

# Globalization Among Nations: An Empirical Study

**Manin Keo**

**Faculty Sponsor: Dr. Andrew Ziegler, Jr.**  
Department of Political Science

## **Abstract**

This empirical study of aggregate data examines what nations are more likely to be part of the world community. The benefits and disadvantages of globalization are also discussed.

The major findings are that countries that are more likely to be globalized are countries with smaller populations, European countries, countries with less cultural conflict, countries with a democratic type of government, and countries with less free trade restriction. Globalization has brought prosperity to the world, for example, an increase in wealth as measured by GDP per capita, and globalization has encouraged more countries to export their technology products.

Policymakers and others can use this research to understand what causes countries to be more globalized and advanced than others. In addition, if countries want to be more globalized to increase in their citizens' wealth, they can decrease free trade restrictions, encourage more foreign direct investment, or change from an autocratic to democratic type of government.

## **Introduction**

In the last century, globalization has had an important influence on international politics as well as the international economy. In terms of global politics, the establishment of the United Nations, the European Union, the World Bank, the International Monetary Fund, and the World Health Organization has had tremendous effects on the world. Looking toward the global economy, globalization has been contributing to the world's growing economy as well as to its shortcomings. Big name corporations such as Samsung and Hyundai have adopted offshore business strategies, moving their manufacturing to developing countries. The offshore strategy decreases the employment rate in developing countries, but raises a question about loyalty between corporations and their employees. Globalization also has an effect on social life and society in every corner of the world. Through globalization, people are able to

move around from society to society and country to country to find jobs that will improve their living conditions. As a result, there are exchanges of culture, ideas, food, and religions spreading throughout the world. These exchanges also create some disadvantages. For example, some political reactionaries or extremists use religious appeals to manipulate and mobilize innocent people for their own political power gain.

Policymakers must seek to understand not only the benefits and disadvantages of globalization but also what demographic, political, and geographic factors correlate to a high or low degree of globalization from country to country. Empirical analysis presented in this paper shows that globalization is affected by certain variables. Countries that have a smaller population, less cultural conflict, less free trade restriction, or a more democratic government, and those that are located in Europe are more likely to be globalized. These factors create higher political, social, and economic interaction; the result is globalization. Furthermore, the data analysis demonstrates that globalization can be beneficial, as higher globalization correlates with an increase in GDP and technology exports.

This empirical research cannot give a comprehensive answer to the complex question of how globalization helps or harms people. Therefore, a literature review discusses the many advantages and disadvantages of globalization.

The empirical portion of this research employs the global file of Microcase, enabling the researcher to look at a variety of data sources.

## **Literature Review**

According to Held and McGrew (2002), globalization is not a new phenomenon. It has been around since the nineteenth century. The authors state that supporters of globalization take pride in how it promotes the growth of the world economy, financial markets, and expansion of communication. Quinlivan and Davies (2003) also think the improvement of welfare in the world is a direct result of globalization and is mainly based on free trade. They suggest that developing countries need to follow the example of developed countries to improve the welfare of their people.

Although globalization is controversial, some scholars think that globalization has brought many benefits to modern society. However, some scholars criticize globalization's effect on society. This literature review presents two schools of thought. One school of thought sees advantages to globalization, and the other sees the disadvantages of globalization.

### **Advantages of Globalization**

Globalization is the main driver of economic growth because it enables free trade around the world (Went 2003). Everyone can share the common wealth so it is not concentrated in one place. Globalization helps create more jobs, especially for developing countries, because it expands cross-border trade and commerce. The power of globalization helps reduce military confrontation between states. In the 21<sup>st</sup> century, states use economic sanctions instead of military forces (Went 2003).

In addition to economic growth, globalization has created opportunities for people to conduct their commerce in a decentralized manner (Taylor 2002).

Globalization does not entail the arrival of world government; instead, decisions concerning goods and services, what to produce and in what quantity, are dependent on market decisions. Globalization enables people to enjoy similar products and services by paying similar prices. Globalization is not a medicine given by god to heal all the world's problems, but at least it has helped make many lives better (Taylor 2002).

Storey (1994) asserts that immigration rights should be as important as establishing inter-governmental organization. Building on the work of Went (2003), who focuses on how globalization has expanded across borders with the movement of people, Storey (1994) proposes that, since people move around all the time, governments need to make sure that they protect both illegal and legal immigrants.

Moreover, globalization has changed the structure of government. Currently, the world is more peaceful because some countries, such as those in South America or southeast Asia, have abandoned authoritarian types of government. According to Fukuyama (2012), liberal democracy will be the ultimate ideology because it corresponds with socioeconomic structure. As globalization has contributed to economic growth, the number of middle class workers has risen. The middle class is important for democracy. Those in the middle class do not care so much about democracy because they are only pursuing their self-interest by trying to protect their rights and their property. Thus, they focus more on their lives than on politics, and rebellion or insurgency is less likely to occur. Moreover, democratic countries tend not to go to war against each other, reducing the incidence of war.

Micklethwait and Wooldridge (2003) are also in favor of what globalization has brought to the world. The authors focus mainly on technology and what it has offered the world, such as the freedom of spreading news. The authors argue that, while some people do not like globalization and cannot compete in a global economy, there are far more people who benefit from globalization than those who do not. The authors point out that those who live in “far-flung-and suffering” places but are able to use a computer, Internet, cell phone, and social media can do so because of globalization. They maintain that globalization does not eliminate jobs, but instead changes the form of jobs; even if there is a loss of manufacturing jobs, for example in America, those jobs are being replaced by service jobs that are better paid. Moreover, the authors argue that globalization does not erase the local culture, but instead makes it better. The authors think that governments are to be blamed for making poor policy decisions, not globalization itself (Micklethwait & Wooldridge, 2003).

