

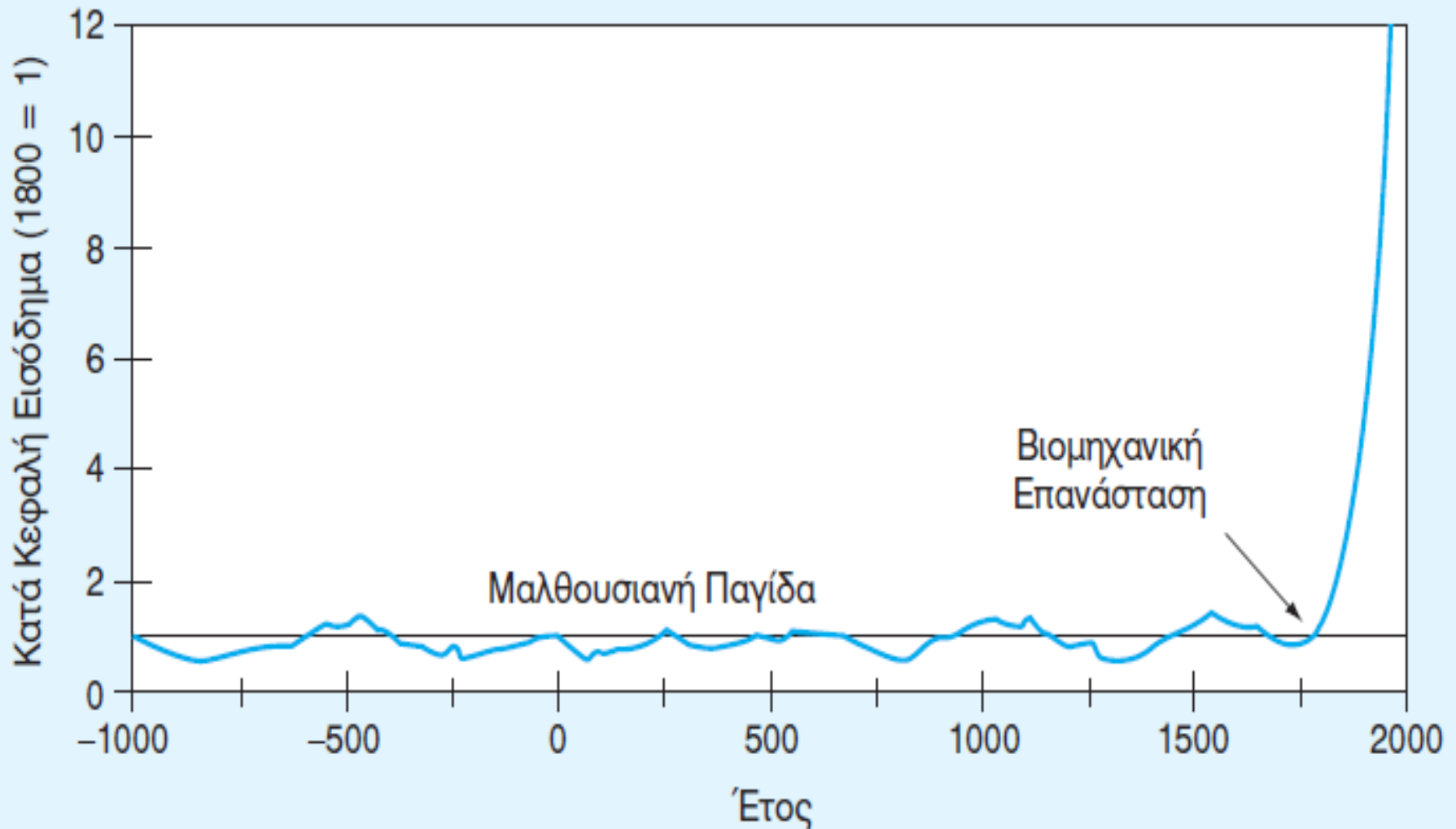
Economics of Globalization

Lecture 1

Evolution of the Global Economy

A Brief Historical Overview

Evolution of World GDP Per Capita (1800=1)



- In 2000, world GDP was about 90 times higher than in 1700.
- World population increased by about 10 times during this period (it was about 600 million in 1750), thus world GDP per capita increased by about 9 times (800%) during this period of 300 years.
- In contrast, world GDP per capita is estimated to not have increased at all from about 1000 BC to about 1800 – a period of 2800 years.
- At the start of the “industrial revolution” (circa 1750), contemporary observers thought that this will probably be a temporary phenomenon – previous growth spurts had not gone much further in the past.

- The term “industrial revolution” (IR) was not coined until about 1840, and real wages were falling during the period 1750-1810. Indeed, some claim that real wages did not attain their previous peak (in about 1500) until the end of the 19th century. For example, the number of hours that a worker had to work in order to buy a given quantity of wheat kept rising from 1500 until about 1880.
- John Stuart Mill (leading British economist) stated in the 1870s: *“It is questionable if all the mechanical inventions yet made have lightened the day’s toil of any human being. They have enabled a greater population to live the same life of drudgery and imprisonment, and an increased number of manufacturers and others to make fortunes. They have increased the comforts of the middle classes...”*

An example of Historical Household Spending Patterns

- Diary data of a bricklayer's family of 5 persons in Berlin in 1800 indicates that its income was allocated as follows:
Bread 44,2%
Meat and Milk 14.9%,
Legumes, Fruit, and Vegetables 11,5%,
Rent 14,4%,
Heating and Lighting 6,8%
Clothing 6,1%.
- In contrast, in 1450 in Germany agricultural workers had to be offered, by custom and law, a specified amount of meat, the quantity of which started declining after 1550.

Explanations for the occurrence in time and place of the Industrial Revolution

- a series of (accidental?) inventions in Britain
- the riches made from the slave trade or plundered from Bengal in the Seven Years War (1756-63) and the opening of the Asian markets to British capitalists
- the profits made from piracy have also played a role ... Keynes (1928) traced England's success from the late 16th century, starting with a treasure Francis Drake had stolen from the Spaniards in 1580.. He wrote, "In that year he [Drake] returned to England bringing with him the prodigious spoils of the Golden Hind. Queen Elizabeth was a considerable shareholder in the syndicate which had financed the expedition. Out of her share she paid off the whole of England's foreign debt, balanced her Budget, and found herself with about £40,000 in hand. This she invested in the Levant Company—which prospered. Out of the profits of the Levant Company, the East India Company was founded; and the profits of this great enterprise were the foundation of England's subsequent foreign investment. Now it happens that £40,000 accumulating at 3.25 per cent compound interest approximately corresponds to the actual volume of England's foreign investments at various dates, and would actually amount today to the total of £4,000,000,000 which I have already quoted as being what our foreign investments now are. Thus, every £1 which Drake brought home in 1580 has now become £100,000. Such is the power of compound interest!"

Explanations for the occurrence in time and place of the Industrial Revolution

- the emergence of a political system providing reasonable personal security and open to innovation, with sufficient dispersion of power and respect for individual property rights for a competitive economy to develop...
- But the IR had asymmetric effects across the world.....

Per capita industrialization levels (UK in 1990=100)

	1750	1800	1900
France	9	9	39
Germany	8	8	52
Italy	8	8	17
Russia	6	6	15
UK	10	16	100
US	4	9	69
Japan	7	7	12
China	8	6	3
India	7	6	1

Index of global value of useful human knowledge and global population

YEAR	KNOWLEDGE INDEX	POPULATION (MNS)
8000 BC	1	3
1	4	170
1500	5	500
1870	16	1300
2018	420	7600

GDP per capita												
(1990 Int. GK\$)												
	France	Germany	Italy	Netherlands	Sweden	UK	Spain	USA	China	India	Japan	World Total
1500	727	688	1.100	761	651	714	661	400	600	550	500	566
1600	841	791	1.100	1.381	700	974	853	400	600	550	520	596
1700	910	910	1.100	2.130	750	1.250	853	527	600	550	570	615
1820	1.135	1.077	1.117	1.838	819	1.706	1.008	1.257	600	533	669	666
1913	3.485	3.648	2.564	4.049	3.073	4.921	2.056	5.301	552	673	1.387	1.524
1950	5.186	3.881	3.502	5.996	6.769	6.939	2.189	9.561	448	619	1.921	2.111
1970	11.410	10.839	9.719	11.967	13.011	10.767	6.319	15.030	778	868	9.714	3.729
1990	17.647	15.929	16.313	17.262	17.781	16.430	12.055	23.201	1.871	1.309	18.789	5.150
2000	20.422	18.944	18.774	22.161	20.710	20.353	15.622	28.467	3.421	1.892	20.738	6.038
2008	22.223	20.801	19.909	24.695	24.409	23.742	19.706	31.178	6.725	2.975	22.816	7.614

