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
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Once again, thank you for submitting your manuscript to the Economic Alternatives and I look forward to receiving your revision.

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Dr. Pencho Penchev  
Editor-in-Chief, Economic Alternatives  
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Comments to the Author

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Reviewer: 2

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Dear authors.

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Dear editors.

Thank you for your valuable time informing about the process of reviewing this article. We appreciate your committed and truly professional attitude. After we reviewed the positive comments by the two reviewers, we followed up by revising all the recommendations given. Changes or revisions to some sections are marked in red. Wish the best from you.

Sincerely,  
Dr. Adi Wijaya

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**Authors** Fitriadi, Fitriadi  
Jiuhardi, Jiuhardi  
Wijaya, Adi

**Date Submitted** 19-May-2022

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ecoalt-2022-0086.R1

**Title**  
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**Authors**  
Fitriadi, Fitriadi  
Juhardi, Juhardi  
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to me  
29-May-2022

Dear Dr. Wijaya:

It is a pleasure to accept your manuscript entitled "Polemic of **Economic** Welfare in ASEAN-4" in its current form for publication in the **Economic Alternatives**.  
Thank you for your fine contribution. On behalf of the Editors of the **Economic Alternatives**, we look forward to your continued contributions to the Journal.

Sincerely,  
Dr. Pencho Penchev  
Editor-in-Chief, **Economic Alternatives**  
[pencho\\_penchev@gyuvetch.bg](mailto:pencho_penchev@gyuvetch.bg)

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**Adi Wijaya** 5:15 PM (0 minutes ago)  
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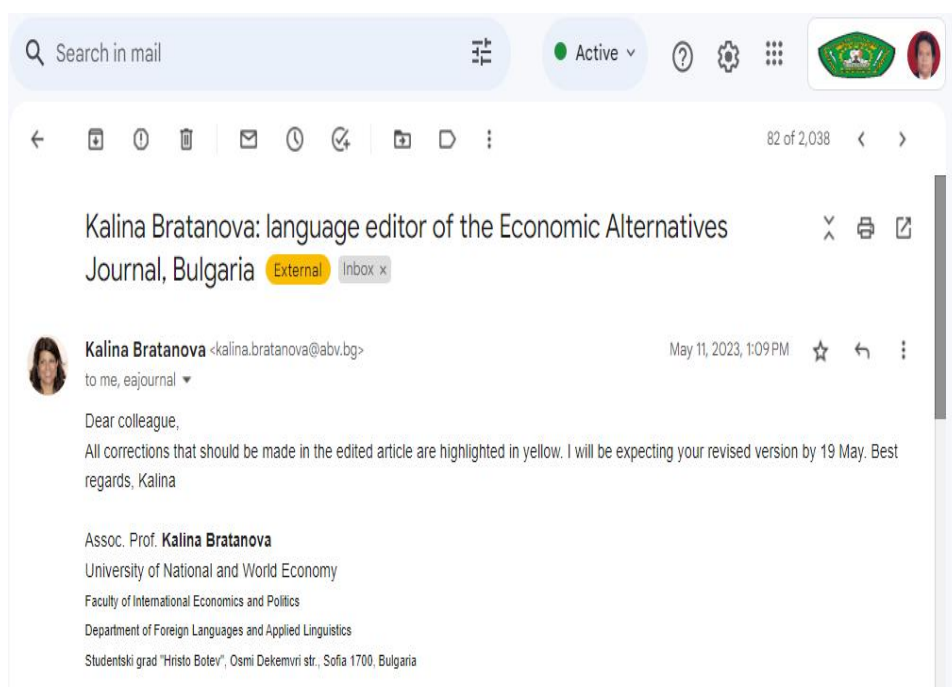
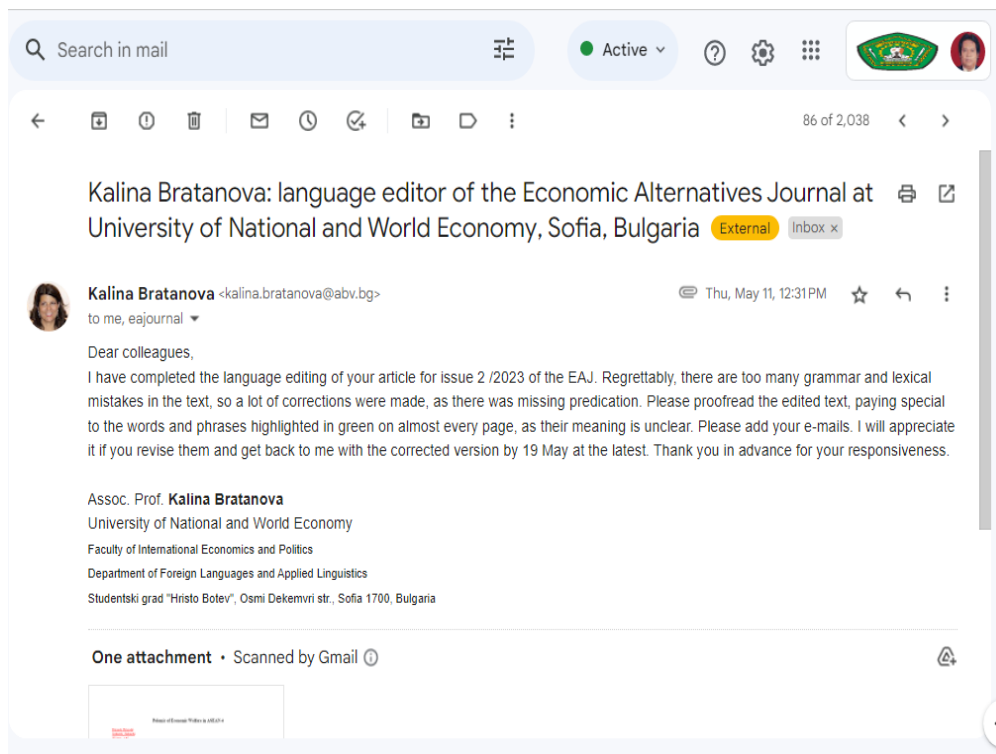
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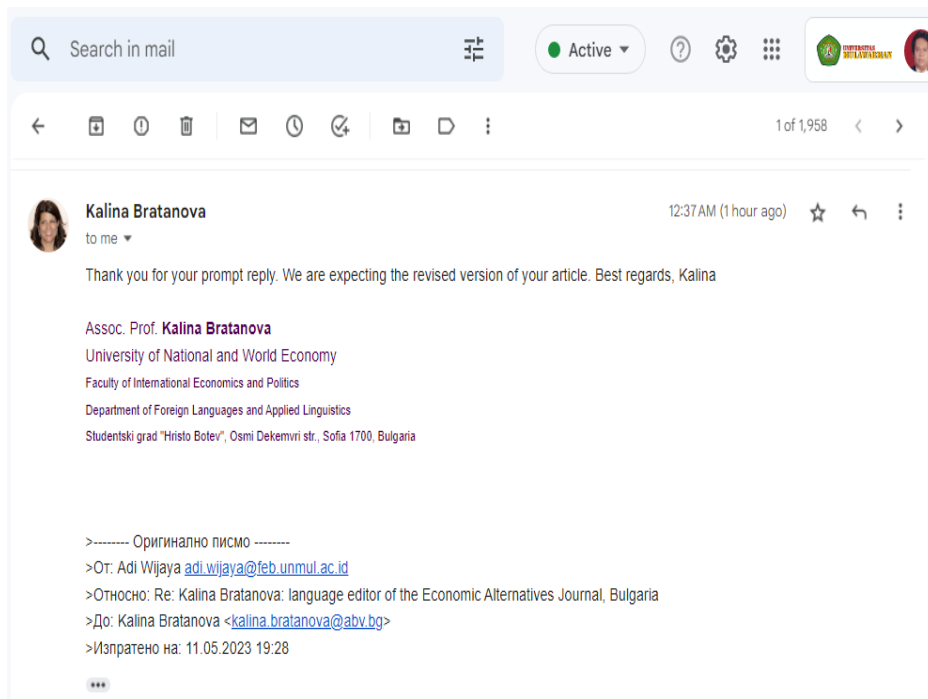
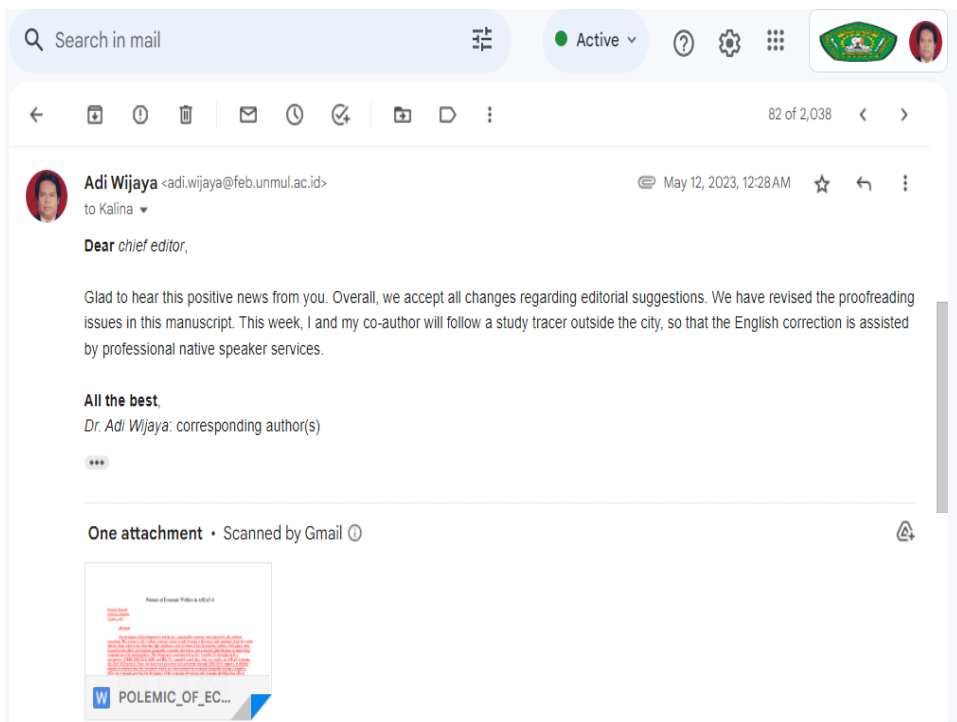
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Dr. Adi Wijaya

