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Trends in Economic Development and Education of Future Economists

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Abstract--It is known that the human factor is one of the most important production factors contributing to economic growth, interest in investing in education has increased. In modern conditions, recognition of the effective role of investment in education in achieving comprehensive economic and social development has intensified. Many Governments have realized the value of investing in education and the need to create knowledge based on the benefits of economic growth. The profession of an economist in modern conditions is a rather promising area of training in higher education. Of particular interest in modern conditions is the need to analyze the existing economic conditions, when the epidemic of coronavirus infection radically changed the established trade and production ties. For this reason, the need to educate and train future specialists in the field of economics, who possess both theoretical and practical knowledge, is quite high, since the future of many countries of the

world depends on them and they will be able to develop the necessary anti-crisis plan for states to break the economic impasse.

Keywords---economic growth, economic development trends, economists training, higher education, investment.

Introduction

In modern conditions, the economy is undergoing crisis development due to one of the most significant crises of the current century caused by the pandemic. The spread of the Covid-19 pandemic has forced central and local authorities to take a number of policy measures aimed at curbing the spread of infection among people. These interventions led to actions that slowed down the production system and at the same time the growth of aggregate demand (Arouri, 2011). The economic impact has far-reaching consequences, with direct, indirect and induced effects mainly related to the relationship between the productive and institutional sectors. In particular, the economic consequences of the Covid-19 crisis have worsened in territories where the economy is more dependent on tourism activity, which continues to decline despite the cessation of containment measures. The decisive moment in the current economic debate is the assessment of the impact of these measures on economic systems, in order to assess the regulatory mechanisms necessary to restart the economic system (Arouri & Fouquau, 2009).

In this regard, it is the future economists who should be ready to determine the future of their countries' economies in order to break the deadlock. However, in order to successfully solve this problem, the training of economists should be organized at the appropriate level, universities should have the appropriate material base and provide students with access to experimental sites, and the amount of funding for the education of economists at all levels should be decent (Leibenstein, 1987; Buchmueller et al., 1999).

Materials and Methods

In the process of writing the study, articles and monographs were considered within the framework of the research topic, as well as comparative and analytical research methods were applied.

Results

Higher economic education is considered at the present stage as an engine of development in the new global economy (Xu et al., 2006; Stenberg et al., 2014). Higher education is a form of investment in the development of human capital, which makes a real contribution to the economic growth of countries. Currently, higher education contributes to the transformation of countries into a knowledge economy. This contributes to the creation of educated workers and those who are able to engage in the knowledge economy (Chen, 2006; Acemoglu, 2012).

Higher education contributes to the socialization of people, helps in the modernization and transformation of society and, perhaps more importantly, through education and research for the creation, assimilation and dissemination of knowledge. Consequently, the problems of the role of higher education, which include the need to confirm the value of sustainability in universities, the management dilemma, insufficient participation of scientists and the lack of external evaluation (Hamdan et al., 2020).

There is no clear agreement among scientists on the role of higher education in economic growth. Some have not found a link between higher education and economic growth, especially in developing countries where primary education is more important than higher education (Garrison & Kanuka, 2004; Graham et al., 2013). For a long time, investments in higher education have been neglected, given that investments in primary and secondary education give a higher social return than higher education. Therefore, such an education should receive a minimum of society's resources. Even in the mid-20th century, when there was a growing interest in human capital, the focus was on factors directly affecting human capital and poverty eradication. These factors were primary education and health.

Some scholars have questioned whether higher spending on higher education necessarily provides greater economic returns. This study conducted in the USA found an inverse relationship between higher education spending and economic growth, which questioned the feasibility of public investment in higher education and the fact that higher education is an important factor in achieving economic growth (Haar et al., 1988).

Although there is a belief that the role of higher education in economic growth is limited, yet individual authors have presented evidence of the role of higher education in economic growth and poverty reduction in sub-Saharan Africa, where the lowest share of university education in the world is 5%, international organizations have called on African governments to pay attention to primary and secondary education at the expense of university education in order to improve economic growth. This trend prompted them to reduce spending on higher education, which led to further failures in achieving economic growth.

Higher education contributes to economic growth in several ways, including: keeping up with technological development, transferring knowledge and raising awareness, which contributes to reducing the knowledge gap and poverty in this region. In addition, the researchers concluded that investments in education have the most obvious impact on the economy (Psacharopoulos, 1994).

