



INSTITUTE FOR WORLD ECONOMICS  
HUNGARIAN ACADEMY OF SCIENCES

W o r k i n g P a p e r s

No. 178

December 2007

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**BEHIND THE FIGURES. THE MAIN FOREIGN  
TRADE-RELATED FACTORS AFFECTING WORLD  
ECONOMIC GROWTH SINCE 1990**



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## SOME INTRODUCTORY THOUGHTS ABOUT STATISTICAL METHODS

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Confronting facts and analysing statistics form an important element of economic examination. It is particularly interesting and instructive to look at data from a longer period. For they show whether earlier assumptions and conclusions have proved correct.

However, clear thinking and analysis of statistical processes are complicated by at least three factors. One is the complex interdependence of economic processes. There are many causative factors at work concurrently, whose relations vary in strength. The causes are at once effects, the contributing factors also consequences. Only vulgarization of economics can reduce these processes to a small number of connections, often assumed to be unidirectional (a few dependent and independent variables).

A second significant factor is that economics is not a value-free pursuit. Schools of economics are imbued with interests and viewpoints that may colour the same statistical facts in different ways.

Finally, every statistical presentation raises the question of data quality. Though many steps have been taken internationally to harmonize data compilation, problems of differing measurement methods and so differing data are often found, even among developed countries. Such distortions must certainly be expected with statistics summarizing the processes of the world economy. The two decades of GDP figures cited in this study have been revised significantly by UNCTAD in the last two years, by several tenths of a percentage point. Furthermore, the organizations providing the statistics are each influenced strongly by considerations of their own. An obvious, well-known example is the way the IMF figures for the long-term economic (GDP)

growth of some groups of countries are far stronger (for methodological reasons) than those deriving from UNCTAD.<sup>1</sup>

However, these limitations can be overridden to some extent. There are “minima” in economics against which facts can be evaluated, for instance, when the economic impacts of different country groups are compared. The situation is more difficult when growth factors are assessed. There are some schools of thought that attribute absolute significance to correlation calculations and pay little heed in their models to real complex relations of the variables considered dependent or independent, or to other effects not featuring in their models. For example, rapid export expansion is seen these days as a major factor behind economic prosperity, yet as we shall see in the actual processes, this is not so in every case: a boost to the foreign economy may be a consequence of domestic economic development (via higher productivity and improved competitiveness, say). Which is really the cause and really the effect? As for the quality of statistics, it can be hoped that they will reflect, more rather than less, at least the direction of the main development tendencies, if the figures of a single data provider are being used – and if statistical methods converge in this globalizing world of ours.

The proper approach in my view is to use statistics to illustrate the economic analysis and exploration of deeper processes, not the reverse, which I think provides fewer chances of unveiling the deeper, substantive relations. Nonetheless, I will try to analyse the tendencies in the figures and identify the main driving forces behind them. I will strive to reveal the *main, decisive factors behind the medium-term tendencies in the world economy*. This will be helped by looking back on earlier decades in the main ta-

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<sup>1</sup> The IMF summarizes country-group data at purchasing-power parity, based on UN exchanges rates.

bles. Long-term comparative examination will also be assisted by investigating the background to the changes since the turn of the millennium.

The original statistics used in this study were prepared in 2005; most data lines follow the main processes in the world economy up to 2003. For this publication, I have extended the main data lines further, which also provides an opportunity to refer briefly to more recent tendencies.

### LOW GDP AND PER CAPITA GDP GROWTH RATES IN THE AGE OF GLOBALIZATION

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The rate of growth in the world economy has declined in the globalization age, since the beginning of the 1970s. According to UNCTAD (see *Table 2*), the global GDP growth rate in the “golden age” of the 1960s was 5.3 per cent, which eased to 3.6 per cent in the 1970s, 3.2 per cent in the 1980s, and 2.8 per cent in the 1990s. The 2000s began with a further decrease (an average increment of less than 2.5 per cent in the first three years) but then picked up to almost 4 per cent in 2004–6, giving a six-year average of 3 per cent.<sup>2</sup>

The decade-by-decade slide in global growth rates is attributable mainly to the developed countries, with their great weight in the world economy. Their 1960s average growth rate of 5.1 per cent was down to 1.5 per cent in the 1990s and 2.0 per cent in the first five

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<sup>2</sup> According to UNCTAD, average annual global growth in 2000–2005 was 2.8 per cent (*Handbook of Statistics 2006-07*, 402). The same publication includes revised figures for the 1980s, with global GDP rising at an annual rate of only 2.6 per cent, not the earlier 3.2 per cent estimate shown in *Table 2*. This supports the conclusion that economic growth has been slower in the globalization age than previously.

years of the new century.<sup>3</sup> However, the growth path of the United States differed from those of the other two members of the triad. While the growth rates in Europe and Japan were falling steadily – in fact Japan entered a period of growth crisis in the 1990s – the United States continued to increase its income in the 1980s and 1990s (an annual average of 3.5 per cent). In the first three years of the new century, the United States’ growth average was 2.3 per cent, as opposed to Europe’s 1.3 per cent and Japan’s 0.8 per cent. The figures for the following three years, after the recession (2004–6) were 3.5, 2.6 and 2.3 per cent respectively.<sup>4</sup>

As for the reasons for the decline in the growth rate, I would like to mention how the global, transnational stage of capitalism was precipitated by a fall in profits at the turn of the 1960s and 1970s. The response to this was a change in capitalism’s mode of operation assisted by a revolution in information, communications and transport, for instance, a new wave of capital concentration; the formation of transnational corporations; liberalization and consequent transfer of production and obsolete technology in the centres to low-wage countries; and the financial bubble as capital surplus to requirements in a recession was placed on world markets, which also contributed to indebtedness in most countries in the world. This produced a new situation:

- 1) The new technical revolution increased

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<sup>3</sup> This is also a slow growth rate compared with earlier periods of modern capitalism. According to the IMF, the average annual GDP growth rate for 16 developed countries over 1881–1913 was 2.8 per cent. Between the wars (1919–38) it averaged 3.8 per cent, despite the Great Depression. In the Bretton-Woods period (1950–72), it was 5.3 per cent, between 1973 and 2000, 2.6 per cent, and in 2000–2006 (all the developed countries) 2.3 per cent. (*WEO*, April 2002, 108; April 2007, 211).

<sup>4</sup> The last three figures come from the IMF, *i. e.* a couple of tenths higher than those of UNCTAD, which still has not published figures for 2006.

markedly the technical content of production at the expense of live labour. This reduced the growth rate in the contribution of labour to globally produced added value.

- 2) This new situation also curbed the growth rate in global ultimate market demand. (a) The fall in the proportion of live work (*i.e.* the increase in unemployment and the decrease in the rate of employment among the population of active age) self-evidently curbed solvent demand as well. Indeed, in a way unprecedented at a time of business expansion, the absolute number of employed began to decline in the developed countries in the second half of the 1990s. (b) One contributing factor was the migration of workplaces to very low-wage areas on the semi-peripheries. This further reduced the wage element in production costs, which placed a further constraint on demand. (c) Cuts in labour input and related social-contribution costs are demanded by the struggle for profitability and competitiveness caused by heightened worldwide economic competition. Real wages and social costs have been cut in many places as a way of making the labour market “flexible”. This process is also encouraged under conditions of globalization by increasingly direct competition between employees of developed and of less developed countries.
- 3) The present stage of capitalism differs from previous ones in that the yield on financial investments has become higher, much higher, than that of investments of operating capital. This has made it more difficult to finance production and service activities.
- 4) The global demand for products in the developing countries has also been curbed by the costs of debt servicing, and by the dramatic deterioration in their terms of foreign trade by the beginning of the 1990s.

Reductions in rates of GDP growth are typical of developing countries as well, especially if the remarkable indices of China are excluded from the calculation. However, the growth-rate reduction in the developing countries is much less spectacular than for the developed countries (5.9 per cent in the 1960s, 4.9 per cent in the 1990s). In fact growth in Africa, West Asia and Latin America proved faster in the 1990s than in the debt-ridden 1980s, although it was still only about half that of the 1960s. The growth rate declined in most countries of East and South Asia, but it was still in the region of 6 per cent in the 1990s. There was a big fall in 2001, but the growth of the 1990s was generally resumed in the early years of the new century. (In Latin America, it only began to grow again in 2004.)

The 1980s, followed by the transition to capitalism and entry into the world market, threw Central and Eastern Europe into a serious growth crisis. GDP in the region had been growing by an average of 5.4 per cent in the 1970s, but it faltered and fell slightly in the 1980s, and then fell by an average of 1.7 per cent per annum in the 1990s, despite the resumption of growth in the second half of the decade. It meant that the region’s GDP in 2000 was 20 per cent lower than it had been a decade earlier. Within this, GDP in the CIS countries and the Balkans fell by an average of 4.5 per cent (to half), while that of the Central European post-communist countries recovered its previous level. There has been a relatively high average growth of 5.6 per cent a year in the 21st century, but this can be explained partly by the rise in oil prices, and recovery from the very low levels to which Russian and Ukrainian GDP had fallen.

