



Center for Social and Economic Research

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**Perspectives of economic growth
in the context of global financial
and economic crisis**

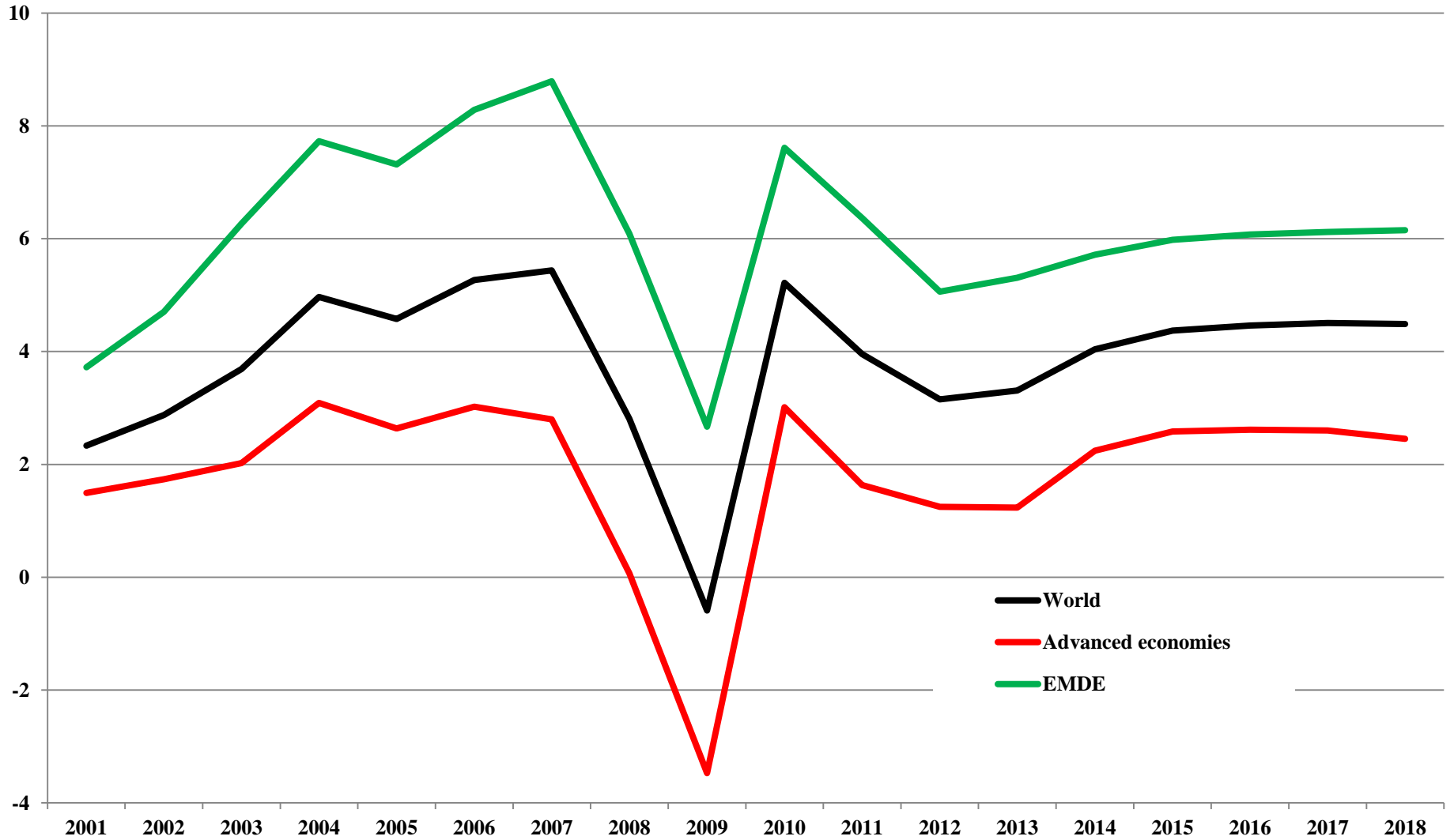
**Presentation at the International Conference on “Think Tanks Facing the
Changing World” organized by the Chinese Academy of Social Science,
Beijing, June 16-17, 2013**

