

*Global Policy dialogue*

# Global Imbalances and Social Challenges

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*General Inspector of Finances, French Ministry of Finance*

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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

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# Global imbalances and social challenges

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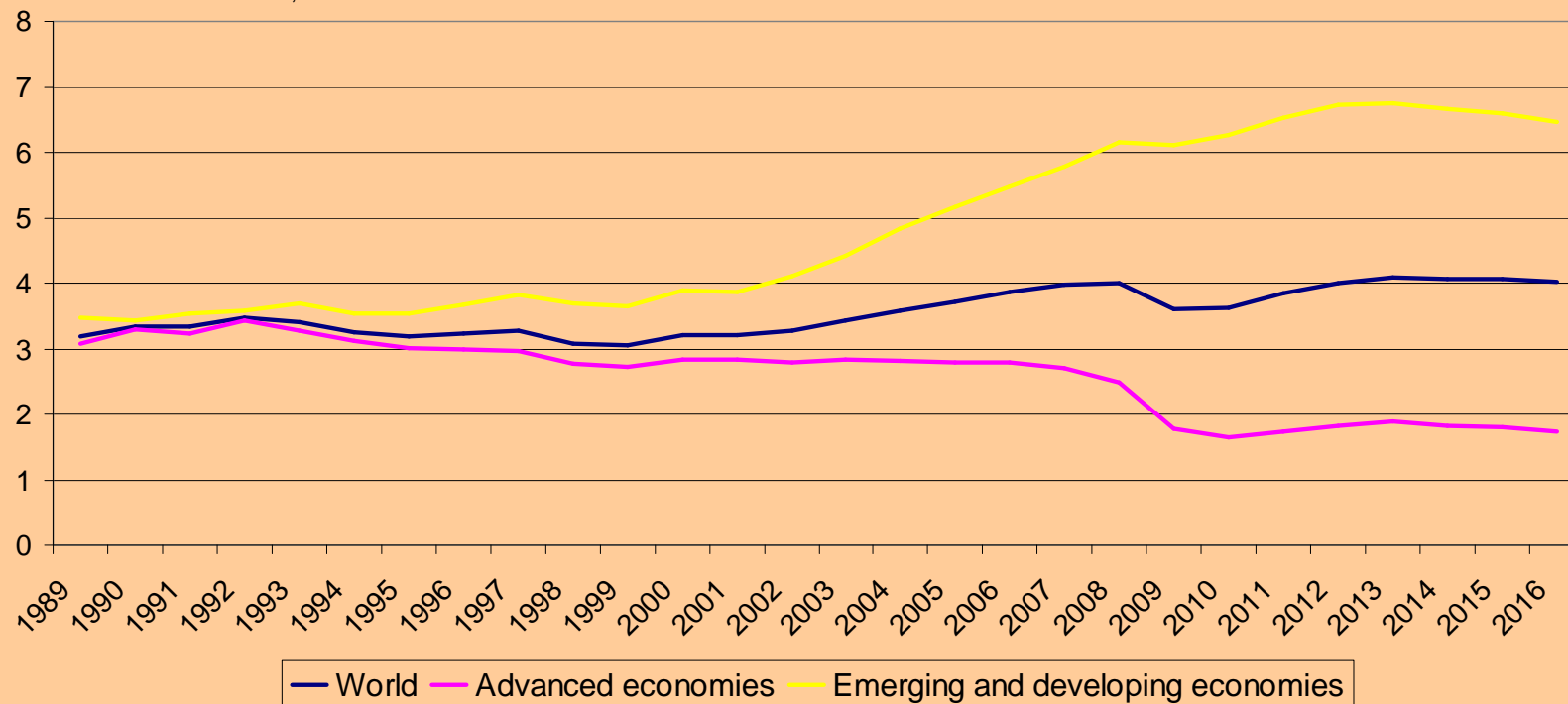
- Six big questions:
  - Will the “great convergence” continue?
  - What do advances in technology mean?
  - What are the implication of ageing?
  - What is happening to poverty and inequality?
  - Can growth be resourced?
  - Can the world economy adjust?
- Challenge for policy

