*Table 3.3: OLS regressions for government consumption and log GDP/
GNP in comparison to government consumption and log population*

Dependent variable: government consumption in percent of GDP	Period/ year	Logpop	Loggdp (Loggnp)	Adj. R²	Number of observations
PWT 5.6	1980–84	−2.727** (−2.860)		0.052	147
PWT 5.6	1980–84		−4.261** (−6.047)	0.179	142
PWT 5.6	1990	−2.258* (−1.984)		0.034	115
PWT 5.6	1990		−3.985** (−5.195)	0.190	110
PWT 5.6	1992	−1.401 (−1.088)		0.002	92
PWT 5.6	1992		−3.481** (−3.862)	0.110	85
IMF	1993–97	−2.531** (−4.372)		0.119	125
IMF	1993–97		−0.159 (−0.297)	−0.008	115

Sources: Penn World Tables (PWT) 5.6, UNDP and IMF (national accounts).

** significant at 1% level; * significant at 5% level; t statistics based on White heteroscedasticity-con-sistent standard errors in parentheses.

The result of the dependence on the right proxy for country size can, however, be interpreted in another way. Since from a theoretical view-point it is rather obvious that the number of inhabitants is a better proxy for country size than GDP, especially when the provision of public goods is at stake, the results may simply be considered as empirical evidence for the superiority of one of the two proxies.

3.2.7 Multiple regressions with politics and geography

The preceding sections did not leave scope for political and geographic variables in the regressions. A lot of them have been proposed in related studies, from which we decided to choose only three: political stability,