Lecture 10

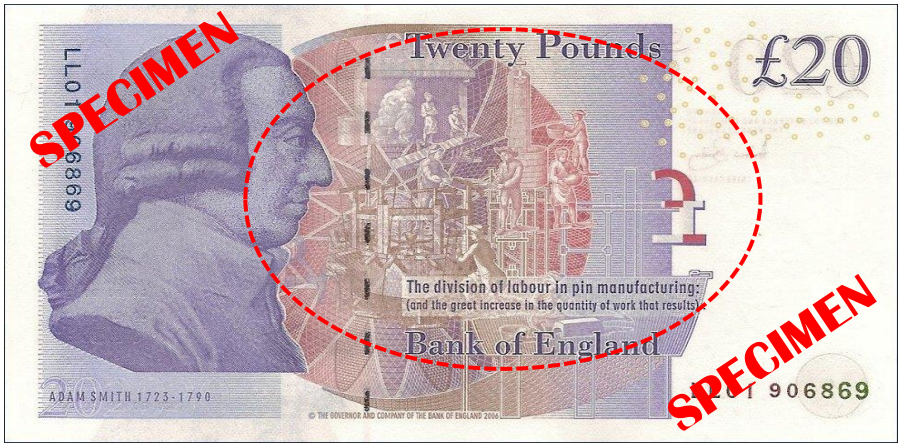
The Geography of the Global Economy

KEY QUESTION FOR 1.2:

How does the global economy impact places?

With the completion of this lecture, attached readings and tutorial, you should be able to discuss:
- the sectors of the economy: agriculture, manufacturing, services
- the interconnectedness within the global economy illustrated by global patterns of flows of trade, capital and labour
- the shifts in the global patterns of production in manufacturing, services and agriculture since the 1950s and their impact on a country's economy

Lecture Outline



In the 18th century, "economy" would have referred to ***the management of a household****. At that time, production and use of goods/services were of very small scale, limited to the family or household.*

But the Industrial Revolution brought about large-scale production with factory-based manufacturing. With production on a much grander scale and increasingly levels of work specialisation, Adam Smith observed that the "economy" is something larger than the management of a household. Since then, the word "economy" is used to represent an integrated whole with many individual parts that worked together to create wealth for all. His work was so important that it is enshrined in the £20 note in the UK (see above image)!

10.1 Geography and the Economy *[Not examinable, but useful for background]*

- The economy is **a set of human activities and institutions linked together in the production, distribution, exchange and consumption of goods and services**.
    - 'Economies' or 'economy' are preceded by various adjectives such as: global, local, market, command (or redistributive), capitalist, informal, subsistence, mixed, Internet, information, new or space economy. There are many different kinds of 'economy' depending on the perspective of analysis.
- **Economic geographers** are interested in the **space economy**; the way in which the behavior, values, and actions of **actors** (such as individuals, firms, institutions) that together make up the economy are reflected in **the organisation of geographical space**.
- The challenge for the economic geographer is how to analyse and explain the **geographical patterns of economic activity** at **different scales**, how they **change over time** and the **relationships** between them.
- The **global economy** is **an integrated whole in which individuals, firms, countries and institutions participate as 'economic actors'**. As such, our study of it will involve looking at the economy at other scales (e.g. **Lect 12 national scale and Lect 14 supranational scale**) as well as the work of certain 'actors' (see **Lect 11 TNCs,** and **Lect 13 Labour**).
- In our syllabus, we are concerned with how the global economy has changed since the **1950s**.
    - The 1950s is a watershed moment as several changes began to emerge as the world emerged from the shadows of World War 2. Some of the changes are listed below.

Before 1950s	After 1950s
Concentration of manufacturing in colonial countries	Spread of manufacturing to ex-colonies
Concentration of agriculture in colonies	Reduction in contribution of agriculture to economies of ex-colonies
Lower levels of international flows of trade, capital and services (global economy was less interconnected and less interdependent)	Higher levels of international flows of trade, capital and services (global economy is more interconnected and interdependent)
Higher levels of income in colonial countries	Higher levels of income in colonial countries
Lower levels of income in colonies	Lower levels of income in colonies

- As we can surmise from the changes above, the world has become more globalized. In Topic 1.2, we will begin by examining what the global economy is like today. Even though a comparison to the days before 1950s is not necessary, keeping what the global economy was like in the 1950s helps us to better understand some of the features of the global economy that Topic 1.2 focuses on. Thereafter, Topic 1.2 will examine different **actors** in turn, to understand how they have contributed to the changes in the global economy since the 1950s.

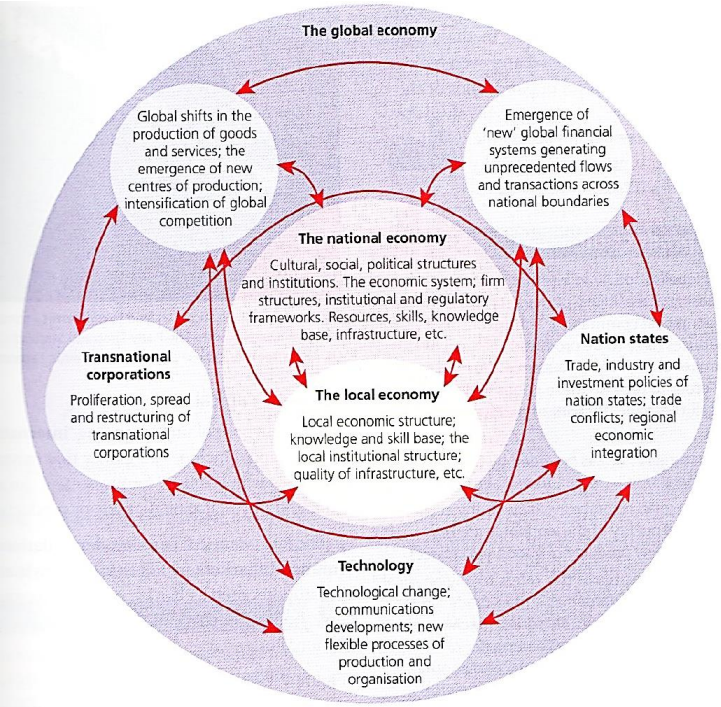


Fig 1. Global Economy as a system of interconnected actors across different scales

10.2 Sectors of the Economy

- So far we have considered the economy in more or less abstract terms, although we have made reference to various 'actors' such as individual, households, companies, government departments, national governments, and so on.
- In order to help economic geographers to measure and interpret the processes and interactions that help to shape spatial patterns of economic activity, it is necessary to simplify the complexities of real economies into manageable categories and groupings.
- One of the most common approaches to organising the structure of economies is to divide them into **three** broad economic sectors.

10.2.1 Agriculture

Agriculture is part of the primary sector, which is the part of the economy **concerned with the collection and use of natural resources.**

10.3.2 Manufacturing

This is the part of the economy that **processes or transforms resources into goods that people want.**

- Whether the transformation takes place near the source of the primary commodity, or after transfer to a location some distance away, it requires **manufacturing**.
- This sector is still expanding in some less developed economies and the emerging economies but contracting (in terms of employment and GDP share) in most developed countries. Manufacturing is mostly located in developing countries, especially in Southeast and South Asia.
- The outputs from the manufacturing sector may be immediately suitable for final use by consumers, or they may be components for incorporation in other final products.

