Globalization and Economic Growth with an Emphasis on Political Factors in Selected Countries (Middle-Income)

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ARTICLE INFO
Article history:
Received 10 September 2014
Received in revised form 23 October 2014
Accepted 27 November 2014

Keywords:
Economic Growth, Globalization, Panel Data, Approach

ABSTRACT
Background: Nowadays, one of the issues that are involved with the globalization of the world in a different dimension. Objective: The main purpose of this paper is to examine the relationship between the theoretical and the effectiveness of different aspects of globalization (political, economic and social), especially political perspective on the economic growth rate in the middle-income selected countries. Results: Results obtained from the estimation model using fixed effects for the period 2003-2009 shows political globalization have positive and significant impact on economic growth in middle-income selected countries. Conclusion: In other words, political globalization has leads to increased rates of economic growth in selected countries, middle-income groups.

INTRODUCTION
Globalization is a multifaceted phenomenon. Globalization is “expansive network quickly and always augmentative of mutual links and interdependencies” which is known as characteristic of modern life [1]. The common perception of economic globalization is synonymous with “internationalization” that has Considered the development of international exchanges and cooperation. Hirst and Thompson have defined globalization as a large and growing trade and investment flows between countries. In the second view, economic globalization has been considered equivalent with "liberalization". In this attitude, globalization points out to the process of removing the limitations imposed by the government on foreign relations in order to achieve a global economy without borders [2].

Globalization is a term commonly used since the 1990s which it includes a process of transformation and is gone beyond from boundaries of politics and economy, science, culture and lifestyle also includes. In this regard, the main purpose this paper is to examine how the influence of the various dimensions of globalization (political, economic, social), especially political globalization on economic growth in middle-income selected countries. In this paper, for testing the following hypothesis static panel model is used.

- Political globalization has positive significant effect on the economic growth rate in selected countries.
- Economic globalization has positive significant effect on economic growth rates in the selected countries.
- Cultural globalization has significant negative effect on the economic growth rate in selected countries.

The statistically valid sites are used for data in the address of www.globalization.kof.ethz.ch and WB (World Bank) in the address of www.worldbank.org. In the following, after a review of the theoretical and research background, the model will be introduced and it is estimated; and then, finally, the political conclusions and recommendations will be presented.

Theoretical basics & Review:
Globalization is examined from three perspectives of economic, social and political.

Economic globalization:
Sociological theorizing about economic globalization is mainly done by Wallerestin. Turner says Wallerestin's theory created the opportunity to that the process of turn the world into place be converted to

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subject of study in sociology [3]. Although globalization theorists like chase-Dunn [4,5] can be placed in the form of sociological theories in economic globalization, but the theory by Wallerstein in this context has central importance [4,5]. Wallerstein [6] says that globalization means turning the world into the modern world, begun since the fifteenth century AD and is not a new phenomenon. Economic sociology in the view of Wallerstein analyzes the driving force of globalization on the basis of social theory by Marx and extend it to a global level [6].

Based on Marx's theory, each social category has a special interest in production organization in the society and tries to acquire certain manufacturing practices by maintaining exclusive benefits. Of course, Wallerstein for generalize Marx's economic sociology to global developments has created adjustments in his theory; however, these adjustments do not change the logic of Marx's theory [7]. In this regard, Joseph Eugene Stiglitz, economic globalization as "the integration of the world by increasing the flow of goods, services, capital and labor" is defined. Economic globalization has implications for the intensification of the flow of goods, services, and information, investment and production factors at international level which leads to global economic integration. In fact globalization in the economy eliminates borders [8]. So,

- Economic globalization, competitiveness increases and with removal of borders, monopolies are eliminated.
- By economic globalization, the division of work done and the skills and consequently productivity increase and reduce costs.
- By economic globalization, each country goes into an area where it has comparative advantage and post-production and exchange, everyone will benefit from it.
- Economic globalization reduces risk, because the risk is caused by the lack of information due to globalization and by open flow of information and communication, risk disappears.

