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DOES FOREIGN DIRECT INVESTMENT BOOST UP WOMEN EMPOWERMENT:

A PANEL DATA ANALYSIS OF DEVELOPED AND DEVELOPING COUNTRIES

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Abstract: Women empowerment is a key factor for sustainable economic growth, social development and environmental sustainability. It is only by providing equal opportunities to women and men that a sustainable path of development can be achieved. This paper assesses the impact of Foreign Direct Investment on the Women Empowerment . Women Empowerment Index (W E I) has been constructed to measure women empowerment on the basis of scores provided by the World Bank. Using a panel data set for 163 countries: East Asia and Pacific – 22 Countries, Europe and Central Asia – 19 Countries, High Income OECD Countries -27 Countries, Latin America and Caribbean – 27 Countries, Middle East and North Africa -17 Countries, South Asia -8 Countries, Sub Saharan Africa - 43 Countries, for the period 2016 to 2018,the study focuses on key legal and regulatory areas which are directly controlled by policy makers. The fixed effect regression has been used to study the impact of Foreign Direct Investment on Women Empowerment. The data with respect to main explanatory variable Foreign Direct Investment Inflows has been collected from UNCTAD's World Investment Report. The data in respect of other control variables: Openness of Trade, GDP Growth Rate, Government Expenditure as a percentage of GDP and Women Labour Force as a percentage of Total Labour Force have been collected from World Development Indicators. This paper shows that FDI inflows are positively associated with Women Empowerment. Thus FDI inflows increase women's welfare.

Key Words : Foreign Direct Investment, Women Empowerment, Gender Disparity, Growth, Labour.

INTRODUCTION

Women make up half the world's population and have immensely benefited from economic and social development over the years. However, they have limited access to resources and power. Women empowerment is a key factor for sustainable economic growth, social development and environmental sustainability. It is only by providing equal opportunities to women and men that a sustainable path of development can be achieved. Sustainable development cannot be achieved without addressing the gender relations which represent the existing inequality. The future generations will not be able to meet their needs in equitable way if the inequalities continue to exist. Therefore, without taking serious steps to tackle the problem of gender disparity, sustainable development cannot be achieved.

Empowerment can be defined as a multi – divisional social process that helps people gain control over their own lives. Therefore, women empowerment in that sense means women gaining more power and control over their own lives. Thus it is an important process in reaching gender equality. Gender equality devotes that rights, responsibilities and opportunities of individuals will not depend on whether they are born male or female. However gender roles and gender role expectations change overtime and differ across different societies. Broadly, gender role expectations are determined by legislation, education, political and economic systems, culture and tradition.

As women dedicate more time to unpaid activities, they are often dependent on men's income and less protected through financial savings, pension entitlements and property in their name. Therefore women are at greater risk of poverty and have fewer opportunities in the labour market. Therefore, women need to be empowered to narrow the gender gap and create an equal playing field between women and men. But what does it mean for women to be empowered? According to the United Nations Population Fund an empowered woman has a sense of self worth. She can determine her own choices and access to opportunities and resources providing her with an array of options she can pursue. She has control over her own life, both within and outside the home and she has the direction of social change to create more just social land ability to influence the direction of social change to create a more just social and economic order, both nationally and internationally (U N D P , 2008)

According to World Commission on Environment and Development, (WCED), sustainable development is the development which meets the needs of the present without compromising the ability of future generations to meet their own needs. While aiming to maximize the well being of present generation it is important to take a long term perspective and take into consideration the consequences of our actions on future generations ensuring that the resources they will require for their own well being are not depleted and the natural environment in which they will be born will not be polluted or destroyed. Therefore, the test of sustainable development is the convergence among the three trajectories of economic growth, social development and environmental protection. Therefore, women empowerment and gender equality is not a social development issue alone, but across cutting wave in economic and socio cultural and environmental protection. Gender diamensions of sustainable development can be characterized by the allocation of resources between women and men on the one hand and on the other, by how these resources are spread over time and generations.

According to IMF WEO Report 2018, only 55% of women have the opportunity to participate in the labour force, as compared with 80% for men. Women earn about 50% less than men for the same type of work and they represent 20% of parliamentarians across the world. The present study is an attempt to study and analyze the effects of Foreign Direct Investment on women empowerment .

Foreign Direct Investment (FDI) as an important source of revenue for governments and capital for private firms and increases demand for labour and household's income. Therefore FDI can impact gender development and inequality in many ways . First of all with FDI, firms can expand their size and it increases revenues for the government. Labour demand for women increases in absolute terms and also because government can now invest more in public facilities and infrastructure like schools, medical facilities, water and electricity, which play an important role in women empowerment. Secondly, if majority and FDI is received more female labour intensive industries , the demand for labour will increase more than men labour demand and labour participations gap will decrease . Thirdly TNC's bring with them advanced technologies into their host countries which can generate technological spill over to local supplier and customers . The local firms adapt and acquire new technology and give wage premium to retain their newly trained workers. And the new technology is more female labour force intensive, female labour demand will increase. Finally, TNC's and foreign firms can establish a corporate social responsibility initiative and can push to implement more gender equal norms.

In the present paper, women empowerment index (W E I) is prepared on the basis of scores provided by World Bank in Women, business and the Law 2018 report for seven indicators : accessing institutions, using property, getting a job, providing incentives to work, going to court, building credit and protecting women from violence. The indicator scores range between 0 and 100 with 100 being the best. These scores are being obtained by the World Bank by calculating the unweighted average of the scored questions that indicator obtains and scaling the result to 100. The scored questions are based on two criteria : their relevance to women's human right as set out in the International Women rights frame work including the convention on the elimination of all forms of discrimination against women (C E D A W) and the World Bank Research showing their importance for women's economic empowerment. Fifty questions are scored within the seven indicators.

