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## Political instability and political terror: Global evidence on persistence

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# A G D I Working Paper

WP/20/016

## **Political instability and political terror: global evidence on persistence**

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## Research Department

**Political instability and political terror: global evidence on persistence****Simplice A. Asongu, Joseph I. Uduji & Elda N. Okolo-Obasi**

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**Abstract**

We test the hypotheses that fundamental characteristics in regional proximity, landlockedness, religious-domination, legal origin, and income levels affect cross-country differences in the persistence in political terror and political instability in 163 countries for the period 2010 to 2015. The empirical evidence is based on Generalised Method of Moments. The hypotheses are that the following are associated with comparatively higher levels of persistence in political terror and political instability: regions with predominantly low income countries (*Hypothesis 1*); landlockedness (*Hypothesis 2*); Christian-orientation (*Hypothesis 3*); French civil law (*Hypothesis 4*) and Low income (*Hypothesis 5*). The tested hypotheses are largely invalid. Only *Hypothesis 5* and *Hypothesis 2* are robustly investigated in the light of concerns about instrument proliferation. *Hypothesis 2* is valid for political terror but not for political instability while *Hypothesis 5* is neither valid for political instability nor for political terror.

*JEL Classification:* D74; H56; N40; O10; O57

*Keywords:* political instability; political terror; economic development; comparative studies

## 1. Introduction

A June 2015 Global Peace Index (GPI) report maintains that more than 13% of global Gross Domestic Product (GDP) is spent on costs related to violent activities (Anderson, 2015). In the light of the report, in the year 2014, approximately 14.3 trillion United States Dollars (USD) (or exactly 13.4% of the world's GDP) was spent on fighting, *inter alia*: political instability, violence and crimes. To put this point into perspective, the highlighted cost is the equivalent to the total annual output of Brazil, Canada, France, Germany, Spain and the United Kingdom (UK).

It is relevant for policy to be informed about factors that favour the persistence of political instability and political terror because according to the GPI (2015), terrorism and political instability are estimated to increase in the coming years. Accordingly, terror networks have considerably increased in operational scope. This is essentially because terror-related violence accounted for a significant percentage of killings in 2014, compared to 2008. It is also important to note that the diversion of resource that otherwise would have been used to address socio-economic needs (in the light of the post-2015 development agenda) are used to fight political 'terror/instability'-related issues. This concern is even worrisome to policy makers because political instability and political terror in 2014 resulted in the highest number of internally displaced persons recorded since World War II (Asongu & Kodila-Tedika, 2017). The choice of the two political concepts is based on an intuitive conceptual similarity and not motivated by prior empirical evidence<sup>1</sup>.

In the light of the above, this study assesses the persistence of political instability and political terror. The concept of persistence which is consistent with the attendant literature (Asongu, 2018) is understood in relation to the manner in which previous observations of political instability and political terror influence future observations of political instability and political terror, respectively. *"From an empirical perspective, the hypothesis of persistence can be investigated with a dynamic estimation approach. Such a dynamic technique is the*

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<sup>1</sup> Political instability is defined as an "Assessment of political instability ranked from 0 to 100 (very low to very high instability) by the EIU's Country Analysis team, based on five questions. This indicator aggregates five other questions on social unrest, orderly transfers, opposition stance, excessive executive authority and an international tension sub-index. Country analysts assess this question on a quarterly basis. The score provided for March 2015–March 2016 is the average of the scores given for each Quarter" (GPI, 2016, p. 101). The Political Terror Scale (PTS) "measures levels of political violence and terror that a country experiences in a given year based on a 5-level 'terror scale' originally developed by Freedom House. The data used in compiling this index comes from two different sources: the yearly country reports of Amnesty International and the US Department of State's Country Reports on Human Rights Practices. The average of the two scores is taken" (GPI, 2016, p. 102).

*generalized method of moments (GMM) that has been employed in the recent literature to investigate persistence in economic phenomena*” (Asongu, 2018, p. 137). In order to provide room for more policy implications, the dataset is disaggregated based on income levels, legal origins, regional proximity, religious domination and landlockedness. The positioning of this inquiry deviates from recent literature which has fundamentally focused on; (i) assessing channels by which conflicts, political instability, political terror and crimes can be prevented and curbed and (ii) investigating the relationships between violence, political instability and macroeconomic indicators. We expand the highlighted strands in chronological order.

In the first strand, some recently documented channels through which political terror, political instability, crimes and conflicts can be mitigated include: the importance transparency (Bell et al., 2014); respect of the rule of law (Choi, 2010); the relevance freedom of the press and publicity (Hoffman et al., 2013); the role of global warming (Price & Elu, 2016); policy harmonization for the fight against terrorism (Asongu & Nwachukwu, 2018); use of military strategies and tactics (Feridun & Shahbaz, 2010); effective governance tools in curtailing crimes and conflicts (Asongu & Kodila-Tedika, 2016); the importance of education channels (Brockhoff et al., 2015) like enhancement of bilingualism (Costa et al., 2008) and lifelong learning (Asongu & Nwachukwu, 2016a) and the imperative for behavioural analysis on the motivations for terrorism (Gardner, 2007).

The second strand has focused on examining the relationships between political terror, political instability and macroeconomic factors. Studies within this strand include: the terrorism-innovation nexus (Koh, 2007); the role of natural resources (Humphreys, 2005); the effect of terrorism on foreign direct investment (FDI) (Abadie & Gardeazabal, 2008); the terrorism-growth relationship with bidirectional (Shahbaz et al., 2013; Gries et al., 2011; Shahzad et al., 2015) and unidirectional flows (Piazza, 2006; Gaibullov & Sandler, 2009; Öcal & Yildirim, 2010; Meierrieks & Gries, 2013; Choi, 2015) and the relevance of development assistance in dampening the negative effect of terrorism on FDI (Bandyopadhyay et al., 2014; Efobi et al., 2015).

The rest of the study is structured as follows. Section 2 discusses the theoretical underpinnings, the intuition and corresponding testable hypotheses. The data and methodology are covered in Section 3 whereas Section 4 presents the empirical results. Section 5 concludes with implications and future research directions.

## **2. Theoretical underpinnings, intuition and testable hypotheses**

### **2.1 Theoretical underpinnings**

The theoretical background for persistence in political terror and political instability is consistent with recent literature on persistence in the banking sector (Stephan & Tsapin, 2008; Goddard et al., 2011) and inclusive development (Asongu & Nwachukwu, 2017a). This theoretical background builds on the literature on per capita income catch-up which has been considerably documented within the theoretical and empirical growth frameworks (see Barro, 1991; Barro & Sala-i-Martin, 1992, 1995; Mankiw et al., 1992; Baumol, 1986). This theoretical underpinning on convergence has recently been extended to other economic development fields, notably: financial markets (Narayan et al., 2011; Bruno et al., 2012; Asongu, 2013); inclusive development (Mayer-Foulkes, 2010; Asongu, 2014) and policy harmonization in the fight against terrorism (Asongu & Nwachukwu, 2018). It is relevant to emphasize that the objective of articulating that the theoretical underpinnings of the convergence theory have been used in many economic development areas (financial markets, inclusive development,...etc) is to motivate the extension of the theoretical underpinnings of the convergence theory to political instability and political terror. Moreover, to the best of our knowledge such extension is sparse in the literature.

Note should be taken of the fact that, in the post-Keynesian époque, nascent economic theories were fundamentally motivated by the surge in neoclassical revolution that provided enabling conditions for decreasing income variations across countries. Hence, the assumption of decreasing variations in wealth across countries was a fundamental basis of economic growth theories which advocated free market competition as a facilitator for such convergence (Mayer-Foulkes, 2010). Seminal papers which concluded on evidence of divergence (i.e. the lack of convergence) substantiated the finding by raising various inherent features that inhibit the process of catch-up among nations, notably: differences in initial conditions of development and the likelihood of multiple equilibria (Barro, 1991; Pritchett, 1997). Conversely, there is a contending strand in theoretical literature which argues that regardless of disparities in initial development conditions, decreasing variations in income levels across countries can be feasible within the framework of countries' common steady state or long run equilibrium (Asongu & Nwachukwu, 2017a).

Noticeable in the above two conflicting schools in the theoretical literature is that the criteria for assessing convergence is not uncommon. Hence, the purpose of this inquiry is not to take sides in the debate, but to leverage on the common criteria for examining convergence in order to assess persistence in global political stability and political terror.

