TOLERANCE AND GLOBALIZATION: An Empirical Analysis

Muhammad Tariq MAJEED,* and Shamsa KANWAL**

Abstract

This study investigates whether globalization plays any role to induce parents' willingness to teach and in still tolerance in their kids. To study this relationship, a survey measure from the World Values Survey (2014) was used for tolerance by using Panel data in a sample of 88 countries, spanning over 1980 to 2014. This study uses a comprehensive measure of globalization (KOF Index) which comprises economic, social and political dimensions of globalization. Random effects method is used to estimate parameters on the basis of Hausman test. Besides, to deal with endogenous nature of globalization, system GMM is used. The main findings of this study are: (i) overall globalization strengthens parents' willingness to in still tolerance; (ii) two out of three sub-categories of globalization, economic and social globalization, drive the same results while political globalization could not show any significant result in baseline findings; (iii) It was also found that globalization affects values like tolerance in developed economies, positively; while reverse holds for less developed economies (LDCs). The baseline results are robust to other determinants of tolerance.

Key Words: Tolerance, Globalization, Social Globalization, Adults.
JEL Classification: C33, F01, F15, Z13.

I. Introduction

Globalization is the most contentious, multifaceted phenomena and is considered as an emotive force. On the one hand, many scholars link it to trade, FDI, freedom and economic growth, and consider these perceived outcomes as benefits of globalization. On the other hand, many believe that globalization is causing adverse effects on domestic social values, human rights and stable economies [see, Fischer (2003), Majeed and Malik (2017)]. Assessing the consequences of globalization can help to resolve contentious policy issues of this kind. In fact, many studies have discussed the impact of globalization on economic outcomes [Dreher (2006), Dreher and Gaston (2008), Bergh and Karlsson (2009), Gurgul and Lach (2014)], inequality [Dreher and Gaston (2008), Bergh and Nilsson (2010), Majeed and Guansssgfeng (2014), Majeed (2015, 2016)]; quality of life [Majeed (2017)], and life expectancy [Bergh and Nilsson (2010)]. However, very limited literature gives knowledge about how the globalization affects social values and attitude of people.

* Assistant Professor, **PhD Research Scholar, School of Economics, Quaid-i-Azam University, Islamabad, Pakistan.

Theoretical studies by Boli and Lechner (2001) and Whalley (2005) highlighted the importance of globalization for changes in social values. For instance, the former pointed out that globalization and religious practice of individuals play a significant role in shaping the world culture and behavior of people. Likewise, Whalley (2005) emphasizes the interaction between globalization and social values. He asserts that economists need to consider these interactions while analysing the socio-economic outcomes of globalization. Similarly, Cozma (2011) highlighted the importance of relationship between globalization and personal values. Using subjective measures, he finds mixed evidence of effects of globalization on personal values. Following this stream of literature, this study also focuses on the relationship of globalization with cultural/social values. However, it differs from these studies by addressing the relationship of globalization with 'tolerance'. Tolerance, understanding and willingness to accept others' feelings and beliefs, who are different from us is of particular importance in this era of globalization. Irrespective of cultural, social and economic differences, tolerant people show respect to their neighbours. Tolerance breeds love, trust and unity amongst nations. With integration of national borders, there is a dire need to exhibit tolerance towards acceptance of cultural norms, social and religious beliefs. Globalization instills the taste of patience in grown-ups and makes it an asset for new generation.

Tolerance brings happiness among people as it gives them chance to lead their lives without social and legal barriers [Corneo and Jeanne (2009), Inglehart, et al. (2008), Berggren and Nilsson, (2013) (2014), (2015)]. Corneo and Jeanne (2009) are of the view that this is beneficial for the minorities living in any country, as they are the one who are affected by the faith of the majority living in their surroundings. A tolerant person accepts the participation of every type of individual in the society [Berggren and Nilsson (2013)]. In literature, diversity is used as an indicator of tolerance. Chen (2011) defines diversity as 'tolerance based diversity'. The understanding about tolerance is based upon the concept given by Corneo and Jeanne (2009), they define it as 'respect for diversity'. This study also follows Florida (2003) who defines it as 'openness, inclusiveness and diversity to all ethnicities, races and walks of life.'

This process of social norms relates to globalization with a view that its integration is affecting the worldwide behaviour of people; their standard of living is changing and above all, their well-being is being uplifted. The debate about globalization is revolving around the world with a set of different questions, such as how is it changing social behaviour? Is it good or bad for social values? Here, it is expected that social, economic and political globalization make parents more conscious towards norms building attitude in their children. They want their children to learn the same traits and dispositions as they have learned through this internationalization process. They consider it better for their self-interest to get benefits out of this. Similarly, they also think that if their children are equipped with social norms and values, they would flourish better with integration process of the world.

Global integration is a key dimension for development of nations. Globalization has opened the doors of manifold opportunities for world development. However, its favourable effects are not spreading equally across the global world [Majeed (2017)]. These are the developed economies which are taking more benefits of globalization while developing economies lack favourable domestic conditions to take advantage of globalization. Global integration is blamed for growing financial market volatility, trade imbalances, corruption, terrorism and many other problems in developing countries. These problems particularly arise due to currency swaps, capital flight and ineffective value transmission process. Contrary, developed nations have much tendency to absorb such shocks and withstand the global challenges. Similarly, we conjecture that the impact of globalization on social traits like tolerance can be heterogeneous.

