



YOUR LOGO

GLOBALIZATION AND DEVELOPMENT

EE463 Globalization and International Development
FACULTY OF ECONOMICS
THAMMASAT UNIVERSITY

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GLOBALIZATION is the



- integration of national economies into the global economy
- increasing interdependence of world economies

“Old” Globalization

- Through trade, military conquests and exploration expeditions
- Included non-economic aspects: integration of cultures, communications and politics



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Modern Globalization

- Accelerated trade and flow of goods, capital and services
- Improvements and innovations in information, transportation and communications technology



Link between globalization and economic development



- Countries develop → increasing needs which are sourced from other countries and vice versa; this will require transactions and increased interdependency and integration → globalization
- Globalization → creates a division of labor; some countries benefit more than others → creates opportunities and challenges for economic development

CASE STUDIES

- **Malaysia**
- **Ethiopia**
- **Ukraine**

Malaysia, 1970s

- 1970s: high unemployment, widespread poverty
- Relied on natural resources
- However, relatively good infrastructure
- English-speaking workforce
- Stable political environment



Malaysia, 1970s

- Benefitted from economic relocation
- Sound economic polices attracted foreign investments
- Rise in global demand for electronics
- Sustained growth for a long period of time



Malaysia, 2010s

Economic Performance

- GDP per capita: fourfold increase
- Mortality rate: 41 to 6 per thousand
- Life expectancy: up from 61 to 75 years
- Adult literacy: up from 58% to 92%
- Enrollment ratio: up from 83% to 103%
- Share of agriculture GDP: from 33% to 10%



Ethiopia, 1970-2010

- Stagnant growth, most people live on subsistence
- Limited urban and rural infrastructure
- Perennial drought and epidemic disease
- Economy liberalized in attract investment
- 2010 onwards: increased foreign investment



Ethiopia, 1970-2010

Economic performance

- Stagnant GDP per capita
- Mortality rate: 136 to 67 per 000
- Life expectancy: 43 to 56 years
- Adult literacy: around 33%
- Agriculture share of GDP decreased from 51%



Ukraine, 1970-2010

- 1970s: Ukraine was a part of the Union of Socialist Soviet republic (USSR)
- Good standard of living; housing, food, jobs
- Economy was not competitive, little foreign investment
- 1991: Break-up with the Soviet Union worsened standard of living
- Corruption and heavy debt burden; standard of living declined



