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A STUDY ON ECONOMIC GROWTH OF FIVE SOUTH ASIAN COUNTRIES — FROM THE PERSPECTIVE OF CONVERGENCE THEORY

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Abstract: From the perspective of economic convergence theory, this paper makes an empirical study on the economic growths of five South Asian countries (Bangladesh, India, Sri Lanka, Nepal and Pakistan). Using econometric method, this paper reveals the followings: During the 1960-2024 period, measured by the steady state of per-capita output, the relative positions of the above five South Asian countries in a test sample were generally much lower than the average level of all sample countries, but showed a upward trend after 1990s except Pakistan; the relative position of Sri Lanka kept obviously higher than those of other four countries from 1960s to 2010s; during the 2020-2024 sub-period, Sri Lanka's relative position suddenly declined while India's relative position rose rapidly and became the highest among the above five South Asian countries. The paper also gives explanations for the above results and also makes some conclusions on the above five countries.

Keywords: Five South Asian countries; steady state of per-capita output; β-convergence

JEL Classification: C23; O47

1. INTRODUCTION

South Asian countries are mostly developing countries and their degree of wealth is significantly lower than the world average for a long time. This paper will examine the economic growth of five South Asian countries from the perspective of economic convergence. Among all South Asian countries, Bhutan and Maldives are excluded from the empirical research in this paper because the

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former is a very small country while the latter is in the Indian Ocean and far away from the South Asian subcontinent. This paper only chooses Bangladesh, India, Sri Lanka, Nepal and Pakistan as the representatives of South Asian countries. In recent years, some economists have put their research work on the economic growths of the above five South Asian countries, and they have got many research results with important reference value. Examples are as follows: Dhungel, Kamal Raj (2011), Umesh Bastola and Pratikshya Sapkota (2015), Biswajit Maitra (2021), Biswajit Maitra and Moutushi Chakraborty (2021), Ijaz Uddin (2021), Malik Shahzad Shabbir, Misbah Bashir, Hina Munir Abbasi, Ghulam Yahya and Bilal Ahmed Abbasi (2021), Md Mahbub Alam, Md Nazmus Sadekin, Rabiul Islam and Syed Moudud-Ul-Huq (2022), Ganepola, Samuditha and Jayasinghe, Prabhath (2023), Nenavath, Sreenu (2023), Rakib, Shakib Hassan and Hossin, Md. Shakhaowat (2023), Shaukat, Sidra, e Fatima, Aabru, Waseem, Muhammad and Bhatti, Muhammad Kamran (2023), Wasanthi Madurapperuma (2023), Ahmeda, Siraj, Rehmanb, Shafiq Ur and Hussain, Muneer (2024), Md. Nazmus Sadekin (2025), Nenavath Sreenu (2025) and others have published the concerned research results. Specifically, the above economists have studied the influences of FDI, domestic investment, international trade, human capital, infrastructure, external debt, government expenditure, finance, inflation, electricity, etc. on the growths of the above five South Asian countries. Generally speaking, these economists' research work is valuable. However, there is an omission in their research work, which is reflected in the fact that the research work of these economists is to measure economic growth with total output (GDP) or per-capita output (GDP per-capita) while ignoring the investigation on changes in the steady state of per-capita output of the relevant countries.

According to the theory of convergence, an economy's per-capita output always converges to its steady state of per-capita output for a given period, therefore, the steady state of per-capita output can indicate the richness that a country can achieve for that given period. Therefore, developed countries should enjoy much higher steady states of per-capita output than developing ones, i.e., if developing countries want to become developed ones, they need to catch up with developed countries in the steady state of per-capita output. Developing countries are also different in the steady state of per-capita output. In addition, due to the existence of capital accumulation and technological innovation, the steady state of per-capita output keeps improving over time for most countries, but the growth rate is usually different among countries, so it is necessary to investigate whether the steady state of per-capita output of a country obtains a relative change in a test sample of many countries.

To carry out such a study, this paper establishes an important concept: ***the relative steady state of per-capita output***, which is the ratio of the steady state of per-capita output of a country to the average level of a set of countries. Based on this definition, a change in the relative steady state of per-capita output of a country means a relative change in its steady state of per-capita output in a set of countries.

Using econometric methods, this paper will obtain the estimates of the relative steady states of per-capita output of Bangladesh, India, Sri Lanka, Nepal and Pakistan in the 1960s, 1970s, 1980s, 1990s, 2000s, 2010s and the 2020-2024 sub-period, respectively, to show the relative changes in the steady states of per-capita output of the above five countries in a test sample, and will make a corresponding description.

This paper consists of seven sections. Section 1 is introduction. Section 2 will give the explanations of some concerned concepts on convergence. Section 3 introduces the regression equation used in this paper. Next, the data, the empirical method and the details of both results and analyses are shown in Section 4. After Section 5 using paths to show the relative changes in the steady states of per-capita output of the above five South Asian countries, Section 6 makes an explanation of the research results. Conclusions are provided in Section 7.

2. THE EXPLANATIONS OF SOME CONCERNED CONCEPTS ON CONVERGENCE

This paper makes a study on convergence based on the Solow model [1] which is shown in Figure 1 [2] . Several concepts on convergence are involved: the steady state, social infrastructure, the speed of convergence β and β-convergence.

The steady state is shown in Figure 1. Figure 1 shows, for an economy for a given period, the capital per unit of effective labor k converges to its steady state k^*, so the output per unit of effective labor $f(k)$ converges to its steady state $f(k^*)$. Further, the output per unit of labor (i.e., per-capita output) $Af(k)$ converges to its steady state $Af(k^*)$, where A denotes the effectiveness of labor for the given period.

The model can show the effects of some economic parameters on the steady state. For example, for an economy, if the saving rate s rises or the population growth rate n declines, k^* and $f(k^*)$ will increase, resulting in an increase in the steady state of per-capita output $Af(k^*)$ with a given A. In addition, if the effectiveness of labor A improves and k^* is given, $Af(k^*)$ will also increase.

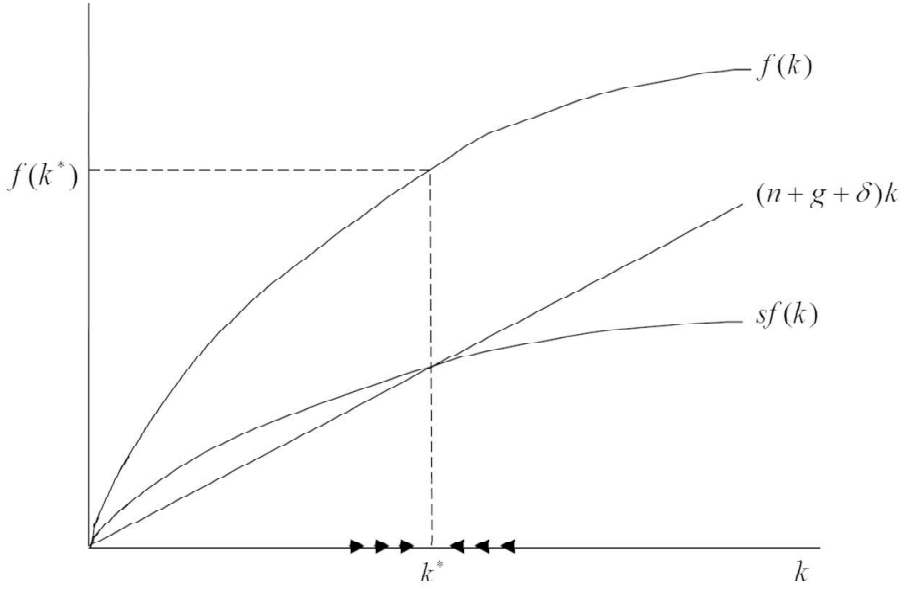


Figure 1: An economy's steady state for a given period

According to what Romer described, social infrastructure[3] refers to the institutions, policies, traditions and cultures, which can influence economic growth. In fact, a country's social infrastructure can also influence its steady state of per-capita output. Developed countries can enjoy high steady states of per-capita output mainly

because of their superior social infrastructures, so a developing country wants to be a developed one, it should improve its social infrastructure at first.

The speed of convergence β can be explained by the following equation[4].

$$k(t) - k^* = e^{-\beta t}\left(k(0) - k^*\right) \tag{1}$$

In equation (1), only a positive value of β let k converge to k^*, and a larger value of β means a faster convergence. β in equation (1) is deemed as a small constant when k is close to k^*; otherwise, β is changeable.

β-convergence consists of absolute convergence and conditional convergence. Absolute convergence means all selected economies can enjoy the similar steady state of per-capita output to converge because they enjoy similar social infrastructure, while conditional convergence means the situation is opposite because the selected economies might have different social infrastructures.

3. THE REGRESSION EQUATION TO TEST THE HYPOTHESIS OF β-CONVERGENCE

The hypothesis of β-convergence is tested by the following equation[5].

$$(1/T)\log(Y_{i,t}/Y_{i,t-T}) = \alpha_i - (1/T)(1-e^{-\beta T})\log Y_{i,t-T} + u_{i,t}, \quad (2)$$

where the subscript *t* denotes year *t*; the subscript *i* denotes economy *i*; T denotes the length of the time interval of observations used; $Y_{i,t}$ denotes per-capita output of economy *i* for all *i* in year *t*, as shown in Section 3, $Y_i = A_i f(k_i)$ holds for economy *i* for all *i*; β denotes the average speed of convergence for all economies in a sample for a given period; $\alpha_i = x_i + (1/T)(1-e^{-\beta T})\log Y_i^*$, x_i denotes the technological progress rate of economy *i* for all *i* ($x_i = g_i$ holds for all i), Y_i^* denotes the steady state of per-capita output of economy *i* for all *i* for a given period, and as shown in Section 3, $Y_i^* = A_i f(k_i^*)$ holds for economy *i* for all *i* for a given period. Equation (2) implies the average annual growth rate (between year *t*-T and year *t*) of per-capita output of economy *i* for all *i* depends positively on Y_i^* and negatively on $Y_{i,t-T}$.

To remove the time trend associated with the growth of technological progress (x_i), Coulombe (2004) defines $y_{i,t} = \log(Y_{i,t}/\bar{Y}_t)$, where $\bar{Y}_t$ is the cross section mean of $Y_{i,t}$ in year *t* for all *t*. The equation (3) is gained by converting the equation (2), the details for that are shown in *Appendix A*.

$$(1/T)\Delta y_{i,t} = c_i - (1/T)(1-e^{-\beta T})y_{i,t-T} + \varepsilon_{i,t}, \quad (3)$$

where $\Delta y_{i,t} = y_{i,t} - y_{i,t-T} = \log(Y_{i,t}/\bar{Y}_t) - \log(Y_{i,t-T}/\bar{Y}_{t-T})$; $c_i = \alpha_i - \bar{\alpha} = (1/T)(1-e^{-\beta T})y_i^*$ almost holds because both x_i and $\bar{x}$ are positive and little enough so that the gap $x_i - \bar{x}$ can be ignored, $y_i^* = \log(Y_i^*/\bar{Y}^*)$, which denotes ***the relative steady state of per-capita output*** (***log version***) of economy *i* for all *i*; and $\varepsilon_{i,t} = u_{i,t} - \bar{u}_t$.

Equation (3) can be used to test the hypothesis of β convergence. In equation (3), c_i is the constant term (= the fixed effect) of economy *i* for all *i*. In the case of conditional convergence, Y_i^* varies with *i*, then Y_i^* does not equal $\bar{Y}^*$ for

most i and y_i^* does not equal zero for most i, thus c_i does not equal zero for most i, i.e., c_i is significant for most i. But for absolute convergence, the situation is just the opposite, c_i is not significant for most i.

4. THE DATA, THE EMPIRICAL METHOD, THE RESULTS AND ANALYSES

4.1. The data

Data on GDP per-capita (constant 2015 US$) for countries and regions can be found in World Bank database. The downloaded data on GDP per-capita cover the years from 1960 to 2024 and contain 110 countries and regions[6], which are listed in *Appendix B* and whose data on GDP per-capita are available in each year from 1960 to 2024.

4.2. The empirical method

Firstly, the above data is divided into the seven sub-samples: the 1960-1969 sub-sample, the 1970-1979 sub-sample, the 1980-1989 sub-sample, the 1990-1999 sub-sample, the 2000-2009 sub-sample, the 2010-2019 sub-sample and the 2020-2024 sub-sample. Since each above sub-sample contains both developed and developing countries, conditional convergence should exist in each one. Secondly, the hypothesis test of conditional convergence should be made in each above sub-sample to confirm whether conditional convergence exists in each one. Thirdly, after all hypothesis tests are completed, according to the regression results obtained, the estimates of the relative steady states of per-capita output of Bangladesh, India, Sri Lanka, Nepal and Pakistan in each above sub-sample will be calculated, respectively, which can be used to show the relative positions of the steady states of per-capita output of the above five countries in the test sample in each sub-period.

