

# Does Capitalism Flow to Poor Countries?

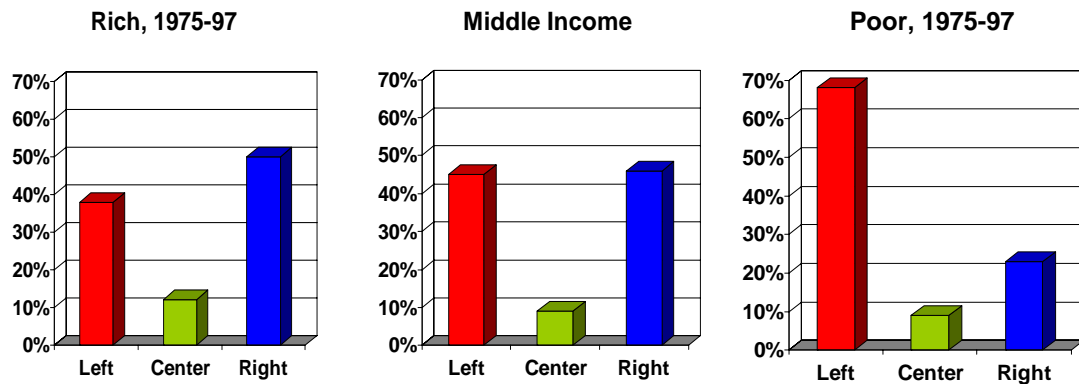


Figure 1: The distribution of party ideology around the world, 1975-97, by income.

Note: Source, Di Tella and MacCulloch (2002). Data on parties comes from Beck *et al* (2001) and refers to the color of the Chief Political Officer (prime minister of president). A similar picture emerges using largest government party. *Right*: Parties on the right are those with the terms “conservative” or “Christian democratic” in their names, or are labeled right-wing in their sources. *Left*: Similarly, parties classified as left if their names reveal them to be communist, socialist, or social democratic or if the sources label them as left-wing. *Center*: Similarly, centrist parties are those called centrist by their sources or if their proposed policies can best be described as centrist (e.g., because the party advocates strengthening private enterprise but also supports a redistributive role for government).

**Table 1**  
**Ordered logistic regressions**

<i>Dependent variable:</i> <i>Help Poor-R</i>	(1)	(2)	(3)	(4)
<i>Luck</i>	-4.25e-04 (3.13e-04)	-1.70e-04 (2.82e-04)	-4.48e-04** (2.09e-04)	-6.48e-04*** (1.99e-04)
<i>Marital Status</i>				
- Widowed				0.0837 (0.0751)
- Divorced				-0.0845* (0.0496)
- Separated				-0.2764*** (0.0907)
- Never Married				-0.0512 (0.0346)
<i>Female</i>				-0.2550*** (0.0293)
<i>Personal Income</i>				
- Income 2				-0.4826** (0.1902)
- Income 3				-0.5495*** (0.1802)
- Income 4				-0.7108*** (0.2069)
- Income 5				-0.6494*** (0.2066)
- Income 6				-0.5890*** (0.2027)
- Income 7				-0.4243* (0.2189)
- Income 8				-0.2874 (0.1935)
- Income 9				-0.1644 (0.1944)
- Income 10				-0.0680 (0.1893)
- Income 11				0.1712 (0.1934)
- Income 12 (top)				0.4121** (0.1909)
<i>Age</i>				0.0093*** (0.0011)
Year Dummies	No	Yes	Yes	Yes
State Specific time trends	No	No	Yes	Yes
Pseudo R-sq	0.0042	0.0062	0.0077	0.0240
No. of States	44	44	44	44
No. of Years	15	15	15	15
No Obs.	17,401	17,401	17,401	17,401

Notes: See appendix B.

**Table 2**  
**Robust regressions**

<i>Dependent variable: Help Poor-R</i>	(1)	(2)	(3)	(4)
<i>Luck</i>	-2.94e-04** (1.23e-04)	-1.22e-04 (1.35e-04)	-2.92e-04 (1.79e-04)	-4.08e-04** (1.77e-04)
<i>Marital Status</i>				
- Widowed				0.0534 (0.0375)
- Divorced				-0.0527* (0.0283)
- Separated				-0.1824*** (0.0506)
- Never Married				-0.0317 (0.0266)
<i>Female</i>				-0.1596*** (0.0187)
<i>Personal Income</i>				
- Income 2				-0.3159*** (0.1111)
- Income 3				-0.3589*** (0.1100)
- Income 4				-0.4589*** (0.1080)
- Income 5				-0.4187*** (0.1061)
- Income 6				-0.3761*** (0.1081)
- Income 7				-0.2731** (0.1065)
- Income 8				-0.1822* (0.0999)
- Income 9				-0.1003 (0.0913)
- Income 10				-0.0342 (0.0921)
- Income 11				0.1229 (0.0917)
- Income 12 (top)				0.2748*** (0.0884)
<i>Age</i>				0.0059*** (0.0007)
Year Dummies	No	Yes	Yes	Yes
State Specific time trends	No	No	Yes	Yes
R-sq	0.0119	0.0176	0.0219	0.0672
No. of States	44	44	44	44
No. of Years	15	15	15	15
No Obs.	17401	17401	17401	17401

Notes: See appendix B.

