

THE EVOLUTION OF THE WORLD ECONOMY DURING 1980-2016 - CRITICAL ANALYSIS

Romeo Boşneagu

Assoc. Prof., PhD, "Mircea cel Bătrân" Naval Academy of Constanța

Abstract: the evolution of the global economy began with the bipolar economic world of the 1980s, with North America and Europe, at about the same level and up to the current three-pole economic situation, with the East Asia region as the third pole. Moreover, the South Asian region has seen above-average economic growth, with an annual growth rate of about 6%, thus overcoming the Latin American growth trend. The economic evolution of the Middle East and Russia illustrates the interdependence of their economic growth with the political and economic stability, respectively

Keywords: world economy, GDP, evolution, analysis

1. Introduction

Between 1980 and 2010, the world economy experienced a percentage increase relative to the gross domestic product, averaging 3.5 percent per year, resulting in an absolute increase of a multiplication factor of three. In the period 2010-2016, the evolution of the world economy (as a percentage of the previous year) was the following:

- in 2011 higher growth by 2.8% compared to 2010;
- in 2012 increase of 2.2%, less by 0.6% compared to 2011;
- in 2013 an increase of 2.2% compared to 2012;
- an annual increase of 2,5% in 2014 and 2015,
- in 2016 a projected increase of only 2.3%.

This trend is also confirmed by the economic situation of developed, developing, transition countries and China. The analysis of official bibliographical sources (UNCTAD, World Bank, IMF, EU), although presenting slightly different information regarding the evolution of the world economy during the period 1990-2016, shows this (Table 1, graph 1, 2).

After an insufficient growth in 2016, a higher global economic growth rate is expected in 2017 and 2018, especially in emerging and developing economies. However, there are many uncertainties and unknown political and economic developments on the global economy.

The International Monetary Fund estimated global economic growth for the year 2016 of 3.1%, 3.4% in 2017 and 3.6% in 2018; the economic growth of developed economies is expected at 1.9% in 2017 and 2.0% in 2018.

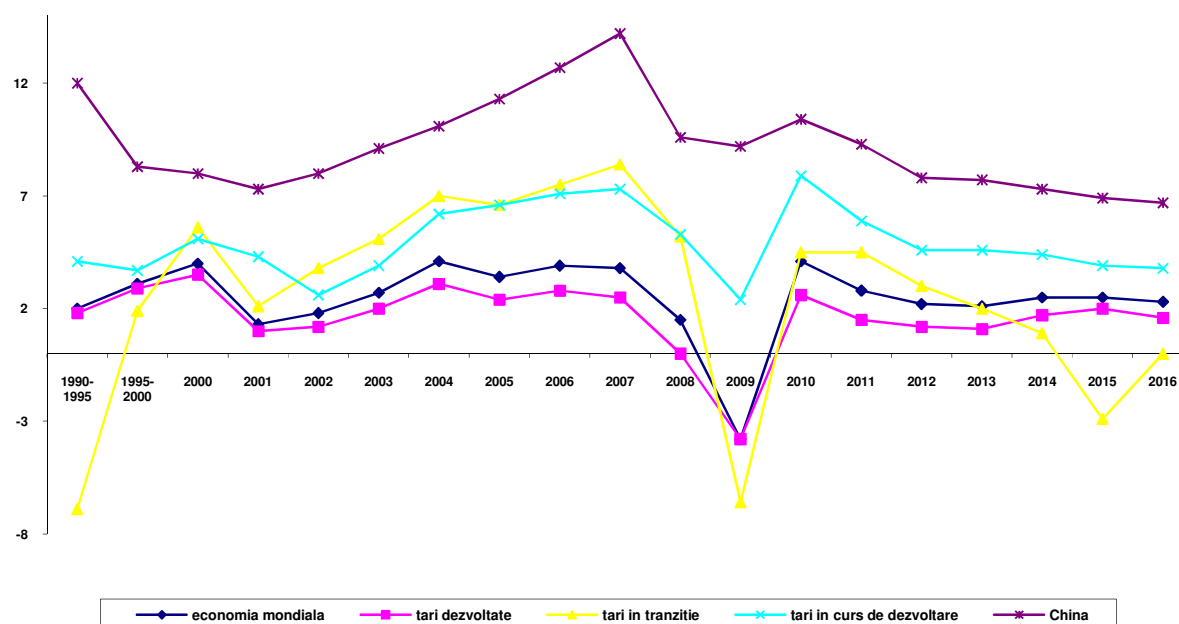
2. The evolution of the world economy during 1990-2016 – a critical analysis