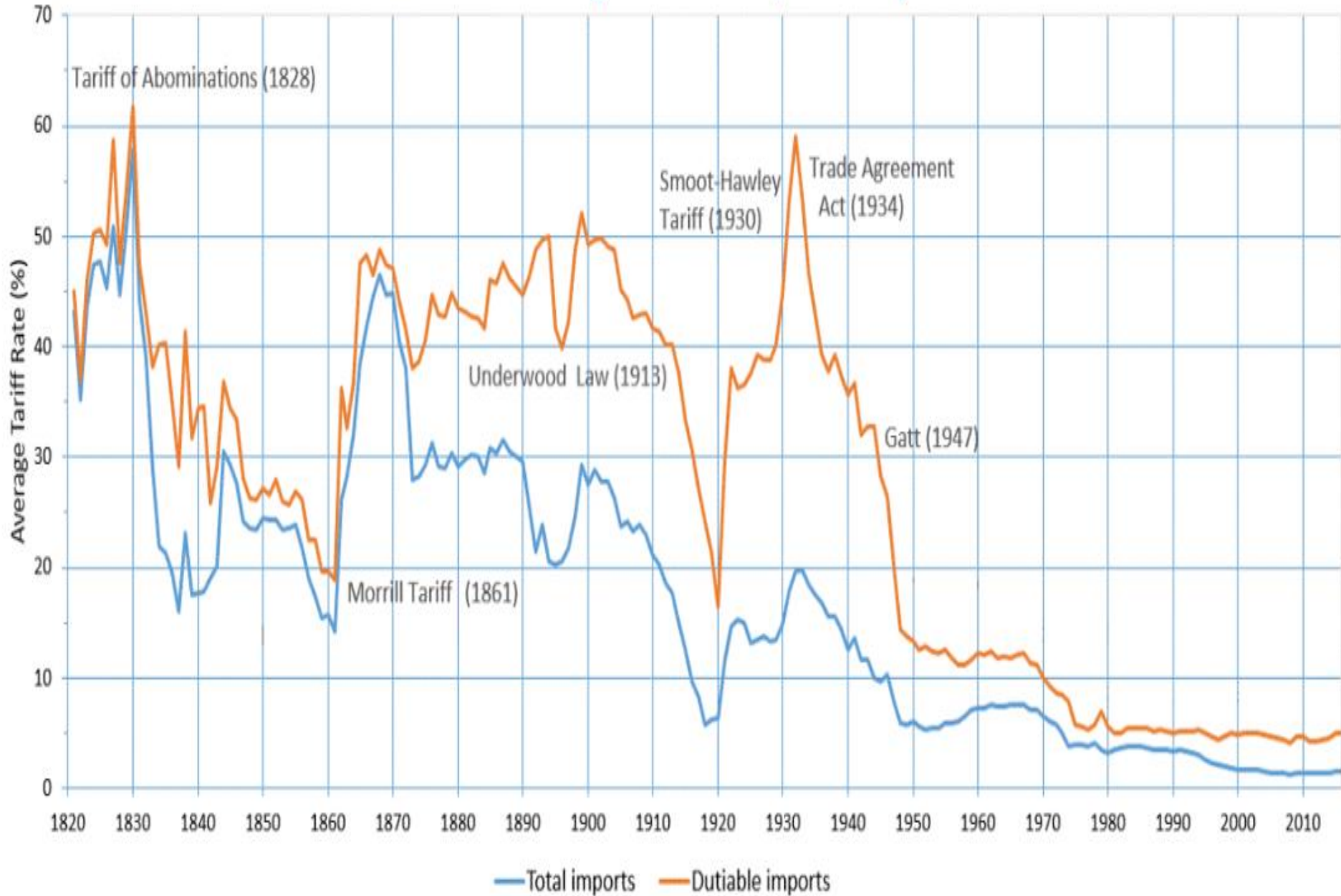
Shares in World GDP

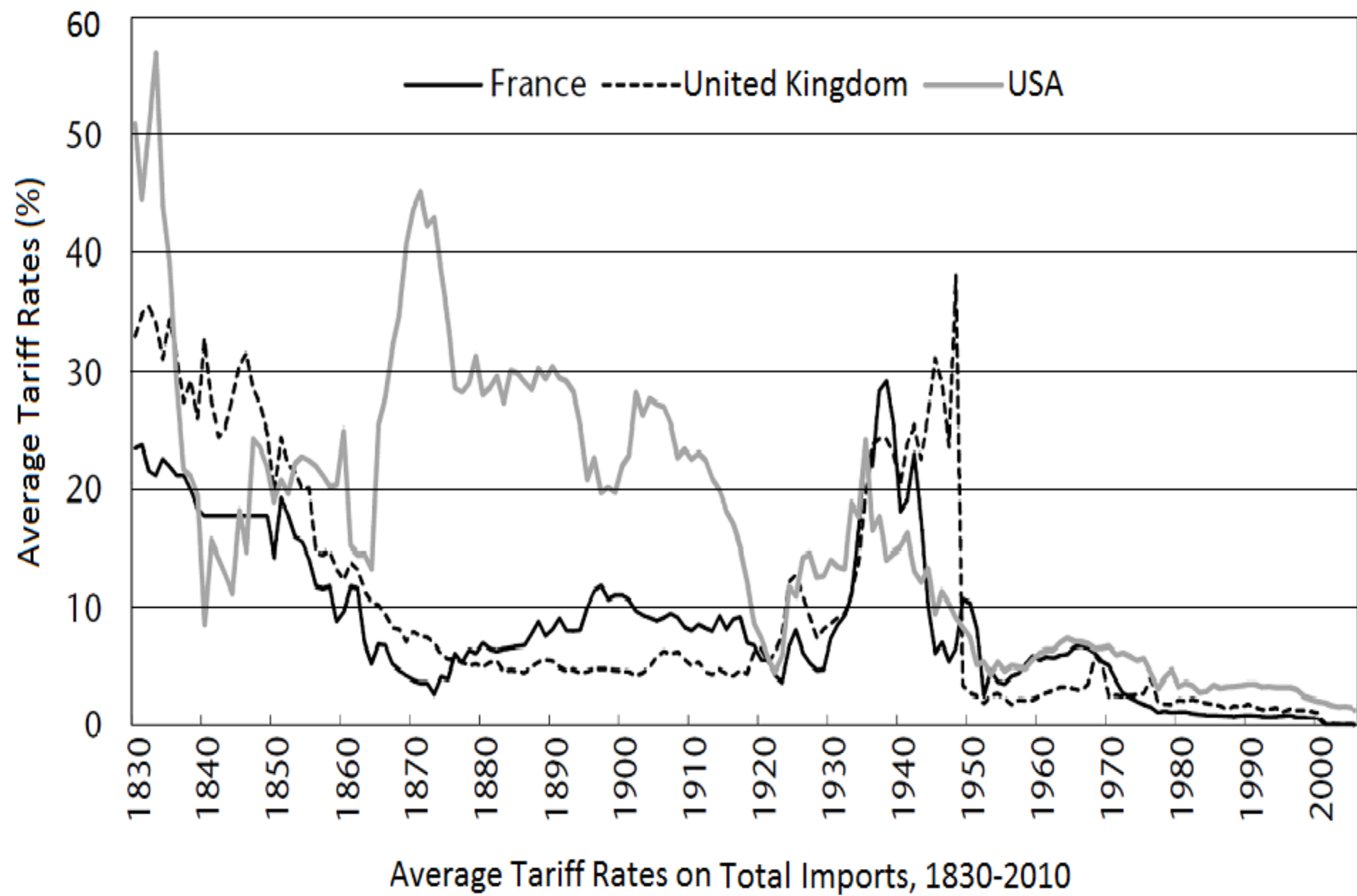
Year	France	Germany	Italy	UK	USA	F. USSR	China	India	Japan
1	2,2	1,2	6,1	0,3	0,3	1,5	25,4	32,0	1,1
1000	2,3	1,2	1,9	0,7	0,4	2,3	22,7	27,8	2,6
1500	4,4	3,3	4,7	1,1	0,3	3,4	24,9	24,4	3,1
1600	4,7	3,8	4,3	1,8	0,2	3,4	29,0	22,4	2,9
1700	5,3	3,7	3,9	2,9	0,1	4,4	22,3	24,5	4,1
1820	5,1	3,9	3,2	5,2	1,8	5,4	33,0	16,1	3,0
1870	6,5	6,5	3,8	9,0	8,9	7,5	17,1	12,2	2,3
1913	5,3	8,7	3,5	8,2	18,9	8,5	8,8	7,5	2,6
1950	4,1	5,0	3,1	6,5	27,3	9,6	4,6	4,2	3,0
1960	4,1	6,6	3,5	5,4	24,3	10,0	5,2	3,9	4,4
1970	4,3	6,1	3,8	4,4	22,4	9,8	4,6	3,4	7,4
1980	4,1	5,5	3,7	3,6	21,1	8,5	5,2	3,2	7,8
1990	3,8	4,7	3,4	3,5	21,4	7,3	7,8	4,0	8,6
2000	3,4	4,2	3,0	3,3	21,9	3,5	11,8	5,2	7,2
2008	2,8	3,4	2,3	2,8	18,6	4,4	17,5	6,7	5,7

Support for International Trade Depends on Historical Circumstances

- During the 19th century, some countries (Britain, the Netherlands) were ardent supporters of free trade (Britain's share of world manufacturing exports was more than 40%), while others (Germany, Italy, Russia, US (the Civil War was an inter-country dispute regarding trade policy as well...), Japan) were using protection to promote import substitution – export expansion was not always a top priority.
- From 1850 to 1914, unprecedented numbers of migrants and capital moved from Europe to the US, Canada, Argentina, Australia.
- At the turn of the 20th century, Britain was lending to the rest of the world 6% of its GDP. Germany does this today, but it represents a far smaller share of the world economy than the UK did around 1900.
- According to some measures, there was “more globalization” in 1910 than in 2000.
- In 2008, China lent to the rest of the world \$ 400 billion (it was the largest creditor in real terms ever!) - a poor (in per capita income terms) country was the biggest creditor in history.

U.S. Average Tariff Rates (1821-2016)





Ad-Valorem Tariff Rates (%)

	Manufactures	Manufactures	All Goods	All Goods
	1913	1925	1913	1925
Argentina	28	29	26	26
Australia	16	27	17	25
Belgium	9	15	6	8
Denmark	14	10	9	6
France	20	21	18	12
Germany	13	20	12	12
India	4	16	4	14
Italy	18	22	17	17
Netherlands	4	6	3	4
Switzerland	9	14	7	11
UK	----	5	----	4
US	44	37	33	29

- From 1850 to 1914, unprecedented numbers of migrants and capital moved from Europe to the US, Canada, Argentina, Australia.
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- According to some measures, there was “more globalization” in 1910 than in 2000.
- In 2008, China lent to the rest of the world \$ 400 billion (it was the largest creditor in real terms ever!) - a poor (in per capita income terms) country was the biggest creditor in history.

- From 1914 to 1945, the world economy went through a period of dis-integration. With the advent of the 1st WW, free trade, free movement of persons, free mobility of capital and the gold standard were replaced by various impediments and controls.
- The 1st WW brought also the downfall of the Tsarist regime and its replacement by the world's first Communist regime. This new government renounced Russian debts, thus annihilating a large part of France's accumulated foreign wealth.
- Britain was also forced to liquidate a large part of its foreign assets and contracted large debts to finance the war – a process that was repeated during the 2nd WW and lead to the demise of Britain from the status of economic superpower.
- After the 2nd WW, the world economy experienced unprecedented growth. International trade was also growing fast during this period (at about twice the rate of GDP growth).

1800

World GDP (PPP) by Country

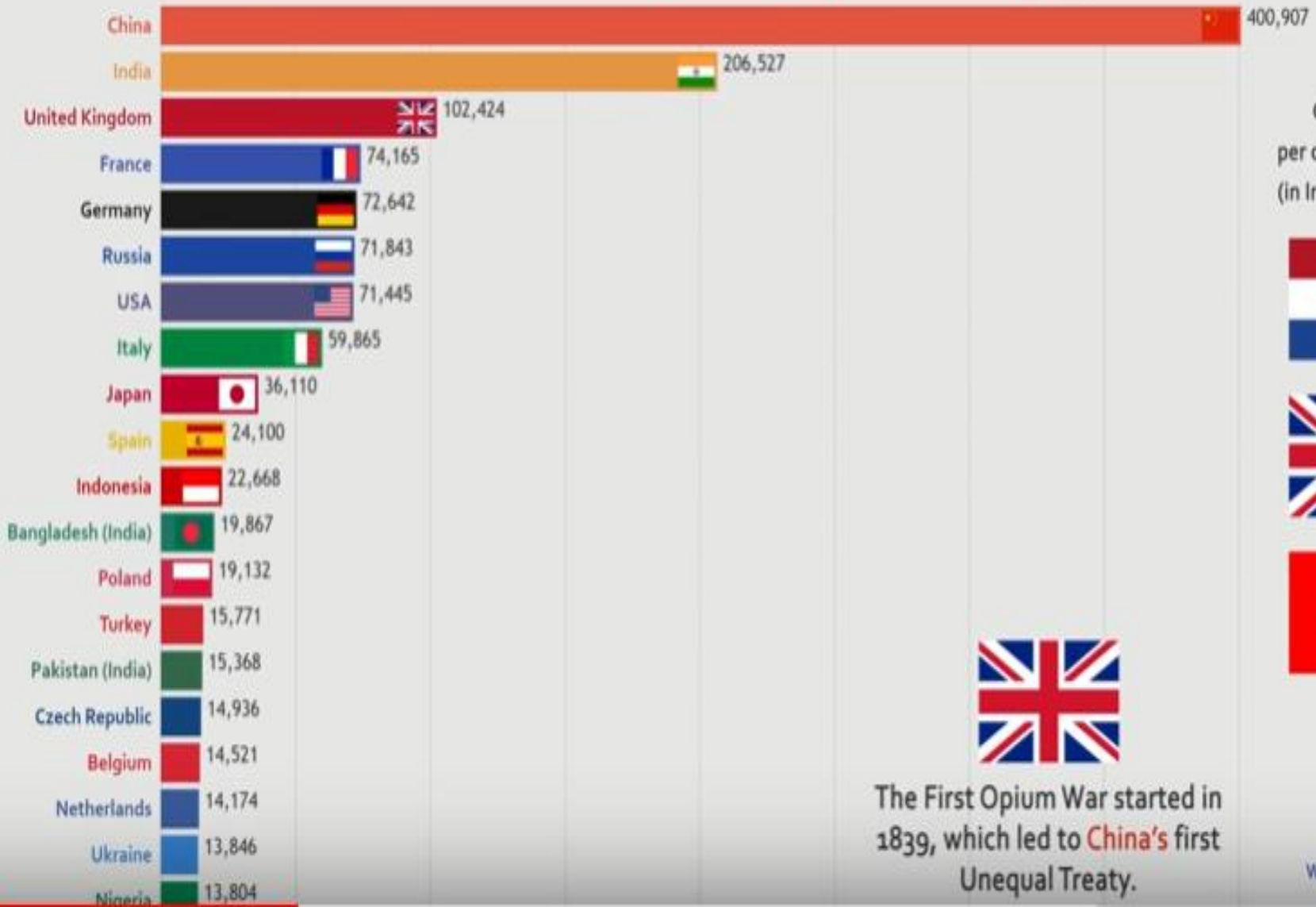
in Millions International \$



1850

World GDP (PPP) by Country

in Millions International \$



GDP (PPP)
per capita Ranking
(in International \$)



The First Opium War started in 1839, which led to China's first Unequal Treaty.

1872

World GDP (PPP) by Country

in Millions International \$



GDP (PPP)
per capita Ranking
(in International \$)

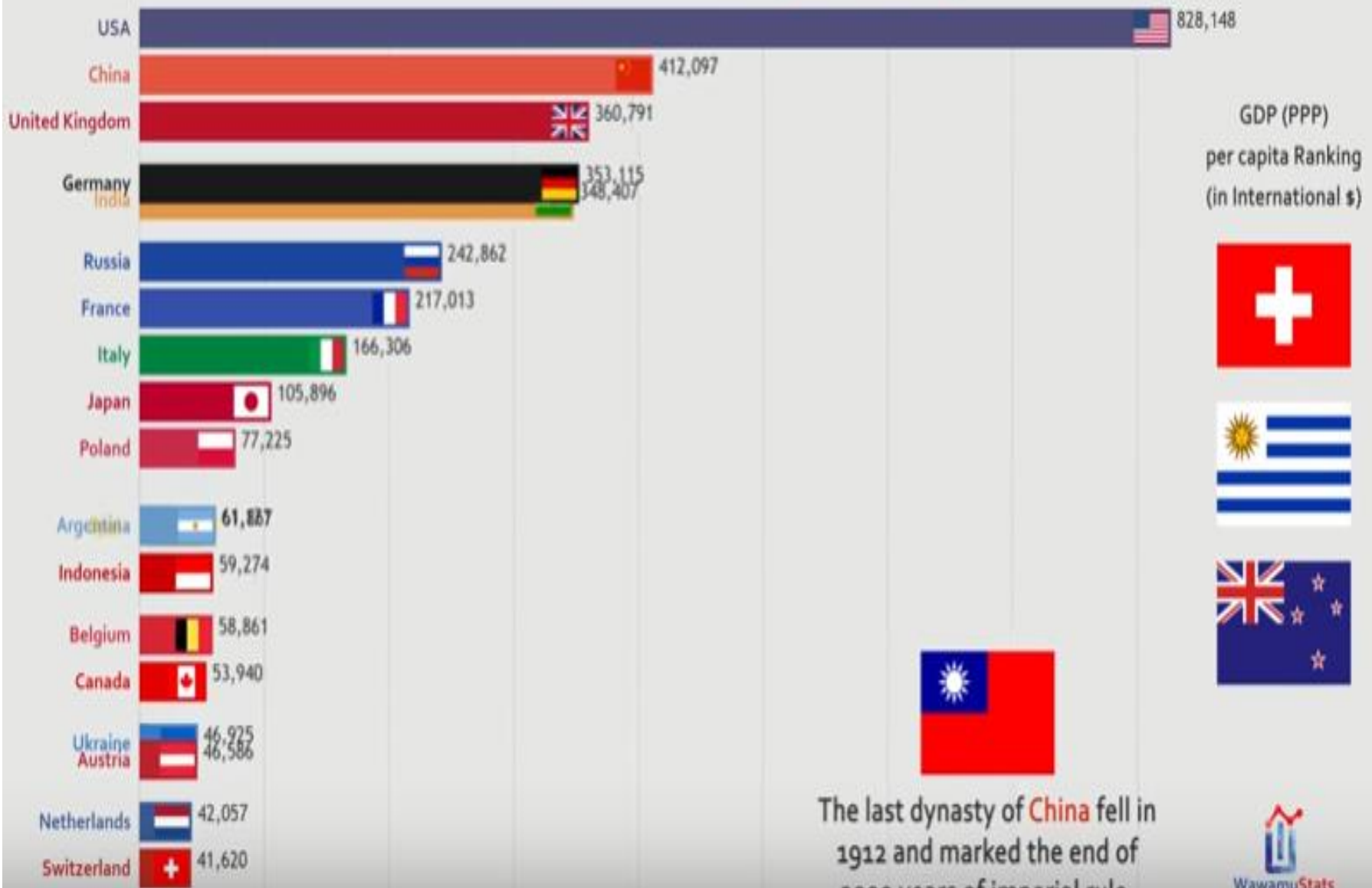


The last **Mughal** emperor died
in a British prison in Burma in
1862.

