

# INTRODUCTION INTO THE WORLD ECONOMY

## LESSON I



**SILESIA  
UNIVERSITY**

SCHOOL OF BUSINESS  
ADMINISTRATION IN KARVINA

**Ingrid Majerova**  
World Economy  
EVS/XXX

# First....

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ADMINISTRATION IN KARVINA

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# Outline of the lecture

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1. World Economy as a Science
  2. Definition of the World Economy
  3. Classification of Countries
  4. GDP and GDP per capita in the World
  5. Development of the World Economy
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# DEFINITION OF THE WORLD ECONOMY

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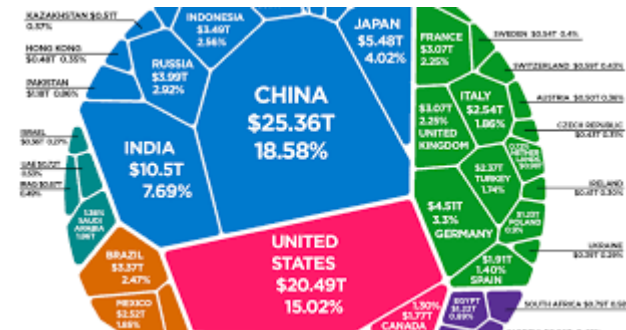


- In domestic and foreign literature there are various approaches to definition of the concept “world economy”. The most important of them are:
    - **Set of the national farms connected with each other by system of the international division of labor.** Such definition is based on idea of the world economy as to the sum of national economies;
    - **World system of the production and financial relations.** The main components of the world economy – the sphere of real production and the sphere of the address found reflection in such approach;
    - **Set of the national and state and non-state structures, and also their interactions on the basis of the international division of labor and political contacts.** In this treatment the world economy represents a common economic space (mega-economy) in which act as subjects of the economic relations: national economies of the countries of the world; subjects of world business – multinational corporations and their alliances; institutes of the world economy – the international economic organizations.
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# DEFINITION OF THE WORLD ECONOMY



- **World economy** - a single social organism in which national economies are in different degrees integrated through an international division of labor and international economic relations.
- **Cornerstones of the WE** - individual, of various sizes and various advanced national economies.
- Transnational corporations play a significant role.



# DEFINITION OF THE WORLD ECONOMY

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- **Elements of the WE:**
  - national economies
  - regional economic groupings
  - transnational companies
  - and international economic institutions
  
- **International economic relations:**
  - international trade
  - international capital movements
  - international monetary relations
  - international labor migration
  - and the international flow of scientific and technical information





- **Individual countries:** the basic elements of the world economy:
    - **basic division:** advanced countries x developing countries
    - **to 90 s:** plus group of countries with centrally planned economies
    - **division of the former centrally planned economies:** countries with economies in transition x countries with central control of foreign trade
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- **Narrower concept (UN):** the criterion of political independence and the nature of economic relations.
  - **Wider concept (WB, OECD):** terms of economic level measured by GDP or GNP per capita, the character of the sectoral structure of the economy and the status and level of infrastructure.
  - **New classification of UNCTAD:**
    - advanced economies
    - former European countries with centrally planned economies and the Commonwealth of Independent States (ECONOMIES IN TRANSITION)
    - and developing economies.
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# NAME OF LECTURE



## Developed economies

North America	Europe		Major developed economies (G7)
	European Union	Other Europe	
Canada United States	<b>EU-15</b> Austria <sup>a</sup> Belgium <sup>a</sup> Denmark Finland <sup>a</sup> France <sup>a</sup> Germany <sup>a</sup> Greece <sup>a</sup> Ireland <sup>a</sup> Italy <sup>a</sup> Luxembourg <sup>a</sup> Netherlands <sup>a</sup> Portugal <sup>a</sup> Spain <sup>a</sup> Sweden United Kingdom <sup>b</sup>	Iceland Norway Switzerland	Canada Japan France Germany Italy United Kingdom United States
<b>Developed Asia and Pacific</b>	<b>EU-13<sup>c</sup></b> Bulgaria Croatia Cyprus <sup>a</sup> Czech Republic Estonia <sup>a</sup> Hungary Latvia <sup>a</sup> Lithuania <sup>a</sup> Malta <sup>a</sup> Poland Romania Slovakia <sup>a</sup> Slovenia <sup>a</sup>		
Australia Japan New Zealand			

## Economies in transition

South-Eastern Europe	Commonwealth of Independent States and Georgia <sup>a</sup>	
Albania	Armenia	Republic of Moldova
Bosnia and Herzegovina	Azerbaijan	Russian Federation
Montenegro	Belarus	Tajikistan
Serbia	Georgia <sup>a</sup>	Turkmenistan
The former Yugoslav Republic of Macedonia	Kazakhstan	Ukraine <sup>b</sup>
	Kyrgyzstan	Uzbekistan



- **Subgroups of developing countries in UNCTAD division:**
  - Major oil exporters
  - Landlocked Developing Countries (LLDC s) - developing countries not having access to the sea (ocean)
  - Small Island Developing Countries (SIDC s)
  - Least Developed Countries (LDC s) - world's poorest countries
  - Heavily indebted poor countries (36 post-completion point + 3 pre-decision point countries)
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# NAME OF LECTURE



