

**Table A4. Regression of government consumption/GDP ratios on country size and other variables.**

| <u>Independent variable</u> | Regression Coefficients |                     |                     |                     |                     |                     |
|-----------------------------|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                             | PPP 1990                | PPP 1990            | 1990                | 1990                | 1997                | 1997                |
| Constant                    | 5.671 **<br>[0.82]      | 5.532 **<br>[0.43]  | 4.147 **<br>[0.86]  | 3.817 **<br>[0.42]  | 3.761 **<br>[0.66]  | 3.356 **<br>[0.42]  |
| Income                      | -0.194 *<br>[0.08]      | -0.225 **<br>[0.03] | 0.072<br>[0.06]     | 0.072 **<br>[0.03]  | 0.091 *<br>[0.04]   | 0.113 **<br>[0.03]  |
| Open                        | -0.087<br>[0.12]        |                     | -0.063<br>[0.11]    |                     | -0.035<br>[0.09]    |                     |
| Population                  | -0.131 **<br>[0.05]     | -0.111 **<br>[0.04] | -0.184 **<br>[0.04] | -0.158 **<br>[0.03] | -0.168 **<br>[0.03] | -0.154 **<br>[0.03] |
| Area                        | 0.073 *<br>[0.03]       | 0.084 **<br>[0.03]  | 0.079 **<br>[0.02]  | 0.074 **<br>[0.02]  | 0.074 **<br>[0.02]  | 0.073 **<br>[0.02]  |
| Transition                  | -0.293<br>[0.15]        |                     | -0.041<br>[0.19]    |                     | 0.036<br>[0.12]     |                     |
| Africa                      | -0.049<br>[0.21]        |                     | -0.054<br>[0.17]    |                     | -0.142<br>[0.14]    |                     |
| Asia                        | -0.213<br>[0.15]        | -0.231 *<br>[0.11]  | -0.415 **<br>[0.14] | -0.393 **<br>[0.12] | -0.349 **<br>[0.12] | -0.322 **<br>[0.09] |
| LatinAmerica                | 0.049<br>[0.21]         |                     | 0.068<br>[0.13]     |                     | 0.046<br>[0.10]     |                     |
| R-squared                   | 0.401                   | 0.399               | 0.337               | 0.300               | 0.401               | 0.364               |
| No. of observations         | 87                      | 91                  | 103                 | 117                 | 113                 | 117                 |

\*\*Significant at the 1 percent level.

\*Significant at the 5 percent level.

Note: Numbers in brackets are heteroscedasticity-consistent standard errors. Estimation is by OLS.

Results reported in first two columns refer to government consumption in international (purchasing power parity) prices; results reported in the other four columns refer to government consumption in domestic prices.

Except for the dummies, all variables enter regressions in logs, so the estimated coefficients are elasticities.