relationship with a society's ability to control corruption. This result cannot be explained by other potential factors and similar to our last table, the connection between racism and corruption should be explored in further detail.

In both tables 6 and 7, variables capturing hypothesis 1 related to the different ethnic composition of societies might be the origin of racism. This hypothesis is rejected as racism not only remains significant when controlling for ethnic variables, it consistently displays a stronger relationship. Overall we find a strong and significant relationship between racism and all measures of institutional quality. While the results are very interesting, we cannot claim causality. However, the outcomes clearly show the link between racism and institutions is present. Specifically, the result highlight while generalized trust and ethnic fractionalization display the sign and in some cases the significance present in the literature, racism remains an important factor which cannot be explained by these variables. Thus, it must have a separate relationship with our variables of interest.

5.1.3 Conflict

HERE TABLE 8

Table 8 shows that racism has no impact on the onset of new ethnic conflicts, even when controlling for the same variables for which racism was previously significant.

5.1.4 Contact hypothesis

HERE TABLE 9

Table 9 presents the final test of the contact hypothesis consisting of testing whether racism is correlated with the different variables related to this hypothesis. Racism is never significant. As a result we can definitively reject the contact hypothesis as a driver a racism.

5.1.5 Correlation with other cultural values

As we have indicated, racism might be correlated with other "negative" cultural values which in turn would cause bad economic and institutional outcomes.

HERE TABLE 10

Table 10 shows in columns 1-7 that racism has a negative impact on generalized trust and is generally significant at the 5 % level in most of the specifications. Racism becomes insignificant for generalized trust when we control for: education, rule of law and the log of GDP per capita although the sign of the coefficients remain negative. Such a result is in line with the findings of Bjørnskov and Méon (2013) who show that a strong, causal and positive connection exist between generalized trust, education, political institutions and economic outcomes, and our results are consistent with those findings. Overall from columns 1-7 we can see an increase of racism by 1 standard deviation is associated with a reduction in the average level of trust from between 3.7 % to 4.9. This table provides evidence which highlights the connection between racism and generalized trust.

HERE TABLE 11

Table 11 looks at the impact of racism on locus of control or the feeling of one individual of having the control of his life. The significance of racism turns out to be highly dependent on the specification, although it is consistently negative in sign. The table indicates that racism has a negative impact on control. When we control for education, rule of law and economic outcomes, the variables importance disappears, further proving the importance of these three well established variables.

HERE TABLE 12

Table 12 shows the negative impact of racism on respect for others. In this case, racism is highly significant across all specifications. These results hold even when we control for schooling, rule of law and log of GDP. The coefficient for racism was significant at the 1 % level in all columns, minus when we control for education. The table indicates a 1 standard deviation increase in racism is associated with a reduction in the average level of respect by 2.6 % to 4 %. Overall we provide strong evidence racism and respect have a significant connection, which is not surprising if one considers that racism is nothing else than lack of respect directed towards a specific group.

HERE TABLE 13

Table 13 shows how racism has a strong positive relationship on obedience, significant at least the 10 % level across all specifications. We can see that on average a 1 point increase in the standard of racism increase the average proportion of members in societies who find obedience importance by 5 % to 3 %. The magnitude and significance of racism is reduced by the inclusion of education, rule of law and economic outcomes. As with respect, these results point to the necessity to further explore the relationship of racism and obedience.

As we can see from these 4 tables, racism is consistently correlated to these four cultural values at the national level, in a direction that hinders economic outcomes and worsens political institutions. The importance of racism is thus clear. We cannot yet distinguish whether this effect comes from the correlation of racism with the rest of the values of the backward society or whether it is a cause of the presence of extractive institutions.

HERE TABLE 14

In order to provide more robust results, table 14 shows regression of racism on the same previous four cultural variables but now using individual level data. The overall results are consistent with the national-level regression for control, obedience and respect. However, this time the relationship between trust and racism disappears. From this section we can conclude that racism, on the individual level, does not have a strong link with generalized trust, reinforcing this the idea that generalized trust and racism are two different phenomena. Further, racism is associated with the cultural variables identified by Tabellini (2010) in the direction which could hinder economic and institutional outcomes.

HERE TABLE 15

Table 15 tests the hypothesis that the impact of racism we found in an earlier part of our paper is not the consequence of omitting the cultural variables we just showed are correlated with racism. Overall we see that racism continues to have a consistently negative and significant correlation with log of GDP per capita, rule of law and education. The coefficient is significant at the 1 % level in all but one specification, which it is at the 5 % level. This table confirms that racism is indeed is a phenomenon of its own and not a mere conduct of the correlation with other variables.

5.1.6 Racism and social capital

In table 16 we proxy social capital with the variable "Voice and Accountability" which is a usual measure for political participation and public engagement in the political process.

HERE TABLE 16

The table indicates a strong a significant negative relationship between racism and social capital in all specifications. Specifically, we find that in columns 1-8, an increase in racism by one standard deviation reduces, on average, the voice and accountability score by between .345 and .430 points and the variable is consistently significant at the 1 % level. The inclusion of total schooling and log of GDP cuts the coefficient for racism in half but the coefficient remains significant and negative at the 5 % and 10 % levels. This is an important result given the literature which shows the strong the relationship between democracy, schooling and economic outcomes. Overall, we see that racism has a strong relationship with democratic institutions beyond ethnic fractionalization, generalized trust, education levels and current economic outcome.

5.1.7 Racism and extractive institutions

For testing the hypothesis of extractive institutions causing racism, we restrict our sample to former colonies and place racism as the dependent variable.

HERE TABLE 17

In columns 1 to 6 we show that population density in 1500, a proxy for extractive institutions, is significantly correlated with racism even controlling for total schooling, rule of law and log GDP per capita, which are now not significant in explaining racism. Mountainous terrain is also negatively correlated with racism in some specifications. This variable cannot have any other conceivable impact on racism apart from the established by theories by (Acemoglu et al. 2001; Sokoloff, Engerman 2000), where the terrain influence what kind of economies could be established and thus what kind

of institution were ideal. For example, large scale plantations could be more difficult to implement in such terrain. Also it could be mountainous terrain constituted a protection against the conquest of colonizers and therefore, insulated these countries from the establishment of extractive institutions (Nunn, Puga 2010). For robustness we test other potential proxies for extractive institutions such as log population density in 1000, and proportion of settlers of European decent in 1900, a proxy for inclusive institutions. In all cases, our proxies for extractive institutions are significant increasing the levels of racism. Importantly, these results are robust.

As a placebo test we run the same regression on the sample of non-colonies. This time, our proxies for extractive institutions are not significant, confirming the goodness of our results. We interpret these results as extractive institutions being the main determinant of racism nowadays, since education and rule of law, the two main competing hypotheses, are not significant we can reject the racism-as-ignorance hypothesis and the hypothesis of racism arising as a consequence of failing rule of law.

Racism and cultural values preserving extractive institutions

In order to further confirm that extractive institutions actually changed the cultural values of the conquered populations, we run regressions at the individual level, estimating the impact of racism on some values that we consider would be ideal for the ruling class to promote through extractive institutions in order to preserve the persistence of these institutions and facilitate their public support. We control for individual characteristics such as income level, education level, age, sex, social class, trust and size of the town. We include country and time fixed effects, clustered standard errors by country and run both linear probability and ordered probit regressions. First, we can now interpret the results presented in the section on cultural hypotheses concerning obedience and respect. Whereas obedience facilitates the submission of the individual to extractive institutions, low respect to others makes collective action more difficult.

HERE TABLE 18

We find that racism is associated with a lower political preference for democracy. Overall we see, those who display racist beliefs are more likely to have a negative view of democracy in a number of respects. First, they feel that democracy is less important. They also have a stronger feeling that democracy is not decisive and does a poor job in running the economy. Finally, those who have anti racial preferences also have an increased belief that alternatives to democracy are better and if the government is incompetent the army should take over. All of these views would favor the maintenance of extractive institutions since democracy is by definition an inclusive institutions opposite to extractive institutions.

HERE TABLE 19

Table 19 shows the correlation of racism and a number of preferences on the importance of civil rights and the ability of the individual to shape their own political environment. Those who display racist inclinations also believe the protection of civil rights is less important in a democracy. They also tend to consider that it is not essential to be able to choose their leaders in free and fair elections and to changes laws through referenda. Additionally, those who do not want neighbors of another race believe it is more important to obey their leaders in a democracy and allow religious authorities to interpret the laws. These results are also ideal for the maintenance of extractive institutions as individuals do not believe legal protections are as important, favor obedience to authority and feel it is less essential to directly shape their political environment.

HERE TABLE 20

Table 20 shows that people who expressed racism are more in favor of government ownership, against competition, against unemployment aid, against taxing the rich (although non-significant) and in favor of tradition versus economic growth. All these values reveal a preference for state control and acceptance of inefficient non-inclusive economic institutions.

HERE TABLE 21

Table 21 shows that those who express racism are also more likely to find different types of dishonest behavior justifiable. Dishonest behavior clearly makes collective action more difficult. The tested behaviors include: claiming untitled government benefits, justifying violence, justifying avoiding paying the public transportation fares, cheating on taxes, and justifying officials receiving a bribe.

Overall, we have provided evidence that extractive institutions were successful in instilling racist beliefs and also that racism is associated with other individual preferences, which are ideal for the persistence for extractive institutions.

6 Robustness checks

We conduct different robustness checks. First, we test for the stability of racism over the different waves of the WVS. For this, we conduct different regressions using different waves of the WVS instead of our preferred measure of racism and the results are stable. We also conducted pair-means tests of the different waves and find no significant difference between the waves. We also run the same regressions using the logarithm of GDP per capita in current US dollars averaged over the period 1984-2012 and obtained almost identical results. We also run the same regressions using alternative measures of democratic institutions, legal institutions and corruption. These measures are taken from the International Country Risk Guild which includes; democratic accountability, law and order and corruption. The result are nearly identical, in terms of sign and general significance. However, it must be noted these coefficients were slightly more sensitive to the specifications, especially when controlling for education.