In addition, $(1/T)(1-e^{-\beta T}) \cong \beta$ holds when β is a very small positive number[7], so the constant term $c_i = \beta y_i^*$ holds for country i for all i in equation (3). Take one year as the time interval of observations, i.e., T = 1 year, equation (3) is rewritten as

$$\Delta y_{i,t} = c_i - \beta y_{i,t-1} + \varepsilon_{i,t} \tag{4}$$

It is equation (4) that is used to test the hypothesis of conditional convergence.

4.3. The results and analyses

According to the aforementioned related definition, if β in equation (4) is positive; c_i in equation (4) is significant for most *i*, the hypothesis of conditional convergence cannot be rejected, respectively, in each of the above seven sub-samples.

First, the data of the 1960-1969 sub-sample is used to estimate equation (4). Now make two null hypotheses for the above sub-sample: $H_0: \beta = 0$, $H_0: c_i = 0$.

The regression results from estimating equation (4) by using data in the 1960-1969

sub-sample are shown in the part 1 of *Appendix C*, but the results about the five South Asian countries are chosen and given in Table 1.

Table 1 The selected regression results from using the 1960-1969 sub-sample

Variable	*Coefficient*	*Estimates*	*Std. Error*	*t-statistic*	*p value*
$y_{i,t-1}$	-	-0.131739	0.026188	-5.030469	0.0000
C (*BGD*)	*C* (*BGD*)	-0.365982	0.068954	-5.307651	0.0000
C (*IND*)	*C* (*IND*)	-0.406483	0.078880	-5.153159	0.0000
C (*LKA*)	*C* (*LKA*)	-0.303547	0.059133	-5.133309	0.0000
C (*NPL*)	*C* (*NPL*)	-0.414007	0.075962	-5.450177	0.0000
C (*PAK*)	*C* (*PAK*)	-0.327246	0.062171	-5.263671	0.0000

In Table 1, the p value for the estimate of β shows $H_0: \beta = 0$ is rejected at the 1% significance level, and the estimate of β shows β is positive. In the part 1 of *Appendix C*, p values for most estimates of c_i show $H_0: c_i = 0$ is rejected at the 1% significance level. Therefore, the regression results of β and c_i show the hypothesis of conditional convergence is not rejected in the 1960-1969 sub-sample.

Then, for each other sub-sample, make two null hypotheses: $H_0: \beta = 0$, $H_0: c_i = 0$. Their regression results from equation (4) are shown, respectively, in the parts 2, 3, 4, 5, 6 and 7 of *Appendix C*, and the results about the five South Asian countries are chosen and displayed in the five following Tables, respectively.

Table 2: The selected regression results from using the 1970-1979 sub-sample

Variable	*Coefficient*	*Estimates*	*Std. Error*	*t-statistic*	*p value*
$y_{i,t-1}$	-	-0.193205	0.031945	-6.048017	0.0000
C (*BGD*)	*C* (*BGD*)	-0.623777	0.097363	-6.406732	0.0000
C (*IND*)	*C* (*IND*)	-0.630891	0.093846	-6.722649	0.0000
C (*LKA*)	*C* (*LKA*)	-0.453371	0.072550	-6.249073	0.0000
C (*NPL*)	*C* (*NPL*)	-0.648418	0.100008	-6.483641	0.0000
C (*PAK*)	*C* (*PAK*)	-0.513184	0.078983	-6.497382	0.0000

Table 3: The selected regression results from using the 1980-1989 sub-sample

Variable	*Coefficient*	*Estimates*	*Std. Error*	*t-statistic*	*p value*
$y_{i,t-1}$	-	-0.121608	0.032093	-3.789291	0.0002
C (*BGD*)	*C* (*BGD*)	-0.379096	0.100637	-3.766945	0.0002
C (*IND*)	*C* (*IND*)	-0.365067	0.102761	-3.552596	0.0004
C (*LKA*)	*C* (*LKA*)	-0.255292	0.068229	-3.741706	0.0002
C (*NPL*)	*C* (*NPL*)	-0.394585	0.110795	-3.561403	0.0004
C (*PAK*)	*C* (*PAK*)	-0.291563	0.080059	-3.641855	0.0003

Table 4: The selected regression results from using the 1990-1999 sub-sample

Variable	*Coefficient*	*Estimates*	*Std. Error*	*t-statistic*	*p value*
$y_{i,t-1}$	-	-0.240357	0.033010	-7.281326	0.0000
C (*BGD*)	*C* (*BGD*)	-0.736390	0.100697	-7.312895	0.0000
C (*IND*)	*C* (*IND*)	-0.705381	0.098171	-7.185253	0.0000
C (*LKA*)	*C* (*LKA*)	-0.470685	0.066698	-7.056952	0.0000
C (*NPL*)	*C* (*NPL*)	-0.776458	0.107887	-7.196938	0.0000
C (*PAK*)	*C* (*PAK*)	-0.603740	0.079814	-7.564362	0.0000

Table 5: The selected regression results from using the 2000-2009 sub-sample

Variable	*Coefficient*	*Estimates*	*Std. Error*	*t-statistic*	*p value*
$y_{i,t-1}$	-	-0.072642	0.036595	-1.985001	0.0475
C (*BGD*)	*C* (*BGD*)	-0.190994	0.114881	-1.662541	0.0968
C (*IND*)	*C* (*IND*)	-0.169669	0.106515	-1.592918	0.1115
C (*LKA*)	*C* (*LKA*)	-0.112184	0.068123	-1.646789	0.1000
C (*NPL*)	*C* (*NPL*)	-0.220464	0.124682	-1.768209	0.0774
C (*PAK*)	*C* (*PAK*)	-0.175637	0.095099	-1.846873	0.0651

Table 6: The selected regression results from using the 2010-2019 sub-sample

Variable	*Coefficient*	*Estimates*	*Std. Error*	*t-statistic*	*p value*
$y_{i,t-1}$	-	-0.218913	0.018160	-12.05489	0.0000
C (*BGD*)	*C* (*BGD*)	-0.539128	0.053751	-10.03013	0.0000
C (*IND*)	*C* (*IND*)	-0.488314	0.046740	-10.44745	0.0000
C (*LKA*)	*C* (*LKA*)	-0.294124	0.024690	-11.91276	0.0000
C (*NPL*)	*C* (*NPL*)	-0.623878	0.060478	-10.31580	0.0000
C (*PAK*)	*C* (*PAK*)	-0.528123	0.046634	-11.32483	0.0000

Table 7 The selected regression results from using the 2020-2024 sub-sample

Variable	*Coefficient*	*Estimates*	*Std. Error*	*t-statistic*	*p value*
$y_{i,t-1}$	-	-0.284792	0.048544	-5.866651	0.0000
C (*BGD*)	*C* (*BGD*)	-0.646640	0.111870	-5.780303	0.0000
C (*IND*)	*C* (*IND*)	-0.423029	0.076431	-5.534785	0.0000
C (*LKA*)	*C* (*LKA*)	-0.450574	0.091555	-4.921355	0.0000
C (*NPL*)	*C* (*NPL*)	-0.796069	0.139421	-5.709807	0.0000
C (*PAK*)	*C* (*PAK*)	-0.701540	0.121180	-5.789234	0.0000

Similarly, using the previous method, one can know that for each other sub-sample, β is positive and H_0: $c_i = 0$ is rejected at the 5% or 10% significance level. According to the information about β and c_i, the hypothesis of conditional convergence is not rejected, respectively, in each of the other six sub-samples.

In explaining equation (3) in Section 3, it is shown $y_i^* = \log(Y_i^* / \bar{Y}^*)$ denotes the relative steady state of per-capita output (log version) of country *i* for all *i*. Let $y_{i,0}^*$, $y_{i,1}^*$, $y_{i,2}^*$, $y_{i,3}^*$, $y_{i,4}^*$, $y_{i,5}^*$ and $y_{i,6}^*$ denote, respectively, the relative steady state of per-capita output of country *i* for all *i* in the 1960s, 1970s, 1980s, 1990s, 2000s, 2010s and the 2020-2024 sub-period. In addition, as shown in Section 4.2, $c_i = \beta y_i^*$ holds for country *i* for all *i*, so the estimates of y_i^* can be computed using the estimates of c_i and β in each sub-sample. Take the estimates of c_i and β in Table 1 as an example, the estimates of y_i^* of the five South Asian countries in the 1960s are computed as follows.

$$\hat{y}_0^*(BGD) = \hat{c}_0(BGD) / \beta_0 = -0.365982/0.131739 = -2.7865$$

$$\hat{y}_0^*(IND) = \hat{c}_0(IND) / \beta_0 = -0.406483/0.131739 = -3.0949$$

$$\hat{y}_0^*(LKA) = \hat{c}_0(LKA) / \beta_0 = -0.303547/0.131739 = -2.3112$$

$$\hat{y}_0^*(NPL) = \hat{c}_0(NPL) / \beta_0 = -0.414007/0.131739 = -3.1521$$

$$\hat{y}_0^*(PAK) = \hat{c}_0(PAK) / \beta_0 = -0.327246/0.131739 = -2.4916$$

Similarly, using the estimates in Tables 2, 3, 4, 5, 6 and 7, one can compute the estimates of y_i^* of the five South Asian countries, respectively, in the 1970s, 1980s, 1990s, 2000s, 2010s and the 2020-2024 sub-period by using the above method. All estimates are obtained and given in Table 8.

Table 8: Estimates of relative steady states of per-capita output of the five countries

Names of countries	*Estimates in 1960s*	*Estimates in 1970s*	*Estimates in 1980s*	*Estimates in 1990s*	*Estimates in 2000s*	*Estimates in 2010s*	*Estimates in the 2020-2024 period*
Bangladesh	-2.7865	-3.2286	-3.1174	-3.0637	-2.6292	-2.4627	-2.2706
India	-3.0949	-3.2654	-3.0020	-2.9347	-2.3357	-2.2306	-1.4854
Sri Lanka	-2.3112	-2.3466	-2.0993	-1.9583	-1.5443	-1.3435	-1.5821
Nepal	-3.1521	-3.3561	-3.2447	-3.2304	-3.0349	-2.8498	-2.7953
Pakistan	-2.4916	-2.6562	-2.3975	-2.5118	-2.4178	-2.4125	-2.4633

In Table 8, the estimates of the five South Asian countries are all negative because all of them are developing countries. The estimates of all developing countries in the test sample will be significantly negative or near to zero. But for all developed countries in the test sample, their estimates will be significantly positive.

5. THE PATHS OF RELATIVE STEADY STATES OF PER-CAPITA OUTPUT OF RELEVANT COUNTRIES

The path of a country's relative steady state of per-capita output shows how its steady state of per-capita output changes relatively in a set of countries over time, i.e., measured by steady state of per-capita output, the path shows how a country's relative position changes in a set of countries over time. The path can

be drawn by using the estimates of a country's relative steady state of per-capita output in the successive sub-periods. Thus, the paths of the five South Asian countries are drawn by using their estimates in Table 8 and displayed in Figure 2.

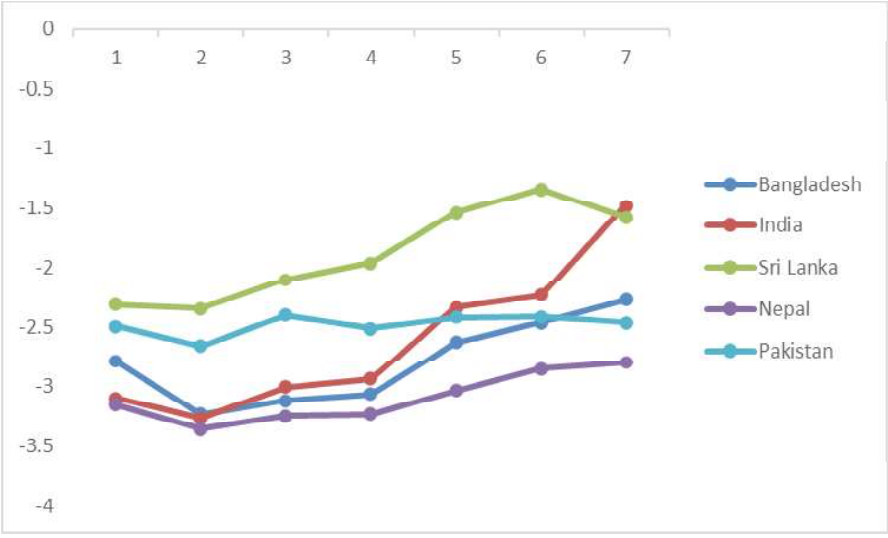


Figure 2: The paths of relative steady states of per-capita output of the five South Asian countries (1960-2024)

Note: 1. The numbers 1, 2, 3, 4, 5, 6 and 7 below the horizontal axis denote 1960s, 1970s, 1980s, 1990s, 2000s, 2010s and the 2020-2024 period, respectively. 2. The numbers arranged vertically denote the measures of relative steady state of per-capita output.