Developing economies by region\*

Africa		Asia	Latin America and the Caribbean
<b>North Africa</b>	<b>Southern Africa</b>	<b>East Asia<sup>b</sup></b>	<b>Caribbean</b>
Algeria	Angola	Brunei Darussalam	Bahamas
Egypt	Botswana	Cambodia	Barbados
Libya	Eswatini	China	Belize
Mauritania	Lesotho	Democratic People's Republic of Korea <sup>a</sup>	Guyana
Morocco	Malawi	Fiji	Jamaica
Sudan	Mauritius	Hong Kong SAR <sup>d</sup>	Suriname
Tunisia	Mozambique	Indonesia	Trinidad and Tobago
<b>Central Africa</b>	Namibia	Kiribati	<b>Mexico and Central America</b>
Cameroon	South Africa	Lao People's Democratic Republic	Costa Rica
Central African Republic	Zambia	Malaysia	Cuba
Chad	Zimbabwe	Mongolia	Dominican Republic
Congo	<b>West Africa</b>	Myanmar	El Salvador
Equatorial Guinea	Benin	Papua New Guinea	Guatemala
Gabon	Burkina Faso	Philippines	Haiti
Sao Tome and Principe	Cabo Verde	Republic of Korea	Honduras
<b>East Africa</b>	Côte d'Ivoire	Samoa	Mexico
Burundi	Gambia (Islamic Republic of the)	Singapore	Nicaragua
Comoros	Ghana	Solomon Islands	Panama
Democratic Republic of the Congo	Guinea	Taiwan Province of China	<b>South America</b>
Djibouti	Guinea-Bissau	Thailand	Argentina
Eritrea	Liberia	Timor-Leste	Bolivia (Plurinational State of)
Ethiopia	Mali	Vanuatu	Brazil
Kenya	Niger	Viet Nam	Chile
Madagascar	Nigeria	<b>South Asia</b>	Colombia
Rwanda	Senegal	Afghanistan	Ecuador
Somalia	Sierra Leone	Bangladesh	Paraguay
South Sudan <sup>a</sup>	Togo	Bhutan	Peru
Uganda		India	Uruguay
United Republic of Tanzania		Iran (Islamic Republic of)	Venezuela (Bolivarian Republic of)
		Maldives	
		Nepal	
		Pakistan	
		Sri Lanka	
		<b>Western Asia</b>	
		Bahrain	
		Iraq	
		Israel	
		Jordan	
		Kuwait	
		Lebanon	
		Oman	
		Qatar	
		Saudi Arabia	
		State of Palestine <sup>a</sup>	
		Syrian Arab Republic	
		Turkey	
		United Arab Emirates	
		Yemen	

Fuel-exporting countries

Developed countries	Economies in transition	Developing countries			
		Latin America and the Caribbean	Africa	East Asia	South Asia
Australia	Azerbaijan	Bolivia (Plurinational State of)	Algeria	Brunei Darussalam	Iran (Islamic Republic of)
Norway	Kazakhstan	Colombia	Angola	Democratic People's Republic of Korea	<b>Western Asia</b>
	Russian Federation	Ecuador	Cameroon	Indonesia	Bahrain
	Turkmenistan	Trinidad and Tobago	Chad	Mongolia	Iraq
		Venezuela (Bolivarian Republic of)	Congo	Myanmar	Kuwait
			Equatorial Guinea	Papua New Guinea	Oman
			Gabon		Qatar
			Libya		Saudi Arabia
			Nigeria		United Arab Emirates
			Sudan		



## Landlocked developing countries

Landlocked developing countries		
Afghanistan	Kazakhstan	Republic of Moldova
Armenia	Kyrgystan	Rwanda
Azerbaijan	Lao People's Democratic Republic	South Sudan
Bhutan		Tajikistan
Bolivia (Plurinational State of)	Lesotho	The former Yugoslav Republic of Macedonia
Botswana	Malawi	Turkmenistan
Burkina Faso	Mali	Uganda
Burundi	Mongolia	Uzbekistan
Central African Republic	Nepal	Zambia
Chad	Niger	Zimbabwe
Eswatini	Paraguay	
Ethiopia		

## Small Island developing States

United Nations members		Non-UN members/Associate members of the Regional Commissions
Antigua and Barbuda	Marshall Islands	American Samoa
Bahamas	Mauritius	Anguilla
Bahrain	Nauru	Aruba
Barbados	Palau	Bermuda
Belize	Papua New Guinea	British Virgin Islands
Cabo Verde	Saint Kitts and Nevis	Cayman Islands
Comoros	Saint Lucia	Commonwealth of Northern Marianas
Cuba	Saint Vincent and the Grenadines	Cook Islands
Dominica	Samoa	Curaçao
Dominican Republic	São Tomé and Príncipe	French Polynesia
Federated States of Micronesia	Seychelles	Guadeloupe
Fiji	Singapore	Guam
Grenada	Solomon Islands	Martinique
Guinea-Bissau	Suriname	Montserrat
Guyana	Timor-Leste	New Caledonia
Haiti	Tonga	Niue
Jamaica	Trinidad and Tobago	Puerto Rico
Kiribati	Tuvalu	Sint Maarten
Maldives	Vanuatu	Turks and Caicos Islands
		U.S. Virgin Islands

# NAME OF LECTURE



Heavily Indebted poor countries (as of October 2017)

Post-completion point HIPCs <sup>a</sup>		Pre-decision point HIPCs <sup>b</sup>
Afghanistan	Haiti	Eritrea
Benin	Honduras	Somalia
Bolivia	Liberia	Sudan
Burkina Faso	Madagascar	
Burundi	Malawi	
Cameroon	Mali	
Central African Republic	Mauritania	
Chad	Mozambique	
Comoros	Nicaragua	
Congo	Niger	
Côte D'Ivoire	Rwanda	
Democratic Republic of the Congo	Sao Tomé and Príncipe	
Ethiopia	Senegal	
Gambia	Sierra Leone	
Ghana	Togo	
Guinea	Uganda	
Guinea-Bissau	United Republic of Tanzania	
Guyana	Zambia	

<sup>a</sup> Countries that have qualified for Irrevocable debt relief under the HIPC Initiative.