7 Conclusion

We have shown that our measurement of racism is associated with lower GDP per capita, lower level of education and worst quality of institutions. We can reject that racism is a consequence of the contact between different ethnic or racial groups. We also reject that racism could be the product of lack of education or a reaction to the failure of institutions. We have concluded that racism associated with extractive institutions and interpret that extractive elites might have deliberately promoted racism among the population in order to maintain the status quo, legitimize their rule, facilitate internal coordination of the ruling elite and hamper collective action against these extractive institutions. Further, we show that racism is associated with cultural preferences that reinforce extractive institutions and hamper the achievement of higher political and economic freedom. We also interpret this as the deliberate action of extractive elites. We also find that racism is associated with lower social capital understood as lower political participation as measured in the voice and accountability variable, and with lower levels of generalized trust, although this last result is not robust to changes of specification. The direct effect of racism on economic development due to racial discrimination cannot be disentangled from the more pervasive effects of the destruction of social capital, the worsening of the quality of institutions and the combined effects of the other negative cultural values correlated with racism that reinforce the persistence of bad institutions and bad economic policies. We have provided relevant evidence and arguments for a better understanding of the origin of cultural values and its relationship with institutional and economic outcomes.

We started the observation with which we started our paper concerning the raise in the number of racist comments in the public arena and asked ourselves about its valuation. Taking the results of our study into account, this phenomenon must be considered as potentially negative, not only for the economy but especially for the quality of institutions and for the cultural values on which current Western democracies rest.

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Table : 1 Racism by Country

Ranking	Country	Racism	Ranking	Country	Racism
1	Bangladesh	44.26%	48	Japan	16.32%
2	Palestine	44.00%	49	South Africa	15.95%
3	India	38.78%	50	Georgia	15.79%
4	Saudi Arabia	37.68%	51	Bosnia and Herzegovin	15.60%
5	Korea, South	36.49%	52	Mexico	14.39%
6	Lebanon	36.33%	53	Moldova	14.32%
7	Ecuador	34.53%	54	China	14.12%
8	Egypt	34.17%	55	Slovenia	14.10%
9	Yemen	34.00%	56	Uzbekistan	14.00%
10	Turkey	33.98%	57	Lithuania	13.97%
11	Vietnam	33.91%	58	Belarus	13.56%
12	Jordan	32.81%	59	Russian Federation	13.48%
13	Indonesia	32.15%	60	Serbia	13.08%
14	Czech Republic	29.55%	61	Poland	13.05%
15	Zambia	29.47%	62	Zimbabwe	12.77%
16	Kuwait	28.09%	63	Ukraine	11.56%
17	Iran	27.82%	64	Kazakhstan	11.15%
18	Iraq	27.67%	65	Italy	11.07%
19	Azerbaijan	27.53%	66	Burkina Faso	9.97%
20	Thailand	27.45%	67	Pakistan	9.95%
21	Hong Kong	26.76%	68	Finland	9.77%
22	Malaysia	26.16%	69	Peru	9.40%
23	Nigeria	25.10%	70	Chile	9.28%
24	Kyrgyzstan	24.11%	71	Singapore	9.18%
25	Algeria	24.01%	72	Spain	8.79%
26	Armenia	23.67%	73	Qatar	8.78%
27	Romania	22.95%	74	Croatia	8.36%
28	France	22.62%	75	Germany	8.31%
29	Macedonia	22.62%	76	Tiawan	8.23%
30	Philippines	22.35%	77	Netherlands	8.03%
31	Mali	22.03%	78	United States	6.70%
32	Ghana	21.13%	79	Puerto Rico	5.79%
33	Slovak Republic	20.12%	80	Switzerland	5.69%
34	Cyprus	20.11%	81	Norway	5.62%
35	Rwanda	20.01%	82	Australia	4.92%
36	Albania	19.11%	83	United Kingdom	4.82%
37	Bulgaria	18.61%	84	Guatemala	4.63%
38	Dominican Republic	18.47%	85	Brazil	4.52%
39	Estonia	18.27%	86	Latvia	4.50%
40	Uganda	18.25%	87	Uruguay	4.10%
41	Venezuela	17.75%	88	Argentina	3.40%
42	Montenegro	17.27%	89	New Zealand	3.30%
43	Tunisia	16.93%	90	Colombia	3.19%
44	Morocco	16.82%	91	Sweden	3.10%
45	Hungary	16.82%	92	Canada	2.79%
46	Tanzania	16.65%	93	Andora	2.62%
47	Ethiopia	16.60%	94	Trinidad and Tobago	2.00%

Figure 1 Distribution of racism in % over the world

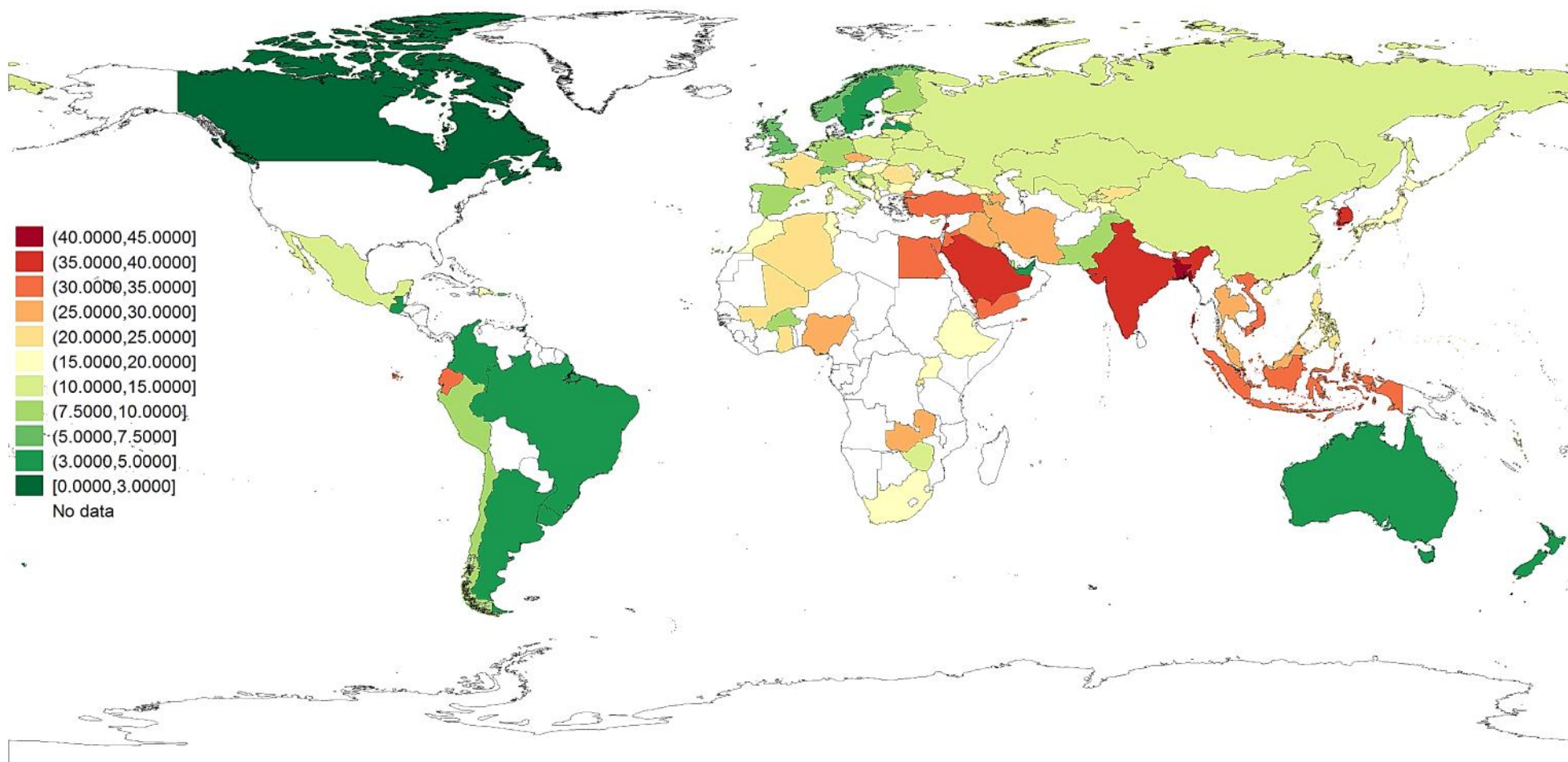


Table 2: Controls

VARIABLES	(1) Racist	(2) Racist	(3) Racist	(4) Racist	(5) Racist	(6) Racist	(7) Racist	(8) Racist	(9) Racist	(10) Racist
Income Level	-0.005*** (0.001)	-0.026*** (0.006)	-0.002** (0.001)	-0.013*** (0.004)	-0.002* (0.001)	-0.013*** (0.005)	-0.002* (0.001)	-0.013*** (0.005)	-0.002** (0.001)	-0.013*** (0.004)
Highest educational level attained			-0.011*** (0.002)	-0.048*** (0.007)	-0.011*** (0.002)	-0.046*** (0.007)	-0.010*** (0.002)	-0.043*** (0.007)	-0.007*** (0.001)	-0.030*** (0.005)
Social class (subjective)					-0.002 (0.002)	-0.012 (0.008)	-0.002 (0.002)	-0.012 (0.008)	-0.002 (0.002)	-0.012 (0.009)
Age							0.000*** (0.000)	0.002*** (0.001)	0.000*** (0.000)	0.002*** (0.001)
Sex							0.006** (0.002)	0.029*** (0.011)	0.005* (0.003)	0.026** (0.013)
State of health (subjective)									0.005** (0.002)	0.024*** (0.009)
Size of town									-0.005*** (0.001)	-0.019*** (0.006)
Observations	274,889	274,889	240,059	240,059	216,237	216,237	215,867	215,867	157,015	157,015
R-squared	0.093		0.099		0.095		0.095		0.104	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Method	OLS	OProbit	OLS	OProbit	OLS	OProbit	OLS	OProbit	OLS	OProbit