**Table 3**  
Summary Statistics for the Aggregate Variables

Variable	Obs.	Mean	Std. Dev.	Min.	Max.	Table
<i>Help Poor-R</i> - between - within	Total= 17,401 n=95 T-bar= 183.168	2.90	1.16 0.28 1.16	1 2 0.55	5 3.82 5.90	1 & 2
<i>Oil Price</i> - between - within	Total= 17,401 n=95 T-bar= 183.168	22.47	8.54 6.87 7.91	11.27 14.61 9.30	40.16 38.25 39.83	1 & 2
<i>Oil Share</i> - between - within	Total= 17,401 n=95 T-bar= 183.168	1.33	3.75 5.43 2.94	0 0 -5.26	31.21 26.67 31.19	1 & 2
$Luck_{(s,t)} = Oil\ Price(t) * Oil\ Share(s,t)$ - between - within	Total= 17,401 n=95 T-bar= 183.168	34.62	116.93 151.21 96.76	0 0 -425.55	1248.16 837.34 1250.46	1 & 2

## Appendix A

### Survey Descriptions GSS 1972-2006 Cumulative Data File

The General Social Surveys (GSS) are designed as part of a program of social indicator research, replicating questionnaire items and wording in order to facilitate time-trend studies. This collection is a cumulative dataset that merges all data collected as part of the General Social Surveys from 1972 to the present. Among the new items added for the 2002 surveys are topical modules on prejudice, doctors and patients, quality of working life, employee compensation, altruism, adult transitions, and mental health. Also included are crossnational modules, conducted under the aegis of the international Social Survey Program (ISSP), on the role of government, social support and equality, family and gender, national identity, religion, the environment, and work.

This cumulative data file merges all 25 General Social Surveys (1972-1978, 1980, 1982-91, 1993, 1994, 1996, 1998, 2000, 2002, 2004) into a single file with each year or survey acting as a subfile. This arrangement of the data facilitates trend analysis on repeated questions over the 32-year period. Each survey is an independently drawn sample of English-speaking persons 18 years of age or over, living in non-institutional arrangements within the United States. Block quota sampling was used in 1972, 1973, and 1974 surveys and for half of the 1975 and 1976 surveys. Full probability sampling was employed in half of the 1975 and 1976 surveys and the 1977, 1978, 1980, 1982-1991, 1993-1998, 2000, 2002, and 2004 surveys. The basic purposes of the GSS are to gather data on contemporary American society in order to monitor and explain trends and constants in attitudes, behaviors, and attributes; to examine the structure and functioning of society in general as well as the role played by relevant subgroups; to compare the United States to other societies in order to place American society in comparative perspective and develop cross-national models of human society. See <http://www.disc.wisc.edu/newcatalog/study.asp?tid=13995&cid=8093>

## Individual Level Variables

*Help Poor-R*: is a categorical variable that is the answer to the question: "Some people think that the government in Washington should do everything possible to improve the standard of living of all poor Americans; they are at Point 1 on this card. Other people think it is not the government's responsibility, and that each person should take care of himself; they are at Point 5. Where would you place yourself on this scale, or haven't you have up your mind on this?". The possible answers are 1 (Govt actions), 2, 3 (Agree with both), 4, 5 (People help selves).

*Luck(s,t)*: is computed as  $Oil\ Price(t) * Oil\ Share(s,t)$  where  $Oil\ price(t)$  denotes oil price at time  $t$ ,  $Oil\ Share(s,t)$  refers to oil share in state,  $s$ , at time  $t$  and  $Luck(s,t)$  denotes luck in state,  $s$ , at time,  $t$ .

*Age*: Respondent's age in years.

*Gender*: Respondent's gender.

*Marital Status*: Respondent's marital status: Married, Widowed, Divorced, Separated, Never Married.

*Income*: is the answer to the question "In which of these groups did your total family income, from all sources, fall last year before taxes, that is? Just tell me the letter". The possible answers are: 1 if "LT \$1000", 2 if "\$1000 to 2999", 3 if "\$3000 to 3999", 4 if "\$4000 to 4999", 5 if "\$5000 to 5999", 6 if "\$6000 to 6999", 7 if "\$7000 to 7999", 8 if "\$8000 to 9999", 9 if "\$10000 to 14999", 10 if "\$15000 to 19999", 11 if "\$20000 to 24999", 12 if "\$25000 or more", 13 if "Refused". Refused values are treated as missing values in the regressions.