# 1. Will the “great convergence” continue?

## EMERGING COUNTRIES OUTPERFORM HUGELY

### GROWTH OF GDP (previous 10-years moving average)

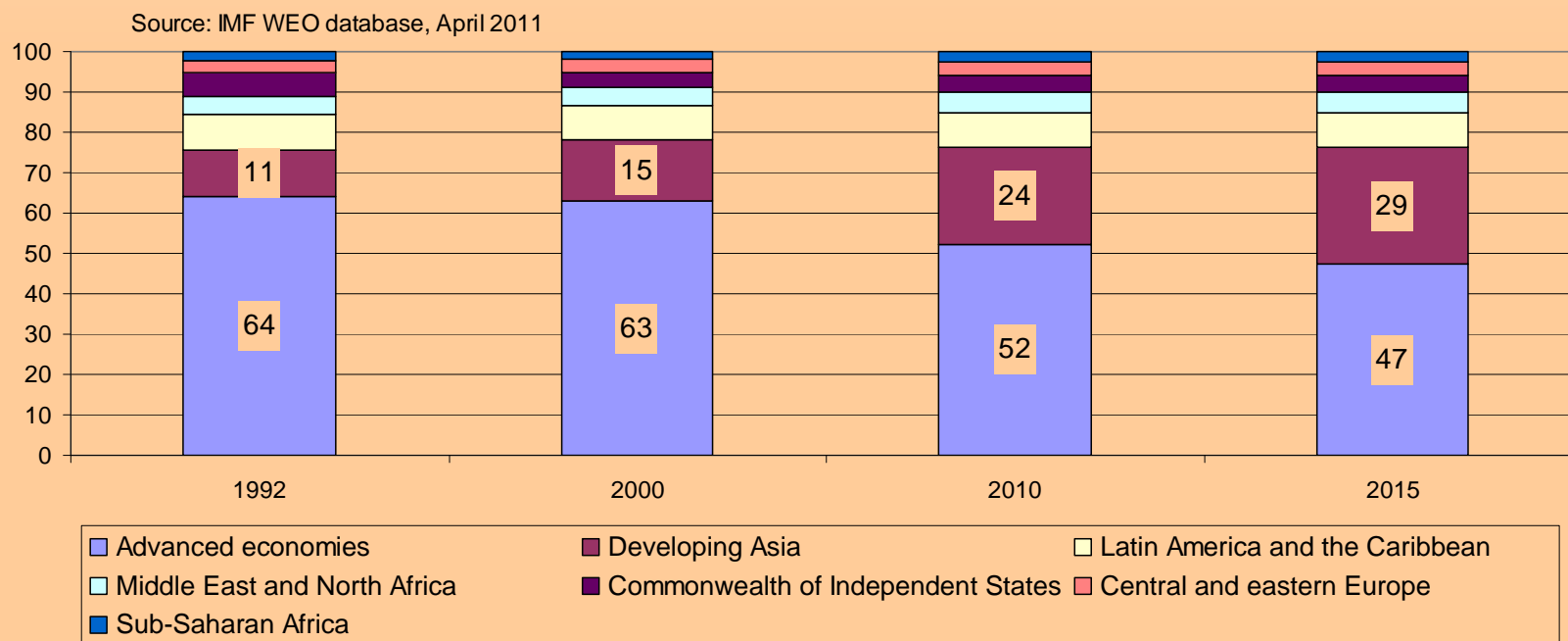
Source: IMF, WEO database



# 1. Will the “great convergence” continue?

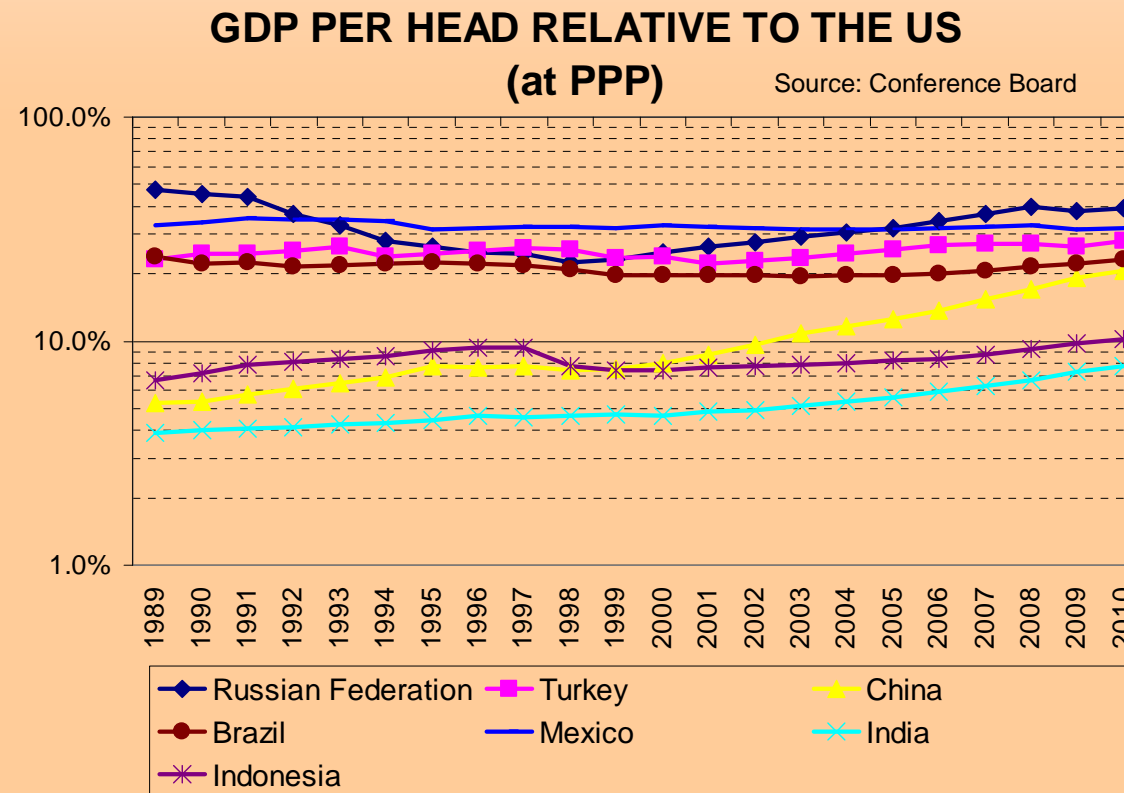