Robust standard errors in parentheses

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

Table 3 : Correlations

	Racism	Log of GDP per capita	Rule of Law	Voice and Accountability	Control of Corruption	Total Schooling	Respect	Obedience	Control	Trust
Racism	1									
Log of GDP per capita	-0.39	1								
Rule of Law	-0.35	0.81	1							
Voice and Accountability	-0.44	0.72	0.84	1						
Control of Corruption	-0.46	0.82	0.97	0.81	1					
Total Schooling	-0.42	0.7	0.64	0.7	0.6	1				
Respect	-0.4	0.33	0.3	0.37	0.36	0.21	1			
Obedience	0.15	-0.46	-0.43	-0.37	-0.38	-0.63	0.1	1		
Control	-0.26	0.35	0.25	0.22	0.33	0.13	0.3	0.08	1	
Trust	-0.09	0.44	0.49	0.29	0.49	0.35	0.12	-0.36	0.03	1

Table 4 : Racism and Economic Outcomes

VARIABLES	(1) Log GDP per Cap	(2) Log GDP per Cap	(3) Log GDP per Cap	(4) Log GDP per Cap	(5) Log GDP per Cap	(6) Log GDP per Cap	(7) Log GDP per Cap	(8) Log GDP per Cap	(9) Log GDP per Cap	(10) Log GDP per Cap
Racism	-0.398*** (0.134)	-0.340*** (0.122)	-0.437*** (0.134)	-0.319*** (0.118)	-0.372*** (0.107)	-0.386*** (0.127)	-0.331*** (0.122)	-0.022 (0.103)	-0.041 (0.103)	-0.107 (0.098)
Mountainous Terrain	-0.152** (0.067)	-0.116* (0.068)	-0.119 (0.076)	-0.078 (0.068)	-0.101 (0.065)	-0.105 (0.066)	-0.100 (0.073)	-0.003 (0.065)	-0.020 (0.063)	-0.102 (0.070)
Log of Population Average	-0.044 (0.084)	-0.061 (0.084)	-0.057 (0.086)	-0.062 (0.085)	-0.057 (0.082)	-0.029 (0.083)	-0.055 (0.086)	0.005 (0.070)	0.043 (0.069)	-0.005 (0.074)
Latin America	-0.744** (0.350)	-0.616* (0.355)	-0.896** (0.376)	-0.647* (0.340)	-0.230 (0.332)	-0.609* (0.346)	-0.629* (0.356)	-0.458* (0.248)	0.216 (0.349)	-0.506* (0.260)
Sub-Saharan Africa	-2.735*** (0.426)	-2.438*** (0.471)	-2.270*** (0.539)	-2.523*** (0.463)	-2.111*** (0.441)	-2.327*** (0.461)	-2.393*** (0.472)	-2.036*** (0.383)	-1.742*** (0.434)	-1.725*** (0.411)
Asia	-1.743*** (0.545)	-1.805*** (0.525)	-1.498** (0.612)	-1.882*** (0.503)	-1.382*** (0.519)	-1.695*** (0.531)	-1.739*** (0.539)	-1.712*** (0.362)	-1.450*** (0.369)	-1.342*** (0.346)
Eastern Europe	-1.105*** (0.299)	-1.094*** (0.297)	-1.035*** (0.298)	-1.130*** (0.290)	-0.442 (0.336)	-0.976*** (0.292)	-1.025*** (0.324)	-0.749*** (0.242)	-0.266 (0.264)	-1.725*** (0.278)
Trust	2.225** (0.862)	2.375*** (0.823)	2.094** (0.893)	2.215*** (0.812)	2.042** (0.773)	1.990** (0.843)	2.361*** (0.830)	1.730*** (0.633)	0.990* (0.564)	0.628 (0.684)
Ethnic Frac		-0.829 (0.549)		-0.508 (0.501)	-0.820* (0.491)	-0.980* (0.531)	-0.737 (0.536)	-0.399 (0.420)	-0.200 (0.422)	-0.198 (0.439)
Lingustic Frac			-0.811 (0.578)							
Exluded Population				-1.466** (0.591)						
Migration Ratio					19.345*** (5.622)					
Oil Production						0.028*** (0.009)				
New Onset of Ethnic Conflict							-3.437 (3.040)			

Table 4 : continued

Voice and Accountability								0.771*** (0.116)		
Rule of Law									0.888*** (0.132)	
Total Schooling + 25										0.330*** (0.043)
Constant	9.363*** (0.884)	9.714*** (0.955)	9.658*** (0.970)	9.798*** (0.972)	9.429*** (0.928)	9.423*** (0.931)	9.611*** (0.970)	8.598*** (0.828)	8.073*** (0.827)	6.874*** (0.867)
Observations	82	81	81	81	81	81	81	81	81	71
R-squared	0.659	0.693	0.657	0.710	0.744	0.704	0.697	0.841	0.828	0.828

Robust standard errors in parentheses

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

Table 5 : Education and Racism

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
VARIABLES	Total Schooling	Total Schooling	Total Schooling	Total Schooling	Total Schooling	Total Schooling	Total Schooling	Total Schooling	Total Schooling	Total Schooling
Racism	-1.021*** (0.337)	-0.837*** (0.291)	-1.097*** (0.330)	-0.780** (0.326)	-0.788*** (0.287)	-0.804*** (0.270)	-0.796** (0.302)	-0.799*** (0.273)	-0.249 (0.255)	-0.297 (0.233)
Mountainous Terrain	-0.121 (0.157)	-0.007 (0.165)	-0.001 (0.169)	-0.081 (0.166)	0.099 (0.139)	0.056 (0.168)	-0.016 (0.166)	-0.006 (0.151)	0.198 (0.148)	0.139 (0.136)
Log of Population Average	-0.023 (0.205)	-0.091 (0.211)	-0.083 (0.205)	0.016 (0.211)	-0.131 (0.218)	-0.129 (0.226)	-0.122 (0.215)	0.002 (0.224)	0.092 (0.179)	-0.042 (0.160)
Latin America	-0.578 (0.914)	-0.363 (0.916)	-0.943 (0.958)	-0.465 (1.354)	-0.535 (0.904)	0.436 (0.836)	-0.378 (0.925)	-0.376 (0.900)	1.335 (0.804)	0.517 (0.648)
Sub-Saharan Africa	-2.056* (1.044)	-1.539 (1.182)	-0.861 (1.247)	-1.919 (1.322)	-1.857 (1.116)	-0.886 (1.117)	-1.644 (1.195)	-1.295 (1.002)	-0.241 (1.043)	1.603* (0.894)
Asia	-1.155 (1.278)	-1.368 (1.156)	-0.615 (1.346)	-2.345** (1.164)	-1.496 (1.112)	-0.497 (1.120)	-1.461 (1.191)	-0.971 (1.087)	-0.605 (0.841)	1.155 (0.754)
Eastern Europe	2.467*** (0.618)	2.407*** (0.611)	2.556*** (0.637)	2.482*** (0.659)	2.320*** (0.604)	3.726*** (0.718)	2.292*** (0.633)	2.607*** (0.653)	3.858*** (0.548)	3.715*** (0.491)
Trust	5.064** (2.209)	5.275** (2.213)	4.745** (2.305)	5.908** (2.497)	4.576** (2.176)	3.810* (1.976)	5.580** (2.288)	5.322** (2.180)	2.809 (1.718)	1.941 (1.578)
Ethnic Frac		-1.904 (1.238)		-1.060 (1.209)	-1.203 (1.108)	-2.390* (1.237)	-1.779 (1.252)	-1.300 (1.081)	-0.646 (0.988)	-0.742 (0.930)
Lingustic Frac			-1.674 (1.307)							
GINI				0.009 (0.058)						
Exluded Population					-3.420** (1.559)					
Migration Ratio						47.968*** (15.110)				
Oil Production							-0.024 (0.017)			

Table 5 : continued

New Onset of Ethnic Conflict								-23.139** (9.833)		
Rule of Law									1.741*** (0.314)	
Log GDP per Cap										1.407*** (0.207)
Constant	6.530*** (2.305)	7.672*** (2.581)	7.377*** (2.392)	6.008* (3.007)	8.359*** (2.700)	7.938*** (2.652)	7.973*** (2.637)	6.651** (2.723)	4.493* (2.254)	-5.564** (2.768)
Observations	72	71	71	66	71	71	71	71	71	71
R-squared	0.576	0.618	0.576	0.658	0.646	0.680	0.620	0.656	0.771	0.795

