Online Supplement: Is God in the Details? A Reexamination of the Role of Religion in Economic Growth

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Appendix A: Monte Carlo Experiment Results for 2SLS-MA

Our Monte Carlo simulation study evaluates the finite sample performance of 2SLS-MA in the case of just identification. The setting is based on equations (1)-(2) in the text by assuming ten endogenous variables and no exogenous variables in the growth equation.

$$g_j = 0.5 + \beta_{1,j} X_{1,j} + \cdots + \beta_{10,j} X_{10,j} + \varepsilon_j \tag{A1}$$

and

$$X_{i,j} = 0.5 + \pi_i z_{i,j} + v_{i,j}, \;\; i = 1,...,10 \tag{A2}$$

The error ε_j is *i.i.d. N(0,1)* and $z_{i,j}$ is a set of ten independent *i.i.d. N(0,1)* random variables. The slope coefficients of the growth equation (A1) are determined by the rule $\beta_j = 2\sqrt{2\alpha}\, j^{\alpha-1/2}$. The parameter α controls the degree of shrinkage of the coefficient for additional regressors and is varied between 1.5, 3.0, and 4.5. The error $v_{i,j}$ in equation (A2) is determined by the rule, $v_{i,j} = \rho^{2i}\varepsilon_j + (1-\rho^i)^2 \xi_{i,j} / \sqrt{\rho^{2i} + (1-\rho^i)^2}$, so that endogeneity diminishes for larger models and where $\xi_{i,j}$ is a set of independent *i.i.d. N(0,1)* random variables. We also investigated the case where the degree of endogeneity is the same for all ten regressors, $\rho^i = \rho$. The parameter ρ is set to 0.5. The fit of the first stage equation is controlled by the rule $\pi_i = \sqrt{R_f^{\,2} / 1 + R_f^{\,2}}$, where we set $R_f = 0.9$. Our MC simulation results remained qualitatively the same when we varied R_f and ρ. Finally, we consider sample sizes of 100, 200, and 500 using 500 replications.

First, we discuss the posterior inclusion probabilities using the BIC 2SLS approximation. Table A1 presents posterior inclusion probabilities for the ten variables for three different values of the parameter α, 1.5, 3.0, 4.5, that correspond to low, medium, and high degree of shrinkage, respectively. The results show that for a given value of the parameter α, as the sample size gets larger the posterior weights tend to be larger, consistent with the DGP containing all ten variables. Similarly, for a given sample size, as the shrinkage parameter α gets larger we observe, as expected, that the posterior weights become smaller. Other unreported experiments showed that the results are not sensitive to various other values of the parameter α. We also experimented with two extreme specifications: one that had no shrinkage and one where the DGP contained only one variable. In both cases, we obtained the expected results.

Tables A2 and A3 examine the accuracy of the 2SLS coefficients (posterior means). Table A2 presents the MSE of the coefficients for the ten regressors for different values of the parameter α and different sample sizes. The results show that as the sample gets larger the accuracy of the coefficients increases for all three values of α. Table A3 also reports the DGP as well as the 25th, 50th, and 75th quantiles of the MC distribution of the coefficients for $n=200$ (results for other sample sizes are similar and available upon request) for α taking values of 1.5, 3.0, and 4.5. As we move from low shrinkage to high shrinkage, the DGP effectively represents smaller models. As expected, our 2SLS-MA estimator correctly reflects the DGP. In particular, when the shrinkage parameter is large so that higher numbered regressors have coefficients close to zero we get a tight sampling distribution.