## DEVELOPED COUNTRIES FALL, ASIA RISES

### SHARES IN WORLD OUTPUT (at PPP)



# 1. Will the “great convergence” continue?

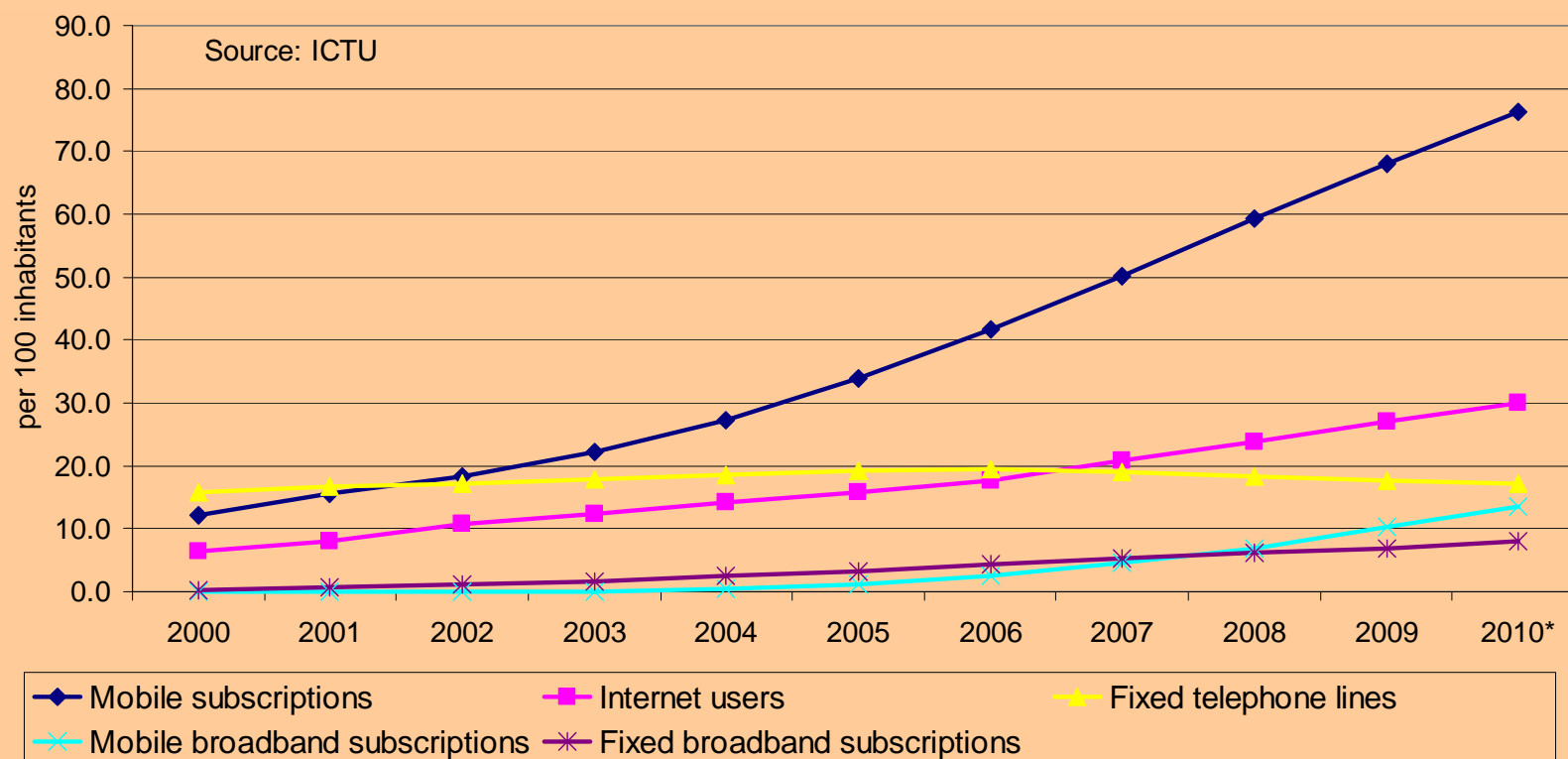
## CONVERGENCE AND DIVERGENCE



## 2. What does technology mean?

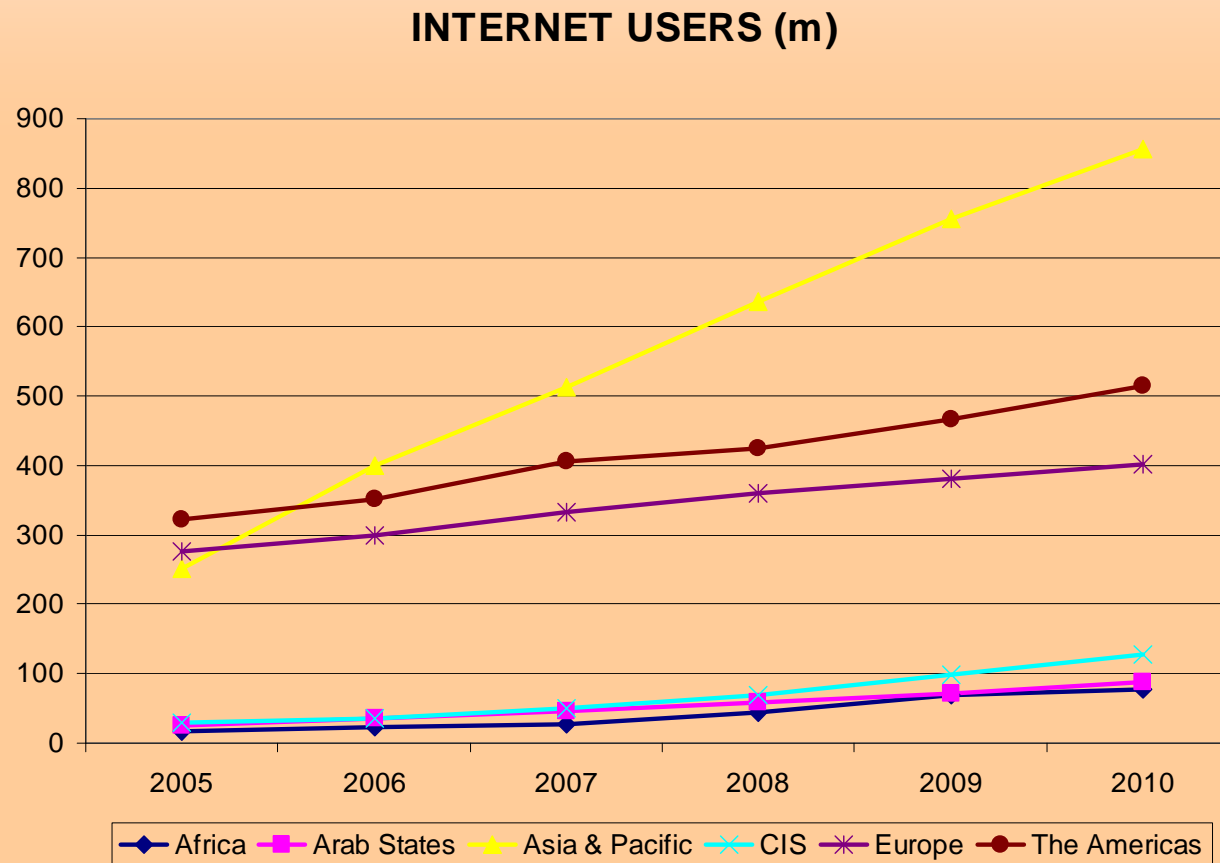
### MOBILE TELEPHONY AND INTERNET ADVANCE