The scored questions fall into three categories. First, those with explicit gender based differences affecting women's entrepreneurship or employment like gender based job restrictions. Second, those reflecting the absence of laws protecting women like lack of legislation on sexual harassment. Third those examining institutions or processes which are likely to help women like anti discrimination commissions.

The study covers a panel of 163 countries over two time periods 2016 and 2018. The fixed effect regression has been used to study the impact of Foreign Direct Investment Inflows on Women Empowerment. The limitation of the data is that it focuses on key legal and regulatory areas which are directly controlled by policy makers. There are many other factors which influence women's economic opportunities like educational levels and social and cultural norms. They have not been capture by the data. The paper is organized as follows. Section II gives a brief overview of the literature. Section III presents data and research methodology. Section IV highlights the findings and section V concludes with policy implications.

LITERATURE REVIEW

There are various studies which have attempted to see the impact of FDI on gender development and inequality. Mainly they have used gender wage gap or labour force participation rate gap as the indicators of gender disparities. All these studies have shown different results.Vijaya, R. M. and Kaltani, Linda (2007). This paper presents a cross country empirical investigation of the Impact of Foreign Direct Investment on manufacturing wages and on female manufacturing wages. The paper follows the traditional economic specification of wages where wage is influenced by factors which impact productivity i. e. the number of workers and the amount of capital they have to work with and the general price level in the economy. To incorporate the possible impact of relative bargaining strengths of labour and capital, the FDI is also included in the wage equation. The study is based on a panel dataset of 19 diverse countries for the period 1987-2001. To control for the relative size and level of development of the economies, the model includes one period lagged value of GDP per capita. All the variables are logged to account for non- linearities. The results show that FDI inflows have negative and significant impact on the manufacturing wage and female manufacturing wage . The paper concludes that FDI increases inequalities by creating a disadvantage for female workers in wage bargaining process. While male workers are in a better position to benefit from the productivity improvements which FDI brings, women's wages can be expected to experience the negative effects more strongly.

Warth, Lisa and Koparanova, Malinka (2012). This paper focuses on women empowerment as a key process in reaching gender equality and through that women empowerment . The paper concludes that sustainable development cannot be achieved without a more equitable distribution of resources . Since , the prevailing inequalities are deeply gendered, making policy decisions towards reducing these inequalities is a key condition in meeting the needs of the present without compromising the liability of future generations to meet their own needs. Economic, social , cultural and environmental concerns need to be approached in an integrated manner.

Kochhar, Kalpana, Jain, Sonali Chandra and Newiak, Monique(ed.) (2017). This book shows that women's contributions to measured economic activity , growth and well being are far below their potential , with macroeconomic and social consequences. Labour markets across the world remain divided along gender lines and gender equality remains an elusive goal. It tracks gender inequality around the globe by tracking the countries like Japan, India , Korea, Hungry, Germany, Gulf , Pakistan , Sub - Saharan Africa, Mali, Mauritius, Chile and Costa Rica. The study concluded that fiscal policies , including how labour income is taxed and the nature of government spending on social welfare, can be structured to encourage women to enter the work force, rather than discouraging them as current policies now do in many countries. Similarly, policies which subsidise high quality child care and encourage paternity leave can make it easier for new mothers to more readily return to the workforce. The key to fostering gender equality in the economy is increased involvement of women in labour market and in positions of responsibility and power.

Seguino Stephanie and Grown Caren (2006). This paper reviews the evidence of gender effects of globalisation in developing economies . It then outlines a set of macroeconomic and trade policies to promote gender equality in the distribution of resources. Taking the data for African countries Egypt , Kenya , Swaziland , Latin American Countries Brazil, Costa Rica, El Salvador , Mexico, Panama, Paraguay and Asian Countries Baliram , Cyprus, Georgia, Korea , Malaysia, Philipines and Taiwan, this study suggests that while liberalisation has expanded women's access to employment , the long term goal of transforming gender inequalities remains unmet and appears unattainable without regulation of capital, and a reorientation and expansion of the state's role in finding public goods and providing a social safety net. This paper also sets forth general principles which can produce greater gender equality , promised on shifting economies from profit- led , export -oriented to wage - led , full employment economies.

International Monetary Fund (2018). Pursuing Women's Economic Empowerment, IMF Policy Paper, May 2018. This paper showed that greater gender equality boosts economic growth and leads to better development outcomes. It contributes to reducing income inequality and boosting income diversification and then economic resilience. The study shows that policies matter for women empowerment decisions even after accounting for personal preferences towards working. IMF suggests to focus on investing in education and health, increasing access to financial services including digital financial services and promoting equal rights for women in all areas, including the right to property ownership. It also recommended strengthening policies which provide facilities like affordable high quality child and elderly care to enable women to return to work , offer publicly financed parental leave schemes, establishing flexible work arrangements for women, remove tax provisions against women and use tax credits and benefits for women.

Soroptimist International " Women's Empowerment and its link to Sustainable Development: A Cross Cutting and Integrated Approach" This paper shows that gender equality and empowerment of women and girls must be used as a method of implementation across the sustainable development goals to ensure their success.

Saquib, Dr. Najia, Aggarwal, Dr. Priyanka and Rashid , Ms. Saima. Women Empowerment and Economic Growth: Empirical Evidence from Soudi Arabia. This paper analyses the long term relationship between women empowerment and economic growth in Soudi Arabia using a time series data for the period 1999-2014. The results show that there exists a significant positive long term relationship between women empowerment and economic growth, supporting the hypothesis that women empowerment stimulates longterm economic growth in the country.

Quedraogo Rasmane and Marlet Elodie (2017) Foreign Direct Investment : New Evidence on Developing Countries , IMF Working Paper , WP/ 18/ 25 . This paper assesses the effects of Foreign Direct Investment on gender development and gender inequality. It is based on the premise that foreign direct investment through increased labour demand , technological spillovers and through corporate social responsibility and economic growth , can influence women's welfare. Using a panel dataset of 94 developing countries from 1990 to 2015 , it finds that FDI inflows improve women's welfare and decrease gender inequality. However, the impact is lower in countries where women have low access to resources.

