

Global Policy dialogue

Global Imbalances and Social Challenges

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Suggested hashtag for Twitter users: #lseimbalances





Global imbalances and social challenges **Martin Wolf, Associate Editor & Chief Economics Commentator, *Financial Times***

Global Policy Dialogue

London School of Economics

22nd June 2011

Global imbalances and social challenges

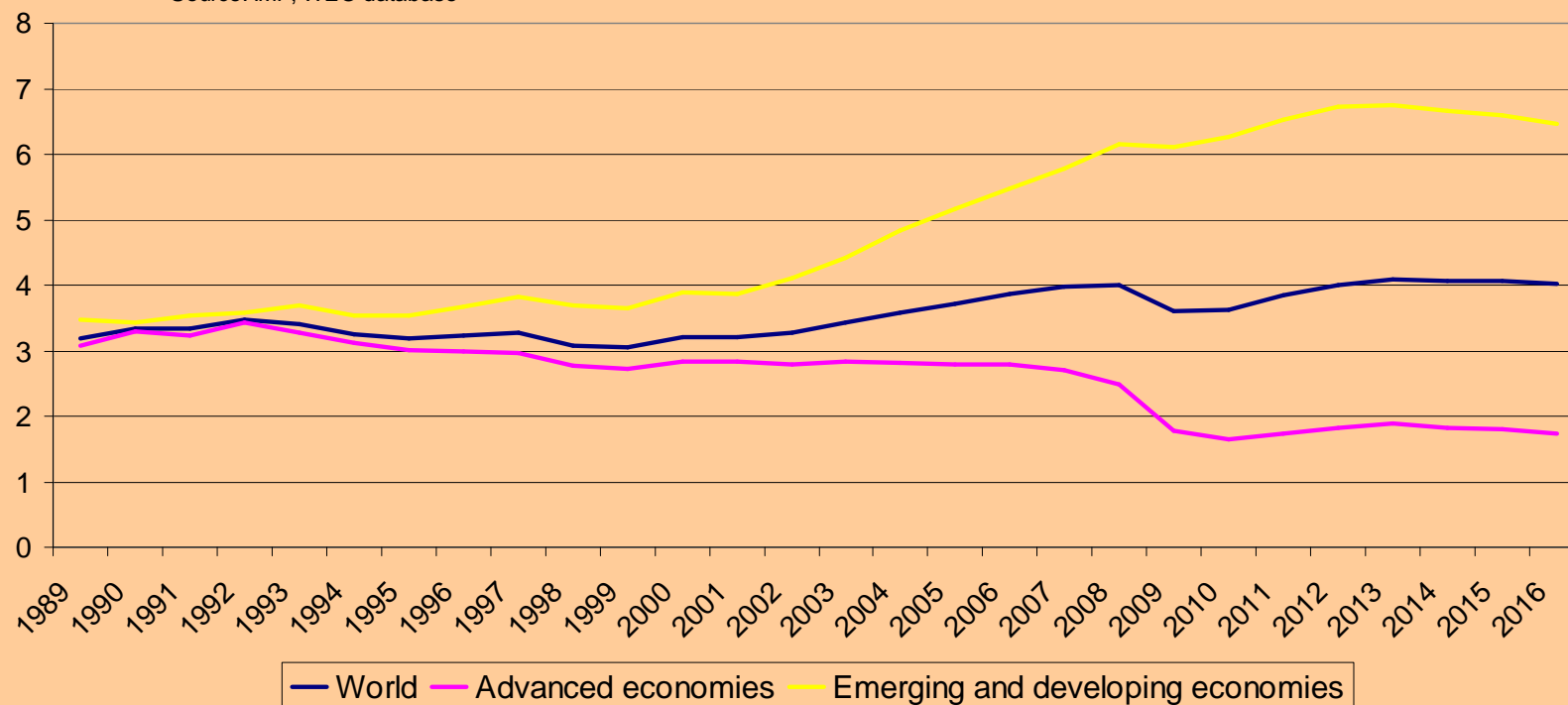
- Six big questions:
 - Will the “great convergence” continue?
 - What do advances in technology mean?
 - What are the implication of ageing?
 - What is happening to poverty and inequality?
 - Can growth be resourced?
 - Can the world economy adjust?
- Challenge for policy

1. Will the “great convergence” continue?

EMERGING COUNTRIES OUTPERFORM HUGELY

GROWTH OF GDP (previous 10-years moving average)

