**TABLE II**

**Basic Results for Output per Worker**

\[ \log Y/L = \alpha + \beta S + \varepsilon \]

<table>
<thead>
<tr>
<th>Specification</th>
<th>Social infrastructure</th>
<th>OverID test p-value</th>
<th>Coeff test p-value</th>
<th>( \hat{\sigma}_{\varepsilon} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Main specification</td>
<td>5.1432 (.508)</td>
<td>.256 Accept</td>
<td>.812 Accept</td>
<td>.840</td>
</tr>
<tr>
<td><strong>Alternative specifications to check robustness</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Instruments: Distance, Frankel-Romer</td>
<td>4.998 (.567)</td>
<td>.208 Accept</td>
<td>.155 Accept</td>
<td>.821</td>
</tr>
<tr>
<td>3. No imputed data 79 countries</td>
<td>5.323 (.607)</td>
<td>.243 Accept</td>
<td>.905 Accept</td>
<td>.889</td>
</tr>
<tr>
<td>4. OLS</td>
<td>3.289 (.212)</td>
<td>—</td>
<td>.002 Reject</td>
<td>.700</td>
</tr>
</tbody>
</table>

The coefficient on Social infrastructure reflects the change in log output per worker associated with a one-unit increase in measured social infrastructure. For example, the coefficient of 5.14 means than a difference of .01 in our measure of social infrastructure is associated with a 5.14 percent difference in output per worker. Standard errors are computed using a bootstrap method, as described in the text. The main specification uses distance from the equator, the Frankel-Romer instrument, the fraction of the population speaking English at birth, and the fraction of the population speaking a Western European language at birth as instruments. The OverID test column reports the result of testing the overidentifying restrictions, and the Coeff test reports the result of testing for the equality of the coefficients on the GADP policy index variable and the openness variable. The standard deviation of \( \log Y/L \) is 1.078.
CROSS-COUNTRY INCOME DIFFERENCES

October 14

“5 PAPERS IN 15 MINUTES”

A. THE ACCOUNTING APPROACH


B. THE STATISTICAL APPROACH


C. CAN THERE REALLY BE MILLION DOLLAR BILLS ON THE SIDEWALK?