1912

World GDP (PPP) by Country

in Millions International \$



GDP (PPP)
per capita Ranking
(in International \$)

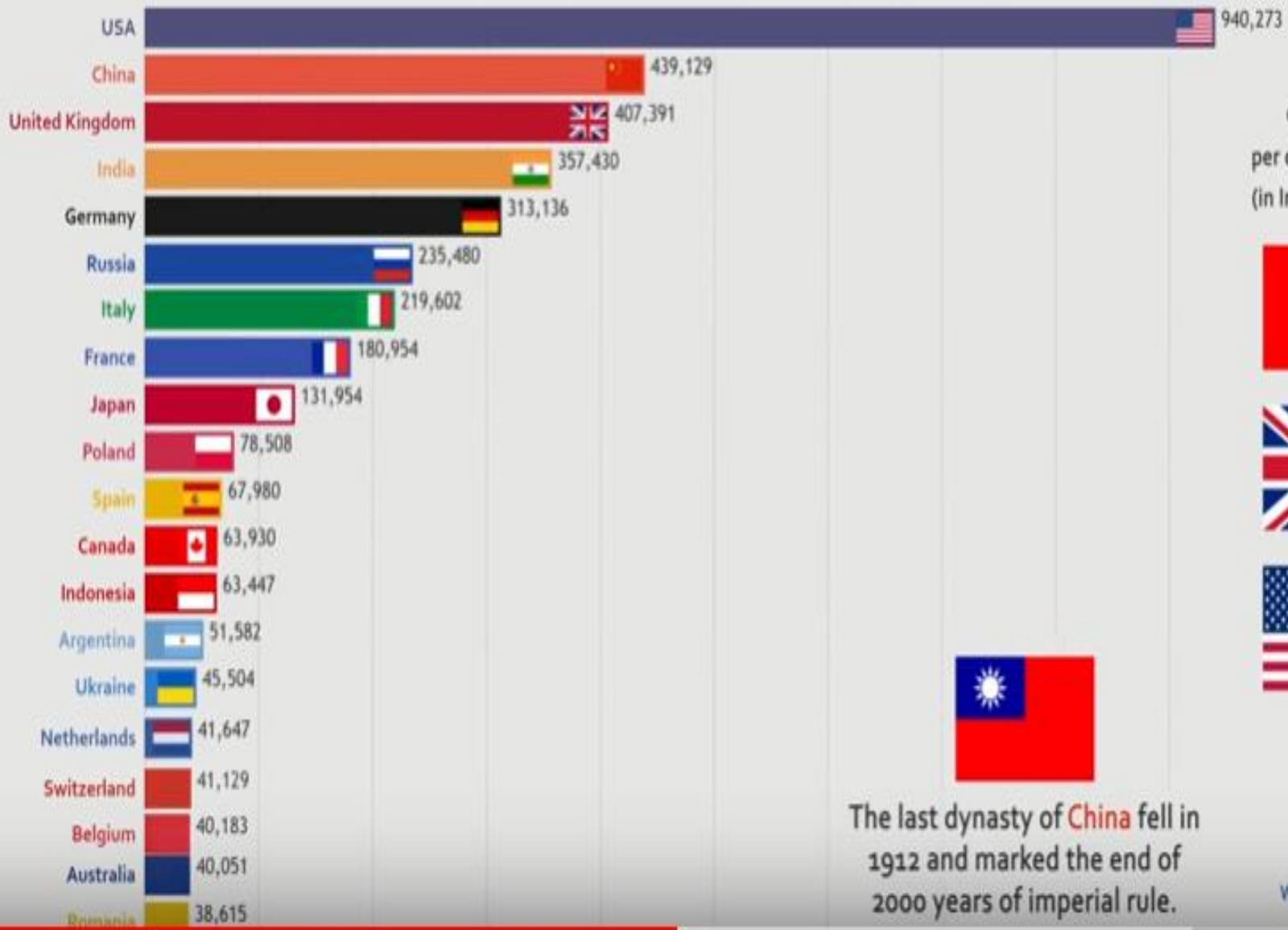


The last dynasty of **China** fell in 1912 and marked the end of 2000 years of imperial rule.

1917

World GDP (PPP) by Country

in Millions International \$



GDP (PPP)
per capita Ranking
(in International \$)



The last dynasty of China fell in 1912 and marked the end of 2000 years of imperial rule.

1928

World GDP (PPP) by Country

in Millions International \$



GDP (PPP)
per capita Ranking
(in International \$)



The **USSR** (no data) formed in 1922, consisting a total of 15 states, including Russian SFSR.

1939

World GDP (PPP) by Country

in Millions International \$



GDP (PPP)
per capita Ranking
(in International \$)



The **Second World War** started in 1939 and ended in 1945 with the Allies winning.

1947

World GDP (PPP) by Country

in Millions International \$



GDP (PPP)
per capita Ranking
(in International \$)

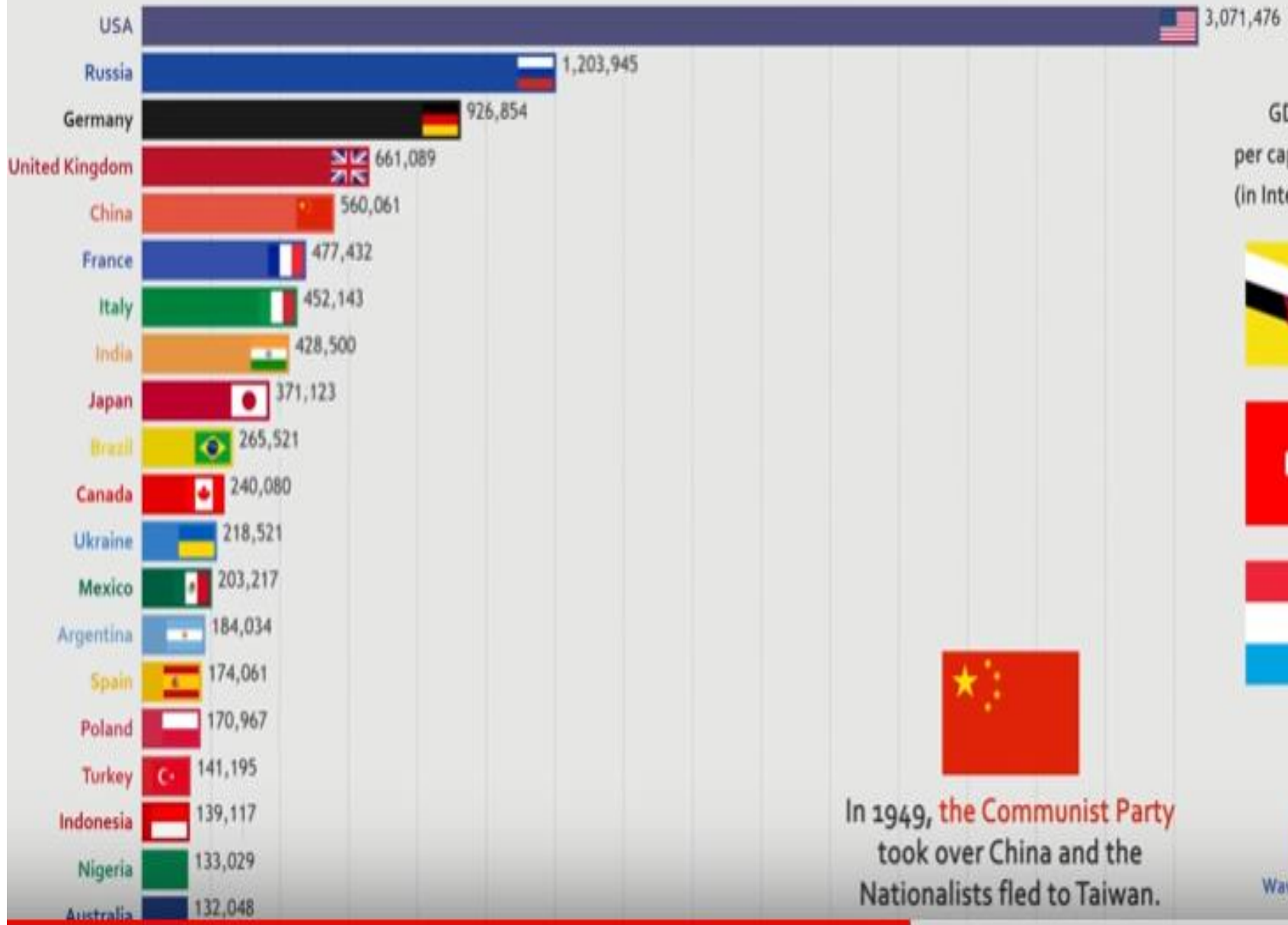


India became independent in 1947 and was partitioned into 2 dominions, India and Pakistan.

1958

World GDP (PPP) by Country

in Millions International \$



GDP (PPP)
per capita Ranking
(in International \$)



In 1949, the Communist Party took over China and the Nationalists fled to Taiwan.

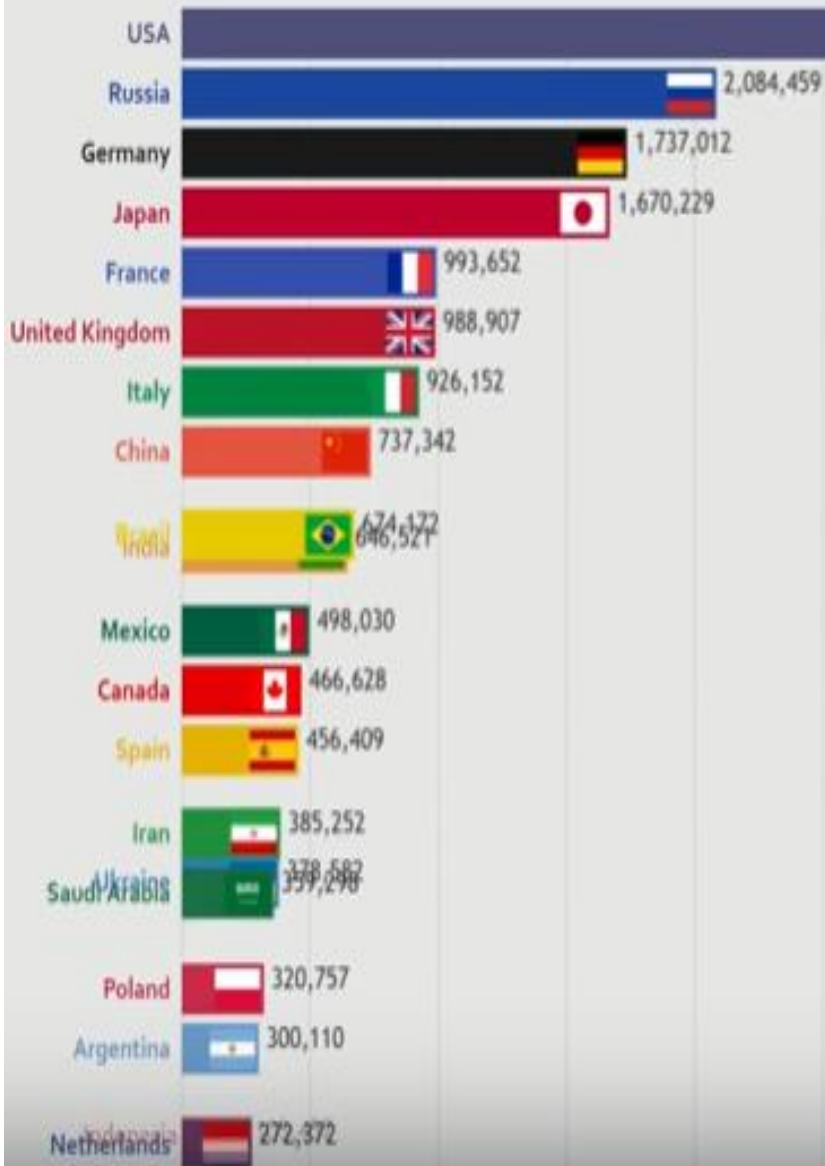


WawamuStats

1972

World GDP (PPP) by Country

in Millions International \$



GDP (PPP)
per capita Ranking
(in International \$)



In 1972, Bangladesh (East Pakistan) became independent from Pakistan.