Robust standard errors in parentheses

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

Table 6 : Legal Insititutions and Racism

VARIABLES	(1) Rule of Law	(2) Rule of Law	(3) Rule of Law	(4) Rule of Law	(5) Rule of Law	(6) Rule of Law	(7) Rule of Law	(8) Rule of Law	(9) Rule of Law	(10) Rule of Law
Racism	-0.373*** (0.098)	-0.337*** (0.095)	-0.396*** (0.107)	-0.340*** (0.113)	-0.318*** (0.087)	-0.354*** (0.091)	-0.321*** (0.100)	-0.334*** (0.092)	-0.145** (0.061)	-0.168** (0.067)
Mountainous Terrain	-0.136*** (0.046)	-0.108** (0.044)	-0.121** (0.052)	-0.109** (0.047)	-0.073 (0.049)	-0.100** (0.048)	-0.112** (0.045)	-0.102** (0.049)	-0.116** (0.045)	-0.050 (0.040)
Log of Population Average	-0.104* (0.058)	-0.117** (0.058)	-0.108* (0.062)	-0.119* (0.064)	-0.117** (0.057)	-0.115* (0.064)	-0.128** (0.059)	-0.115* (0.058)	-0.084 (0.053)	-0.087* (0.048)
Latin America	-1.045*** (0.285)	-0.938*** (0.295)	-1.132*** (0.310)	-1.024*** (0.344)	-0.967*** (0.294)	-0.741** (0.305)	-0.940*** (0.295)	-0.943*** (0.296)	-0.892*** (0.234)	-0.632** (0.248)
Sub-Saharan Africa	-1.043*** (0.244)	-0.785** (0.318)	-0.794* (0.402)	-0.682** (0.299)	-0.864*** (0.311)	-0.618* (0.311)	-0.825** (0.329)	-0.768** (0.331)	-0.391 (0.348)	0.426 (0.338)
Asia	-0.375 (0.355)	-0.400 (0.330)	-0.237 (0.401)	-0.545 (0.328)	-0.471 (0.294)	-0.184 (0.350)	-0.440 (0.342)	-0.375 (0.340)	-0.124 (0.259)	0.497* (0.267)
Eastern Europe	-0.952*** (0.219)	-0.932*** (0.220)	-0.909*** (0.218)	-0.950*** (0.260)	-0.966*** (0.215)	-0.599* (0.310)	-0.974*** (0.227)	-0.906*** (0.239)	-1.388*** (0.186)	-0.389** (0.195)
Trust	1.489** (0.606)	1.560** (0.610)	1.415** (0.633)	1.455** (0.676)	1.412** (0.594)	1.390** (0.628)	1.698** (0.651)	1.555** (0.618)	0.202 (0.618)	0.381 (0.475)
Ethnic Frac		-0.709* (0.398)		-0.797* (0.432)	-0.412 (0.377)	-0.704* (0.380)	-0.654 (0.411)	-0.674* (0.385)	-0.284 (0.315)	-0.297 (0.313)
Lingustic Frac			-0.481 (0.455)							
GINI				0.004 (0.015)						
Exluded Population					-1.356** (0.658)					
Migration Ratio						9.885* (5.352)				
Oil Production							-0.010 (0.008)			
New Onset of Ethnic Conflict								-1.294 (2.853)		

Table 6 : continued

Total Schooling + 25									0.230***	
									(0.036)	
Log GDP per Cap										0.497***
										(0.070)
Constant	1.558**	1.850***	1.706**	1.833**	1.927***	1.704**	1.954***	1.811***	0.060	-2.975***
	(0.593)	(0.652)	(0.687)	(0.816)	(0.649)	(0.722)	(0.659)	(0.644)	(0.629)	(0.863)
Observations	82	81	81	75	81	81	81	81	71	81
R-squared	0.551	0.589	0.557	0.604	0.624	0.621	0.592	0.590	0.749	0.770

Robust standard errors in parentheses

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

Table 7 : Corruption and Racism

VARIABLES	(1) Control of Corruption	(2) Control of Corruption	(3) Control of Corruption	(4) Control of Corruption	(5) Control of Corruption	(6) Control of Corruption	(7) Control of Corruption	(8) Control of Corruption	(9) Control of Corruption	(10) Control of Corruption
Racism	-0.468*** (0.093)	-0.444*** (0.094)	-0.486*** (0.099)	-0.413*** (0.105)	-0.426*** (0.085)	-0.458*** (0.090)	-0.425*** (0.096)	-0.441*** (0.092)	-0.251*** (0.058)	-0.293*** (0.071)
Mountainous Terrain	-0.102** (0.045)	-0.075* (0.041)	-0.099** (0.048)	-0.075* (0.042)	-0.042 (0.045)	-0.068 (0.045)	-0.079* (0.042)	-0.070 (0.046)	-0.078 (0.049)	-0.023 (0.040)
Log of Population Average	-0.129** (0.056)	-0.141** (0.056)	-0.125** (0.059)	-0.145** (0.060)	-0.141** (0.055)	-0.139** (0.061)	-0.154*** (0.057)	-0.139** (0.056)	-0.113** (0.055)	-0.113** (0.048)
Latin America	-0.899*** (0.280)	-0.783*** (0.291)	-0.964*** (0.301)	-0.925*** (0.334)	-0.809*** (0.291)	-0.613** (0.298)	-0.786*** (0.292)	-0.786*** (0.292)	-0.720*** (0.223)	-0.509** (0.237)
Sub-Saharan Africa	-0.943*** (0.237)	-0.654** (0.290)	-0.785** (0.347)	-0.599** (0.271)	-0.725** (0.307)	-0.510* (0.285)	-0.700** (0.301)	-0.642** (0.303)	-0.276 (0.314)	0.428 (0.276)
Asia	-0.545 (0.335)	-0.542* (0.305)	-0.443 (0.369)	-0.703** (0.301)	-0.607** (0.274)	-0.356 (0.325)	-0.588* (0.313)	-0.526* (0.312)	-0.283 (0.236)	0.259 (0.237)
Eastern Europe	-1.106*** (0.203)	-1.072*** (0.204)	-1.065*** (0.202)	-1.061*** (0.245)	-1.103*** (0.197)	-0.786*** (0.275)	-1.121*** (0.212)	-1.055*** (0.221)	-1.576*** (0.184)	-0.587*** (0.172)
Trust	1.871*** (0.600)	1.887*** (0.618)	1.814*** (0.627)	1.961*** (0.663)	1.753*** (0.603)	1.741*** (0.643)	2.047*** (0.636)	1.884*** (0.624)	0.640 (0.599)	0.833 (0.526)
Ethnic Frac		-0.780** (0.369)		-0.941** (0.416)	-0.511 (0.368)	-0.776** (0.354)	-0.717* (0.380)	-0.757** (0.363)	-0.431 (0.324)	-0.412 (0.301)
Lingustic Frac			-0.407 (0.396)							
GINI				0.010 (0.014)						
Exluded Population					-1.229** (0.614)					
Migration Ratio						8.517* (5.059)				
Oil Procuction							-0.011 (0.010)			

Table 7 : continued

New Onset of Ethnic Conflict								-0.864 (2.552)		
Total Schooling + 25									0.220*** (0.034)	
Log GDP per Cap										0.444*** (0.060)
Constant	1.668*** (0.593)	1.980*** (0.631)	1.741** (0.659)	1.729** (0.810)	2.050*** (0.619)	1.855*** (0.687)	2.101*** (0.641)	1.954*** (0.631)	0.301 (0.637)	-2.332*** (0.770)
Observations	82	81	81	75	81	81	81	81	71	81
R-squared	0.646	0.678	0.656	0.692	0.705	0.700	0.682	0.679	0.805	0.811

Robust standard errors in parentheses

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

Table : 8 Conflict and Racism

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
VARIABLES	New Onset of Ethnic Conflict	New Onset of Ethnic Conflict	New Onset of Ethnic Conflict	New Onset of Ethnic Conflict	New Onset of Ethnic Conflict	New Onset of Ethnic Conflict	New Onset of Ethnic Conflict	New Onset of Ethnic Conflict	New Onset of Ethnic Conflict	New Onset of Ethnic Conflict
Racism	0.041 (0.036)	0.027 (0.036)	0.050 (0.038)	0.029 (0.042)	0.028 (0.038)	0.031 (0.036)	0.026 (0.038)	-0.018 (0.034)	0.022 (0.045)	0.015 (0.036)
Mountainous Terrain	0.005* (0.003)	0.005* (0.003)	0.003 (0.003)	0.006** (0.003)	0.005* (0.003)	0.005* (0.003)	0.005* (0.003)	0.000 (0.003)	0.004* (0.003)	0.004 (0.003)
Log of Population Average	0.003 (0.003)	0.002 (0.003)	0.003 (0.003)	0.001 (0.004)	0.002 (0.003)	0.002 (0.003)	0.002 (0.003)	0.004 (0.004)	0.002 (0.003)	0.002 (0.003)
Latin America	0.002 (0.009)	-0.004 (0.009)	0.008 (0.010)	0.011 (0.016)	-0.004 (0.009)	-0.008 (0.010)	-0.004 (0.009)	-0.002 (0.008)	-0.006 (0.011)	-0.006 (0.009)
Sub-Saharan Africa	0.021* (0.011)	0.012 (0.013)	-0.003 (0.014)	0.023 (0.016)	0.011 (0.014)	0.008 (0.014)	0.012 (0.013)	0.002 (0.013)	0.010 (0.014)	0.002 (0.014)
Asia	0.014 (0.013)	0.019 (0.013)	0.007 (0.012)	0.023 (0.014)	0.018 (0.013)	0.014 (0.013)	0.019 (0.013)	0.011 (0.012)	0.018 (0.014)	0.012 (0.013)
Eastern Europe	0.022** (0.009)	0.020** (0.010)	0.018* (0.010)	0.014 (0.012)	0.020** (0.010)	0.012 (0.012)	0.020* (0.010)	0.019* (0.011)	0.018* (0.011)	0.016 (0.010)
Trust	-0.003 (0.024)	-0.003 (0.024)	0.002 (0.026)	-0.022 (0.029)	-0.003 (0.024)	0.001 (0.024)	-0.004 (0.026)	0.026 (0.026)	0.000 (0.025)	0.006 (0.027)
Ethnic Frac		0.028* (0.015)		0.025 (0.018)	0.028 (0.017)	0.028* (0.015)	0.027* (0.015)	0.019 (0.014)	0.027* (0.015)	0.025* (0.015)
Lingustic Frac			0.040** (0.018)							
GINI				-0.001 (0.001)						
Exluded Population					-0.003 (0.029)					
Migration_ratio						-0.224 (0.186)				
Oil Production							0.000 (0.000)			

Table 8 : continued

Total Schooling + 25								-0.004***		
								(0.002)		
Rule of Law									-0.002	
									(0.005)	
Log GDP per Cap										-0.004
										(0.003)
Constant	-0.039	-0.037	-0.047	0.012	-0.037	-0.034	-0.038	-0.009	-0.033	0.001
	(0.040)	(0.040)	(0.041)	(0.051)	(0.040)	(0.041)	(0.041)	(0.044)	(0.045)	(0.048)
Observations	86	83	83	76	83	83	83	73	83	83
R-squared	0.186	0.230	0.249	0.255	0.230	0.245	0.230	0.289	0.231	0.239

