International Economics

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Economic Globalization

Bases for the Emergence of the Phenomenon of Economic Globalization

Advantages and Disadvantages of Globalization

Indexes of Globalization

What is globalization?

- Globalization is a process of interaction and integration among the people, companies, and governments of different nations, a process driven by international trade and investment and aided by information technology.

- The International Monetary Fund defined "**economic globalization**" as: "a historical process, the result of human and technological progress.
- It refers to the increasing integration of economies around the world, particularly through trade and financial flows.
- The term also refers to the movement of people (labour) and knowledge (technology) across international borders."

- Globalization is the integration of capital, technology, and information across national borders, in a way that is creating a single global market and, to some degree, a global village.

- This process has effects on the environment, on culture, on political systems, on economic development and prosperity, and on human physical well-being in societies around the world.

Bases for the emergence of the phenomenon of economic globalization

Bretton Woods Institutions and GATT

Trade Liberalization

Liberalization of Capital Movements

Technological Change Over the Past 100 Years

The Bretton Woods Conference (New Hampshire), 1-22 July 1944

- The United Nations Monetary and Financial Conference, 730 delegates from 44 Allied nations.
- Aim: to regulate the international monetary and financial order after World War II.
- The Bretton Woods system of exchange rate management.
- As a result of the conference the International Bank for Reconstruction and Development, the International Monetary Found, and General Agreement on Tariffs and Trade were set up.

Bretton Woods Institutions: International Monetary Fund (IMF)

- Three main objectives:

➢ to promote international monetary cooperation;

➢ to facilitate the expansion of international trade;

➢ to promote exchange rate stability.

World Bank (WB)

- Main objective initially was to assist in the reconstruction and development of damaged economies by facilitating the investment of capital for productive purposes.

- Responsible for providing finance and advice to countries for the purposes of economic development and poverty reduction, and for encouraging and safeguarding international investments.

World Bank (WB) - group of five international organizations

1. **International Bank for Reconstruction and Development (IBRD)** lends to governments of middle-income and creditworthy low-income countries
2. **International Development Association (IDA)** provides interest-free loans and grants to governments of the poorest countries
3. **International Finance Corporation (IFC)** helps developing countries to achieve growth by financing investment, mobilizing capital in international financial markets and providing advisory services to business and governments.
4. **Multilateral Investment Guarantee Agency (MIGA)** offers political risk insurance (guarantees) to investors and lenders.
5. **International Centre for the Settlement of Investment Disputes (ICSID)** provides international facilities for conciliation and arbitration of investment disputes.

International Monetary Fund	World Bank
• oversees the international monetary system	• seeks to promote the economic development of the world's poorer countries
• promotes exchange stability and orderly exchange relations among its member countries	• assists developing countries through long-term financing of development projects and programs
• assists all members – both industrial and developing countries – that find themselves in temporary balance of payments difficulties, by providing short- to medium-term credits	• provides to the poorest developing countries whose per capita GNP is less than $1,165 (2018) a year special financial assistance through the International Development Association (IDA)

International Monetary Fund	World Bank
• supplements the currency reserves of its members through the allocation of SDRs (special drawing rights)	• encourages private enterprises in developing countries through its affiliate, the International Finance Corporation (IFC)
• draws its financial resources principally from the quota subscriptions of its member countries	• acquires most of its financial resources by borrowing on the international bond market
• employs about 2,400 staff, 189 member countries	• has a staff of 9,000 from more than 170 member countries, 189 member countries

THE MAIN IMF PROGRAMMES

- The primary role of the IMF is providing short- and medium-term financial assistance to the members that have temporary problems with a balance-of-payments equilibrium.
- The resources for the IMF credits come from quota subscriptions paid by the members.

THE MAIN IMF PROGRAMMES

- Each member country pays the amount of money proportionate to its economic size that is measured by national income and trade volume.

- The size of quota is adjusted to the economic power of a country at intervals of 5 years.
- A 25% of quota is paid in SDRs (Special Drawing Rights) or in international currencies. The remaining 75% a country pays in its own currency.

THE MAIN IMF PROGRAMMES

- The quota determines the voting power of a country. In result the members of the Fund do not have an equal voice. The largest shareholders have big influences on the IMF’s decisions.
- In 2015 the major shareholders were United States (17.68 per cent of the total IMF quotas), Japan (6.56%), China (6.49), Germany (5.67%), United Kingdom (4.29%), France (4.29%), Italy (3.21%), India (2.79%), and Russia (2.75%).