In the literature, tolerance is used in different ways. Some studies link it to generality and non-discrimination [Buchanan and Congleton (1997)] others prove it as virtue [Vernon and LaSelva (1984)]. There are also some empirical studies which link tolerance with urbanism [Abrahamson (1986)], economic freedom [Berggren and Nilsson (2013)], income and growth [Florida, et al. (2008), Ottavianoand Peri (2006), Das, et al. (2008), Berggren and Elinder (2012)]. However, the relationship of tolerance with globalization is not well focused. In this study the impact of globalization on cross-country tolerance level is estimated by using a large sample of countries. In particular, it contributes into empirical literature by assessing the heterogeneity of developed and developing countries, in shaping the relationship of globalization with tolerance.

It is proposed that an empirical analysis perceives as to how the globalization is related to parents' willingness in teaching tolerance to their kids. Is globalization positively linked with parents' preference for teaching tolerance? If such link exists, it could be regarded as an optimistic consequence of globalization. Moreover, this also means that a nation can achieve economic, social and political goals by opening up boarders for global world. The idea of tolerance is operationalized by using replies to a questions asked in the World Values Survey (2014), where individuals are asked if they would like to teach tolerance to their kids. A fraction of people who replied that tolerance is important, to teach kids by their parents was taken. Focused variable 'globalization' is taken from KOF index of globalization having multidimensional characteristics: economic, social, and political globalization. Sub-categories of economic and social globalization are also taken into account. As far as control variables are concerned, GDP per capita, economic freedom, religious denominations, share of young population and urbanization are taken following available empirical literature on tolerance.

Assessing the impact of globalization on social values is a new and unique research area. This study poses the questions whether globalization along with its dimensions has the ability to foster parents' willingness to teach tolerance to their kids; hence, building tolerant societies. Do different forms of globalization (economic, political and social globalization) promote teaching tolerance in developing and developed

economies? Does the relationship of globalization with tolerance vary depending upon the development stage of globalizing countries?

Rest of the study is organized as follows: Section II gives data description. Section III focuses on methodology and empirical strategy of the model. Empirical investigation is discussed in Section IV, and finally, Section V concludes the study.

II. Data

The data of this study has been taken from different sources for a sample of 88 countries depending upon the availability of data of all variables. List of countries is given in Appendix (Table A-1). The data on tolerance has been taken from the World Values Survey (2014).The question asked is that 'here is the list of qualities that children can be encouraged to learn at home. Which do you consider to be important?'[2] Its value is 1 and 2; 1 is for 'mentioned' and 2 is for 'not mentioned.' Its first category where people replied 'mentioned' meaning 'it is important to teach kids tolerance at home' was used.

The main variable of interest in this study is globalization, developed by Dreher (2006). It covers a long time period from 1970 to 2013. It has three dimensions: social, political and economic globalization. These dimensions are decomposed into sub-components, i.e., actual trade flows and trade restrictions are sub-areas of economic globalization, information flows, personal contacts and cultural proximityare sub-categories of social globalization but similar decomposition is not possible in the case of political globalization as there is no separate data available for lower level of this index. This variable along with its sub-areas is also used by Bergh and Nilsson (2010), DeSoysa and Vadlamannati (2011), Gurgul and Lach (2014) and many others. The Appendix, Table A-2 gives a detailed description of KOF Index of Globalization.

Globalization refers to as a worldwide movement of economic, financial, communications, trade and political integrations. It relates the processes of social norms to globalization with the view that this integration is affecting the worldwide behaviour of people, their standard of living is changing and above all their well-being is improving. The main hypothesis of this study is that overall globalization exerts favourable impact on teaching tolerance to kids. Here, it expects that this global world integration of economies makes parents more conscious toward norms building attitude in their children. They wish their children to learn same traits and dispositions as they have learned through this internationalization process. They consider it better for their self-interests to get benefits out of this. They also think that if their children are equipped with social norms and values, they would flourish with integration process of the world.

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[2] World Values Survey is an online database where respondent around the world are asked different questions. We have taken the question: "Here is the list of qualities that children can be encouraged to learn at home. Which, if any, do you consider to be especially important?" List of qualities given is: independence, hard work, feeling of responsibility, imagination, tolerance and respect for other people, thrift, saving money and things, determination, religious faith, unselfishness, obedience and self-expression. We have taken one quality 'tolerance' out of these mentioned here.

Since globalization is a multifaceted phenomenon, so it is important to study the three areas of globalization separately; 'Economic globalization' includes cross border investments, capital and labor flows, and low trade restrictions. This process of internationalization favors tolerance if the society has increased trade interactions with others and can get benefit from others. The study expects that these economic activities affect attitudes of adults and make them realize the importance of tolerance for the next generation. This global integration and trade make them understand to those who are different. Boyd, et al. (2001) prove this through experiment, conducted among different cultural groups that societies with increasingly experience of market integration have more behavioural variations. On the other hand, being tolerant benefits in material and non-material terms as with intolerant attitude, they might have to sacrifice a chance of development and prosperity [Bowles (1998)]. While economic globalization can also make parents less willing to instill this social value in their children as they are uncertain about job opportunities in global markets, so they show less interest towards this value. Mau, et al. (2012) also point out that people become fearful of changes by globalization process and so they resist.

'Social globalization' includes personal contacts, information streams and cultural convergence in general. With more flow of information it is expected that, parents try to instill more tolerance in their kids as they get to know more about values. Cultural convergence takes place with this area of globalization, media plays major role in this regard. Jensen and Oster (2009) stress that television (media) is affecting social values on a big note and influencing the character of individuals by spreading ideas and making them more tolerant. Telecommunication technologies are also strongly contributing with the role of social media. All sub-divisions of social globalization encourage people to be more tolerant when they admire the work done by others [Seebruck (2013)]. Social globalization can have negative effect on those who are stuck to their cultural values and cannot let anyone change them anyway. This may result in reduction of their tolerance level they might have a fear of the erosion of their traditional culture [Scheve and Slaughter (2004), Mau, et al. (2012)]. 'Political globalization' might have minute positive impact on teaching tolerance to children as it includes political exchange, international membership in foreign organizations, membership in international undertakings and acceptance of international treaties. This dimension implies indirect effect on parents' attitude as these things influence societies on national level and have less impact on individual level. It is expected that if parents take these international political ties in their self-interest then they might teach their children to be tolerant and open towards diversity. For some, these political ties may be a stress or burden in the sense that rich are getting richer and poor are becoming poorer - this can make them intolerant.

