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# Emerging Nations

Gurgen Aslanyan

September 2011

## Prague Post Charity Softball Tournament

### Softball Charity Tournament

27th semi-annual charity softball tournament for education will be held on

October 8-9 2011

at the Krc Altron Baseball Center!



Nebe Music Bar: Křemencova 10, Prague 1

# Econ of Emerging Nations

## Homepage:

- ▶
  - ▶ <http://home.cerge-ei.cz/gurgen/teaching/Emerging.html>
- ▶ E-mail:
  - ▶ Growth.UPCES@gamil.com
  - ▶ Gurgen.Aslyan@gmail.com
- ▶ Office hours:
  - ▶ Anytime anyplace
  - ▶ CERGE office #409

# Econ of Emerging Nations

## Text

- ▶ Mostly published papers
- ▶ Books
  - ▶ Weil, D.N. (2009). *Economic Growth*
  - ▶ Clunies-Ross *et al.* (2009). *Development Economics*
  - ▶
  - ▶ Ryszard Kapuściński. *Imperium*
- ▶ Library
  - ▶ CERGE-EI,
  - ▶ Politických vězňů 7, Prague 1



## Course outline

<b>Economics of Emerging Nations</b>			
<b>Ball State University</b>			
<b>2011 Michaelmas Term</b>			
September	week 1	Lecture 2	Ideology and Economic Development in XX century
	week 2	Lecture 2	Soviet Union: The Greatest Debacle
	week 3	Lecture 2	Basic Growth Models
	week 4	Lecture 2	Human Capital and Development
October	week 5	Lecture 2	<i>Midterm test</i>
	week 6	Lecture 2	Corruption and Unofficial economy
	week 7	Lecture 2	Role of Institutions in Development
November	week 8	Lecture 2	China and Globalization
	week 9	Lecture 2	Sustainable Development and Future Prospect
	week 10	Lecture 2	Foreign Direct Investments
	week 11	Lecture 2	<i>Final exam</i>

# Grading

- ▶ Tests
  - ▶ Mid-term (week 5) and Final (week 11)
- ▶ Participation
  - ▶ Presentation (any time)
  - ▶ Paper (week 6 and week 10)

# Economic and Political Problems of Emerging Nations

## Definition

### Definition (Emergent)

starting to exist

- ▶ South Sudan (not interested)

# Economic and Political Problems of Emerging Nations

## Definition

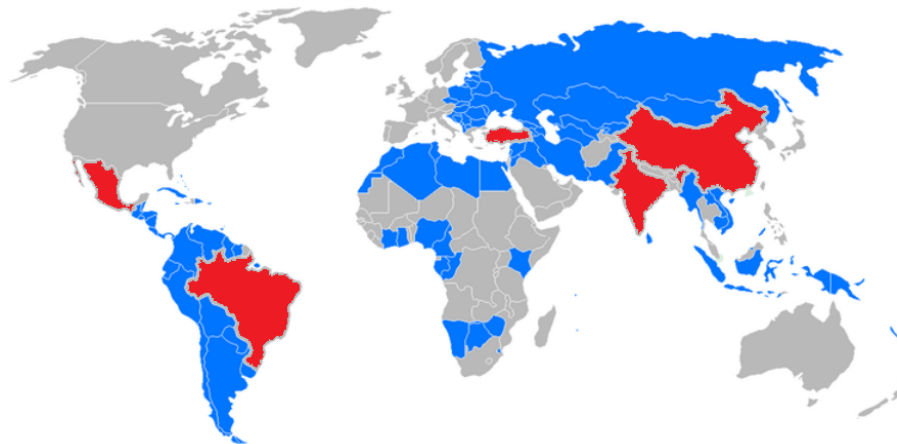
### Definition (Emergent)


