

Global Economy (1)

Excellent. OK, guys, so we're good. Thank you all for your patience in getting connected. It has never been [INAUDIBLE] when we're starting a global class. That's why we always spend a god 15, 20 minutes to work these things through. But we are now connected.

It is 9:15 AM Toronto Oshawa time. Oshawa is very close to Toronto. I'd like to welcome our participants from other time zones and other parts of the world for one more global class, which will always be like all the global classes, a great conversation.

So first, before we begin, I'd like to welcome you from Durham College in Oshawa, Canada with my students. I'm Lon Appleby, the host of today's global class. These are my students with me. There will be more coming in as we get closer to our normal start time. And we welcome first Bangalore in India, Christ University. Great to see you all. There's a good turnout there. And it is 7:45 PM? What time, Madu?

7:45 PM. Almost [INAUDIBLE].

7:45. Sure. And Madu, is it possible you can lower your camera just a little bit? I don't know if you have that option. Because we're seeing a lot of [INAUDIBLE] and a lot of lights. I don't know if-- that's better, yeah. Now we get more people and things. Yeah.

Part of the beauty of the global class-- that's perfect. Oh. Yeah, good. OK. Part of the beauty of a global class is seeing other people and what their location is like. So it's not just what we say, but it's also what we see. So that's important. Even thinking like what are you sitting in, how you're dressed, you know, what kind of curtains you have. I find that interesting, you know, because you're thousands of miles away from us. Anyway, so welcome Christ University in Bangalore.

We have one participant from Japan from Seisa University, a professor there, Toshinori Saito. Toshi, great to see.

[INAUDIBLE]

Yep. Nice to see you. Yes.

And what time is it there now?

It's 11:19 PM. Late at night.

Yeah, it's late at night. Exactly. This is the first time we've had Japan participate in a global class, and because of time zone differences, it was difficult to get the students out this time. But Toshi wants to join with the students, eventually. But he's at home, and I know he has to put his son to bed soon, or something like that.

Yes.

So you may have to leave. Go ahead. Go ahead, Toshi. Sorry.

My son is sleeping in the next room. So I have to go, but now it's very safe. OK.

It's safe, OK. I think we all understand because although none of us can remember, the truth is everybody has been in that position in their lives. They were a child. They were waiting for a parent to come, and take care of them. So we can all relate, I think. I'm pretty sure we can. OK, so Toshi, thanks. And then, of course, at last is Budapest's business school in Hungary. Thank you.

They have been a long time partner as we've [INAUDIBLE] the class, and just wonderful participants. Daniel [? Sibis ?] has been coordinating things there. Karena is with him as well. And today, what we're planning to do is right next to Daniel, on his right at the moment is Professor Thomas Novak just waving. Hi, Thomas. He is an economist, and the director of international relations at Budapest Business School, and it is large going to be his class.

He is our [INAUDIBLE] today because we are exploring the global economy, and he has a lot to help us understand in terms of how that works. And so what I'd like to do is just before we begin, I just [INAUDIBLE] location perhaps, say anything that they would like. If they have any questions, and then we will move on, Thomas, and let you do a presentation, a brief presentation, about the global economy, and then we will have our discussion.

So first, before we do that, and we go to each location, I would just like to remind everybody that this is a global class, and this is about the planet as one whole. So the space we've entered right now for the next 90 minutes in this cyberspace is that yes, there's a Hungary, yes, there's a Japan, yes, there's an India, and yes, there's a Canada, but in truth, there's something bigger here, and that's this.

And that's what we are really exploring is how we, from all of these different parts of the world, can work together, and live together in a peaceful way on planet Earth. And one of the big systems that unites us, and divide [AUDIO OUT] on planet Earth in this global civilization we have is the global economy. It is the most important system, globally, today. So Dr. Novak will be able to help us understand how that works in an introductory way, and he's prepared a talk called Geographic Comfort Zones.

So I'm really looking forward to getting to that, and then we'll talk about that. So first, before we go to Novak, in Bangalore, is there anything you would like to ask or say at this point before we do the more introductions here, and then go to Dr. Novak? Anything you would like to address? You're welcome to.

[INAUDIBLE]

We have here, students from Masters who are doing Masters in International Relations, and we also have students who are doing a Bachelors in [INAUDIBLE] economics and political science. So we are looking for [INAUDIBLE] has to say about the global economy. I think the students would be more comfortable asking questions after the introductory sessions [INAUDIBLE] before we start the questions.

OK, great. Thank you, Madu. In Budapest did you hear Madu? All right, just raise a thumb if you heard her. Could you hear Madu in Bangalore? So so. OK. Madu, just say that again, but just more loudly, OK?

OK. So we have students from masters degree from International Relations, International Studies, and we also have graduate students who are studying History, Political Science, and Economics. And all of them have at least one course in International Economics, and we would like to [INAUDIBLE] before we ask the questions. Thank you.

Are you OK in Budapest? Do you want me to repeat? You're good? And Toshi, did you catch most of that? Were you OK? Did you hear Madu in India? I think you're muted. You're muted now, Toshi. Turn your microphone on.

Sorry, sorry, sorry. Sometimes too noisy, or sometimes too loud, or the liver is too disturbing the sound. So I cannot hear. I'm sorry, I cannot hear clearly about her speech. OK?

Sure. No problem. What I'll do is I heard it clearly, and I'll repeat to you, and then I'll kind of translate when I can, just very briefly. What she said is that she has a lot of master's students and graduate students who are studying political science and economics, and that she would rather wait until after Dr. Novak's presentation before they ask questions. OK? So great, OK. So finally, Toshi, is there anything that you would like to say before we just quickly come here, and then go to Budapest? Anything in terms of the content of today's class?

My speech is very short. First I'm not the specialist of economy, or some kind of culturist. I'm only a researcher on the pedagogy of the media and computing. So I'm very interested in your [AUDIO OUT]

Is there anything you want to say before we start? Any question you have? You're welcome to it. And then we'll go over to Thomas, or Dr. Novak in Budapest. Anything? No? You don't have to.