### **Disadvantages of Globalization**

Some scholars do not agree that globalization has a good effect on the world's economy. According to Manh (2006), globalization is creating a new world order. Countries do not have equal ability to compete with each other. Because of the economic opportunities that globalization offers, some countries—mostly developing countries—have lost their power and resources by trying to obtain wealth from developed countries. For this reason, the author argues, countries should not erode their autonomy or dissolve themselves by joining in international economics.

In contrast to Went (2003), who emphasizes the benefits of cross-border movement, Rosewarne (2001) points out that globalization is not an orderly process. The movement of people spreads out unevenly. People mostly move to North

America, Europe, and East Asia where the wealth is concentrated. Because they are competing for wealth in the same region, the hosting countries are burdened. In a similar argument, Andreas (1999) thinks that the increase in cross-border movement has created problems in the world. In trying to control the movement of people, governments impose increased regulations and restrictions on border control. While globalization allows everyone to move around the world, drugs, illegal immigrants, and trafficked humans move with them. In the wake of NAFTA, the United States of America has become stricter with regulation of illegal immigrants and the smuggling of drugs into and out of the country.

Naidu (1998) offers a solution to the problems of globalization, arguing that the world needs fewer efforts to globalize. He thinks that, if broad economic globalization is creating many problems in our world society, maybe people need to revert to old indigenous social structures with small scale, self-sustaining economies. In short, everyone should mind their own business and reduce trading activities.

Goldin (2013) agrees that globalization has made the world more interconnected. Nations are more dependent on each other than ever. However, he admits that there are some failures of globalization. Global governance institutions are failing to do their jobs. International organizations such as the United Nations, World Bank, and International Monetary Fund were created after World War II, but now lack the ability to deal with 21<sup>st</sup> century issues, suggesting a need to re-organize the structure of these organizations. Moreover, the current pattern of exploitation of resources dates back to the period of imperialism. In international politics where there is no central government, everyone is trying to consume and benefit from common goods, and they have no incentive to preserve those common goods. Cybercrime presents another challenge to international cooperation. It is difficult to combat cybercrime as some countries, mostly developing countries, do not have any law to punish hackers who try to steal information from developed countries. Reflecting on these problems, Goldin (2013) suggests measures to fix the failure of global governance. He suggests that global governments need to communicate more and take their domestic issues to the global level since the world has become more interconnected. When tackling global issues, every country in the world must be included. Developed countries need to include developing countries as well as countries with struggling economies. No countries should be left out.

The failure of world governance does not always mean that a government cannot do its job. Complex factors contribute to the cooperation of governments in international politics. Robert Axelrod and Robert O. Keohane (1985) explain that world government must take certain factors into consideration when making decisions concerning global politics. Those factors are mutuality of interest (pay-off structure), the shadow of the future, and the number of players. Axelrod and Keohane (1985) observe that governments look for the outcome before they decide to cooperate with one another. Axelrod has gone on to explain cooperation among governments in depth in his book *The Evolution of Cooperation* (1984). Axelrod agrees with Thomas Hobbes that humans are selfish. According to Hobbes, today's world is anarchic; the central governing authority that Hobbes expected does not exist. Because there is no central authority, Axelrod argues, governments must cooperate in order to get anything done. Axelrod (1984) also mentions the security dilemma: When cooperating, governments

do not trust each other, so they increase their own security while making their partner insecure; then their partner needs to increase its own security, such as by strengthening its military forces, and the competition for superior security escalates.

## **Conclusion**

Scholars hold varying points of view concerning globalization. The authors who favor globalization focus their arguments mainly on economic prosperity and the expansion of cross-border movement and trade. The ability to move from one place to another is one factor contributing to the growth of the world economy as countries exchange laborers, in other words, human capital. Furthermore, people, mostly in poor developing countries, are able to enjoy technological advances because of globalization.

However, authors who are not in favor of globalization argue that, with globalization, uneven human migration has produced problems, with population tending to concentrate heavily in developed nations. Moreover, globalization has created an anarchical type of governance in international politics that impedes constructive collective action between governments. On top of these issues, globalization has created a cyber-security problem that world governance has yet to find solutions to.

## **Methodology**

In this section, the researcher seeks to answer, through empirical research, the following questions: What nations are more likely to be part of the global community, and what are the benefits and disadvantages of globalization? Identifying and analyzing dependent and independent variables, this empirical study examines quantitative data from the global file of Microcase (Le Roy 2013). Global file is composed of aggregate public records data with 172 cases from various sources.

Globalization is the causal or independent variable in some respects and the dependent variable in other respects. To study which countries are more likely to be globalized, globalization is treated as the dependent variable, and the independent variables that may cause or promote globalization are population size, geographic region, cultural conflict, type of government, and free trade restriction. To study the benefits and disadvantages of globalization, globalization is the causal or independent variable, and the variables affected by it are prosperity and technology export.