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**Pencho Penchev** <eajournal@abv.bg> Wed, May 31, 1:30 PM (10 hours ago)

to katrandjiev, tuyentranquang, me, Samnkosie707, Mashaup, 214521623

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Best regards,

Prof. Pencho D. Penchev, DSc  
 University of National and World Economy, Sofia, Bulgaria  
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Dear **Editorial Board**

We are very happy and enthusiastic about the progress of the manuscript publication which is entering its final stage. In response to minor errors in the article, colleagues have highlighted several key points. If possible with your permission, we found 7 sections that needed revision. Every correction is commented on the file (pdf). Also, related changes are highlighted in order to improve the quality of Figure 7 and Figure 8 (attached), complete the explanation sentences in Figure 1, and the affiliation status of the authors. Therefore, it is expected that the process of further minor editing.

Greetings  
**Dr. Adi Wijaya**

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**Pencho Penchev** to me Thu, Jun 8, 9:54 AM (2 days ago)

Dear colleague,

please find attached your manuscript for Economuc Alternatives and check if everything is OK with your suggested corrections. We need your answer ASAP - within 24 hour because there are other ddeadlines for the issue..

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 Prof. Pencho D. Penchev, DSc  
 University of National and World Economy, Sofia, Bulgaria  
 1700, Students Town  
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**Adi Wijaya** <adi.wijaya@feb.unmul.ac.id> to Pencho Thu, Jun 8, 4:13 PM (2 days ago)

Dear Prof. Pencho D. Penchev

There are no missing parts that need correction again. Everything is clear. Thank you for your concern.

Greetings,  
**Dr. Adi Wijaya**

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LETTER OF ACCEPTANCE

Dear authors

(Wijaya, Adi, Universitas Mulawarman Fakultas Ekonomi dan Bisnis; Fitriadi, Fitriadi, Universitas Mulawarman Fakultas Ekonomi dan Bisnis; Jiuhardi, Jiuhardi, Universitas Mulawarman Fakultas Ekonomi dan Bisnis),

It's my pleasure to inform you that, after the peer review, your paper,

**"Polemic of Economic Welfare in ASEAN-4"**

has been ACCEPTED for publication with content unaltered in Economic Alternatives journal.

Your fine contribution is highly appreciated.

Sofia, 21.08.2022

Editor-in-chief;



(Prof. Pencho Penchev, DSc)

## Articles

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## Economic Alternatives

year **2023** Issue **2**

## Polemic of Economic Welfare in ASEAN-4

Authors: **Fitriadi Fitriadi, Juhardi Juhardi, Wijaya Adi**

### Abstract

The dynamics of development is driven by a sustainable economy and enjoyed by all, without exception. The reason is, the 'welfare concept' seems to only become a discourse and continues to invite world debate about what to do, what the right solution is, and to whom it has focused the welfare. This paper aims to analyze the effects of economic inequality, economic downturn, and economic globalization on improving economic growth and happiness. The content is concentrated on five variables by focusing on five parameters (UED, EDI, EGI, GDP, and HI). We compiled panel data with case studies in ASEAN-4 during the 2015-2020 period. Then, the data were processed and presented through IBM-SPSS support. It divided empirical evidence into two structures which are characterized by economic inequality having a negative effect on economic growth, but the impact of the economic downturn and economic globalization affects increasing economic growth. The increase in happiness is caused by the positive effects of economic inequality, economic downturn, economic globalization, and economic growth. The controversy about welfare has real implications for repairing economic damage in a broad perspective, so it becomes a priority.

### Keywords

Panel Data, ASEAN-4, welfare, economic sustainability, equality.



