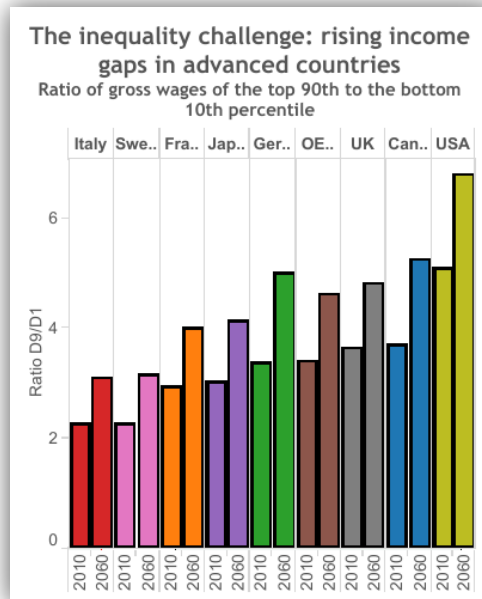
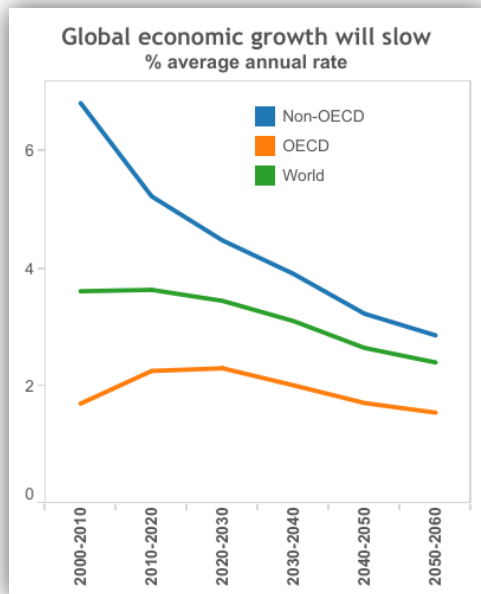


## Position Paper I

Since the modern world is globalizing more and more, there are many challenges that can be projected. Throughout the history of capitalism, the humankind has experienced many booms and recessions, different types of systems, and sometimes also peculiar economic conditions, some of which brought chaos and instability, having an adverse effect on particular societies. In order to foresee such unfavorable situations and challenges, various economic data should be analyzed.

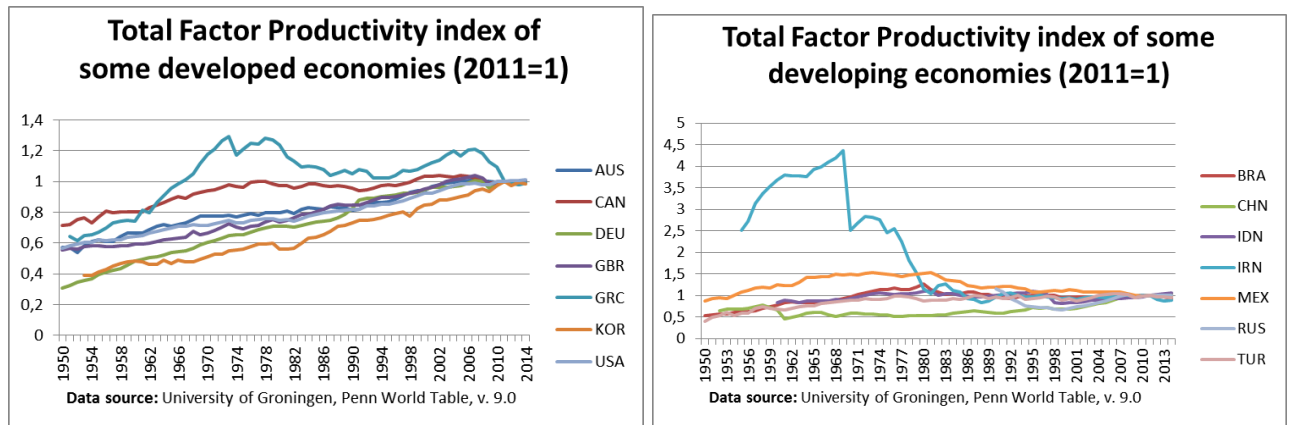


Source: OECD.