Table A1: Monte Carlo Results for Posterior Inclusion Probabilities

	$\alpha = 1.5$				$\alpha = 3$				$\alpha = 4.5$			
	DGP	*N=100*	*N=200*	*N=500*	*DGP*	*N=100*	*N=200*	*N=500*	*DGP*	*N=100*	*N=200*	*N=500*
X_1	3.576	1.000	1.000	1.000	5.058	1.000	1.000	1.000	6.194	1.000	1.000	1.000
X_2	0.894	1.000	1.000	1.000	0.447	1.000	1.000	1.000	0.194	0.993	1.000	1.000
X_3	0.397	1.000	1.000	1.000	0.108	0.762	0.945	1.000	0.025	0.250	0.279	0.450
X_4	0.224	0.993	1.000	1.000	0.040	0.256	0.319	0.545	0.006	0.141	0.121	0.099
X_5	0.143	0.801	0.968	1.000	0.018	0.155	0.136	0.161	0.002	0.131	0.094	0.074
X_6	0.099	0.536	0.788	0.987	0.010	0.125	0.106	0.098	0.001	0.122	0.090	0.070
X_7	0.073	0.392	0.500	0.849	0.006	0.137	0.103	0.075	0.000	0.133	0.100	0.065
X_8	0.056	0.272	0.368	0.610	0.003	0.121	0.102	0.069	0.000	0.119	0.100	0.066
X_9	0.044	0.199	0.280	0.444	0.002	0.106	0.101	0.070	0.000	0.104	0.096	0.067
X_{10}	0.036	0.182	0.212	0.331	0.002	0.114	0.098	0.071	0.000	0.115	0.096	0.068

Table A2: Monte Carlo Results for Mean Squared Error of Coefficient Estimates

	$\alpha = 1.5$			$\alpha = 3$			$\alpha = 4.5$		
	N=100	*N=200*	*N=500*	*N=100*	*N=200*	*N=500*	*N=100*	*N=200*	*N=500*
Const.	0.023	0.012	0.005	0.014	0.007	0.003	0.012	0.006	0.002
X_1	0.003	0.001	0.000	0.003	0.001	0.000	0.002	0.001	0.000
X_2	0.003	0.001	0.001	0.003	0.001	0.001	0.003	0.001	0.001
X_3	0.003	0.001	0.000	0.004	0.001	0.000	0.001	0.001	0.000
X_4	0.003	0.001	0.000	0.002	0.001	0.001	0.000	0.000	0.000
X_5	0.005	0.002	0.000	0.001	0.000	0.000	0.000	0.000	0.000
X_6	0.005	0.002	0.001	0.000	0.000	0.000	0.000	0.000	0.000
X_7	0.004	0.002	0.001	0.000	0.000	0.000	0.000	0.000	0.000
X_8	0.002	0.002	0.001	0.000	0.000	0.000	0.000	0.000	0.000
X_9	0.002	0.001	0.001	0.000	0.000	0.000	0.000	0.000	0.000
X_{10}	0.001	0.001	0.001	0.000	0.000	0.000	0.000	0.000	0.000

Table A3: Monte Carlo Results for Quantiles of Coefficient Estimates for *N*=200

	$\alpha = 1.5$				$\alpha = 3$				$\alpha = 4.5$			
	DGP	*25%*	*50%*	*75%*	*DGP*	*25%*	*50%*	*75%*	*DGP*	*25%*	*50%*	*75%*
Const.	0.500	0.436	0.503	0.566	0.500	0.419	0.477	0.532	0.500	0.451	0.505	0.558
X_1	3.576	3.551	3.577	3.600	5.058	5.035	5.058	5.080	6.194	6.172	6.195	6.218
X_2	0.894	0.869	0.894	0.916	0.447	0.422	0.447	0.468	0.194	0.169	0.194	0.215
X_3	0.397	0.374	0.396	0.420	0.108	0.085	0.106	0.130	0.025	0.000	0.003	0.020
X_4	0.224	0.201	0.223	0.247	0.040	0.006	0.038	0.062	0.006	-0.001	0.000	0.003
X_5	0.143	0.119	0.143	0.164	0.018	0.000	0.008	0.038	0.002	-0.001	0.000	0.001
X_6	0.099	0.078	0.099	0.120	0.010	0.000	0.002	0.024	0.001	-0.001	0.000	0.001
X_7	0.073	0.048	0.073	0.095	0.006	0.000	0.001	0.020	0.000	-0.001	0.000	0.001
X_8	0.056	0.028	0.056	0.078	0.003	0.000	0.000	0.018	0.000	-0.001	0.000	0.001
X_9	0.044	0.010	0.044	0.071	0.002	0.000	0.000	0.023	0.000	-0.001	0.000	0.001
X_{10}	0.036	0.003	0.032	0.059	0.002	0.000	0.000	0.016	0.000	-0.001	0.000	0.001