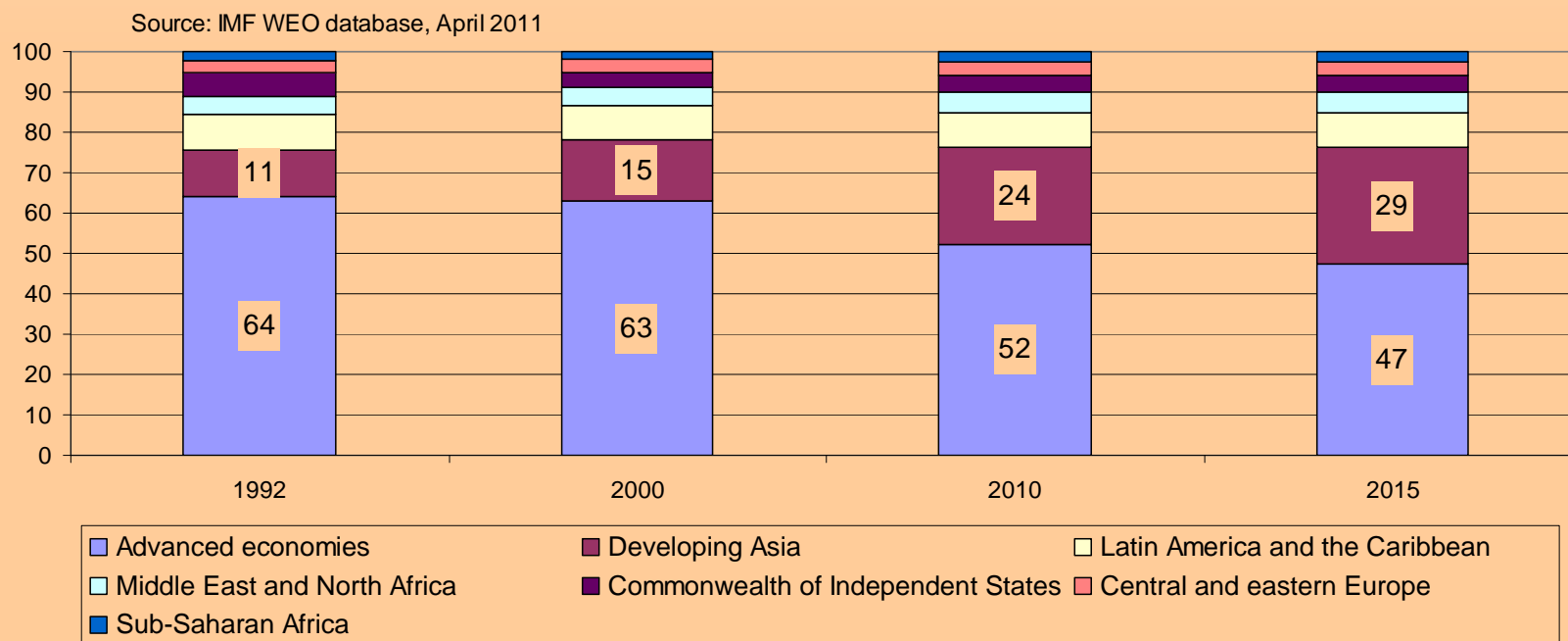
Source: IMF, WEO database



1. Will the “great convergence” continue?

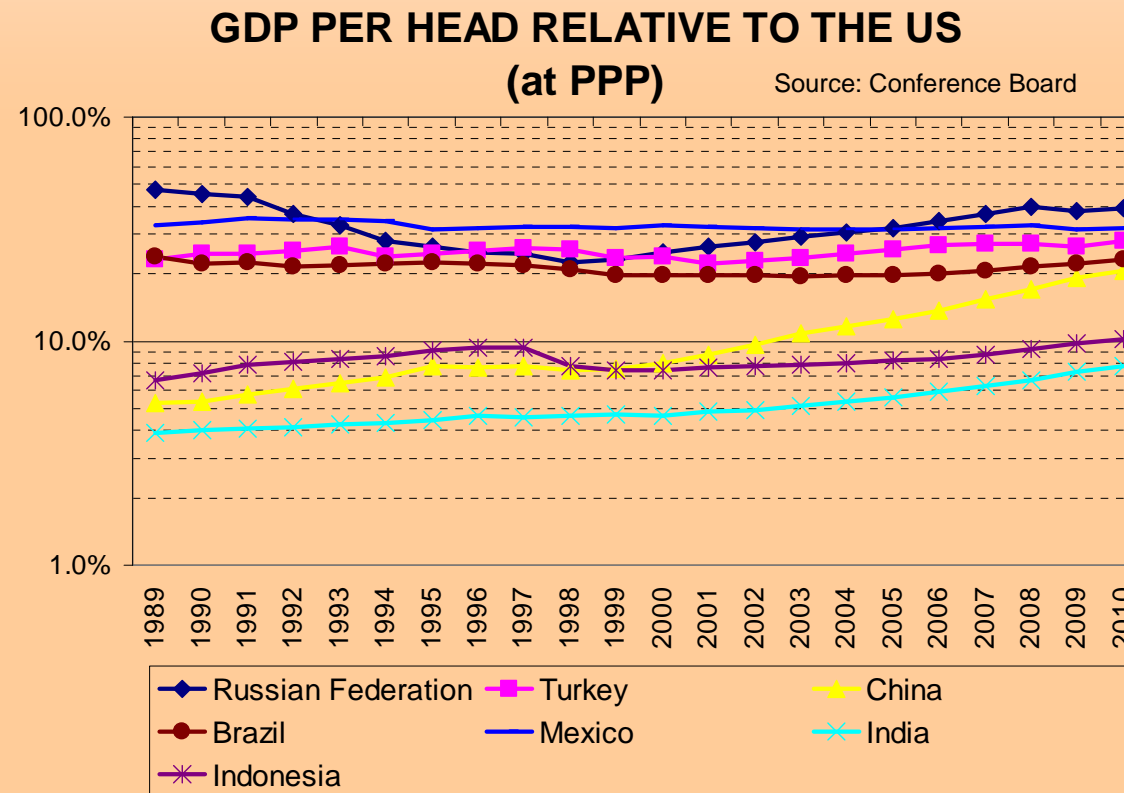
DEVELOPED COUNTRIES FALL, ASIA RISES

SHARES IN WORLD OUTPUT (at PPP)