## **2. 2 Intuition for comparative development and testable hypotheses**

The intuition underpinning the adoption of features defining the comparative development of political instability/terror builds on recent literature on comparative development (Asongu & le Roux, 2017; Beegle et al., 2016; Mlachila et al., 2017; Narayan et al., 2011). These features include: regions, landlockedness, religious domination, legal origins and income levels. In chronological order, we substantiate the intuition motivating the choice of these fundamental characteristics.

First, regions with predominantly low income countries should be more associated with greater persistence in political terror and political instability because nations that are not wealthy have limited financial resources with which to prevent and address the phenomena. These arguments have been used to motivate/justify the employment of foreign aid to mitigate the negative effects of terrorism in poor countries (Efobi et al., 2015; Asongu & Kodila-Tedika, 2017).

*Hypothesis 1:* Regions that predominantly consist of high income countries experience less persistence in political instability/terror compared to their counterparts associated with countries with averagely lower levels of income.

Second, as documented in recent literature (Arvis et al., 2007; Asongu & le Roux, 2017), there are economic and institutional costs associated with landlockedness. One of such institutional cost may be a higher propensity to political instability and political terror. It follows that landlockedness may increase persistence in political instability because compared to coastal countries; landlocked countries are associated with higher costs in political institutions.

*Hypothesis 2:* Landlocked countries are associated with more persistence in political terror compared to countries that are opened to the sea.

Third, with respect to religious domination, Asongu and Nwachukwu (2017b) have recently documented that Christian-dominated countries are less (more) conservative (liberal) when compared with their Islam-oriented counterparts. We argue that a religion that is more liberal should be associated with more political instability/terror because liberal qualities like freedom of the press and democracy provide enabling conditions for citizens to make their

grievances heard. As maintained by Li (2005), such democratic institutions can provide a conducive environment for aggrieved citizens to support or “resort to” political terrorism as means to conflict resolution. It is important to note that unlike stable autocracies, democracies could be associated with more political instability/terror because corresponding institutions do little to curtail violence ex-ante. This is consistent with the Christian religion which is more favourable to some political liberties. Emphasis is laid on stable autocracies (which is more of a characteristic of Islam-dominated countries) because political instability and terror cannot be effectively controlled by failing and failed democratic states, compared to their stable autocratic counterparts (Lai 2007; Piazza 2008). This narrative is consistent with Schmid (1992); Eubank and Weinberg (1994); Drakos and Gofas (2006) and Piazza (2007). In summary, the nexus between religion and political instability is explained with intuition and previous literature. Cited studies are used to argue that: (i) democracies are more likely to be associated with political instability and (ii) Christian-dominated countries are comparatively more liberal.

*Hypothesis 3:* Christian-dominated countries are associated with higher levels of persistence in political terror/instability, compared to their Islam-oriented counterparts.

Fourth, some consensus exist in the literature on the relevance of legal origins in comparative economic development (La Porta et al., 1998, 1999; Agbor, 2015). In essence, the institutional web of formal norms, informal rules and enforcement characteristics that were transmitted to colonies by colonial powers are likely to affect political instability and political terror in the post-independence era. Two mechanisms have been theorized by Beck et al. (2003) to articulate the relevance of the underlying legal origins, notably: political and adaptability channels. On the one hand, according to the political mechanism, in English common law, priority is placed on the rights to private property, unlike the French civil law which prioritises the power of the State. On the other hand, the adaptability channel maintains that compared to the French civil law, English common law can more easily adapt to changing and evolving conditions. It is important to note that both channels are consistent with the fact that English common law is more flexible compared to French civil law. For example, in the post-colonial era, as of 2014, former French colonies had registered more than half of all documented political coup d'états in Africa, notably: 45 versus 22 (Koutonin, 2014). Such political coup d'états are intuitively and logically associated with political terror/instability.



*Hypothesis 4:* English Common Law countries have lower persistence in political terror/instability when compared to their French Civil law counterparts.

Fifth, with respect to income levels, compared to high income countries, we expect political instability and political terror to be more persistent in low income countries for the fundamental reason that wealthier countries are endowed with more facilities with which to prevent and mitigate political instability/terror without incurring substantially negative consequences. Some comparative advantages in resources facilities are: infrastructural, logistical and financial. These advantages in high income countries are consistent with Gaibullov and Sandler (2009) who have argued that aid flows for the fight against political terror/instability are from higher income countries to their low income counterparts. Furthermore, given the premise that higher income countries are associated with more quality institutions (Asongu, 2012), it is reasonable to infer that higher income should be less associated with persistence in political terror/instability, since better institutions provide a more conducive environment for socio-political stability (Fosu, 2013a, 2013b; Anyanwu & Erhijakpor, 2014; Efobi, 2015; Pelizzo et al., 2016; Pelizzo & Nwokora, 2016, 2018; Asongu & Nnanna, 2019).

*Hypothesis 5:* Compared to low income countries, high income countries are associated with less persistence in political terror/instability.

It is important to distinguish between Hypothesis 5 (on income levels) and Hypothesis 1 (on regions) because in regions with predominantly high income countries, not all countries are high income countries while in the regions with predominantly low income countries, not all countries are low income countries.

### **3. Data and Methodology**

#### **3.1 Data**

We assess a panel of 163 countries with annual data for the period 2010 to 2015. The data are obtained from various sources, namely: the United Nations Office on Drugs and Crime (UNODC) Surveys on Crime Trends; Institute for Economics and Peace (IEP); the Uppsala Conflict Data Program (UCDP) Battle-Related Deaths Dataset; a Qualitative assessment by the Economic Intelligence Unit (EIU) analysts' estimates; the Operations of Criminal Justice Systems (CTS) and the United Nations Committee on Contributions. The adopted periodicity

and sample are due to data availability constraints. The periodicity which is motivated by data availability constraints and the need to obtain results with more updated policy implications is consistent with recent literature on persistence (Asongu, 2018).

Political terror and political instability are used as the two main dependent variables whereas the independent variable of interest is the estimated lagged value of the dependent variable. Political instability is defined as an *“Assessment of political instability ranked from 0 to 100 (very low to very high instability) by the EIU’s Country Analysis team, based on five questions. This indicator aggregates five other questions on social unrest, orderly transfers, opposition stance, excessive executive authority and an international tension sub-index. Country analysts assess this question on a quarterly basis. The score provided for March 2015–March 2016 is the average of the scores given for each Quarter”* (GPI, 2016, p. 101). The Political Terror Scale (PTS) *“measures levels of political violence and terror that a country experiences in a given year based on a 5-level ‘terror scale’ originally developed by Freedom House. The data used in compiling this index comes from two different sources: the yearly country reports of Amnesty International and the US Department of State’s Country Reports on Human Rights Practices. The average of the two scores is taken”* (GPI, 2016, p. 102).

Variables in the conditioning information set include: perception of criminality; security officers & polices; internal conflicts; import of weapons; violent demonstrations and incarcerations. These indicators have been substantially documented in recent literature on the determinants of political terror/instability (Freitag et al., 2011; Blanco & Grier, 2009; GPI, 2016). We expect all variables in the conditioning information set to positively affect political instability and political terror. Exceptions to these anticipated impacts are the effects from incarcerations and “security officers & polices”.

Consistent with Section 2, five main fundamental characteristics are adopted, namely: (i) income levels (High income, Upper middle income, Lower middle income and Low income); (ii) religious domination (Christian with Catholic domination; Christian with Protestant inclination; Christian countries in which another Christian religion apart from Catholicism and Protestantism is dominant; Islam-dominated countries and Buddhist-oriented countries); (iii) openness to sea (Landlocked and Not Landlocked); (iv) legal origins (English common law, French Civil law, German civil law, Scandinavian civil law and Socialists countries) and (v) regions (South Asia; Europe & Central Asia; East Asia & the Pacific; Middle East & North Africa; sub-Saharan Africa; Latin America and North America). In what follows, we substantiate the information criteria for the choice of these fundamental

characteristics, which have been employed in recent comparative development literature (Mlachila et al., 2017; Asongu & Nwachukwu, 2017b)<sup>2</sup>.

Whereas categorisation of countries in terms of legal origins is in accordance with La Porta et al. (2008, p. 289), the World Bank's decomposition is used for the classification of income groups<sup>3</sup>. Landlocked and unlandlocked countries are directly apparent from a world map while information on religious-domination is from Asongu (2012). More insights into the definition of variables with corresponding sources are provided in Appendix 1 whereas Appendix 2 discloses the summary statistics and sampled countries. A correlation matrix is also provided in Appendix 3.

