

Overview

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The global economy: Ten years on

Global economy: Picking up but not lifting off

TABLE 1.1 World output growth: Annual percentage change 1991–2017^a

Country or area	1991– 2000	2001– 2008	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 ^b
World	2.9	3.2	1.5	-2.1	4.1	2.8	2.2	2.3	2.6	2.6	2.2	2.6
Developed countries	2.6	2.2	0.0	-3.7	2.6	1.5	1.1	1.2	1.8	2.2	1.7	1.9
Japan	1.3	1.2	-1.1	-5.4	4.2	-0.1	1.5	2.0	0.3	1.2	1.0	1.2
United States	3.6	2.5	-0.3	-2.8	2.5	1.6	2.2	1.7	2.4	2.6	1.6	2.1
European Union (EU-28)	2.2	2.2	0.4	-4.4	2.2	1.7	-0.4	0.3	1.7	2.3	1.9	1.9
Euro zone	2.1	1.9	0.4	-4.5	2.1	1.6	-0.9	-0.3	1.2	2.1	1.7	1.8
Germany	1.7	1.3	1.1	-5.6	4.1	3.7	0.5	0.5	1.6	1.7	1.9	1.9
United Kingdom	2.6	2.5	-0.6	-4.3	1.9	1.5	1.3	1.9	3.1	2.2	1.8	1.5
Transition economies	-4.9	7.1	5.4	-6.6	4.7	4.7	3.3	2.0	0.9	-2.2	0.4	1.8
Russian Federation	-4.7	6.8	5.2	-7.8	4.5	4.3	3.5	1.3	0.7	-2.8	-0.2	1.5
Developing countries	4.8	6.2	5.3	2.4	7.8	5.9	4.9	4.8	4.4	3.8	3.6	4.2
Africa	2.6	5.7	5.4	3.0	5.2	1.2	5.7	2.4	3.7	3.0	1.5	2.7
North Africa, excl. the Sudan and South Sudan	2.8	5.0	6.3	2.8	4.1	-6.6	10.2	-3.7	1.2	2.9	2.1	3.2
Sub-Saharan Africa, excl. South Africa	2.7	6.8	6.0	5.4	6.8	4.9	4.8	5.8	5.8	3.8	1.7	3.2
South Africa	2.1	4.4	3.2	-1.5	3.0	3.3	2.2	2.3	1.6	1.3	0.3	0.5
Latin America and the Caribbean	3.1	3.9	3.9	-1.8	6.0	4.4	3.0	2.8	1.0	-0.3	-0.8	1.2
South America	3.1	4.2	5.0	-0.8	6.6	4.7	2.6	3.3	0.2	-1.8	-2.5	0.6
Brazil	2.8	3.7	5.1	-0.1	7.5	3.9	1.9	3.0	0.1	-3.8	-3.6	0.1
Asia	6.2	7.3	5.8	3.9	8.8	7.1	5.5	5.8	5.6	5.2	5.1	5.2
East Asia	8.2	8.4	7.0	6.1	9.7	7.8	6.2	6.4	6.2	5.5	5.5	5.6
China	10.6	10.9	9.7	9.4	10.6	9.5	7.9	7.8	7.3	6.9	6.7	6.7
South Asia	4.9	6.9	4.9	4.4	9.1	5.5	3.2	4.9	6.4	6.1	6.5	6.3
India	6.0	7.6	6.2	5.0	11.0	6.1	4.9	6.3	7.0	7.2	7.0	6.7
South-East Asia	5.0	5.6	4.2	1.6	8.0	4.8	5.8	5.0	4.4	4.4	4.5	4.7
West Asia	4.0	5.8	4.1	-2.0	6.1	8.4	5.0	5.2	3.4	3.7	2.2	2.7

