Economic, Social and Political Aspect of Globalization on Health in Developing Countries (with Segregation)

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Abstract

Today, scholars and human rights activists for more national and international responsibilities in a "right to health for everyone" exchange ideas and also propose some strategies. One of the major international problems of health hazards result from globalization. The Relationship between globalization and health aspects of economic, technological, political, social, scientific and cultural should be studied. This study intends to review the aspects of economic, social and political globalization on the health. In this case ,Kof index is which includes all three aspects of economic, social and political globalization agenda. The results show that economic globalization has a negative effect on health in developing countries and globalization, social and political effects are positive and statistically significant. The result is the same for both women and men, and there are only minor differences in the coefficients.

Key words: Globalization, Health, Life Expectancy, Kof Index

Introduction

Globalization is a term that in many cases we are dealing with. Theme of "Globalization" has become widespread in society today, and is becoming the most important thing that knows no bounds and penetrates rapidly across communities. It can be argued that the vast global values of human life in terms of economic, industrial, political, informational, cultural, social, technical, ethical, legal, and many other areas has been effective. In this field, health is also considered. As part of the U.S. Institute of Medicine report in 1997 stated: "The distinction between domestic and international issues gradually pale and often is misleading."
The definition of health is believed that the disease was not only lack of health but also health promotion must be considered. Not only in terms of physical health, but has also recall that in the physical, mental, social and spiritual considered. As defined by the World Health

Organization, health is not merely the absence of disease or defects in the body 'health, without any problem, the psychological, social, economic and physical health of each individual community. "

Given the different opinions about the positive and negative effects of globalization on health ,This paper seeks to answer this question: what impactswill globalization have on health in selected developing countries in the field?The impact of globalization on health is very complex and many factors can affect health. Some of these factors can affect your health in the short term and others long term. Some of the factors affect directly and others indirectly through influence on health. Direct form of globalization, the movement of people (the transmission of infectious disease, transmission of ideas, etc.), products of modern technology ... And indirectly, through revenue growth, distribution and stabilization and economic or political instability ... Impacts on health. The positive effects of globalization on health care, Especially in developing countries, which also have lower levels of well-being and positive vision about the impact of globalization on health in this country does not exist. Two approaches can be used in the study of globalization. In the first approach, the nature and mechanisms of globalization are examined. This approach studythe globalization theoretically andexpress its possible consequences. In the second approach globalization is considered by focusing on the effects of the countries. This approach created by gathering evidence to review and analyze their implications. In this paper, the second approach is used. This paper tries to analyze the relationship between globalization and health, using indicators KOF all three dimensions of economic, social and political globalization includes the effects of globalization on health and tests the following hypotheses:

1) Health in developing countries is being affected by economic globalization variables.
2) health in developing countries is affected by social globalization variables.
3) Health in developing countries is affected by political globalization variables.

The research method in this study is cross-sectional and causal analysis and By collecting data and information system in library,study and analyze the relationship between the World Health and globalization in the developing countries. This paper consists of five sections. After the introduction, the second section is devoted to the research literature. The third section introduces the model. In Section 4, the model estimation is performed, and finally, conclusions and recommendations are presented.

2-Researchliterature

2-1 Theoretical

Norris defines globalization as uniting economy, culture, governance and national technology that leads to the complex relationships (Norris 2000).Keohane and Nye see globalization as a result of the completion of the third process of economic globalization, political globalization and social globalization is achieved.(Keohane and Nye , 2000)

As the communication between countries gradually become wider and more complex, human health is also affected by a range of environmental, social, cultural, economic, and institutional factors.

So the health index is a compilation that also reflect the natural environment, socio-economicfor us. Today, the relationship between poverty and disease in sociology and economics is quite clear for experts on this point and this forms the basis of the relationship between economics and health. Usually, in the economy and health issues ,Mirdal'scircular path of flow and density is used. According to this theory, low income leads to lower levels of life and standard of living is below the level of labor productivity remains low. This in turn resulted in lower incomes and lower and the cycle is repeated. The relationship between health and economic development are important factors underlying the development of health manpower and at the same time, the ultimate goal of economic development and the best possible means to promote development,it means that human development is a goal in itself but a means as well.In order to understand how globalization affects people's health, it is better to first see what are the determinants of health.

