The triumph of globalization at the expense of minority discriminations? – An empirical investigation on 76 countries, 1970 – 2005

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THE TRIUMPH OF GLOBALIZATION AT THE EXPENSE OF

MINORITY DISCRIMINATIONS ? –

AN EMPIRICAL INVESTIGATION ON 76 COUNTRIES, 1970 – 2005

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ABSTRACT

The relationship between globalization and minorities' discrimination remains highly controversial in political economy framework. The neoliberal theorists argue that globalization lead to growth and development which in turn generates respect for basic human rights and thereby lowering discrimination against minorities. While skeptics contend that globalization process always tends to be 'exclusive of poor' and increases inequality leading to social unrest and economic insecurity. This leads to a preconceived notion of threat to their survival by the minorities who perceive themselves as the losers from globalization policies. These negative perceptions are often used to mobilize and show their dissent and opposition to the neoliberal policies, allowing governments to resort to repressive measures. We unpack the arguments taking the perspectives of both sides into consideration and test several dimensions of minority discriminations under the conditions of globalization.

We make use of Axel Dreher's comprehensive measure of globalization index as a proxy for overall globalization process, followed by economic; social and political globalization indices capturing not only economic dimension, but also political and social dimensions of globalization, which is often ignored in previous studies. Using the sample of 76 countries for the period 1970 – 2005, our findings reveal a strong positive association between globalization and decline in two forms of minority discriminations viz., economic and political discriminations. In contrast to the arguments of dependency school of thought, we also find positive relationship between economic; social and political globalization and decline in both forms of discriminations. Of particular interest is the finding that these results are reiterated for a sample of low-income countries.

Keywords: Globalization; Minorities discrimination

1. Introduction

The relationship between globalization and discrimination of minorities is a contentious issue in the international political economy framework. Very often the link between the two is not properly understood because of the divergent views on this subject. An increasing amount of scholarship is likewise being devoted on general human rights effects of globalization, while the impact on minority discriminations is often ignored. The focus of this study is to examine the relationship between globalization and discrimination of minorities across the globe. Though there are vast number of studies that show a positive relationship between globalization and economic growth[1], the consequences of globalization leading to social disarray remain highly contentious. The literature presents conflicting findings on this topic. The liberal theorists argue that countries which are highly engaged in globalization process are likely to experience higher economic growth, greater affluence, more democracy, and increasingly peaceful conditions in the home country and elsewhere (Flanagan & Fogelman, 1971; Weede, 1995; Jacobsen, 1996). It is believed that globalization process is most likely to affect political violence negatively as it help improving quality of life. It help promote economic development, providing trade and investment opportunities creating much needed employment generation and reduce income inequality and poverty thereby leading to decline in social unrest and economic insecurity. This trickle down effect of decline in social unrest and economic insecurity should lead to reduction in political and economic discrimination which the minorities are often faced with. Thus, countries with higher levels of globalization process should suffer lesser degree of political violence and have highest number of peace years, promoting government respect for human rights and thereby lowering discrimination against minorities. Meaning, higher globalization process should not only serve in attaining development goals but also help creating peace and tranquility and thereby decreasing minority rights abuses.

On the contrary, skeptics contend that higher levels of globalization process tend to generate greater economic and social inequalities. This leads to increase in economic insecurity and social unrest in the society paving way for the risk of political instability and outbreak of conflicts thereby (Boswell & Dixon, 1990; Barbieri, 1996; Rodrik, 1997, Rodrik, 1998; Rodriguez & Rodrik, 2000, Blinder, 2006; Summers, 2006; Krugman, 2007). This generates a preconceived notion of threat to their survival by the minorities who perceive themselves are the losers from globalization policies. These negative perceptions are often used to mobilize and show their dissent and opposition to the neoliberal policies, allowing governments to resort to repressive measures.

Despite these divergent views, any systematic analysis between the two is lacking and the empirical work is certainly underdeveloped. Thus the question whether globalization

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[1] Barro & Sala-i-Martin (1995); Sachs & Warner (1995); Edwards (1998); Greenaway, Morgan, & Wright (1998) and Vamvakidis (1998) show through cross-country regression that trade protection reduces growth rates. Ben-David (1993) & Sachs & Warner (1995) show that only open economies experience unconditional convergence. Frankel & Romer (1999) confirm a significant and robust positive impact of trade on growth. Moreover, the latter study has been extended by Brunner (2003) to panel estimation and finds a significant positive impact of trade on income.

improves minority rights is yet unsettled. This is the question we try to address in this paper. Seeking to provide some empirical insight on this topic, we employ panel data for 76 countries over the period 1970 – 2005 to analyze whether and to what extent globalization affect discrimination of minorities and its direction. Rest of the paper is structured as follows: next section presents the theoretical arguments of liberals versus dependency theorists. We introduce our measures of minority discriminations and globalization in section three. While in section four we explain our empirical results, section five concludes the study.

2. Globalization & Minority Discriminations – Theoretical Underpinnings

Conventional wisdom posits absence of any systematic relationship between globalization and minority discriminations. The theoretical literature on relationship between the two gives contradictory picture. There are two schools of thoughts viz., neoliberal and critical schools of thought. The neoliberal school of thought rallies its support behind globalization positively affecting minority rights, while critical school of thought argues otherwise. Below, we discuss how globalization can increase (reduce) the minority discriminations in a country.

2. 1. Neoliberal Perspective

The neoliberal perspective views globalization as a 'triumph of market economy'. They argue that globalization provides economic, social and political benefits leading to increase in human rights respect and translating into lower discriminations against minorities. There is a vast literature which shows that wealthier countries have greater respect for all forms of human rights, including the rights of minorities (Poe, Tate & Keith, 1999 and Milner, Leblang & Poe, 2004). These wealthier countries enjoy greater economic affluence and economic development is higher. Historical analysis reveals that internal conflicts in its various forms occur as a result of economic and financial failures (Kamenka, 1970). Amartya Sen (1996: 16) contends that it is the friendlier economic policies and not the repressive political system which provides economic growth and development. The study by Crossette (1997) shows that globalization enables peace and prosperity and there by increase in economic activities. According to neoliberal perspective, developing countries that make use of the opportunities provided by globalization will quickly raise themselves from languishing in underdevelopment. For developing countries to prosper fully from the opportunities provided by globalization, avenues such as trade promotion, attracting FDI and removal of trade and investment barriers must be utilized.

One of the important claims of advocates of globalization is that it helped removing one of the most important aspects of dissent, poverty and inequality, which often leads to discrimination against minorities. The basic objective behind initiation of globalization policies is to provide tremendous economic opportunities to all the people in the society and progress towards greater development. The globalization process is argued to reduce dissent and incidents of social and class conflict events because it facilitates socioeconomic development. A primary cause of outbreak of dissent is

underdevelopment, poverty and inequality (Johnston 2001; Merritt 2001; Rice 2001; Tyson 2001). The poor socioeconomic conditions of the minorities often lead to frustration, where a particular group of disaffected population shows dissent against the economic policies by engaging in violent activities as a solution to their problems. The general consensus on the impact of globalization on inequality and poverty shows significant trickle down effect. The strong correlation between reduction in poverty and increase in income of the poorest social groups as a result of globalization was found by Heshmnati (2005). Similarly, improvement in quality of life and poverty reduction are attributed to globalization (Peimer, 2002; Hertal et al. 2003 and Kenny, 2005). Further, using an analysis of globalization trends in economic growth and inequality, Dollar (2004) finds that poorer countries have higher economic growth rate in comparison to developed countries and the number of global poor and inequality levels have come down. The literature also confirms that economic growth and development lead to positive impact on socioeconomic conditions (Moon & Dixon, 1985; Spalding, 1986; Park, 1987; Milner, Poe & Leblang, 1999; Milner, 2000; Milner, Leblang & Poe, 2004). Thus, as an effect of globalization, decline in poverty and inequality levels lead to reduction in social insecurity amongst the poorest and minority sections of the society.