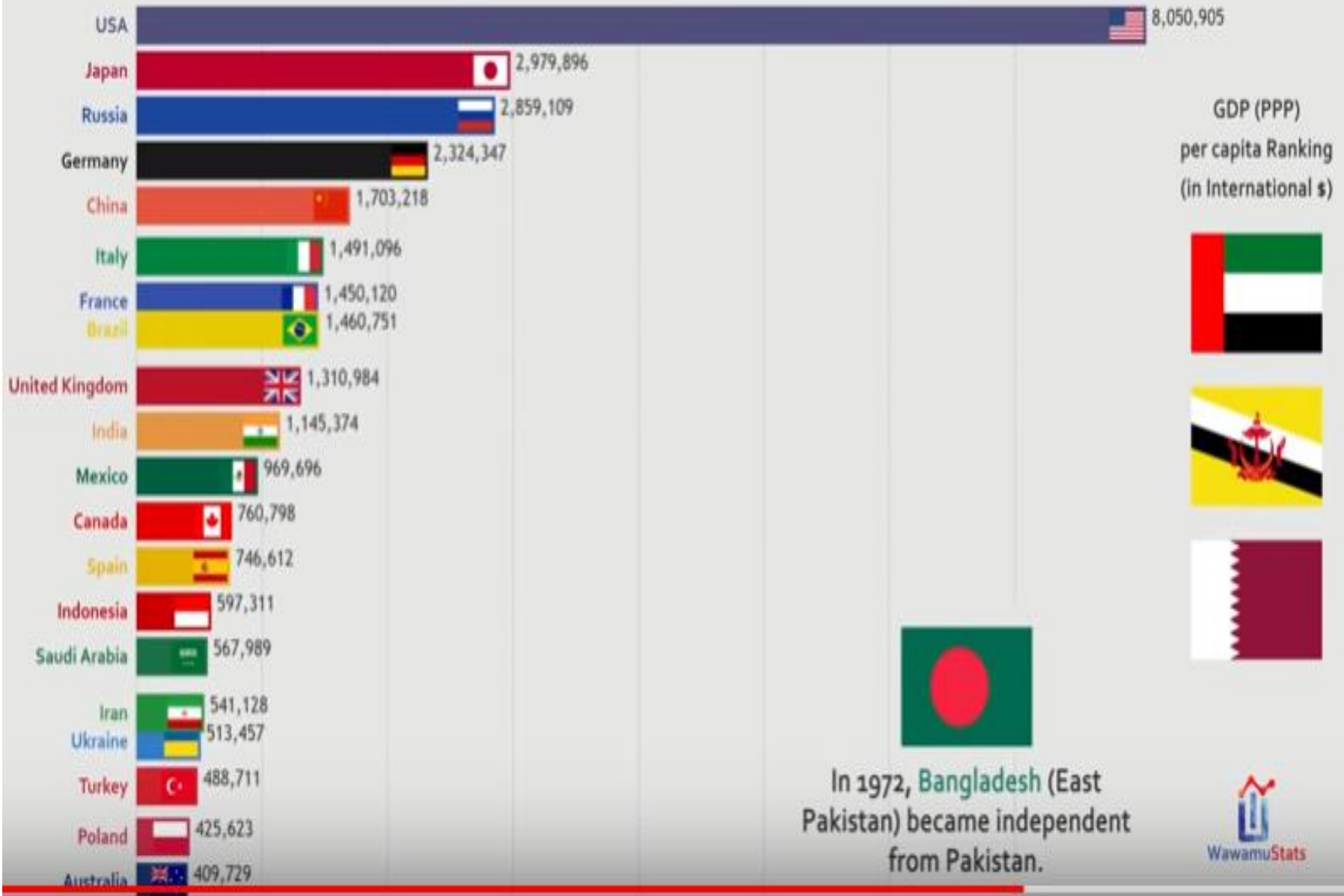


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1986

World GDP (PPP) by Country

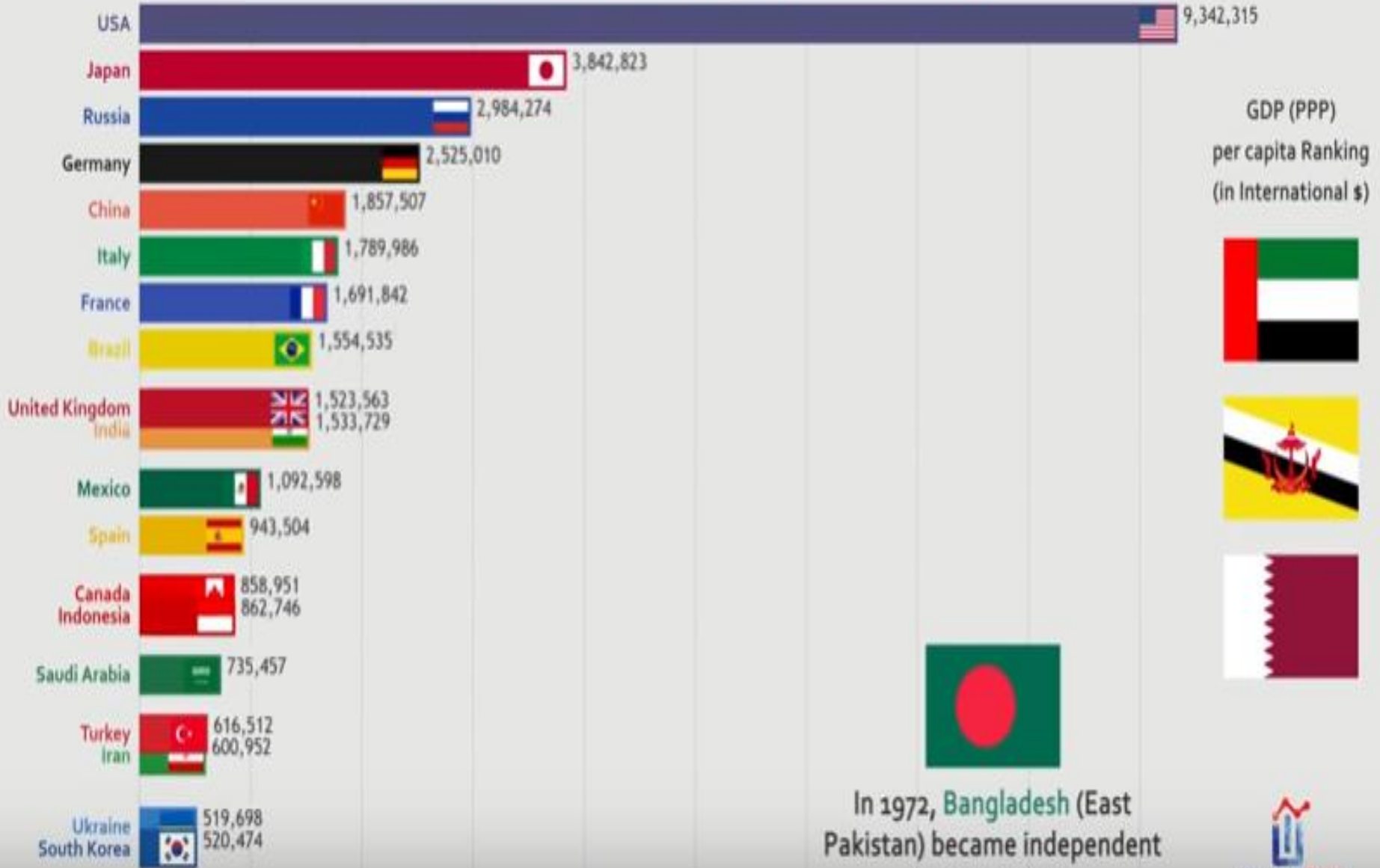
in Millions International \$



1991

World GDP (PPP) by Country

in Millions International \$



GDP (PPP)
per capita Ranking
(in International \$)

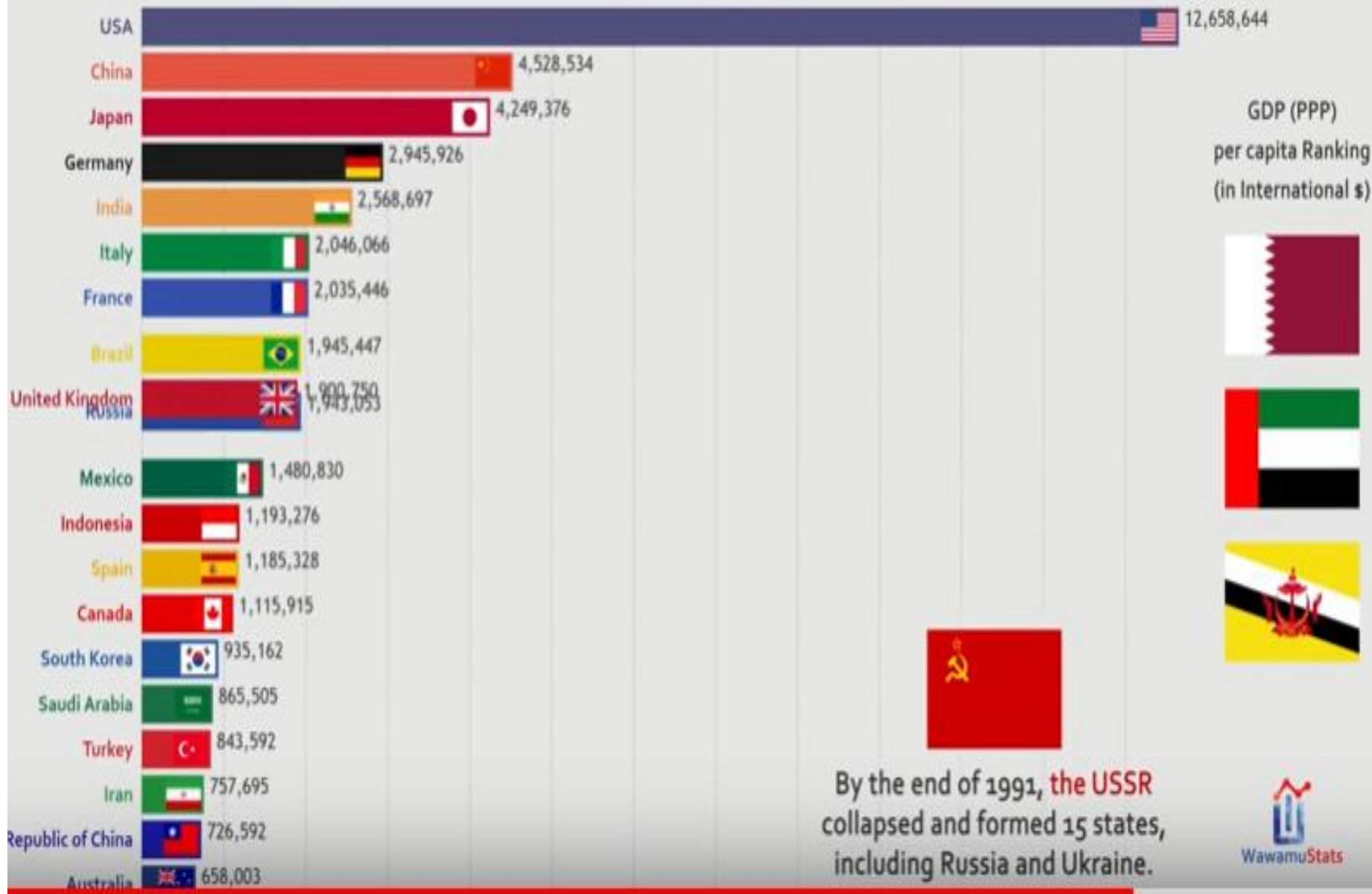


In 1972, Bangladesh (East Pakistan) became independent from Pakistan.