General health is affected by four different factors: 1 - Social and cultural factors , 2 - Economic factors, 3- environmental factors, 4- institutional factors. Some of these factors can affect your health in the short term and others in long term affects on health. Some of the factors can affect health directly and others indirectly through influence on health.

Thus, the impact of globalization on health is very complex. Globalization means that its effects through earnings growth, income distribution, economic stability, availability of health services and other social services, stress and so on Health reveals. The health status of each country and the region will be affected by the initial conditions. Undoubtedly, size, geography and specialization of each country's economy, the availability and distribution of assets, human capital and infrastructure, and quality of domestic policy, the health status of people in any society are also affected.

If globalization is managed properly, important changes in the health of a community is created. When international markets are efficient, that each country's domestic markets are competitive, regulatory and supervisory institutions exist, fair distribution of wealth, access to health services is extensive, powerful networking and social security insurance act Terms and global market access is free. In such circumstances, globalization creates equal opportunities for all, Efforts are based on income and ability to pay, The economies of scale that can be used in the production accurately, increase employment opportunities, higher incomes and eventually increase the welfare of society will lead to lower prices for consumer goods. Expanding global markets can attract a small country which has good human and physical infrastructure, but has restricted markets. Such a market is able to transfer capital, knowledge and technology to speed up, Lead to people's health.

In communities where local conditions to open doors and provide unrestricted access to international markets, appropriate combination of local and global policies, flexible management, has led to rapid economic growth, improve living standards and significant improvements in the health status of people. In this case, the experience of China and countries in Southeast Asia Kvstaryka can be extremely informative. However, international and domestic conditions for the realization of successful globalization, has occurred only in a few countries. In many developing countries, non-voluntary and fragile obstacles are in the way of globalization and the barriers to improving people's health has been impaired.

Now the question is whether globalization really improve health?

Advocates of the idea that globalization, improves health in countries believe that globalization leads to greater public health, and areas where the prerequisites are already provided. Faster economic growth and increasing per capita income, rising standards of living, innovation and rapid diffusion of technologies and skills to the achievements of the world. In the other, between health and income, there is a mutual relationship. On the one hand, higher income can benefit from more and better health services and on the other hand, healthy people are able to earn a higher income and still too much work. Similarly, increased revenue, increase social security benefits, access to doctors and clinics, and results increased life expectancy.

With the release of medical knowledge of globalization all over the world, provides access to the latest medical findings. It also resulted in higher levels of ICT knowledge and information to people. Despite the large gap in per capita income within a society and between countries, is being reduced health inequalities and economists believe that improving health and reducing mortality rates, mainly due to rising levels of education and awareness over recent years has been the mass of the people. Experience has shown that a high level of health,preventsthe economical poverty becausehealthy humans is the center of sustainable development. In this regard, the people of East Asia have the best situation and Sub-Saharan Africa worst.. One reason that poor people remain poor is lack access to basic health services. Like education, health and poverty will be affected by changes in income.

However, the health economics literature has a negative view of globalization. One reason for this view is the difference in the definition of globalizationwhich is widespread in non-economists, including not only the international transport of goods, information and ideas, but also as a policy of privatization, user fees and program adjustments structure is discussed. Developing countries are chosen because they have little political power and little influence in international organizations like the World Bank, the International Monetary Fund and World Trade Organization (which by the West, particularly America's interests are managed). Poor countries lack both human and financial resources that can make the decisions of international organizations and their influence beyond the established rules of the international system to act under. The inability of governments in the design and operation of the health system, considered by many people as a threat to public health. Globalization is creating many opportunities but its benefits have not been equally divided between those countries and changes occurred only in economic contextsand less attention is given to the social contexts such as human rights, poverty, environment and health, particularly women's labor.

2-2 - Empirical Studies

Woodward (2001) In an article titled "Globalization and Health: A Framework for Analysis and Action" have developed a model that is based on five key link between globalization and health,which in three of them,there is a direct influence of the relation and in two cases, the indirect relationship, is identified.

Gooldemberg (2004) in an article titled "World fuel initiative for clean food" more emphasis on the economic aspects of globalization and the social determinants of health,they have mentioned that social determinants of health play a large role in promoting economic growth.