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## **Polemic of Economic Welfare in ASEAN-4**

Fitriadi, Fitriadi<sup>1</sup>  
Jiuhardi, Jiuhardi<sup>2</sup>  
Wijaya, Adi<sup>3</sup>

### **Abstract**

**The dynamics of development is driven by a sustainable economy and enjoyed by all, without exception. The reason is, the ‘welfare concept’ seems to only become a discourse and continues to invite world debate about what to do, what the right solution is, and to whom it has focused the welfare. This paper aims to analyze the effects of economic inequality, economic downturn, and economic globalization on improving economic growth and happiness. The content is concentrated on five variables by focusing on five parameters (UEDI, EDI, EGL, GDP, and HI). We compiled panel data with case studies in ASEAN-4 during the 2015-2020 period. Then, the data were processed and presented through IBM-SPSS support. It divided empirical evidence into two structures which are characterized by economic inequality having a negative effect on economic growth, but the impact of the economic downturn and economic globalization affects increasing economic growth. The increase in happiness is caused by the positive effects of economic inequality, economic downturn, economic globalization, and economic growth. The controversy about welfare has real implications for repairing economic damage in a broad perspective, so it becomes a priority.**

**Keywords: panel data; ASEAN-4; welfare; economic sustainability; equality.**

**JEL classification: C23; N15; I31; F63; D63.**

**Comment [i-[1]:** Reviewer 2: This study is of great interest to academics and practitioners in the future. Before this is published, please implement some fixes to stimulate the expected quality. First, revisions in references, where there are journal citations that still appear below the 2000 period. Second, motivation and research contributions are also placed before the goal section. Third, if possible, combine Figure 1 through Figure 5 into only 1 place. It seems unethical, which causes too many images in the Introduction. Give a logical reason if you and your colleagues do not agree to this.

Waiting for your comments and revisions.

<sup>1</sup> Universitas Mulawarman—Faculty of Economics and Business—Department of Economics, Samarinda, East Kalimantan, Indonesia. E-mail: [fitriadi@feb.unmul.ac.id](mailto:fitriadi@feb.unmul.ac.id)

<sup>2</sup> Universitas Mulawarman—Faculty of Economics and Business—Department of Economics, Samarinda, East Kalimantan, Indonesia. E-mail: [jiuhardi@feb.unmul.ac.id](mailto:jiuhardi@feb.unmul.ac.id)

<sup>3</sup> Universitas Mulawarman—Faculty of Economics and Business—Department of Economics, Samarinda, East Kalimantan, Indonesia. E-mail: [adi.wijaya@feb.unmul.ac.id](mailto:adi.wijaya@feb.unmul.ac.id)





### Acknowledgements

We are ~~should be~~ grateful for the constructive comments from anonymous reviewers and editors at Economic Alternatives form Bulgaria.

## 1. INTRODUCTION

Since the 20<sup>th</sup> century, the debate about economic welfare in the world has continued, especially for developing countries and poor countries (Horner, 2020). Economic growth (GDP) which is a ‘symbol’ of the prosperity of a region (such as domestic and regional), is now not the only one. The meaning of the increase in GDP has actually become a new controversy, because not every economic growth has does not have a double effect on people who are in the lower middle income cluster (Amalia et al., 2020). Only those in the upper class enjoy the existence of GDP, and this has created a gap or tension between the rich and the poor.

Four countries in ASEAN, such as Indonesia, Malaysia, Singapore, and Brunei Darussalam or known as ‘ASEAN-4’, have various similarities, including aspects of history, politics, international relations, culture, economy, and, of course, geographical aspects. With a very close territorial scope, ASEAN-4 is in the spotlight for other ASEAN members (Djafar, 2012). From a -the historical point of view context, ASEAN-4 once were colonized by Europeans such as the UK occupying the territories of against Malaysia, Singapore, and Malaysia, while the Netherlands -had a conflict with Japan when it came to power in Indonesia to fight over natural resources one fought Indonesia over. In politics and international relations, ASEAN-4 often cooperates in terms of trade with extradition agreements (Kusumaningrum, 2013). The community that has formed also makes it easier from on the economic perspective side, where the four countries together agree on the ASEAN Economic Community (AEC) agreement, which has been in effect since 2015 ago (Ishikawa, 2021). The most basic part is culture. Culture is an inherent dimension of ASEAN-4 because of the close distance, the ‘Malay’ people are also inseparable. Due to With the similarity of the ‘Malay’ language, it also makes it easier for them to communicate. That way, a very close relationship is still maintained, especially the mobility between countries in ASEAN-4, opening up influences that also impact urban areas and minimal conflict opening investment projects.

From the evidence above, at least it opens bright hopes for ASEAN-4. Yet, it does not rule out that all these opportunities will certainly have consequences and challenges in the future. In connection with the welfare problem, it needs to be examined in depth towards the outside world. It should be noted, economic competition in a country does not only arise from domestic, but globally competitive competition (Kharlamova and Vertelieva, 2013). To starting with a vital picture, elements in macroeconomics such as GDP do play a major role and give a signal, whether a country is classified as high income or vice versa. In Figure 1, economic growth based on 2010 market prices in ASEAN-4, has fluctuated on average. This is aimed at 2020, due to the Covid-19 crisis, which also hit the global economy. The GDP was no exception, which was affected by touching -2.96%. In the ranking context, Indonesia is the highest among the other three countries. Unfortunately, only Brunei Darussalam whose GDP growth is still positive in 2020, which is 1.2%. In fact, in the previous two years (2015 and 2016), its growth has slumped the most compared to other countries in ASEAN-4.

**Comment [i-[2]:** Reviewer 1: What is the academic contribution? In addition, the theoretic implications that support this paper are not yet clear. Please elaborate.

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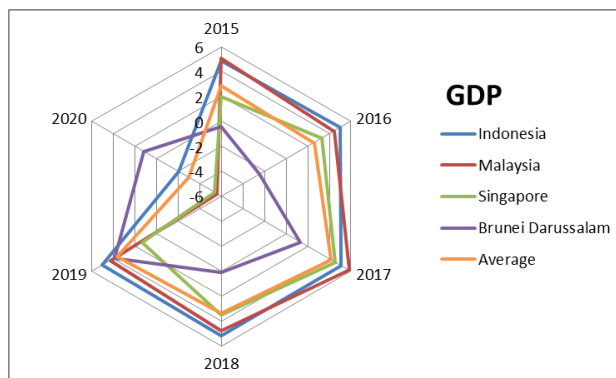


Figure no. 1 – Rate of change in real GDP in ASEAN-4 (2015-2020)  
Source: Global Economy, 2021

An up-to-date-fresh problem arises when dealing with the level of welfare, which is solely measured by the economic perspectiveside. On the one hand, currently economists are competing to review matters related to welfare from the perspective of microeconomics involving individuals and households, such as happiness (ZA et al., 2021). In fact, people have another interpretation meaning regarding whether they earn a decent life, not from income and finances, but from the point of view of happiness. Therefore, happiness is considered as something that is difficult to get and in happiness, it also implies the purchasing power of the population and there are nine other assessments in the survey.