Some scientists have found that there is a strong causal relationship between investment in higher education and economic growth in Japan, the UK, France and Sweden, while investment in higher education is not associated with economic growth. in Italy and Australia. One study shows that education spending of 1 percent of GDP contributes 0.3 percentage points to economic growth. In another paper, the authors showed that investments in knowledge creation play an important role in achieving long-term economic growth (Tansel & Güngör, 2016).

A study conducted in Iran aimed at tracking investments in education and their role in economic growth in the period 1968-2007 showed that the contribution of human capital was positive, but at different rates during the period of study. The study also found a long-term relationship between gross national product, GNP and human capital in Iran during the study period, and despite the important role of human capital in economic growth in Iran, but it was not the engine of this growth, which was due to accumulated capital investments (Tri & Dung, 2021).

The relationship between economic growth and investment in education is mutual. Researchers have shown that investing in education contributes to improving long-term economic growth in Pakistan. Conversely, investing in education requires a thriving economy that can finance investment in education and create the knowledge to sustain it (Widana et al., 2020).

Other authors believe that higher education played an important role in the economic growth of Iraq in the period 1959-2005. This study found that a one percent increase in investment in higher education in Iraq is likely to contribute to a 0.198 percent increase in GDP in the short term and 0.314 percent in the long term.

Another study examined the relationship between education and GDP growth in the non-oil sector of Saudi Arabia, in this context, the study aims to determine the determinants of public spending on education in Saudi Arabia. The study showed that government spending plays an intermediary role in the relationship between higher education and economic growth (Ibegbulem, 2021). It was also confirmed that education increases the productivity and creativity of people, as well as contributes to the development of entrepreneurship.

The study also showed that the total population is another determining factor in the relationship between higher education and economic growth (Tiangco, 2020). In a comparative study, individual authors found a positive relationship between investment in higher education and GDP in Algeria, Saudi Arabia and Jordan. As evidence of the link between investment in education and economic growth from Syria, one of the works included data that the contribution of education to economic growth in the period 1970-1980 was 6-9 percent.

A group of researchers also studied the economic impact of women's education in Jordan (Masha'l & Al-Srouji, 2006). The results showed that the education of women positively influenced their economic activity, the structure of their savings, the type of employment, the structure of household consumption and the level of income of the husband. There is a close relationship between economic growth and women's empowerment; development itself has led to women's empowerment; decision-making will directly affect development. With regard to the role of higher education in the knowledge economy, the World Bank Report (2001) concludes that higher education is important for developing countries if they want to thrive in the new global economy, where knowledge has become an important area of difference between countries (Kanca et al., 2021).

Knowledge, especially economic knowledge, at the present stage is also an effective tool for getting the world out of the crisis, which continues to develop in a

pandemic. Accordingly, the role of future economists, no matter how loud it sounds, is also to save the future of the world economy.

Discussion

The COVID-19 pandemic is wreaking havoc on the economies of many countries around the world, causing a global health crisis and slowing down international trade and commerce due to strict quarantine measures. With the exception of a few, most countries have entered a state of stagnation in response to the pandemic. For a wide range of global situations, the estimated losses of global gross domestic product (GDP) in the future are very large, since the global economic consequences of the pandemic are very uncertain (Sohrabi et al., 2020).

Organization for Economic Cooperation and Development (OECD) and the World Trade Organization pointed out that the COVID-19 pandemic is the largest warning for every country in the world since the global financial crisis of 2008-2009. Some experts even suggest that the world has not experienced such an unusual state of emergency since the Second World War.

In order to slow down the transmission of the virus, trying to "smooth the curve" and not harm their health care system, many countries have adopted a comprehensive approach, imposing very strict restrictions on the movement of people. By closing jobs and industrial activities, restricting mobility in public places, closing secondary shops, closing schools, closing borders and restricting the movement of transport (air, road and sea), this policy has effectively stopped economic and social activities (Steffen et al., 2020).

Equating to the economic damage caused by World War II, in addition to being regarded as a "black swan" event, the outbreak of the COVID-19 pandemic seriously undermined the global economy. Some analysts predict that travel restrictions, border closures and quarantine measures imposed by governments in an attempt to "smooth out the pandemic curve" have caused reasonable concerns about an impending economic recession and a prolonged crisis (Yu & Aviso, 2020). The economic damage caused by the COVID-19 pandemic is mainly due to a decrease in demand for many goods and services. This means that there are not enough customers in the global economy to buy goods and services.