As to the horizontal axis with a scale of 0 in Figure 2, as shown earlier, $y_i^* = \log(Y_i^* / \bar{Y}^*)$ signifies the relative steady state of per-capita output (log version) of country *i* for all *i*. so the horizontal axis is a path for such a hypothetical country: its relative steady state of per-capita output equals 0 in each sub-period, i.e., its steady state of per-capita output (Y_i^*) equals the average ($\bar{Y}^*$) of all sample countries in each sub-period. This implies that any path above (below) the horizontal axis is for a developed (developing) country. The five paths in Figure 2 shows the five South Asian countries are all developing countries, the details about them are described as follows. In addition, all paths generally maintain an upward trend except Pakistan's.

Nepal's path is the lowest one among the five paths. This means during the

1960-2024 period, Nepal's relative position, in terms of the steady state of per-capita output, was the lowest among the five countries. In short, during the 1960-2024 period, although Nepal did obtain economic growth, its economic performance was the weakest among the five South Asian countries.

Bangladesh's path is above Nepal's but below the paths of other three countries. This means during the 1960-2024 period, Bangladesh's relative position, in terms of the steady state of per-capita output, was only higher than Nepal's. In addition, Bangladesh's relative position maintained an upward trend after 1980s and was higher than Pakistan's the 2020-2024 sub-period. In a word, during the 1960-2024 period, Bangladesh was better than Nepal but poorer than the other three countries in economic performance.

Pakistan's path shows that during the 1960-2024 sub-period Pakistan was the only country whose relative position, measured by the steady state of per-capita output, did not changed significantly as a whole. Since the other four paths generally maintained an upward trend since 1980s, Pakistan's relative position was only higher than Nepal's in 2020-2024 sub-period. In a word, during the 1960-2024 period, Pakistan did not make significantly relative progress in the test sample in economic performance.

India's path shows its upward trend is the steepest, which means that during the 1960-2024 period, India's relative position, in terms of the steady state of per-capita output, was growing fastest among the five South Asian countries. In addition, India's path was much lower than Sri Lanka's during the 1960-2019 period, but became higher than Sri Lanka's in the 2020-2024 sub-period. In sum, during the 1960-2024 period, on the whole, India was only poorer than Sri Lanka but better than the other three countries in economic performance.

Sri Lanka's path is the highest among the five ones and maintains an upward trend except a drop in the 2020-2024 sub-period. This means Sri Lanka's relative position, measured by the steady state of per-capita output, was obviously higher than those of other four countries from 1960s to 2010s, and only a little lower than India's in the 2020-2024 sub-period. In short, during the 1960-2024 period, Sri Lanka was the best one among the five South Asian countries in economic performance.

6. AN EXPLANATION OF THE ABOVE EMPIRICAL RESEARCH RESULTS

As shown earlier in Section 2, the social infrastructure mentioned in convergence theory refers to the system, policy, tradition and culture, which are related to economic growth. In fact, a country's social infrastructure can affect its steady

state of per-capita output by affecting its economic parameters and labor efficiency. For example, if a country's social infrastructure has been significantly improved, it will lead to favorable changes in both its saving rate (almost referred to as investment rate) and labor efficiency, which can cause a rapid and relative growth of its steady state of per-capita output. On the contrary, the situation is the opposite.

As Figure 2 shows, measured by the steady state of per-capita output, all relative positions of the five South Asian countries experienced a drop in the 1970s, the main reason for that is the global oil crisis in the 1970s and the economic recession in the West caused heavy losses to the economies of the five South Asian countries because they depended on the export of primary products (such as agricultural products and natural resources) to the West. Therefore, we need to make a discussion focusing on the changes in social infrastructures of the five South Asian countries after the 1970s.

6.1. Bangladesh

In the 1980s, Bangladesh broke its dependence on nationalization path in the early days of independence through policy loosening. The Foreign Private Investment Law promulgated in 1980 allows foreign investors to hold 100% shares and enjoy tax relief, attracting textile enterprises from South Korea and Taiwan, as well as China to transfer their production capacity. The government set up the first export processing zone in Chittagong (1983) to provide "duty-free and quota-free" export convenience, making the garment industry quickly become an engine of growth. By 1989, clothing exports accounted for 35% of foreign exchange earnings, directly creating 500,000 jobs. This "foreign capital plus cheap labor" model enabled Bangladesh to seize the opportunity under the global textile quota system.

In addition, Bangladesh skillfully uses the competition pattern between China and India to obtain development resources. In 1980, it renewed its trade agreement with India, allowing India to transport goods through its inland rivers in exchange for India's technology transfer to garment exports. At the same time, the roads and bridges aided by China (such as the Kurna Bridge opened to traffic in 1989) have improved the logistics network and laid a good logistics foundation for the further development of the country's foreign trade.

All above mentioned about Bangladesh can be seen as a significant improvement in the social infrastructure of this country after the end of 1970s, which caused a continuous relative rise of its steady state of per-capita output

since then.

6.2. India

India's economic growth has accelerated significantly since the 1980s, which is driven by the superposition effect of multiple structural reforms and external opportunities. The Indian government promulgated the Foreign Private Investment Act in 1984, allowing foreign investors to hold 100% shares and enjoy tax relief. After 1985, it further implemented a series of measures to develop an export-oriented economy, which helped India seize the opportunity of global industrial transfer in the 1980s and attract foreign investors to enter the manufacturing industry through the establishment of export processing zones and tax incentives, allowing foreign-funded enterprises to export "duty-free and quota-free", which promotes the rapid rise of the country's garment, power equipment, auto parts and other industries.

The software service industry also played an important role in India's economic growth. Bangalore Software Science and Technology Park was established in 1982. The Indian government gave tax relief, tariff exemption and satellite communication support to attract multinational companies to set up software R&D centers. Although the initial scale was limited, India began to undertake coding and data processing business of European and American enterprises, which not only trained the first batch of software technicians in India, but also established an international cooperation network. During this period, the Indian government issued policies to develop the software industry (such as "Computer Software Export, Development and Training Policy" in 1986), which laid the foundation for the explosive growth of the software industry in the country. In addition, India began to increase its infrastructure construction in the 1980s, and made great efforts to improve its power and transportation networks through World Bank loans and domestic financial input.

All above mentioned about India can show India's social infrastructure has improved significantly since the 1980s, which caused a continuous relative growth of its steady state of per-capita output since then. Because India's social infrastructure improved more quickly than those of other four countries, its relative position, in terms of the steady state of per-capita output, rose more quickly too, even became the highest of the five countries in the 2020-2024 sub-period.

6.3. Nepal

In the 1980s, Nepal began to adjust its economic policies and gradually shifted

from a closed economy to an open economy. In order to attract foreign investment, the Foreign Investment and Technology Law promulgated in 1981 allows the full remittance of foreign profits and gives tax incentives. As a result, a large number of foreign investments used Nepal's cheap labor to enter the country's garment industry, making the country quickly become an important node in global garment production. This not only promoted the employment of manufacturing industry in the country, but also promoted the development of supporting industries (such as textiles and logistics) in the country. By the end of 1980s, clothing export had become the main driving force of the country's economic growth.

Due to geographical opportunities, the high value-added characteristics of Nepal's tourism industry have contributed significantly to its economic growth. For example, high-end services such as mountaineering adventure and cultural tourism attract high-consumption tourists, among which the income from equipment rental and guide services brought by the Everest mountaineering season are important tourism income. In 1981, the foreign exchange income of tourism accounted for 36.8%, making it an important foreign exchange source after the clothing industry.

All above mentioned about Nepal can be seen as a significant improvement in the country's social infrastructure since the 1980s. But Nepal's social infrastructure improved relatively slowly compared with those of the other four countries, so did its relative position of the steady state of per-capita output since the 1980s.

6.4. Pakistan

Pakistan's economic growth in the 1980s showed a relatively stable trend, which was in sharp contrast with the rapid growth of South Asian neighbors such as India and Bangladesh. Due to frequent military coups and political turmoil, economic policies lack continuity. For example, at the beginning, foreign investment was attracted through non-nationalization policies (such as the Foreign Private Investment Law of 1980), but after that, the regime changed frequently, which caused the country to swing repeatedly between nationalization and privatization. The textile enterprises nationalized in the 1970s did not restart privatization until 1991, and missed the opportunity of global industrial transfer. In addition, the conflict between India and Pakistan and the war in Afghanistan (after 1979) have kept Pakistan in a state of war readiness for a long time. This "security crowding out development" model has led to insufficient investment in infrastructure, education and medical care in Pakistan.

Pakistan's steady growth is essentially due to the mismatch between security priority strategy and resources: the military-led political structure leads to the marginalization of economic reform; Failed to seize the opportunity of global industrial transfer and missed the window period of upgrading from agriculture to manufacturing.

All above mentioned about Pakistan can show that, compared with its neighbors in South Asia, Pakistan's social infrastructure has not been significantly improved since the 1980s, this led to a relative stable growth of its steady state of per-capita output after 1980s, and made its economic growth only achieve a roughly average level of all sample countries.

6.5. Sri Lanka

Among the five South Asian countries mentioned above, Sri Lanka took the lead in carrying out economic reform in 1978, gradually relaxing foreign trade and foreign investment access, reducing tariffs, establishing a free trade zone, and especially attracting foreign investment into export-oriented industries and domestic infrastructure construction. This reform was 10-20 years earlier than India (1991) and Pakistan (late 1990s), which won the development opportunities for the country and finally achieved remarkable economic growth. Specifically, Sri Lanka focused on the export of agricultural products such as tea and rubber in the early stage, and turned to the export of clothing industry after the 1980s. Through tax incentives, infrastructure support and a stable business environment, the government has attracted international garment enterprises, forming a complete garment industry chain. By 2010, the country has become the second largest underwear exporter in the world. In terms of infrastructure construction in the country, investments from Japan, China and other countries have helped the country improve its infrastructure. For example, the expansion of Colombo Port and the construction of Hambantota Port have improved logistics efficiency and promoted trade development.

In addition, the excellent social welfare system (such as free medical care and basic education) has improved the health and education level of Sri Lanka's labor force, making the country's human resources always at the highest level among the above five South Asian countries. For example, in Sri Lanka, the literacy rate reached 93.3% in 2021, and the education level of women was particularly outstanding in the South Asian countries, which provided high-quality labor for manufacturing and service industries, making their work skills and efficiency competitive in the international market. Furthermore, the country also actively promoted industrial diversification and upgrading. Besides agriculture and clothing,

Sri Lanka has gradually developed tourism, telecommunications and other industries in order to achieve new economic growth points.

In a word, among the five South Asian countries, Sri Lanka's relatively good economic performance is the result of the joint efforts of policy opening, human resources, industrial upgrading, geographical advantages and international cooperation. Despite the civil war and global economic fluctuations, its early reform, export-oriented strategy and social welfare system let its foundation stand out among the five South Asian countries. But in the 2020-2024 sub-period, Sri Lanka's economy suffered heavy losses due to the sharp decrease in grain output caused by agricultural policy mistakes and the sharp decrease in tourism income caused by the COVID-19 epidemic. It can be considered that this situation is temporary.

All above mentioned about Sri Lanka can show that during the 1960-2024 period, the social infrastructure of Sri Lanka was superior to those of the other four South Asian countries, which caused, in term of steady state of per-capita output, its relative position, in terms of the steady state of per-capita output, remained the highest among the five South Asian countries except in the 2020-2024 sub-period.

7. CONCLUSIONS

According to the theory of economic convergence, the steady state of per-capita output indicates the degree of wealth that a country can achieve. This paper puts forward three propositions: (1) For most countries, their steady states of per-capita output will be impossible to remain unchanged for a long time because their economic parameters and labor efficiency will change at times. It is further inferred that the steady state of per-capita output of a country will change relatively in a group of countries because the involved countries will experience the different speeds of change. (2) The steady-states of per-capita output of developed countries are much higher than those of developing countries mainly due to the difference in social infrastructure. Therefore, if a developing country wants to become a developed one, it must improve its social infrastructure to let its steady state of per-capita output rise relatively until close to the overall level of developed countries. (3) For some developing countries, it is worth to study how their steady states of per-capita output changed relatively among a broad set of countries.

Using econometric method, this paper makes a study on the steady states of per-capita output of the five South Asian countries (Bangladesh, India, Sri Lanka, Nepal and Pakistan). The paper reveals the followings: During the 1960-2024

period, measured by the steady state of per-capita output, the relative positions of the above five South Asian countries in a test sample of 110 countries were generally much lower than the average level of all sample countries, but showed a upward trend since 1980s except Pakistan's; the relative position of Sri Lanka kept obviously higher than those of other four countries from 1960s to 2010s; during the 2020-2024 sub-period, Sri Lanka's relative position suddenly declined while India's relative position rose rapidly and became the highest among the above five South Asian countries.

As explained in Section 6, it is believable that if the above five South Asian countries can adopt correct policies and measures to continue to improve their social infrastructures in the future, their steady states of per-capita output will continue to grow rapidly and relatively later.