The global cycles are decided above all by the United States economy, with the other regions following a year or two later. For instance, the European Union in the early 1990s reached the low

point in its recession two years after the United States had done and kept the same distance during its recovery. The relatively long period of upswing (lasting almost ten years in the United States, creating an illusion of a “new economy” immune to slump) was followed in 2001 by a decline in every region, including Europe. But Europe failed to follow the subsequent North American recovery until 2006, the customary two or three years later. While the US growth rate in the second half of 2003 was above 3 per cent per annum, that of the EU was only 1.5 per cent in 2005.

The developing continents increased their rates of growth in the 1990s over the 1980s (from 3.9 to 4.9 per cent), obvious factors being sizeable amounts of foreign direct investment, transfers of production and stabilization of raw-material prices. Despite the financial crises and recession of 1997–8, the developing world was buoyant. Though Africa only managed an annual average GDP growth rate of 2.4 per cent over the decade, Latin America’s was 3.2 per cent and Asia’s 6.2 per cent. Asia kept that pace in the first half of this decade and Africa 4.7 per cent (due mainly to increases in raw-material prices), but Latin America only 2.4 per cent.

The statistical average for GDP per capita is determined not only by production value, but by the growth in the population. The rate of *global population increase* was 0.3 percentage points lower in the 1990s than in the 1980s, to an average of 1.4 per cent, then 1.2 per cent in the 2000s. Within that, the annual rate of increase in the developing countries (80 per cent of the world’s population) eased from 2.1 to 1.7 per cent in the 1990s, and to 1.5 per cent in the 2000s. This was encouraging in the light of ecological crisis, shortages of fresh water, and outbreaks of famine in some regions. But it must be added emphatically that the environmental crisis

and the global supply of clean water could be solved with present technology<sup>5</sup> and absolute famine avoided, for the latter causes 140,000 deaths a day, 100,000 of them among children. But to do so would mean overriding present social interest relations, taking measures to ensure economic growth in the most backward regions, and increasing agricultural production. This would be a major change, because the developed countries – champions of liberalism and open markets – would have to apply their principles where it was detrimental to them to do so. Much more could be done for the needy Third World by dismantling agricultural subsidies and transferring them to social and regional funds than the present official aid expenditure does.<sup>6</sup>

Nonetheless, population pressure still weighs on the social and ecological problems of most developing countries, especially sub-Saharan Africa and the Middle East, where the rate of natural increase is over 2 per cent per annum – as opposed to 3 per cent two decades ago, although the toll of AIDS contributed to the decrease.

Meanwhile the developed countries exhibit low rates of natural increase and relative ageing of the population. This will cause crises in the health-care and pension systems and social cuts, due to socioeconomic processes partly discussed already.

One social projection of the grave transformation crisis in Central and Eastern Europe has been a *fall* of six years in life expectancy at birth and an absolute decline in population.

Despite the fall in the global repro-

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<sup>5</sup> According to UN data, a 1 per cent wealth tax on the world’s 200 richest people could give the whole world population clean water supplies in a few years.

<sup>6</sup> Developing countries feel the competition from heavily subsidized agricultural production harder than Hungary does, as they lie outside the customs union and cannot afford to subsidize their agriculture at all.

duction rate, the rate of increase in per capita GDP has slowed (see *Table 2*). This can be ascribed to falling rates of increase in global and regional gross output. In the 1960s, per capita GDP was rising in the developed countries by 4 per cent a year, the developing countries by 3.2 per cent, and the then European socialist countries by 5.6 per cent. The increases fell in the 1990s 1.9, 3.1 and -1.5 per cent (including the CIS and Balkan countries at -4.2 per cent) respectively. The average annual growth rate of per capita GDP in the developed countries eased in the first five years of this century, to 1.4 per cent. Meanwhile the aggregate rate for the developing regions as a whole increased to 3.7 per cent. This average was raised by the contributions of China, India and some of the East Asian countries, but lowered by those of Africa and Latin America, whose combined income per capita fell in the 1980s. This was followed by essential stagnation in Africa in the 1990s and very low growth in Latin America (1.5 per cent per annum). Poverty, however, continued to increase on both continents as differentiation in the income structure continued. Meanwhile the 1986 fall in the oil price contributed to a sizeable fall in per capita GDP in the Middle East in the 1990s. In the first five years of the 2000s, only Asia managed a high rate of increase in per capita GDP (5 per cent per annum). In Africa and Latin America the increase was small (2.3 and 1.1 per cent respectively). The falling population in East-Central Europe and the CIS countries coupled with rising GDP produced a sharp increase in per capita income, of 5–6 per cent a year.

Another UN report has 1.5 billion of the Earth's 6 billion inhabitants living in countries and regions reporting a fall in per capita income over the last two decades (mainly in Africa, West Asia, and developing countries), while GDP per capita per day for a further 2 billion rose by less than USD 0.33 (WESS 2001,

243). The per capita income gulf between developed and developing countries widened rapidly, from 19-fold at the beginning of the globalization period to 25-fold after the millennium. However, if East Asia is included in the average, it has narrowed from 16-fold to 10-fold (*Ibid.*)

## THE SOURCES OF GDP

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The previous decades' structural shifts in the sources and expenditure of GDP continued in the 1990s. The role of agriculture in GDP was further reduced and marginalized. The weight of industrial activity fell in several regions, while that of services rose by several percentage points (*Table 3*).

By the millennium, agriculture was accounting for less than 2 per cent of GDP in the developed countries. In the developing world, its weight fell from 15 per cent at the beginning of the 1990s to 11 per cent in 2005. The fall was from 27 to 13 per cent in China, 31 to 25 per cent in India, 18 to 10 per cent in the whole of Asia, and to 7 per cent in Latin America. But in Africa, bypassed by the structural transformation associated with economic development, the weight of agriculture remained roughly stable at 17 per cent up to the turn of the century. Meanwhile it fell from 15 to 7 per cent in the transition countries of Central and Eastern Europe, which also reflected an agricultural crisis in the region. In Hungary's case, the fall was from 15 to 4 per cent, due to falls in agricultural volume and value and to the cessation of industrial activity by agricultural cooperatives, which had partly been registered as agricultural.

The fall in the statistical weight of industry in the developed world appears as significant – from 32 to 25 per cent over the 15 years. Within this, there was

a slower loss of share for manufacturing, from 21 to 16 per cent.<sup>7</sup> The statistically discernible weight of industry in the production of GDP declined by 7.5–8 percentage points in the United States, the EU and Japan, with the declines in manufacturing 1–2 percentage points less than that.

However, the average weight of industrial activity in developing countries was rising slightly, from 36 per cent in 1990 to 38 in 2005, with manufacturing increasing within that from 22 to 23.5 per cent. The increasing differentiation in the developing world appears again here, with figures ranging widely: 38 to 37 per cent in Africa, 33 to 32 in Latin America, 45 to 35 in the transition countries of SE Europe and the CIS, but 37 to 40 per cent in Asia (41 to 46 in China) for industry as a whole and 23 to 27 per cent in manufacturing (36 to 40 in China).

Remarkably, the decline in the share of industry in GDP, notably that of manufacturing, was strongest in the transition countries of SE Europe<sup>8</sup> and in the CIS (from 45 to 37 and 35 to 19 per cent, respectively). More precisely, the share of industry stabilized at its 1995 level, though the decline in manufacturing speeded up after 2000 (the figure was still 27 per cent in 2000). Most manufacturing in the region collapsed, partly because of market opening and consequent pressure from world markets. Meanwhile extraction work and some construction activities came to the fore, so that the weight of the raw-materials sector within industry increased. The industrial structure degraded to something similar to that of

countries at a medium rate of development.

The changes in the share of industry in GDP reflect interesting and diverse processes. Its loss of weight in the developed countries can be ascribed partly to the increase in the role of services (actually less important than the statistics suggest, a point returned to later) and partly to the transfer of industrial activities to more backward regions that are still industrializing. But the figures also reflect that industries involving raw materials and primary processing transfer to cheap-labour countries first, whereas those at the peaks of industry tend, according to expert analyses, to remain in the developed world, so that the statistical weight of manufacturing in the developed countries falls rather less. The figures also show that the industrialization largely concerns the single region of East Asia, above all China. South Korea, for instance, has arrived at the “post-industrial” stage of development, with a declining weight for industry. The less developed countries actually display a declining role for industry too – the effects of opening to heightened competition on world markets have included one of deindustrialization. So everywhere except in Asia, there has been a slow deindustrializing of the peripheries, which has meant not a process of modernization similar to that of the developed countries, but heightened competition from the industrial products of a globalized world market and an associated decline in competitiveness.