The IMF estimate for the country's 2017 GDP per capita in 2017 and their economic evolution in percentage terms compared to 2016 is the following (Table 1, Graph 1):

Table 1 The growth of the world economy in the period 1990-2016, in% compared to the previous year

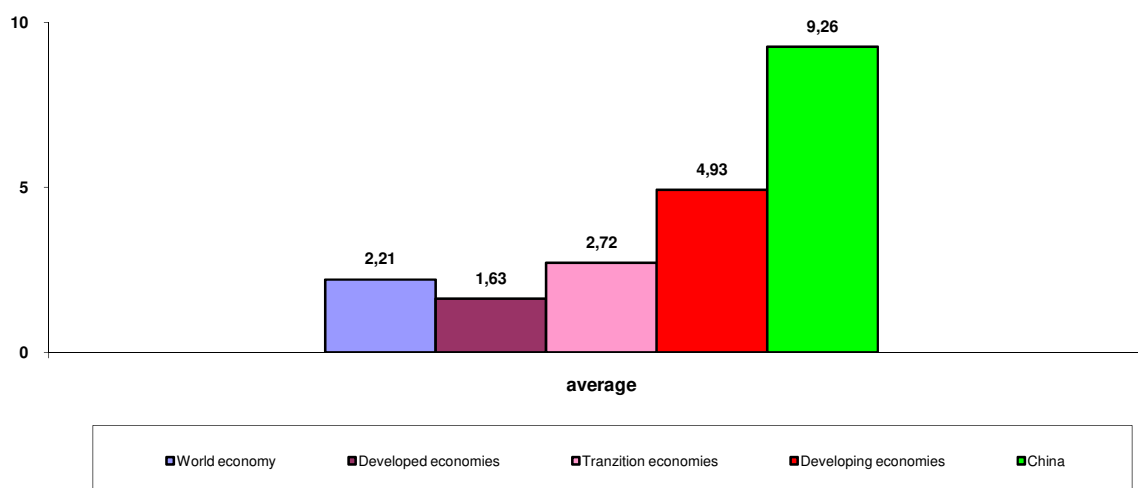
| Period | World economy | Developed economies | Tranzition economies | Developing economies | China |
|-----------|---------------|---------------------|----------------------|----------------------|-------|
| 1990-1995 | 2,0 | 1,8 | -6,9 | 4,1 | 12,0 |
| 1995-2000 | 3,1 | 2,9 | 1,9 | 3,7 | 8,3 |
| 2000 | 4,0 | 3,5 | 5,6 | 5,1 | 8,0 |
| 2001 | 1,3 | 1,0 | 2,1 | 4,3 | 7,3 |
| 2002 | 1,8 | 1,2 | 3,8 | 2,6 | 8,0 |
| 2003 | 2,7 | 2,0 | 5,1 | 3,9 | 9,1 |
| 2004 | 4,1 | 3,1 | 7,0 | 6,2 | 10,1 |
| 2005 | 3,4 | 2,4 | 6,6 | 6,6 | 11,3 |
| 2006 | 3,9 | 2,8 | 7,5 | 7,1 | 12,7 |
| 2007 | 3,8 | 2,5 | 8,4 | 7,3 | 14,2 |
| 2008 | 1,5 | 0,0 | 5,2 | 5,3 | 9,6 |
| 2009 | -2,2 | -3,8 | -6,6 | 2,4 | 9,2 |
| 2010 | 4,1 | 2,6 | 4,5 | 7,9 | 10,4 |
| 2011 | 2,8 | 1,5 | 4,5 | 5,9 | 9,3 |
| 2012 | 2,2 | 1,2 | 3,0 | 4,6 | 7,8 |
| 2013 | 2,2 | 1,1 | 2,0 | 4,6 | 7,7 |
| 2014 | 2,5 | 1,7 | 0,9 | 4,4 | 7,3 |
| 2015 | 2,5 | 2,0 | -2,9 | 3,9 | 6,9 |
| 2016 | 2,3 | 1,6 | 0,0 | 3,8 | 6,7 |
| Media | 2,21 | 1,63 | 2,72 | 4,93 | 9,26 |

Graph 1 Annual world economic output by category of countries in 1990-2016, in%



The calculated average value of the world economy grew by national economy categories during the period 1990-2016 is as follows (graph 2):

Graph 2 The average value of the world economy growth, by category of national economies, during the period 1990-2016



The evolution of the GDP for the first 30 economies developed over the last two years is as follows (Table 2).