I think I'd just like to hear.

Yeah, I think we're all anxious to hear Thomas, or Dr. Novak. So I think, Thomas, we are ready to throw the ball, if I could. I can't throw it. OK, I got to throw the ball, but here, I'm going to give you the planet for now. Oh, you've got it. Oh, Karena. That's fabulous. When I was in Hungary. Way to go, Karena. You brought it with you. Lovely. OK, Thomas, so you have the planet. Tell us about geographic comfort zones, the economy, whatever you like, and then we'll listen, and then we'll begin our conversation. OK, so please, go ahead.

OK, thank you. Can you hear me? OK, so, good morning, and good evening to everyone. It's quite complicated to address, correctly, the time zone. But now it's quite clear that we have at least three or four times included.

And here are our students, who are also [INAUDIBLE] and master students of International Economics and International Business, mostly. And just to add to the complexity of the global class, we have students coming from very different parts of the world, including Moldova, South Africa, China, and many other countries. So it's very complicated. So I'll try to be as culturally sensitive as I can because we have so many nations included here.

So first of all, I would like to make a very brief introduction regarding the framework conditions of the current global economic development, major drivers. So the first point is the drivers of global economic relations at state level. So let's see the state level. What can we see currently? The first point is that we must mention the United States [INAUDIBLE] player. And there have been changes in the recent year.

We might say that the current US administration seems to behave differently on the global economic relations than to the previous decades. Let's put it this way. Which mostly concerns the level of liberalization, level of free trade among countries in the United States. I just want to mention to you a simple example. The first is related to the new US administration policy on the North American Free Trade Agreement area. So there seems to be a change.

The other example relates to the so-called Trans Pacific Partnership, which mostly related to the Asia Pacific region, and it was meant to be a very big economic free trade zone, including the United States. But after the elections, it was simply just erased. So this is clearly a change compared to the previous year [INAUDIBLE] free trade and liberalization, something new can come in the future.

So the second point here relates to China, and we have several Chinese students here. What we can see about China is the growing importance of China in the global economic affairs. And it is expressed mostly in the more and more significant international investments, and international trade.

As for your information that the Chinese prime minister is currently in Budapest because China is very much interested in the central and Eastern European region, and we are also very much interested in China, of course. So China has big investments. They want to be a tremendously big infrastructure coming from China to Europe. So that's the second very important current driver.

The third driver relates to-- and I would use a keyword as restructuring. Restructuring here is that countries and continents like India or the African continent are emerging very, very rapidly because of the quite significant GDP growth rates. Economic Growth is significant. And in addition to that, there are the very [AUDIO OUT] in India, a lot of people can get jobs in the next decades, and the same is true for the African continent. So it seems to be that there is a clear restructuring.

Then comes the European Union, and what we can say about the European Union that it seems to be that the earlier successes of the European integration has been questioned in the recent years. And Europe [AUDIO OUT] States, and Europe, and [INAUDIBLE] might definitely know about the Canada-Europe free trade agreements, which has entered in force just recently. But at the same time, there is a planned agreement between the United States and the European [INAUDIBLE] Trans Atlantic Trade and Investment Partnership, which has been questioned. So basically, these are the most important changes and drivers at state level.

Let's move forward. There are additional drivers in the global economy, currently. The first relates to economic and political theory, and international relations theory, which considers the question of liberalization, and protectionism-- economic protectionism, economic liberalization.

The previous decades, it seemed to be that there was a kind of mainstream agreement which said that liberalization is rather good, at least in the Western world, and protection is not good because that can limit the economic development of the countries. And now it's not so clear whether protection is good or bad, liberalization is good or bad. I don't know. Maybe you know better than me, but you should answer to that. There is this kind of theoretical change.

The second point relates to technological advancement-- internet, logistics. These are very, very important. In Hungary, and in your countries as well, our students can choose to buy things, and goods through internet either from Amazon, a giant US firm, or from Alibaba, a giant Chinese firm. That's something. So you can choose between them, and I can tell you that most of the students and myself will probably choose Alibaba because it's cheaper than the Amazon. So that's--

[LAUGHTER]

Wait a minute. Let me stop you there for a second. I've never used Alibaba, but when I go to Hong Kong, and-- but [INAUDIBLE] use here, Alibaba?

Yeah, people do.

Really?

Yeah.

A lot of people do.

Wow, the power of China.

Every year they have an annual sale, and this was the highest. I think it was \$30 billion worth of sales in one day. The president [INAUDIBLE], he promotes it.

You know, Thomas, I confess that I get to Hong Kong quite a bit, and mainland China a little bit less. I've yet to use Alibaba, but I know of it. I didn't realize it's so-- just so we can stop for a second. Brian, go ahead.

There are also other even cheaper sources. For example, my Korean family uses an even cheaper Chinese sourced online store, and even though a third of the packages the order never show up, it's all so cheap, they still save money.

Wow, it's so interesting. Thomas, we'll come right back. Your point about your second key driver is China. You talk about the United States, but then you say-- so we really-- China, and then India. So we'll return to that because it's fascinating. Anyway, sorry. Go ahead. Please continue.

So you see now that technological advancement is really important thing, and your students know it better than you probably. So And the third point--

Very true, very true.

And the third point here is related to internationalization of education. International students are coming from everywhere to several countries, and I'm almost certain that in your country, or in the United States, the biggest demand for higher education is coming from China, India, and African

continent. So that is again, something, because several hundreds of thousands of students are just studying in different countries.

So the question here is that what can be the implication of that? And it also related to liberalization because without economic and political liberalization, it would not have been achieved. So that made a difference. So there are many, many students coming from these countries, and we have a big international student body, and I love that, but I'm very curious about its implications for the future. What does this mean in our lives? Or better to say, in their life because we are too old, but anyway, we will see.

