

# Estimating the effects of political variables and Independence on economic growth and educational inequality across the world \*

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## Abstract

In this paper we calculate the effects of political variables and Independence on economic growth and educational inequality across the world. Using a dataset with mostly political and a few economic variables, Varieties of Democracy (V-Dem), our goal is to examine if the countries are developed faster during their Independence period. Dealing with a dataset of 136 countries around the world, we examine the period 1789-2018 and our results show that countries indeed developed faster during their Independence period. On the one hand, the level of primary and secondary education, property rights, access to justice and constraints on the executive increased, while on the other hand the level of political corruption index, educational inequality and clientelism relationships lowered. Many countries in our dataset experienced internal and international political conflicts during their attempt to become independence nations. The early years of independence were followed by internal and foreign violence, economic stagnation, political instability and lack of public programs for development. We estimated our results running Fixed Effect and 2SLS models and we are controlling for endogeneity, using the lagged values of all the right-hand-side variables.

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# Contents

<b>1</b>	<b>Introduction</b>	<b>4</b>
<b>2</b>	<b>Related Literature</b>	<b>5</b>
2.1	The Colonial Origins of Comparative Development: An Empirical Investigation . . . . .	6
2.2	Institutional causes, macroeconomic symptoms: volatility, crises and growth . . . . .	6
2.3	Natural Resources, Democracy and Corruption . . . . .	7
2.4	The Natural Resource Curse . . . . .	8
2.5	Democracy Does Cause Growth . . . . .	9
<b>3</b>	<b>V-Dem dataset</b>	<b>9</b>
<b>4</b>	<b>Graphs</b>	<b>10</b>
<b>5</b>	<b>Model and the methods used</b>	<b>14</b>
5.1	Fixed Effects Regression with Country and Year Dummies. Dependent variable is Ln GDP per capita . . . . .	
5.2	Fixed Effects Regression with Country Dummies. Dependent variable is Ln GDP per capita . . . . .	
5.3	Fixed Effects Regression with Country and Year Dummies. Dependent variable is Educational Inequality . . . . .	
5.4	Fixed Effects Regression with Country Dummies. Dependent variable is Educational Inequality . . . . .	
5.5	2SLS Regression with Country Dummies. Instrumental variables are the lagged values 10 years ago of all the right-hand-side variables. Dependent variable is Ln GDP per capita . . . . .	

5.6 2SLS Regression with Country Dummies. Instrumental variables are the lagged values 10 years ago of all the right-hand-side variables. Dependent variable is Educational Inequality . . . .

## 6 Conclusion

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# 1 Introduction

The goal of this paper is to find whether the Independence period pushed the countries to grow even more faster, relative to their colonization era. Many countries in our dataset were Western and Northern European colonies (British, French, Spanish, Portuguese, Danish). During their period of colonization, many different administrations and governments were in power and ruling the countries either for a long or for a short period of time. This causes political gaps between citizens and government, lack of trusting and economic uncertainty. Some countries in our dataset gained their independence twice in a short period of time. Some examples are Afghanistan Burma/Myanmar, Libya, Madagascar, Morocco, Netherlands, Poland and South Korea.

Conflicts, violence, wars were recorded in the history of countries. These lost years that were followed after the Independence in Latin America, Africa and Asia countries are called in the literature as «lost decades». Political corruption, instability, policy uncertainty, an absence of public programs for development, violence, lack of property rights and access to justice are indexes that estimate the quality of the governance. A small number of countries (mostly British colonies) gained their independence in peace with no violence or conflict to be recorded in their history.

European and Latin America countries secured their independence relatively earlier in time than Africa countries did. Europe gained its independence approximately in 1850s, while the North, Central and South America approximately in 1830s. As opposed to Africa countries that delayed and secured their independence mostly after 1950s. Europe, Latin America and Oceanian (Australia and New Zealand) are far more richer and educated than Africa



countries. May we say that early Independence played a role in the economic activity nowadays?

As Acemoglu et al mentioned in their papers, Latin America and Africa regions were colonized by European settlers ((British, French, Spanish, Portuguese, Denmark population). In some countries the colonizers settled and established a good quality of institutions, while in other countries (mostly in Africa) they just landed and extracted the country's natural wealth and never settled. This mainly depended on the weather conditions and the soldiers, bishops, and sailor's mortality rates as they are considered as an obstacle for settlement.

This paper is organized as follows: In section 2, we discuss the related literature in order to understand deeper and in more analysis the requirements of this paper. In section 3, we give a brief discussion of the dataset used, Varieties of Democracy (V-Dem), from the University of Gothenburg in Sweden. In section 4, we draw some graphs in order to understand the relationships between economic and political variables and in section 5 we present our econometric model and the estimation methods used. In section 6 we conclude.

## **2 Related Literature**

In this section of the paper, we will discuss the related literature. We will focus on papers that discuss the effects of institutions and democracy on economic growth.

## **2.1 The Colonial Origins of Comparative Development: An Empirical Investigation**

This first paper, is written by Daron Acemoglu, Simon Johnson and A. Robinson. The paper exploits the differences in European mortality rates in order to estimate the effect of institutions on economic performance. Europeans adopted very different colonization policies in different colonies, with different associated institutions. In places where Europeans faced high mortality rates, they could not settle and were more likely to set up extractive institutions. These institutions persisted to the present. Exploiting differences in European mortality rates as an instrument for current institutions, the authors estimate large effects of institutions on income per capita. Once the effect of institutions is controlled for, countries in Africa or those closer to the equator do not have lower incomes.

## **2.2 Institutional causes, macroeconomic symptoms: volatility, crises and growth**

The second paper is written by Countries that have pursued distortionary macroeconomic policies, including high inflation, large budget deficits and misaligned exchange rates, appear to have suffered more macroeconomic volatility and also grown more slowly during the postwar period. Does this reflect the causal effect of these macroeconomic policies on economic outcomes? One reason to suspect that the answer may be no is that countries pursuing poor macroeconomic policies also have weak “institutions,” including political institutions that do not constrain politicians and political elites, ineffective en-

forcement of property rights for investors, widespread corruption, and a high degree of political instability. This paper documents that countries that inherited more “extractive” institutions from their colonial past were more likely to experience high volatility and economic crises during the postwar period. More specifically, societies where European colonists faced high mortality rates more than 100 years ago are much more volatile and prone to crises. Based on the author’s previous work, they interpret this relationship as due to the causal effect of institutions on economic outcomes: Europeans did not settle and were more likely to set up extractive institutions in areas where they faced high mortality. Once they control for the effect of institutions, macroeconomic policies appear to have only a minor impact on volatility and crises. This suggests that distortionary macroeconomic policies are more likely to be symptoms of underlying institutional problems rather than the main causes of economic volatility, and also that the effects of institutional differences on volatility do not appear to be primarily mediated by any of the standard macroeconomic variables. Instead, it appears that weak institutions cause volatility through a number of microeconomic, as well as macroeconomic, channels.

### **2.3 Natural Resources, Democracy and Corruption**

This third paper, is written by Sambit Bhattacharyya and Roland Hodler. The paper studies how natural resources can feed corruption and how this effect depends on the quality of the democratic institutions. Our game-theoretic model predicts that natural resources lead to an increase in corruption if the quality of the democratic institutions is relatively poor, but not otherwise. We use panel data covering the period 1980 to 2004 and 99 countries to test this

theoretical prediction. Our estimates confirm that the relationship between resource abundance and corruption depends on the quality of the democratic institutions. In particular, resource abundance is positively associated with corruption only in countries that have endured a non-democratic regime for more than 60 percent of the years since 1956. Our main results hold when we control for the effects of income, time varying common shocks, regional fixed effects and various additional covariates. They are also robust to various alternative measures of natural resources, corruption and the quality of the democratic institutions. These findings imply that democratization can be a powerful tool to reduce corruption in resource-rich countries.

## **2.4 The Natural Resource Curse**

This fourth paper is written by Jeffrey Frankel. In this paper the author stated that in countries with poor quality of institutions, low value for Rule of Law, Property Rights, Constraints on the executive, the agents of a country might steal and embezzle the state natural resources. For instance, in countries with high values of political corruption and clientelism index the macro and micro decisions that taken can hurt the country as a whole. Jeffrey Frankel stated the below in his paper: “It is striking how often countries with oil or other natural resource wealth have failed to grow more rapidly than those without. This is the phenomenon known as the Natural Resource Curse. The principle is not confined to individual anecdotes or case studies, but has been borne out in econometric tests of the determinants of economic performance across a comprehensive sample of countries”.

## 2.5 Democracy Does Cause Growth

The final paper is written by Acemoglu Daron, Suresh Naidu, Pascual Restrepo, James A. Robinson. This paper focuses on the relationship between democratization and growth. The authors tried to show that democratic countries tend to be richer about 20% in the long-run, as opposed to other countries that are not democratic. Democracy cause growth and its effect is significant and sizable and is driven from the following channels: Higher schooling, Investment and Health. Democratic countries tend to have a higher fraction of their population receiving primary and secondary education. The authors used a panel of countries from 1960-2010 (50 years) for 175 countries and they stated that “The estimates imply that a country that transitions from nondemocracy to democracy achieves about 20 percent higher GDP per capita in the next 25 years than a country that remains a nondemocracy. The effect of democracy does not depend on the initial level of economic development, although the authors find some evidence that democracy is more conducive to growth in countries with greater levels of secondary education”.

Our next topic is to briefly discuss the V-Dem dataset used.

