

A APPENDIX (NOT FOR PUBLICATION)

In this appendix we provide the estimation results for a different sample selection than the one in Table 2 of section 4.2.2. We also provide the analog of Figure 2 when ξ is restricted to be the same across countries.

In Table 6 we repeat the analysis restricting the sample to countries for which information is available both in 1970 and 2000.

		All countries		OECD		Non-OECD					
						All		Sub-Sahara		Others	
		1970	2000	1970	2000	1970	2000	1970	2000	1970	2000
Data	Skill	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
BL	sec	5.00 (0.58)	4.89 (0.59)	10.72 (3.60)	54.97 (76.11)	4.64 (0.55)	4.20 (0.48)	3.15 (0.38)	3.44 (0.47)	6.10 (1.11)	4.78 (0.79)
CS	sec	3.86 (0.39)	3.98 (0.43)	6.40 (1.09)	13.77 (3.88)	3.63 (0.39)	3.50 (0.38)	2.17 (0.27)	2.82 (0.32)	4.89 (0.62)	3.90 (0.59)
BL	tert	3.28 (0.29)	3.28 (0.34)	5.91 (1.48)	17.48 (9.34)	3.08 (0.28)	2.87 (0.28)	2.24 (0.23)	2.17 (0.22)	3.84 (0.49)	3.47 (0.49)
CS	tert	3.30 (0.30)	2.83 (0.27)	5.53 (0.96)	9.31 (2.02)	3.10 (0.31)	2.49 (0.24)	1.91 (0.21)	1.80 (0.15)	4.13 (0.46)	2.99 (0.40)
Obs. (BL/CS)		78/68		19/17		59/50		18/16		41/34	

Table 6: Baseline estimation with constant set of countries

In 1970, the point estimate for sub-Saharan countries is lower than the point estimate for the other non-OECD countries at the 1 percent level of significance across all specifications. In 2000, it is at least significantly lower at the 5 percent level for the *tert* skill category. For the *sec* skill category, the differences are very close to the 10 percent level of significance. OECD countries have significantly lower barriers than non-OECD countries at the 1 percent level in 2000 for CS (for the BL data we lose the significance), while they are lower at the 5 percent level of significance in 1970 across all specifications. The fit of this model is reported in Table 7 which is the analog of Table 3. The predictive power of the model is robust to the considered sample modification, in particular for the specifications in column 2 and 3 where we allow ξ to vary across country groups.

In Table 8 we present the results of the baseline estimation adding Kuwait to the sample. CS is missing education data for Kuwait, so we restrict the analysis to the BL data set. Kuwait is a strong outlier in terms of GDP pw in 1970, therefore, the point estimate for tertiary schooling in the other non-OECD countries increases from 3.88 (0.47) to 4.21 (0.63) compared to the sample where Kuwait is excluded. It is a general observation that the standard errors go up. However, our main results remain unchanged, only the difference of barriers between OECD and non-OECD countries in 1970 for the secondary schooling category falls short of the earlier significance level (10 percent instead of 5 percent). The \mathfrak{R}^2 s stay high and are reported in

		Baseline estimation					
		(1)		(2)		(3)	
Data	Skill	1970	2000	1970	2000	1970	2000
BL	sec	0.918	0.938	0.921	0.948	0.930	0.950
CS	sec	0.928	0.945	0.931	0.953	0.948	0.954
BL	tert	0.896	0.910	0.901	0.927	0.913	0.934
CS	tert	0.917	0.922	0.921	0.936	0.942	0.944

Table 7: Goodness of fit constant set of countries

	All countries		OECD		Non-OECD					
	1970	2000	1970	2000	All		Sub-Sahara		Others	
					1970	2000	1970	2000	1970	2000
Skill	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
sec	5.11	5.45	10.72	18.66	4.79	4.88	3.17	3.80	6.90	5.46
	(0.61)	(0.56)	(3.60)	(8.27)	(0.59)	(0.50)	(0.31)	(0.47)	(1.53)	(0.74)
tert	3.32	3.82	5.91	11.71	3.15	3.43	2.25	2.35	4.21	4.12
	(0.30)	(0.34)	(1.48)	(3.37)	(0.29)	(0.31)	(0.19)	(0.24)	(0.63)	(0.48)
Obs.	86	122	19	29	67	93	23	23	44	70

Table 8: Baseline estimation for BL including Kuwait

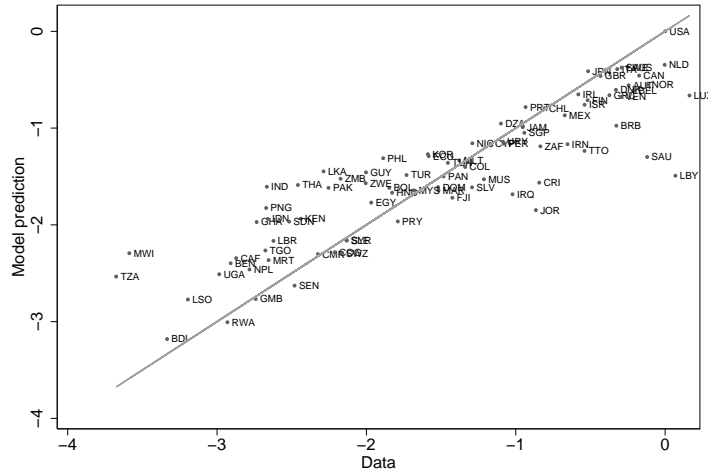
Table 9.