Ingelhart (1382), in the article "cultural shift in advanced industrial society" investigates the changes in value of various communities. This article is based on personal priorities that reflect the socioeconomic environment and what has the maximum value has the lowest the supply.

The results indicate that overall economic growth, increasing life expectancy and mental well-being. Happiness has deep links with economic development., When the income gets at least to a few thousand dollars, life expectancy becomes very high, but this effect disappears after a certain threshold, the industrial countries have this status.

Labonte and Schrecke(2007) at the conclusion of their extensive study titled "Globalization and social determinants of health." For the first time of a three part series, socio-economic and political factors and the relationship between globalization and SDH pay during the period 1987-2005.The conclusion that the long-term trend of increasing global economic inequality, combined. Then concluded that globalization is associated with the long-term trend of increasing economic inequality.

Nilsson and bergh(2010), in an article entitled "For the Good Life? Relationship between globalization and life expectancy" between dimensions (social, political and economic) globalization and life expectancy with a panel of 92 countries for period 1970-2005 are examined, finally showed that there isa strong positive relationship between economic globalization and life expectancy while there is no strong connection between social and political globalization and life expectancy.

AkhavanBehbahani (1382) In an article entitled "Globalization and Health" examines the various dimensions of globalization on health and the challenges and methods in this part of the world for health promotion. He believes that achieving universal health care process is possible only if the interests of developing countries and vulnerable will be fully considered.

Mehrabani(1386) in an article entitled "The role of social media in health of citizens and communities in transition."Shows how neglect of modernism and urban life in the West has caused many problems in the field of social health and how social media can move on to the destruction of the health and social well-being in order to reproduce.

Aeinparast(1389) In an article entitled "knowledge on how well their role in life is" investigates the role of awareness and its relation to the promotion of health. And reach to the conclusion that in some cases, the statistics about knowledge and performance of people have been proved and promotion of people to increase awareness of appropriate behavior.

Emadzadeh(1391) in an article with a work of the World Health "after investigating agents effective economic globalization Pierre health, views the opponents and supporters in the world on health issues. He argues that the influence of education and health is more than the revenues.

3 - Introduction to Pattern

A multivariate regression model presented in this study is from an article titled "What is best in life? The relationship between global and life expectancy, "which has been prepared by Nilsson took it to the statistical study of 92 selected countries (developed and developing), respectively. This paper studies the issues of the developing world. Given that globalization directly, via traffic individuals (transmission of infectious disease, transmission of ideas, etc.), products of modern technology ... And indirectly through income growth, the distribution of political and economic stability or instability affects health and each of these factors under the collection of the economic, social or political world and are considering the positive effects or that are negative, the model is used in the form below:

(Globalization of economic variables, social variables globalization, globalization political variables) f = health

In this context, health is a function of economic, social and political globalization.

$$\text{Health} = \alpha + \beta X + \gamma V + \mu Z + \varepsilon \qquad (1)$$

Health: Health Indicators

  X: vector of factors affecting the health of the global economy (such as per capita income, openness to trade, the supply of medical facilities.)

  V: vector of globalization and social factors that affect health (such as education, population growth.)

  Z: vector of global political factors that affect health (such as the size of government, membership in international organizations, ...)

  ε: the error

Health indicators, life expectancy at birth is referred to as a dependent variable. As globalization, do not affect health fast and suddenly , the continuous variables (eg, the global average during the interval to describe the average life expectancy) are used.

In this study, the index kofis used,kofis an indicator of globalization thatcoversglobalization in the areas of economic, social and political. Indicators of social globalization weighing 38 percent is the highest between them. The index includes three indicators of globalization which covers global data communication, flow of information and cultural indicators. Economic globalization index is weighted 36 percent in the next place. Two of these flow indicators, such as capital flow and business domain are limited to exclusion, such as: types of tariffs are included. Political globalization index is third with a share of 29 percent.

This study uses panel data set to estimate the model. For this purpose the software Eviews and Stataare used to estimate the model and the Excel software is used for data classification.

4 - Estimation Model

In this article the panel data method is used which is a combination of the data series and temporary data .At first collected data are put to excel in regularly and thenestimated by software stata.

After estimating effects of fixed and accident manners to choose between these two methods of the test ,Hasman test has been used and the theory of zero, based on the effects of the accident and model was rejected by the estimated proved effects.