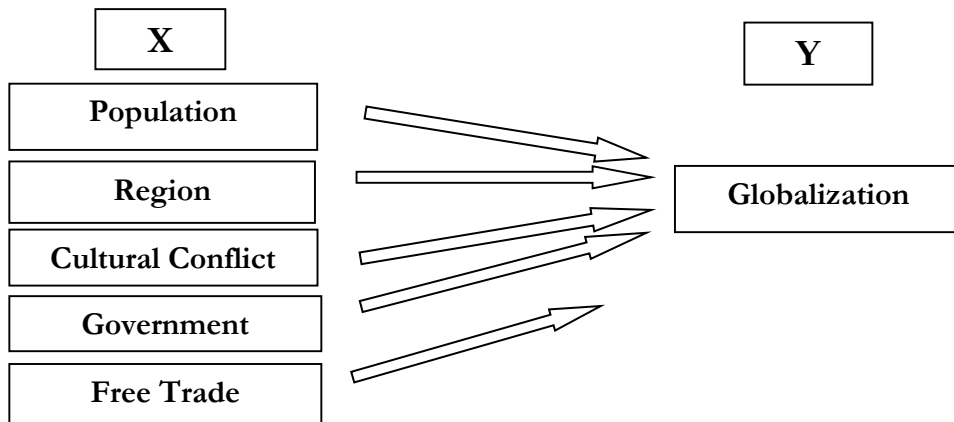
## **Concepts and Variables**

### What nations are more likely to be part of the global community?

When studying globalization as a dependent variable, globalization variable #272 GLOBAL will be used. This variable is from A.T. Kearney (2005) and was chosen because it is a combination of other global variables, such as measurements of overall average levels of economic, political, social, and technological engagement across nation states. This is ratio data and has a range from 0 to 60. While not a perfect variable, it serves the purpose of measuring globalization.

When studying globalization as an effect, as a dependent variable, the independent variables are the following:

1. (12) Population: This data is a measure of population of each nation. It has a range from 260 to 1,315,850, and it is ratio data.
2. (347) Region 2: This categorizes countries into geographical regions: Africa, Middle East, Asia/Pacific, Western Hemisphere, and Europe. It is nominal data.
3. (345) Cultural Conflict: This data is a measurement of cultural conflict. It categorizes countries according to degree of cultural conflict, political unrest, violence, and warfare. It is ordinal data.
4. (332) Government: This data categorizes countries into old democracy, transition, one party, and autocratic. It is ordinal data.
5. (275) Free Trade: This variable refers to trade regulation and restriction. It ranks countries from 1 to 5, with 1 signifying countries that have the least free trade restriction and 5 signifying countries that have the most free trade restriction. This variable is an ordinal variable.



**Figure A1. Globalization acts as dependent variable.**

Figure A1 illustrates globalization as a dependent variable (Y). The independent variables (X) such as population, region, cultural conflict, government, and free trade restriction are proposed as causal factors affecting degree of globalization. The independent variables will demonstrate why some nations are more or less active in international relations.

What are the benefits and disadvantages of globalization?

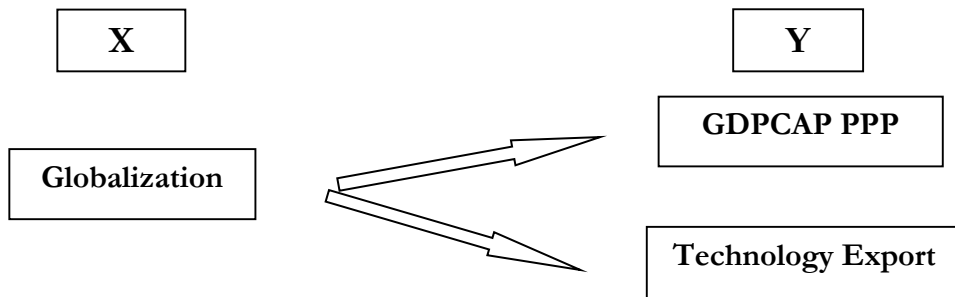
Globalization has advantages and disadvantages. For this part of the enquiry, globalization is an independent variable. Thus, the dependent variables are the following:

6. (138) GDPCAP PPP: This variable is a measurement of GDP of each country as one of the factors to determine the wealth of a nation. The

range for GDPCAP PPP is from 910 to 35,740. This variable is a ratio variable.

7. (164) Technology Export: This variable measures the exportation of technology products. It has a range from 0 to 80, and it is a ratio data.

Figure A2 illustrates globalization as an independent variable (X) that produces advantages and disadvantages. The dependent variables (Y) that demonstrate the advantages and disadvantages of globalization are gross domestic product per capita and technology export.



**Figure A2. Globalization acts as independent variable.**

### **Hypotheses**

The first five hypotheses treat globalization as a dependent variable.

Hypothesis 1: The larger a country's population, the less likely the country is to be globalized.

Countries with less population are more likely to be globalized. As people in less populous countries work toward their common goal and self-interest in sustaining their living conditions, they interact economically and politically with other nations. Countries like Singapore are not able to produce all of the resources and products the people need, so they must trade with and engage in the international community. The presentation technique for this hypothesis is scatter plot. The measurement of association is Pearson's correlation coefficient.

Hypothesis 2: Western countries are more globalized than countries in other regions.

The integration of European countries to establish the European Union illustrates globalization. Countries are working together and giving up some of their powers in order to resolve domestic and international issues. Western countries are more globalized because of industrialization; thus, they are more advanced than those in the Asian or Arabic region. The presentation technique for this hypothesis is analysis of variance (ANOVA). The measurement of association is eta squared.

Hypothesis 3: Countries with greater cultural conflict are less globalized.

It is logical to say that countries with greater cultural conflict are less likely to be globalized than those who have less cultural conflict. Some people prefer to keep their own cultural practices because globalization may alter traditional culture as the country is developing. Moreover, some countries have a lot of ethnic tribes; thus, it will be harder for such countries to be globalized as there will be a lot more problems and disagreement when it comes to certain issues. The presentation for this hypothesis is ANOVA. The measure of association is eta squared.

Hypothesis 4: Democratic countries are more likely to be globalized.

