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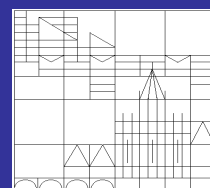
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## **Globalization and Gender Equality in Developing Countries**

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Working Paper Series  
2011-33

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# Globalization and Gender Equality in Developing Countries

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12 September, 2011

## Abstract

This study empirically assesses the influence of globalization on the institutional root causes of gender equality as measured by the new OECD Social Institutions and Gender Index (SIGI). We capture the multifaceted concept of globalization with the KOF index and its three sub-indices which measure the economic, social and political dimensions of globalization. Observing the progress of globalization for a sample of almost one hundred countries at ten year intervals starting in 1970, we find that economic and social globalization exerted a decidedly positive influence on the social institutions which underlie gender equality.

**Keywords:** globalization, gender equality, social institutions

**JEL Classification:** F57, O11, O57

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We thank the participants of the Workshop on Political Economy 2010 in Konstanz and the Verein für Socialpolitik Meetings 2011 in Frankfurt for helpful comments and suggestions. Felix Weber has provided excellent research assistance.

## 1. Introduction

The literature dealing with the influence of globalization on economic wellbeing is well established and extensive. It encompasses studies on globalization-induced economic growth, on distributional effects across developed and developing countries, as well as studies on the within-country distribution across workers of different skill-levels and workers in different industries (e.g., Marjit et al. 2004). Research investigating the effects of globalization on gender equality is, in contrast, only about to emerge as an independent strand of the globalization literature. This neglect is surprising since the issue of gender equality has for a long time played an important role in the political discourse, especially among the discontents of globalization who, for example, claim that “women and other marginalized communities have suffered disproportionately from free trade agreements” and call on their followers to act using slogans such as “Women unite in the global fight!”<sup>1</sup>

The political discourse on gender equality by nature heavily draws on some very specific aspects of the undisputed dark side of (international) labor markets such as forced labor, child labor, and the international trafficking of women.<sup>2</sup> Recent economic studies on the relationship between globalization and gender equality, in contrast, mainly focus on the gender wage gap and women’s employment opportunities. The seminal study by Boserup (1970) marks the beginning of this literature. From a naive theoretical viewpoint the relationship between deepening globalization and the gender wage gap in developing countries appears to be clear-cut. Since global competition restricts gender-based employer discrimination, the gender wage gap will become smaller (cf. Becker, 1957). The traditional Stolper-Samuelsson effect works in the same direction: developing countries have a comparative advantage in the production of goods which are intensive in low-skilled

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<sup>1</sup> Women & the economy, UNPAC - UN Platform for Action Committee Manitoba: <http://www.unpac.ca/economy/introglob.html>.

<sup>2</sup> An economic analysis of the deprivation of sexually exploited trafficked women is to be found in Di Tommaso et al. (2009).

labor, implying that the female workers, who have, as a rule, a relatively poor education, stand to gain.

In a world characterized by heterogeneous labor, the coarseness of a comparative advantage argument based on a simple two factor Heckscher-Ohlin model is however not able to disentangle all redistribution effects that are triggered by global economic integration. The standard argument does, in particular, not consider that globalization gives rise to a transfer of technology to low-wage countries with the consequence that highly skilled workers (i.e. mainly men) in the low-wage countries will benefit from the technology transfer more than they lose via the increase in imports of sophisticated merchandise and services (Acemoglu, 1998). Empirical evidence supporting this effect has been documented, for example, by Feenstra and Hanson (1997) who analyze the impact of foreign direct investments on the skilled labor share of wages in Mexico over 1975-1988. Women, moreover, mainly work in the agricultural sector which in most developing countries does not play a major role in international trade; female agricultural labor thus hardly derives any profit from international trade. Some scholars, finally, even claim that in several developing countries gender inequalities in the labor market have been used as a strategic instrument to procuring advantages in international competition (cf., for example, Cagatay and Ertürk, 2004). These interpretations do however not match well with the literature that analyzes how multinational enterprises select countries to host their foreign direct investments. Here the evidence rather favors the view that potential host countries with a decent human rights record and small gender disparities have an advantage in attracting FDI (cf. Harms and Ursprung, 2002; Busse and Hefeker, 2007, Busse and Nunnenkamp, 2009).

The nexus between the gender wage gap and globalization is clearly a complex one with mutually contradictory channels of influence. The issue is furthermore exacerbated because empirical studies have to work with rather unreliable data on raw and residual gender wage

gaps. In many countries gender-specific wage data is simply not available, implying that cross-country studies stand on shaky grounds. The empirical literature is therefore far from being conclusive. A new promising approach has recently been introduced by Oostendorp (2009) who analyzes within-occupation wage gaps and finds that in richer countries the occupational gender wage gap varies negatively with increasing economic development, FDI penetration, and foreign trade, but finds little evidence for a reduction of the gap in poor countries. Women's employment opportunities in these poor countries, on the other hand, appear to have improved in the course of globalization (cf. Ozler, 2000) and may even have shifted the household bargaining power in favor of women (cf. Aguayo-Tellez et al., 2010).

Because of the rather dire state of international wage data sets, many scholars have settled for a research strategy that focuses on other links between globalization and the status of women. Schultz (2007), for example, appraises the potential productivity of men and women (and thereby, in an indirect manner, the gender wage gap) by gender-specific human capital which, in turn, is determined by the schooling record and health status of men and women. These indicators are, of course, also proxies for general wellbeing. Analyzing a cross-section of 70 countries observed at five year intervals between 1960 and 1980, Schultz finds that liberalization of trade is linked to greater accumulation of human capital and increased gender equality.<sup>3</sup> In a similar vein, Neumayer and de Soysa (2007) argue that the female employment share in the labor force and the gender wage gap are not ideal measures for gender-related aspects of employment since there are many other forms of discrimination. They employ instead measures of women's labor rights (right to work, hiring and promotion practices, freedom of choice of profession, etc.) and forced labor and find in a global sample of countries and a sub-sample of developing countries that countries

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<sup>3</sup> The causal relationship running from gender equality in education to economic growth is analyzed in Abu-Ghaida and Klasen (2004). These authors estimate that countries which do not meet the Millennium Summit by 2005 goals will suffer a 0.1-0.3 percentage point lower per capita growth rate.

which are more open to trade and enjoy a higher penetration by foreign direct investments have better labor rights for women and exhibit a lower incidence of forced labor. Richards and Gelleny (2007) investigate the influence of economic globalization on women's status. Their dataset contains 130 countries over the 1982-2003 period. Women's status is measured by five indicators: the Gender-related Development Index (GDI), the Gender Empowerment Measure (GEM), and the CIRI economic, political and social rights indicator (Cingranelli and Richards 2005). Economic globalization is measured by foreign direct investment, trade openness, portfolio investment and structural adjustment policy implementation (IMF and World Bank). The results show that especially trade openness had a positive influence on the status of women. The human rights data by Cingranelli and Richards have been used in other empirical studies: Neumayer and de Soysa (2011) show, for example, that trade and investment linkages influenced empowerment of women over the 1981-2007 period. Globalization is modeled by trade and FDI spatially weighted variables. Spill-over effects via trade links improved women's economic and social rights in middle and high income countries, but not in low income countries. Spill-over effects via FDI links only improved economic rights in middle income countries. Cho (2011) shows that especially social aspects of globalization as measured by information flows, personal contact and cultural proximity positively influenced women's rights over the 1981-2008 period. Cultural proximity also mitigated son preference problems by women in developing countries and more personal contact decreased human trafficking. The results by Dreher et al (2011) show that especially social globalization as measured by the KOF index of social globalization increased empowerment rights over the 1981-2004 period.