Jaffri, A.A.M. Sana, and R.Asjed (2015). This study showed that FDI in technical sectors require a skilled labour force and can widen the labour participation rate gap, but they can reduce the gender wage disparity by increasing he returns of skilled female workers. At the same time FDI in non service sectors have positive effect on female labour force participation.

Abe,Y.,B. Javorcik ,and N. Kodama (2016). This study showed that majority owned foreign firms are more likely to have a higher share of female directors and have a lower gender wage gap.

RESEARCH METHODOLOGY AND DATA ANALYSIS

The WEI has been calculated by taking the average of scores across 7 parameters of women empowerment for 163 countries for 2016 and 2018. The countries included in the study from different geographic regions are as follows:East Asia and Pacific – 22 Countries, Europe and Central Asia -19 Countries, High Income OECD Countries -27 Countries, Latin America and Caribbean – 27 Countries, Middle East and North Africa -17 Countries, South Asia -8 Countries, Sub Saharan Africa - 43 Countries.(Table-4)

WEI is an index ranging from 0 to 100, with 100 being the best. It measures disparities between men and women along Micro diversions.

1. Gender – Based differences affecting women's enterprises or employment.
2. Absence of Law protecting women.
3. Institutions or processes which are likely to help women.

Seven indicators which help to understand where law facilitate or hinder gender equality and women's economic participations are as follows :

1. Accessing Institutions(AI) - This indicator explores women's ability to interact with public authorities and the private sector in the same ways as men, through examining constraints on women's legal capacity.
2. Using Property Rights (UPR)- This indicator analyzes women's ability to access and use property based on their ability to own, manage and control and inherit it. It also examines whether legislation accounts for non monetary contributions such as unpaid care for children or the elderly, in distributing assets upon the dissolution of marriage.
3. Getting a job (GJ)- It assess restrictions on women's ability to work such as prohibitions on working at night or in certain industries. It also covers laws on maternity, paternity and parental leave, retirement ages, equal remuneration for work of equal value, non discrimination at work and flexible work options.
4. Providing incentive to work (PITW)- This indicator examines childcare and tax support, through assessing tax deductions and credits, child care and primary education.
5. Going to court(GTC)- It explores women's ability to access justice and the existenc of justice such as anti – discrimination commissions and small claim courts and mandates for legal aid.
6. Building Credit(BC) : It covers non discrimination access to credit based on gender and marital status.
7. Protecting women from violence(PWFV) : This indicator considers laws on domestic violence and sexual harassment in education and employment.

The effect of FDI Inflows on Women Empowerment is analyzed with the help of the following equation

$$WEI_{it} = a + b\,FDI_{it} + cX_{it} + q_t + e_{it}$$

where:

WEI - Women Empowerment Index.

FDI – Log of Foreign Direct Investment Inflows .

X_{it} - A set of control variables : GDP growth, Government Expenditure, Trade Openness and Labour Ratio.

Q_t - Year Fixed Effects to control for common effects over time.

t – Time Period

i – Country

e_{it} – Error Term

The main explanatory variable is the inflow of FDI, extracted from the UNCTAD's World Investment Report. Using FDI inflows instead of the ratio of FDI to GDP helps to avoid the potential link between FDI inflows and GDP as FDI impacts GDP and vice versa.

CONTROL VARIABLES

1. Openness of Trade (OPENNESS) – Trade (Exports + Imports) as a % of GDP This indicator allows isolating the effects of FDI inflows from the other types of contacts with foreign firms. According to international trade theory, globalization can increase female employment in export sectors. Therefore it is expected that globalization can increase gender equality in youth employment. With trade openness WEI is expected to increase.
2. GDP Growth Rate(GDPGROWTH) – It accounts for the income effects. Revenues for men and women can be generated with

economic growth. It is expected that GDP growth will have positive impact on women empowerment index.

3. General Government Total Expenditure as percentage of GDP (GOV_EXP_GDP)-It can be taken as proxy of expenditures in Public Infrastructure or social programmes. Government spending can help promote gender development and decrease gender disparities, especially in health, education and labour participation.

4. Women Labour Force as a Percent of Total Labour Force (LABOURRATIO)- This variable can affect women empowerment if there is larger share of female labour force in the total labour force.

The results presented in the Table 1 show that FDI inflows are positively associated with Women Empowerment Index. The coefficient associated with FDI is strongly and positively associated with WEI at 1% level of significance. As described by theory, women's income could increase as FDI inflows bring more labour opportunities for women workers. This impact would increase if FDI is received in labour intensive sectors which rely more on women labour force. Also when women enter the labour market and contribute to the family income, there can be additional resources for education of girls health of women. The results also support the proposition that foreign companies can adopt more gender equal norms in their companies through corporate social responsibility initiative. The results also show that trade openness is positively and significantly associated with Women Empowerment. Trade openness can improve women's welfare not only attracting more women to enter labour market but also by bringing in more income to the government. Government expenditure is also positively correlated with women empowerment, supporting the hypothesis that higher expenditure brings in more investments in government's social programmes and infrastructure which can help women accessing the labour market. Labour ratio is also found to be positively correlated with women empowerment.

Since WEI is composed of various components, it would be imperative to find out which of these components are influenced most by changes in FDI inflows. These variables are used as dependent variables in the study , in addition to WEI. Graph 1-8 and Table 1 presents results of the components of WEI also.WEI comprises of average of scores for 132 countries along seven parametres. The study includes these parameters as dependent variables. The variable are as follows.

1. 1. AI - Accessing Institutions
2. 2. UPR - Using Property Rights
3. 3. GJ - Getting a Job
4. 4. PITW - Providing Incentive to Work
5. 5. GTC - Going to Court
6. 6. BC - Building Credit :
7. 7. PWFV - Protecting Women from Violence

Table 1 shows that the coefficient of LogFDI is positive and strongly significant in all columns. Thus an increase in FDI inflows is correlated with more opportunities for women to access institutions, use property rights, getting a job, getting incentives to work, going to court, building credit and getting protection from violence.

