All comparisons based on mean value of a variable from 2006 to 2008.

Summary statistics of different tax-based state capacity indicators

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | N | Mean (s.d) | Min | Max |
| Income Tax/Total Tax | 119 | 0.35 (0.18) | 0.04 | 0.97 |
| Income Tax/GDP | 117 | 0.069) (0.05) | 0.0005 | 0.33 |
| Relative Political Extraction | 187 | 0.94 (0.40) | 0.11 | 3.05 |
| Total Tax/GDP | 118 | 0.18 (0.08) | (0.03) | 0.58 |

Correlation among different tax-based state capacity indicators

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Income Tax/Total Tax | Income tax/GDP | Goods and Services Tax/GDP | Trade Tax/GDP |
| Income Tax/Total Tax | -- | 0.77  (0.00, 117) | -0.53  (0.00, 116) | -0.26  (0.01, 115) |
| Income Tax/GDP | --- | --- | 0.03  (0.77, 116) | -0.05  (0.58, 115) |
| Relative Political Extraction | 0.019  (0.85, 101) | 0.41  (0.00, 100) | -0.05  (0.64, 99) | 0.37  (0.00, 100) |
| Total Tax/GDP | 0.07  (0.45, 117) | 0.59  (0.00, 117) | -0.18  (0.05, 116) | 0.43  (0.00, 116) |

In each cell we report the pairwise correlation coefficient, the level of significance of the correlation and the number of observations.

Correlation between state capacity indicators and state infrastructure

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Improved water source (% population) | Improved sanitation (% population) | Total KMs of roads | Percent of Total roads that are paved |
| Income Tax/Total Tax | 0.28  (0.01, 114) | 0.33  (0.01, 112) | 0.33  (0.01, 78) | 0.12  (0.33, 65) |
| Income Tax/GDP | 0.27  (0.01, 112) | 0.34  (0.01, 110) | 0.006  (0.96, 67) | 0.17  (0.21, 53) |
| Relative Political Extraction | 0.04  (0.64, 181) | -0.05  (0.53, 181) | -0.01  (0.89, 125) | -0.08  (0.40, 110) |
| Total Tax/GDP | 0.11  (0.25, 113) | 0.13  (0.17, 111) | -0.22  (0.05, 78) | 0.26  (0.04, 65) |

In each cell we report the pairwise correlation coefficient, the level of significance of the correlation and the number of observations.

Correlation between tax-based measures and other measures of state quality

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | CPIA fiscal policy rating | CPIA public administration rating | CPIA revenue mobilization rating | World Governance Indicators, Regulatory Quality |
| Income Tax/Total Tax | 0.2100  (0.21, 37) | 0.1735  (0.30, 37) | 0.1761  (0.30, 37) | 0.4600  (0.00, 117) |
| Income Tax/GDP | 0.14  (0.24, 36) | 0.24  (0.15, 36) | 0.035  (0.03, 36) | 0.45  (0.00, 116) |
| Relative Political Extraction | -0.0401  (0.77, 53) | 0.0443  (0.75, 53) | 0.3016  (0.03, 53) | 0.0565  (0.47, 162) |
| Total Tax/GDP | 0.1688  (0.32, 37) | 0.0868  (0.61, 37) | 0.1688  (0.32 ,37) | 0.1676  (0.07, 117) |

In each cell we report the pairwise correlation coefficient, the level of significance of the correlation and the number of observations.

Correlation between state capacity and unrelated items

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Total population | Mean Population Density | Armed forces personnel (% of labor force) | Military spending (% of govt. spending) |
| Income Tax/Total Tax | 0.0903  (0.33, 119) | -0.1265  (0.17, 119) | 0.0071  (0.94, 113) | 0.0180  (0.86, 101) |
| Income Tax/GDP | -0.08  (0.37, 117) | 0.11  (0.26, 117) | 0.11  (0.24, 111) | -0.18  (0.07, 100) |
| Relative Political Extraction | -0.0581  (0.43, 187) | -0.1960  (0.001, 187) | -0.3003  (0.01,  181) | -0.2840  (0.005, 95) |
| Total Tax/GDP | -0.1961  (0.03, 118) | 0.0326  (0.73, 118) | 0.0634  (0.51, 112) | 0.2079  (0.03, 109) |

In each cell we report the pairwise correlation coefficient, the level of significance of the correlation and the number of observations.