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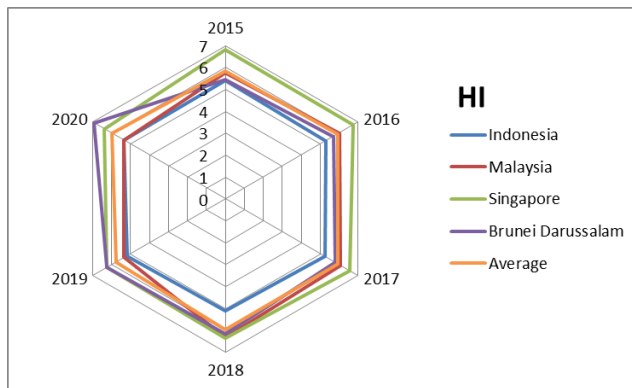


Figure no. 2 – Happiness index in ASEAN-4 (2015-2020)

Source: Global Economy, 2021

Figure 2 displays the happiness of residents in ASEAN-4 for six periods in a positive trend, although from 2016 to 2017 and 2018 to 2019 there was a decrease, but only slightly and the most significant impact was in 2020 of 6.01. Singapore and Indonesia achieved the highest points, which had the smallest happiness index compared to the others. Happiness has implied how important the quality of people's welfare is.

Not only in GDP and happiness, but the basic problem of the development process is unequal inequality. The discrepancy between the accumulating increase of economic growth seems to bring forth up the negative aspectside. An actual performance of the economy needs to be criticized. The distribution of growth does not always lead to equity, but in fact has the potential to enhance increase social problems, such as unemployment and poverty (Bourguignon, 2015). Figure 3 concludes that the inequality in economic development for ASEAN-4 is classified as moderate because it is indeed a middle-income country. Something instead concentrated attention in Brunei Darussalam, whose UEDI value is the most striking because in six years it has been above the average UEDI in ASEAN-4. As additional information, Brunei Darussalam has the potential for abundant natural resource wealth and as a country is producing oil and natural gas commodities (Iskandar, Hendarto, and Reza, 2020). Singapore, which covers the smallest area, has the smallest inequality and contributes really to ASEAN-4.

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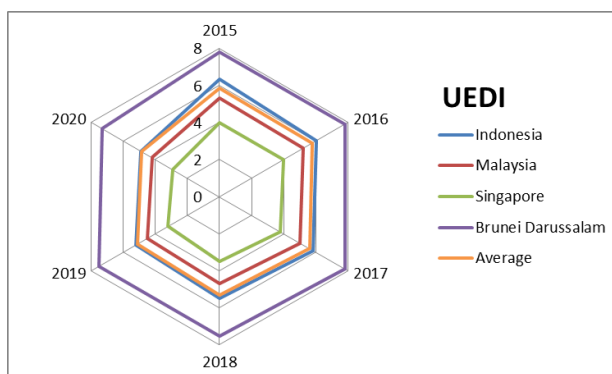


Figure no. 3 – Uneven economic development index in ASEAN-4 (2015-2020)



- RQ.2: How does an economic downturn affect economic growth and happiness?  
 RQ.3: How does economic globalization affect economic growth and happiness?  
 RQ.4: How does economic growth affect happiness?

The motivation of the study is ~~is~~ faces the quality of welfare, which represents the fairness of the development of a developing country. It makes sense and is logical if economic growth is not only driven by the value of income but also the calculation of the points or joints of equity, freshness in human resource productivity, individual and community behavior nationally, economic inequality, and global influence that reflects the progressiveness in ASEAN-4.

~~The series of this paper comprises four plots. The paper is organizing into 4 parts. The 1st line is an introduction that presents the objectivity of the research. Second, The the analytical framework includes the formulation of hypotheses based on empirical reviews and theoretical reviews (second flow). In the third flow includes data sources, research materials, and econometric procedures. In the third flow, we concentrated it on the results of data interpretation with a series of tests. For In the fifth and six flowsession, as the ultimate final stage that verifies to emphasize the findings, limitations, and implications of the research.~~

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## 2. ANALYTICAL FRAMEWORK

Prior to the proposal of the hypothesis, a constructive foundation is needed to strengthen the theoretical approach and relevant empirical concepts. There are two paradigms that underlie the model framework, namely 'economic development theory' and 'welfare theory'.

Today, economic development policies continue to transform. Chang (2010) specifies divides three important elements in each of these changes, namely increasing wealth, affordability, and new change agents. For wealth, economic growth should reflect the demands of higher quality development. It is necessary to improve political institutions through more passionate accountability and transparency. In addition, with an increase in capital, institutions are far more affordable. If an institution that is run and established is more effective, then the wheels of the economy run optimally. There are three important differences in the 18<sup>th</sup> century, 19<sup>th</sup> century, and in the early 20<sup>th</sup> century, where the demand for economic harmony creates optimal change, resulting in the emergence of new institutions. Banks had time to fight opposition from the host because industrial capitalists were increasing and supporting new directions. One of the fundamentals is the bank. Its role is as a capitalist who distributes capital to industry thereby increasing the capacity of raw materials. (Lee, 2020). Now, workers are quite afraid because there is protection from a state that wants prosperity. From here, it formed a rule regulations were formed that discussed labor against the capitalists mechanisms in the labor market competence. Institutions continue to move in the opposite direction and end the dark civilization.

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In traditional economic development, the acceleration of production inputs determined by the competitiveness of the industry is described by the first production function. In the 'take off' phase, Kaçar, Curić, and Ikić (2016) developed a complex local model to be integrated with territorial innovation by incorporating environmental dimensions (see the second equation).

$$Y = f(L, C) \quad (1)$$

$$Y = f(I, LM, L, C) \quad (2)$$

Information about symbols: Y (production), L (labor), C (capital), I (innovation), and LM (local milieu).

The development process requires connectivity to achieve economic prosperity. It focused this alignment on if development can encapsulate welfare. From a broader perspective, Beckfield et al. (2015) defines welfare as the ability of a country to be present and play a role in solving problems such as housing, health, education, social insurance, subsidies or help to the poor, and other forms of social services. The state clearly plays a vital role in or mediator for the welfare of its population. We expect determinants in social and material influences to reduce disparities in the health and education sectors. These two sectors clearly closely related that relevant in supporting social security systems and guaranteeing a better economy, a higher system and power. (Djauhari, 2018). The increase in population is certainly more comparable through the addition of health and education facilities to minimize inequality (Beckfield, Sigrun, and Elyas, 2013; Bambra, 2005). From these two major theories, it can enrich coexist with the four research hypotheses related to model design, where:

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H1 and H4: There is a negative effect of economic inequality on economic growth and happiness.

Since Adam Smith argued that about 'social differences allow all people to live and without exception', it gave rise leading to a long debate about how to resolve inequality'. Both from a positive and a negative point of view side, there is a growing belief that social differences in a region; become an inseparable framework of inequality natural order between the rich and the poor. We expect those with high incomes to guarantee the livelihoods of the poor (Singh and Singh, 2020; Lepenies, 2016). The lengthy discussion of the disparities that arise

in GDP has divided the rich and the poor. They examined the permanent trend towards the distribution of income as one measure of well-being (such as GDP). According to Sen (1997) Raghupathi and Raghupathi (2020), GDP in micro scope (GDP per capita) is a central primary measure by dividing the total GDP against by the population in of a country. However, the average value may not have a systematic impact and leads to extreme values. The unequal distribution of income has become a longstanding controversy that has not been resolved and we sometimes doubt its explicit impact. Currently The fact now, there is a slope (slope) in the distribution of income. This is an opportunity for people who are struggling to achieve prosperity, but overall, they cannot avoid it as an actual threat (Raeskyesa, 2020).