2000

World GDP (PPP) by Country

in Millions International \$

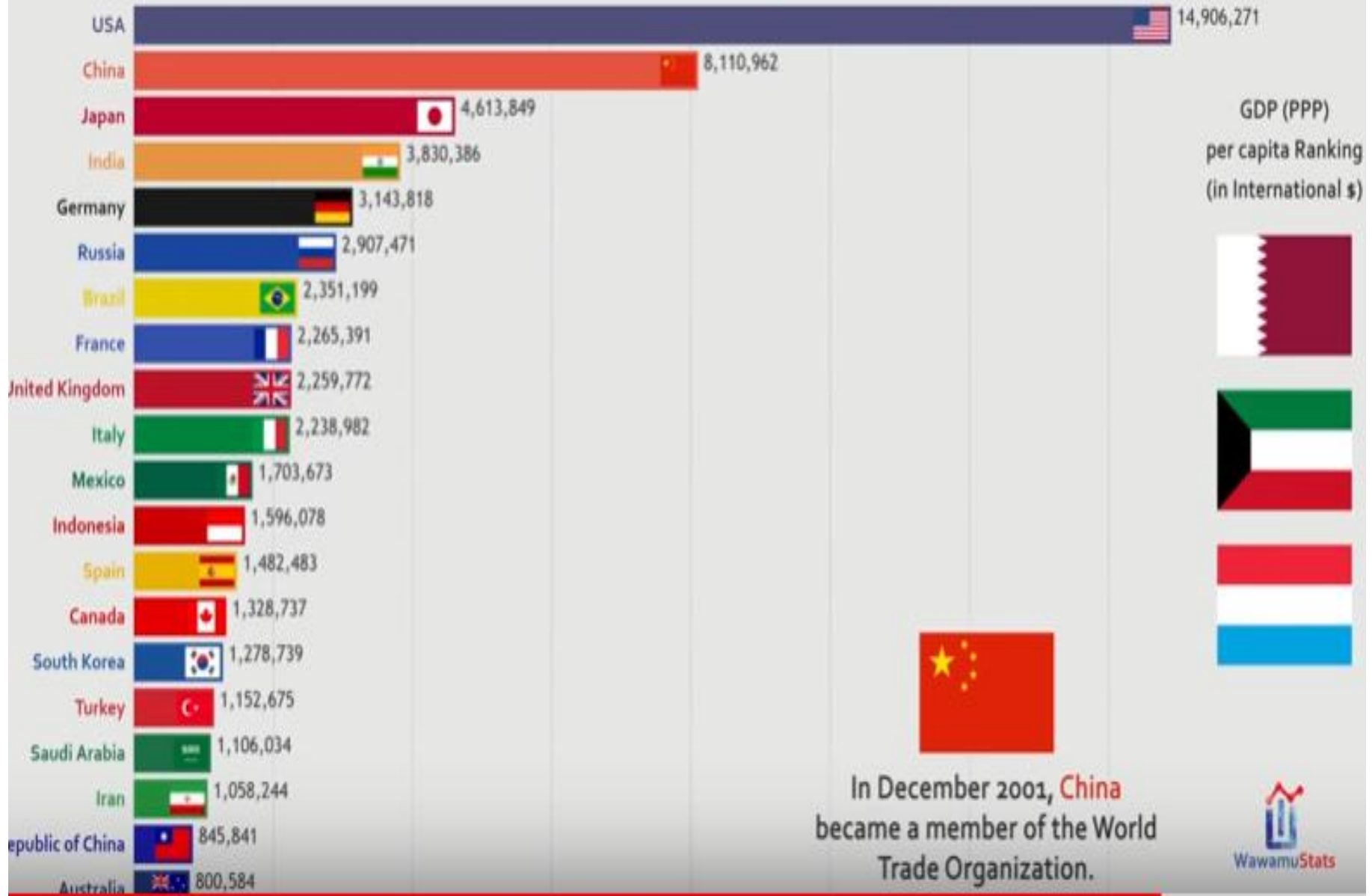


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2006

World GDP (PPP) by Country

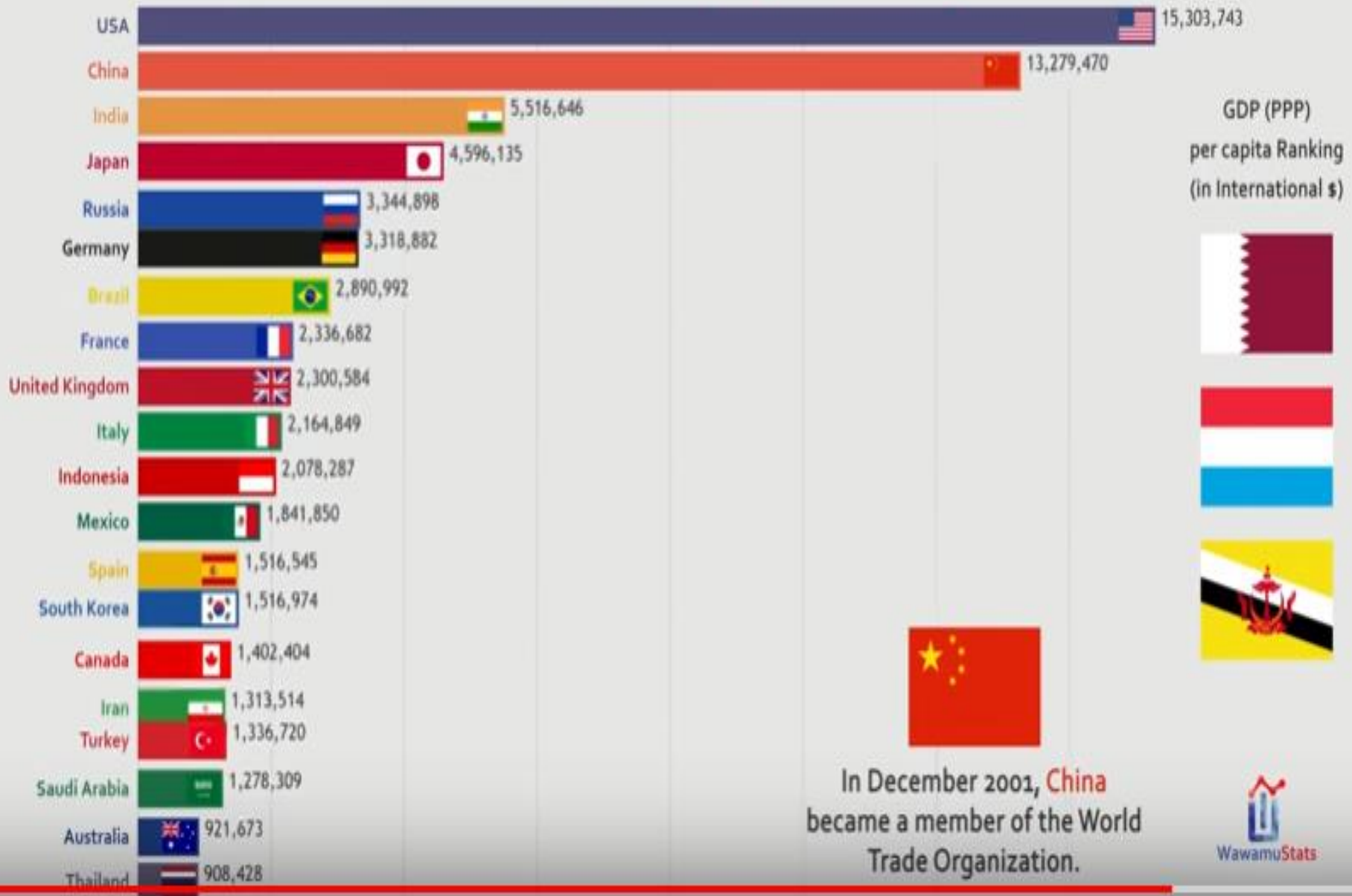
in Millions International \$



2011

World GDP (PPP) by Country

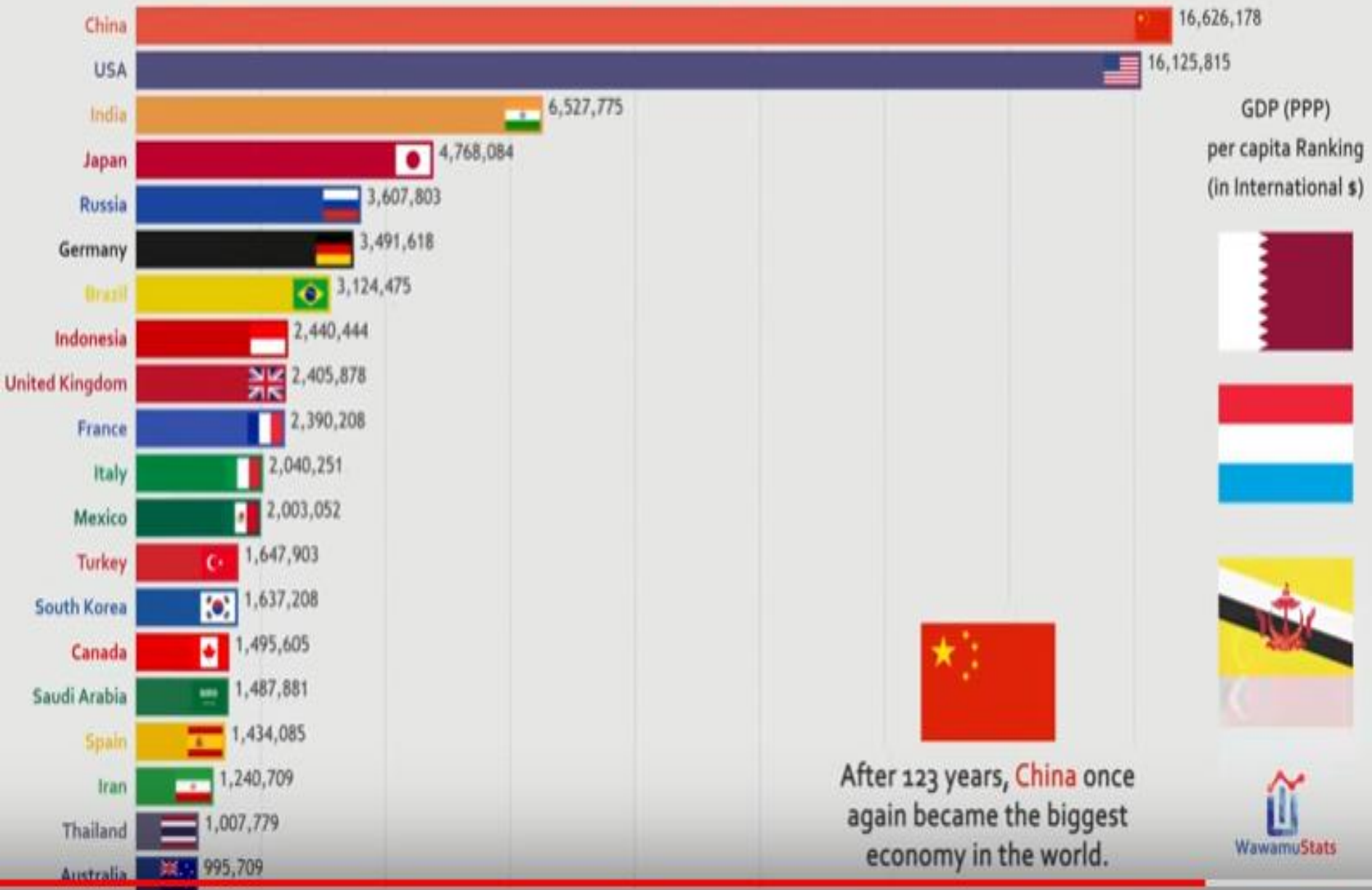
in Millions International \$



2014

World GDP (PPP) by Country

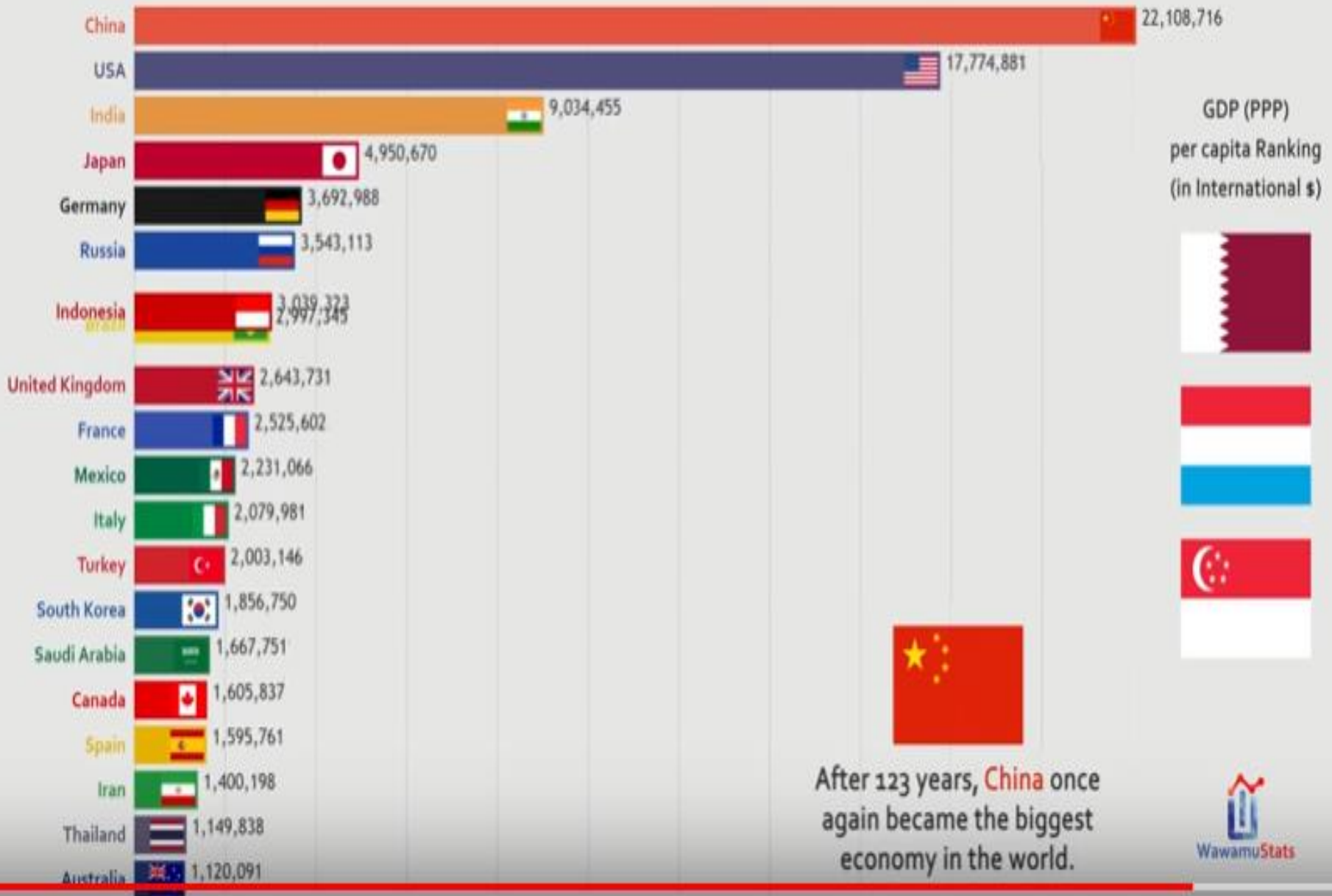
in Millions International \$



2018

World GDP (PPP) by Country

in Millions International \$



OECD Countries

Exposure to Imports from China (% Value Added)

Sectors	1990	2007	Change
Agriculture	0.4	0.7	0.3
Mining	3.4	3.0	-0.4
Total man.	1.1	16.2	15.1
Man. food	0.6	1.7	1.1
Man. Textiles	10.4	128.6	118.2
Man. wood	1.1	9.1	8.0
Man. paper	0.1	1.9	1.8
Man. coke, chemicals, rubber	0.7	6.2	5.5
Man. coke	0.5	2.0	1.5
Man. chemicals	0.8	6.2	5.4
Man. rubber	0.8	12.0	11.3
Man. other non-metal	0.5	7.2	6.7
Man. basic metals	0.4	9.3	8.9
Man. machinery	0.6	17.3	16.7
Man. electrical	1.3	75.7	74.4
Man. transport equipment	0.1	5.4	5.3
Man. n.e.c	4.3	41.9	37.7
Average (unweighted)	1.7	21.5	19.8

Figures are per adult in USD for 2018 (median wealth in parentheses)

	GDP	Wealth			GDP	Wealth	
Argentina	21,137	11,530	(3,176)	Brazil	14,236	16,664	(4,263)
Australia	77,007	411,060	(191,453)	Bulgaria	10,603	23,984	(11,013)
China	12,147	47,810	(16,333)	Cyprus*	34,836	100,308	(10,384)
France	55,668	280,580	(106,827)	Germany	57,955	214,893	(35,169)
Greece	24,524	108,127	(40,789)	India	3,247	7,024	(1,289)
Ireland	104,336	232,952	(72,473)	Israel	63,841	174,129	(54,966)
Italy	41,418	217,787	(79,239)	Japan	47,980	227,235	(103,861)
Kazakhstan	14,069	5,122	(152)	Korea	38,534	171,739	(65,463)
Mexico	14,679	20,620	(5,784)	Nigeria	4,488	1,572	(208)
Portugal	27,830	109,362	(31,313)	Qatar	77,703	121,638	(59,978)
Russia	14,500	19,997	(2,739)	Spain	37,672	191,177	(87,188)
Sweden	72,188	249,765	(39,709)	Switzerland	104,515	530,244	(183,339)
Turkey	16,100	18,555	(2,677)	Ukraine	3,381	1,563	(40)
UK	54,621	279,048	(97,169)	USA	81,425	403,974	(61,667)

World Median Wealth : 4,209

Country	Adults	Mean wealth per adult	Median wealth per adult	Distribution of adults (%) by wealth range (USD)				Total	Gini
	thousand	USD	USD	under 10,000	10,000 - 100,000	100,000 - 1 million	over 1 million		%
France	49,478	280,580	106,827	13.9	34.5	47.2	4.3	100	68.7
Gabon	1,124	16,342	6,973	61.5	36.7	1.8	0.0	100	70.0
Gambia	936	889	327	99.0	1.0	0.0	0.0	100	75.5
Georgia	2,940	16,725	7,078	59.7	38.5	1.7	0.1	100	67.8
Germany	67,470	214,893	35,169	40.6	21.6	34.5	3.2	100	81.6
Ghana	14,972	934	398	99.3	0.7	0.0	0.0	100	68.2
Greece	9,019	108,127	40,789	14.0	60.9	24.1	1.0	100	68.2
Ireland	3,460	232,952	72,473	34.0	23.5	38.7	3.8	100	83.0
Israel	5,405	174,129	54,966	17.8	48.7	31.4	2.1	100	76.6
Italy	48,527	217,787	79,239	8.0	47.4	41.8	2.8	100	68.9
Japan	105,108	227,235	103,861	5.3	43.6	48.4	2.7	100	63.1
Korea	41,381	171,739	65,463	2.0	57.8	38.3	1.8	100	67.0
Russia	112,039	19,997	2,739	80.0	17.9	1.9	0.2	100	87.5
United Kingdom	50,919	279,048	97,169	17.5	33.1	44.6	4.8	100	74.7
United States	242,972	403,974	61,667	28.4	30.8	33.6	7.1	100	85.2