Our study follows a similar strategy. We do not attempt to identify globalization induced effects on the gender wage gap directly but rather investigate how globalization impacts on women's relative status as measured by a composite indicator capturing institutional arrangements that are liable to influences, among other things, the labor market prospects

of women. We thus do not use one or two specific aspects of relative welfare such as education or health, nor do we focus entirely on labor market rights; our indicator of gender equality is rather supposed to capture all aspects constituting the institutional environment that governs women's choice options. For that purpose we use the new *Social Institutions and Gender Index* (SIGI) compiled by the OECD (cf. Branisa, Klasen and Ziegler, 2009a).<sup>4</sup> In this respect our research strategy is closely related to some recent studies that used the SIGI as an explanatory variable to investigate the influence of gender inequality on socio-economic outcomes. Branisa et al. (2009b) examine, for example, how institutions fostering gender equality (as measured by the SIGI) have influenced female secondary schooling, fertility rates, child mortality, and governance (rule of law, voice, and accountability). The results presented by Jüttig et al. (2010) show that these institutions have also influenced labor market outcomes in developing countries: women's labor market participation, the quality of their jobs, and their working conditions vary positively with gender equality as measured by the SIGI. These results are of course vitally important for development economics because they show that gender equality in education, health, employment, et cetera – whether these aspects of gender equality are spurred by globalization or not – increase economic growth (e.g., Dollar and Gatti 1999, Klasen 2002, Knowles et al. 2002, Klasen and Lamanna 2009).

Figure 1 illustrates our contribution by summarizing the four strands of the empirical literature dealing with the globalization-growth nexus. The traditional macro view (arrow 1) focuses on the overall gains from global economic integration (trade and factor market liberalization) but implicitly subsumes in the estimated growth effects the contribution that accrues from the globalization-induced increase in gender equality. The literature primarily concerned with the globalization-induced changes in the socio-economic status of women is represented by arrow 2 and the recent literature that relates gender equality outcomes

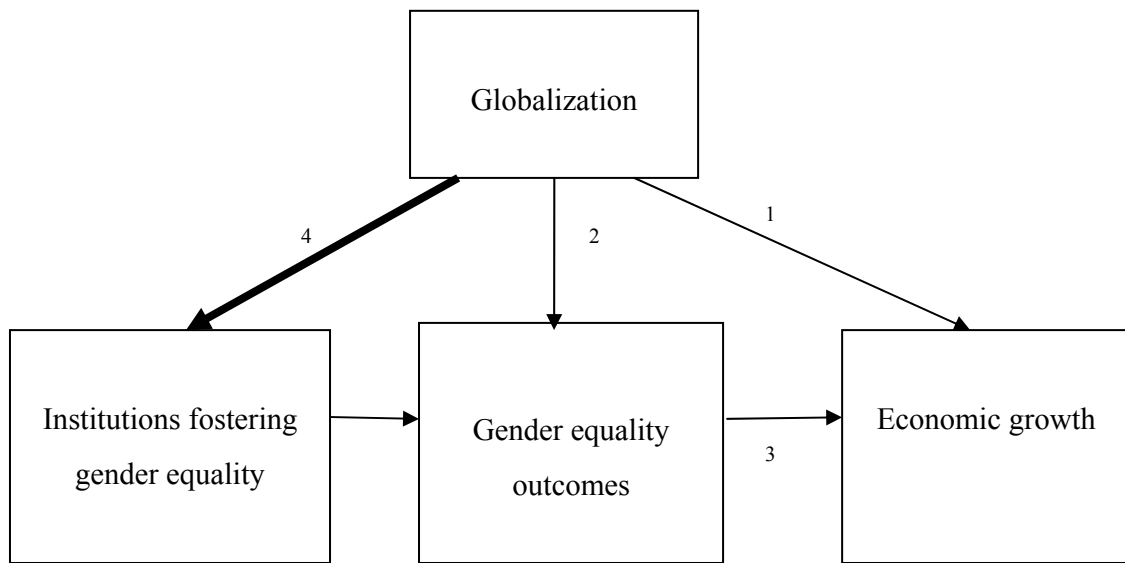
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<sup>4</sup> For a critique of the well known UNDP gender-related indices see Bardhan and Klasen, (1999).



with economic performance by arrow 3. Our research focuses on how globalization impacts on the design of institutions that influence in turn gender equality outcomes in the long run (arrow 4), the idea being that it is the institutional setup that gives rise to sustainable progress in actually observed gender equality and thereby to economic development. The advantage of our research strategy as compared to the more traditional approach that directly relates globalization to gender equality outcomes is that the investigated channels of influence are less likely to be obfuscated by problems of reverse causality. Since institutional change is subject to a great deal of inertia, a strong cross-country relationship between institutional design and the rather volatile indicators of global integration lends credibility to the interpretation that it is indeed the institutions that (slowly) adjust to the ever-changing socio-economic environment and not vice versa. We do, of course, back up our conclusions with respect to causality by exploiting the time-series dimension which is however only available for our explaining variables. Up to now the SIGI is, unfortunately, only available for one point of time.

Figure 1: The nexus between globalization, gender equality, and growth



A second distinguishing feature of our study is that we do not use any of the traditional measures of globalization such as trade policy restrictions, exposure to international trade, FDI penetration, etc.<sup>5</sup> We rather acknowledge that globalization is a multi-faceted concept that cannot be captured by one or two economic indicators and therefore use the *KOF index of globalization* which is an all-embracing indicator that captures the three main dimensions of globalization, i.e. economic, political, and social globalization (cf. Dreher, 2006, and Dreher et al., 2008).

The paper is organized as follows. In the next section we present the *Social Institutions and Gender Index (SIGI)* and the *KOF index of globalization*. Section 3 sets up the empirical model and describes the empirical strategy of identifying globalization-induced effects on gender equality. Section 4 presents the regression results and section 5 concludes.

<sup>5</sup>For a survey of these measures see Schulze and Ursprung (1999).

## **2. Data: Gender equality and globalization**

### **2.1 The Social Institutions and Gender Index**

To measure gender equality we use the recently published *Social Institutions and Gender Index* (SIGI) that provides data for about 120 developing countries. The focus of this index is on social institutions related to gender equality. It is therefore ideally suited for our strategy of identifying the influence of globalization on the formal and informal norms of behavior which shape gender roles and women's opportunities in social life.

The SIGI is based on twelve institutional variables compiled in the OECD *Gender, Institutions and Development* database (cf. Branisa et al., 2009a) and roughly refers to the year 2000. With the help of these twelve variables, five sub-indices are constructed: family code, civil liberties, physical integrity, son preference, and ownership rights. The family code sub-index measures women's decision-making power at home and encompasses the variables parental authority, inheritance, early marriage, and polygamy. The civil liberties sub-index measures the women's opportunity to engage in social participation and is based on the two variables freedom of movement and freedom of dress. Physical integrity is associated with the variables violence against women, female genital mutilation, and missing women. Son preference is portrayed by a single variable and ownership rights are measured by access to land, access to other property, and access to bank loans. These five dimensions of social institutions are then aggregated by computing the average of the squares of the sub-indices which range from 0 (no inequality) to 1 (complete inequality). Taking the squares of the sub-indices takes into account, first, that the denial of opportunities is associated with increasing marginal deprivation and, second, that high inequality in one dimension is not compensated by high equality in another dimension. We employ in our econometric model the reverse of the SIGI (i.e.  $1 - \text{SIGI}$ ) which ranges from 0 (complete inequality) to 1 (equality) simply in order to associate positive coefficients with a positive influence of globalization on gender equality.