The sample is decomposed between low, middle income and high income countries to evaluate if the effect of FDI on women empowerment depends on the recipient's country's income level. Table 2 shows that FDI inflows have stronger impact on women empowerment in high income countries than in low income and middle income countries. High income countries not only receive more FDI inflows, which indicates that its effect on women's welfare can be higher on an absolute level, it also signals that there is higher absorption capacity in high income countries, as compared to low income countries , or lower middle or upper middle income countries.

Table 3 shows the effect of FDI inflows on women empowerment across geographic regions. The coefficient associated with FDI inflows and women empowerment is positive and significant for all geographic regions except East Asia and Pacific region, where the coefficient is negative. It can be explained if the region receives a majority of FDI inflows in technological sectors, which employ more male workers than female workers in sectors or in sectors which rely on human physical capital , where such investments can discourage female labour participation, or benefit male workers more.

CONCLUSION AND POLICY IMPLICATIONS

This paper shows that FDI inflows are positively associated with Women Empowerment. Thus FDI inflows increase women's welfare. It is suggested that FDI inflows can help the governments enhance gender development and equality through more demand for women labour force and gender equal norms through corporate social responsibility initiative. FDI inflows are also positively correlated with all the variables that make up the Women Empowerment Index. This shows that as the government's resources as well as those of transnational corporations and majority owned foreign firms increase with more of FDI inflows, more opportunities can be provided for women to access institutions, use property rights, getting a job, getting incentives to work, going to court, building credit and getting protection from violence. Therefore, countries should not only promote foreign investments, but also create more corporate social responsibility initiative at workplace. All the countries should take good steps to make available all the resources to women to fully benefit from foreign direct investments and its spillover effects.

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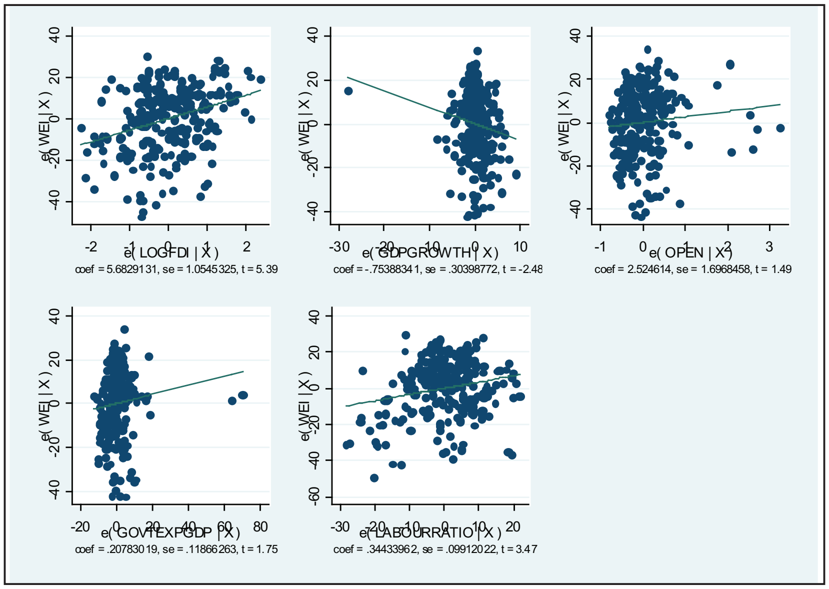
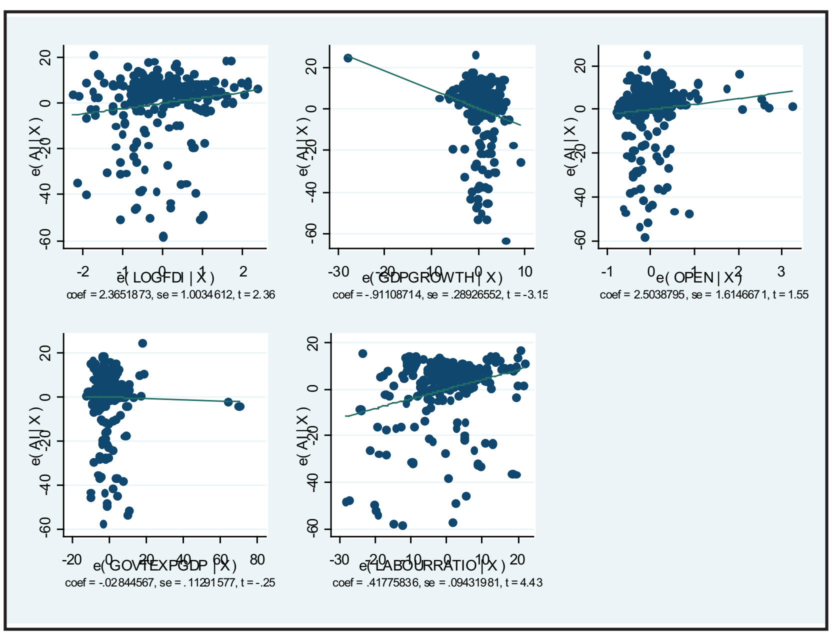
Graph-1

Women Empowerment Index and Foreign Direct Investment Inflows and Control Variables, 2016-2018