starting to exist

© Cambridge Dictionary

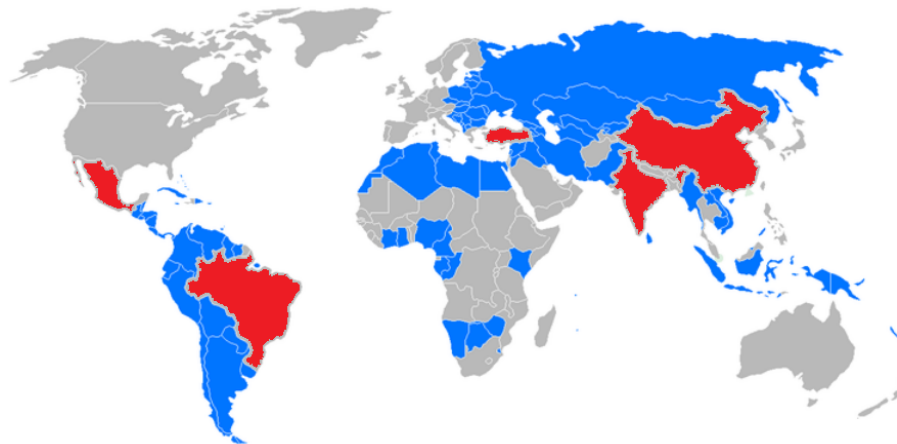
- ▶ Post communist nations
- ▶ Ex-Soviets
  - ▶ Russia and the others
- ▶ Ex-Yugoslavs
  - ▶ Serbia and the others
- ▶ Ex-Czechoslovaks
- ▶ Poles, Bulgarians, Romanians and the others

## Emerging Nations



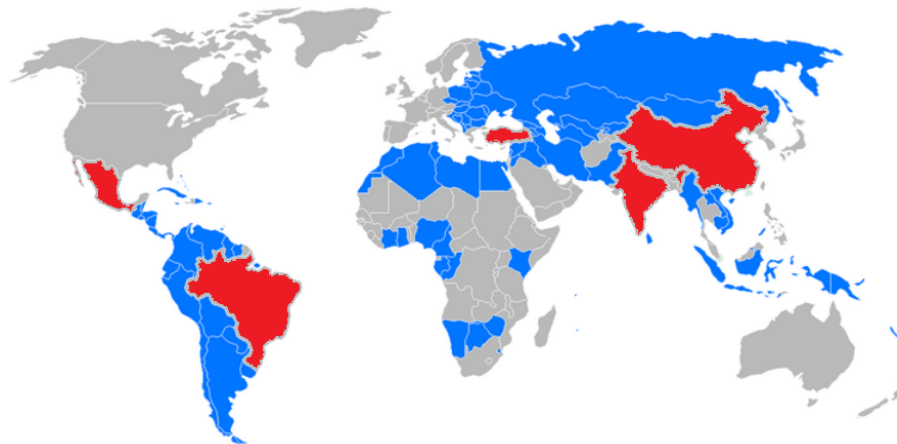
Question: What is this map based on? 

## Emerging Nations



Answer: emerging = Rapid growth, no stagnation

## Emerging Nations



Question: What is growth?

# Emerging Markets

## Definitions

### Definition (**Growth**)

1. Process of growing toward full size or maturity, development.
2. Increase, as in size, importance, or power.

© Scribner Dictionary

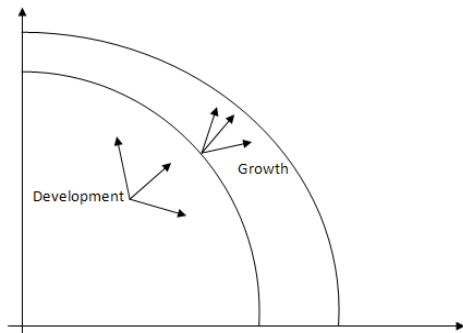
### Example

"Note that when economists talk about 'economic growth,' they have in mind growth [...] over long periods of time; in the literature on transition economies, we use 'growth' in a more literal sense, that is, as referring to the short-run dynamics of GDP per capita or labor productivity."



# Growth and Development

## Definition



# Growth and Development

Growth of...

- ▶ GDP

# Growth and Development

Growth of...

- ▶ GDP
  - ▶ small vs big nations

# Growth and Development

Growth of...

- ▶ GDP
  - ▶ small vs big nations
- ▶ GDP per capita

# Growth and Development

Growth of...

- ▶ GDP
  - ▶ small vs big nations
- ▶ GDP per capita
  - ▶ ageing vs young population

# Growth and Development

Growth of...

- ▶ GDP
  - ▶ small vs big nations
- ▶ GDP per capita
  - ▶ ageing vs young population
- ▶ GDP per worker

# Growth and Development

Growth of...

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  - ▶ small vs big nations
- ▶ GDP per capita
  - ▶ ageing vs young population
- ▶ GDP per worker
  - ▶ *no objection?*

# Growth and Development

Growth of...

