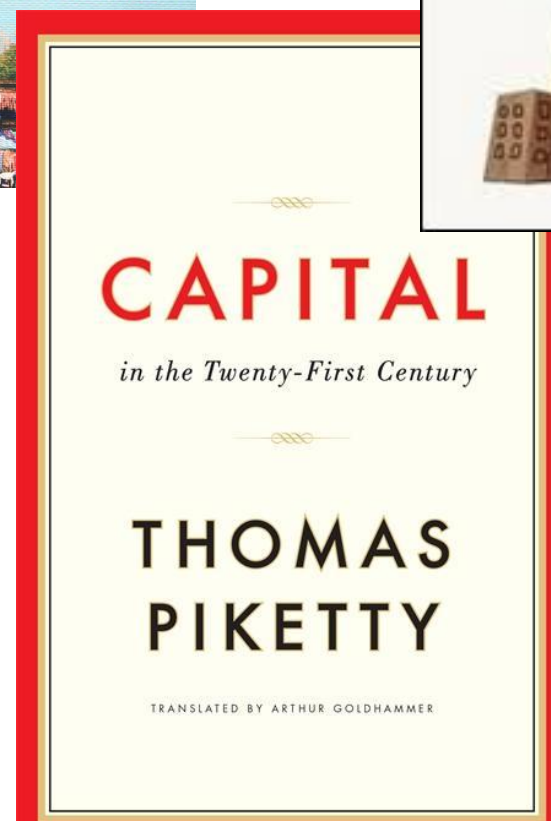
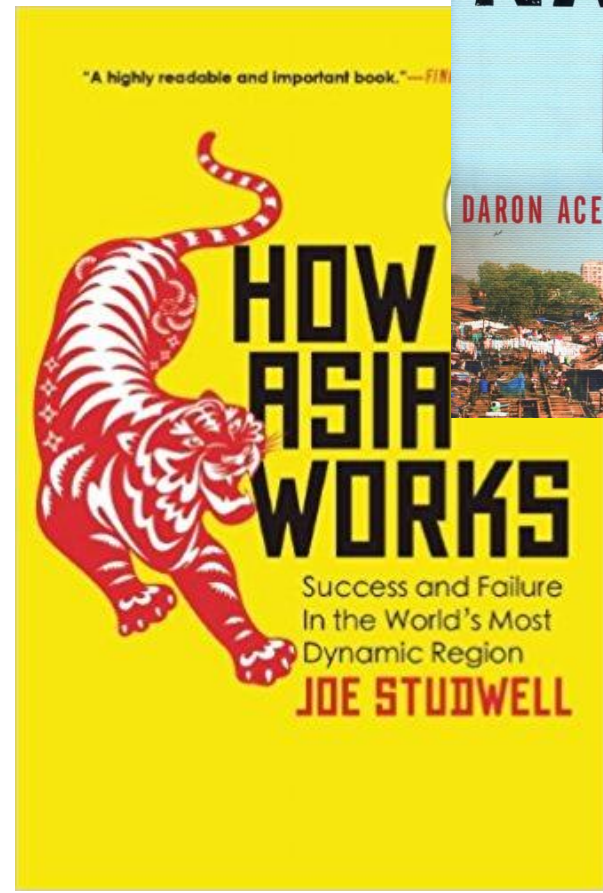
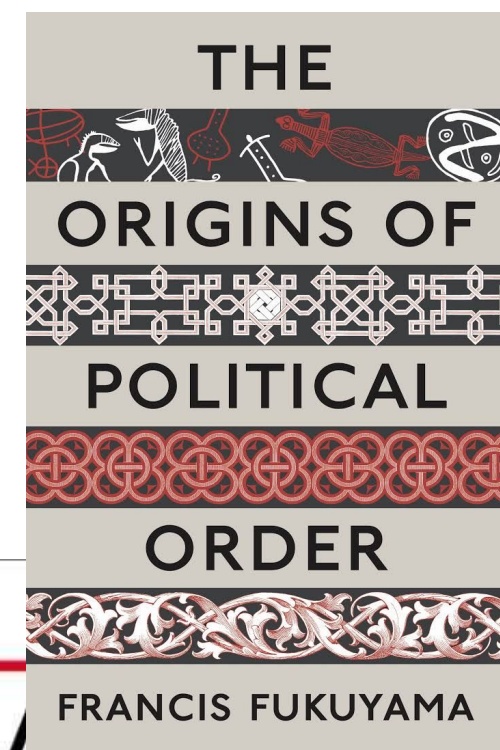
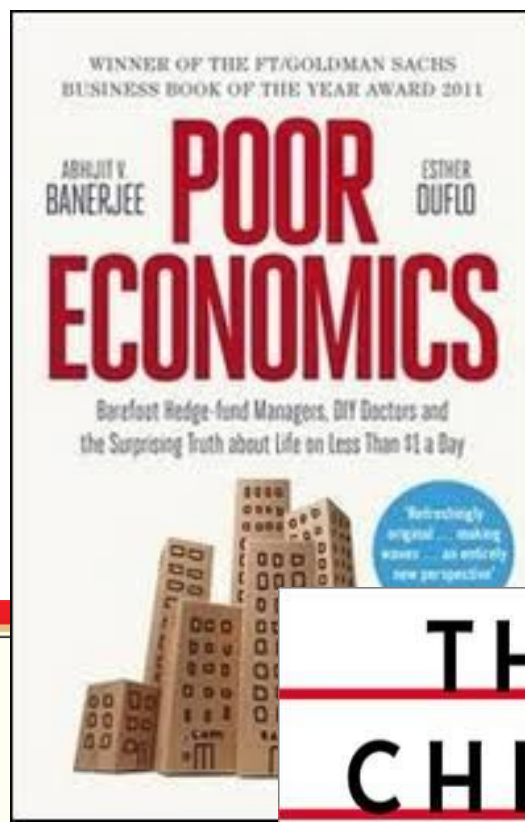
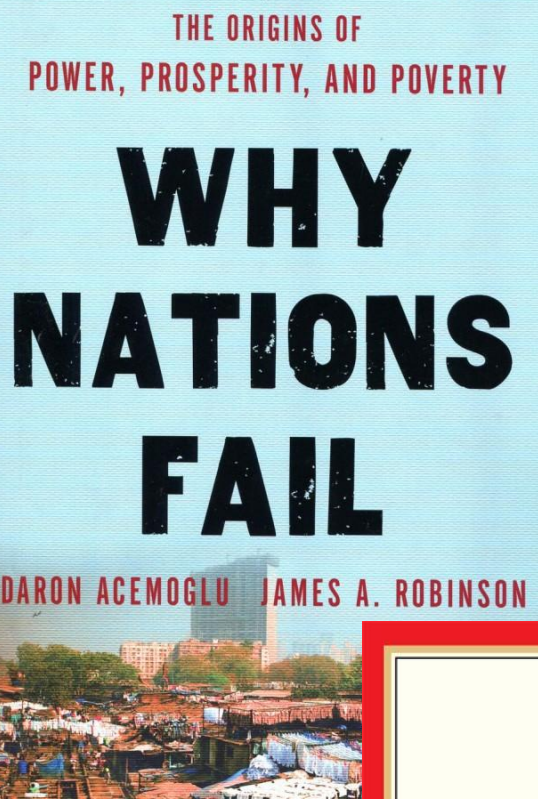


