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A Comparative Study of Inequality and Corruption

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1. Adjustment of Different Definitions of Gini Coefficient

Our adjustment is somewhat different from that of Dollar and Kraay (2002). They adjusted by subtracting .04046 from gross-income-based gini, based on the regression of gini on gross, expenditure, person, and six regional dummies. We used country dummies instead of regional dummies and added decade dummies to control for country-specific fixed effects and time effects. Our regression shows that there are significant differences between income-based and expenditure-based ginis, but that the differences between gross-income-based and net-income-based ginis as well as between person-based and household-based ginis are not very significant. We use coefficients for 'gross' and 'person' as well as 'income' dummies irrespective of statistical significance, because this will produce the best unbiased adjustment. Thus, our adjusted ginis are consistent and comparable with household net expenditure-based ginis. Our adjustment is basically consistent with Deininger and Squire(1996). They report that income-based gini is substantially higher than expenditure-based gini. Milanovic and Yitzhaki (2001) also noted that in many cases, particularly for poorer countries where direct taxes were nominal, there were practically no differences between net income and gross income. However, the differences in adjustment produced little practical difference. Our adjusted gini and Dollar and Kraay's adjusted gini showed a correlation coefficient of 0.987.

2. Examination of Potential Instruments for Corruption

We examined settler mortality rates and fraction of English speaking population as instruments for (freedom from) corruption. Acemoglu et al. (2001) used settler mortality rates as instrument for institutional quality (or risk of expropriation), arguing that European colonial settlers developed good institutions in places where settler mortality was low but extractive institutions in places where settler mortality was high, which had a long-lasting impact. Hall and Jones (1999) used fractions of population speaking English and western languages as the first language as instruments for institutional quality, arguing that colonial history represented by these instrumental variables matters for institutions. Since corruption is important part of the institutional quality, these variables may be good instruments for corruption.

However, these potential instruments did not have a strong partial correlation with corruption, controlling for other variables. The first-stage F-statistics was considerably smaller than the safe number of 10. It is known that the use of weak instruments can cause a severe bias (Staiger and Stock 1997; Wooldridge 2002). In addition, we have some concern that colonial history represented by these variables may have had a distributional impact as well.

Gupta et al. (2002) used English-speaking population, latitude, and ethnolinguistic fractionalization as instruments for corruption. But our experimentation invalidated the use of these instruments, because they jointly had a weak predictive power. Li et al. (2000) used Mauro (1995) measure of corruption for 1980-83 and its polynomials for instruments for ICRG index of corruption for 1982-1994 and its quadratic term. Li et al.'s instruments address the problem of measurement error and associated attenuation bias, but not the problem of simultaneity bias due to reverse causality.

Table 1. Summary Statistics of the Variables

Variable	Observed	Mean	Standard Deviation	Minimum	Maximum
Gini (avg.1971-96)	129	0.386	0.111	0.173	0.755
Gini (avg.1990-99)	114	0.389	0.107	0.176	0.755
CCI (avg. 1996-2002)	129	0.112	1.000	-1.205	2.390
CPI (avg. 1996-2002)	102	4.522	2.272	1.297	9.724
ICRG (avg. 1996-2002)	110	3.162	1.119	0.795	6.000
CCI (avg. 1996-98)	128	0.109	0.973	-1.232	2.329
CPI (avg. 1996-99)	95	4.628	2.310	1.488	9.818
ln GDPpc (avg. 1971-96)	129	7.570	1.529	4.639	10.615
Political rights (avg. 1972-96)	129	3.996	1.910	1.080	7.000
lnOpen (avg. 1971-96)	129	4.137	0.540	2.693	5.752
% Protestant (1980)	129	0.125	0.208	0	0.978
French legal origin	129	0.426	0.496	0	1
Socialist legal origin	129	0.202	0.403	0	1
German legal origin	129	0.047	0.211	0	1
Scandinavian legal origin	129	0.031	0.174	0	1
British legal origin	129	0.295	0.458	0	1
Ethnolinguistic fractionalization	129	0.413	0.246	0.002	0.926
Natural resource abundance	116	0.240	0.342	0.000	2.604
Federal	126	1.466	1.707	0.000	6.364
Mature chort size	127	0.273	0.047	0.200	0.365
Malaria index (avg. 1966 & 94)	120	0.276	0.396	0.000	1.000
Latitude (absolute value/90)	129	0.303	0.196	0.011	0.711
Constructed openness	114	2.820	0.766	0.833	5.639
Bribe justified	73,511	1.7587	1.7633	1	10
Cheating on tax justified	72,805	2.5010	2.4041	1	10
Run by a few big interests	64,807	0.7230	0.4475	0	1
Perceived extent of corruption	67,416	2.8996	0.8321	1	4