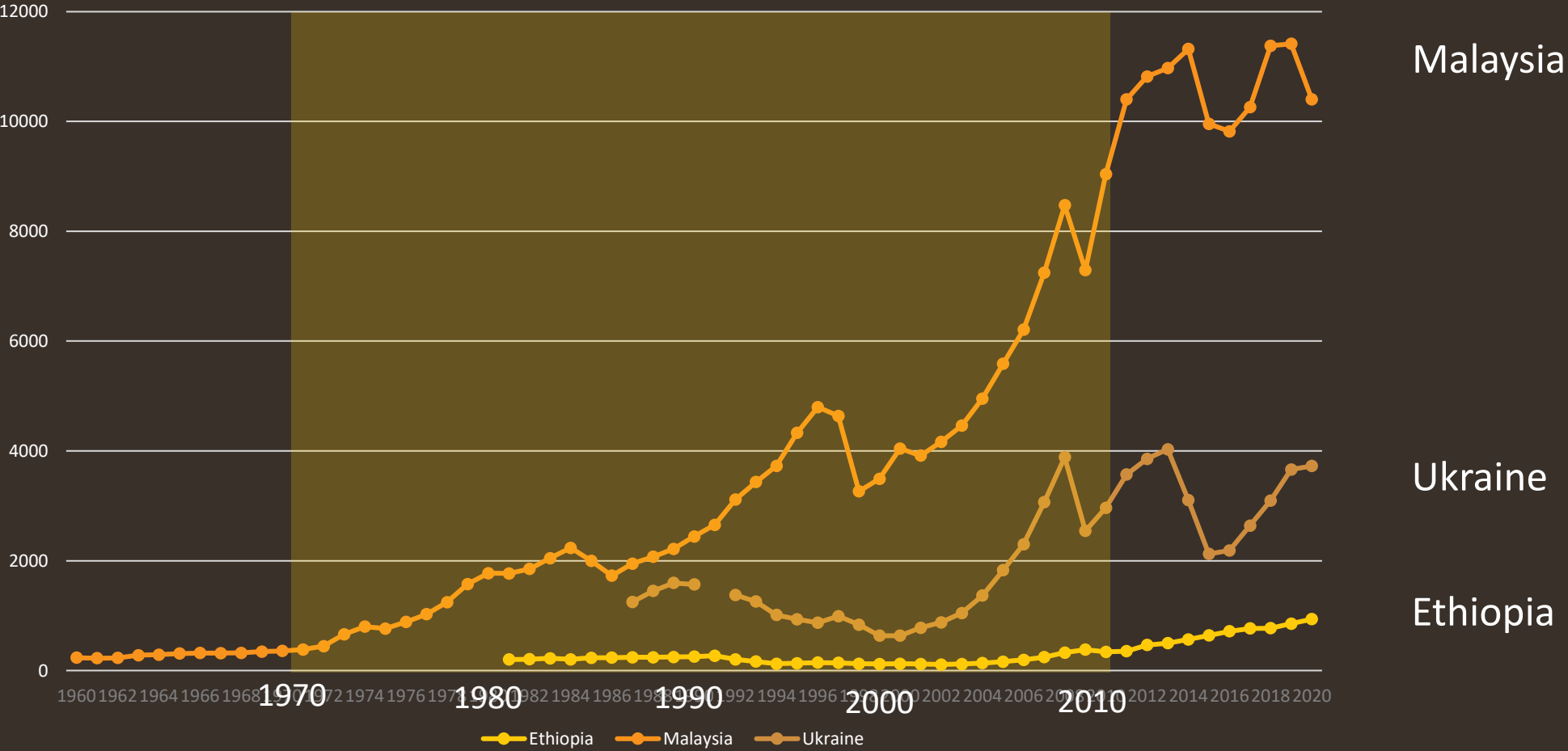
Ukraine, 1970-2010

Economic Performance

- GDP per capita decreased by 15%
- Mortality rate: decreased from 19 per thousand to 12 per thousand
- Life expectancy: relatively constant, 72 years
- Adult literacy: stable 90%



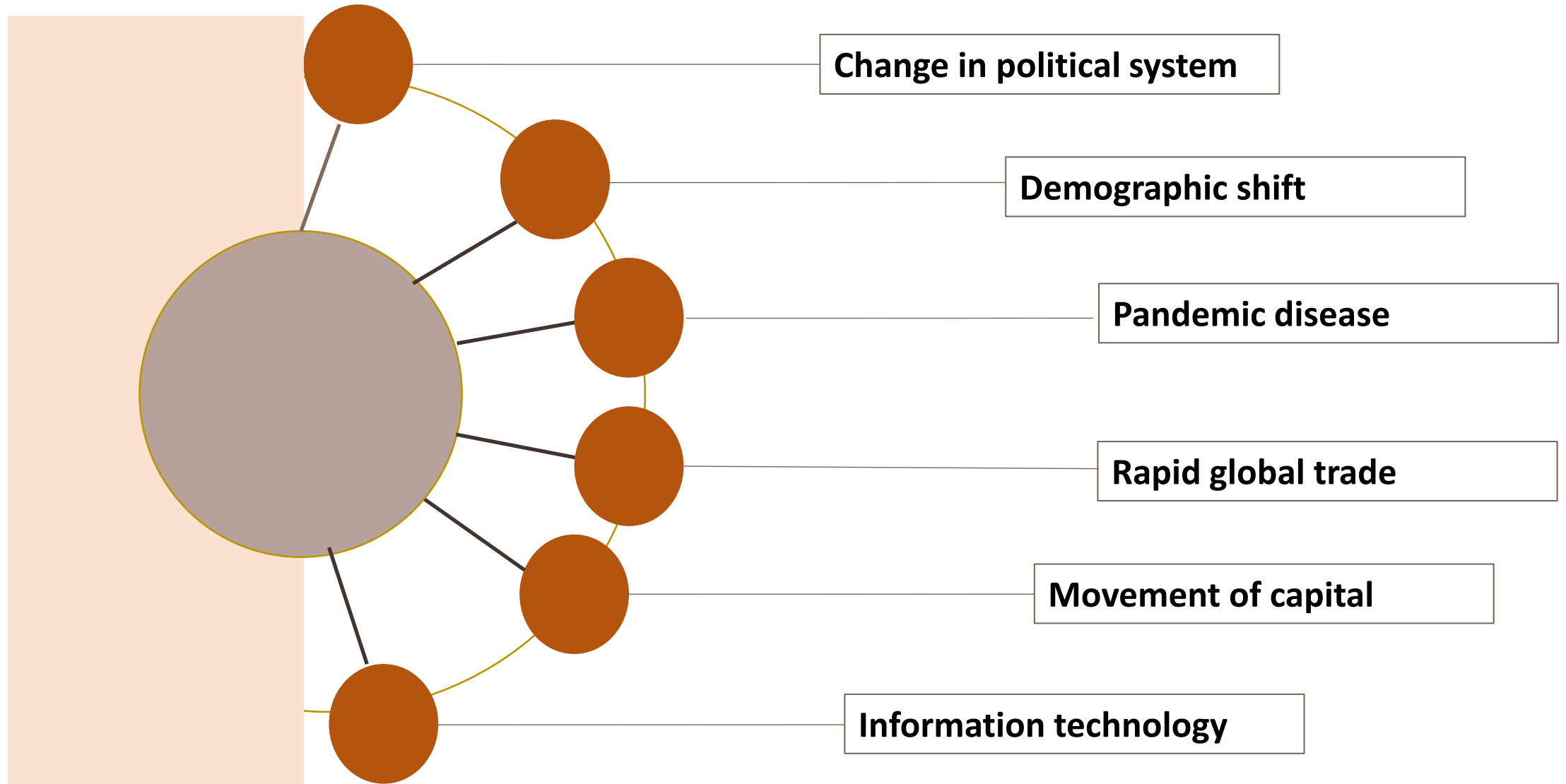
Comparisons in GDP per capita, 1960-2020



Why do countries develop, become stagnant or regress?



Development and change: key factors



Summary: what we have learned

- Globalization = integration and interdependence of world economies
- Economic development = economic growth + human dimension
- As witnessed during the past 50 years, countries grow, stagnate or regress; there are differences in development achievements
- Changes in economic development conditions happen because of one or several factors: political, demographic, disease, trade, movement of capital, and information technology

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