Estimating has been done by using software stata and through data panel method. In order to find the best way of estimation, the stages has been followed:

1. Test of estimation possible with panel method or pool (F Limer test)
2. Test of stable effects or accidental effects existence (Hasman test)
3. Manaei test (lack of root) (test Levin Lane Chou)

Before anything the kind of data should be distinguished whether panel or and for this purpose Limer test will be used which has F statistic .

This test, test whether the data collected according to a different levels of a common origin for all the units in the study or that any "proper can have a separate from itself?

The theoretical expression for the cross section or panel studies is the study units. The theoretical expression for the cross section or panel studies is the study units.method to do it this way with a model of common origin model for all units and limited model with the assumption that the start of the separate units for different models plenary is considered.

In test F, the same hypothesis H_ ° intercept (Pvlyng data) versus the opposite hypothesis H_1 different intercept (using panel data) will be used. So we can write:

$$H_\circ: \quad a_1 = a_2 = \cdots = a$$

H1 least one intercept is different with others: (2)

If the calculated F (F *) the F table with degrees of freedom (N-1) and (NT-NK), is larger, and the hypothesis was rejected H_ ° using panel data will be better. Otherwise, the method pooling data is used.(Taheri1384)

After Limer F test if the type of data is pooling , they should be estimated using the joint effects,and if the data type is panel they should be estimated using either fixed effects or random effects methods which are presented in the following.In the fixed effects model, a fixed amount of each component has its own ,as for working with any of these constants, a virtual variable is considered, estimate fixed effects, least squares estimate virtual variables (LSDV) is also called.

The advantage of the fixed effects model is that it can have different effects on each component which shows changes over time. However, after the model is formed,any variable can no longer be added to this over time, because the effects will prove the perfect multicollinearity. On the other hand, the disadvantage of such a model is that virtual variables for each factor and a total of N coefficients should be estimated. This means that when the number of components N is too high, which is usually the same, there will be problematic. An alternative method to estimate fixed effects models, is estimating random effects models. The difference is that such a model with fixed effects for each of the variables in the intercept values are not fixed, but rather are randomly selected. The sample size should be large enough to be considered such an assumption.

Therefore, there is a fixed part and a random part. The advantage of this model is the fixed effects model, the smaller the number of parameters to be estimated. To estimate the model, it should be noted that in this case the variance is not identical with the different sections.

Our model is a dissonance with the variance which should use OLS instead of GLS method (Green, 2001).

to allow for the explanatory power of the dependent variable between fixed effects and random effects , models provides a comparison is performed, Hasman test is used. As for the comparison between these two models, the correlation between the random effects and regression test was tested, SoHasman test the null hypothesis that there is no correlation between the random effects and regression. Under this assumption, estimate by OLS and GLS are consistent, but both OLS estimate is inefficient. The conditions under which the hypotheses, efficient and consistent OLS estimate, but GLS estimate is inconsistent. If the calculated test statistic is greater than the table value, the hypothesis H° is rejected, Solidarity exists between

the random effects then accidental effect methods must be used. As can be seen, the probability of 0/05 <0385/0, the hypothesis H° is not rejected and fixed effects model is chosen:
Test: Ho: difference in coefficients not systematic

chi2(1) = (b-B)'[(V_b-V_B)^(-1)](b-B)
 = 4.28
Prob>chi2 = 0.0385

Prerequisite for accurate estimation of static variables is mana being of them. If this variable has no unit root. Unit root tests for all variables in order to measure the Levin Lin Chu (LLC) was performed and the unit root for the variables were confirmed. To determine the type of fixed or random effects Hasman was used to test the hypothesis H0 was rejected based on the random effects and fixed effects were confirmed.