According to the Asian Development Bank, as of June 1, 2020, the estimated range of domestic demand has decreased as a result of a significant internal outbreak (defined as > 1000 cases of COVID-19) compared to the baseline level without COVID scenario for a country such as Bangladesh (7.70-11.55%), followed by Pakistan (7.26-10.89%) and India (6.40-9.60%).

This dynamic is clearly visible in the most affected sectors. People cannot buy airline tickets for business trips or vacations due to travel restrictions or closures imposed by some countries to stop the spread of the virus around the world. This decrease in consumer demand forced airlines to lose the expected level of sales, which, in turn, led to a reduction in the total number of aircraft operated. Without any government support, airlines will eventually cut staff to further

reduce costs. A number of airlines have already gone bankrupt, and there is no limit to this yet (Zambrano-Monserrate & Ruano, 2020).

This trend is almost the same for all other sectors of the economy. There are concerns that this will turn the economy into a lower cycle, as these new unemployed can no longer afford to buy goods and services and live within their means, among other things, when industries start to reduce the number of staff to compensate for lost sales. Researchers define such consequences as "macroeconomic flu" - a temporary destructive shock to supply and demand, as well as provoking a decline in production, which quickly recovers, and the damage is likely to be fully compensated. However, this happens when it looks like a macroeconomic sneeze or a common flu, but unlike the COVID-19 pandemic, which clearly causes endless global economic destruction on a large scale. Economists agree that the COVID-19 pandemic will have a devastating impact on the global economy, although there is no definitive way to say exactly what the damage will be.

The International Monetary Fund (IMF) and the World Bank (WB) predict that advanced economies will fall by 7% and 6%, respectively, due to a sharp reduction in the financial situation, large-scale measures of social distancing and falling external demand, which worsens activity. According to forecasts, the GDP of emerging market and developing countries (EMDE) will shrink by 2.5% and 1.0% in 2020 due to negative supply shocks due to weakness in advanced economies, as well as distractions related to their own domestic outbreaks, which are likely to cause millions of people to fall back into poverty. In particular, vulnerable EMDEs include the Middle East, Sub-Saharan Africa, North Africa, Eastern Europe, the Caribbean, Latin America, the Americas, and Central Asia. Since these four regions are major oil exporters, they depend on a sharp drop in oil prices.

The fourth wave of the pandemic showed that structurally the economy will suffer, and the recovery will be very long. According to the forecast, if global isolation is prolonged for more than a year, tougher financial conditions and a heavier fiscal burden, which led to economic consequences, will be serious and will reduce the global economy by more than 8% in 2022. However, experience shows that even if the virus is under control, the economy will not recover quickly. This means that the GDP growth curve will not essentially have the form of a V-shaped phenomenon, that is, there is no need to wait for a sharp increase in GDP after its decline.

It is the new generation of economists who must find answers to questions about how the economy should recover. Relying on the experience of past generations, both in Russia and abroad, can help to find the right solution. However, on the part of the state, future economists should receive comprehensive assistance, methodological support, as well as the opportunity to be sent to practice in large companies, where the knowledge they receive will be of high value. Only in this case can we say that the future of the world economy has positive prospects, and the growth of the welfare of most countries is a vague, but still expected forecast.

Conclusion

The pandemic is the greatest economic shock that the world economy has experienced in recent decades, which led to the collapse of global activity. Actions to limit the spread of the virus - for example, blocking across the country, stopping the mobility of people, restricting the use of transport and closing industrial enterprises - plunged entire regions into economic recession in 2020, which led to a reduction in their economies to the extent that suffered in the 1870s.

However, pandemic control strategies and governments have dramatically reduced the use of fossil fuels and the demand for conventional energy as a result of reduced electricity consumption, as the industry has simply ceased operations. Thus, the global climate is stabilizing due to a drop in CO₂ emissions. Accordingly, the pandemic has the opposite consequences for human civilization: it led to worldwide economic destruction, but it also led to a much more decarbonized world.

This trend - reducing the negative impact on the environment in the wake of the economic recovery in the future - is the main activity of future economists, since it is they who will have to solve global economic problems in the future and bring the economy to the necessary balance. But at the same time, each of those who will be ready to make decisions in the field of economics in the future should understand that an important step towards this process is successful study at a university and the necessary set of knowledge, both theoretical and practical, without which further progress is impossible.

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