

Table 8.3 Additional Controls- Services: Quantile Regressions

Capital stock

	Qntl 10	Qntl 25	Qntl 50	Qntl 75	Qntl 90
Capital stock [lag]	-3.549 [0.525]***	-3.327 [0.519]***	-2.07 [0.401]***	-0.765 [0.459]*	-0.903 [0.510]*
Constant	-51.591 [17.439]***	-68.581 [17.250]***	-34.691 [13.341]***	-13.129 [15.254]	-33.799 [16.970]**
Observations	1,514	1,514	1,514	1,514	1,514
(pseudo) R-square	0.524	0.533	0.528	0.537	0.551
Number of countries	80	80	80	80	80
Time dummies	YES	YES	YES	YES	YES

Labor regulation index

	Qntl 10	Qntl 25	Qntl 50	Qntl 75	Qntl 90
PC Labor	-0.756 [0.370]**	0.36 [0.353]	1.689 [0.331]***	1.246 [0.345]***	0.654 [0.313]**
Constant	-54.478 [33.727]	-52.094 [32.230]	-75.48 [30.213]**	-51.08 [31.411]	-71.643 [28.577]**
Observations	500	500	500	500	500
(pseudo) R-square	0.679	0.611	0.561	0.551	0.561
Number of countries	41	41	41	41	41
Time dummies	YES	YES	YES	YES	YES

Exchange rate

	Qntl 10	Qntl 25	Qntl 50	Qntl 75	Qntl 90
REER [log]	-1.664 [1.026]	-2.279 [0.844]***	-0.387 [0.929]	1.397 [0.827]*	1.988 [0.919]**
Constant	42.569 [24.283]*	67.589 [19.985]***	29.813 [21.988]	-4.52 [19.574]	-30.461 [21.747]
Observations	906	906	906	906	906
(pseudo) R-square	0.603	0.599	0.562	0.537	0.548
Number of countries	61	61	61	61	61
Time dummies	YES	YES	YES	YES	YES

Quality of political institutions

	Qntl 10	Qntl 25	Qntl 50	Qntl 75	Qntl 90
Polity Index	0.019 [0.026]	0.016 [0.020]	-0.013 [0.017]	-0.017 [0.017]	0.007 [0.019]
Constant	22.511 [13.577]*	31.718 [10.520]***	23.279 [8.696]***	-0.379 [8.778]	-9.464 [9.969]
Observations	1,620	1,620	1,620	1,620	1,620
(pseudo) R-square	0.512	0.527	0.517	0.513	0.508
Number of countries	87	87	87	87	87
Time dummies	YES	YES	YES	YES	YES

Index of economic globalization

	Qntl 10	Qntl 25	Qntl 50	Qntl 75	Qntl 90
Economic Globalization	0.049 [0.030]	0.056 [0.024]**	0.087 [0.018]***	0.067 [0.023]***	0.047 [0.023]**
Constant	20.95 [13.297]	35.744 [10.509]***	28.665 [8.071]***	-9.755 [10.181]	-18.89 [10.200]*
Observations	1,648	1,648	1,648	1,648	1,648
(pseudo) R-square	0.51	0.512	0.503	0.501	0.523
Number of countries	89	89	89	89	89
Time dummies	YES	YES	YES	YES	YES

Total factor productivity

	Qntl 10	Qntl 25	Qntl 50	Qntl 75	Qntl 90
TFP [lag]	-0.063 [0.073]	0.014 [0.078]	-0.061 [0.064]	0.029 [0.085]	-0.104 [0.117]
Constant	58.946 [19.337]***	45.488 [20.637]**	15.313 [16.778]	-10.63 [22.356]	-30.065 [30.753]
Observations	678	678	678	678	678
(pseudo) R-square	0.628	0.595	0.549	0.486	0.441
Number of countries	78	78	78	78	78
Time dummies	YES	YES	YES	YES	YES

All regressions include the full set of controls reported in Table 4 and a constant term. Robust standard errors in parenthesis. Significance level: *** 0.01, ** 0.5, * 0.1.

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Appendix I: List of Countries in the Sample