- ▶ GDP
  - ▶ small vs big nations
- ▶ GDP per capita
  - ▶ ageing vs young population
- ▶ GDP per worker
  - ▶ *no objection?*
- ▶ GDP per square metre



# Growth and Development

Growth of...

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  - ▶ US vs Japan

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- ▶ Green GDP

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  - ▶ too political (?)

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  - ▶ too political (?)
- ▶ GDP vs GNP
  - ▶ convenience or politics

# Growth and Development

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  - ▶ ageing vs young population
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  - ▶ *no objection?*
- ▶ GDP per square metre
  - ▶ US vs Japan
- ▶ Green GDP
  - ▶ too political (?)
- ▶ GDP vs GNP
  - ▶ convenience or politics
  - ▶ GNI and Diaspora

# Growth and Development

## GDP: Problems

- ▶ GDP

# Growth and Development

## GDP: Problems

- ▶ GDP
  - ▶ lie, big lie, and statistics



# Growth and Development

## GDP: Problems

- ▶ GDP
  - ▶ lie, big lie, and statistics
  - ▶ PPP

# Growth and Development

## GDP: Problems

- ▶ GDP
  - ▶ lie, big lie, and statistics
  - ▶ PPP
  - ▶ shadow economy

# Growth and Development

## GDP: Problems

- ▶ GDP
  - ▶ lie, big lie, and statistics
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  - ▶ home production

# Growth and Development

## GDP: Problems

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  - ▶ home production
- ▶ Welfare and Happiness

# Growth and Development

## GDP: Problems

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- ▶ Welfare and Happiness
- ▶ Gross National Happiness

# Growth and Development

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- ▶ Gross National Happiness
  - ▶ sustainable development

# Growth and Development

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- ▶ Welfare and Happiness
- ▶ Gross National Happiness
  - ▶ sustainable development
  - ▶ cultural values

# Growth and Development

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  - ▶ sustainable development
  - ▶ cultural values
  - ▶ natural environment



# Growth and Development

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  - ▶ sustainable development
  - ▶ cultural values
  - ▶ natural environment
  - ▶ good governance.

# Growth and Development

## GDP: Problems

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- ▶ HDI
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# Growth and Development

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  - ▶ home production
- ▶ HDI
  - ▶ GDP pc, plus
- ▶ Welfare and Happiness
- ▶ Gross National Happiness
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# Growth and Development

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  - ▶ cultural values
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  - ▶ good governance.
- ▶ HDI
  - ▶ GDP pc, plus
  - ▶ Education

# Growth and Development

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- ▶ GDP pc, plus
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# Growth and Development

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- ▶ Life expectancy
- ▶  $\frac{x - \min(x)}{\max(x) - \min(x)}$

# Growth and Development

## GDP: Problems

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  - ▶ lie, big lie, and statistics
  - ▶ PPP
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  - ▶ Life expectancy
  - ▶  $\frac{x - \min(x)}{\max(x) - \min(x)}$
- ▶ Non-material consumption

# Growth and Development

## GDP: Problems

### ▶ GDP

- ▶ lie, big lie, and statistics
- ▶ PPP
- ▶ shadow economy
- ▶ home production

### ▶ Welfare and Happiness

### ▶ Gross National Happiness

- ▶ sustainable development
- ▶ cultural values
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### ▶ HDI

- ▶ GDP pc, plus
- ▶ Education
- ▶ Life expectancy
- ▶ 
$$\frac{x - \min(x)}{\max(x) - \min(x)}$$

### ▶ Non-material consumption

- ▶ Culture



# Growth and Development

## GDP: Problems

### ▶ GDP

- ▶ lie, big lie, and statistics
- ▶ PPP
- ▶ shadow economy
- ▶ home production

### ▶ Welfare and Happiness

### ▶ Gross National Happiness

- ▶ sustainable development
- ▶ cultural values
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### ▶ Non-material consumption

- ▶ Culture
- ▶ Nationalism

# Growth and Development

## GDP: Problems

### ▶ GDP

- ▶ lie, big lie, and statistics
- ▶ PPP
- ▶ shadow economy
- ▶ home production

### ▶ Welfare and Happiness

### ▶ Gross National Happiness

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- ▶ Life expectancy
- ▶  $\frac{x - \min(x)}{\max(x) - \min(x)}$