Nevertheless, the fall in the weight of industry may be only statistical and not reflect reality, at least in developed countries. Statistical methods have failed to keep pace with the “industrialization” of services. Preparation of industrial software, for instance, is recorded under services, despite being an engineering activity attached to modern industry. Many activities that used to increase the added value of industry are now “outsourced” under service contracts, and so

<sup>7</sup> The 2004 statistics of UNCTAD still contained different data, showing the share of manufacturing falling by only 1–2 percentage points. Revised figures appeared in the 2006–7 yearbook, but these also show the reduction in the weight of manufacturing speeding up on leading markets only after the millennium (2000: 18.2 per cent).

<sup>8</sup> The eight transition countries that joined the EU in 2004 are not grouped here by UNCTAD.

come under services. Services themselves may have become “industrialized”, as there is a process of concentration in this field as well. Service activities now include final assembly, packaging and logistic aspects previously recorded under industry.

Nor can these aspects be ignored when the proportions in developed and developing countries are compared. If the proportions of industry in various regions are compared mechanically, irrespective of development levels and regional features of services, one can arrive at absurd statements, for instance that Latin America is structurally more industrialized than the United States. For the proportion of manufacturing in the generation of GDP is higher there than in the United States, let alone that of industrial activity as a whole! This shows how sizes, weights and tendencies appearing in statistics need substantive analysis. Statistics do not always show underlying processes or may in some respects conceal or distort them.

All this must be considered when interpreting how the weight of services on the income side of GDP in the developed regions has grown by 8 percentage points to 74 per cent in the last decade and a half. The increase was only 3 percentage points in the developing countries, to 52 per cent in 2005. So in this respect the spread between the developed and the developing countries is not wide. But it has to be said (Table 3) that the greatest weight for services among major countries in the world economy is 79 per cent of GDP in the United States and the lowest 41 per cent in China. Understandably, after the crises in industry and agriculture and the major development of the services, the services share among transition countries outside the EU after 2004 has leapt from 36 per cent to 55.

Another side of services to consider here besides the industrialization of them mentioned already is their marketization in many countries in the last decade.

Privatization of hitherto free, even subsidized public services has been accompanied by marked price hikes, which raise the statistical weight of services despite the absence of a real increase in performance.

Furthermore, the services form a special element on the source side of GDP. For maintaining the apparatus of state, environmental protection, military expenditures, *etc.* are in fact consumption. Yet, according to the GDP accounting method, they appear on the income side as well.

## THE STRUCTURE OF GDP CONSUMPTION

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Turning to the data for ultimate utilization of GDP (Table 3), the first obvious fact is that despite liberal doctrine, governmental consumption of GDP in the developed countries increased from 18 to 19.6 per cent over the decade-and-a-half examined, while in the developing countries it stagnated at 13–14 per cent. This suggests there are strong constraints on reducing state expenditure and dismantling the apparatus of a modern state. But there are important regional differences as well. Government consumption of GDP in the United States eased from 17 to 14 per cent in the 1990s, but stood at a remarkable 19 per cent in 2005. Roles in that were played by the federal economy-boosting package and by the Iraqi War, both of which had stimulating effects on the economy. The GDP proportion of state spending in the EC 12 at the beginning of the 1990s was 20 per cent; after some fluctuation, it stood at 20.6 per cent in 2005. The same figure for Japan rose from 13 per cent to 18, mainly because of government investment and consumption-boosting programmes to raise the economy out of recession.



The figures show it is just a myth that less developed countries spend more on the state apparatus than developed countries. Their states actually consumed 13.9 per cent of GDP in 1990 and 13.3 per cent in 2005 – 6 percentage points less than those of the developed countries. The countries of Africa and Latin America spend a slightly higher proportion than the group average and those of Asia a slightly lower. Nor is the proportion of GDP spent on running the state any higher in the European-Asian non-EU transition states examined: 20 per cent in 2000 and 17 in 2005.<sup>9</sup>

The next index on the consumption side of GDP, private consumption, is too complex. It covers not only personal consumption, but business and financial profits, the consumed proportion of income, and social-insurance expenditures.

The share of personal consumption in GDP rose from 59.7 per cent to 62.4 in the developed countries and fell from 60 per cent to 56 in the developing world. In the transition countries it was a steady 53–4 per cent.

It is worth noting that in line with generally high social consumption in the United States, the share of private consumption rose further from 67 per cent in 1990 to a post-millennium 70 per cent. This belies the liberal theory that a high and growing proportion of consumption automatically works against competitiveness. The role of private consumption in the EU 12 stagnated (at 57–8 per cent) and in Japan it increased from 53 per cent to 57, but without bringing economic recovery (at least not until 2004).

The private consumption proportion in Africa was 64 per cent in 1990 and 61 per cent in 2005. In Asia it also fell, from 57 per cent to 53 (and in the Arab West-Asia region to 49). Here

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<sup>9</sup> Hungary spends a conspicuously high proportion of GDP on the state: 24 per cent in 2005, similar to that of the welfare states of northern Europe.

China marks the opposite extreme to the United States (a fall from 50 per cent to 43), due largely to high savings and investment rates. Private consumption in Latin America rose from 63 per cent to 65 in 2000, but down to 62.5 per cent again in 2005.

The third element of GDP consumption is the investment rate, which is interesting primarily as an expression of the value or proportion set aside for future economic growth. In this period there is a strong correlation between investment and growth rate, although this is not always linear and varies from country to country. The investment tendencies are not encouraging in most cases.

GDP growth rates and investment rates in the developed countries have been falling for decades. (Causes have already been discussed.) The weakening of the propensity to set aside for the future continued in the early 2000s. The gross investment/GDP ratio changed between 1990 and 2005 from 23 per cent to 19.4 in the industrial countries (18 per cent to 16.5 in the United States, 23 per cent to 20 in Europe, and a remarkable 33 per cent to 23 in Japan.)

The investment proportion in the developing world was 25 per cent at the beginning of the 1990s, 28 in mid-decade (thanks to the boom in Asia), 24–5 per cent after the turn of the century, and 26 in 2005. The long-term development rate on each continent appears in investment proportions of 19 per cent in Africa, 29 in Asia, and 21 in Latin America. In China, with 10 per cent annual economic growth, a proportion of 42 per cent was recorded in 2005. In Central and Eastern Europe and the CIS countries the index eased from 29 per cent to 22 over the decade-and-a-half.

If the three elements of GDP consumption discussed so far (state and private consumption, and investment), it becomes clear there is a net, perverse regrouping of income at work, from the

developing (and transition) countries to the developed.<sup>10</sup> According to data for the turn of the century, the figure for final consumption by the latter was 0.7 per cent higher than their GDP, and in 2005 it was 1.5 per cent higher, while that of the developing world was 3, then 4 per cent lower. Behind this lies historically unprecedented excess consumption by the United States: in 1990, 1 per cent, in 2000, 3–4 per cent, and in 2005, 5.5 per cent more was consumed, and the proportion went higher still in 2006. Using this calculation in 2005, 5 per cent of Africa's and of Asia's income, 2 per cent of Latin America's, and 6.5 per cent of the transition countries' had been sucked into the developed world, primarily North America. In 2004–5, the United States was the only net importer of capital apart from Central and Eastern Europe, so that the whole world was funding the world's mightiest economy.

Finally, let us look at the ratio of goods and services exports to imports within GDP (Table 3). The ratio between them, expressed in percentage points, self-evidently reflects the deficits and surpluses just mentioned. So the imports measured in US GDP in 2005 were 5.6 percentage points higher than the exports (16.6 per cent against 11). Meanwhile the developing world displayed a GDP share for exports 4.2 percentage points higher than for imports (in Africa and in Asia 5 – including China 2.5 – Latin America 2.5, and the transition countries 6.5).

The contribution of foreign trade to GDP produced has increased everywhere in the last decade. On the export side, the annual average GDP contribution for the developed countries has risen from 18 per cent to 24 (in the United States from 10 to 11, in the EU from 27 to a remarkable 38, and in Japan from 11 to 14). The rise in the average for the developing countries has been from 25 per

cent to a remarkable 41, for Asia from 29 to 48, for China from 3 to 33, for Latin America from 17 to 26, and for the transition countries of Europe and Central Asia from 24 to 39. The clear exceptions are the low export proportions in the United States and Japan. This is interesting as the United States had its longest and steepest boom since World War II in the 1990s, while Japan underwent its worst slump. This is explained in the US case by two linked processes: the drawing in of external resources and rapid consequent expansion of the home market.