The composite *Social Institutions and Gender Index* (SIGI) thus represents a broad measure of how severely women are institutionally constrained in their social lives. In other words, the SIGI is a measure of deprivation that captures one of the primary *causes* of gender inequality; it is not a measure of gender inequality in *outcomes*. This is why this index lends itself to be used in a study that attempts to uncover the long-run impact of globalization on gender equality. To be sure, the institutional foundations that constrain social behavior may not be directly linked to international economic integration. But then globalization is not merely an economic phenomenon. International integration also has very conspicuous political and social dimensions, and it is quite evident that these dimensions - which may well be connected to the economic dimension in intricate ways - are directly linked to changes in formal and informal norms of social behavior. It is one of the objectives of this study to disentangle the channels of influence that connect progressing globalization with the evolution of gender equality.

## **2.2 The KOF index of globalization**

We measure globalization with the help of the KOF index since this index explicitly acknowledges that globalization is a multi-faceted concept that cannot be entirely captured by a single “representative” economic indicator such as international trade as a share of GDP, the volume or stock of received foreign direct investments per capita, or the severity of capital account restrictions. The KOF index (cf. Dreher, 2006, and Dreher et al., 2008) represents an attempt to measure globalization in the broad sense that has been accepted in the recent empirical literature. It now covers 208 countries, includes 24 variables, and portrays the economic, social and political dimensions of globalization. Each of these three dimensions is composed of further sub-dimensions. For example, economic globalization is measured by actual flows and stocks (trade, foreign direct investments, portfolio investments, and income payments to foreign nationals, each measured as a percentage of

GDP) and restrictions (mean tariff rates, hidden import barriers, taxes on international trade, and capital account restrictions). Social globalization covers, among others, items such as international tourism, the number of internet hosts and users, as well as the number of McDonald's restaurants and IKEA shops (per capita). Political globalization is measured by the number of foreign embassies, membership in international organizations, and the participation in U.N. Security Council missions (see Dreher et al., 2008, 43-44, for further details). In this study, we use the updated 2010 KOF index of globalization which measures globalization on a scale of 1 to 100, where higher values represent higher levels of globalization.<sup>6</sup>

### **2.3 Correlation between the reversed SIGI and the KOF indices of globalization**

To illustrate the association between globalization and gender equality, we present correlations between gender equality as measured by the reversed SIGI (overall) and the KOF globalization indices. Figure 3 suggests that overall globalization is positively associated with gender equality. The correlation coefficient between the overall KOF index of globalization and the reversed SIGI is 0.58. In a similar vein, the correlation between the KOF index of economic globalization and reversed SIGI is 0.42 (Figure 3) and 0.45 between the KOF index of social globalization reversed SIGI (Figure 4). By contrast, political globalization is hardly associated with gender equality: the correlation coefficient between the KOF index of political globalization and reversed SIGI is 0.05. Gender equality and globalization are high in countries such as Singapore, Chile and Argentina and low in countries such as Sudan, Yemen and Sierra Leone. Table A1 lists all countries included and the individual values of the reversed SIGI and the overall KOF index.

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<sup>6</sup>The KOF index has frequently been used to measure globalization in recent empirical research on the influence of globalization on human development and economic policy-making (see, for example, Bergh and Nilsson 2010a, 2010b, Bjørnskov 2010).

### 3. The empirical model

The basic econometric model has the following form:

$$\text{Gender Equality}_i = \alpha_j \text{Globalization}_{ij} + \sum_k \zeta_k x_{ik} + \sum_l \delta_l \text{Region}_{il} + \sum_m \gamma_m \text{Legal Origin}_{im} + u_i$$

$$\text{with } i = 1, \dots, 99; j = 1, \dots, 4; k = 1, \dots, 3; l = 1, \dots, 4; m = 1, \dots, 3. \quad (1)$$

The dependent variable  $\text{Gender Equality}_i$  associates gender equality in country  $i$  with the value  $1 - \text{SIGI}_i \in [0, 1]$ ; values of this reversed SIGI index close to unity thus indicate high gender equality.  $\text{Globalization}_{ij}$  denotes the  $j^{\text{th}}$  dimension of the KOF globalization index (overall, economic, social, and political dimension). In our base-line specification, we use the KOF globalization indices for the year 2000 and expect a positive influence of the four dimensions of globalization on gender equality. The vector  $\mathbf{x}_i$  contains our political-economic control variables. We include the logarithm of real GDP per capita and the logarithm of total population – both for the year 2000. We also include the Democracy-Dictatorship dummy variable by Cheibub et al. (2010) for the year 2000. The Democracy-Dictatorship variable distinguishes between regimes in which executive and legislative offices are allocated in contested elections and those regimes in which this is not the case. The variable assumes the value one for democracies and zero otherwise.<sup>7</sup>  $\text{Region}_{il}$  are regional dummy variables assuming the value one if country  $i$  belongs to region  $l$  and zero otherwise. We distinguish between four different regions: Africa, Asia, Eastern Europe and South America. To avoid perfect collinearity between the region dummies, one of the region dummies serves as the reference category (here Africa). The estimated effects of the other region dummies can then be interpreted as deviations from the reference category.  $\text{Legal Origin}_{im}$  are legal origin dummy variables (La Porta et al. 1999). We distinguish

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<sup>7</sup> See Cheibub et al. (2010) for a more encompassing discussion on classifying democracies and dictatorships. The more traditional measures of democracy are the POLITY IV and the Freedom House indices. These indices have, however, been criticized on several grounds (Munk and Verkuilen 2002, Vreeland 2008, Cheibub et al. 2010).

between three different legal origins: British, French and Socialist.<sup>8</sup> Our reference category is British legal origin. Table A2 shows descriptive statistics of all variables.

We estimate the model with ordinary least squares (OLS) and robust standard errors.

## 4. Results

### 4.1 Basic results

Table 1 shows our base-line regression results. The control variables display the expected signs and are statistically significant in several cases. Per capita income is statistically significant at the 5% level in columns (3) and (5) and has in these estimates a positive sign. The numerical meaning of the estimated coefficients is that when GDP per capita increases by 1%, the reversed SIGI increases by about 0.03 points. Higher income is thus associated with more subsequent gender equality. Population size is statistically significant at the 5% level in column (1) and has a negative sign. This estimate indicates that gender equality as measured by the reversed SIGI is in a given country by 0.1 points higher than in an otherwise similar country if it has a 10% smaller population.<sup>9</sup> The democracy variable has the expected positive sign and is statistically significant at the 5% level in columns (4) and (5) and indicates that the reversed SIGI is about 0.05 points higher in democracies than in dictatorships. The estimates of the regional dummy variables for Asia and Eastern Europe do not turn out to be statistically significant, while South American countries have a higher level of gender equality than Africa; this effect is statistically significant at the 1% level (at the 5% level in column 5). The coefficients of the socialist legal origin variable are statistically significant at the 1% level and indicate that gender equality is higher in countries with a socialist legacy as compared to countries with a British legal origin. The French legal origin variable does not turn out to be statistically significant.