## 3 V-Dem dataset

The data that are used in this paper are extracted from the dataset, Varieties of Democracy (V-Dem), of the University of Gothenburg in Sweden. V-Dem is run by an international network of political scientists and researchers and is based at the Department of Political Science, University of Gothenburg,

Sweden. The institute data covers 202 countries and 704 variables regarding democracy. It spans from 1789 to the present and is collected by contributions from over 3000 local country experts around the world. This dataset includes mostly political variables and a few economic variables as the real GDP per capita, extracted from the Maddison Project Database 2020, growth rate, inflation rate, exports and imports calculated in thousands USD, the per capita production of natural wealth for a specific country calculated in USD. This dataset allows us to estimate the effects of political variables and independence on economic welfare and educational inequality using into analysis a large number of countries.

In the next section, we draw some graphs in order to understand better the relationships between the political variables below and the GDP per capita and which region is relatively more richer among of all these years from 1789 until today.

## 4 Graphs

In this section of the paper, we draw some graphs in order to understand better the relationships between the political variables below and the GDP per capita and which region is relatively more richer among of all these years from 1789 until today.

In figure 1, we draw a bar chart with the countries sorted by their geographic location. Overall, there are 18 different geographic locations in our analysis. 4 in Europe (Western, Northern, Southern and Eastern), 5 in Africa (Northern, Western, Middle, Eastern and Southern), 4 in Asia (Western, Eastern, South-

Eastern and Southern), in Oceania (including Australia and New Zealand), 3 in America (North, Central and South) and the Caribbean, which includes 6 countries. The data are used from the United Nations Statistics Division (2013) database.

As we can see from the bar chart in the Appendix, in Western, Northern and Southern Europe there are located 7 countries in each region and 4 in Eastern Europe. In Northern, Western, Middle, Eastern and Southern Africa there are located 6, 16, 8, 15 and 5 countries respectively.

In Western, Eastern, South-Eastern and Southern Asia there are located 13, 6, 9 and 6 countries respectively. In Oceania there are located 2 countries (Australia and New Zealand). In North, Central and South America there are located 2, 7 and 10 countries respectively and in Caribbean 6 countries. All countries with its geographic location are presented in the Appendix of this paper, see table 1.

In figure 2, we draw two scatter plots, with the variables Primary School Enrollment versus GDP per capita and Secondary School Enrollment versus GDP per capita in 2010. The variables Primary and Secondary Education are measured from an interval scale, running from (0=The Primary/Secondary Education is not achieved at all) to (1= The Primary/Secondary Education is fully achieved).

As it is clearly in the graphs, the correlation index for the left-hand side plot is slightly positive, 27.66%, while the right-hand side plot, the correlation coefficient is strongly positive, 69.92%. In 2010, a small number of countries in the dataset, cannot enjoy a high level of primary education. Some

examples are Ivory Coast and Niger in Western Africa and Sudan in Northern Africa with primary education level 0.65, 0.62 and 0.60 respectively, as opposed to countries with high level of primary education, close to 1. Some examples are Germany, Belgium, Switzerland, Netherlands, France, United Kingdom, Sweden and Ireland in Western and Northern Europe. The GDP per capita of these 8 developed countries is quite high 41109.58, 37739.33, 57219.5, 43812.35, 36086.73, 34754.47, 42634.75, 48623.81 USD, respectively. The GDP per capita for the developing countries Ivory Coast, Niger and Sudan is quite low 2555.02, 810.16, 3707.3 USD, respectively. The relationship between welfare and education level is positive.

In the right-hand plot, it is extremely interesting that a lot of countries in 2010 experience relative low level of secondary education. 28 countries have secondary school enrolment levels lower or equal to 0.6. Some examples from the graph are Morocco and Sudan from Northern Africa, The Gambia, Ivory Coast and Liberia from Western Africa, Democratic Republic of the Congo from Middle Africa, Mozambique and Kenya from Eastern Africa and Yemen and Iraq from Western Asia. These countries are relative poorer compare to Europe countries (which enjoy high levels of Secondary Education close to 1). The average GDP per capita is 2738.64 USD. (Min value= 637.13 USD and max value= 10274.33 USD).

In figure 3, we draw two scatter plots, taking into analysis the variables Property Rights versus GDP per capita and Electoral Democracy Index versus GDP per capita in 2018. The variables Property Rights and Electoral Democracy Index are measured from an interval scale, running from (0=the political variables are not achieved at all) to (1= the political variables are fully achieved).



As it is clearly in the graphs, the correlation index for the left-hand side plot is slightly positive, 36.91%, while the right-hand side plot, the correlation coefficient is slightly positive, 28.21%. In 2018, a large number of countries in the dataset, cannot enjoy their property rights sufficiently. Some examples are Cuba, Haiti in Caribbean, Rwanda, Djibouti and Kenya in Eastern Africa, China in Eastern Asia and Central African Republic and Equatorial Guinea in Middle Africa with property rights level approximately 0.44 (in a scale between 0-1).

In the right-hand plot, it is extremely interesting that the number of countries than cannot enjoy relatively high level of Electoral Democracy Index is increasing. Around 73 countries experience low levels and the ideal of Electoral Democracy Index in its fullest sense is not achieved.

In figure 4, we draw the political corruption index for the Western and Northern Europe countries, N=14. The data are extracted from the Varieties of Democracy dataset (V-Dem). For all countries the political corruption index is available from the beginning of the sample 1789-2018, except from Luxembourg and Ireland, which is available from 1900-2018 and 1920-2018 respectively. The political corruption index measures how persuasive is political corruption. The index runs from less corrupt (more democratic) to more corrupt (less democratic) situation. For the majority of countries, the index is moving from 0-0.3 (from a scale between 0-1). In Netherlands and United Kingdom, the maximum value that was recorded was 0.65 from 1795-1814 and 0.46 from 1789-1819 respectively.

In figure 5, we draw the political corruption index for the North, Central and South America countries, N=19. As we can see, Canada and United States

of America have the smallest political corruption index (max value = 0.073 and 0.119 respectively). These countries are called in the literature as «Neo-Europes» (including Australia and New Zealand) (Acemoglu et al). The rest 17 countries experience high political corruption index, in some cases close to 1.

## 5 Model and the methods used

First of all, in order to start our empirical analysis, we imported a dataset with 202 countries. Then, as a second step, we excluded some countries from the dataset and the remaining number of countries reduced to 136. 66 countries were not satisfied the criteria and were dropped. The criteria are the data availability. Our benchmark is at least 69 yearly observations for the GDP per capita for each country. Many countries, including Cyprus were having satisfactory data and were kept in the analysis (1950-2018,69 years).

Both economic and political variables are endogenous, as per the literature and as of that we used their lagged values.

The econometric models that we used are below:

$$Y_{i,t} = \beta_0 + \beta_1 \cdot X'_{i,t} + \beta_2 \cdot I'_{i,t} + \beta_3 \cdot lny_{i,t} + \gamma_i \cdot t + u_i + \varepsilon_{i,t} \quad (1)$$

$$Y_{i,t} = \beta_0 + \beta_1 \cdot X'_{i,t} + \beta_2 \cdot I'_{i,t} + \beta_3 \cdot lny_{i,t} + u_i + \varepsilon_{i,t} \quad (2)$$

The equation (1) is Fixed Effect model with Country and Time trends. An alternative way to estimate the fixed effects model is by least squares is to use a full set of dummy variables  $u_i = d'_i \cdot u$

The DV estimator is equivalent to the FE estimator by the FWL theorem.

where the  $Y_{i,t}$  is the dependent variables Log of GDP per capita or Educational Inequality for the  $i$  country in period  $t$ . Educational inequality measures how unequal is the level of education achieved by the population aged 15 years and older, calculated by a gini coefficient. A lower scores indicate a normatively better situation (e.g. less educational inequality) and higher scores a normatively worse situation (e.g. more educational inequality).

The term  $X'_{i,t}$  are the economic variables for the  $i$  country in period  $t$ . The economic variables used in the regressions from the V-Dem dataset are the Primary and Secondary Education. The term  $I'_{i,t}$  are the political variables for the  $i$  country in period  $t$ . Also, the term  $lny_{i,t}$  is the lagged value of the Log of GDP per capita. Finally, the error term is  $\varepsilon_{i,t}$  that captures the omitted and missing variables which affect the dependent variable.

#### *Results of this paper*

The results of this paper are found in the regressions tables 4,5,6 and 7. In table 4, we run a Fixed Effect model with Country Dummies using 15 independent variables. The dependent variable is Log of GDP per capita. We used the lagged values of all explanatory variables in order to control for endogeneity, as both economic and political variables are endogenous, as per the literature. The political and economic variables are endogenous, as they affect and are affected by the economic growth and the education level of the population. We say that there is endogeneity in the model

$$y = x'_i \cdot \beta + \varepsilon_i \quad (3)$$

if  $\beta$  is the parameter of interest and  $E(x_i, \varepsilon_i) \neq 0$

We will call the above model a structural equation and  $\beta$  a structural parameter.

Total effects are calculated in brackets. Total effects is the first derivative of  $y$  (=Ln GDP per capita or Educational Inequality) with respect to  $x$  (=Political or Economic variable)

One example is below:

$$\begin{aligned} \text{LnGDPpercapita}_{it} = & \beta_0 + \beta_1 \cdot \text{IndependentState}_{it} + \beta_2 \cdot \text{PrimaryEducation}_{it} + \\ & \beta_3 \cdot (\text{PrimaryEducation} * \text{IndependentState}_{it}) + \varepsilon_{i,t} \end{aligned}$$

$$\text{Total Effect} = \frac{\partial \text{LnGDPpercapita}}{\partial \text{PrimaryEducation}} = \widehat{\beta}_2 + \widehat{\beta}_3 * \text{IndependentState}_{it}$$

$$\text{Direct Effect} = \widehat{\beta}_2$$

$$\text{Indirect Effect} = \widehat{\beta}_3 * \text{IndependentState}_{it}$$

We estimated the variable Independent State by its mean value, which is 0.72.