The figures also confirm that foreign trade plays a relatively small part in large countries with large populations and developed economies.

## THE MAIN FACTORS BEHIND ECONOMIC GROWTH

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Mainstream economic doctrine states that the great boost behind the economic growth of our time is expansion of the international division of labour. This is certainly a strong correlation: foreign trade in the developed countries has grown twice as fast since the beginning of the 1990s as GDP has (*Tables 4 and 4a*). A strong correlation between export performance and economic growth also appears in the developing countries, but it is not a mechanically obvious one. Taking the slow growers, Africa in the 1990s was raising its exports by only 3 per cent a year, the Middle East by 5, but Latin America by 10 per cent, and the transition countries by 7 despite declining GDP. In very fast-growing Asia, export growth averaged 14 per cent – 2.2 times faster than GDP (WEO, April 2007, 243–50).

So despite the correlation, caution is required in linking growth rate with export performance. There are no clear

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<sup>10</sup> This statement is refined in the final section of the paper.

correlative relations. Each such assumption is too mechanical and ignores the effects of other variables, the specifics of each country, and the place it occupies in the hierarchy of the international division of labour. On the one hand, it usually generates 10–45 per cent of GDP, while private consumption, for instance, accounts for two-thirds. So the “transmission” between export growth and GDP growth is weaker than with private consumption. Another reason for caution is that different correlations between the dependent and independent variables apply in different countries. To stay with foreign trade, the exports of Japan in the 14 years between 1990 and 2003, for instance, grew 2.9 times faster than GDP, while those of the much faster-growing United States rose only 1.9 times (see the flexibility data of Table 4a). The exports dynamics of the EU exceeded those of the United States, but its economic growth was markedly lower. Average export growth in the most dynamically developing Asian NICs was only 1.7 times their economic growth.<sup>11</sup>

Similar caution will be shown here in examining the other economic processes and factors customarily associated with GDP growth.

One is private consumption, just mentioned. It has been pointed out that this is an aggregate index ranging from wages and other personal incomes to profits devoted to consumption and savings. The advertised economic policies of governments speak in principle of continual efforts to curb consumption in favour of investment purposes, but the figures show private consumption in the developed world rising at a rate similar to that of GDP (the NICs, Japan) or faster (the EU, the United States). But the increase in personal pay in the most developed countries has been lower than the long-term GDP increase. (The NICs

were an exception to this in the 1990s.) It can also be seen that the growth in pensions and other benefits is falling short of the rate of economic growth. Thus the proportion of income not derived from capital has fallen and the proportion of non-governmental consumption derived from capital has increased.<sup>12</sup> The facts for the 1990s belie the liberal doctrine that a rise in the proportion of capital income within all social income automatically serves to increase investment. While the proportion of personal consumption has increased (except in the United States), the growth rate of gross accumulation has lagged far behind that of GDP (see the flexibility coefficients in Table 4a). The inadequate rate of technological investment is obviously one of the main reasons for the slow economic development of Europe and Japan. In the NICs, though, partly under pressure from world economic processes, investment stagnated after 1997–8 and began to fall slightly, causing a slight fall in the growth rate beginning in the new century. As for the United States, rapid expansion of the accumulation process (rising private consumption) was clearly enabled by employing external resources.

The low investment rates coincided with relatively rapid growth in productivity. According to available data on manufacturing, it increased between 1990 and 2003 by an annual average of 3.5 per cent in the United States, 2.9 in the EU, 1.8 in Japan, and 6.3 in the NICs (Table 4). So in the longer term, there is no big difference between the European and US productivity improvements. What is dangerous for Europe is that the difference began to increase perceptibly at the end of the 1990s. However, the situation began to improve again in 2004, and Europe showed a

<sup>11</sup> Trends in world trade and their effect on economic growth are discussed further in the next section.

<sup>12</sup> This appears from labour-market figures in the IMF World Economic Outlook. See also the US and Irish case studies in Artner 2006, 182–4 and 197–210.

rapid 4 per cent productivity increase in 2006.

Experience shows productivity to be the most important factor in economic growth. Rising productivity is a significant determinant of the growth and structure of investment. Interestingly, the rate of productivity growth in the United States lags behind that of investment, despite marked technical development, but in the rest of the developed world it exceeds it (by 1.2–1.3 percentage points). A rise in productivity, incidentally, goes with a fall in demand for live labour.

Finally, let us look at the money supply (M2)<sup>13</sup> available for economic development. This indicator reflects how strict monetary policy has been or how liquidity-increasing in a Keynesian sense.

If the growth data for the volume of money in circulation (M2, Table 4) are corrected by the consumer price index, the money supply in the United States is seen to have lagged 0.8 per cent behind GDP in 1990–2003, while the former exceeded the latter by 1 per cent in the EU, 0.2 in Japan and 4 in the NICs (see also the flexibility indices in Table 4a). So US monetary policy has been truly conservative.<sup>14</sup> Monetary policy in European countries and Japan was relatively cautious, mildly on the offensive, but the NICs (as in so many other respects) followed a different model, combating inflation less and increasing liquidity, using an incentive (Keynesian) economic-policy model. However, the NICs were obliged to change step in this and other respects about the time of the millennium. The 1998 crisis was followed by deflationary pressure caused by short demand and market opening, so that price levels rose by an annual average of 1–2 per cent instead of 4–5 per cent. Concurrently, the previous annual liquidity increment of about 15 per cent was cut by a

third. The NICs have been under increasing pressure to conform to the “mainstream” economic model, with associated constraints on economic growth.

But in times of crisis, even the United States may turn back to the Keynesian model and pump money into its economy, for instance in 2001 and 2002, when liquidity grew by a gross 10 and 7 per cent respectively. So too may the EU: M2 rose by 11 per cent in 2001, then by 6.5–7, and almost 10 in 2006. Japan, though, has not followed suit.

Liberal economic policy (based on Tables 4 and 4a) can be discerned at most in the trends in public consumption, explainable by restrictions on public services and welfare systems. As mentioned earlier in connection with utilization of GDP, states are tending to spend increasingly on maintaining themselves. The increase in public spending in the United States and the NICs is much less than the rise in GDP, but little remains of the latter in Europe, which keeps up its welfare system as best it can. In Japan, public spending over the 14 years examined grew one-and-a-half times faster than national income – GDP. The aim was to offset this by reducing investment.

Summing up the statistics for the most recent years (2004–6, Table 4), it can be said that the United States, the EU, Japan and the NICs all began to experience faster growth in GDP in 2004. Their exports grew particularly (by 7–8 per cent a year),<sup>15</sup> with their gross accumulation and productivity improvements returning to the faster rates of the mid-1990s (at least in the United States and Europe). There was also fast growth in the money supply (M2), except in Japan. These four factors (three in Japan) were the main stimuli to growth. The growth of private consumption in the United States continued to exceed that of GDP, while in Europe it was around 0.5 per-

<sup>13</sup> Cash plus primary money-substituting securities and deposits.

<sup>14</sup> So to combat inflation, the money supply can grow at most at a rate similar to GDP growth.

<sup>15</sup> However, an important factor behind this was price increases.

centage points and in Japan about 1 percentage point lower. Public consumption rose more slowly in all three power centres.

## MORE ON THE TRADE/GROWTH CORRELATION

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Necessary consequences of the stronger international division of labour are technical development and market-driven capital concentration, *i.e.* the spread of transnational corporations. So for decades, the growth rate in the value of international trade has exceeded that of GDP. World goods exports (*Table 6*) rose by an annual 6 per cent in the 1980s (at current prices, at relatively stable price levels) and 6.7 per cent in the 1990s, while aggregate GDP grew by 3.2 per cent and 2.8 per cent respectively. So the role of international trade in sustaining growth increased in the 1990s, but slightly faster export expansion did not automatically bring faster economic growth.

Closer analysis raises further questions about the relation between trade and growth. *Table 6* also shows five-year averages, from which it turns out that the value (and volume) of world trade grew by only 3.7 per cent a year between 1996 and 2000 and then stagnated in 2001–2. So the export flexibility of GDP decreased markedly in the second half of the 1990s and deteriorated further in the 2000s.

Based on the trend that developed in the second half of the 1990s, authors have enquired whether national trade has not had its day as a factor contributing to growth in the age of globalization. Could the transnationals' strategy of re-locating production have peaked, for the level of foreign direct investment actually fell at the turn of the century? Could globalization have had consequences for

economic strategy, triggered reflexes, and aroused such social opposition that national governments began to use visible and less visible policy means to curb the processes of internationalization? Think of the United States' albeit now withdrawn extra import duties on steel products, quantitative quotas on Chinese products, *etc.* Could governments have been more forceful with non-tariff curbs? Could this have contributed to the problems at the WTO trade-liberation negotiations? In other words, developing countries are resisting liberalization of trade in services, or more precisely, demanding in turn that developed countries dismantle their agricultural and light industrial protectionist regimes.