Notes

1. For details of Solow model, see Romer (2001, Chapter 1).
2. See Romer (2001, p.21)
3. See Romer (2001, p.143)
4. See Romer (2001, p.24)
5. Barro and Sala-I-Martin (2004. p.466), the equation on page 466 shows the time interval (T) of observations is from year 0 to year T.
6. World Bank provides data on GDP per-capita, but data in both 1960s and 1970s are not available for many countries and regions, this paper can only choose the 110 countries and regions to form a test sample.
7. The natural number $e \approx 2.718$, the time interval $T \geq 1$, and β is no more than 30% (= 0.3).

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APPENDIXES

Appendix A The Transformation of Equation (2)

Firstly, equation (2) shown in the paper's Section 4 can be rewritten as

$$(1/T)(\log Y_{i,t} - \log Y_{i,t-T}) = \alpha_i - (1/T)(1 - e^{-\beta T})\log Y_{i,t-T} + u_{i,t}, \quad (2)^*$$

Then one takes the mean over the number of economies N of this equation and obtains

$$(1/T)\left(\frac{1}{N}\sum_{i=1}^{N}\log Y_{i,t} - \frac{1}{N}\sum_{i=1}^{N}\log Y_{i,t-T}\right) = \frac{1}{N}\sum_{i=1}^{N}\alpha_i - (1/T)(1 - e^{-\beta T})\frac{1}{N}\sum_{i=1}^{N}\log Y_{i,t-T} + \frac{1}{N}\sum_{i=1}^{N}u_{i,t}$$

or $$(1/T)(\log \bar{Y}_t - \log \bar{Y}_{t-T}) = \bar{\alpha} - (1/T)(1 - e^{-\beta T})\log \bar{Y}_{t-T} + \bar{u}_t, \quad (5)$$

where $\bar{Y}_t = \sqrt[N]{Y_{1,t}Y_{2,t}\cdots Y_{N,t}}$; $\bar{Y}_{t-T} = \sqrt[N]{Y_{1,t-T}Y_{2,t-T}\cdots Y_{N,t-T}}$; $\bar{\alpha} = \bar{x} + (1/T)(1 - e^{-\beta T})\log \bar{Y}^*$, $\bar{x} = (1/N)\sum_{i=1}^{N} x_i$ and $\bar{Y}^* = \sqrt[N]{Y_1^* Y_2^* \cdots Y_N^*}$; and $\bar{u}_t = (1/N)\sum_{i=1}^{N} u_{i,t}$.

Finally, one can obtain the following equation through equation (2)* minus equation (5).

$$(1/T)\Delta y_{i,t} = c_i - (1/T)(1 - e^{-\beta T})y_{i,t-T} + \varepsilon_{i,t} \quad (6)$$

where $\Delta y_{i,t} = y_{i,t} - y_{i,t-T} = \log(Y_{i,t}/\bar{Y}_t) - \log(Y_{i,t-T}/\bar{Y}_{t-T})$; $c_i = \alpha_i - \bar{\alpha} = (1/T)(1 - e^{-\beta T})y_i^*$ almost holds because both x_i and $\bar{x}$ are positive and small enough so that the difference $x_i - \bar{x}$ can be neglected, $y_i^* = \log(Y_i^*/\bar{Y}^*)$, so y_i^* denotes ***the relative steady state of per-capita output*** (***log version***) of economy i for all i; and $\varepsilon_{i,t} = u_{i,t} - \bar{u}_t$.

Equation (6) is the equation (3) shown in the paper's Section 3.

Appendix B The 110 Countries and Regions (with Codes) in the Test Sample

Argentina—ARG, Australia—AUS, Austria—AUT, Burundi—BDI, Belgium—BEL, Benin—BEN, Burkina Faso—BFA, Bangladesh—BGD, Bahamas—BHS, Belize—BLZ, Bermuda—BMU, Bolivia—BOL, Brazil—BRA, Barbados—BRB, Botswana—BWA, Central African Republic—CAF, Canada—CAN, Switzerland—CHE, Chile—CHL, China—CHN, Cote d'Ivoire—CIV, Cameroon—CMR, Congo, Dem. Rep.—COD, Congo, Rep.—COG, Colombia—COL, Costa Rica—CRI, Germany—DEU, Denmark —DNK, Dominican Republic —DOM, Algeria—DZA, Ecuador—ECU, Egypt—EGY, Spain—ESP, Ethiopia—ETH, Finland—FIN, Fiji—FJI, France—FRA, Gabon—GAB, United Kingdom—GBR, Ghana—GHA, Greece—GRC, Guatemala—GTM, Guyana—GUY, Hong Kong—HKG, Honduras—HND, Haiti—HTI, Hungary—HUN, Indonesia—IDN, India—IND, Ireland—IRL, Iran—IRN, Iraq—IRQ, Iceland—ISL, Israel—ISR, Italy—ITA, Japan—JPN, Kenya—KEN, Korea, Rep.—KOR, Liberia—LBR, Libya—LBY, Sri Lanka—LKA, Lesotho—LSO, Luxembourg—LUX, Madagascar—MDG, Mexico—MEX, Myanmar—MMR, Mauritania—MRT, Mauritius—MUS, Malawi—MWI, Malaysia—MYS, Niger—NER, Nigeria—NGA, Nicaragua—NIC, Netherlands—NLD, Norway—NOR, Nepal—NPL, New Zealand—NZL, Pakistan—PAK, Panama—PAN, Peru—PER, Philippines—PHL, Papua New Guinea—PNG, Puerto Rico—PRI, Portugal—PRT, Paraguay—PRY, Rwanda—RWA, Saudi Arabia—SAU, Sudan—SDN, Senegal—SEN, Singapore—SGP, Sierra Leone—SLE, Somalia—SOM, Suriname—SUR, Sweden—SWE, Seychelles—SYC, Syrian Arab Republic—SYR, Chad—TCD, Togo—TGO, Thailand—THA, Trinidad and Tobago—TTO, Tunisia—TUN, Turkiye—TUR, Tanzania—TZA, Uruguay—URY, United States—USA, St. Vincent and the Grenadines—VCT, South Africa—ZAF, Zambia—ZMB, Zimbabwe—ZWE

Appendix C The Regression Results from the Equation (4) (Outputs of Eviews

1. The Regression Results by Using the 1960-1969 Sub-sample

Dependent Variable: D(Y?)
Method: Pooled EGLS (Cross-section weights)
Date: 07/18/25 Time: 22:08
Sample (adjusted): 1961 1969
Included observations: 9 after adjustments
Cross-sections included: 110
Total pool (balanced) observations: 990
Linear estimation after one-step weighting matrix
White cross-section standard errors & covariance (d.f. corrected)

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
Y?(-1)	**-0.131739**	**0.026188**	**-5.030469**	**0.0000**
ARG—C	0.020733	0.014872	1.394083	0.1636
AUS—C	0.159734	0.036589	4.365692	0.0000
AUT—C	0.112635	0.021669	5.197920	0.0000
BDI—C	-0.439172	0.069963	-6.277172	0.0000
BEL—C	0.113023	0.020085	5.627322	0.0000
BEN—C	-0.310966	0.052917	-5.876437	0.0000
BFA—C	-0.433939	0.085703	-5.063303	0.0000
BGD—C	**-0.365982**	**0.068954**	**-5.307651**	**0.0000**
BHS—C	0.191002	0.036712	5.202741	0.0000
BLZ—C	-0.180853	0.033616	-5.379923	0.0000
BMU—C	0.266292	0.059063	4.508643	0.0000
BOL—C	-0.193607	0.035225	-5.496328	0.0000
BRA—C	-0.109539	0.027853	-3.932685	0.0001
BRB—C	0.054806	0.014660	3.738359	0.0002
BWA—C	-0.312730	0.071503	-4.373673	0.0000
CAF—C	-0.350662	0.067085	-5.227155	0.0000
CAN—C	0.141125	0.030445	4.635464	0.0000
CHE—C	0.256436	0.049880	5.141094	0.0000
CHL—C	-0.077257	0.015828	-4.881050	0.0000
CHN—C	-0.477093	0.072825	-6.551203	0.0000
CIV—C	-0.155826	0.033382	-4.667963	0.0000
CMR—C	-0.284278	0.052942	-5.369647	0.0000
COD—C	-0.238279	0.050869	-4.684183	0.0000
COG—C	-0.234914	0.050897	-4.615494	0.0000
COL—C	-0.156151	0.029231	-5.341972	0.0000
CRI—C	-0.073003	0.011004	-6.634506	0.0000
DEU—C	0.112107	0.021517	5.210121	0.0000
DNK—C	0.174206	0.031751	5.486576	0.0000
DOM—C	-0.212110	0.050216	-4.223908	0.0000

DZA—C	-0.159312	0.037863	-4.207532	0.0000
ECU—C	-0.145070	0.026746	-5.424005	0.0000
EGY—C	-0.269365	0.048627	-5.539450	0.0000
EMU—C	0.096805	0.016536	5.854124	0.0000
ESP—C	0.070760	0.007010	10.09380	0.0000
ETH—C	-0.437378	0.080674	-5.421552	0.0000
FIN—C	0.104396	0.016305	6.402770	0.0000
FJI—C	-0.153714	0.030036	-5.117593	0.0000
FRA—C	0.114108	0.020955	5.445389	0.0000
GAB—C	-0.031907	0.017030	-1.873586	0.0613
GBR—C	0.121884	0.029684	4.106121	0.0000
GHA—C	-0.261274	0.050232	-5.201385	0.0000
GRC—C	0.054676	0.012245	4.465215	0.0000
GTM—C	-0.154173	0.026763	-5.760608	0.0000
GUY—C	-0.129465	0.031323	-4.133227	0.0000
HKG—C	-0.000615	0.014810	-0.041535	0.9669
HND—C	-0.220737	0.036196	-6.098393	0.0000
HTI—C	-0.218943	0.040422	-5.416386	0.0000
HUN—C	-0.044361	0.032304	-1.373247	0.1700
IDN—C	-0.334169	0.066751	-5.006177	0.0000
IND—C	**-0.406483**	**0.078880**	**-5.153159**	**0.0000**
IRL—C	0.064685	0.012255	5.278329	0.0000
IRN—C	-0.044764	0.022317	-2.005827	0.0452
IRQ—C	-0.228782	0.046872	-4.881011	0.0000
ISL—C	0.116905	0.036456	3.206701	0.0014
ISR—C	0.089830	0.016518	5.438327	0.0000
ITA—C	0.101045	0.015918	6.347822	0.0000
JPN—C	0.105364	0.013045	8.076756	0.0000
KEN—C	-0.289940	0.049171	-5.896545	0.0000
KOR—C	-0.179433	0.041582	-4.315199	0.0000
LBR—C	-0.128444	0.021832	-5.883311	0.0000
LBY—C	0.166239	0.035545	4.676824	0.0000
LKA—C	**-0.303547**	**0.059133**	**-5.133309**	**0.0000**
LSO—C	-0.409626	0.078387	-5.225677	0.0000
LUX—C	0.201143	0.039452	5.098478	0.0000
MDG—C	-0.302458	0.055254	-5.473969	0.0000
MEX—C	-0.032677	0.004603	-7.098350	0.0000
MMR—C	-0.533900	0.103023	-5.182320	0.0000
MRT—C	-0.194834	0.035060	-5.557093	0.0000
MUS—C	-0.194508	0.056193	-3.461402	0.0006
MWI—C	-0.411893	0.081351	-5.063163	0.0000
MYS—C	-0.184486	0.036000	-5.124532	0.0000
NER—C	-0.301765	0.054254	-5.562094	0.0000
NGA—C	-0.220987	0.056574	-3.906131	0.0001

NIC—C	-0.134747	0.027800	-4.847026	0.0000
NLD—C	0.134691	0.029814	4.517681	0.0000
NOR—C	0.171562	0.034578	4.961648	0.0000
NPL—C	**-0.414007**	**0.075962**	**-5.450177**	**0.0000**
NZL—C	0.138764	0.031667	4.382038	0.0000
PAK—C	**-0.327246**	**0.062171**	**-5.263671**	**0.0000**
PAN—C	-0.066204	0.018766	-3.527874	0.0004
PER—C	-0.098413	0.020794	-4.732843	0.0000
PHL—C	-0.225904	0.042434	-5.323708	0.0000
PNG—C	-0.175450	0.035592	-4.929465	0.0000
PRI—C	0.058956	0.008537	6.906227	0.0000
PRT—C	0.002291	0.006891	0.332533	0.7396
PRY—C	-0.181221	0.035498	-5.105162	0.0000
RWA—C	-0.434874	0.093360	-4.658040	0.0000
SAU—C	0.099442	0.018439	5.393142	0.0000
SDN—C	-0.315653	0.058494	-5.396357	0.0000
SEN—C	-0.272945	0.041235	-6.619285	0.0000
SGP—C	-0.020277	0.022514	-0.900647	0.3680
SLE—C	-0.338101	0.065636	-5.151127	0.0000
SOM—C	-0.413329	0.074676	-5.534963	0.0000
SUR—C	-0.029970	0.013579	-2.207047	0.0276
SWE—C	0.155681	0.030723	5.067303	0.0000
SYC—C	-0.095781	0.017043	-5.619887	0.0000
SYR—C	-0.310121	0.086323	-3.592584	0.0003
TCD—C	-0.365575	0.072804	-5.021384	0.0000
TGO—C	-0.283588	0.060180	-4.712363	0.0000
THA—C	-0.272877	0.053095	-5.139380	0.0000
TTO—C	-0.026832	0.013315	-2.015124	0.0442
TUN—C	-0.274135	0.048386	-5.665531	0.0000
TUR—C	-0.109651	0.016992	-6.452959	0.0000
TZA—C	-0.257666	0.045788	-5.627325	0.0000
URY—C	-0.022633	0.006904	-3.278190	0.0011
USA—C	0.164803	0.037017	4.452069	0.0000
VCT—C	-0.203218	0.041593	-4.885887	0.0000
ZAF—C	-0.050454	0.007361	-6.854319	0.0000
ZMB—C	-0.242897	0.037722	-6.439182	0.0000
ZWE—C	-0.239086	0.050742	-4.711852	0.0000