Chronology of global financial crisis

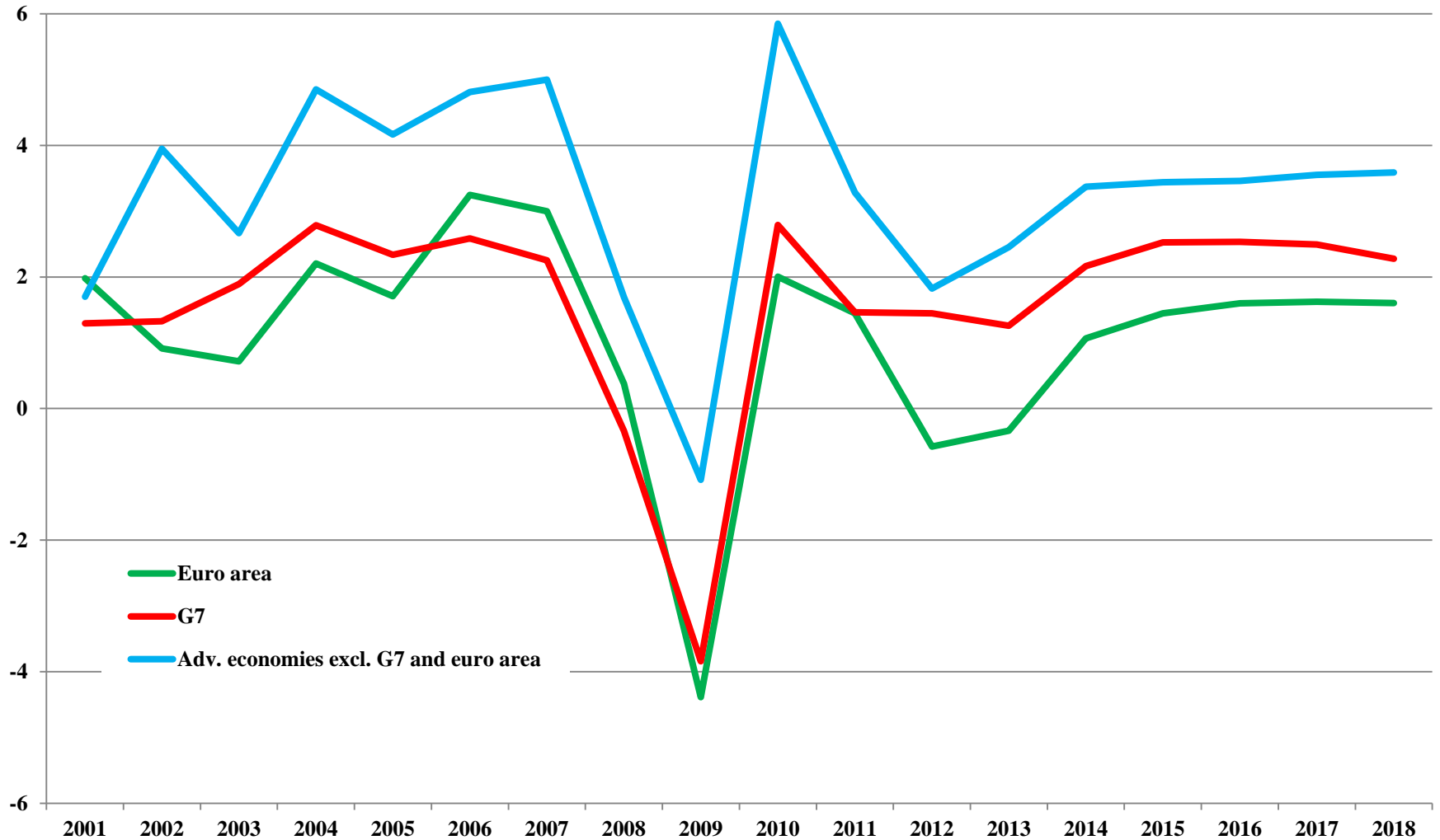
- 2007-2008 the US “subprime” mortgage crisis
- 2008-2009 global financial crisis (after bankruptcy of the Lehman Brothers)
- 2010-2013 sovereign debt crisis (in Euro area and beyond) and European banking crisis
- 2013-? What next?