<sup>b</sup> Countries that are potentially eligible and may wish to avail themselves of the HIPC Initiative or the Multilateral Debt Relief Initiative (MDRI).

Least developed countries (as of March 2018)

Africa		East Asia	South Asia	Western Asia	Latin America and the Caribbean
Angola	Malawi	Cambodia	Afghanistan	Yemen	Haiti
Benin	Mali	Kiribati	Bangladesh		
Burkina Faso	Mauritania	Lao People's Democratic Republic	Bhutan		
Burundi	Mozambique		Nepal		
Central African Republic	Niger	Myanmar			
Chad	Rwanda	Solomon Islands			
Comoros	Sao Tome and Principe	Timor Leste			
Democratic Republic of the Congo	Senegal	Tuvalu <sup>a</sup>			
Djibouti	Sierra Leone	Vanuatu			
Eritrea	Somalia				
Ethiopia	South Sudan				
Gambia	Sudan				
Guinea	Togo				
Guinea-Bissau	Uganda				
Lesotho	United Republic of Tanzania				
Liberia	Zambia				
Madagascar					

<sup>a</sup> Not Included in the WESP discussion because of insufficient data.



- **According to OECD:**
  - OECD countries
  - and non-OECD countries that are further divided into:
    - Africa and the Middle East
    - developing countries of Asia
    - Latin America
    - the countries of Central and Eastern Europe
  - **emerging markets** - countries that are the targets of investment flows and represent promising markets for products from advanced countries, on the other hand, are able to establish production cooperation with them.
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- **World Bank clasifies countries by the GNI per capita and ranks them into the performance groups (in 2019):**
  - countries producing more than 12,376 USD per capita (high income)
  - countries with an output from 3,996 to 12,375 USD (upper middle income)
  - countries with an output from 1,026 to 4,995 USD (lower middle income)
  - countries with less than 1,025 USD/capita (low income)
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# CLASSIFICATION OF COUNTRIES



Economies by per capita GNI In June 2018<sup>~</sup>

High-income		Upper-middle-income		Lower-middle-income	
Argentina <sup>c</sup>	Latvia	Albania	Kazakhstan	Angola	Lesotho
Australia	Lithuania	Algeria	Lebanon	Bangladesh	Mauritania
Austria	Luxembourg	Armenia <sup>c</sup>	Libya	Bhutan	Mongolia
Bahamas	Malta	Azerbaijan	Malaysia	Bolivia (Plurinational State of)	Morocco
Bahrain	Netherlands	Belarus	Maldives	Cabo Verde	Myanmar
Barbados	New Zealand	Belize	Mauritius	Cambodia	Nicaragua
Belgium	Norway	Bosnia and Herzegovina	Mexico	Cameroon	Nigeria
Brunei Darussalam	Oman	Botswana	Montenegro	Congo	Pakistan
Canada	Panama <sup>c</sup>	Brazil	Namibia	Côte d'Ivoire	Papua New Guinea
Chile	Poland	Bulgaria	Paraguay	Djibouti	Philippines
Croatia <sup>c</sup>	Portugal	China	Peru	Egypt	Republic of Moldova
Cyprus	Qatar	Colombia	Romania	El Salvador	São Tomé and Príncipe
Czech Republic	Republic of Korea	Costa Rica	Russian Federation	Eswatini	Solomon Islands
Denmark	Saudi Arabia	Cuba	Samoa	Georgia	Sri Lanka
Estonia	Singapore	Dominican Republic	Serbia	Ghana	State of Palestine
Finland	Slovak Republic	Ecuador	South Africa	Honduras	Sudan
France	Slovenia	Equatorial Guinea	Suriname	India	Timor-Leste
Germany	Spain	Fiji	Thailand	Indonesia	Tunisia
Greece	Sweden	Gabon	The former Yugoslav Republic of	Kenya	Ukraine
Hong Kong SAR <sup>d</sup>	Switzerland	Guatemala <sup>c</sup>	Macedonia	Kiribati	Uzbekistan
Hungary	Taiwan Province of China	Guyana	Turkey	Kyrgyzstan	Vanuatu
Iceland	Trinidad and Tobago	Iran (Islamic Republic of)	Turkmenistan	Lao People's Democratic Republic	Viet Nam
Ireland	United Arab Emirates	Iraq	Venezuela (Bolivarian Republic of)		Zambia
Israel	United Kingdom	Jamaica			
Italy	United States	Jordan <sup>c</sup>			
Japan	Uruguay				
Kuwait					
<b>Low-income</b>					
		Afghanistan	Democratic Republic of the Congo	Malawi	Syrian Arab Republic <sup>b</sup>
		Benin	Eritrea	Mali	Tajikistan <sup>b</sup>
		Burkina Faso	Ethiopia	Mozambique	Togo
		Burundi	Gambia	Nepal	Uganda
		Central African Republic	Guinea	Niger	United Republic of Tanzania
		Chad	Guinea-Bissau	Rwanda	Yemen <sup>b</sup>
		Comoros	Haiti	Senegal	Zimbabwe
		Democratic People's Republic of Korea	Liberia	Sierra Leone	
			Madagascar	Somalia	
				South Sudan	





## Changes in Classification

The following countries are assigned to new income groups:


	<b>New group</b>	<b>Old group</b>	<b>GNI/Capita/\$ (2018) as of July 1, 2019</b>	<b>GNI/Capita/\$ (2017) as of July 1, 2018</b>
Comoros	Lower-middle income	Low income	1,320	760
Georgia	Upper-middle income	Lower-middle income	4,130	3,790
Kosovo	Upper-middle income	Lower-middle income	4,230	3,890
Senegal	Lower-middle income	Low income	1,410	950
Sri Lanka	Upper-middle income	Lower-middle income	4,060	3,840
Zimbabwe	Lower-middle income	Low income	1,790	910
Argentina	Upper-middle income	High income	12,370	13,040



