# GLOBAL PROBLEMS OF WORLD ECONOMIC GROWTH

**E. P. Shilova**

*Belarusian State University, Minsk;*
*katya.shilova.2002@mail.ru*
*scientific advisor –L. A. Moreva, senior lecturer*

The development of the world economy is currently taking shape under the increasing influence of global problems. The current period of global economic development is characterized by the development of global problems and the growing interdependence of global and national interests. At the heart of these problems is the tendency to deepen the internationalization of economic life and the growing influence of the foreign economic sphere on economic development. Besides structural changes in the nature of the global economy and the growth of precarious employment, characterized by low pay, poor working conditions and uncertain employment tenure, established livelihoods are also being undermined by protracted conflicts, as well as widespread and accelerating climate change and environmental degradation. This context can be described as one of the increasing inequality, vulnerability, fragility, violence and climate change-induced hardship. The relevance of this paper is determined by the need for timely identification of global problems and joint development of solutions by the international community. The object of the study is the international community and the world economy themselves, and the subject is the global challenges they face. In this paper analysis of some socio-economic and ecological problems is given.

***Key words:*** global challenges; income inequality; structural unemployment; labour underutilization; air pollution; trade war.

Global challenges represent problems that affect all people and countries and may also affect the future development prospects of the world, the resolution of which requires timely and focused efforts of the global community as a whole. They relate to economic instability, the vulnerability of regional arrangements, recurrent financial crises, persistent national and global income inequalities, persistent structural unemployment, the digital divide, the increasing dependence of poor countries on international aid, dramatic climate change, continued corporate fraud and corruption, and the inability to coordinate global responses to the growing burden of disease and health problems.

The widening disparities in the distribution of income and wealth in the world's major economies, now evident, are emerging as a key challenge for the global economy. In developed and developing countries, the poorest half of the population controls less than 10%. The 1% of the population owns about 20% of the income and the 10% of the population owns half of the world's income.

Overall, global inequality has fallen for the first time since the 1820s since. Reinforcing this trend, we have largely seen a reduction in income inequality between countries. This means that average incomes in developing countries are rising at a faster rate. This may indicate sustained economic growth in China and other emerging economies in Asia. However, the gap between countries is still large. And yet income inequality within countries has widened. Today, 71 per cent of the world's population lives in countries where inequality has increased [4].

Inequality hurts economies in several ways. First, widening income and wealth inequalities can lead to greater inequalities in access to credit or productive assets, such as land. So can demotivation of incentives, social tension and political unrest, reduced demand as a drag on growth. In a context of high inequality, the wealthy may forego publicly funded education and health care and opt for private equivalents of better quality.

The key is to adopt a set of interventions that will ensure equitable access to resources and services and the growth of decent jobs. At the top of the list of these measures, experts place changes in taxation policy and improvements in education and health care.

In today's society, as the global economy has entered a new phase characterized by a combination of slower growth and widening inequalities, the number of jobs has not kept pace with the growth of the labour force.

Unemployment has become a major factor contributing to an increasingly precarious socio-economic situation. It has become severe, affecting large segments of the youth, and has become chronic. Rising unemployment is recognized as a major global development challenge rooted in the changing structure of production and politics, making labour underutilization a global issue. The labour force grew between 2009 and 19, implying that unemployment rates have fallen. However, at the same time, the number of people of working age is increasing.

An accounting of labour force utilization shows that the global unemployment rate of 5.4% in 2019 represents a gross underestimation of the full extent of underutilization of the labour force. The aggregate rate is 13.1%, resulting in an underutilized labour force of 473 million people. This includes 165 million people experiencing temporary underemployment (5.0% of employment), 188 million people who are unemployed and 119 million people marginally attached to the labour market (3.3% of the total expanded workforce) [3].

In response to shortages of employment opportunities in the market or crises requiring government intervention, employment-related investments can either mobilize public and private infrastructure investments to increase aggregate demand by increasing the labour intensity of investments, or create programmes that create jobs directly in the form of public employment programmes (PEPs)

Contaminated atmospheric air is the most dangerous type of pollution known to man. Several million people around the world die each year from the effects of polluted air. The world economy loses workers and, as a consequence, hundreds of billions of dollars [1].

The industrialization of developing countries is creating unsustainable levels of pollution. China became the biggest source of greenhouse gas emissions in 2005 and remains so, followed by the US and the European Union. China is crucial in tackling global warming, and also has an impact on other developing countries. The latter have a great deal of work to do in reducing greenhouse gas emissions and will bear the consequences of global warming, but responsibility for the crisis cannot lie with them alone; World Bank research estimates that high-income countries have been responsible for two-thirds of atmospheric $CO_2$ emissions since 1850.

There are two main ways in which developed countries should help. There is a need to provide finance for developing countries to finance change, and we must work together to develop new low-carbon technologies. It is crucial that countries like China build up their R&D capacity in solar power, wind turbines and carbon capture, and international cooperation could help developed countries get involved in a higher supply chain.

President Donald Trump initiated a trade war to reduce the US trade deficit. It has become the largest in the world since 1975. Reducing the deficit is part of Trump's strategy to create more jobs.

In 2019, the deficit stood at $577 billion. The biggest US trade deficit nationally is the deficit with China. In 2018, the US trade deficit with China was $419 billion. 2018 and 2019 witnessed the biggest trade war in modern history. D. Trump initiated three tariffs: a global tariff on steel, a tariff on European cars and tariffs on Chinese imports.

On 14 February 2020, new US tariffs on imports from China were set for the foreseeable future as part of the implementation of the first phase of the US-China agreement. Average US tariffs on imports from China remain raised at 19.3%. These tariffs are more than six times higher than before the trade war began in 2018. Average Chinese tariffs on imports from the US also remain raised at an average of 20.7 per cent [2].

In a trade war, any political negotiations, legislative requirements eliminating only one set of special US or Chinese tariffs could potentially have little impact on trade, given others that also discourage imports of these products.

On 17 February 2020, China's Ministry of Finance did establish a separate process under which Chinese companies could apply for exemptions from the significant amounts of anti-tariffs that remained on many other products.

With increasing international interaction, global problems requiring massive intervention by the entire global community are becoming more and more urgent. As civilization evolves, the understanding of existing problems changes, new global challenges emerge, which entail crisis phenomena and risks. Their solution must take place both at the national level (regulation of fiscal policy, job creation, investment in education, etc.) and at the international level (cooperation, participation in programmes developed by international organizations).

**Bibliographic references:**


1. Quantifying the Economic Costs of Air Pollution from Fossil Fuels [Electronic resource] Mode of access https://energyandcleanair.org/wp/wp-content/uploads/2020/02/Cost-of-fossil-fuels-briefing.pdf – Date of access: 16.03.2021.
2. The US-China Trade War and Phase One Agreement [Electronic resource] - Mode of access https://www.piie.com/sites/default/files/documents/wp21-2.pdf - Date of access: 02.04.2021.
3. World Employment and Social Outlook: Trends 2020 [Electronic resource] - International Labour Office – Geneva: ILO, 2020 – Mode of access https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_734455.pdf – Date of access: 12.03.2021
4. World social report 2020 inequality in a rapidly changing world [Electronic resource] – Mode of access: https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2020/01/World-Social-Report-2020-FullReport.pdf – Date of access: 10.03.2021