Cultural globalization:

Terner [3] says sociologists that have emphasized the role of culture in shaping social order, have an important role in advancing the sociology of globalization. Among the most important sociologists is Robertson. Robertson introduces the four main components of the social - cultural world individuals, communities, national and international system of human beings. He was referring to Margaret Archer's criticism, in connection with the integration of cultural myth, believes that the role of global culture as the main driving force of globalization should not be defined in the integration from global scale through shared cultural values. Many sociologists refer which from process of Westernization of the world in cultures, common and global push for Western culture in the world know via satellite direct consequence of the development of European culture, transnational corporations and others [1]. The globalization for culture is important because cultural practices, has global consequences. The sphere of culture as a symbolic is the context for the global political involvement and influence of regional and local [9].

Traditionally, a culture is closely linked to the places and it is fixed and immovable. Under the conditions of globalization, the relation between the place and culture is reconstructed. “Deterrioralization” not only means the travel and transformation of culture but also means everbroadening horizon of mundane experience [1, 10]. Then, the flow of a deterrioralized culture make it possible to transform other cultures of even produce new cultures by hybridity. American popular music like rock and roll and rap spread to china, combined with Beijing Opera, which is represented in a modern and popular style. The new type of music attracts a lot of audience [11].

Transitions in perception can have different effects on the performance of the countries and the subsequent growth and economic development. This can lead to increased efficiency and productivity and ultimately economic growth. While the less developed or underdeveloped countries, the developed countries (Which naturally seek to maximize their own interests) in the globalization process are often fundamental transformation. That this can have a negative effect on economic growth. The globalization of culture can have a dual effect in order to increase economic growth and reduce the global society.

Political globalization:

As Drake[12] argues, political sociology of globalization has added a new approach to studies [12]. Show in the book by "international relations and global society" title, by state-centric perspective, knows human society as a set from social ties that around the state were formed. Waters [8] knows political globalization around the crisis of the state – people issues related to the planet Earth, human rights and world peace, development and inequality [8]. Political globalization is a concept for the characterization of a situation where political activity goes beyond the boundaries of nation-states.

In optimistic outlook can be interpreted as political globalization of international organizations and transnational- the United Nations and its specialized agencies and international pressure groups and social movements- which have changed the shape and dynamics of government and civil society. The government sector has become sectional arena of policy; the area that surrounds the transnational networks and local agencies. Political globalization is considered and analyzed through items such as "Embassies in Country ", "Membership
in International Organizations", "participation in the assigned missions of the UN Security Council" and "International Treaties ".

Agenro & Ahmad using Johansson Test and Co-integration method for some South Asian countries conclude that in all these countries there are long-term relationship between trade openness and economic growth [13]. Eichengreen & Leblang, in a paper by "Democracy and Globalization" title have examined the bilateral relationship and the reasons for the relationship and the results indicate that the direct and reciprocal relationship between democracy and globalization [14]. Antwi et al. [15] have been investigate in several studies of both cooperation and confrontation of globalization. In their perspective, globalization provides a direct connection to the subjects of economic opportunities in developing countries. They suggest that increasing information and information technology, are prevent speculators reduced revenues due to increase farmers' income share of the subjects of their products; but globalization is a fact that has led to unprecedented levels of inequality and hardship for the poor as well [15]. Kumari [16], studied the effect of globalization on growth firms in manufacturing industries of India. His study showed that the globalization in the Indian economy has a clear positive effect on the growth of the firm in the manufacturing industry and hence may be able to consider as a factor in the growth of firms in other developing economies also [16].