Table 2. Pairwise Correlations between Main Variables

	Models															
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
(1) CCI 96-02	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(2) CPI 96-02	0.978	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(3) ICRG 96-02	0.833	0.843	1	—	—	—	—	—	—	—	—	—	—	—	—	—
(4) Gini 71-96	-0.392	-0.349	-0.409	1	—	—	—	—	—	—	—	—	—	—	—	—
(5) ln GDPpc7196	0.812	0.812	0.674	-0.418	1	—	—	—	—	—	—	—	—	—	—	—
(6) Political rights 7296	0.733	0.698	0.648	-0.142	0.708	1	—	—	—	—	—	—	—	—	—	—
(7) ln Open 7196	0.205	0.260	0.207	-0.054	0.259	0.044	1	—	—	—	—	—	—	—	—	—
(8) Protestant	0.440	0.530	0.506	0.047	0.329	0.382	0.118	1	—	—	—	—	—	—	—	—
(9) French legal origin	-0.168	-0.180	-0.133	0.284	-0.114	-0.051	-0.219	-0.326	1	—	—	—	—	—	—	—
(10) Socialist origin	-0.237	-0.268	-0.128	-0.444	-0.071	-0.468	0.195	-0.184	-0.433	1	—	—	—	—	—	—
(11) German origin	0.283	0.245	0.173	-0.204	0.323	0.218	-0.060	0.066	-0.190	-0.111	1	—	—	—	—	—
(12) Scandinavian origin	0.389	0.434	0.445	-0.175	0.300	0.267	0.004	0.658	-0.154	-0.090	-0.040	1	—	—	—	—
(13) British origin	0.112	0.135	-0.016	0.244	-0.077	0.265	0.093	0.236	-0.557	-0.325	-0.143	-0.116	1	—	—	—
(14) Ethnolinguistic fractionalization	-0.471	-0.401	-0.385	0.354	-0.497	-0.415	-0.074	-0.082	0.031	-0.077	-0.186	-0.225	0.206	1	—	—
(15) Natural resource	-0.236	-0.158	-0.219	0.112	-0.112	-0.209	0.030	-0.048	0.065	0.083	-0.128	-0.043	-0.065	0.149	1	—
(16) Federal	0.403	0.349	0.286	-0.248	0.431	0.482	-0.341	0.110	-0.025	-0.105	0.262	0.045	-0.020	-0.257	-0.116	1

Table 3. First-stage Reduced-form Regressions of Gini, ln GDPpc, and ln Open

Dependent Variable	(1) Gini	(2) Gini	(3) Gini	(4) ln GDPpc	(5) ln Open
ln GDPpc 71-96					
b	—	0.003	—	—	—
(SE)		(0.009)			
B	—	0.047	—	—	—
ln Openness 71-96					
b	—	0.000	—	—	—
(SE)		(0.015)			
B	—	-0.002	—	—	—
Political rights 72-96					
b	—	-0.006	-0.004	0.145	0.000
(SE)		(0.007)	(0.008)	(0.088)	(0.038)
B	—	-0.112	-0.080	0.172	0.001
% Protestant (1980)					
b	—	0.104*	0.127*	0.940	0.658**
(SE)		(0.047)	(0.059)	(0.592)	(0.237)
B	—	0.214	0.265	0.115	0.258
French legal origin					
b	—	0.028	0.030	-0.082	-0.151
(SE)		(0.021)	(0.022)	(0.270)	(0.099)
B	—	0.137	0.146	-0.025	-0.150
Socialist legal origin					
b	—	-0.080*	-0.051	-1.264**	-0.196
(SE)		(0.031)	(0.036)	(0.491)	(0.272)
B	—	-0.298	-0.150	-0.235	-0.121
German legal origin					
b	—	-0.026	-0.015	0.307	-0.249
(SE)		(0.024)	(0.024)	(0.313)	(0.157)
B	—	-0.052	-0.032	0.038	-0.099
Scandinavian legal origin					
b	—	-0.097*	-0.076	-0.292	-0.624**
(SE)		(0.041)	(0.053)	(0.483)	(0.210)
B	—	-0.175	-0.148	-0.032	-0.223

* $p < .05$, ** $p < .01$, *** $p < .001$

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Table 3. First-stage Reduced-form Regressions of Gini, ln GDPpc, and ln Open (*Continued*)

Dependent Variable	(1) Gini	(2) Gini	(3) Gini	(4) ln GDPpc	(5) ln Open
British legal origin (reference category)					
Ethnolinguistic fractionalization					
b	—	0.079*	0.075	-0.596	0.100
(SE)		(0.036)	(0.049)	(0.429)	(0.188)
B	—	0.193	0.193	-0.099	0.053
Natural resource abundance					
b	—	-0.007	-0.012	1.001**	0.279
(SE)		(0.014)	(0.015)	(0.322)	(0.181)
B	—	-0.025	-0.041	0.222	0.198
Federal					
b	—	-0.002	-0.003	0.130*	-0.016
(SE)		(0.004)	(0.005)	(0.055)	(0.026)
B	—	-0.041	-0.050	0.136	-0.055
Mature cohort size(average 1971-96)					
b	-1.544***	-0.928***	-0.653**	11.995***	-0.093
(SE)	(0.139)	(0.256)	(0.252)	(2.995)	(1.651)
B	-0.648	-0.421	-0.290	0.322	-0.008
Latitude (absolute value)					
b	—	—	-0.147*	0.074	-0.163
(SE)			(0.068)	(0.933)	(0.461)
B	—	—	-0.280	0.008	-0.060
Malaria index (average 1966 & 94)					
b	—	—	-0.020	-1.430***	-0.320*
(SE)			(0.030)	(0.368)	(0.158)
B	—	—	-0.081	-0.378	-0.271
Constructed openness					
b	—	—	0.000	0.391***	0.496***
(SE)			(0.012)	(0.130)	(0.058)
B	—	—	0.000	0.166	0.675
Constant					
b	0.809***	0.604***	0.590***	2.926***	2.745***
(SE)	(0.040)	(0.098)	(0.074)	(0.836)	(0.360)
N	127	114	98	119	120
R ²	0.420	0.638	0.625	0.761	0.536
F-statistic	123.590	13.100	7.350	17.600	22.510
Over-id test, Prob>F	0.000	0.001	0.000	0.000	0.000

Note: Dependent variables are averages for 1971-96. F-statistics are for Ho: Mature cohort size = 0 for the first two regressions, and Ho: Mature = Latitude = Malaria index = Constructed openness = 0 for the rest.