No final answers can be given. International trade stagnated in the first half of the 1980s, only to rise at unprecedented rates for ten years. Recently, the stalling at the end of the century has been followed in 2003–6 by extremely high, 10–12 per cent annual growth in international trade by value and 7 per cent by volume. (The difference is explained mainly by rises in raw-material prices of at least 20 per cent a year in that period.) Could this development resolve the tough dilemmas of the late 1990s?

This decade also has to cope with the fact that problems with the international trade and payments balances have been accumulating in the world economy since the 1990s and that these have become difficult to handle. As *Table 7* shows, the US trade deficit had reached \$800 billion by 2006 (6–7 per cent of GDP), while the other large regions without exception show surpluses, as mentioned earlier. Similar trends are apparent in the international balance of payments. In other words, the whole world is financing the United States' excess consumption, which the IMF does not consider sustainable. But the approach to equilibrium will be a very painful process. The balance is being improved by deliberately weakening the dollar. The low rate of exchange

stimulates US exports and curbs imports. An export offensive commenced in 2004 (8–9 per cent increases per year). Meanwhile the import-restricting effect of the weak dollar curbs economic advance in other regions. This has also contributed to the continued fragility of world economic growth. The other developed regions of the world have followed the US boom uncertainly, and the United States itself moved to a path of slower growth in 2007. This may likewise have an effect on the expansion of international trade, although Asia and Europe may prove to be stimuli if the US slowdown is not too permanent.

After that general picture, let us look more closely at the regional characteristics apparent in the statistics. The five-year groups show that the role of the developed countries in maintaining the pace of international trade is declining and that of the developing countries increasing. In the 1980s, the exports of the developed regions increased faster than the global average (by 7.6 per cent a year), but more slowly in the 1990s. It has to be added that the main factor behind the pace of the developing regions (9.1 per cent a year in the 1990s, 14–15 per cent since 2000) is the big corporations of the developed world. The trade-geographical sphere is becoming virtual as well to some degree and in some sense.

It is directly relevant that Europe's exports and imports stagnated in 1996–2002, but took off again in 2003 (rises of over 13 per cent a year), beating its competitors in this respect. The boost is explained mainly by the growth of Asian trade and the rise in raw-material prices. But the data also show the exports of Central and Eastern Europe began in 1996 to grow faster than the world average and the tendency strengthened after the turn of the century. As Table 6 shows, Hungary's exports have also been increasing (by 18 per cent a year between 2000 and 2006).

China's exports grew by 18 per cent a year in the later 1980s, but only about 10 per cent a year after the mid-1990s, before an astonishing 27 per cent in the early 2000s. The South-East Asian region (including China) only raised its exports by about 5 per cent after the mid-1980s, but they began to rise again in 2003 (15 per cent).

The volume of international trade doubled in the 1990s (see the *Table 8* time series). Exports by developed countries rose by 88 per cent between 1990 and 2000, while those of developing countries rose 2.5-fold. Africa's exports increased by a third, but Asia's tripled and Latin America's rose 2.4-fold. The global volume of international trade increased by 29 per cent between 2000 and 2005. Asia's dynamism (an average increase of 62 per cent for the five years) came from China, whose export volume tripled in the five years. India's exports rose by 90 per cent. Meanwhile the developed countries, Africa, Latin America and the oil-exporting countries of Western Asia managed only modest increases of 19–20 per cent.

Remarkable changes occurred in the terms of trade in the 1990s and still more the 2000s. A trend unfavourable to the developing countries, which had lasted decades and even centuries, came to an end; their terms of trade have improved slightly in recent years. This relatively favourable trend since the 1990s reflects a change in the division of labour between developed and developing countries – geographical but ownership-based. Inter-regional trade in finished products is now two-way. The terms of trade are still affected strongly by the fluctuating prices for raw materials. The latest price tendencies are really favourable only to the hydrocarbon and metal-exporting countries, whose terms of trade have improved by 60–70 per cent, but this in turn puts a heavier burden on oil-importing developing countries. Observers attribute the price rises to world-market recovery, speculative buy-

ing, and above all, rising demand from China and India. But the trade price trends of the 1990s did not alter the fact that earlier relative price losses have left most developing countries, even today, needing to achieve twice the exports by volume to pay for the quantity of imports they were making at the beginning of the globalization period, in the early 1970s.

Although the latent inflationary pressure caused by raw-material prices has hardly appeared in the regions' producer and consumer prices, it has led to higher interest levels.

The quantitative and exchange-rate processes in international trade together altered the export structure of main country groups and countries (*Table 5*). Export growth was faster in the developed countries in the 1980s, but in the developing countries in the 1990s, so that the proportions moved in opposite directions. The weight of the developed countries rose from 62.6 per cent to 70.9 in the 1980s, but fell to 65.6 per cent in 1990s and 59.1 per cent by 2006. That of the United States rose over a decade and a half by 2.6 percentage points to 8.7 per cent; that of the EU fell by 3 percentage points to 40.1 per cent and of Japan by 2.6 percentage points to 5.4 per cent.

Here Central and Eastern Europe appears separately, with a weight of 8 per cent in 1980, 5 in 1990, and 2.6 in 2000, then for those still outside the EU in 2004, to 4.1 per cent in 2006. This is mainly attributable to the rise in raw material prices. Hungary's proportion according to UNCTAD was 0.4 per cent in 1980, 0.3 in 1990, 0.4 in 2000 and 0.6 in 2006.

So the weight of the developing countries has increased – from 24.1 per cent to 31.7 in the 1990s, to 36.8 per cent in 2006, *i.e.* from about a quarter to about a third. This is a shift in proportions. Most of the increment was provided by Asia, whose weight rose from

16.9 per cent to 28.3. Within this, India and the NICs each improved their position only by a few tenths of a percentage point, as the real driving force was China, whose weight in world exports rose from 1.8 per cent to 8.1 over the 15 years. But with reannexed Hong Kong, China accounted for 10.2 per cent of world exports in 2006, making in it the world's biggest exporter, ahead of the United States.

Latin America has increased its weight since 1990 by 1.6 percentage points to 5.7 per cent. But this can be attributed mainly to one country, Mexico, benefiting from NAFTA membership and associated US manufacturing investment. The losing continent has been Africa, whose weight of just under 6 per cent in the early 1980s fell in the 1990s to just 2.3 per cent, although higher oil prices raised this to 2.8 per cent in 2006.

Finally, let us look in more detail at the trends in the trade balance (*Table 7*). In principle, the sizes of global exports and imports are the same, but the accounting methods (*c.i.f.* and *f.o.b.*) mean that exports are slightly less than imports, so that the Earth shows an aggregate deficit of 1.5–2.5 per cent. This deficit is not great enough to influence the main balance trends in regions and countries and in any case it is distributed in line with weight.

It emerges from the statistics that several regions suffered in the 1990s from persistent sizeable trade deficits: the United States, North Africa, Latin America, many Central and East European countries, and until the turn of the century South and East Asia. Their deficits were offset by surpluses in Japan, the West Asian hydrocarbon exporters, and to some extent the European Union and China.

A trade deficit in the economic sense means that real value is being drawn in as resources. In that sense the net exporters are siphoning off resources from the net importers. The significance of this

can be measured absolutely, or by comparing the deficit with the gross product and import bill of the economic unit concerned. The latter shows the degree to which exports (or export capabilities) fall short of imports.

Based on these measures, the country with the gravest trade deficit by far is the United States, otherwise the world's mightiest economy. It has been mentioned that the US trade deficit has reached 7 per cent of GDP. Deficits of 1–2 per cent of GDP have not been rare in world economic history, and equilibrium could be swiftly restored by imposing import restrictions. The US trade deficit, however, is stubborn. It has been accumulating since the end of the 1970s and increasing strongly in recent years, from \$100 billion in the early 1990s to \$400 billion at the millennium and \$800 billion in 2005. Meanwhile its proportion of imports has risen from 22 per cent to 34 in 2000 and 47 in 2006. The UK, Spain, Greece, France and Portugal have also had sizeable trade deficits in recent years.

The world's poorest regions, including sub-Saharan Africa, show an export surplus, but again, the average disguises the essential feature. For most African and Latin American countries and half the Asian ones run a trade deficit. Trade surpluses are generally found among countries in the industrializing middle range of the hierarchy of the international division of labour, in countries with relatively large economies and populations, and in hydrocarbon-exporting countries.