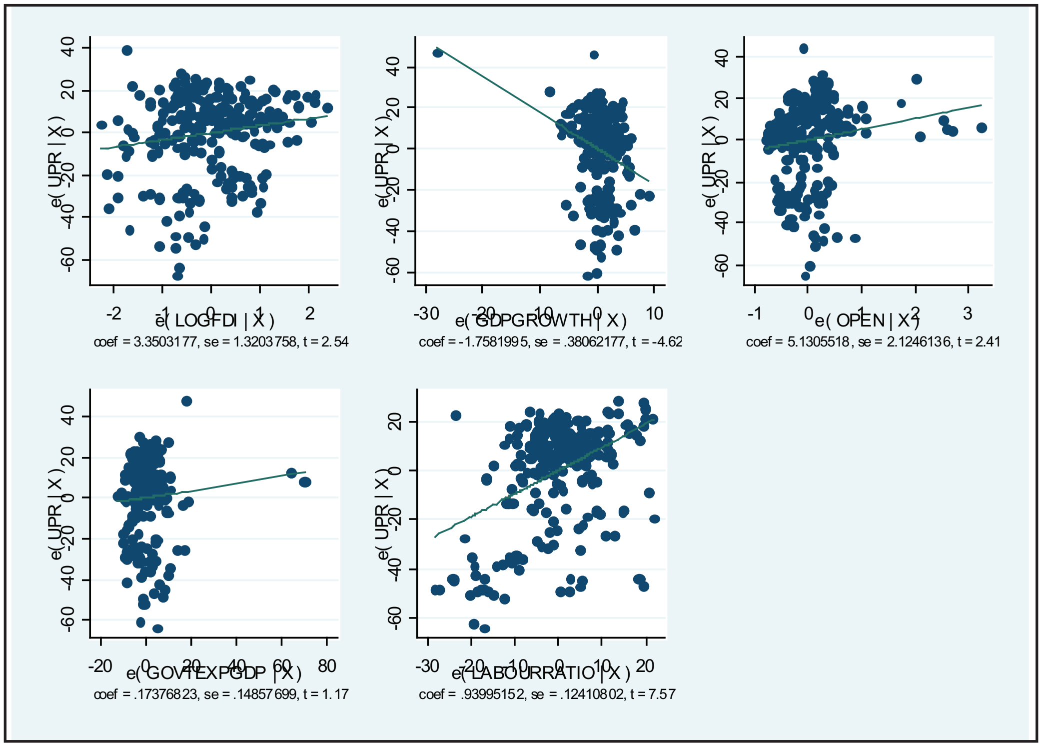
Graph-2

Accessing Institutions and Foreign Direct Investment Inflows and Control Variables, 2016-2018



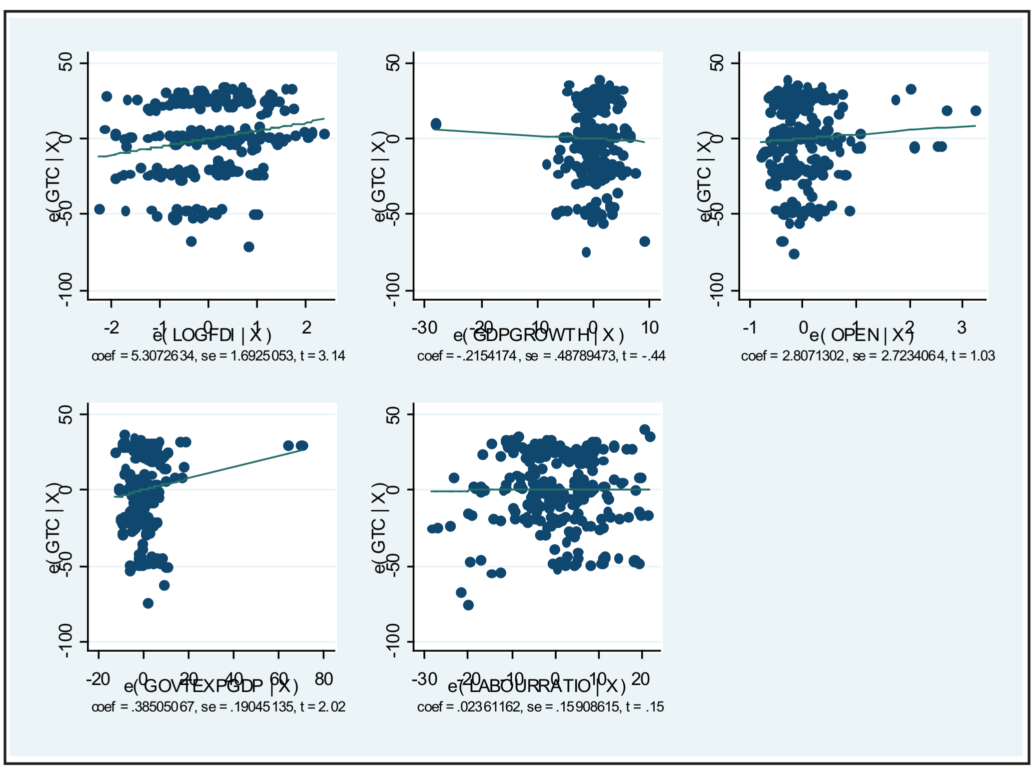
Graph-3

Using Property Rights and Foreign Direct Investment Inflows and Control Variables, 2016-2018