Table 2 The top 30 countries in the world according to GDP, in billions USD, 2016-2017

| No. | Country | PIB 2017 | PIB 2016 | % |
|-----|--------------------|----------|----------|------|
| 1 | USA | 19.377 | 18.562 | +4% |
| 2 | China | 12.362 | 11.392 | +9% |
| 3 | Japan | 5.106 | 4.730 | +8% |
| 4 | Germany | 3.619 | 3.495 | +4% |
| 5 | Great Britain | 2.610 | 2.650 | -2% |
| 6 | France | 2.570 | 2.488 | +3% |
| 7 | India | 2.458 | 2.251 | +9% |
| 8 | Brazilia | 1.954 | 1.770 | +10% |
| 9 | Italy | 1.895 | 1.852 | +2% |
| 10 | Canada | 1.627 | 1.532 | +6% |
| 11 | South Korea | 1.521 | 1.404 | +8% |
| 12 | Russian Federation | 1.442 | 1.268 | +14% |
| 13 | Australia | 1.344 | 1.257 | +7% |
| 14 | Spain | 1.303 | 1.252 | +4% |
| 15 | Mexico | 1.124 | 1.064 | +6% |
| 16 | Indonesia | 1.015 | 941 | +8% |
| 17 | Nederlands | 800 | 770 | +4% |
| 18 | Turkey | 769 | 736 | +4% |
| 19 | Saudi Arabia | 689 | 638 | +8% |
| 20 | Switzerland | 684 | 662 | +3% |
| 21 | Argentina | 595 | 542 | +10% |
| 22 | Taiwan | 536 | 519 | +3% |
| 23 | Sweden | 532 | 517 | +3% |
| 24 | Belgium | 489 | 470 | +4% |
| 25 | Poland | 488 | 467 | +4% |
| 26 | Iran | 438 | 412 | +6% |
| 27 | Nigeria | 414 | 415 | 0% |
| 28 | UAE | 408 | 375 | +9% |
| 29 | Thailand | 404 | 391 | +3% |

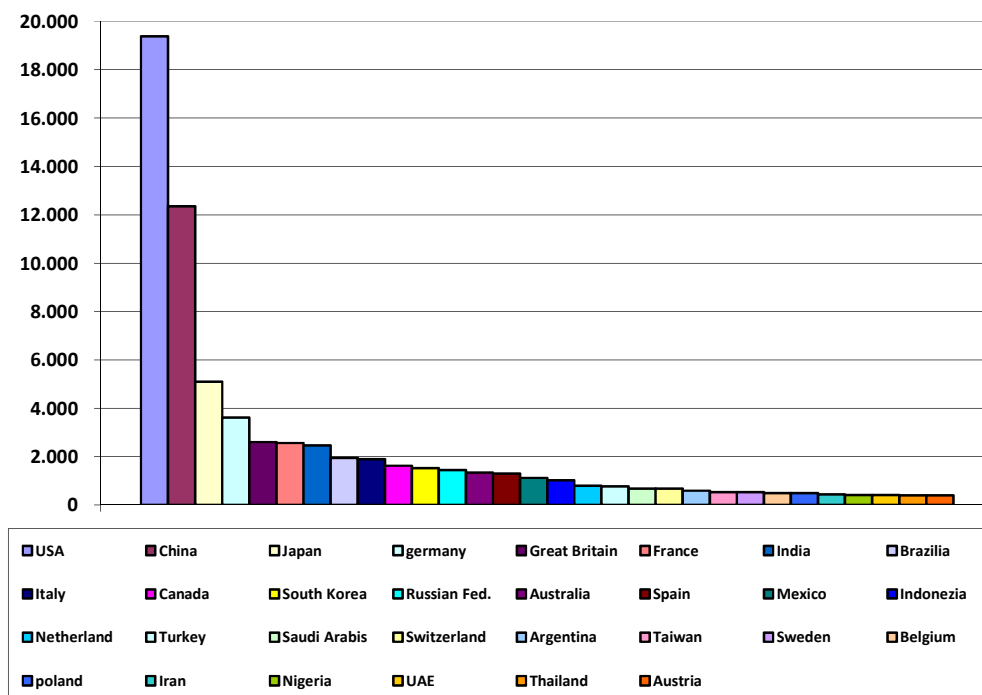
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|----|---------|-----------|-----------|-----|
| 30 | Austria | 401 | 387 | -3% |
| | Top 30 | 68.286 | 53.209 | |
| | Average | 2.569,442 | 2.766,322 | |