And it comes to the fourth point here, is the changing of the meaning of geographical distances. So just 200 years ago, it was almost impossible to travel between continents, or it was very, very difficult. Now it's very easy. So it again, increased the number of the contacts, and the number of the interactions between the people. That's again, related to, I would say, liberalization of protection in global international political relations, and global economics.

And then after identifying probably some of the most important drivers, let's see the future. What alternatives can be for the future based on these different drivers? And I would say that the first alternative is just say that OK, let's wait and see what happens. What happens in the United States, what happens in China, and the other countries, we'll just wait and see what the giants will do in the future, and they will behave accordingly, and they will adjust to these changes.

The second point, or the second alternative can be that the global economic and trade liberalization will be stopped. A kind of disengagement, and the emerging protectionist tendencies in every country due to migration, due to economic interest, or any others. So that can be the second alternative for the future.

The third theoretical alternative can be that large scale initiatives would appear like the Chinese initiative, the [INAUDIBLE] initiative, which is exactly aimed at building a large scale infrastructure between China and Europe, making it easier to travel, and to sell products from China to Europe, and from Europe to China. It's a kind of replacement of the earlier role and position of the United States, or the European integration. It [INAUDIBLE]. So this is the third possible alternative.

The fourth, I would say that a trade war, war between the countries, but in economics. Trade war, which was exactly the case between the two world wars. It was 100 years ago, but at that time-- and we don't remember for that-- but at the time, most of the countries turned themselves inside. They just emphasized their own domestic interest, and the result was a kind of trade war between them, and the results were terrible. Just think about the second world war.

And the fifth point is that it might happen that the states will voluntarily enter again into a kind of [INAUDIBLE] which means that let's go to the negotiating table, and let's discuss the problematic issues in international economics and trade. So I see these five possible scenarios for the future, and I'm very interested in your opinion on that, and of course, the opinion of our students here. So thanks a lot. That's a brief introduction to that.

Thank you so much, Thomas. That's brief, it's to the point, it's so well organized, and there's a lot there that we can build the whole class around. So I would like to throw this open as quickly as possible. There are a lot of things we can talk about here. I particularly love when you talk about the future, and what it might be. But let's start, OK?

And we also have-- just so you know, everyone knows, we can see, here, the live stream on the website, and I see questions already on the live chat feature coming in from Bangladesh, and elsewhere. So we'll get to those. So for the Live stream viewers who are sending questions in, I'd like to first give everyone here a chance just to address Dr. Novak's points, and then we'll get to the live stream questions.

So why don't we start then, OK? Just give your name first, OK, so we [AUDIO OUT] and then we'll continue. So we'll [INAUDIBLE] here with Abinov, and then we'll just-- I'll guide it, try to keep the chaos more or less organized, but chaos is good. It's creative. So Abinov, go ahead.

I think in this debate between liberalism and protectionist style of economic development and running the economy, we need to focus on forced liberalization of the economy. [AUDIO OUT] was that countries that had not yet reached the mark of GDP to join the EU were allowed to join the EU, and because of this, countries like Greece, Italy, Portugal, Spain, and Iceland, which are also part of the EU, are now facing such economic disasters.

At one point, Iceland had the highest income per capita, and the highest net worth per capita. But it was just a housing bubble because of the free flow of currency around the country, right? So we must focus on having a [INAUDIBLE] liberalization of the economy where when you set certain rules such as the GDP, and the amount of income per capita that is allowed to join the EU, only such countries must join the EU.

Otherwise the stability decreases, and it decreases the trust in the system, which is why a lot of protectionist movements have risen across European Union, such as Brexit, and the new Austrian prime minister was an extreme, far right prime minister, right? So we need to focus on how liberalization must be done in a right way so that it doesn't spoil the future.

Excellent point, and talk about forced liberalization. Actually, is it OK, Thomas, if we just keep going to the students, and then we'll come back to you to address these questions? Just to give the students a little bit more of an opportunity to address what you said, and then we'll come back to you for answers. Or would you like to say something immediately? You're good with that. OK, great. So forced liberalization, the question of how will we liberalize. Toshi, is there anything you would like to throw into things at this point?

Forced liberalization. I don't know much about the global economy. I have a question about-- liberalization is accompanied by the economical growing or not because economical growing needs being [INAUDIBLE] or not. I want to know.

The question is does liberalization actually lead to growth in the economy or not. Is that really true? That's a great question because we all assume it does. OK, well, thanks, Toshi. And then in Bangalore, guys, anything there that you'd like to begin this interaction with? We have lots of time. So no worries, but is there any question or comment?

Oh, yes. When we speak about "liberalization", can you hear me?

Yeah, just go a little louder. Don't shout, but almost shout. Go ahead.

When we speak about post-liberalization, I think most of the economists tend to forget the political aspects, socio-economic aspects because we cannot differentiate or we cannot isolate the economic effect of liberalization from political stabilities.

Let's take an example of [INAUDIBLE] let's take an example of [INAUDIBLE] let's take an example of the economy. What's happening with it? In this, because of liberalization, [INAUDIBLE] I think late 1980s and 1990s what happened there was this [INAUDIBLE]. Political power has been [INAUDIBLE] without distributing it.

So it actually-- why does the gap off bridge and [INAUDIBLE] it brings economic instability. It actually [INAUDIBLE] so how can we say that forced liberalization or imposing liberalization, all this promoting liberalization without actually understanding the social, economic conditions, and political conditions or bringing of the political stability in [INAUDIBLE]

OK. What's your name?

Yeah, my name is Arun.

With the audio, and then there's several syllables going in there, you've got to-- it's the combination of the bad audio and multiple syllables. How do you spell it?

A-R-U-N.

Oh, it's Arun. Two syllables. Why did I hear-- I heard four syllables. I think it's the audio.

Can I answer that?

Well hold on two secs. Hold on two secs just because I want to-- this is great, and there's a lot of-- Thomas, did you get that final comment from Arun about politics and political stability, that we have to address that too? Did you hear that?