Robust standard errors in parentheses

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

Table : 9 Ethnic Origins of Racism

VARIABLES	1	2	3	4	5	6	7	8	9	10
	GINI	GINI	Ethnic Frac	Ethnic Frac	Lingustic Frac	Lingustic Frac	Migration Ratio	Migration Ratio	Exluded Population	Exluded Population
Racism	0.394 (0.555)	-0.092 (0.594)	0.001 (0.027)	-0.005 (0.028)	-0.038 (0.026)	-0.043 (0.026)	0.001 (0.003)	0.001 (0.002)	0.018 (0.019)	0.013 (0.019)
Mountainous Terrain	0.711* (0.391)	0.646* (0.381)	0.029 (0.017)	0.028 (0.017)	0.038** (0.016)	0.038** (0.016)	-0.001 (0.002)	-0.001 (0.002)	0.029** (0.012)	0.029** (0.012)
Log of Population Average	0.665 (0.453)	0.655 (0.445)	-0.009 (0.021)	-0.009 (0.020)	-0.011 (0.020)	-0.011 (0.020)	-0.000 (0.002)	0.000 (0.002)	0.002 (0.014)	0.003 (0.014)
Latin America	17.221*** (1.384)	14.203*** (1.486)	0.182*** (0.066)	0.152* (0.080)	-0.142*** (0.053)	-0.174** (0.068)	-0.024*** (0.005)	-0.020** (0.008)	0.056 (0.053)	0.019 (0.059)
Sub-Saharan Africa	10.691*** (2.857)	7.961** (3.196)	0.396*** (0.076)	0.368*** (0.088)	0.554*** (0.067)	0.524*** (0.079)	-0.021*** (0.005)	-0.018** (0.008)	0.064 (0.055)	0.029 (0.067)
Asia	-0.416 (2.115)	-0.159 (2.208)	0.080 (0.113)	0.084 (0.114)	0.285** (0.120)	0.289** (0.118)	-0.021*** (0.006)	-0.021*** (0.005)	-0.047 (0.055)	-0.046 (0.056)
Eastern Europe	-1.211 (1.403)	-2.713* (1.420)	0.096 (0.060)	0.081 (0.066)	0.111* (0.059)	0.095 (0.065)	-0.035*** (0.007)	-0.033*** (0.009)	0.017 (0.043)	-0.001 (0.049)
Trust		-13.053*** (4.301)		-0.128 (0.194)		-0.134 (0.216)		0.016 (0.019)		-0.155 (0.141)
Constant	25.515*** (4.977)	30.389*** (5.597)	0.310 (0.215)	0.356 (0.234)	0.262 (0.198)	0.311 (0.224)	0.019 (0.022)	0.013 (0.027)	0.036 (0.153)	0.092 (0.180)
Observations	79	79	83	83	83	83	85	85	86	86
R-squared	0.695	0.721	0.316	0.320	0.492	0.495	0.397	0.403	0.118	0.130

Robust standard errors in parentheses

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

Table 10 : Trust and Racism

[illegible]

Table 10 : continued

Constant	0.423*** (0.122)	0.423*** (0.122)	0.445*** (0.136)	0.451*** (0.134)	0.444*** (0.135)	0.432*** (0.135)	0.379*** (0.128)	0.307** (0.140)	0.310** (0.140)	0.035 (0.186)
Observations	84	84	81	81	81	81	81	71	81	81
R-squared	0.441	0.441	0.460	0.451	0.464	0.466	0.495	0.534	0.497	0.507

Robust standard errors in parentheses

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

Table : 11 Control and Racism

VARIABLES	(1) Control	(2) Control	(3) Control	(4) Control	(5) Control	(6) Control	(7) Control	(8) Control	(9) Control	(10) Control
Racism	-0.142** (0.069)	-0.128 (0.078)	-0.134* (0.076)	-0.150 (0.091)	-0.121 (0.078)	-0.139* (0.073)	-0.149* (0.079)	-0.010 (0.079)	-0.042 (0.087)	-0.043 (0.085)
Mountainous Terrain	0.029 (0.044)	0.018 (0.046)	0.027 (0.049)	0.021 (0.048)	0.028 (0.048)	0.029 (0.044)	0.028 (0.043)	0.002 (0.049)	0.042 (0.045)	0.042 (0.040)
Log of Population Average	-0.103** (0.050)	-0.103** (0.051)	-0.105* (0.055)	-0.070 (0.055)	-0.103* (0.053)	-0.100** (0.048)	-0.079 (0.051)	-0.116** (0.052)	-0.078 (0.049)	-0.091* (0.047)
Latin America	0.602*** (0.170)	0.499*** (0.180)	0.616*** (0.176)	0.524* (0.267)	0.501*** (0.176)	0.784*** (0.192)	0.570*** (0.182)	0.702*** (0.179)	0.775*** (0.240)	0.722*** (0.197)
Sub-Saharan Africa	-0.331 (0.214)	-0.567** (0.241)	-0.382 (0.286)	-0.427 (0.291)	-0.581** (0.242)	-0.325 (0.226)	-0.428* (0.240)	-0.134 (0.259)	-0.335 (0.270)	-0.009 (0.333)
Asia	0.215 (0.242)	0.138 (0.301)	0.177 (0.292)	0.168 (0.325)	0.117 (0.303)	0.392 (0.297)	0.209 (0.300)	0.397 (0.247)	0.211 (0.279)	0.468 (0.304)
Eastern Europe	-0.726*** (0.180)	-0.780*** (0.186)	-0.727*** (0.187)	-0.636*** (0.200)	-0.785*** (0.185)	-0.354 (0.214)	-0.660*** (0.193)	-1.079*** (0.179)	-0.544*** (0.195)	-0.518*** (0.176)
Ethnic Frac		0.534* (0.318)		0.358 (0.356)	0.619* (0.328)	0.549* (0.284)	0.435 (0.305)	0.886*** (0.304)	0.700** (0.293)	0.714** (0.284)
Lingustic Frac			0.088 (0.285)							
GINI				0.005 (0.012)						
Exluded Population					-0.380 (0.501)					
Migration Ratio						11.946*** (3.277)				
Oil Production							0.021*** (0.005)			
Total Schooling + 25								0.137*** (0.031)		
Rule of Law									0.213** (0.098)	

Table 11 : continued

Log GDP per Cap										0.192** (0.083)
Constant	7.838*** (0.523)	7.720*** (0.511)	7.844*** (0.548)	7.185*** (0.646)	7.726*** (0.524)	7.467*** (0.485)	7.398*** (0.529)	6.664*** (0.603)	7.203*** (0.497)	5.685*** (0.864)
Observations	84	81	81	75	81	81	81	71	81	81
R-squared	0.423	0.439	0.417	0.430	0.444	0.524	0.466	0.610	0.474	0.492

Robust standard errors in parentheses

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

Table : 12 Racism and Respect

VARIABLES	(1) Respect	(2) Respect	(3) Respect	(4) Respect	(5) Respect	(6) Respect	(7) Respect	(8) Respect	(9) Respect	(10) Respect
Racism	-0.040*** (0.011)	-0.040*** (0.010)	-0.036*** (0.010)	-0.026*** (0.009)	-0.039*** (0.010)	-0.040*** (0.010)	-0.039*** (0.010)	-0.026** (0.011)	-0.031*** (0.011)	-0.035*** (0.012)
Mountainous Terrain	-0.017** (0.008)	-0.019** (0.008)	-0.019** (0.009)	-0.017* (0.009)	-0.018** (0.008)	-0.020** (0.008)	-0.020** (0.008)	-0.016** (0.007)	-0.017** (0.008)	-0.018** (0.008)
Log of Population Average	-0.007 (0.007)	-0.003 (0.008)	-0.004 (0.008)	-0.008 (0.008)	-0.003 (0.008)	-0.003 (0.008)	-0.005 (0.008)	-0.003 (0.008)	-0.001 (0.008)	-0.003 (0.008)
Latin America	-0.050** (0.024)	-0.042* (0.025)	-0.047* (0.026)	-0.025 (0.052)	-0.042* (0.025)	-0.050 (0.031)	-0.046* (0.026)	-0.027 (0.024)	-0.014 (0.035)	-0.029 (0.030)
Sub-Saharan Africa	-0.102** (0.039)	-0.097** (0.041)	-0.101** (0.050)	-0.099 (0.065)	-0.098** (0.040)	-0.104** (0.045)	-0.104** (0.043)	-0.038 (0.041)	-0.073 (0.050)	-0.063 (0.052)
Asia	-0.077** (0.037)	-0.091*** (0.032)	-0.099*** (0.034)	-0.099*** (0.030)	-0.093*** (0.033)	-0.098*** (0.035)	-0.095*** (0.033)	-0.085** (0.037)	-0.084** (0.034)	-0.071* (0.041)
Eastern Europe	-0.089*** (0.029)	-0.080*** (0.029)	-0.085*** (0.030)	-0.101*** (0.032)	-0.080*** (0.030)	-0.091** (0.038)	-0.086*** (0.032)	-0.123*** (0.033)	-0.055 (0.039)	-0.064* (0.034)
Ethnic Frac		-0.000 (0.044)		-0.009 (0.049)	0.007 (0.045)	-0.001 (0.044)	0.005 (0.043)	0.005 (0.048)	0.017 (0.045)	0.010 (0.046)
Lingustic Frac			-0.006 (0.047)							
GINI				-0.001 (0.003)						
Exluded Population					-0.032 (0.070)					
Migration Ratio						-0.322 (0.674)				
Oil Production							-0.001 (0.001)			
Total Schooling + 25								0.011* (0.006)		
Rule of Law									0.022 (0.018)	