#### GLOBAL INFORMATION AND COMMUNICATIONS TECHNOLOGY



## 2. What does technology mean?

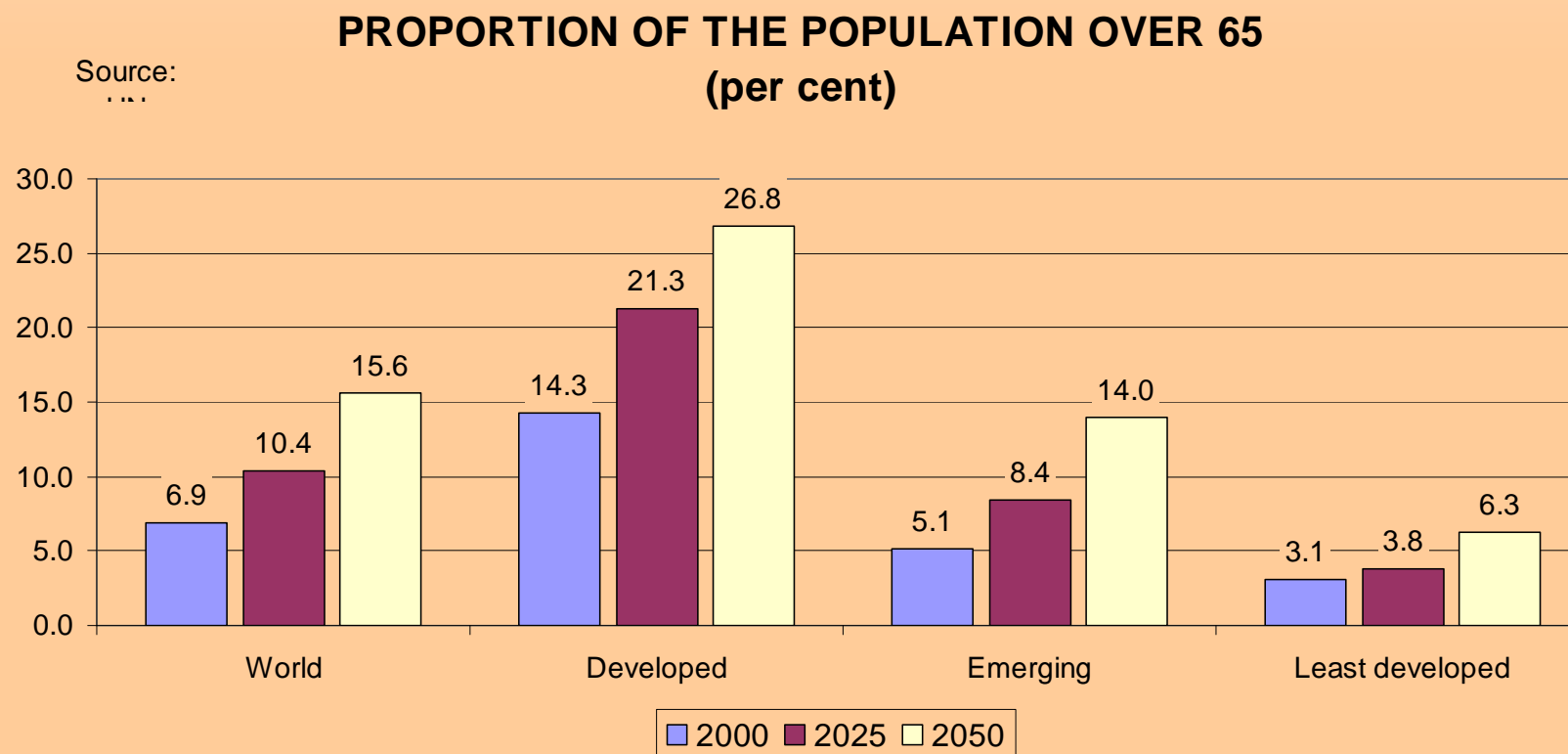
### THE INTERNET BECOMES ASIAN





### 3. What might ageing mean?

## THE RICHER THE OLDER

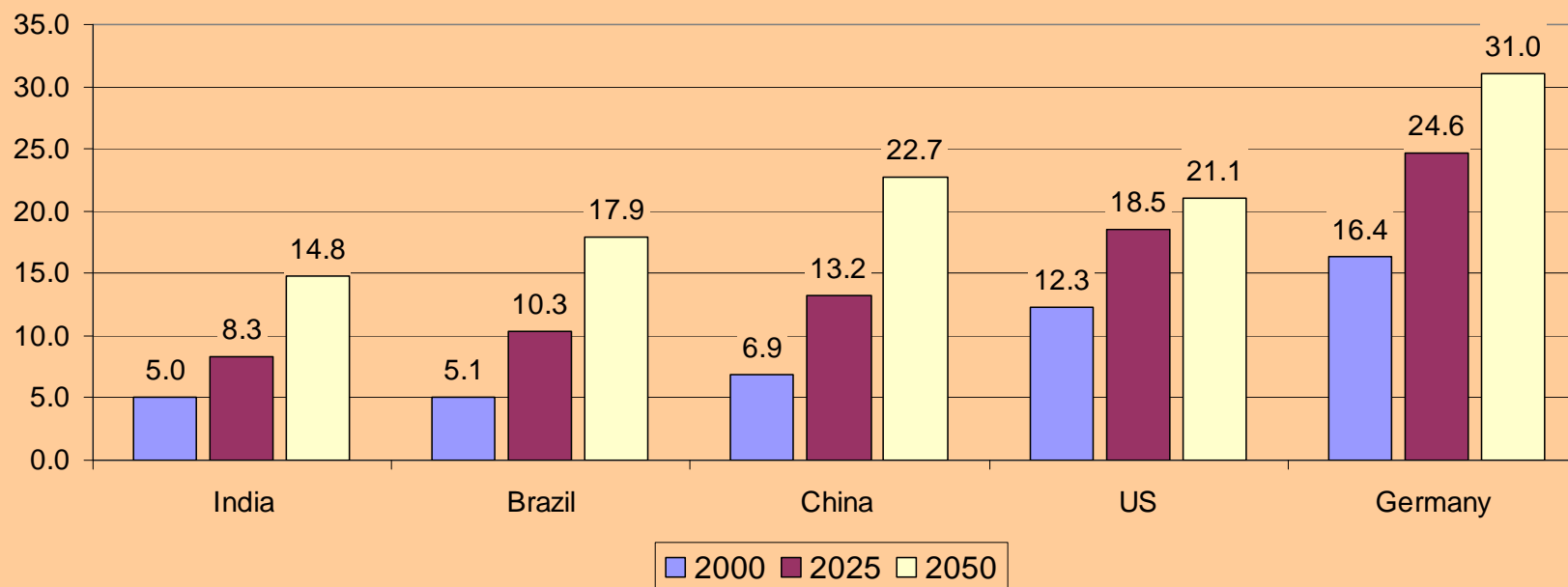