10.3.3 Services

Unlike the primary and secondary sectors, **services do not involve tangible materials**. The share of the service sector in the global economy has expanded steadily for at least a hundred years and they now account for four out of five jobs in countries such as the USA, Canada, Britain, Hong Kong or Australia. In more developed countries, a higher percentage of workers is employed in providing services as compared to less developed countries. The service sector is a very broad sector and is commonly sub-categorised further into the **tertiary** and **quaternary sectors.** Note that the terms **tertiary** and **quaternary** are not required by the syllabus. An appreciation that some services have higher value-add compared to other services is sufficient.

(a) Tertiary

- The outputs of the secondary sector require distribution to the places and markets where they can be assembled, traded, consumed, or purchased. The **tertiary** sector generally comprises **consumer services** that **provide services for final end-users**.

- Examples of such services include wholesale and retail trade, transportation, entertainment, tourism and personal services.

- The focus is **on people interacting with people** and **serving the customer**, rather than transforming physical goods, and is **more local in scale**.
- The tertiary sector is also typified by **services of a lower-order**; hence employment is dominated by low-paid, low-skilled and non-unionised labour.

(b) Quaternary

- A fourth, **quaternary**, sector has increasingly been identified. These are **producer services** that provide intermediate inputs into the activities of private- and public-sector organisations.
- People working in the quaternary sector work in a segment of the service sector that is **knowledge-oriented**. These involve the **collection, transformation, processing, and manipulation of information, knowledge and expertise** used in the other three sectors. Thus, people working in the quaternary sector tend to have high levels of specialised knowledge or technical skills.
  - Over half of all workers in developed economies are in the quaternary sector and there has been a very high growth in demand for and consumption of information-based services from software developers to statisticians.
- Globally, about one third of the producer services are in financial services, including banks, insurance companies, real estate etc. Another one-third is in professional services, primarily law, engineering, education, R&D and management. The remaining one-third are in business services such as advertising, and employment agencies.
  - For example, research and development (R&D) is a professional service, a part of the quaternary sector. Companies such as those in the pharmaceutical industry and automobile industry invest in R&D in order to remain competitive and to ensure expansion.
  - Global trends such as urbanisation, ageing and rising affluences generates demand for new products and services. The R&D sector is fuelled by this constant need for innovation, to provide solutions that can be marketed by companies to help them secure market share, and/or to differentiate itself from other companies. Given the constant need for innovations, the process of research and development (R&D) is absolutely fundamental.

10.3 Changes in the Structure of the Economy as Development Occurs

The balance of employment and contributions to a country's economy **change over time**.

- The Clark-Fisher model (**Fig. 2a**) attempts to show how this balance changes as a country develops. **Fig. 2b** reflects these predictions using the example of Japan. (**Note**: the primary sector refers largely to agriculture, the secondary sector refers to manufacturing and the tertiary and quaternary sectors should be considered together as the service sector.)
- **It is generally assumed that as a national economy progresses, it makes a transition from primary to secondary to services**. (China however may be an exception as both its manufacturing and services sectors seem to be growing concurrently at very high levels.)

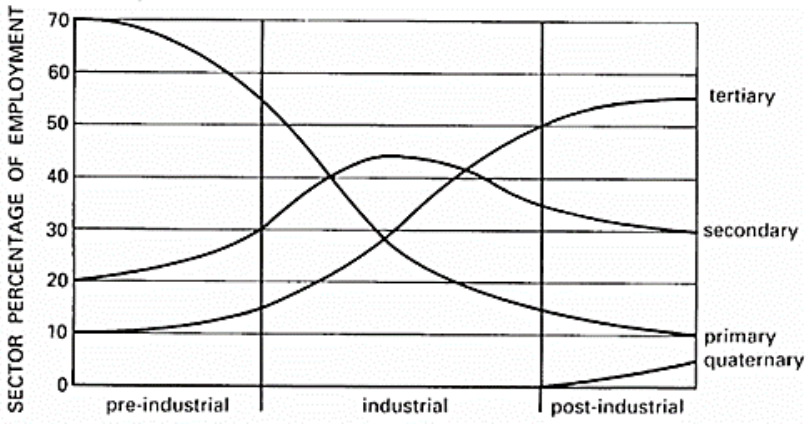


Fig 2a. The Clark-Fisher model of development

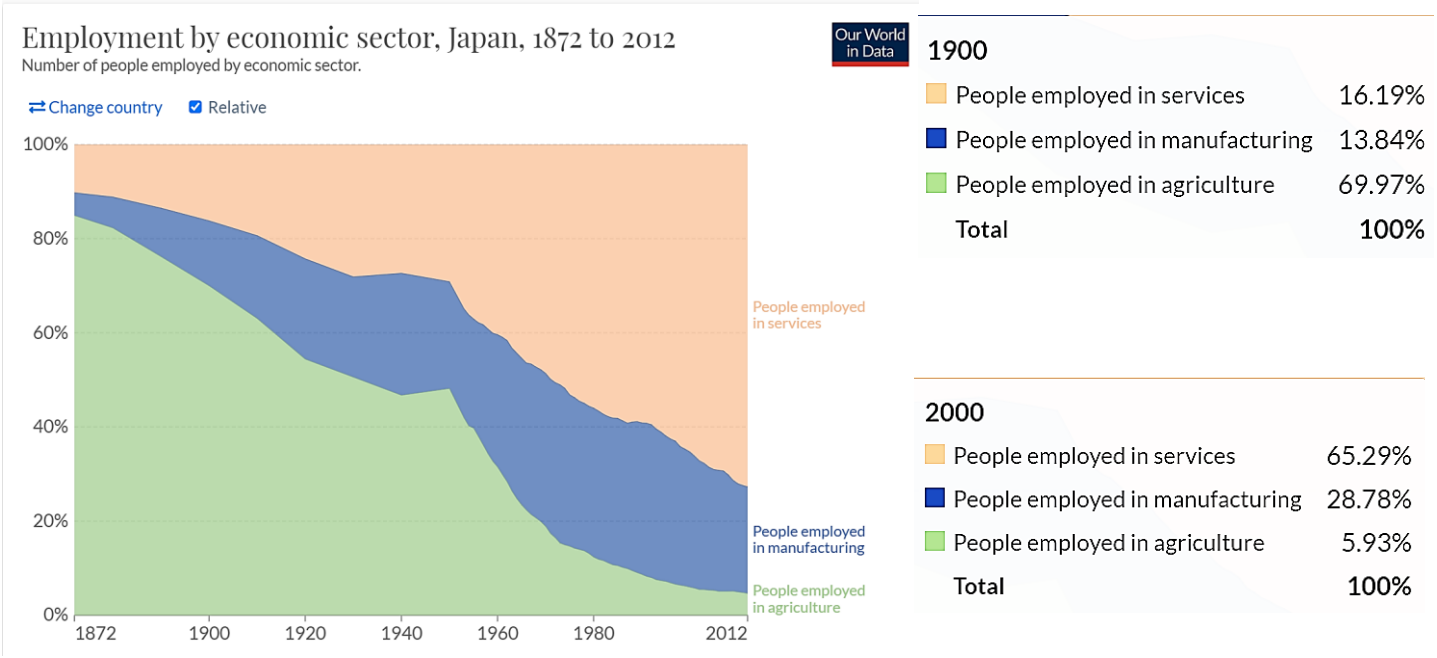


Fig 2b. The changing economic structure of Japan, 1872 to 2012

- Indeed, in the developed economies, the vast majority, often more than 75% of all jobs involve some form of service work (see **Fig. 3**). Furthermore, in Europe, North America, Japan, Australia, New Zealand as well as parts of the developing world, around 90% of *new* jobs are created in services. As a result, the economies and societies of these countries appear to revolve predominantly around service activities and the experience of service work.