### **3.2 Methodology**

#### *3.2.1 Specification*

The adopted methodology is in line with studies on the relevance of adapting the estimation technique to data behaviour (Kou et al., 2012, 2014, 2016, 2019a, 2019b; Li et al., 2014, 2016; Zhang et al., 2019). A Generalised Method of Moments (GMM) empirical strategy is adopted because it is consistent with recent literature that has examined the persistence of economic phenomena (Asongu & Nwachukwu, 2017a; Doyle, 2017). In the accordance with the attendant literature, the GMM approach is appropriate for the assessment of persistence because it is a dynamic estimation technique which enables the estimation of the lagged dependent variable and the estimated lagged dependent variable is used to evaluate persistence of the outcome variable. Moreover, five additional insights motivate the choice of the estimation approach (Tchamyou et al., 2018, 2019; Assefa & Mollick, 2017; Amuakwa-Mensah et al., 2017). The first-two are basic requirements for the employment of the approach whereas the last-three are corresponding advantages. First and foremost, the number of sampled countries is higher than the corresponding number of periods in each country. Hence, the  $N(163) > T(6)$  condition is met. Second, both political terror and political instability are persistent. This is essentially because the correlations with their first lags are higher than 0.800 which is the rule of thumb threshold for establishing persistence. The underlying correlation coefficients between level and first lag series' are 0.917 and 0.951 respectively for political terror and political instability. Third, since the GMM approach employs panel data, cross-country differences are not eliminated in the regressions. Fourth, the estimation

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<sup>2</sup> Whereas the motivations underlying the choice of fundamental features have been discussed in Section 2, in the section, we articulate the selection criteria for the fundamental features.

<sup>3</sup> There are four main World Bank income groups: (i) high income, \$12,276 or more; (ii) upper middle income, \$3,976-\$12,275; (iii) lower middle income, \$1,006-\$3,975 and (iv) low income, \$1,005 or less.

technique has some bite on endogeneity because it controls for the unobserved heterogeneity by means of time-invariant variables. Moreover, the instrumentation process is designed to address the simultaneity dimension of endogeneity. Fifth, the *system estimator* addresses inherent biases in the *difference estimator*.

Within the framework of this study, the Roodman (2009a, 2009b) extension of Arellano and Bover (1995) is adopted. This is essentially because, when compared with traditional GMM techniques (*systems* and *difference* GMM approaches), this extension reduces the proliferation of instruments (or restricts over-identification) and controls for cross-sectional dependence (Love & Zicchino, 2006; Baltagi, 2008; Asongu & Nwachukwu, 2016b; Efobi et al., 2018; Tchamyou, 2019, 2020).

The following equations in level (1) and first difference (2) summarise the standard *system* GMM estimation procedure.

$$P_{i,t} = \sigma_0 + \sigma_1 P_{i,t-\tau} + \sum_{h=1}^6 \delta_h W_{h,i,t-\tau} + \eta_i + \xi_t + \varepsilon_{i,t} \quad (1)$$

$$P_{i,t} - P_{i,t-\tau} = \sigma_1 (P_{i,t-\tau} - P_{i,t-2\tau}) + \sum_{h=1}^6 \delta_h (W_{h,i,t-\tau} - W_{h,i,t-2\tau}) + (\xi_t - \xi_{t-\tau}) + (\varepsilon_{i,t} - \varepsilon_{i,t-\tau}) \quad , \quad (2)$$

where,  $P_{i,t}$  is political instability/terror in country  $i$  at period  $t$ ,  $\sigma_0$  is a constant,  $W$  is the vector of control variables (perceptions of criminality; security officers & polices; internal conflicts; import of weapons; violent demonstrations and incarcerations),  $\tau$  represents the coefficient of auto-regression which is one for the specification,  $\xi_t$  is the time-specific constant,  $\eta_i$  is the country-specific effect and  $\varepsilon_{i,t}$  the error term.

### 3.2.2 Identification and exclusion restrictions

We briefly engage the identification process and exclusion restrictions that are vital for a robust GMM specification. We define all explanatory variables as suspected endogenous, endogenous explaining or predetermined variables. Only time invariant omitted variables are defined as strictly exogenous because as argued by Roodman (2009b), it is not very likely for these time-invariant variables to be endogenous after a first difference<sup>4</sup>. The strategy of identification is in accordance with Tchamyou and Asongu (2017).

Given the above identification process, the exclusion restriction framework is used to assess if the strictly exogenous variables affect the outcome variables exclusively through the suspected endogenous variables. Under this framework, the Difference in Hansen Test (DHT)

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<sup>4</sup> Hence, the procedure for treating *ivstyle* (years) is 'iv (years, eq(diff))' whereas the *gmmstyle* is employed for predetermined variables.

for the exogeneity is employed to assess the exclusion restriction assumption. For this assumption to be valid, the null hypothesis of the DHT should not be rejected. Failure to reject this null hypothesis implies that the strictly exogenous variables influence the political instability/terror exclusively through the predetermined or endogenous explaining variables.

In the light of the above clarifications, in the findings that are reported in Section 4, the assumption of exclusion restriction holds if the DHT that is associated with instrumental variables (IV) (year, eq(diff)) is not rejected. This process of validating exclusion restrictions is not theoretically dissimilar from the standard IV process in which, a rejection of the alternative hypothesis corresponding to Sargan Overidentifying Restrictions (OIR) test implies that the instruments affect the dependent variables exclusively through the endogenous explaining variables (Beck et al., 2003). It is important to note that, only the concern of simultaneity or reverse causality in the control variables is tackled with the instrumentation process underpinning the identification strategy. Hence, not all concerns of endogeneity associated with control variables (e.g. measurement errors) are addressed.

#### 4. Empirical results

Tables 1-4 present the empirical results. Whereas Tables 1-2 focus on political instability, Tables 3-4 are related to political terror. While Table 1 and Table 3 show findings on income levels, religious domination and openness to sea (or landlockedness), Table 2 and Table 4 disclose results on regions and legal origins. Four main information criteria are used for assess the validity of the GMM models<sup>5</sup>. Based on these criteria, the estimated models are valid with the exception of the second specification (pertaining to Europe & Central Asia) in Table 4 in which the null hypothesis of the second-order autocorrelation test is rejected. It is relevant to note that evidence of the validity of models is a necessary but not a sufficient condition for the establishment of persistence.

In order for persistence to be established, the lagged dependent variable should be: (i) significant and (ii) fulfill requirements for convergence. Within the framework of this study, the convergence criterion is that the absolute lagged value of the estimated endogenous variable should be between the interval of zero and one. We invite the interested reader to find

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<sup>5</sup> “First, the null hypothesis of the second-order Arellano and Bond autocorrelation test (AR(2)) in difference for the absence of autocorrelation in the residuals should not be rejected. Second the Sargan and Hansen overidentification restrictions (OIR) tests should not be significant because their null hypotheses are the positions that instruments are valid or not correlated with the error terms. In essence, while the Sargan OIR test is not robust but not weakened by instruments, the Hansen OIR is robust but weakened by instruments. In order to restrict identification or limit the proliferation of instruments, we have ensured that instruments are lower than the number of cross-sections in most specifications. Third, the Difference in Hansen Test (DHT) for exogeneity of instruments is also employed to assess the validity of results from the Hansen OIR test. Fourth, a Fisher test for the joint validity of estimated coefficients is also provided” (Asongu & De Moor, 2017, p.200).

more insights into this criterion in recent convergence literature (Fung, 2009, p. 58; Asongu, 2013, p. 192; Prochniak & Witkowski, 2012a, p. 20; Prochniak & Witkowski, 2012b, p. 23). Results of the full sample are driven by low income countries in Tables 1-2 and lower middle income countries in Tables 3-4.

*“Insert Table 1 here”*

Given the above insights, the comparative criterion for greater persistence in political instability/terror is as follows: given two sub-samples, the sub-sample with a higher estimated lagged value of the dependent variable is considered to reflect more persistence in political instability/terror. It is important to articulate the magnitude in the estimated lagged value of the outcome variable because it shows how past values of political instability/terror influence future values. Therefore, within a comparative perspective, higher estimated lagged coefficients imply that past values influence future values more proportionately.

