Global Policy dialogue

Global Imbalances and Social Challenges

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Suggested hashtag for Twitter users: #lseimbalance
Global imbalances and social challenges Martin Wolf, Associate Editor & Chief Economics Commentator, Financial Times

Global Policy Dialogue
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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)

Source: IMF WEO database, April 2011
1. Will the “great convergence” continue?

CONVERGENCE AND DIVERGENCE

GDP PER HEAD RELATIVE TO THE US (at PPP)

Source: Conference Board
2. What does technology mean?

MOBILE TELEPHONY AND INTERNET ADVANCE

GLOBAL INFORMATION AND COMMUNICATIONS TECHNOLOGY

per 100 inhabitants

Source: ICTU

- Mobile subscriptions
- Internet users
- Fixed telephone lines
- Mobile broadband subscriptions
- Fixed broadband subscriptions
2. What does technology mean?

THE INTERNET BECOMES ASIAN

INTERNET USERS (m)

- Africa
- Arab States
- Asia & Pacific
- CIS
- Europe
- The Americas

Graph showing the growth of internet users from 2005 to 2010 in different regions.
3. What might ageing mean?

**THE RICHER THE OLDER**

**PROPORTION OF THE POPULATION OVER 65**
(per cent)

Source: UN

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

- United States
- Italy
- United Kingdom
- New Zealand
- Canada
- Japan
- Spain
- Germany
- France
- Netherlands

mid-1980s vs mid-2000s
5. Can the growth be resourced?

**PRIMARY ENERGY DEMAND (bn TOE)**

- **OECD**
- **Non-OECD**

![Bar chart showing primary energy demand for OECD and Non-OECD countries from 1970 to 2030.](chart.png)
5. Can the growth be resourced?

SOARING PRICES OF ENERGY

COMMODITY PRICES

- Commodity
- Agricultural
- Energy
- Industrial Metals
6. Can the world adjust?

RISE OF THE IMBALANCES

GLOBAL IMBALANCES
(per cent of world GDP)

Source: IMF, WEO April 2011
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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LSE events

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