Appendix B: Data

Variable	Description	Source
Average Growth Rates of Real Per Capita GDP	Average growth rates for the periods 1965-74, 1975-84, and 1985-94.	Penn World Tables 6.1
Time Dummy Variables	Three dummy variables for 1965-74, 1975-84, and 1985-94.	
Regional Dummy Variables	A dummy variable for East Asia and a dummy variable for sub-Saharan.	
Initial Income	Logarithm of per capita GDP at 1965, 1975, and 1985. The instruments for initial income include the values at 1960, 1970, and 1980.	Penn World Tables 6.1
Population Growth Rates	Logarithm of average population growth rates plus 0.05 for the periods 1965-74, 1975-84, and 1985-94. The instruments for population growth rates include the average values of 1960-65, 1970-75, and 1980-85.	Ibid
Investment Share	Average ratios over each period of investment to GDP for the periods 1965-74, 1975-84, 1985-94. The instruments for investments include the average values of 1960-65, 1970-75, and 1980-85.	Ibid
Schooling	Years of male secondary and higher school attainment in 1965, 1975, and 1985.	Barro and Lee (2000)
Population Growth Rates	Logarithm of average population growth rates plus 0.05 for the periods 1965-74, 1975-84, and 1985-94. The instruments for population growth rates include the average values of 1960-65, 1970-75, and 1980-85.	Penn World Tables 6.1
1/ Life Expectancy at age 1	Reciprocals of life expectancy at age 1 in 1960, 1970, and 1980.	Barro and Lee (1994), World Bank
Log of Fertility Rate	The log of the total fertility rate in 1960, 1970, and 1980.	Barro and Lee (1994), World Bank, UNCDB
Openness (filtered)	Average ratios for each period of exports plus imports to GDP, filtered for the usual relation of this ratio to the logs of population and area for the periods 1965-74, 1975-84, and 1985-94. The instruments for this variable include the average values of 1960-65, 1970-75, and 1980-85.	Barro and McCleary (2003)
Government Consumption (net)	Average ratios for each period of government consumption (net of outlays on defense and education) to GDP.	Barro and Lee (1994), PWT61, GFS, SIPRI, UNESCO.
Change in Terms of Trade times Openness	The growth rate of the terms of trade over each period, interacted with the average ratio of exports plus imports to GDP.	Barro and Lee (1994), World Bank
Inflation	The consumer price inflation rate for the periods 1965-74, 1975-84, 1985-94.	Barro and Lee (1994), IFS, Global Development Network Growth Database.

Variable	Description	Source
Belief in Hell	Fraction of the population who believe in hell expressed in the form of $\log(x/1-x)$.	World Values Surveys (1981–1984, 1990–1993, 1995–1997) and International Social Survey Programme (1995 and 1998)
Belief in Heaven	Fraction of the population who believe in heaven expressed in the form of $\log(x/1-x)$.	Ibid
Monthly Church Attendance	Population averages of monthly church attendance expressed in the form of $\log(x/1-x)$.	Ibid
Buddhism	Buddhism share in 1970 and 1980 expressed as a fraction of the population who expressed adherence to some religion.	Ibid
Catholic	Catholic share in 1970 and 1980 expressed as a fraction of the population who expressed adherence to some religion.	World Christian Encyclopedia (1982)
Eastern Religion	Eastern Religion share in 1970 and 1980 expressed as a fraction of the population who expressed adherence to some religion. It includes Chinese Universists, Confucians, Neoreligionists, Shintos, and Zoroastrians (Parsis).	Ibid
Hindu	Hindu share in 1970 and 1980 expressed as a fraction of the population who expressed adherence to some religion. It includes Hindus, Jains and Sikhs.	Ibid
Jew	Jewish share in 1970 and 1980 expressed as a fraction of the population who expressed adherence to some religion.	Ibid
Muslim	Muslim share in 1970 and 1980 expressed as a fraction of the population who expressed adherence to some religion.	Ibid
Orthodox	Orthodox share in 1970 and 1980 expressed as a fraction of the population who expressed adherence to some religion.	Ibid
Other Religion	Other Religion share 1970 and 1980 expressed as a fraction of the population who expressed adherence to some religion.	Ibid
Protestant	Protestant share in 1970, 1980, and 1990 expressed as a fraction of the population who expressed adherence to some religion. It includes Protestants and Anglicans.	Ibid
KGATRSTR	Percentage of land area classified as tropical and subtropical via the in Koeppen-Geiger system.	The Center for International Development (CID) at Harvard University
LCR100km	Percentage of a country's land area within 100km of an ice- free coast.	The CID at Harvard University