Democracy is not perfect but, according to Fukuyama (2012), it is probably the best form of government compared to other government systems such as authoritarian or totalitarian. Democratic countries tend to be more open and adaptable to cultural changes. Authoritarian or totalitarian countries usually operate on the principle of maintaining existing religion or cultural practices; thus, they are afraid to be part of the global community as they do not want to lose their cultural identity. The presentation technique for this hypothesis is ANOVA. The measurement of association is eta squared.

Hypothesis 5: Countries with greater free trade restriction are less likely to be globalized.

Countries with less free trade restriction are more comfortable doing business with each other. Even countries reluctant to engage with other countries for historical or cultural reasons may reduce trade restrictions because foreign direct investment helps stimulate economic growth. The variable for this data, free trade restriction, is an ordinal variable, and globalization is a ratio variable. The appropriate presentation technique would be ANOVA. However, since the free trade restriction variable has a decimal point, the Microcase program does not allow ANOVA; instead, the data are shown using scatter plot for the presentation technique and Pearson's correlation coefficient for the measurement of association.

The last two hypotheses treat globalization as an independent variable.

Hypothesis 6: There is a positive relationship between globalization and prosperity.

This hypothesis is a test according to Went (2003), who proposed that globalization is one of the keys to economic growth as reflected, for example, in GDP. When there is growth in the economy, people's living conditions improve. The presentation technique for this data is scatter plot. The measurement of association is Pearson's correlation coefficient.

Hypothesis 7: There is a positive relationship between globalization and technology export.

When countries are more globalized, they exhibit an increase in either imports or exports. This hypothesis tests whether countries export more technology products when they are more globalized. A high rate of technology export means that a country



is interconnected with other countries through trade. The presentation technique for this hypothesis is ANOVA. The measurement of association is eta squared.

### **Research Design**

This study employs either ANOVA or scatter plot based on the manner of measurement of the independent and dependent variables. When the independent variable is nominal or ordinal and the dependent variable is ratio, the presentation technique is ANOVA and the measurement of association is eta squared. However, when both independent and dependent variables are ratio data, the presentation technique is scatter plot and the measure of association is Pearson's correlation coefficient.

Eta squared is the measure of association between variables for ANOVA. When eta squared is under 0.1, the relationship between variables is considered very weak, perhaps too weak to support the hypothesis. The value between 0.10 and 0.19 is weak, 0.20 to 0.29 is moderate, and 0.30 or above is strong.

Pearson's correlation coefficient is the measurement of association between variables for scatter plot analysis. Under 0.25 is too weak to be useful, meaning the hypothesis is hardly supported. Between 0.25 and 0.34 the value is weak; between 0.35 and 0.39 it is moderate; and 0.40 or above indicates a strong relationship. When applied to a sample, Pearson's correlation coefficient is commonly represented by the letter  $r$ .

For this study, the test for statistical significance is a probability less than 0.05, meaning a 5% probability by chance.

### **Findings and Analysis**

The seven hypotheses are presented and analyzed, and the results applied to the research questions, "What nations are more likely to be part of the global community? What are the benefits or disadvantages of globalization?"

#### **Population and Globalization**

The first hypothesis proposes a negative relationship between population and globalization.

In Figure B1.1 China and India, having by far the largest populations, appear as outliers. As the scatter plot shows, these two countries are less globalized. The probability is 0.001 and the  $r$  value is -0.387, showing a moderate relationship. Many demographic factors make China and India less globalized. For example, the population exceeds the jobs available. Also, far too many people cannot afford education.

To better illustrate the findings with respect to other countries, China and India are removed from the graph so that the distribution of the remaining data becomes more visible. As shown in the resulting Figure B1.2, Indonesia has the largest population after China and India.

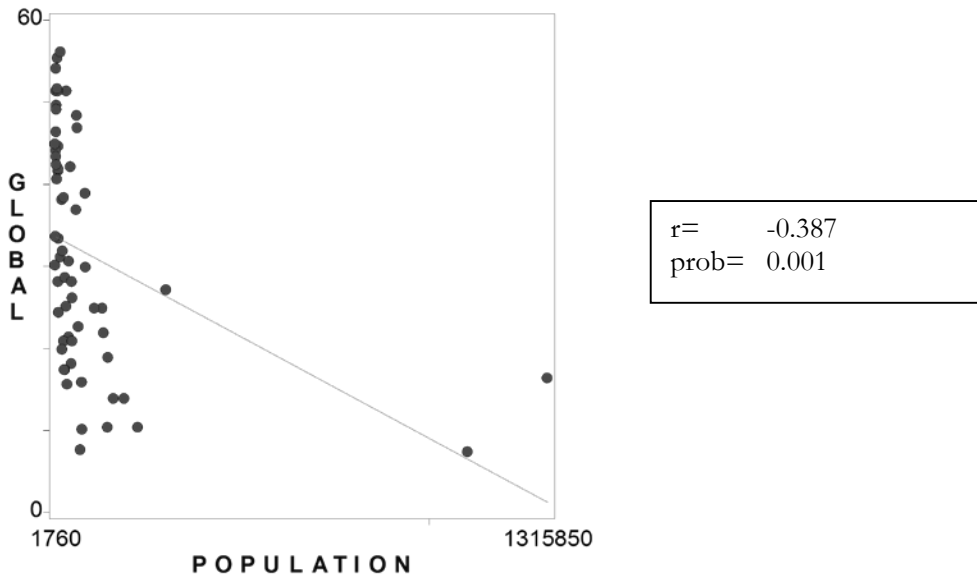


Figure B1.1. Scatter plot showing the relationship between population and globalization. China and India are included.