Top 30 GDP/capita calculated for the years 2016 and 2017, is as follows (Table 3 and Graph 3):
 Table 3 Top 30 countries by GDP / capita in USD - 2017

| No. | Country | GDP 2017 | GDP 2016 | % |
|-----|-----------------------|----------|----------|------|
| 1 | Luxembourg | 109.370 | 105.829 | +3% |
| 2 | Switzerland | 81.314 | 79.578 | +2% |
| 3 | Norway | 73.591 | 71.497 | +3% |
| 4 | Ireland | 69.119 | 65.871 | +5% |
| 5 | Macao | 67.264 | 67.013 | 0% |
| 6 | Qatar | 63.386 | 60.733 | +4% |
| 7 | Iceland | 63.033 | 57.889 | +9% |
| 8 | USA | 59.407 | 57.294 | +4% |
| 9 | Singapore | 55.252 | 53.053 | +4% |
| 10 | Danemark | 55.154 | 53.243 | +4% |
| 11 | Australia | 54.236 | 51.593 | +5% |
| 12 | Sweden | 52.311 | 51.604 | +1% |
| 13 | San Marino | 51.109 | 49.579 | +3% |
| 14 | Netherland | 46.829 | 45.210 | +4% |
| 15 | Austria | 45.799 | 44.561 | +3% |
| 16 | Finland | 44.852 | 43.492 | +3% |
| 17 | Canada | 44.412 | 42.319 | +5% |
| 18 | Hong Kong | 44.094 | 42.963 | +3% |
| 19 | Germany | 43.686 | 42.326 | +3% |
| 20 | Belgium | 42.662 | 41.491 | +3% |
| 21 | New Zealand | 40.596 | 38.066 | +7% |
| 22 | Japan | 40.408 | 37.304 | +8% |
| 23 | UAE | 40.198 | 38.050 | +6% |
| 24 | France | 39.621 | 38.537 | +3% |
| 25 | Great Britain | 39.526 | 40.412 | -2% |
| 26 | Israel | 37.778 | 36.557 | +3% |
| 27 | Italy | 30.892 | 30.294 | +2% |
| 28 | South Korea | 29.806 | 27.633 | +8% |
| 29 | Porto Rico | 28.951 | 29.048 | 0% |
| 30 | Kuweit | 28.756 | 26.146 | +10% |
| | Average top 30 states | 50.780 | 48.972 | |

Graph 3 The top 30 countries in the world by GDP-2017



3. Conclusions

The comparative analysis of the data shows that between 1990 and 2016 the world economy had a cyclical growth and decrease, as follows:

- strong growth in 1990-2000, 2003-2007, and moderate in 2010 and 2014-2015, decreasing in 2000-2002; strong decline during the 2007-2009 global crisis and moderate in 2011-2013;
- in the period 1990-2010, the world economy grew within relatively tight limits (1.3% to 4.1%), exceptions are the weakest years: 2001 (1.3%), 2008 (1.5%), 2009 (-2.2%) and between 2011 and 2016 within the range of 2.8% to 2.3%;
- the last global crisis has led to a negative evolution of the world economy, which has not yet recovered its high upward trend, which is true for the world economy, but less for developing countries and China (which have experienced a significant decrease in growth, but with significant positive values);
- the worst, in order of economic growth, were: 2009, with negative growth for the world economy, developed countries and transition countries, 2008 and 2001 (however, with positive increases); 2015 for transition countries;
- the best years in terms of economic growth were: 2004, 2006, 2008 and 2010;
- the nineteenth decade of the 20th century saw an upward trend in economic growth and ended with a peak of 4% in 2000;
- the 2000-2004 period followed a decline of over two percentage points and a return to 4.1% in 2004;
- In the next four years 2004-2007, the growth rate of the world economy remains (with a slight decrease) at values close to 2004; as a result of the global crisis, the years 2008 and 2009 brought drastic declines in the world economy, from + 3.8% in 2007 to -2.2% in 2009;
- a strong recovery in 2010 of 6.3 percent in 2010 from -2.2% (2009) to 4.1% (2010);