1. Will the “great convergence” continue?

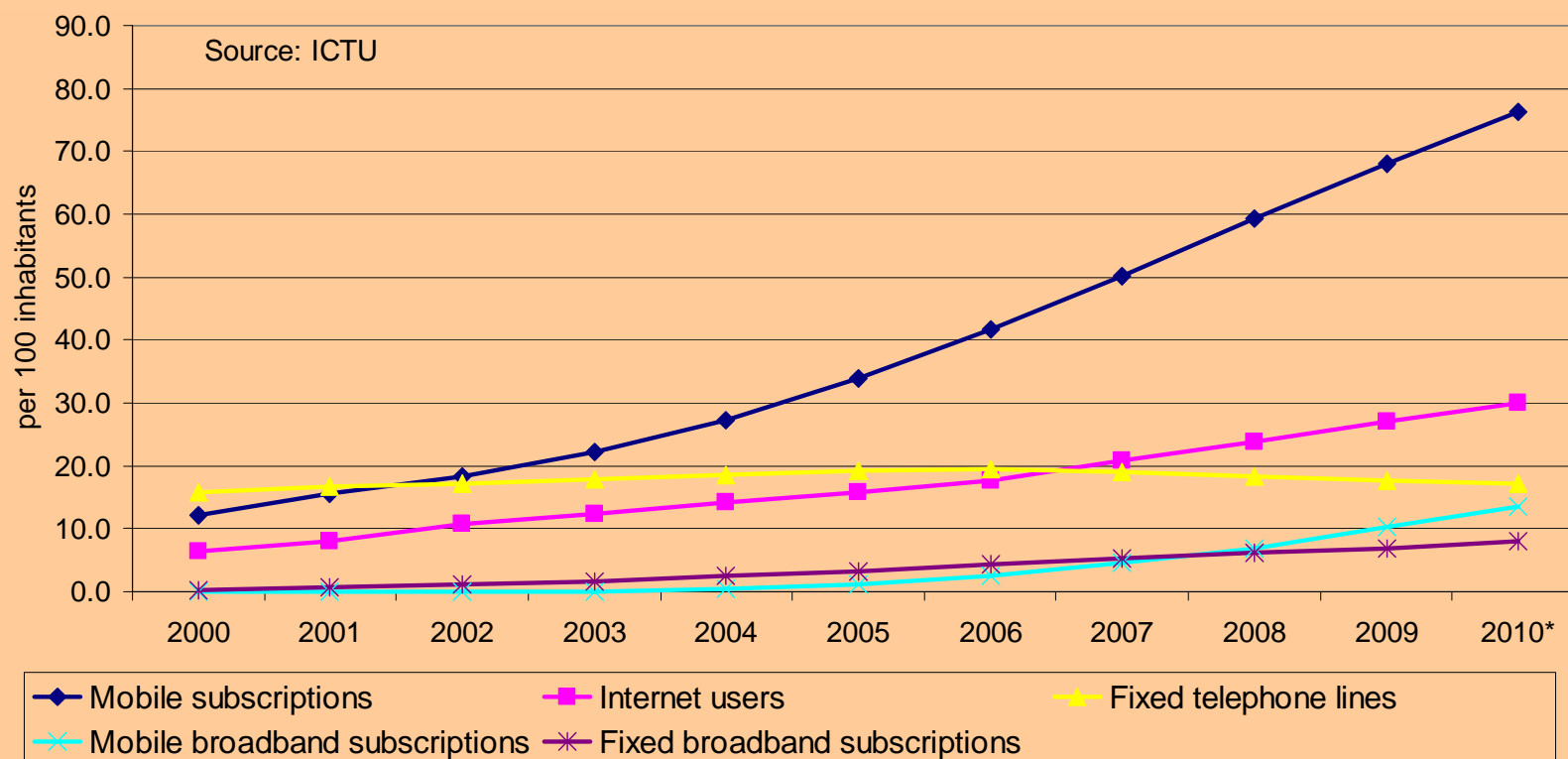
CONVERGENCE AND DIVERGENCE



2. What does technology mean?

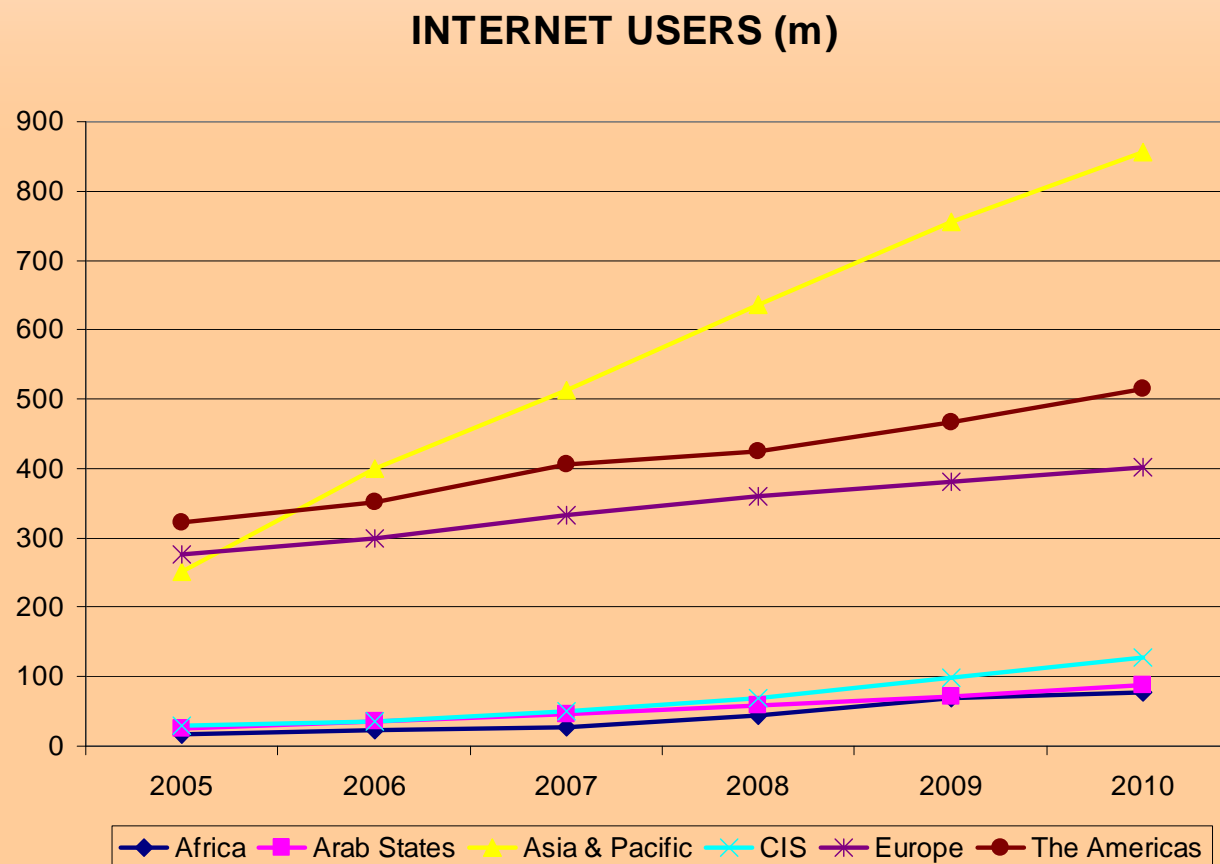