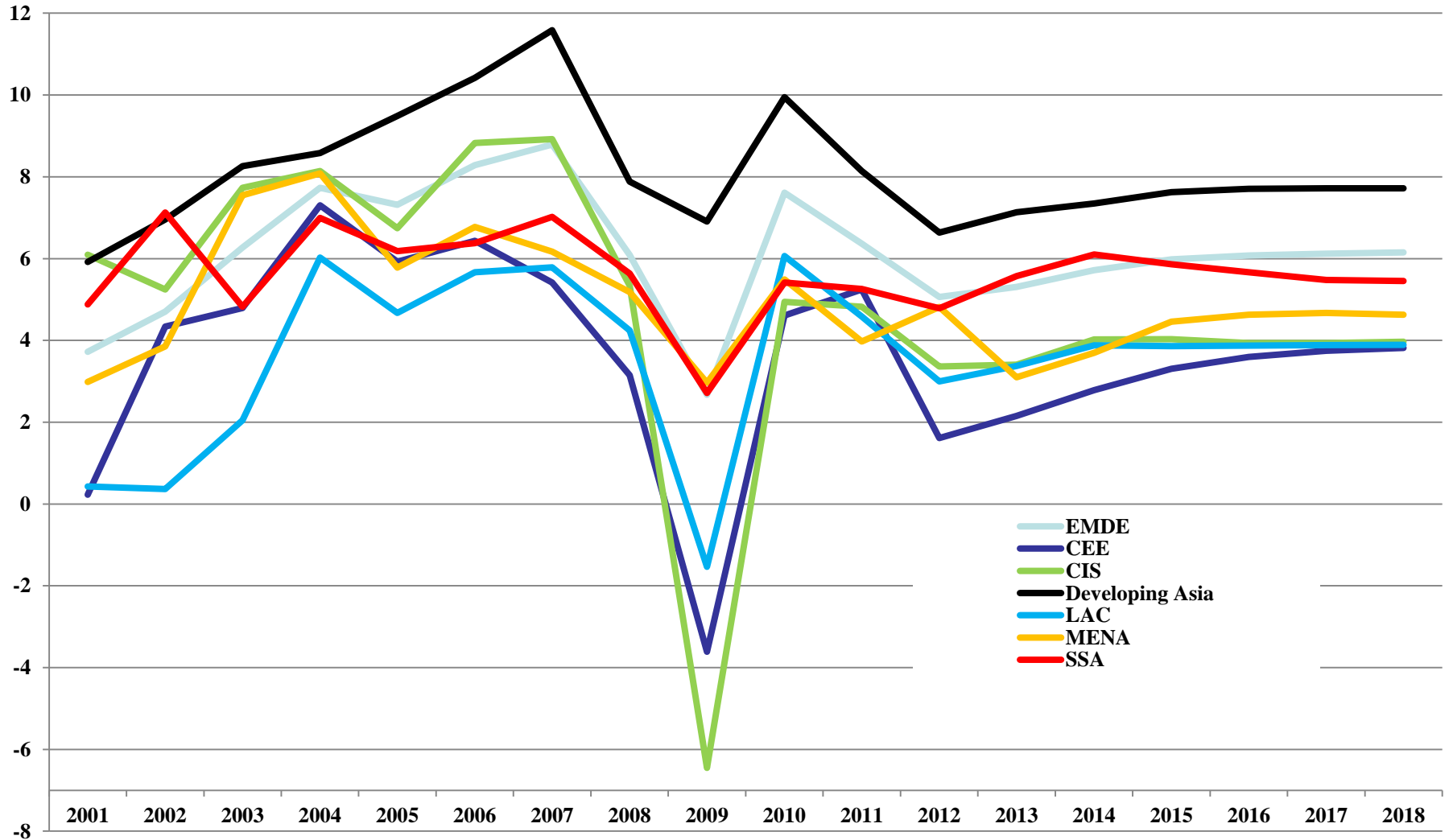
World: Real GDP, annual change, in %



Advanced economies: Real GDP, annual change, in %



EMDE: real GDP, annual change in %



Factors of economic growth (*neoclassical growth theory*)

- Labor
- capital
- TFP (or Solow residual)