# WORLD ECONOMICS INTRO

Prof. Zharova Liubov

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# COURSE STRUCTURE

Lesson	Topic
<b>Module 1</b> <i>Feb 20</i>	<b>Introduction in International Economics:</b>
<b>Module 2</b> <i>Feb 22</i>	<b>Meaning of development:</b> Defining development and undevelopment; How to measure (approaches by IMF, UNDP, WTO); Qualitative and factors of development (GDP vs Inclusive development); Obstacles of development / Problems facing developing countries
<b>Module 3</b> <i>Feb 27</i>	<b>Theoretical background of international economics:</b> Linear stages of Growth models; Structural change theories; International dependence theories; Neo-classical, Free-market theories
<b>Module 4</b> <i>March 1</i>	<b>Modern Factors of Economic Growth and Economic Development:</b> Economic growth: definition and measurement; economic development of different countries / Interdependence between level of growth and development
<b>Module 5</b> <i>March 6</i>	<b>Microfinance:</b> Social impact of Banks; basic mechanism of capital accumulation; public and private investments; human development index (HDI); development indicators
<b>Module 6</b> <i>March 13</i>	<b>Foreign trade imbalance:</b> Effectiveness of foreign trade aid; foreign direct investments; capital demand and capital demand specialty; macroeconomic stability
<b>Module 8</b> <i>March 15</i>	<b>Globalization and Growing Trend to Regionalization:</b> Globalization – definition, spreading, influence and consequences and opportunities for rich and poor countries
<b>Module 9</b> <i>March 22</i>	<b>Equality and Economic Growth:</b> Gender gap, discrimination, pay gap and their consequences for economic growth
<b>Module 10</b> <i>March 27</i>	<b>Poverty and education:</b> Poverty and inequality; population growth; access to education
<b>Module 11</b> <i>March 29</i>	<b>Corruption as a global issue:</b> Definition, history, best practices of overcoming
<b>Module 12</b> <i>April 3</i>	<b>Sustainable Development:</b> Definition and evolution, new economic concept and its applicable variations
<b>Module 13</b> <i>April 10</i>	<b>Climate and Environment Factors of Sustainable Economic Growth:</b> Reality or economic mystification; consequences for economic and international relationship
<b>Module 14</b> <i>April 12</i>	<b>Global Market and Global Competition: Do they encourage or discourage economic growth?</b>