MOBILE TELEPHONY AND INTERNET ADVANCE

GLOBAL INFORMATION AND COMMUNICATIONS TECHNOLOGY



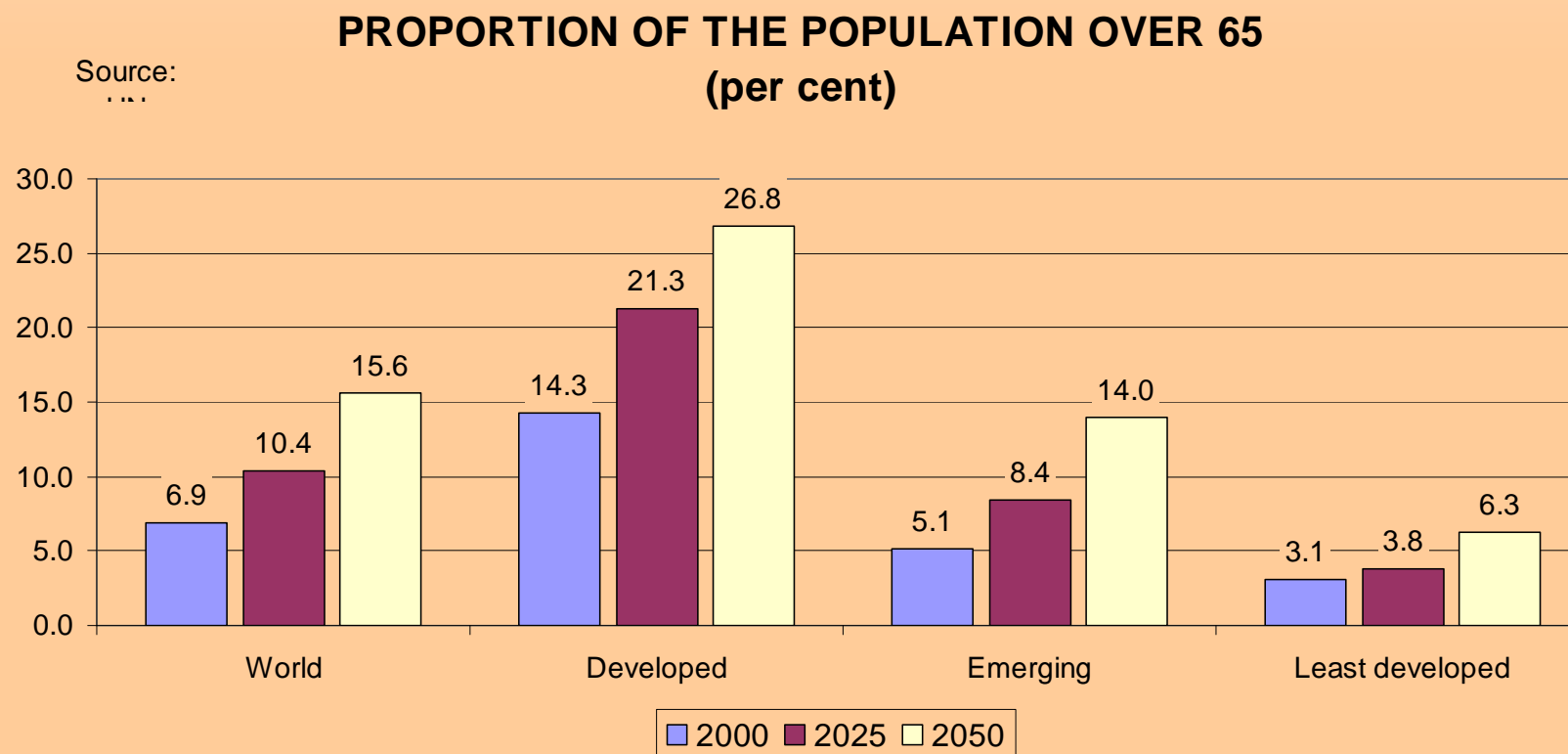
2. What does technology mean?