Advanced	Emerging	LICs
United States of America *	Albania	Philippines *
United Kingdom *	Algeria	Poland *
Austria *	Angola	Qatar
Belgium *	Argentina *	Romania
Denmark *	Azerbaijan *	Russia
France *	Bahamas *	Saudi Arabia *
Germany *	Bahrain	Serbia
Italy *	Barbados	South Africa *
Luxembourg	Belarus *	Sri Lanka *
Netherlands *	Belize *	Suriname
Norway *	Bosnia and Herzegovina	Swaziland
Sweden *	Botswana	Syria
Switzerland *	Brazil *	Thailand *
Canada *	Brunei	Trinidad *
Japan *	Bulgaria *	Tunisia *
Finland *	Chile *	Turkey *
Greece *	China	Turkmenistan
Iceland *	Colombia *	Ukraine *
Ireland *	Costa Rica	United Arab Emirates
Malta	Croatia	Uruguay *
Portugal *	Dominican Republic	Venezuela *
Spain *	Ecuador *	Zimbabwe
Australia *	Egypt *	
New Zealand *	El Salvador	
Cyprus	Equatorial Guinea	
Israel	Fiji	
Singapore	Gabon	
Czech Republic *	Guatemala *	
Slovakia *	Hungary *	
Estonia	India *	
Slovenia	Indonesia *	
	Iran	
	Iraq	
	Jamaica *	
	Jordan *	
	Kazakhstan	
	Korea *	
	Kuwait	
	Latvia *	
	Libya	
	Lithuania *	
	Macedonia	
	Malaysia *	
	Mauritius	
	Mexico *	
	Montenegro	
	Morocco *	
	Namibia *	
	Oman *	
	Pakistan *	
	Panama	
	Paraguay	
	Peru *	
		Afghanistan
		Armenia *
		Bangladesh *
		Benin *
		Bhutan
		Bolivia *
		Burkina Faso *
		Burundi
		Cambodia
		Cameroon *
		Cape Verde
		Central African Republic *
		Chad *
		Comoros
		Congo, DR - Zaire
		Congo, Rep.
		Djibouti
		Eritrea
		Ethiopia *
		Gambia *
		Georgia *
		Ghana *
		Grenada
		Guinea
		Guinea-Bissau
		Guyana *
		Haiti
		Honduras *
		Kenya *
		Kyrgyz Republic *
		Laos
		Lesotho
		Liberia
		Madagascar *
		Malawi *
		Maldives
		Mali
		Moldova *
		Mongolia *
		Mozambique *
		Myanmar
		Nepal *
		Nicaragua
		Niger
		Nigeria *
		Papua New Guinea
		Rwanda
		Saint Lucia *
		Saint Vincent and the Grenadines *
		Senegal
		Sierra Leone *
		Solomon Islands
		Sudan
		Tajikistan
		Tanzania *
		Togo *
		Tonga
		Uganda *
		Uzbekistan
		Vanuatu
		Western Samoa
		Zambia *

Note: LICs: IMF PRGT-eligible countries. Advanced and Emerging: IMF World Economic Outlook classification
 Countries with a star are included in the OLS and Quantile augmented regressions (Table 3 and 4)

Appendix II: Data Description

Dependent Variables	Description	Source
Agriculture, manufacturing, services	The real value added share of agriculture, manufacturing and services sectors in total value added, constructed from the real value added by economic activity series.	UN data
Structural Variables		
Transition [D]	Binary variable equals to 1 if the country is transition economy	
Island [D]	Binary variable equals to 1 if the country is island economy with population less than 1 million	
Mining, % of total value added	Sectoral real value added share of mining, in percent	UNdata
Land Area [log]	Natural log of land area, in sq km	World Bank: World Development Indicators
Population [log]	Natural log of total population	World Bank: World Development Indicators
Arable land, % of total	Percentage of arable land of total land area, in percent	World Bank: World Development Indicators
Age dependency ratio - Young	Age dependency ratio, young, as a percentage of working-age population	World Bank: World Development Indicators
Age dependency ratio - Old	Age dependency ratio, old as a percentage of working-age population	World Bank: World Development Indicators
GDPPC [log]	Natural log of GDP per capita, in constant PPP U.S. dollar	IMF: World Economic Outlook
Square of (GDPPC, [log])	Square term of the natural log of GDP per capita, in constant PPP U.S. dollar	IMF: World Economic Outlook
Policy Variables		
Tertiary Education	Total enrollment in tertiary ducation, regardless of age, expressed as a percentage of the total population of the five-year age group following on from secondary school leaving.	World Bank: World Development Indicators
Agriculture Index	The index captures intervention in the market for the main agricultural export commodity in each country. The index can take four values: 1) zero - public monopoly or monopsony in production, transportation, or marketing; 2) 1/3 - administered prices; 3) 2/3 - public ownership of relevant producers or concession requirements; 4) 1 - no public intervention. All values are normalized to lie between 0 to 1.	IMF: Giuliano, Mishra and Spilimbergo (2010)
Network Index	This index is constructed by summing the two underlying indicators, electricity and telecommunication provisions and rescaling between 0 to 1. The electricity indicators caputre 1) the degree of unbundling of generation, transmission, and distribution; 2) whether a regulator other than government has been established; 3) whether the wholesale market has been liberalized; 4) privatization. The telecommunication indicator captures 1) the degree of competition in local services; 2) whether a regulator other than government has been established; 3) the degree of liberalization of interconnection changes; 4) privatization.	IMF: Giuliano, Mishra and Spilimbergo (2010)
Domestic Credit	Domestic credit to private banks and other financial institutions as a share of GDP, in percent	World Bank: World Development Indicators
Trade Openness	Total real trade (exports plus imports) as a share of real GDP (2000 constant price), in percent	Penn World Table 7.2
FDI	Foreign direct investment (inflow) as a share of GDP	World Bank: World Development Indicators