# PROGNOSIS OF COUNTRIES DEVELOPMENT IN 1990<sup>s</sup> AND REALITY



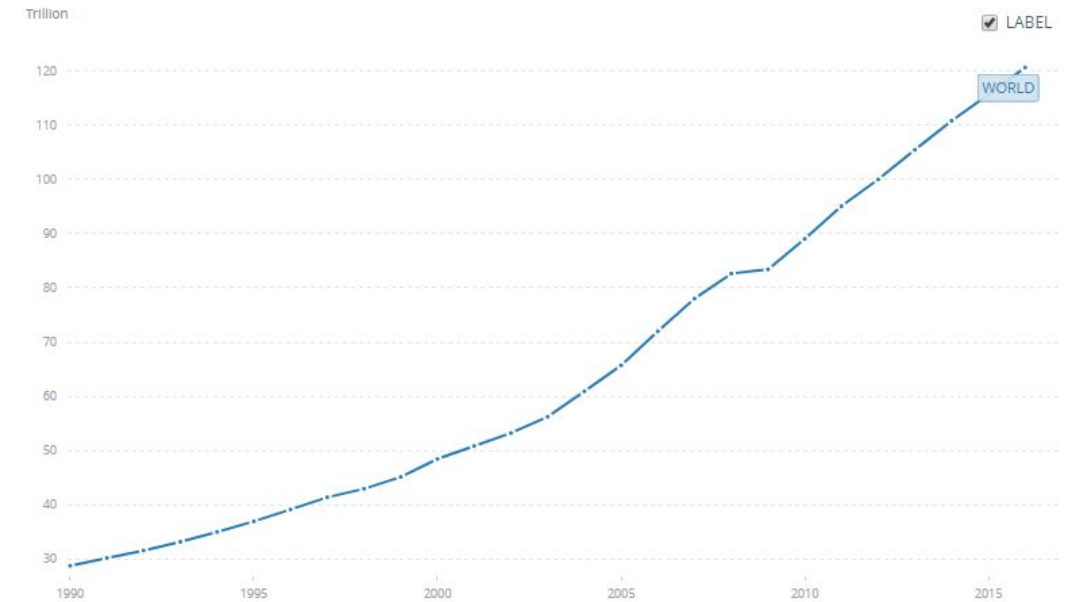
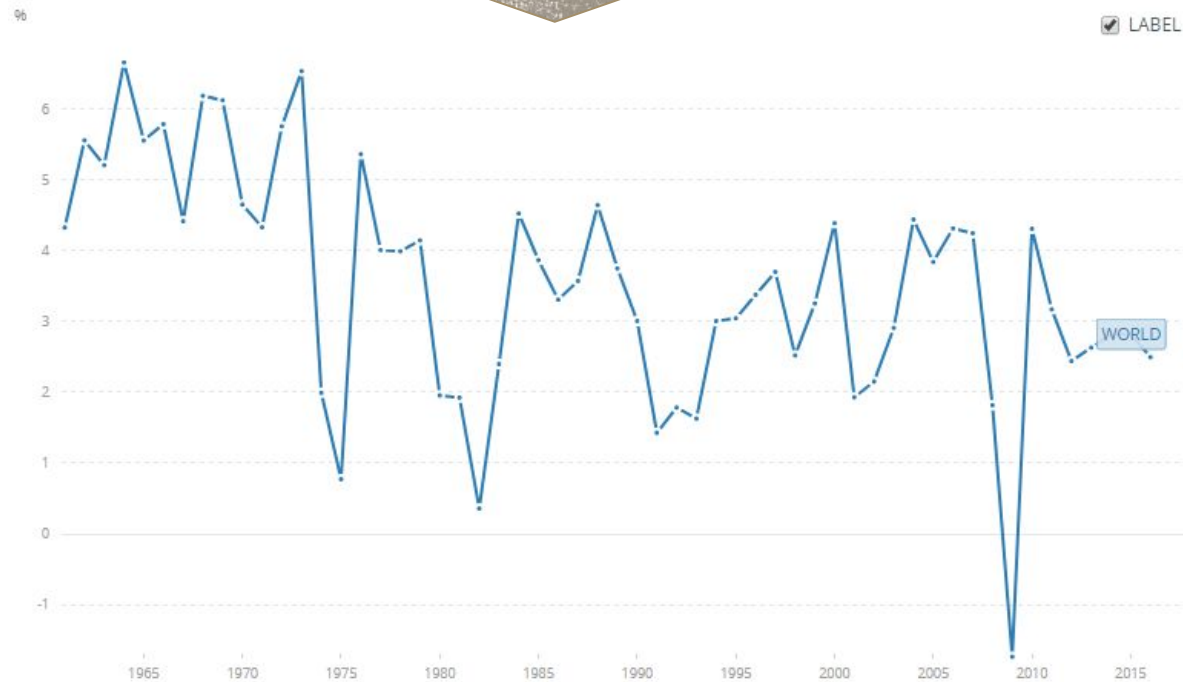
# NEW

- The Gross Domestic Product (GDP) of an economy is a measure of total production. More precisely, it is the monetary value of all goods and services produced within a country or region in a specific time period. While the definition of GDP is straightforward, accurately measuring it is a surprisingly difficult undertaking. Moreover, any attempts to make comparisons over time and across borders are complicated by price, quality and currency differences. This article covers the basics of GDP data and highlights many of the pitfalls associated with intertemporal and spatial comparisons.