Yeah. Yes, I did. But before I answer to that, I would like to invite out students here just to make a comment. So if there are any comments to that, or opinions, because I know that they have. So be brave. Yeah.

Great.

OK. My name is [? Kanya. ?] I'm coming from South Africa. For me, when it comes to the liberalization--

Come into the camera. We can't see you. Sorry, we need to see your--

OK, you want to see me?

Oh, there you are. OK, good. Great.

I think that when it comes to the liberalization, [INAUDIBLE] matters that should be put in place, it should be the terms of the liberalization because what's happening-- if you can take a look at, for instance, most of the [INAUDIBLE] when it comes to liberalization, they tend to explode those less developed countries, which is they also use those less developed countries as they [INAUDIBLE] in place of some certain product.

Which is at the end, for me, I believe that even if we can also take a look-- for instance, on their investment of the foreign [AUDIO OUT] that [INAUDIBLE] developing countries, that would be the recipient country of the foreign [INAUDIBLE] because that's happening. For me, I don't see any more much positive impact on the economic growth of the country. If

Let's say the foreign [INAUDIBLE] let's say from Germany that has put foreign direct investment in Hungary, if ever, let's say, the profits that they are making, they're going to go, and probably reinvest them in Germany. So for me, it's sort of like this exploitation of the Hungarian resources. Why not the foreign interest should reinvest in the SMEs within Hungary so that also the Hungarian enterprises could be able to develop themselves, and the economy could develop.

Sure.

Rather than [INAUDIBLE] always dependent on the foreign direct investment. So I think there is some regulations on the liberalization. How are we going to [INAUDIBLE] allow your [INAUDIBLE] to trade in our country at the [INAUDIBLE] that these are the conditions.

What's your name, again, sorry?

Kanya.

Kanya. Thank you. K-A-N-Y-A? Kanya?

Yes.

Excellent, Kanya. Thank you very much. Thomas, please, if there are other students, go ahead, but it's yours to help us understand.

Hi, can you hear me? My name is Craig. I'm also from South Africa. I actually want to [INAUDIBLE] a different point that was raised by Dr. Novak, and that is the internationalization of education. So one of the points that was made is that there's an increasing trend of university students studying abroad, physically traveling to another country, and studying. But at the same time, you mentioned technological advancements.

So the way I see it, in the future there will be more global classes, and more people learning online, whether it's self-learning, or whether it's, as I said, with global classes. So I don't think the trend of physically traveling to another country is sustainable, simply due to the fact of technological advancements, which is also quite sad because I think [INAUDIBLE] is that you grow more from physical interaction with diverse cultures as opposed to through technology.

The other point I actually want to make as well is that when it comes to [INAUDIBLE] populations in the world, you mentioned India as well as Africa. There's a lot of youth that are there, and with technological advancements.

There's also artificial intelligence, improvements with automation, and robotics, which [INAUDIBLE] the entire labor market, and also disrupts the whole global economy. So I would actually like some comments on how one can respond to that because whether it's a universal minimum wage, or whatever, but nevertheless, it is disruptive. So it will be interesting to hear what he has to say there.

Great. Just to add, Craig, before we get to Thomas, we had a class yesterday here. I teach a class called Humanities Destiny, just about where we are on planet Earth are going in this Millennium, and artificial intelligence came up again, as it continues to come up as the number one thing that students are thinking about in terms of the future, in terms of job opportunities, job displacement.

So it's really great that you brought that up, AI, and how that might impact the global economy. Anyways, Thomas, please go ahead. Try to help us understand a bit about coming back to Abinov, and his point about forced

liberalization, and whether liberalization is actually a good thing or not. Does it create dependency of a less developed country on a giant? There are a lot of things here around liberalization that I think you need to address. So please, go ahead.

OK, thank you. There have been several very good questions. Let's turn to this forced liberalization, and you used the examples of European countries like Hungary and other less developed European Union member states. I would say that-- let's begin with the theoretical perspectives.

In theory, we have two basic virtues. The first says that we must have a sudden and forced liberalization to be introduced in a less developed country because then it would have a big pain in a country, but only for a short period of time, and after that very rapid development begins. So that's the first school of thought.

The second school of thought said that if [INAUDIBLE] thing, you must be very, very careful, and this can be called as a gradual easement. You must introduce liberalization stats only one by one in a very great deal way because it would give enough time for the domestic economic to adjust to this increasing competition. And my stake here is that I don't know the answer. In fact, I have to tell you because I can mention you several very successful countries which had really liberalized their economy overnight.

I want to mention you first, a very small European country, which is Estonia. Estonia is very small. It was really, a forced and sudden liberalization of everything which is related to domestic and international economics. And today, this country is probably the most rapidly developing central European state with the highest internet penetration, and the best endowments with IT experts. So that's a very good example.

But there is, again, the bad example of the Greece, or some other Western European countries like Portugal, where there was not such a sudden liberalization, but definitely, the liberalization was quite rapid, and the outcome doesn't seem to be very satisfactory at this stage. So good example, bad example in Europe, and that's certainly--

Asian economies. The Asian country. They are a very, very successful country that started their economic development, and their very protective trade and economic regimes. Let's have the example of South Korea, or the

China, or even Japan, or I would tell you, the United States. That United States started its economic development in the [INAUDIBLE] with the complete protection against the Great Britain.

So that was the first and most protectionist regime ever introduced in the United States. So I would say that probably, the best solution is a kind of phasing of liberalization. That first, if a country is under developed, the solution probably is better if you have a more protective regime.

But then it can come to question, there from, you can finance your development if you don't have liberalization and capital inflow because there are some countries where the lack of domestic capital makes it almost impossible to finance development. In Korea or in China, it was the case because they had a very large domestic savings, but they were able to finance their development from their own sources. But let's have the example of Hungary, my country.

At the beginning of the 90's, they did not have any capital to be invested in the economy. They had an extremely high indebtedness to the western and foreign debtors. Stores So we were forced to liberalize, in fact, because we did not have other choice at that period.