In addition, this study includes a number of other control variables which are determinants of tolerance, following the standard literature. These are (1) GDP per capita, (2) economic freedom, (3) young population, (4) urbanization and (5) regional dummies.

1. GDP per Capita

More tolerance is expected, if income of an individual increase material well-being and quality of living in the presence of less competition for scarce resources [Andersen and Fetner (2008), Corneo and Jeanne (2009)]. High income increases level of satisfaction in individuals, thus enhancing the capability to accept diversity.

2. Economic Freedom

Economic freedom is the freedom to flourish (in a nation) without intervention of any economic authority. Here, individuals are free to protect their resources and private properties. So, economic freedom is vital for a free civil society. According to Friedrich A. Hayek, "The guiding principle in any attempt to create a world free man must be this: a policy of freedom for the individual is the only truly progressive policy". Indeed, the path to prosperity leads to the path of freedom which let individuals to decide for themselves to achieve their goals of life and fulfilling their family dreams. Economic freedom can affect tolerance positively through institutionalization and market processes. These processes bring interaction among people of different nations and bring tolerance via desire for well-being and reduced fear of being threatened by groups of different sects. On the other hand, economic freedom can affect teaching tolerance attitude negatively by encouraging self-centeredness, by provoking pro-social activities and increasing inequality. Thus, the impact of economic freedom on tolerance remains an empirical issue. Economic freedom index is developed by Heritage Foundation (2015). This index gives ranking of the countries according to their economic freedom. It ranges from 0 to 100 where higher range (80 to 100) shows that a nation is fully free. According to this ranking, these nations include Hong Kong, Switzerland, Australia, Singapore and New Zealand. Repressed countries have an index below 40.

3. Young Population

Young population share is included as another determinant and control variable of tolerance. People of this age are less rigid and more open to experience new things like technology and hence are considered to be more tolerant [Berggren and Nilsson (2013)]. Young population is expected to have a positive influence on tolerance.

4. Urbanization

Urbanization is the process in which towns are shaped into big cities as more people move from rural to urban areas, for better jobs/work and improved living. Urbanization is inevitable, owing to technological progress throughout the world. It is another

TABLE 1

Summary of Variables & Data Sources

Variables	Definition of Variables	Construction	Data Source	Mean	Std. Dev.	Min.	Max.
DEPENDENT VARIABLE							
Importance teaching tolerance	Share of the population answering "important" to the quality "Tolerance" when asked question "Here is the list of qualities that children can be encouraged to learn at home. Which do you consider important?	Index	World Values Survey (2014)	67.49	11.07	36.1	88.4
INDEPENDENT VARIABLES (Focused Variables)							
Globalization	Aggregate globalization index	Index	KOF Index	48.98	16.23	21.67	87.79
Economic glob.	Economic globalization	Index	KOF Index	54.34	16.31	20.75	94.63
Social glob.	Social globalization	Index	KOF Index	44.70	20.41	7.97	89.01
Political glob.	Political globalization	Index	KOF Index	51.40	24.48	1.00	96.63
INDEPENDENT VARIABLES (Control Variables)							
Real GDP per capita	Log real GDP per capita, constant prices 2005	Log	WDI (World Bank, 2015)	10786.78	16990.89	168.36	116806
Economic freedom	In economically free societies, governments allow labor, capital, and goods to move freely, and refrain from coercion or constraint of liberty beyond the extent necessary to protect and maintain liberty itself.	Index	WDI (World Bank, 2015)	58.29	11.52	5.73	89.46
Share of young population	People who are 29 years old	Percentage	WDI (World Bank, 2015)	32.45	10.06	15.26	48.74
Urbanization	Population living in urban areas	Percentage	WDI (World Bank, 2015)	2.39	1.79	-0.90	7.80

Source: Authors' own calculation.

major determinant of tolerance and has a twofold effect on tolerance. On the one hand, it is expected to create tolerance in the society because urban areas have greater diversity than the less dynamic rural areas [Berggren and Nilsson (2013), (2014)]. On the other side, urban population growth has become a challenge as, many people remain unemployed due to heavy load of population in industrial sector which causes corruption, law and order issues and make people intolerant towards the diversity.

Lastly, the geographical dummies are included to control certain regional effects which cannot be captured and controlled by any other variable. The data of other control variables: GDP per capita, young population and urbanization have been taken from the World Development Indicators (2015). The data sources, definition of variables and its descriptive analysis is given in Table 1.

III. Methodology

Does globalization help to shape the values like tolerance? Why and how the global integration process affect parents' attitude in transmitting values in their children? How this relationship looks like in countries with different development levels? To answer these questions it is important to understand the theoretical and empirical links of globalization with an important social trait, 'tolerance'. To carry out the analysis, this study firstconsiders an overall globalization and then the three areas of globalization index separately: economic globalization, social globalization and political globalization.The major task of this study is to empirically investigate the linkages between importance of teaching tolerance to kids and globalization. Panel data set is used to investigate this relationship. Outcome variable is the importance of teaching tolerance to kids while main variable of interest is globalization and its three parts.