# WORLD DEVELOPMENT IN DYNAMIC

**GDP growth  
(annual %)**



**GDP, PPP  
(current international \$)**

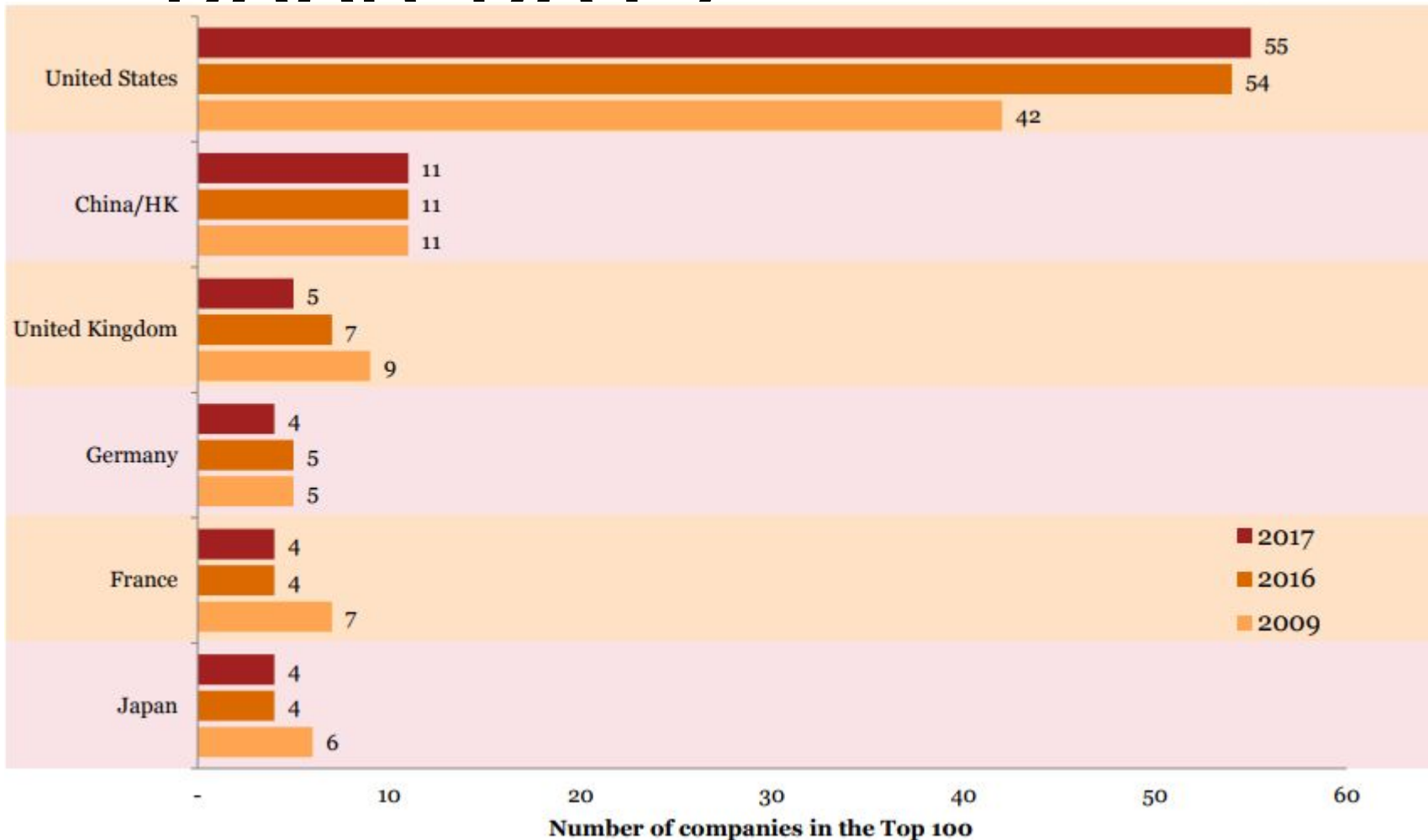


# GDP, GNP, GNI AND GDP PPP

Income Earned by:	GDP	GNI	GNP
Residents in Country	Personal consumption (C) + business investment (I) + government spending (G) + [exports - imports (X)]	GDP +(income from citizens and businesses earned abroad) – (income remitted by foreigners living in the country back to their home countries)  GNP + (income spent by foreigners within the country) – (foreign income not remitted by citizens)	GDP + (income earned on all foreign assets) – (income earned by foreigners in the country)
Foreigners in Country	Includes	Includes If Spent in Country	Excludes All
Residents Out of Country	Excludes	Includes If Remitted Back	Includes All



# TOP 100 COMPANIES BY COUNTRY – TRENDS 2009 2017



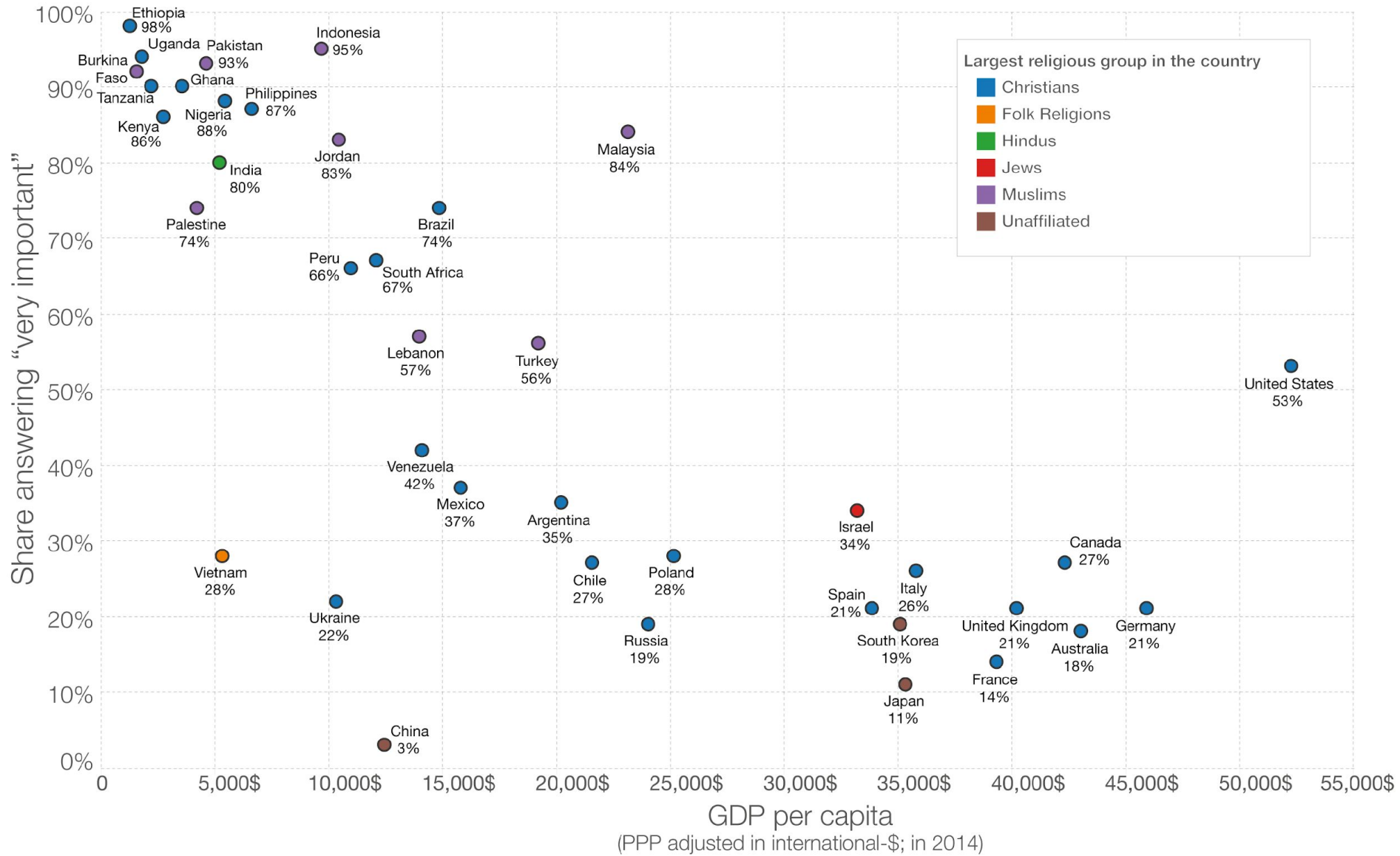




# Importance of Religion vs level of GDP per capita

The question that was asked was "How important is religion in your life?" And the possible answers were "very important", "somewhat important", "not too important" and "not at all important". Shown is the share that answered "very important".