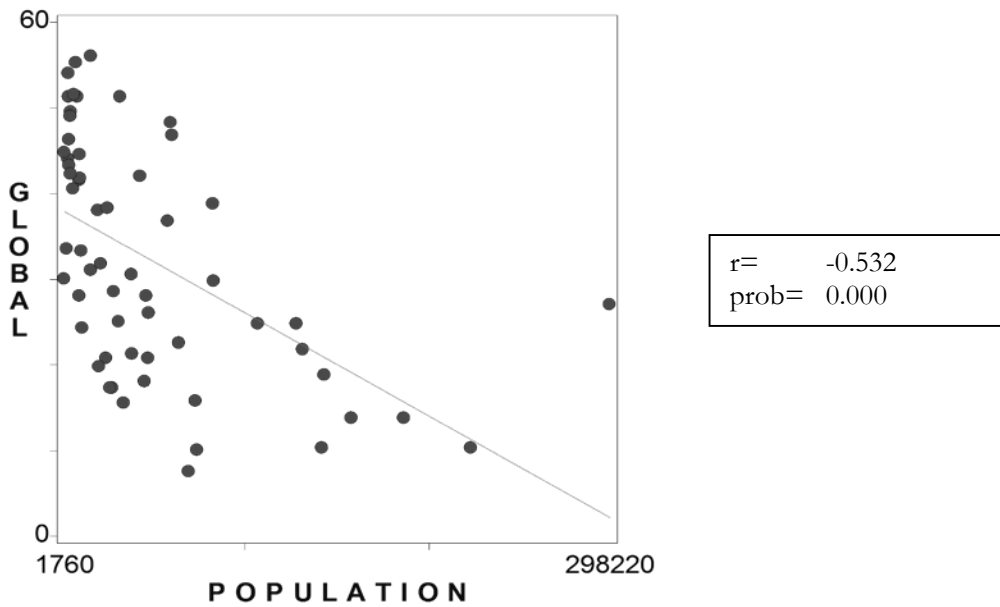


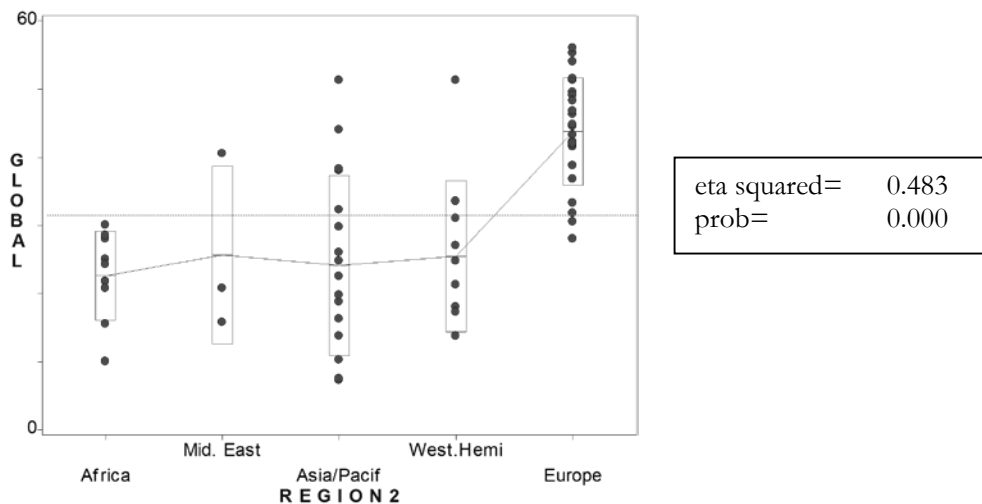
Figure B1.2. Scatter plot showing the relationship between population and globalization. China and India are removed.

The second graph reveals that Ireland, for example, is one of the top three countries with less population and more globalization. Ireland had a population of only 4.16 million in 2005. During a period called Celtic Tiger from the mid-1990s to the 2008 financial crisis, Ireland experienced a lot of foreign direct investment; also, property speculation fueled price rises. In a country with less population, like Ireland, the government can easily control the tyranny of the majority, and there will not be much conflict of interest between the government and the people as long as everyone is wealthy due to activity such as direct foreign investment. In contrast, on the lower part of the graph, a country such as Indonesia is less globalized. A country like Indonesia with a large population does not have much political freedom or development of social benefits such as education; technology is less advanced, and few people have access to the internet.

### Geographic Region and Globalization

The hypothesis states that Western countries are more globalized than countries in other regions.

Figure B2 shows that the hypothesis is supported. Geographic region as an independent variable is on the X axis. Globalization is acting as a dependent variable on the Y axis. Eta squared is 0.483, showing a strong relationship between geographic region and globalization. The probability that these results are the product of chance is 0.000.



