

Table 1: Descriptive statistics

	Mean	Std. Dev.	Min	Max	Obs
<i>City specific variables</i>					
City size	132,282	339,529	10,054	8,405,000	6975
Normalized city size	0.0042	0.0105	0.0002	0.2024	6975
log(norm. city size)	-6.31	1.25	-8.64	-1.6	6975
<i>Country specific variables</i>					
Phone lines per capita	0.402	0.178	0.065	0.722	63
log(Phone lines per capita)	-1.043	0.574	-2.736	-0.326	63
Internet users per capita	0.091	0.135	0.000	0.441	41
log(Internet users per capita)	-4.060	2.223	-8.265	-0.820	41
Inverse road density	0.033	0.067	0.002	0.329	63
Country population	35,200,000	57,400,000	4,209,000	282,000,000	63
log(country population)	16.632	1.108	15.253	19.458	63
GDP per capita, PPP	18,287	7,838	4,369	33,970	63
log(GDP per capita), PPP	9.692	0.544	8.382	10.433	63
Trade, % GDP	0.735	0.317	0.205	1.680	63
Non-agric. sectors, % GDP	0.936	0.054	0.732	0.988	63
Gov. expend., % GDP ^a	0.377	0.082	0.161	0.491	63
Std. dev. of GDP growth	0.029	0.019	0.013	0.083	63
land area	1,612,057	3,853,566	30,230	16,900,000	63
log(land area)	12.390	1.748	10.317	16.642	63
Number of cities/1000 ^a	0.111	0.114	0.022	0.555	63

Notes: Descriptive statistics for the sample used in Tables 2, 3 and 6. For variable definitions, see text and Data Appendix (<http://www.xxx.xxx>).

^a Average over time.

Table 2: Phone lines and the city size distribution

Dep. variable:	WLS				IV			
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Estimated Zipf coefficient								
log(Phone lines per capita)	-0.146*** (0.027)	-0.109* (0.056)	-0.054* (0.029)	-0.100** (0.038)	-0.124*** (0.035)	0.151 (0.193)	-0.091** (0.039)	-0.117** (0.047)
Inverse road density		-0.335 (0.457)		0.168 (0.171)		-0.023 (0.588)		0.165 (0.172)
log(country population)		-0.021 (0.031)		-0.111 (0.092)		0.031 (0.052)		-0.131 (0.098)
log(GDP per capita), PPP		-0.103 (0.110)		-0.044 (0.093)		-0.368 (0.228)		-0.041 (0.094)
Trade, % GDP		-0.161** (0.076)		0.083* (0.045)		-0.166* (0.091)		0.085* (0.045)
Non-agric. sectors, % GDP		-0.408 (0.570)		0.320 (0.330)		-0.982 (0.791)		0.388 (0.348)
Gov. expend., % GDP		-0.828*** (0.280)				-1.221*** (0.433)		
Std. dev. of GDP growth		-1.101 (3.155)				-4.270 (4.374)		
log(land area)		0.003 (0.024)				-0.041 (0.041)		
Number of cities/1000		-0.171 (0.301)				-0.179 (0.359)		
Time	0.002 (0.001)	0.003 (0.002)	-0.002** (0.001)	0.001 (0.002)	0.001 (0.002)	0.002 (0.003)	-0.001 (0.001)	0.001 (0.002)
Constant	-1.495*** (0.033)	0.683 (1.603)	country fixed effects		-1.473*** (0.039)	3.995 (3.006)	country fixed effects	
R ²	0.344	0.675	0.807	0.845	0.336	0.537	0.798	0.844
Obs country-year	63	63	63	63	63	63	63	63
Obs countries	24	24	24	24	24	24	24	24

Notes: Standard errors in brackets. ***, **, and * indicate significance at the 1%, 5% and 10% level, respectively. Within R² is reported for fixed effects models. Instruments are variables for public and private telephony monopoly, EU/EEC-, NAFTA-membership (see Table 3). Weighted least squares (WLS) is weighted by the inverse standard error of the estimated Zipf coefficient.