Figure 1: Relationship between globalization & Minority discriminations
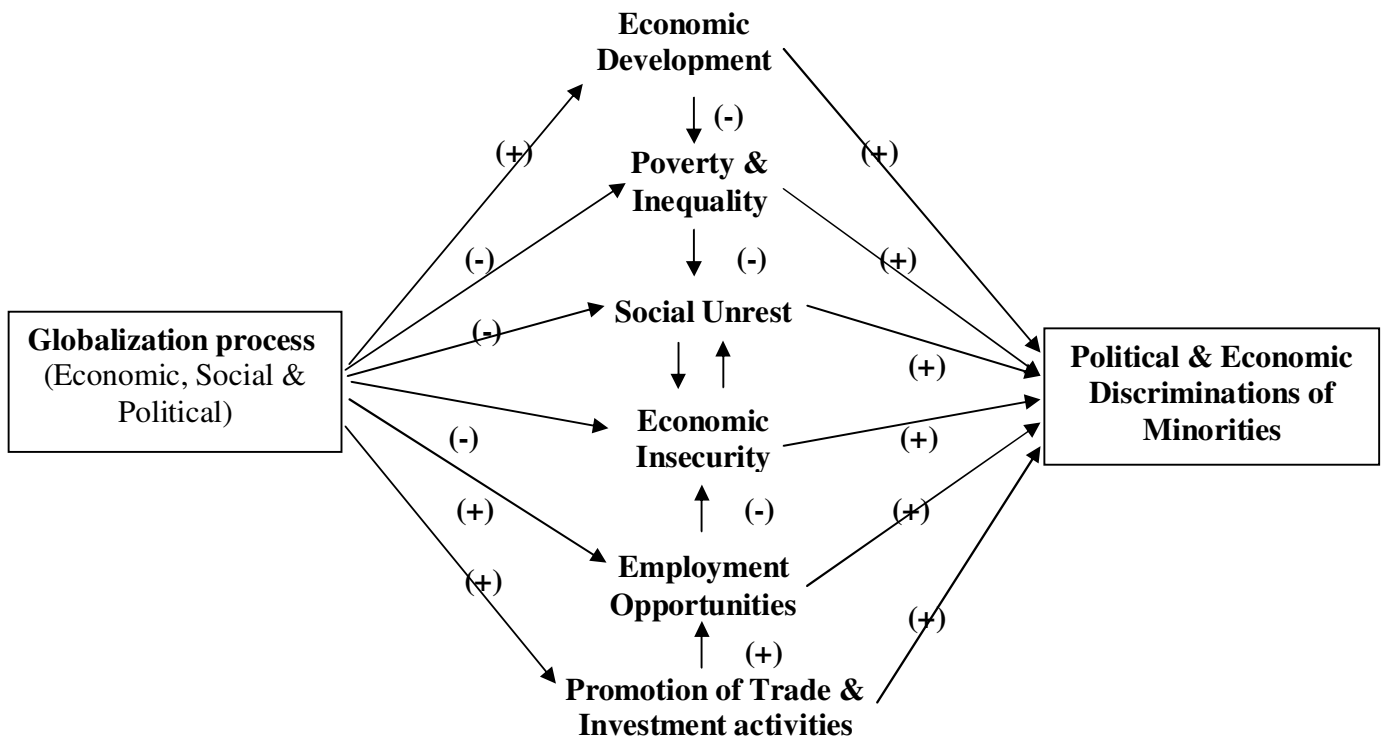
Globalization in is most basic form seeks to integrate the national economies with that of global economy thus creating one world market. In political economy literature, globalization is widely seen as an effective tool of diffusing the dissent and social violent conflicts. Empirical studies by Edwards (1993); Frankel & Romer (1999); Stiglitz & Squire (1998) have shown that trade openness does promote economic development. The

study by Hegre et al. (2003) using Sachs & Warner index finds that open economies will grow at 2.3% more than closed economies. This increased growth in turn reduces the chances of conflicts by about 6% compared to closed economies. The possible negative effects of globalization on dissent and outbreak of conflicts may be achieved by promoting economic development in two distinctive channels. First, economic globalization one hand promotes trade and financial openness and on the other hand advocates for reduction in trade and investment barriers. The trade and investment promotion create job opportunities to all leading to decline in poor socioeconomic conditions (Rothgeb, 1989; Robert, 1995; IMF, 1997; Zhao, 1998). In fact Rodrik (1998) argues that open economies tend to produce large governments which may in turn be used to provide job opportunities and social policies that are minority friendly. Second, as globalization involves attracting foreign and private players' participation in the domestic economic activity, this obviously would have far reaching effects on basic welfare and development, because in order to attract the private and foreign participation, governments often engage in promoting better rule of law, curbing down the excess bureaucratic controls, controlling corruption, investing heavily in social services and social infrastructure related areas, promoting individual freedom. All this will in turn bolster the political rights of the people and ensure greater political participation. Once the private and foreign participation gets into the country, apart from its numerous advantages, most importantly as discussed earlier, they create much needed job opportunities (Spar, 1998) through which the poor and vulnerable can make their living.

In the recent years, the integration of Punjab (in India) and Malaysia into the global economy has brought growth that has helped to soothe cultural conflict of minorities with the state (Singh 1998, Lubeck, 1998). Thus, globalization creates much needed employment and business opportunities through promotion of trade and investments and reduction in barriers leading to decline in economic insecurity amongst the poorer and minority sections of the society. Obviously, when the growth and development process tends to be 'inclusive' (creating equal economic opportunities to all sections in the society) there will be a positive feedback from development to globalization policy choices and vulnerability to exogenous shocks would be less. This means lowering of economic discrimination against minorities. The improvement in investment perception of the government ensures greater political rights and political participation for all sections of the society, ensuring decline in political discrimination against minorities.

India is often cited as an example of the positive influence of globalization process. During the early 1990s the government of India initiated neoliberal policies with an aim of integrating its economy with that of world economy. Recent history of reforms implementations in India shows that except few contentious issues like privatization program, there has been a broad consensus on the implementation of neoliberal polices across the political fraternity. Post 1998, India started witnessing the fruits of globalization policies. There is a tremendous growth and employment opportunities in India. In 1991, India attracted FDI inflows worth 0.45 US$ million. As of 2007, India is world's fourth largest FDI destination with total FDI inflows in 2007 alone stands at 35 US$ billion. In terms of trade openness, India was one of last countries for open trade pre 1991. At present India is one of the Asia's top open trade countries. Number of foreign

and private firms in India increased rapidly and the employment opportunities have gone up. As a result of surge in employment opportunities purchasing power of average Indian middle class citizen has gone up. The standard of living of the poor increased as poverty levels have come down from over 38.9% in 1988 to under 21% by 2001. Datt and Ravallion (1997) argued that the incidence of poverty in India had increased sharply during the macroeconomic crisis period in 1991, but started to decline from there on. Their argument is consistent with the official statistics released by the Government of India (2001) that shows that the incidence of poverty declined from 38.9% in 1988 to 26.1% in 1999, the rate of decline in urban India was from 38.2% in 1988 to 23.6% in 1999 and 39.1% 1989 to 27.1% in rural India. The decline in poverty also resulted in decline in inequality. Deaton and Dreze (2002) argued that India has traditionally witnessed lower income inequality than many other developing countries during post liberalization period. With respect to the minorities, the findings of Bhaumik & Chakrabarthy (2006) reveal that the earnings differences between "upper" castes and lower castes have declined in post globalization period. But, the difference between Muslims and non-Muslims has increased during the same period. Thus, globalization process has enormously benefited Indian minorities; there is scope for further improvement in the situation on the ground, especially with reference to Indian Muslims.

2. 2. Alternative Perspective

The skeptics contend the arguments of the neoliberals on globalization and minority rights relationship. According to them globalization hinders economic and social growth in developing countries. They argue that countries seeking assistance from international financial institutions like World Bank and IMF in the form of grants / aid / loans are often linked to acceptance of their terms and conditions related to free market initiatives which could be detrimental to overall development. This is because these neoliberal initiatives primarily include drastic reduction in expenditure on social sector and development spending on the name of budget reforms (Meyer, 1996). Because to survive in global competition by increasing economic efficiency often states are engaged in drastically reducing their budgets and onus falls on development and social sector spending. Thus, the states are weakened by the forces of globalization.

The globalization process is marked by increase in trade, investments and capital flows which is made possible by increased openness of the domestic markets to outside world. As globalization process increases, trade and investments also keeps increasing. The benefits arising from globalization process is not reaped by everyone. Rather only certain sections of the society are often are the beneficiaries. Majority segments in the society, particularly poor and minorities are often the losers. As a result of the globalization process they find themselves increasingly alienated. If these sections of the society are not compensated by the government, the end result would be an 'exclusive growth and development'. This leads to a preconceived notion of threat to their survival by the vulnerable and minorities who perceive themselves are the losers from globalization policies. These negative perceptions are often used to mobilize and show their dissent and opposition to the government's neoliberal policies. This is what exactly has happened in early years of globalization in Russia. The neoliberal polices initiated by Russian

Federation in 1991-1992 led to surge in growth and foreign investments. But this growth in trade and investments was asymmetric, helping only few Russian industrialists to acquire the wealth at the expense of rest of society. This led to increase in inequality in the society, creating a wide gap between 'haves and have nots' in Russia even resulting in rift between the regions for lesser (higher) state intervention. Those states which were affected disproportionately by the income gap demanded higher intervention of the state in terms of economic assistance. On the other hand, the states which benefited tremendously from foreign investments and trade started agitating against higher state intervention in their local economy. These divergent demands resulted in slowdown and in some cases halting of economic reforms (Solnick 1998).