Weighted Statistics

R-squared	0.411059	Mean dependent var	-0.012160
Adjusted R-squared	0.337358	S.D. dependent var	0.056350
S.E. of regression	0.045870	Sum squared resid	1.849491
F-statistic	5.577364	Durbin-Watson stat	1.997058
Prob(F-statistic)	0.000000		

		Unweighted Statistics	
R-squared	0.331037	Mean dependent var	-0.009737
Sum squared resid	1.854837	Durbin-Watson stat	2.035115

2. The Regression Results by Using the 1970-1979 Sub-sample

Dependent Variable: D(Y?)
Method: Pooled EGLS (Cross-section weights)
Date: 07/18/25 Time: 22:28
Sample (adjusted): 1971 1979
Included observations: 9 after adjustments
Cross-sections included: 110
Total pool (balanced) observations: 990
Linear estimation after one-step weighting matrix
White cross-section standard errors & covariance (d.f. corrected)

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
Y?(-1)	**-0.193205**	**0.031945**	**-6.048017**	**0.0000**
ARG—C	0.010234	0.013861	0.738335	0.4605
AUS—C	0.216963	0.039751	5.457983	0.0000
AUT—C	0.185548	0.029641	6.259899	0.0000
BDI—C	-0.636301	0.098691	-6.447383	0.0000
BEL—C	0.174049	0.029956	5.810124	0.0000
BEN—C	-0.506263	0.080142	-6.317104	0.0000
BFA—C	-0.664220	0.103846	-6.396226	0.0000
BGD—C	**-0.623777**	**0.097363**	**-6.406732**	**0.0000**
BHS—C	0.160555	0.024395	6.581402	0.0000
BLZ—C	-0.230763	0.041837	-5.515810	0.0000
BMU—C	0.403408	0.069322	5.819351	0.0000
BOL—C	-0.285245	0.040829	-6.986333	0.0000
BRA—C	-0.081249	0.015853	-5.125264	0.0000
BRB—C	0.055730	0.006873	8.108697	0.0000
BWA—C	-0.292544	0.066718	-4.384772	0.0000
CAF—C	-0.542732	0.080616	-6.732307	0.0000
CAN—C	0.200119	0.035531	5.632187	0.0000
CHE—C	0.344494	0.056892	6.055194	0.0000
CHL—C	-0.165345	0.043312	-3.817550	0.0001
CHN—C	-0.620553	0.109099	-5.687998	0.0000
CIV—C	-0.230873	0.038936	-5.929503	0.0000
CMR—C	-0.390526	0.074927	-5.212099	0.0000
COD—C	-0.424194	0.063180	-6.714096	0.0000
COG—C	-0.333535	0.057356	-5.815207	0.0000
COL—C	-0.211481	0.036649	-5.770465	0.0000

CRI—C	-0.082311	0.015153	-5.431964	0.0000
DEU—C	0.169124	0.027217	6.213894	0.0000
DNK—C	0.230355	0.038558	5.974310	0.0000
DOM—C	-0.241951	0.039346	-6.149245	0.0000
DZA—C	-0.186651	0.034284	-5.444238	0.0000
ECU—C	-0.170883	0.023679	-7.216554	0.0000
EGY—C	-0.390418	0.065133	-5.994153	0.0000
EMU—C	0.143911	0.023813	6.043347	0.0000
ESP—C	0.087349	0.020098	4.346153	0.0000
ETH—C	-0.677664	0.107481	-6.304994	0.0000
FIN—C	0.166493	0.027999	5.946309	0.0000
FJI—C	-0.182878	0.035216	-5.193083	0.0000
FRA—C	0.171589	0.027557	6.226660	0.0000
GAB—C	0.033537	0.059324	0.565316	0.5720
GBR—C	0.174344	0.027818	6.267191	0.0000
GHA—C	-0.454986	0.075395	-6.034678	0.0000
GRC—C	0.095207	0.018958	5.021935	0.0000
GTM—C	-0.210198	0.034357	-6.117992	0.0000
GUY—C	-0.210652	0.026475	-7.956674	0.0000
HKG—C	0.034128	0.013922	2.451414	0.0144
HND—C	-0.334342	0.055480	-6.026387	0.0000
HTI—C	-0.306977	0.053681	-5.718525	0.0000
HUN—C	-0.047062	0.011445	-4.112064	0.0000
IDN—C	-0.440843	0.074881	-5.887272	0.0000
IND—C	**-0.630891**	**0.093846**	**-6.722649**	**0.0000**
IRL—C	0.099360	0.019365	5.130831	0.0000
IRN—C	-0.081078	0.033331	-2.432506	0.0152
IRQ—C	-0.287571	0.062554	-4.597172	0.0000
ISL—C	0.215728	0.028007	7.702594	0.0000
ISR—C	0.134306	0.022385	5.999860	0.0000
ITA—C	0.147749	0.024859	5.943591	0.0000
JPN—C	0.128815	0.021300	6.047514	0.0000
KEN—C	-0.382315	0.076876	-4.973116	0.0000
KOR—C	-0.162229	0.037341	-4.344567	0.0000
LBR—C	-0.228971	0.037197	-6.155636	0.0000
LBY—C	0.159991	0.042988	3.721802	0.0002
LKA—C	**-0.453371**	**0.072550**	**-6.249073**	**0.0000**
LSO—C	-0.587064	0.110188	-5.327831	0.0000
LUX—C	0.287556	0.048156	5.971331	0.0000
MDG—C	-0.514351	0.083129	-6.187374	0.0000
MEX—C	-0.046825	0.012038	-3.889787	0.0001
MMR—C	-0.790999	0.130964	-6.039829	0.0000
MRT—C	-0.356675	0.054121	-6.590304	0.0000
MUS—C	-0.248791	0.041170	-6.042941	0.0000

MWI—C	-0.585859	0.102812	-5.698340	0.0000
MYS—C	-0.221703	0.042692	-5.193051	0.0000
NER—C	-0.541971	0.100759	-5.378875	0.0000
NGA—C	-0.276162	0.049403	-5.590022	0.0000
NIC—C	-0.292944	0.036466	-8.033309	0.0000
NLD—C	0.193951	0.034481	5.624903	0.0000
NOR—C	0.267551	0.043797	6.108829	0.0000
NPL—C	**-0.648418**	**0.100008**	**-6.483641**	**0.0000**
NZL—C	0.173249	0.033902	5.110236	0.0000
PAK—C	**-0.513184**	**0.078983**	**-6.497382**	**0.0000**
PAN—C	-0.121879	0.025149	-4.846260	0.0000
PER—C	-0.182128	0.023924	-7.612755	0.0000
PHL—C	-0.324516	0.051696	-6.277448	0.0000
PNG—C	-0.283929	0.048472	-5.857630	0.0000
PRI—C	0.091728	0.009717	9.439472	0.0000
PRT—C	0.021870	0.010767	2.031264	0.0425
PRY—C	-0.218791	0.045430	-4.816006	0.0000
RWA—C	-0.633213	0.108452	-5.838640	0.0000
SAU—C	0.271186	0.048703	5.568119	0.0000
SDN—C	-0.481704	0.059626	-8.078775	0.0000
SEN—C	-0.439225	0.064515	-6.808094	0.0000
SGP—C	0.060236	0.004558	13.21417	0.0000
SLE—C	-0.530120	0.084041	-6.307838	0.0000
SOM—C	-0.636753	0.093795	-6.788741	0.0000
SUR—C	-0.056711	0.019642	-2.887252	0.0040
SWE—C	0.205754	0.039246	5.242632	0.0000
SYC—C	-0.062960	0.038200	-1.648170	0.0997
SYR—C	-0.415549	0.071951	-5.775413	0.0000
TCD—C	-0.622378	0.077025	-8.080256	0.0000
TGO—C	-0.481505	0.072716	-6.621721	0.0000
THA—C	-0.375029	0.064400	-5.823429	0.0000
TTO—C	-0.048915	0.014732	-3.320430	0.0009
TUN—C	-0.317669	0.057693	-5.506228	0.0000
TUR—C	-0.158921	0.019932	-7.973074	0.0000
TZA—C	-0.554469	0.083718	-6.623020	0.0000
URY—C	-0.040870	0.012454	-3.281579	0.0011
USA—C	0.225539	0.037646	5.991050	0.0000
VCT—C	-0.278362	0.066036	-4.215320	0.0000
ZAF—C	-0.119785	0.016216	-7.386909	0.0000
ZMB—C	-0.416758	0.056849	-7.331028	0.0000
ZWE—C	-0.358407	0.057838	-6.196794	0.0000

Weighted Statistics			
R-squared	0.404075	Mean dependent var	-0.000476
Adjusted R-squared	0.329499	S.D. dependent var	0.063215
S.E. of regression	0.051763	Sum squared resid	2.355182
F-statistic	5.418335	Durbin-Watson stat	1.913778
Prob (F-statistic)	0.000000		
Unweighted Statistics			
R-squared	0.267984	Mean dependent var	-0.003325
Sum squared resid	2.367822	Durbin-Watson stat	1.765631

3. The Regression Results by Using the 1980-1989 Sub-sample

Dependent Variable: D(Y?)
Method: Pooled EGLS (Cross-section weights)
Date: 07/18/25 Time: 22:39
Sample (adjusted): 1981 1989
Included observations: 9 after adjustments
Cross-sections included: 110
Total pool (balanced) observations: 990
Linear estimation after one-step weighting matrix
White cross-section standard errors & covariance (d.f. corrected)

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
Y?(-1)	**-0.121608**	**0.032093**	**-3.789291**	**0.0002**
ARG—C	-0.043193	0.014928	-2.893320	0.0039
AUS—C	0.145333	0.036525	3.979046	0.0001
AUT—C	0.124101	0.033045	3.755502	0.0002
BDI—C	-0.389952	0.109180	-3.571658	0.0004
BEL—C	0.115514	0.029488	3.917317	0.0001
BEN—C	-0.328900	0.084741	-3.881247	0.0001
BFA—C	-0.419654	0.109549	-3.830750	0.0001
BGD—C	**-0.379096**	**0.100637**	**-3.766945**	**0.0002**
BHS—C	0.129742	0.046875	2.767831	0.0058
BLZ—C	-0.138408	0.047865	-2.891622	0.0039
BMU—C	0.245645	0.067080	3.661971	0.0003
BOL—C	-0.251011	0.061723	-4.066705	0.0001
BRA—C	-0.074177	0.014365	-5.163702	0.0000
BRB—C	0.036171	0.011976	3.020398	0.0026
BWA—C	-0.110905	0.048883	-2.268779	0.0235
CAF—C	-0.364769	0.089712	-4.065985	0.0001
CAN—C	0.130828	0.034372	3.806216	0.0002
CHE—C	0.220627	0.056786	3.885215	0.0001