The North African countries still had sizeable export surpluses in the 1970s and 1980s but were sent into deficit by the effects of globalization and market opening in the 1990s, which the present high oil prices have failed to offset. The situation in Latin America is even worse, with trade deficits for the continent and for most of its countries and problems of indebtedness going back for decades. Even the larger, more developed coun-

tries with export surpluses could not reduce their accumulated deficits and debt stock. The catching-up model of the South and East Asian region, including South Korea, for instance, based on attraction of resources and a trade deficit, had to change in the final decade of the 20th century. The trends differ from country to country, but if China is excluded, Asia still had an overall trade deficit until the millennium, when it started to become a net exporter again.

Apart from Russia's substantial raw materials-led export surplus, the countries of Central and Eastern Europe face a significant trade deficit. The extra exports generated by their export-oriented model of economic development have been more than offset by the goods imported since the market opening and to a lesser extent by the import demands of structural transformation.

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Table 1  
Growth rate of the world's population (1981–2005)  
and the number and density of population (2001) by country groups and countries

	Population			Density	
	2001 million	Growth rate			2001 inhabitants/ km <sup>2</sup>
		1981–90	1991–2000	2001–5	
World	6148 <sup>a)</sup>	1.7	1.4	1.2	45
Developed market economies	867	0.6	0.6	0.6	27
USA	288	1.0	1.1	1.0	30
EU	378	0.3	0.3	0.4	105
Germany	82	0.1	0.3	0.1	231
France	60	0.5	0.4	0.6	108
Great Britain	59	0.2	0.3	0.5	242
Japan	127	0.6	0.3	0.1	337
Developing countries	4945	2.1	1.7	1.5	58
Africa	814	2.9	2.5	2.3	27
North Africa	177	2.6	1.9	.	21
Other Africa	637	3.0	2.6	.	29
Asia	3595	1.9	1.5	1.3	114
Western Asia	240	3.3	2.2	2.1	39
Central Asia	73	1.9	0.8	0.8	18
Other Asia	3281	1.9	1.5	.	156
China	1263	1.5	1.0	0.7	132
India	1033	2.1	1.8	1.6	314
South Korea	47	1.2	0.9	0.8	475
Indonesia	214	2.0	1.5	1.3	113
Vietnam	79	2.2	1.6	1.5	239
Latin America	352	2.0	1.6	1.3	23
Brazil	174	2.0	1.4	1.4	20
Mexico	100	2.1	1.7	0.9	51
Argentina	37	1.5	1.3	1.0	14
Central and Eastern Europe	337	0.6	–0.2	–0.2	18
Russia	144	0.7	–0.2	–0.5	9
Hungary	10	–0.3	–0.3	–0.3	107

Note: <sup>a)</sup> 2006: 6593.

Sources: UNCTAD Handbook of Statistics 2003, 310–15, and 2006–7, 456–69.

Table 2  
Development of GDP and GDP/capita  
(1961–2005, %)

	Average growth rate of GDP					Average growth rate of GDP/capita				
	1961–70	1971–80	1981–90	1991–2000	2001–5	1961–70	1971–80	1981–90	1991–2000	2001–3
World	5.3	3.6	3.2	2.8	2.8	2.1	1.4	1.5	1.3	1.5
Developed countries	5.1	3.1	3.2	2.5	2.0	4.0	2.2	2.6	1.9	1.4
USA	4.4	2.8	3.5	3.5	2.6 <sup>a)</sup>	3.1	1.7	2.5	2.4	1.5 <sup>a)</sup>
EC/EU	4.6	2.8	2.5	2.2 <sup>a)</sup>	1.6 <sup>a)</sup>	3.8	2.4	2.2	1.7 <sup>a)</sup>	1.1 <sup>b)</sup>
Japan	10.3	4.3	4.1	1.0	1.4	9.1	3.1	3.5	0.8	1.3 <sup>c)</sup>
Developing countries	5.9	5.6	3.9	4.9	5.2	3.2	3.1	1.8	3.1	3.7
Africa	5.5	4.3	2.1	2.4	4.7	2.6	1.4	–0.7	–0.1	2.3
Asia	6.3	5.9	6.0	6.2	6.3	3.7	3.6	4.0	4.5	5.0
Western Asia	8.0	5.7	2.0	4.0	4.4	5.0	2.9	–1.3	1.4	2.2
Central Asia	.	.	.	.	8.4	.	.	.	.	7.5
Other Asia	5.2 <sup>b)</sup>	7.4 <sup>b)</sup>	7.2	.	.	2.2 <sup>b,c)</sup>	3.0 <sup>b,c)</sup>	5.3	.	.
China	6.1	5.5	10.3	10.6	9.6	3.5	3.7	8.7	6.9	6.4
Latin America	5.5	5.8	1.7	3.2	2.4	2.7	3.2	–0.3	1.5	1.1
Central and Eastern Europe	6.8	5.4	–0.4	–4.5	6.2 <sup>d)</sup>	5.6	4.4	–0.4	–4.2 <sup>d)</sup>	6.5 <sup>d)</sup>

Notes: <sup>a)</sup> Europe; <sup>b)</sup> ASEAN; <sup>c)</sup> own estimate; <sup>d)</sup> transition countries except those joining the EU in 2004.

Sources: Handbook of International Trade and Development Statistics 1981 (Supplement), 436–45, and 1991, 347–443; UNCTAD Handbook of Statistics 2003, 316–24 and after Table 1; UNCTAD Handbook of Statistics 2006–7, 402–9.

Table 3  
Structure of the production and use of GDP (1990–2005) by country groups and countries, %

	Year	GDP total	GDP production				GDP use				
			Agriculture	Industry		Services	Final use		Gross investment	Products and services	
				Total	Manufacturing		State	Private		Exports	Imports
World	1990	100	6.0	33.5	22.5	60.5	17.3	59.5	23.5	19.6	19.9
	1995	100	4.4	30.6	20.6	65.0	16.8	60.1	22.6	21.8	21.4
	2000	100	3.8	29.1	19.3	67.1	16.3	61.3	22.3	25.2	25.1
	2005	100	3.9	28.3	17.8	67.8	18.1	60.7	21.0	28.3	28.1
Developed countries	1990	100	2.7	31.8	21.4	65.4	17.9	59.7	22.9	18.2	18.7
	1995	100	2.2	29.2	19.8	68.6	17.6	60.4	21.4	19.5	18.8
	2000	100	1.8	26.9	18.2	71.3	17.0	62.1	21.7	21.9	22.6
	2005	100	1.6	24.9	15.9	73.5	19.6	62.4	19.4	24.0	25.4
United States	1990	100	1.9	27.5	18.3	70.6	17.0	66.7	17.6	10.0	11.3
	1995	100	1.5	25.8	17.8	72.6	15.3	67.7	18.1	11.4	12.6
	2000	100	1.4	23.5	15.9	75.1	14.4	68.9	20.5	11.7	15.4
	2005	100	1.0	20.5	12.2	78.5	19.0	70.1	16.5	11.0	16.6
Europe <sup>a)</sup>	1990	100	3.4	32.7	22.6	63.8	20.0	57.4	23.2	26.8	27.3
	1995	100	2.7	29.6	20.3	67.6	20.2	57.8	20.3	30.0	28.3
	2000	100	2.2	28.1	19.3	69.6	19.6	58.4	21.3	36.6	35.9
	2005	100	2.0	27.3	18.2	70.7	20.6	58.0	20.2	37.7	36.5
Japan	1990	100	2.5	38.4	26.0	59.2	13.4	53.0	32.6	10.6	9.6
	1995	100	1.9	33.2	22.4	64.9	15.2	55.4	28.0	9.2	7.8
	2000	100	1.7	31.1	21.3	67.2	16.9	56.4	25.2	11.0	9.6
	2005	100	1.6	29.6	20.3	68.8	18.0	57.4	23.2	14.3	12.9
Developing countries	1990	100	14.9	35.9	22.1	49.2	13.9	59.7	25.0	25.0	24.0
	1995	100	12.8	35.9	22.8	51.3	13.5	59.4	27.5	30.6	31.2
	2000	100	10.8	36.7	22.9	52.5	13.8	58.6	24.6	36.4	33.6
	2005	100	10.5	37.8	23.5	51.7	13.3	55.9	26.0	41.1	36.9