### 3. What might ageing mean?

## THE RICHER THE OLDER

### PROPORTION OF POPULATION OVER 65 (per cent)

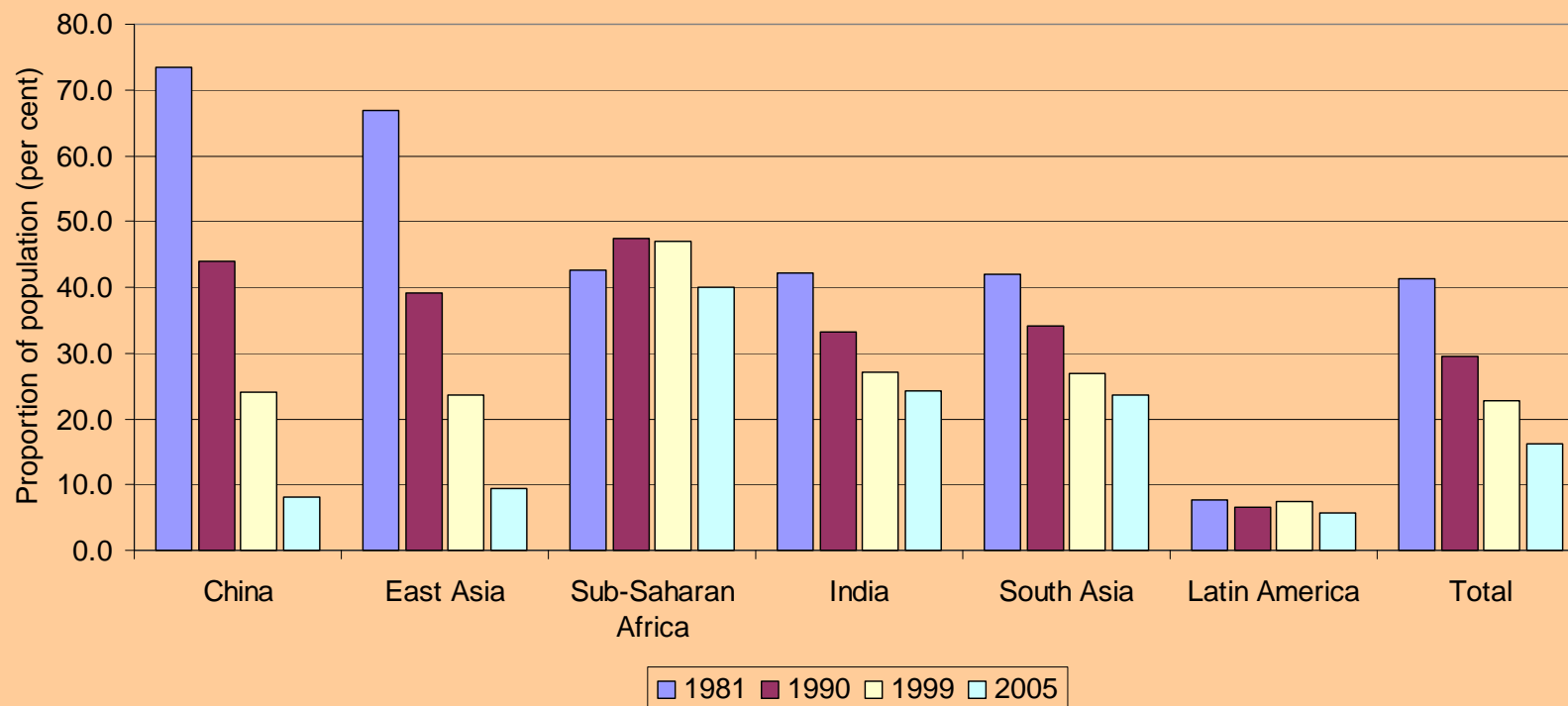
Source: UN



## 4. What is happening to poverty?

### THE ASIAN POVERTY REVOLUTION

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

