Title: Economic Globalization on Economic Growth

Wong Chuen Yin

- The development issue I am going to analyze is mainly focusing on the relationship between economic globalization lead to economic growth, which I will come up with the topics/arguments to analyze and try to answer this relationship. Topics such as, does economic globalization beneficial to developed countries more or developing/poor countries more? Does economic globalization contribute to economic growth and result in reduction of income gap(equality)? The term "Economic Globalization" I am saying can be viewed as the process of resulted in increased international trade, increased foreign direct investment, and increased in economies of scale. The freedom of international trade reallocates resources throughout globally, this will indirectly improve the efficiency of the application and bring benefits to country as a whole. Countries can increase economic growth through increased in foreign direct investment because by the expansion from new companies that bring in, it helps boosting technology transfer. The adoption of imported technology or know-how can accelerate the spread of new technologies among countries and production efficiency increases. With the expansion and deepening of the market, the increased in international trade and increase in foreign direct investment also meaning that economies of scale get beneficial. Overall, the question I am trying to answer is does globalization contribute to promoting economic growth.

How will you measure this in the data?

- To back up these saying, I will use the Solow Growth Model to interpret this. The aggregate production function associated with output is: $Y = A\ K_{\alpha}\ L_{\alpha-1}$ (1), and capital accumulation function is: $K_{t+1} = (1-\delta)Kt + I_t$, where Y: aggregate output, A:techenology level/efficiency of production, K: capital, L:labor, I: investment, and δ is depreciation rate for capital. As I mentioned above, the main points I want to study are:

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1) Foreign direct investment increases economic growth by the increased in technology transfer that lead to A↑ from equation (1), when A↑ => Y↑.

These are on the right track, but you are focusing on FDI more than globalization

2) Foreign direct investment increases growth by increasing capital investment (K), when K_t ↑ => K_{t+1} ↑ from equation (2)

But this doesn't impact growth in steady state

3) Freedom international trade bring introduction of advanced technologies and management experience => competition => improve efficiency and achieve economies of scale.

We can see both (1) and (2) have a positive impact to Y from the result of economic liberalization, but I want to study the levels of impact to Y between developed countries and developing countries. I expect to see that developing countries would have a higher growth ratio compare with developed countries because developing countries tend to have lower technological level (A) and lower capital (K).

This needs to be more clear

- According to Pam, Zahonogo. "Trade and economic growth in developing countries: Evidence from sub-Saharan Africa." Journal of African Trade 3, 2016. It studies the 42 SSA countries with a focus on sub-saharan Africa (SSA) that their economic growth by the effects of trade liberalization. By their empirical evidence shows that when a SSA country trade barriers are lower than trade threshold, then greater trade openness will have a beneficial effect on economic growth, when is higher than that, then the impact of trade on growth will decline. Overall, they conclude that SSA countries must have more effective trade liberalization, especially through effective control of import levels to promote their **economic growth through international trade**. To relate this study to my question, I think this would be a good example for my argument which freedom of international trade does have positive impact to promote growth. According to Goff, Maëlan Le, and Raju Jan Singh. "Does Trade Reduce Poverty? A View from Africa." Policy Research Working Papers, 2013, doi:10.1596/1813-9450-6327. This is another study on SSA countries but looking at the poverty impact by trade openness. It made assumption such that if poverty and relatively low incomes come from large numbers of workers, greater trade liberalization should lead to higher labor costs and reduced poverty. Finally, it found that trade openness tends to reduce the depth of the financial sector, the high levels of education and the poverty of powerful institutions.

According to Fetahi-Vehapi, Merale, et al. "Empirical Analysis of the Effects of Trade Openness on Economic Growth: An Evidence for South East European Countries." Procedia Economics and Finance, vol. 19, 2015, pp. 17–26., doi:10.1016/s2212-5671(15)00004-0. This study analyzes the impact of open trade on economic growth in southeast Europe (SEE). Growth rate is modeled as the sample countries depend on trade openness and a series of control variables, such as the initial level of **per capita income**, human capital, gross fixed capital formation, **foreign direct investment**, labor force and a series of trade openness interactive variables. The study results show that the positive impact of trade opening on economic growth depends on the initial per capita income and other explanatory variables. Trade liberalization is conducive to countries with a high level of **foreign direct investmen**t and a high total fixed capital formation. Relate the results to my assumption that trade liberalization (economic liberalization) does have a positive impact the lead to a more foreign direct investment and I will try to argue that increased in foreign direct investment will increase growth.

- Overall, my ideas and plan are to find out when a country has an economic liberalization feature, that lead to have freedom of international trade, that lead to a higher foreign direct investment and lead to growth. I will try to find out does this assumption has more positive impact on growth to developed countries or developing countries maybe by comparing equality or maybe just simply by looking at the GDP growth. To look for data, I found out a website called "Science Direct", and it has free download links for many scholarly articles related to economic. For data, "THE ATLAS OF ECONOMIC COMPLEXITY", "THE WORLD BANK", and "National Bureau of Economic Research" are some good sources.

You haven't discussed what variable will measure globalization

- Bibliography:

Pam, Zahonogo. "Trade and economic growth in developing countries: Evidence from sub-Saharan Africa." Journal of African Trade 3, 2016.

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