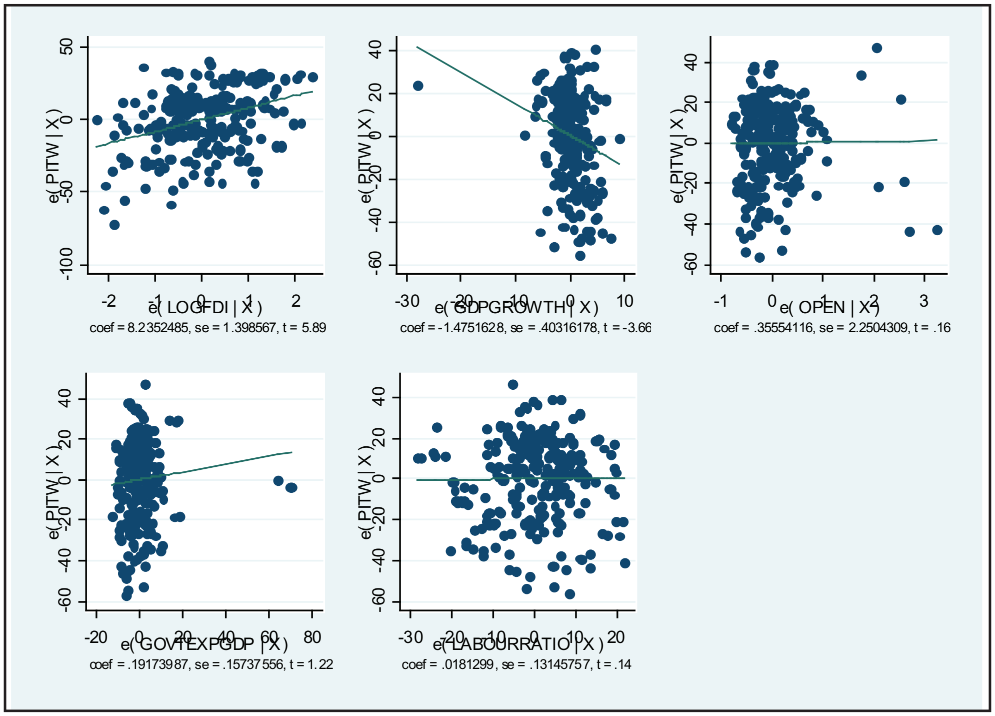
Graph-4

Going to Court and Foreign Direct Investment Inflows and Control Variables, 2016-2018



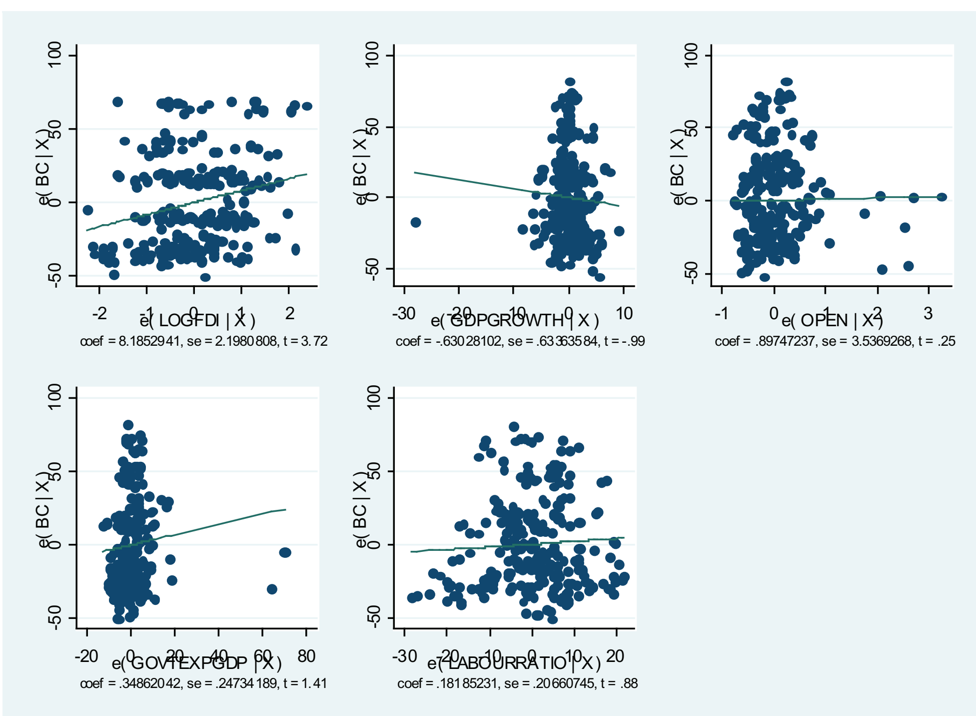
Graph-5

Providing Incentives to Work and Foreign Direct Investment Inflows and Control Variables, 2016-2018



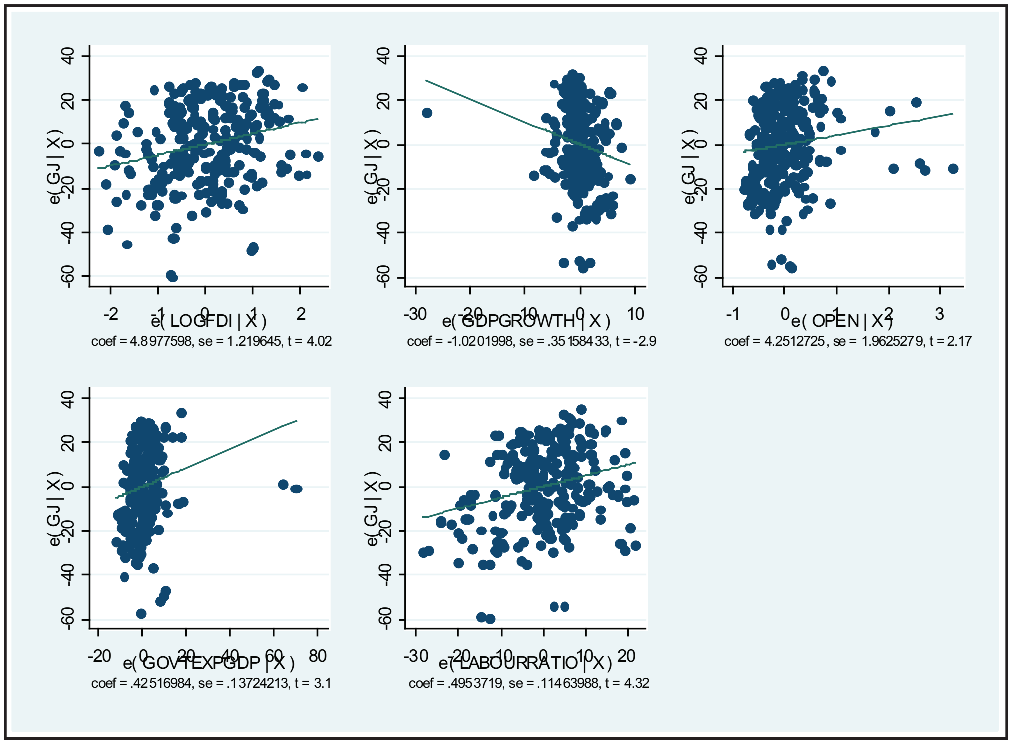
Graph-6

Building Credit and Foreign Direct Investment Inflows and Control Variables, 2016-2018