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Various studies have investigated the relationship between economic inequality and happiness on a regional, national, and cross-border scale (eg Diener, Diener, and Diener, 1995 Irwansyah et al., 2022; Dunn, Gilbert, and Wilson, 2011; Berg and Veenhoven, 2010; Alesina, DiTella, and MacCulloch, 2004; Stevenson and Wolfers, 2008; Hagerty, 2000; Diener and Oishi, 2000; Helliwell and Huang, 2008). In conclusion, there is a negative correlation of these two components. Income inequality contributes significantly to happiness, where people demand public trust and justice. Happiness will decrease by itself, if followed by high income and vice versa, there will be a drastic increase if economic stability decreases (Oishi, Kesebir, and Diener, 2011). Here, household income continues to be boosted by additional employment opportunities.

*H2 and H5. There is a negative effect of an economic downturn on economic growth and happiness.*

An economic recession has the potential to eliminate job opportunities, result in lower wages and higher unemployment. At the same time, Economic opportunities for economic prosperity are likely to be lost and lower private investment diminishes, especially in and education costs. In the long run, this will last a long time (Sobotka, Skirbekk, and Philipov, 2011). In addition, the period of economic crisis occurred when the growth performance of the manufacturing sector slowed down, recovery is difficult as long as growth does not work and used for recovery capacity. Often, the long term gives results the damage, and it hinders or prevents a full recovery. For example, in 2008, when the world was rocked by the global financial crisis. Many people lost their jobs and production output (Ollivaud and Turner, 2014). From this problem, it provides many lessons about the importance of macroeconomic policies that are useful for assessing how much the loss is and how long it will last. Cycle recovery will be completed; if it is previously able to predict the amount of losses in the short and medium term, so that the risk can relatively resolved. Without a crisis, cross-economic structures will also not race to create creativity and innovation. The impact of the crisis requires intense evaluation, given the impossibility of factual knowledge to avoid difficulties. Policy change is a point that must be considered, especially other derivative affects.

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Academic attention to the impact of the economic crisis and happiness was also reviewed by Wesselbaun (2019) and Greve (2012), if an increase in happiness followed a high per capita income. However, it requires empirical evidence. In 2010, happiness levels in 15 European countries declined because of inequality after the financial crisis. In a broader context, from 106 countries that were empirically tested during 2006-2013 (financial crisis), they found that there was a strong correlation between happiness and income. Because of macroeconomic policy factors, cultural differences, and drivers such as gender inequality, they identified that happiness drives the business cycle. The next surprise is that happiness also increases income.

*H3 and H6. There is a positive effect of economic globalization on economic growth and happiness.*

In Turkey, in 3.5 decades (1980-2015), Kılıçarslan and Dumrul (2018) analyzed global changes and GDP growth. The global changes referred to applied transformation is interpreted with the globalization index (social, political, and economic). The fundamental difference concludes that the increase in the globalization index does not bring significant changes to GDP growth in Turkey and the result is negative. This is in contrast to countries in South Asia. Hasan (2019) actually reports that the overall impact of globalization speeded up GDP growth in the long term, from 1971 to 2014. Although in the short term, the effect is not significant, but it shows that the regression coefficients in each country to have strong stability currents. In their new circumstances, they have adopted globalization rapidly and are trying to find the right policy in their diplomatic relations with world developments. The various social, political, and economic characteristics also have implications for the elasticity of the domestic government's power to realize globalization.

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It has expanded the connectivity between global influence and happiness through a series of analyses have been expanded (Sajjad et al., 2019; Bran, Radulescu, and Ioan, 2015; Lin, Lahiri, and Hsu, 2017). Observing the impact of globalization on happiness in 145 countries proves that there is a contrasting spillover effect. There are negative and positive effects of these two relationships, where the endogeneity factor in happiness is inversely proportional to the inverse Kuznet 'U' curve. Welfare is low, has been detrimental to the poor. Technically, the poor are in a weak welfare structure. Beyond a certain threshold, it reduces inequality, but this does not last long. The inequality of happiness in developing countries is more than in developed countries, which implies that there is a non-linear effect between the two.

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Developed regions continue to maintain sustained GDP growth, but developing regions are tired of spurring gains. For more than a decade, the fundamental problem is motivation in revitalizing the need for resources for a

better life. The ~~source~~ articulation of happiness is not always in line straightforward with economic globalization. Many factors need to be assumed in realizing favorable conditions for all countries. The interesting fact is that especially developing countries have benefited from the lack of globalization because isolating it from global interests can reduce the potential for conflicts such as war.

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From the 125 countries suspected of having happiness above average happiness, they tested by considering aspects of globalization (such as entrepreneurship). The influence key is that of the sophistication of technology and information functions is more to produce new entrepreneurs, and the goal of happiness is a staple in the world's mission who encourage happiness. Those with higher globalization and happiness scores appeared to have a positive impact on economic globalization. Conventional growth measures such as GDP are not just the focus now, but expansion through global happiness and investment in the future.

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H7. There is a positive effect of economic growth on happiness.

The link between GDP and happiness is a new nuance. So far, researchers in various parts of the world are competing to discuss these two dimensions. Degutis, Urbonavičius, and Gaižutis (2010) try to relate revealed that GDP, which represents the state of well-being and individual life satisfaction in the European Union. For a decade (2000-2009), the country's additional capital accumulation (wealth) was tested with an aggregate of life satisfaction. The similarity of these two indicators uses a GDP per capita barometer. The trend of cross-country correlation through regression analysis confirms that there is a positive relationship between GDP and with life satisfaction. In the European Union, the expression of the strength of the two occurs in countries in Eastern Europe. Although the level of welfare in Western Europe is higher, the pressure on happiness is more aggressive than in Eastern Europe. This form of relationship is expected to be more sensitive grow, if life it apply satisfaction indicators with more are applied with a more accurate measures.

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Wijaya et al. (2021) highlighted the mechanism linking happiness and economic growth in Romania from 2013 to 2019. Through the specification of the model using path analysis, these findings support both hypotheses that there is a significant effect of economic growth on happiness. What is striking is that the welfare of the population, which is measured by the level of happiness, has been successfully developed in Romania.

### 3. RESEARCH METHOD

The research technique is a constructive foundation preference to support this paper aims. Figure 6 summarizes the three plots that are the most important part. The first step is collecting data, the second is data interpretation, and the elaboration of the findings is the third step.

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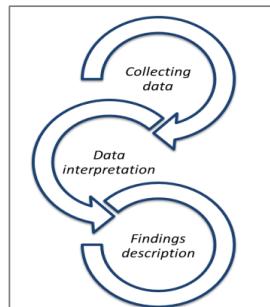


Figure no. 6 – Illustration in research stage

Source: author's creativity

For starters, we Our search started tracing the data through documented reports, report documentation or publications from official websites that record global economic developments. We get this secondary data from the Global Economy in 2021. It based the Data form of databased on time-series and cross-section data, which is an amalgamation of ASEAN-4 (Indonesia, Malaysia, Singapore, and Brunei Darussalam). We selected these These countries were selected based on the economic characteristics of strong economic stability and have greater influence than other countries in ASEAN. In addition, these four countries are also part of the United Nations and connected globally as an attachment to a broad economy have extensive partnerships in global economic connections.