The other anti-globalization criticism is directed mostly towards developed countries because they according to the critics, exploit the developing and least developed countries to secure their dominance. The developed countries enter into the least developed countries in the form of foreign investments and active trade to extract the existing resources in those countries leaving that particular host country is disadvantaged position (Frank, 1979). The second anti-globalization criticism is against the big MNCs operating in the developing countries. According to them these big MNCs are perceived to be greedy and are highly indifferent towards the social impact of their operations and also towards environmental degradation, labors, and consumers' interests. Most often these big MNCs engage in arm twisting tactics with the local political and governmental fraternity by operating behind the doors and outside the democratic control in formulating the policies favorable to them.

"…..Neoliberal 'globalization' is methodically biased for corporate monopoly profits rather than human well-being and development; the big developed country governments aggressively push anti-developmental economic policies, which underdeveloped country governments tolerate and indeed sometimes even embrace. The end result is that domestic productive and social welfare structures around the world are devastated with severe effects especially on the economically vulnerable parts of populations who are the most numerous….." (The Asia Pacific Research Network, 2005).[2]

Critics of globalization also claim that the 'exclusive' economic growth and development arising out of the neoliberal polices lead to concentration of wealth in the hands of few privileged groups. These privileged groups does what ever is required to keep the government stable enabling the government to implement these policies which are favorable to them. Thus, in the name of 'globalization policies' the governments often resort to eliminating subsidies, dismantling administered price controls, allocation of lands to industrial houses ignoring rehabilitation plans for the poor, clampdown on rural development and welfare spending. This uneven development and progress creates more gap between 'haves & have nots' leading to increase income and wage inequalities paving way for either stagnant or increasing poverty levels with the minority groups. In Bulgaria for example, on the name of market reforms, the land owned by the Turkish

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[2] Asia Pacific Research Network (2005) The WTO's Decade of Human Rights Violations, APRN Statement on Human Rights and Trade, Hong Kong, December 10th.

minority and Pomaks, who were largely dependent on agriculture were redistributed by the government resulting in massive unemployment amongst Muslim and Pomaks communities. Thus, the poor socioeconomic conditions generate greater economic insecurity and social unrest creating hardships to the vulnerable sections of the society (Veerland, 2002). Rodrik (1994) argues that the consequences of neoliberal policies often involve the redistribution of income among different groups. If the efficiency gains from the neoliberal policies are not substantial and income is not redistributed properly, this leads to wide spread agitations to resist making substantial policy changes which in turn affect the vast sections of the population. However, if the governments are vulnerable to the reactions of certain sections of the society, which constitute significant portion, are less likely to carry forward the reforms process. But, if the governments remain insensitive, which most often is the case, it leads to angry mob protests, conflicts, strikes & lockouts and riots risking political instability and outbreak of conflicts thereby (Boswell & Dixon, 1990; Barbieri, 1996; Rodrik, 1997 & 1998; Rodriguez & Rodrik, 2000; Fields, 2003; Blinder, 2006 and Krugman, 2007).

Another argument which often voiced is against the adaptability of the state in embedding the neoliberal policies. If the country fails to adapt itself to the global competition resulting from globalization process, it becomes uncompetitive. As a result, the economic hardship arising out of incompetence of the state would fall disproportionately on the distinct vulnerable and minority groups. The economic adversities lead to political grievances which often go unaddressed leading to social dissolution. Even if the states are concerned about the discrimination, they have lesser means to muddle through the problem because they are already undermined by the globalization process leaving violence as the only means of solution for the vulnerable groups. Bulgaria in late 1980s and early 1990s provides a suitable example of such scenario. The Turkish minority in Bulgaria were largely dependent on the employment generated from the tobacco industry. Previous to the implementation of the neoliberal policies, the state purchased the tobacco and the industry was ensured smooth functioning. When Bulgaria introduced market reforms, the tobacco industry was exposed to global trade and global competition. Due to the large scale inefficiency, the industry failed to remain competitive resulting in privatization of state owned tobacco companies. During the process of privatization there was massive layoffs and retrenchments leaving many Turkish minority unemployed and languishing in poverty for many years. This was labeled as 'ethnic unemployment genocide' in an attempt to revolt against the neoliberal polices adopted by the Bulgarian government.

There is also different kind of impact of globalization on minorities as highlighted by Chua (2003) in what is called popularly as 'Chua thesis'. This is based on the premise of 'Market Dominated Minorities' who control the markets and has indigenous advantage in comparison to the majority of that country. There are many such cases in the developing and under developed countries. For example: the Chinese in South-east Asia, the Lebanese in West Africa, Indians in East Africa and whites in Latin America. When the neoliberal policies are implemented, these small ethnic groups who control majority of the markets benefit disproportionately from such policies. This means higher inequality and economic discrimination faced by the majority. This leads to anger amongst the

majority causing violent backlash against these ethnic minorities and also against free market economy policies initiated by the respective governments.

Some of the best fit examples of adverse impact of globalization process on minority groups include Indonesia. In Indonesia's 70% of the country's wealth was owned and controlled by the ethnic Chinese throughout 1970s and 1980s. This ethnic Chinese group formed only 3% of the total population. In the 1980s when the globalization process picked up the pace in the country, the policies highly favored this community. Large sum of wealth was accumulated by them during the wave of globalization. As inequality between these elites and the ordinary people became wider the signs of social unrest were evident. This led to massive outrage against this community, which was brutally suppressed by the Suharto regime throughout the 1990s. But once the country made the transition towards democracy, the dissent against the Chinese community erupted again leading to full fledged violence in 1998 (Chua, 2003).

3. Measuring 'Minority Discriminations & Globalization'

Discrimination of minorities is the dependent variable of our study. Discrimination of minorities takes on two distinct forms. One is the economic behavior, which is designed by the dominant groups in maintaining economic inequalities. The second is political discriminatory policies, sometimes designed by the majority groups to influence government to make such restrictive policies. We employ two variables to capture these discriminations viz., political and economic discriminations indices adapted from Minorities at Risk[3] (MAR hereafter) database. The intergroup differentials are coded based on political and economic status or traits of the group with respect to the dominant group(s)[4]. Both these indices are group specific for each country in each year on the MAR database. We computed average of level of political and economic discrimination indices for each country in each year. Description of both variables is as follows:

i. Political Discrimination

Political discrimination index is macro codings of the role of public policy and social practice in maintaining or redressing political inequalities. The index records specific kinds of political activity restricted by discriminatory policies. This index is coded on a scale of 0 to 4. The description of these codings is as follows:

0 = No discrimination

1 = *Neglect/Remedial policies*: Substantial under representation in political office and/or participation due to historical neglect or restrictions. Explicit public policies are designed to protect or improve the group's political status.

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[3] The MAR dataset can be downloaded from: www.cidcm.umd/inscr/mar.html

[4] The MAR project states that the "differentials are objective differences between groups, as best as we can judge them. They are not necessarily the result of deliberate discrimination."

2 = *Neglect/No remedial policies***:** Substantial under representation due to historical neglect or restrictions. No social practice of deliberate exclusion. No formal exclusion. No evidence of protective or remedial public policies.

3 = *Social exclusion/Neutral policy***:** Substantial under representation due to prevailing social practice by dominant groups. Formal public policies toward the group are neutral or, if discriminatory policies.

4 = *Exclusion/Repressive policy***:** Public policies substantially restrict the group's political participation by comparison with other groups.

ii. Economic Discrimination

Economic discriminations are also macro codings related to the role of public policy and social practice in maintaining or redressing economic inequalities of minority groups in respective countries. There are no codes for specific types of restrictions on economic activities. This index is also coded on a scale of 0 to 4. Description of these codings is:

0 = No discrimination

1 = *Historical neglect/Remedial policies***:** Significant poverty and under representation in desirable occupations due to historical marginality, neglect, or restrictions. Public policies are designed to improve the group's material well being.

2 = *Historical neglect/No remedial policies***:** Significant poverty and under representation due to historical marginality, neglect, or restrictions. No social practice of deliberate exclusion. Few or no public policies aim at improving the group's material well-being.

3 = *Social exclusion/Neutral policies***:** Significant poverty and under representation due to prevailing social practice by dominant groups. Formal public policies toward the group are neutral or, if positive, inadequate to offset active and widespread discrimination.

4 = *Restrictive policies Public policies***:** Formal exclusion and/or recurring repression. Substantially restrict the group's economic opportunities by contrast with other groups.

3. i. Quantifying Globalization

In all the studies in literature, globalization is measured only partially with one or a few economic variables like the trade ratio, direct foreign investment, net capital flows, tariff rates, trade restrictions, monopolization of exports, black market premiums and country specific globalization dummies etc. Such measures are generally known as openness of the economy. Subsequently more comprehensive measures of globalization were developed with the weighted average or principal components methods. The well known Sachs & Warner (1995) binary index of openness is based on the weighted averages of some economic variables. Others, while accepting economic variables are important to measure globalization, argued that globalization has also political and social dimensions.