The empirical model, which investigates the relationship between importance of teaching tolerance to kids and globalization is expressed through Equation (1):

$$Tolerance_{it} = f(X_{it}, Globalization_{it-1}) \tag{1}$$

where $tolerance_{it}$ is dependent variable while X_{it} consists of covariates used in the study. $Globalization_{it-1}$ is lagged variable of globalization, t-1 is one year lag. Since globalization affects values and norms after a certain period of time. Now, the specified Equation (2) of tolerance-globalization analysis is:

$$tolm_{it} = \alpha_0 + \alpha_1 ly_{it} + \alpha_2 ef_{it} + \alpha_3 pag_{it} + \alpha_4 up_{it} + \alpha_5 rd_{it} + \alpha_6 og_{it-1} + e_{it} \tag{2}$$

where $tolm_{it}$ denotes importance of teaching tolerance, og_{it} stands for overall globalization for country i for time t. ly_{it} stands for the log of real GDP per capita, ef_{it} refers to economic freedom, pag_{it}, up_{it} and rd_{it} are shares of young population, urbanization and regional dummies, respectively. All these control variables are fixed for country i

and time period t. The impact of three dimensions economic, social and political glob-alization on teaching tolerance is also under consideration. The given Equations (3), (4) and (5) are as follows:

$$tolm_{it} = \beta_0 + \beta_1 ly_{it} + \beta_2 ef_{it} + \beta_3 pag_{it} + \beta_4 up_{it} + \beta_5 rd_{it} + \beta_6 eg_{it-1} + e_{it} \qquad (3)$$

$$tolm_{it} = \gamma_0 + \gamma_1 ly_{it} + \gamma_2 ef_{it} + \gamma_3 pag_{it} + \gamma_4 up_{it} + \gamma_5 rd_{it} + \gamma_6 sg_{it-1} + e_{it} \qquad (4)$$

$$tolm_{it} = \theta_0 + \theta_1 ly_{it} + \theta_2 ef_{it} + \theta_3 pag_{it} + \theta_4 up_{it} + \theta_5 rd_{it} + \theta_6 pg_{it-1} + e_{it} \qquad (5)$$

In these equations, eg_{it-1} denotes economic globalization, sg_{it-1} is for social globalization and pg_{it-1} stands for political. All regressions include the fixed controls. Random effects model (REM) is used on the basis of Hausman test. The REM is economical in degree of freedom and has fewer parameters to estimate. REM is to express ignorance through error term. Error component model (ECM) assumes intercept of a single cross sectional unit, is randomly drawn from a large population sample with constant mean value of intercept. The intercept of each country is taken as the deviation from mean. Thus, Equations (1) to (5) can be written as follows:

$$tolm_{it} = \alpha_0 + \alpha_1 ly_{it} + \alpha_2 ef_{it} + \alpha_3 pag_{it} + \alpha_4 up_{it} + \alpha_5 rd_{it} + \alpha_6 og_{it-1} + e_{it} + \varepsilon_i \qquad (6)$$

$$tolm_{it} = \beta_0 + \beta_1 ly_{it} + \beta_2 ef_{it} + \beta_3 pag_{it} + \beta_4 up_{it} + \beta_5 rd_{it} + \beta_6 eg_{it-1} + e_{it} + \varepsilon_i \qquad (7)$$

$$tolm_{it} = \gamma_0 + \gamma_1 ly_{it} + \gamma_2 ef_{it} + \gamma_3 pag_{it} + \gamma_4 up_{it} + \gamma_5 rd_{it} + \gamma_6 sg_{it-1} + e_{it} + \varepsilon_i \qquad (8)$$

$$tolm_{it} = \theta_0 + \theta_1 ly_{it} + \theta_2 ef_{it} + \theta_3 pag_{it} + \theta_4 up_{it} + \theta_5 rd_{it} + \theta_6 pg_{it-1} + e_{it} + \varepsilon_i \qquad (9)$$

where ε_i represents cross sectional error component and e_{it} combines the cross sectional and time series error component. The error term ε_i reflects individual differences in the intercept of each country. It is a random error term with zero mean and constant variance σ_ε^2.

As integration process is evolved, living conditions and well-being have improved significantly in almost all countries. Major advancements have however been conspic-uous in countries with high income as compared to lower income countries. As such, major income gaps among these nations are a matter of great concern. Developing na-tions have not been able to integrate with world's economy and yet, while some who are trying to catch up are progressing very slow, as compared to developed ones who have adapted the global changes quickly. This is the reason why these economies are still lagging behind the world value transmission process in their generation. A negative impact of globalization on teaching tolerance to kids by parents of these nations is ex-pected while opposite effect is expected in the case of developed nations.

IV. Empirical Estimation Results

1. Pooled Regression Results

Now, the panel data analysis is presented with the results and interpretation. Table 2, reports the estimates of pooled model (Equation 2) in column (1). Three more variations of this model are estimated by adding dimensions of globalization in each column, separately. It shows as to what extent of globalization and its dimensions are related to teaching tolerance to kids. Notably, in the next two regressions, evidence of positive and statistically significant relationship between teaching tolerance and glob-

TABLE 2

Tolerance and Globalization: Pooled OLS Results

Dependent Variable: Importance to Teach Kids Tolerance				
	(1)	(2)	(3)	(4)
GDP	3.147***	3.294***	2.786**	4.123***
	(1.110)	(1.051)	(1.144)	(1.036)
Economic freedom	-0.00377	0.111	-0.0155	0.0809
	(0.102)	(0.116)	(0.102)	(0.097)
Young population	0.364**	0.245	0.382**	0.329*
	(0.178)	(0.181)	(0.178)	(0.180)
Urbanization	-0.497	-0.113	-0.441	-0.323
	(0.681)	(0.680)	(0.673)	(0.692)
Globalization$_{t-1}$	0.204**			
	(0.084)			
Economic globalization$_{t-1}$		0.119*		
		(0.072)		
Social globalization$_{t-1}$			0.214***	
			(0.078)	
Political globalization$_{t-1}$				0.0441
				(0.043)
Regional dummies	YES	YES	YES	YES
Constant	18.53*	16.36	22.67**	14.3
	(10.79)	(10.61)	(11.05)	(10.78)
Observations	194	191	194	194
R-squared	0.308	0.322	0.314	0.289