**Figure B2. ANOVA showing the relationship between geographic region and globalization.**

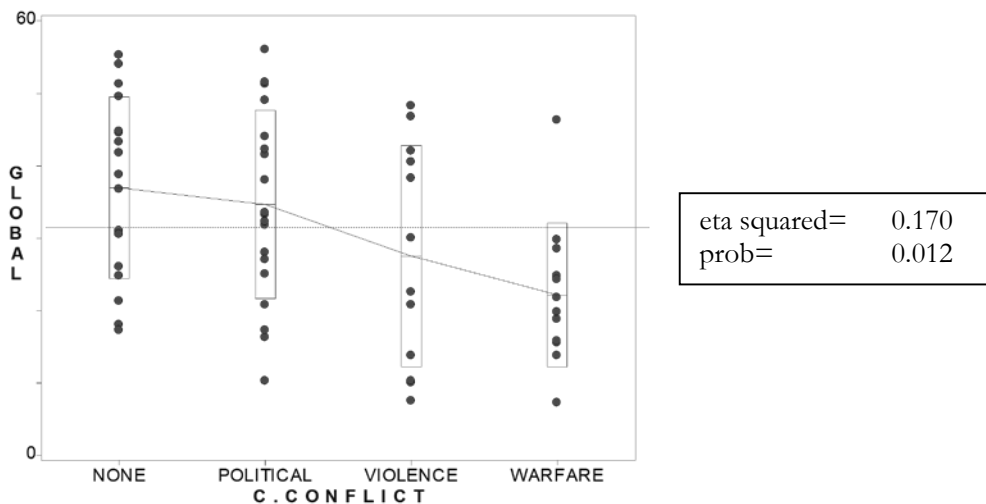
Countries in the European region line up on and above the mean except for two countries, Poland and Ukraine. In 1998, when this data was collected, Poland was still recovering from communist domination by the Soviet Union. Moreover, the

country had just installed a new right-wing government. As for Ukraine, the country had an election in 1998 and the communist party still largely dominated national politics. However, the majority of countries in the Western hemisphere are below the overall mean. Countries such as the United States are generally thought to be globalized like the countries of Europe, but the U.S. is below the average. All of the countries in the Africa region are below the mean. The country with the lowest globalization is Egypt, which in 1998 was operating under the regime of Hosni Mubarak and experiencing a period of corruption. In sum, countries in the European region are more globalized than those in other regions.

### Cultural Conflict and Globalization

According to the third hypothesis, countries with greater cultural conflict are less globalized. The result of ANOVA is presented here.

Figure B3 shows that the hypothesis is supported. Cultural conflict as an independent variable is on the X-Axis. Globalization as a dependent variable is on the Y-Axis. The probability for this finding is 0.012. Eta squared for this finding is 0.170, showing a weak relationship between cultural conflict and globalization.



**Figure B3: ANOVA showing the relationship between cultural conflict and globalization.**

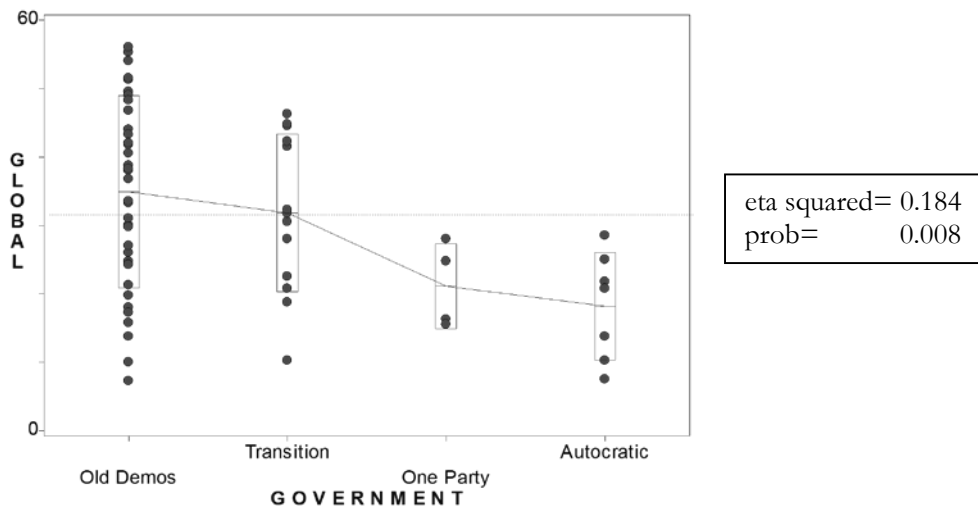
According to the graph, a country with no cultural conflict, such as Austria, has higher globalization than a country such as India, which is plagued with warfare. Many factors fuel cultural conflict; however, the important ones to be considered are race, ethnicity, socioeconomic class, political and religious affiliation, language, and gender inequality. Austria is a homogeneous German-speaking society; the main religion is Roman Catholicism. After World War II, Austrian society changed substantially. People in Austria found more opportunity to improve their economic standing and moved up

in society. Lower class jobs were taken by the immigrants from other parts of Europe and elsewhere. Education became so important that 98% of Austrians are able to read and write. However, in India, 80% of the people are Hindu, while the remainder are Muslim, Christian, and Jewish, among other affiliations. The official languages of India are Hindi and English, yet people in each part of India speak different languages. Class division is legally discounted but remains a burdensome social reality, and data shows that 20.6% of the population is living in poverty. Gender inequality is also an issue in India, which is a male-dominated society in which women must struggle for their rights.

### Type of Government and Globalization

The fourth hypothesis states that democratic countries are more likely to be globalized.

Figure B4 shows that the hypothesis is supported. The type of government as an independent variable is on the X axis. Globalization as a dependent variable is on the Y axis. The probability of this finding is 0.008. Eta squared is 0.184, meaning that there is a weak relationship between type of government and globalization.



