1 First Sample Split

1.1 Testing for a Sample Split, Using GDP_1960

Test of Null of No Threshold Against Alternative of Threshold

Allowing Heteroskedastic Errors (White Corrected)

Number of Bootstrap Replications: 1000
Trimming Percentage: 0.15

Threshold Variable: GDP_1960
Threshold Estimate: 833
LM-test for no threshold: 12.60184
Bootstrap P-Value: 0.073

1.2 Testing for a Sample Split, Using Literacy

Test of Null of No Threshold Against Alternative of Threshold

Allowing Heteroskedastic Errors (White Corrected)

Number of Bootstrap Replications: 1000
Trimming Percentage: 0.15

Threshold Variable: Literacy
Threshold Estimate: 10
LM-test for no threshold: 10.78627
Bootstrap P-Value: 0.195

1.3 Estimate Sample Split, Using GDP_1960

1.3.1 Global OLS Estimation, Without Threshold

Dependent Variable: GDP_Gwth
Heteroskedasticity Correction Used

Variable	Estimate	St Error
Const	2.8262	0.72473
Log_GDP_1960	-0.2816	0.05335
Log_Inv/GDP	0.4919	0.10435
Log_Pop_Gwth	-0.5467	0.23278
Log_School	0.2395	0.06560

Observations: 96
Degrees of Freedom: 91
Sum of Squared Errors: 9.622743
Residual Variance: 0.1057444
R-squared: 0.4805041
Heteroskedasticity Test (P-Value): 0.2008698

1.3.2 Threshold Estimation

Threshold Variable: GDP_1960
Threshold Estimate: 863
0.9 Confidence Interval: [594, 1794]
0.95 Confidence Interval: [594, 1794]
0.99 Confidence Interval: [539, 4802]
Sum of Squared Errors: 8.024881
Residual Variance: 0.09331257
Joint R-squared: 0.5667667
Heteroskedasticity Test (P-Value): 0.1565995

Regime 1: GDP_1960≤863

Parameter Estimates

Variable	Estimate	St Error
Const	4.31203	1.62680
Log_GDP_1960	-0.65697	0.21762
Log_Inv/GDP	0.22774	0.07160
Log_Pop_Gwth	-0.29487	0.33678
Log_School	0.01806	0.09686

0.9 Confidence Regions for Parameters

Variable	Low	High
Const	1.18837	8.9645
Log_GDP_1960	-1.20170	-0.2184
Log_Inv/GDP	0.06085	0.5363
Log_Pop_Gwth	-1.37220	0.7700
Log_School	-0.21504	0.4116

0.95 Confidence Regions for Parameters

Variable	Low	High
Const	0.68755	9.5624
Log_GDP_1960	-1.25007	-0.1465
Log_Inv/GDP	0.02471	0.5740
Log_Pop_Gwth	-1.51316	0.9225
Log_School	-0.24701	0.4397

0.99 Confidence Regions for Parameters

Variable	Low	High
Const	-0.31408	10.75843
Log_GDP_1960	-1.34682	-0.00266
Log_Inv/GDP	-0.04758	0.64950
Log_Pop_Gwth	-1.79508	1.22748
Log_School	-0.31094	0.49604

Observations: 18
Degrees of Freedom: 13
Sum of Squared Errors: 0.6742722

Residual Variance: 0.05186709
R-squared: 0.5165107

Regime 2: GDP_1960>863

Parameter Estimates

Variable	Estimate	St Error
Const	3.6631	0.71905
Log_GDP_1960	-0.3234	0.06144
Log_Inv/GDP	0.4957	0.14497
Log_Pop_Gwth	-0.4877	0.25532
Log_School	0.3569	0.08997

0.9 Confidence Regions for Parameters

Variable	Low	High
Const	2.15721	5.48302
Log_GDP_1960	-0.50226	-0.20099
Log_Inv/GDP	0.22373	0.91018
Log_Pop_Gwth	-0.98136	-0.05348
Log_School	-0.05371	0.52305

0.95 Confidence Regions for Parameters

Variable	Low	High
Const	1.8448	5.79544
Log_GDP_1960	-0.5230	-0.18203
Log_Inv/GDP	0.1823	0.95436
Log_Pop_Gwth	-1.0685	0.03369
Log_School	-0.0848	0.54919

0.99 Confidence Regions for Parameters

Variable	Low	High
Const	1.21994	6.4203
Log_GDP_1960	-0.56451	-0.1441
Log_Inv/GDP	0.09581	1.0427
Log_Pop_Gwth	-1.24285	0.2080
Log_School	-0.14698	0.6015