Variable	Description	Source
Language	Measure of linguistic fractionalization based on data describing shares of languages spoken as "mother tongues".	Alesina, A., A. Devleeschauwer, W. Easterly, S. Kurlat, and R. Wacziarg (2003)
Political Rights and Political Rights Square	We calculated the average for each period of the Freedom House measure of democracy and its square. Notice that the average of 1972-74 appears in the data.	Freedom House
Rule of Law	The average of the Political Risk Services indicator of the rule of law (the value for 1982 or 1985 appears in the first two periods	International Country Risk Guide
Expropriation Risk	Risk of "outright confiscation and forced nationalization" of property. Rescaled, from 0 to 1, with a higher score indicating less risk of expropriation. For the first two periods of our sample, we use the average value of expropriation risk for 1982-84. For the third and fourth periods of our sample we use the average value 1985-1994 and 1985-97, correspondingly.	International Country Risk Guide
Legal Formalism: Check	Index of formality in legal procedures for collecting on a bounced check, rescaled from 0 to 1.	World Bank at http://www.doingbusiness.org
Religious Pluralism	This variable is defined as one minus the Herfindahl index – i.e. the probability that two randomly selected persons from the population would belong to different religions. This index can, therefore, be viewed as an indicator of religious pluralism or diversity. Specifically, the Herfindahl index is the sum of the squares of the population fractions belonging to each of nine major categories: Buddhist, Catholic, Hindu, Jewish, Muslim, Protestant, other Eastern religions, Orthodox, and other religions. We calculate the religious pluralism in 1970 and 1980 (1990 for Poland).	
State Religion	A dummy variable that indicates the presence of state religion in 1970	Barro and McCleary (2003)
State Regulation of Religion	A dummy variable that indicates the presence of state regulation in religion in 1970.	Barro and McCleary (2003)
Ex Colony of Spain or Portugal	Coded zero or one. One indicates that country was colonized by Spain or Portugal.	Barro and Lee (1994),
English Legal Origin (or Common Law countries)	Coded zero or one. One indicates that country was colonized by Britain and English legal code was transferred.	La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999), and Djankov, La Porta, Lopez-de-Silanes, and Shleifer (2003).

Appendix C:

Table C1: List of Countries

Code	Country	Code	Country
	North America		*Asia and Oceania*
CAN	Canada	AUS	Australia
USA	United States	IND	India
		BGD	Bangladesh[*]
	Europe	JPN	Japan
AUT	Austria	KOR	Korea, Rep.
BEL	Belgium	NZL	New Zealand
CY	Cyprus[‡]	PHL	Philippines
CHE	Switzerland	TWN	Taiwan, China
DEU	Germany, Fed. Rep. (former)[*,‡]		
DNK	Denmark		*Sub-Saharan Africa*
ESP	Spain	GHA	Ghana
FIN	Finland	ZAF	South Africa[*,‡]
FRA	France		
GBR	United Kingdom		*Latin America & Caribbean*
HUN	Hungary[*]	ARG	Argentina
IRL	Ireland	BRA	Brazil
ISL	Iceland[‡]	CHL	Chile
ISR	Israel	DOM	Dominican Republic
ITA	Italy	MEX	Mexico
NLD	Netherlands	PER	Peru
NOR	Norway	URY	Uruguay[‡]
POL	Poland[‡]	VEN	Venezuela[‡]
PRT	Portugal		
SWE	Sweden		
TUR	Turkey		

Notes:

*In Barro and McCleary (2003) Bangladesh, Hungary, and Poland were dropped from the first period while Germany and South Africa were dropped from the third period.