THE INTERNET BECOMES ASIAN



3. What might ageing mean?

THE RICHER THE OLDER

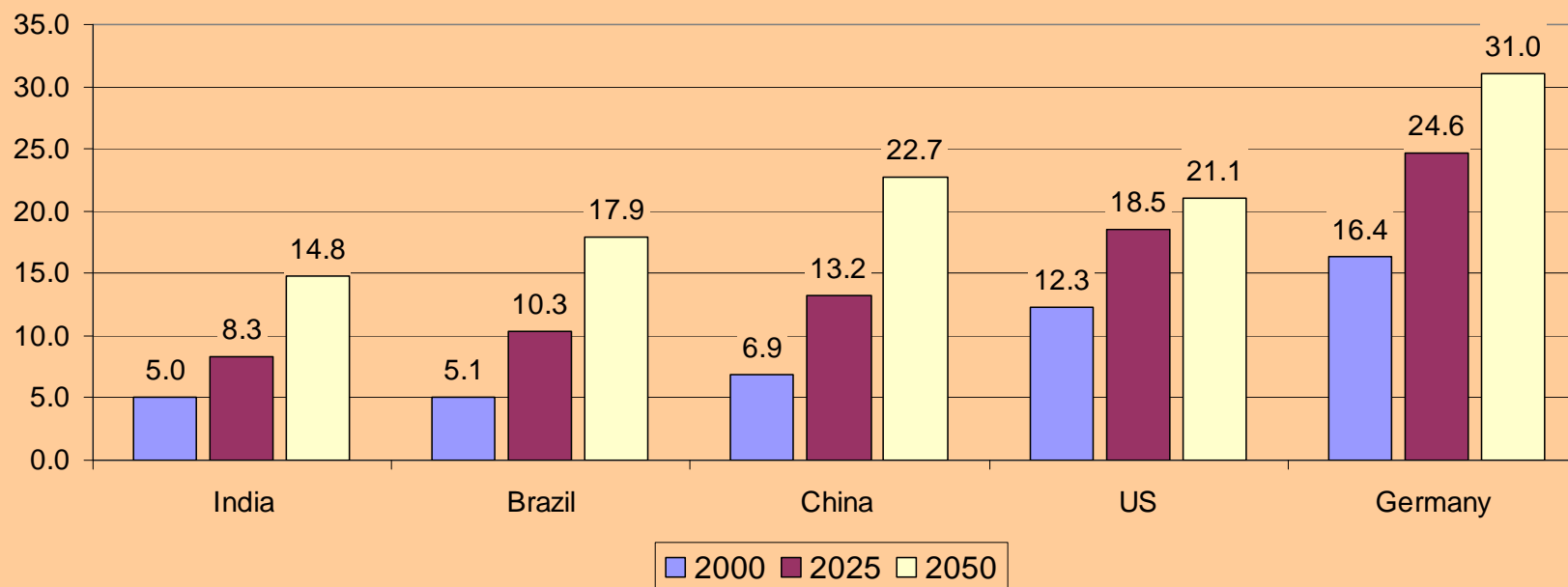


3. What might ageing mean?

THE RICHER THE OLDER

PROPORTION OF POPULATION OVER 65 (per cent)