The well known Freedom House discrete index of political freedom is based on a few such variables from the political and social sectors. The Freedom House index and similar measures are often used, along with a few other economic variables, as the conditioning variables. In practice it is hard to maintain a distinction between openness which is proxied mostly with economic variables and globalization measured with variables from the economic, social and political sectors. This remains the major criticism of the previous empirical works on globalization. Majority have used single dimension indicators like trade openness: (Doces, 2006; Martin, Mayer & Thoenig, 2007 and Elbadawi & Hegre, 2008) while others include both trade and investments (FDI in particular) as an alternative: (Li & Schaub, 2004; Barbieri & Reuveny, 2005; Solomon et al, 2007), which is not justifiable to quantify economic globalization. Also these studies have grossly ignored the social and political dimensions of globalization process.

Taking these drawbacks into consideration some attempts were made to quantify globalization. The well known Lockwood & Redoano (2005) discrete index of globalization from 1980 – 2004, is also based on such economic, political and social variables. Similarly, Kearney, Andersen & Herbertsson (2005) using trade, finance and other political variables have also developed such indices for 62 countries starting from 2000, to determine the annual rakings of countries on the basis of the Kearney index. Using similar such variables, the Andersen & Herbertsson index is developed for 23 OECD countries for the period 1979 to 2000. Though these indices are well constructed, we have our own reservations mainly related to how economic globalization was measured.

We do not take into consideration the indices mentioned above for various obvious reasons. First, Lockwood & Redoano (2005) globalization index covers only trade and other economic variables ignoring some of the most important facets of economic globalization like: quantifying trade and investment restrictions. Thus, their index without these important measures becomes just another simple proxy like trade openness. Second, with respect to Kearny index, as highlighted by Rao et al. (2008), their weighting scheme is somewhat arbitrary in that they do not adjust for the size of the country on the basis of its population. Third, it is not possible to use both Kearney, Andersen & Herbertsson (2005) and Lockwood & Redoano (2005) indices in time series regressions because of the absence of time series data.

We select Dreher's indices for the obvious reasons mentioned above. First, his comprehensive globalization index is used as proxy for overall globalization process because it also captures political and social dimensions, which are important and are missing in single or bi-dimensional indices. Second, regarding economic globalization policies his index overcomes all the three disadvantages highlighted earlier. It combines many economic indicators along with 'trade and investment restrictions' like: hidden import barriers, mean tariff rates, taxes on international trade and capital account restrictions, which no other indices captures as comprehensively as it does. Of course, the economic indicators in this index include 'actual flows', which captures: income (% GDP); volume of trade (% GDP); FDI inflows and inflows stock (%GDP) and Portfolio investments (% GDP). Third advantage of Dreher's index is methodological as it uses

widely available technique of the principal components method and this index is most suitable for time series study as it dates back to 1970. Thus, in the light of these observations, Dreher (2006) is a welcome contribution because his comprehensive measure of globalization will help to decrease many disagreements on the measurement issue. The Dreher index is formulated for 123 countries from 1970 to 2005 and recently updated[5].

3. 3. Control Variables

The literature shows that there is a positive impact of development and equity on human rights, including minority rights (Mitchell & Mc Cormick, 1988; Boswell & Dixon, 1990; Davenport 1995; Frey et al., 1999; Milner, 2002; Richards, Gelleny & Sacko, 2001; Sen 1999; Kaufmann 2004; Kaufmann, Kraay, & Mastruzzi 2005; Blanton & Blanton, 2006). The models control the effects of development and growth by introducing logged value of per capita GDP in US$ PPP constant terms and the economic growth rate. The data for both these variables come from world development indicators of World Bank 2006. The oil exports dependency dummy was adopted from La Porta et al. (1998). The literature shows that the level of political regime is a key variable associated with such rights. To measure political regime, I include regime type data Polity IV constructed by Marshall & Jaggers (2002). We then follow Londregan & Poole (1996) by subtracting Polity IV's autocracy score from its Democracy score, giving rise to the final democracy score that ranges from +10 to –10, wherein, +10 being the most democratic, +5 being partially democratic and -10 is fully autocratic. The study of Davenport & Armstrong (2004) show that democracy affects rights only at very high levels. Thus, we take the polity IV scores to capture for democracy levels[6]. Following other prominent studies in literature we also take into account the log value of total population adapted from world development indicators of World Bank 2006. The countries with higher ethnic fractionalization often face the risk of ethnic wars. To capture this effect, we include the degree of ethnic fractionalization developed by Fearon & Laitin (2003). Prominent studies like Poe and Tate (1994) and Poe, Tate & Keith (1999) Dreher, Gassebner & Siemers (2007) argue that civil war and peace years are important determinants of basic human rights abuses. Taking these studies as standard, we include the dummy variable 1 if civil war exists in the country and 0 otherwise. We also include number of peace years for each country from 1970 to 2005. The peace years variable is included as the number of peace years since every last civil war occurred in a country. The data for both these variables come from the Uppsala database updated version of 2007. Poe and Tate (1994) and Poe, Tate & Keith (1999) argue that countries with British legal system are associated with lower human rights abuses to Socialistic legal system. Details about the data sources are presented in annexure 1.

Both the dependent variables are indices, viewed as resulting from continuous, unobserved economic and political discrimination indices. Each index corresponds to a specific range of the political and economic discrimination index, with higher values corresponding to a higher range of political and economic discriminations of minorities.

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[5] These indices can be downloaded from http://globalization.kof.ethz.ch/

[6] The data can be accessed from http://www.colorado.edu/ IBS/GAD/spacetime/data/Polity.html.

Since these indices represent the levels of discriminations against minorities, they tend to be qualitative ordinal variables, using pooled OLS regression estimation would be inappropriate. The estimation of a model for such a dependent variable necessitates the use of a special technique, namely, ordered probit method, which is set up as follows:

$$ED^*_{it} / PD^*_{it} = \delta_1 + \psi_2 \text{ HYPOTHESIS VARIABLES }_{it} + \psi_3 \text{ Economic Growth Rate }_{it} + \psi_4 \text{ log}$$

$$\text{(Economic Development) }_{it} + \psi_5 \text{ War years }_{it} + \psi_6 \text{ Pace years }_{it} + \psi_7 \text{ Political Regime }_{it} + \psi_8$$

$$\text{log (Population)}_{it} + \psi_9 \text{ Ethnic Fractionalization }_{it} + \psi_{10} \text{ Social/British Legal Heritage }_{it} +$$

$$\psi_{11} \text{ Oil Exports }_{it} + \psi_{12} \text{ Time }_{it} + \zeta_{it}$$

$$\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

Where: $i\ t$ = country "i" at time "t"; δ = intercept; ψ = regression coefficients for variable "n"; ζ = error term for country "i" at time "t". ED^*_{it} / PD^*_{it} are non observable dependent variables (economic discrimination and political discrimination indices), which are proxies for economic and political discrimination against minorities in a country in the year 't'. Their positions in every year (t) depend on information available which represents the outcome of discrimination against minorities in a country at time 't'. The hypothesis variables are globalization index; economic; social & political globalization indices. This empirical analysis covers 76 economies (see annexure 2) for the period 1970 to 2005. The pooled time-series cross-sectional (TCSC) data may exhibit Heteroskedasticity and serial correlation problems. While these problems do not bias the estimated coefficients as pooled regression analysis in itself is a more robust method for large sample consisting of cross section and time series data. However, they often tend to cause biased standard errors for coefficients, producing invalid statistical inferences (White, 1980). To deal with these problems, we estimated for all the models the Huber-White robust standard errors clustered over countries. These estimated standard errors are robust to both Heteroskedasticity and to a general type of serial correlation within the cross-section unit (Rogers, 1993 and Williams, 2000).

4. Empirical Results & Estimates

The sample of country-years that we examine in total make up of 2736 observations. The results of regression estimates in assessing the impact of globalization on minority discriminations are presented in table 1 and 2. While table 1 deals with Economic Discrimination Index (EDI hereafter) table 2 includes Political Discrimination Index (PDI henceforth). Our globalization measures are four variables viz., Axel's main globalization index; economic globalization index; social globalization index and political globalization index. We control for Heteroskedasticity using QML Huber-White Heteroskedasticity-consistent standard errors & covariance. In annexure 3 we present summary statistics for all the variables that we employ in the regression analysis. The mean value for final globalization index is 42.66 per-years with a very high standard deviation of around 17.04. Regarding the economic globalization index, the median value is 45.60. But the variance is also fairly high, with a standard deviation of 18.66. With respect to social and political globalization indices the standard deviations are 19.28

and 24.55 with mean of 36.28 and 48.13 respectively. In all these indices we find that standard deviation values are very high, suggesting that there is a very high cross country-variations in globalization process. With respect to EDI and PDI, the median is two. The variance however is fairly low, with a standard deviation of 1.19 and 1.21 respectively. We can also see significant cross country variations in our sample with regard to economic growth, development, political regime and civil peace years.