Table (1): The results of the mana test

Test result	Test statistic	) p-value (	H0 Hypothesis	Variable name
Reject H0	-6.9490	0.0000	Unit roots existence	Prog(educate)
Reject H0	-17.9251	0.0000	Unit roots existence	Erh(Facilities)
Reject H0	-7.7378	0.000	Unit roots existence	hb(Facilities)
Reject H0	-6.5489	0.0000	Unit roots existence	Upg(urban population growth)
Reject H0	-11.1773	0.0000	Unit roots existence	gdp
Reject H0	-2.7285	0.0032	Unit roots existence	Agov(Size of Government)
Reject H0	-7.0785	0.0000	Unit roots existence	gini
Reject H0	-2.5369	0.0056	Unit roots existence	Kof (Economic Globalization)
Reject H0	-2.2349	0.0127	Unit roots	Kof (Social

			existence	Globalization)
Reject H0	-3.9397	0.0000	Unit roots existence	Kof (Political Globalization)

Table (2): Model Estimates for Selected Countries

p-value	Statistic	coefficient	variation
0/000	3/71	0/033	Prog(educate)
0/855	-0/18	-0/008	Erh(Facilities)
0/989	-0/01	-0/001	hb(Facilities)
0/216	-1/24	-0/15	Upg(urban population growth)
0/000	8/44	0/0002	gdp
0/006	-3/00	-1171958	Agov(Size of Government)
0/046	-0/73	-0/008	gini
0/196	-1/30	0/013	Kof (Economic Globalization)
0/01	2/60	0/037	Kof (Social Globalization)
0/002	3/19	0/025	Kof (Political Globalization)
Houseman statistics: 4/28 P value: 0/0385	163/37 f statistic: P value: 0/000		Wald statistic331/02 P value: 0/000

Source: research findings

5- Conclusions and recommendations

First hypothesis: Effects of economic globalization is negative but not significant. The health economic globalization in developing countries will not be affected. So that the coefficients.
Global Economic Indicators Index (kof) in this study, including trade and foreign direct investment and trade ,capital restrictions , Since the developing countries' share of global transactions are less and the development of capital markets in most countries and political

instability, and economic issues that hinder foreign investment, so economic sector actually plays a minor role in the globalization process and the rule does not have significant impact on the health sector. Also in communities that live in the recession, and there is high unemployment rates and low job security, despite the desperation of women having multiple children, forced to work while these organizations are not sufficient to maintain their children. Leaving children at home alone can be risky and can cause accidents. In this environment, globalization, will not improve the quality of health of women and children.

One of the variables used in the estimates is the Gini coefficient. The results show that the Gini coefficient has a negative effect on life expectancy. In developing countries, income distribution is unfair mostly, two deciles of the income is under their control about 50 percent of income and wealth ownly, the lack of an efficient tax system makes the poor poorer, and rich to be richer. In this case, social cohesion gradually becomes weaker and weaker and globalization can not improve people's health. The results confirm the first hypothesis.

Second hypothesis: Based on the results obtained with a unit index of social globalization increases, significant at 95%, life expectancy 0/037 unit increases. Positive effect of social globalization, on life expectancy, is confirmed the second hypothesis. Social globalization, Increases the spread of information and ideas in the field of health. Countries using data from other countries and better ways of living and thinking and their traditions and the loss of many traditions and bad habits in nutrition and health will help to improve health and life expectancy. Advanced communications and information leading up to Healthcare sector, quickly put the latest achievements of science phenomena. on the one hand Dissemination of research findings, and on the other methods of treatment and medical care, due to improve the quality of staff working in clinics rapidly. Most of the health services that offer clinics now, have improved under the influence of transforming research findings the quality and accuracy of the test, in a word, the existing tools for the diagnosis, progress has been both quantitative and qualitative terms wonderful. Thus, the advent of globalization has led to will upgrade quality health services and health level significantly.

Another social factor of globalization is education. Our results indicate that education at 95% significant positive effect on health. illiteracy and followed by lack of awareness ignorance another of the factors that cause vulnerability to health. Statistics show that the mortality rate is higher among illiterates than educated people. In other words, one of the important factors that can improve the health status of a population is investment in public education. Education not only makes people aware of their health status, but also makes them who they have limited health care resources, an optimal way to allocate. The role of education in providing health is increasingly important. Recent studies (Pyrstvn) suggest that despite a significant gap in per capita income within a society and between countries, is reducing health disparities and convergence time.

Third hypothesis: The results of estimating between the index of politics of globalization and life expectancy, at 95% significance level, there is a positive relationship and a significant level of political globalization index increases 95% to 0/025 of the increase in life expectancy, which confirms the third hypothesis. Closely in the political world can make in the health policies and agreements that improve the nation's health.