	Year	GDP total	GDP production				GDP use				
			Agriculture	Industry		Services	Final use		Gross investment	Products and services	
				Total	Manufacturing		State	Private		Exports	Imports
Africa	1990	100	18.2	38.1	16.7	43.7	15.4	64.1	19.8	28.0	26.2
	1995	100	17.8	34.4	15.2	47.8	15.3	68.7	18.4	26.7	30.1
	2000	100	16.6	37.0	13.0	46.4	14.4	62.2	17.1	33.4	27.1
	2005	100	16.7	36.8	12.0	46.5	14.3	60.8	19.2	37.9	31.8
Asia	1990	100	17.9	36.9	23.3	45.2	13.5	57.0	28.2	28.7	28.2
	1995	100	14.4	38.3	25.4	47.4	12.2	55.7	32.1	38.2	38.2
	2000	100	11.9	39.0	26.0	49.0	13.2	55.0	27.4	44.2	40.0
	2005	100	10.7	39.9	26.8	49.4	12.6	52.7	28.9	47.5	42.5
China	1990	100	26.6	40.9	36.4	32.6	12.3	49.7	35.2	2.8	.
	1995	100	19.8	47.2	41.0	33.1	11.4	46.1	40.8	21.0	19.3
	2000	100	14.8	45.9	40.4	39.3	13.1	48.0	36.4	25.9	23.4
	2005	100	13.1	45.7	40.2	41.3	12.2	43.3	41.9	33.0	30.5
Latin America	1990	100	8.0	33.2	22.3	58.8	13.9	63.1	21.1	16.6	14.8
	1995	100	8.0	31.8	20.1	60.2	15.5	63.8	21.5	16.7	17.7
	2000	100	6.5	31.8	19.2	61.7	14.9	64.8	21.2	21.6	22.5
	2005	100	7.3	32.4	19.0	60.3	14.7	62.5	21.0	25.9	24.1
Transition countries <sup>b)</sup>	1990	100	19.1	45.1	34.6	35.7	19.8	53.6	28.9	24.1	26.7
	1995	100	11.4	36.8	27.5	51.8	19.3	56.5	24.3	32.3	32.3
	2000	100	10.5	36.4	27.0	53.1	16.2	54.0	19.4	44.7	34.3
	2005	100	8.1	36.7	18.7	55.3	17.0	53.1	22.3	38.8	32.2

Notes: <sup>a)</sup> Including those acceding to the EU in 2004; <sup>b)</sup> South-Eastern Europe and the CIS.

Source: UNCTAD Handbook of Statistics 2006–7, 412–29.

Table 4  
Main factors of economic growth in the developed regions, 1990–2006  
(% of annual growth)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Av. ann. g. 1990–2003	2004	2005	2006	
USA	GDP	1.2	-0.9	2.7	2.3	3.5	2.7	3.6	4.4	4.3	4.1	3.8	0.3	2.4	2.6	2.64	3.9	3.2	3.3
	Private consumption	1.7	-0.6	2.8	2.9	3.3	3.0	3.2	3.6	4.8	4.9	4.3	2.5	3.1	2.9	3.03	3.9	3.5	3.2
	Public consumption	2.3	1.0	-0.1	-0.3	0.4	0.0	0.5	1.8	1.4	2.9	2.8	3.7	4.4	3.7	1.75	2.1	0.9	1.6
	Gross accumulation	-1.4	-6.6	5.2	5.1	6.6	5.4	8.4	8.8	10.2	7.9	5.5	-2.7	-1.8	2.1	3.76	6.1	6.4	3.1
	Productivity <sup>a)</sup>	2.3	2.1	5.2	2.1	3.2	2.1	1.4	1.9	5.4	4.0	7.4	2.5	5.0	4.5	3.51	1.8	4.8	4.0
	M2	4.1	3.1	1.8	1.3	0.6	3.9	4.6	5.6	8.5	6.3	6.1	10.2	6.8	3.3	4.88	5.8	4.0	5.3
	Exports	8.5	6.3	6.6	2.9	8.2	10.3	8.2	12.3	2.1	3.4	9.7	-5.4	-1.6	0.3	5.13	9.2	6.8	8.9
EU <sup>b)</sup>	GDP	3.0	1.6	1.0	-0.5	2.9	2.5	1.7	2.6	3.0	2.8	3.6	1.7	1.1	0.8	1.99	2.0	1.4	2.6
	Private consumption	3.0	2.3	1.6	-0.2	1.7	1.9	2.0	2.2	3.3	3.7	3.2	2.1	1.1	1.3	2.09	1.5	1.5	1.9
	Public consumption	2.4	2.2	2.2	0.9	1.1	0.9	1.5	1.0	1.6	2.1	2.1	2.4	2.9	1.9	1.80	1.4	1.4	2.1
	Gross accumulation	3.8	-0.2	-1.0	-6.3	2.4	3.5	2.3	3.5	6.9	5.2	4.9	0.4	-2.1	-0.2	1.65	2.2	2.5	4.5
	Productivity <sup>a)</sup>	1.9	1.4	4.4	3.0	7.5	3.2	1.3	3.6	2.6	2.1	4.8	1.1	1.4	2.1	2.89	3.5	2.9	4.0
	M2 <sup>b)</sup>	11.6	9.8	4.6	5.9	2.2	5.5	4.0	4.7	4.8	5.3	4.2	11.1	6.7	6.5	6.19	6.6	7.3	9.8
	Exports	6.5	5.0	3.4	1.4	9.2	8.1	4.9	10.3	6.4	5.4	12.1	2.8	1.2	0.2	5.49	6.7	4.1	8.2
Japan	GDP	5.1	3.8	1.0	0.3	0.6	1.8	3.5	1.9	-1.1	0.2	2.8	0.4	0.2	2.0	1.61	2.7	1.9	2.2
	Private consumption	4.4	2.5	2.1	1.2	1.9	1.8	2.3	1.1	-0.1	0.2	0.9	1.7	1.4	1.1	1.61	1.6	1.6	0.9
	Public consumption	1.5	2.0	2.0	2.4	2.4	4.2	2.9	1.0	2.1	4.4	4.7	2.5	2.3	0.5	2.49	1.9	1.7	0.3
	Gross accumulation	8.5	3.3	-1.5	-2.0	-0.8	0.5	6.9	0.7	-4.1	-0.7	2.7	-1.2	-4.7	1.6	0.66	1.4	2.4	3.5
	Productivity <sup>a)</sup>	2.8	1.5	-3.7	-0.7	3.4	4.4	3.8	4.7	-4.0	2.9	6.4	-3.5	3.3	4.3	1.83	5.3	1.6	3.0
	M2	7.4	2.3	-0.2	2.2	2.8	3.2	3.0	3.9	4.0	2.7	1.9	3.3	1.8	1.6	2.95	1.8	2.0	0.9
	Exports	6.9	5.2	4.9	1.3	3.4	4.1	6.4	11.3	-2.2	1.4	12.4	-6.0	8.1	7.7	4.73	14.0	6.9	9.6
NICs (4)	GDP	7.3	7.9	5.8	6.3	7.6	7.5	6.3	5.8	-2.4	8.0	8.4	0.8	4.8	2.3	5.46	5.8	4.7	5.3
	Private consumption	8.9	8.5	7.5	7.0	7.7	6.9	6.3	5.2	-4.7	7.9	7.2	3.1	4.0	-0.7	5.34	2.2	3.3	3.4
	Public consumption	8.8	8.0	7.4	2.0	2.5	2.6	8.0	3.3	1.8	-0.5	1.8	1.7	1.9	4.3	3.82	1.8	2.9	3.7
	Gross accumulation	16.7	11.1	6.0	6.4	10.3	10.3	7.3	4.4	-9.0	0.0	10.3	-7.1	0.7	2.2	4.97	7.5	2.1	3.4
	Productivity <sup>a)</sup>	8.3	8.5	8.0	6.5	7.6	7.8	6.9	5.9	-0.4	14.0	9.6	0.3	3.5	2.0	6.32	7.7	5.1	6.0
	M2	14.9	20.3	16.1	15.5	17.0	13.0	12.6	11.5	19.7	16.9	14.0	7.0	5.4	.	14.15	3.5	4.5	6.3
	Exports	6.3	12.6	11.6	11.9	12.8	15.7	8.0	10.8	1.4	9.9	16.9	-3.5	10.0	6.0	9.31	17.6	9.4	11.0

Notes: <sup>a)</sup> Processing industry; <sup>b)</sup> Euro zone in 2004–6 and in the case of M2.

Sources: World Economic Outlook, October 1998, 172–3 and 184; September 2003, 174–5, 186, 194 and 196; September 2004, 200–2, 212, 218, 230; April 2007, 210–14, 224, 234 and 242.

Table 4a  
Flexibility correlation of economic growth and its factors  
(1990–2003)

	United States	European Union	Japan	NICs (4)
GDP	1.000	1.000	1.000	1.000
Private consumption	1.148	1.050	1.000	0.978
Public consumption	0.663	0.905	1.547	0.700
Gross accumulation	1.424	0.829	0.410	0.910
Productivity	1.330	1.452	1.137	1.158
M2	1.848 (0.712) <sup>a)</sup>	3.111 (1.503) <sup>a)</sup>	1.832 (1.087) <sup>a)</sup>	2.592 (1.364) <sup>a)</sup>
Export	1.943	2.759	2.938	1.705

Note: a) Corrected for inflation.

Source: Own calculation based on Table 4.