CHL—C	-0.100195	0.040833	-2.453813	0.0143
CHN—C	-0.278980	0.084607	-3.297356	0.0010
CIV—C	-0.223550	0.052453	-4.261899	0.0000
CMR—C	-0.223956	0.058745	-3.812331	0.0001
COD—C	-0.311003	0.071323	-4.360506	0.0000
COG—C	-0.159822	0.056854	-2.811100	0.0050
COL—C	-0.138515	0.035246	-3.929950	0.0001
CRI—C	-0.090394	0.020457	-4.418627	0.0000
DEU—C	0.115571	0.029772	3.881918	0.0001
DNK—C	0.158904	0.046631	3.407712	0.0007
DOM—C	-0.158779	0.043777	-3.626965	0.0003
DZA—C	-0.135312	0.031289	-4.324622	0.0000
ECU—C	-0.131171	0.033487	-3.917068	0.0001
EGY—C	-0.196894	0.055871	-3.524093	0.0004
EMU—C	0.098776	0.024409	4.046746	0.0001
ESP—C	0.061400	0.013971	4.394875	0.0000
ETH—C	-0.453641	0.113587	-3.993767	0.0001
FIN—C	0.131200	0.030590	4.288989	0.0000
FJI—C	-0.161598	0.046229	-3.495571	0.0005
FRA—C	0.113465	0.028130	4.033622	0.0001
GAB—C	-0.045470	0.030627	-1.484622	0.1380
GBR—C	0.129146	0.032991	3.914559	0.0001
GHA—C	-0.330916	0.083450	-3.965433	0.0001
GRC—C	0.035212	0.012953	2.718477	0.0067
GTM—C	-0.188204	0.044893	-4.192291	0.0000
GUY—C	-0.203613	0.048300	-4.215605	0.0000
HKG—C	0.092438	0.018759	4.927579	0.0000
HND—C	-0.236541	0.055194	-4.285620	0.0000
HTI—C	-0.249158	0.050189	-4.964396	0.0000
HUN—C	-0.022398	0.009484	-2.361635	0.0184
IDN—C	-0.243813	0.072418	-3.366758	0.0008
IND—C	**-0.365067**	**0.102761**	**-3.552596**	**0.0004**
IRL—C	0.082231	0.014819	5.548910	0.0000
IRN—C	-0.163406	0.042355	-3.858037	0.0001
IRQ—C	-0.212970	0.049187	-4.329836	0.0000
ISL—C	0.144405	0.040132	3.598295	0.0003
ISR—C	0.083580	0.023501	3.556498	0.0004
ITA—C	0.110923	0.026776	4.142669	0.0000
JPN—C	0.118738	0.023877	4.972942	0.0000
KEN—C	-0.266355	0.069183	-3.850008	0.0001
KOR—C	-0.003012	0.018345	-0.164162	0.8696
LBR—C	-0.273926	0.043097	-6.355993	0.0000
LBY—C	-0.042240	0.035880	-1.177260	0.2394
LKA—C	**-0.255292**	**0.068229**	**-3.741706**	**0.0002**

LSO—C	-0.376015	0.099133	-3.793052	0.0002
LUX—C	0.218265	0.051114	4.270173	0.0000
MDG—C	-0.389468	0.086735	-4.490328	0.0000
MEX—C	-0.045388	0.019671	-2.307367	0.0213
MMR—C	-0.505059	0.126470	-3.993522	0.0001
MRT—C	-0.256295	0.064640	-3.964962	0.0001
MUS—C	-0.125118	0.043260	-2.892240	0.0039
MWI—C	-0.434979	0.096466	-4.509142	0.0000
MYS—C	-0.116875	0.039720	-2.942514	0.0033
NER—C	-0.402841	0.101998	-3.949494	0.0001
NGA—C	-0.284377	0.060705	-4.684550	0.0000
NIC—C	-0.272486	0.059243	-4.599451	0.0000
NLD—C	0.119445	0.032282	3.700028	0.0002
NOR—C	0.188216	0.052561	3.580875	0.0004
NPL—C	**-0.394585**	**0.110795**	**-3.561403**	**0.0004**
NZL—C	0.112189	0.032217	3.482337	0.0005
PAK—C	**-0.291563**	**0.080059**	**-3.641855**	**0.0003**
PAN—C	-0.097963	0.031020	-3.158039	0.0016
PER—C	-0.170134	0.038338	-4.437798	0.0000
PHL—C	-0.237175	0.065149	-3.640501	0.0003
PNG—C	-0.212567	0.047025	-4.520298	0.0000
PRI—C	0.065999	0.015461	4.268678	0.0000
PRT—C	0.028219	0.008996	3.136747	0.0018
PRY—C	-0.127631	0.042527	-3.001184	0.0028
RWA—C	-0.412569	0.103251	-3.995802	0.0001
SAU—C	-0.008897	0.032645	-0.272521	0.7853
SDN—C	-0.316974	0.093036	-3.406990	0.0007
SEN—C	-0.287483	0.075609	-3.802213	0.0002
SGP—C	0.097477	0.016104	6.053152	0.0000
SLE—C	-0.369907	0.088740	-4.168458	0.0000
SOM—C	-0.431155	0.126594	-3.405796	0.0007
SUR—C	-0.065062	0.025305	-2.571144	0.0103
SWE—C	0.142054	0.037948	3.743417	0.0002
SYC—C	-0.042016	0.019833	-2.118505	0.0344
SYR—C	-0.306176	0.079007	-3.875314	0.0001
TCD—C	-0.376218	0.106744	-3.524482	0.0004
TGO—C	-0.347856	0.084836	-4.100313	0.0000
THA—C	-0.176628	0.063361	-2.787648	0.0054
TTO—C	-0.090918	0.025638	-3.546185	0.0004
TUN—C	-0.208860	0.053961	-3.870553	0.0001
TUR—C	-0.089387	0.023587	-3.789664	0.0002
TZA—C	-0.384299	0.096627	-3.977150	0.0001
URY—C	-0.051046	0.021527	-2.371259	0.0179
USA—C	0.157085	0.039921	3.934890	0.0001

VCT—C	-0.124085	0.042137	-2.944800	0.0033
ZAF—C	-0.109629	0.027074	-4.049307	0.0001
ZMB—C	-0.314895	0.080189	-3.926905	0.0001
ZWE—C	-0.239620	0.068641	-3.490894	0.0005

Weighted Statistics			
R-squared	0.467442	Mean dependent var	-0.002061
Adjusted R-squared	0.400797	S.D. dependent var	0.058520
S.E. of regression	0.045300	Sum squared resid	1.803750
F-statistic	7.013860	Durbin-Watson stat	1.760473
Prob(F-statistic)	0.000000		

Unweighted Statistics			
R-squared	0.330987	Mean dependent var	-0.008081
Sum squared resid	1.803904	Durbin-Watson stat	1.784610

4. The Regression Results by Using the 1990-1999 Sub-sample

Dependent Variable: D(Y?)
Method: Pooled EGLS (Cross-section weights)
Date: 07/18/25 Time: 22:53
Sample (adjusted): 1991 1999
Included observations: 9 after adjustments
Cross-sections included: 110
Total pool (balanced) observations: 990
Linear estimation after one-step weighting matrix
White cross-section standard errors & covariance (d.f. corrected)

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
Y?(-1)	**-0.240357**	**0.033010**	**-7.281326**	**0.0000**
ARG—C	-0.034273	0.013222	-2.592182	0.0097
AUS—C	0.282598	0.040105	7.046427	0.0000
AUT—C	0.246730	0.032454	7.602357	0.0000
BDI—C	-0.881397	0.118378	-7.445619	0.0000
BEL—C	0.225721	0.029989	7.526731	0.0000
BEN—C	-0.658090	0.090610	-7.262863	0.0000
BFA—C	-0.830376	0.122294	-6.790007	0.0000
BGD—C	**-0.736390**	**0.100697**	**-7.312895**	**0.0000**
BHS—C	0.191464	0.029062	6.588159	0.0000
BLZ—C	-0.212796	0.036363	-5.851973	0.0000
BMU—C	0.478263	0.068070	7.026033	0.0000
BOL—C	-0.452371	0.060887	-7.429654	0.0000
BRA—C	-0.165964	0.018696	-8.877131	0.0000

BRB—C	0.033203	0.009946	3.338308	0.0009
BWA—C	-0.244835	0.041557	-5.891560	0.0000
CAF—C	-0.810438	0.108018	-7.502811	0.0000
CAN—C	0.232794	0.034322	6.782589	0.0000
CHE—C	0.400018	0.058055	6.890293	0.0000
CHL—C	-0.108081	0.015794	-6.843045	0.0000
CHN—C	-0.455884	0.068737	-6.632287	0.0000
CIV—C	-0.479543	0.064215	-7.467732	0.0000
CMR—C	-0.608035	0.081899	-7.424178	0.0000
COD—C	-0.855242	0.105330	-8.119621	0.0000
COG—C	-0.446573	0.056956	-7.840669	0.0000
COL—C	-0.277581	0.029793	-9.317034	0.0000
CRI—C	-0.137545	0.016339	-8.418065	0.0000
DEU—C	0.225001	0.030225	7.444122	0.0000
DNK—C	0.304406	0.042184	7.216111	0.0000
DOM—C	-0.293725	0.041183	-7.132190	0.0000
DZA—C	-0.328700	0.042845	-7.671806	0.0000
ECU—C	-0.277203	0.033165	-8.358351	0.0000
EGY—C	-0.417261	0.056953	-7.326422	0.0000
EMU—C	0.189832	0.025363	7.484565	0.0000
ESP—C	0.123464	0.014195	8.697979	0.0000
ETH—C	-0.964237	0.125359	-7.691800	0.0000
FIN—C	0.218102	0.032452	6.720717	0.0000
FJI—C	-0.285530	0.037196	-7.676434	0.0000
FRA—C	0.211160	0.029659	7.119684	0.0000
GAB—C	-0.107718	0.018576	-5.798822	0.0000
GBR—C	0.241627	0.034490	7.005758	0.0000
GHA—C	-0.618769	0.084902	-7.288046	0.0000
GRC—C	0.067403	0.007515	8.969358	0.0000
GTM—C	-0.344783	0.045438	-7.587964	0.0000
GUY—C	-0.291825	0.042747	-6.826870	0.0000
HKG—C	0.169293	0.027942	6.058766	0.0000
HND—C	-0.491081	0.056588	-8.678266	0.0000
HTI—C	-0.557830	0.081730	-6.825274	0.0000
HUN—C	-0.124945	0.012369	-10.10149	0.0000
IDN—C	-0.459211	0.063744	-7.203953	0.0000
IND—C	**-0.705381**	**0.098171**	**-7.185253**	**0.0000**
IRL—C	0.234663	0.027830	8.431958	0.0000
IRN—C	-0.294999	0.045801	-6.440822	0.0000
IRQ—C	-0.430927	0.097708	-4.410335	0.0000
ISL—C	0.254949	0.034408	7.409627	0.0000
ISR—C	0.179318	0.027676	6.479272	0.0000
ITA—C	0.204686	0.029079	7.039006	0.0000
JPN—C	0.207845	0.031043	6.695367	0.0000

KEN—C	-0.574067	0.074489	-7.706723	0.0000
KOR—C	0.041792	0.012996	3.215806	0.0013
LBR—C	-0.865276	0.195513	-4.425672	0.0000
LBY—C	-0.031265	0.021475	-1.455868	0.1458
LKA—C	**-0.470685**	**0.066698**	**-7.056952**	**0.0000**
LSO—C	-0.699905	0.095971	-7.292901	0.0000
LUX—C	0.448448	0.054925	8.164679	0.0000
MDG—C	-0.811392	0.103117	-7.868696	0.0000
MEX—C	-0.087300	0.017340	-5.034738	0.0000
MMR—C	-0.956244	0.133271	-7.175175	0.0000
MRT—C	-0.545910	0.071556	-7.629171	0.0000
MUS—C	-0.222530	0.031184	-7.136113	0.0000
MWI—C	-0.832512	0.121241	-6.866581	0.0000
MYS—C	-0.174097	0.029923	-5.818116	0.0000
NER—C	-0.835878	0.106283	-7.864675	0.0000
NGA—C	-0.531573	0.068847	-7.721081	0.0000
NIC—C	-0.554907	0.077794	-7.133080	0.0000
NLD—C	0.251854	0.032163	7.830579	0.0000
NOR—C	0.384628	0.052534	7.321492	0.0000
NPL—C	**-0.776458**	**0.107887**	**-7.196938**	**0.0000**
NZL—C	0.190105	0.032633	5.825532	0.0000
PAK—C	**-0.603740**	**0.079814**	**-7.564362**	**0.0000**
PAN—C	-0.151913	0.024974	-6.082872	0.0000
PER—C	-0.337015	0.043721	-7.708332	0.0000
PHL—C	-0.482434	0.063070	-7.649156	0.0000
PNG—C	-0.406528	0.052473	-7.747346	0.0000
PRI—C	0.149570	0.019980	7.486004	0.0000
PRT—C	0.070656	0.006693	10.55607	0.0000
PRY—C	-0.264796	0.031377	-8.439295	0.0000
RWA—C	-0.919897	0.151488	-6.072404	0.0000
SAU—C	0.075692	0.023360	3.240252	0.0012
SDN—C	-0.597071	0.088997	-6.708873	0.0000
SEN—C	-0.613798	0.084886	-7.230853	0.0000
SGP—C	0.221619	0.032083	6.907715	0.0000
SLE—C	-0.847119	0.114673	-7.387227	0.0000
SOM—C	-0.908837	0.135595	-6.702582	0.0000
SUR—C	-0.181993	0.025894	-7.028373	0.0000
SWE—C	0.248826	0.034032	7.311550	0.0000
SYC—C	-0.039461	0.016418	-2.403579	0.0164
SYR—C	-0.546283	0.069851	-7.820700	0.0000
TCD—C	-0.837413	0.117347	-7.136191	0.0000
TGO—C	-0.711107	0.101937	-6.975932	0.0000
THA—C	-0.307157	0.043360	-7.083843	0.0000
TTO—C	-0.099977	0.023589	-4.238341	0.0000

TUN—C	-0.386612	0.056279	-6.869603	0.0000
TUR—C	-0.182110	0.024093	-7.558695	0.0000
TZA—C	-0.772246	0.106034	-7.282993	0.0000
URY—C	-0.036608	0.010148	-3.607583	0.0003
USA—C	0.298158	0.042214	7.062942	0.0000
VCT—C	-0.239668	0.033056	-7.250418	0.0000
ZAF—C	-0.259912	0.032345	-8.035681	0.0000
ZMB—C	-0.674842	0.092294	-7.311892	0.0000
ZWE—C	-0.490242	0.069660	-7.037585	0.0000