Robust standard error in parenthesis, *significant at 10%, **significant at 5%, ***significant at 1%.
Source: Authors' own calculation.

alization, are found. The coefficient of globalization is significant and correlate positively with outcome variable in column (1). The size of globalization coefficient indicates that with an increase of 10 units in globalization (out of 100), share of people who think tolerance is important to instill in adults, increases by 20 percentage points. It supporting, the main hypothesis (of this study) that globalization affects teaching tolerance in positive way and is consistent with theoretical expectations. It implies more willingness to instill cultural values and norms in kids as world integrates more.

The estimates of economic and social globalization are statistically significant and positively related to tolerance. Social globalization has high point estimates as compared to other two areas of globalization and gets statistical significance at 1 per cent level indicating that socialization matters a lot for transmitting social values in young generation. The coefficient of social globalization points that an increase of 10 units (out of 100) in social globalization, increases 21 percentage points in people's share who are willing to transmit social values in their children. On the other hand, political globalization shows positive but insignificant estimates.

As control variables are concerned, GDP has expected positive sign and statistically significant. Economic freedom attains mixed signs; urbanization has unexpected negative sign but neither of them shows significance in a consistent manner. Share of young population also has positive and significant relation with teaching tolerance.

To summarize, the pooled data regression shows relatively positive and significant relationship between globalization and teaching tolerance. Two out of three dimensions are significantly correlated with outcome variable of this study. At this point, political globalization does not depict significant results but signs are consistent with other dimensions.

Table 3 report the results of developed economies of the world. Notably, globalization along with its three parts, are significantly and positively associated with importance of teaching tolerance to young generation. Findings related to control variables are also consistent. GDP, economic freedom and share of young population are significant in almost all regressions; while urbanization is insignificant with mixed signs. The results reveal that all types of globalization are contributing in value transmission process in high income countries. These economies have tendency to accept integration processes positively, which might be due to high growth levels and positive attitude towards diversity.

Table 4 shows the results of tolerance and global integration in less developed economies (LDCs) of the world. Remarkably, these results are opposite to previous findings related to high income/developed countries. It was found that in LDCs globalization and its dimensions were negatively related to importance of teaching tolerance to young generation. The negligible tendency of these economies, to accept integration processes, might be due to their restricted policies and other factors which are beyond control. Indeed, globalization reduces poverty and inequality but on the other hand globalization has also received huge cynicism, particularly by anti-globalization advocates who claim that global economic integration favors only wealthy nations while adversely affects the LDCs.

Table 5, columns 1 to 4 report the results of random effects model. Hausman test suggests that random effects model as compared to fixed effects model is more appropriate. Notably, Pooled OLS results remain intact. Globalization along with its two parts: economic and social globalization is positively associated with importance of teaching tolerance to kids; while political globalization is positively associated with tolerance but its effect is insignificant. Findings related to control variables are also consistent, GDP and share of young population are positive and significant in all models [Borgonovi (2012)]. Economic freedom and urbanization are insignificant with mixed signs; so it can be concluded that globalization is playing a significant role in the case of teaching tolerance to kids.

TABLE 3

Tolerance and Globalization in Developed Economies

Dependent Variable: Importance to Teach Kids Tolerance			
	(1)	(2)	(3)	(4)
GDP	5.830**	8.037***	6.651**	7.481**
	(2.847)	(2.757)	(2.762)	(2.891)
Economic freedom	-0.420*	-0.431*	-0.434*	0.00286
	(0.260)	(0.307)	(0.266)	(0.238)
Young population	0.645*	0.688*	0.571*	0.622*
	(0.421)	(0.437)	(0.423)	(0.438)
Urbanization	-0.22	0.615	0.0828	-0.364
	(1.493)	(1.531)	(1.488)	(1.603)
Globalization$_{t-1}$	0.462***			
	(0.157)			
Economic globalization$_{t-1}$		0.262*		
		(0.135)		
Social globalization$_{t-1}$			0.404***	
			(0.143)	
Political globalization$_{t-1}$				0.163*
				(0.090)
Regional dummies	YES	YES	YES	YES
Constant	-11.51	-26.11	-14.84	-34.19
	(29.68)	(30.04)	(29.54)	(29.14)
Observations	72	72	72	72
R-squared	0.434	0.392	0.428	0.387

Robust standard error in parenthesis, *significant at 10%, **significant at 5%, ***significant at 1%.
Source: Authors' own calculation.

In order to deal with heteroscedasticity andendogeneity, this study uses System GMM by instrumenting endogenous variable (Globalization) with initial values of these variables as internal instruments given in Table 6. There might be a risk of causality between globalization and parents' willingness to instill tolerance in their kids. If parents are encouraged by the values they hold and try to instill the same in their children, meanwhile this is linked to affect strategies and practices which determine the scope of globalization.