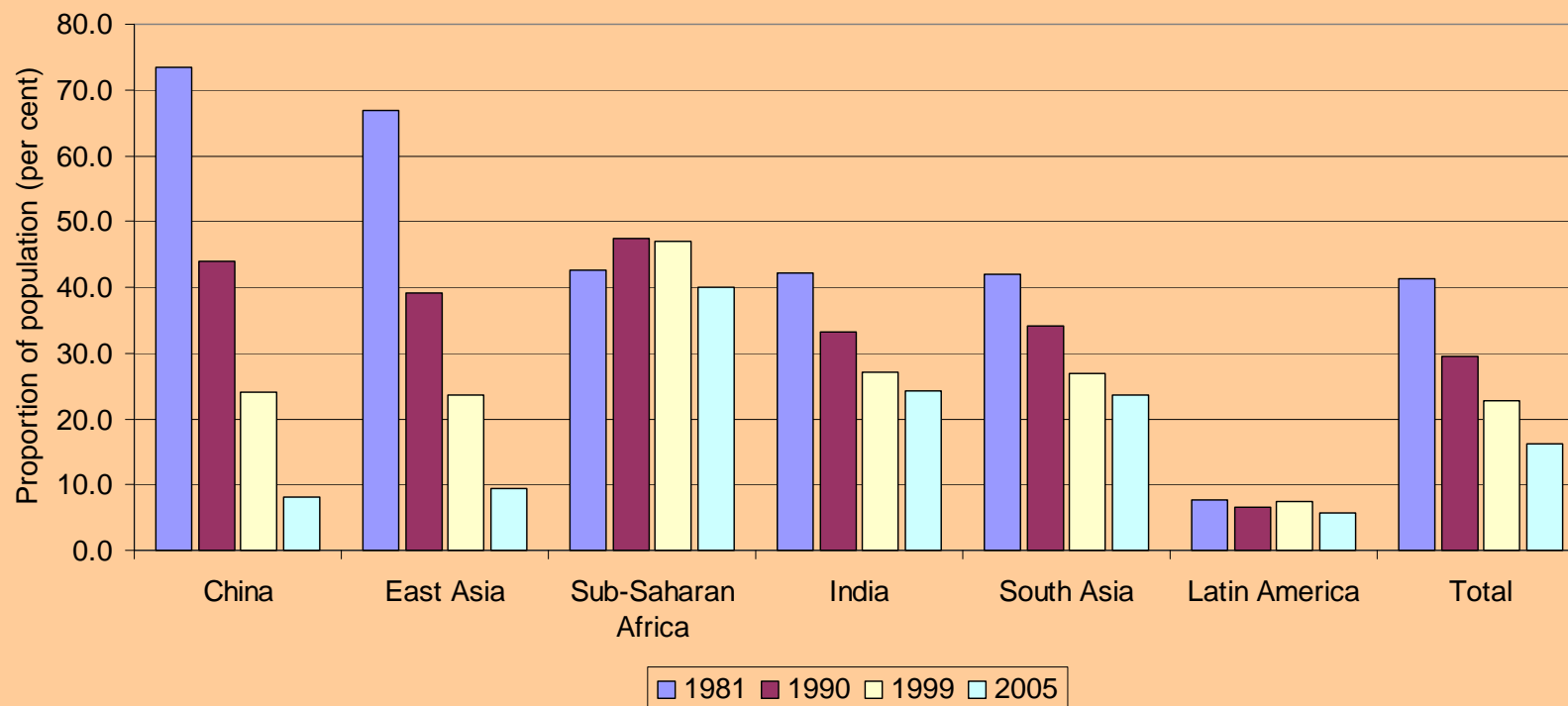
Source: UN



4. What is happening to poverty?

THE ASIAN POVERTY REVOLUTION

**PEOPLE LIVING BELOW \$1.25 A DAY
(at PPP)**

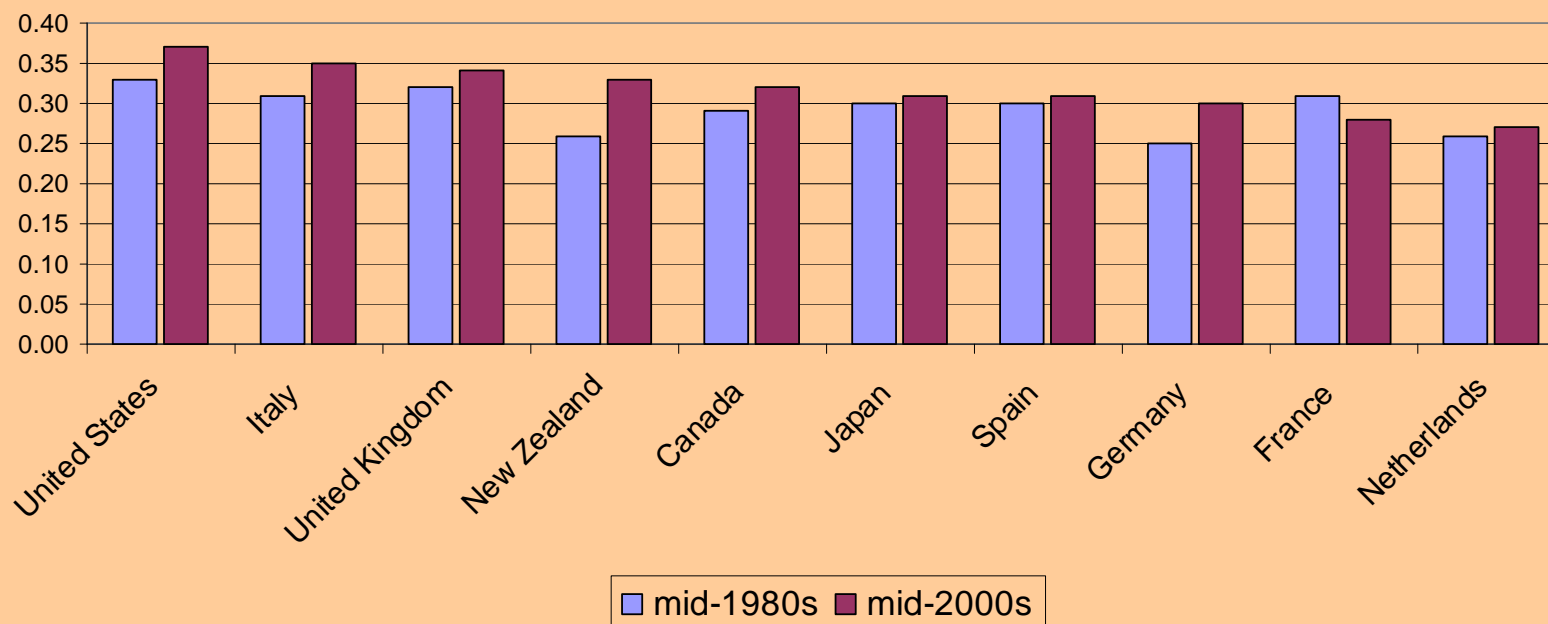


4. And inequality?

RISING INEQUALITY IN ADVANCED COUNTRIES

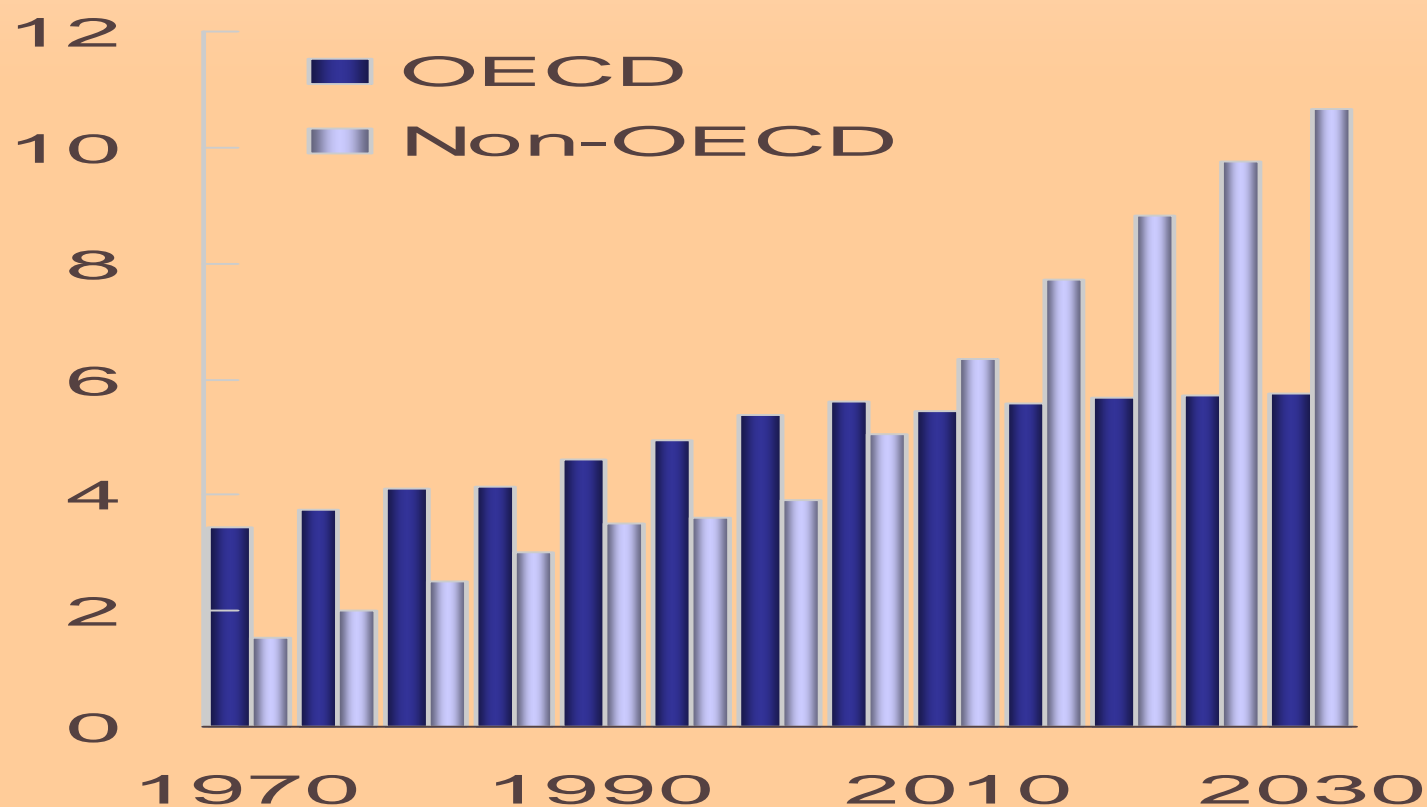
INCOME DISTRIBUTION AMONG PEOPLE OF WORKING AGE
(gini coefficients)

