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THE IMPACT OF ECONOMIC OPENNESS DEGREE ON GDP GROWTH IN MALAYSIA AND SOME NEIGHBORING COUNTRIES FOR THE PERIOD 1990-2010

ADNAN DAWOOD M. AL-ETHARY, MYIEH SHBEEB AL-SHAMRI & SADEK ALI TAAN AL-JOBORY
Department of Economic, Faculty of Administration & Economics, Kufa University, Kufa, Iraq

ABSTRACT

The economic openness between nations die certainly to the occurrence of economic development in the same countries as the increasing exports and reducing imports, economic target for each country to increase its economic resources and increase economic growth has and consequently an increase in per capita income, which is reflected on the improvement and welfare of the community and helping to overcome the economic and social problems, One of the main subjects of the Pure Theory of International Trade has been the study of Comparative Advantage, that is, the determination of trade patterns. Ricardo focused on relative cost differences based on technology, whereas the conventional Heckscher-Ohlin model shows that even with identical technologies and constant returns, relative costs can differ if factor proportions differ, Adam Smith was probably the first one to consider the effects of market size on specialization and therefore on volumes exchanged. The theory of commercial policy also establishes a relation between protection and volume of trade, and the researchers suggest that trade to GDP ratios are market determined variables subject to conventional theoretical analysis and empirical verification, This paper I shall use the ratio D.OP={(Exports/Imports)x100} as the measure for openness of the economy to countries like Malaysia, Indonesia, Singapore, Philippine and Thailand then compare with each other to gain access to the state the most open and influential in the economy The cause of calculate openness in this way unlike calculating some which combines imports and exports and then divides the result by the gross domestic product to become ratio represents the degree of openness, but cannot measure this degree on economic growth and on economic indicators as is the proportion as in economic sectors that are also a certain percentage and so I would suggest this solution to indicate the degree of economic openness are then estimated using regression models the effect of the degree of economic openness on GDP growth.

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