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<sup>8</sup> We have no countries with Scandinavian and German legal origin in our sample.

<sup>9</sup> This effect is numerically quite big and entirely driven by China and India which have extremely high populations and rather little gender equality. When excluding China and India the coefficient of the logarithm of total population does not turn out to be significantly different from zero.

Most importantly, the results reported in Table 1 show that globalization has had a positive influence on gender equality. The coefficients of the overall KOF index of globalization (for the year 2000) are statistically significant at the 1% level in column (1) and at the 5% level in column (2) and indicate that gender equality as measured by the reversed SIGI increases by about 0.0035 points if the overall KOF index of globalization increases by one point. Against the background of the standard deviation of 12.83 of the overall KOF index this is a numerically substantial effect: when the overall KOF index increases by one standard deviation, the reversed SIGI increases by about 0.045 points. The KOF indices of economic and social globalization (columns 3 and 4) are statistically significant at the 5% level and indicate that gender inequality as measured by the reversed SIGI increases by about 0.0015 points if the KOF index of economic globalization increases by one point and by about 0.0029 points if the KOF index of social globalization increases by one point. That is, when the KOF index of economic globalization increases by one standard deviation (14.49 points), the reversed SIGI increases by about 0.022 points and when the KOF index of social globalization increases by one standard deviation (16.69 points), the reversed SIGI increases by about 0.048 points. The KOF index of political globalization (column 5) does not turn out to be statistically significant. The results thus lend credibility to our hypothesis that social globalization is an important driving force of gender equality.

Following up this conjecture, we use the fact the influence of globalization on gender equality is likely to take time. We therefore replaced the four KOF indices of globalization referring to the year 2000 by the three KOF indices of globalization for the years 1990, 1980 and 1970. Table 2 shows the results (we do not report the results of the control variables)<sup>10</sup>. The influence of the *overall* KOF index of globalization on gender equality

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<sup>10</sup> We have used the logarithm of real GDP per capita and population for the years 1990, 1980 and 1970 as control variables. The democracy variable is not available for a battery of developing countries before 1991 and we have



(column 1) is positive and statistically significant at the 1% level for the years 1970 and 1980) but is not statistically significant for the year 1990. The KOF index of *economic* globalization does not turn out to be statistically significant. The KOF index of *social* globalization is statistically significant at the 10% level for the years 1990 and 1970 and at the 5% level for the year 1980. The KOF index of *political* globalization, finally, is statistically significant at the 5% level for the year 1980 but does not turn out to be statistically significant for the years 1990 and 1970. These results again indicate that social globalization has been the driving force of gender equality. Moreover, it transpires that the whole build-up of economic and social global integration over the last forty years has had a positive influence on the contemporary relative status of women.

#### **4.2 Robustness checks**

We have checked the robustness of our results in several ways. Gender equality has been very pronounced in the socialist countries. We therefore excluded all Eastern European countries because their socialist past might bias our estimates. The results reported in Table 3 suggest however that excluding the Eastern European countries does not change our baseline estimates at all. We have also re-estimated the regressions that use the globalization indicators for the years 1990, 1980 and 1970 without the Eastern European countries. The results are almost identical to the ones reported in Table 2.

Cultural traits are often believed to exert a strong influence on gender equality. Protestantism, for example, had a decidedly positive influence on gender equality in education (Becker and Woessmann 2009, 2010, Norton and Tomal 2009, Cooray and Potrafke 2011). Islam, on the other hand, has been shown to have a negative influence on gender equality (cf. Balianoune-Lutz, 2006, and Neumayer and de Soysa, 2007). To control for these cultural traits we employ the data on religious fractionalization by Alesina

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therefore excluded the democracy variable in these regressions. Inferences regarding the globalization variables do not change however when we include the democracy variable for the year 2000.

et al. (2003). This database reports for each country in the year 1980 the percentage of the population belonging to the three most widespread religions in the world. The database contains however many missing observations. The most complete data is available for Islam. We therefore focus on the share of a country's Muslim population. In Alesina's data base the category "Muslim" is for some countries subdivided in "Shia Muslim" and "Sunni Muslim", for other countries this sub-division is not recorded. We therefore combine the available data to obtain a single variable that describes the share of Muslims in the total population of each country. The results reported in Table 4 show that the coefficient of this Muslim variable is statistically significant at the 1% level (at the 5% level in column 2) and has a negative sign. The numerical meaning is that gender equality decreases by about 0.001 points if the share of Muslims increases by one percentage point, implying that gender equality in a country with no Muslims is by 0.1 points higher than in an otherwise identical but purely Muslim country. Notice, that including the Muslim variable does not change the inferences with respect to the globalization variables. In fact, including the Muslim variable rather intensifies the influence of globalization, i.e. excluding the Muslim variable appears to induce some omitted variable bias.

We have also included average years of total schooling by Barro and Lee (2010) in order to capture a second dimension of culture (not reported here). Average years of total schooling in the population aged 15 (25) and over are statistically significant at the 1% level and have the expected positive signs. The effects indicate that one additional year of total schooling increases the inversed SIGI by about 0.01 to 0.02 points. Including the average years of total schooling does not change the inference that globalization had a positive influence on the inversed SIGI: the globalization variables remain statistically significant at the 5% or 10% level. The average years of total schooling collected by Barro and Lee (2010) are however not available for the entire sample of 96 countries in the year 2000, but only for 83 countries. In particular, countries with low gender equality such as

Bhutan, Burkina Faso, Chad, Eritrea and Nigeria are excluded. This explains the somewhat weaker globalization-induced effects when including the average years of total schooling.

The reported effects could also be driven or mitigated by idiosyncratic circumstances in individual countries. For this reason, we checked whether the results are sensitive to the inclusion/exclusion of particular countries. Our results (not reported here) indicate that this is not the case.

The upper limit of the SIGI is censored to one, the lower limit to zero. For this reason one may well want to estimate a censored regression model (e.g., Tobit) because the standard assumptions of OLS are, strictly speaking, not satisfied. It is important to note, however, that in the entire sample the dependent variable in no case assumes the value zero or one. While the reversed SIGI is never close to zero, it is in several cases close to one. We have therefore estimated a Tobit model. Again, the results are very similar to the OLS base-line results.

## **5. Conclusion**

Heartrending anecdotal evidence promulgated by NGOs, the media, and the political discourse is supposed to prove that globalization is hurting the poorest of the poor, i.e. the downtrodden in the developing countries: indentured laborers, the sick, women, and children. The intended political consequence of this kind of publicity is of course to accommodate to the discontents of global economic integration and to reestablish barriers to the international trade, investment, and migration.

Since rational policy-making cannot be based on selective evidence that is, moreover, often gathered from obscure and dubious sources, many scholars have begun to study globalization-induced effects on the well-being of the most deprived. The results of these scholarly studies do not support the generally held belief that globalization is good for the rich and bad for the poor. Many of these empirical investigations that are based on large

representative samples arrive at conclusions that are compatible with the overall evaluation that a policy of openness is actually one of the most promising strategies to alleviate poverty. This result is moreover perfectly in line with the fundamental economic notion that the ubiquitous factor will gain from market integration – and this is in the developing countries unskilled labor. One is therefore left to speculate about the motives of the promoters of the anti-globalization movement in the developed countries who – when one adopts a clinical economic view – do not appear to defend the needy in the South but rather the low-skilled in the North.