Source: OECD



5. Can the growth be resourced?

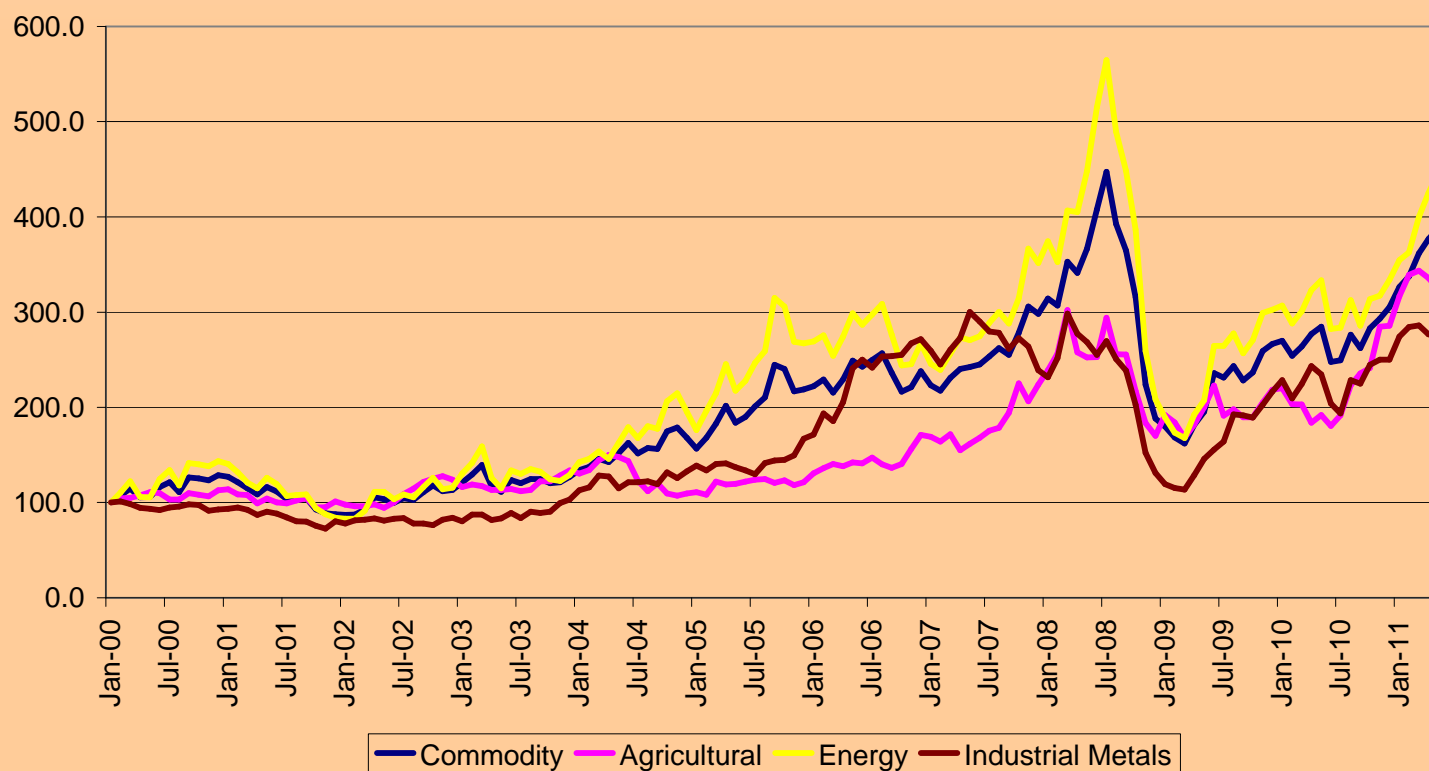
PRIMARY ENERGY DEMAND (bn TOE)