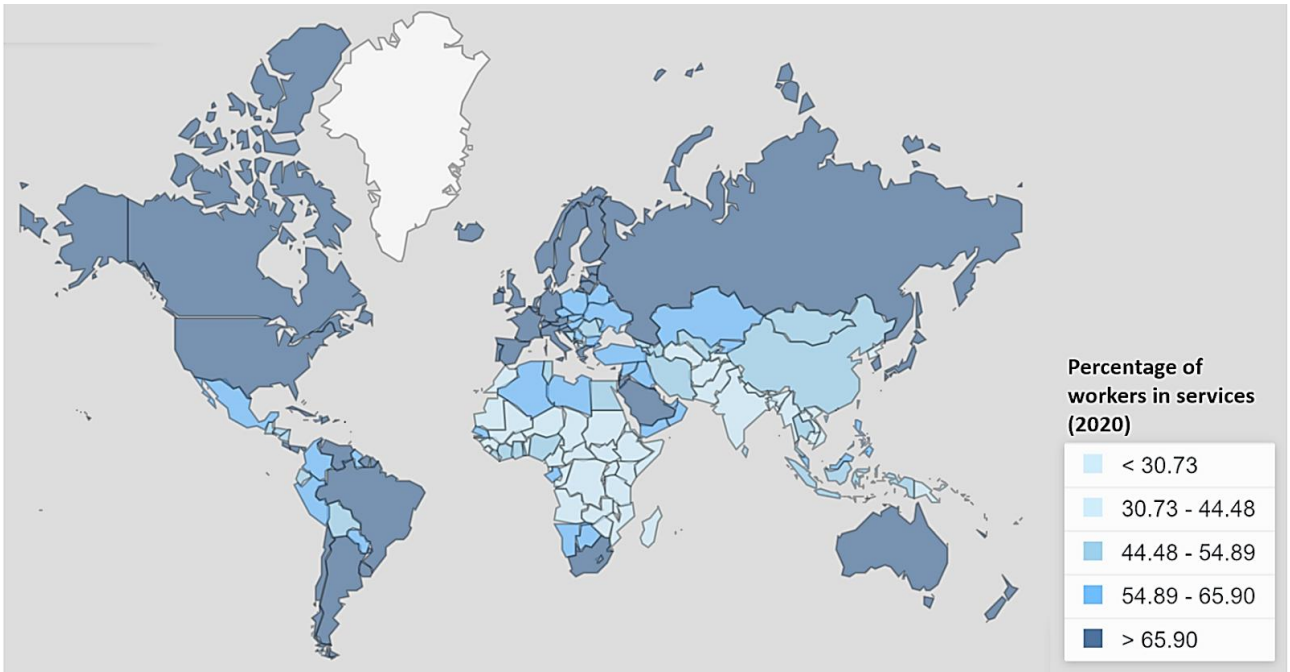


Fig. 3

The world average of the service sector is currently at 50%. DCs have more than 75% of their workforce employed in the services sector. In many cities in LDCs, more than 35% of population work in informal sector (e.g. street food stalls, shoe repair, etc)

- It is generally accepted that developed economies are dominated by various forms of service work, ranging from extremely well-paid lawyers and bankers to less well-paid hotel and retail workers. Services contributed to economic growth in a variety of ways; they are traded locally, regionally, nationally and internationally.

10.3.1 The Decline of Agriculture with Development

- As seen in **Figs 2a** and **2b**, while agriculture often dominates economies in the early stages of development, diminishing importance of the primary sector is likely to be observed as countries begin to **industrialise,** i.e., develop their manufacturing sector.
  - The Industrial Revolution, which originated in the UK in the 1800s, further spread to the USA and Japan (**Fig 2a**) in the 19th century, ushering a new era of industrialisation of the world economy dominated by these countries, in which the traditional agricultural economy was gradually replaced by the new industrial economy (i.e. growth of secondary sector).
  - This trend can also be observed subsequently in emerging economies such as Malaysia. In the 1970s, Malaysian economy was totally dependent on agriculture; it was the largest contributor to GDP, at about 30%. However, as Malaysia moves towards becoming a highly industrialised economy, focus was given to industry and manufacturing as the contribution of economic growth, hence diminishing the contribution of agricultural output to GDP to only 9-10% in the mid-1990s.
- Agriculture, already a very small part of the economy in developed countries, is contracting further as farm productivity is enhanced by improved crop disease resistance and better fertilisers. **Fig. 5** shows the global map of primary production.

10.3.2 The Decline of Manufacturing with Development

- Globally, the share of country employment in manufacturing has been declining steadily; by 2007 it directly supported only one in four jobs in the OECD countries (see **Table 1**).
- Following the earlier phase of industrialisation, the decline of manufacturing in DCs as well as advanced NIEs is closely related to the concept of **de-industrialisation**, which refers to **the long-term, absolute decline of employment in the secondary or manufacturing sector**. It is a phenomenon that is happening throughout the 20th, and now in the 21st century.
- The greatest losses are typically observed in industries that are labour-intensive and low-technology reliant, such as iron and steel, heavy engineering, shipbuilding and textiles. But it is also affecting to varying degree other branches of manufacturing as well, including those that require mid-level technology such as car assembly plants.
- De-industrialisation have occurred due to the following reasons:

- **Mechanisation and rationalisation** (i.e. improving production methods for greater efficiency) increased productivity, making manufacturing industries more competitive but also some workers redundant.
- Jobs moved from the relatively more developed countries to the less developed countries because of decisions by TNCs to **shift manufacturing jobs to cheaper locations as well as for other comparative advantages**. We will examine this phenomenon closely in **Lect 12**.