Children learn to be tolerant and flourish with the internationalization process hence in the long-run they become able to affect policies which are linked with globalization. To determine these effects the instrumental variable approach is used to control endogeneity. Instruments used must be uncorrelated with error term and also they should not

TABLE 4

Tolerance and Globalization in Less Developed Economies

Dependent Variable: Importance to Teach Kids Tolerance				
	(1)	(2)	(3)	(4)
GDP	1.792	0.932	0.978	2.119*
	(1.562)	(1.497)	(1.545)	(1.461)
Economic freedom	0.0488	0.189*	0.000282	0.0555
	(0.114)	(0.130)	(0.111)	(0.106)
Young population	0.218	0.107	0.274*	0.2
	(0.199)	(0.198)	(0.201)	(0.196)
Urbanization	-0.291	-0.34	-0.399	-0.124
	(0.851)	(0.847)	(0.849)	(0.850)
Globalization$_{t-1}$	-0.0397			
	(0.104)			
Economic globalization$_{t-1}$		-0.0221		
		(0.094)		
Social globalization$_{t-1}$			0.086	
			(0.094)	
Political globalization$_{t-1}$				-0.0750*
				(0.051)
Regional dummies	YES	YES	YES	YES
Constant	-11.51	-26.11	-14.84	-34.19
	(29.68)	(30.04)	(29.54)	(29.14)
Observations	122	119	122	122
R-squared	0.083	0.098	0.089	0.099

Robust standard error in parenthesis, *significant at 10%, **significant at 5%, ***significant at 1%.
Source: Authors' own calculation.

have any direct effect on dependent variable, rather its effects it via instrumented variable and should be correlated with independent variable only. The lags of overall globalization and its three measures are used in column 1 to 4 of Table 6. Lagged globalization and its three parts have positive and significant effect on tolerance. These results confirm the initial findings of this study and strengthen the baseline judgements that globalization along with its dimensions increases transmission of social values in globalizing societies.

2. Robustness Check

a) Sensitivity Analysis

The sensitivity is performed to check the robustness of baseline results. Economic and social globalizations are further decomposed into five sub-components, to estimate

TABLE 5

Tolerance and Globalization: Random Effects Results

Dependent Variable: Importance to Teach Kids Tolerance			
	(1)	(2)	(3)	(4)
GDP	3.147***	3.294***	2.786**	4.123***
	(1.110)	(1.051)	(1.144)	(1.036)
Economic freedom	-0.00377	0.111	-0.0155	0.0809
	(0.102)	(0.116)	(0.102)	(0.097)
Young population	0.364**	0.245*	0.382**	0.329*
	(0.178)	(0.181)	(0.178)	(0.180)
Urbanization	-0.497	-0.113	-0.441	-0.323
	(0.681)	(0.680)	(0.673)	(0.692)
Globalization$_{t-1}$	0.204**			
	(0.084)			
Economic globalization$_{t-1}$		0.119*		
		(0.072)		
Social globalization$_{t-1}$			0.214***	
			(0.078)	
Political globalization$_{t-1}$				0.0441
				(0.043)
Regional dummies	YES	YES	YES	YES
Constant	18.53*	16.36	22.67**	14.3
	(10.79)	(10.61)	(11.05)	(10.78)
Observations	194	191	194	194

Robust standard error in parenthesis, *significant at 10%, **significant at 5%, ***significant at 1%.
Source: Authors' own calculation.

their coefficients. In Table 7,the results show that all five sub-categories, other than the trade restrictions, have positive relation with tolerance and are statistically significant. With all control variables, these sub-areas of global components posit positive and significant behavior in every regression.

In sub-areas of economic globalization; trade flows, measured through foreign direct investment, portfolio investment, income payments to foreigners and trade, is positive and significant; while trade restrictions are insignificant but have consistent positive sign with previous regression. All these measures increase willingness to teach children tolerance in some way or the other. Similar is the case of measures of social

TABLE 6

Tolerance and Globalization: System GMM Results

Dependent Variable: Importance to Teach Kids Tolerance				
	(1)	(2)	(3)	(4)
GDP	7.804***	6.315***	7.058***	6.821***
	(1.515)	(1.307)	(1.387)	(1.204)
Economic freedom	-0.226**	-0.247**	-0.237*	-0.241***
	(0.104)	(0.106)	(0.122)	(0.081)
Young population	0.758***	0.470***	0.526***	0.443**
	(0.127)	(0.148)	(0.177)	(0.206)
Urbanization	0.251	0.911*	0.188	0.186
	(1.254)	(0.587)	(0.965)	(1.017)
Globalization$_{t-1}$	0.0735***			
	(0.010)			
Economic globalization$_{t-1}$		0.0600*		
		(0.032)		
Social globalization$_{t-1}$			0.0373*	
			(0.022)	
Political globalization$_{t-1}$				0.0888**
				(0.042)
Regional dummies	YES	YES	YES	YES
Constant	-15.79*	8.514	0.333	1.294
	(8.482)	(7.730)	(8.456)	(7.820)
Observations	143	110	143	143
AR(1)	0.073	0.049	0.099	0.06
AR(2)	0.302	0.381	0.306	0.243

Robust standard error in parenthesis, *significant at 10%, **significant at 5%, ***significant at 1%.
Source: Authors' own calculation.

globalization. All are significantly exposing higher impact on value transmission on global level. Findings related to control variables are also consistent with cross sectional analysis of this study. GDP per capita is positive and highly significant in each regression. Results for economic freedom, young population's share and urbanization are also consistent with the baseline findings. Therefore, this study concludes that globalization is playing a significant role in the case of teaching tolerance to kids.