5. Can the growth be resourced?

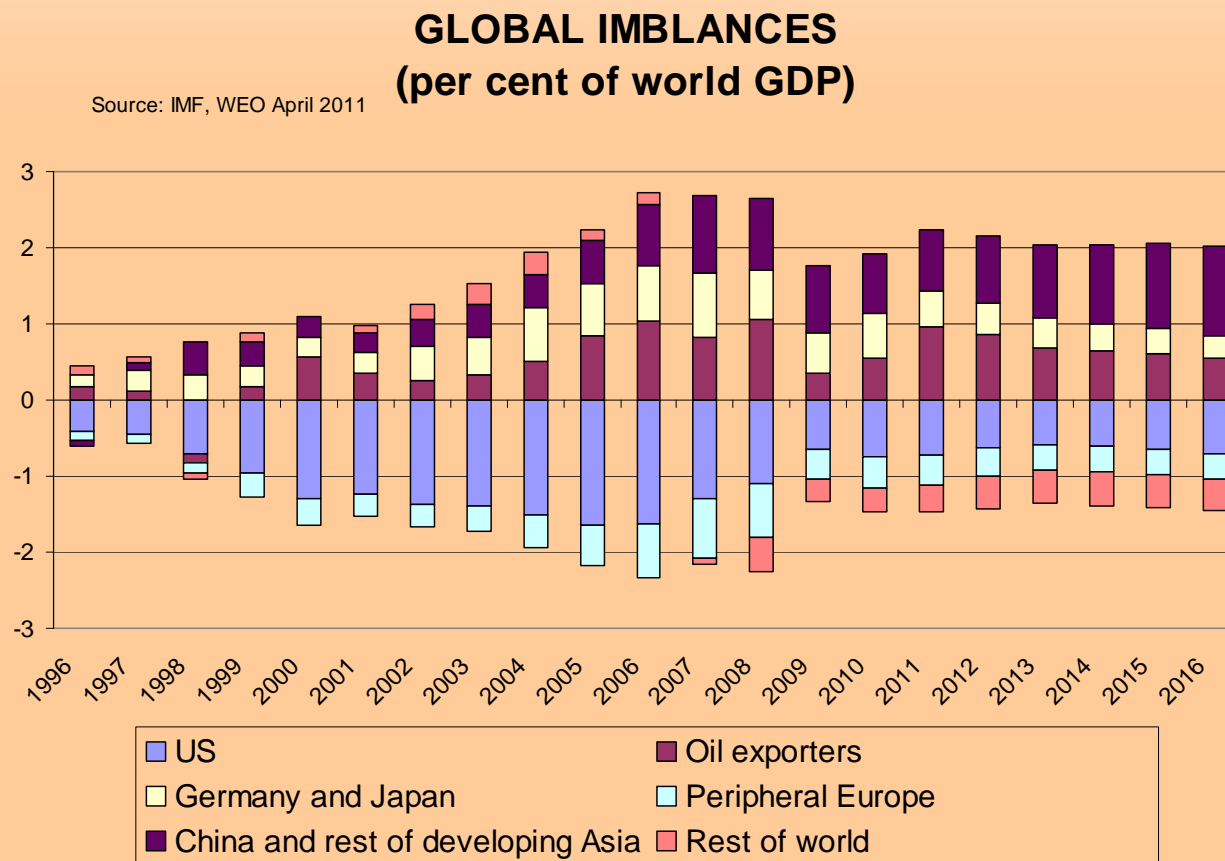
SOARING PRICES OF ENERGY

COMMODITY PRICES



6. Can the world adjust?

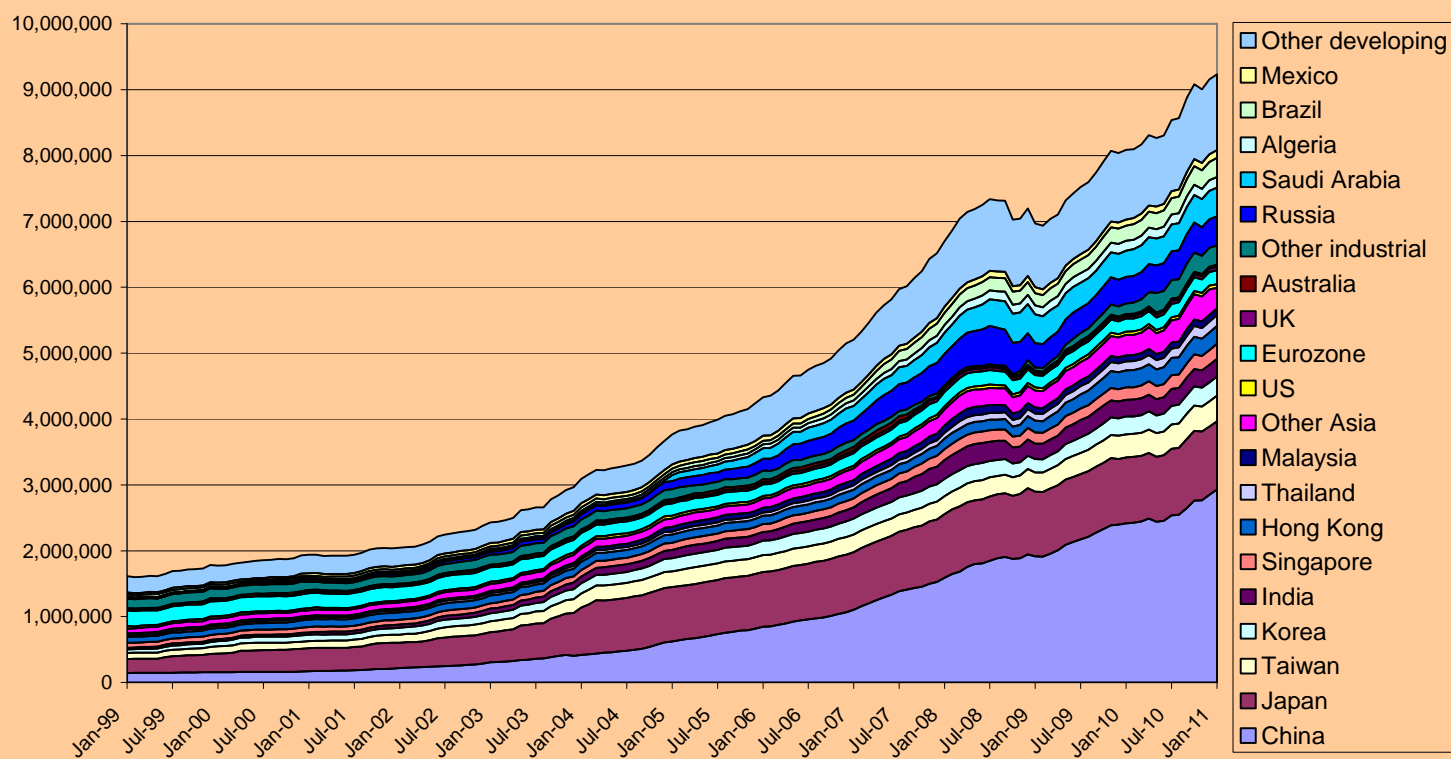
RISE OF THE IMBALANCES



6. Can the world adjust?

FOREIGN CURRENCY INTERVENTION

GLOBAL FOREIGN EXCHANGE RESERVES (\$m)



2. Can the world adjust?

- Can societies remain open and democratic?
- Can the world provide global public goods and manage global externalities?
- How much more difficult will the huge changes in relative power make achieving such objectives?
- What is the future role of non-state actors?
- How should global institutional architecture be reformed?

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