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According to the research design, quantitative analysis formed data interpretation and was applied through Ordinary Least Square (OLS). The OLS method only focuses on pooled effects and fixed effects. Modification of



data from ASEAN-4 as a whole is 144 units. This number is a combination of three independent variables that function as explanatory variables and two dependent variables that **are aim as explanatory components in evaluated or explained by the independent variables in the components of a linear equation** (eg Zarkasyi, Kurniawan, and Darma, 2021; Johan, 2020). With a sample for 2015-2020, each variable has a coverage of 24 data units.

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Referring to Suparjo et al. (2021) and Ahmad et al. (2021), the consistency of the translation with the OLS technique is a systematic calculation of the intercept and constant coefficients for six periods planned into the following basic form:

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} \dots \mu_{it} \quad (3)$$

The basic function of the 3<sup>rd</sup> equation is standard, so it needs to be adjusted to the needs of the analysis into two structures with the 4<sup>th</sup> and 5<sup>th</sup> equation formulas.

$$GDP_{it} = \beta_0 + \beta_1 UEDI_{it} + \beta_2 EDI_{it} + \beta_3 EGI_{it} + \mu_{1it} \quad (4)$$

$$HI_{it} = \beta_0 + \beta_4 UEDI_{it} + \beta_5 EDI_{it} + \beta_6 EGI_{it} + \beta_7 GDP_{it} + \mu_{2it} \quad (5)$$

Information about symbols: (constant/intercept), GDP (Gross Domestic Product), HI (Happiness Index),  $\beta_{1,4}$ UEDI (slope coefficient of Uneven Economic Development Index),  $\beta_{2,5}$ EDI (slope coefficient of Economic Decline Index),  $\beta_{3,6}$ EGI (slope coefficient of the Economic Globalization Index),  $\mu_1$  (1<sup>st</sup> error),  $\mu_2$  (2<sup>nd</sup> error), and  $\mu_{it}$  (time-lag)

Interpretation of data on parameters in OLS focuses on three absolute requirements, including descriptive statistics, individual tests, simultaneous tests, and validity tests (Benitez et al., 2020). General guidelines in descriptive statistics show the range, mean, and standard deviation (SD) gain. Then, individual tests, simultaneous tests, and autocorrelation tests **are** interpreted through the T-test (partial), F-test, and D-W test. Meanwhile, the validity of secondary data can vary with the Kaiser Meyer Olkin-Measure of Sampling Adequacy (KMO-MSA), Bartlett's test, and Anti-image Correlation (Prasetyo and Sunawan, 2019; Chan and Idris, 2017). Data processing is supported by IBM-SPSS software.

#### 4. ANALYSIS AND DISCUSSION

The first instrument is an examination of observational data. Table 1 displays descriptive statistics on UEDI, EDI, EGI, GDP, and HAP with unique achievements. The units of account for UEDI, EDI, EGI, and HAP are indexes, while GDP is only in percentage terms (%).

In six periods, the six variables are equally inconsistent (up and down) in their growth. EGI has the largest range, and the smallest is HI. Similar to the previous results, EGI and GDP are different variables to get the mean, where GDP is the lowest and EGI is the **highestlargest**. In SD, EGI is the most dominant, while HI has the least contribution.

**Table no. 1 – Summary for descriptive statistics (obs = 144)**

Components	Range	Mean	SD	Remarks
UEDI	4.90	5.404	1.552	Fluctuation
EDI	4.40	3.283	1.142	Fluctuation
EGI	47.13	72.075	16.408	Fluctuation
GDP	11.40	2.284	3.368	Fluctuation
HI	1.82	5.907	0.562	Fluctuation

Source: calculation with IBM-SPSS

The next statistical escalation is validity. An assumption in the first stage is to review the distance comparison index involving partial correlation coefficients. The KMO value is close to 1 or over  $0.621 > 0.50$ , **then it is concluded that it meets the requirements because the variable pair has a large value for the sum of the squares of criteria in the correlation coefficients threshold**. As for the Barlett value, **it** also meets the standard parameters ( $0.000 < 0.05$ ). Then, the traditional measure to evaluate the overall suitability using the Chi-Square (**Hu and Bentley, 1999; McHugh, 2013; Vieira et al., 2013**), which is shown in Table 2, clarifies that there is no violation of this model.

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**Table no. 2 – 1<sup>st</sup> Confirmatory factor analysis (CFA)**

Part	Result	Criteria and reference	Decisions
KMO	0.621	>0.50 (Melati and Dharmmest, 2010)	Can be applied
Barlett's test of Sphericity	78.928	Approx. Chi-Square > 0.7 (Hair et al., 2010)	Good

Sig. 0.000 <0.05 (Salkind, 2010) Fulfilled

Source: calculation with IBM-SPSS

Table no. 3 – 2<sup>nd</sup> Confirmatory factor analysis (CFA)

Part	UEDI	EDI	EGI	GDP	HI	Criteria and reference	Decisions
UEDI	0.726 <sup>a</sup>	-0.051	0.301	0.184	-0.348	> 0.50	Feasible
EDI	-0.051	0.622 <sup>a</sup>	0.829	-0.598	-0.044	(Hauben,	Feasible
EGI	0.301	0.829	0.613 <sup>a</sup>	-0.356	-0.469	Hung, and	Feasible
GDP	0.184	-0.598	-0.356	0.284 <sup>a</sup>	-0.145	Hsieh, 2017)	Not feasible
HI	-0.348	-0.044	-0.469	-0.145	0.745 <sup>a</sup>		Feasible

Source: calculation with IBM-SPSS; Note: 'a' is Measures of Sampling Adequacy (MSA)

Table 3, which presents the Anti-image Correlation matrix, partially evaluates all components, if they are worth analyzing (Ardani, Utomo, and Rahmawati, 2021). Here, the interpretation in correlation is tested with Measures of Sampling Adequacy (MSA). Only four variables are eligible to be analyzed because the MSA is higher than 0.05. GDP is the only variable that is stated not on the right track, where MSA <0.05.

Table no. 4 – Effect of UEDI, EDI and EGI on GDP

Model	UEDI*	EDI*	EGI*	Criteria and reference	Decisions
Constant	-28.634			Negative/positive (Dhakal, 2018)	Fulfilled
T and Sig.	-0.649; 0.524	3.458; 0.002	2.487; 0.022	Negative/positive and p <0.05 (Hermawati and Handayani, 2018)	H1: accepted, H2: rejected, and H3: accepted
F and Sig.	4.623; 0.013			Negative/positive and p <0.05 (Achmad and Witastuti, 2018)	Effect simultaneously
R	0.640			Ideally is 0.40 – 0.59: moderate or 0.60 – 0.79: strong (Syahputra and Lubis, 2019)	Strong correlation
R <sup>2</sup>	0.410			0 – 1: very strong or very weak (Chicco, Warrens, and Jurman, 2021)	Variance at medium level
Durbin-Watson	1.459			4 – D-W <DL: negative autocorrelation or 4 – D-W > DL: negative autocorrelation (Chen, 2016)	There is no autocorrelation disorder
Obs.	144	144	144		

Source: calculation with IBM-SPSS; Note: \*Model-1

Table 4 highlights the 1<sup>st</sup> model on the effect of economic inequality (UEDI), economic downturn (EDI), and economic globalization (EGI) on economic growth (GDP), while Table 5 results from calculations between UEDI, EDI, EGI, and GDP; on happiness (HI) for the 2<sup>nd</sup> model. There is a moderate correlation in model-1 and model-2, in fact the relationship is very strong. As can be seen from the correlation (R) of these two structures. In other IBM-SPSS outputs, the results of D-W, which represent these two models, are also free from autocorrelation problems. There are striking similarities and differences, where the first model has a negative constant and in the second model, the constant value is actually positive. Simply put, some statisticians pay enough attention to the sign in the constant (positive or negative). According to Shryoek and Siegel (1976), Schneider, Hommel, and Blettner (2010), all changes in the independent variable in a certain period (Xi) are worth '0' and reflect the dependent variable (Y).