The following findings can be established in relation to the tested hypotheses. First, *Hypothesis 1* is neither valid for political instability nor for political terror. This is essentially because regions associated with low income countries do not necessarily reflect higher levels of persistence in political instability/terror. Second, *Hypothesis 2* is valid for political terror but not for political instability. Third, *Hypothesis 3* is valid for political instability but not for political terror. Fourth, *Hypothesis 4* is valid for political instability but not for political terror. Fifth, *Hypothesis 5* is neither valid for political instability nor for political terror. This is essentially because the persistence in political instability/terror is not an decreasing function of income levels. Most of the significant control variables have the expected signs.

*“Insert Tables 2, Table 3 and Table 4 here”*

The main comparative emphasise in the reporting of the findings is to assess if the testable hypotheses are valid or not. This is essentially because arguments/justifications for the validity or invalidity of the stated hypotheses have already been covered in Section 2. Hence, trying to discuss the invalidity or validity of each hypothesis in an independent section would amount to recycling information already provided in Section 2. However, is it relevant to note that when concerns of instrument proliferation are taken on board, only *Hypothesis 5* and *Hypothesis 2* are robustly analysed.

The invalidity of Hypothesis 5 is a potentially most interesting part of the study because it investigates the nexus between political instability and per capita income. The invalidity of the investigated hypothesis can be explained by previous research which has failed to show a consensus on the nexus between income levels and political instability. This attendant literature has documented that the underlying relationship is neither positive, nor negative but curvilinear (Boehmer & Daube, 2013; Enders, Hoover & Sandler, 2016; Korotayev, A., Vaskin, Stanislav & Ilya, 2018; Korotayev, Bilyuga & Shishkina, 2018; Korotayev, Vaskin & Tsirel, 2019). Hence, in the light of previous research, the statistically insignificant correlation can be theoretically expected.

## **5. Concluding implications, caveats and future research directions**

We have tested the hypotheses that fundamental characteristics in regional proximity, landlockedness, religious-domination, legal origin, and income levels affect cross-country differences in the persistence of political terror and political instability in 163 countries for the period 2010 to 2015. The empirical evidence is based on Generalised Method of Moments. The hypotheses are that the following are associated with comparatively higher levels of persistence in political terror and political instability: regions with predominantly low income countries (*Hypothesis 1*); landlockedness (*Hypothesis 2*); Christian-orientation (*Hypothesis 3*); French civil law (*Hypothesis 4*) and Low income (*Hypothesis 5*). The tested hypotheses are largely invalid. Only *Hypothesis 5* and *Hypothesis 2* are robustly investigated in the light of concerns about instrument proliferation. *Hypothesis 2* is valid for political terror but not for political instability while *Hypothesis 5* is neither valid for political instability nor for political terror. As a main policy implication, the blanket use of underlying fundamental characteristics in comparative development studies focusing on political terror/instability should be treated with caution.

In the light of the above, there are country-specific factors in the selected fundamental characteristics that may be more relevant in accounting for persistence in political terror and political instability around the world. This is essentially because the GMM eliminates country-specific effects in the modeling approach. Moreover it could also be argued that premises upon which the hypotheses are motivated may not be solid. For instance, the law and legal origins theory on which Hypothesis 4 is based has a number of shortcomings.

A number of doubts have been raised on the legal origins theory, which supposes that

British Common law is flexible to a greater extent than Civil law systems. In essence, the legal origins theory on which a fundamental comparative feature is based suggests that Common law systems (strong property rights, the role of the judiciary, etc.) promote economic development better than Civil law systems. Four main criticisms are worth articulating. First, some scholars doubt whether the distinction between Civil law and Common law can be historically justified (Deakin & Siems 2010; Fowowe, 2014; Asongu, 2015). Second, owing to growing internationalisation, contemporary trends render the Civil law/Common law distinction less persuasive. Third, it is not apparent why fundamentally we may expect differences in Civil law and Common law systems on the pure hypothesis that Common law tradition is characterized by juries and judges that are independent (compared to weaker dependence on statutes and private litigation and contractual preference as a means of addressing social ills), while Civil law tradition is characterised with less private regulation over state regulation, greater reliance on procedural and legal codes and state-employed judges. Fourth, classification of nations in terms of Civil law and Common law does not take the following into account: the modification and mixture at the moment when foreign law is being copied; the influence of pre-transplant law and weight of post-transplant period, during which, laws that are transplanted could be altered or differently applied from the country of origin.

Another reason why the hypotheses do not hold is that cross-country differences in variables in the conditioning information set may not be consistent with the hypothesis of cross-country differences in the fundamental characteristics. This is essentially because persistence in political terror/instability is contingent on the variables and empirical model/test we choose (Narayan et al., 2011). At times, the variables in the conditioning information set may not totally reflect the basis for disaggregating the sample into selected fundamental features. Accordingly, from a theoretical standpoint, conditional persistence is likely to occur when there are cross-country differences in the determinants of the outcome variable. Hence, as a caveat, the conclusions of this study are contingent on the determinants of political terror/instability we have employed in the analysis. From intuition and empirical validity, the quality/validity of the determinants cannot be called into question. This is essentially because, on the one hand, the choices are motivated by intuition and available literature and on the other hand, the significant estimated values of the determinants have expected signs for the most part. The numerical value of determinants can also withstand criticism because some recent studies in the literature are based on fewer determinants. For instance, Bruno et al. (2012) have used two control variables.



It is also worthwhile to emphasize that while certain countries with low income, low indexed governance, and low resources become prone to violence or easily fall in the skirts of the global imperialist powers (such as the United States of America, France and the United Kingdom), other countries that are rich in resources (such as Saudi Arabia, the United Arab Emirates and Qatar) are also substantially influenced by the underlying imperialist powers.

In spite of fact that the tested hypotheses are invalid for the most part, if abstraction is made of the comparative emphasis underlying the tested hypotheses, another main policy implication pertaining to persistence is that past values of political terror and political instability influence future values of political terror and political instability, respectively. Moreover, given that the convergence criterion is a necessary but not a sufficient condition for the establishment of persistence, it follows that countries with lower levels of political terror and political instability are catching-up their counterparts with higher levels of political terror and political instability. Such convergence tendency is a further indication that common policies in the fight against political instability and political terror are feasible and the adoption of such common policies is contingent on the timeline to full catch-up. This implication is consistent with the attendant convergence literature on harmonizing cross-country policies in the fight against negative macroeconomic and institutional signals, in the light of a timeline of full convergence (Asongu *et al.*, 2018).

Further studies can improve the extant literature by assessing if the conclusions in this study hold when other fundamental determinants and variables in the conditioning information set are employed. Moreover, assessing the timelines for policy harmonization in the light of the convergence criteria can improve extant knowledge on the adoption of common cross-country policies in the fight against cross-country policy syndromes such as political terror.

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## Appendices

### Appendix 1: Definition of variables

Variables	Definitions and sources of variables
Political instability	Political instability Qualitative assessment by EIU analysts
Political Terror	Political Terror Scale Qualitative assessment of Amnesty International and US State Department yearly reports
Perceptions of Criminality	Level of perceived criminality in society Qualitative assessment by EIU analysts
Security Officers & Police	Number of internal security officers and police per 100,000 people UNODC; EIU estimates
Intensity of internal conflict	Intensity of organised internal conflict Qualitative assessment by EIU analysts
Weapon imports	Volume of transfers of major conventional weapons as recipient (imports) per 100,000 people Stockholm International Peace Research Institute (SIPRI) Arms Transfers Database
Violent demonstrations	Likelihood of violent demonstrations Qualitative assessment by EIU analysts
Incarceration	Number of jailed population per 100,000 people World Prison Brief, International Centre for Prison Studies, University of Essex

Uppsala Conflict Data Program (UCDP). The Institute for Economics and Peace (IEP). The Economic Intelligence Unit (EIU). United Nations Peace Keeping Funding (UNPKF). GDP: Gross Domestic Product. The International Institute for Strategic Studies (*IJSS*).