- In the US and UK, the proportion of workers employed in manufacturing fell from around 40% at the beginning of the 20th century to barely half now. Even in Japan and Germany, where so much industry was rebuilt after WWII, manufacturing's share of total employment has dropped below 30%. Almost all the DCs show this trend. (See **Fig 2b** for the case of Japan, and **Fig 6** for the map of secondary production)

10.3.3 The Growth of Services with Development

- Since the USA became the first country to shift to a service economy in the 1900s, other countries and developed countries in particular have now transitioned into service economies.
- Meanwhile, the tertiary and quaternary sectors have expanded and diversified. Services are growing because of **the increase in the volume of information and knowledge held electronically**. The number of knowledge- and education-based workers is increasingly rapidly, to become the largest employment group in many cities.
- Many of the factors influencing service sector growth are interlinked (see **Fig. 4**).
  - With **rising incomes**, we bank, save, invest and spend more. We own goods that need maintenance (e.g cars and washing machines), eat out more and have more **holidays**.
  - We live longer and need more **health care** in old age. We remain in **education** and training longer or even receive life-long education.
  - We expect government to provide us with services, such as waste disposal and recycling, to support economic growth and to plan for the future. We expect laws to be enforced to give us the quality of life that we demand. All governmental support and intervention increases the number of **public sector** workers.
  - It is estimated that about 20% of total **trade** is in services being bought and sold in activities such as transferring money and selling insurance.
  - Companies **divide** service functions, for example, by establishing a human resources department or by the employment of legal experts.
  - As we shall learn in **Lect 12**, in the last two decades or so, large firms have begun to either buy in or **outsource** activities such as accounting, customer relations and routine tasks. For example, the back-office functions of many US manufacturers are now in developing countries such as India and the Philippines. Transportation and telecommunications technologies, and financial services have developed to facilitate and coordinate such divisions and relocation of services.

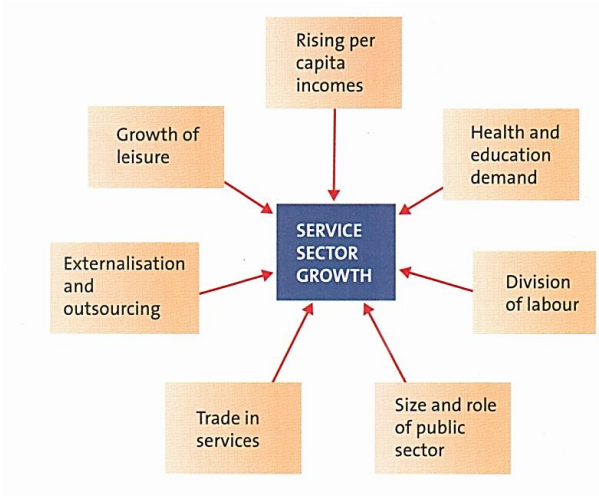


Fig. 4 Factors influencing growth of service sector

- **The growth of services in DCs can be seen as a response from the DCs to the competition from NIEs like China and Malaysia.** More DCs started to focus on higher value-added service activities such as banking, management consultancy, global tertiary education, as well leisure and recreation **to remain relevant in the global economy**. (See again, **Table 1;** and **Fig 7** for the global map of services production)

Table 1 Distribution of employment, by sector (%), selected OECD countries, 1994 and 2004

Country	Primary sector 2004	1994	Diff.	Secondary sector 2004	1994	Diff.	Tertiary sector 2004	1994	Diff.
Australia	3.7	5.1	–1.4	21.4	23.6	–2.2	74.9	71.3	3.6
Czech Republic	4.3	6.9	–2.6	39.4	42.7	–3.3	56.3	50.4	5.9
Germany	2.4	3.3	–0.9	31	37.7	–6.7	66.6	59	7.6
Greece	12.6	20.8	–8.2	22.5	23.6	–1.1	64.9	55.6	9.3
Japan	4.5	5.8	–1.3	28.4	34	–5.6	67.1	60.2	6.9
Korea	8.1	12.6	–4.5	27.5	33.6	–6.1	64.4	53.8	10.6
Poland	18	23.8	–5.8	28.8	31.8	–3	53.2	44.4	8.8
Sweden	2.1	3.5	–1.4	22.6	25.1	–2.5	75.2	71.4	3.8
United Kingdom	1.3	2.1	–0.8	22.3	27.6	–5.3	76.4	70.3	6.1
United States	1.6	2.9	–1.3	20	24	–4	78.4	73.1	5.3
G7	2.6	4	–1.4	24.1	28.8	–4.7	73.3	67.2	6.1
EU-15	3.7	5.3	–1.6	27	30.9	–3.9	69.3	63.7	5.6
OECD Total	**6.1**	**8.8**	**–2.7**	**24.9**	**28.4**	**–3.5**	**69**	**62.8**	**6.2**

Note: G7: Group of seven industrialized nations – Canada, France, Germany, Japan, Italy, United Kingdom, United States.

- Source: *Organization for Economic Co-operation and Development in Figures 2005*