Political variables have a positive effect on overall health, but some of the variables can also have negative effects, one of which variables is the Size of Government the negative effect on life expectancy is 95% significance level. In developing countries, government size is large and significant share of economic activity is on the sector of Government and private institutions are not significant growth and independence Therefore globalization is not able to make a major change in health status

The results are similar for men and women, the results of which are as follows: A unit increase in the index of economic globalization, decreases the life expectancy for women 0/003 units, and life expectancy for men 0/018 unit. The negative impact of economic globalization on the life expectancy of men over women. social globalization index with an unit of increasing, the life expectancy for women 0/049 unit and life expectancy for men 0/027 unit decreases that Shows that life expectancy for women than men is the greater impact from globalization social transformations. An increase unit of Political globalization index is 0/023 units, increased life expectancy for women and 0/025 units of men increased life expectancy, which shows the life expectancy of men than women, to take place the greater impact of global political developments.

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Attachment (1): results of fixed effects, random effects and Houseman test

```
 xtreg life progss erh upg gdp agov gini hb kofe kofs kofp, re


Random-effects GLS regression          Number of obs   =     198
Group variable: id              Number of groups  =     18

R-sq:  within = 0.6645           Obs per group: min =     11
          between = 0.0041                  avg =    11.0
          overall = 0.0389                  max =    11


Random effects u_i ~ Gaussian         Wald chi2(10)    =   335.07
corr(u_i, X)     = 0 (assumed)       Prob > chi2     =   0.0000


-------------------------------------------------------------------
--------------
       life |   Coef.  Std. Err.   z   P>|z|   [95% Conf. Interval [
-----------------------------------------------------------+----------
--------------
     progss | .0298055 .0087247   3.42  0.001   .0127053  .0469056
        erh | -.0270647 .0443925   -0.61  0.542  -.1140725   .059943
        upg | -.2706974  .114287   -2.37  0.018  -.4946957  -.046699
        gdp |  .0001816 .0000248   7.32  0.000    .000133  .0002302
       agov | -722175.4 351090.2   -2.06  0.040   -1410299  -34051.21
       gini | -.0135829 .0105577  -1.29  0.198  -.0342756  .0071098
         hb |  -.086768 .0939436   -0.92  0.356   -.270894   .097358
       kofe | -.0053171 .0097936   -0.54  0.587  -.0245121   .013878
       kofs |  .0496516  .013539   3.67  0.000   .0231157  .0761875
       kofp |  .0207925 .0074558   2.79  0.005   .0061793  .0354057
       cons |   70.4842 1.421918  49.57  0.000   67.69729  73.27111
_
-----------------------------------------------------------+----------
--------------
    sigma_u | 2.4994886
```

```
        sigma_e |  .51055636
            rho |  .95994724   (fraction of variance due to u_i (
------------------------------------------------------------------
-------------


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  . estimates store re


  . xtreg life progss erh upg gdp agov gini hb kofe kofs kofp, fe


Fixed-effects (within) regression          Number of obs    =     198
Group variable: id                  Number of groups   =      18


R-sq:  within  = 0.6681                  Obs per group: min =      11
        between = 0.0010                              avg =    11.0
        overall = 0.0080                              max =     11


                                                F(10,170)      =   34.22
corr(u_i, Xb) = -0.5287              Prob > F       =   0.0000


------------------------------------------------------------------
-------------
         life |   Coef.  Std. Err.    t   P>|t|    [95% Conf. Interval [
-------------------------------------------------------+------------
-------------
       progss |  .0316139  .0087817   3.60  0.000    .0142787   .048949
          erh |  -.011783  .0452866  -0.26  0.795   -.1011796   .0776135
          upg |  -.3152945  .1192471   -2.64  0.009   -.5506904  -.0798987
          gdp |   .0001915  .0000255    7.50  0.000    .0001411   .0002419
         agov |  -1120535  402088.5  -2.79  0.006   -1914265  -326805.9
         gini |  -.0151652  .010627  -1.43  0.155   -.0361431   .0058126
           hb |  -.0058335  .1101874   -0.05  0.958   -.2233453   .2116783
         kofe |  -.004399  .009948  -0.44  0.659   -.0240366   .0152386
         kofs |   .0491545  .0137269    3.58  0.000    .0220574   .0762515
         kofp |   .0231979  .0077023    3.01  0.003    .0079935   .0384023
         cons |   70.09215  1.324118   52.93  0.000    67.47832   72.70598
------------------------------------------------------------------+------------
-------------
      sigma_u |  2.7804142
      sigma_e |  .51055636
          rho |  .96738134   (fraction of variance due to u_i (
```

```
---------------------------------------------------------------------
---------------
F test that all u_i=0:    F(17, 170) =  125.43        Prob > F = 0.0000

  . estimates store fe

  . hausman fe re

Note: the rank of the differenced variance matrix (1) does not equal the number
         of coefficients being tested (10); be sure this is what you expect, or
         there may be problems computing the test.  Examine the output of your
         estimators for anything unexpected and possibly consider scaling your
         variables so that the coefficients are on a similar scale .

   ----                        Coefficients----
)         |                    b)       (B)      (b-B)    sqrt(diag(V_b-V_B ( (
          |                    fe       re     Difference    S.E .
---------------------------------------------------------------+-------------
---------------
       progss |   .0316139   .0298055    .0018084    .0009983
          erh |   -.011783   -.0270647   .0152817    .0089545
          upg |   -.3152945  -.2706974   -.0445972   .0340347
          gdp |   .0001915   .0001816    9.92e-06    6.01e-06
         agov |   -1120535   -722175.4   -398359.9    195986.8
         gini |   -.0151652  -.0135829   -.0015824   .0012116
           hb |   -.0058335  -.086768     .0809345   .0575836
         kofe |   -.004399   -.0053171    .000918    .0017463
         kofs |   .0491545   .0496516    -.0004972   .0022634
         kofp |   .0231979   .0207925    .0024054    .0019326
---------------------------------------------------------------------
---------------

                              b = consistent under Ho and Ha; obtained from xtreg
              B = inconsistent under Ha, efficient under Ho; obtained from xtreg

     Test:  Ho:  difference in coefficients not systematic

                   chi2(1) = (b-B)'[(V_b-V_B)^(-1)](b-B (
04.13
                   Prob>chi2 =    0.0421
)                     V_b-V_B is not positive definite (
```