### ▶ Non-material consumption

- ▶ Culture
- ▶ Nationalism
- ▶ other values

## Growth and Development

### ▶ Values

#### Example (Fairness)

"If you play word association, it turns out that for many in a Parisian classroom, the polar opposite of 'competition' is 'solidarity': *i.e.*, the useful rigour imposed by competition is overshadowed by the pain caused as society divides into winners and losers. For Anglo-Saxon liberals, the instinctive opposite of 'competition' is 'monopoly'"

## Growth and Development

- ▶ Values
  - ▶ Environment

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## Growth and Development

- ▶ Values
  - ▶ Environment
  - ▶ Aesthetics

### Example (Fairness)

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## Growth and Development

- ▶ Values
  - ▶ Environment
  - ▶ Aesthetics
  - ▶ Fairness

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## Growth and Development

- ▶ Values
  - ▶ Environment
  - ▶ Aesthetics
  - ▶ Fairness
    - ▶ Redistribution and efficiency

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## Growth and Development

- ▶ Values
  - ▶ Environment
  - ▶ Aesthetics
  - ▶ Fairness
    - ▶ Redistribution and efficiency
    - ▶ Robin Hood

### Example (Fairness)

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## Growth and Development

- ▶ Values
  - ▶ Environment
  - ▶ Aesthetics
  - ▶ Fairness
    - ▶ Redistribution and efficiency
    - ▶ Robin Hood
- ▶ HomeWork: Write one paragraph on some specific value that is not included in GDP but can be of high importance for the Welfare. What's the relationship of that value and the GDP?

### Example (Fairness)

"If you play word association, it turns out that for many in a Parisian classroom, the polar opposite of 'competition' is 'solidarity': *i.e.*, the useful rigour imposed by competition is overshadowed by the pain caused as society divides into winners and losers. For Anglo-Saxon liberals, the instinctive opposite of 'competition' is 'monopoly'"

# Ideology and Development

▶ (e)Utopia

## Ideology and Development

- ▶ (e)Utopia
  - ▶ Coc(k)agne

## Ideology and Development

- ▶ (e)Utopia
  - ▶ Coc(k)agne
  - ▶ Táborites

## Ideology and Development

- ▶ (e)Utopia
  - ▶ Coc(k)agne
  - ▶ Táborites
- ▶ Anarchists

## Ideology and Development

- ▶ (e)Utopia
  - ▶ Coc(k)agne
  - ▶ Táborites
- ▶ Anarchists
  - ▶ **Collectivist-anarchism**

## Ideology and Development

- ▶ (e)Utopia
  - ▶ Coc(k)agne
  - ▶ Táborites
- ▶ Anarchists
  - ▶ Collectivist-anarchism
  - ▶ **Anarcho-communism**

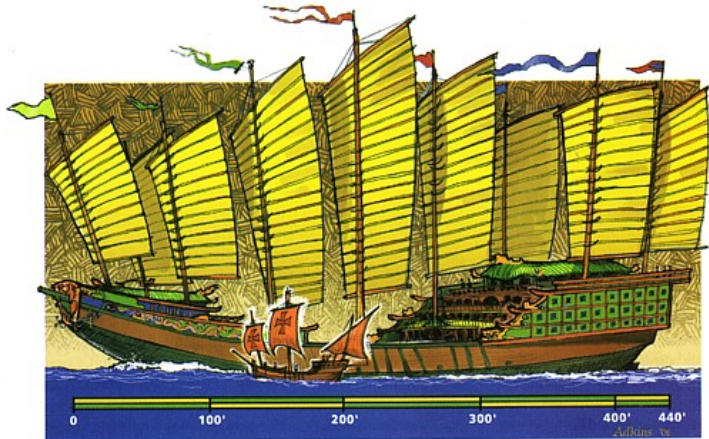
## Ideology and Development

- ▶ (e)Utopia
  - ▶ Coc(k)agne
  - ▶ Táborites
- ▶ Anarchists
  - ▶ Collectivist-anarchism
  - ▶ Anarcho-communism



## Ideology and Development

- ▶ China in XIV (Zheng He)