* $p < .05$, ** $p < .01$, *** $p < .001$

Table 4. Separate Summary Statistics for Countries with Socialist vs. Non-Socialist Legal Origin

Variable	Socialist Origin		Non-Socialist Origin		Total Sample	
	Mean	N	Mean	N	Mean	N
CCI 96-02	-0.358	26	0.231	103	0.112	129
CPI 96-02	3.428	24	4.858	78	4.522	102
Gini 71-96	0.288	26	0.411	103	0.386	129
ln GDPpc 71-96	7.355	26	7.624	103	7.570	129

Table 5. Separate Regression Results for Countries with Socialist vs. Non-Socialist Legal Origin

Subsample Dependent Variable	Socialist Legal Origin		Non-Socialist Legal Origin	
	CCI 96-02	CPI 96-02	CCI 96-02	CPI 96-02
Gini 71-96				
b	-1.729*	-2.983 *	-2.173 **	-2.799
(SE)	(0.666)	(1.402)	(0.753)	(1.978)
B	-0.264	-0.250	-0.212	-0.120
ln GDPpc 71-96				
b	0.248*	0.455	0.470***	1.140***
(SE)	(0.122)	(0.265)	(0.040)	(0.116)
B	0.411	0.390	0.735	0.772
Constant				
b	-1.685	0.914	-2.458***	-3.034 *
(SE)	(0.973)	(2.174)	(0.539)	(1.466)
N	26	24	103	78
R ²	0.324	0.293	0.747	0.715

* $p < .05$, ** $p < .01$, *** $p < .001$

Table 6. OLS Regression Results for CPI 96-02 and ICRG 96-02

Dependent Variable	CPI 1996-2002				ICRG 1996-2002			
	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)
Gini 71-96								
b	-3.972**	-4.723**	-4.239 **	-3.470*	-2.993***	-2.804*	-2.749*	-3.183**
(SE)	(1.214)	(1.753)	(1.602)	(1.534)	(0.915)	(1.196)	(1.105)	(1.136)
B	-0.195	-0.209	-0.188	-0.154	-0.303	-0.260	-0.255	-0.296
ln GDPpc 71-96								
b	0.772***	0.775***	0.700***	0.735***	0.110	0.148	0.088	0.075
(SE)	(0.170)	(0.192)	(0.178)	(0.171)	(0.097)	(0.099)	(0.095)	(0.094)
B	0.517	0.516	0.467	0.490	0.153	0.202	0.120	0.102
Political Rights 72-96								
b	0.035	-0.084	1.321***	0.308	0.194**	0.184*	0.747***	1.263**
(SE)	(0.121)	(0.153)	(0.373)	(0.665)	(0.075)	(0.079)	(0.219)	(0.477)
B	0.029	-0.067	1.063	0.248	0.325	0.300	1.216	2.055
Pol Rights Squared								
b	—	—	—	0.087*	—	—	—	-0.044
(SE)	—	—	—	(0.052)	—	—	—	(0.039)
B	—	—	—	0.640	—	—	—	-0.642
Gini* (Pol Rights -4)								
b	—	—	-3.573***	-2.938**	—	—	-1.366*	-1.719**
(SE)	—	—	(0.905)	(0.952)	—	—	(0.540)	(0.606)
B	—	—	-0.983	-0.809	—	—	-0.801	-1.008
lnOpen 71-96								
b	0.665**	0.819**	0.806**	0.771**	0.275*	0.339*	0.369*	0.373*
(SE)	(0.224)	(0.274)	(0.292)	(0.295)	(0.119)	(0.147)	(0.153)	(0.153)
B	0.157	0.183	0.180	0.172	0.131	0.151	0.165	0.167
% Protestant 80								
b	2.549**	2.462*	1.677*	1.488	1.597**	1.648**	1.513**	1.635**
(SE)	(0.919)	(0.971)	(0.812)	(0.826)	(0.585)	(0.599)	(0.547)	(0.536)
B	0.242	0.235	0.160	0.142	0.308	0.314	0.289	0.312
French legal origin								
b	-0.757**	-0.769*	-0.588	-0.620*	0.288	0.332	0.381*	0.409*
(SE)	(0.279)	(0.305)	(0.312)	(0.300)	(0.186)	(0.190)	(0.185)	(0.184)
B	-0.164	-0.167	-0.128	-0.134	0.128	0.146	0.167	0.180

* $p < .05$, ** $p < .01$, *** $p < .001$

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Table 6. OLS Regression Results for CPI 96-02 and ICRG 96-02 (*Continued*)