% of Global Wealth Holders

Country/region	Over USD 100,000		Over USD 1 million	
	Number of adults (thousands)	%	Number of adults (thousands)	%
United States	99,099	20.7	17,350	41.2
China	81,154	17.0	3,480	8.3
Japan	53,684	11.2	2,809	6.7
France	25,521	5.3	2,147	5.1
Germany	25,480	5.3	2,183	5.2
United Kingdom	25,150	5.3	2,433	5.8
Italy	21,629	4.5	1,362	3.2
Spain	17,120	3.6	852	2.0
Korea	16,611	3.5	754	1.8
Canada	14,738	3.1	1,289	3.1
Australia	12,331	2.6	1288	3.1
Taiwan	8,393	1.8	521	1.2
Netherlands	6,942	1.5	477	1.1
Belgium	5,479	1.1	424	1.0
India	5,187	1.1	343	0.8
Switzerland	4,271	0.9	725	1.7
Austria	3,139	0.7	229	0.5
Brazil	2,788	0.6	154	0.4
Sweden	2,653	0.6	348	0.8
Russia	2,282	0.5	172	0.4

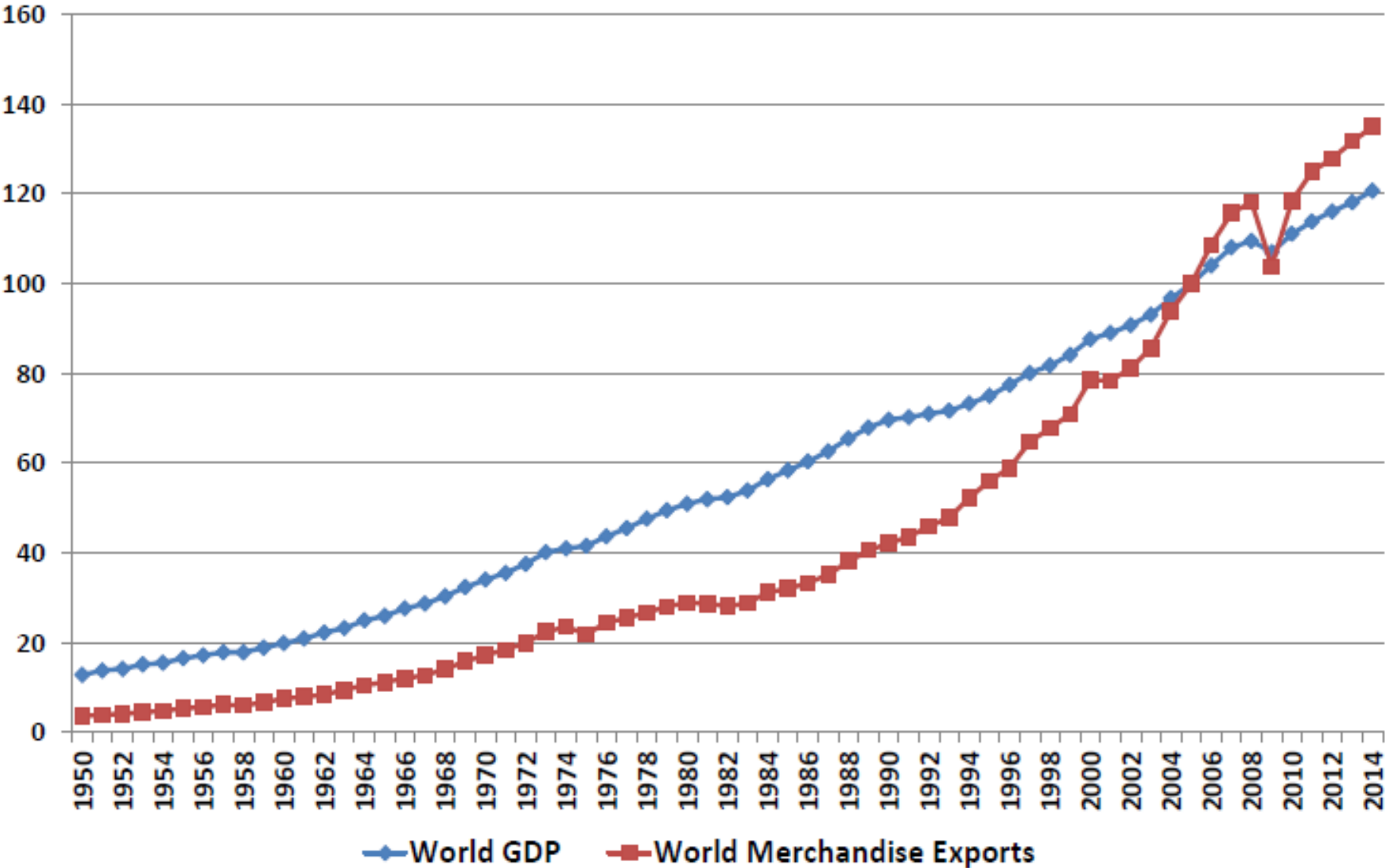
Country/region	Over USD 100,000		Over USD 1 million	
	Number of adults (thousands)	%	Number of adults (thousands)	%
Greece	2,264	0.5	87	0.2
Singapore	2,185	0.5	184	0.4
Hong Kong	2,169	0.5	179	0.4
Mexico	2,071	0.4	109	0.3
Denmark	1,958	0.4	243	0.6
Portugal	1,899	0.4	94	0.2
Norway	1,899	0.4	185	0.4
Israel	1,811	0.4	111	0.3
New Zealand	1,725	0.4	155	0.4
Chile	1,505	0.3	67	0.2
Indonesia	1,485	0.3	89	0.2
Ireland	1,471	0.3	133	0.3
Finland	1,385	0.3	80	0.2
United Arab Emirates	1,318	0.3	78	0.2
Saudi Arabia	1,274	0.3	83	0.2
Poland	1269	0.3	62	0.1
South Africa	1140	0.2	50	0.1
Turkey	1107	0.2	79	0.2

Country/region	Wealth range (USD)					
	1-5 m	5-10 m	10-50 m	50-100 m	100-500 m	500+ m
United States	14,520,885	1,855,679	902,736	50,144	19,253	1,144
China	3,094,768	235,858	132,701	10,113	5,690	708
Japan	2,627,845	125,377	51,947	2,478	1,027	71
United Kingdom	2,247,529	124,244	56,535	3,125	1,422	117
Germany	1,985,627	127,157	63,678	4,078	2,042	203
France	2,002,967	99,252	42,117	2,087	886	64
Italy	1,248,612	74,371	35,516	2,115	1,010	92
Canada	1,182,763	70,122	33,386	1,979	942	85
Australia	1,183,229	69,323	32,752	1,919	907	80
Spain	779,785	47,048	22,658	1,367	658	61
Korea	683,178	45,002	22,960	1,512	772	79
Switzerland	653,075	45,384	23,995	1,667	882	97
Taiwan	470,401	32,236	16,885	1,157	606	66
Netherlands	439,144	25,312	11,833	682	319	28
Belgium	393,491	20,493	8,975	467	205	16
Sweden	310,649	22,873	12,572	926	509	61
India	291,681	28,704	19,291	1,898	1,276	225

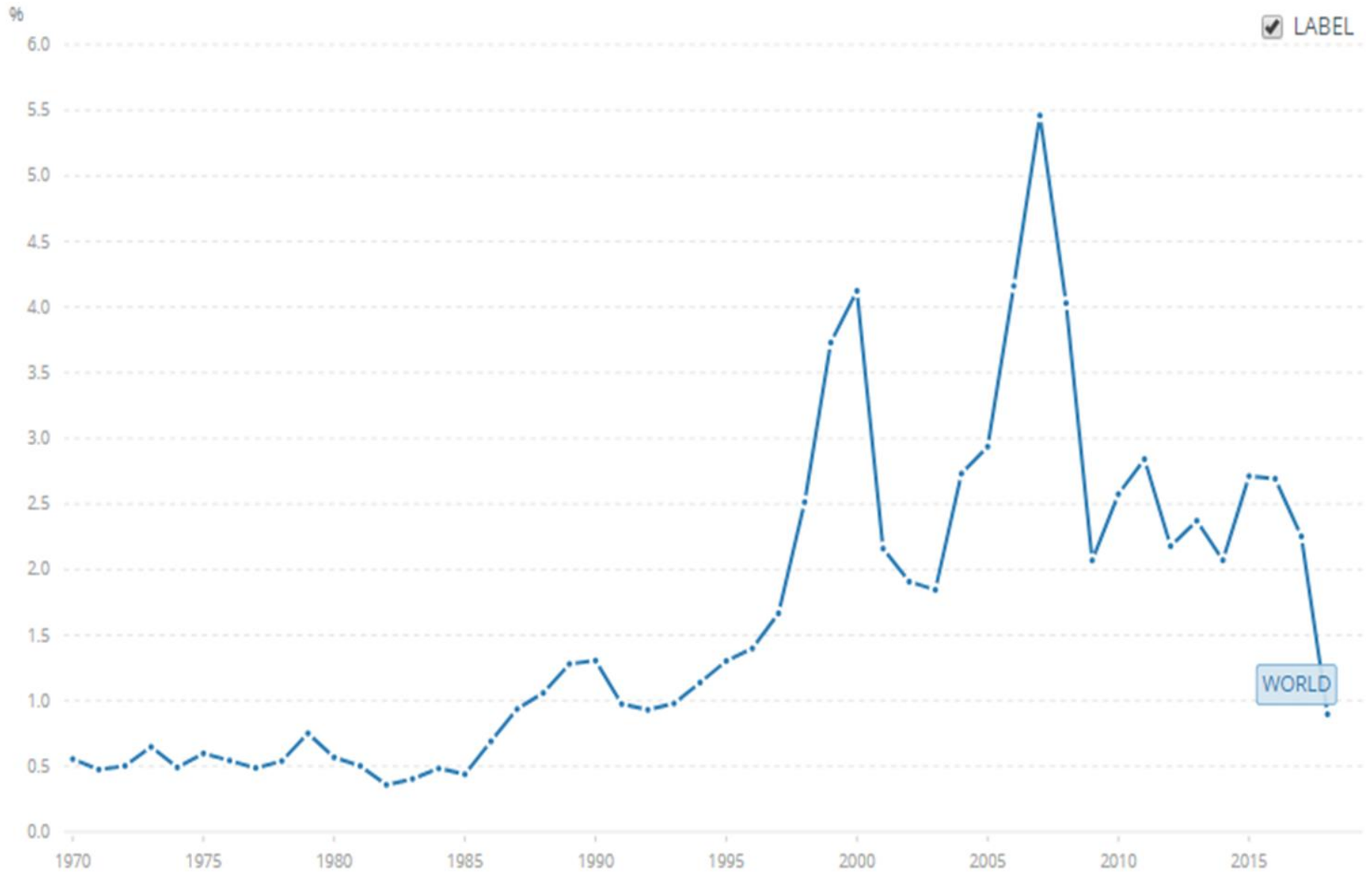
Country/region	Wealth range (USD)					
	1-5 m	5-10 m	10-50 m	50-100 m	100-500 m	500+ m
Denmark	221,778	13,760	6,749	419	205	20
Austria	207,264	14,053	7,309	496	258	28
Norway	165,723	12,029	6,548	475	259	30
Singapore	162,234	12,967	7,537	602	350	46
Hong Kong	151,723	15,298	10,461	1,055	721	132
Russia	143,892	15,287	10,853	1,153	819	161
New Zealand	140,299	9,150	4,637	302	153	16
Brazil	134,031	11,888	7,425	659	411	63
Ireland	118,486	8,848	4,910	367	203	25
Israel	97,222	8,200	4,946	417	252	36
Mexico	95,423	8,229	5,040	435	266	39
Portugal	84,716	5,972	3,187	225	120	13
Indonesia	76,436	7,094	4,573	424	274	44
Greece	78,167	5,535	2,963	210	112	13
Saudi Arabia	72,848	6,140	3,701	312	188	27
Finland	70,061	6,004	3,661	314	191	28
Turkey	66,698	6,873	4,774	492	342	64

Country	Wealth decile									Top		
	1	2	3	4	5	6	7	8	9	10%	5%	1%
	I Wealth shares (%)											
Australia	0.2	0.7	1.6	2.7	3.9	5.6	7.5	9.9	15.2	52.7	40.8	22.4
Austria	-0.8	-0.3	0.4	1.2	2.3	4.2	6.8	10.1	15.3	60.9	48.3	28.1
Belgium	-0.1	0.2	1.2	2.7	4.3	6.1	8.0	10.3	16.0	51.1	38.6	20.1
Canada	-0.3	0.1	0.6	1.4	2.8	4.8	7.2	10.5	16.1	56.9	44.3	24.5
Chile	-1.0	-0.6	0.3	1.5	3.0	4.8	6.7	8.9	13.4	63.1	51.8	32.4
China	0.3	1.0	1.7	2.2	3.0	4.0	5.5	7.9	12.8	61.6	50.9	32.6
Colombia	-0.3	-0.1	0.4	1.1	2.1	3.2	4.5	6.8	11.9	70.2	59.7	40.5
Czech Republic	0.3	0.8	1.4	1.8	2.4	3.3	4.6	6.9	10.7	67.9	58.2	40.1
Denmark	-1.7	-1.1	-0.4	0.3	1.4	3.3	6.1	9.9	16.7	65.6	51.1	28.3
Finland	-0.1	0.3	0.8	1.4	2.3	3.6	5.6	8.0	12.3	65.9	54.9	35.7
France	-0.1	0.4	1.2	2.0	3.1	4.9	7.5	11.1	16.8	53.1	40.0	20.6
Germany	-1.3	0.0	0.1	0.2	1.0	2.7	5.6	10.0	16.9	64.8	51.2	29.5
Greece	0.5	1.0	1.6	2.3	3.2	4.6	6.8	9.3	13.6	57.1	45.7	27.2
Hungary	0.6	1.0	1.7	2.4	3.4	4.9	7.2	10.2	15.2	53.5	41.6	23.2
India	-0.8	0.2	0.6	0.9	1.5	2.3	3.4	5.2	9.2	77.4	68.6	51.5
Indonesia	-0.1	0.2	0.5	0.8	1.4	2.1	3.0	5.6	11.2	75.3	65.4	46.6
Ireland	-2.3	0.0	0.3	0.6	2.1	3.9	5.5	7.7	12.3	70.0	57.5	34.7
Israel	-0.4	0.4	0.9	1.5	2.5	3.9	5.5	7.9	12.5	65.4	54.6	35.1
Italy	0.4	0.8	1.5	2.1	3.1	4.5	6.6	9.1	15.8	56.1	43.7	24.3
Japan	0.4	1.0	1.8	2.6	3.8	5.7	8.2	11.4	16.2	48.8	36.6	18.6
Korea	0.7	1.1	1.7	2.4	3.2	4.8	6.9	9.5	14.2	55.5	44.1	25.7