Table 8 gives the results of sensitivity analysis by inclusion of other important determinants of tolerance which are education, inequality and religious denominations. This study uses the variables in sensitivity due to missing data in case of these variables,

TABLE 7

Tolerance and Sub-Categories of Economic and Social Globalization

Dependent Variable: Importance to Teach Kids Tolerance					
	(1)	(2)	(3)	(4)	(5)
GDP	4.353***	3.529***	3.447***	3.964***	3.632***
	(0.972)	(1.055)	(1.148)	(1.007)	(1.121)
Economic freedom	0.0356	0.153	0.0318	0.0416	0.0611
	(0.099)	(0.128)	(0.102)	(0.099)	(0.098)
Young population	0.327*	0.194	0.277*	0.426**	0.315*
	(0.177)	(0.183)	(0.179)	(0.189)	(0.178)
Urbanization	-0.257	0.0114	-0.0404	-0.264	-0.353
	(0.670)	(0.685)	(0.679)	(0.675)	(0.688)
Trade flows	0.0990**				
	(0.047)				
Trade restrictions		0.0423			
		(0.077)			
Personal contact			0.114*		
			(0.071)		
Information flows				0.153*	
				(0.085)	
Cultural Proximity					0.0623*
					(0.043)
Constant	11.98	17.16	20.84*	7.448	21.01*
	(10.64)	(10.91)	(11.35)	(11.42)	(11.57)
Observations	194	190	195	195	195
R-squared	0.308	0.309	0.293	0.295	0.291

Robust standard error in parenthesis, *significant at 10%, **significant at 5%, ***significant at 1%.
Source: Authors' own calculation.

TABLE 8
Tolerance and Globalization: Sensitivity Analysis

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Dependent Variable: Importance to Teach Kids Tolerance											
GDP	4.356***	3.401***	1.501	4.611***	3.443***	1.5	3.960**	2.448*	0.834	5.162***	3.842***	2.670**
	(1.491)	(1.221)	(1.275)	(1.365)	(1.095)	(1.212)	(1.575)	(1.293)	(1.312)	(1.363)	(1.113)	(1.216)
Economic freedom	-0.063	0.313**	0.0488	0.0537	0.306**	0.141	-0.075	0.260**	0.0237	-0.00254	0.330***	0.130*
	(0.125)	(0.123)	(0.101)	(0.143)	(0.131)	(0.114)	(0.126)	(0.120)	(0.101)	(0.120)	(0.113)	(0.096)
Young population	0.619***	0.018	0.159	0.516**	0.0152	0.0013	0.605***	0.0631	0.148	0.605***	-0.0225	0.0915
	(0.227)	(0.194)	(0.205)	(0.236)	(0.190)	(0.207)	(0.226)	(0.192)	(0.201)	(0.229)	(0.192)	(0.209)
Urbanization	-0.0567	0.561	-0.553	0.0439	0.593	-0.0744	0.0194	0.349	-0.596	0.0492	0.858	-0.13
	(0.811)	(0.907)	(0.830)	(0.804)	(0.874)	(0.798)	(0.799)	(0.885)	(0.815)	(0.820)	(0.916)	(0.850)
Globalization$_{t-1}$	0.171*	0.0177	0.193**									
	(0.112)	(0.094)	(0.084)									
Economic globalization$_{t-1}$				0.0818	0.0201	0.146**						
				(0.096)	(0.082)	(0.071)						
Social globalization$_{t-1}$							0.176*	0.128*	0.232***			
							(0.103)	(0.091)	(0.078)			
Political globalization$_{t-1}$										0.0486	-0.0402	0.0107
										(0.058)	(0.047)	(0.046)
Education level	0.0774			0.0891*			0.0818*			0.0786*		
	(0.047)			(0.046)			(0.046)			(0.048)		

Robust standard error in parenthesis, *significant at 10%, **significant at 5%, ***significant at 1%.
Source: Authors' calculation.

(*Continue...*)

TABLE 8 (Continued)

Tolerance and Globalization: Sensitivity Analysis

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Dependent Variable: Importance to Teach Kids Tolerance											
GINI		-0.117			-0.118			-0.106			-0.143	
		(0.157)			(0.156)			(0.155)			(0.157)	
Religion-Muslims			-0.00811			-0.00102			-0.00033			-0.00811
			(0.033)			(0.033)			(0.032)			(0.033)
Religion-Orthodox			-0.0750*			-0.0738*			-0.0866**			-0.0770*
			(0.039)			(0.039)			(0.039)			(0.040)
Religion-Protestants			0.0493			0.0457			0.0504			0.0465
			(0.056)			(0.055)			(0.055)			(0.057)
Regional dummies	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Constant	-2.016	23.90*	38.36***	-4.774	24.00*	37.25***	2.744	28.33**	45.13***	-5.963	24.81**	34.96***
	(14.97)	(12.53)	(12.92)	(14.52)	(12.55)	(12.73)	(15.69)	(12.83)	(13.16)	(14.76)	(12.52)	(13.06)
Observations	119	146	187	117	146	184	119	146	187	119	146	187
R-squared	0.343	0.412	0.324	0.356	0.412	0.349	0.346	0.420	0.337	0.333	0.415	0.304

Robust standard error in parenthesis, *significant at 10%, **significant at 5%, ***significant at 1%.
Source: Authors' calculation.

which reduces number of observations to 117 from 195 in a panel of 88 countries. The main focused variable, overall globalization is sensitive to inequality only. Generally, it is less sensitive to these changes and remains statistically significant after inclusion of switch variables. As far as economic globalization is concerned, it is also sensitive to level of education and inequality while political globalization could not depict any significant result. Social globalization is consistently significant with all switch variables.

The results depict that one of the control variables, GDP per capita, is significant and positive throughout the sensitivity analysis in Tables 7 and 8, except some models of political globalization. As for the other variables used in the analysis, education is positive and significant in all regressions, other than the overall globalization only, posing that educated people have more ability to absorb diverse attitudes of different types of people living around them. GINI gives negative sign but is insignificant in every regression indicating that with rise in income inequality, people become intolerant and do not consider it important to instill the taste of tolerance in their kids. According to Borgonovi (2012), people become less tolerant when income inequality rises.