Dependent Variable	CPI 1996-2002				ICRG 1996-2002			
	OLS (1)	OLS (2)	OLS (3)	OLS (4)	OLS (5)	OLS (6)	OLS (7)	OLS (8)
Socialist legal origin								
b	-1.901***	-2.423***	-1.305	-1.497*	-0.131	-0.196	0.260	0.349
(SE)	(0.442)	(0.576)	(0.681)	(0.680)	(0.266)	(0.335)	(0.353)	(0.355)
B	-0.357	-0.434	-0.233	-0.268	-0.045	-0.065	0.086	0.115
German legal origin								
b	-0.833	-1.057	-1.215*	-1.211*	-0.039	-0.083	-0.188	-0.185
(SE)	(0.497)	(0.559)	(0.532)	(0.502)	(0.235)	(0.265)	(0.291)	(0.289)
B	-0.087	-0.106	-0.122	-0.122	-0.008	-0.016	-0.036	-0.035
Scandinavian legal origin								
b	-0.493	-0.336	-0.257	-0.257	0.295	0.190	0.049	0.024
(SE)	(0.862)	(0.928)	(0.686)	(0.686)	(0.546)	(0.547)	(0.465)	(0.456)
B	-0.042	-0.030	-0.023	-0.023	0.050	0.033	0.009	0.004
British legal origin (reference category)								
Ethnolinguistic fractionalization								
b	-1.013	-1.028	-1.130	-1.229	-0.087	0.051	-0.087	-0.037
(SE)	(0.665)	(0.761)	(0.682)	(0.652)	(0.355)	(0.382)	(0.361)	(0.360)
B	-0.107	-0.111	-0.122	-0.133	-0.020	0.011	-0.020	-0.008
Natural Resource Abundance								
b	—	-0.683	-0.420	-0.444	—	-0.660*	-0.546	-0.483
(SE)		(0.635)	(0.590)	(0.591)		(0.316)	(0.325)	(0.331)
B	—	-0.068	-0.042	-0.044	—	-0.155	-0.129	-0.114
Federal								
b	—	0.130	0.105	0.068	—	-0.014	-0.019	-0.003
(SE)		(0.104)	(0.098)	(0.097)		(0.055)	(0.052)	(0.054)
B	—	0.105	0.085	0.055	—	-0.022	-0.030	-0.006
Constant								
b	-1.992	-1.856	-7.322***	-5.142*	1.262	0.801	-1.236	-2.322
(SE)	(1.612)	(1.885)	(2.184)	(2.527)	(0.839)	(0.913)	(1.381)	(1.671)
N	102	91	91	91	110	101	101	101
R ²	0.806	0.806	0.836	0.841	0.637	0.650	0.673	0.678

* $p < .05$, ** $p < .01$, *** $p < .001$

Table 7. IV 2SLS Regression Results for CPI 96-02 and ICRG 1996-2002

Dependent Variable	CPI 1996-2002				ICRG 1996-2002			
	IV (1)	IV (2)	IV (3)	IV (4)	IV (5)	IV (6)	IV (7)	IV (8)
Gini 71-96								
b	-5.960	-5.912	-8.857	-7.807	-5.506*	-4.680	-5.771	-6.419
(SE)	(3.439)	(3.852)	(5.074)	(4.656)	(2.112)	(3.107)	(3.652)	(3.856)
B	-0.291	-0.262	-0.407	-0.329	-0.554	-0.435	-0.553	-0.568
ln GDPpc 71-96								
b	0.724***	0.762***	0.527	0.784*	0.052	0.120	0.082	0.123
(SE)	(0.187)	(0.187)	(0.402)	(0.362)	(0.105)	(0.096)	(0.221)	(0.233)
B	0.484	0.508	0.361	0.530	0.072	0.163	0.115	0.169
ln Open 71-96								
b	0.703**	0.822**	0.540	0.469	0.315*	0.357*	0.479	0.420
(SE)	(0.228)	(0.276)	(0.351)	(0.404)	(0.129)	(0.150)	(0.264)	(0.328)
B	0.166	0.184	0.121	0.098	0.151	0.160	0.210	0.171
Pol Rights 72-96								
b	-0.001	-0.106	0.029	-0.122	0.151	0.159	0.140	0.164
(SE)	(0.141)	(0.183)	(0.201)	(0.231)	(0.088)	(0.101)	(0.105)	(0.110)
B	-0.001	-0.085	0.023	-0.095	0.253	0.259	0.229	0.260
% Protestant 80								
b	2.921*	2.588*	4.025**	2.958*	2.064**	1.861**	1.952*	1.979**
(SE)	(1.140)	(1.022)	(1.520)	(1.264)	(0.671)	(0.653)	(0.873)	(0.737)
B	0.277	0.247	0.383	0.276	0.398	0.355	0.373	0.367
French legal origin								
b	-0.710*	-0.726*	-0.585	-0.633	0.332	0.387	0.331	0.475
(SE)	(0.295)	(0.335)	(0.408)	(0.409)	(0.193)	(0.201)	(0.255)	(0.248)
B	-0.153	-0.158	-0.125	-0.135	0.147	0.170	0.145	0.204

* $p < .05$, ** $p < .01$, *** $p < .001$

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Table 7. IV 2SLS Regression Results for CPI 96-02 and ICRG 1996-2002 (*Continued*)

Dependent Variable	CPI 1996-2002				ICRG 1996-2002			
	IV (1)	IV (2)	IV (3)	IV (4)	IV (5)	IV (6)	IV (7)	IV (8)
Socialist legal origin								
b	-2.214**	2.617**	-2.284*	-2.602*	-0.555	-0.501	-0.499	-0.388
(SE)	(0.687)	(0.911)	(0.938)	(1.268)	(0.474)	(0.668)	(0.539)	(0.747)
B	-0.415	-0.468	-0.315	-0.349	-0.192	-0.166	-0.134	-0.100
German legal origin								
b	-0.869	-1.108	-0.914	-1.153	-0.095	-0.169	-0.114	-0.197
(SE)	(0.599)	(0.610)	(0.669)	(0.704)	(0.270)	(0.311)	(0.278)	(0.314)
B	-0.083	-0.111	-0.092	-0.118	-0.018	-0.032	-0.022	-0.039
Scandinavian legal origin								
b	-0.849	-0.479	-1.614	-0.849	-0.154	-0.051	-0.128	-0.261
(SE)	(1.039)	(0.994)	(1.242)	(1.105)	(0.660)	(0.656)	(0.758)	(0.676)
B	-0.073	-0.043	-0.146	-0.079	-0.026	-0.009	-0.022	-0.046
British legal origin (reference category)								
Ethnolinguistic fractionalization								
b	-1.066	-1.018	-1.198	-0.866	-0.086	0.119	0.094	0.435
(SE)	(0.681)	(0.777)	(0.895)	(0.941)	(0.384)	(0.399)	(0.454)	(0.441)
B	-0.113	-0.110	-0.130	-0.094	-0.019	0.027	0.022	0.100
Natural resource abundance								
b	—	-0.653	—	-0.613	—	-0.638	—	-0.695
(SE)	—	(0.643)	—	(0.712)	—	(0.329)	—	(0.387)
B	—	-0.065	—	-0.061	—	-0.150	—	-0.161
Federal								
b	—	0.127	—	0.060	—	-0.017	—	-0.060
(SE)	—	(0.102)	—	(0.131)	—	(0.053)	—	(0.082)
B	—	0.103	—	0.047	—	-0.027	—	-0.094
Constant								
b	-0.837	-1.226	2.232	0.806	2.703	1.751	1.932	2.077
(SE)	(2.535)	(2.517)	(4.126)	(3.689)	(1.479)	(1.789)	(2.326)	(2.316)
N	101	91	86	81	109	101	96	91
P-value for overidentification test	—	—	0.122	0.079	—	—	0.512	0.326