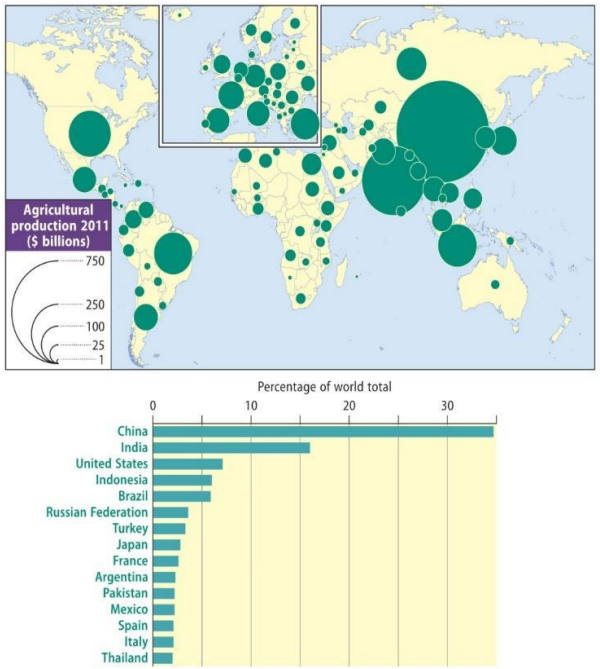


Fig. 5 The global map agricultural production

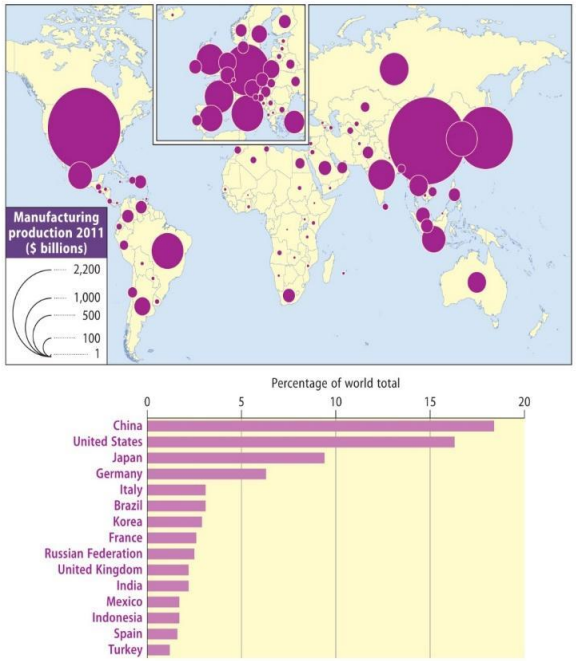


Fig. 6 The global map of manufacturing

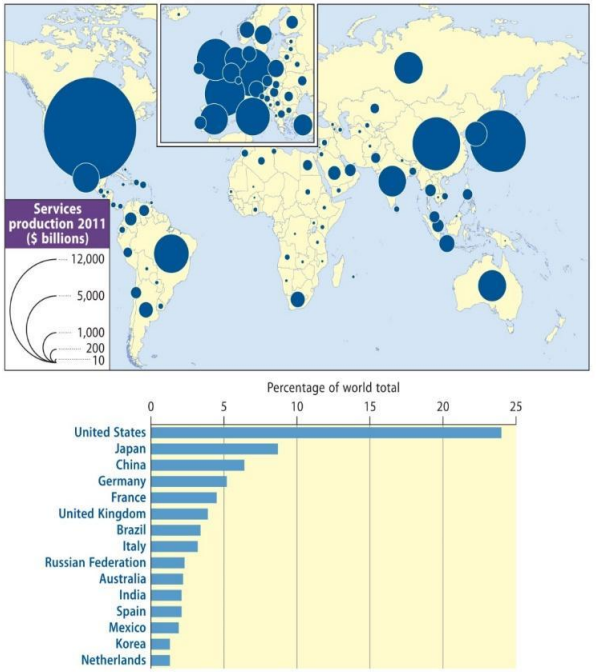


Fig. 7 The global map of services production

10.4 The Interconnectedness Within the Global Economy Illustrated by Global Patterns of Flows of Trade, Capital and Labour

Global flows have been a common thread extending through the mercantilist and colonial eras, from trade routes of old such as the renowned Silk Road through the industrial evolutions that swept across Europe and North America in the 18th and 19th centuries to the more recent rise of emerging economies.

The opening up of economies that started in the early 1990s and brought Eastern-bloc countries and Asia fully into the global economy set the stage. However, two major forces are now accelerating the growth and evolution of global flows. The first is increasing global prosperity. By 2025, 1.8 billion people around the world will enter the consuming class, nearly all from emerging markets, and emerging-market consumers will spend $30 trillion annually, up from $12 trillion today. This will create enormous new hubs for consumer demand and global production. The second major force is the growing pervasiveness of Internet connectivity and the spread of digital technologies. More than two-thirds of us have mobile phones. In 2012, there were 2.7 billion people connected to the Internet. A torrent of data now travels around the world. Cross-border Internet traffic grew 18-fold between 2005 and 2012.

Trade, capital and labour flows connect places with each other. In addition, they result in the interdependence of places.

10.4.1 Global Patterns of Flows of Trade

Trade refers to **the activity of buying and selling or of exchanging goods or services between people or countries**.

10.4.1.1 Global Patterns of Flows of Merchandise Trade

Every region has been importing 25% or more (in value-added terms) of at least one important type of resource or manufactured good that it needs, and often much more. This illustrates the interdependence between places in the global economy since regions depend on each other to ensure that its total consumption needs are met (see **Fig. 8**).

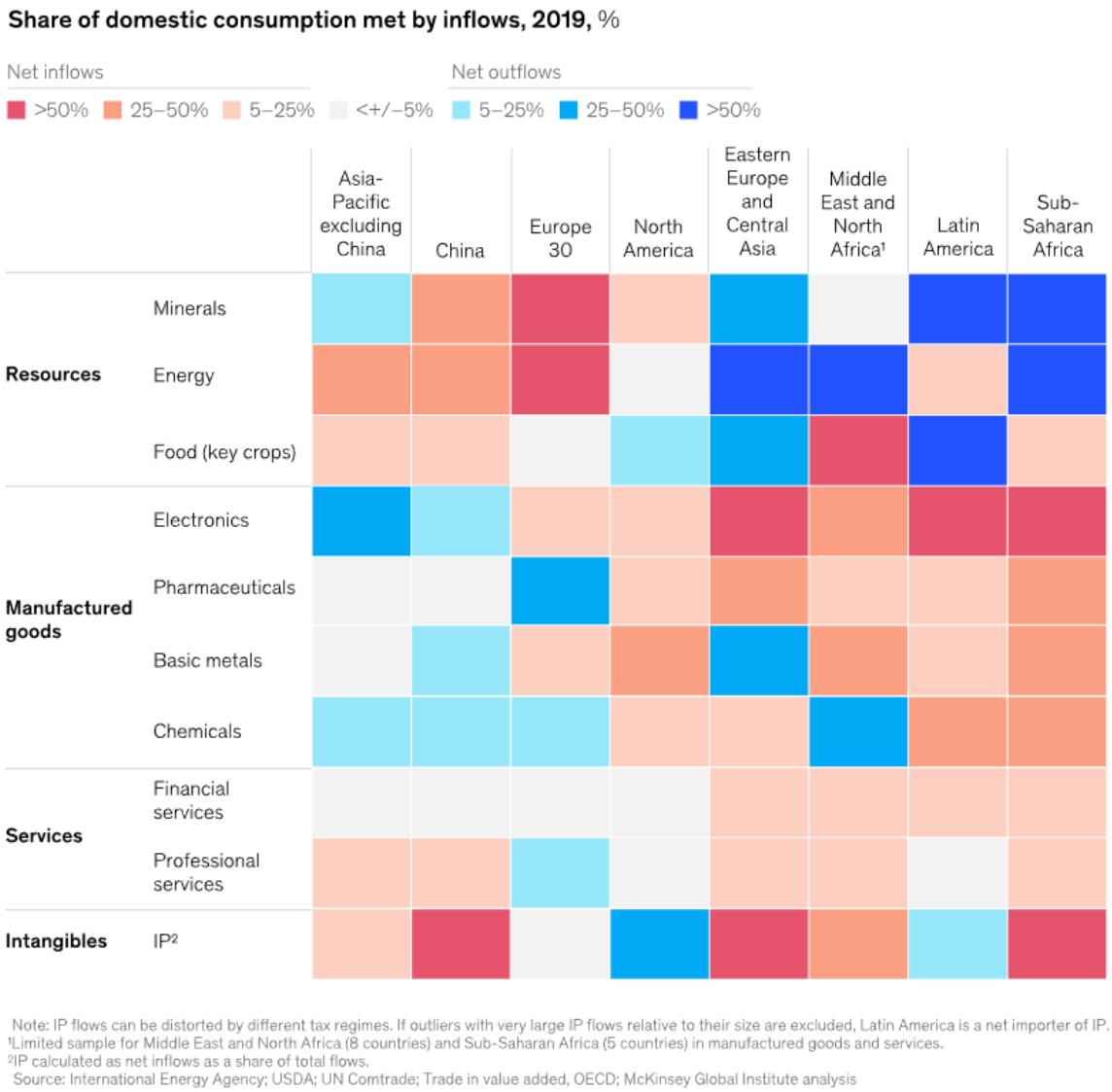


Fig 8. Share of Domestic Consumption Met by Inflows, 2019

- Asia–Pacific, including China, is the leading global manufacturing exporter overall and the largest supplier of electronics, but it imports more than 25% of its energy resource needs as well as critical intermediate goods. Energy resources from the Middle East and Russia power China and India. China also imports more than 25% of its mineral needs; the largest minerals corridors in the world run from Australia, Brazil, Chile, and South Africa to provide the inputs for China's manufacturing hub. Europe and North America provide much of the advanced machinery and the intangible know-how that supports production of advanced electronics such as semiconductors.