## Appendix 2: Summary statistics and sampled countries

Panel A: Summary statistics					
Variables	Mean	Standard dev.	Minimum	Maximum	Obsers
Political instability	2.545	1.030	1.000	5.000	978
Political Terror	2.584	1.091	1.000	5.000	978
Criminality	3.153	0.917	1.000	5.000	978
Security Officers & Police	2.728	0.911	1.081	5.000	978
Intensity of internal conflict	2.412	1.162	1.000	5.000	978
Weapon imports	1.489	0.868	1.000	5.000	978
Violent demonstrations	2.912	0.969	1.000	5.000	978
Incarceration	2.194	0.889	1.150	5.000	978

Panel B: Sampled countries (163)
Afghanistan; Albania; Algeria; Angola; Argentina; Armenia; Australia; Austria; Azerbaijan; Bahrain; Bangladesh; Belarus; Belgium; Benin; Bhutan; Bolivia; Bosnia and Herzegovina; Botswana; Brazil; Bulgaria; Burkina Faso; Burundi; Cambodia; Cameroon; Canada; Central African Republic; Chad; Chile; China; Colombia; Costa Rica; Cote d' Ivoire; Croatia; Cuba; Cyprus; Czech Republic; Democratic Republic of the Congo; Denmark; Djibouti; Dominican Republic; Ecuador; Egypt; El Salvador; Equatorial Guinea; Eritrea; Estonia; Ethiopia; Finland; France; Gabon; Georgia; Germany; Ghana; Greece; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Honduras; Hungary; Iceland; India; Indonesia; Iran; Iraq; Ireland; Israel; Italy; Jamaica; Japan; Jordan; Kazakhstan; Kenya; Kosovo; Kuwait; Kyrgyz Republic; Laos; Latvia; Lebanon; Lesotho; Liberia; Libya; Lithuania; Macedonia (FYR); Madagascar; Malawi; Malaysia; Mali; Mauritania; Mauritius; Mexico; Moldova; Mongolia; Montenegro; Morocco; Mozambique; Myanmar; Namibia; Nepal; Netherlands; New Zealand; Nicaragua; Niger; Nigeria; North Korea; Norway; Oman; Pakistan; Palestine; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Poland; Portugal; Qatar; Republic of the Congo; Romania; Russia; Rwanda; Saudi Arabia; Senegal; Serbia; Sierra Leone; Singapore; Slovakia; Slovenia; Somalia; South Africa; South Korea; South Sudan; Spain; Sri Lanka; Sudan; Swaziland; Sweden; Switzerland; Syria; Taiwan; Tajikistan; Tanzania; Thailand; The Gambia; Timor-Leste; Togo; Trinidad and Tobago; Tunisia; Turkey; Turkmenistan; Uganda; Ukraine; United Arab Emirates; United Kingdom; United States of America; Uruguay; Uzbekistan; Venezuela; Vietnam; Yemen; Zambia and Zimbabwe.

Standard dev: Standard deviations. Obsers : Observations.

## Appendix 3: Correlation matrix (uniform sample size: 978)

Criminality	S O & P	IIC	W. Imports	V. Dem	Incar	Pol. Insta.	Pol. Terror	
1.000	0.017	0.571	-0.275	0.502	-0.093	0.509	0.567	Criminality
	1.000	0.063	0.140	-0.093	0.279	0.042	0.004	S O & P
		1.000	-0.265	0.542	-0.082	0.709	0.684	IIC
			1.000	-0.256	0.044	-0.238	-0.283	W. Imports
				1.000	-0.204	0.647	0.518	V. Dem
					1.000	-0.140	0.006	Incar
						1.000	0.621	Pol. Insta
							1.000	Pol. Terror

Criminality : Perceptions of criminality. S O & P : Security Officers & Police. IIC: Intensity of Internal Conflict. W. Imports: Weapons Imports. V. Dem: Violent demonstrations. Incar: Incarcerations. Pol. Insta: Political Instability. Pol. Terror: Political Terror.

**Table 1: Persistence in political instability with income levels, religious domination and landlockedness**

	Dependent Variable: Political Instability											
	Income Levels (Hypothesis 5)				Religious Domination (Hypothesis 3)					Openness to sea (Hypothesis 2)		Full Sample
	HI	UMI	LMI	LI	CC	CP	CO	Islam	Bhu	LL	NLL	
Constant	-0.174	-0.228	-0.144	0.533	0.016	<b>0.381*</b>	-2.010	<b>1.241***</b>	3.325	<b>-0.953***</b>	0.029	0.126
Political Instability (-1)	(0.118) <b>0.494***</b>	(0.308) <b>0.632***</b>	(0.453) <b>0.596***</b>	(0.351) <b>0.605***</b>	(0.942) <b>0.957***</b>	(0.097) <b>0.804***</b>	(0.391) <b>1.393</b>	(0.000) <b>0.197***</b>	(0.611) <b>0.348</b>	(0.001) <b>0.379**</b>	(0.914) <b>0.758**</b>	(0.636) <b>0.619***</b>
Criminality	(0.000) -0.074	(0.000) -0.006	(0.000) -0.061	(0.000) 0.026	(0.000) 0.006	(0.000) <b>-0.145*</b>	(0.136) <b>0.285*</b>	(0.004) 0.023	(0.186) 0.585	(0.000) 0.108	(0.000) 0.020	(0.000) 0.001
Security Officers & Police	(0.176) <b>0.233***</b>	(0.921) <b>-0.103**</b>	(0.305) <b>0.085*</b>	(0.338) -0.012	(0.875) 0.067	(0.050) -0.034	(0.081) 0.198	(0.787) 0.032	(0.410) -0.199	(0.268) 0.123	(0.726) -0.005	(0.981) -0.004
Internal conflicts	(0.000) <b>0.160***</b>	(0.017) <b>0.251**</b>	(0.069) <b>0.128**</b>	(0.924) 0.037	(0.152) 0.054	(0.475) 0.111	(0.522) 0.165	(0.579) 0.016	(0.667) -0.002	(0.118) <b>0.531**</b>	(0.933) 0.074	(0.947) <b>0.162**</b>
Weapons import	(0.000) <b>0.051**</b>	(0.017) 0.030	(0.012) <b>0.214*</b>	(0.579) 0.088	(0.191) -0.018	(0.197) <b>-0.177**</b>	(0.735) 0.503	(0.850) -0.011	(0.995) -0.303	(0.000) 0.288	(0.285) 0.005	(0.014) 0.052
Violent demonstrations	(0.011) <b>0.103***</b>	(0.527) <b>0.177**</b>	(0.087) <b>0.174***</b>	(0.704) 0.103	(0.527) 0.037	(0.039) <b>0.115*</b>	(0.105) -0.227	(0.826) <b>0.293***</b>	(0.247) -0.478	(0.100) <b>0.112**</b>	(0.909) <b>0.123**</b>	(0.287) <b>0.148***</b>
Incarcerations	(0.004) -0.026	(0.036) 0.098	(0.002) 0.006	(0.179) 0.056	(0.538) <b>-0.122**</b>	(0.097) 0.122	(0.420) -0.361	(0.001) 0.079	(0.602) -0.390	(0.020) -0.019	(0.033) -0.025	(0.006) -0.037
	(0.684) <b>0.206</b>	(0.140) 0.036	(0.863) 0.035	(0.581) 0.086	(0.034) <b>0.130</b>	(0.202) <b>0.262</b>	(0.291) <b>0.567</b>	(0.151) 0.096	(0.517) <b>0.680</b>	(0.680) <b>0.110</b>	(0.698) 0.000	(0.556) 0.001
AR(1)	(0.819) <b>0.819</b>	(0.804) <b>0.804</b>	(0.833) <b>0.833</b>	(0.729) <b>0.729</b>	(0.083) <b>0.180</b>	(0.180) <b>0.180</b>	(0.846) <b>0.609</b>	(0.609) <b>0.523</b>	(0.523) <b>0.217</b>	(0.217) <b>0.285</b>	(0.285) <b>0.815</b>	(0.815) <b>0.815</b>
AR(2)	(0.000) <b>0.257</b>	(0.000) <b>0.106</b>	(0.008) <b>0.594</b>	(0.170) <b>0.454</b>	(0.845) <b>0.654</b>	(0.159) <b>0.576</b>	(0.002) <b>1.000</b>	(0.086) <b>0.718</b>	(0.186) <b>1.000</b>	(0.508) <b>0.770</b>	(0.000) <b>0.329</b>	(0.000) <b>0.474</b>
Hansen OIR												
DHT for instruments												
(a) Instruments in levels												
H excluding group	(0.382) <b>0.382</b>	(0.196) <b>0.196</b>	(0.209) <b>0.209</b>	(0.668) <b>0.668</b>	(0.653) <b>0.653</b>	(0.252) <b>0.252</b>	(0.910) <b>0.910</b>	(0.407) <b>0.407</b>	(0.992) <b>0.992</b>	(0.214) <b>0.214</b>	(0.021) <b>0.021</b>	(0.153) <b>0.153</b>
Dif(null, H=exogenous)	(0.239) <b>0.239</b>	(0.146) <b>0.146</b>	(0.808) <b>0.808</b>	(0.309) <b>0.309</b>	(0.538) <b>0.538</b>	(0.747) <b>0.747</b>	(1.000) <b>1.000</b>	(0.779) <b>0.779</b>	(1.000) <b>1.000</b>	(0.950) <b>0.950</b>	(0.936) <b>0.936</b>	(0.746) <b>0.746</b>
(b) IV (years, eq (diff))	(0.252) <b>0.252</b>	(0.152) <b>0.152</b>	(0.449) <b>0.449</b>	(0.578) <b>0.578</b>	(0.743) <b>0.743</b>	(0.274) <b>0.274</b>	(1.000) <b>1.000</b>	(0.668) <b>0.668</b>	(1.000) <b>1.000</b>	(0.881) <b>0.881</b>	(0.232) <b>0.232</b>	(0.282) <b>0.282</b>
H excluding group	(0.360) <b>0.360</b>	(0.173) <b>0.173</b>	(0.753) <b>0.753</b>	(0.220) <b>0.220</b>	(0.297) <b>0.297</b>	(1.000) <b>1.000</b>	(1.000) <b>1.000</b>	(0.570) <b>0.570</b>	(0.978) <b>0.978</b>	(0.257) <b>0.257</b>	(0.636) <b>0.636</b>	(0.894) <b>0.894</b>
Dif(null, H=exogenous)	(0.360) <b>0.360</b>	(0.173) <b>0.173</b>	(0.753) <b>0.753</b>	(0.220) <b>0.220</b>	(0.297) <b>0.297</b>	(1.000) <b>1.000</b>	(1.000) <b>1.000</b>	(0.570) <b>0.570</b>	(0.978) <b>0.978</b>	(0.257) <b>0.257</b>	(0.636) <b>0.636</b>	(0.894) <b>0.894</b>
Fisher	<b>919.43***</b>	<b>2971.68***</b>	<b>172.04**</b>	<b>172.04**</b>	<b>264.12**</b>	<b>1282.07***</b>	<b>28.56***</b>	<b>19.89***</b>	<b>40.92***</b>	<b>373.78*</b>	<b>29.76**</b>	<b>27.84***</b>
	***	***	*	*	*	***				**	*	
Instruments	31	31	31	31	31	<b>31</b>	<b>31</b>	31	<b>31</b>	31	31	31
Countries	43	36	46	38	54	<b>26</b>	<b>14</b>	49	<b>13</b>	34	129	163
Observations	215	180	230	190	270	130	70	245	65	170	645	815

