

GLOBAL VIEWS



Editor's note: The world has undergone many changes and shocks in recent years. Enhanced dialogue between scholars from China and overseas is needed to build mutual understanding on many problems the world faces. For this purpose, the China Watch Institute of China Daily and the National Institute for Global Strategy, Chinese Academy of Social Sciences, jointly present this special column: The Global Strategy Dialogue, in which experts from China and abroad will offer insightful views, analysis and fresh perspectives on long-term strategic issues of global importance.

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On the right track

The great efforts being made to ensure geopolitical changes favor development cannot be derailed

Year after year, we live in seemingly the same and yet different world. This world is changing even more today. It can be heard that this is not so much an epoch of change as a change of epochs. This is fostered by a combination of demographic, economic, technological, and — as always — political circumstances. Thus, the fundamental questions arise of whether they are heading in the right direction and are conducive to economic development.

In 1950, the global population was around 2.5 billion people, there



are now approximately 8.1 billion. The world's population is growing by some 76 million every year. The problem is that most people are born in places where the economy, due to its backwardness, is already unable to sustain them at a decent level. At the same time, in other, highly developed countries, the population is melting away if it is not fed by an influx of migration. While the fertility rate for the world is 2.3, in extreme cases it is as high as 6.73 in Niger and as low as 0.72 in the Republic of Korea. The problem, therefore, is not that there are too many people, but that there is an obvious surplus in some countries and an economically acute shortage in others. This phenomenon will gradually intensify the waves of human masses pouring across borders between countries, increasing political tensions along the way.

Far greater consequences for international relations are brought by the changes in the numbers of people in individual countries, especially the largest ones. Owing to high demographic growth rates and increasing life expectancy, the proportions in this respect have radically changed. In 1950, China had a population of 542 million and the United States had a population of 148 million. Since then, this ratio has increased from 11:3 to over 4:1;

there are now 1.41 billion Chinese and 342 million US citizens. At the same time, India's population has increased from 357 million to 1.44 billion. Notably, while the population of Europe and North America is projected by the United Nations to remain at its current level of around 1.125 billion by 2050, the population of sub-Saharan Africa is expected to double from around 1.15 billion to 2.1 billion.

A tremendous demographic imbalance, expressed also in the varying rates of population aging, will have an increasing impact on international relations and geopolitical arrangements, messing them up even further. While growing numbers of people will try to leave the so-called Global South, the rich Global North will only want to accept as many of them as their economies need, because for these countries the immigrants — aside from the cases linked to the humanitarian purposes — primarily constitute cheap labor and skilled personnel in the industries and services lacking a sufficient supply of staffs.

The hope is that countries working their way up will maintain perceptibly higher developmental dynamics than rich countries, which, by improving local living conditions, may reduce the urge to emigrate. On average, they are experiencing significantly faster growth rates than wealthy countries, many of which enriched themselves at the cost of the former during the colonial era. Also later, during the modern phase of globalization which gained momentum in the early 1990s, earlier colonial metropolises attempted to use liberalization and the integration of



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markets into the global system to their advantage, in line with the ideology and practice of neoliberalism, i.e., enriching the few at the expense of the majority. Now, hopefully, the time will come to make the most of irreversible globalization by making it more inclusive. This will not be possible if political globalization continues to lag so far behind economic globalization.

The latest projections of the International Monetary Fund assume global GDP growth of 3.1 percent for 2024, which is a result of the highly developed economies growing by 1.5 percent, while those

seeking to reduce the distance between them by as much as 4.1 percent. Counting in current prices, the cumulative national income of the former was \$61 trillion in 2023 and the latter \$43.5 trillion. These countries are still referred to in the IMF and World Bank nomenclature as “emerging markets and developing economies”, whereas I prefer to speak of them as emancipating economies, as they seek to take a better place in the ongoing geo-economic game.

Obviously, trends are more important than one-year quantitative changes. Having observed their

development over longer time frames, the trends are favorable for emancipating economies. Their current growth rates, surpassing the dynamics of rich countries, can be expected to continue until 2030. Thus, on the one hand, the differences in average incomes between wealthy countries and the economies chasing them will decline, while on the other hand, geopolitical influences will change to the advantage of the Global South. More and more economically advanced and populous countries will have even more to say at the expense of the diminishing influence of the mighty of this world.

In 1990, the share of the G7 countries — a group of the then economically largest economies, i.e., the US, Japan, Germany, the United Kingdom, France, Italy, and Canada — in gross world product was as high as 60.3 percent (including the US' 27.3 percent). In contrast, the share of Brazil, Russia, India, China, and South Africa — collectively known as BRICS today — was only 10.7 percent (including China's modest 2.9 percent). Now this ratio is no longer 6:1 — with all its geopolitical consequences — but only 1.6:1. While the G7's share of the world's aggregate GDP in 2023 was 42.2 percent (including the US' 23 percent), the figure for the BRICS was already 26.3 percent (including China's 18.5 percent). It should be added that, calculated in terms of purchasing power parity, China's share of gross world product is already larger than that of the US; the respective ratios for 2023 were 18.8 and 15.4 percent.

The income per capita of the population is therefore increasing — although, unfortunately, not everywhere. There are currently 26 low-

income economies (defined as those with a GNI per capita, calculated using the World Bank Atlas method, of \$1,135 or less in 2022), 54 lower middle-income economies (GNI per capita between \$1,136 and \$4,465), 54 upper middle-income economies (GNI per capita between \$4,466 and \$13,845), and 83 high-income economies (GNI per capita of \$13,846 or more), according to the World Bank's income classifications. These incomes, especially of the emancipating countries, could be so much higher if geopolitical arrangements were more conducive to economic development.

The power of geopolitics can be immense. Sometimes it fosters pro-development regional economic integration, as in the case of the European Union or the US-Mexico-Canada Agreement. At other times it hampers development, as happens during disruptions in supply-production-trade chains. The problem is that geopolitics is guided by different rationales than the principles of rational economic activity, causing economies, even if they are remarkably close to each other geographically, to be at geopolitical antipodes, such as the US and Cuba, India and Pakistan or Poland and Belarus. On the other hand, geographically distant countries are becoming geopolitical neighbors, such as Japan and the US. The tremendous efforts being made to ensure that contemporary geopolitical changes favor development, rather than harm it, cannot be stopped. The more inclusive — win-win — globalization is, the better.

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