In model 1 and 2 (see table 1) we find that globalization has 1% significant positive impact on EDI and PDI. Both indices scores suggest that on a scale of 0 to 4, zero represent lower discriminations and 4 represent highest discriminations. Therefore the negative effect of globalization suggests a reduction in discriminations. Contrary to the skeptics' contention, we find that for every 1% increase in the main globalization index leads to 0.019% decrease in EDI and 0.029% reduction in PDI. In other words, holding at its mean value, increase in globalization index by its highest value (91.60 points) would decrease the EDI and PDI by 0.02% and 0.03% respectively. Even in the case of low income developing countries, the impact of overall globalization on PDI and EDI is 1% significant and negative (results not shown here). In model 3 & 4 we find 1% significant negative impact of economic globalization on EDI and PDI respectively. For every 1% increase in economic globalization index EDI is decreased by 0.004% and the same would reduce PDI by 0.010%.

The findings of economic globalization and economic and political discriminations of minorities relationship is in contrast to the argument of the dependency theorist that economic globalization promotes greed over grievance and increases income differentials leading to societal conflicts, increasing human rights abuses and thereby minority discriminations. Rather we find support for the liberals' arguments that economic globalization provides economic and business opportunities creating employment opportunities and reduces socioeconomic tensions, increasing the reduction in discriminations against minorities. Initiating economic globalization includes financial and trade openness on one hand and on the other hand relaxation of investment, trade and financial restrictions, the countries need to build strong macroeconomic and institutional framework. Failing to do so would generate a risk of economic instability. In order to lay this foundation, the governments often engage in framing policies to strengthen rule of law, promoting good governance, lowering bureaucratic hassles and corruption, allowing greater economic freedom and so on. All these measures ensure greater levels of freedom for its citizens for political participation, right to access information, freedom to form and join unions which give scope for increasing labor rights. Thus, economic globalization has far reaching implications not just on promoting the reduction in EDI, but also uplifting the political rights of minorities. A cautious note however is that this may not be true in all cases, especially with respect to some of the developing countries. This is because most of the developing countries today promote economic globalization without appropriate foundation. Some of the examples include: Venezuela, Colombia, Philippines and Indonesia.

Table 1: Globalization & Minority discriminations linear equation function: Ordered Probit

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
	Economic Discrimination	Political Discrimination	Economic Discrimination	Political Discrimination	Economic Discrimination	Political Discrimination	Economic Discrimination	Political Discrimination
Globalization	-0.019 * (0.00)	-0.029 * (0.00)	--------	--------	--------	--------	--------	--------
Economic Globalization	--------	--------	-0.004 ** (0.00)	-0.010 * (0.00)	--------	--------	--------	--------
Social Globalization	--------	--------	--------	--------	-0.018 * (0.00)	-0.027 * (0.00)	--------	--------
Political Globalization	--------	--------	--------	--------	--------	--------	-0.012 * (0.00)	-0.014 * (0.00)
Log (Economic Development)	0.164 * (0.03)	0.296 * (0.03)	0.038 + (0.02)	0.141 * (0.02)	0.166 * (0.02)	0.301 * (0.02)	0.090 * (0.02)	0.151 * (0.02)
Economic Growth Rate	0.009 ** (0.00)	0.013 * (0.00)	0.011 * (0.00)	0.016 * (0.00)	0.008 ** (0.00)	0.011 * (0.00)	0.007 *** (0.00)	0.010 * (0.00)
Log (Population)	0.041 * (0.01)	0.097 * (0.01)	0.007 (0.01)	0.031 ** (0.01)	0.004 (0.01)	0.040 * (0.01)	0.136 * (0.01)	0.194 * (0.01)
Political Regime	0.017 * (0.00)	-0.023 * (0.00)	0.011 * (0.00)	-0.028 * (0.00)	0.017 * (0.00)	-0.024 * (0.00)	0.013 * (0.00)	-0.030 * (0.00)
Civil War Presence	0.322 * (0.05)	0.385 * (0.05)	0.345 * (0.06)	0.421 * (0.05)	0.335 * (0.05)	0.408 * (0.05)	0.308 * (0.06)	0.379 * (0.05)
Number of Peace Years	-0.008 * (0.00)	-0.002 + (0.00)	-0.010 * (0.00)	-0.006 * (0.00)	-0.008 * (0.00)	-0.002 (0.00)	-0.008 * (0.00)	-0.004 ** (0.00)
Ethnic Fractionalization	-0.872 * (0.10)	-0.844 * (0.09)	-1.039 * (0.09)	-1.035 * (0.09)	-0.939 * (0.09)	-0.947 * (0.09)	-0.908 * (0.09)	-0.953 * (0.09)
British Legal Heritage	0.120 * (0.04)	-0.058 (0.05)	0.107 ** (0.04)	-0.052 (0.05)	0.146 * (0.04)	-0.023 (0.05)	0.025 (0.04)	-0.172 * (0.04)
	0.367 *	-0.211 **	0.343 *	-0.194 **	0.328 *	-0.275 *	0.324 *	-0.263 *

Socialist Legal Heritage	(0.11)	(0.08)	(0.11)	(0.08)	(0.11)	(0.08)	(0.11)	(0.08)
	0.314 *	0.518 *	0.393 *	0.623 *	0.249 *	0.422 *	0.384 *	0.631 *
Oil Exports Dependency	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)
Pseudo-R2	0.048179	0.086998	0.040076	0.071756	0.049739	0.090413	0.048136	0.078600
LR statistic	408.9872 *	722.0504 *	340.2010 *	595.5430 *	422.2274 *	750.3928 *	408.6190 *	652.3484 *
Avg. log likelihood	-1.476597	-1.384783	-1.489168	-1.407902	-1.474178	-1.379604	-1.476664	-1.397521
Number of countries	76	76	76	76	76	76	76	76
Number of Observations	2736	2736	2736	2736	2736	2736	2736	2736

Note: * Significant at 1% confidence level; **** Significant at 5% confidence level ***** Significant at 10% confidence level. The models are controlled for Heteroskedasticity. QML Huber/White Heteroskedasticity-Consistent standard errors & covariance are reported in parenthesis.

The social globalization index is associated with 1% significant negative 0.018% and 0.027% decline in EDI and PDI respectively (see model 5 & 6). These results are on expected terms because social globalization not only increases the contact of locals with foreigners but also increases the information flow between the two. As the amount of contacts between the two increases, the probability of minorities and deprived sections of the society having information and knowledge about their state of being is also increased tremendously. This in turn leads governments formulating socioeconomic policies which are inclusive of the poor and deprived sections of the society. This helps significantly decrease the minority discriminations. Finally, we also find a 1% significant negative impact of political globalization on both EDI and PDI. Closer political ties between the local government and foreign governments prompt the local governments to maintain positive perception of the government in the eyes of the foreign governments. Also, the extent of closer ties between the two can also promote better economic opportunities for its citizens. The political ties between India and U.S. and also U.K are some the best examples of this argument. Political economy literature also points out that political globalization are often found to enhance economic globalization process (Giavazzi & Tabellini, 2004 and De Haan et al. 2006). The interesting point noteworthy amongst the three sub indices is that the impact of social globalization on EDI and PDI are slightly higher than the rest of the indices (see table 1).

The other interesting findings are the results of curvilinear effect of globalization on minority discriminations, which are captured in table 2. While there is a positive effect of current levels of all the globalization indices on both EDI and PDI, they have a significant negative effect when accelerated, which means that further acceleration of globalization process would help reduce minority discriminations (see model 9 & 10; table 2). The squared terms are significant at 1% confidence level, confirming the existence of inverted U-shaped relationship between globalization, EDI and PDI.

The interesting finding however is the curvilinear effect of economic globalization. Unlike previous results, we could not demonstrate curvilinear effect relationship between economic globalization and PDI. As confirmed in models 11 – 12 (see table 2), we find curvilinear relationship only in the case of economic globalization and EDI, while there is no such evidence in the case of PDI. In the case social globalization index, we could not find any curvilinear effect relationship neither for EDI nor for PDI. This shows that acceleration of social globalization can be detrimental in reducing EDI and PDI (see models 13 & 14; table 2). Finally, we see a perfect inverted U-shaped relationship between acceleration of political globalization, EDI and PDI. Both the squared terms are statistically significant at 1% confidence level (see models 15 & 16; table 2). Thus, we find a significant inverted U-shaped relationship between overall globalization; economic and political globalization indices with EDI and PDI.