THE MAIN IMF PROGRAMMES

- Stand-by Arrangement (SBA) – 1952
- Extended Fund Facility (EFF) – 1974
- Flexible Credit Line (FCL)
- Precautionary Credit Line (PCL)

- Structural Adjustment Facility (SAF) – 1986
- Enhanced Structural Adjustment Facility (ESAF) – 1987
- Poverty Reduction and Growth Facility (PRGF) – 1999

THE MAIN IMF PROGRAMMES

- **Stand-by Arrangement** is usually used by middle income and advanced countries.
- SBAs are on average available for a period of 1-2 years.
- Repayment under the programme is between 3¼ and 5 years after the borrowing.
- From 2009 normal limit is 200 per cent of quota for any 12-month period.

THE MAIN IMF PROGRAMMES

- **The Extended Fund Facility** provides assistance to countries that face medium-term balance of payments disequilibrium.
- Loans under this programme normally are approved for periods not exceeding three years and the repayment period is between 4½ to 10 years.
- **The Structural Adjustment Facility** (SAF) and the ESAF have similar characteristics but the second requires more rigorous conditions on economics policies.

THE MAIN IMF PROGRAMMES

- **Enhanced Structural Adjustment Facility** (ESAF)
- An eligible country could borrow up to a maximum of 140 per cent of its IMF quota under a three-year arrangement, although this limit could be increased under exceptional circumstances to a maximum of 185 per cent of quota.
- Loans under the ESAF carried an annual interest rate of 0.5 per cent, with repayments made semiannually, beginning 5½ years and ending 10 years after the disbursement.
- 80 low-income member countries were eligible for ESAF assistance

THE MAIN IMF PROGRAMMES

- **Poverty Reduction and Growth Facility** (PRGF) – to support poor countries in their poverty reduction programmes; to increase public expenditure pro-poor spending.

- Loans under the PRGF carry an annual interest rate of 0.5 percent, with repayments made semiannually, beginning 5½ years and ending 10 years after the disbursement.

- An eligible country may normally borrow up to a maximum of 280 percent of its IMF quota under a three-year arrangement, although this may be increased to 370 percent of quota in exceptional circumstances.

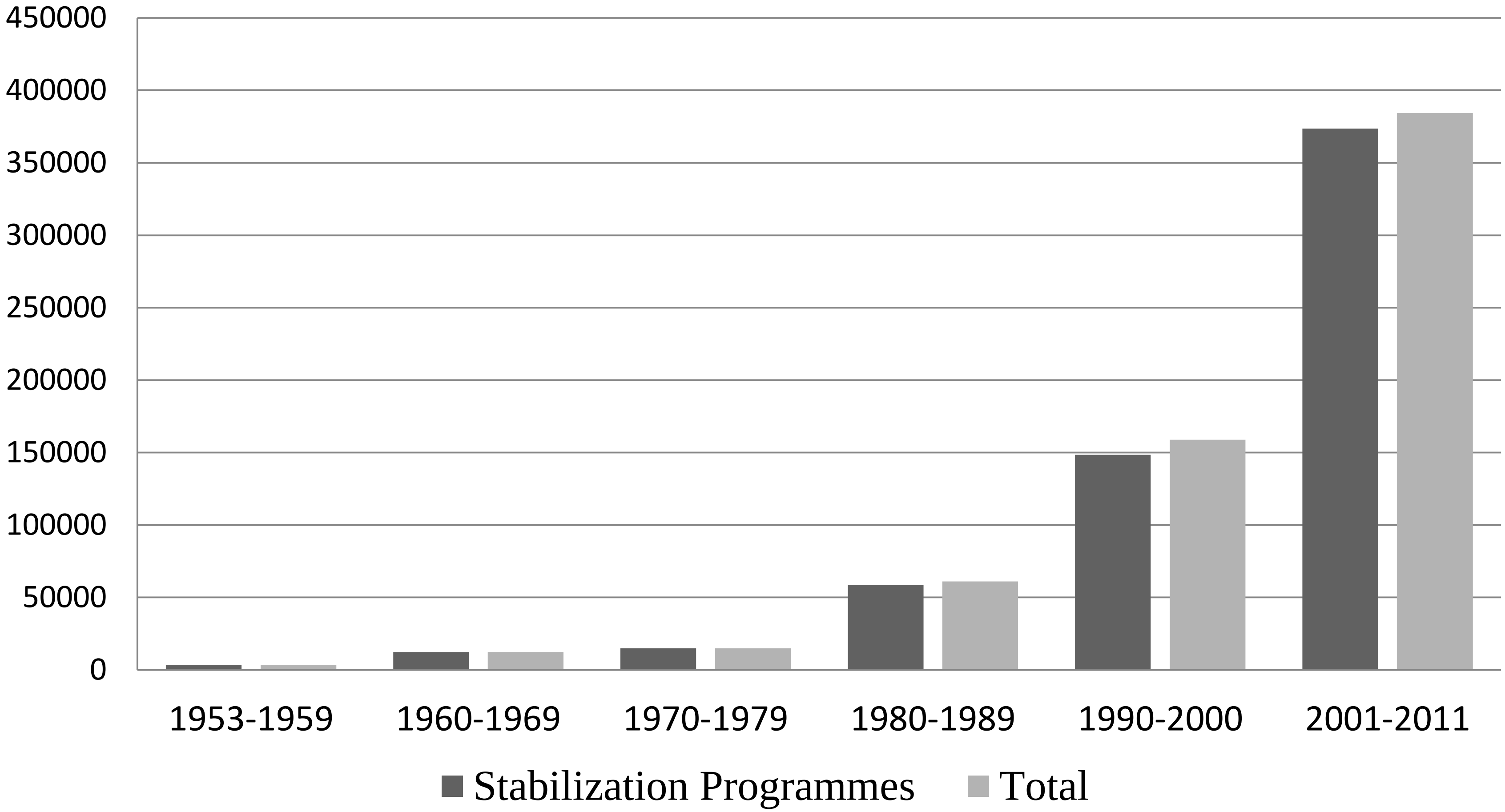
Number of IMF loan programmes approved during financial years ended April, 1953-2011

