

Analysis and Communication of Economic Reforms. Baku 2020.

## **REGIONAL AND GLOBAL PROBLEMS OF ECONOMIC DEVELOPMENT**

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Economic growth can be defined as the increase or improvement in the inflation-adjusted market value of the goods and services produced by an economy in a financial year. Statisticians conventionally measure such growth as the percent rate of increase in the real and nominal gross domestic product (GDP).

Regional and global problems of economic development encompass a wide range of challenges that hinder the progress and well-being of nations and people worldwide. These problems can vary by region and are often interconnected.

The biggest problem of developing the world economy is the intricate relationship between poverty, inequality, and their impact on economic growth. Inequality can undermine institutions that promote the well-being of all members of society.

It also emphasizes that economic growth regressions, which account for average incomes and inequality but not poverty, may overlook factors that harm economic growth. By including poverty as an explanatory variable, the concentration of disadvantage in the population is considered. The effects of poverty appear to be distinct from and, in addition to, those of low average incomes and inequality.

Empirically, the passage raises two important questions: First, whether the negative relationship between income inequality and economic growth remains valid when poverty is considered as an explanatory factor. Second, it explores whether the relationship between inequality and economic growth is influenced by the level of poverty in a given region. The findings indicate that taking poverty into account is significant. However, for higher levels of poverty, inequality appears to have a negative effect on economic growth. Furthermore, this negative impact of inequality on economic growth intensifies as poverty rates increase.

Also, one more reason of low rate of growth is unemployment. Unemployment means lower global demand and lower investment in

human capital. As a consequence of human capital erosion, the long-term unemployed lose their qualifications partially or completely, while their skills become obsolete in the times of rapid technological advancements. Furthermore, fiscal costs (lower budgetary revenues and higher social spending) which arise contribute to lower public investment and increased public debt and, in the long run, they hinder growth opportunities. High unemployment rates, especially among young people, can result in lost productivity and potential. It is a major challenge in many regions, particularly during economic downturns. When jobs or contracts are awarded to individuals or companies based on bribes or personal connections, it has a detrimental impact on fair competition. This results in more qualified candidates and firms being overlooked. The more prevalent such corrupt practices become, the more inefficiencies plague the economy. In developing countries, corruption can lead to underdevelopment. This occurs when international economic and humanitarian efforts are obstructed as funds, whether from loans or aid, are misappropriated or granted to subpar contractors who secured their bids through corrupt means such as kickbacks, bribery, or nepotism. Additionally, investment in both physical and human capital diminishes as resources are diverted away from their most productive applications. Some of the most significant impacts of the global financial crisis on the world's economy include the economic global recession brought forth by the crisis was defined by a sharp decline in economic activity, dropping output and rising unemployment. Corruption as an obstacle to economic growth At the macro level, the literature generally shows that corruption has a negative, direct impact on economic growth and development. Corruption also has an indirect effect on a country's economic performance by affecting many factors fuelling economic growth such as investment, taxation, level, composition and effectiveness of public expenditure. Economists have long identified a number of channels through which corruption may affect economic growth. Corruption distorts incentives and market forces, leading to misallocation of resources, diverts talent and resources, including human resources, towards "lucrative" rent-seeking activities, such as defense, rather than productive activities.

Healthcare expenditure can result in better provision of health opportunities, which can strengthen human capital and improve the productivity, thereby contributing to economic performance. It is therefore important to assess the phenomenon of healthcare spending in a country. Regional economic development is the process of economic development

of a region through which a region is capable to improve its economic, political, and social welfare. Nowadays in the regional science this term is often used by the academician, policy-makers and regional development agency people to indicate the growth of a region. In conclusion, the challenges of regional and global economic development are complex and interconnected. Unemployment is another significant challenge, as it leads to lower global demand, reduced investment in human capital, and long-term consequences for the workforce. Corruption further hampers economic development by distorting fair competition, misallocating resources, and diverting funds away from productive investments.

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