Attachment (2): kof Index

	KOF Index of Globalization 2011	
Indices and Variables		**Weights**
Economic Globalization		**[36%]**
i) Actual Flows		(50%)
	Trade (percent of GDP)	(22%)
	Foreign Direct Investment, stocks (percent of GDP)	(29%)
	Portfolio Investment (percent of GDP)	(22%)
	Income Payments to Foreign Nationals (percent of GDP)	(27%)
ii) Restrictions		(50%)
	Hidden Import Barriers	(22%)
	Mean Tariff Rate	(28%)
	Taxes on International Trade (percent of current revenue)	(27%)
	Capital Account Restrictions	(23%)
Social Globalization		**[38%]**
i) Data on Personal Contact		(33%)
	Telephone Traffic	(26%)
	Transfers (percent of GDP)	(2%)
	International Tourism	(26%)
	Foreign Population (percent of total population)	(20%)
	International letters (per capita)	(25%)

ii) Data on Information Flows		(36%)
	Internet Users (per 1000 people)	(36%)
	Television (per 1000 people)	(37%)
	Trade in Newspapers (percent of GDP)	(28%)
iii) Data on Cultural Proximity		(31%)
	Number of McDonald's Restaurants (per capita)	(43%)
	Number of Ikea (per capita)	(44%)
	Trade in books (percent of GDP)	(13%)
Political Globalization		**[26%]**
	Embassies in Country	(25%)
	Membership in International Organizations	(28%)
	Participation in U.N. Security Council Missions	(22%)
	International Treaties	(25%)

Source:

Dreher, Axel, 2006, Does Globalization Affect Growth? Empirical Evidence from a new Index, *Applied Economics* 38, 10: 1091-1110.

Updated in:

Dreher, Axel; Noel Gaston and Pim Martens, 2008, *Measuring Globalization - Gauging its Consequence*, New York: Springer.

Attachment (3): Countries used

Argentina, Belarus,Brazil,Bulgaria,Chile,Colombia,Dominican Republic,Ecuador,Iran, Islamic Rep.,Kazakhstan,Latvia,Lithuania,Macedonia, FYR,Mexico,Panama,Romania,Russian Federation,Turkey