Observations: 78
Degrees of Freedom: 73
Sum of Squared Errors: 7.350609
Residual Variance: 0.1006933
R-squared: 0.5492007

Threshold Regression Table

	GDP_Gwth			
	Regime 1		Regime 2	
	GDP_1960* ≤ 863		GDP_1960* > 863	
Variable	Estimate	Std error	Estimate	Std error
Const	4.312**	(1.627)	3.663***	(0.719)
Log_GDP_1960	−0.657***	(0.218)	−0.323***	(0.061)
Log_Inv/GDP	0.228**	(0.072)	0.496***	(0.145)
Log_Pop_Gwth	−0.295	(0.337)	−0.488*	(0.255)
Log_School	0.018	(0.097)	0.357	(0.090)
#Obs	18		78	
R^2_{adj}	0.495		0.529	

$^*p < 0.1$; $^{**}p < 0.05$; $^{***}p < 0.01$

2 Second Sample Split: Subsample, Incomes below 863

2.1 Testing for a Sample Split, Using GDP_1960

Test of Null of No Threshold Against Alternative of Threshold

Allowing Heteroskedastic Errors (White Corrected)

Number of Bootstrap Replications: 1000
Trimming Percentage: 0.15

Threshold Variable: GDP_1960
Threshold Estimate: 594
LM-test for no threshold: 7.103181
Bootstrap P-Value: 0.404

2.2 Testing for a Sample Split, Using Literacy

Test of Null of No Threshold Against Alternative of Threshold

Allowing Heteroskedastic Errors (White Corrected)

Number of Bootstrap Replications: 1000
Trimming Percentage: 0.15

Threshold Variable: Literacy
Threshold Estimate: 10
LM-test for no threshold: 5.16476
Bootstrap P-Value: 0.848

3 Second Sample Split: Subsample, Incomes above 863

3.1 Testing for a Sample Split, Using GDP_1960

Test of Null of No Threshold Against Alternative of Threshold

Allowing Heteroskedastic Errors (White Corrected)

Number of Bootstrap Replications: 1000
Trimming Percentage: 0.15

Threshold Variable: GDP_1960
Threshold Estimate: 1410
LM-test for no threshold: 11.00934
Bootstrap P-Value: 0.161

3.2 Testing for a Sample Split, Using Literacy

Test of Null of No Threshold Against Alternative of Threshold

Allowing Heteroskedastic Errors (White Corrected)

Number of Bootstrap Replications: 1000
Trimming Percentage: 0.15

Threshold Variable: Literacy
Threshold Estimate: 57
LM-test for no threshold: 12.09135
Bootstrap P-Value: 0.071

3.3 Estimate Sample Split, Using Literacy

3.3.1 Global OLS Estimation, Without Threshold

Dependent Variable: GDP_Gwth
Heteroskedasticity Correction Used

Variable	Estimate	St Error
Const	3.6631	0.71905
Log_GDP_1960	-0.3234	0.06144
Log_Inv/GDP	0.4957	0.14497
Log_Pop_Gwth	-0.4877	0.25532
Log_School	0.3569	0.08997

Observations: 78
Degrees of Freedom: 73
Sum of Squared Errors: 7.350609
Residual Variance: 0.1006933
R-squared: 0.5492007
Heteroskedasticity Test (P-Value): 0.362994

3.3.2 Threshold Estimation

Threshold Variable: Literacy
Threshold Estimate: 45
0.9 Confidence Interval: [29, 57]
0.95 Confidence Interval: [19, 57]
0.99 Confidence Interval: [14, 62]
Sum of Squared Errors: 6.198249
Residual Variance: 0.09115072
Joint R-squared: 0.6198728
Heteroskedasticity Test (P-Value): 0.551557

Regime 1: Literacy$\leq$45

Parameter Estimates

Variable	Estimate	St Error
Const	2.0923	1.8702
Log_GDP_1960	-0.1163	0.1649
Log_Inv/GDP	0.1726	0.2161
Log_Pop_Gwth	-0.3902	0.5161
Log_School	0.4525	0.1168

0.9 Confidence Regions for Parameters

Variable	Low	High
Const	-1.2736	5.5508
Log_GDP_1960	-0.4185	0.2859
Log_Inv/GDP	-0.2427	0.5956
Log_Pop_Gwth	-1.4324	0.7110
Log_School	0.2389	0.7024

