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OECD'S Forecast for Global Economy in 2060

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Organization for Economic Co-operation and Development (OECD) recently released a research analysis- **The Long View: Scenarios for the World Economy to 2060.**

- World real GDP growth will decline from 3.5% in 2018 to 2% in 2060.
- By 2060, India, China, and Indonesia combined will represent almost half of the world's economic output.

Findings of Research

World growth slows and weight of emerging economies rises

- By 2060, the global real GDP growth rate will decrease. The share of Emerging market in Global GDP will increase.
- China's share of world output will be at its peak during the 2030s at about 27% and will decline thereafter, while India's share in Global GDP will keep increasing.
- By the mid-2030s, India's contribution to global GDP will be the largest and will surpass that of China.
- Causes for the decline in global GDP: Decline in working age population due to population ageing will decrease employment rate as older people are less likely to be employed than middle-aged people.

Prospects for Emerging Market Economies

- The world's economic center of gravity continues to shift towards Asia
 - The center of gravity of world economic activity will move from North America and Europe towards Asia.
 - Therefore, countries that are geographically closer to large markets like India and China will become less economically remote and will benefit from easier access to their markets.
- Living standards continue to improve
 - Living standards in all countries will continue to improve with rising GDP and will gradually move towards that of developed countries.
 - But living standard in BRICS and low-income countries will remain below and almost half to that of the USA in 2060.
- Institutional reforms would speed the convergence of emerging market economies
 - The BRICS countries have scope for improvement in the quality of governance and level of educational attainment.
 - If BRICS improve quality of institutions and raise educational attainment, then living standard in BRICS will be 30% to 50% higher in 2060 than now.
 - Institutions are important because they can create positive incentives for business investment, technology adoption, and human capital accumulation.
 - Institutions may encourage people to work towards the growth-enhancing environment, or they may lead to corruption and personal gain at the expense of the rest of society.
 - Education will enhance the knowledge and skills in individuals and also will encourage:
 1. participation in groups.
 2. opens doors to job opportunities.
 3. makes individuals better aware of their rights.
 4. improves health.
 5. reduces poverty.

- Organisation for Economic Cooperation and Development
 - The OECD is an intergovernmental economic organisation, founded to stimulate economic progress and world trade.
Most OECD members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries.
 - Founded: 1961.
 - Headquarters: Paris, France.
 - Total Members: 36.
 - India is not a member, but a key economic partner.
 - Reports and Indices by OECD
 - Government at a Glance 2017 report.
 - International Migration Outlook.
 - OECD Better Life Index.
- Emerging Market Economy: An emerging market economy is a nation's economy that is progressing toward becoming an advanced economy.
- BRICS is an international grouping consisting of Brazil, Russia, India, China and South Africa.