And they seemed to be working very well for several years, and Hungary became the most successful country in the central Europe, but it is not anymore, unfortunately, but I wouldn't say that the forced liberalization is bad or good [INAUDIBLE] it depends.

It depends on the economic history period, and it depends on the country. So it's very complicated. We do not have a clear answer to that. You always must analyze individual countries in a given international economic and political environment [INAUDIBLE]. That's my answer to that.

Regarding the liberalization and economic growth, if I were a Western European or a US economy, definitely I would say that liberalization is needed for economic growth because it [INAUDIBLE] to sell more products abroad, which then contributes to the profitability rate of the domestic purse, and things like that.

But if I were a Chinese economy, or Korea economy, or a Japanese economy from the 50s, then I would say that no, we don't need that. At first, we must

develop our manufacturing industry from domestic resources, and allow our exporters to go abroad, and don't allow importing into your country.

So after [INAUDIBLE] development like in Japan, or in South Korea, or in China, then you can allow import because then you can compete with the foreigners. And in addition to that, you must provide a good or strict regulation like the China has.

For example, you can invest in China whatever amount you want, but you would never get the major ownership in a Chinese foreign joint venture firm. So that's the key. Everybody wants to invest in China, and the Chinese want that, but they wouldn't let the control out of their hands.

Well, Thomas, let me stop you for a sec. Let me stop you for a sec only because I see there's quite-- we're getting quite a lot of questions coming in on the live chat, and Sundeep has identified one. I just want to make sure the live stream viewers have a chance to also contribute, and then we'll come back because I just want to thank Abinov that you've really introduced a great theme of liberalization.

He was addressing it, but now this idea of forced liberalization, that's a very important conflict, potentially. So it's very good. We'll come back to that as well. But let's see, there's a question. It looks like it's from Bangladesh, from Daka.

India. Christ University.

No, up here. That's [INAUDIBLE]. I'm pretty sure [INAUDIBLE] is in Bangladesh, if I remember. But maybe it isn't. Is it in India?

Bangalore.

Bangalore. Yeah, he's in Bangalore. OK, so sorry, because I know we have some students watching [INAUDIBLE] just, of course, Northeast of you in India, in Bangladesh. But anyways, the question-- hasn't advancement of technology also lead to increased vulnerability of online frauds? OK, let me repeat that.

Has not the advancement of technology also led to the increased vulnerability of online frauds? So has corruption, I guess, increased as the same time as technology has also advanced more. What do you think,

Thomas? Are we dealing with an economic problem? More frauds are being committed, more crime is being committed now as a result of more technology.

Yeah, for sure. The technological development is continuous, and all these new instruments, and technology fears, which makes possible for certain economic actors to utilize it in a wrong way, and it happened always because the regulation is always slower than the technological development. So I wouldn't say that the number of this [INAUDIBLE] is more widespread currently than it was 20 years ago, or 40 years ago.

What definitely has changed is that the amount, which is in question, significantly due to the liberalization of financial transactions. Now it's much easier to send money from abroad. There are the mergers of [INAUDIBLE] currency. So I wouldn't say that it has become much more widespread due to the technological advancement because it was always the case, but it's more visible.

I would say it's more visible, and more people know about it because of the internet technology. You write an article in the United States, and you can read that all over the world at the very same moment. So more people know more about these frauds than they knew about these frauds just 20 years ago. So I think that there is no significant change, but definitely the knowledge of--

The knowledge. Yeah, the awareness. Sure. And the knowledge. OK [AUDIO OUT] sure, go ahead.

Yeah, just to a point that was brought up earlier about--

Yeah, right here. Go ahead.

Just with a point earlier about how certain countries reacted differently to forced liberalization. I think part of that is how the country as a whole deals with its own economy. Greece, for instance, while it [INAUDIBLE] it also has a very big welfare system where a large majority of the country other than working or surviving off that welfare state. And so people in the country weren't in a state to take on that forced liberalization, and that business standpoint because a majority of them were relying on the government for their monthly paychecks rather than their own intuition.

Very good. OK, Avery, sorry, I heard somebody. Hold on, did somebody want to add to that in terms of-- Avery is giving the example of Greece, and his opinion is that liberalized [INAUDIBLE] really did not work there, as also Thomas had mentioned as an example where in your opinion because there were a lot of people-- how can I say this.

In your perspective, we say gaming the system. They were using the government through welfare fraud, and they haven't developed an entrepreneurial kind of attitude to liberalize, or something like that along those lines. OK. Did I see somebody in Bangalore wanted to comment on that at all? Or--

There are a couple of [AUDIO OUT] and then we'll come back to it. We have a couple more questions.

Please go ahead. Share, Madu, please.

OK, I had a question for Thomas, and the question is about here in India we are very much worried about the Chinese [INAUDIBLE] the infrastructure project they had started, but it looks like Hungarians or Europeans are more welcoming of China than we are here in India.

[AUDIO OUT] [INAUDIBLE] of course, [INAUDIBLE] China, but we are also worried that it is going to overtake-- it's going to take the position of the United States and Europe before China became popular, or before China [INAUDIBLE] power. So isn't China replacing the United States and Europe as well? Or are we just too China-phobic? What is your take on that?

Thomas, did you get that? It's a great question.

Could you repeat it?

OK, sure. And Madu, if I get the translation wrong, come on in, guys, please tell me. But I'm going to try to distill this down to one or two sentences. Basically, Madu, you were saying that in India right now, [INAUDIBLE] fear of China's expansion. Whereas it seems like there is more of a welcoming of China expansion. Is that correct?

Yes, it is.

Yeah, and so, Thomas-- it's great because you're bringing it back, Madu, to a very critical point that Thomas made at the beginning about the second driver in the global economy other than the United States is China. But what seems to be emerging in our conversation is that China is now becoming more [INAUDIBLE] just in terms of our conversation. So Thomas, how do you answer Madu in India when she is saying we are a little worried about China in India right now, but you aren't in Europe. How do you answer that?