‡ Our extended dataset adds Uruguay and Venezuela and drops Bangladesh, Cyprus, Germany, and Iceland from all three periods. Additionally, Poland was dropped from the first period and South Africa from the third period.

Table C2: MA and Classical Estimation Results for Growth Regression (Panel A)

	Bayesian Model Averaging Estimation				Classical Estimation	
Estimation Method	2SLS-BIC		LS-BIC		2SLS	LS
	Posterior Inclusion Probability	Posterior Mean and Std. Error	Posterior Inclusion Probability	Posterior Mean and Std. Error	Coefficient Estimate and Std. Error	Coefficient Estimate and Std. Error
	(1)	(2)	(3)	(4)	(5)	(6)
Religiosity	0.57130#		0.63565#		0.00034ϒ	0.00678ϒ
Belief in Heaven	0.00000	0.00000 (0.00005)	0.01136	-0.00003 (0.00033)	0.00383 (0.00515)	-0.00011 (0.00496)
Belief in Hell	0.00305	0.00000 (0.00044)	0.01022	0.00004 (0.00061)	0.01051** (0.00515)	0.00633 (0.00412)
Monthly Church Attendance	0.56935	-0.00285 (0.00347)	0.62208	-0.00272 (0.00242)	-0.01564*** (0.00365)	-0.00848** (0.00345)
Religion Shares	0.35433#		0.28416#		0.00066ϒ	0.00183ϒ
Eastern Religion Share	0.34861	0.00621 (0.01092)	0.26515	0.00381 (0.00899)	-0.02183* (0.01292)	-0.01162 (0.01132)
Hindu Share	0.01014	-0.00006 (0.00123)	0.00759	0.00000 (0.00095)	-0.00394 (0.01746)	-0.01054 (0.01741)
Jewish Share	0.34621	0.01028 (0.01473)	0.26397	0.00737 (0.01271)	-0.00344 (0.01048)	0.00828 (0.00992)
Muslim Share	0.01221	-0.00002 (0.00108)	0.01753	-0.00016 (0.002)	-0.05305*** (0.01145)	-0.03145*** (0.0094)
Orthodox Share	0.01619	-0.00172 (0.03132)	0.02088	-0.00306 (0.03103)	-0.69527*** (0.18570)	-0.39675*** (0.12336)
Protestant Share	0.01666	-0.00004 (0.00109)	0.02582	-0.00021 (0.00177)	-0.02162*** (0.00654)	-0.01426** (0.00573)
Other Religion Share	0.00952	-0.0001 (0.00174)	0.00922	-0.00008 (0.00171)	-0.04114* (0.02246)	-0.02984 (0.01879)
Neoclassical Growth	1.00000#		1.00000#		0.00000ϒ	0.00000ϒ
Initial Income	1.00000	-0.03080*** (0.00589)	1.00000	-0.02824*** (0.00475)	-0.03488*** (0.00494)	-0.02908*** (0.00427)
Investments	0.00954	0.00009 (0.00314)	0.00655	0.00011 (0.00291)	-0.01539 (0.02730)	-0.01926 (0.02500)
Schooling	0.61134	0.00172 (0.00167)	0.66345	0.00166 (0.00153)	0.00457*** (0.00147)	0.00316** (0.00138)
Population Growth	0.02301	-0.00042 (0.00387)	0.01565	-0.00035 (0.00338)	-0.01447 (0.02357)	-0.01792 (0.01930)

Table C2: MA and Classical Estimation Results for Growth Regression (Panel B)