\*\*\*, \*\*, \*: significance levels at 1%, 5% and 10% respectively. DHT: Difference in Hansen Test for Exogeneity of Instruments Subsets. Dif: Difference. OIR: Over-identifying Restrictions Test. The significance of bold values is twofold. 1) The significance of estimated coefficients and the Wald statistics. 2) The failure to reject the null hypotheses of: a) no autocorrelation in the AR(1) & AR(2) tests and; b) the validity of the instruments in the Sargan and Hansen OIR tests. HI: High Income countries. UMI: Upper Middle Income countries. LMI: Little Middle Income countries. LI: Low Income countries. CC: Christian countries with Catholic domination. CP: Christian countries with Protestant domination. CO: Christian countries in which another Christian religion apart from Catholicism and Protestantism is dominant. Islam: Islam-dominated countries. Bhu: Buddhist-dominated countries. LL: Landlocked countries. NLL: Not Landlocked countries.

**Table 2: Persistence in political instability with regions and legal origin dynamics**

	Dependent Variable: Political Instability												Full Sample
	Regions (Hypothesis 1)						Legal origins (Hypothesis 4)						
	SA	ECA	EAP	MENA	SSA	LA	NA	Eng.	Frch.	Ger.	Scand.	Social.	
Constant	omitted	0.065	-0.165	-0.170	0.196	-	na	-0.276	-0.001	0.008	na	na	0.126
						<b>1.445***</b>							
						<b>(0.003)</b>							
Political Instability (-1)	-0.020	<b>0.912***</b>	<b>0.755***</b>	-0.007	<b>0.592***</b>	<b>0.946***</b>		<b>0.544***</b>	<b>0.595***</b>	<b>0.658***</b>			<b>0.619***</b>
	(0.960)	<b>(0.000)</b>	<b>(0.000)</b>	(0.967)	<b>(0.000)</b>	<b>(0.000)</b>		<b>(0.000)</b>	<b>(0.000)</b>	<b>(0.000)</b>			<b>(0.000)</b>
Criminality	2.154	<b>0.098***</b>	<b>0.181*</b>	0.234	<b>0.076**</b>	<b>0.095**</b>		-0.111	0.070	0.039			0.001
	(0.174)	<b>(0.000)</b>	<b>(0.064)</b>	(0.223)	<b>(0.013)</b>	<b>(0.043)</b>		(0.183)	(0.256)	(0.785)			(0.981)
Security Officers & Police	0.008	-0.034	-0.064	<b>0.205*</b>	-0.062	0.011		0.004	-0.060	0.096			-0.004
	(0.998)	(0.165)	(0.413)	<b>(0.062)</b>	(0.562)	(0.661)		(0.936)	(0.414)	(0.224)			(0.947)
Internal conflicts	omitted	<b>0.093**</b>	0.079	0.169	-0.107	0.003		<b>0.239***</b>	<b>0.199***</b>	0.073			<b>0.162**</b>
		<b>(0.011)</b>	(0.516)	(0.206)	(0.257)	(0.954)		<b>(0.001)</b>	<b>(0.001)</b>	(0.101)			<b>(0.014)</b>
Weapons import	omitted	0.011	0.022	0.073	0.003	<b>-0.128**</b>		<b>0.153***</b>	<b>0.123**</b>	-0.018			0.052
		(0.683)	(0.821)	(0.528)	(0.920)	<b>(0.033)</b>		(0.009)	(0.013)	(0.808)			(0.287)
Violent demonstrations	0.121	-	0.021	<b>0.213**</b>	<b>0.324***</b>	<b>0.246***</b>		<b>0.388***</b>	<b>0.117**</b>	<b>0.082*</b>			<b>0.148***</b>
		<b>0.070***</b>											
	(0.652)	<b>(0.007)</b>	(0.775)	<b>(0.027)</b>	<b>(0.000)</b>	<b>(0.001)</b>		<b>(0.000)</b>	<b>(0.034)</b>	<b>(0.069)</b>			<b>(0.006)</b>
Incarcerations	-2.157	-0.0004	0.032	0.261	0.070	<b>0.175***</b>		-0.107	0.018	-0.027			-0.037
	(0.142)	(0.979)	(0.534)	(0.392)	(0.251)	<b>(0.005)</b>		(0.170)	(0.682)	(0.854)			(0.556)
AR(1)	<b>(0.297)</b>	(0.004)	(0.166)	(0.069)	(0.092)	<b>(0.159)</b>		(0.011)	(0.059)	<b>(0.287)</b>			(0.001)
AR(2)	<b>(0.257)</b>	<b>(0.424)</b>	<b>(0.216)</b>	<b>(0.296)</b>	<b>(0.491)</b>	<b>(0.151)</b>		<b>(0.572)</b>	<b>(0.830)</b>	<b>(0.360)</b>			<b>(0.815)</b>
Sargan OIR	(0.062)	(0.002)	(0.010)	(0.066)	<b>(0.254)</b>	<b>(0.118)</b>		(0.000)	(0.021)	(0.003)			(0.000)
Hansen OIR	<b>(1.000)</b>	<b>(0.419)</b>	<b>(0.989)</b>	<b>(0.993)</b>	<b>(0.517)</b>	<b>(0.899)</b>		<b>(0.182)</b>	<b>(0.183)</b>	<b>(0.964)</b>			<b>(0.474)</b>
DHT for instruments													
(a) Instruments in levels													
H excluding group	<b>(1.000)</b>	<b>(0.766)</b>	<b>(0.401)</b>	<b>(0.301)</b>	<b>(0.589)</b>	<b>(0.293)</b>		<b>(0.393)</b>	<b>(0.547)</b>	<b>(0.304)</b>			<b>(0.153)</b>
Dif(null, H=exogenous)	<b>(1.000)</b>	<b>(0.235)</b>	<b>(1.000)</b>	<b>(1.000)</b>	<b>(0.416)</b>	<b>(0.986)</b>		<b>(0.153)</b>	<b>(0.112)</b>	<b>(0.999)</b>			<b>(0.746)</b>
(b) IV (years, eq (diff)) H excluding group	<b>(1.000)</b>	<b>(0.352)</b>	<b>(0.927)</b>	<b>(0.939)</b>	<b>(0.327)</b>	<b>(0.984)</b>		<b>(0.158)</b>	<b>(0.173)</b>	<b>(0.977)</b>			<b>(0.282)</b>
Dif(null, H=exogenous)	<b>(1.000)</b>	<b>(0.535)</b>	<b>(0.998)</b>	<b>(1.000)</b>	<b>(0.877)</b>	<b>(0.201)</b>		<b>(0.406)</b>	<b>(0.356)</b>	<b>(0.503)</b>			<b>(0.894)</b>
Fisher	<b>269.04***</b>	<b>293.32***</b>	<b>208.09***</b>	<b>74.30***</b>	<b>28.47***</b>	<b>36.12***</b>		<b>79.98***</b>	<b>29.44***</b>	<b>116.86***</b>			<b>27.84***</b>
Instruments	<b>31</b>	31	<b>28</b>	<b>31</b>	31	<b>31</b>		31	31	<b>31</b>			31
Countries	<b>8</b>	48	<b>18</b>	<b>20</b>	44	<b>23</b>		50	87	<b>20</b>			163
Observations	40	240	90	100	220	115		250	435	100			815