Weighted Statistics			
R-squared	0.441263	Mean dependent var	-0.005120
Adjusted R-squared	0.371341	S.D. dependent var	0.074477
S.E. of regression	0.059051	Sum squared resid	3.065139
F-statistic	6.310825	Durbin-Watson stat	1.701596
Prob(F-statistic)	0.000000		

Unweighted Statistics			
R-squared	0.284435	Mean dependent var	-0.005458
Sum squared resid	3.202617	Durbin-Watson stat	1.665214

5. The Regression Results by Using the 2000-2009 Sub-sample

Dependent Variable: D(Y?)
Method: Pooled EGLS (Cross-section weights)
Date: 07/18/25 Time: 23:05
Sample (adjusted): 2001 2009
Included observations: 9 after adjustments
Cross-sections included: 110
Total pool (balanced) observations: 990
Linear estimation after one-step weighting matrix
White cross-section standard errors & covariance (d.f. corrected)

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
Y?(-1)	**-0.072642**	**0.036595**	**-1.985001**	**0.0475**
ARG—C	-0.019870	0.019565	-1.015552	0.3101
AUS—C	0.090623	0.042217	2.146617	0.0321
AUT—C	0.070939	0.036195	1.959917	0.0503
BDI—C	-0.300895	0.148201	-2.030320	0.0426
BEL—C	0.064407	0.032657	1.972207	0.0489
BEN—C	-0.204806	0.106540	-1.922339	0.0549
BFA—C	-0.238073	0.128366	-1.854634	0.0640
BGD—C	**-0.190994**	**0.114881**	**-1.662541**	**0.0968**

BHS—C	0.036078	0.026672	1.352617	0.1765
BLZ—C	-0.072067	0.033030	-2.181879	0.0294
BMU—C	0.146400	0.074021	1.977810	0.0483
BOL—C	-0.134408	0.074905	-1.794382	0.0731
BRA—C	-0.044575	0.029030	-1.535485	0.1250
BRB—C	0.004133	0.009968	0.414610	0.6785
BWA—C	-0.085244	0.029193	-2.919959	0.0036
CAF—C	-0.257575	0.141553	-1.819640	0.0692
CAN—C	0.065780	0.035742	1.840430	0.0660
CHE—C	0.114109	0.057613	1.980600	0.0479
CHL—C	-0.013226	0.015200	-0.870092	0.3845
CHN—C	-0.031903	0.060992	-0.523069	0.6011
CIV—C	-0.191755	0.089655	-2.138811	0.0327
CMR—C	-0.181975	0.094373	-1.928257	0.0541
COD—C	-0.274362	0.135715	-2.021598	0.0435
COG—C	-0.147575	0.082334	-1.792388	0.0734
COL—C	-0.076394	0.046016	-1.660181	0.0972
CRI—C	-0.026826	0.021736	-1.234207	0.2175
DEU—C	0.055800	0.030603	1.823326	0.0686
DNK—C	0.079266	0.045278	1.750654	0.0804
DOM—C	-0.071157	0.047639	-1.493668	0.1356
DZA—C	-0.085686	0.048524	-1.765844	0.0778
ECU—C	-0.077111	0.047677	-1.617361	0.1062
EGY—C	-0.109911	0.067734	-1.622688	0.1050
EMU—C	0.049180	0.026755	1.838140	0.0664
ESP—C	0.034758	0.018293	1.900085	0.0577
ETH—C	-0.246978	0.154170	-1.601984	0.1095
FIN—C	0.074238	0.040246	1.844587	0.0654
FJI—C	-0.100116	0.049502	-2.022454	0.0434
FRA—C	0.053736	0.028978	1.854350	0.0640
GAB—C	-0.087661	0.032448	-2.701598	0.0070
GBR—C	0.069701	0.038101	1.829372	0.0677
GHA—C	-0.173854	0.098692	-1.761585	0.0785
GRC—C	0.036209	0.015841	2.285777	0.0225
GTM—C	-0.109436	0.057081	-1.917200	0.0555
GUY—C	-0.085489	0.056434	-1.514837	0.1302
HKG—C	0.071702	0.029991	2.390747	0.0170
HND—C	-0.145540	0.073702	-1.974701	0.0486
HTI—C	-0.183694	0.094457	-1.944749	0.0521
HUN—C	-0.013528	0.012100	-1.118010	0.2639
IDN—C	-0.118389	0.075394	-1.570277	0.1167
IND—C	**-0.169669**	**0.106515**	**-1.592918**	**0.1115**
IRL—C	0.080253	0.043434	1.847699	0.0650
IRN—C	-0.068660	0.041960	-1.636344	0.1021

IRQ—C	-0.130895	0.103961	-1.259079	0.2083
ISL—C	0.088385	0.044712	1.976779	0.0484
ISR—C	0.046068	0.024774	1.859564	0.0633
ITA—C	0.042515	0.027624	1.539050	0.1242
JPN—C	0.044316	0.029261	1.514488	0.1303
KEN—C	-0.186876	0.096003	-1.946568	0.0519
KOR—C	0.047511	0.010259	4.631312	0.0000
LBR—C	-0.269118	0.145908	-1.844437	0.0655
LBY—C	-0.015970	0.010863	-1.470118	0.1419
LKA—C	**-0.112184**	**0.068123**	**-1.646789**	**0.1000**
LSO—C	-0.195063	0.107394	-1.816329	0.0697
LUX—C	0.139404	0.070139	1.987538	0.0472
MDG—C	-0.266786	0.129096	-2.066563	0.0391
MEX—C	-0.051129	0.014372	-3.557581	0.0004
MMR—C	-0.158507	0.129888	-1.220342	0.2227
MRT—C	-0.171796	0.083841	-2.049068	0.0408
MUS—C	-0.040785	0.035496	-1.148987	0.2509
MWI—C	-0.255552	0.131576	-1.942233	0.0524
MYS—C	-0.048726	0.024772	-1.966968	0.0495
NER—C	-0.266721	0.138424	-1.926843	0.0543
NGA—C	-0.116406	0.080490	-1.446213	0.1485
NIC—C	-0.164055	0.083569	-1.963104	0.0499
NLD—C	0.072121	0.036235	1.990370	0.0469
NOR—C	0.109549	0.055671	1.967790	0.0494
NPL—C	**-0.220464**	**0.124682**	**-1.768209**	**0.0774**
NZL—C	0.061546	0.028040	2.194928	0.0284
PAK—C	**-0.175637**	**0.095099**	**-1.846873**	**0.0651**
PAN—C	-0.021911	0.025640	-0.854578	0.3930
PER—C	-0.071230	0.050697	-1.405025	0.1604
PHL—C	-0.133240	0.074184	-1.796061	0.0728
PNG—C	-0.161310	0.080475	-2.004457	0.0453
PRI—C	0.044129	0.020275	2.176533	0.0298
PRT—C	0.008716	0.006381	1.365921	0.1723
PRY—C	-0.088831	0.046508	-1.910015	0.0565
RWA—C	-0.215314	0.137042	-1.571160	0.1165
SAU—C	-0.001442	0.017436	-0.082687	0.9341
SDN—C	-0.172958	0.088584	-1.952482	0.0512
SEN—C	-0.193434	0.098878	-1.956291	0.0507
SGP—C	0.081434	0.043362	1.878018	0.0607
SLE—C	-0.239408	0.119161	-2.009116	0.0448
SOM—C	-0.249405	0.141209	-1.766208	0.0777
SUR—C	-0.033301	0.030231	-1.101565	0.2710
SWE—C	0.079499	0.041515	1.914940	0.0558
SYC—C	-0.027655	0.018994	-1.455953	0.1458

SYR—C	-0.169433	0.090108	-1.880321	0.0604
TCD—C	-0.192414	0.121628	-1.581991	0.1140
TGO—C	-0.248140	0.118724	-2.090058	0.0369
THA—C	-0.071972	0.045487	-1.582264	0.1139
TTO—C	0.033594	0.008278	4.058276	0.0001
TUN—C	-0.092693	0.060165	-1.540656	0.1238
TUR—C	-0.044467	0.017154	-2.592176	0.0097
TZA—C	-0.204744	0.118250	-1.731452	0.0837
URY—C	-0.012381	0.022980	-0.538763	0.5902
USA—C	0.083736	0.045455	1.842166	0.0658
VCT—C	-0.042878	0.031463	-1.362776	0.1733
ZAF—C	-0.063451	0.038221	-1.660099	0.0973
ZMB—C	-0.179800	0.107280	-1.675992	0.0941
ZWE—C	-0.261915	0.119774	-2.186745	0.0290

Weighted Statistics

R-squared	0.357238	Mean dependent var	0.007357
Adjusted R-squared	0.276801	S.D. dependent var	0.045212
S.E. of regression	0.038449	Sum squared resid	1.299416
F-statistic	4.441234	Durbin-Watson stat	1.496846
Prob(F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.273552	Mean dependent var	0.006104
Sum squared resid	1.361555	Durbin-Watson stat	2.068220

6. The Regression Results by Using the 2010-2019 Sub-sample

Dependent Variable: D(Y?)
Method: Pooled EGLS (Cross-section weights)
Date: 07/18/25 Time: 23:19
Sample (adjusted): 2011 2019
Included observations: 9 after adjustments
Cross-sections included: 110
Total pool (balanced) observations: 990
Linear estimation after one-step weighting matrix
White cross-section standard errors & covariance (d.f. corrected)

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
Y?(-1)	**-0.218913**	**0.018160**	**-12.05489**	**0.0000**
ARG—C	-0.063188	0.011143	-5.670442	0.0000
AUS—C	0.263777	0.023240	11.35035	0.0000
AUT—C	0.210543	0.017154	12.27337	0.0000

BDI—C	-0.908587	0.071794	-12.65550	0.0000
BEL—C	0.191632	0.015715	12.19412	0.0000
BEN—C	-0.602879	0.054422	-11.07784	0.0000
BFA—C	-0.704523	0.061960	-11.37057	0.0000
BGD—C	**-0.539128**	**0.053751**	**-10.03013**	**0.0000**
BHS—C	0.113224	0.014221	7.961974	0.0000
BLZ—C	-0.241937	0.018578	-13.02298	0.0000
BMU—C	0.384450	0.033130	11.60414	0.0000
BOL—C	-0.369554	0.031869	-11.59608	0.0000
BRA—C	-0.153641	0.016053	-9.570595	0.0000
BRB—C	-0.006356	0.003970	-1.601189	0.1097
BWA—C	-0.217973	0.026655	-8.177674	0.0000
CAF—C	-0.857747	0.082494	-10.39773	0.0000
CAN—C	0.205498	0.017329	11.85892	0.0000
CHE—C	0.347433	0.029151	11.91822	0.0000
CHL—C	-0.047284	0.006089	-7.765108	0.0000
CHN—C	-0.123346	0.019896	-6.199649	0.0000
CIV—C	-0.460583	0.042166	-10.92299	0.0000
CMR—C	-0.546850	0.044257	-12.35633	0.0000
COD—C	-0.778425	0.065422	-11.89853	0.0000
COG—C	-0.471180	0.034190	-13.78121	0.0000
COL—C	-0.216003	0.018787	-11.49761	0.0000
CRI—C	-0.073487	0.006996	-10.50462	0.0000
DEU—C	0.198142	0.015905	12.45789	0.0000
DNK—C	0.253435	0.020489	12.36942	0.0000
DOM—C	-0.176767	0.022576	-7.829976	0.0000
DZA—C	-0.285587	0.020877	-13.67933	0.0000
ECU—C	-0.226031	0.019243	-11.74601	0.0000
EGY—C	-0.347574	0.032109	-10.82495	0.0000
EMU—C	0.155172	0.011512	13.47934	0.0000
ESP—C	0.092406	0.008011	11.53553	0.0000
ETH—C	-0.683519	0.064939	-10.52549	0.0000
FIN—C	0.205374	0.016333	12.57408	0.0000
FJI—C	-0.250303	0.023961	-10.44626	0.0000
FRA—C	0.169373	0.013277	12.75650	0.0000
GAB—C	-0.200353	0.015950	-12.56102	0.0000
GBR—C	0.213284	0.018069	11.80397	0.0000
GHA—C	-0.475324	0.046084	-10.31437	0.0000
GRC—C	-0.002372	0.007550	-0.314209	0.7534
GTM—C	-0.312982	0.027655	-11.31738	0.0000
GUY—C	-0.222753	0.021362	-10.42760	0.0000
HKG—C	0.204278	0.018332	11.14298	0.0000
HND—C	-0.435136	0.036363	-11.96655	0.0000
HTI—C	-0.550835	0.043818	-12.57102	0.0000
HUN—C	-0.045458	0.012901	-3.523700	0.0004
IDN—C	-0.333875	0.032769	-10.18863	0.0000