- Europe 30 (The 27 EU Member States, Iceland, Liechtenstein and Norway) is also a strong manufacturing region but imports more than 50% of its energy resource needs. Prior to 2022, Europe 30's largest source of energy resource imports was Russia. Since Russia's invasion of Ukraine in early 2022, European economies have been attempting to diversify sources of natural gas away from Russia. Europe also depends on others for specific inputs to its

manufacturing. For instance, while Europe 30 is a significant net exporter of pharmaceuticals, it relies on Asia–Pacific for crucial inputs of active pharmaceutical ingredients.

- Resource-rich regions, namely Eastern Europe and Central Asia, Latin America, the Middle East and North Africa (MENA), and Sub-Saharan Africa, tend to be net importers of manufactured goods and services. These regions import manufactured goods roughly equally from Asia–Pacific and Europe 30. Asia–Pacific is the largest partner of these regions for flows of electronics, textiles, and basic metals, while Europe 30 is the largest partner for pharmaceuticals and machinery. Resource-rich regions are often also net importers of some types of resources. For example, MENA is the largest net exporter of energy resources, but it depends on other regions for more than 60 percent of the key crops it needs for food. Prior to the invasion of Ukraine by Russia, large corridors flowed into the region from these two countries. In Latin America, Brazil and Argentina are two of the world's largest grain exporters, but they rely on flows of fertilizers from the rest of the world. Notably, they have been sourcing more than 50 percent of their potash imports from Russia and Belarus.

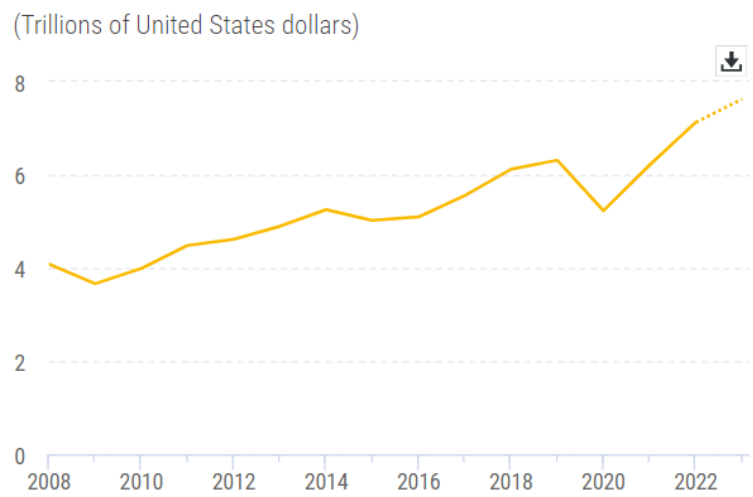
- North America is a net importer of both manufactured goods and mineral resources; Asia–Pacific is its main partner for both. North America imports about 15% of its electronics consumption needs, and Asia–Pacific accounts for about 85% of these imports, roughly split between China and other economies in the region. North America also imports about 10% of its mineral consumption, again with Asia–Pacific as its largest partner. North America's reliance on imports of minerals is even more pronounced when looking at a granular level. For example, the United States imports more than 70% of its consumption needs for more than 30 mineral commodities.

10.4.1.2 Global Patterns of Flows of Services

After the pandemic-driven decline of 17.2% in 2020, world services exports value continued its recovery path in 2021 and 2022. In 2022, it increased by 14.8%. An annual growth of 7.0% is nowcast for 2023 (see **Fig. 9**).

In 2022, global services exports were valued at $7.1 trillion, representing 7.1 % of world GDP and 23 % of total world trade in both goods and services. Compared to the pre-pandemic period, all main service categories surpassed their value of 2019, except travel and construction.

In 2022, the services exports' share in GDP exceeded 30 % in 21 economies. Those are either small islands where travel exports are important, or other small economies with significant business and financial services exports. Notably, Luxembourg and Sint Maarten (Dutch part) recorded services exports at 162 and 133 % of GDP, respectively.



Source: The dotted line indicates UNCTAD nowcasts (as of November 2023). For the weekly update of the nowcast and its methodology, see UNCTAD (2023).

Fig. 9 World Services Exports

Looking at the trends by development status and region, in 2022, a solid continuation of the recovery of services trade from 2020 was observed in all groups of economies, in developing more than in developed. The highest relative rise was measured in American developing economies, where travel and transport had a prominent role and more ground to recover after the pandemic. Exports increased faster than imports in all groups of developing economies, whereas in developed economies, imports increased faster than exports (see **Fig. 10**).

Fig. 10 Services Trade Annual Growth Rates, 2022

With $929 billion worth of services sold internationally in 2022, the United States of America remained the world's leading exporter, capturing a 13% share of the global market. It was followed, at some distance, by the United Kingdom ($494 billion). China, the leading exporter among developing economies, ranked third ($424 billion). The top five services exporters from the developing world were Asian. In 2022, they captured 18% of the global market (see **Fig. 11**).

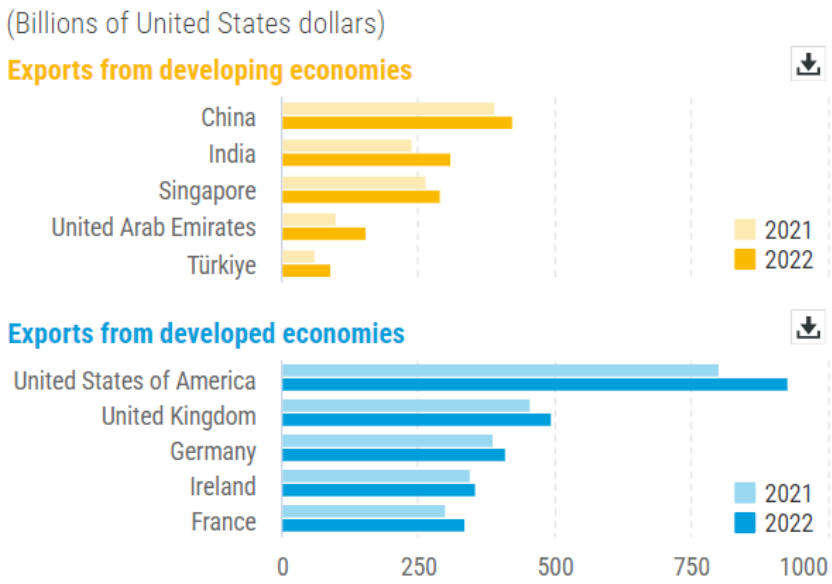


Fig. 11 Top Five Services Exporters, 2022

10.5.2 Global Patterns of Flows of Capital

Capital flows refer to the movement of money for the purpose of investment, trade, or business operations. Inside of a firm, these include the flow of funds in the form of investment capital, capital spending on operations, and research and development (R&D). When such flows take place across international borders, they are known as ***foreign direct investment***.

Foreign direct investment (FDI) is defined as an investment reflecting a lasting interest and control by a foreign direct investor, resident in one economy, in an enterprise resident in another economy (foreign affiliate).

FDI inflows comprise capital provided by a foreign direct investor to a foreign affiliate, or capital received by a foreign direct investor from a foreign affiliate. **FDI outflows** represent the same flows from the perspective of the other economy. FDI flows can be presented on a net basis, i.e., as credits less debits. Thus, in cases of reverse investment or disinvestment, FDI may be negative.