- **Division by innovations:**
  - **Center of the world economy:** GDP over 10.000 USD per capita, this group is a source of innovation and scientific and technical progress
  - **Close peripherals:** GDP from 3000 to \$ 10,000 per capita, and the ability to apply and accept innovations produced elsewhere
  - **Distant peripherals:** rest of the world with low levels of participation in the international division of labor with low skills even if only to accept innovations
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# CLASSIFICATION OF COUNTRIES



 The Top 10 Most Innovative Economies	
Global Competitiveness Report 2017-2018	Rank*
Switzerland	1
United States	2
Israel	3
Finland	4
Germany	5
Netherlands	6
Sweden	7
Japan	8
Singapore	9
Denmark	10

Source: The Global Competitiveness Report 2017-2018

\*2017-2018 rank out of 137 economies

Image: World Economic Forum

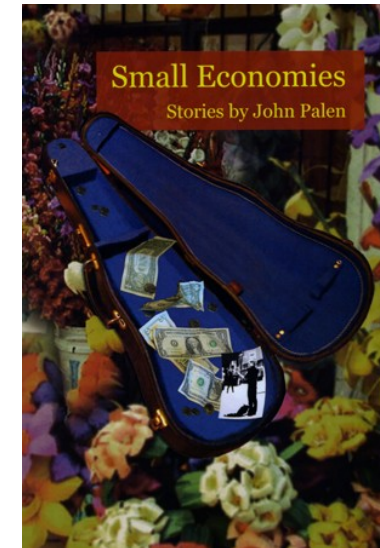
# CLASSIFICATION OF COUNTRIES

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- **Division of countries according to the size of the economy:**
- Small economies: to 20 million inhabitants
- Medium-sized economies: from 20 to 100 million inhabitants
- Large economies: over 100 million inhabitants



# CLASSIFICATION OF COUNTRIES



US State	GDP (Millions of USDs), 2017	Country	GDP (Millions of USDs), 2017
California	\$2,746,873	United Kingdom	\$2,624,529
Texas	\$1,696,206	Canada	\$1,652,412
New York	\$1,547,116	South Korea	\$1,538,030
Florida	\$967,337	Indonesia	\$1,015,411
Illinois	\$820,362	Netherlands	\$825,745
Pennsylvania	\$752,071	Saudi Arabia	\$683,827
Ohio	\$649,127	Argentina	\$637,717
New Jersey	\$591,743	Taiwan	\$579,302
Georgia	\$554,269	Sweden	\$538,575
North Carolina	\$538,291	Poland	\$524,886
Massachusetts	\$527,455	Belgium	\$494,733
Virginia	\$508,662	Thailand	\$455,378
Washington	\$506,353	Iran	\$431,920
Michigan	\$504,967	Austria	\$416,845
Maryland	\$393,632	Norway	\$396,457
Indiana	\$359,122	U.A.E.	\$377,435
Minnesota	\$351,113	Israel	\$350,609
Tennessee	\$345,218	South Africa	\$349,299
Colorado	\$342,748	Ireland	\$333,994
Wisconsin	\$324,061	Denmark	\$324,484
Arizona	\$319,850	Singapore	\$323,902
Missouri	\$304,898	Pakistan	\$303,993
Connecticut	\$260,827	Bangladesh	\$261,374
Louisiana	\$246,264	Finland	\$253,244

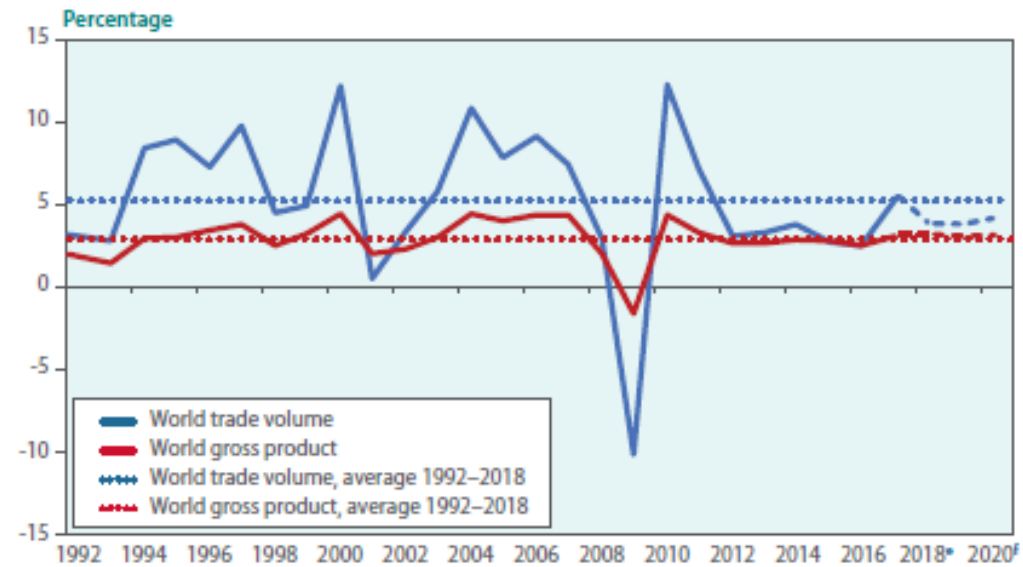
Oregon	\$236,219	Egypt	\$237,073
South Carolina	\$219,093	Portugal	\$218,064
Alabama	\$210,954	Venezuela	\$210,085
Kentucky	\$202,507	New Zealand	\$202,485
Iowa	\$190,191	Greece	\$200,690
Oklahoma	\$189,160	Iraq	\$197,699
Utah	\$165,526	Qatar	\$166,326
Kansas	\$157,797	Kazakhstan	\$160,839
Nevada	\$156,313	Hungary	\$152,284
District of Columbia	\$131,010	Angola	\$124,209
Arkansas	\$124,918	Kuwait	\$120,351
Nebraska	\$120,351	Morocco	\$109,824
Mississippi	\$111,707	Ukraine	\$109,321
New Mexico	\$97,090	Slovakia	\$95,938
Hawaii	\$88,136	Sri Lanka	\$87,591
New Hampshire	\$80,516	Ethiopia	\$80,874
West Virginia	\$76,794	Guatemala	\$76,794
Delaware	\$73,541	Oman	\$74,274
Idaho	\$71,886	Myanmar	\$66,537
Maine	\$61,404	Panama	\$61,838
Rhode Island	\$59,458	Uruguay	\$58,415
North Dakota	\$55,493	Croatia	\$54,516
Alaska	\$52,789	Tanzania	\$51,725
South Dakota	\$49,928	Slovenia	\$48,868
Montana	\$48,098	Uzbekistan	\$47,883
Wyoming	\$40,286	Tunisia	\$40,275
Vermont	\$32,197	Libya	\$32,197