Graph-7

Getting Job and Foreign Direct Investment Inflows and Control Variables, 2016-2018



Graph-8

Protecting Women from Violence and Foreign Direct Investment Inflows and Control Variables, 2016-2018

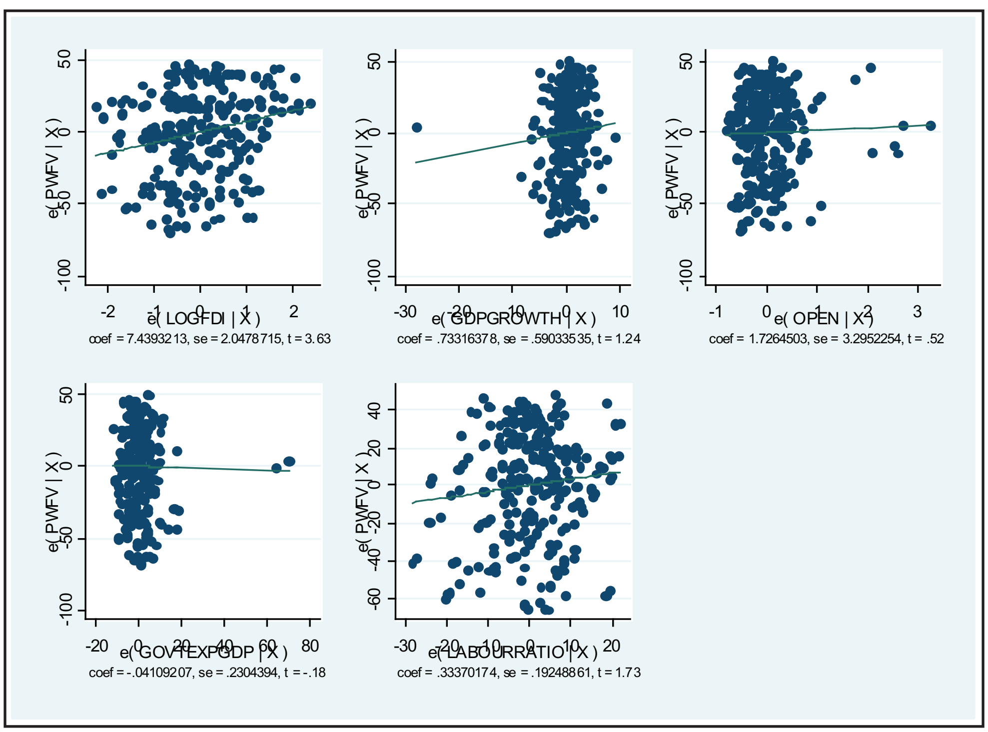


Table-1

	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
Dependent Variable	WEI	AI	BC	GJ	GTC	PITW	PWFV	UPR
Log (FDI Inflows)	5.665***	2.357**	8.149***	4.888***	5.285***	8.229***	7.405***	3.344***
	(,0.000)	(,0.019)	(,0.000)	(,0.0001)	(,0.002)	(,0.000)	(,0.006)	(,0.012)
GDPGROWTH	-0.736	-0.903	-0.594	-1.011	-0.193	-1.469	-0.767	-1.752
	(,0.0162)	(,0.002)	(,0.349)	(,0.0045)	(,0.692)	(,0.0003)	(,0.194)	(,0.000)
GOV_EXP_GDP	0.205*	,-0.029	,0.344	0.424***	0.382**	0.191	,-0.045	,-0.172**
	(,0.0842)	(,0.794)	(,0.165)	(,0.0023)	(,0.045)	(,0.227)	(,0.843)	(,0.0246)
OPENNESS	2.588**	2.533**	1.032	4.284**	2.888	0.376	1.853	5.153**
	(,0.1284)	(,0.118)	(,0.770)	(,0.030)	(,0.290))	(,0.868)	(,0.574)	(,0.0162)
LABOURRATIO	0.342**	0.416***	0.178	0.494***	0.021	0.017	0.33	0.939***
	(,0.006)	(,0.000)	(,0.389)	(,0.000)	(,0.8934).	(,0.894)	(,0.0875)	(,0.000)
CONSTANT	,-10.893	2.641***	58.882***	,-19.614**	14.548	,-8.023	,-34.757	,-12.162
	(,0.324)	(,0.0001)	(,0.011)	(,0.126)	(,0.412)	(,0.585)	(,0.1060)	(,0.380)
Observations	264	264	264	264	264	264	264	264
R Squared	0.205	0.144	0.076	0.214	0.061	0.174	0.082	0.287
Country Fixed Effects	No	No	No	No	No	No	No	No
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

p values in parantheses. *** p<0.01, significant at 1%. ** p<0.05, significant at 5%. * p<0.10, significant at 10%.