Table 12 : continued

Log GDP per Cap										0.012 (0.013)
Constant	0.832*** (0.077)	0.801*** (0.081)	0.811*** (0.081)	0.910*** (0.090)	0.802*** (0.082)	0.808*** (0.081)	0.817*** (0.091)	0.704*** (0.102)	0.748*** (0.096)	0.678*** (0.152)
Observations	84	81	81	75	81	81	81	71	81	81
R-squared	0.360	0.384	0.367	0.378	0.386	0.387	0.387	0.465	0.401	0.393

Robust standard errors in parentheses

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

Table: 13 Obedience and Racism

VARIABLES	(1) Obedience	(2) Obedience	(3) Obedience	(4) Obedience	(5) Obedience	(6) Obedience	(7) Obedience	(8) Obedience	(9) Obedience	(10) Obedience
Racism	0.058*** (0.019)	0.049*** (0.018)	0.063*** (0.019)	0.050*** (0.018)	0.046** (0.018)	0.050*** (0.017)	0.046*** (0.017)	0.040** (0.017)	0.032* (0.018)	0.035* (0.018)
Mountainous Terrain	-0.013 (0.011)	-0.022** (0.011)	-0.022* (0.012)	-0.016 (0.012)	-0.026** (0.011)	-0.023** (0.011)	-0.020* (0.011)	-0.011 (0.011)	-0.027** (0.012)	-0.026** (0.011)
Log of Population Average	0.000 (0.013)	0.005 (0.012)	0.005 (0.013)	-0.002 (0.013)	0.005 (0.012)	0.005 (0.012)	0.008 (0.013)	-0.003 (0.012)	-0.000 (0.013)	0.003 (0.012)
Latin America	0.173*** (0.037)	0.133*** (0.034)	0.200*** (0.038)	0.154** (0.064)	0.133*** (0.032)	0.104** (0.040)	0.144*** (0.035)	0.097*** (0.036)	0.078 (0.050)	0.097*** (0.036)
Sub-Saharan Africa	0.251*** (0.049)	0.156** (0.064)	0.132* (0.070)	0.162** (0.077)	0.162*** (0.059)	0.131* (0.066)	0.177** (0.067)	0.128** (0.057)	0.109 (0.068)	0.065 (0.070)
Asia	-0.071 (0.070)	-0.064 (0.064)	-0.115 (0.072)	-0.026 (0.060)	-0.055 (0.065)	-0.090 (0.067)	-0.053 (0.063)	-0.100 (0.061)	-0.079 (0.061)	-0.118* (0.062)
Eastern Europe	-0.067* (0.039)	-0.085** (0.037)	-0.091** (0.040)	-0.095** (0.042)	-0.083** (0.035)	-0.128*** (0.047)	-0.067* (0.039)	-0.037 (0.041)	-0.132*** (0.047)	-0.128*** (0.041)
Ethnic Frac		0.252*** (0.074)		0.239*** (0.082)	0.215*** (0.076)	0.250*** (0.075)	0.236*** (0.075)	0.184*** (0.066)	0.218*** (0.074)	0.222*** (0.073)
Lingustic Frac			0.187** (0.081)							
GINI				-0.001 (0.003)						
Exluded Population					0.163 (0.115)					
Migration Ratio						-1.219 (0.845)				
Oil Production							0.003 (0.002)			
Total Schooling + 25								-0.020*** (0.007)		
Rule of Law									-0.043* (0.023)	

Table 13 : continued

Log GDP per Cap										-0.032** (0.015)
Constant	0.406*** (0.129)	0.299** (0.117)	0.335** (0.128)	0.409*** (0.143)	0.296** (0.114)	0.325*** (0.119)	0.250** (0.122)	0.543*** (0.131)	0.403*** (0.139)	0.633*** (0.189)
Observations	84	81	81	75	81	81	81	71	81	81
R-squared	0.474	0.556	0.498	0.568	0.572	0.571	0.566	0.600	0.580	0.580

Robust standard errors in parentheses

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

Table 14 : Culture and Racism Individual Level

VARIABLES	(1) Trust	(2) Trust	(3) Control	(4) Control	(5) Respect	(6) Respect	(7) Obedience	(8) Obedience
Neighbours: People of a different race	-0.001 (0.008)	-0.001 (0.026)	-0.122*** (0.032)	-0.052*** (0.015)	-0.037*** (0.006)	-0.106*** (0.017)	0.021** (0.008)	0.061** (0.024)
Income Level	0.007*** (0.002)	0.022*** (0.005)	0.085*** (0.008)	0.036*** (0.004)	-0.001 (0.001)	-0.004 (0.003)	-0.005*** (0.001)	-0.015*** (0.004)
Highest educational level attained	0.007*** (0.002)	0.026*** (0.008)	0.024*** (0.005)	0.009*** (0.003)	0.007*** (0.001)	0.022*** (0.004)	-0.017*** (0.002)	-0.050*** (0.005)
Age	0.001*** (0.000)	0.004*** (0.001)	0.003** (0.001)	0.002*** (0.001)	0.001*** (0.000)	0.002*** (0.001)	-0.000 (0.000)	-0.000 (0.000)
Sex	0.003 (0.003)	0.014 (0.011)	0.091*** (0.027)	0.044*** (0.013)	-0.036*** (0.004)	-0.108*** (0.012)	-0.001 (0.004)	-0.003 (0.011)
State of health (subjective)	-0.037*** (0.004)	-0.131*** (0.012)	-0.342*** (0.019)	-0.161*** (0.010)	0.000 (0.003)	-0.000 (0.010)	0.002 (0.003)	0.006 (0.008)
Social class (subjective)	-0.004 (0.003)	-0.014 (0.010)	-0.152*** (0.017)	-0.071*** (0.008)	-0.002 (0.002)	-0.006 (0.007)	0.006* (0.003)	0.016* (0.009)
Size of town	-0.003* (0.001)	-0.009** (0.004)	0.006 (0.007)	0.002 (0.003)	0.002* (0.001)	0.005 (0.003)	-0.008*** (0.001)	-0.025*** (0.004)
Most people can be trusted			0.087*** (0.027)	0.033** (0.013)	-0.003 (0.005)	-0.005 (0.016)	-0.043*** (0.006)	-0.131*** (0.019)
Observations	152,142	152,142	148,107	148,107	152,136	152,136	152,127	152,127
R-squared	0.132		0.145		0.055		0.137	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Method	OLS	OProbit	OLS	OProbit	OLS	OProbit	OLS	OProbit

Robust standard errors in parentheses

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

Table : 15 Cultural Values, Racism and Outcomes

	1	2	3	4	5	6	7	8	9
	Log GDP per	Log GDP per	Log GDP per	Rule of Law	Rule of Law	Rule of Law	Total	Total	Total
VARIABLES	Cap	Cap	Cap				Schooling +	Schooling +	Schooling +
							25	25	25
Racism	-0.381*** (0.109)	-0.357*** (0.130)	-0.395*** (0.135)	-0.356*** (0.078)	-0.323*** (0.094)	-0.349*** (0.103)	-0.791*** (0.208)	-0.743** (0.310)	-0.822*** (0.302)
Mountainous Terrain	-0.139** (0.063)	-0.165** (0.074)	-0.108 (0.076)	-0.127*** (0.047)	-0.151*** (0.053)	-0.099* (0.052)	-0.013 (0.163)	-0.056 (0.179)	0.088 (0.163)
Log of Population Average	-0.002 (0.083)	-0.049 (0.082)	-0.047 (0.085)	-0.068 (0.062)	-0.098 (0.060)	-0.095 (0.058)	0.109 (0.199)	-0.136 (0.187)	-0.089 (0.202)
Latin America	-1.418*** (0.265)	-0.928*** (0.340)	-1.122*** (0.287)	-1.478*** (0.266)	-1.116*** (0.283)	-1.272*** (0.253)	-2.455*** (0.651)	-0.959 (0.780)	-1.359* (0.689)
Sub-Saharan Africa	-2.672*** (0.397)	-2.659*** (0.471)	-2.859*** (0.419)	-1.100*** (0.343)	-1.028*** (0.332)	-1.180*** (0.357)	-1.779* (0.909)	-1.732 (1.053)	-2.334** (0.919)
Asia	-1.806*** (0.480)	-1.830*** (0.467)	-1.635*** (0.525)	-0.445 (0.304)	-0.479 (0.301)	-0.299 (0.329)	-1.591* (0.844)	-1.526 (0.949)	-0.609 (1.070)
Eastern Europe	-0.987** (0.401)	-1.515*** (0.268)	-1.280*** (0.330)	-0.878*** (0.280)	-1.242*** (0.202)	-1.031*** (0.224)	3.229*** (0.654)	1.453*** (0.468)	2.415*** (0.722)
Ethnic Frac	-1.182** (0.511)	-0.483 (0.540)	-0.901 (0.551)	-0.830** (0.397)	-0.298 (0.449)	-0.650 (0.400)	-3.296*** (1.162)	-1.138 (1.193)	-2.123* (1.237)
Control	0.497** (0.230)			0.316* (0.159)			1.726*** (0.374)		
Obedience		-1.737* (0.902)			-1.463** (0.731)			-5.001** (1.957)	
Respect			1.203 (1.325)			1.186 (1.039)			6.111* (3.274)
Constant	6.714*** (2.098)	11.101*** (0.910)	9.568*** (1.576)	-0.165 (1.488)	2.743*** (0.658)	1.313 (1.039)	-3.836 (3.739)	11.849*** (2.044)	4.999 (3.687)
Observations	83	83	83	83	83	83	73	73	73

R-squared	0.708	0.695	0.681	0.588	0.589	0.568	0.681	0.625	0.611
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Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table 16 : Democratic Insitutions and Racism