Sources: Bureau of Economic Analysis and International Monetary Fund

# GROWTH OF THE WORLD ECONOMY



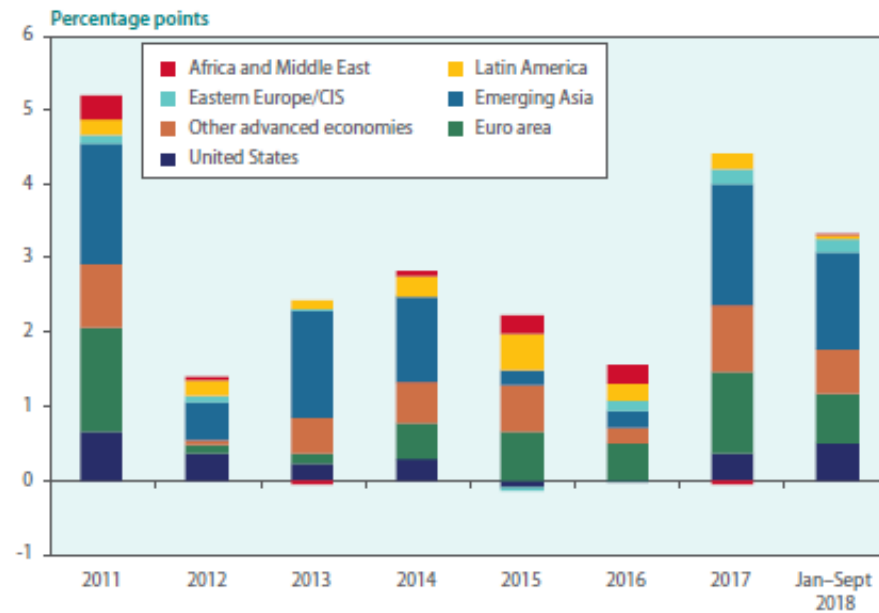
Growth of World Trade and World GDP (Source: UN/DESA)