The color of each country represents the largest religion in the county. The percentage value is the share answering very important.



Data source: Penn World Table for GDP per capita; Pew Global Attitudes Survey for importance of religion measure; Pew for majority religion. The interactive data visualization is available at [OurWorldinData.org](http://OurWorldinData.org). There you find the raw data and more visualizations on this topic.

Licensed under CC-BY-SA by the author Max Roser.



# RLD

## Top 10 skills

The history of urbanization, 3700 BC – 2000 AD

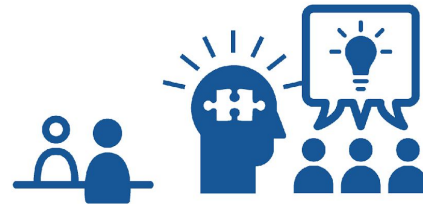
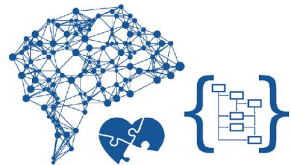
### in 2020

1. Complex Problem Solving
2. Critical Thinking
3. Creativity
4. People Management
5. Coordinating with Others
6. Emotional Intelligence
7. Judgment and Decision Making
8. Service Orientation
9. Negotiation
10. Cognitive Flexibility

### in 2015

1. Complex Problem Solving
2. Coordinating with Others
3. People Management
4. Critical Thinking
5. Negotiation
6. Quality Control
7. Service Orientation
8. Judgment and Decision Making
9. Active Listening
10. Creativity