In addition, the elasticity is  $E = \frac{\partial Y}{\partial X} \cdot \frac{X}{Y}$ . In case where all the variables take the value between 0-1, then the coefficients are comparable. One example is below:

$\text{EducationalInequality}_{it} = \beta_0 + \beta_1 * \text{PrimaryEducation}_{it}$  All the independent variables take the value from the interval scale 0-1. Also, the dependent variable, Educational inequality takes the value between 0-1. In that case the elasticity is the same and is measured as above.

In the case, where the dependent variable is Log of GDP per capita, then the model is written as below

$$\ln y = \beta_0 + \beta_1 * x$$

$$E = \frac{\partial Y}{\partial X} \cdot \frac{1}{Y}$$

$$\text{Log of GDP per capita}_{it} = \beta_0 + \beta_1 * \text{PrimaryEducation}_{it}$$

the Elasticity is  $E = \frac{\partial Y}{\partial X} \cdot \frac{1}{Y}$

In order to compare the coefficients, i must multiply the elasticity by the variable X (economic and political variable).

In table 4, as we expect the total effect of Primary and Secondary Scholl Enrollment on Log of GDP per capita is positive. That means that keeping all the other factors constant, an increase in the levels of Primary and Secondary Scholl Enrollment by 1% will increase on average the Log of GDP per capita by the coefficient indicated in the brackets. The same holds for the variables Property Rights and Electoral Democracy Index. On the other hand, the variables in table 4, Clientelism Index, Political Corruption Index and the Hereditary Index have a negative affect on Log of GDP per capita. That means that keeping all the other factors constant, an increase by 1% in the levels of Clientelism Index, Political Corruption Index and the Hereditary Index will fall the Log of GDP per capita by the coefficient indicated in the brackets on average.

In table 5, we used both Country and Year Dummies. The result of this Fixed Effect regression is shown in table 5. Again, the lagged values of the variables Primary and Secondary Scholl Enrollment, Property Rights and Electoral Democracy Index have a positive effect on Log of GDP per capita, while the lagged values of the variables Clientelism Index, Political Corruption Index and the Hereditary Index have a negative effect on Log of GDP per capita.

In table 6, we run a Fixed Effect model but our dependent variable used is Educational Inequality. In this regression model we used one additional independent variable, which is the lagged value of Log of GDP per capita 20

years ago. As we expect an increase in the Log of GDP per capita, keeping all the other factors constant lower the Gini Coefficient. In addition, an increase in the variables primary and secondary school enrolment lowers the levels of educational inequality as well. The same holds for the variable Property Rights. An increase in the level of Property rights by 1% will lower the level of Educational Inequality. On the other hand, the political variables Clientelism Index and Hereditary Index increase the level of Educational Inequality and worsen the situation.

In table 7, we used both Country and Year Dummies. The result of this Fixed Effect regression is shown in table 7. As before, an increase in the levels of the variables Primary and Secondary School Enrolment and Property Rights by 1% lowers the level of Educational Inequality. The same holds for the Log of GDP per capita. On the other hand, an increase in the levels of the variables Clientelism Index and Hereditary Index by 1% increase the level of the Gini Coefficient and worsen the situation.

Notes:

1. The coefficients are quite stronger when we are using Fixed Effect model with Country Dummies rather than Fixed Effect model with Country and Year Dummies.
2. The coefficients are quite stronger when we are using larger lagged values for the independent variables, for instance  $t - 40$ . This is hold for Log of GDP per capita as dependent variable.
3. The coefficients are quite stronger when we are using smaller lagged values for the explanatory variables, for instance  $t - 10$ . This is hold for Educational Inequality as dependent variable.
4. Using larger lagged values for the explanatory variables, the statistical sig-

nificant remains.

5. The 2SLS model gives quite stronger coefficients, using as instrumental variables (IV) the lagged values of the independent variables.

## Conclusion

In this paper our goal is to estimate the total effects of political variables and Independence on economic growth and educational inequality across the world. The findings show that political variables and Independence matter for economic growth and welfare. The estimations are statistically significant both with Log of GDP per capita or Educational Inequality as dependent variables. The coefficients are quite stronger if we take larger lagged values as explanatory variables, for instance 40 years ago. The trend is positive for Primary and Secondary Education, Property Rights and Electoral Democracy Index on Log of GDP per capita. While the trend for Clientelism relationships, Political Corruption Index and Hereditary Dimension Index is negative on Log of GDP per capita. For Educational Inequality as dependent variable this is not happening. The smaller lagged values, for instance  $t - 10$  as explanatory variables are stronger than the larger lagged values, for instance  $t - 40$ .

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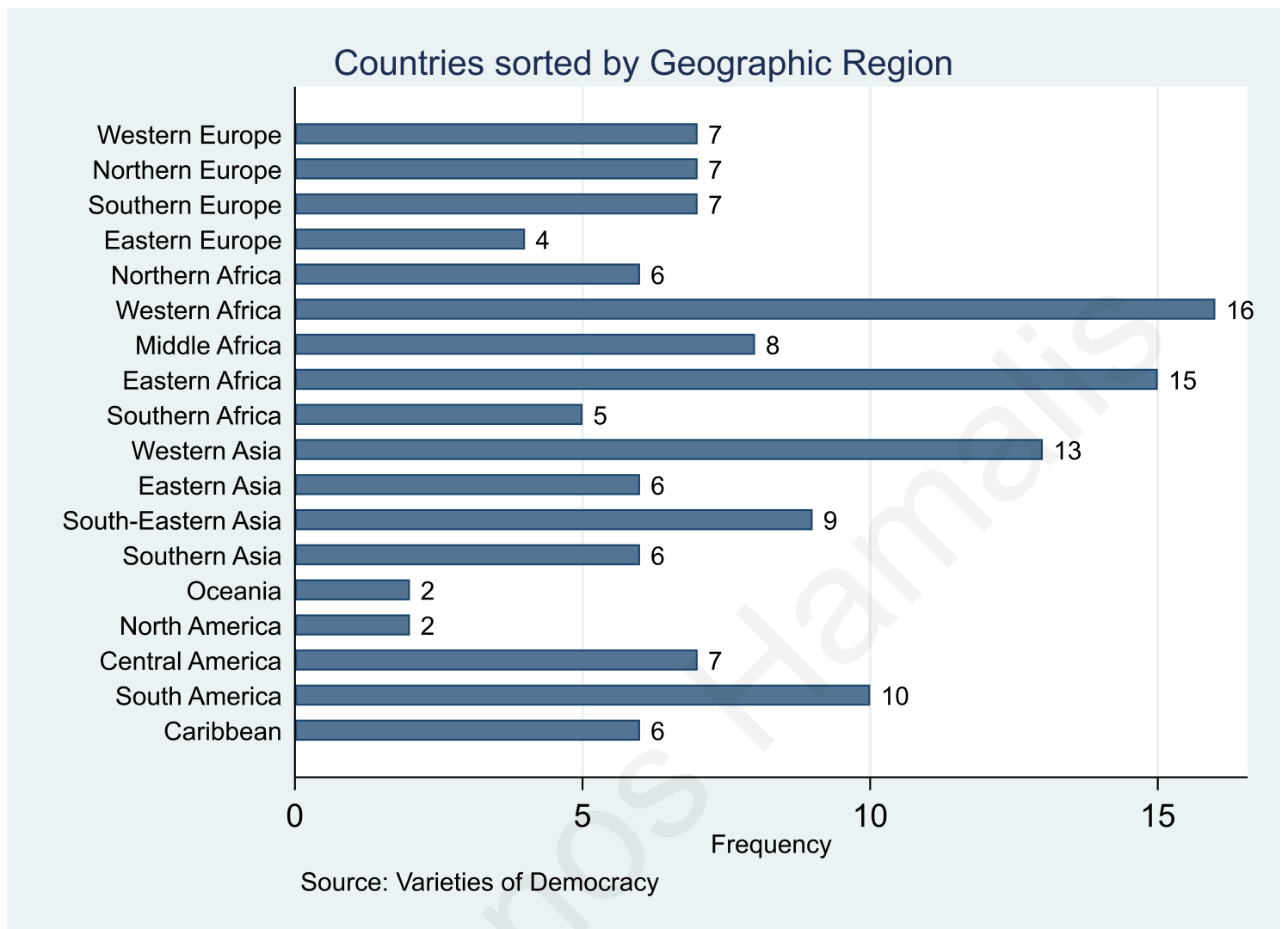


Figure 1: In which geographic region is the country located?