A Picture of Globalization (2005=100)

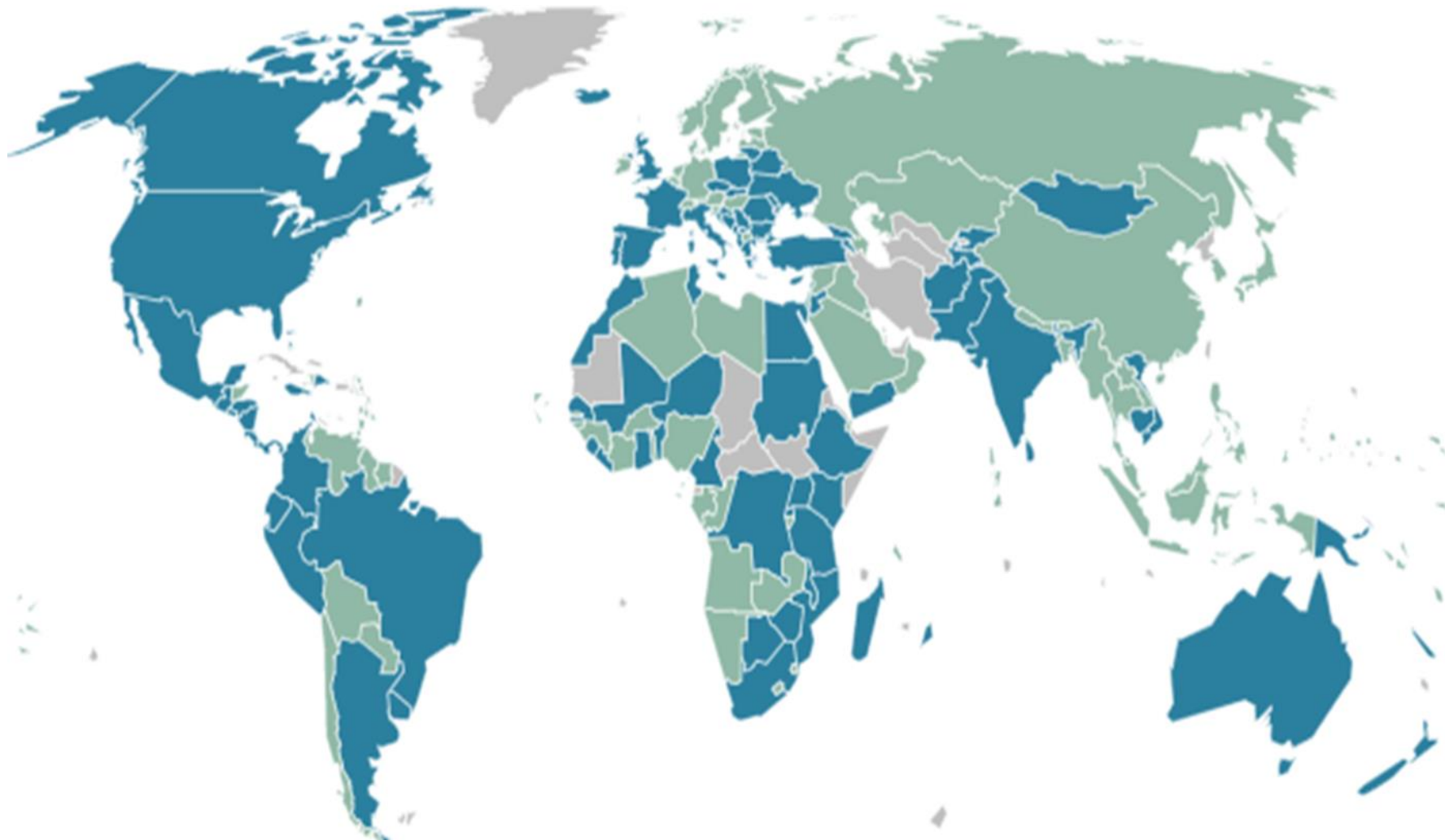


World FDI Inflows as % of World GDP (Globalization at Risk?)



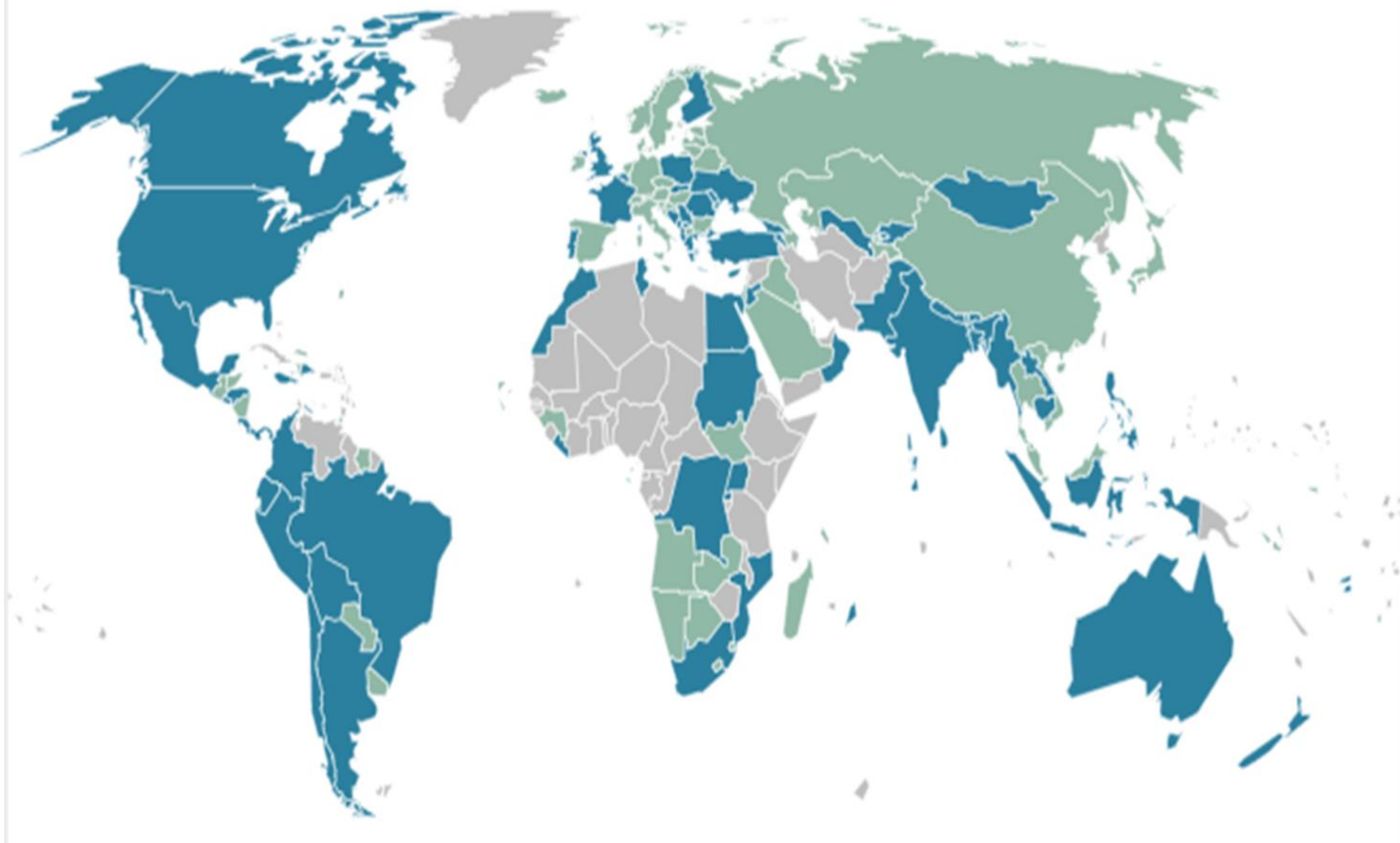
2010 (Blue: Deficit; Green: Surplus; Grey: No Data)

Current Account, balance



2018 (Blue: Deficit; Green: Surplus; Grey: No Data)

Current Account, balance



Current Account Deficit, Top 10 Economies,
Billions of US dollars

	2012	2013	2014	2015	2016	2017	2018
United States	-426.8	-348.8	-365.2	-407.8	-428.3	-439.6	-491.0
United Kingdom	-100.9	-142.0	-149.4	-142.2	-140.3	-87.9	-108.8
Turkey	-48.0	-63.6	-43.6	-32.1	-33.1	-47.3	-27.0
Canada	-65.7	-59.4	-43.2	-55.4	-49.1	-46.4	-45.3
India	-91.5	-49.1	-27.3	-22.5	-12.1	-38.2	-65.6
Australia	-64.5	-47.9	-43.4	-57.0	-41.0	-35.8	-29.7
Argentina	-2.1	-13.1	-9.2	-17.6	-15.1	-31.6	-27.5
Algeria	12.1	1.2	-9.3	-27.0	-26.2	-22.1	
Mexico	-18.6	-31.4	-25.0	-30.9	-24.2	-20.1	-22.0
Pakistan	-2.3	-4.4	-3.6	-2.8	-7.1	-16.9	-19.2

Current Account Surplus, Top 10 Economies,
Billions of US dollars

	2011	2012	2013	2014	2015	2016	2017
Germany	231.8	251.6	245.3	278.3	288.1	293.7	296.2
Japan	129.6	60.1	46.4	36.4	136.5	197.0	201.6
China, P.R.: Mainland	136.1	215.4	148.2	236.0	304.2	202.2	195.1
Netherlands	81.4	89.5	85.5	76.0	48.5	62.9	90.2
Korea, Republic of	16.6	48.8	77.3	83.0	105.1	97.9	75.2
Singapore	62.1	52.1	48.3	56.5	53.0	55.7	55.4
Italy	-68.3	-7.3	21.3	40.2	24.4	47.5	51.6
Switzerland	54.7	71.2	79.8	59.9	76.5	63.3	45.4
Thailand	9.4	-4.9	-8.8	11.6	27.8	43.4	44.1
Russian Federation	97.3	71.3	33.4	57.5	67.8	24.5	32.4

Net IIP (Surplus), Top 10 Economies,
Billions of US dollars

	2013	2014	2015	2016	2017	2018
Japan	3,093.3	2,910.5	2,715.2	2,879.2	2,916.6	3,081.3
Germany	1,344.3	1,449.3	1,538.9	1,692.3	2,138.5	2,364.9
China, P.R.: Mainland	1,809.1	1,602.7	1,672.8	1,950.4	2,100.7	2,130.1
China, P.R.: Hong Kong	758.0	870.2	1,003.1	1,153.8	1,421.2	1,294.3
Norway	641.1	710.3	698.5	736.0	883.3	812.0
Switzerland	731.5	653.3	598.1	730.7	811.0	897.9
Singapore	606.2	591.2	647.1	721.0	809.5	812.0
Saudi Arabia	763.2	791.6	689.8	597.3	623.6	631.8
Netherlands	279.3	391.7	367.5	458.0	525.7	626.6
Canada	-12.6	4.5	258.9	186.1	352.2	446.8

Net IIP (Surplus), Top 10 Economies,
Billions of US dollars

	2013	2014	2015	2016	2017	2018
Japan	3,093.3	2,910.5	2,715.2	2,879.2	2,916.6	3,081.3
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The Changing Geography of International Liabilities

% of total international liabilities

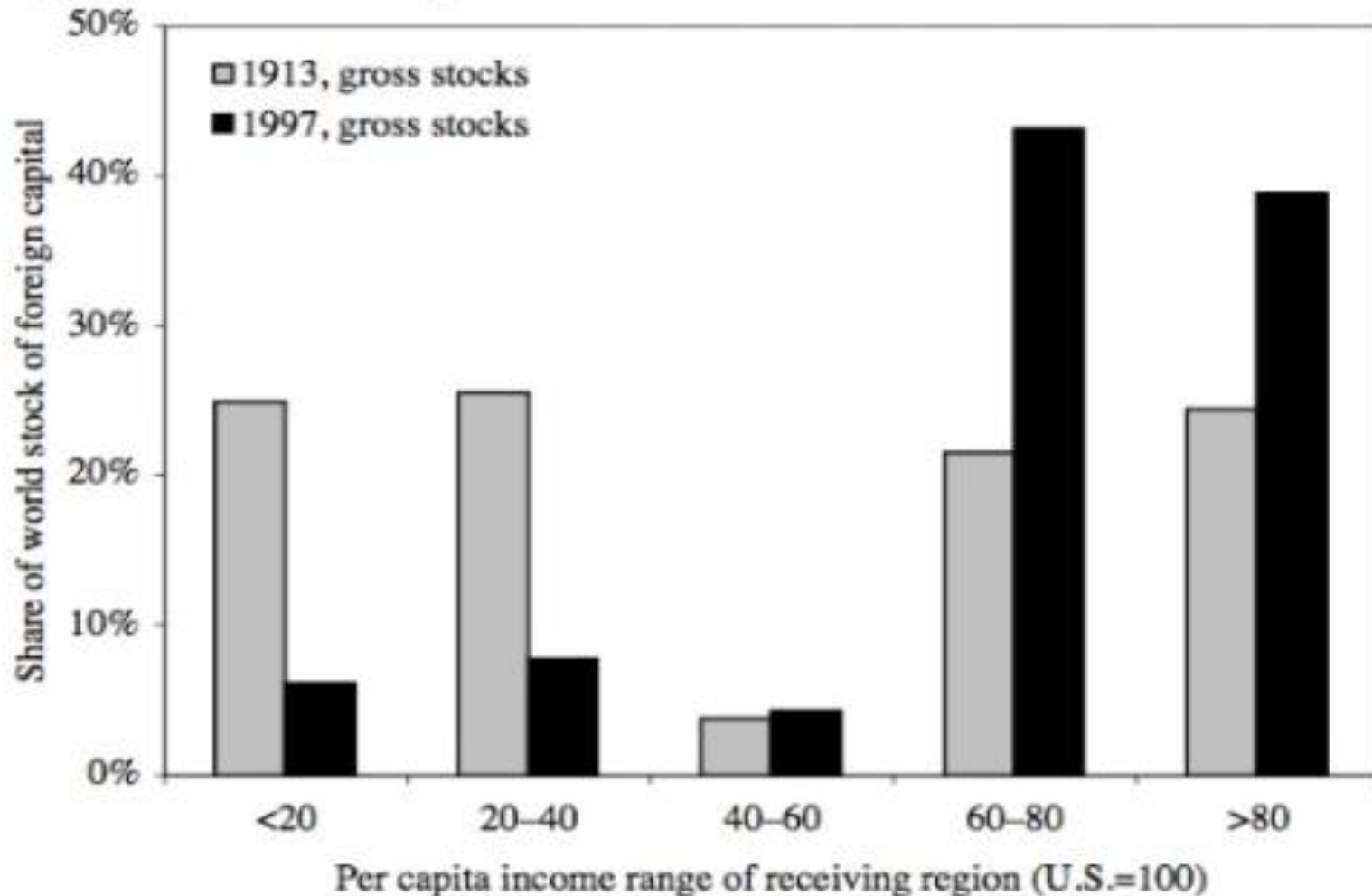
	1913/14	2001	change, %-points
Western Europe*	13.3	50.4	37.1
Eastern and South-Eastern Europe**	13.9	1.6	-12.3
Africa	9.9	1.1	-8.8
Asia (Non-Japan)	9.5	8.6	-0.9
Japan	2.0	3.3	1.3
Latin America*	20.3	5.1	-15.2
North America*	25.2	28.3	3.1
Australia and New Zealand	5.6	1.7	-3.9

* excluding off-shore financial centers.

