Final Report

# Table 1: Variable Descriptions

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| --- | --- | --- | --- |
| **Variable** | **Description** | **Units** | **Source** |
| rgdpo.pop | Real GDP Output per Capita | 2017 US$ | Penn World  Tables 10.01 |
| log.rgdpo.pop | Natural log of real GDP output per capita | 2017 US$ | Penn World  Tables 10.01 |
| year\_orig | Years since 1970 | Years | Penn World  Tables 10.01 |
| yrs\_sch | Average number of years of education | Years | Barro & Lee |
| voc | Share of all students in secondary education enrolled in vocational programmes (binary: above EU average 0/1) | Numerical Factor | World Bank |
| gen | Gender ratio for average years of schooling (binary: above European average 0/1) | Numerical Factor | Barro & Lee |
| avh | Average annual hours worked by persons engaged (employed) | Hours | Penn World  Tables 10.01 |
| csh\_x | Share of merchandise exports at current PPPs | Numerical Factor | Penn World  Tables 10.01 |
| fdi | Foreign Direct Investment (FDI), net inflows as a share of GDP | % of GDP | World Bank |
| ctfp | TFP level at current PPPs (USA=1) | Numerical Factor | Penn World  Tables 10.01 |

# Table 2: Model Descriptions

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| **Model Name** | **Model Description** | **Model Formula** |
| Pooled OLS Model | A simple pooled OLS regression model | rgdpo.pop = const + B1·year\_orig + B2·yrs\_sch + B3·voc |
| Pooled OLS Model with ctfp | A simple pooled OLS regression model, controlling for ctfp | rgdpo.pop = const + B1·year\_orig + B2·yrs\_sch + B3·voc + B4·ctfp |
| Random Effects Model |  |  |

# Table 3: Summary Statistics

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **Variable** | **Minimum** | **1st Q.** | **Median** | **Mean** | **3rd Q.** | **Maximum** | **Standard Deviation** |
| rgdpo.pop | 3002.00 | 15534.00 | 23531.00 | 25538.00 | 33447.00 | 82382.00 | 14031.57 |
| log.rgdpo.pop | 8.01 | 9.65 | 10.07 | 9.99 | 10.42 | 11.32 | 0.60 |
| year\_orig | 0.00 | 10.00 | 22.50 | 22.50 | 35.00 | 45.00 | 14.40 |
| yrs\_sch | 3.17 | 8.16 | 9.64 | 9.45 | 10.93 | 13.57 | 1.84 |
| voc | 0.00 | 0.00 | 0.50 | 0.50 | 1.00 | 1.00 | 0.50 |
| gen | 0.00 | 0.00 | 0.00 | 0.48 | 1.00 | 1.00 | 0.50 |
| avh | 1401.00 | 1627.00 | 1766.00 | 1778.00 | 1903.00 | 2334.00 | 207.67 |
| csh\_x | 0.00 | 0.16 | 0.27 | 0.34 | 0.49 | 1.22 | 0.24 |
| fdi | -15.71 | 0.58 | 1.95 | 10.36 | 5.39 | 340.26 | 31.16 |
| ctfp | 0.45 | 0.76 | 0.87 | 0.88 | 0.98 | 1.44 | 0.18 |

# Model 1: Pooled OLS Model

rgdpo.pop = const + B1·year\_orig + B2·yrs\_sch + B3·voc

Model 3: Pooled OLS, using 210 observations.

Included 21 cross-sectional units.

Time-series length = 10

Dependent variable: rgdpopop

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| --- | --- | --- | --- | --- | --- |
| *Variable* | *Coefficient* | *Std. Error* | *t-ratio* | *p-value* |  |
| const | −934.224 | 4994.95 | −0.1870 | 0.8518 |  |
| year\_orig | 507.573 | 87.7213 | 5.786 | <0.0001 | \*\*\* |
| yrs\_sch | 1488.12 | 684.626 | 2.174 | 0.0309 | \*\* |
| voc | 1973.48 | 1409.87 | 1.400 | 0.1631 |  |

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| --- | --- | --- | --- | --- |
| Mean dependent var | 25537.53 |  | S.D. dependent var | 14031.57 |
| Sum squared resid. | 2.13e+10 |  | S.E. of regression | 10168.31 |
| R-squared | 0.482386 |  | Adjusted R-squared | 0.474848 |
| F (3, 206) | 63.99327 |  | P-value(F) | 2.80e-29 |
| Log-likelihood | −2233.634 |  | Akaike criterion | 4475.269 |
| Schwarz criterion | 4488.657 |  | Hannan-Quinn | 4480.681 |
| rho | 0.099718 |  | Durbin-Watson | 1.635858 |

# Model 2: Pooled OLS Model with ctfp

rgdpo.pop = const + B1·year\_orig + B2·yrs\_sch + B3·voc + B4·ctfp

Model 1: Pooled OLS, using 207 observations.

Included 21 cross-sectional units.

Time-series length: minimum 9, maximum 10

Dependent variable: rgdpopop

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| --- | --- | --- | --- | --- | --- |
| *Variable* | *Coefficient* | *Std. Error* | *t-ratio* | *p-value* |  |
| const | −26984.1 | 5159.49 | −5.230 | <0.0001 | \*\*\* |
| year\_orig | 463.974 | 75.6221 | 6.135 | <0.0001 | \*\*\* |
| yrs\_sch | 1572.45 | 585.182 | 2.687 | 0.0078 | \*\*\* |
| voc | 1606.11 | 1209.39 | 1.328 | 0.1857 |  |
| ctfp | 30130.7 | 3359.27 | 8.969 | <0.0001 | \*\*\* |

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| --- | --- | --- | --- | --- |
| Mean dependent var | 25828.86 |  | S.D. dependent var | 13920.36 |
| Sum squared resid | 1.51e+10 |  | S.E. of regression | 8653.999 |
| R-squared | 0.621020 |  | Adjusted R-squared | 0.613515 |
| F(4, 202) | 82.75230 |  | P-value(F) | 1.76e-41 |
| Log-likelihood | −2167.805 |  | Akaike criterion | 4345.611 |
| Schwarz criterion | 4362.274 |  | Hannan-Quinn | 4352.349 |
| rho | 0.028359 |  | Durbin-Watson | 1.702494 |

# Table 4: Model Coefficient Comparison

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| *Model* | *R2* | *Adj. R2* | *Durbin-Watson* | *Durbin Lower* | *Durbin Upper* | *White’s Test* |
| Model 1 | 0.482 | 0.475 | 1.636 | 1.61 (k=4) | 1.74 (k=4) | 0.000013 |
| Model 2 | 0.621 | 0.614 | 1.702 | 1.59 (k=5) | 1.76 (k=5) | 0.000000 |