<http://metrocosm.com/history-of-cities/>

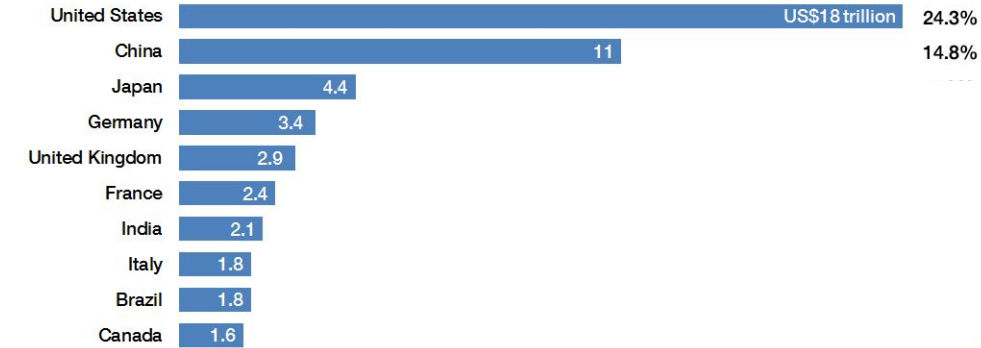


Source: Future of Jobs Report, World Economic Forum



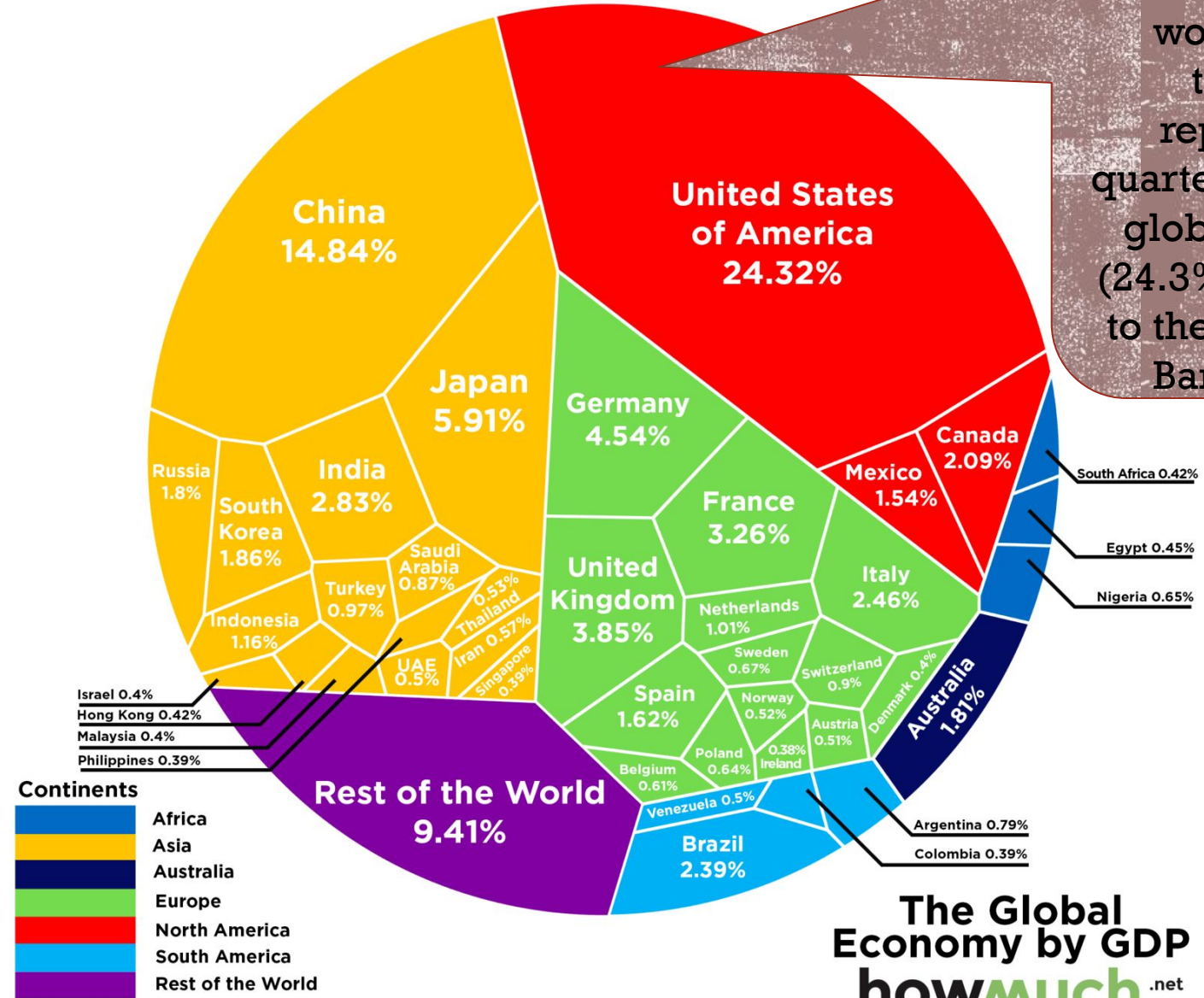
# The world's biggest economies

GDP in current USD and share of global total, latest World Bank data, 2015



Source: World Bank and Visual Capitalist

The economy of the United States is the largest in the world. At \$18 trillion, it represents a quarter share of the global economy (24.3%), according to the latest World Bank figures.



Sources: World Development Indicators database, World Bank, 1 February 2017

The Global Economy by GDP  
**howmuch**.net



# FASTEST-GROWING ECONOMY

- The US may not dominate for much longer, however.
- Although China trails the US by \$7 trillion, it's catching up. China's economy grew by **6.7%** in 2016, compared with America's **1.6%**, according to the IMF.
- China has also overtaken India as the fastest-growing large economy. The IMF's World Economic Outlook estimated China's economy grew at 6.7% in 2016, compared with India's 6.6%.
- Brazil's economy has contracted in the last year by 3.5%, the only one in the top 10 to do so.
- The Asian bloc clearly has a larger share than anywhere else, representing just over a third (33.84%) of global GDP. That's compared to North America, which represents just over a quarter, at 27.95%.
- Europe comes third with just over one-fifth of global GDP (21.37%).
- Together, these three blocs generate more than four-fifths (83.16%) of the world's total output.



# THE BIGGEST ECONOMIES IN 2050

*Emerging markets will dominate the world's top 10 economies in 2050 (GDP at PPPs)*

- A new study by PricewaterhouseCooper says that China will be in first place by 2050, because emerging economies will continue to grow faster than advanced ones.
- India will rank second, the US will be third, and fourth place is expected to go to Indonesia.
- The UK could be down to 10th place by 2050, while France could be out of the top 10 and Italy out of the top 20 as they are overtaken by faster-growing emerging economies such as Mexico, Turkey and Vietnam.
- The report also says that the world economy could more than double in size by 2050, far outstripping population growth, due to technology-driven productivity.

	2016	2050	
<i>China</i>	1	1	<i>China</i>
<i>US</i>	2	2	<i>India</i>
<i>India</i>	3	3	<i>US</i>
<i>Japan</i>	4	4	<i>Indonesia</i>
<i>Germany</i>	5	5	<i>Brazil</i>
<i>Russia</i>	6	6	<i>Russia</i>
<i>Brazil</i>	7	7	<i>Mexico</i>
<i>Indonesia</i>	8	8	<i>Japan</i>
<i>UK</i>	9	9	<i>Germany</i>
<i>France</i>	10	10	<i>UK</i>

E7 economies
  G7 economies

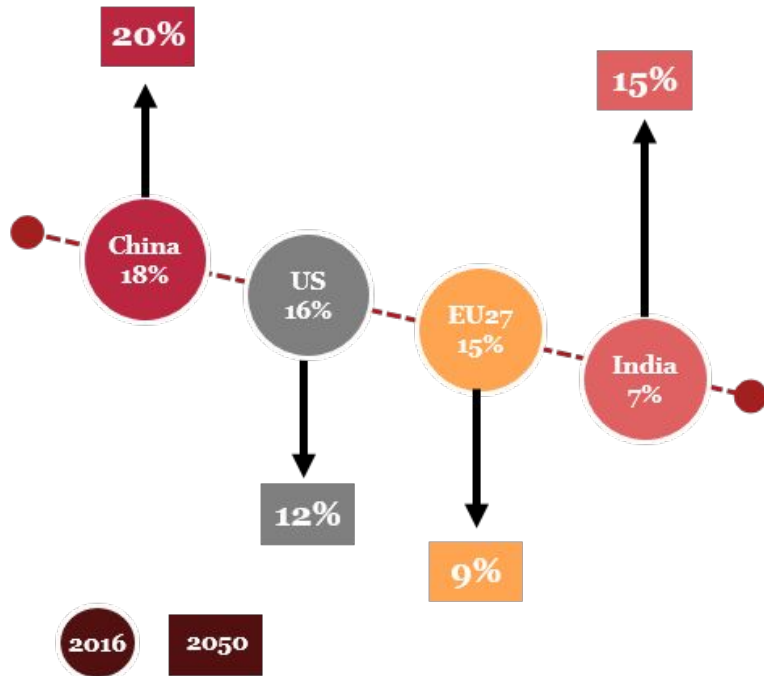
Sources: IMF for 2016 estimates, PwC analysis for projections to 2050