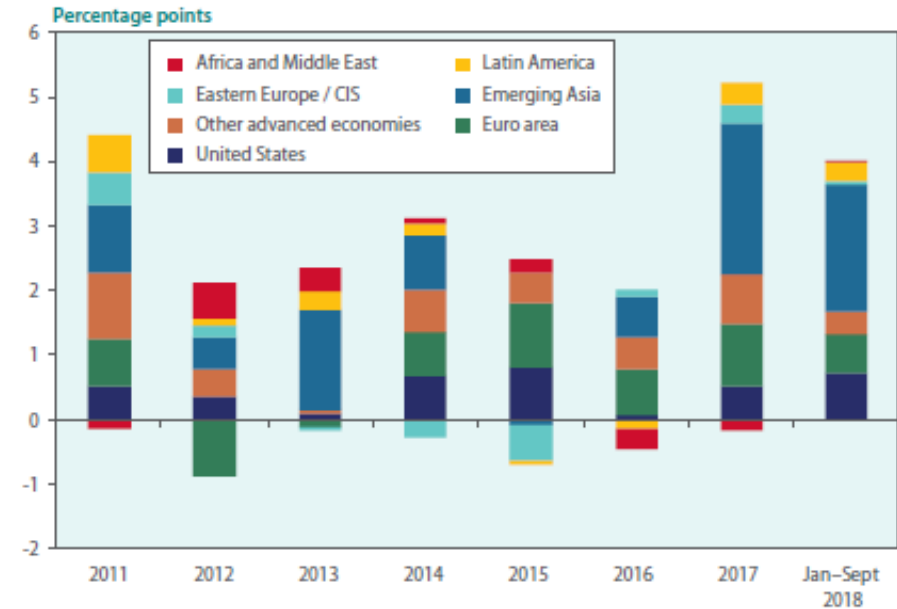
# GROWTH OF THE WORLD ECONOMY



**Contribution to Global Merchandise EXPORT Volume Growth by Region in 2011-2018**  
(Source: UN/DESA)



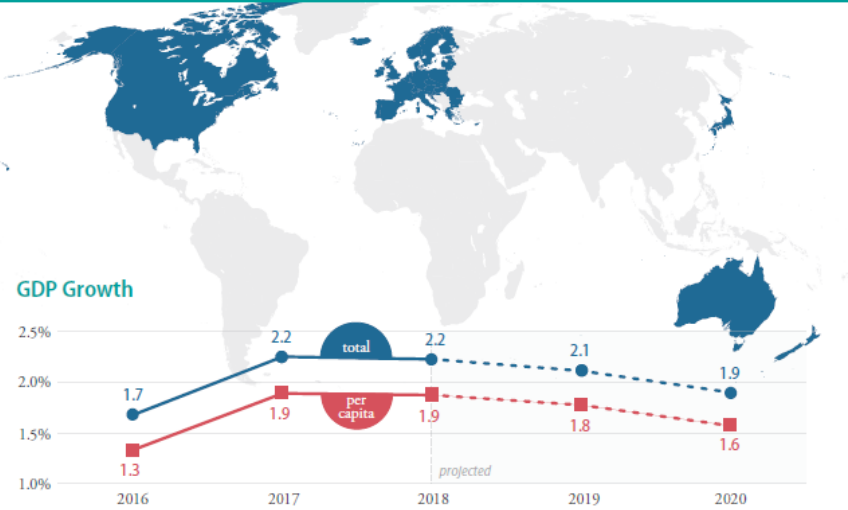
**Contribution to Global Merchandise IMPORT Volum Growth by Region in 2011-2018**  
(Source: UN/DESA)