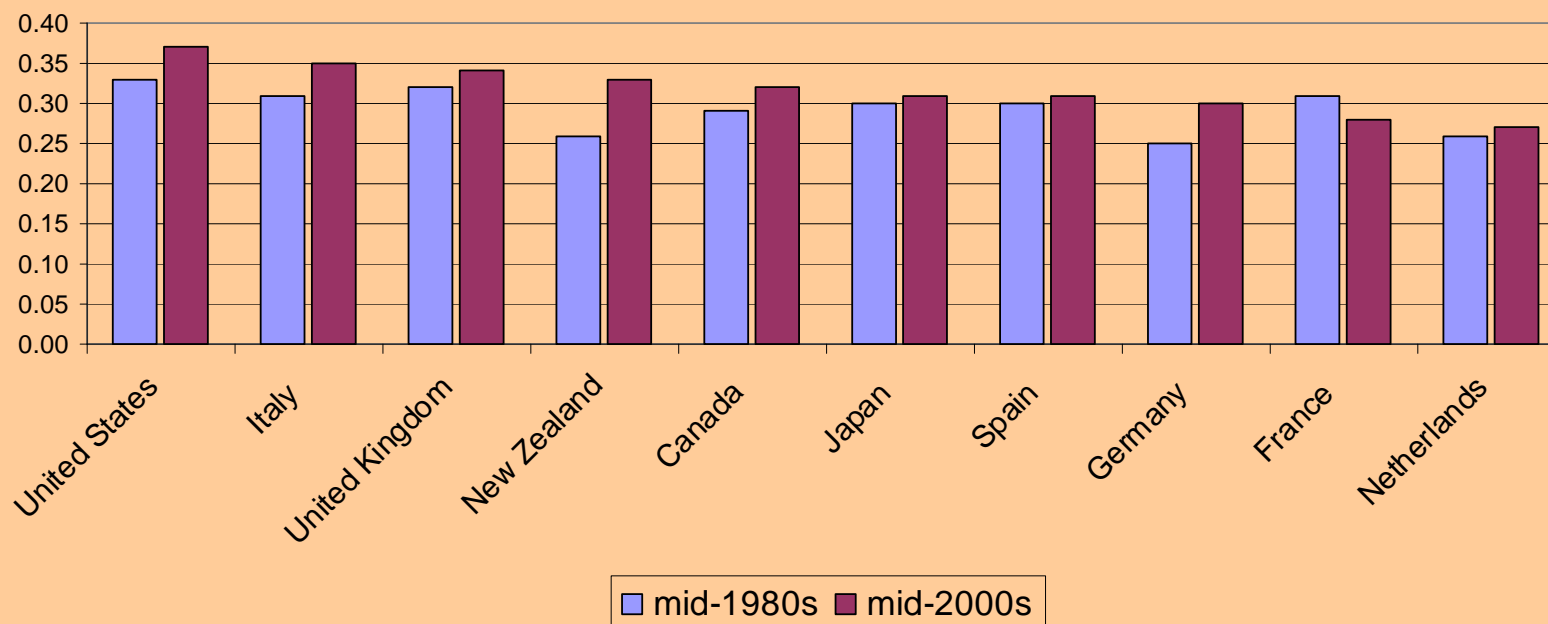


## 4. And inequality?

### RISING INEQUALITY IN ADVANCED COUNTRIES

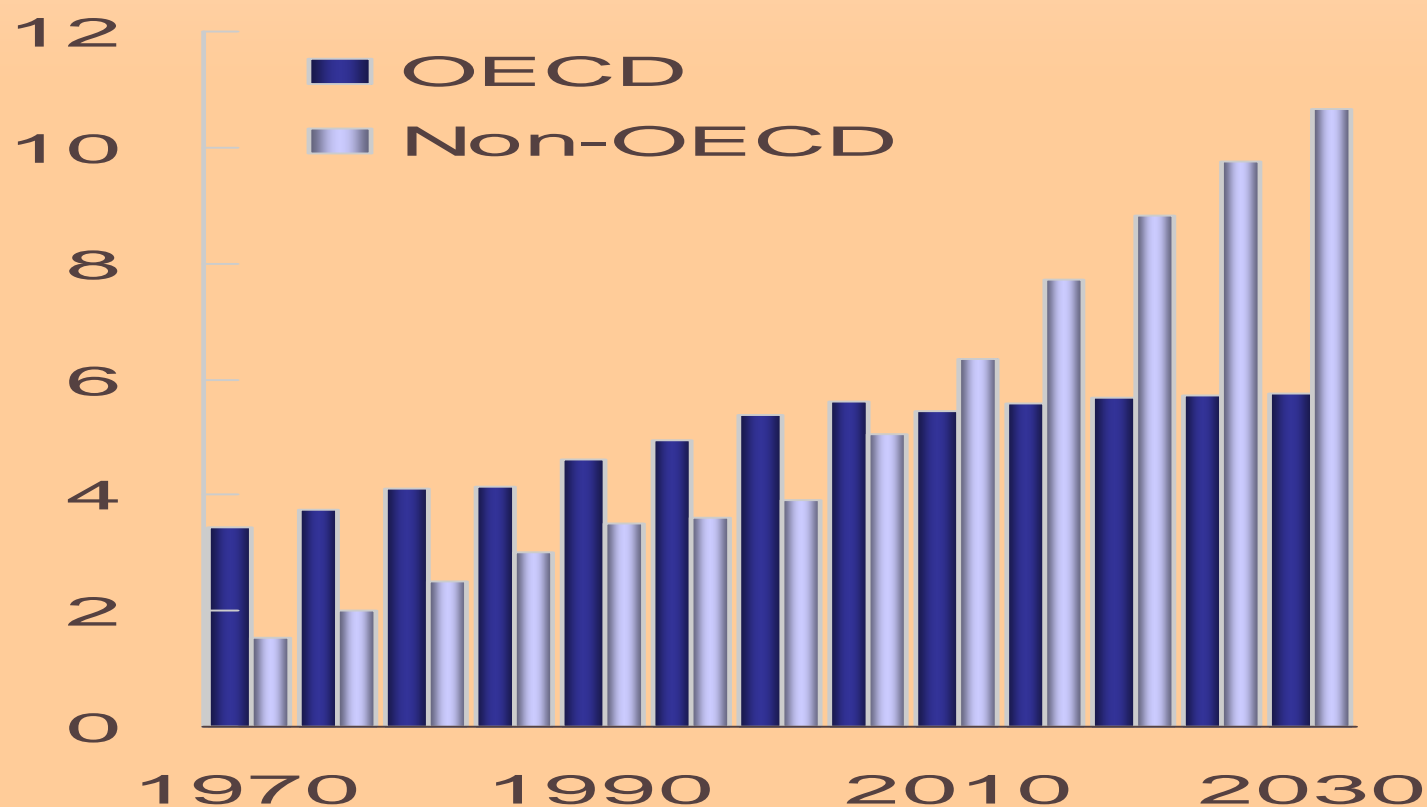
#### INCOME DISTRIBUTION AMONG PEOPLE OF WORKING AGE (gini coefficients)

