**Descriptive statistics**

Variable | Obs Mean Std. Dev. Min Max

-------------+--------------------------------------------------------

num | 187 9.828877 5.178805 1 14

year | 187 2007 3.170767 2002 2012

growth | 165 3.890909 4.805901 -14.8 14

-------------+--------------------------------------------------------

gdppc | 165 8801.018 5853.688 780 27015

fcf | 161 3.62e+10 6.87e+10 5.01e+08 4.41e+11

-------------+--------------------------------------------------------

oppeness | 150 104.3607 32.33425 48.44 180.5

bankcredit | 161 43.95211 19.64476 5.68 94.38

fdi | 165 7.17e+09 1.32e+10 -2.09e+10 7.50e+10

inflation | 165 5.676242 4.462923 -1.15 25.23

-------------+--------------------------------------------------------

stock~ntogdp | 186 21.13087 16.2767 .2555075 100.8311

liquidliab~p | 175 43.41095 16.03844 13.49764 79.94186

stock~dtogdp | 186 5.908196 10.75255 .005217 76.13576

stockmarke~o | 185 20.53825 23.659 .0271675 118.4065

stockprice~y | 155 25.54257 11.68503 9.52704 81.55766

-------------+--------------------------------------------------------

eustatus | 187 .6470588 .4791675 0 1

rl | 165 .0188485 .6486237 -1.12 1.06

cor | 165 -.1298788 .5574878 -1.1 1.02

rq | 165 .4175152 .591865 -.73 1.33

-------------+--------------------------------------------------------

ge | 165 .1994545 .5743599 -.92 1.19

ps | 165 .2670303 .6438605 -1.46 1.21

va | 165 .3046667 .7052612 -1.15 1.16

ctry | 187 9 4.912131 1 14

-------------+--------------------------------------------------------

gFDI | 144 .0907595 .8487092 -4.603251 3.809454

gbankcredit | 146 3.27226 5.332974 -12.16 30.21

ginvestment | 146 .0685227 2.565146 -8.330439 9.745104

gcm | 169 .4270509 8.851396 -38.92987 38.19157

goppeness | 136 2.413456 10.01412 -33.1 43.84999

-------------+--------------------------------------------------------

instit | 165 .1796061 .5815988 -.7716666 1.02

cmeu | 169 .1444176 5.991392 -30.33799 38.19157

\_est\_fixed | 187 .6791444 .4680586 0 1

\_est\_random | 187 .6791444 .4680586 0 1

**Fixed-effects (within) regression** Number of obs = 127

Group variable: ctry Number of groups = 14

R-sq: within = 0.5611 Obs per group: min = 6

between = 0.0022 avg = 9.1

overall = 0.2502 max = 10

F(7,106) = 19.36

corr(u\_i, Xb) = -0.6982 Prob > F = 0.0000

------------------------------------------------------------------------------

growth | Coef. Std. Err. t P>|t| [95% Conf. Interval]

-------------+----------------------------------------------------------------

gFDI | .8266352 .4059535 2.04 0.044 .0217929 1.631478

gbankcredit | .0955275 .0696508 1.37 0.173 -.0425619 .2336169

ginvestment | .9707864 .132005 7.35 0.000 .7090737 1.232499

gcm | .1063681 .035364 3.01 0.003 .0362556 .1764806

goppeness | .0476372 .0368669 1.29 0.199 -.0254551 .1207294

instit | -6.816946 4.02002 -1.70 0.093 -14.78703 1.153135

inflation | -.0144138 .110816 -0.13 0.897 -.2341172 .2052896

\_cons | 4.522347 1.028689 4.40 0.000 2.482871 6.561824

-------------+----------------------------------------------------------------

sigma\_u | 4.3103622

sigma\_e | 3.3667104

rho | .62108867 (fraction of variance due to u\_i)

------------------------------------------------------------------------------

F test that all u\_i=0: F(13, 106) = 2.36 Prob > F = 0.0083

**Random-effects GLS regression** Number of obs = 127

Group variable: ctry Number of groups = 14

R-sq: within = 0.5502 Obs per group: min = 6

between = 0.0232 avg = 9.1

overall = 0.4832 max = 10

Wald chi2(7) = 131.73

corr(u\_i, X) = 0 (assumed) Prob > chi2 = 0.0000

------------------------------------------------------------------------------

growth | Coef. Std. Err. z P>|z| [95% Conf. Interval]