In similar manner, religious variables are taken into account. For religious denomination, analysis indicates that individuals in countries of diverse religious beliefs have low level of tolerance [Borgonovi (2012)], although statistical significance is achieved in all regressions for orthodox only. Share of people belonging to hierarchal religions tend to be more intolerant [Klosko (2000), Bjornskov (2007), Berggren and Nilsson (2013), (2014)]. Borgonovi (2012) also argues that as religious diversity increases in countries, people living in such countries become less tolerant. It turns out that baseline findings of this study are not much sensitive to these changes.

V. Conclusion

Globalization has made it facile for populace across the world to communicate interact and meet each other on one platform. This global interaction has far reaching effects on economic, social and political sectors. Alongside this, it also affects culture, values and attitudes of people. This study investigated the impact of globalization on teaching tolerance to kids by parents using panel data set for 88 countries over the period 1980 to 2014. Since globalization is a complex phenomenon and has multiple dimensions, this study focuses three of them: economic, social, and political globalization. The respective analysis for each of the aforementioned dimension of globalization with that of teaching tolerance on global level as well as for developed and developing countries is also drawn.

This study asserts that increasing interaction among economies of the world enhances tolerance. The results indicate positive and significant relationship between the overall globalization and teaching tolerance. Pooled OLS results show that the impact of globalization on tolerance is driven by economic and social globalization. REM confirms these findings while in system GMM, after controlling endogeneity, all dimensions of globalization show positive relationship with teaching tolerance and swift results, significantly.

When the same analysis is conducted for developing and developed economies separately, it is found that globalization favors value transmission in developed/high income nations while its adverse effects are observed in developing countries. It depicts an uneven integration process throughout the world. So the scope of globalization differs for nations with different development levels.

The sensitivity analysis reveals that economic and social forms of globalization are not sensitive when sub-areas of these variables are used as focused variables. It is observed that these also stimulate willingness of parents to instill tolerance in their kids. Hence, it confirms the baseline justifications of this study. When level of education, GINI and religious denominations, is used as switch variables, it is noted that only results of social globalization are more conducive and strong among these three categories indicating its impacts more on the lives of people, their work, jobs and families. On the other hand, overall, economic and political globalization is sensitive to inclusion of other determinants of tolerance.

The overall results suggest that globalization is creating a humansociety in which people are open and they welcome those who are different from them. The results also describe the importance of parents' role in value transmission process in development of nations by making their children respectful and tolerant towards people of different backgrounds; who speak different languages, belongs to different cultures and religions. One of the essential tools in a child's social tools box is the potential to be tolerant towards diversity. Since early age, children become morally strong when they learn to be tolerant. Along with moral strength, children get economic benefits in future when they respect and exhibit tolerance towards people.

This study suggests that countries with lower incomes should use pro-globalizing policies and open up borders for trade. The limitations of the study are that sample size is still small, due to missing data in case of variables used in the study. Analysis with more up to date data can be made in future. Further research can also focus on the question, what other values could be affected by globalization? The impact of institutions and communication technologies on tolerance can also be considered in future research.

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APPENDIX

TABLE A-1

List of Countries included in the Study

Albania	El Salvador	Jordan	Nigeria	Tanzania
Algeria	Estonia	Kazakhstan	Norway	Thailand
Argentina	Ethiopia	Korea, Rep	Pakistan	Trinidad & Tobago
Armenia	Finland	Kyrgyz Republic	Peru	Tunisia
Australia	France	Latvia	Philippines	Turkey
Azerbaijan	Georgia	Lebanon	Poland	Ukraine
Bahrain	Germany	Libya	Qatar	United Kingdom
Bangladesh	Ghana	Lithuania	Romania	United States
Belarus	Guatemala	Macedonia	Russia	Uruguay
Bosnia	Hong Kong	Malaysia	Rwanda	Uzbekistan
Brazil	India	Mali	Saudi Arabia	Venezuela
Bulgaria	Indonesia	Mexico	Serbia	Vietnam
Burkina Faso	Iran	Moldova	Singapore	Yemen
Canada	Iraq	Montenegro	Slovenia	Zambia
Chile	Israel	Morocco	South Africa	Zimbabwe
China	Italy	Netherlands	Sweden	
Colombia	Japan	New Zealand	Switzerland	

Source: World Bank (2015).

TABLE A-2

The KOF Index of Globalization

KOF Index		
	Variables	Weights
Economic Globalization [36%]	*i) Actual Flows*	(50%)
	Trade (percent of GDP)	(22%)
	Foreign Direct Investment, Stocks (percent of GDP)	(27%)
	Portfolio Investment (percent of GDP)	(24%)
	Income Payments to Foreign Nationals (percent of GDP)	(27%)
	ii) Restrictions	(50%)
	Hidden Import Barriers	(24%)
	Mean Tariff Rate	(28%)
	Taxes on International Trade (percent of current revenue)	(26%)
	Capital Account Restrictions	(23%)
Social Globalization [38%]	*i) Data on Personal Contact*	(33%)
	Telephone Traffic	(25%)
	Transfers (percent of GDP)	(3%)
	International Tourism	(26%)
	Foreign Population (percent of total population)	(21%)
	International Letters (per capita)	(25%)
	ii) Data on Information Flows	(35%)
	Internet Users (per 1000 people)	(36%)
	Television (per 1000 people)	(38%)
	Trade in Newspapers (percent of GDP)	(26%)
	iii) Data on Cultural Proximity	(32%)
	Number of McDonald's Restaurants (per capita)	(44%)
	Number of Ikea (per capita)	(44%)
	Trade in Books (percent of GDP)	(11%)
Political Globalization [26%]	Embassies in Country	(25%)
	Membership in International Organizations	(27%)
	Participation in U.N. Security Council Missions	(22%)
	International Treaties	(26%)

Source: World Bank (2015).