Table 2: Globalization & Minority Discriminations curvilinear equation function: Ordered Probit

Variables	Model 9	Model 10	Model 11	Model 12	Model 13	Model 14	Model 15	Model 16
	Economic Discrimination	Political Discrimination	Economic Discrimination	Political Discrimination	Economic Discrimination	Political Discrimination	Economic Discrimination	Political Discrimination
Globalization	0.016 * (0.00)	0.007 (0.00)	---------	---------	---------	---------	---------	---------
Globalization Squared	-0.0004 * (0.00)	-0.0004 * (0.00)	---------	---------	---------	---------	---------	---------
Economic Globalization	---------	---------	0.023 * (0.00)	-0.015 * (0.00)	---------	---------	---------	---------
Economic Globalization Squared	---------	---------	-0.0003 * (0.00)	4.62^{E-05} (0.00)	---------	---------	---------	---------
Social Globalization	---------	---------	---------	---------	-0.008 *** (0.00)	-0.027 * (0.00)	---------	---------
Social Globalization Squared	---------	---------	---------	---------	-0.0001 * (0.00)	-5.02^{E-06} (0.00)	---------	---------
Political Globalization	---------	---------	---------	---------	---------	---------	0.019 * (0.00)	0.012 * (0.00)
Political Globalization Squared	---------	---------	---------	---------	---------	---------	-0.0003 * (0.00)	-0.0003 * (0.00)
Log (Economic Development)	0.159 * (0.02)	0.294 * (0.03)	0.039 + (0.02)	0.141 * (0.02)	0.162 * (0.02)	0.300 * (0.02)	0.104 * (0.02)	0.161 * (0.02)
Economic Growth Rate	0.008 *** (0.00)	0.011 * (0.00)	0.010 ** (0.00)	0.015 * (0.00)	0.008 ** (0.00)	0.011 * (0.00)	0.006 (0.00)	0.009 ** (0.00)
Log (Population)	0.048 * (0.01)	0.104 * (0.01)	0.008 (0.01)	0.031 ** (0.01)	0.011 (0.01)	0.040 * (0.01)	0.137 * (0.02)	0.196 * (0.02)
Political Regime	0.014 * (0.00)	-0.026 * (0.00)	0.008 ** (0.00)	-0.028 * (0.00)	0.015 * (0.00)	-0.024 * (0.00)	0.014 * (0.00)	-0.029 * (0.00)
Civil War Presence	0.352 *	0.414 *	0.368 *	0.418 *	0.346 *	0.409 *	0.311 *	0.379 *

	(0.06)	(0.05)	(0.05)	(0.06)	(0.05)	(0.05)	(0.06)	(0.05)
Number of Peace Years	-0.007 *	-0.001	-0.010 *	-0.006 *	-0.007 *	-0.002	-0.009 *	-0.004 *
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Ethnic Fractionalization	-0.901 *	-0.871 *	-1.102 *	-1.027 *	-0.927 *	-0.947 *	-1.019 *	-1.044 *
	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)
British Legal Heritage	0.139 *	-0.043	0.167 *	-0.061	0.149 *	-0.023	0.112 **	-0.106 **
	(0.04)	(0.05)	(0.04)	(0.05)	(0.04)	(0.05)	(0.05)	(0.05)
Socialist Legal Heritage	0.332 *	-0.251 *	0.316 *	-0.189 **	0.322 *	-0.275 *	0.303 *	-0.287 *
	(0.11)	(0.08)	(0.11)	(0.09)	(0.11)	(0.08)	(0.11)	(0.08)
Oil Exports Dependency	0.269 *	0.472 *	0.401 *	0.621 *	0.254 *	0.422 *	0.336 *	0.590 *
	(0.07)	(0.06)	(0.06)	(0.06)	(0.06)	(0.06)	(0.07)	(0.06)
Pseudo-R2	0.052908	0.091900	0.043568	0.071853	0.050293	0.090415	0.057142	0.084466
LR statistic	449.1358 *	762.7290 *	369.8426 *	596.3507 *	426.9370 *	750.4038 *	485.0775 *	701.0295 *
Avg. log likelihood	-1.469260	-1.377349	-1.483751	-1.407755	-1.473317	-1.379602	-1.462692	-1.388625
Number of countries	76	76	76	76	76	76	76	76
Number of Observations	2736	2736	2736	2736	2736	2736	2736	2736

Note: * Significant at 1% confidence level; ** Significant at 5% confidence level *** Significant at 10% confidence level. The models are controlled for Heteroskedasticity. QML Huber/White Heteroskedasticity-Consistent standard errors & covariance are reported in parenthesis.

We also would have included all the three globalization indices viz., economic; social and political, into one single model. But, neither for EDI nor for PDI we could not do so because of high correlation between the three indices[7]. With respect to control variables, surprisingly we find positive relationships between economic growth and development with EDI and PDI, suggesting that increase in income through economic growth would increase discriminations because it leads to instability as the rebellion increases. This is particularly true in the case of developing countries. As highlighted by Milner, Poe & Leblang (1999) that increase in economic inequality leads to social unrest in the society, specially amongst vulnerable sections paving way for dissent against the government policies. This happens more when majority of the deprived sections are at the bottom of the economic ladder and when the gap between the 'haves and have nots' are very wide. In our full sample model, the positive effect of this variable is more so because out of total 76 countries in our sample, 65 (about 86%) are developing countries. To confirm this, we ran the same model separately using only the 11 developed countries in the sample. We find significant negative relationship of economic growth, percapita GDP on both EDI and PDI. Another reason for this positive relationship is because of the positive impact of globalization on income. Meaning, the rise in income is more due to globalization than any other reason. This is confirmed when we ran the same model without globalization variables only to find 'negative relationship' between Percapita GDP, EDI and PDI. We also find that increase in population levels exerts positive effect of minority discriminations. This effect is consistent across both forms of discriminations displayed in all models (see table 1).

The results related to ethnic fractionalization are also surprising as we find negative sign for both EDI and PDI. The other most significant finding of the study is the effect of transition to democracy. We find that an improvement in democracy levels is associated with lower PDI. This is a significant finding as Rodrik (1999) opines that democratic institutions play important role in conflict management because it allows for differences to be settled amongst social groups to be resolved in an inclusive and participatory manner. The results are robust and consistent across the board. But, we could not find the same relationship with EDI. On the contrary we find a positive impact of democracy on EDI, suggesting that its impact is more reasonable and higher on reducing political discriminations of minorities. While consistent with prominent past studies Poe & Tate (1994) and Poe, Tate & Keith (1999) when we introduce civil war year dummy, we find a 1% significant positive relationship EDI and PDI. On the contrary the number of civil peace years help reduce minority discriminations. The coefficient value for civil war dummy is higher than peace years, suggesting that the risk of civil war is always detrimental to minority discriminations. The results also demonstrate the positive impact of oil exports on EDI and PDI. This result is consistent with the findings of Ross (2004) who argue that conflicts are vulnerable to increase in oil exports dependency in developing countries. With respect to legal heritage, the results are mixed as we find significant negative impact of socialist and British legal system heritages only on PDI. The results of control variables are highly significant and consistent across all the models and are also free from the problem of multi colinearity (see annexure 4).

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[7] The Pearson's correlation matrix of economic; social and political globalization indices is presented here. It shows very high correlation between economic globalization and social globalization. While the correlation between social and political globalization is marginal.

	Economic Globalization	Social Globalization	Political Globalization
Economic Globalization	1.00		
Social Globalization	0.82	1.00	
Political Globalization	0.30	0.48	1.00

4. 1. Marginal Effects of Globalization

To further analyze the quantitative importance of globalization on both EDI and PDI, we calculate the marginal effects of all the globalization indices using the coefficients obtained in our models. The marginal effects help understand the impact of an independent variable would have on the dependent variable.