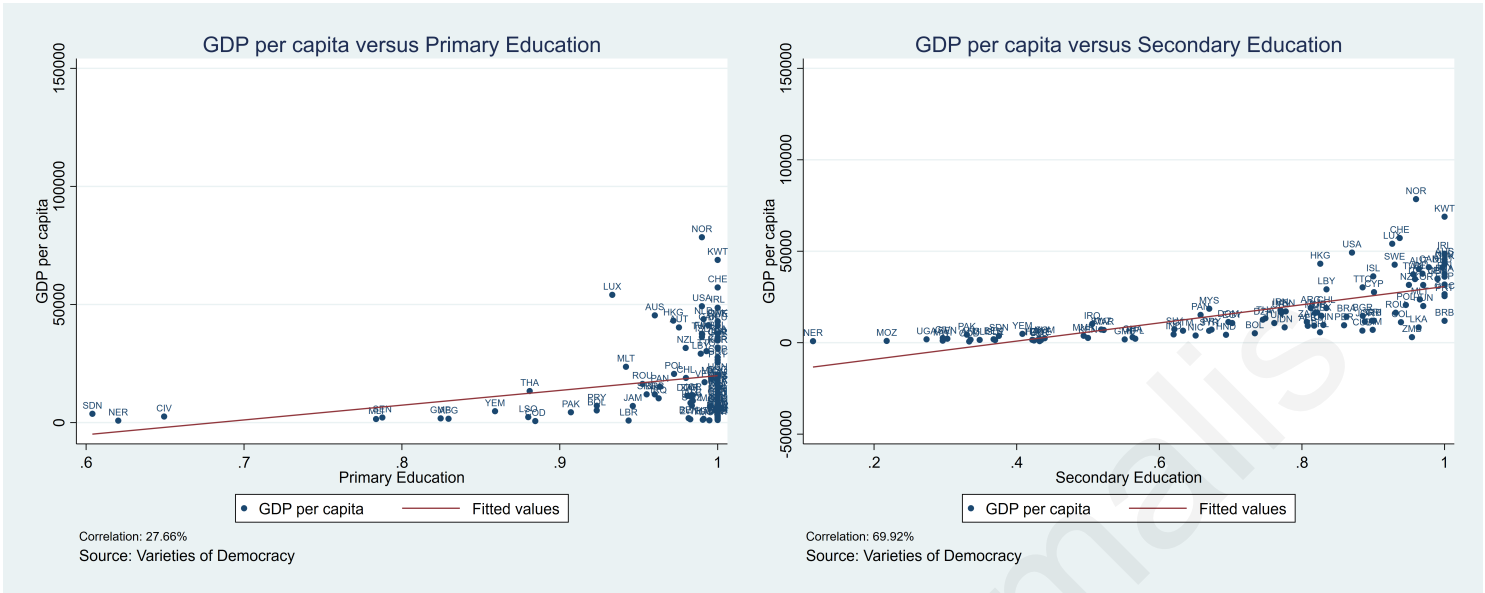


Figure 2: GDP per capita Versus Primary School Enrollment in 2010, N=136

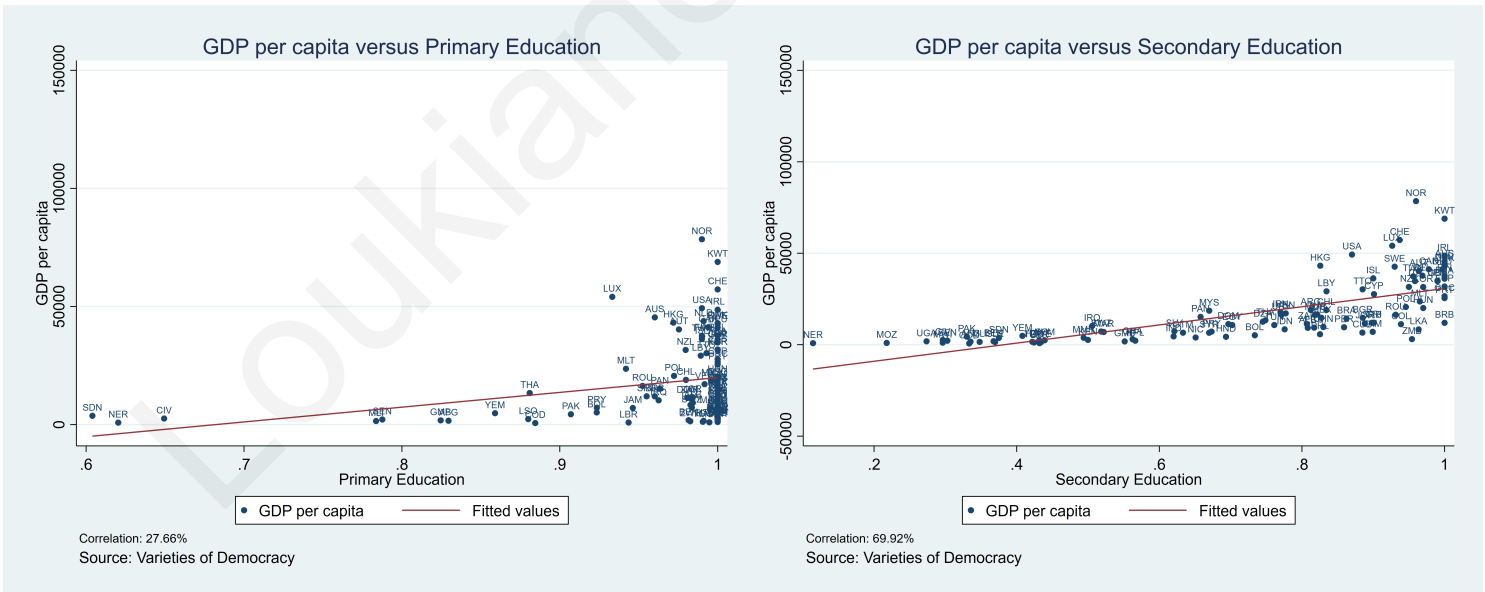
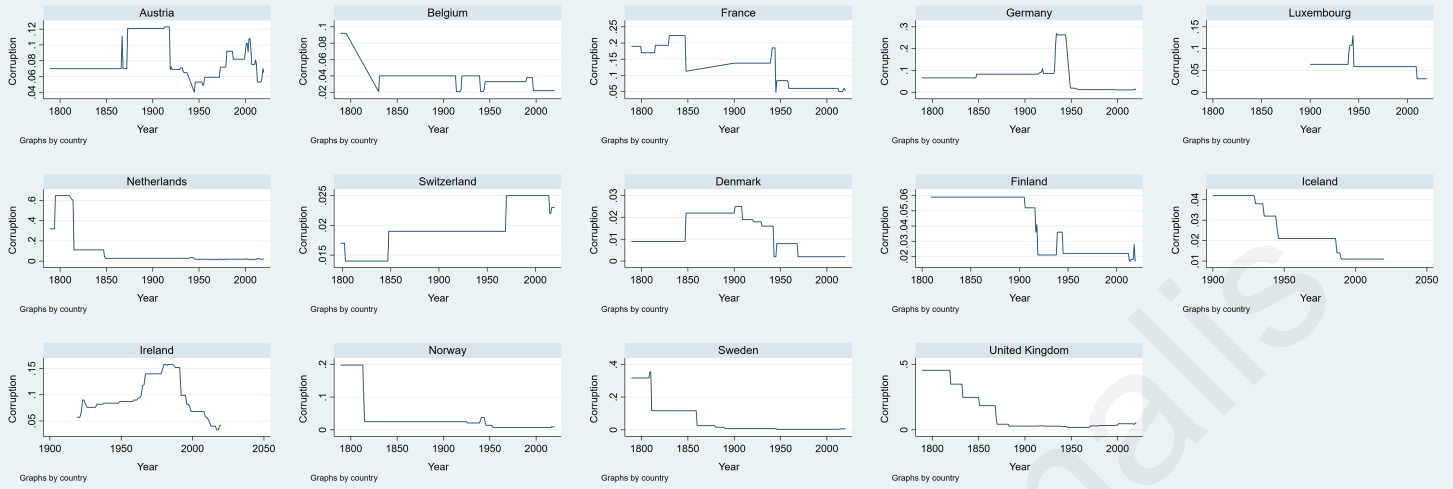


Figure 3: GDP per capita Versus Secondary School Enrollment in 2010, N=136

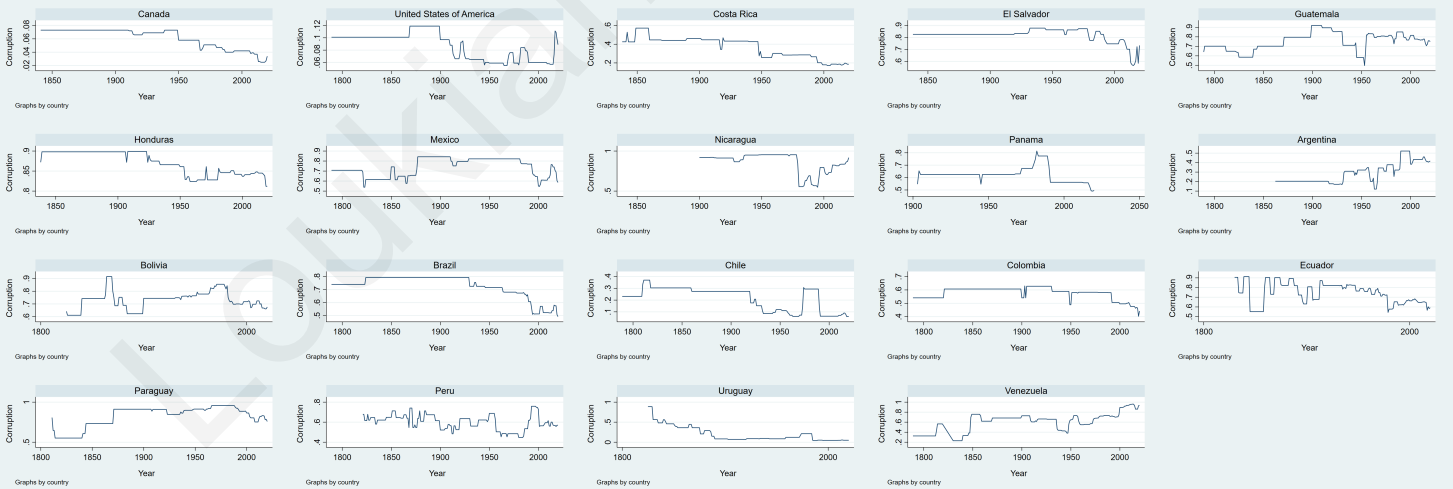
### Political Corruption Index in Western and Northern Europe