-------------+----------------------------------------------------------------

gFDI | .9405644 .3972611 2.37 0.018 .1619469 1.719182

gbankcredit | .0718346 .0679511 1.06 0.290 -.061347 .2050162

ginvestment | .946156 .1306093 7.24 0.000 .6901665 1.202146

gcm | .1113154 .0349619 3.18 0.001 .0427914 .1798395

goppeness | .0416211 .0364463 1.14 0.253 -.0298124 .1130545

instit | -.320599 1.015305 -0.32 0.752 -2.31056 1.669362

inflation | -.0086122 .1019783 -0.08 0.933 -.208486 .1912616

\_cons | 3.346979 .8320711 4.02 0.000 1.71615 4.977808

-------------+----------------------------------------------------------------

sigma\_u | 1.6285971

sigma\_e | 3.3667104

rho | .1896272 (fraction of variance due to u\_i)

------------------------------------------------------------------------------

**hausman fixed random**

---- Coefficients ----

| (b) (B) (b-B) sqrt(diag(V\_b-V\_B))

| fixed random Difference S.E.

-------------+----------------------------------------------------------------

gFDI | .8266352 .9405644 -.1139292 .0835574

gbankcredit | .0955275 .0718346 .0236929 .0152932

ginvestment | .9707864 .946156 .0246304 .0191447

gcm | .1063681 .1113154 -.0049473 .0053176

goppeness | .0476372 .0416211 .0060161 .0055529

instit | -6.816946 -.320599 -6.496347 3.889694

inflation | -.0144138 -.0086122 -.0058015 .0433659

------------------------------------------------------------------------------

b = consistent under Ho and Ha; obtained from xtreg

B = inconsistent under Ha, efficient under Ho; obtained from xtreg

Test: Ho: difference in coefficients not systematic

chi2(7) = (b-B)'[(V\_b-V\_B)^(-1)](b-B)

= 4.71

Prob>chi2 = 0.6948

**Breusch and Pagan Lagrangian multiplier test for random effects**

growth[ctry,t] = Xb + u[ctry] + e[ctry,t]

Estimated results:

| Var sd = sqrt(Var)

---------+-----------------------------

growth | 23.82609 4.881197

e | 11.33474 3.36671

u | 2.652328 1.628597

Test: Var(u) = 0

chibar2(01) = 4.25

Prob > chibar2 = 0.0196

**System dynamic panel-data estimation** Number of obs = 127

Group variable: ctry Number of groups = 14

Time variable: year

Obs per group: min = 6

avg = 9.071429

max = 10

Number of instruments = 177 Wald chi2(8) = 440.42

Prob > chi2 = 0.0000

Two-step results

------------------------------------------------------------------------------

growth | Coef. Std. Err. z P>|z| [95% Conf. Interval]

-------------+----------------------------------------------------------------

growth |

L1. | -.3226389 .2377088 -1.36 0.175 -.7885396 .1432618

|

gFDI | 3.507723 1.317704 2.66 0.008 .92507 6.090375

gbankcredit | .0376788 .0889031 0.42 0.672 -.1365681 .2119258

ginvestment | .6425267 .2156322 2.98 0.003 .2198954 1.065158

gcm | .047202 .0490149 0.96 0.336 -.0488654 .1432694

goppeness | -.0377808 .0724411 -0.52 0.602 -.1797627 .104201

instit | 10.56576 8.457525 1.25 0.212 -6.010689 27.1422

inflation | .6959858 .5885809 1.18 0.237 -.4576115 1.849583

\_cons | -5.492967 4.057212 -1.35 0.176 -13.44496 2.459022

------------------------------------------------------------------------------

Warning: gmm two-step standard errors are biased; robust standard

errors are recommended.

Instruments for differenced equation

GMM-type: L(2/.).growth L(1/.).inflation L(2/.).gFDI

L(2/.).gbankcredit L(2/.).ginvestment L(2/.).gcm

L(2/.).goppeness L(2/.).instit

Standard: D.gbankcredit D.ginvestment D.gcm D.goppeness D.inflation

D.gFDI D.instit

Instruments for level equation

GMM-type: LD.growth D.inflation LD.gFDI LD.gbankcredit

LD.ginvestment LD.gcm LD.goppeness LD.instit

Standard: \_cons

**estat sargan**

Sargan test of overidentifying restrictions

H0: overidentifying restrictions are valid

chi2(168) = 196.8398

Prob > chi2 = 0.0633