- in the years 2010-2013, the world economy has steadily decreased, reaching a growth rate similar to that of the 1990s;
- the world economy recorded a slight increase in 2014 and 2015, with a downward trend in 2016; the poor economic performance of developed countries since 2008-2009 as a result of the latest economic and financial crisis, plus the slowdown in growth rates of developing countries in recent years, is a more serious phenomenon than previously anticipated . Without a change, first of all for developed countries, the economic and political environment they face is likely to worsen, potentially damaging to their prosperity and stability, both in the short term and in the medium term; unforeseen shocks, including Breach and political changes in some countries, can spread across the globe, with negative influences in the global economy; the US economy has also slowed its pace of growth in 2016, despite the devaluation of the US banking system and an aggressive monetary policy; sluggish employment rates, high levels of public indebtedness, export burdens as a result of a strong dollar are hindering strong economic growth in the US economy in the near future;
- an increase in the developed economies' economy with a lower value for the growth of the world economy (1.63% versus 2.21%); the economic recovery in the Eurozone has remained behind that of the United States, in part because of the more timely use of monetary policy in the years after the last crisis and the adaptation of severe austerity measures in some EU countries; the upward trend in 2015 was reversed in 2016 and due to the uncertainty triggered by the UK's outflow from the EU, and economic growth is still low and as a result of weak domestic demand and sporadic signs of real revenue growth adding to the political uncertainties inherent in ongoing migration criticism and doubts about the pace and future direction of European integration; the long-term consequences of Brexit are still unclear given the unprecedented nature of the decision and the political uncertainty that follows, although economic growth seems to slow down in the short term, but how steep this fall might be anticipated;
- Japan continues to develop, after a long time, with a low and irregular growth, accompanied by a low unemployment rate, an active low-income population, a high domestic debt; consumption has been reduced due to wage stagnation, leaving exports as the preferred source of demand growth; in recent years, with the weakening of the global market and appreciation of the yen, the economy has been trying to stigmatize through government spending, but with modest results so far;
- weak demand in developed economies suffocates growth in the global economy; the expected positive impact of falling commodity prices, especially oil, has not materialized; higher levels of public debt fail to stimulate demand and stimulate growth, largely because they are a consequence of adjustments in other parts of the economy; the low growth rate of developed countries is due to the declining level of wage income and insufficient demand that have not been offset by higher investment;
- neither "financial bubbles" nor overexploitation offer a sustainable solution for growth in the context of a weak labor market; "Financial bubbles" can provide a temporary boost, at best, but they tend to aggravate the deflationary gap by increasing inequality and increasing distortions in supply that hinder productivity gains; export surpluses can certainly bring benefits to the countries that make them, but are ultimately followed by an inconclusive economic response in a world of low global demand;
- European economies outside the euro area have been better off in the last few years, especially because the monetary authorities in many of these countries have been willing and able to cope better with the financial crisis;
- a higher growth rate of developing countries (4.93%) compared to the world economic growth (2.21%), countries that have seen only positive increases since 2000, even during the last world

economic crises; in 2016 developing economies will likely see an average growth rate of just 4%, as in 2015, but with considerable variation between countries and regions as well as risks of climbing and climbing; deflationary spirals can not be ruled out, they are already happening in some countries, including large emerging economies such as Brazil, the Russian Federation and South Africa, where the recession has returned or is imminent, with potential negative effects on the neighboring economies;

- other economies will suffer for a good period of time, with small producers being particularly vulnerable; the commodity prices cycle is in the second year of a sharp decline, and their index is well below the level at which it was at the time of the crisis. With investors still withdrawing from developing and transition economies, net capital inflows declined in the second quarter of 2014, amounted to \$ 656 billion in 2015 and \$ 185 billion in the first quarter of 2016; even if there was a respite in the second quarter of 2016, there is still a risk of a deflationary spiral in this capital flight, monetary devaluation and asset price collapse, which would reduce government revenue and raise concerns about the debt level vulnerability; the two largest developing economies, China and India, could easily escape this unfavorable environment due to the size of their domestic markets, plus a combination of sufficient foreign exchange reserves and an efficient use of their political space; India has managed to do better in the post-crisis period than other emerging economies and now has more economic growth than China. Private investment, which has started to rise strongly since the turn of the millennium, has continued to grow even during the crisis. However, India shows signs of weakening as well as difficulties in the service of public debt. At the same time, public investment has not kept pace with expectations, which is causing infrastructure problems with an impact on future growth;

- a higher economic growth rate of the countries in transition compared to the growth of the world economy (2.72%), countries which, after the crisis they experienced during the period 1990-1995 (-6.9%), have seen positive growth, being affected by the global crisis (2009, negative growth - 6.6%);

- a high rate of growth in the Chinese economy (9.26%), almost four times higher than the world economic growth over the same period, with peaks in 2006 and 2007 (14.2%), but also with a slowdown economic growth below the average over the past six years (2016, 6.7% increase); while this partially reflects the shift from excessive dependence on foreign markets to stimulate economic growth, the sharp rise in domestic credit in response to the crisis has created a debt balloon which, along with an excess of capacity in several sectors of the economy will not be easy to manage if it explodes; financial volatility at the beginning of 2016, with capital outflows of about \$ 160 billion, and a plunge in currency reserves, is a warning signal of a possible economic turmoil in the coming period.