Source: Varieties of Democracy (V-Dem) dataset

Figure 4: Political Corruption Index in Western and Northern Europe, N=14

### Political Corruption Index in North, Central and South America



Source: Varieties of Democracy (V-Dem) dataset

Figure 5: Political Corruption Index in North, Central and South America, N=19

## GDP per capita and growth rate in Western and Northern Europe

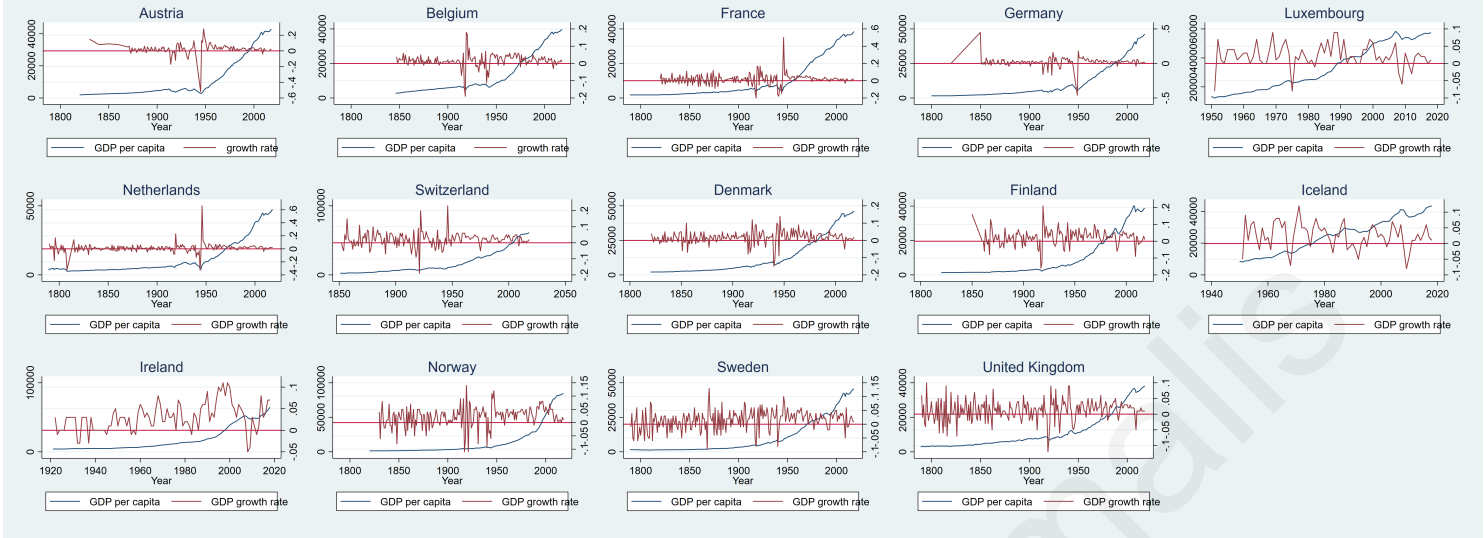


Figure 6: Real GDP per capita and growth rate in Western and Northern Europe, N=14

Source: Maddison Project Database (2020)

## GDP per capita and growth rate in North, Central and South America

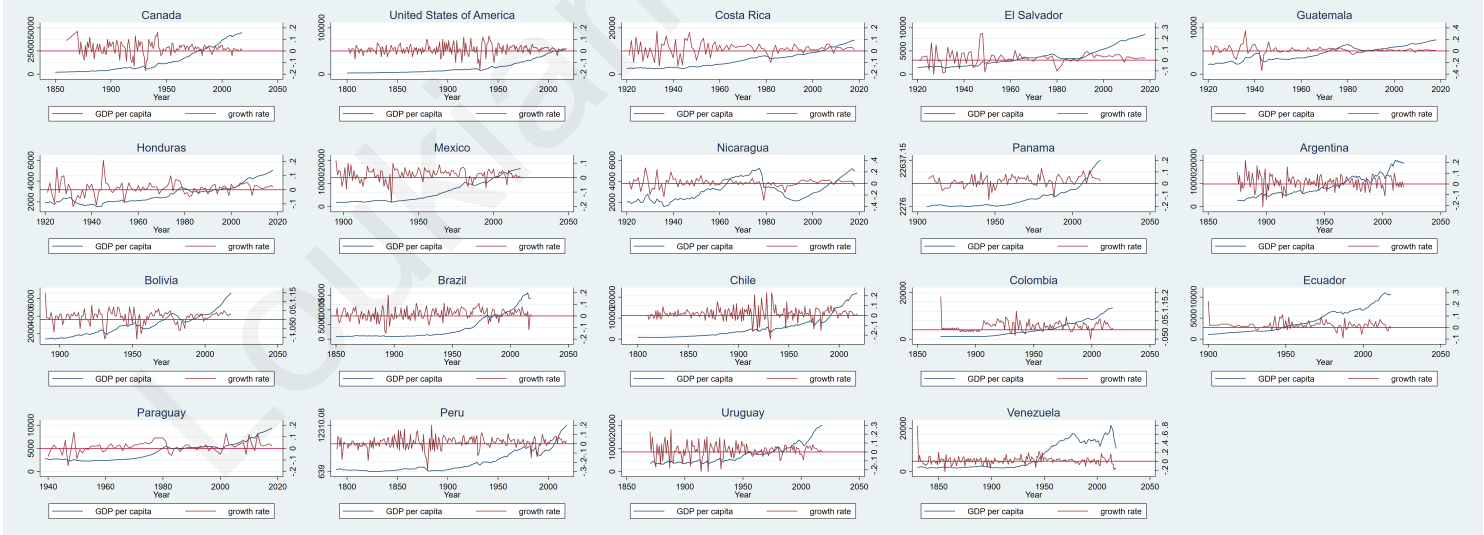


Figure 7: Real GDP per capita and growth rate in North, Central and South America, N=19

Source: Maddison Project Database (2020)

**Table 1:** List of all countries that are included in the analysis. The year of the independence and the region variable are included. The data are sorted by the region variable.

Country	Year	Region	Country	Year	Region
Austria	1789	Western Europe	Ghana	1957	Western Africa
Belgium	1830	Western Europe	Guinea	1958	Western Africa
France	1789	Western Europe	Guinea-Bissau	1974	Western Africa
Germany	1789	Western Europe	Ivory Coast	1960	Western Africa
Luxembourg	1867	Western Europe	Liberia	1847	Western Africa
Netherlands	1789	Western Europe	Mali	1960	Western Africa
Switzerland	1814	Western Europe	Mauritania	1960	Western Africa
Denmark	1789	Northern Europe	Niger	1960	Western Africa
Finland	1917	Northern Europe	Nigeria	1960	Western Africa
Iceland	1944	Northern Europe	Senegal	1960	Western Africa
Ireland	1921	Northern Europe	Sierra Leone	1961	Western Africa
Norway	1905	Northern Europe	The Gambia	1965	Western Africa
Sweden	1789	Northern Europe	Togo	1960	Western Africa
United Kingdom	1789	Northern Europe	Angola	1975	Middle Africa
Albania	1913	Southern Europe	Central African Republic	1960	Middle Africa
Greece	1827	Southern Europe	Chad	1960	Middle Africa
Italy	1861	Southern Europe	Democratic Republic of the Congo	1960	Middle Africa
Malta	1964	Southern Europe	Equatorial Guinea	1968	Middle Africa
Portugal	1789	Southern Europe	Gabon	1960	Middle Africa
Serbia	1878	Southern Europe	Republic of the Congo	1960	Middle Africa
Spain	1789	Southern Europe	Sao Tome and Principe	1975	Middle Africa
Bulgaria	1878	Eastern Europe	Burundi	1962	Eastern Africa
Hungary	1918	Eastern Europe	Comoros	1975	Eastern Africa
Poland	1789	Eastern Europe	Djibouti	1977	Eastern Africa
Romania	1878	Eastern Europe	Ethiopia	1855	Eastern Africa
Algeria	1962	Northern Africa	Kenya	1963	Eastern Africa
Egypt	1827	Northern Africa	Madagascar	1817	Eastern Africa
Libya	1789	Northern Africa	Malawi	1964	Eastern Africa
Morocco	1789	Northern Africa	Mauritius	1968	Eastern Africa
Sudan	1956	Northern Africa	Mozambique	1975	Eastern Africa
Tunisia	1956	Northern Africa	Rwanda	1962	Eastern Africa
Benin	1960	Western Africa	Seychelles	1976	Eastern Africa
Burkina Faso	1960	Western Africa	Tanzania	1961	Eastern Africa
Cape Verde	1975	Western Africa	Uganda	1962	Eastern Africa