	Bayesian Model Averaging Estimation				Classical Estimation	
Estimation Method	2SLS-BIC		LS-BIC		2SLS	LS
	Posterior Inclusion Probability	Posterior Mean and Std. Error	Posterior Inclusion Probability	Posterior Mean and Std. Error	Coefficient Estimate and Std. Error	Coefficient Estimate and Std. Error
	(1)	(2)	(3)	(4)	(5)	(6)
Regional Heterogeneity	0.78667$^{\#}$		0.86751$^{\#}$		0.35794$^{\Upsilon}$	0.07052$^{\Upsilon}$
East Asia	0.78238	0.01075 (0.00772)	0.86551	0.01263* (0.00717)	0.01177 (0.00979)	0.01605* (0.00885)
Sub-Saharan Africa	0.00729	-0.00004 (0.00078)	0.00626	-0.00002 (0.00062)	-0.00324 (0.0119)	-0.00349 (0.0108)
Demography	0.92688$^{\#}$		0.96494$^{\#}$		0.01843$^{\Upsilon}$	0.09669$^{\Upsilon}$
1/ Life Expectancy at age 1	0.91981	-0.07076** (0.03)	0.95938	-0.0563*** (0.0218)	-0.06979*** (0.02296)	-0.05172** (0.02199)
Log of Fertility Rate	0.02157	-0.00021 (0.00171)	0.01325	-0.00012 (0.00127)	-0.0062 (0.00871)	-0.00075 (0.00739)
Macroeconomic Policy	1.00000$^{\#}$		1.00000$^{\#}$		0.00000$^{\Upsilon}$	0.00000$^{\Upsilon}$
Openness (filtered)	1.00000	0.03083*** (0.00956)	1.00000	0.02815*** (0.00783)	0.03381*** (0.00851)	0.03107*** (0.00745)
Government Consumption (net)	0.95799	-0.08457* (0.04634)	0.94515	-0.10157** (0.04442)	-0.06872 (0.05444)	-0.06534 (0.04768)
Change in Terms of Trade times Openness	0.02514	0.00274 (0.02120)	0.02248	0.00219 (0.0185)	0.13594** (0.05757)	0.10908** (0.05347)
Inflation	0.98963	-0.01869** (0.00810)	0.99584	-0.01434*** (0.00417)	-0.02212*** (0.00562)	-0.01803*** (0.0043)
Geography	0.94742$^{\#}$		0.97425$^{\#}$		0.00023$^{\Upsilon}$	0.00000$^{\Upsilon}$
LCR100km	0.94594	-0.01584** (0.00622)	0.97363	-0.01357** (0.00508)	-0.02544*** (0.00556)	-0.02406*** (0.00449)
KGATRSTR	0.01843	-0.00010 (0.00106)	0.01306	-0.00007 (0.00089)	-0.00804 (0.00664)	-0.00577 (0.00591)

Table C2: MA and Classical Estimation Results for Growth Regression (Panel C)

	Bayesian Model Averaging Estimation				Classical Estimation	
Estimation Method	2SLS-BIC		LS-BIC		2SLS	LS
	Posterior Inclusion Probability	Posterior Mean and Std. Error	Posterior Inclusion Probability	Posterior Mean and Std. Error	Coefficient Estimate and Std. Error	Coefficient Estimate and Std. Error
	(1)	(2)	(3)	(4)	(5)	(6)
Fractionalization	1.00000#		0.99998#		0.0531ϒ	0.00513ϒ
Language	1.00000	-0.02409*** (0.00737)	0.99998	-0.02267*** (0.00667)	-0.01533** (0.00722)	-0.02098*** (0.00679)
Political Institutions	0.00768#		0.0075#		0.93913ϒ	0.88691ϒ
Political Rights	0.00395	0.00000 (0.00060)	0.00373	0.00000 (0.00045)	0.01026 (0.03019)	0.01704 (0.03189)
Political Rights Square	0.00372	-0.00001 (0.00056)	0.00377	-0.00001 (0.00042)	-0.00684 (0.02445)	-0.01358 (0.0262)
Property Rights Institutions	0.99968#		0.99866#		0.19264ϒ	0.04917ϒ
Expropriation Risk	0.99968	0.04092*** (0.01435)	0.99863	0.04506*** (0.01158)	0.03878** (0.01966)	0.04611*** (0.01735)
Rule of Law	0.00311	-0.00004 (0.00111)	0.0038	-0.00005 (0.00123)	-0.01753 (0.01314)	-0.01398 (0.01237)
Contracting Institutions	0.13479#		0.16758#		0.00869ϒ	0.00707ϒ
Legal Formalism: Check	0.13479	-0.00098 (0.00579)	0.16758	-0.00149 (0.00488)	-0.03280*** (0.01134)	-0.02799*** (0.00942)