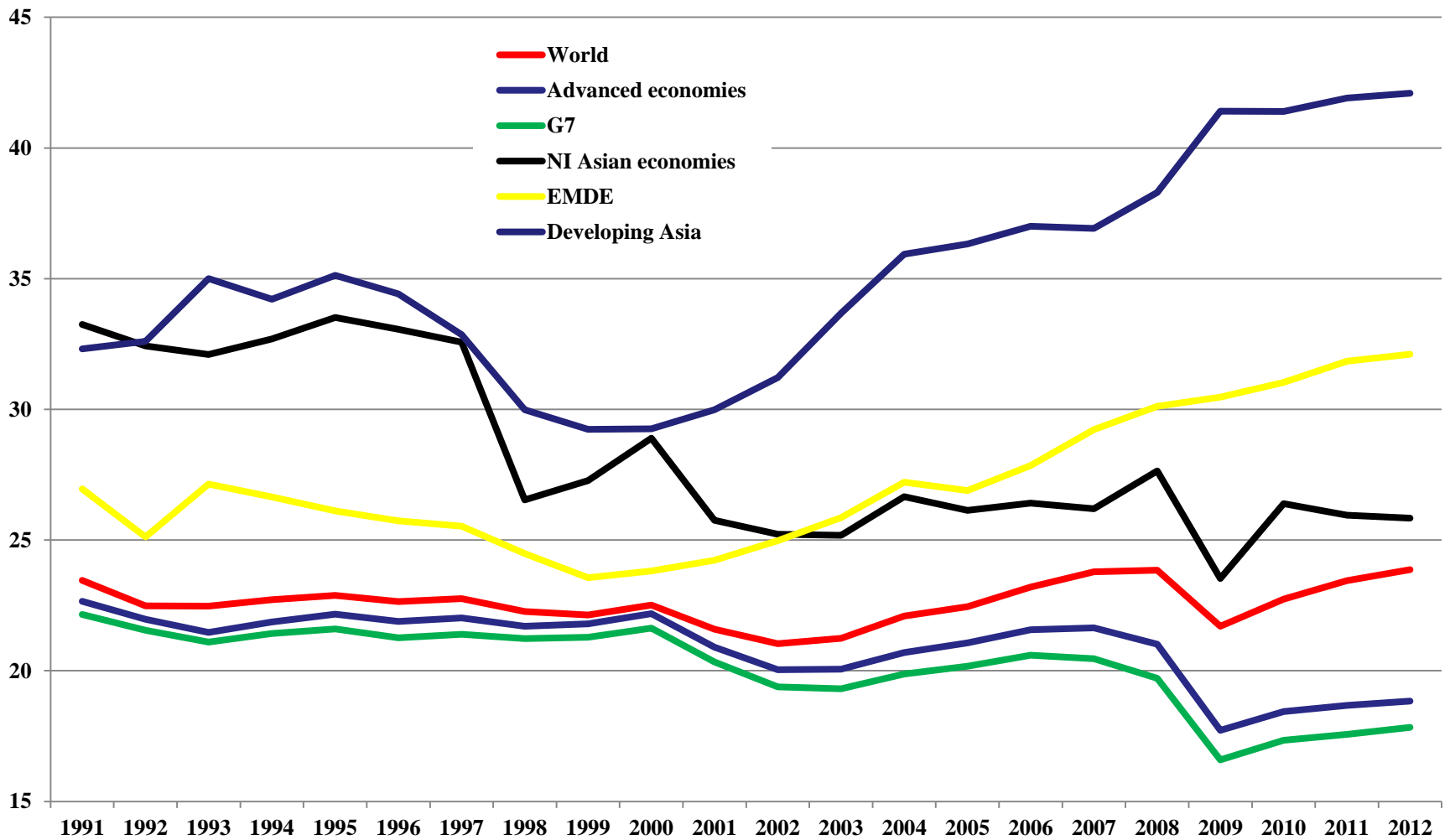


Labor resources

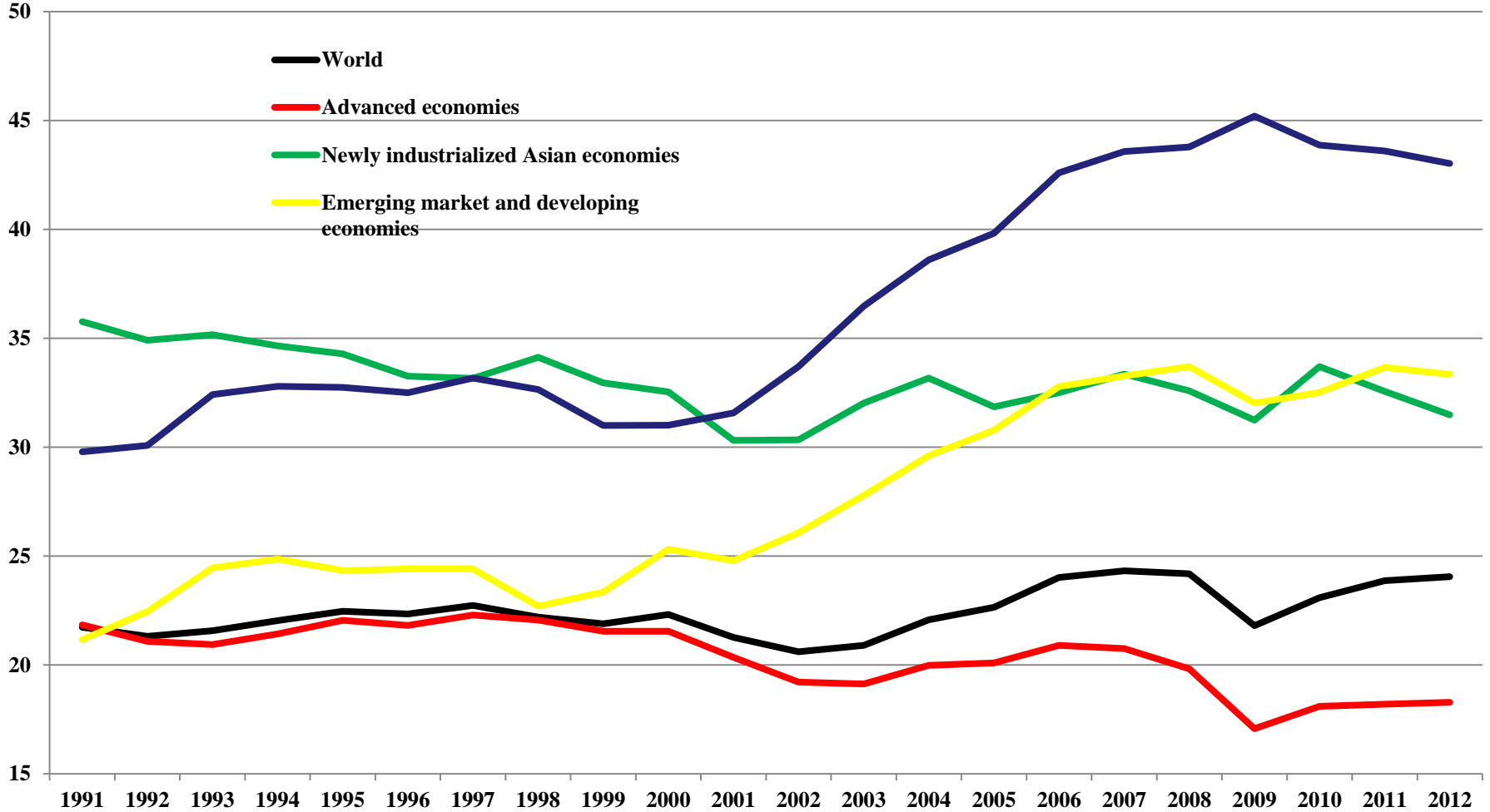
- Demographic crisis in advanced economies and part of middle-income economies
- In the next 20 years more emerging-market economies will face demographic barriers
- Excessive labor resources will remain mainly in Africa, Middle East and South Asia
- Barriers of migration