The synthetic analysis of the official statistical data for the last five years on the evolution of the world economy and the developed countries (Table 4 and Graph 4) shows the following situation:

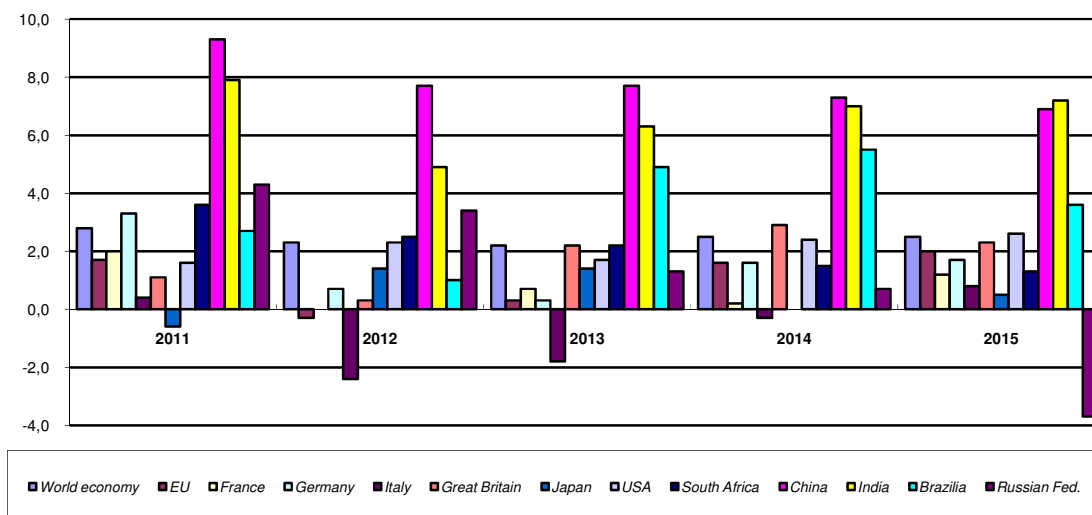
- a general decrease, visible for 2012 and 2013, from 2.8% in 2011 to 2.2% in 2013, more pronounced in the EU (-0.3% in 2012, with Italy having the largest decrease -2.4% in 2012);
- an increase in the world economy to 2.5% in 2014, followed by stagnation (2.5%) in 2015;
- a recovery trend for some countries and regions (EU, France, Germany, South Africa, India) starting in 2013 or 2014 (Italy, Japonia, USA);
- a downward trend in 2015 for Russian Federation (-3.7%), Brazil, Great Britain, South Africa, China.

Table 4 The evolution of the world economy and the main developed economies in 2011-2015 [yearly in %]

| Yearly % | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------|------|------|------|------|------|
| World economy | 2,8 | 2,3 | 2,2 | 2,5 | 2,5 |
| EU | 1,7 | -0,3 | 0,3 | 1,6 | 2,0 |
| France | 2,0 | 0 | 0,7 | 0,2 | 1,2 |
| Germany | 3,3 | 0,7 | 0,3 | 1,6 | 1,7 |
| Italy | 0,4 | -2,4 | -1,8 | -0,3 | 0,8 |
| Great Britain | 1,1 | 0,3 | 2,2 | 2,9 | 2,3 |
| Japan | -0,6 | 1,4 | 1,4 | 0,0 | 0,5 |
| USA | 1,6 | 2,3 | 1,7 | 2,4 | 2,6 |
| South Africa | 3,6 | 2,5 | 2,2 | 1,5 | 1,3 |
| China | 9,3 | 7,7 | 7,7 | 7,3 | 6,9 |
| India | 7,9 | 4,9 | 6,3 | 7,0 | 7,2 |
| Brazilia | 2,7 | 1 | 4,9 | 5,5 | 3,6 |
| Russian Fed. | 4,3 | 3,4 | 1,3 | 0,7 | -3,7 |

Source: UNCTAD Trade and Development Report 2014, 2015, 2016

Graph 4 The evolution of the world economy and the main developed economies in the period 2011-2015, annual percentage



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