FDI stock is the value of capital and reserves attributable to a non-resident parent enterprise, plus the net indebtedness of foreign affiliates to parent enterprises (UNCTAD, 2023).

In 2022, global **foreign direct investment (FDI) inflows** experienced a 12.4% decline, amounting to $1.3 trillion. This decline was mostly in developed economies, where FDI fell by 36.7% to $378 billion. Conversely, FDI flows into developing economies rose by 4.0% reaching a historic peak of $916 billion. However, this increase was uneven across regions. FDI flows to developing Africa declined by 43.5% to $45 billion in 2022 following a record-breaking year of $80 billion in 2021. FDI inflows in developing Asia and Oceania remained flat at $663 billion. And a significant increase was to developing America where flows rose by 51.2 % reaching $208 billion. FDI fell by 16.5% to $22 billion in the LDCs.

In 2022, the United States of America remained the largest host economy for FDI. It was followed by China, Singapore, Hong Kong (China), and Brazil. Nine of the top 20 host economies were developing economies (see **Fig. 12**).

In 2022, **FDI outflows** from developed economies decreased by 17.1 % to $1 trillion. The value of FDI outflows from developing economies decreased by 5.4 % to $459 billion. Flows from developing Asia and Oceania fell by 11.2 %.

The top economies for FDI outflows in 2022 were led by the United States, followed by Japan. China was the third largest investor home economy followed by Germany and United Kingdom (see **Fig. 12**).

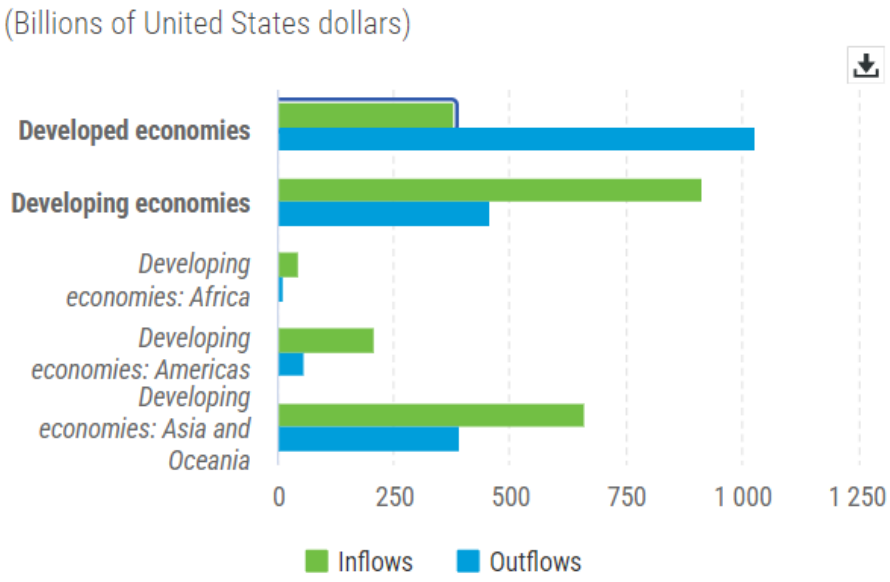


Fig. 12 Foreign Direct Investment Inflows and Outflows, 2022

10.5.3 Global Patterns of Flows of Labour

In 2019, there were 169 million international migrant workers in the world and they constituted 4.9% of the global labour force in the destination countries (ILO, 2021). These international migrant workers made up approximately 69% of the world's international migrant population of working age (aged 15 and over) in 2019 (ILO, 2021).

Crossing national borders to work is one of the key motivations behind international migration, whether driven by economic inequalities, seeking employment, or both. The additional impact of economic, political and environmental crises and shifting demographics, with ageing populations in some parts of the world and a "youth bulge" in others, contribute to rising labour migration (Ozel et al., 2017).

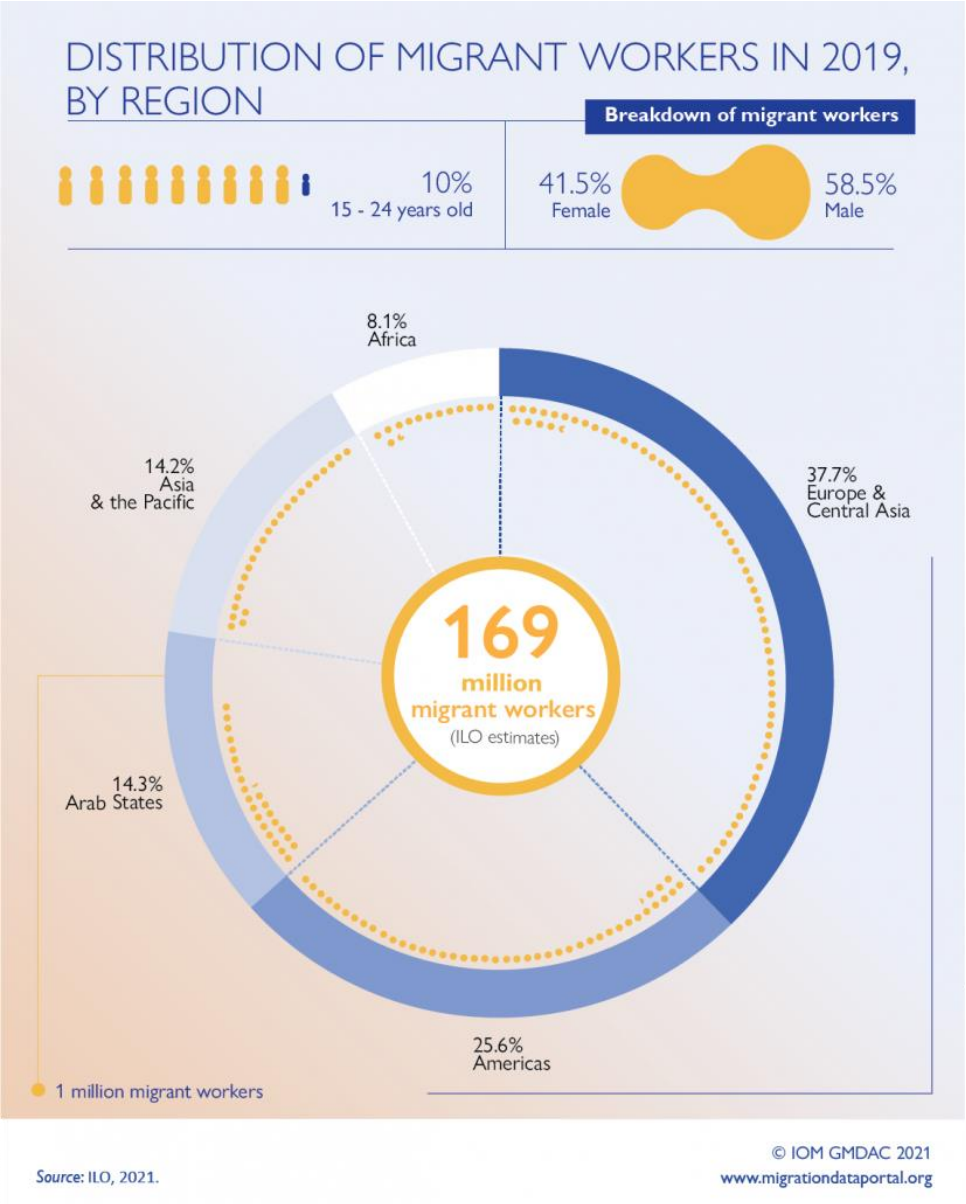


Fig. 13 Distribution of Migrant Workers by Region, 2019

Over two-thirds of all migrant workers were **concentrated in high-income countries** and **approximately 60.6 % were located in** three subregions: 24.2 % in **Northern, Southern and Western Europe**; 22.1 % in **Northern America**; and 14.3 % in the **Arab States** (ibid.) (see **Fig. 13**). The importance of these top three subregions in terms of the number of international migrant workers they host has not diminished over time. According to previous estimates, the same three subregions hosted the biggest shares of all migrant workers: 60.2 % in 2013 and 60.8 % in 2017 (ibid.).