IND—C	**-0.488314**	**0.046740**	**-10.44745**	**0.0000**
IRL—C	0.302035	0.029569	10.21446	0.0000
IRN—C	-0.273923	0.022847	-11.98963	0.0000
IRQ—C	-0.278447	0.023408	-11.89542	0.0000
ISL—C	0.256876	0.022264	11.53749	0.0000
ISR—C	0.174992	0.012006	14.57530	0.0000
ITA—C	0.123494	0.009709	12.72005	0.0000
JPN—C	0.156158	0.015361	10.16588	0.0000
KEN—C	-0.522535	0.046424	-11.25570	0.0000
KOR—C	0.125670	0.008379	14.99738	0.0000
LBR—C	-0.710270	0.053160	-13.36102	0.0000
LBY—C	-0.166440	0.103660	-1.605635	0.1087
LKA—C	**-0.294124**	**0.024690**	**-11.91276**	**0.0000**
LSO—C	-0.607781	0.042272	-14.37781	0.0000
LUX—C	0.393096	0.035242	11.15430	0.0000
MDG—C	-0.794591	0.065329	-12.16295	0.0000
MEX—C	-0.117198	0.007678	-15.26333	0.0000
MMR—C	-0.554782	0.054108	-10.25322	0.0000
MRT—C	-0.522686	0.043481	-12.02108	0.0000
MUS—C	-0.107880	0.013341	-8.086349	0.0000
MWI—C	-0.752907	0.065338	-11.52321	0.0000
MYS—C	-0.104463	0.012958	-8.061898	0.0000
NER—C	-0.774055	0.063812	-12.13020	0.0000
NGA—C	-0.419576	0.033412	-12.55761	0.0000
NIC—C	-0.466616	0.030963	-15.07026	0.0000
NLD—C	0.215840	0.016555	13.03755	0.0000
NOR—C	0.320316	0.028786	11.12734	0.0000
NPL—C	**-0.623878**	**0.060478**	**-10.31580**	**0.0000**
NZL—C	0.182103	0.015509	11.74187	0.0000
PAK—C	**-0.528123**	**0.046634**	**-11.32483**	**0.0000**
PAN—C	-0.025772	0.004198	-6.139405	0.0000
PER—C	-0.211259	0.017151	-12.31791	0.0000
PHL—C	-0.355191	0.035212	-10.08711	0.0000
PNG—C	-0.421192	0.035501	-11.86431	0.0000
PRI—C	0.117540	0.012310	9.548574	0.0000
PRT—C	0.031900	0.004611	6.917644	0.0000
PRY—C	-0.226716	0.021492	-10.54897	0.0000
RWA—C	-0.664232	0.061959	-10.72055	0.0000
SAU—C	0.037997	0.010110	3.758473	0.0002
SDN—C	-0.578140	0.044826	-12.89743	0.0000
SEN—C	-0.562568	0.049225	-11.42851	0.0000
SGP—C	0.272282	0.020780	13.10329	0.0000
SLE—C	-0.714924	0.070899	-10.08374	0.0000
SOM—C	-0.760696	0.061840	-12.30106	0.0000
SUR—C	-0.149134	0.018354	-8.125379	0.0000
SWE—C	0.241012	0.019924	12.09634	0.0000

SYC—C	0.017387	0.013287	1.308589	0.1910
SYR—C	-0.705289	0.069978	-10.07866	0.0000
TCD—C	-0.712659	0.053536	-13.31185	0.0000
TGO—C	-0.668773	0.056838	-11.76633	0.0000
THA—C	-0.224217	0.019604	-11.43710	0.0000
TTO—C	-0.013430	0.018178	-0.738792	0.4602
TUN—C	-0.323113	0.025071	-12.88809	0.0000
TUR—C	-0.075615	0.009742	-7.762007	0.0000
TZA—C	-0.621468	0.055154	-11.26783	0.0000
URY—C	0.004852	0.005118	0.948063	0.3434
USA—C	0.269005	0.021328	12.61283	0.0000
VCT—C	-0.171904	0.015863	-10.83654	0.0000
ZAF—C	-0.226494	0.016783	-13.49508	0.0000
ZMB—C	-0.563839	0.043308	-13.01933	0.0000
ZWE—C	-0.539256	0.039125	-13.78279	0.0000

Weighted Statistics

R-squared	0.622540	Mean dependent var	0.015035
Adjusted R-squared	0.575304	S.D. dependent var	0.065164
S.E. of regression	0.042467	Sum squared resid	1.585208
F-statistic	13.17933	Durbin-Watson stat	1.466764
Prob(F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.308769	Mean dependent var	0.004161
Sum squared resid	1.677889	Durbin-Watson stat	2.248145

7. The Regression Results by Using the 2020-2024 Sub-sample

Dependent Variable: D(Y?)
Method: Pooled EGLS (Cross-section weights)
Date: 08/06/25 Time: 22:57
Sample (adjusted): 2021 2024
Included observations: 4 after adjustments
Cross-sections included: 110
Total pool (balanced) observations: 440
Linear estimation after one-step weighting matrix
White cross-section standard errors & covariance (d.f. corrected)

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
Y?(-1)	**-0.284792**	**0.048544**	**-5.866651**	**0.0000**
ARG—C	-0.107258	0.019119	-5.609912	0.0000
AUS—C	0.325929	0.063429	5.138468	0.0000
AUT—C	0.246666	0.050035	4.929866	0.0000

BDI—C	-1.242135	0.208535	-5.956470	0.0000
BEL—C	0.243786	0.044227	5.512204	0.0000
BEN—C	-0.761671	0.136352	-5.586046	0.0000
BFA—C	-0.923459	0.161054	-5.733847	0.0000
BGD—C	**-0.646640**	**0.111870**	**-5.780303**	**0.0000**
BHS—C	0.190514	0.026026	7.320186	0.0000
BLZ—C	-0.282049	0.068138	-4.139360	0.0000
BMU—C	0.519797	0.091744	5.665739	0.0000
BOL—C	-0.507432	0.082137	-6.177872	0.0000
BRA—C	-0.199511	0.037077	-5.381059	0.0000
BRB—C	0.023913	0.036581	0.653678	0.5138
BWA—C	-0.277659	0.035780	-7.760108	0.0000
CAF—C	-1.121014	0.179846	-6.233178	0.0000
CAN—C	0.239156	0.047143	5.073003	0.0000
CHE—C	0.438413	0.078752	5.567013	0.0000
CHL—C	-0.070416	0.020201	-3.485750	0.0006
CHN—C	-0.101723	0.028304	-3.593937	0.0004
CIV—C	-0.592781	0.103878	-5.706511	0.0000
CMR—C	-0.738936	0.122566	-6.028877	0.0000
COD—C	-1.009191	0.172450	-5.852078	0.0000
COG—C	-0.709001	0.115123	-6.158645	0.0000
COL—C	-0.281511	0.049044	-5.739980	0.0000
CRI—C	-0.066858	0.018547	-3.604788	0.0004
DEU—C	0.232289	0.042638	5.447925	0.0000
DNK—C	0.340317	0.053350	6.378990	0.0000
DOM—C	-0.196802	0.044460	-4.426505	0.0000
DZA—C	-0.403223	0.067580	-5.966601	0.0000
ECU—C	-0.321310	0.045309	-7.091592	0.0000
EGY—C	-0.439620	0.069984	-6.281689	0.0000
EMU—C	0.198048	0.034924	5.670767	0.0000
ESP—C	0.124621	0.020100	6.199885	0.0000
ETH—C	-0.870240	0.153490	-5.669704	0.0000
FIN—C	0.234967	0.046557	5.046889	0.0000
FJI—C	-0.335028	0.066719	-5.021507	0.0000
FRA—C	0.207177	0.036094	5.739955	0.0000
GAB—C	-0.315768	0.050846	-6.210262	0.0000
GBR—C	0.262959	0.046453	5.660782	0.0000
GHA—C	-0.625901	0.111283	-5.624406	0.0000
GRC—C	0.047331	0.005176	9.144583	0.0000
GTM—C	-0.406390	0.070995	-5.724181	0.0000
GUY—C	0.223202	0.104452	2.136892	0.0333
HKG—C	0.238448	0.037243	6.402411	0.0000
HND—C	-0.562994	0.099934	-5.633647	0.0000
HTI—C	-0.819521	0.120312	-6.811610	0.0000

HUN—C	-0.036708	0.008352	-4.395035	0.0000
IDN—C	-0.423029	0.076431	-5.534785	0.0000
IND—C	**-0.580909**	**0.107069**	**-5.425569**	**0.0000**
IRL—C	0.461830	0.078128	5.911172	0.0000
IRN—C	-0.343247	0.057961	-5.922050	0.0000
IRQ—C	-0.440514	0.060002	-7.341604	0.0000
ISL—C	0.317336	0.067414	4.707288	0.0000
ISR—C	0.227612	0.041921	5.429609	0.0000
ITA—C	0.176157	0.030202	5.832548	0.0000
JPN—C	0.184114	0.036134	5.095247	0.0000
KEN—C	-0.664162	0.114533	-5.798846	0.0000
KOR—C	0.162596	0.033397	4.868625	0.0000
LBR—C	-0.959336	0.164043	-5.848084	0.0000
LBY—C	-0.243333	0.070860	-3.434018	0.0007
LKA—C	**-0.450574**	**0.091555**	**-4.921355**	**0.0000**
LSO—C	-0.852736	0.143704	-5.933996	0.0000
LUX—C	0.474629	0.083600	5.677405	0.0000
MDG—C	-1.072871	0.181321	-5.916963	0.0000
MEX—C	-0.175330	0.026939	-6.508484	0.0000
MMR—C	-0.831012	0.125416	-6.626042	0.0000
MRT—C	-0.707002	0.117350	-6.024723	0.0000
MUS—C	-0.138810	0.033058	-4.199059	0.0000
MWI—C	-1.020357	0.168093	-6.070182	0.0000
MYS—C	-0.137285	0.030115	-4.558679	0.0000
NER—C	-1.002668	0.176861	-5.669253	0.0000
NGA—C	-0.594367	0.099137	-5.995424	0.0000
NIC—C	-0.598613	0.105282	-5.685781	0.0000
NLD—C	0.283150	0.050336	5.625212	0.0000
NOR—C	0.401423	0.069238	5.797737	0.0000
NPL—C	**-0.796069**	**0.139421**	**-5.709807**	**0.0000**
NZL—C	0.218548	0.045928	4.758448	0.0000
PAK—C	**-0.701540**	**0.121180**	**-5.789234**	**0.0000**
PAN—C	-0.007465	0.003526	-2.117369	0.0350
PER—C	-0.289418	0.058484	-4.948666	0.0000
PHL—C	-0.448134	0.082478	-5.433383	0.0000
PNG—C	-0.584512	0.097353	-6.004031	0.0000
PRI—C	0.129752	0.024367	5.324967	0.0000
PRT—C	0.048733	0.013148	3.706449	0.0002
PRY—C	-0.309622	0.056065	-5.522582	0.0000
RWA—C	-0.813100	0.150042	-5.419165	0.0000
SAU—C	0.085445	0.028578	2.989874	0.0030
SDN—C	-1.027309	0.169856	-6.048118	0.0000
SEN—C	-0.725666	0.130385	-5.565552	0.0000
SGP—C	0.370458	0.055834	6.635039	0.0000

SLE—C	-0.807169	0.136006	-5.934791	0.0000
SOM—C	-1.070331	0.176991	-6.047365	0.0000
SUR—C	-0.289946	0.047922	-6.050331	0.0000
SWE—C	0.297489	0.051573	5.768306	0.0000
SYC—C	-0.060868	0.022686	-2.683088	0.0077
SYR—C	-0.979416	0.159703	-6.132734	0.0000
TCD—C	-0.873535	0.137302	-6.362127	0.0000
TGO—C	-0.865588	0.148617	-5.824278	0.0000
THA—C	-0.311553	0.053881	-5.782235	0.0000
TTO—C	-0.060697	0.013665	-4.441907	0.0000
TUN—C	-0.450183	0.075125	-5.992478	0.0000
TUR—C	-0.055803	0.015215	-3.667717	0.0003
TZA—C	-0.816735	0.139356	-5.860778	0.0000
URY—C	-0.000624	0.006052	-0.103120	0.9179
USA—C	0.355549	0.060219	5.904239	0.0000
VCT—C	-0.202997	0.042325	-4.796170	0.0000
ZAF—C	-0.350425	0.054494	-6.430559	0.0000
ZMB—C	-0.759516	0.126677	-5.995701	0.0000
ZWE—C	-0.735704	0.120973	-6.081578	0.0000

Weighted Statistics

R-squared	0.798049	Mean dependent var	-0.010838
Adjusted R-squared	0.730527	S.D. dependent var	0.069366
S.E. of regression	0.036008	Sum squared resid	0.426583
F-statistic	11.81916	Durbin-Watson stat	2.000625
Prob(F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.594920	Mean dependent var	-0.000472
Sum squared resid	0.465537	Durbin-Watson stat	2.066796