Period	Stabilization programmes				Structural programmes		Total
	SBA	EFF	FCL	PCL	SAF	ESAF/ PRGF	
1953-1959	43	0	0	0	0	0	43
1960-1964	91	0	0	0	0	0	91
1965-1969	131	0	0	0	0	0	131
1970-1974	82	0	0	0	0	0	82
1975-1979	83	7	0	0	0	0	90
1980-1984	**116**	26	0	0	0	0	**142**
1985-1989	90	3	0	0	29	7	129
1990-1994	**79**	12	0	0	8	27	126
1995-2000	72	24	0	0	1	59	**156**
2001-2005	41	3	0	0	0	51	95
2006-2011	39	6	7	1	0	56	109

An approval of IMF loan programmes, 1953-2011 (in millions of SDRs)

Period	Stabilization programmes				Structural programmes		Total
	SBA	EFF	FCL	PCL	SAF	ESAF/PRGF	
1953-1959	3469	0	0	0	0	0	3469
1960-1964	6148	0	0	0	0	0	6148
1965-1969	6218	0	0	0	0	0	6218
1970-1974	4913	0	0	0	0	0	4913
1975-1979	8051	1895	0	0	0	0	9946
1980-1984	20520	22692	0	0	0	0	43212
1985-1989	14117	1277	0	0	1455	955	17804
1990-1994	14974	14479	0	0	130	3309	32892
1995-2000	83250	35659	0	0	182	6961	126052
2001-2005	96836	785	0	0	0	5769	103390
2006-2011	102965	20156	152492	413	0	4920	280946

Values of IMF loan programmes, 1953-2011 (in million of SDRs)



The effect of IMF programs on economic growth

- There are different approaches to the measuring the effect of IMF loans on economic growth.
- **The before-after tests** – a comparing of economic growth that a given country experiences in three periods: before, during and after the programme participations.
- **The with-without tests** – a studying of the differences in output growth between countries participating and not participating in IMF programmes.
- **Regression-approach**

- The empirical evidence regarding the effect of the IMF programmes on economic growth is mixed.
- Some studies report no effect. For example the results of before-after tests of the change in growth are almost unanimous that the IMF programmes are not associated with any significant change in the growth rate, positive or negative.
- Other empirical studies show that growth declines at the beginning of participation in IMF loans and later the negative effects diminish.

- In the 1950s, opponents of tight monetary controls that was recommended by the IMF argued that these policies lead to a reduction of growth.
- In the 1980s some studies showed that IMF programmes have no negative consequences for economic growth [Vreeland, 2003].
- Statistically significant beneficial effect of IMF programmes on output growth during 1986-1991 was confirmed by Dicks-Mireaux, Mecagni and Schadler [2000].