Graph 1

Marginal Effect of Globalization on the odds of Full EDI & PDI
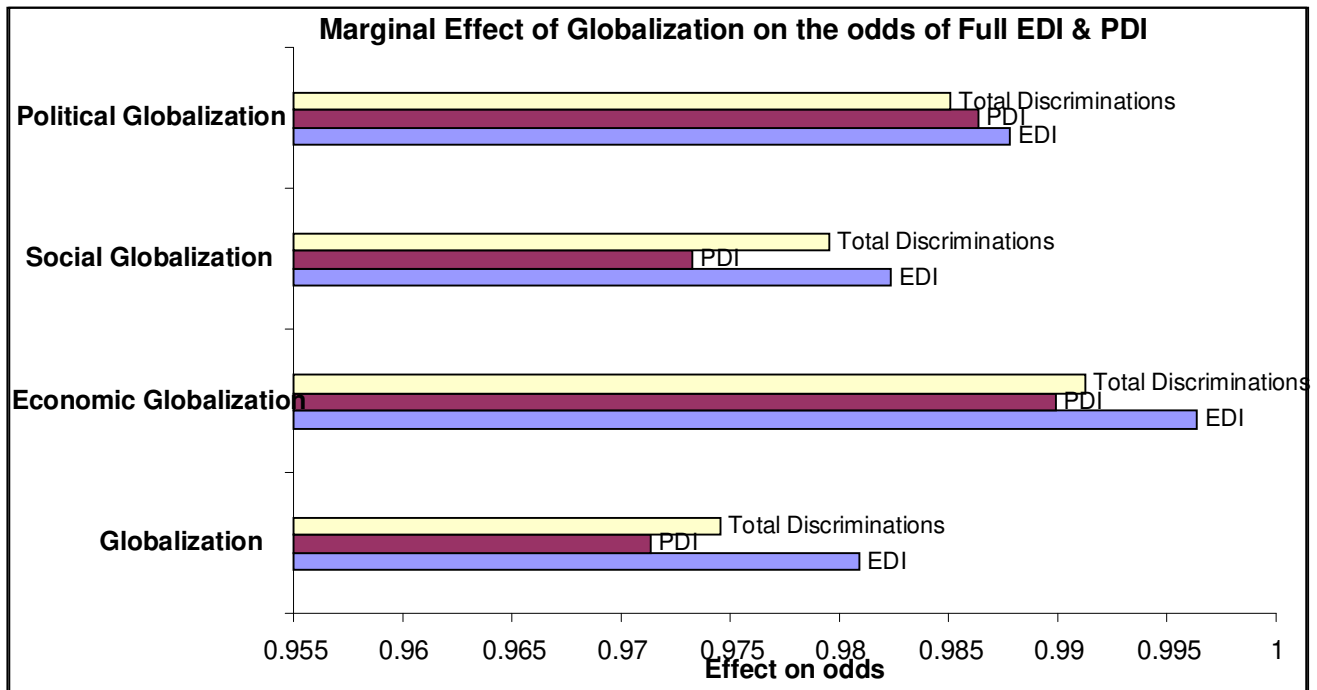
In this case, the dependent variables are EDI, PDI and total discrimination index (TDI hereafter) which is an average of EDI and PDI. All the three indices are coded with the scores ranging from 0 to 4. This implies that for a given change in our 'key independent variable' the change in the odds of the highest value of the respective dependent variable. Graph 1 shows how much an increase in the standardized value of all the statistically significant globalization variables in the models will increase the odds of an increased level of EDI, PDI and TDI for all the countries under study. In graph 1, we notice that overall globalization has the greatest impact on EDI, PDI and TDI. Since the highest value 4 represents highest form of minority discriminations, lower the odds greater the decline in discriminations. We see that for one unit change in the level of main globalization index is leading to decrease in odds of full EDI, PDI and TDI by 0.98; 0.97 and 0.97 times respectively. With respect to economic globalization, it decreases the odds of full respect for EDI, PDI and TDI by 0.996; 0.989 and 0.991 times respectively. It is noteworthy here that the marginal impact of economic globalization is highest amongst all forms of globalization. Meaning, its impact on reducing minority discrimination is the least amongst all forms of globalization. The impact of social globalization index decreasing the odds of all the three indices is 0.98; 0.97 and 0.98 times respectively. Finally, the odds of EDI; PDI and TDI decrease by 0.987; 0.986 and 0.985 times respectively for a unit change in political globalization. The other interesting point noteworthy here is that the impact of social globalization is marginally higher than economic and political globalization in order.

4. 2. Robustness Check

We ran several tests of sensitivity. First, we ran all the results again by dividing the total sample group into two periods. One set includes the period from 1970 to 1987 and the second period from 1988 to 2005. We do not find any major significant changes in both the results, expect to the fact that the findings are more significant in the second period of 1988 - 2005[8]. This might be because the globalization policies started to pick up the pace from late 1980s in most of the developing economies. Second, we test our models by dropping developed countries from the sample. The results with respect to the impact of globalization on all forms of discriminations of minorities remain consistent as in our baseline model. Finally, as a part of sensitivity analysis, we replace EDI and PDI with TDI, which is an average score of both EDI and PDI. The results show that globalization lead to decrease in TDI (see annexure 5). We also find that all the three subindices of globalization have a significant negative impact on the TDI. Finally, we also ran another model by summing EDI and PDI on a scale of 0 - 8[9]. We obtain identical results in line with the baseline model.

5. Summary & Conclusion

The association between globalization and minority discriminations is not only interesting but is also most untouched topic in the domain of political economy. On the one hand, the neoliberal perspective argues that globalization is important as it leads to growth and development which creates much needed job opportunities, improving poor socioeconomic conditions. This leads to civil peace in the society paving way for government respect for human rights and thereby decline in discriminations against minorities. On the other hand, the skeptics contend that globalization leads to scaremongering as it always benefits the affluent class ignoring the grievances of the majority poor and deprived sections in the society. It creates uneven development and progress thereby further widening the gap between 'haves and have nots'. As a result the poor and deprived sections of the society always find themselves increasingly alienated. They perceive the neoliberal policies initiated by the government as a major threat to their very existence leading to dissent against government. This often takes the form of domestic violence and conflicts, allowing governments to resort to repressive measures, which further increases the discriminations against minorities. Thus, there is a need to consider both perspectives and examine the relationship between the two. This apart, the linkage between the two seems to be empirically underdeveloped in the literature. Though considerable amount of attention is devoted on this topic in anecdotes, nonetheless there are seldom empirical studies which have captured and quantified the comprehensive process of globalization.

In this backdrop, our work gains prominence as it gauges the effects of globalization on minority discriminations for 76 countries for the period 1970 – 2005. In doing so, we make use of Axel Dreher's comprehensive measure of globalization indices which not only captures the economic aspects of globalization process, but also consider social and political facets. Contrary to the conventional wisdom that globalization and minority discriminations are contradictory, our overall findings show globalization leads to decrease in both forms of minority discriminations viz., economic and political discriminations of minorities, an index coded by Minority Risk Report on a scale of 0 to 4, here 4 represents highest form of discriminations. By gauging overall effects of globalization on minority discriminations, we find that economic; social and political globalization have significant negative impact of both forms of minority discriminations, which means discriminations tend to reduce as globalization process increases. Moreover, when accelerated, we find a significant inverted U-shaped relationship between the two, suggesting that

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[8] Results are not shown here due to space constraints. They will be provided on request.
[9] Results not shown here, but are be provided upon request.

further increase in globalization would do more good than harm for minority discriminations. The interesting findings of this study are that the results remain robust and consistent when we test the same for 65 developing countries. The table 3 summarizes our findings:

Table 3: Summary of our findings

Variables of Interest	Hypothesis	Results obtained in our study		
		EDI	PDI	TDI
Globalization	decreases minority discriminations	–	–	–
Economic Globalization	decreases minority discriminations	–	–	–
Social Globalization	decreases minority discriminations	–	–	–
Political Globalization	decreases minority discriminations	–	–	–

Notes: – is support for hypothesis; empty box means no statistical significance

As seen in the table 3 we find negative relationship between various forms of globalization and minority discriminations. These results confirm the need to consider globalization not just as a single component, economic globalization, but rather as a multifaceted concept by including social and political dimensions. The results obtained in our study are the most comprehensive till date and first of its kind. This is because of three important reasons: first, contrary to other studies in the literature on quantifying globalization process, we adapt Axel's globalization index which takes into account all the three components of globalization namely, economic, social and political. This apart, the economic globalization index which we consider captures economic variables as well as trade and investment restrictions, which is missing in the previous studies that often use only economic variables or single or bi-dimensional economic variables. Second, this relationship is tested against both forms of discriminations (economic and political) dealing with minorities which go much beyond to capture not only economic, but political and civil discriminations prevailing in a country. It is evident that globalization can effect the minority discriminations in several ways, our both discrimination variables, which are broad measures of minority discriminations, allowed a much more detailed study of the relationship between the two. Third, our study is cross sectional time series which includes 76 countries (65 developing and 11 developed countries) spanning over the period 1970 – 2005, which takes into consideration the temporal effects rather than using the data in points of time, is first such comprehensive study of its kind.

Implications of the results

While we have focused on the most contentious topic in political economy, the linkage between globalization and human rights, the results in this paper highlight three important points. First, these results show that globalization process is not necessarily confined to economic and social policies alone. Rather, it can also affect the most important policies like discrimination against minorities, which according to Hayek (1976) and Sen (1999), 'the equity' are the important prerequisites for welfare and growth of a country. Second, the impact of globalization is felt not just on reducing state terrorism and suppressing basic human rights, but its impact is significant even on basic rights of the vulnerable sections of the society, the minorities. Finally, these results also suggest that globalization can indeed act as a disciplining device in the hands of the governments to frame all-inclusive policies aiming at development; welfare and prosperity taking into board those sections of the society who feel are the losers from the neoliberal policies.