Our study contributes to this growing economic literature by empirically investigating the influence of globalization on one of the target groups of international commiseration: the women in the developing countries. In contrast to related studies we do not consider outcome-related aspects of the well-being of women such as the gender wage gap, female employment shares, education and health status of women, etc. We rather focus on the basic institutional parameters which guide the women's daily routine in the developing countries. To measure the prevailing institutions' gender blindness, we employ the new OECD *Social Institutions and Gender Index* (SIGI). The idea of this strategy is of course to identify the long-run consequences of deepening globalization. A second distinguishing feature of our approach is that we use the multi-faceted KOF indicator of globalization in order to disentangle the impacts of the three major dimensions of globalization.

The results of our study are well in line with the gist of the evidence that emerges from the related literature: deepening globalization is, in general, good for the women living in developing countries. In our case we conclude that deepening globalization gives rise to more gender equality which we interpret to imply that international integration will, in the long run, improve the well-being of women. Moreover we find that it is mainly the social aspect of globalization that drives gender equality. In the light of the political landscape of developing countries, we believe this result to be quite plausible. Economic integration is

not a contested issue in these countries, social integration is however extraordinarily controversial since it is strongly related to “americanization” (cf. Friedman 1999) or, as Dreher and Gaston (2007: 166) succinctly put it, “globalization implies institutional convergence to some common (U.S.) benchmark.” In other words, global economic integration is, overall, beneficial for the developing countries, and it is also beneficial for the ruling elites as long as the elite is in a position to appropriate a substantial part of these gains from trade. Social globalization, on the other hand, is, as we argue, tantamount to empowering the oppressed and therefore represents an issue that potentially undermines the traditional political-economic order. It is therefore not surprising that in developing countries with strong ruling elites or male dominated cultures, social globalization is virtually demonized by the established ruling class. Our finding that it is especially hard to advocate the adoption of gender equality in countries with large Muslim populations is a case in point.

Our results admit a decidedly optimistic view of the globalization process with respect to the status of women in the developing countries. Even if it were true that some outcome related measures indicated that incipient globalization has had a negative effect on gender equality, these findings are likely to represent mere teething troubles. These problems, irritating as they may be, should not be overvalued because globalization, especially social globalization, clearly invigorates the fundamental driving forces of gender equality. Globalization will, therefore, eventually give rise to more gender equality.

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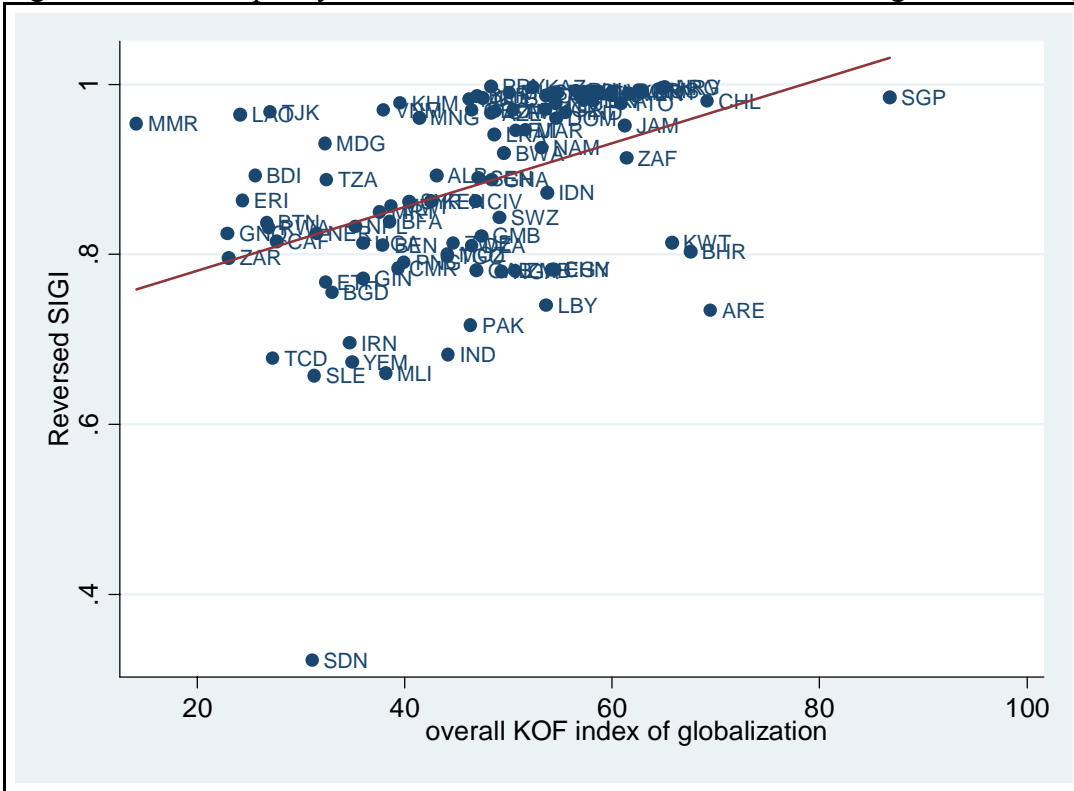
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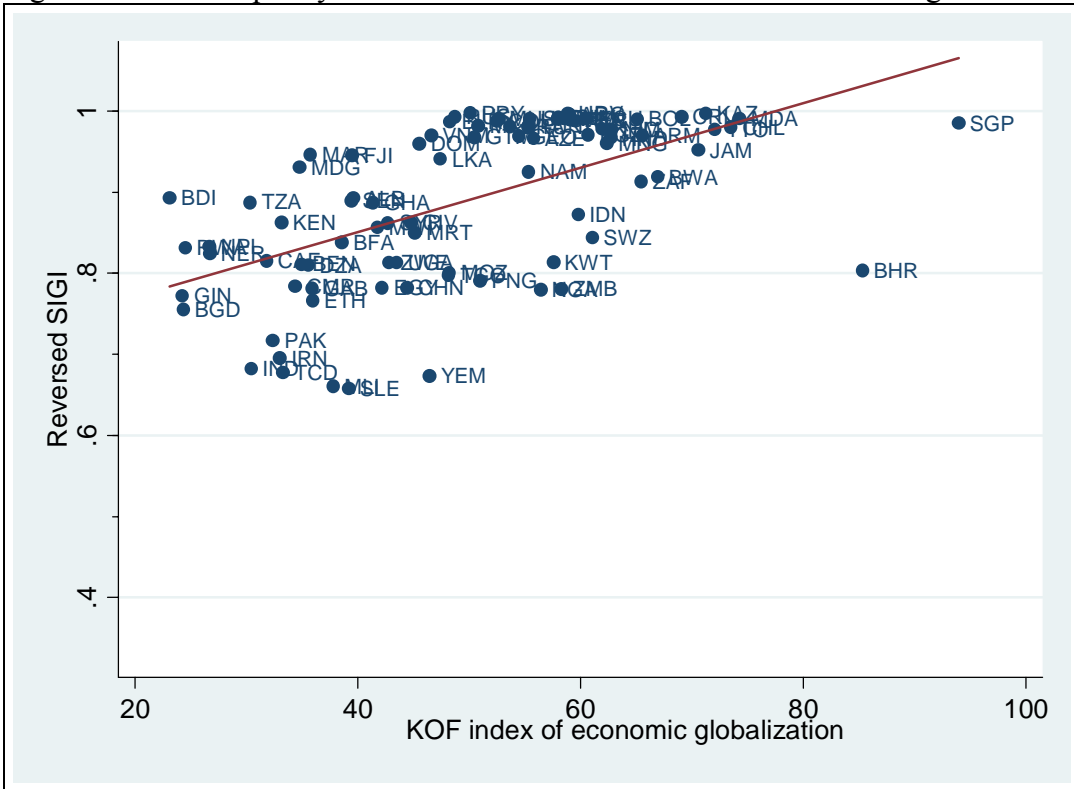
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Figure 2: Gender equality = reversed SIGI and overall KOF index of globalization (year 2000).