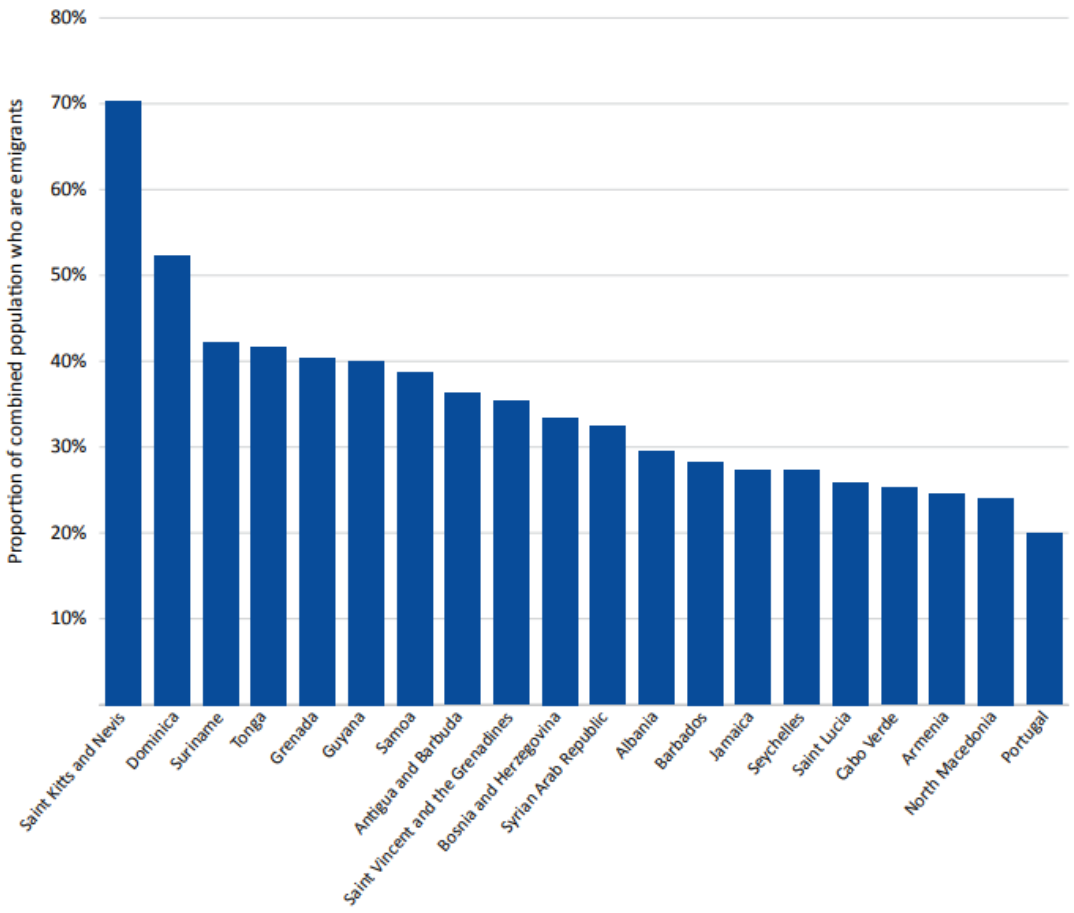
Among all migrant workers worldwide in 2019, 70 million or approximately 41.5 % were female (ibid.). Male migrant workers made up 99 million or 58.5 % of the total (ibid.). Women represent a smaller share of the total of international migrant workers because they also represent a lower share of the total international migrants (47.9%) and they have a relatively lower labour market participation rate compared to men (59.8% vs. 77.5%) (ibid.). However, some significant regional variations existed in the share of women among total migrant workers. In Northern, Southern and Western Europe, women

represented more than 50.0% of all migrant workers; in the Arab States, the share was below 20.0% (ibid.).

Prime-age adults (aged 25–64) constituted 86.5 % of all migrant workers (ibid.). Approximately 10% of all migrant workers in 2019 were between 15 and 24 years old (ibid.). The share of older workers (aged 65 and over) among migrant workers constituted 3.6% (ibid.).

The services sector was the main employer of migrant workers, employing 66.2% of all migrant workers and almost 80 % of total female migrant workers worldwide (ibid.). A growing demand for labour in the care economy (including in health and domestic work), where the labour force is predominantly female, could partially explain the high share of women migrant workers in the services sector (ibid.). As for the remaining migrant workers, 26.7% were in industry and 7.1% in agriculture (ibid.).

While international migrants may tend to gravitate toward high-income countries, their origins globally can be diverse. Some origin countries have high proportions of their nationals living abroad for economic, political, security, trade or cultural reasons that may be contemporary or historical in nature. For example, the Syrian Arab Republic has a higher rate of emigration than most other countries due to displacement caused by long-term conflict (see discussion below on refugees for more detail). Figure 4 highlights countries with high proportions of emigrants in 2019. Importantly, the emigration proportion of a country represents an accumulation of migration (and displacement) over time, sometimes many decades. Of note is the geographic diversity of the countries (countries from all regions except Northern America are included) as well as the high number of countries from Latin America and the Caribbean (10 of the 20 countries) (see **Fig. 14**).



Source: UN DESA, 2019a.

Notes: The population size used to calculate the percentage of emigrants is based on the UN DESA resident population of the country, which includes foreign-born, and UN DESA international migrants originally from that country. Only countries with a combined population of more than 100,000 residents and emigrants were included in the analysis.

Fig. 14 Top 20 Countries of Emigration in 2019 (Proportion)

10.6 Concluding Remarks

- A defining feature of the global economy is its **interconnectedness**.
- Different places are connected, albeit **unevenly**, by flows of trade, capital and labour.
- The interconnectedness also led to **interdependence** between different places.
- As countries develop, their economies have evolved, imbuing the global economy with a **dynamic** quality.
- As we progress in our understanding of the global economy, we will seek to understand **how these flows came about**, as well as **their impacts on different places**.
- Applying what we have learnt in Topic 1.1, we will come to **appreciate how those impacts affect sustainable development**.
- In the process, we will be able to form an opinion about **which actor/actors bear the responsibility** and/or hold the answer to bringing about **greater sustainability in the global economy**.