# THE WORLD IN 2050

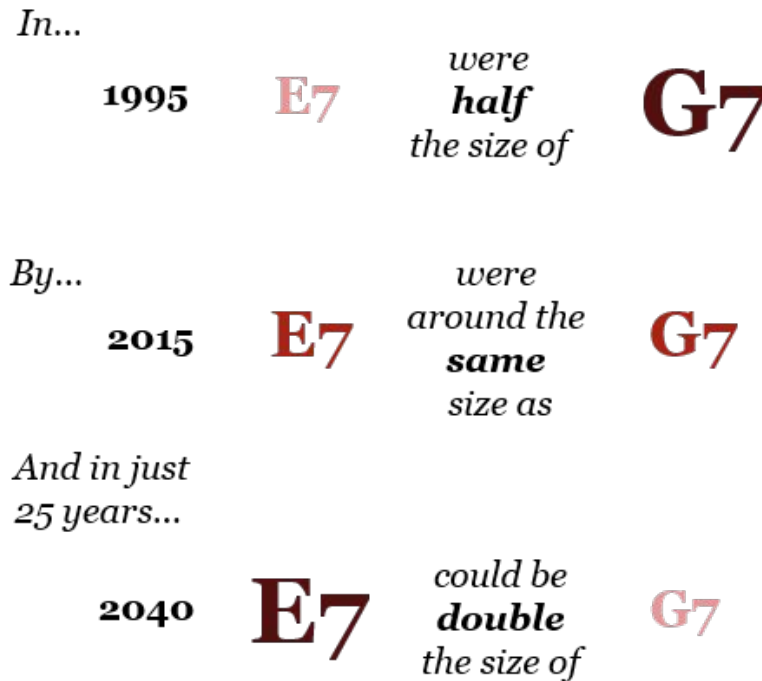
*The US and Europe will steadily lose ground to China and India*

*Share of world GDP (PPPs) from 2016 to 2050...*



Sources: IMF for 2016 estimates, PwC analysis for projections to 2050

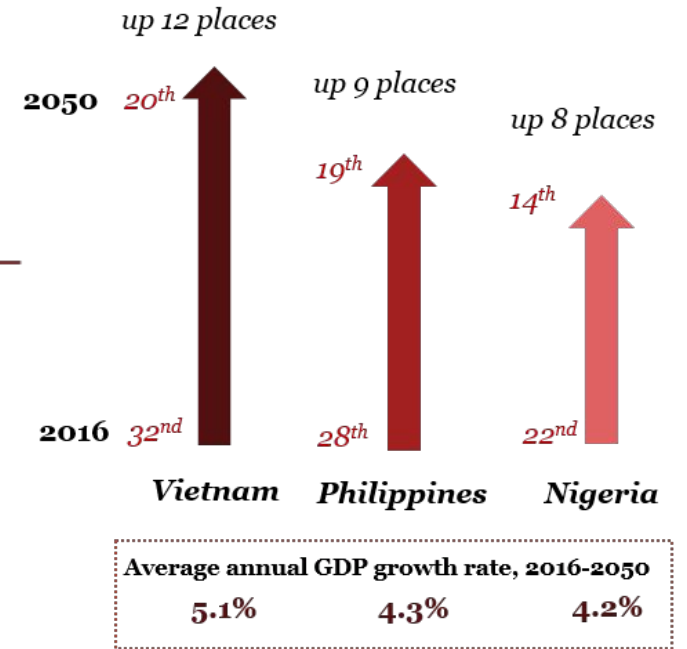
*Global economic power will shift to the E7 economies*



G7: US, UK, France, Germany, Japan, Canada and Italy  
E7: China, India, Indonesia, Brazil, Russia, Mexico and Turkey

Sources: IMF for historical GDP, PwC analysis for projections to 2050

*Vietnam, the Philippines and Nigeria could make the greatest moves up the rankings*



Average annual GDP growth rate, 2016-2050

Vietnam	5.1%
Philippines	4.3%
Nigeria	4.2%

Sources: IMF for 2016 estimates, PwC analysis for projections to 2050



# RULE 72

- The rule of 72 is a shortcut to estimate the number of years required to double your money at a given annual rate of return.
  - *If Gross Domestic Product (GDP) grows at 4% annually, the economy will be expected to double in  $72 \div 4 = 18$  years.*

*GDP grows at 1% - the GDP doubled in 72 years*

*GDP grows at 7% (the world higher level of growth) – the GDP doubled in 10 years*