** includes Turkey.

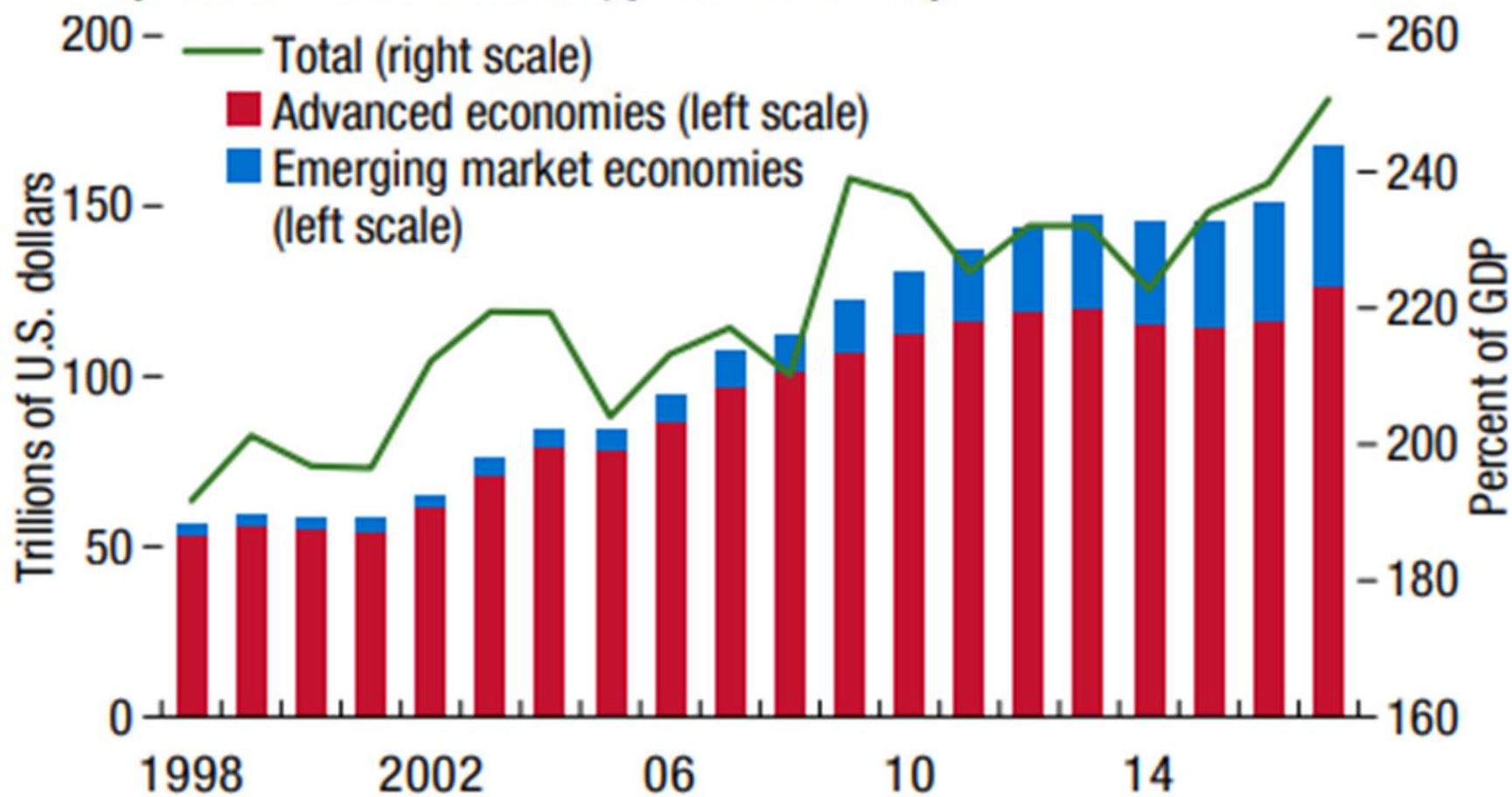
Globalized capital markets are back, but with a difference: capital transactions seem to be mostly a rich-rich affair, a process of “diversification finance” rather than “development finance.”

Figure 10: Did Capital Flow to Poor Countries? 1913 Versus 1997



Total nonfinancial sector debt has continued to swell since the global financial crisis.

1. Total Nonfinancial Sector Debt (Trillions of U.S. dollars; percent of GDP)



Annual Average FDI Flows, 2008-2018 (bn USD)

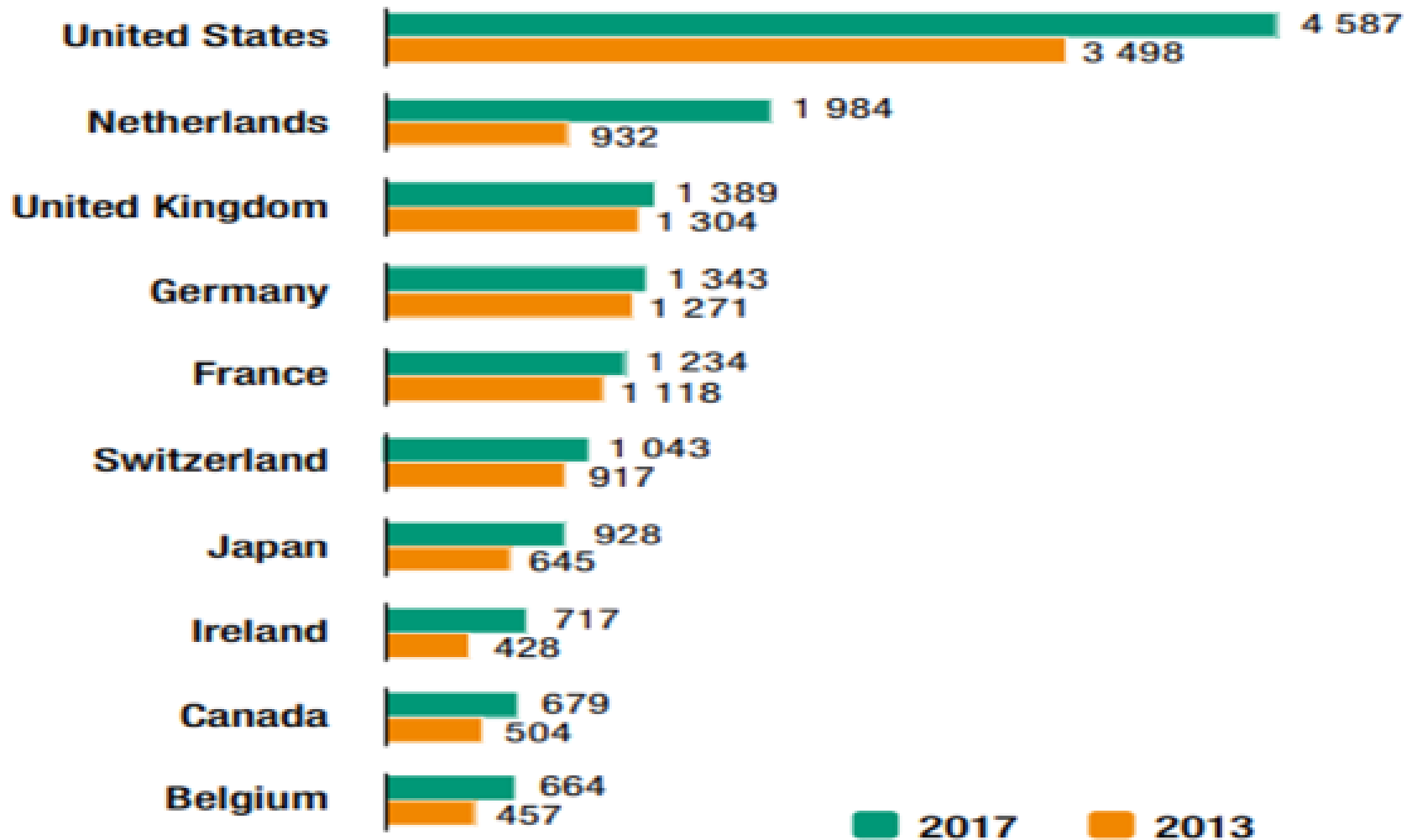
	Outflows	Inflows
EU	444	390
France	61	27
Germany	81	31
Italy	29	18
Netherlands	79	49
Spain	33	32
UK	33	74
US	274	268
Canada	59	43
Japan	122	8
Africa	10	51
Asia	339	436
China	110	123
Hong Kong, China	80	96
Korea	28	11
Singapore	36	55

Annual Average FDI Flows, 2008-2018 (bn USD)

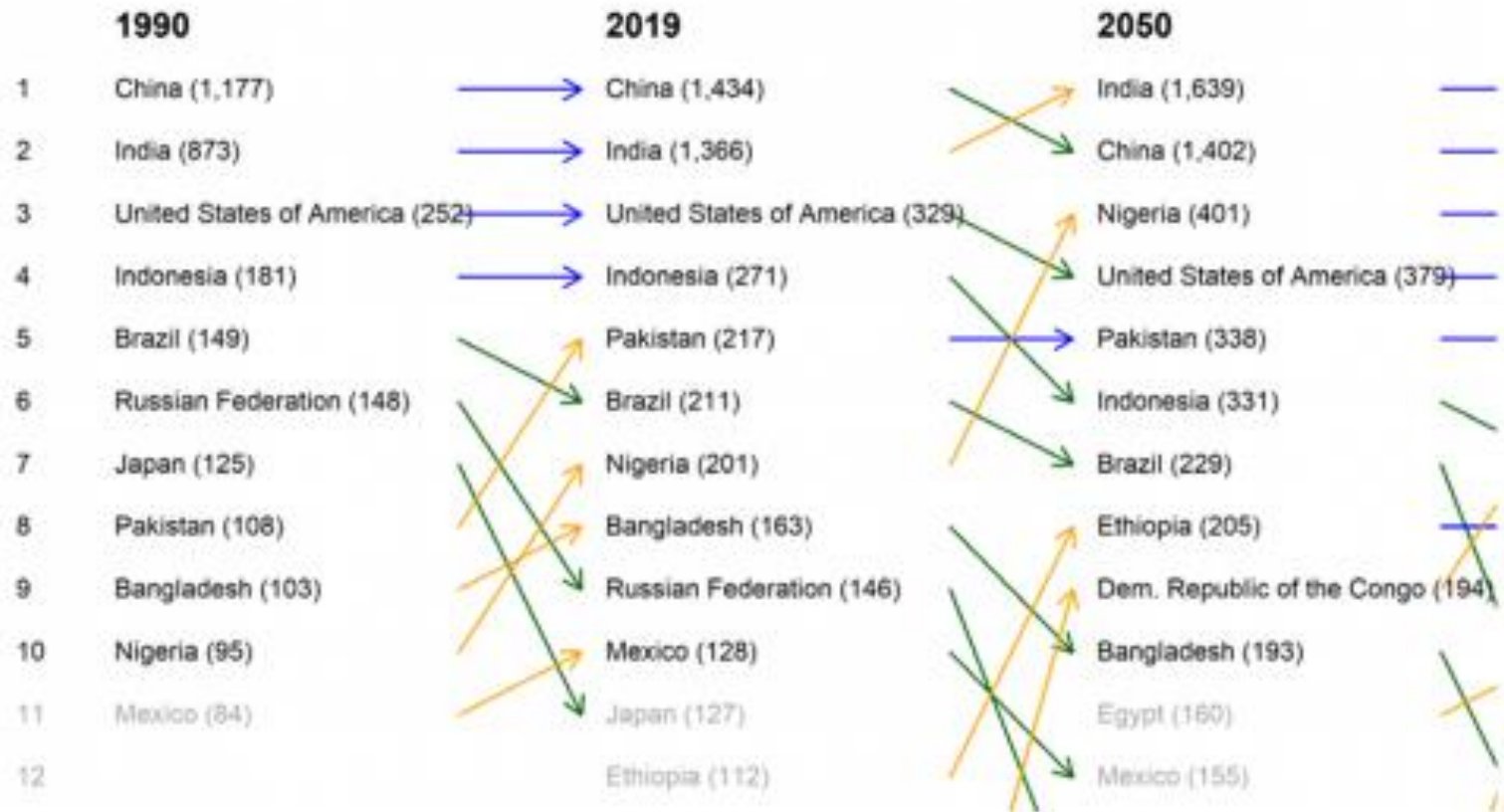
Outflows Inflows

South America	21	114
Brazil	2	62
Mexico	9	30
Russia	43	34
Turkey	3	14
Bulgaria	0,5	3
Cyprus	7	7
Greece	1	3
Malta	0,1	9
Portugal	0,1	5
Sweden	22	12

Top 10 Investors Among Developed Countries (bn USD)



Population Rankings



The Proliferation of Regional Trade Agreements

RTAs currently in force (by year of entry into force), 1948 - 2019