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
VARIABLES	Voice and Accountability	Voice and Accountability	Voice and Accountability	Voice and Accountability	Voice and Accountability	Voice and Accountability	Voice and Accountability	Voice and Accountability	Voice and Accountability	Voice and Accountability
Racism	-0.430*** (0.119)	-0.413*** (0.126)	-0.441*** (0.129)	-0.345*** (0.127)	-0.385*** (0.119)	-0.426*** (0.124)	-0.368*** (0.121)	-0.413*** (0.125)	-0.215** (0.091)	-0.200* (0.112)
Mountainous Terrai	-0.166*** (0.058)	-0.147** (0.058)	-0.149** (0.066)	-0.167*** (0.062)	-0.096* (0.053)	-0.140** (0.059)	-0.158*** (0.059)	-0.146** (0.063)	-0.167*** (0.050)	-0.074 (0.049)
Log of Population	-0.076 (0.075)	-0.085 (0.074)	-0.086 (0.078)	-0.082 (0.081)	-0.086 (0.067)	-0.083 (0.077)	-0.116 (0.074)	-0.085 (0.074)	-0.016 (0.070)	-0.047 (0.060)
Latin America	-0.287 (0.318)	-0.204 (0.322)	-0.333 (0.345)	-0.159 (0.443)	-0.246 (0.316)	-0.043 (0.338)	-0.212 (0.316)	-0.205 (0.324)	-0.100 (0.232)	0.181 (0.224)
Sub-Saharan Africa	-0.729** (0.326)	-0.522 (0.394)	-0.564 (0.492)	-0.444 (0.393)	-0.634* (0.368)	-0.385 (0.394)	-0.632 (0.406)	-0.521 (0.409)	0.009 (0.376)	1.002*** (0.301)
Asia	-0.124 (0.423)	-0.121 (0.423)	-0.048 (0.494)	-0.404 (0.434)	-0.222 (0.385)	0.056 (0.435)	-0.229 (0.428)	-0.119 (0.434)	0.194 (0.287)	1.007*** (0.281)
Eastern Europe	-0.471 (0.285)	-0.447 (0.286)	-0.457 (0.287)	-0.502 (0.324)	-0.495* (0.275)	-0.175 (0.372)	-0.563* (0.290)	-0.446 (0.312)	-0.855*** (0.250)	0.236 (0.201)
Trust	0.828 (0.881)	0.836 (0.909)	0.788 (0.901)	1.125 (0.934)	0.626 (0.854)	0.698 (0.885)	1.215 (0.885)	0.836 (0.915)	-0.617 (0.813)	-0.647 (0.682)
Ethnic Frac		-0.557 (0.443)		-0.482 (0.495)	-0.136 (0.415)	-0.554 (0.437)	-0.408 (0.455)	-0.556 (0.440)	-0.067 (0.348)	-0.040 (0.381)
Lingustic Frac			-0.213 (0.542)							
GINI				-0.001 (0.021)						
Exluded Population					-1.929*** (0.536)					
Migration Ratio						8.074* (4.707)				
Oil Production							-0.027** (0.012)			

Table 16 : continued

New Onset of Ethnic Conflict								-0.063 (3.710)		
Total Schooling + 25									0.265*** (0.040)	
Log GDP per Cap										0.625*** (0.073)
Constant	1.225 (0.847)	1.448 (0.874)	1.345 (0.908)	1.467 (1.124)	1.558* (0.801)	1.329 (0.903)	1.734** (0.869)	1.446 (0.880)	-0.965 (0.837)	-4.622*** (0.845)
Observations	82	81	81	75	81	81	81	81	71	81
R-squared	0.389	0.398	0.378	0.423	0.471	0.420	0.423	0.398	0.657	0.688

Robust standard errors in parentheses

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

Table : 17 Extractive Institutions and Racism

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
VARIABLES	Colonial Sample	Colonial Sample	Colonial Sample	Colonial Sample	Colonial Sample	Colonial Sample	Non- Colonial Sample	Non- Colonial Sample	Non- Colonial Sample	Non- Colonial Sample
log population density 1500 (baseline)	0.290*** (0.079)	0.250*** (0.085)					0.140 (0.144)	0.138 (0.147)		
log population density 1000			0.263*** (0.089)	0.216** (0.103)					0.090 (0.161)	
European settlements in 1900					-0.028** (0.011)	-0.024** (0.012)				-0.016*** (0.005)
Mountainous Terrain	-0.193** (0.089)	-0.193** (0.087)	-0.174 (0.105)	-0.181* (0.102)	-0.142 (0.093)	-0.153* (0.089)	0.071 (0.101)	0.078 (0.101)	0.101 (0.090)	0.007 (0.071)
Log of Population Average	0.182 (0.109)	0.189* (0.105)	0.131 (0.136)	0.138 (0.129)	0.115 (0.109)	0.139 (0.096)	-0.182** (0.082)	-0.183** (0.084)	-0.162 (0.111)	-0.106 (0.096)
Latin America	-0.034 (0.343)	-0.101 (0.345)	0.039 (0.359)	-0.031 (0.359)	-0.221 (0.375)	-0.265 (0.381)				
Sub-Saharan Africa	0.509 (0.460)	0.059 (0.594)	0.687 (0.425)	0.107 (0.604)	-0.020 (0.491)	-0.654 (0.709)				
Asia	0.342 (0.472)	-0.031 (0.705)	0.659 (0.529)	0.168 (0.815)	0.099 (0.558)	-0.503 (0.593)				
Trust	1.852* (0.966)	2.063** (0.961)	1.913* (1.092)	2.212* (1.095)	2.414* (1.198)	2.761** (1.032)	-1.617* (0.866)	-1.594* (0.888)	-1.503 (0.953)	-2.033** (0.765)
Ethnic Frac	-0.473 (0.821)	-0.337 (0.809)	-0.470 (0.900)	-0.315 (0.859)	-0.592 (0.768)	-0.337 (0.809)	-0.788 (1.073)	-0.877 (1.066)	-1.083 (1.053)	-0.342 (0.817)
Total Schooling + 25	0.043 (0.085)	0.095 (0.117)	0.053 (0.092)	0.112 (0.119)	0.069 (0.088)	0.164 (0.113)	-0.248** (0.094)	-0.252** (0.096)	-0.243* (0.130)	0.000 (0.125)
Rule of Law	-0.364 (0.279)	-0.343 (0.289)	-0.331 (0.281)	-0.296 (0.292)	-0.132 (0.327)	-0.126 (0.338)	-0.256 (0.170)	-0.139 (0.275)	-0.057 (0.257)	-0.180 (0.196)
Log GDP per Cap		-0.262 (0.269)		-0.322 (0.300)		-0.432 (0.272)		-0.105 (0.196)	-0.129 (0.196)	0.117 (0.175)
Constant	-2.262** (0.983)	-0.532 (1.780)	-1.824 (1.172)	0.360 (2.088)	-0.817 (1.080)	1.699 (2.006)	4.480** (1.649)	5.432*** (1.814)	5.439** (2.385)	1.868 (2.477)

Table 17 : continued

Observations	34	34	32	32	34	34	37	37	36	34
R-squared	0.657	0.665	0.623	0.635	0.637	0.660	0.424	0.428	0.407	0.665

Robust standard errors in parentheses

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

Table 18 : Democracy and Racism Individual Level

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Importance Democracy	Importance Democracy	Democracy: Decisive	Democracy: Decisive	Democracy: Economy	Democracy: Economy	Democracy: Alternative Better	Democracy: Alternative Better	Democracy: Army Takeover	Democracy: Army Takeover
Neighbours: People of a different race	-0.271*** (0.044)	-0.147*** (0.025)	-0.075*** (0.020)	-0.102*** (0.026)	-0.100*** (0.022)	-0.137*** (0.030)	0.068*** (0.016)	0.103*** (0.024)	0.318*** (0.071)	0.117*** (0.025)
Income Level	0.016* (0.009)	0.002 (0.006)	0.020*** (0.004)	0.026*** (0.006)	0.021*** (0.003)	0.030*** (0.005)	-0.006* (0.003)	-0.010* (0.006)	0.007 (0.012)	0.002 (0.004)
Highest educational level attained	0.082*** (0.007)	0.050*** (0.004)	0.021*** (0.005)	0.028*** (0.006)	0.026*** (0.004)	0.037*** (0.006)	-0.021*** (0.004)	-0.034*** (0.006)	-0.124*** (0.013)	-0.049*** (0.005)
Age	0.009*** (0.002)	0.006*** (0.001)	-0.000 (0.001)	-0.000 (0.001)	0.000 (0.001)	0.001 (0.001)	-0.003*** (0.001)	-0.004*** (0.001)	-0.007*** (0.002)	-0.003*** (0.001)
Sex	0.026 (0.024)	0.015 (0.013)	0.020* (0.011)	0.028* (0.015)	0.045*** (0.011)	0.066*** (0.016)	-0.022*** (0.007)	-0.041*** (0.012)	-0.070** (0.030)	-0.032*** (0.012)
State of health (subjective)	-0.093*** (0.025)	-0.061*** (0.014)	-0.025*** (0.008)	-0.034*** (0.012)	-0.030*** (0.006)	-0.040*** (0.009)	0.025*** (0.004)	0.040*** (0.007)	0.055* (0.033)	0.022* (0.012)
Social class (subjective)	-0.013 (0.017)	-0.011 (0.010)	-0.001 (0.009)	-0.001 (0.013)	0.003 (0.010)	0.004 (0.014)	0.009 (0.010)	0.015 (0.016)	-0.004 (0.032)	-0.004 (0.011)
Size of town	0.023** (0.009)	0.015*** (0.005)	0.008* (0.004)	0.011** (0.006)	0.005 (0.004)	0.007 (0.006)	-0.003 (0.004)	-0.004 (0.006)	-0.018 (0.014)	-0.008 (0.005)
Most people can be trusted	0.065* (0.036)	0.036 (0.024)	0.099*** (0.020)	0.135*** (0.028)	0.060*** (0.022)	0.088*** (0.032)	-0.041** (0.019)	-0.070** (0.030)	-0.226*** (0.062)	-0.090*** (0.024)
Observations	85,222	85,222	54,902	54,902	54,167	54,167	55,035	55,035	79,870	79,870
R-squared	0.079		0.104		0.109		0.131		0.146	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Method	OLS	OProbit	OLS	OProbit	OLS	OProbit	OLS	OProbit	OLS	OProbit