*GDP growth of Ukraine 2,3*

*China 6,7*

*USA 1,5*

*World 2,24*



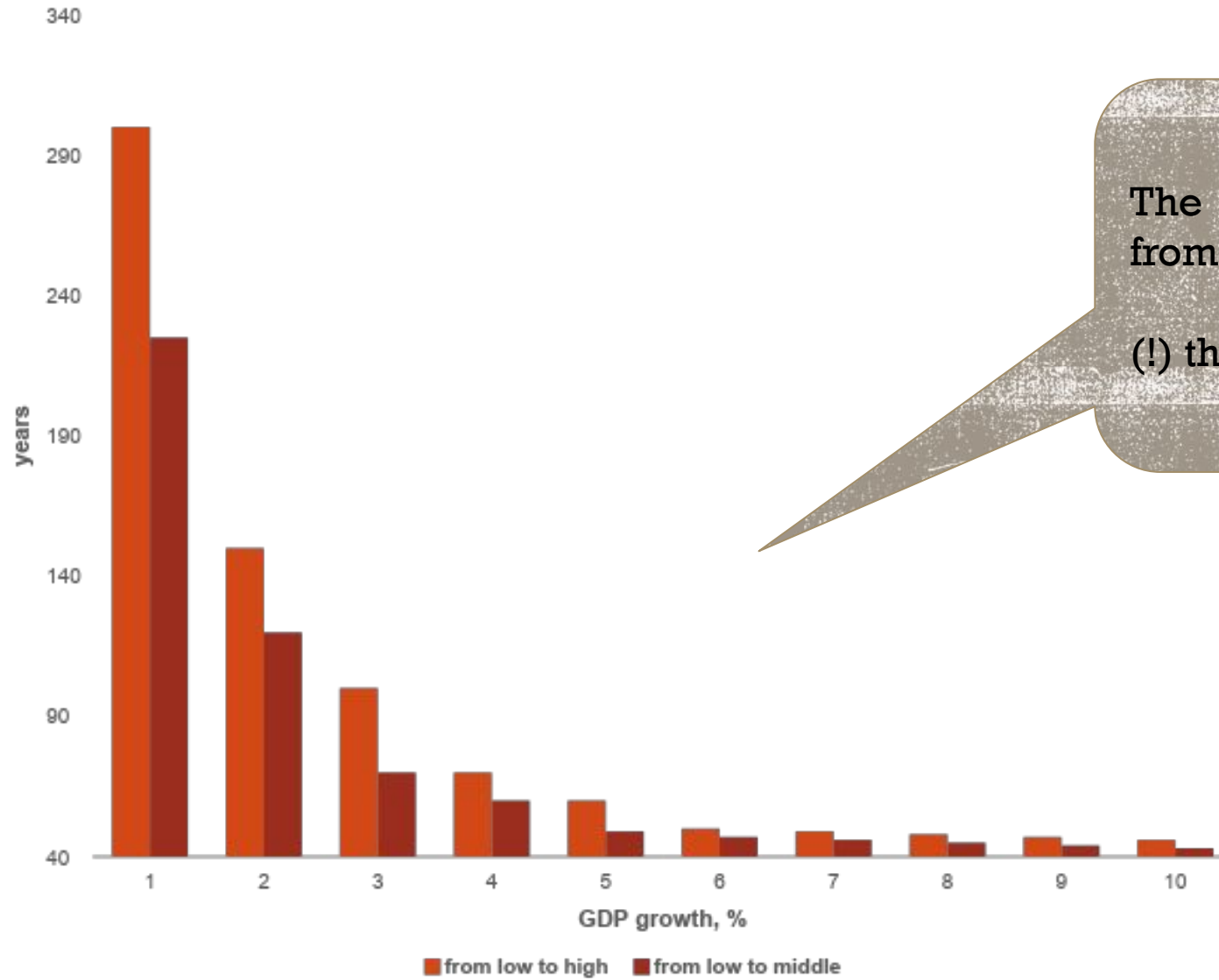


# INCOME

- Incomes per person in poorest countries are \$300-500, for developed – above \$20,000
- For transition with 7% growth the model will look like:

The beginning	500
First decade	1,000
2 <sup>nd</sup> decade	2,000
3 <sup>rd</sup> decade	4,000
4 <sup>th</sup> decade	8,000
5 <sup>th</sup> decade	16,000
53-54 years of development	20,000

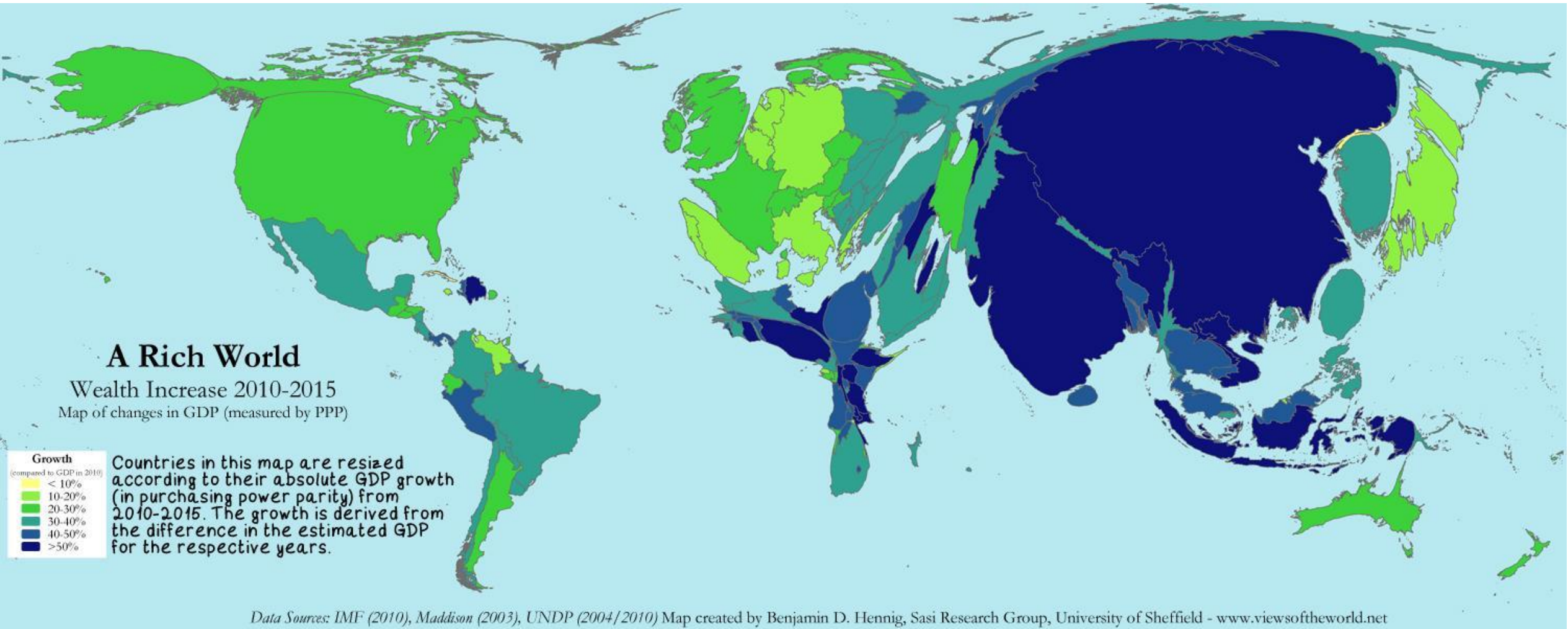




The most time has spent on growth from low level to middle

(!) the stable growth is important





# MEGATRENDS: 5 GLOBAL SHIFTS CHANGING THE WAY WE LIVE AND DO BUSINESS

- Rapid urbanization
- Climate change & resource scarcity
- Shift in global economic power
- Demographic and social change
- Technological breakthroughs