Table 2- Regression Results - Geographic Subgroups

	I	II	III	IV	V	VI	VII
Dependent Variable	WEI						
Region	Europe and Central Asia	High Income OECD Countries	Latin America and Carribbean	Middle East & North America	South Asia	Sub Saharan Africa	East Asia & Pacific
Log FDI	2.0366	2.5065	3.9807**	5.1603	7.7817**	5.5293**	-3.3222
	(0.5774)	(0.1105)	(0.0549)	(0.5090)	(0.0252)	(0.0497)	(0.283)
GDP GROWTH	1.4438*	1.5931**	1.8554***	2.3754	0.4821	-1.1527*	0.3501
	(0.0752)	(0.0462)	(0.0006)	(0.1284)	(0.6662)	(0.0989)	(0.4455)
GOVT_EXP_GDP	0.7476	0.5900**	-0.6337	-0.3108	- 0.8088	0.2095	-0.8945
	(0.1872)	(0.0514)	(0.9461)	(0.6276)	(0.3652)	(0.1074)	(0.1169)
OPENNESS	18.4427**	- 1.9702	-6.7635	16.3267***	51.4871**	3.9339	4.5447*
	(0.0234)	(0.2922)	(0.3072)	(0.0079)	(0.0354)	(0.5183)	(0.0723)
LABOUR_ RATIO	-0.6878**	0.3751*	-0.3179	- 0.4120	0.2899	0.2368	-0.4394
	(0.0429)	(0.0673)	(0.1997)	(0.1292)	(0.2226)	0.1417	(0.2017)
Constant	71.2546	17.4001	64.1534	4.3361	-51.2601	-6.4503	132.9901
	(0.0403)	(0.4432)	(0.0501)	(0.9595)	(0.1846)	(0.8069)	(0.0036)
Observations	35	57	40	25	14	65	28
R-Squared	0.51	0.23	0.46	0.47	0.73	0.20	0.26
Country Fixed Effects	No	No	No	No	No	No	No
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	P values in parenthesis. ***p<0.01, significant at 1 %. **p< 0.05, significant at 5%. *p<0.1, significant at 10%.						

Table 3- Regression Results - Income Subgroups

	I	II	III	IV
Dependent Variable	WEI			
Group	High Income Countries	Low Income Countries	Lower Middle Income Countries	Upper Middle Income Countries
Log FDI	8.7597***	5.4724**	-2.3828	-0.8381
	(0.0002)	(0.0817)	(0.3843)	(0.7509)
GDP GROWTH	1.4518	-0.8026	-0.6423	0.2831
	(0.2502)	(0.2577)	(0.1243)	(0.6532)
GOVT_EXP_GDP	0.0022	0.2051**	-0.2160	0.0980
	(0.9964)	(0. 0321)	(0.4798)	(0.8508)
OPENNESS	-2.2578	8.9446	3.4435	-2.2998
	(0.4104)	(0.2237)	(0.5312)	(0.7287)
LABOUR_ RATIO	0.6448*	0.4723***	0.5048***	0.4411*
	(0.0592)	(0.0067)	(0.0062)	(0.0723)
Constant	-58.6261	-31.1097	55.1284	50.2646
	(0.1334)	(0.1708)	(0.0595)	(0.1356)
Observations	81	36	74	73
R-Squared	0.21	0.51	0.18	0.06
Country Fixed Effects	No	No	No	No
Year Fixed Effects	Yes	Yes	Yes	Yes
	P values in parenthesis. ***p<0.01, significant at 1 %. **p< 0.05, significant at 5%. *p<0.1, significant at 10%.			

Table4-Countries Covered by the Dataset		
Region	Total No. of Countries	Countries
East Asia Pacific	22	Brunei ,Cambodia,China,Fiji,Hong Kong SAR China,Indonesia,Kiribati,Lao PDR,Malaysia,Marshall Islands,Micronesia Fed. Sts.,Mongolia,Myanmar,Palau,Papua New Guinea,Philippines,Samoa,Singapore,Solomon Islands,Thailand,Timor Leste,Vietnam
Europe and Central Asia	19	Albania,Armenia,Azerbaijan,Belarus,Bosnia and Herzegovina,Bulgaria,Croatia,Cyprus, Georgia,Kazakhstan,Kosovo,Kyrgyz Republic,Latvia,Lithuania,Macedonia, FYR, Montenegro,Romania,Russian Federation,Serbia.
High Income OECD Countries	27	Australia,Austria,Belgium,Canada,Chile,CzechRepublic,Denmark,Estonia,Finland,France,Germany,Greece,Hungary,Iceland,Ireland,Israel,Italy,Japan,Korea,Rep.,Luxembourg,Netherlands,NewZealand,Norway,Poland,Portugal,SlovakRepublic,Slovenia,Spain,Sweden,Switzerland,United Kingdom,United States.
Latin America and Caribbean	27	Antigua and Barbuda,Argentina,Bahamas, Barbados,Belize,Bolivia,Brazil,Colombia, Costa Rica,Dominica,Dominican Republic,Ecuador,El Salvador,Grenada,Guatemala,Guyana,Honduras,Jamaica,Mexico,Nicaragua,Panama,Paraguay,Peru,St. Lucia,St. Vincent and the Grenadines,Suriname,Uruguay.
Middle East and North Africa	17	Algeria,Bahrain,Djibouti,Egypt, Arab Rep.,Iran, Islamic Rep.,Iraq,Jordan,Kuwait,Lebanon,Libya,Malta,Morocco,Oman,Qatar,Saudi Arabia,United Arab Emirates,Yemen, Rep.
South Asia	8	Afghanistan,Bangladesh,Bhutan,India,Maldives,Nepal,Pakistan,Sri Lanka,
Sub Saharan Africa	43	Angola,Benin,Botswana,Burkina Faso,Cabo Verde,Cameroon,Central African Republic,Chad,Comoros,Congo, Dem. Rep.,Congo, Rep.,Cote d'Ivoire,Equatorial Guinea,Ethiopia,Gabon,Gambia The,Ghana,Guinea,Guinea-Bissaau,Kenya, Lesotho,Liberia,Madagascar,Malawi,Mali,Mauritania,Mauritius,Mozambique,Namibia,Niger,Nigeria,Rwanda,Sao Tome and Principe,Senegal,Seychelles,Sierra Leone,South Africa,Sudan,Swaziland,Tanzania,Togo,Zambia,Zimbabwe.