Many indexes have been proposed definition from globalization that some fairly comprehensive and involves several sub-index and some other simple nitrogen indicators. In this regard, in calculation of economic globalization are two main criteria "Real Streaming" and "Restrictions" are. In calculating the "Real Flow" of information relating to trade, foreign direct investment, investment in securities and the amount paid to foreigners, over all are calculated as a percentage of GDP. In calculating the "limitations" are hidden import barriers, the average tariffs, taxes on international trade (as a percentage of current income) and capital account restrictions will be discussed. In calculating social globalization (cultural) the three main criteria are "Personal Touch", "Information Flow" and "Cultural Proximity" requirements. In calculating the "Personal Touch", information on the use of the telephone, and transport rates (as a percentage of larger international tourism, foreign population (as a percentage of the total population) and international treaties (per capita) calculated are. In calculating the "Flow of Information" are also used to calculate the number of Internet users (per 1,000 people), the number of television users (in 1000) and the trade newspapers. In calculating the "Cultural Proximity", the McDonald Restaurants (per capita) and the business of books and magazines (as a percentage of GDP) are calculated. In the calculation of political globalization the criteria used are "The Number of Embassies," "Membership in International Organizations", "Participation in Mission of the United Nations Security Council" and "The Number of International Treaties". For this reason, investigate the connection between the various dimensions of globalization (political, economic, social) and the rate of economic growth considers such an important topic. So in this paper it has tried to investigate the effectiveness of various aspects of globalization (political, economic and social) of the average income growth in selected countries.

MATERIALS AND METHODS

According to theoretical models and empirical studies conducted economic growth, for investigating the effectiveness level of different dimension of globalization on economic rate growth in selected countries has been used equation (1).

$$GDP_i = \beta_0 + \beta_1 POLX_i + \beta_2 SOCX_i + \beta_3 ECOX_i + \beta_4 LAB_i + \beta_5 GCF_i + \beta_6 INT_i + \epsilon_i$$

Where GDP is the rate of gross domestic product in constant price in 2000 as indicator of economic growth; POLX is political globalization; SOCX is social globalization; ECOX is economic globalization; LAB is labor force; GCF is real gross domestic capital formation as an indicator of physical capital; INT is using the internet as an indicator of information technology and communications; U, i and t show respectively error term, countries and time. Before estimating the model, the static test based on the test of Im, Pesaran and Shin (IPS) is done. Results in Table 1 shows that LAB is static in level, the variables GDPG, POLX, ECOX, SOCX and GCF by one difference and INT with two difference in the level of confidence of 95% are static. Therefore, the null hypothesis of a unit root is rejected. As a result, the stationary of the data used in the model are confirmed before estimation model.

Next, cointegration test were performed using the Kao statistics that results based on Table 2 show the long-run relationship among the variables used in the model.

For estimating model in static panel, it was necessary to determine the specific type of estimates for combined – cross data. Therefore, to determine the presence (absence) of separate intercept for each of the countries, the F-statistics were used. According to The amount of calculated F-statistics in Table 3, the null hypothesis based on Ordinary Least Squares (OLS) method with a confidence level of 99 percent will be rejected. As a result, constrained regression (ordinary least squares) is not valid and different intercepts (using fixed effects or random methods) should be considered in the models. Then for testing the model enjoying the fixed effects or random estimation method, the Hausman test was used. This testing was performed by using software EVIWES.
7. According to the amount of $\chi^2$ statistics obtained from the calculation for the regressions in Table 3, the null hypothesis based on use of random effects is rejected with a probability of 99 percent. Thus, fixed effects method confirmed for estimating models, which its results are presented in Table 3.

Table 1: The results of panel unit root test in selected countries.

<table>
<thead>
<tr>
<th>Results</th>
<th>Regression type</th>
<th>Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P-Value in IPS Test (By Two Difference)</td>
<td></td>
</tr>
<tr>
<td>I$_{1}$</td>
<td>-</td>
<td>0.00006</td>
</tr>
<tr>
<td>I$_{1}$</td>
<td>-</td>
<td>0.0410</td>
</tr>
<tr>
<td>I$_{1}$</td>
<td>-</td>
<td>0.0491</td>
</tr>
<tr>
<td>I$_{1}$</td>
<td>-</td>
<td>0.0300</td>
</tr>
<tr>
<td>I$_{0}$</td>
<td>-</td>
<td>0.0000</td>
</tr>
<tr>
<td>I$_{1}$</td>
<td>-</td>
<td>0.0044</td>
</tr>
<tr>
<td>I$_{2}$</td>
<td>0.0002</td>
<td>0.4145</td>
</tr>
</tbody>
</table>

Source: calculated by EVEIWS.7 software.

