



Harry's Take

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A Few Countries Dominate Global GDP, Especially the U.S. and China

It's always a good reminder to step back and look at the big picture. There are 195 countries in the world, ranging from giants like the U.S. to tiny ones like Guam. This chart shows that just 10 major countries, from the U.S. to Brazil, account for 68% or 2/3 of the global GDP in USD. That's more extreme than the classic 80/20 rule: in this case, 5% creates 68% of the output. And yes, we could measure it in PPP (purchasing power parity), but the U.S. dollar is the largest currency by far and the reserve currency of the world; hence, it is the only fair measure for looking at total value globally.

Top 10 Countries 68% of Global GDP: U.S. and China Alone Are 44%

	GDP (USD)	Total, %
U.S.	\$26,855B	25.54%
China	\$19,374B	18.43%
Japan	\$4,410B	4.19%
Germany	\$4,309B	4.10%
India	\$3,737B	3.55%
UK	\$3,159B	3.00%
France	\$2,923B	2.78%
Italy	\$2,170B	2.06%
Canada	\$2,090B	1.99%
Brazil	\$2,081B	1.98%

Source: <https://www.visualcapitalist.com/visualizing-the-105-trillion-world-economy-in-one-chart/>

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Once you take the next step up, you see that just the top two countries in GDP, the U.S. and China alone, make up 44% of total global GDP, with the U.S. at 25.5%. The first reality is that all of the countries in the top 10 are maturing in growth and population and are near full urban saturation. Urbanization is the greatest driver of rising incomes per capita. In large, emerging countries like China, India, and Brazil, urban GDP per capita is roughly three times that of rural areas.

China's coming fall will impact the world for years to come.

Almost all of the growth in the coming decades will come from emerging countries, but China is the both the largest country and the only emerging country literally to be peaking in population NOW; it will decline in population from 1.4 billion to an estimated 780 million over the next 50 years. Oh, and China has overbuilt homes so that 22% are vacant. Hence, that country will never need to build another home to get from 65% urban today to 87%, about as high as it will ever get. And the U.S. obviously will grow much slower ahead, as it is aging rapidly and is near saturation in terms of urbanization, at 83%.

The 500-year Mega Innovation cycle will not peak until around the 2140s, far ahead (the last one was in 1648 in Europe). Hence, this is not the end of globalization, the powerful driver of this longer-term cycle since the late 1800s. But from now into that next long-term peak, such growth will not be as high as it has been since World War II, **until we have an aging revolution** where we live en masse more to the proven human limit thus far, around age 120. I am fully convinced that will happen, given the exponential rate of innovation, but you and I will not live to see it... **yet your kids will!**

Harry

Got a question or comment? You can contact us at info@hsdent.com.