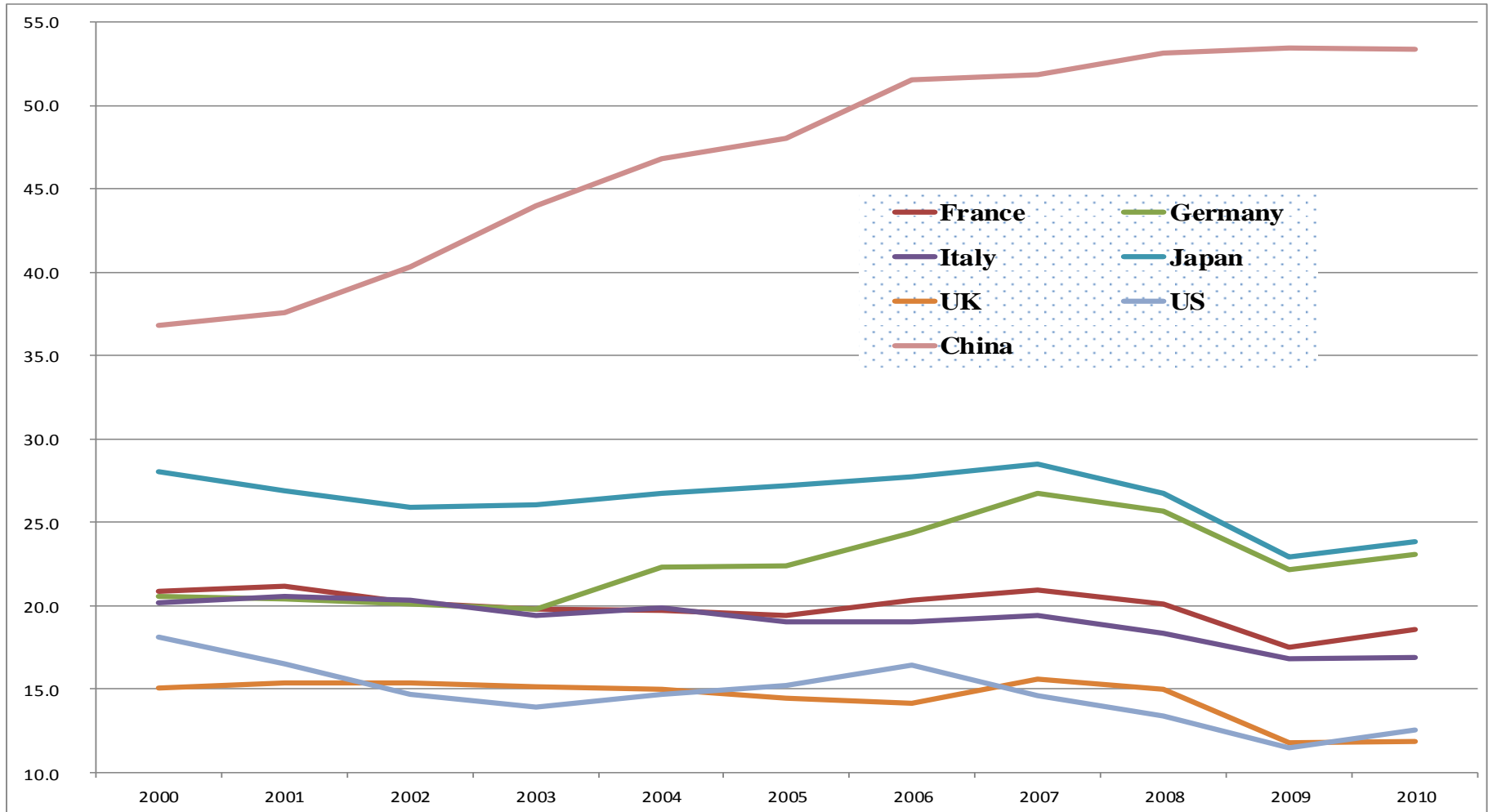
Investment as % of GDP



Gross national saving as % of GDP



Gross national savings, % of GDP



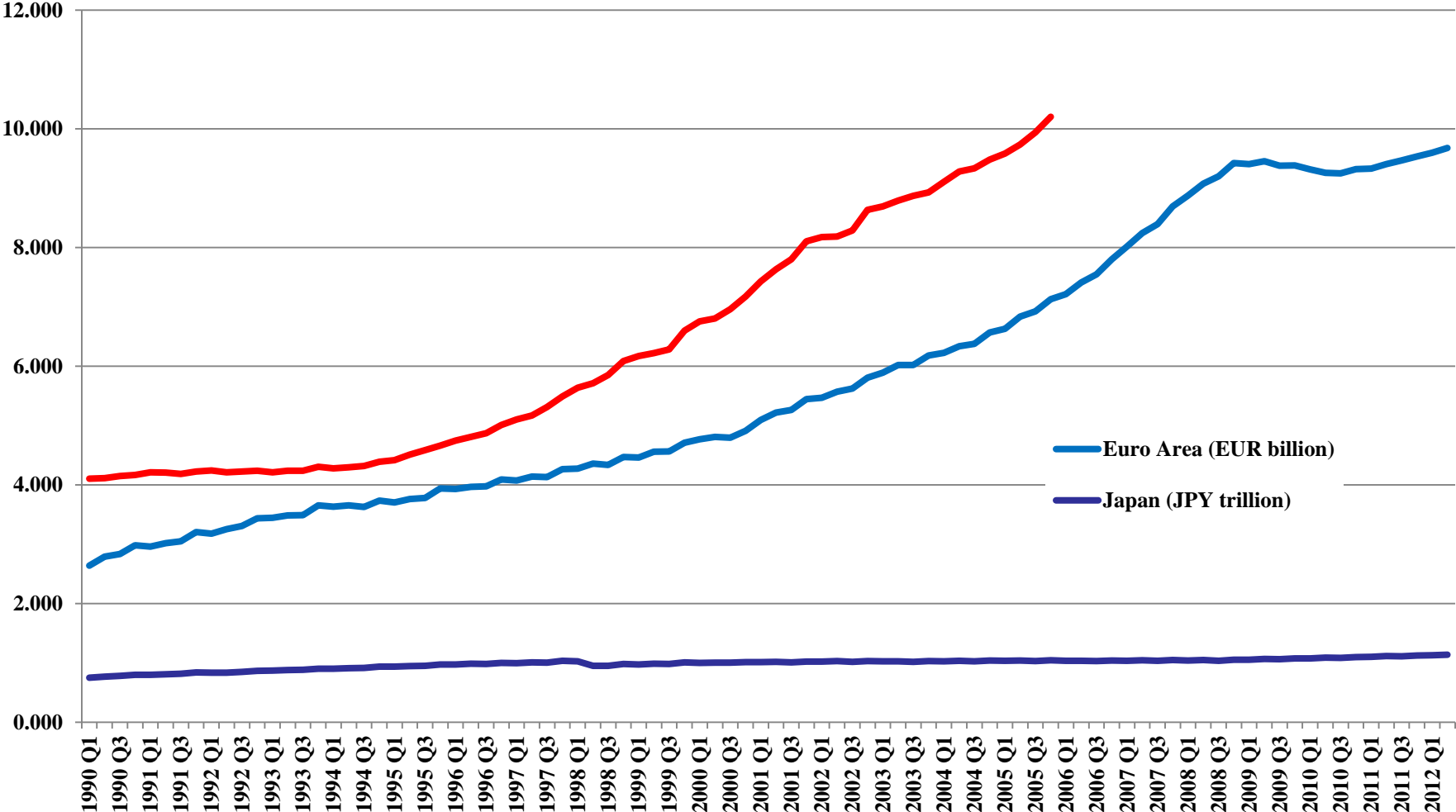
GG gross debt-to-GDP ratio in selected advanced countries, 2007-2012