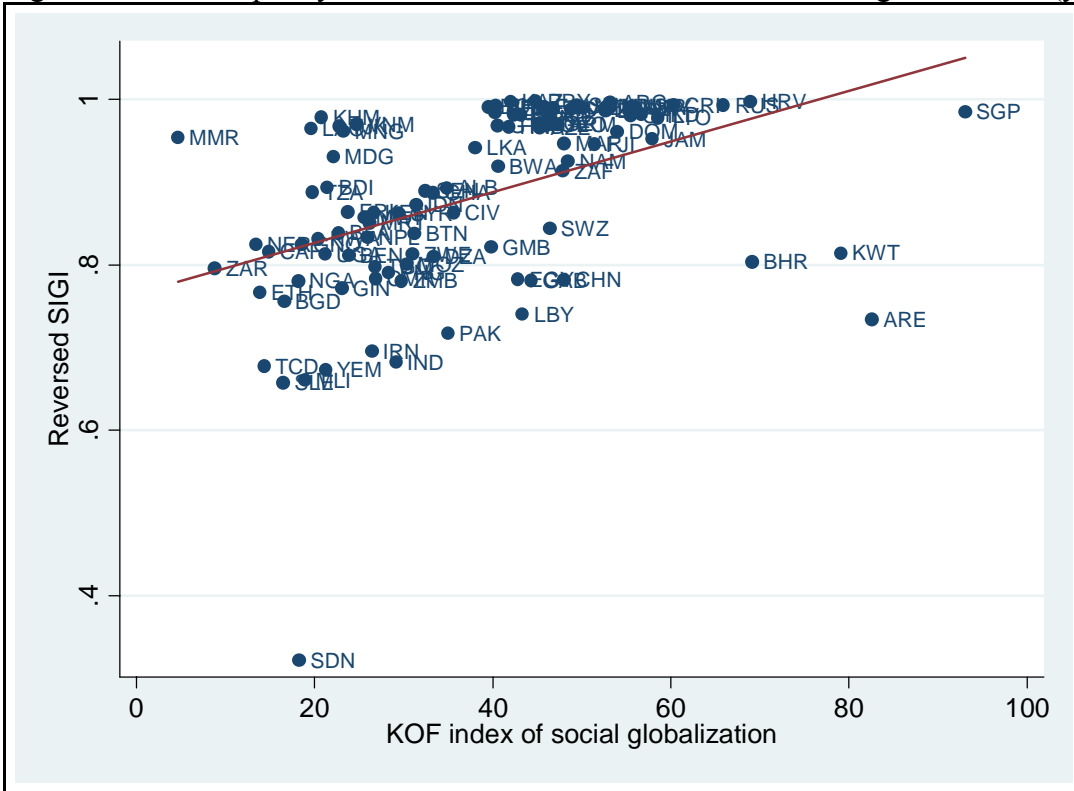
Correlation coefficient: 0.42. Source: Branisa et al. (2009) and Dreher (2006) and Dreher et al. (2008).

Figure 3: Gender equality = reversed SIGI and KOF index of economic globalization (year 2000).



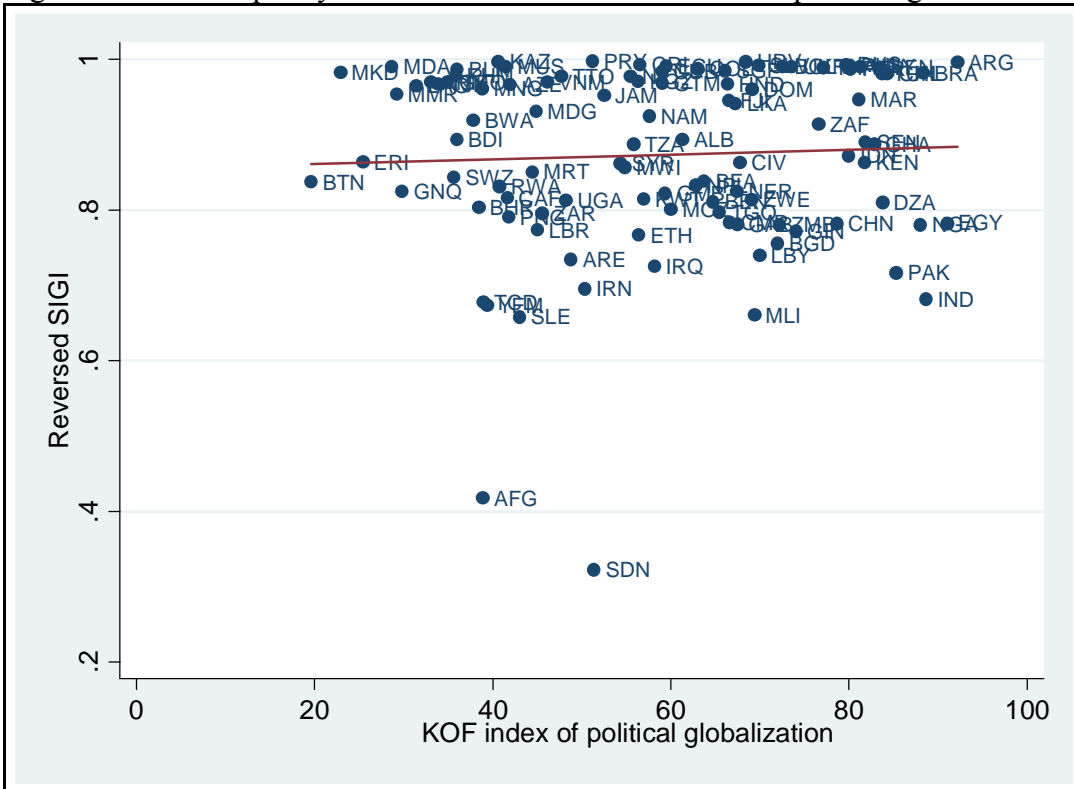
Correlation coefficient: 0.58. Source: Branisa et al. (2009) and Dreher (2006) and Dreher et al. (2008).

Figure 4: Gender equality = reversed SIGI and KOF index of social globalization (year 2000).



Correlation coefficient: 0.45. Source: Branisa et al. (2009) and Dreher (2006) and Dreher et al. (2008).

Figure 5: Gender equality = reversed SIGI and KOF index of political globalization (year 2000).



Correlation coefficient: 0.05. Source: Branisa et al. (2009) and Dreher (2006) and Dreher et al. (2008).

Table 1: Regression Results.

Dependent variable: Gender Equality = reversed SIGI (overall)

OLS with robust standard errors.

