

Table 5.3: Variables, abbreviations, sources and standard statistics

Variable	Abbr.
Trade openness 1991	open
Population density (pop/area)	popdens
Log of population 1996	logpop
Urbanization ratio 1997 (in %)	urbrat
Dummy for Latin American countries	laamd
Dummy for OECD countries	oecd
Dummy for Sub-Saharan African countries	africad
Dummy for Asian countries	asiad
War dummy	ward
War time	wart
Revolutions per year	revo
Index of freedom (1-7)	freedom
Vulnerability index	vul
Log per capita income 1996	lognpc
Transport cost index 1991	trans

Abbreviations: Abbr. = Abbreviations; Obs. = Number of Observations; St. dev. = Standard deviation.

prising result is the significant sign of the South East Asia dummy. More confounding is the insignificance of the three variables concerning war and revolutions. They are far from being significant, although we expected them to have clear negative impact on welfare. There are several explanations for the insignificance of the three variables. The most promising line of arguments is that many countries currently involved in an armed conflict with adjacent countries or in state of revolution fail to provide data, which means that they are ruled out *a priori*. The small number of observations in models (3) and (4) also points in this direction. Another intuitive explanation is the fact that the variables might not be able to measure the central effects properly, because they cover a relatively long time period. Contrary to that, we would assume that only those conflicts, which have been taken place in recent years, determine welfare (with the exception of long-lasting conflicts, of course).

The effect of population density is rather ambiguous, since it is only significant in one out of three models. Contrary to that, the urbanization ratio seems to be a stable determinant of wealth. The magnitude of its effect and its significance is very similar across different specifications. A higher urbanization ratio is associated with a higher per capita GNP.