**Figure B4: ANOVA showing the relationship between type of government and globalization.**

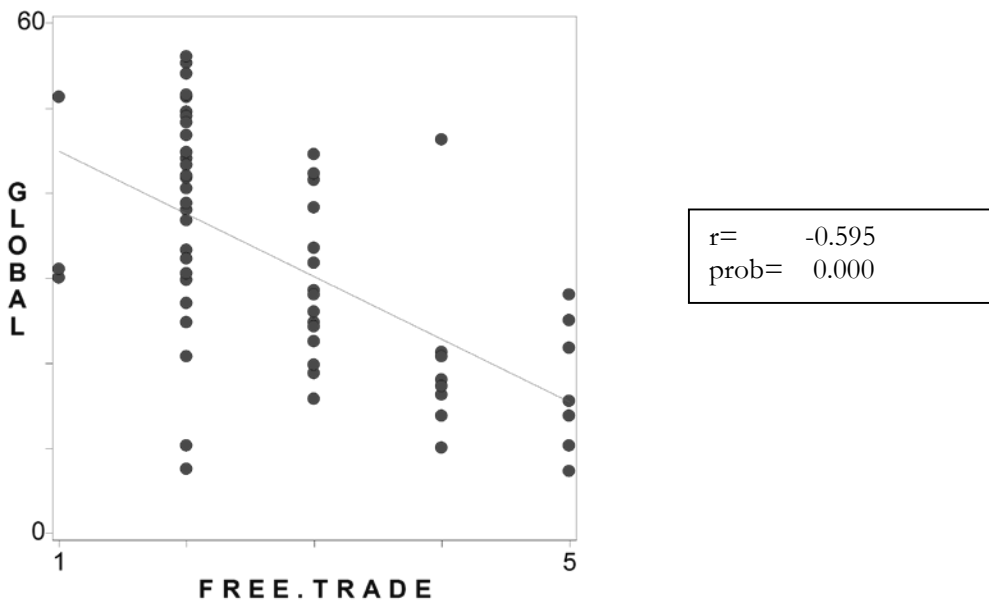
According to the graph, countries with long-standing democracy (“Old Demos”) tend to be more globalized than autocratic countries. As discussed earlier, Fukuyama (2012) argues that democracy is a better form of government. Middle class people, such as doctors, teachers, and office workers, are important to democracy as they are pursuing their self-interest. When the majority is middle class, factions will compete with each other to promote their self-interest but will hardly get to their goals. To take an example, the Netherlands is an old democracy comprised of middle class strivers who are pursuing a similar interests. In contrast with the Netherlands, which is highly globalized, Pakistan is an autocratic country and is not very globalized. The

central authority makes decisions based on its own interests. With little freedom of speech, people's voices and decisions do not have much effect on the government to change domestic or foreign affairs.

### Trade Restriction and Globalization

According to this hypothesis, there is a negative relationship between free trade restriction and globalization.

Figure B5 shows that the hypothesis is supported. Free trade is acting as an independent variable on the X axis. Globalization is acting as a dependent variable on the Y axis. The probability for this finding is 0.000. The regression line is 0.595, showing a strong negative relationship between free trade restriction and globalization.



**Figure B5. Scatter plot showing the relationship between free trade restriction and globalization.**

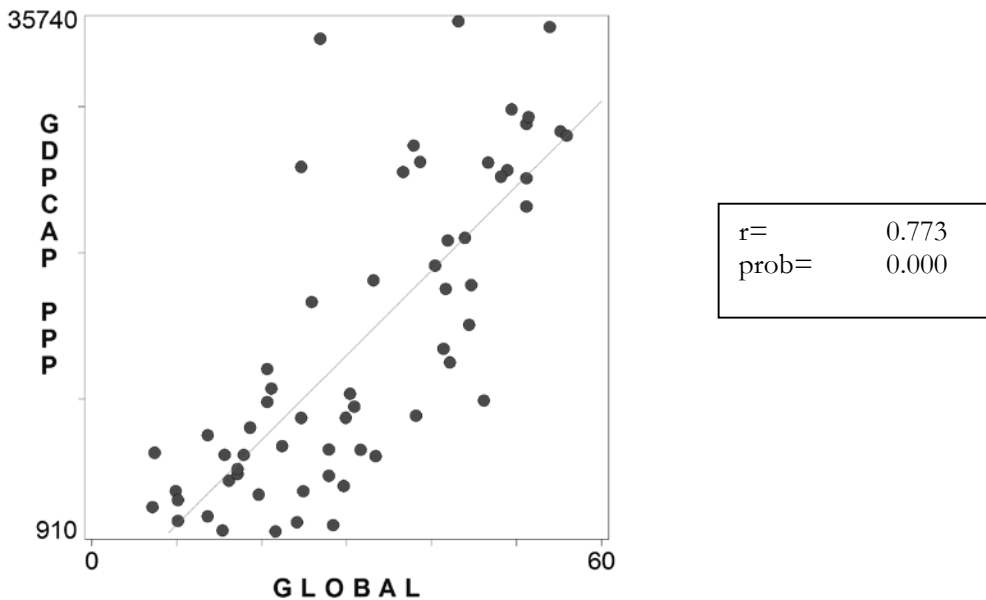
Referring to the graph, a country such as Singapore has less free trade restriction and high globalization. Singapore is an island country and most goods need to be imported as the country is too small to maintain manufacturing or agriculture industries. Moreover, as a small country, Singapore needs to make allies with other nation states in the case of intrusion and in order to have a voice in the world community. One way to make relationships with other countries is by trading. In comparison, Bangladesh has high free trade restriction and is less globalized than Singapore. As a weak nation state with a lot of poverty, Bangladesh trades on a small scale with its neighboring countries such as India and Pakistan. Bangladesh is not a major player in international politics; therefore, other countries may put high tariffs on

Bangladesh's products and vice versa in a real-life example of the political game theory described in the literature review (Axelrod & Keohane 1985).

### Globalization and Prosperity

The hypothesis proposes a positive relationship between globalization and prosperity.

