

Fig. 1. Per capita income and inequality.

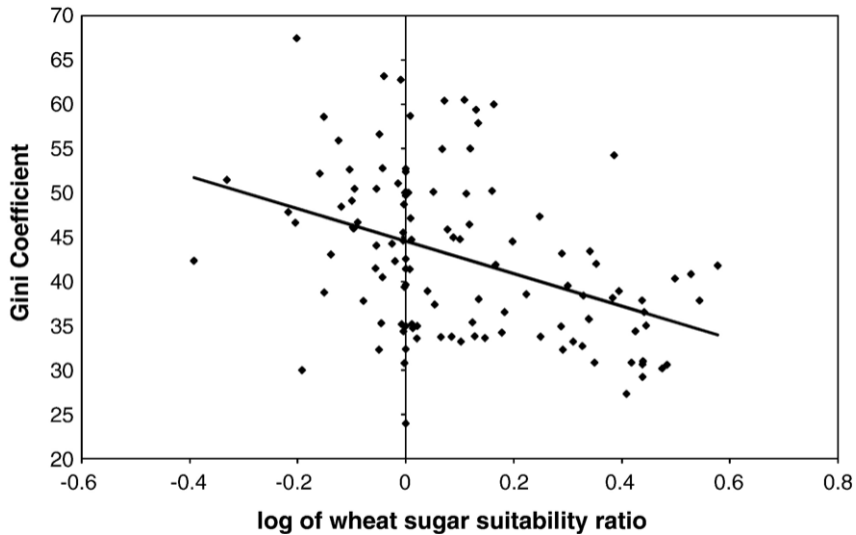


Fig. 2. Log of wheat–sugar suitability ratio and inequality.

Table 3

First stage regression for inequality on wheat–sugar ratio

Dependent variables	Average adjusted Gini, 1960–98	Average adjusted share of income accruing to top quintile, 1960–98
lwheatsugar	–18.328 (5.59)**	–19.133 (6.39)**
Constant	44.555 (48.26)**	49.275 (61.75)**
Observations	118	114
<i>F</i> -statistic	23.64	30.86
<i>R</i> -squared	0.17	0.22

Robust *t* statistics in parentheses.

\*\* significant at 1%.

Table 4

Basic results for development outcomes and inequality: Ordinary least squares and instrumental variables

Regression	Dependent variable: log per capita income, 2002 (lgdppc)							
	Inequality measure: Gini coefficient, 1960–98				Inequality measure: share of top quintile, 1960–98			
	OLS	IV	IV excluding Americas	IV	OLS	IV	IV excluding Americas	IV
Inequality measure	-0.040 (4.27)**	-0.121 (4.45)**	-0.15 (3.60)**	-0.126 (2.43)*	-0.043 (4.56)**	-0.127 (4.30)**	-0.157 (3.53)**	-0.143 (2.37)*
East and South Asia and Pacific Americas				12.54 (6.28)**				14.068 (5.24)**
				13.926 (5.83)**				15.428 (4.98)**
Europe and Central Asia				13.349 (7.03)**				14.677 (5.86)**
Middle East and Africa				13.053 (5.44)**				14.499 (4.74)**
Observations	107	97	74	97	106	96	73	96
R-squared	0.13				0.14			
F-statistics from first stage		21.2	15.4	8.8		25.6	18.9	9.1
	Dependent variable: Kaufmann, Kraay, and Zoido-Lobaton Institutions Index, 2002 (kkz2002)							
Inequality measure	-0.031 (4.92)**	-0.091 (4.53)**	-0.109 (3.68)**	-0.123 (2.77)**	-0.037 (5.87)**	-0.098 (4.84)**	-0.113 (4.00)**	-0.148 (2.58)*
East and South Asia and Pacific Americas				4.652 (2.72)**				6.517 (2.56)*
				5.811 (2.80)**				7.652 (2.59)*
Europe and Central Asia				5.04 (3.03)**				6.614 (2.81)**
Middle East and Africa				5.487 (2.62)**				7.316 (2.48)*
Constant	1.406 (4.65)**	3.91 (4.58)**	4.544 (3.77)**		1.834 (5.71)**	4.658 (4.86)**	5.281 (4.06)**	
Observations	128	118	95	118	124	114	91	114
R-squared	0.13				0.17			
F-statistics from first stage		23.6	16.4	10.4		30.9	22.8	9.9
	Dependent variable: secondary enrollment rate, average 1998–2002 (sec9802)							
Inequality measure	-1.474 (5.05)**	-4.891 (5.05)**	-6.259 (4.08)**	-4.428 (2.78)**	-1.721 (5.55)**	-4.795 (5.43)**	-6.005 (4.49)**	-5.349 (2.55)*
East and South Asia and Pacific Americas				236.66 (3.83)**				305.335 (3.25)**
				280.382 (3.84)**				348.398 (3.25)**
Europe and Central Asia				266.006 (4.44)**				321.505 (3.72)**
Middle East and Africa				250.896 (3.37)**				318.545 (2.96)**
Observations	120	113	91	113	117	110	88	110
R-squared	0.14				0.16			
F-statistics from first stage		21.7	15.5	9.6		28.3	21.0	8.2

Robust *t* statistics in parentheses (\* significant at 5%; \*\* significant at 1%). Constants (not shown) included in all regressions except for those with regional dummies.

Table 6

Institutions IV results on inequality by kind of institution (measured in 2002 by Kaufmann, Kraay, and Zoido-Lobaton)

Dependent variables →	Voice and accountability	Rule of law	Freedom from corruption	Political stability and violence	Regulatory quality	Government effectiveness
Gini coefficient	-0.107 (4.21)**	-0.123 (4.56)**	-0.121 (4.40)**	-0.099 (4.33)**	-0.103 (3.99)**	-0.122 (4.56)**
Constant	4.587 (4.30)**	5.208 (4.53)**	5.105 (4.34)**	4.112 (4.35)**	4.435 (4.04)**	5.206 (4.54)**
Observations	118	118	118	118	118	118
Share of top quintile	-0.111 (4.45)**	-0.132 (4.87)**	-0.128 (4.57)**	-0.107 (4.82)**	-0.111 (4.34)**	-0.131 (4.82)**
Constant	5.292 (4.49)**	6.257 (4.81)**	6.063 (4.48)**	5.009 (4.86)**	5.35 (4.38)**	6.233 (4.78)**
Observations	114	114	114	114	114	114

Robust *t* statistics in parentheses.

\* significant at 5%; \*\* significant at 1%.