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**Table no. 5 – Effect of UEDI, EDI, EGI, and GDP on HI**

Model	UEDI**	EDI**	EGI**	GDP**	Criteria and reference	Decisions
Constant	2.664				Negative/positive (Dhakai, 2018)	Fulfilled
T and Sig.	1.620; 0.122	0.190; 0.851	2.316; 0.032	0.641; 0.529	Negative/positive and p < 0.05 (Hermawati and Handayani, 2018)	H4: rejected, H5: rejected, H6: accepted; and H7: accepted
F and Sig.	8.004; 0.001				Negative/positive and p < 0.05 (Achmad and Witiastuti, 2018)	Effect simultaneously
R	0.793				Ideally is 0.40 – 0.59: moderate or 0.60 – 0.79: strong (Syahputra and Lubis, 2019)	Strong correlation
R <sup>2</sup>	0.629				0 – 1: very strong or very weak (Chicco, Warrens, and Jurman, 2021)	Variance at high level
Durbin-Watson	1.804				4 – D-W < DL: negative autocorrelation or 4 – D-W > DL: negative autocorrelation (Chen, 2016)	There is no autocorrelation disorder
Obs.	144	144	144	144		

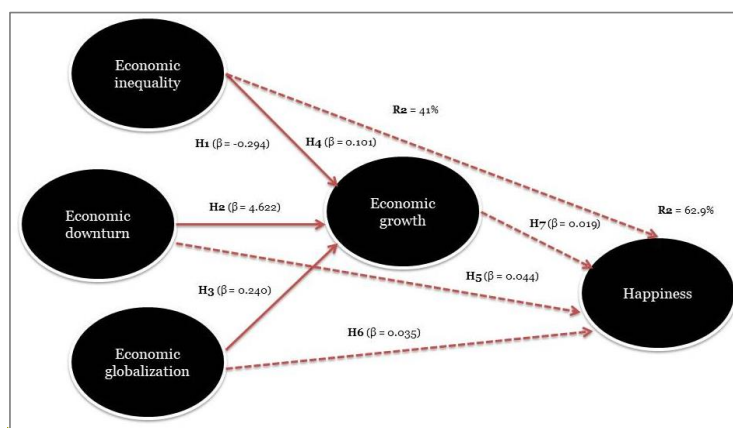
Source: calculation with IBM-SPSS; Note: \*\*Model-2

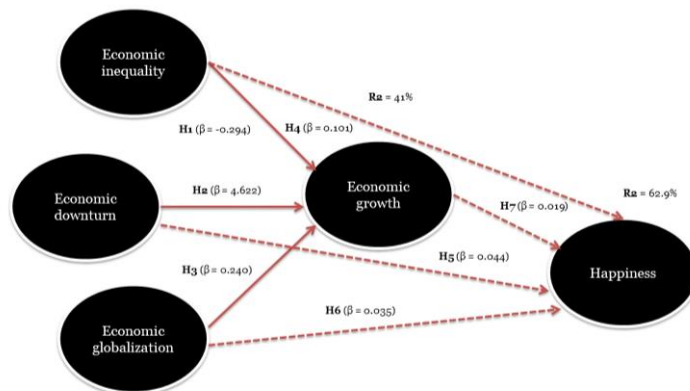
From the different loads, the partial power in the individual relationship of each variable and the overall simultaneous strength in the two models are very opposite. The scenario from the F-test for model-1 is that UEDI, EDI, and EGI together have a positive effect (F = 4.623) and in model-2, UEDI, EDI, and EGI simultaneously have a significant effect (F = 8.004). In the partial test, we prove that H1 has a negative effect on GDP (t = -0.649), while H2 and H3 have a positive effect on GDP (t = 3.458 and 2.487). At H4 (t = 1.620), H5 (0.190), H6 (2.316), and H7 (0.641) have had a negative impact on IR.

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**Figure no. 7 – Path coefficient**

Source: calculation with IBM-SPSS; Note: — structure-1 and - - - structure-2

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Tradition-In essence, the OLS approach contains how the relationship to link from one variable to another variable. In this study, Unstandardized Coefficients symbolize all relationships (see Figure 7). In terms of economic growth, the determination of the path of economic inequality, economic decline, and economic globalization on economic growth is 41%. There are still 59% factors outside the first structure. On the path linking economic inequality, economic downturn, economic globalization, and economic growth to happiness, the result was 62.9%. This figure is much higher than the first structure. Thus, the error value in the second structure is 37.1%.

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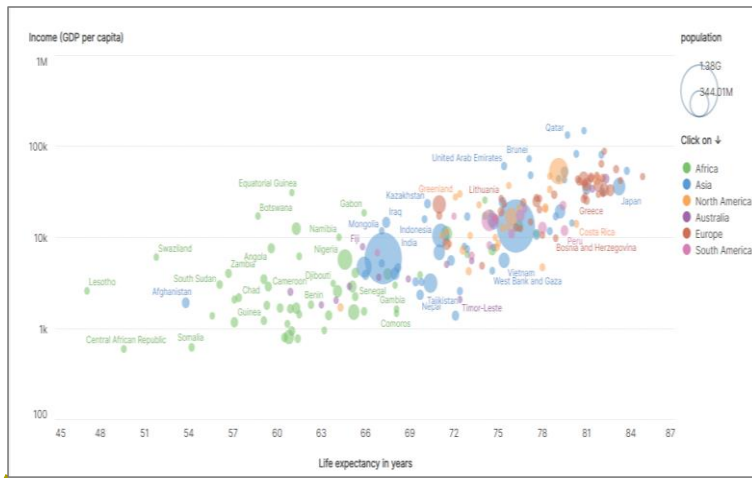
The Global Economy (2021) provides shares specific definitions of UEDI, EDI, EGI, GDP, and IR. First, the UEDI as an index that reviews inequality in economic development that includes the dimensions of inequality in the economy of a country. Regardless of the real economic performance, if the index value increases, it means that the economic inequality is the greater the economic inequality. Second, deep macro crisis, EDI shows an economic recession, for example financial investment in a country that is experiencing contraction EDI is an economic downturn in a country that considers macroeconomic elements. Progressive economic attention of the population's economy fully measured, referring to The emergence of a population economic slowdown is determined by the unemployment rate, Gross National Product (GNP), poverty, productivity, business failure, inflation, income per capita and debt. EDI also evaluates sudden declines in trade balance collapses, devaluations of national currencies, commodity prices, and foreign investment. The condition is that the smaller the indicator value, the lower the economic decline in a country. Third, EGI is a popular index used in reviewing the economic flows of a country and the world level through international investment and international trade. The EGI is also useful for looking at investment and trade restrictions (eg capital controls and tariffs on global investment). The variables that have been described are the basis for each dimension to be combined in an index that ranges from 0 to 100. Fourth, we consider GDP the most commonly applied indicator for forecasting and the economic intensity of a country broadly in percentage units. Economic growth rate (GDP) refers to the market price and the national currency against the USD constantly in 2010. GDP represents the amount of production, how much decreased, or increased. Fifth, IR is a new indicator to be an actual comparison between countries at a certain time trend. They collect data in IR-HI are compiled through annual surveys of bodies and reported around the worldwide, where respondents provide information regarding their quality of life. The HI scale ranges from 0 (not happy) to 10 (happy).