- Bird [1994] claims that the IMF policy recommendation are generally inappropriate for developing countries where payments difficulties are caused by structural deficiencies.
- According to Przeworski and Vreeland [2000] programme participation lowers growth rates for as long as countries remain under programme.
- Once countries leave the programme, they grow faster than if they had remained, but not faster than they would have without participation. The same conclusions are repeated in Vreeland [2003].

- Barro and Lee [2005] in order to evaluate the impact of IMF loans on economic growth used political economy variables as instruments.
- The authors find that a greater IMF loan participation has a direct negative effect on economic growth.
- The more participation and larger loans also tend to decrease investment and have small negative effects on democracy and the rule of law.

- Why countries borrow money form the Fund although the participation in loan programmes is bad for their economic growth?
- The IMF lending may:

✓ lower real GDP but raise a country’s income,

✓ lower growth in the short run but raise it in the long run,

✓ be good for the governments and politicians who arrange the lending.

The General Agreement on Tariffs and Trade (GATT)

- The objectives of the GATT 1947 were to establish an orderly and transparent framework within which barriers to trade could be gradually reduced and international trade expanded.

- The principal mechanism for progress on trade liberalization within the GATT has been periodic multilateral negotiating rounds.

- The primary focus of the GATT rounds has been the promotion of multilateral tariff reductions, and the extension of the agreed reductions to all members.

GATT/WTO

- The GATT was a set of rules, a multilateral agreement, with no institutional foundation, only a small associated secretariat.

- The World Trade Organization (WTO) came into being in 1995. It is the successor to the GATT.

- The WTO is the international organization dealing with the global rules of trade between nations.

- The WTO has **164** (July 2016)members accounting for over 95% of world trade. Over 20 others are negotiating membership.

GATT/WTO – Observers (22)

- Algeria, Andorra, Azerbaijan, Bahamas, Belarus, Bhutan, Bosnia and Herzegovina, Comoros, Equatorial Guinea, Ethiopia, Vatican, Iran, Iraq, Lebanese Rep., Libya, Sao Tome and Principe, Serbia, Somalia, Sudan, Syria, Timor-Leste, Uzbekistan.

Principles of the WTO's trading system

1. Trade without discrimination
2. Freer trade: gradually, through negotiation
3. Predictability: through binding and transparency
4. Promoting fair competition
5. Encouraging development and economic reform

Principles of the WTO’s trading system

Trade without discrimination

- **Most-favoured-nation (MFN):** treating other countries equally. Countries cannot normally discriminate between their trade partners. If a country grants someone a special favour (such as a lower customs duty rate for one of their product) it has to do the same for all other GATT/WTO members.

- **National treatment policy**: treating foreigners and locals equally. Imported and locally produced goods should be treated equally - at least after the foreign goods have entered the market.

Principles of the WTO's trading system

Freer trade: gradually, through negotiation

- Trade barriers coming down through negotiation.

Predictability: through binding and transparency

- Foreign companies, investors and governments should be confident that trade barriers (including tariffs and non-tariff barriers) should not be raised arbitrarily; tariff rates and market-opening commitments are "bound" in the WTO.

Promoting fair competition

- Discouraging "unfair" practices such as export subsidies and dumping products at below cost to gain market share.

Principles of the WTO’s trading system
Encouraging development and economic reform

- The trading system should be more beneficial for less developed countries - giving them more time to adjust, greater flexibility, and special privileges.

- Decisions in WTO are typically taken by consensus among all member countries and they are ratified by members’ parliaments.

- Trade friction is channelled into the WTO’s dispute settlement process where the focus is on interpreting agreements and commitments, and how to ensure that countries’ trade policies conform with them.

Principal forum for trade liberalization

- Eight rounds of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT) have significantly decreased trade barriers.

- Successive GATT rounds cut tariffs and liberalized trade.

GATT/WTO Trade Rounds, 1947-2010

Name of round	Period and number of parties	Subjects and modalities
Geneva	1947 (23 countries)	Tariffs: item-by-item offer-request negotiations
Annecy	1949 (33 countries)	Tariffs: item-by-item offer-request negotiations
Torquay	1950-1951 (34 countries)	Tariffs: item-by-item offer-request negotiations
Geneva	1956 (22 countries)	Tariffs: item-by-item offer-request negotiations
Dillon Round	1961-62 (45 countries)	Tariffs: item-by-item offer-request negotiations motivated in part by need to rebalance concessions following creation of the EEC (European Economic Community)
Kennedy Round	1964-67 (48 countries)	Tariffs: formula approach (linear cut) and item-by-item talks. Non-tariff measures: antidumping, customs valuation