\*\*\*, \*\*, \*: significance levels at 1%, 5% and 10% respectively. DHT: Difference in Hansen Test for Exogeneity of Instruments Subsets. Dif: Difference. OIR: Over-identifying Restrictions Test. The significance of bold values is twofold. 1) The significance of estimated coefficients and the Wald statistics. 2) The failure to reject the null hypotheses of: a) no autocorrelation in the AR(1) & AR(2) tests and; b) the validity of the instruments in the Sargan and Hansen OIR tests. Eng: English Common Law countries. Frch: French Civil Law countries. Ger: German Civil law countries. Scand: Scandinavian Civil law countries. Social: Socialists countries. ECA: Europe & Central Asia. EAP: East Asia & the Pacific. MENA: Middle East & North Africa. SSA: sub-Saharan Africa. LA: Latin America. NA: North America. Eng: English Common Law countries. Frch: French Civil Law countries. Ger: German Civil law countries. Scand: Scandinavian Civil law countries. Social: Socialists countries. na: not applicable because of issues in degrees of freedom.

**Table 3: Persistence in political terror with income levels, religious domination and landlockedness**

	Dependent Variable: Political Terror											
	Income Levels (Hypothesis 5)				Religious Domination (Hypothesis 3)					Openness to sea (Hypothesis 2)		Full Sample
	HI	UMI	LMI	LI	CC	CP	CO	Islam	Bhu	LL	NLL	
Constant	0.098 (0.705)	1.002 (0.168)	-0.104 (0.744)	<b>1.143*</b> ( <b>0.062</b> )	0.170 (0.583)	-0.337 (0.394)	0.760 (0.736)	0.348 (0.291)	na	-0.011 (0.963)	0.032 (0.937)	-0.030 (0.942)
Political Terror (-1)	<b>0.650***</b> ( <b>0.000</b> )	<b>0.544***</b> ( <b>0.000</b> )	<b>0.420***</b> ( <b>0.000</b> )	<b>0.593***</b> ( <b>0.000</b> )	<b>0.294***</b> ( <b>0.000</b> )	<b>0.607***</b> ( <b>0.000</b> )	0.446 (0.251)	<b>0.614***</b> ( <b>0.000</b> )		<b>0.549***</b> ( <b>0.000</b> )	<b>0.432***</b> ( <b>0.000</b> )	<b>0.432***</b> ( <b>0.000</b> )
Criminality	<b>0.254**</b> ( <b>0.012</b> )	0.084 (0.208)	<b>0.222**</b> ( <b>0.013</b> )	0.036 (0.415)	<b>0.264***</b> ( <b>0.004</b> )	0.037 (0.799)	-0.008 (0.963)	<b>0.407***</b> ( <b>0.000</b> )		0.038 (0.666)	<b>0.378***</b> ( <b>0.000</b> )	<b>0.375***</b> ( <b>0.000</b> )
Security Officers & Police	<b>0.124**</b> ( <b>0.022</b> )	0.021 (0.790)	0.085 (0.172)	<b>-0.219**</b> ( <b>0.018</b> )	<b>-0.227**</b> ( <b>0.015</b> )	0.059 (0.745)	-0.070 (0.734)	0.132 (0.109)		-0.129 (0.217)	-0.026 (0.762)	-0.033 (0.717)
Internal conflicts	-0.043 (0.551)	<b>0.190**</b> ( <b>0.019</b> )	0.004 (0.936)	<b>-0.218**</b> ( <b>0.047</b> )	<b>0.350***</b> ( <b>0.000</b> )	<b>-0.212*</b> ( <b>0.086</b> )	-0.023 (0.955)	<b>-0.203*</b> ( <b>0.091</b> )		<b>0.213**</b> ( <b>0.015</b> )	-0.019 (0.814)	-0.075 (0.434)
Weapons import	0.023 (0.465)	<b>0.242***</b> ( <b>0.001</b> )	<b>0.644***</b> ( <b>0.000</b> )	0.494 (0.130)	<b>0.178**</b> ( <b>0.018</b> )	0.017 (0.866)	0.251 (0.507)	-0.009 (0.857)		0.132 (0.456)	<b>0.230***</b> ( <b>0.003</b> )	<b>0.274***</b> ( <b>0.002</b> )
Violent demonstrations	-0.039 (0.477)	0.048 (0.650)	<b>0.143**</b> ( <b>0.043</b> )	0.114 (0.345)	-0.034 (0.739)	<b>0.446***</b> ( <b>0.004</b> )	0.146 (0.798)	-0.097 (0.174)		<b>0.222***</b> ( <b>0.000</b> )	0.002 (0.969)	0.046 (0.544)
Incarcerations	<b>-0.204**</b> ( <b>0.012</b> )	- ( <b>0.001</b> )	<b>-0.176**</b> ( <b>0.019</b> )	<b>0.139*</b> ( <b>0.071</b> )	<b>0.124*</b> ( <b>0.096</b> )	0.092 (0.572)	0.105 (0.638)	-0.009 (0.858)		-0.012 (0.885)	0.017 (0.857)	0.022 (0.826)
AR(1)	(0.003)	(0.004)	(0.000)	(0.001)	(0.000)	(0.004)	(0.071)	(0.001)		(0.001)	(0.000)	(0.000)
AR(2)	<b>(0.303)</b>	<b>(0.855)</b>	<b>(0.216)</b>	<b>(0.581)</b>	<b>(0.692)</b>	<b>(0.531)</b>	<b>(0.336)</b>	<b>(0.462)</b>		<b>(0.789)</b>	<b>(0.954)</b>	<b>(0.988)</b>
Sargan OIR	(0.028)	(0.076)	(0.577)	(0.021)	<b>(0.114)</b>	(0.075)	(0.001)	<b>(0.201)</b>		(0.032)	(0.000)	(0.000)
Hansen OIR	<b>(0.465)</b>	<b>(0.844)</b>	<b>(0.714)</b>	<b>(0.278)</b>	<b>(0.422)</b>	<b>(0.299)</b>	<b>(1.000)</b>	<b>(0.713)</b>		<b>(0.364)</b>	<b>(0.305)</b>	<b>(0.221)</b>
DHT for instruments												
(a) Instruments in levels												
H excluding group	<b>(0.258)</b>	<b>(0.266)</b>	<b>(0.458)</b>	<b>(0.789)</b>	<b>(0.930)</b>	<b>(0.121)</b>	<b>(0.778)</b>	<b>(0.281)</b>		<b>(0.597)</b>	<b>(0.123)</b>	<b>(0.053)</b>
Dif(null, H=exogenous)	<b>(0.600)</b>	<b>(0.969)</b>	<b>(0.739)</b>	<b>(0.124)</b>	<b>(0.171)</b>	<b>(0.559)</b>	<b>(1.000)</b>	<b>(0.863)</b>		<b>(0.253)</b>	<b>(0.566)</b>	<b>(0.615)</b>
(b) IV (years, eq (diff))	<b>(0.756)</b>	<b>(0.724)</b>	<b>(0.771)</b>	<b>(0.303)</b>	<b>(0.327)</b>	<b>(0.150)</b>	<b>(1.000)</b>	<b>(0.586)</b>		<b>(0.572)</b>	<b>(0.793)</b>	<b>(0.260)</b>
H excluding group												
Dif(null, H=exogenous)	<b>(0.095)</b>	<b>(0.827)</b>	<b>(0.356)</b>	<b>(0.303)</b>	<b>(0.611)</b>	<b>(0.892)</b>	<b>(0.696)</b>	<b>(0.747)</b>		<b>(0.130)</b>	<b>(0.025)</b>	<b>(0.255)</b>
Fisher	<b>128.87***</b>	<b>55.63***</b>	<b>50.19***</b>	<b>37.91***</b>	<b>76.54***</b>	<b>584.08***</b>	<b>13.66***</b>	<b>49.59***</b>		<b>318.43***</b>	<b>11.96***</b>	<b>11.59***</b>
Instruments	31	31	31	31	31	31	31	31		31	31	31
Countries	43	36	46	38	54	26	14	49		34	129	163
Observations	215	180	230	190	270	130	70	245		170	645	815