KOF Index 2000.

	(1)	(2)	(3)	(4)	(5)
KOF index of globalization (overall)	0.0038*** [3.95]	0.0032** [2.62]			
KOF index of globalization (economic)			0.0015** [2.12]		
KOF index of globalization (social)				0.0029** [2.53]	
KOF index of globalization (political)					0.001 [1.11]
log GDP per capita		-0.0037 [0.26]	0.0270** [2.21]	-0.0100 [0.66]	0.0337** [2.20]
log Population		-0.0140* [1.96]	-0.0021 [0.32]	-0.007 [1.01]	-0.0164 [1.43]
Democracy		0.0341 [1.57]	0.0238 [1.29]	0.0451** [2.00]	0.0473** [2.12]
Asia		-0.005 [0.16]	-0.0417 [1.36]	-0.0186 [0.64]	-0.0332 [0.80]
Eastern Europe		-0.0312 [0.72]	-0.0377 [0.84]	-0.0696 [1.45]	-0.0614 [1.11]
South America		0.0836*** [2.89]	0.0737*** [2.67]	0.0794*** [2.68]	0.0824** [2.62]
Legal Origin (french)		0.0277 [0.92]	0.0065 [0.29]	0.0287 [0.95]	0.0097 [0.35]
Legal Origin (socialist)		0.1524*** [4.46]	0.1269*** [3.49]	0.1580*** [4.33]	0.1770*** [4.54]
Constant	0.7055*** [14.45]	0.8178*** [7.03]	0.5758*** [4.44]	0.8436*** [7.71]	0.6384*** [4.49]
Observations	98	96	86	96	99
R-squared	0.18	0.51	0.59	0.51	0.51

Notes: Absolute value of t statistics in brackets; \* significant at 10%; \*\* significant at 5%;

\*\*\* significant at 1%

Table 2: Regression Results.

Dependent variable: Gender Equality = reversed SIGI (overall)

OLS with robust standard errors.

Lagged KOF Indices.

	(1)	(2)	(3)	(4)
KOF index of globalization 1990 (overall)	0.0017 [1.11]			
KOF index of globalization 1990 (economic)		0.0007 [0.84]		
KOF index of globalization 1990 (social)			0.0023* [1.79]	
KOF index of globalization 1990 (political)				-0.0005 [0.53]
KOF index of globalization 1980 (overall)	0.0042*** [3.70]			
KOF index of globalization 1980 (economic)		0.0012 [1.38]		
KOF index of globalization 1980 (social)			0.0025** [2.16]	
KOF index of globalization 1980 (political)				0.0014* [1.86]
KOF index of globalization 1970 (overall)	0.0038*** [2.84]			
KOF index of globalization 1970 (economic)		0.0009 [1.09]		
KOF index of globalization 1970 (social)			0.0029* [1.93]	
KOF index of globalization 1970 (political)				0.0001 [0.07]

Notes: Absolute value of t statistics in brackets; \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%. All regressions including control variables.

Table 3: Regression Results.

Dependent variable: Gender Equality = reversed SIGI (overall)

OLS with robust standard errors.

KOF Index 2000. Eastern European countries excluded.

	(1)	(2)	(3)	(4)	(5)
KOF index of globalization (overall)	0.0035*** [3.61]	0.0033** [2.58]			
KOF index of globalization (economic)			0.0015* [1.82]		
KOF index of globalization (social)				0.0029** [2.36]	
KOF index of globalization (political)					0.0013 [1.34]
log GDP per capita		-0.0071 [0.46]	0.0257* [1.95]	-0.0112 [0.71]	0.0300* [1.93]
log Population		-0.0162** [2.12]	-0.0039 [0.53]	-0.0088 [1.17]	-0.0212* [1.70]
Democracy		0.0407* [1.72]	0.0272 [1.37]	0.0512** [2.08]	0.0518** [2.16]
Asia		-0.0022 [0.07]	-0.0386 [1.25]	-0.0166 [0.57]	-0.0265 [0.63]
South America		0.0817*** [2.74]	0.0744** [2.61]	0.0779** [2.54]	0.0821** [2.56]
Legal Origin (french)		0.0294 [0.96]	0.0069 [0.30]	0.0299 [0.98]	0.0106 [0.38]
Legal Origin (socialist)		0.1537*** [4.52]	0.1267*** [3.50]	0.1590*** [4.38]	0.1807*** [4.61]
Constant	0.7105*** [14.31]	0.8541*** [7.02]	0.6019*** [4.39]	0.8667*** [7.60]	0.6872*** [4.71]
Observations	91	89	79	89	92
R-squared	0.16	0.49	0.56	0.49	0.49

Notes: Absolute value of t statistics in brackets; \* significant at 10%; \*\* significant at 5%;  
\*\*\* significant at 1%

Table 4: Regression Results.

Dependent variable: Gender Equality = reversed SIGI (overall)

OLS with robust standard errors.

KOF Index 2000. Muslim variable included.

	(1)	(2)	(3)	(4)
KOF index of globalization (overall)	0.0033*** [2.96]			
KOF index of globalization (economic)		0.0014** [2.08]		
KOF index of globalization (social)			0.0027** [2.47]	
KOF index of globalization (political)				0.0016* [1.74]
log GDP per capita	0.0003 [0.02]	0.0332*** [2.66]	-0.0017 [0.12]	0.0329*** [2.42]
log Population	-0.0145** [2.02]	-0.0033 [0.49]	-0.0076 [1.03]	-0.0222* [1.87]
Democracy	0.0309 [1.63]	0.0271* [1.69]	0.0418** [2.13]	0.0379** [2.04]
Asia	0.014 [0.49]	-0.0232 [0.76]	-0.0001 [0.00]	0.0033 [0.08]
Eastern Europe	-0.0293 [0.72]	-0.0318 [0.72]	-0.0631 [1.33]	-0.0441 [0.88]
South America	0.0394 [1.21]	0.0398 [1.54]	0.0397 [1.19]	0.0375 [1.09]
Legal Origin (french)	0.0591* [1.85]	0.0353* [1.69]	0.0572* [1.77]	0.0459 [1.53]
Legal Origin (socialist)	0.1475*** [4.54]	0.1233*** [3.46]	0.1517*** [4.32]	0.1705*** [4.78]
Muslim	-0.0009*** [2.93]	-0.0007** [2.24]	-0.0009*** [2.79]	-0.0011*** [3.04]
Constant	0.8011*** [6.92]	0.5472*** [4.49]	0.8083*** [7.52]	0.6788*** [5.11]
Observations	95	85	95	98
R-squared	0.6	0.65	0.59	0.6

Notes: Absolute value of t statistics in brackets; \* significant at 10%; \*\* significant at 5%; \*\*\* significant at 1%

Table A1. List of countries included.