Table 2: The results of cointegration test in selected countries.

<table>
<thead>
<tr>
<th>P-Value</th>
<th>t-Statistic</th>
<th>Type of Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0000</td>
<td>-3.955358</td>
<td>(Kao)</td>
</tr>
</tbody>
</table>

Source: calculated by EVEIWS.7 software.

Table 3: The results of estimation the impact of different dimensions of globalization on the rate of economic growth in the fixed effects method selected middle-income countries.

<p>| Dependent Variables: Growth Rate of Real GDP |</p>
<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Coefficients</th>
<th>T-Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>6.319301</td>
<td>1.367321</td>
</tr>
<tr>
<td>POLX</td>
<td>0.103659</td>
<td>2.662783</td>
</tr>
<tr>
<td>ECOX</td>
<td>(-0.027281)</td>
<td>(-0.63726)</td>
</tr>
<tr>
<td>SOCX</td>
<td>(-0.27936)</td>
<td>(-4.35100)</td>
</tr>
<tr>
<td>GCF</td>
<td>0.72765</td>
<td>16.48134</td>
</tr>
<tr>
<td>LAB</td>
<td>(-9.21)*(-8)</td>
<td>(-1.160262)</td>
</tr>
<tr>
<td>INT</td>
<td>(-0.00136)</td>
<td>(-0.062232)</td>
</tr>
</tbody>
</table>

| R-Squared | 0.913776 |
| D.W       | 1.462182 |
| Included Observations | 151 |
| F-Statistic | 23.355219 |
| P-Value | 0.0000    |
| Hausman Test | 57.441108 |
| P-Value | 0.0000    |

Source: calculated by EVEIWS.7 software.

Conclusion & Results:

The results obtained from estimation of Function in the middle-income selected countries (Table 3) show that:

Globalization has significant positive effect on the rate of economic growth in middle-income selected countries; so that with one unit increase in global political, economic growth rate increases 0.103659 percent. Therefore, the hypothesis about a significant positive correlation between globalization and economic growth rate in selected middle-income countries cannot be rejected.

Economic globalization hasn't significant effect on the rate of economic growth in middle-income selected countries. Cultural globalization has significant positive effect on the rate of economic growth in middle-income selected countries. Created transformations in perceptions can have different effects on the performance of countries and consequently on economic growth and development. In other words, globalization can act as a dual culture, both to increase and to decrease the rate of economic growth that in the case of the middle-income countries, in this paper the effect of cultural globalization on the rate of economic growth is negative. Cause of it may be considered as dominant destructive of culture (such as consumerism, luxury-oriented, etc.) in the globalization process in these countries.

Physical capital has a significant positive impact on economic growth rate in selected countries. Also, physical labor and consumer Internet information as an indicator of communication technologies have significant impact on economic growth rate in meddle income countries.

Based on the results of this paper, strong and active presence in the international political arena, causes that benefits of international trade and economic relations to be used. Because of the country's embassies in other countries, leads to ease trade and economic relations. Also, the more country has prominent participation in
treaties and conventions on international political cooperation, the more interest equally the more benefits and convenience of the treaties (such as financial aid, facilitating the rules, exemptions, tariffs, loans, etc.) in order to facilitate trade. Therefore, it is recommended to take advantage of the benefits of economic growth, countries have shifted to regional and cross-regional cooperation and countries have a strong presence in international political cooperation agreements and treaties. And avoid of tensions created intentionally or unintentionally in the international area to be able to use of the benefits of globalization.

REFERENCES