**Table 1:** (Continued)

Country	Year	Region	Country	Year	Region
Zambia	1964	Eastern Africa	Vietnam	1954	South-Eastern Asia
Zimbabwe	1965	Eastern Africa	Afghanistan	1789	Southern Asia
Botswana	1966	Southern Africa	India	1947	Southern Asia
Eswatini	1968	Southern Africa	Iran	1789	Southern Asia
Lesotho	1966	Southern Africa	Nepal	1789	Southern Asia
Namibia	1990	Southern Africa	Pakistan	1947	Southern Asia
South Africa	1910	Southern Africa	Sri Lanka	1948	Southern Asia
Bahrain	1971	Western Asia	Australia	1901	Oceania
Cyprus	1960	Western Asia	New Zealand	1907	Oceania
Iraq	1932	Western Asia	Canada	1867	North America
Israel	1948	Western Asia	United States of America	1789	North America
Jordan	1946	Western Asia	Costa Rica	1840	Central America
Kuwait	1961	Western Asia	El Salvador	1840	Central America
Lebanon	1944	Western Asia	Guatemala	1840	Central America
Oman	1789	Western Asia	Honduras	1840	Central America
Qatar	1971	Western Asia	Mexico	1821	Central America
Saudi Arabia	1932	Western Asia	Nicaragua	1840	Central America
Syria	1946	Western Asia	Panama	1903	Central America
Turkey	1789	Western Asia	Argentina	1816	South America
Yemen	1918	Western Asia	Bolivia	1825	South America
China	1789	Eastern Asia	Brazil	1822	South America
Hong Kong		Eastern Asia	Chile	1818	South America
Japan	1789	Eastern Asia	Colombia	1830	South America
Mongolia	1921	Eastern Asia	Ecuador	1830	South America
South Korea	1789	Eastern Asia	Paraguay	1811	South America
Taiwan	1949	Eastern Asia	Peru	1824	South America
Burma/Myanmar	1789	South-Eastern Asia	Uruguay	1830	South America
Cambodia	1953	South-Eastern Asia	Venezuela	1830	South America
Indonesia	1945	South-Eastern Asia	Barbados	1966	Caribbean
Laos	1954	South-Eastern Asia	Cuba	1902	Caribbean
Malaysia	1957	South-Eastern Asia	Dominican Republic	1844	Caribbean
Philippines	1946	South-Eastern Asia	Haiti	1816	Caribbean
Singapore	1965	South-Eastern Asia	Jamaica	1962	Caribbean
Thailand	1789	South-Eastern Asia	Trinidad and Tobago	1962	Caribbean

**Table 2:** Summary Statistics

<b>Variable</b>	<b>Observations, N</b>	<b>Mean</b>	<b>Median</b>	<b>Minimum</b>	<b>Maximum</b>
GDP per capita	13,777	7651.461	3478	295	156299
Primary school enrollment	15,613	0.53	0.51	0.003	0.99
Secondary school enrollment	15,613	0.18	0.46	0	0.99
Educational inequality, Gini	11,036	0.48	0.44	0.013	0.99
Independent states	22,240	0.72	1	0	1
Armed conflict, international	19,114	0.12	0	0	1
Armed conflict, internal	19,114	0.09	0	0	1
Clientelism Index	20,666	0.56	0.60	0.018	0.99
Property rights	22,143	0.47	0.50	0.001	0.97
Electoral Democracy Index	21,330	0.27	0.18	0.006	0.92
Political corruption index	21,338	0.45	0.47	0.002	0.97
Hereditary dimension index	22,070	0.12	0	0	1





**Table 5:** Regression table with Country Dummies. Dependent variable is Log of GDP per capita.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FE	FE	FE	FE	FE	FE	FE	FE	FE
Independent State	0.466*** (22.98)	0.452*** (21.73)	-0.103*** (-3.62)	-0.0920** (-3.15)	-0.163** (-2.93)	-0.116 (-1.89)	-0.245*** (-3.76)	-0.239*** (-3.67)	-0.234*** (-3.60)
			[0.847 ]	[0.8588 ]	[0.8913 ]	[0.8708 ]	[0.8774 ]	[0.9248 ]	[0.9111 ]
International Armed Conflict	-0.289*** (-15.19)	-0.265*** (-13.83)	-0.249*** (-13.57)	-0.247*** (-13.44)	-0.246*** (-13.42)	-0.246*** (-13.43)	-0.245*** (-13.37)	-0.246*** (-13.45)	-0.246*** (-13.44)
Internal Armed Conflict	0.0269 (1.31)	0.0517* (2.55)	0.0354 (1.83)	0.0339 (1.75)	0.0328 (1.69)	0.0320 (1.65)	0.0270 (1.40)	0.0237 (1.22)	0.0228 (1.18)
Primary Education t-40	3.499*** (60.01)	2.891*** (41.84)	0.495*** (4.49)	0.661*** (4.61)	0.633*** (4.38)	0.496** (3.04)	0.912*** (5.13)	1.041*** (5.79)	1.086*** (5.97)
Secondary Education t-40	-4.960*** (-18.05)	-6.249*** (-19.63)	-4.339*** (-13.89)	-5.228*** (-8.99)	-5.274*** (-9.06)	-5.603*** (-9.19)	-2.890*** (-3.78)	-2.246** (-2.89)	-2.151** (-2.76)
Clientelism Index t-40		0.309*** (3.42)	0.388*** (4.50)	0.402*** (4.64)	0.229 (1.59)	0.237 (1.64)	-0.0905 (-0.59)	0.316 (1.76)	0.296 (1.64)
Property Rights t-40		0.231* (2.01)	0.0791 (0.72)	0.0868 (0.79)	0.0941 (0.85)	0.465* (2.00)	0.836*** (3.47)	0.621* (2.53)	0.582* (2.36)
Electoral Democracy Index t-40		1.728*** (8.61)	1.965*** (10.22)	1.982*** (10.30)	2.023*** (10.41)	2.046*** (10.51)	-1.803** (-2.63)	-1.638* (-2.39)	-1.592* (-2.32)
Political Corruption Index t-40		-1.796*** (-13.98)	-1.610*** (-13.08)	-1.620*** (-13.15)	-1.598*** (-12.89)	-1.578*** (-12.68)	-1.623*** (-13.04)	-2.433*** (-10.91)	-2.492*** (-11.04)
Hereditary Index t-40		-5.727*** (-17.35)	-5.342*** (-16.91)	-5.316*** (-16.81)	-5.254*** (-16.47)	-5.241*** (-16.43)	-5.143*** (-16.14)	-5.042*** (-15.80)	-3.710*** (-4.37)
(Primary Education * Indep) t-40			3.656*** (27.13)	3.426*** (18.52)	3.487*** (18.41)	3.685*** (16.85)	3.148*** (13.30)	2.993*** (12.52)	2.944*** (12.23)
			[3.1269 ]	[3.1273 ]	[3.144 ]	[3.1493 ]	[3.1788 ]	[3.1957 ]	[3.2058 ]
(Secondary Education * Indep) t-40				2.003 (1.81)	2.025 (1.83)	2.633* (2.28)	-2.507 (-1.73)	-3.973** (-2.67)	-4.152** (-2.79)
				[-3.7852 ]	[-3.8158 ]	[-3.7077 ]	[-4.695 ]	[-5.1062 ]	[-5.1404 ]
(Clientelism Index * Indep) t-40					0.281 (1.50)	0.253 (1.35)	0.747*** (3.64)	0.0884 (0.35)	0.130 (0.51)
					[0.4309 ]	[0.4187 ]	[0.4475 ]	[0.3794 ]	[0.3901 ]
(Property Rights * Indep) t-40						-0.584 (-1.81)	-1.163*** (-3.45)	-0.883* (-2.58)	-0.822* (-2.38)
						[0.0444 ]	[-0.0013 ]	[-0.0144 ]	[-0.0094 ]
(Electoral Democracy Index * Indep) t-40							5.754*** (5.86)	5.654*** (5.76)	5.575*** (5.68)
							[2.3395 ]	[2.4328 ]	[2.4223 ]
(Political Corruption Index * Indep) t-40								1.377*** (4.38)	1.470*** (4.60)
								[-1.4413 ]	[-1.4339 ]
(Hereditary Index * Indep) t-40									-1.971 (-1.69)
									[-5.1289 ]
_cons	7.092*** (344.29)	7.387*** (161.90)	7.795*** (168.89)	7.777*** (164.54)	7.827*** (135.73)	7.784*** (125.19)	7.902*** (121.20)	7.882*** (120.74)	7.871*** (120.07)
N	8621	7977	7977	7977	7977	7977	7977	7977	7977