Country	SIGI_INV	KOF_ov_2000	Country	SIGI_INV	KOF_ov_2000
Afghanistan	0.42		Kuwait	0.81	65.78
Albania	0.89	43.09	Kyrgyzstan	0.97	53.59
Algeria	0.81	46.51	Lao People's Democratic Republic	0.96	24.16
Argentina	1.00	64.88	Liberia	0.77	
Armenia	0.97	50.50	Libyan Arab Jamahiriya	0.74	53.65
Azerbaijan	0.97	48.31	Macedonia	0.98	46.25
Bahrain	0.80	67.56	Madagascar	0.93	32.35
Bangladesh	0.76	33.02	Malawi	0.86	38.70
Belarus	0.99	47.01	Mali	0.66	38.22
Benin	0.81	37.93	Mauritania	0.85	37.60
Bhutan	0.84	26.72	Mauritius	0.99	50.09
Bolivia	0.99	57.02	Moldova	0.99	54.75
Botswana	0.92	49.58	Mongolia	0.96	41.41
Brazil	0.98	58.11	Morocco	0.95	51.65
Burkina Faso	0.84	38.59	Mozambique	0.80	44.16
Burundi	0.89	25.62	Myanmar	0.95	14.16
Cambodia	0.98	39.59	Namibia	0.92	53.23
Cameroon	0.78	39.37	Nepal	0.83	35.24
Central African Republic	0.82	27.65	Nicaragua	0.98	54.58
Chad	0.68	27.32	Niger	0.82	31.53
Chile	0.98	69.18	Nigeria	0.78	49.34
China	0.78	54.21	Pakistan	0.72	46.38
Colombia	0.99	53.64	Papua New Guinea	0.79	39.95
Congo, Democratic Republic	0.80	23.04	Paraguay	1.00	48.33
Costa Rica	0.99	62.60	Peru	0.99	57.06
Croatia	1.00	65.10	Philippines	0.99	56.54
Cuba	0.98	47.52	Russian Federation	0.99	62.98
Côte d'Ivoire	0.86	46.88	Rwanda	0.83	26.91
Dominican Republic	0.96	54.60	Senegal	0.89	47.10
Ecuador	0.99	54.57	Sierra Leone	0.66	31.32
Egypt	0.78	54.42	Singapore	0.98	86.77
El Salvador	0.99	57.78	South Africa	0.91	61.38
Equatorial Guinea	0.82	22.94	Sri Lanka	0.94	48.65
Eritrea	0.86	24.40	Sudan	0.32	31.11
Ethiopia	0.77	32.39	Swaziland	0.84	49.15
Fiji	0.95	50.76	Syrian Arab Republic	0.86	40.42
Gabon	0.78	46.92	Tajikistan	0.97	27.06
Gambia	0.82	47.40	Tanzania	0.89	32.49
Georgia	0.97	46.49	Thailand	0.99	58.72
Ghana	0.89	48.41	Togo	0.80	44.15
Guatemala	0.97	48.73	Trinidad and Tobago	0.98	60.86
Guinea	0.77	36.01	Tunisia	0.98	57.26
Honduras	0.97	55.51	Uganda	0.81	36.01
Hong Kong Special Administrative	0.99		Ukraine	0.99	59.91
India	0.68	44.23	United Arab Emirates	0.73	69.50
Indonesia	0.87	53.74	Uruguay	0.99	62.90
Iran	0.70	34.72	Venezuela	0.99	61.62
Iraq	0.72		Viet Nam	0.97	37.98
Jamaica	0.95	61.24	Yemen	0.67	34.93
Kazakhstan	1.00	52.41	Zambia	0.78	50.65
Kenya	0.86	42.54	Zimbabwe	0.81	44.68



Table A2. Data description and sources.

Variable	Observations	Mean	Std. Dev.	Min	Max	Source
SIGI	102	0.13	0.12	0.00	0.68	Branisa et al. (2009)
KOF index of globalization (overall) 2000	98	46.57	12.83	14.16	86.77	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (economic) 2000	86	49.64	14.49	23.11	93.97	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (social) 2000	98	37.62	16.69	4.65	93.04	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (political) 2000	101	58.60	18.20	19.64	92.19	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (overall) 1990	96	34.21	10.96	9.66	81.43	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (economic) 1990	84	39.11	15.00	11.62	94.77	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (social) 1990	96	26.22	13.48	3.45	84.00	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (political) 1990	99	42.09	18.50	6.30	78.30	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (overall) 1980	95	33.43	10.23	11.55	76.16	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (economic) 1980	83	36.69	15.46	11.37	92.03	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (social) 1980	95	25.34	12.82	3.47	81.12	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (political) 1980	98	43.41	18.35	6.30	83.75	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (overall) 1970	94	29.37	8.91	11.08	60.38	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (economic) 1970	82	34.43	14.15	12.14	85.55	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (social) 1970	94	24.56	11.39	4.17	56.32	Dreher (2006) and Dreher et al. (2008)
KOF index of globalization (political) 1970	97	31.65	14.97	6.30	79.98	Dreher (2006) and Dreher et al. (2008)
GDP per capita (real) 2000	101	4932.50	5984.63	292.76	32246.91	Penn World Tables 6.3 Summers and Heston (1991)
Population (total) 2000	102	46225.67	160743.00	491.48	1268853.00	Penn World Tables 6.3 Summers and Heston (1991)
GDP per capita (real) 1990	91	3710.08	4542.69	358.26	31180.96	Penn World Tables 6.3 Summers and Heston (1991)
Population (total) 1990	102	39486.64	141206.20	371.10	1148365.00	Penn World Tables 6.3 Summers and Heston (1991)
GDP per capita (real) 1980	87	2872.94	5188.91	324.83	40009.61	Penn World Tables 6.3 Summers and Heston (1991)
Population (total) 1980	101	32419.79	119740.30	256.01	984736.40	Penn World Tables 6.3 Summers and Heston (1991)
GDP per capita (real) 1970	87	920.69	1045.47	136.27	6346.48	Penn World Tables 6.3 Summers and Heston (1991)
Population (total) 1970	101	26354.24	98883.35	219.54	820403.30	Penn World Tables 6.3 Summers and Heston (1991)
Democracy 2000	100	0.42	0.50	0	1	Cheibub et al. (2010)
Africa	102	0.42	0.50	0	1	own calculation
Asia	102	0.30	0.46	0	1	own calculation
Eastern Europe	102	0.07	0.25	0	1	own calculation
South America	102	0.19	0.39	0	1	own calculation
Legal Origin (UK)	102	0.31	0.47	0	1	La Porta et al. (1999)
Legal Origin (french)	102	0.49	0.50	0	1	La Porta et al. (1999)
Legal Origin (socialist)	102	0.20	0.40	0	1	La Porta et al. (1999)
Muslim	101	30.67	38.72	0	99.89	Alesina et al. (2003)

Table A2. Data description and sources (continued).

Avg. years of total schooling in the population aged 15 and over 2000	89	6.10	2.42	1.05	10.68	Barro and Lee (2010)
Avg. years of total schooling in the population aged 15 and over 1990	89	5.20	2.36	0.90	10.39	Barro and Lee (2010)
Avg. years of total schooling in the population aged 15 and over 1980	89	4.16	2.23	0.22	9.43	Barro and Lee (2010)
Avg. years of total schooling in the population aged 15 and over 1970	89	3.10	1.98	0.05	8.41	Barro and Lee (2010)
Avg. years of total schooling in the population aged 25 and over 2000	89	5.63	2.55	0.89	10.80	Barro and Lee (2010)
Avg. years of total schooling in the population aged 25 and over 1990	89	4.59	2.40	0.28	10.07	Barro and Lee (2010)
Avg. years of total schooling in the population aged 25 and over 1980	89	3.46	2.16	0.03	9.15	Barro and Lee (2010)
Avg. years of total schooling in the population aged 25 and over 1970	89	2.57	1.89	0	8.24	Barro and Lee (2010)