Note: IV regressions 1, 2, 5, and 6 instrumented Gini (1971-96) with Mature cohort size (1971-96). IV regressions 3, 4, 7, and 8 instrumented Gini (71-96), ln GDPpc (71-96), and ln Open (71-96) with Mature cohort size, Latitude, Malaria index, and Constructed openness. Note that Gini (1971-1996) is not significant at the 5 percent level except for IV (5) but significant at the 10 percent level for IV (1), IV (3), IV (4), and IV (8). * $p < .05$, ** $p < .01$, *** $p < .001$

Table 8. OLS and IV Regressions for Less and More Democratic Countries

Subsample Dependent Variable	Less Democratic Countries				More Democratic Countries			
	CCI 96-02		CPI 96-02		CCI 96-02		CPI 96-02	
	OLS	IV	OLS	IV	OLS	IV	OLS	IV
Gini 71-96								
b	-1.154	-0.961	-1.372	0.339	-3.779***	-6.155*	-4.892*	-7.312
(SE)	(0.913)	(4.482)	(2.588)	(5.554)	(0.836)	(2.303)	(2.083)	(4.961)
B	-0.21	-0.18	-0.11	0.03	-0.29	-0.47	-0.16	-0.25
ln GDPpc 71-96								
b	0.169*	0.171	0.428	0.445	0.414***	0.362***	1.036***	1.003***
(SE)	(0.099)	(0.103)	(0.294)	(0.274)	(0.079)	(0.100)	(0.199)	(0.230)
B	0.31	0.32	0.35	0.36	0.55	0.48	0.57	0.55
lnOpen 71-96								
b	0.313	0.310	0.977	0.962	0.071	0.112	0.442	0.463
(SE)	(0.272)	(0.262)	(0.699)	(0.689)	(0.091)	(0.119)	(0.248)	(0.279)
B	0.23	0.23	0.33	0.32	0.04	0.06	0.09	0.09
Political Rights 72-97								
b	0.104	0.103	-0.161	-0.153	0.134	0.093	0.261	0.186
(SE)	(0.105)	(0.111)	(0.306)	(0.308)	(0.073)	(0.094)	(0.170)	(0.225)
B	0.11	0.10	-0.07	-0.06	0.14	0.10	0.12	0.08
% Protestant 80								
b	0.450	0.413	1.602	1.246	0.362	0.559	1.593	1.712
(SE)	(0.399)	(0.935)	(1.121)	(1.627)	(0.426)	(0.438)	(1.350)	(1.282)
B	0.09	0.09	0.15	0.11	0.09	0.14	0.18	0.19
French legal origin								
b	-0.158	-0.157	-0.644	-0.643	-0.221	-0.083	-0.719*	-0.579
(SE)	(0.219)	(0.218)	(0.502)	(0.522)	(0.135)	(0.171)	(0.321)	(0.397)
B	-0.13	-0.12	-0.21	-0.21	-0.10	-0.04	-0.15	-0.12

* $p < .05$, ** $p < .01$, *** $p < .001$

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Table 8. OLS and IV Regressions for Less and More Democratic Countries (*Continued*)