Table C2 shows the results for the growth regression, (equation (1) in text), using MA (columns (1)-(4)) and Classical estimation (columns (5)-(6)). The time periods are 1965–75, 1975–85, and 1985–95. Time dummies are included for each period. The dependent variable is the growth rate of real per capita GDP for each period. Following Barro and McCleary (2003) and Barro and Sala-i-Martin (2003) the instrument list includes the two regional dummies; real GDP per capita in 1960, 1970, and 1980; average ratios of investments to GDP and average population growth rates for 1960-65, 1970-75, and 1980-85; schooling in 1965, 1975, and 1985; reciprocal of life expectancy at age 1 in 1960, 1970, and 1980; log of the total fertility rate in 1969, 1970, and 1980; average ratio of exports plus imports to GDP (filtered) for 1960-65, 1970-75, and 1980-85; average ratios of (net) govt. consumption to GDP for 1965–75, 1975–85, and 1985–95; growth rate of the terms of trade over 1965–75, 1975–85, and 1985–95 interacted with the average ratio of exports plus imports to GDP; the Freedom House measure of political rights and its square in 1972, 1975, and 1985; lcr100km; KGATRSTR; Language; the average value of Expropriation Risk for the periods 1982-84 and 1985-94; Rule of Law in 1982 or 1985 and its average value for 1985-94. Inflation is instrumented with the Spain or Portugal colonial dummy. Religiosity variables are instrumented with the dummy variables for state religion, state regulation of religion, and religious pluralism. Religion shares are instrumented with value of the shares in 1970 (first two periods) and 1980 (third period). Contracting institutions are instrumented with British legal origin. Posterior robust (White) standard errors are in parentheses. "***" denotes significance at 1%, "**" at 5%, and "*" at 10%. "ϒ" denotes joint p-value while "#" denotes posterior probability of theory inclusion.

Table C3: Posterior Mode Models

	2SLS-BIC (1)	LS-BIC (2)
Posterior Mode Probability	0.467	0.500
Monthly Church Attendance	-0.00534* (0.00308)	-0.00441*** (0.00130)
East Asia	0.01140*** (0.00435)	0.01248*** (0.00410)
Initial Income	-0.03439*** (0.00374)	-0.03069*** (0.00352)
Schooling	0.00285*** (0.00114)	0.00251** (0.00113)
1/ Life Expectancy at age 1	-0.07759*** (0.02178)	-0.05850*** (0.01776)
Openness (filtered)	0.03216*** (0.00919)	0.02896*** (0.00739)
Government Consumption (net)	-0.10717*** (0.03529)	-0.12163*** (0.03177)
Inflation	-0.01856** (0.00747)	-0.01351*** (0.00365)
LCR100km	-0.01564*** (0.00435)	-0.01283*** (0.00393)
Language	-0.02099*** (0.00616)	-0.02028*** (0.00557)
Expropriation Risk	0.03650*** (0.01200)	0.04330*** (0.01036)

Table C3 shows the posterior models that correspond to the largest posterior model probability for all the models used in the two Model Averaging exercises of Table 2. Column 1 shows the posterior mode model for 2SLS-BIC, and column (2) shows the results for LS-BIC. We report coefficient estimates and standard errors in parentheses. The time periods are 1965–75, 1975–85, and 1985–95. Time dummies are included for each period. The dependent variable is the growth rate of real per capita GDP over 1965–75, 1975–85, and 1985–95. Robust (White) standard errors are in parentheses. "***" denotes significance at 1%, "**" at 5%, and "*" at 10%.