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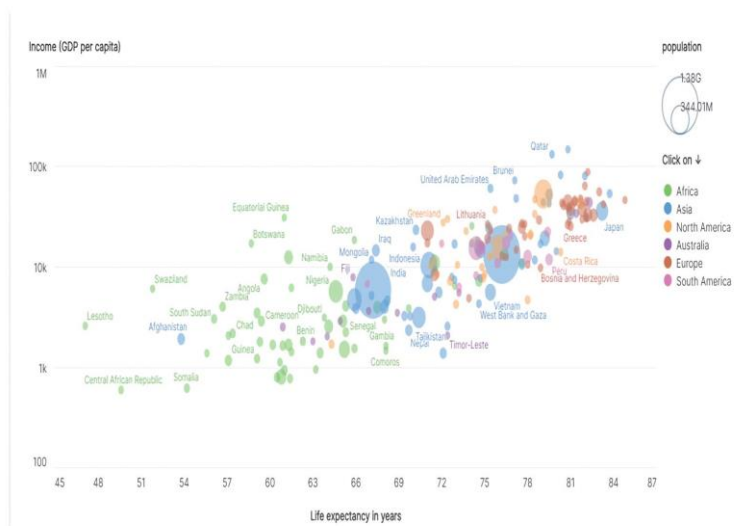
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Figure no. 8 – Life expectancy in the world of 2020  
Source: Scimago Graphica, 2021

The anticipation objectivity that must be considered is to control the forces that combine economic growth and happiness. This is inseparable from the carrying capacity and capacity of workers in productive age to bring out their ability to create creativity and innovation. The influence of the outside world is inevitable. Figure 8 explains how the level of life expectancy globally. When the life expectancy in Japan and Iceland is at the maximum level of 84–87 years with an income per capita income at an interval of ranging from USD 70,000 USD to USD 75,000 USD per year. Contradictively, but there are countries with the highest GDP per capita such as Qatar, but their life expectancy is still below Japan and Iceland. For additional information, countries in Africa (Somalia and the Republic of Central African), GDP per capita is not over 1,000 USD in 2020. Life expectancy in these two countries is only 49–54 years. Hunger, land grabbing, political turmoil, and it complicated civil war in the African region have become a complicated situations that has caused the problem of poverty to never end. Mongolia and Vietnam are two examples of countries where the welfare of the population is almost evenly distributed (lower-middle-upper). The life expectancy of both is equivalent to 67–78 years. They group life expectancy map is grouped into on six continents, including covering Africa, Asia, North America, Australia, Europe, and South America.

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The relationship between welfare and wealth is subjective, because it is a major issue in social science. Yu and Wang (2017) have found a complex relationship between happiness and income. The proof, money does not always give happiness and vice versa. When an individual's material wealth has been at its maximum, then it no longer encourages happiness (Easterlin, 1995; Liao and Wang, 2017). ~~They~~ This idea is often referred to as the 'Easterlin paradox', where wealth does not lead to happiness. Each individual has their own perception, and wealth does not influence satisfaction in their life. Spontaneous comparisons of themselves and others are not equal.

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Gudmundsdottir (2011) studied the effect of the economic crisis on happiness in Iceland. His findings concluded that the economic crisis was the reason for the decline in welfare. Despite an increase in income from 2007 to 2019 in Iceland, happiness ~~has been disrupted~~ compromised as variances in social relationships such as health and demographics have ~~been~~ detected to ~~decline~~ decrease with financial hardship. There is ~~a~~ limited shift from the economic crisis to happiness ~~is an economic factor~~.

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In ASEAN, GDP growth appears to have increased during the period 2012 to 2017. Economic globalization has positively affected GDP performance. Support for technology diffusion, productivity, domestic resources, and capital allocation have played a vital role in the ASEAN economy. Sardiyo and Dhasman (2019) illustrate that the effect of economic globalization ~~is~~ significantly related to GDP. Economic globalization has ~~been~~ well received by ASEAN members such as Vietnam, Malaysia, Cambodia, Singapore, Indonesia, Laos, the Philippines, Thailand, Myanmar, and Brunei Darussalam.

## 5. CONCLUSION

This paper aims to ~~analyze~~ understand the relationship between economic inequality, economic downturn, and economic globalization on economic growth and happiness in ASEAN-4 over six periods. ~~Through~~ Using the OLS, there are seven important explanations referring to the research objectives. Empirical evidence finds that the economic downturn and economic globalization have a positive effect on economic growth, while economic inequality has a negative effect on economic growth. Another interesting thing is that economic globalization and economic growth actually have a positive effect on happiness. Economic inequality and economic downturn have ~~had~~ a negative effect on happiness.

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The research output also concluded that of the seven hypotheses, four ~~are~~ accepted (H1, H3, H6, and H7) and four rejected (H2, H4, and H5). With a constant of -28.634, it ~~shows~~ represents that if UEDI, EDI, and EGI have no effect, then GDP will be worth -28.634. A constant value for positive HI shows that UEDI, EDI, EGI, and GDP have had an effect of 2.664. The individual contribution represented by the coefficient value ~~shows~~ represents that every 1% increase in EDI and EGI, ~~it~~ will increase GDP by 462.2% and 24%, respectively. GDP will fall by 29.4% if UEDI increases by 1%. Additional facts also reveal that with an additional 1%, IR increased rapidly by 10.1% through UEDI, 4.4% from EDI, 3.5% from EGI, and 1.9% from GDP.

## 6. LIMITATIONS AND FURTHER RESEARCH

Our paper examines only economic growth and happiness that is affected by economic inequality, economic downturn, and economic globalization. Therefore, there are limitations to investigations based solely on direct effects and a short observation period. Because of its short-term nature, it would be very interesting to study it in the long-term using a larger sample. Data interpretation with IBM-SPSS is only limited to pooled effects and fixed effects. ~~In a~~ future work ~~to implement~~ random effects through additional statistical program support ~~can be~~ implemented. Another shortcoming is that objectivity only covers ASEAN-4, even though there are other countries that are members of ASEAN, namely Laos, Cambodia, the Philippines, Thailand, Vietnam, and Myanmar. The investigation also applies the mediating effect to predict its effect indirectly. We expect the research ~~contribution~~ solution to provide continuity for the follow-up agenda through a broader consideration of methods and data.

~~Academic contributions are certainly relevant to this paper. Professional support can activate and move forward to clarify, design and manage sustainability-centric policies. Substantially, theoretical implications target, solve problems, committed, and relatively pick up the desire of the literature towards a more sustainable positive direction.~~

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