GATT/WTO Trade Rounds, 1947-2010

Name of round	Period and number of parties	Subjects and modalities
Tokyo Round	1973-79 (99 countries)	Tariffs: formula approach with exceptions Non-tariff measures: antidumping, customs valuation, subsidies and countervail, government procurement, import licence, product standards, safeguards, special and differential treatment of developing countries.
Uruguay Round	1986-94 (103 countries in 1986, 117 as of end -1993)	Tariffs: formula approach and item-by-item negotiations. Non-tariff measures: all issues, plus services, intellectual property, preshipment inspection, rules of origin, trade-related investment measures, dispute settlement, transparency and surveillance of trade policies.
Doha Round	2001- (150 countries as of beginning 2007)	Tariffs: formula approach and item-by-item negotiations. Non-tariff measures: trade facilitation, rules, services, environment.

- Whereas the volume of international commerce grew by only 0.5 percent annually between 1913 and 1948, it grew at an annual rate of 7 percent from 1948 to 1973.

- The value of world trade has increased from $57 billion in 1947 to $6 trillion in the 1990s.

- Average tariff levels of the United States and other industrialized countries on imported products have dropped from about 40 percent to only 6 percent, and barriers to trade in services have also been lowered.

International Capital Liberalization

- The 1960s and 1970s, when most countries still maintained restrictive regimes.
- Since its establishment in 1961, the Organization for Economic Cooperation and Development (OECD) has promoted the progressive liberalization of capital movements. The role of the United States in promoting capital liberalization. Member countries voluntarily enter into obligations to liberalize capital movements.
- Regular examinations of capital controls are carried out by the **Committee on Capital Movements and Invisible Transactions** (CMIT), which requires countries to justify remaining restrictions.
- **The OECD Investment Committee** (2004)

International Capital Liberalization

- In the 1980s, many advanced countries made significant progress in liberalizing capital movements. Virtually all capital controls have now been abolished among industrial countries, and there are no formal barriers to cross-border flows of capital.

- The liberalization of capital movements during the 1980s has been a global phenomenon in advanced countries.

- Throughout much of the 1990s, FDI outflows from the major industrialized countries to industrializing countries rose at approximately 15 percent annually. FDI flows among the industrialized countries themselves rose at about the same rate.

Technological progress

- Automobile revolution (1940-1979)
- Information technology revolution (1980-)
- The diffusion of technologies through capital investment.
- The rapid development of information technologies in recent years.
- Technological advances in communications and transportation have reduced costs and thus significantly encouraged trade expansion.

Forces driving globalization

- Developments in transportation
  - Improvements in transport technology has "shrunk" the world.
  - 19th century steam engine → 20th century jet engine.
  - Increasing mobility of goods and people.
  - Countries have built efficient and integrated transportation infrastructure (e.g. airports, seaports, railways, highways to facilitate movement).

Forces driving globalization

- Developments in communications

  - Internet has enabled consumers to access information instantly, conveniently and efficiently.
  - Internet has transferred the way people communicate, do business, obtain information and purchase goods and services.

Transport and Communications Cost (constant US$)

Dollar D., *Globalization, Poverty, and Inequality since 1980*, The World Bank Research Observer, Fall 2005, 20(2), p. 148.

Year	Sea freight (average ocean freight and port charges per ton)	Air transport (average cost per passenger mile)	Telephone call (average price for a 3-minute call between New York and London)
1930	60	0.68	245
1940	63	0.46	189
1950	34	0.30	53
1960	27	0.24	46
1970	27	0.16	32
1980	24	0.10	5
1990	29	0.11	3

History of Globalization

- The word "globalization" has been used by economists since 1980s.
- The concepts did not permeate popular consciousness until the later half of the 1990s.
- Various social scientists have tried to demonstrate continuity between contemporary trends of globalization and earlier periods.
- The first era of globalization (in the fullest sense) during the 19th century was the rapid growth of international trade between the European imperial powers, the European colonies, and the United States.
- After World War II, globalization was restarted and was driven by major advances in technology, which led to lower trading costs.

Waves of Globalization

- 1st wave: 1870-1914
  - Falling tariff barriers.
  - Improved transportation.
- 2nd wave: 1945-1980
  - Agreements to lower barriers again.
  - Rich country trade specialization.
  - Poor nations left behind.
- 3rd wave: 1980-present
  - Growth of emerging markets (**BASIC**, **BRICS**, **CIVETS** (Colombia, Indonesia, Vietnam, Egypt, Turkey, South Africa), **MINT** (Mexico, Indonesia, Nigeria, Turkey)).
  - International capital movements regain importance.
  - Less immigration, more foreign outsourcing.