t statistics in parentheses

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

**Table 3:** Data Descriptions and Source

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<b>Primary school enrollment:</b> What percentage of the primary school-aged population is enrolled in primary school? The variable is on an interval level, running from 0 (= Education is not achieved at all) to 1 (= Education is fully achieved).
<b>Secondary school enrollment:</b> What percentage of the secondary school-aged population is enrolled in secondary school? The variable is on an interval level, running from 0 (= Education is not achieved at all) to 1 (= Education is fully achieved).
<b>Educational inequality, Gini:</b> How unequal is the level of education achieved by the population aged 15 years and older. That is, lower scores indicate a normatively better situation (e.g. less educational inequality) and higher scores a normatively worse situation (e.g. more educational inequality).?
<b>GDP per capita:</b> What is the GDP per capita? GDP refers to gross domestic production, understood on a per capita basis. The source is: Maddison Project Database (2020).
<b>Independent states:</b> Is the polity an independent state? V-Dem database categorize the country as either 0=Not independent or 1=Independent in a given year.
<b>Armed conflict, international:</b> Did the country participate in an international armed conflict? The country takes the value 1 if the country participated in an international armed conflict in a given year and 0 otherwise.
<b>Armed conflict, internal:</b> Did the country experience an internal armed conflict? The country takes the value 1 if the country suffered in an internal armed conflict in a given year and 0 otherwise.
<b>Clientelism Index:</b> To what extent are politics based on clientelistic relationships? Clientelistic relationships include the targeted, contingent distribution of resources (goods, services, jobs, money, etc) in exchange for political support. That is, lower scores indicate a normatively better situation (e.g. more democratic) and higher scores a normatively worse situation (e.g. less democratic).
<b>Property rights:</b> Do citizens enjoy the right to private property? Private property includes the right to acquire, possess, inherit, and sell private property, including land. This variable is estimated by averaging two indicators: property rights for men and women.
<b>Electoral Democracy Index:</b> To what extent is the ideal of electoral democracy in its fullest sense achieved?
<b>Political corruption index:</b> How pervasive is political corruption? The corruption index includes measures of six distinct types of corruption that cover both different areas and levels of the polity realm, distinguishing between executive, legislative and judicial corruption. The lower scores indicate a normatively better situation (e.g. less corruption) and higher scores a normatively worse situation (e.g. more corruption).
<b>Hereditary dimension index:</b> To what extent is the power base of the chief executive determined by hereditary succession? The variable is on an interval level, running from 0 (= The power of the chief executive is not determined by hereditary succession at all) to 1 (=The power of the chief executive is determined fully by hereditary succession).

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**Table 6:** Regression table with Country Dummies. Dependent variable is Educational Inequality.

	(1) FE	(2) FE	(3) FE	(4) FE	(5) FE	(6) FE	(7) FE	(8) FE	(9) FE
Log of GDP per capita t-20	-0.00762*** (-3.41)	-0.0110*** (-5.14)	-0.0133*** (-6.01)	-0.0139*** (-6.29)	-0.0182*** (-8.07)	-0.0177*** (-7.85)	-0.0189*** (-8.33)	-0.0177*** (-7.81)	-0.0234*** (-10.29)
Independent states	-0.0594*** (-12.32)	-0.0483*** (-10.17)	-0.0787*** (-9.11)	-0.0839*** (-9.57)	-0.00972 (-0.81)	0.0353* (2.12)	0.0663*** (3.76)	0.0870*** (4.90)	0.0975*** (5.55)
Primary school enrollment t-10	-0.00559*** (-92.20)	-0.00523*** (-83.94)	-0.00575*** (-41.53)	-0.00558*** (-37.99)	-0.00544*** (-36.97)	-0.00579*** (-33.60)	-0.00647*** (-30.24)	-0.00643*** (-30.16)	-0.00645*** (-30.62)
Secondary school enrollment t-10	-0.000678*** (-11.49)	-0.000281*** (-4.55)	-0.000281*** (-4.55)	-0.00882*** (-3.51)	-0.00439 (-1.72)	-0.00410 (-1.61)	-0.000650 (-0.25)	-0.00397 (-1.50)	-0.0106*** (-3.97)
Clientelism Index t-10		0.127*** (15.16)	0.127*** (15.17)	0.124*** (14.78)	0.245*** (15.41)	0.269*** (15.80)	0.334*** (15.99)	0.214*** (8.22)	0.138*** (5.23)
Property Rights t-10		-0.0891*** (-9.97)	-0.0901*** (-10.09)	-0.0889*** (-9.95)	-0.0789*** (-8.82)	0.0177 (0.67)	-0.0273 (-0.99)	0.0704* (2.32)	0.0960** (3.20)
Electoral Democracy Index t-10		0.0428*** (5.78)	0.0445*** (6.01)	0.0434*** (5.85)	0.0331*** (4.44)	0.0366*** (4.87)	0.263*** (6.12)	0.201*** (4.60)	0.197*** (4.58)
Political Corruption Index t-10		-0.166*** (-15.45)	-0.160*** (-14.75)	-0.161*** (-14.82)	-0.151*** (-13.97)	-0.149*** (-13.76)	-0.147*** (-13.62)	0.0925** (2.79)	0.183*** (5.46)
Hereditary Dimension Index t-10		0.157*** (15.84)	0.158*** (15.95)	0.159*** (16.10)	0.157*** (15.91)	0.160*** (16.19)	0.158*** (16.02)	0.161*** (16.39)	0.617*** (17.05)
(Primary school enrollment * Indep) t-10			0.000610*** (4.21)	0.000444** (2.90)	0.000269 (1.76)	0.000629*** (3.52)	0.00131*** (5.97)	0.00129*** (5.92)	0.00133*** (6.18)
			[-0.0037]	[-0.0037]	[-0.0037]	[-0.0037]	[-0.0037]	[-0.0037]	[-0.0037]
(Secondary school enrollment * Indep) t-10				0.00855*** (3.40)	0.00419 (1.64)	0.00389 (1.53)	0.000475 (0.18)	0.00379 (1.43)	0.0105*** (3.94)
				[-0.0002]	[-0.0001]	[-0.0001]	[-0.0001]	[-0.0001]	[-0.00005]
(Clientelism Index * Indep) t-10					-0.140*** (-8.94)	-0.165*** (-9.77)	-0.234*** (-11.03)	-0.103*** (-3.81)	-0.0147 (-0.53)
					[0.0761]	[0.0746]	[0.0721]	[0.0797]	[0.0888]
(Property Rights * Indep) t-10						-0.104*** (-3.90)	-0.0583* (-2.08)	-0.151*** (-4.97)	-0.174*** (-5.77)
						[-0.0622]	[-0.0617]	[-0.0581]	[-0.0559]
(Electoral Democracy Index * Indep) t-10							-0.232*** (-5.35)	-0.173*** (-3.95)	-0.171*** (-3.96)
							[0.0226]	[0.0197]	[0.0187]
(Political Corruption Index * Indep) t-10								-0.252*** (-7.65)	-0.354*** (-10.57)
								[-0.1147]	[-0.123]
(Hereditary Dimension Index * Indep) t-10									-0.488*** (-13.08)
									[0.0926]
_cons	0.925*** (50.10)	0.940*** (50.07)	0.980*** (46.66)	0.991*** (46.64)	0.956*** (44.44)	0.909*** (37.01)	0.890*** (35.90)	0.855*** (34.08)	0.886*** (35.59)
N	7177	7061	7061	7061	7061	7061	7061	7061	7061

t statistics in parentheses

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

**Table 7:** Regression table with Country and Year Dummies. Dependent variable is Educational Inequality.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FE	FE	FE	FE	FE	FE	FE	FE	FE
Log of GDP per capita t-20	0.00291 (1.24)	-0.000619 (-0.27)	-0.00307 (-1.34)	-0.00415 (-1.80)	-0.00773*** (-3.34)	-0.00680** (-2.94)	-0.00720** (-3.10)	-0.00532* (-2.30)	-0.0111*** (-4.79)
Independent states	-0.0467*** (-9.44)	-0.0437*** (-8.80)	-0.0835*** (-9.52)	-0.0911*** (-10.20)	-0.00151 (-0.12)	0.0680*** (4.05)	0.0790*** (4.40)	0.111*** (6.15)	0.122*** (6.85)
Primary school enrollment t-10	-0.00431*** (-54.58)	-0.00428*** (-54.68)	-0.00497*** (-33.53)	-0.00475*** (-30.40)	-0.00467*** (-30.08)	-0.00516*** (-29.46)	-0.00539*** (-24.53)	-0.00534*** (-24.48)	-0.00539*** (-25.10)
Secondary school enrollment t-10	0.00127*** (12.42)	0.00118*** (11.88)	0.00114*** (11.48)	-0.00992*** (-3.90)	-0.00325 (-1.25)	-0.00240 (-0.92)	-0.00104 (-0.38)	-0.00431 (-1.59)	-0.0114*** (-4.21)
Clientelism Index t-10		0.108*** (13.13)	0.108*** (13.16)	0.105*** (12.73)	0.251*** (15.86)	0.287*** (16.99)	0.308*** (14.69)	0.159*** (6.19)	0.0798** (3.10)
Property Rights t-10		-0.0788*** (-9.03)	-0.0801*** (-9.20)	-0.0783*** (-8.99)	-0.0665*** (-7.64)	0.0800** (3.08)	0.0661* (2.43)	0.196*** (6.54)	0.224*** (7.58)
Electoral Democracy Index t-10		0.0517*** (6.89)	0.0550*** (7.33)	0.0526*** (7.00)	0.0425*** (5.66)	0.0484*** (6.40)	0.121** (2.81)	0.0473 (1.09)	0.0367 (0.86)
Political Corruption Index t-10		-0.119*** (-10.83)	-0.111*** (-10.04)	-0.112*** (-10.17)	-0.102*** (-9.26)	-0.0964*** (-8.77)	-0.0960*** (-8.74)	0.212*** (6.49)	0.309*** (9.42)
Hereditary Dimension Index t-10		0.149*** (15.22)	0.151*** (15.44)	0.153*** (15.66)	0.149*** (15.36)	0.153*** (15.79)	0.153*** (15.72)	0.156*** (16.15)	0.653*** (18.59)
(Primary school enrollment * Indep) t-10			0.000797*** (5.50)	0.000578*** (3.77)	0.000473** (3.11)	0.00101*** (5.73)	0.00123*** (5.64)	0.00126*** (5.79)	0.00132*** (6.17)
			[-0.003]	[-0.003]	[-0.003]	[-0.003]	[-0.003]	[-0.0029]	[-0.0029]
(Secondary school enrollment * Indep) t-10				0.0111*** (4.35)	0.00444 (1.71)	0.00364 (1.40)	0.00229 (0.84)	0.00562* (2.07)	0.0128*** (4.72)
				[0.0008]	[0.0009]	[0.0009]	[0.0009]	[0.0009]	[0.001]
(Clientelism Index * Indep) t-10					-0.169*** (-10.78)	-0.208*** (-12.28)	-0.231*** (-10.78)	-0.0691** (-2.59)	0.0229 (0.85)
					[0.0589]	[0.0563]	[0.0555]	[0.0644]	[0.074]
(Property Rights * Indep) t-10						-0.157*** (-5.99)	-0.143*** (-5.21)	-0.267*** (-8.92)	-0.291*** (-9.86)
						[-0.0556]	[-0.0556]	[-0.0512]	[-0.0484]
(Electoral Democracy Index * Indep) t-10							-0.0745 (-1.71)	-0.00458 (-0.10)	0.00484 (0.11)
							[0.0336]	[0.0307]	[0.0299]
(Political Corruption Index * Indep) t-10								-0.321*** (-10.00)	-0.432*** (-13.30)
								[-0.0784]	[-0.0882]
(Hereditary Dimension Index * Indep) t-10									-0.532*** (-14.70)
									[0.0877]
_cons	0.612*** (8.26)	0.625*** (8.87)	0.676*** (9.53)	0.676*** (9.54)	0.659*** (9.38)	0.605*** (8.56)	0.607*** (8.59)	0.568*** (8.08)	0.608*** (8.78)
N	7177	7061	7061	7061	7061	7061	7061	7061	7061