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Annexures

Annexure 1: Data Sources

Indicators	Data Sources
Globalization index	http://globalization.kof.ethz.ch/
Economic; Social & Political globalization	http://globalization.kof.ethz.ch/
Minority Discrimination indices	MAR report
Economic Growth Rate	World Development Indicators – 2006, http://ddp-ext.worldbank.org/WDI
Log (Economic Development)	World Development Indicators – 2006, http://ddp-ext.worldbank.org/WDI
Log (Population)	World Development Indicators – 2006, http://ddp-ext.worldbank.org/WDI
Political Regime	Polity IV, (http://www.colorado.edu/IBS/GAD/spacetime/data/Polity.html)
Civil War Presence	Uppsala Dataset, 2007
Number of Peace Years	Uppsala Dataset, 2007
Ethnic Fractionalization	Fearon & Laitin (2003); (online): http://www.stanford.edu/~jfearon/
British/Socialist Legal Heritage	La Porta et al. (1998): http://mba.tuck.dartmouth.edu/pages/faculty/rafael.laporta/
Oil Exports Dependency	Fearon & Laitin (2003): http://www.stanford.edu/~jfearon/

Annexure 2: Countries under Study

Albania	Colombia	Hungary	Malaysia	Sierra Leone
Argentina	Costa Rica	Indonesia	Namibia	El Salvador
Australia	Cyprus	India	Niger	Chad
Burundi	Germany	Iran	Nigeria	Togo
Bangladesh	Dominican Republic	Israel	Nicaragua	Thailand
Bulgaria	Algeria	Italy	New Zealand	Turkey
Bahrain	Ecuador	Jordan	Pakistan	Uganda
Bolivia	Egypt, Arab Rep.	Japan	Panama	United States
Brazil	Spain	Kenya	Peru	Venezuela, RB
Botswana	Fiji	Korea, Republic	Philippines	South Africa
Canada	France	Sri Lanka	Papua New Guinea	Zambia
Switzerland	United Kingdom	Morocco	Paraguay	Zimbabwe
Chile	Ghana	Madagascar	Romania	
China	Greece	Mexico	Rwanda	
Cote d'Ivoire	Guatemala	Mali	Senegal	
Cameroon	Guyana	Malawi	Singapore	

Annexure 3: Descriptive Statistics

	Mean	Median	Maximum	Minimum	Standard Deviation	Observations	Number of Countries
Political Discrimination	2.34	2.00	4.00	0.00	1.19	2736	76
Economic Discrimination	2.06	2.00	4.00	0.00	1.21	2736	76
Total Discrimination	2.29	2.00	4.00	0.00	1.07	2736	76
Globalization	42.66	39.92	91.60	7.14	17.04	2736	76
Economic Globalization	45.60	44.48	96.94	7.53	18.66	2736	76
Social Globalization	36.28	31.30	95.38	5.52	19.28	2736	76
Political Globalization	48.13	45.55	99.00	1.00	24.55	2736	76
GDP growth rate	3.76	3.95	35.22	-50.25	5.05	2736	76
Percapita GDP	4777.69	1568.13	39068.18	99.70	7314.35	2736	76
Log (Percapita GDP)	7.42	7.36	10.57	4.60	1.50	2736	76
Population	54148199	11963458	1300000000	227724	157000000	2736	76
Log (Population)	16.45	16.30	20.99	12.34	1.56	2736	76
Political Regime	1.73	4.00	10.00	-10.00	7.25	2736	76
Civil War	0.21	0.00	1.00	0.00	0.41	2736	76
Civil Peace Years	18.27	15.00	59.00	0.00	16.80	2736	76
Oil Exports Dependency	0.11	0.00	1.00	0.00	0.31	2736	76
Ethnic Fractionalization	0.43	0.43	0.90	0.00	0.29	2736	76
British Legal Heritage	0.38	0.00	1.00	0.00	0.49	2736	76
Socialist Legal Heritage	0.07	0.00	1.00	0.00	0.25	2736	76

Annexure 4: Correlation Matrix

	Globalization	Economic Glob	Social Glob	Political Glob	GDP growth rate	Log (Percapita GDP)	Log (Population)	Political Regime	Civil War	Civil Peace Years
Globalization	1.000									
Economic Globalization	0.862	1.000								
Social Globalization	0.935	0.822	1.000							
Political Globalization	0.688	0.293	0.476	1.000						
GDP growth rate	-0.033	0.020	-0.056	-0.047	1.000					
Log (Percapita GDP)	0.792	0.695	0.778	0.486	-0.013	1.000				
Log (Population)	0.142	-0.186	-0.041	0.642	0.039	0.050	1.000			
Political Regime	0.546	0.474	0.539	0.336	-0.056	0.512	0.112	1.000		
Civil War	-0.188	-0.199	-0.207	-0.051	-0.057	-0.170	0.201	0.000	1.000	
Civil Peace Years	0.449	0.355	0.447	0.311	-0.032	0.433	-0.020	0.194	-0.504	1.000
Oil Exports	-0.107	-0.100	-0.182	0.031	0.014	0.005	0.077	-0.210	0.004	-0.046
Ethnic Fractionalization	-0.175	-0.111	-0.204	-0.116	-0.011	-0.405	-0.029	-0.176	0.161	-0.359
British Legal Heritage	0.087	0.207	0.128	-0.140	0.045	-0.029	-0.133	0.150	0.026	-0.154
Socialist Legal Heritage	-0.011	-0.029	-0.042	0.051	0.009	-0.033	0.084	-0.138	-0.134	0.261

Oil Exports	Ethnic Fractionalization	British Legal Heritage	Socialist Legal Heritage
1.000			
0.066	1.000		
-0.098	0.391	1.000	
-0.092	-0.246	-0.208	1.000

Annexure 4: Sensitivity analysis **-** Globalization & Total minority discriminations (TDI)

Variables	Model 17	Model 18	Model 19	Model 20	Model 21	Model 22	Model 23	Model 24
Globalization	-0.026 * (0.00)	0.010 *** (0.00)	----------	----------	----------	----------	----------	----------
Globalization Squared	----------	-0.0004 * (0.00)	----------	----------	----------	----------	----------	----------
Economic Globalization	----------	----------	-0.009 * (0.00)	-0.001 (0.00)	----------	----------	----------	----------
Economic Globalization Squared	----------	----------	----------	-7.89E-05 *** (0.00)	----------	----------	----------	----------
Social Globalization	----------	----------	----------	----------	-0.021 * (0.00)	-0.014 * (0.00)	----------	----------
Social Globalization Squared	----------	----------	----------	----------	----------	-7.12E-05 *** (0.00)	----------	----------
Political Globalization	----------	----------	----------	----------	----------	----------	-0.015 * (0.00)	0.015 * (0.00)
Political Globalization Squared	----------	----------	----------	----------	----------	----------	----------	-0.0003 * (0.00)
Log (Economic Development)	0.261 * (0.03)	0.258 * (0.03)	0.122 * (0.03)	0.1223 * (0.03)	0.234 * (0.03)	0.231 * (0.03)	0.152 * (0.02)	0.166 * (0.02)
Economic Growth Rate	0.012 * (0.00)	0.010 ** (0.00)	0.014 * (0.00)	0.014 * (0.00)	0.010 * (0.00)	0.010 ** (0.00)	0.009 ** (0.00)	0.008 *** (0.00)
Log (Population)	0.062 * (0.01)	0.070 * (0.01)	0.006 (0.01)	0.006 (0.02)	0.014 (0.01)	0.019 (0.01)	0.177 * (0.02)	0.179 * (0.02)
Political Regime	-0.011 * (0.00)	-0.014 * (0.00)	-0.016 * (0.00)	-0.017 * (0.00)	-0.012 * (0.00)	-0.013 * (0.00)	-0.012 * (0.00)	-0.015 * (0.00)
Civil War Presence	0.377 * (0.06)	0.406 * (0.06)	0.405 * (0.06)	0.410 * (0.06)	0.396 * (0.06)	0.403 * (0.06)	0.361 * (0.06)	0.362 * (0.06)
Number of Peace Years	-0.004 ** (0.00)	-0.003 *** (0.00)	-0.007 * (0.00)	-0.007 * (0.00)	-0.004 ** (0.00)	-0.004 ** (0.00)	-0.005 * (0.00)	-0.005 * (0.00)
Ethnic Fractionalization	-1.079 * (0.09)	-1.107 * (0.08)	-1.250 * (0.09)	-1.265 * (0.09)	-1.190 * (0.08)	-1.181 * (0.08)	-1.145 * (0.09)	-1.256 * (0.08)
British Legal Heritage	0.031 (0.05)	0.047 (0.05)	0.032 (0.05)	0.049 (0.05)	0.053 (0.05)	0.056 (0.05)	-0.089 ** (0.05)	-0.007 (0.05)
Socialist Legal Heritage	-0.067 (0.11)	-0.105 (0.10)	-0.061 (0.10)	-0.069 (0.10)	-0.119 (0.10)	-0.123 (0.10)	-0.120 (0.10)	-0.148 + (0.10)
Oil Exports Dependency	0.358 * (0.05)	0.313 * (0.05)	0.452 * (0.05)	0.454 * (0.05)	0.297 * (0.05)	0.301 * (0.05)	0.455 * (0.05)	0.409 * (0.05)
Pseudo-R2	0.076115	0.081118	0.063233	0.063528	0.074305	0.074588	0.073647	0.082467
LR statistic	605.392 *	645.186 *	502.934*	505.277*	590.996*	593.248*	585.766*	655.911*
Avg. log likelihood	-1.342883	-1.335611	-1.361607	-1.361179	-1.345514	-1.345102	-1.346470	-1.333651
Number of countries	76	76	76	76	76	76	76	76
Number of Observations	2736	2736	2736	2736	2736	2736	2736	2736

Note: * Significant at 1% confidence level; ** Significant at 5% confidence level *** Significant at 10% confidence level. QML Huber/White Heteroskedasticity-Consistent standard errors & covariance are reported in parenthesis.