Early stages of globalization

- An early form of globalized economics and culture existed during **the Hellenistic Age** (323 BCE-146 BCE). Trade was widespread during that period, and it is the first time the idea of a cosmopolitan culture (from Greek "Cosmopolis", meaning "world city") emerged.

- **The Silk Road -** The trade links between the Roman Empire, the Parthian Empire and the Han Dynasty.

- **The Age of Discovery -** brought a broad change in globalization, being the first period in which Eurasia and Africa engaged in substantial cultural, material and biologic exchange with the New World.

Attitudes toward globalization

Proponents of globalization

The World Economic Forum

The anti-globalization movement

100,000 protest in Seattle against the World Trade Organization Third Ministerial conference

The alter-globalization movement

The World Social Forum

The World Economic Forum (WEF)

- Non-profit organization best known for its annual meeting in Davos.
- WEF was founded in 1971 by Klaus Martin Schwab, a German-born business professor at the University of Geneva.
- WEF brings together top business leaders, international political leaders, selected intellectuals and journalists to discuss the most pressing issues facing the world, including health and the environment.

The World Economic Forum (WEF)

- WEF is funded by its 1000 member companies, the typical company being a global enterprise with more than five billion dollars in turnover.
- Annual meeting fee CHF 18,000. A basic annual membership fee CHF 42,500.
- Strategic Partners pay CHF 500,000 and they play an important role in the Forum’s initiatives.

The anti-globalization movement

- The anti-globalization movement is critical of the globalization of corporate capitalism.
- Anti-globalists stand in opposition to large multinational corporations, having unregulated political power and to the powers exercised through trade agreements and deregulated financial markets.
- The movement itself is heterogeneous and includes diverse, sometimes opposing, understandings of the globalization process, alternative visions, strategies and tactics.

The anti-globalization movement

- Main demonstrations: Seattle/N30 (November 30,1999), Genoa (July 18-22, 2001) – Group of Eight Summit protest,
- Washington, D.C., World Bank/IMF Meetings (Oct. 9-11, 2010; April 24-26, 2009; Oct. 18, 2007)

The alter-globalization movement

- The alter-globalization movement is a cooperative movement designed to protest the direction and perceived negative economic, political, social, cultural and ecological consequences of neoliberal globalization.

- The movement supports global cooperation and interaction, but opposes the negative effects of economic globalization feeling that it often works to the detriment of, or does not adequately promote, human values such as environmental and climate protection, economic justice, labour protection, protection of indigenous cultures and human rights.

- **Another world is possible**.

The World Social Forum (WSF)

- WSF is annual meeting held by members of the alter-globalization movement.
- The first WSF was held in Porto Alegre, Brazil (25-30 January 2001).
- The World Social Forum is not an organisation, not a united front platform, but “an open meeting place for reflective thinking, democratic debate of ideas, formulation of proposals, free exchange of experiences and inter-linking for effective action, by groups and movements of civil society that are opposed to neo-liberalism and to domination of the world by capital and any form of imperialism, and are committed to building a society centred on the human person.”

The World Social Forum (WSF)

- **WSF 2001**, January 20-30, Porto Alegre, Brazil 20,000 participants, 4,700 delegates from 117 countries.
- **WSF 2002**, January 31 – February 05, Porto Alegre, Brazil, 50,000 participants, 12.274 delegates representing 123 countries,
- **WSF 2003**, January 23-28, Porto Alegre, Brazil, about 20 thousand delegates from 123 countries,
- **WSF 2004**, January 16-21, Mumbai, India, 74.126 participants, representing 1,653 organizations from 117 countries.
- **WSF 2005,** January 26-31, Porto Alegre, Brazil, 155 thousand registered participants.
- **WSF 2006, polycentric -** it took place in a decentralized way in different places around the world. Bamako (Mali – Africa), between January 19 and 23, Caracas (Venezuela – America) and Karachi (Pakistan – Asia), between March 24 and 29.

The World Social Forum (WSF)

- **WSF 2007,** January 20-27, Nairobi, Kenya,
- **WSF 2008,** was not organized at a particular place, but globally, which means by thousands of autonomous local organizations, on or around January 26.
- **WSF 2009,** January 27- February 1, Belém, Brazil
- **WSF 2010,** all year round, events and activities throughout the world
- **WSF 2011,** February 06-11, Dakar, Senegal
- **WSF 2012**, January 24-29, Porto Alegre, Brazil,
- **WSF 2013**, March 26-30, Tunis, Tunisia,
- **WSF 2015**, March 23-28, Tunis, Tunisia,
- **WSF 2016**, August 9-14, Montreal, Canada

Advantages of globalization

- Productivity increases faster when countries produce according to comparative advantage.