Source: OECD



## 5. Can the growth be resourced?

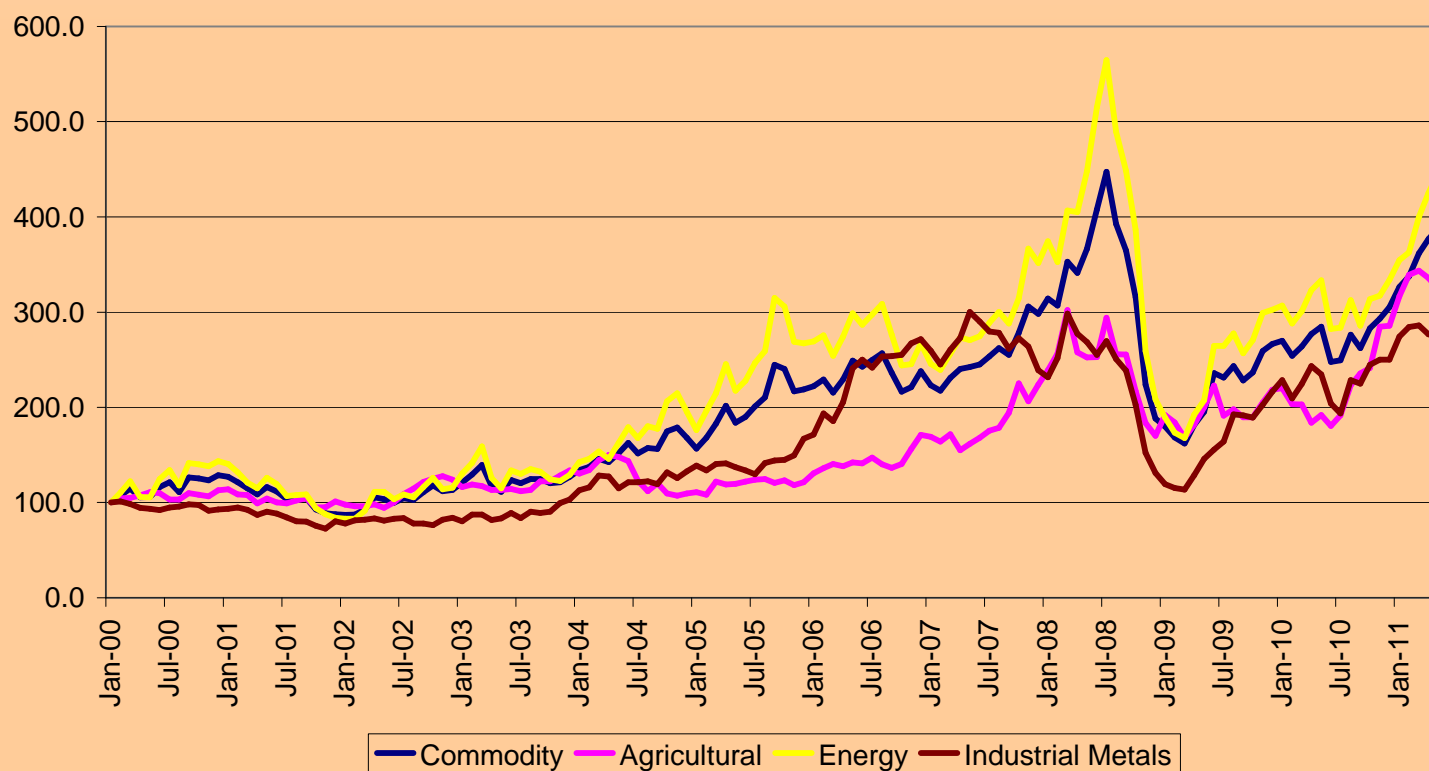
### PRIMARY ENERGY DEMAND (bn TOE)



