

Table A2: Variable Definitions

Variable	Variable Definition	Source
<i>Dependent Variables</i>		
GR_POOR	GDP per capita growth of the lowest income quintile group	WDI, Dollar and Kraay (2002)
GINI COEFFICIENT	Ratio of the area below the Lorenz Curve, which plots share of population against income share received, to the area below the diagonal. It lies between 0 and 1 and is a measure of income inequality.	Dollar and Kraay (2002)
STANDARD DEVIATION	Standard deviation of the income distribution. Assuming that the income distribution is lognormal, its standard deviation is given by $\sigma = (2)^{0.5} * \Phi^{-1}[(1+G/100)/2]$ where Φ denotes the cumulative normal distribution function	Dollar and Kraay (2002), Besley and Burgess(2003), own calculations
PRIMARY ENROLMENT	Net enrollment ratio is the ratio of the number of children of official school age (as defined by the national education system) who are enrolled in school to the population of the corresponding official school age. Based on the International Standard Classification of Education, 1976 (ISCED76) and 1997 (ISCED97).	WDI
INFANT MORTALITY	Infant mortality rate is the number of infants dying before reaching one year of age, per 1,000 live births in a given year.	WDI
<i>Financial Structure and Macro Variables</i>		
GDP/CAP	GDP per capita(constant 1995 US\$)	WDI
GR_GCAP	GDP per capita growth(annual %)	WDI
PRIVATE CREDIT	Claims on private sector by deposit money banks and other financial institutions as share of GDP	IFS, own calculations
SCHOOL60	Secondary school attainment in the year 1960.	Barro-Lee dataset
EXPEN	General Government final consumption expenditure (% of GDP)	WDI
INFLATION	Inflation calculated from CPI	IFS
TRADE	Share of imports plus exports in GDP	WDI

Endowment Variables

LATITUDE	The absolute value of the latitude of the country, scaled to take values between 0 and 1	La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999)
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Religion Variables

CATHOLIC	Catholics as a percentage of population in 1980	La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999)
MUSLIM	Muslims as a percentage of population in 1980	La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999)
PROTEST	Protestants as a percentage of population in 1980	La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999)
ORELIG	Other Religions as a percentage of population in 1980	La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999)

Legal Origin Variables

COMMON	Legal Origin - British	La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999)
FRENCH	Legal origin – French	La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999)
GERMAN	Legal origin – German	La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999)
SCANDINAV	Legal origin – Scandinavian	La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999)
TRANSITION	Legal origin – Socialist	La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999)