Subsample Dependent Variable	Less Democratic Countries				More Democratic Countries			
	CCI 96-02		CPI 96-02		CCI 96-02		CPI 96-02	
	OLS	IV	OLS	IV	OLS	IV	OLS	IV
Socialist legal origin								
b	-0.577	-0.545	-1.820*	-1.515	(dropped)	(dropped)	(dropped)	(dropped)
(SE)	(0.401)	(0.780)	(0.845)	(1.222)				
B	-0.43	-0.41	-0.62	-0.51	—	—	—	—
German legal origin								
b	(dropped)	(dropped)	(dropped)	(dropped)	-0.395*	-0.423*	-1.127*	-1.157*
(SE)					(0.173)	(0.195)	(0.443)	(0.474)
B	—	—	—	—	-0.11	-0.12	-0.14	-0.15
Scandinavian legal origin								
b	(dropped)	(dropped)	(dropped)	(dropped)	0.147	-0.044	0.114	0.013
(SE)					(0.323)	(0.343)	(1.147)	(1.083)
B	—	—	—	—	0.04	-0.01	0.01	0.00
British legal origin (reference category)								
Ethnolinguistic fractionalization								
b	-0.995**	-1.009*	-2.835**	-2.825***	0.478	0.537	1.198	1.281
(SE)	(0.328)	(0.458)	(0.793)	(0.767)	(0.281)	(0.329)	(0.909)	(0.899)
B	-0.39	-0.40	-0.49	-0.48	0.09	0.10	0.09	0.10
Natural resource abundance								
b	-0.078	-0.082	-0.274	-0.270	-0.906***	-0.787**	-1.503*	-1.395*
(SE)	(0.146)	(0.182)	(0.841)	(0.805)	(0.259)	(0.257)	(0.691)	(0.648)
B	-0.05	-0.05	-0.04	-0.04	-0.20	-0.17	-0.13	-0.12
Federal								
b	-0.001	-0.002	-0.056	-0.060	0.021	0.014	0.042	0.044
(SE)	(0.060)	(0.058)	(0.150)	(0.147)	(0.042)	(0.043)	(0.140)	(0.145)
B	0.00	0.00	-0.05	-0.06	0.04	0.03	0.03	0.03
Constant								
b	-1.827*	-1.898	-0.254	-1.072	-2.480***	-1.185	-4.854**	-3.455
(SE)	(0.838)	(1.958)	(2.455)	(3.708)	(0.589)	(1.356)	(1.478)	(3.232)
N	61	61	46	46	53	53	45	45
R ²	0.5479	0.5474	0.5895	0.5842	0.9135	0.9003	0.9089	0.9066

Note: The subsamples of more democratic countries and less democratic countries were divided at the political rights score (average for 1972-96) of four. For IV regressions, Gini (71-96) is instrumented with Mature cohort size (71-96).

* $p < .05$, ** $p < .01$, *** $p < .001$

Table 9. OLS & IV Regression Results for High-Income vs Low-Income Countries

Subsample Dependent Variable	Low-Income Countries				High-Income Countries			
	CCI 96-02		CPI 96-02		CCI 96-02		CPI 96-02	
	OLS	IV	OLS	IV	OLS	IV	OLS	IV
Gini 71-96								
b	-0.381	-1.314	1.012	2.182	-3.173*	-7.014	-5.323	-16.294
(SE)	(0.526)	(2.662)	(2.484)	(3.619)	(1.314)	(6.872)	(3.449)	(22.178)
B	-0.116	-0.400	0.117	0.251	-0.308	-0.681	-0.225	-0.689
ln GDPpc 71-96								
b	-0.006	-0.020	0.015	0.038	0.557**	0.382	1.168*	0.658
(SE)	(0.066)	(0.069)	(0.253)	(0.262)	(0.183)	(0.390)	(0.548)	(1.161)
B	-0.016	-0.053	0.016	0.038	0.496	0.341	0.474	0.267
lnOpen 71-96								
b	0.180*	0.213	0.808*	0.743	0.230	0.151	0.617	0.298
(SE)	(0.088)	(0.116)	(0.363)	(0.410)	(0.157)	(0.170)	(0.338)	(0.637)
B	0.265	0.314	0.448	0.412	0.128	0.084	0.150	0.073
Political Rights 72-97								
b	-0.018	-0.007	-0.183	-0.202	-0.097	-0.187	-0.123	-0.405
(SE)	(0.047)	(0.057)	(0.169)	(0.174)	(0.131)	(0.236)	(0.293)	(0.719)
B	-0.073	-0.028	-0.264	-0.292	-0.171	-0.327	-0.096	-0.317
% Protestant 80								
b	-0.695*	-0.454	-1.648	-2.286	0.723	0.976	2.118	2.774
(SE)	(0.289)	(0.740)	(2.682)	(2.715)	(0.485)	(0.783)	(1.223)	(2.019)
B	-0.270	-0.176	-0.182	-0.252	0.190	0.257	0.256	0.335
French legal origin								
b	-0.018	0.015	-0.293	-0.357	-0.304	-0.273	-1.073*	-0.955
(SE)	(0.099)	(0.130)	(0.392)	(0.412)	(0.177)	(0.189)	(0.466)	(0.529)
B	-0.029	0.023	-0.181	-0.220	-0.143	-0.129	-0.229	-0.203

* $p < .05$, ** $p < .01$, *** $p < .001$

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Table 9. OLS & IV Regression Results for High-Income vs Low-Income Countries (*Continued*)

Subsample Dependent Variable	Low-Income Countries				High-Income Countries			
	CCI 96-02		CPI 96-02		CCI 96-02		CPI 96-02	
	OLS	IV	OLS	IV	OLS	IV	OLS	IV
Socialist legal origin								
b	-0.257	-0.348	-0.794	-0.702	-1.385*	-2.219	-3.002*	-5.392
(SE)	(0.182)	(0.351)	(0.634)	(0.675)	(0.565)	(1.704)	(1.297)	(5.208)
B	-0.298	-0.404	-0.384	-0.340	-0.557	-0.893	-0.560	-1.006
German legal origin								
b	(dropped)	(dropped)	(dropped)	(dropped)	-0.691*	-0.741*	-1.602**	-1.667*
(SE)					(0.273)	(0.363)	(0.574)	(0.793)
B	—	—	—	—	-0.200	-0.215	-0.217	-0.226
Scandinavian legal origin								
b	(dropped)	(dropped)	(dropped)	(dropped)	-0.423	-0.610	-0.929	-1.249
(SE)					(0.372)	(0.567)	(1.046)	(1.356)
B	—	—	—	—	-0.111	-0.160	-0.114	-0.153
British legal origin (reference category)								
Ethnolinguistic fractionalization								
b	-0.330	-0.287	-1.084	-1.052	-0.735	-0.441	-0.766	0.322
(SE)	(0.182)	(0.247)	(0.752)	(0.705)	(0.716)	(0.718)	(1.569)	(2.344)
B	-0.262	-0.228	-0.332	-0.322	-0.144	-0.086	-0.065	0.027
Natural resource abundance								
b	-0.079	-0.083	0.046	0.132	-0.779*	-0.573	-0.653	-0.281
(SE)	(0.059)	(0.064)	(0.656)	(0.674)	(0.320)	(0.511)	(1.150)	(1.443)
B	-0.105	-0.110	0.014	0.040	-0.185	-0.136	-0.060	-0.026
Federal								
b	0.084**	0.073	0.167	0.178	0.025	0.020	-0.001	-0.007
(SE)	(0.031)	(0.041)	(0.130)	(0.120)	(0.071)	(0.061)	(0.172)	(0.153)
B	0.334	0.290	0.267	0.285	0.049	0.040	-0.001	-0.006
Constant								
b	-0.805	-0.521	0.529	0.233	-2.820	0.856	-3.449	7.592
(SE)	(0.487)	(0.897)	(2.255)	(2.264)	(2.248)	(7.196)	(6.076)	(22.981)
N	60	60	42	42	54	54	49	49
R ²	0.356	0.320	0.284	0.279	0.802	0.776	0.809	0.773