Country	2007	2008	2009	2010	2011	2012
World	62.1	65.2	75.6	79.3	79.6	80.0
EU	59.5	64.0	74.4	79.6	82.4	84.5
Eurozone	66.4	70.2	79.9	85.7	88.1	90.0
France	64.2	68.3	79.0	82.4	86.3	89.0
Germany	65.2	66.7	74.4	83.2	81.5	78.9
Spain	36.3	40.2	53.9	61.2	68.5	79.0
UK	43.9	52.5	68.4	75.1	82.5	88.4
Canada	66.5	71.1	83.6	85.1	85.0	84.7
Japan	183.0	191.8	210.2	215.3	229.8	235.8
US	67.2	76.1	89.9	98.5	102.9	106.6

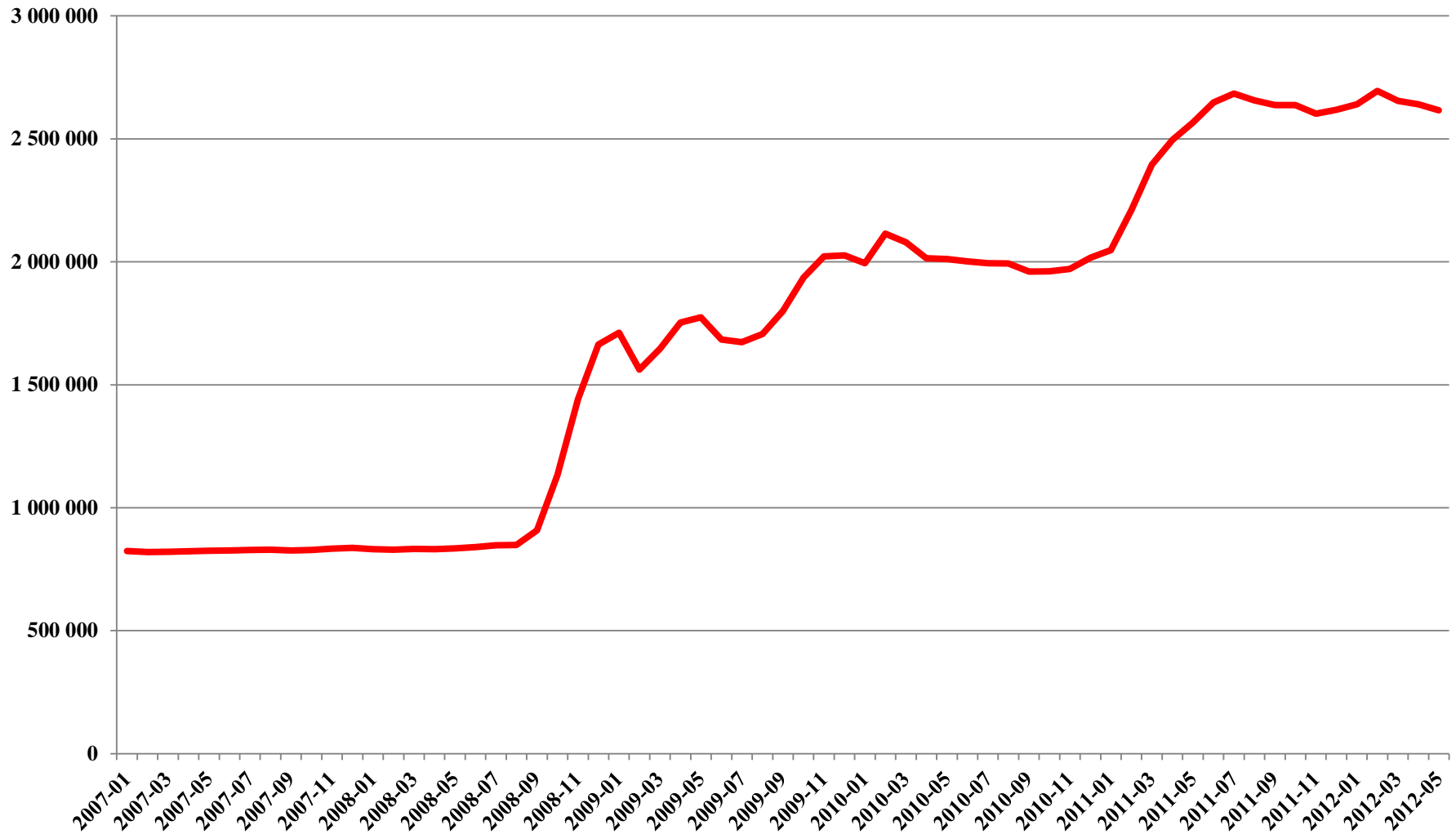
Source: IMF WEO database, April 2012



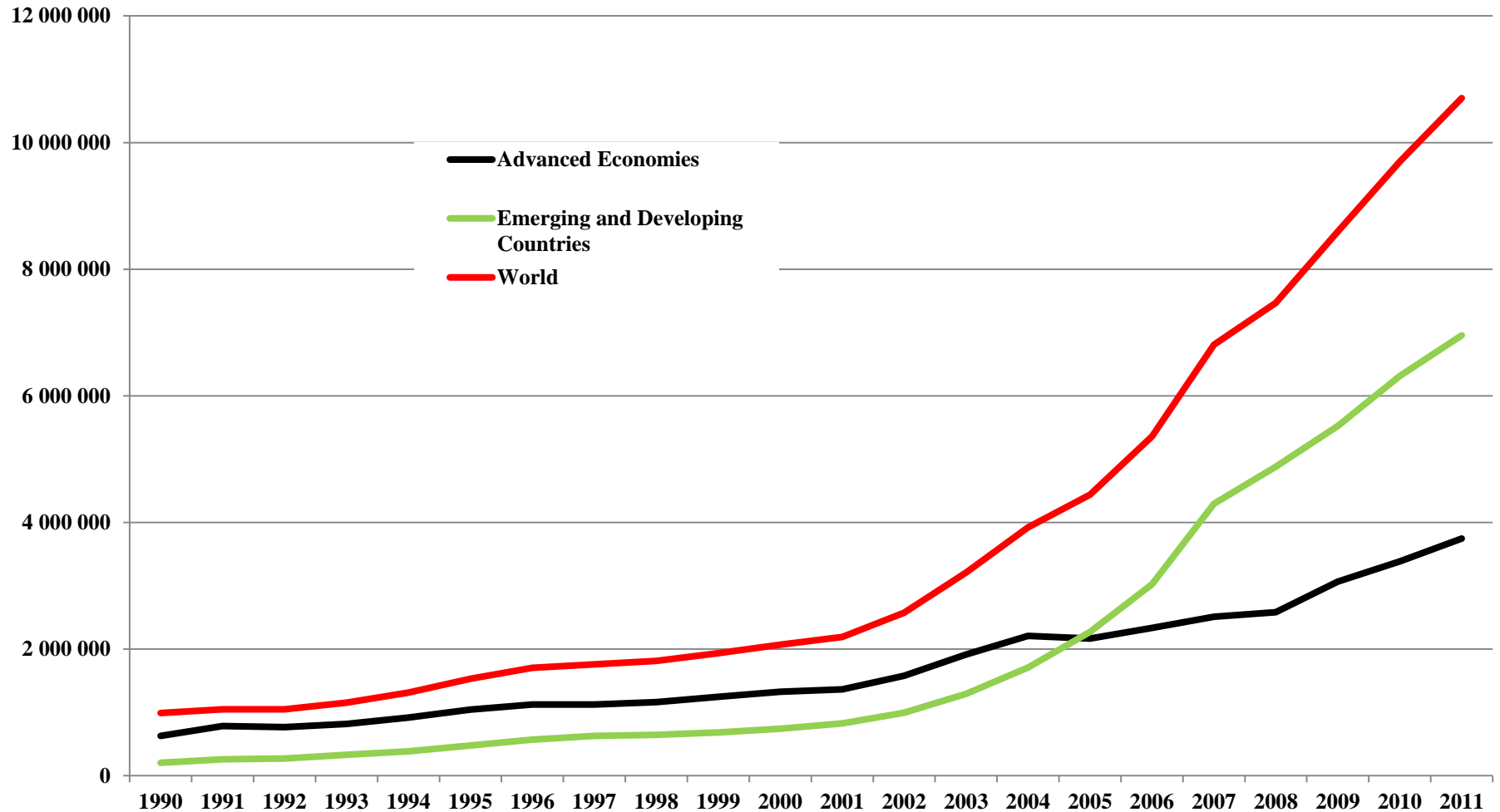
Money supply: M3



US Fed: USD Monetary base in US million



Official reserve assets in USD million



Supply-side factors of rapid global growth in 1990s/ early 2000s

- Trade liberalization
- Liberalization of capital movement
- Market-oriented reforms in many regions (China, India, Latin America, CEE/CIS)
- ICT revolution
- Peace dividend
- Absence of new major impulses now



Obstacles to growth in advanced economies (especially EU)

- Population decline and aging
- High labor costs, labor market rigidities
- Excessive and ineffective welfare state, large government, sovereign over-indebtedness, high and distortive taxes
- Lack of progress in global trade liberalization
- Other microeconomic rigidities, overregulation



Obstacles to growth in EMDE

- Poor business climate and poor governance (corruption, state capture, deficit of rule of law, organized crime etc.)
- Lack of progress in global trade liberalization/ continuing protectionism in many regions
- Economic populism, excessive welfare state, poorly targeted social policy
- Poor technical infrastructure and human capital
- Financial underdevelopment, restrictions to FDI
- Large public sectors