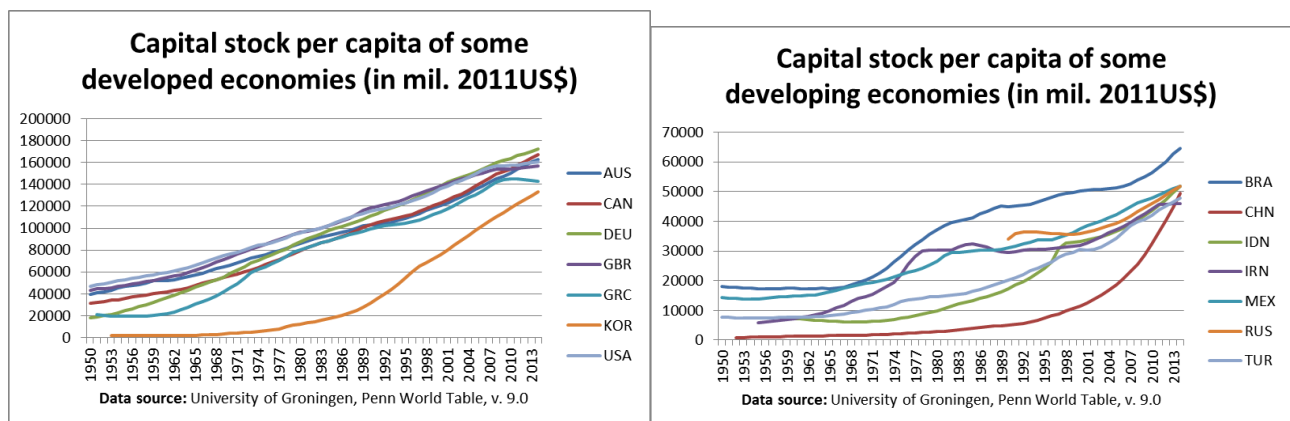
First of all, some economic challenges can be observed in the projections of OECD (2014) that are portrayed in the charts above. Currently, economic growth of developed countries is expected to be lower than those of developing or underdeveloped economies. Since OECD members are mostly advanced economies, Non-OECD countries occur to be higher, as can also be seen in the graph of global economic growth (OECD, 2014). However, economic growth of all countries is projected to decrease globally. Improving government policies and increasing human capital may help, but there are also many other constraints. Another issue is inequality, which can be exhibited in today's brute capitalistic countries with less taxation, such as the United States and the United Kingdom, although both are progressed economies. It is less in the countries with welfare state implications, which gather and redistribute taxes via progressive tax scheme, such as France and Scandinavian countries. According to the projections of OECD (2014) in the second graph above, inequality will increase everywhere in the years to come. The reason for that may be the fact that technological advancement and ubiquitous globalization form dual economies with skilled workers getting higher wages on one side and unskilled workers with low wage on the other (Acar, Sevil, Voyvoda & Yeldan, 2018). Lastly, one more challenge is climate changes as a result of increased pollution across the globe. It is projected that the greenhouse gas (GHG) emissions will increase manifold that will also have high burden on Gross Domestic Product of numerous states

(OECD, 2014). Therefore, the usage of renewable resources should be encouraged or even enforced in order to minimize losses and damages to the environment.

Additionally, Total Factor Productivity (TFP) index and capital stock per capita of several developed and developing countries were plotted in the graphs below.



It can be seen that developed economies have less productivity rate compared to the developing ones on average. Although the general trend of TFP increases, at some points the growth is slower, or even stays around the same level, especially in the case of some developing countries.



The estimated capital-labor ratio, on the other hand, increases with a better pace, as can be seen in the graphs above. It demonstrates the general growth of the countries.

In conclusion, these analyses are not exhaustive and many others should be conducted to for policy prescription. The society and policy makers should react to the described challenges.

## References

1. Feenstra, Robert C., Robert Inklaar and Marcel P. Timmer (2015), "The Next Generation of the Penn World Table" American Economic Review, 105(10), 3150-3182, available for download at [www.ggdc.net/pwt](http://www.ggdc.net/pwt)
2. Global Trends (2012) *Alternative Worlds 2030*.
3. OECD (2014) *Policy Challenges For the Next 50 Years*, OECD Pub. Paris.
4. Acar, Sevil, Ebru Voyvoda and A. Erinc Yeldan (2018) *Macroeconomics of 4 Climate Change in a Dualistic Economy: A Regional Computable General Equilibrium Analysis*, Elsevier.