Note: The subsamples of high-income and low-income countries were divided at the mean of the natural log of GDP per capita (avg. for 1971-96) of 7.57. For IV regressions, Gini (71-96) is instrumented with Mature cohort size (71-96).

* $p < .05$, ** $p < .01$, *** $p < .001$

Table 10. OLS Regressions of CCI and CPI with Interaction Terms

	CCI 96-02		CPI 96-02	
	OLS	IV	OLS	IV
Gini 71-96				
b	-3.230***	-3.162***	-4.638**	-4.184*
(SE)	(0.683)	(0.666)	(1.647)	(1.614)
B	-0.332	-0.324	-0.206	-0.186
ln GDPpc 71-96				
b	0.765***	0.323	1.477***	0.246
(SE)	(0.125)	(0.213)	(0.376)	(0.503)
B	1.174	0.495	0.984	0.164
Political Rights 72-96				
b	-0.005	0.557**	-0.076	1.628**
(SE)	(0.065)	(0.206)	(0.157)	(0.516)
B	-0.009	1.049	-0.062	1.311
Gini* (Pol Rights - 4)				
b	—	-1.378**	—	-4.367**
(SE)	—	(0.482)	—	(1.347)
B	—	-0.947	—	-1.202
Gini* (lnGDPpc - 7.57)				
b	-1.131***	-0.129	-1.852*	1.155
(SE)	(0.311)	(0.512)	(0.826)	(1.204)
B	-0.653	-0.075	-0.448	0.279
lnOpen 71-96				
b	0.115	0.185	0.717*	0.867**
(SE)	(0.116)	(0.120)	(0.278)	(0.291)
B	0.059	0.095	0.160	0.194
% Protestant 80				
b	0.430	0.397	2.075*	1.744*
(SE)	(0.345)	(0.317)	(0.951)	(0.809)
B	0.091	0.084	0.198	0.166
French legal origin				
b	-0.215	-0.194	-0.737*	-0.568
(SE)	(0.130)	(0.134)	(0.297)	(0.317)
B	-0.107	-0.097	-0.160	-0.123

* $p < .05$, ** $p < .01$, *** $p < .001$

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Table 10. OLS Regressions of CCI and CPI with Interaction Terms (*Continued*)

Dependent Variable	CCI 96-02		CPI 96-02	
	OLS	IV	OLS	IV
Socialist legal origin				
b	-0.934***	-0.572	-2.279***	-1.147
(SE)	(0.262)	(0.313)	(0.594)	(0.701)
B	-0.356	-0.218	-0.408	-0.205
German legal origin				
b	-0.386	-0.392	-1.215*	-1.152*
(SE)	(0.258)	(0.260)	(0.550)	(0.536)
B	-0.079	-0.081	-0.122	-0.116
Scandinavian legal origin				
b	0.007	-0.037	-0.341	-0.237
(SE)	(0.270)	(0.240)	(0.836)	(0.687)
B	0.001	-0.007	-0.031	-0.021
British legal origin (reference category)				
Ethnolinguistic fractionalization				
b	-0.414	-0.528*	-1.032	-1.151
(SE)	(0.254)	(0.251)	(0.744)	(0.691)
B	-0.105	-0.133	-0.112	-0.125
Natural resource abundance				
b	-0.151	-0.202	-0.467	-0.497
(SE)	(0.190)	(0.177)	(0.642)	(0.558)
B	-0.052	-0.069	-0.046	-0.049
Federal				
b	0.029	0.030	0.114	0.109
(SE)	(0.043)	(0.040)	(0.104)	(0.097)
B	0.051	0.053	0.092	0.088
Constant				
b	-4.583***	-3.783***	-6.953*	-5.357
(SE)	(0.926)	(1.038)	(3.091)	(3.127)
N	114	114	91	91
R ²	0.812	0.827	0.814	0.838