0.95 Confidence Regions for Parameters

Variable	Low	High
Const	-1.8538	6.1610
Log_GDP_1960	-0.4709	0.3447
Log_Inv/GDP	-0.3182	0.6555
Log_Pop_Gwth	-1.5932	0.8683
Log_School	0.1954	0.7460

0.99 Confidence Regions for Parameters

Variable	Low	High
Const	-3.0144	7.3815
Log_GDP_1960	-0.5756	0.4623
Log_Inv/GDP	-0.4692	0.7878
Log_Pop_Gwth	-1.9149	1.1831
Log_School	0.1083	0.8331

Observations: 30
Degrees of Freedom: 25
Sum of Squared Errors: 2.609994

Residual Variance: 0.1043998
R-squared: 0.5780366

Regime 2: Literacy>45

Parameter Estimates

Variable	Estimate	St Error
Const	4.31048	0.96516
Log_GDP_1960	-0.39503	0.06103
Log_Inv/GDP	0.83364	0.13937
Log_Pop_Gwth	-0.41801	0.26957
Log_School	0.09458	0.13489

0.9 Confidence Regions for Parameters

Variable	Low	High
Const	1.9302	5.92850
Log_GDP_1960	-0.5140	-0.26693
Log_Inv/GDP	0.4820	1.08602
Log_Pop_Gwth	-1.0204	0.03267
Log_School	-0.2868	0.36155

0.95 Confidence Regions for Parameters

Variable	Low	High
Const	1.5819	6.2292
Log_GDP_1960	-0.5354	-0.2495
Log_Inv/GDP	0.4271	1.1319
Log_Pop_Gwth	-1.1133	0.1146
Log_School	-0.3443	0.4021

0.99 Confidence Regions for Parameters

Variable	Low	High
Const	0.8853	6.8305
Log_GDP_1960	-0.5783	-0.2147
Log_Inv/GDP	0.3174	1.2307
Log_Pop_Gwth	-1.2992	0.2784
Log_School	-0.4594	0.4985

Observations: 48
Degrees of Freedom: 43
Sum of Squared Errors: 3.588255
Residual Variance: 0.08344778
R-squared: 0.5821175

Threshold Regression Table

	GDP_Gwth			
	Regime 1		Regime 2	
	Literacy* $\leq$ 45		Literacy* $>$ 45	
Variable	Estimate	Std error	Estimate	Std error
Const	2.092	(1.870)	4.310***	(0.965)
Log_GDP_1960	−0.116	(0.165)	−0.395***	(0.061)
Log_Inv/GDP	0.173	(0.216)	0.834***	(0.139)
Log_Pop_Gwth	−0.390	(0.516)	−0.418	(0.270)
Log_School	0.453***	(0.117)	0.095	(0.135)
#Obs	30		48	
R^2_{adj}	0.555		0.559	

*$p < 0.1$; **$p < 0.05$; ***$p < 0.01$

4 Third Sample Split: Subsample, Incomes above 863, Literacy below 45

4.1 Testing for a Sample Split, Using GDP1960

Test of Null of No Threshold Against Alternative of Threshold

Allowing Heteroskedastic Errors (White Corrected)

Number of Bootstrap Replications: 1000
Trimming Percentage: 0.15

Threshold Variable: GDP1960
Threshold Estimate: 1618
LM-test for no threshold: 7.423359
Bootstrap P-Value: 0.541

4.2 Testing for a Sample Split, Using Literacy

Test of Null of No Threshold Against Alternative of Threshold

Allowing Heteroskedastic Errors (White Corrected)

Number of Bootstrap Replications: 1000
Trimming Percentage: 0.15

Threshold Variable: Literacy
Threshold Estimate: 26
LM-test for no threshold: 9.233321
Bootstrap P-Value: 0.152

5 Third Sample Split: Subsample, Incomes above 863, Literacy above 45

5.1 Testing for a Sample Split, Using GDP1960

Test of Null of No Threshold Against Alternative of Threshold

Allowing Heteroskedastic Errors (White Corrected)

Number of Bootstrap Replications: 1000
Trimming Percentage: 0.15

Threshold Variable: GDP1960
Threshold Estimate: 3493
LM-test for no threshold: 9.415477
Bootstrap P-Value: 0.209

5.2 Testing for a Sample Split, Using Literacy

Test of Null of No Threshold Against Alternative of Threshold

Allowing Heteroskedastic Errors (White Corrected)

Number of Bootstrap Replications: 1000
Trimming Percentage: 0.15

Threshold Variable: Literacy
Threshold Estimate: 83
LM-test for no threshold: 9.327215
Bootstrap P-Value: 0.172