- Global competition and cheap imports keep prices low and inflation at bay.

- An open economy encourages technological development and innovation with ideas from abroad.

Advantages of globalization

- Jobs in export industries pay more than those in import-competing industries.

- Free movement of capital gives the developing countries access to foreign investment and keeps interest rates low.

- Increased competition among nations – countries that are better able to offer incentives to investors will be more successful in attracting investment and markets.

Advantages of globalization

- Improvements in standards of living. As countries trade and open their doors to foreign investment, they earn more revenue. Free trade allows for a larger variety of foreign goods for the consumer to choose from.

- Increased awareness of foreign culture. Travel, the Internet, mass media (products of globalization) allow people to learn more about foreign culture.

- Environmental management. Sustainable development as the key to further growth. Sources of alternative energy.

Disadvantages of globalization

- Rules of the game are set by IMF, WTO and World Bank.
- Globalization creates financial instability and foreign liabilities.
- Erosion of traditional powers and policies of nation-states by global bureaucracies.
- Widening income gap between the rich and poor.
- Brain drain

Disadvantages of globalization

- Globalization is leading to a global monoculture (cultural, social, political and economic homogenization).

- Loss of local culture. Global (Western) brands dominate consumer markets in developing countries. Creation of homogenous culture across the world. Spread of pop culture.

- Environmental degradation: deforestation and related problems (soil erosion, extinction of flora and fauna, flooding), global warming.

KOF Index of Globalization

- The KOF Index of Globalization was introduced in 2002.
- KOF Swiss Economic Institute
- The overall index covers the economic, social and political dimensions of globalization.
- Economic globalization (37%), social globalization (39%), political globalization (25%).

KOF Index of Globalization – Economic Globalization

	Economic Globalization	Weights
Actual Flows (50%)	Trade (percent of GDP)	19%
	Foreign Direct Investment, flows (percent of GDP)	20%
	Foreign Direct Investment, stocks (percent of GDP)	24%
	Portfolio Investment (percent of GDP)	17%
	Income Payments to Foreign Nationals (percent of GDP)	20%
Restrictions (50%)	Hidden Import Barriers	22%
	Mean Tariff Rate	28%
	Taxes on International Trade (percent of current revenue)	27%
	Capital Account Restrictions	23%