* $p < .05$, ** $p < .01$, *** $p < .001$

Table 11. OLS Regressions with Region Dummies

Dependent Variable	CCI 96-02		CPI 96-02	
	OLS	IV	OLS	IV
Gini 71-96				
b	-1.562**	-2.344**	-2.929*	-4.045
(SE)	(0.514)	(0.753)	(1.257)	(2.127)
B	-0.173	-0.241	-0.144	-0.179
ln GDPpc 71-96				
b	0.343***	0.385***	0.805***	0.828***
(SE)	(0.082)	(0.086)	(0.199)	(0.231)
B	0.524	0.591	0.539	0.552
Political Rights 72-96				
b	0.080	0.023	0.073	0.025
(SE)	(0.063)	(0.072)	(0.153)	(0.186)
B	0.152	0.044	0.060	0.020
lnOpen 71-96				
b	0.150	0.161	0.600**	0.670*
(SE)	(0.083)	(0.109)	(0.194)	(0.259)
B	0.081	0.083	0.142	0.150
% Protestant 80				
b	0.408	0.421	2.128**	2.233*
(SE)	(0.333)	(0.320)	(0.807)	(0.929)
B	0.085	0.089	0.202	0.213
French legal origin				
b	-0.182	-0.194	-0.648*	-0.665*
(SE)	(0.112)	(0.112)	(0.289)	(0.293)
B	-0.091	-0.097	-0.140	-0.144
Socialist legal origin				
b	-0.029	0.275	-0.062	0.175
(SE)	(0.264)	(0.321)	(0.620)	(0.740)
B	-0.012	0.105	-0.012	0.031
German legal origin				
b	-0.269	-0.383	-1.024**	-1.195*
(SE)	(0.201)	(0.225)	(0.455)	(0.526)
B	-0.057	-0.079	-0.107	-0.120
Scandinavian legal origin				
b	-0.071	-0.084	-0.527	-0.544
(SE)	(0.269)	(0.250)	(0.715)	(0.795)
B	-0.012	-0.016	-0.045	-0.049

* $p < .05$, ** $p < .01$, *** $p < .001$

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Table 11. OLS Regressions with Region Dummies (*Continued*)

Dependent Variable	CCI-96		CPI-96	
	OLS	IV	OLS	IV
British legal origin (reference category)				
Ethnolinguistic fractionalization				
b	-0.680***	-0.470	-1.055	-0.798
(SE)	(0.200)	(0.277)	(0.607)	(0.758)
B	-0.167	-0.119	-0.111	-0.086
Natural resource abundance				
b	—	-0.433**	—	-0.785
(SE)		(0.143)		(0.622)
B	—	-0.148	—	-0.078
Federal				
b	—	0.003	—	0.039
(SE)		(0.036)		(0.094)
B	—	0.006	—	0.032
East Asia & Pacific				
b	-0.235	-0.230	-0.206	-0.085
(SE)	(0.214)	(0.231)	(0.498)	(0.545)
B	-0.080	-0.076	-0.031	-0.012
East & Central Europe				
b	-0.964***	-1.462***	-2.197***	-2.723***
(SE)	(0.257)	(0.311)	(0.608)	(0.671)
B	-0.364	-0.522	-0.393	-0.467
Middle East & North Africa				
b	-0.284	-0.194	-0.092	0.099
(SE)	(0.207)	(0.237)	(0.487)	(0.566)
B	-0.073	-0.053	-0.010	0.011
South Asia				
b	-0.241	-0.268	-0.917	-0.909
(SE)	(0.300)	(0.311)	(0.721)	(0.770)
B	-0.047	-0.055	-0.079	-0.082
Sub-Saharan Africa				
b	-0.029	-0.026	-0.106	-0.012
(SE)	(0.249)	(0.265)	(0.531)	(0.597)
B	-0.013	-0.012	-0.018	-0.002
Latin America & Caribbean				
b	-0.625**	-0.498*	-1.005	-0.688
(SE)	(0.208)	(0.214)	(0.533)	(0.577)
B	-0.244	-0.201	-0.173	-0.123
Western Europe as reference region				
Constant				
b	-2.140**	-1.967*	-2.194	-2.127
(SE)	(0.688)	(0.772)	(1.659)	(1.897)
N	129	114	102	91
R ²	0.832	0.842	0.847	0.845

* $p < .05$, ** $p < .01$, *** $p < .001$

Table 12. OLS Regressions of GINI with CPI

	Models	
	(1)	(2)
CPI 96-99		
b	-1.857*	-1.361
(SE)	(0.799)	(0.723)
B	-0.385	-0.309
ln GDPpc 71-96		
b	-0.845	-0.461
(SE)	(1.196)	(1.328)
B	-0.114	-0.067
Political Rights 72-96		
b	-0.995	(1.098)
(SE)	(1.175)	-0.290
B	-0.168	-1.608
lnOpen 71-96		
b	1.173	(1.098)
(SE)	(2.133)	-0.290
B	0.059	0.022
% Protestant 80		
b	0.217*	0.130*
(SE)	(0.094)	(0.059)
B	0.448	0.297
French legal origin		
b	0.439	0.823
(SE)	(2.544)	(2.863)
B	0.019	0.040
Socialist legal origin		
b	-14.116***	-16.055***
(SE)	(2.917)	(3.623)
B	-0.575	-0.689
German legal origin		
b	-8.860***	-8.125*
(SE)	(2.568)	(3.281)
B	-0.169	-0.156
Scandinavian legal origin		
b	-18.891*	-13.812*
(SE)	(7.270)	(5.241)
B	-0.361	-0.305
British legal origin (reference category)		
Ethnolinguistic fractionalization		
b	—	-1.458
(SE)	—	(5.708)
B	—	-0.036
Natural resource abundance		
b	—	0.021
(SE)	—	(0.032)
B	—	0.048
Federal		
b	—	.146
(SE)	—	(0.540)
B	—	0.027
Constant		
b	53.938***	54.922***
(SE)	(9.571)	(11.676)
N	87	77
R ²	0.501	0.574

* $p < .05$, ** $p < .01$, *** $p < .001$