Figure B6 shows that the hypothesis is supported. Globalization is an independent variable on the X axis. Prosperity is a dependent variable on the Y axis. The probability for this test is 0.000, showing that the result is statistically significant. The r value of 0.773 shows a very strong positive relationship between globalization and prosperity.



**Figure B6: Scatter plot showing the relationship between globalization and prosperity.**

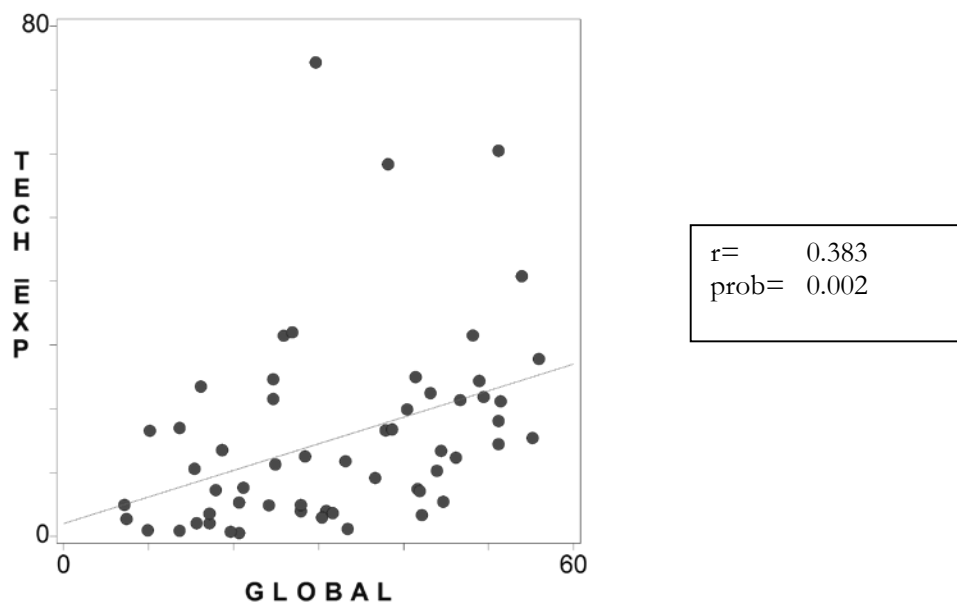
Sweden has higher GDP per capita and higher globalization than Indonesia. When the data was collected in 2005, Sweden had a GDP per capita of \$34,800 whereas Indonesia's GDP per capita was \$5510. Sweden trades with countries in the European Union and other countries. Indonesia trades with Southeast Asian countries, the United States, and some countries in Europe. Based on the results, more globalized countries tend to be wealthier.

### Globalization and Technology Export

The hypothesis holds that there is a positive relationship between globalization and technology exports.

Figure B7 shows that the hypothesis is supported. On the graph, globalization is on the X axis as an independent variable. Technology export is on the Y axis as a

dependent variable. The probability for this test is 0.002. The  $r$  value is 0.383, showing that there is a moderate relationship between globalization and technology export.



**Figure B7: Scatter plot showing the relationship between globalization and technology export.**

To look at two examples, Iran is less globalized and exports fewer technology products than Canada, which is more globalized and exports more technology products. Iran is less globalized because it is a strict theocracy: Women are not allowed to show skin, Western influence is considered bad, and wealth is concentrated in a minority group in the higher class. Moreover, Iran exports less because other countries imposed international trading sanctions as a consequence of its nuclear power manufacturing program. Recently, international trade sanctions against Iran were eased because it signed a nuclear deal with the U.S.; however, this data was collected in 2005 when Iran had not yet signed the nuclear deal. On the other hand, Canada is a democratic country and its citizens have more freedom than those in Iran. Canada is also a member of NAFTA and trades extensively with Mexico and the U.S.

### Conclusion

MicroCase 8<sup>th</sup> edition is the source for the methodology of this research. In this study, globalization plays two roles, as an independent variable and as a dependent variable. When globalization is a dependent variable, the independent variables are population, region, cultural conflict, type of government, and free trade restriction. However, when globalization is an independent variable, the dependent variables are GDP per capita and technology export.



Nations that are more globalized, according to the data, are nations with smaller population, a location in the European region, democratic government, low cultural conflict, and low trade restriction. Countries with a smaller population, like Ireland, are more likely to be globalized because people are more likely to enjoy the spread of wealth by direct foreign investment than people in countries with a large population like Indonesia. In addition, European countries are more globalized than those in other regions because European countries experienced the Industrial Revolution first. In addition, most countries in Europe have democratic government. Democratic countries are more likely to be globalized because democratic countries are less likely to have war and citizens are able to enjoy more freedom; for example, the Netherlands is an old democracy and it is more globalized than Pakistan, which has an autocratic government. Likewise, countries with low cultural conflict are more globalized because, when it comes to agreement on foreign or domestic policy, there will be less conflict. For example, Austria has less cultural conflict and is more globalized than India. Austria has a homogenous society, whereas India has a heterogeneous society with many languages, low educational attainment, deep poverty, and gender inequality. Lastly, countries with less free trade restriction tend to be more globalized.

Besides being the consequence of other factors, globalization is also a causal factor. Globalization tends to increase a country's GDP. Due to globalization, Sweden has a GDP per capita of \$34800 whereas Indonesia, with limited globalization, has a GDP per capita of \$5510. Globalization also brings an increase in technology exports. Globalized nation states are able to enjoy technology products that they cannot produce. Thus, the data analysis supports the two hypotheses that globalization increases GDP per capita and technology export. Nonetheless, globalization can also have negative effects, for instance causing unemployment in one country when its corporations use the strategy of offshoring to move jobs to countries with lower production costs.

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