That's a very good question, and this brings me to the importance of geographical distances because India is very close to China, geographically, and Europe is not so close. So it's quite far from there, and I would tell you the central European perspective because in central Europe, several countries today, consider that we are too much depending on the Western Europe.

80% of our trade is carried out with the European Union countries. 85% of the foreign direct investment scheme to the Western Europe or the United States. I think the general consensus says here that we are too much depending on the west. So let's somehow diversify our economic relations, and the best solution can be the China, which has the capital enough, and the interest in economic relations.

And there is another point that most of the analysts in central Europe says that at the moment, China doesn't want to get something in [AUDIO OUT] so here, the politicians, and I would say the experts too, say that OK, China is coming, is investing, but it doesn't want anything in exchange, only business. Why--

Only business.

Like let's say the European integration, or the International Monetary Fund [INAUDIBLE] these countries to follow their politically motivated steps and behavior. So this is probably the general perspective now here that China now is good because it contributes to the economic diversification of the [AUDIO OUT] China is good at this moment because it doesn't want to get any political allowances or political things in exchange, which is different from the west.

So that's why [AUDIO OUT] not only the people, but the governments, and the politicians do not fear much about China. Of course, everybody knows

that the Chinese people and the Chinese government is very, very smart. But at this stage, nobody see that it would lead to dangerous situation. I'm sorry, we have Chinese students here, and if you want to add something, you can do that if you want. The floor is open.

Well, I was going to say, Thomas, that I'm sure Madu or others in Bangalore would like to respond to that because it's really interesting when we have a global class where we start to see the conflicts develop between countries, and we can address them in this class in a way where we really learn something, and understand.

So there does seem to be a conflict that we put our finger on right now, and that is China is the, let's say, the number one driver of economic change on this planet right now. Thomas, do you agree with that? It is now the number one driver of economic expansion on planet Earth. Yes?

Yes, because of two reasons. The first is that there seems to be this vacuum developing due to the [INAUDIBLE] of the United [AUDIO OUT] that there is the Chinese economic interests to develop their economic growth, and to maintain the economic development [AUDIO OUT] increasing the number of the countries with very good economic relations. So I would say these two reasons. One is related not to China, but to the United States.

OK, great. So, sorry, Daniel, you want to add something? Because I want to go back to Madu for a second. Daniel, go ahead.

Go back to Madu, and we'll come back to you this.

OK. Then China is the number one driver, and certainly, I could say that in terms of its impact on Canada, and Canadian immigration too, and number of Chinese students here as well. But Madu, and in Bangalore, why are you worried about China? Thomas has just said they don't want anything in return. It's just about business. It's just business. They're not going to get involved in human rights. They're not going to expect anything. Why are you worried?

Since as Thomas said, we are close to them, and that we [INAUDIBLE] of Chinese political intentions than everybody else does. We believe that we know more about it. But the main issue is that OBOR is not just an economic development, or a transaction project, it is, in fact, politically motivated to make it easy [INAUDIBLE] Chinese military movement--

military to move into Europe, if need be. If ever need be. I was not one of those who agreed with that view, but now that I hear Thomas say that central European nations don't think that Chinese need anything.

But [INAUDIBLE] European that strategic [INAUDIBLE] because China can [INAUDIBLE] if they construct those roads, and if there's free access for Chinese military to move in anywhere, we don't want them to come anywhere near India with that road, and that was our worry that they would come into anywhere close to India with their military, and which has happened before. So we've had that experience before. And I also want to actually know what the Japanese think of Chinese [INAUDIBLE] as well.

Yeah, exactly. I was just going to say, let's go to Toshi because Japan has a long history of conflict with China. They've been at war with each other. So Toshi, how do you respond to this?

OK, I think that yes, it is a fact that our country, Japan, and China has a long history of conflicting. Yes, and now the conflict is regarding the cultures, and also regarding the politics, and the economics, and something like that. We have to think that the Chinese is a very big part of the driver of the world economy.

So it is true, and so many of Japanese ordinary people are thinking about very emotional aspect of-- sorry-- conflicting, emotional conflicting about the Chinese. But we have to allow their system of, for example, education, or something about the economy with something like that.

And one thing that I know is that I have been in Shanghai in March this year, and I went to Shanghai [INAUDIBLE] that is one of the top university in China because-- why I went there, because I helped government research on computing education in Chinese. And they have very progressive, and very good system of education, and many of Japanese, unfortunately, don't know about that. And so they're--

Progressive. You're saying-- Toshi, that's interesting. You're a Japanese person who is actually saying China, in mainland China, in Shanghai, is progressive. Really interesting. Wow. Go ahead.

I think they're very progressive.

So are you alone, would you say, in your thinking? Or would you say that other Japanese feel the same way?

No. I'm a very minor person about the opinion because I have that opinion because I saw that in my eyes, but many of Japanese people don't have that kind of information about China. You know?

Sure. It's so interesting to hear your view. Abinov has his hand up, and I wanted to come back to him as well because you had actually said here that you wanted to say that forced liberalization has not been a good thing. Go ahead, and do you want to comment on--

Yes.

Go ahead.

I think we need to distinguish between liberalization in terms of a monetary union, and bilateral, and trilateral agreement because when you force a monetary union on [INAUDIBLE] nation such as the EU, and you don't have strict rules, which is that you allow any member, for political reasons, to join the EU, you risk harming the entire [AUDIO OUT] in the European Union-- in the euro has gone so low.

Because Britain is going to leave, Spain is on the verge of collapse if Catalonia leaves, Portugal is on the verge of collapse, Italy is on the verge of collapse, economically. So we need to focus and pay weightage to how forced liberalization works in terms of monetary unions, and in terms of bilateral, and trilateral agreement.

OK, but let me stop you for a second because I want to throw this a bit in your face. OK, sorry, this is why it's always fun to be in a classroom, to teach, is we can ask each other difficult questions, but respectfully. You said up here, forced liberalization. This is a comment that Abinov sent to the chat. So he's going on the chat, he's here. His mind is moving, it's great. Forced liberalization is not a positive.