Robust standard errors in parentheses

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

Table : 19 Rights, Choice and Racism Individual Level

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Civil Rights	Civil Rights	Choosing Leaders	Choosing Leaders	Change Laws	Change Laws	Democracy: Obey	Democracy: Obey	Democracy: Religious Authorities	Democracy: Religious Authorities
Neighbours: People of a different race	-0.291*** (0.055)	-0.134*** (0.024)	-0.315*** (0.055)	-0.149*** (0.026)	-0.170*** (0.062)	-0.072** (0.028)	0.115* (0.059)	0.049** (0.024)	0.216*** (0.066)	0.085*** (0.026)
Income Level	-0.017 (0.011)	-0.012** (0.005)	-0.019* (0.011)	-0.013** (0.005)	-0.008 (0.016)	-0.008 (0.008)	-0.018 (0.014)	-0.010* (0.006)	0.019 (0.012)	0.007 (0.004)
Highest educational level attained	0.067*** (0.010)	0.032*** (0.005)	0.074*** (0.009)	0.043*** (0.005)	0.060*** (0.014)	0.027*** (0.006)	-0.052*** (0.016)	-0.020*** (0.006)	-0.105*** (0.011)	-0.045*** (0.005)
Age	0.006*** (0.001)	0.003*** (0.000)	0.007*** (0.001)	0.004*** (0.001)	0.009*** (0.002)	0.005*** (0.001)	0.008*** (0.002)	0.003*** (0.001)	-0.002* (0.001)	-0.001** (0.001)
Sex	0.060** (0.023)	0.032*** (0.009)	0.080*** (0.023)	0.048*** (0.011)	0.052* (0.028)	0.034** (0.013)	0.134** (0.058)	0.053** (0.022)	-0.125*** (0.031)	-0.055*** (0.013)
State of health (subjective)	-0.054*** (0.019)	-0.028*** (0.009)	-0.056*** (0.019)	-0.036*** (0.010)	-0.045* (0.026)	-0.028** (0.013)	-0.077* (0.041)	-0.030** (0.015)	0.011 (0.023)	0.007 (0.009)
Social class (subjective)	0.025 (0.020)	0.010 (0.009)	0.032 (0.022)	0.012 (0.011)	0.040 (0.030)	0.018 (0.015)	0.052** (0.024)	0.019** (0.009)	0.088*** (0.030)	0.034*** (0.011)
Size of town	0.025* (0.013)	0.014** (0.007)	0.015 (0.011)	0.009 (0.006)	0.002 (0.016)	0.005 (0.008)	-0.005 (0.016)	-0.002 (0.007)	-0.032** (0.013)	-0.014** (0.006)
Most people can be trusted	0.055 (0.047)	0.031 (0.023)	0.038 (0.047)	0.024 (0.027)	0.026 (0.074)	-0.007 (0.034)	0.036 (0.059)	0.009 (0.024)	0.031 (0.059)	0.000 (0.025)
Observations	82,326	82,326	83,786	83,786	35,835	35,835	46,361	46,361	80,968	80,968
R-squared	0.113		0.095		0.101		0.183		0.185	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Method	OLS	OProbit	OLS	OProbit	OLS	OProbit	OLS	OProbit	OLS	OProbit

Robust standard errors in parentheses

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

Table : 20 Policy Preferences and Racism Individual Level

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Government Ownership	Government Ownership	Competition is Harmful	Competition is Harmful	Tax the Rich	Tax the Rich	Unemployment Aid	Unemployment Aid	Tradition Vs Economic Growth	Tradition Vs Economic Growth
Neighbours: People of a different race	0.106** (0.045)	0.038** (0.017)	0.187*** (0.034)	0.071*** (0.014)	-0.018 (0.054)	-0.001 (0.021)	-0.138** (0.061)	-0.057** (0.025)	-0.025* (0.014)	-0.068* (0.038)
Income Level	-0.041*** (0.010)	-0.016*** (0.004)	-0.003 (0.010)	0.001 (0.004)	-0.043*** (0.010)	-0.019*** (0.004)	-0.048*** (0.011)	-0.024*** (0.005)	0.005** (0.002)	0.014** (0.007)
Highest educational level attained	-0.062*** (0.012)	-0.023*** (0.004)	-0.065*** (0.007)	-0.027*** (0.003)	-0.020 (0.012)	-0.007* (0.004)	-0.010 (0.010)	-0.005 (0.004)	0.016*** (0.003)	0.044*** (0.007)
Age	0.003 (0.002)	0.001 (0.001)	-0.004*** (0.001)	-0.002*** (0.001)	0.006*** (0.001)	0.002*** (0.000)	0.005*** (0.001)	0.002*** (0.000)	-0.002*** (0.000)	-0.007*** (0.001)
Sex	-0.278*** (0.028)	-0.105*** (0.010)	-0.224*** (0.023)	-0.097*** (0.010)	-0.043* (0.025)	-0.013 (0.009)	-0.042 (0.031)	-0.015 (0.012)	0.061*** (0.011)	0.166*** (0.030)
State of health (subjective)	0.128*** (0.017)	0.049*** (0.006)	0.107*** (0.017)	0.048*** (0.008)	-0.027 (0.027)	-0.011 (0.010)	0.001 (0.023)	-0.001 (0.010)	-0.018*** (0.005)	-0.049*** (0.015)
Social class (subjective)	0.087*** (0.022)	0.033*** (0.009)	0.054*** (0.017)	0.025*** (0.007)	0.102*** (0.028)	0.039*** (0.010)	0.066*** (0.024)	0.027*** (0.010)	-0.008 (0.005)	-0.022* (0.013)
Size of town	-0.039*** (0.012)	-0.015*** (0.005)	-0.018** (0.008)	-0.007** (0.003)	0.013 (0.009)	0.004 (0.004)	0.020** (0.009)	0.009** (0.004)	0.006** (0.002)	0.016** (0.007)
Most people can be trusted	-0.109** (0.046)	-0.035** (0.017)	0.087** (0.040)	0.054*** (0.017)	0.011 (0.059)	0.001 (0.021)	-0.044 (0.042)	-0.027 (0.017)	-0.025* (0.014)	-0.068* (0.037)
Observations	143,820	143,820	136,583	136,583	83,122	83,122	83,645	83,645	31,048	31,048
R-squared	0.095		0.064		0.095		0.116		0.147	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Method	OLS	OProbit	OLS	OProbit	OLS	OProbit	OLS	OProbit	OLS	OProbit

Robust standard errors in parentheses

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

Table : 21 Civic Norms and Racism Individual Level

VARIABLES	(1) Justifiable: Claiming Unentitled Government Benefits	(2) Justifiable: Claiming Unentitled Government Benefits	(3) Justifiable: Violence	(4) Justifiable: Violence	(5) Justifiable: Avoid Fair	(6) Justifiable: Aviod Fair	(7) Justifiable: Cheating on Taxes	(8) Justifiable: Cheating on Taxes	(9) Justifiable: Someone Accepting Bribes	(10) Justifiable: Someone Accepting Bribes
Neighbours: People of a different race	0.155*** (0.037)	0.070*** (0.019)	0.148*** (0.050)	0.113*** (0.035)	0.132*** (0.035)	0.059*** (0.020)	0.179*** (0.033)	0.094*** (0.018)	0.175*** (0.029)	0.129*** (0.020)
Income Level	-0.002 (0.008)	0.000 (0.004)	0.039*** (0.008)	0.034*** (0.006)	-0.002 (0.009)	0.002 (0.005)	0.027*** (0.007)	0.018*** (0.004)	0.011 (0.007)	0.012** (0.005)
Highest educational level attained	-0.038*** (0.007)	-0.019*** (0.003)	-0.007 (0.008)	-0.005 (0.006)	-0.022*** (0.007)	-0.009** (0.004)	-0.015*** (0.005)	-0.007** (0.003)	-0.028*** (0.005)	-0.024*** (0.004)
Age	-0.016*** (0.001)	-0.010*** (0.001)	-0.008*** (0.001)	-0.007*** (0.001)	-0.020*** (0.002)	-0.011*** (0.001)	-0.016*** (0.001)	-0.010*** (0.001)	-0.011*** (0.001)	-0.011*** (0.001)
Sex	0.081*** (0.019)	0.044*** (0.010)	0.195*** (0.032)	0.186*** (0.031)	0.073*** (0.019)	0.041*** (0.010)	0.203*** (0.023)	0.116*** (0.014)	0.121*** (0.012)	0.097*** (0.010)
State of health (subjective)	0.098*** (0.011)	0.058*** (0.006)	0.075*** (0.018)	0.062*** (0.015)	0.074*** (0.013)	0.044*** (0.006)	0.061*** (0.013)	0.043*** (0.007)	0.057*** (0.012)	0.048*** (0.009)
Social class (subjective)	-0.022 (0.015)	-0.011 (0.007)	-0.003 (0.021)	0.002 (0.015)	-0.018 (0.014)	-0.005 (0.007)	-0.010 (0.012)	-0.006 (0.007)	-0.041*** (0.013)	-0.025*** (0.008)
Size of town	0.002 (0.007)	0.001 (0.004)	-0.016* (0.009)	-0.011* (0.007)	0.031*** (0.009)	0.015*** (0.004)	0.009 (0.007)	0.004 (0.004)	0.005 (0.006)	0.004 (0.004)
Most people can be trusted	0.001 (0.038)	0.012 (0.020)	0.040 (0.038)	0.055** (0.026)	0.014 (0.028)	0.034** (0.015)	0.008 (0.031)	0.033* (0.018)	0.009 (0.028)	0.026 (0.023)
Observations	148,307	148,307	47,586	47,586	150,082	150,082	146,321	146,321	150,072	150,072
R-squared	0.106		0.072		0.124		0.097		0.097	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Method	OLS	OProbit	OLS	OProbit	OLS	OProbit	OLS	OProbit	OLS	OProbit

Robust standard errors in parentheses

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