Baseline estimation						
	(1)		(2)		(3)	
Skill	1970	2000	1970	2000	1970	2000
sec	0.914	0.930	0.917	0.935	0.928	0.937
tert	0.891	0.902	0.895	0.911	0.911	0.920

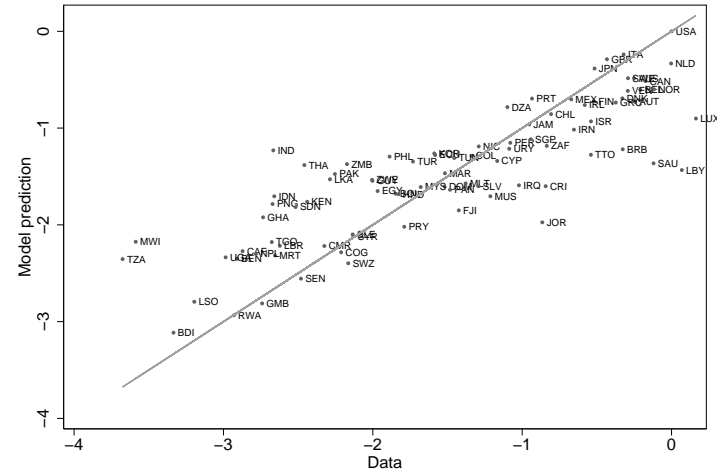
Table 9: Goodness of fit for BL including Kuwait

Finally, in Figure 9 we provide the relative GDP prediction of the baseline model from section 4.2.3 when we require the same ξ for all countries instead of letting it vary across OECD, sub-Saharan and other non-OECD countries as seen in Figure 2. Panels (a)-(d) clearly illustrate that we underpredict income differences for rich countries and underestimate them for poor when imposing a single ξ for all countries. This observation motivates the introduction of income groups in the baseline estimation.

Figure 9: Baseline estimation: GDP pw (log-difference from the US)

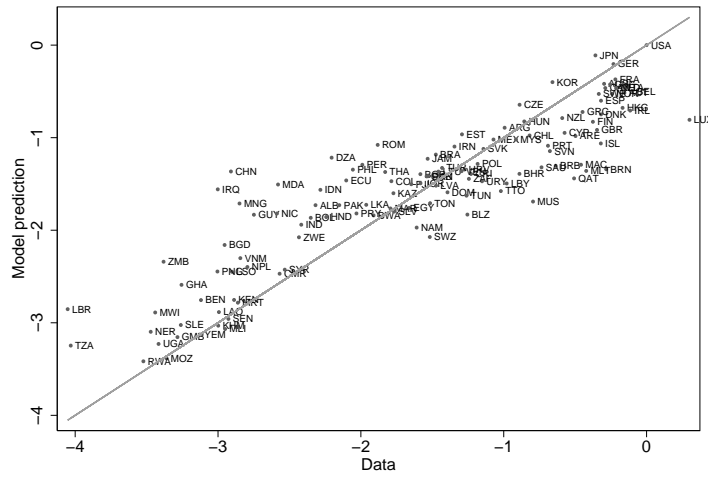


(a) 1970, secondary schooling

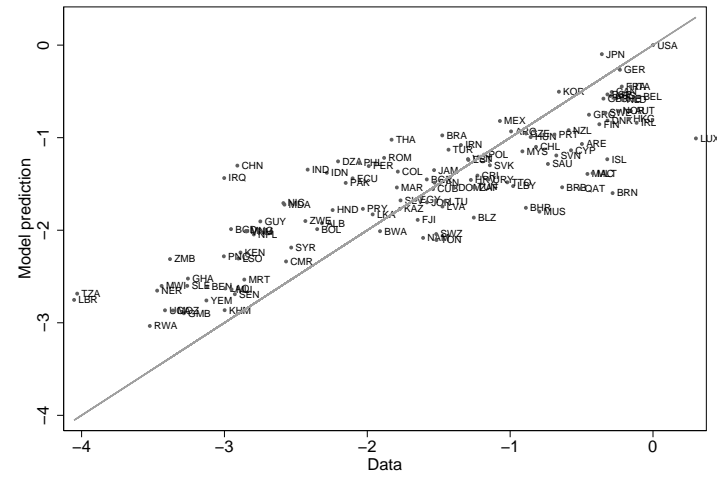


(b) 1970, tertiary schooling

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(c) 2000, secondary schooling



(d) 2000, tertiary schooling

Note: plots $\widehat{\log}(y_S/y_{US})$ against $\log(y_S/y_{US})$ across time and skill categories, ξ is the same for all countries.