Yes. And I meant forced liberalization in terms of monetary union because the entire statement is about the European Union.

OK, because if I understood correctly, Thomas was saying in Budapest that forced liberalization, Thomas, actually, is generally [AUDIO OUT] Estonia.

You give some bad examples of Greece and Portugal. But Thomas, you would say, generally, that we need to be forcing more countries to liberalize because that will actually help create stronger economies. Is that a fair assessment of what you said? I know I'm simplifying, but is that fair?

No, in some cases it might work, and in other cases it cannot work. But in some cases, it can be a good solution. It was the case in Estonia. And I also said that in the case of Hungary, it seemed to be a successful strategy at the beginning of the 90s.

So there are good examples, but there are these very negative examples. But don't forget, in [INAUDIBLE] Greece, Portugal, Spain joined to the monetary union voluntarily. They wanted to be in. They wanted to be in because they considered that it would be very beneficial for them.

So nobody forced them. Nobody said them that if you won't join, then you will be kicked out from the European Union. Look at the Brits, the Great Britain, the United Kingdom. They did not join. So I wouldn't say that it was forced, rather the individual countries were in favor of joining, even if they're not prepared for that.

Sure. OK, great. Daniel, go ahead.

Yeah, it's sort of interesting to me that you're sort of implying that the European Union should come out, and say that this country should not join because it's bad both for the country, and for the European Union itself. It's not such a huge stepping in that sense. There are less economically developed countries, for example, the V4 countries that came together [INAUDIBLE] flag of the European Union, and formed a smaller economic group.

Countries have more than one option to develop, or to react to whatever it is that you see as either a detriment or a benefit to itself. And just to sort of go back to a couple of the technology related questions, especially because there was a student here that actually brought up that, for example, artificial intelligence might be a threat to labor.

Yes.

And that was never answered, and this is probably something--

That was Craig from South Africa. Yeah, sure, go ahead.

And this is probably something that many of your students face as well because one of the things that is absolutely invaluable, regardless of geographic location, is ideas. Start-ups, for example, have become the driving force of the economy in many-- well, mostly Western, but many countries, and they are building almost entirely in ideas.

There are certain functions that can be automated, and there are certain functions that artificial intelligence can take over. For example, the argument could be made that there could be a robot that moderates these discussions. There could be an AI that sends out all the technical information, and then suddenly becomes essentially, useless to the class because those e-mails can be automated.

But simultaneously, there are certain situations that AIs can't [INAUDIBLE], and this is something that you wouldn't know unless you work with technology, unless you work with these things. But artificial intelligence in its current form is literally decades away from actually being [INAUDIBLE].

They can do certain things, and they can function in a very strict way, but they aren't actually [INAUDIBLE] So the bottom line here is that I think that even less developed countries, such as Hungary, or Africa, basically any country can bring its ideas. Particularly, for example, in Israel, there is an infrastructure to support ideas, and that's [AUDIO OUT].

Make a confession, but I am a living, breathing example. I am a walking algorithm. I am not real. I'm just binary inside me, and I am a hybrid-- anyways, I'm just kidding. But we all are on our way to becoming algorithms. But just a second, finish your point, and then we've got to come to India because I see a hand, and we'll come back here, Daniel. So--

And I think the bottom line here is that one thing that does get outdated are ideas, and innovation in general, And there are certain economic players that have taken strides to support that, to create an infrastructure that fosters ideas that helps young people come up with their own innovative ways to look at certain aspects of the global economy, and those countries are thriving.

For example, from Singapore to Israel. One of the things that the United States lost was that innovation. They've moved away from the United States. So the bottom line is that I think it comes down to individual responses. It's very hard to say that the European Union has made a mistake by accepting certain countries because why should the European Union, as an economic union, or a political union, [INAUDIBLE].

Well, I'll just-- before we continue, you're actually-- make a connection here that maybe we're not all saying, which is Toshi said in Japan that he went to a university in Shanghai, and he was quite impressed with its progressiveness. Toshi, is it correct for me to interpret progressiveness as being supporting new ideas? Would you say?

Their way of educating the students are very innovative. They accept the innovative way of thinking, or very creative way of thinking. I guess because in China there's a lot of people in university knows how computing is important or is going to be important [INAUDIBLE] of the Chinese country. And So their industry, and also their university people there were getting together to make the new way of educating computing majors, computing people.

Sure, sure.

But unfortunately, our country, in Japan, very few people recognize that educating the engineer of the computer science is very important issue for the country. Many people are thinking about investment of just money is [INAUDIBLE] but bringing such kind of young people of being engineering is not so important. I think that many of Japanese think that they can buy the technology.

Interesting. OK, well, the connection I wanted to make is that if China is investing more in ideas, and you've seen this, then perhaps that accounts, to some extent, Daniel, for why you're seeing a greater presence of China in Hungary because China is prepared to become more invested in new ideas, and they're prepared to be more open to the rest of the world. In the history of human civilization, China has largely been closed to the world.

If you look at human societies, China has grown often in isolation, but now they're actually opening much more to the world, and that's quite powerful. That may account to some extent for China's presence. Anyways, let me

come to India for a second, just to give you a chance because I know you're waiting, and we only have, believe it or not, about five minutes left, but we'll make the best of it. OK? So go ahead.

Hello. This is Ashitosh. If we go back to China's role in [INAUDIBLE] economy, I wanted to ask [INAUDIBLE] China's grand strategy of cooperative dominance over Eurasia faces its toughest [INAUDIBLE] I want to know how China is building its influence in the Eurasian region when facing hurdles in the Asia-Pacific regions. For example, countries like Singapore, Vietnam, Malaysia, they are very much insecure about the idea of [INAUDIBLE] and also the South China conflicts.

Sorry, can you [INAUDIBLE] again?

Ashitosh.

Can I ask you a difficult question? Because it's very important we come back to the theme that Thomas brought up at the beginning. He will have the final word on this as well when we talk about this. Are you [AUDIO OUT]

[LAUGHTER]

Why not?

