

ABSTRACT

THE IMPACT OF TRADE OPENNESS ON GROSS DOMESTIC PRODUCT: A STUDY OF GLOBAL FINANCIAL CRISIS ON ASIAN COUNTRIES

By

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This paper to explore the impact of Trade Openness (TO) on the Gross Domestic Product (GDP) for the Asian Countries on the Pre-Global Financial Crisis (Pre-GFC), The-Global Financial Crisis (The-GFC), and Post-Global Financial Crisis (Post-GFC) by looking the performance of the level of openness and population of the countries.

This study is conducted on five (5) selected Asian countries as a samples study from overall 32 Asian countries from year 1993 to 2012 (20 years). In order to measured the performance of Trade Openness (TO) and total Population (POP) on the Gross Domestic Product (GDP) during the three sub-seasons of financial crisis like Pre-Global Financial Crisis (Pre-GFC), The-Global Financial Crisis (The-GFC), and Post-Global Financial Crisis (Post-GFC), there are some test used such as Simple Regression Model, Multiple Regression Model, Fixed-Effect Model, Random-Effect Model, and Hausman Test to see whether the Fixed-Effect Model or Random-Effect Model is appropriate to be use.

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CHAPTER 1

INTRODUCTION

1.1 Title

The Impact of Trade Openness on Gross Domestic Product: A Study of the Global Financial Crisis on Asian Countries.

1.2 Research Background

One of the main components to develop the country is the economy. There are many short-term and long-term determinants that can influence the country's economic growth such as inflation, internal and external trade, unemployment, commodity prices, wage rates, human capital, technology levels, investment, consumption, exchange rates, and also political and economic condition. Even though the country had many strategies to generate a positive economic growth, there are some uncertainty situations or condition that can give the negative impact to the economic growth such as economic downturn or financial crisis. As the financial crisis occurs, it gives a negative impact to trade of goods and services to other countries and shows a declining growth to the nation economy.

Global financial crisis is a worldwide period of economic difficulty faced or experienced by market and consumers. It is a difficult business environment to succeed in since potential consumers tend to reduce their purchases of goods and services until the economic situation improves. Because of the reducing in purchases of goods and