KOF Index of Globalization – Social Globalization

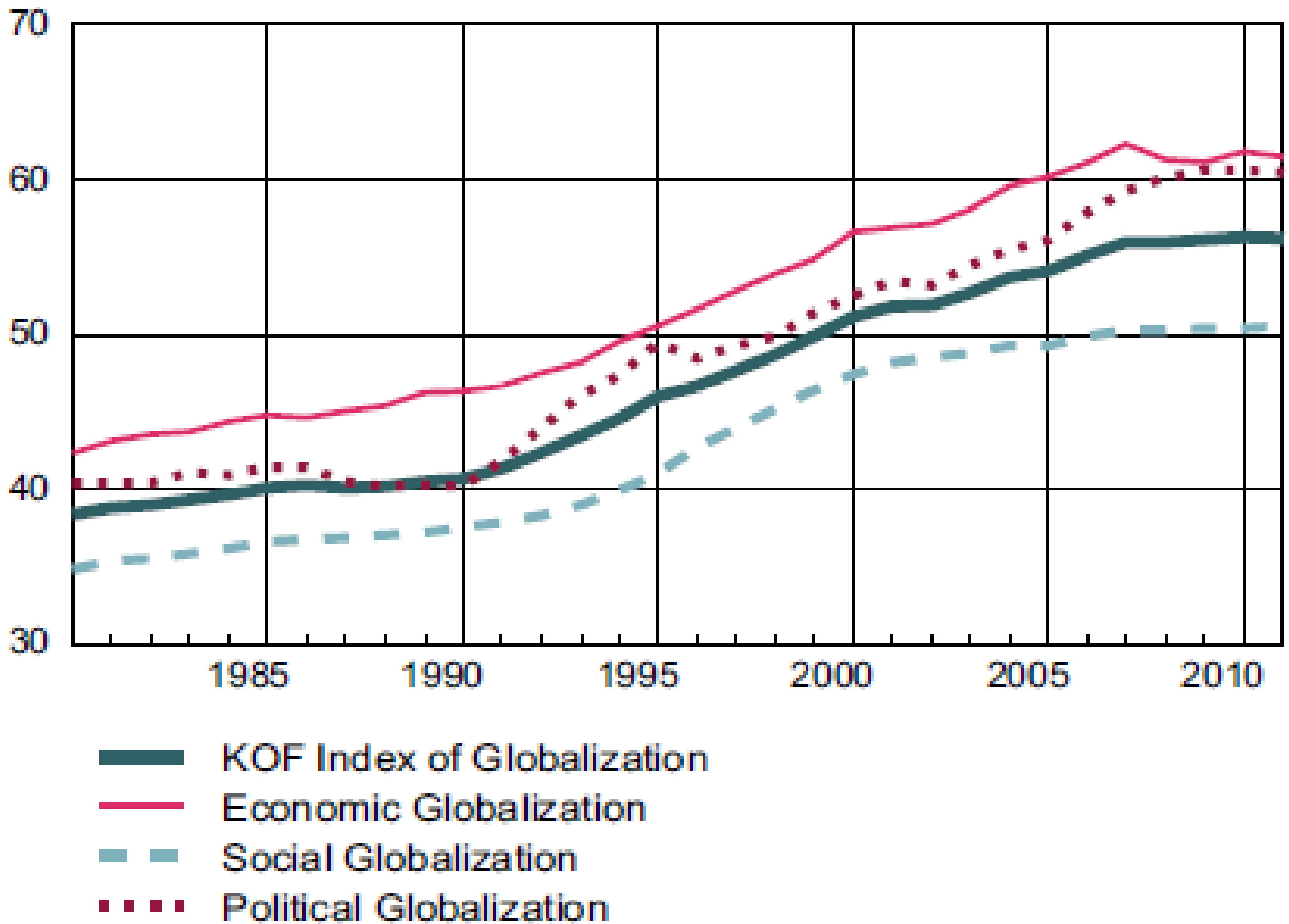
	Social Globalization	Weights
Data on Personal Contact (33%)	Telephone Traffic	26%
	Transfers (percent of GDP)	3%
	International Tourism	26%
	Foreign Population (percent of total population)	20%
	International letters (per capita)	25%
Data on Informational Flows (36%)	Internet Users (per 1000 people)	36%
	Television (per 1000 people)	36%
	Trade in Newspapers (percent of GDP)	28%
Data on Cultural Proximity (31%)	Number of McDonald's Restaurants (per capita)	43%
	Number of **I**ngvar **K**amprad **E**lmtaryd **A**gunnaryd (per capita)	44%
	Trade in books (percent of GDP)	12%

KOF Index of Globalization – Political Globalization

Political Globalization	Weights
Embassies in Country	25%
Membership in International Organizations	28%
Participation in U.N. Security Council Missions	22%
International Treaties	25%

KOF Index of Globalization – World

Source: http://globalization.kof.ethz.ch



2017 KOF Index of Globalization

Source: http://globalization.kof.ethz.ch

Rank	Country	Globalization Index
1	Netherlands	92.84
2	Ireland	92.15
3	Belgium	91.75
4	Austria	90.05
5	Switzerland	88.79
6	Denmark	88.37
7	Sweden	87.96
8	United Kingdom	87.26
9	France	87.19
10	Hungary	86.55

2017 KOF Index of Globalization

Source: http://globalization.kof.ethz.ch

Rank	Country	KOF Index	Rank	Country	KOF Index
183	**Afghanistan**	32.17	**23**	**Italy**	82.19
90	**Azerbaijan**	56.22	**25**	**Poland**	81.32
161	**Bangladesh**	40.82	**17**	**Spain**	84.56
71	**China**	62.02	**45**	**Ukraine**	70.24
16	**Germany**	84.57	**27**	**The US**	79.73
107	**India**	52.38			

2017 KOF Index of Globalization: Economic Globalization, Social Globalization, Political Globalization

Source: http://globalization.kof.ethz.ch

Rank	Economic Globalization	Social Globalization	Political Globalization
1	Singapore	Singapore	France
2	Ireland	Switzerland	Italy
3	Luxembourg	Ireland	Belgium
4	Netherlands	Netherlands	Sweden
5	Malta	Austria	Netherlands
6	Belgium	Belgium	Spain
7	Hungary	Puerto Rico	Austria
8	United Arab Emirates	Canada	United Kingdom
9	Mauritius	Denmark	Brazil
10	Estonia	Cyprus	Switzerland
	Poland (39)	Poland (27)	Poland (33)