t statistics in parentheses

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

**Table 8:** 2SLS Regression table with Country Dummies. Dependent variable is Log of GDP per capita.

Instrumental variables are the lagged values 10 years ago of the right-hand-side variables.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS
Independent State	-0.0876*** (-6.01)	-0.0676*** (-3.84)	-0.141*** (-4.40)	-0.196*** (-5.91)	0.135* (2.45)	0.325*** (5.34)	0.383*** (6.08)	0.444*** (6.92)	0.451*** (7.01)
Primary Education	0.00672*** (30.77)	0.00498*** (17.98)	0.00370*** (7.13)	0.00163** (2.73)	0.00292*** (4.70)	0.000140 (0.20)	-0.00131 (-1.72)	-0.000852 (-1.11)	-0.00103 (-1.34)
Secondary Education	0.0198*** (115.01)	0.0159*** (49.38)	0.0158*** (48.25)	0.0271*** (16.07)	0.0296*** (17.98)	0.0311*** (18.80)	0.0307*** (18.65)	0.0297*** (17.99)	0.0295*** (17.87)
Clientelism Index		0.0256 (0.44)	0.0203 (0.35)	0.0278 (0.48)	0.438*** (6.04)	0.525*** (7.06)	0.649*** (8.11)	0.437*** (4.76)	0.429*** (4.67)
Property Rights		0.0653 (1.16)	0.0657 (1.17)	0.0535 (0.95)	0.116* (2.03)	0.713*** (8.04)	0.503*** (4.96)	0.585*** (5.65)	0.559*** (5.36)
Electoral Democracy Index		0.710*** (10.06)	0.712*** (10.09)	0.747*** (10.59)	0.625*** (8.34)	0.691*** (9.08)	1.353*** (8.35)	1.343*** (8.30)	1.392*** (8.50)
Political Corruption Index		-0.812*** (-11.99)	-0.797*** (-11.67)	-0.774*** (-11.36)	-0.733*** (-10.81)	-0.763*** (-11.11)	-0.755*** (-11.01)	-0.344** (-3.25)	-0.365*** (-3.43)
Hereditary Index		-0.380*** (-8.03)	-0.372*** (-7.86)	-0.389*** (-8.20)	-0.422*** (-8.94)	-0.405*** (-8.52)	-0.416*** (-8.73)	-0.418*** (-8.78)	-0.237** (-2.69)
Primary Education * Indep			0.00146** (2.88)	0.00350*** (5.98)	0.00193** (3.07)	0.00481*** (6.78)	0.00617*** (8.02)	0.00578*** (7.53)	0.00596*** (7.71)
Secondary Education * Indep				-0.0116*** (-6.88)	-0.0138*** (-8.46)	-0.0153*** (-9.32)	-0.0149*** (-9.10)	-0.0137*** (-8.34)	-0.0135*** (-8.17)
Clientelism Index * Indep					-0.516*** (-7.77)	-0.601*** (-8.89)	-0.745*** (-9.59)	-0.513*** (-5.37)	-0.503*** (-5.26)
Property Rights * Indep						-0.682*** (-8.16)	-0.462*** (-4.58)	-0.527*** (-5.18)	-0.510*** (-5.00)
Electoral Democracy Index * Indep							-0.686*** (-4.19)	-0.708*** (-4.33)	-0.765*** (-4.58)
Political Corruption Index * Indep								-0.462*** (-4.40)	-0.447*** (-4.26)
Hereditary Index * Indep									-0.193* (-2.32)
_cons	7.406*** (504.97)	7.643*** (218.49)	7.702*** (198.77)	7.744*** (200.61)	7.473*** (151.95)	7.308*** (136.16)	7.268*** (133.94)	7.212*** (130.23)	7.214*** (130.33)
N	10108	9704	9704	9704	9704	9704	9704	9704	9704

t statistics in parentheses

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

**Table 9:** 2SLS Regression table with Country Dummies. Dependent variable is Educational Inequality.

Instrumental variables are the lagged values 10 years ago of the right-hand-side variables.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS	2SLS
Log GDP per capita	-0.0128** (-2.59)	-0.0159** (-2.91)	-0.0158** (-2.90)	-0.0150** (-2.76)	-0.0201*** (-3.71)	-0.0222*** (-4.10)	-0.0245*** (-4.46)	-0.0252*** (-4.62)	-0.0257*** (-4.72)
Independent State	-0.0217*** (-4.08)	-0.0229*** (-3.85)	-0.0191 (-1.34)	-0.0154 (-1.08)	0.120*** (5.50)	0.225*** (8.76)	0.210*** (8.18)	0.222*** (8.71)	0.249*** (9.42)
Primary Education	-0.00661*** (-77.49)	-0.00570*** (-50.33)	-0.00565*** (-26.77)	-0.00524*** (-22.69)	-0.00438*** (-17.21)	-0.00505*** (-18.69)	-0.00590*** (-17.90)	-0.00668*** (-18.62)	-0.00687*** (-19.37)
Secondary Education	-0.000519*** (-4.62)	-0.000246 (-1.78)	-0.000245 (-1.76)	-0.00446*** (-5.24)	-0.00533*** (-6.28)	-0.00571*** (-6.71)	-0.00666*** (-7.82)	-0.00444*** (-4.84)	-0.00440*** (-4.80)
Clientelism Index		0.293*** (13.28)	0.293*** (13.23)	0.295*** (13.34)	0.487*** (16.72)	0.555*** (17.97)	0.600*** (18.29)	0.311*** (6.30)	0.297*** (6.05)
Property Rights		-0.110*** (-5.18)	-0.109*** (-5.08)	-0.105*** (-4.89)	-0.0565* (-2.45)	0.164*** (4.64)	0.0368 (0.84)	0.188*** (3.95)	0.226*** (4.64)
Electoral Democracy Index		0.130*** (4.98)	0.130*** (4.86)	0.125*** (4.70)	0.0748** (2.62)	0.0901** (3.12)	0.368*** (5.72)	0.337*** (5.29)	0.350*** (5.52)
Political Corruption Index		-0.381*** (-13.11)	-0.381*** (-13.10)	-0.388*** (-13.31)	-0.384*** (-13.42)	-0.389*** (-13.55)	-0.388*** (-13.54)	0.0892 (1.35)	0.108 (1.65)
Hereditary Index		0.224*** (10.87)	0.224*** (10.82)	0.231*** (11.17)	0.220*** (10.72)	0.229*** (11.10)	0.221*** (10.58)	0.223*** (10.73)	0.394*** (11.77)
Primary Education * Indep			-0.0000638 (-0.31)	-0.000453* (-2.01)	-0.00138*** (-5.45)	-0.000660* (-2.41)	0.000171 (0.51)	0.00101** (2.76)	0.00121*** (3.35)
Secondary Education * Indep				0.00421*** (5.01)	0.00522*** (6.18)	0.00563*** (6.66)	0.00664*** (7.75)	0.00447*** (4.86)	0.00446*** (4.85)
Clientelism Index * Indep					-0.227*** (-8.95)	-0.296*** (-11.00)	-0.349*** (-11.55)	-0.0464 (-0.91)	-0.0293 (-0.58)
Property Rights * Indep						-0.242*** (-7.42)	-0.114** (-2.62)	-0.265*** (-5.60)	-0.308*** (-6.36)
Electoral Democracy Index * Indep							-0.286*** (-4.37)	-0.258*** (-3.97)	-0.274*** (-4.24)
Political Corruption * Indep								-0.492*** (-7.62)	-0.517*** (-8.02)
Hereditary Index * Indep									-0.188*** (-5.77)
_cons	1.053*** (27.45)	1.020*** (22.07)	1.016*** (21.59)	1.005*** (21.38)	0.919*** (19.66)	0.835*** (17.46)	0.876*** (17.73)	0.865*** (17.60)	0.846*** (17.15)
N	7616	7480	7480	7480	7480	7480	7480	7480	7480

t statistics in parentheses

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$