Table 5  
Value and distribution of product exports by main country groups and countries  
(1980, 1990, 2000 and 2006)

	Export value at current price (USD billion)				Export distribution (%)			
	1980	1990	2000	2006	1980	1990	2000	2006
World	2031	3500	6444	12203	100.0	100.0	100.0	100.0
Developed countries	1271	2480	4230	7914	62.6	70.9	65.6	59.1
USA	226	394	782	1920	11.1	11.3	12.1	8.7
EU	765	1509	2583	4805	37.7	43.1	40.1	40.1
Japan	130	288	479	645	6.4	8.2	7.4	5.4
Developing countries	598	844	2044	3915	29.4	24.1	31.7	36.8
Africa	119	106	147	333	5.9	3.0	2.3	2.8
Northern Africa	44	37	54	125	2.2	1.1	0.8	1.0
Other Africa	75	70	93	208	3.7	2.0	1.5	1.8
Asia	364	590	1532	3389	17.9	16.9	23.8	28.3
Western Asia	203	138	235	560	10.0	3.9	3.7	4.7
Central Asia	.	.	.	.	.	.	.	.
Other Asia	162	452	.	.	8.0	12.9	.	.
India	9	18	42	121	0.4	0.5	0.7	1.0
China	18	62	250	969 <sup>b)</sup>	0.9	1.8	3.9	8.1 <sup>b)</sup>
South Korea	18	65	172	326	0.9	1.9	2.7	2.7
Taiwan	20	67	148	224	1.0	1.9	2.3	1.9
Latin America	112	145	361	680	5.5	4.1	5.6	5.7
Argentina	8	12	26	46	0.4	0.3	0.4	0.4
Brasilia	20	31	55	137	1.0	0.9	0.9	1.1
Mexico	18	41	166	250	0.9	1.2	2.6	2.1
Central and Eastern Europe	162	176	170	374 <sup>c)</sup>	8.0	5.0	2.6	4.1 <sup>c)</sup>
Russia	.	.	106	302	.	.	1.6	2.5
Hungary	9	10	28	73	0.4	0.3	0.4	0.6

Notes: <sup>a)</sup> Euro zone in 2006; <sup>b)</sup> \$1292 billion in 2006 together with Hong Kong, which accounts for 10.8% of world exports; <sup>c)</sup> South Eastern Europe and the CIS countries.

Sources: Partly own calculations after UNCTAD Handbook of Statistics 2003, 2–15; UNCTAD Handbook of Statistics 2004, 2–16; UNCTAD Handbook of Statistics 2006–7, 2–16.

Table 6  
Growth rate of export value by country groups and certain countries  
(1980–2006)

	1981–5	1986–90	1981–90	1991–5	1996–2000	1991–2000	2001–5	2006
World	-0.7	12.4	6.0	7.6	3.7	6.7	11.3	14.8
Developed countries	0.1	13.8	7.6	6.6	2.7	5.7	9.4	12.6
USA	-1.1	14.0	5.7	7.7	5.2	7.3	3.3	14.3
EU	-1.3	15.1	8.0	5.8	1.9	5.4	11.8	12.8
Japan	5.7	10.0	8.9	8.7	1.1	4.1	6.5	8.3
Developing countries	-3.7	12.5	3.1	11.0	5.7	9.1	14.1	17.6
Africa	-6.8	5.6	-1.7	0.3	2.2	3.1	16.3	11.7
North Africa	-5.7	2.8	-3.9	-1.6	3.1	2.5	16.6	11.6
Other Africa	-7.5	7.3	-0.5	1.3	1.8	3.4	.	.
Asia	-3.9	15.5	4.7	12.9	5.6	9.7	14.9	17.7
Western Asia	-14.5	8.4	-6.0	2.3	8.6	6.1	17.3	12.6
Central Asia	.	.	.	.	4.2	.	.	.
Other Asia	5.2	18.2	11.1	15.0	5.1	10.3	.	.
China	7.6	18.3	12.8	18.7	10.0	14.5	26.7	27.2
South Korea	11.5	18.1	15.0	12.8	5.5	10.1	12.9	14.7
Latin America	-0.5	7.6	1.7	9.2	8.1	10.3	9.7	20.0
Brasilia	5.1	7.6	5.1	8.9	2.4	5.9	17.1	16.2
Mexico	8.1	11.0	5.9	13.8	14.7	16.1	5.3	17.0
Argentina	-0.3	9.9	2.1	10.6	3.2	10.1	9.1	15.1
Central and Eastern Europe	2.5	0.5	2.2	5.0	4.4	8.2	19.9 <sup>a)</sup>	22.8 <sup>a)</sup>
Russia	.	.	.	.	2.0	.	19.2	24.0
Hungary	-0.4	2.9	1.6	3.5	17.1	12.5	18.5	17.1

Note: <sup>a)</sup> South Eastern Europe and the CIS countries.

Sources: UNCTAD Handbook of Statistics 2003, 2–15; 2004, online Tables 1.2; 2006–7, 26–32.

Table 7  
Development and ratio of trade balances to imports in main country groups and countries<sup>a)</sup>  
(1970–2006)

	Trade balance (USD billion)						Ratio of imports (%)					
	1970–71	1980–81	1990–91	1995–96	2000–01	2005–06	1970–71	1980–81	1990–91	1995–96	2000–01	2005–06
World	-12	-32	-114	-54	-103	-257	-3.7	-1.6	-3.3	-1.1	-1.6	-2.4
Developed countries	-11	-109	-112	18	-236	-707	-4.8	-8.3	-4.5	0.5	-5.6	-10.0
USA	-2	-34	-113	-185	-387	-805	-4.1	-13.7	-22.4	-24.4	-34.2	-46.6
EU	-9	-66	-58	88	27	4	-6.4	-8.3	-3.8	4.6	1.2	0.1
Japan	2	-3	65	97	88	86	10.2	-2.8	28.5	31.2	25.8	16.6
Developing countries	-1	80	5	-61	130	366	-1.6	18.0	0.7	-4.2	7.3	10.8
Africa	1	12	-2	-7	-2	42	9.3	16.1	-1.8	-6.3	-1.4	17.2
North Africa	1	7	-8	-9	-8	22	32.7	22.3	-17.1	-20.1	-16.3	27.8
Other Africa	0	5	6	1	6	20	0.9	13.1	10.5	2.0	7.7	.
Asia	0	81	2	-25	157	276	-0.4	31.8	0.4	-2.3	12.4	10.6
Western Asia	4	95	15	20	70	120	55.4	105.7	14.3	14.5	40.8	33.3
Central Asia	.	.	.	1	3	.	.	.	.	10.0	23.6	.
Other Asia	-4	-14	-1,4	-46	84	.	-18.8	-8.0	-2.9	-4.8	7.9	.
China	0	-1	3	11	25	103	20.0	-7.4	6.0	8.7	12.5	15.5
South Korea	-1	-5	-5	-11	15	23	-59.7	-22.0	-5.8	-8.5	11.3	8.7
Latin America	-2	-11	7	-28	-24	50	-9.8	-9.3	5.8	-11.5	-6.9	9.7
Brazil	-0	-4	11	-3	-2	39	-7.8	-15.2	50.1	-2.9	-2.8	49.6
Transition countries	-0	-3	-7	-10	3	84 <sup>b)</sup>	-0.4	-1.9	-3.5	-4.4	1.0	26.5 <sup>b)</sup>
Russia	.	.	.	18	49	123	.	.	.	35.0	106.2	102.3
Hungary	-0	-1	0	-2	-3	-2 <sup>c)</sup>	-5.9	-6.5	5.2	-15.3	-11.0	-5.5 <sup>c)</sup>

Notes: <sup>a)</sup> Two-year averages at current prices; <sup>b)</sup> South Eastern Europe and the CIS; <sup>c)</sup> already EU members in 2003.

Sources: UNCTAD Handbook of Statistics 2003, 6–33; 2004, online Table 1.3 and own calculation based on Table 1.1; 2006–7, 38–46.



Table 8  
Time series of export volumes, 1980–2005, by country groups  
(2000 = 100)

	1980	1990	1995	2000	2005
World	31	48	67	100	129
Developed countries	34	52	69	100	119
Developing countries	24	40	63	100	149
Africa	65	69	79	100	120
Asia	21	37	63	100	162
China	7	26	57	100	302
India	21	35	67	100	190
Western Asia	76	53	70	100	119
Latin America	24	42	60	100	119
Argentina	36	63	73	100	135
Brasilia	32	58	72	100	162
Mexico	6	26	49	100	113
Transition countries	.	.	.	100	143 <sup>a)</sup>

*Note:* <sup>a)</sup> Transition countries except those joining the EU in 2004.

*Source:* UNCTAD Handbook of Statistics 2006–7, 206–10.