I'm aware of the economic exploitation policy, which China is using. If you see an example of [INAUDIBLE] in China, what happened there [INTERPOSING VOICES]. If you look at the [INAUDIBLE] Pakistan, they seem to be reporting [INAUDIBLE] which is a Pakistani newspaper says that the 91% of revenue will go to the China, and 9% of revenue will go to the Pakistan.

Wow.

So it's very much exploitative--

Can you just repeat that information? You gave some very interesting information. I just heard the 90% Pakistan. I didn't get the whole thing. Just rewind, and say that again, loudly, OK? So we can all hear it.

[INAUDIBLE] corridor, which is extension of OBOR in Pakistan. They're [INAUDIBLE] in the Southern most area. So I'm saying that the revenue--

there are many models like that, and 91% revenue is go to China, and 9% revenue will go to Pakistan. For me, this is very exploitative in nature.

Yeah, exactly. OK, got you. So you're saying China actually is very exploitative when it comes to foreign investment. 90% of the revenue is going back to China in these investments.

It must also be stated how much they invested. If someone owns 90% of a company, they deserve 90% of the revenue. So that must also be looked into that how much has China initially invested. I don't know exactly what the point was, but it also must be looked at what they invest-- what? Sorry. It means also be looked at what the initial investment was. So

Sure, OK. Sorry, go ahead. Do you want to just add something in Bangalore? Yeah, go ahead. Oh, I see a hand. Oh, here we go. OK, just so you know in Budapest, we have about three minutes left, and I know, Toshi, you've got to go get your son. You've got to because it's past midnight in Japan. So Thomas, you will have the last final summary of some of the key points, and then we will continue this in another class. We need to get [AUDIO OUT] with China.

[LAUGHTER]

That's for sure. Go ahead, please, in Bangalore.

So I'm adding up the point what Ashitosh spoke about. He talked about [INAUDIBLE] when speaking of companies, 70% of the port controls. That is a nation, so [INAUDIBLE] is owned by China. So this isn't business anymore. China owns the sea. That means the whole of Indian ocean is technically in China's control, which is a threat position surrounding [INAUDIBLE] pretty much [INAUDIBLE] all over again.

OK. I think it's clear that in Bangalore, you've given some good information to all of us about why we might need to be more worried about China than we are. I'm not going to stand anywhere. I'm just trying to guide this. I don't want to give a position. But I have a reality here that has to be addressed, which is we're just about out of time.

And so I promise you all, including my students, we will do this again. We must have a class like this with China because we've really talked a lot about

it. But Thomas, you've listened to the conversation, you've helped us right at the beginning identify China as you said, the number two driver.

Incredibly, we haven't even talked about the United States, which tells you something about how the United States might be coming less and less [INAUDIBLE] at least under Donald Trump, and we've talked a lot China. That's what Donald Trump wants. He wants to withdraw from the world. Thomas, what should we-- how should we summarize this class? What do you think is really important for us to think about as we end this class?

I think that this class is very important because we identified several topics about which we can have the next global classes. The first relates, of course, to China. But I also would suggest to deal with this so-called welfare states because there was a very interesting comments coming from Canada, which said that perhaps with Greece, was partly related to this welfare state structure. It's extremely interesting, and also when we are talking about that, several intercultural differences can be imagined.

And the third very important topic related to digitization and artificial intelligence, which was mentioned by Greg. And I want to just add some two sentences to that, two facts. That although the digitization [INAUDIBLE] and although artificial intelligence is just deepening, and electronic trade is just growing, but there are two very interesting developments.

The first is that Amazon, a giant electronic book store of the United States, has just opened its first physical book store in the United States, which may indicate something. And the other is just checked through the internet the data on e-book trade in the United States. It has declined in the last two years.

It has started to decline, e-book trade. And instead of that, the printed book trade has increased considerably. So it seems to be that maybe there is a linear development of digitization and artificial intelligence, but there are very interesting new developments, which are just directing to the opposite direction. So I would--

That's great, Thomas. There's four ideas there, and for sure, we will follow this up. Toshi, I hope you will be able to join us, perhaps, if it's possible with students, but it's very late there. But at least have you, and your contribution

has been invaluable in the historical reference that you were [AUDIO OUT] is excellent. So thank you. We hope to see you again in a global class. And of course, in Bangalore as well, Madu, we hope to see you again too, and in Budapest, absolutely.

I wanted to say one thing, just one thought to think about to build on what Thomas just said, that sometimes we go backwards. That is kind of odd, but yet he gave a very compelling example. I'm going to give one more compelling example of how sometimes the world sometimes goes backwards, and sometimes goes forwards. Here it is.

If you look at 10,000 years of civilization on planet Earth with humanity expanding into this incredible 8 billion on the planet, 195 countries, 250 countries, and independent states, and territories. You know what we are actually beginning to see again, is India and China are re-emerging as the great powers. Now, that is an odd thing.

You know why? Because if you go back in human history to the beginning of human societies, long before there was the United States, long before there was Europe, there was India, and there was China even before in Japan. And I just think it's kind of interesting that as we go forwards in this third Millennium, we seem to be talking more about China and India, and as if they just are new to the game.

They're the oldest players in this game, and maybe we need to think about that. China and India are great forces that we have to really deal with. They are deep in the story of humanity, and they're not going away. So I wanted to just end on that. Is there anything, Madu, you would like to say in India before we sign off?

Just wanted to add onto what you said because India and China, we would like to be India and China, [INAUDIBLE] just China everywhere else. So just to add onto that.

Sure, yeah.

[LAUGHTER]

India and China. OK, well we'll say-- we're going to say we're going to go together, India, China, Hungary, Canada, Asia, America, Africa, we're going to try to make this work. But thank you. Thank you all. And Thomas, of

course, thank you greatly for the insights, and we'll see you in another global class soon. OK, take care everybody. Thank you.

[APPLAUSE]