## 5. Can the growth be resourced?

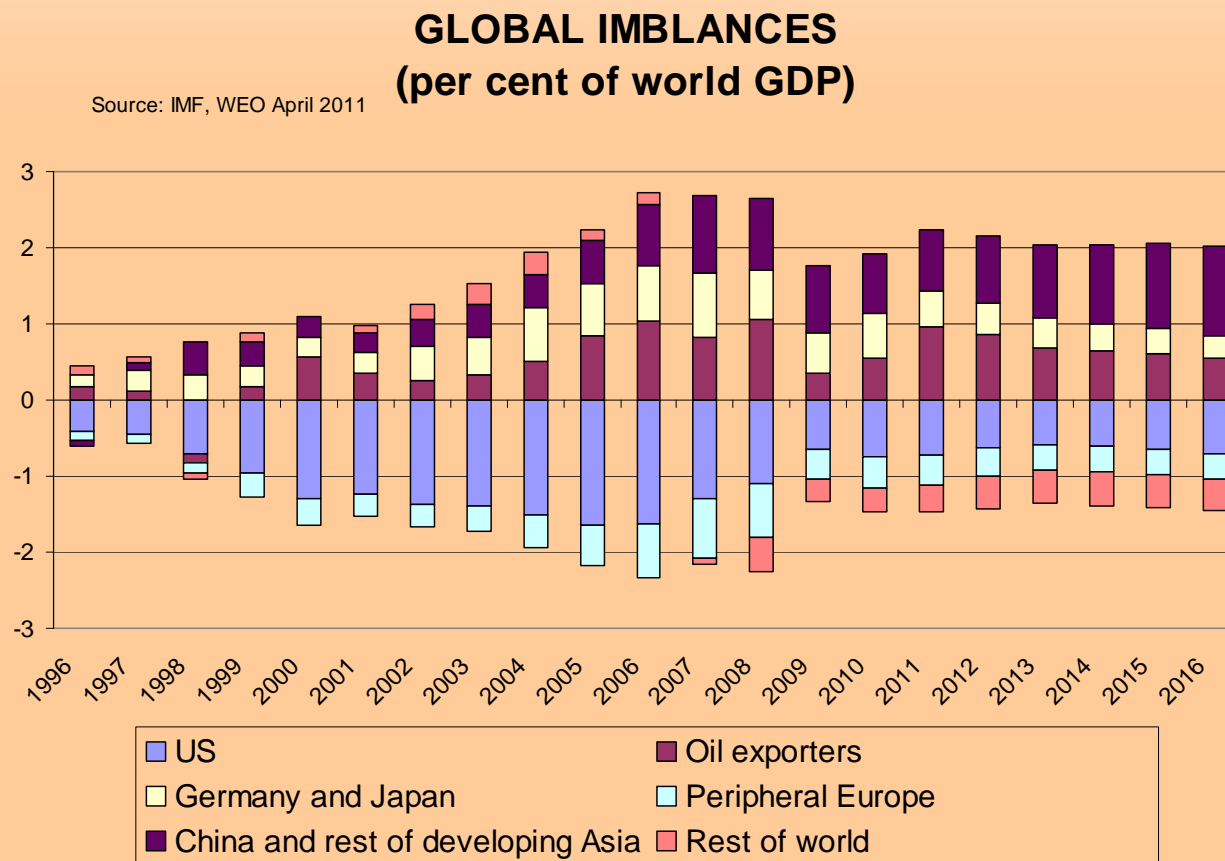
### SOARING PRICES OF ENERGY

#### COMMODITY PRICES



## 6. Can the world adjust?

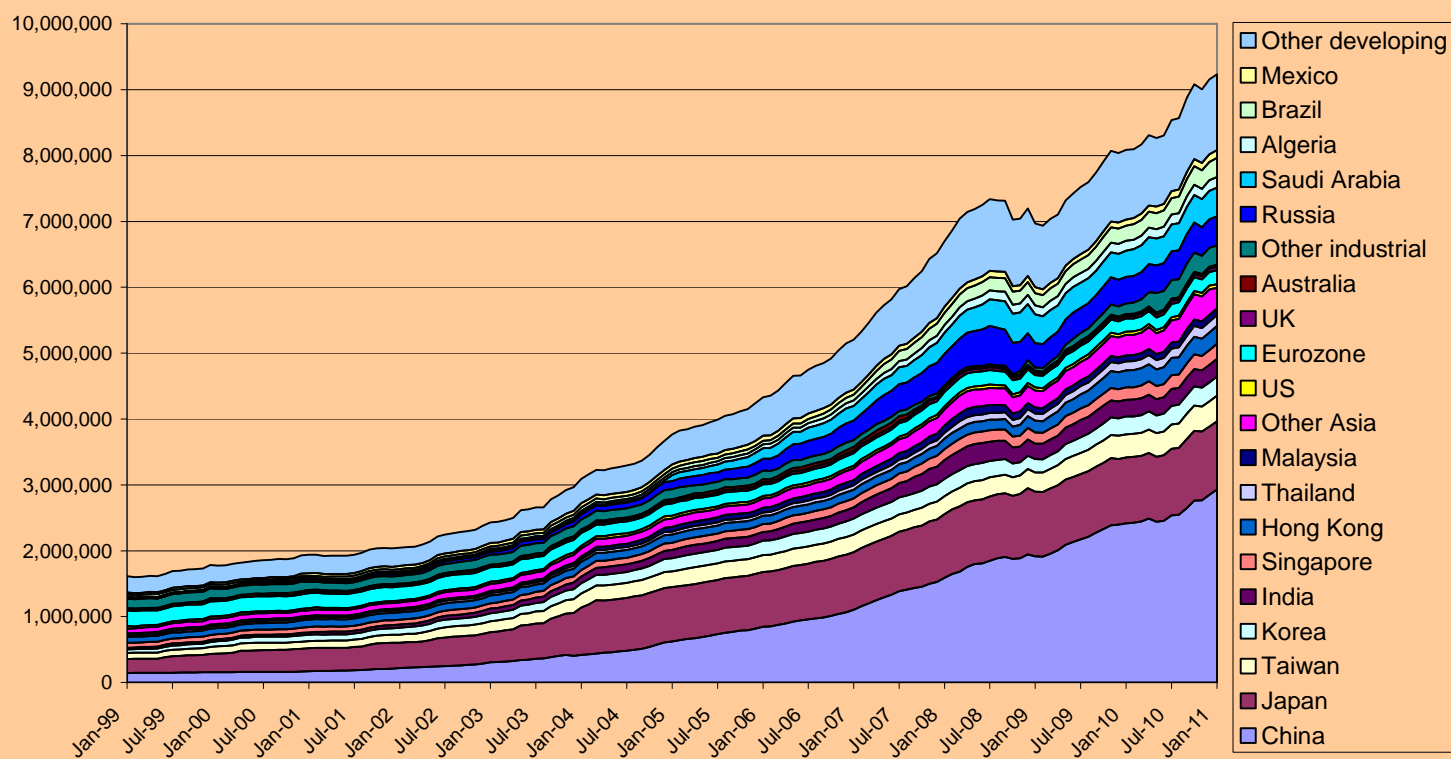
### RISE OF THE IMBALANCES



## 6. Can the world adjust?

### FOREIGN CURRENCY INTERVENTION

GLOBAL FOREIGN EXCHANGE RESERVES (\$m)





## 2. Can the world adjust?

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- 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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