\*\*\*, \*\*, \*: significance levels at 1%, 5% and 10% respectively. DHT: Difference in Hansen Test for Exogeneity of Instruments Subsets. Dif: Difference. OIR: Over-identifying Restrictions Test. The significance of bold values is twofold. 1) The significance of estimated coefficients and the Wald statistics. 2) The failure to reject the null hypotheses of: a) no autocorrelation in the AR(1) & AR(2) tests and; b) the validity of the instruments in the Sargan and Hansen OIR tests. HI: High Income countries. UMI: Upper Middle Income countries. LMI: Little Middle Income countries. LI: Low Income countries. CC: Christian countries with Catholic domination. CP: Christian countries with Protestant domination. CO: Christian countries in which another Christian religion apart from Catholicism and Protestantism is dominant. Islam: Islam-dominated countries. Bhu: Buddhist-dominated countries. LL: Landlocked countries. NLL: Not Landlocked countries.

**Table 4: Persistence in political terror with regions and legal origin dynamics**

	Dependent Political Terror												
	Regions (Hypothesis 1)					Legal origins (Hypothesis 4)							Full Sample
	SA	ECA	EAP	MENA	SSA	LA	NA	Eng.	Frch.	Ger.	Scand.	Social.	
Constant	na	0.054 (0.884)	1.218 (0.549)	0.089 (0.969)	0.425 (0.241)	<b>1.918**</b> (0.028)	na	<b>1.469**</b> (0.021)	-0.675 (0.121)	-0.230 (0.885)	na	na	-0.030 (0.942)
Political Terror (-1)		<b>0.435***</b> (0.000)	<b>0.376*</b> (0.082)	<b>0.823***</b> (0.001)	<b>0.703***</b> (0.000)	<b>0.392***</b> (0.000)		<b>0.495***</b> (0.000)	<b>0.373***</b> (0.000)	<b>0.652**</b> (0.036)			<b>0.432***</b> (0.000)
Criminality		<b>0.181*</b> (0.084)	0.346 (0.413)	0.095 (0.759)	0.019 (0.690)	0.027 (0.660)		<b>0.390***</b> (0.001)	<b>0.317***</b> (0.000)	-0.227 (0.665)			<b>0.375***</b> (0.000)
Security Officers & Police		- <b>0.287***</b> (0.002)	<b>-0.192*</b> (0.076)	0.067 (0.536)	-0.054 (0.564)	-0.143 (0.108)		-0.093 (0.174)	0.004 (0.973)	0.008 (0.971)			-0.033 (0.717)
Internal conflicts		0.088 (0.220)	0.018 (0.946)	-0.157 (0.509)	-0.068 (0.493)	<b>0.368***</b> (0.004)		<b>-0.309**</b> (0.011)	0.098 (0.241)	0.145 (0.622)			-0.075 (0.434)
Weapons import		<b>0.183***</b> (0.002)	-0.178 (0.445)	-0.002 (0.992)	<b>-0.072*</b> (0.091)	0.031 (0.839)		-0.040 (0.588)	<b>0.405***</b> (0.000)	0.279 (0.122)			<b>0.274***</b> (0.002)
Violent demonstrations		<b>0.080*</b> (0.089)	-0.002 (0.986)	0.257 (0.115)	<b>0.208**</b> (0.024)	0.120 (0.460)		0.102 (0.375)	0.097 (0.229)	-0.060 (0.587)			0.046 (0.544)
Incarcerations		<b>0.254***</b> (0.000)	0.043 (0.862)	-0.286 (0.581)	0.061 (0.572)	<b>-0.380**</b> (0.038)		-0.275 (0.106)	0.053 (0.488)	0.380 (0.323)			0.022 (0.826)
AR(1)		(0.002)	(0.012)	(0.018)	(0.000)	(0.003)		(0.002)	(0.000)	(0.047)			(0.000)
AR(2)		(0.084)	<b>(0.955)</b>	<b>(0.686)</b>	<b>(0.446)</b>	<b>(0.614)</b>		<b>(0.885)</b>	<b>(0.834)</b>	<b>(0.873)</b>			<b>(0.988)</b>
Sargan OIR		<b>(0.151)</b>	<b>(0.299)</b>	(0.066)	(0.004)	(0.211)		(0.001)	(0.071)	(0.554)			(0.000)
Hansen OIR		<b>(0.580)</b>	<b>(0.967)</b>	<b>(0.871)</b>	<b>(0.268)</b>	<b>(0.899)</b>		<b>(0.767)</b>	<b>(0.380)</b>	<b>(0.999)</b>			<b>(0.221)</b>
DHT for instruments													
(a) Instruments in levels													
H excluding group		<b>(0.712)</b>	<b>(0.338)</b>	<b>(0.075)</b>	<b>(0.360)</b>	<b>(0.213)</b>		<b>(0.877)</b>	<b>(0.433)</b>	<b>(0.291)</b>			(0.053)
Dif(null, H=exogenous)		<b>(0.417)</b>	<b>(0.999)</b>	<b>(1.000)</b>	<b>(0.264)</b>	<b>(0.997)</b>		<b>(0.540)</b>	<b>(0.351)</b>	<b>(1.000)</b>			<b>(0.615)</b>
(b) IV (years, eq (diff))		<b>(0.716)</b>	<b>(0.906)</b>	<b>(0.970)</b>	<b>(0.333)</b>	<b>(0.726)</b>		<b>(0.522)</b>	<b>(0.362)</b>	<b>(0.990)</b>			<b>(0.260)</b>
H excluding group		<b>(0.228)</b>	<b>(0.891)</b>	<b>(0.211)</b>	<b>(0.235)</b>	<b>(0.989)</b>		<b>(0.994)</b>	<b>(0.413)</b>	<b>(0.988)</b>			<b>(0.255)</b>
Dif(null, H=exogenous)													
Fisher		<b>53.36***</b>	<b>394.76***</b>	<b>27.92***</b>	<b>45.55***</b>	<b>202.43***</b>		<b>25.14***</b>	<b>20.07***</b>	<b>22.46***</b>			<b>11.59***</b>
Instruments	31				31	31		31	31	31			31
Countries	48				44	23		50	87	20			163
Observations	240				220	115		250	435	100			815

\*\*\*, \*\*, \*: significance levels at 1%, 5% and 10% respectively. DHT: Difference in Hansen Test for Exogeneity of Instruments Subsets. Dif: Difference. OIR: Over-identifying Restrictions Test. The significance of bold values is twofold. 1) The significance of estimated coefficients and the Wald statistics. 2) The failure to reject the null hypotheses of: a) no autocorrelation in the AR(1) & AR(2) tests and; b) the validity of the instruments in the Sargan and Hansen OIR tests. Eng: English Common Law countries. Frch: French Civil Law countries. Ger: German Civil law countries. Scand: Scandinavian Civil law countries. Social: Socialists countries. ECA: Europe & Central Asia. EAP: East Asia & the Pacific. MENA: Middle East & North Africa. SSA: sub-Saharan Africa. LA: Latin America. NA: North America. Eng: English Common Law countries. Frch: French Civil Law countries. Ger: German Civil law countries. Scand: Scandinavian Civil law countries. Social: Socialists countries. na: not applicable because of issues in degrees of freedom.