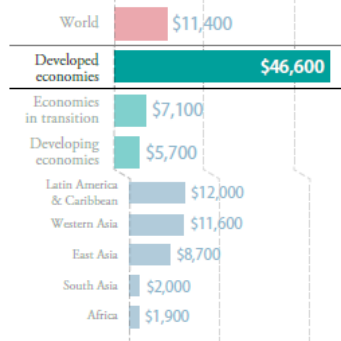
# GROWTH OF THE WORLD ECONOMY



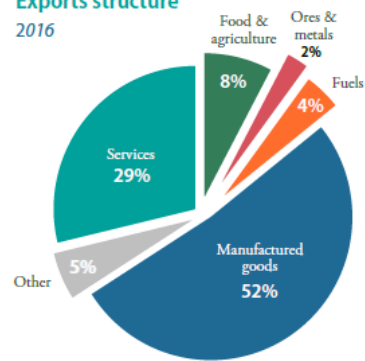
## Developed economies



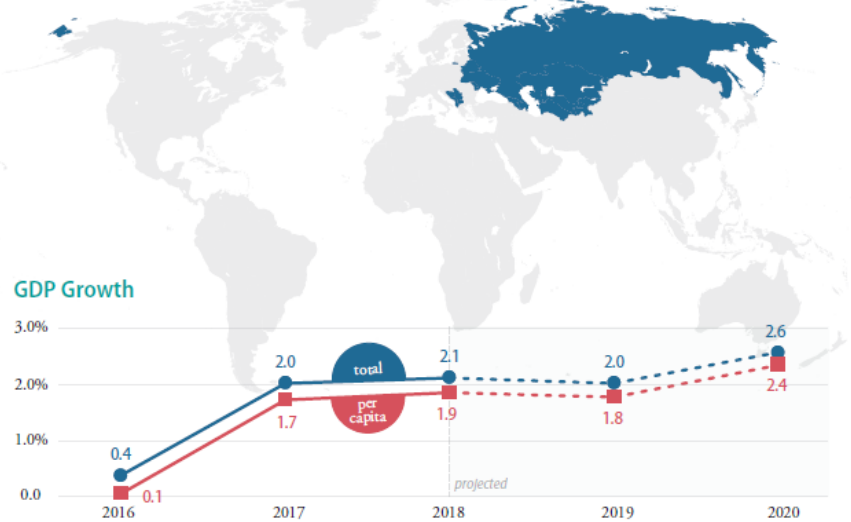
### GDP per capita 2018



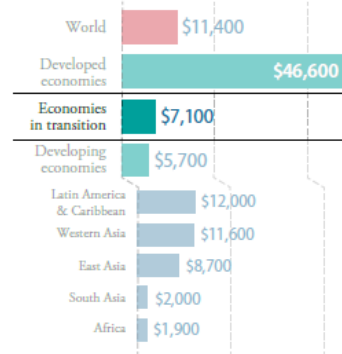
### Exports structure 2016



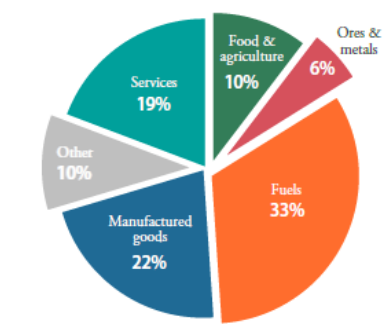
## Economies in transition



### GDP per capita 2018



### Exports structure 2016

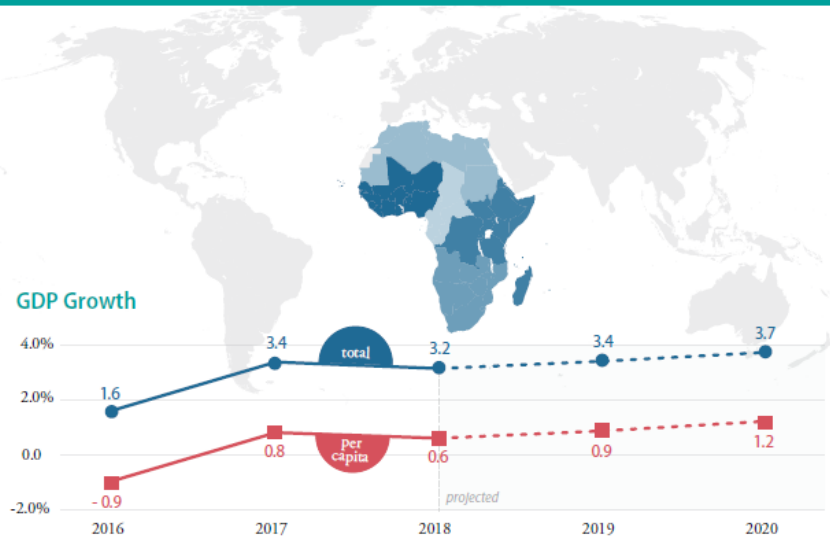




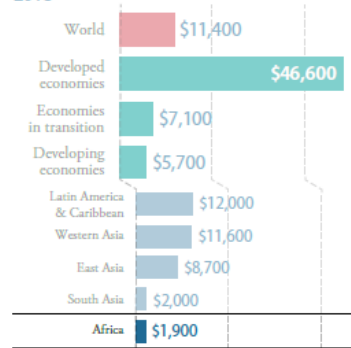
# GROWTH OF THE WORLD ECONOMY



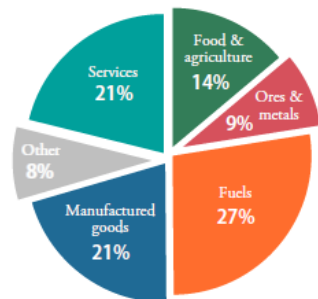
## Africa



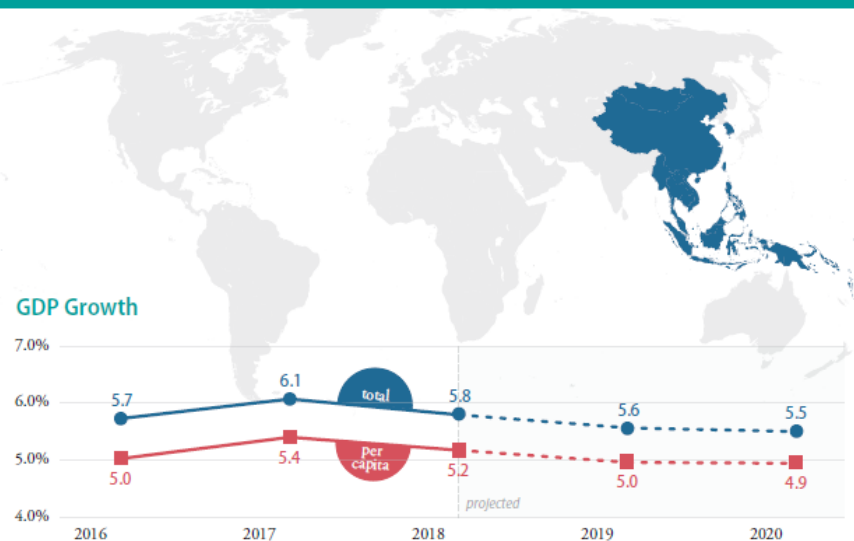
### GDP per capita 2018



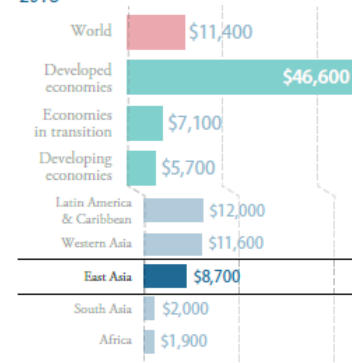
### Exports structure 2016



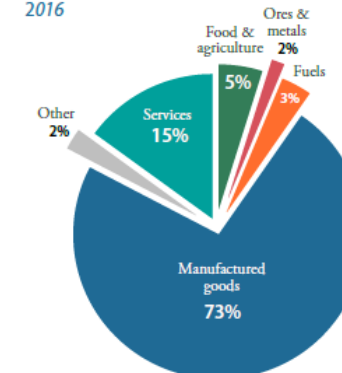