## State Level Variables:

*Oil price(t)*: refers to Annual Average Crude Oil Price per Barrel (Real US\$) and is obtained from U.S. Energy Administration.

*Oil Share(s,t)*: refers to Oil Industry share as a % of GDP (US\$ current) and is obtained from U.S. Bureau of Economic Analysis, [www.bea.gov](http://www.bea.gov).

## Appendix B

### Notes to Table 1

[1] All regressions are ordered logistic regressions and include states dummies. [2] Name of dependent variable has R (L) extension if higher numbers mean more Right (Left). [3] *Help Poor-R*: is a categorical variable that is the answer to the question: “Some people think that the government in Washington should do everything possible to improve the standard of living of all poor Americans; they are at Point 1 on this card. Other people think it is not the government's responsibility, and that each person should take care of himself; they are at Point 5. Where would you place yourself on this scale, or haven't you have up your mind on this?”. The possible answers are “1 (Govt actions), 2, 3 (Agree with both), 4, 5 (People help selves)”. *Help Poor-R* is obtained from the GSS. [4]  $Luck(s,t)=Oil\ Price(t)*Oil\ Share(s,t)$ . *Oil price* refers to Annual Average Crude Oil Price per Barrel (Real US\$) and is obtained from U.S. Energy Administration. *Oil Share* refers to Oil Industry share as a % of GDP (US\$ current) and is obtained from U.S. Bureau of Economic Analysis, www.bea.gov. [5] Personal Controls reported in column 4: marital status, gender, income and age. [6] Income is the answer to the GSS question “In which of these groups did your total family income, from all sources, fall last year before taxes, that is? Just tell me the letter”. The possible answers are: 1 if “LT \$1000”, 2 if “\$1000 to 2999”, 3 if “\$3000 to 3999”, 4 if “\$4000 to 4999”, 5 if “\$5000 to 5999”, 6 if “\$6000 to 6999”, 7 if “\$7000 to 7999”, 8 if “\$8000 to 9999”, 9 if “\$10000 to 14999”, 10 if “\$15000 to 19999”, 11 if “\$20000 to 24999”, 12 if “\$25000 or more”, 13 if “Refused”. Refused values are treated as missing values in the regressions. [7] Standard errors (adjusted for clustering) in parentheses. [8] \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%. [9] Cut points (standard errors) for col. (1) are: c1=-1.73 (0.10), c2=-0.95 (0.11), c3=1.02 (0.11), c4=2.07 (0.11). Cut points for col. (2): c1=-1.51 (0.12), c2=-0.73 (0.13), c3=1.24 (0.13), c4=2.29 (0.14). Cut points for col. (3): c1=-6.50 (0.39), c2=-5.72 (0.39), c3=-3.74 (0.39), c4=-2.68 (0.39). Cut points for col. (4): c1=-5.90 (0.47), c2=-5.09 (0.47), c3=-3.04 (0.46), c4=-1.97 (0.46).

### Notes to Table 2

[1] In all regressions we include states dummies and we use the robust regression method using iteratively re-weighted least squares (Huber and Tukey biweights) with rreg routine in Stata. [2] Name of dependent variable has R (L) extension if higher numbers mean more Right (Left). [3] *Help Poor-R*: is a categorical variable that is the answer to the question: “Some people think that the government in Washington should do everything possible to improve the standard of living of all poor Americans; they are at Point 1 on this card. Other people think it is not the government's responsibility, and that each person should take care of himself; they are at Point 5. Where would you place yourself on this scale, or haven't you have up your mind on this?”. The possible answers are “1 (Govt actions), 2, 3 (Agree with both), 4, 5 (People help selves)”. *Help Poor-R* is obtained from the GSS. [4]  $Luck(s,t)=Oil\ Price(t)*Oil\ Share(s,t)$ . *Oil price* refers to Annual Average Crude Oil Price per Barrel (Real US\$) and is obtained from U.S. Energy Administration. *Oil Share* refers to Oil Industry share as a % of GDP (US\$ current) and is obtained from U.S. Bureau of Economic Analysis, www.bea.gov. [5] Personal Controls reported in column 4: marital status, gender, income and age. [6] Income is the answer to the GSS question “In which of these groups did your total family income, from all sources, fall last year before taxes, that is? Just tell me the letter”. The possible answers are: 1 if “LT \$1000”, 2 if “\$1000 to 2999”, 3 if “\$3000 to 3999”, 4 if “\$4000 to 4999”, 5 if “\$5000 to 5999”, 6 if “\$6000 to 6999”, 7 if “\$7000 to 7999”, 8 if “\$8000 to 9999”, 9 if “\$10000 to 14999”, 10 if “\$15000 to 19999”, 11 if “\$20000 to 24999”, 12 if “\$25000 or more”, 13 if “Refused”. Refused values are treated as missing values in the regressions. [7] Standard errors in parentheses. [8] \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%.