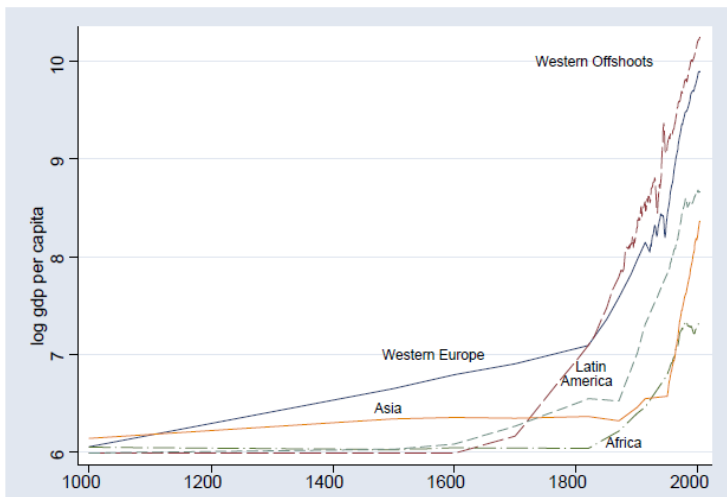


## Ideology and Development

- ▶ (e)Utopia
  - ▶ Coc(k)agne
  - ▶ Táborites
- ▶ Anarchists
  - ▶ Collectivist-anarchism
  - ▶ Anarcho-communism
- ▶ China in XIV
- ▶ Islamic Culture
  - ▶ Ottoman Empire
- ▶ Liberalism and Socialism
  - ▶ Growth ideologies

## XX century

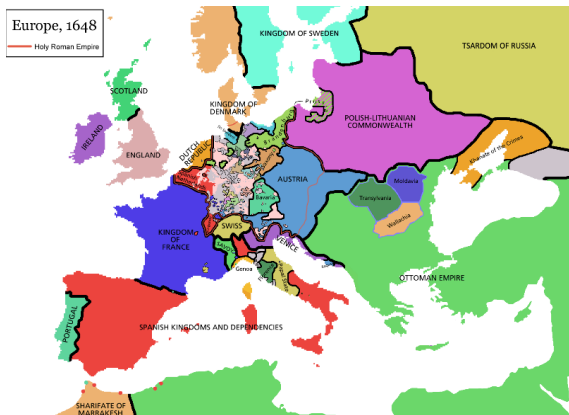
Century of growth, wars and genocides



## XX century

Starts with Crimean War

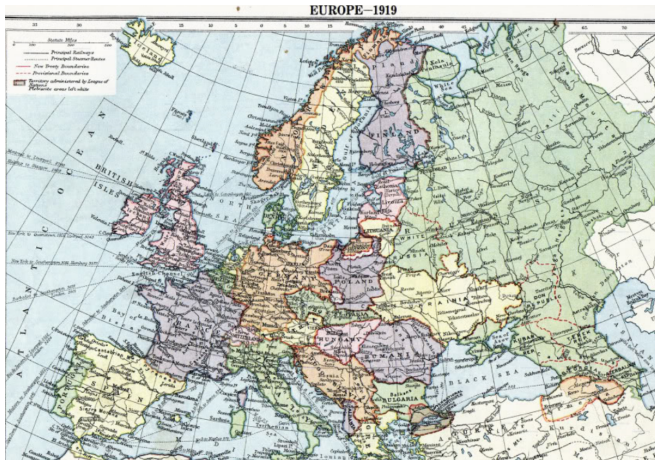
# Crusades and the Fall of Byzantine Empire



## Three Empires Ruled the Region



## CEE Countries Appeared



## 1923 Borders

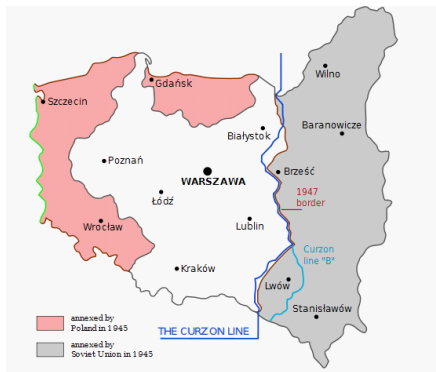




1939



## Poland and WWII



## Marshal Plan (1947)

- ▶ U.S. program of economic help for Europe
- ▶ Motivation: stabilize Europe (destroyed by war, drought in 1946, winter in 1947)
- ▶ From Marshall's speech:
  - ▶ "Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos."
  - ▶ "Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist."

1950



## Europe in 1993