## East Asia



### GDP per capita 2018



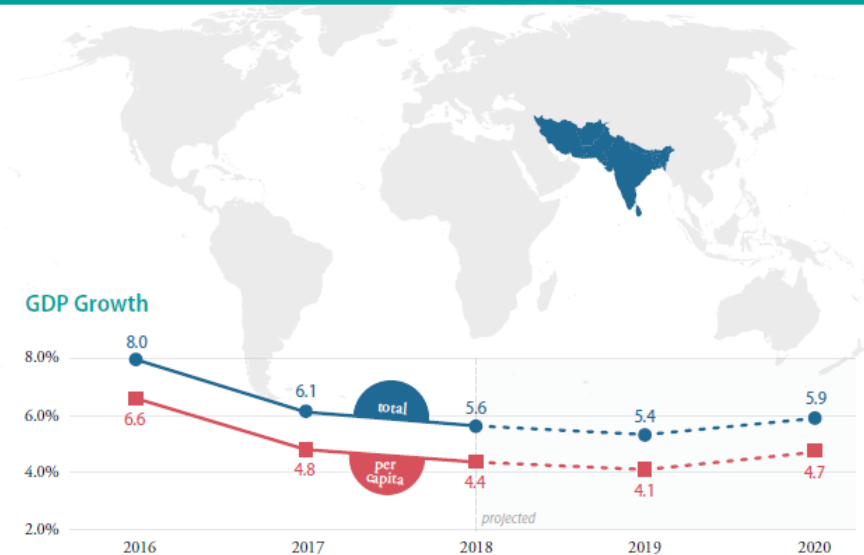
### Exports structure 2016



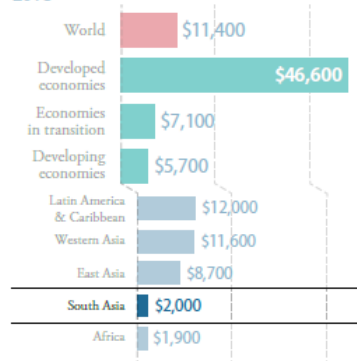
# GROWTH OF THE WORLD ECONOMY



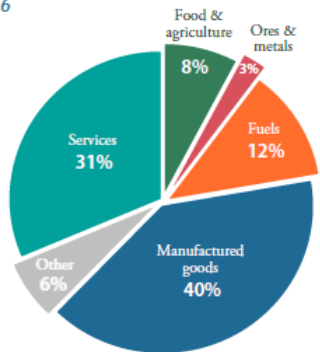
## South Asia



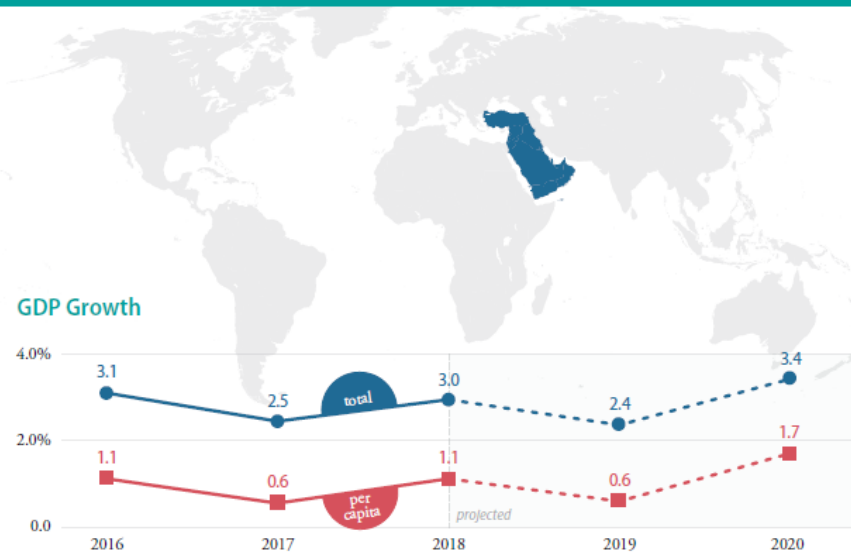
### GDP per capita 2018



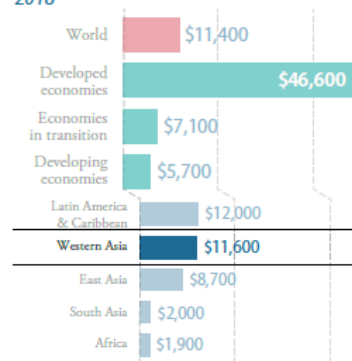
### Exports structure 2016



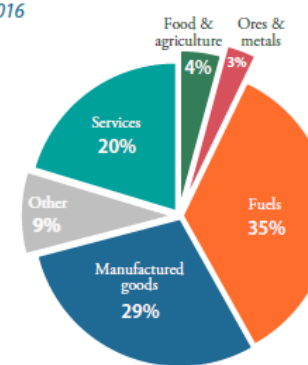
## Western Asia



### GDP per capita 2018



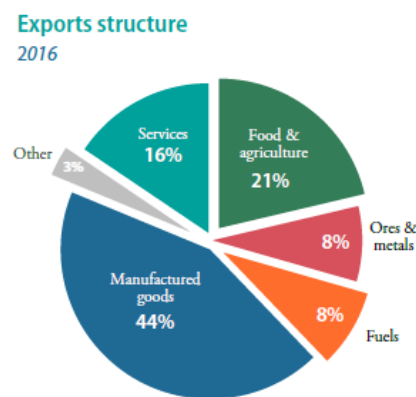
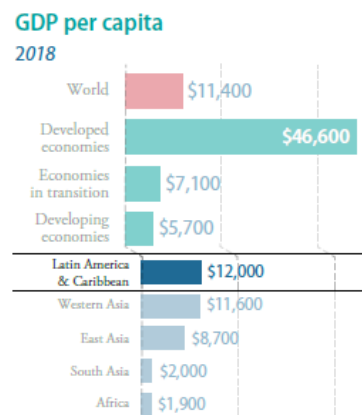
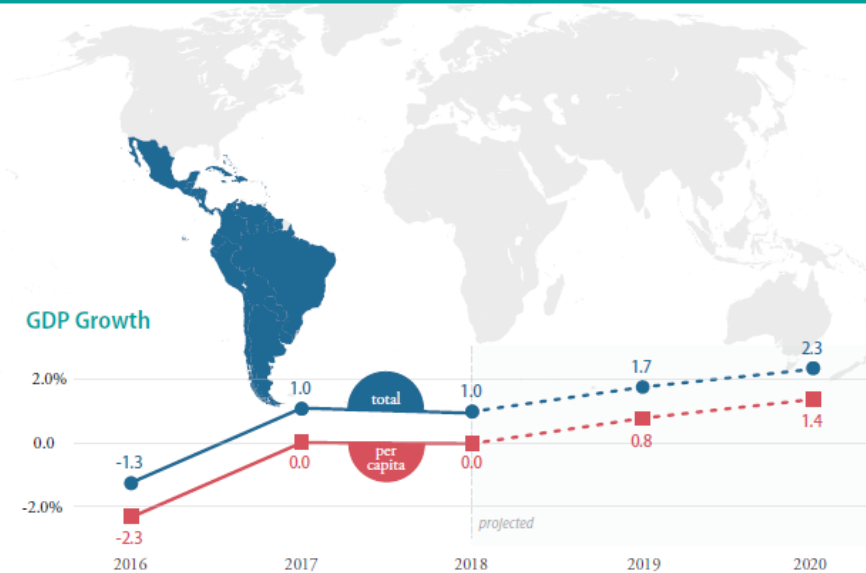
### Exports structure 2016



# GROWTH OF THE WORLD ECONOMY



## Latin America and the Caribbean





Thank you for your Attention!

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