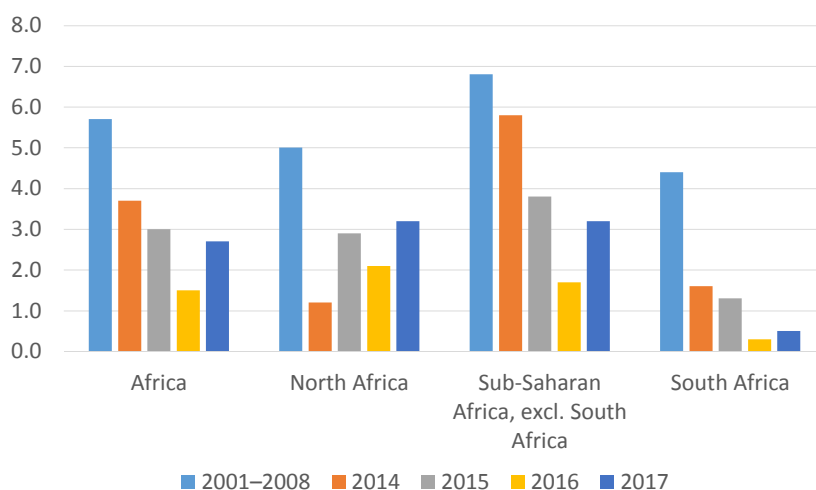
Source: UNCTAD secretariat calculations, based on United Nations Department of Economic and Social Affairs (UN DESA), National Accounts Main Aggregates database, and World Economic Situation and Prospects: Update as of mid-2017; ECLAC, 2017; OECD Stat, available at: <http://stats.oecd.org/> (accessed 17 July 2017); IMF, 2017; Economist Intelligence Unit, EIU CountryData database; JP Morgan, Global Data Watch; and national sources.

^a Calculations for country aggregates are based on gross domestic product at constant 2005 dollars.

^b Forecasts.

The global economy: Ten years on

Adverse global environment for Africa



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Inclusive growth: Issues at stake

Main barriers to inclusive growth

- Trade and technology are not the main causes.
- The main culprits are:
 - Wrong-footed macroeconomic policy; and
 - “Profits without prosperity”, i.e. rising market power, rent-seeking behaviours and “winner-take-most” rules of the game.
- Other factors taint developments that could otherwise seem welcome (see e.g. automation and increased female participation) because they coincide with a world of austerity.
- This provokes a race to the bottom in job markets, resulting in a popular backlash.

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Robots, industrialization and inclusive growth

Industrial robots: a more nuanced view is needed

- Robots getting smarter, more dexterous and cheaper, threatening large-scale job displacement and wage erosion.
- Key issue from development perspective: Does emerging greater scope and speed of automation reduce effectiveness of industrialization as a development strategy?
- The use of industrial robots remains low and concentrated in a few developed countries and relatively well-paying manufacturing sectors (e.g. auto & electronics).



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The gender dynamics of inclusion and exclusion

The gender dynamics of inclusion and exclusion: More complex than it appears

- In the context of insufficient growth in employment, there is the potential for conflict, to the extent that women's employment rates are rising in most countries while men's employment rates are falling.
- At the same time, in the current context of sluggish industrialization or de-industrialization, women are being excluded from good industrial employment because of intensified job rationing by gender.

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Inequality and financial instability

Financialization: Feedbacks between inequality and instability

- A decade after sparking a massive global crisis, the dominance of the financial sector over the real economy has barely changed.
- The global financial instability that persists is correlated to the widening income and wealth inequality.

	Systemic banking crises	Rising inequality	
		<i>Before crises</i>	<i>After crises</i>
Percent of crisis episodes (number of crises)	100% (91)	81% (74)	66% (60)

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The return of rentier capitalism

- Unproductive corporate rent-seeking and restrictive business practices have soared over recent years (spreading to non-financial sectors), amid increasing lobbying powers and market concentration.

Examples of corporate rent-seeking strategies include:

- Aggressive use of patent rights to defend and increase market power rather than innovation;
- Large-scale privatization schemes of public services;
- Public subsidies to large corporations across non-financial sectors without clear economic or efficiency justifications;
- Tax avoidance by multinationals via base erosion and profit shifting practices

Encouraging lessons from the not-so-distant past

- The report calls for a Global New Deal to build more inclusive, sustainable and caring economies. The “three R’s” of the original New Deal in the 1930s are as relevant today -- combining economic Recovery with Regulatory reforms and Redistribution policies.
- 70th anniversary of many ground-breaking institutions. In 1947, the global community and United Nations joined forces to rebalance the post-war economy (creation of the IMF, the WB, the GATT). The hugely successful Marshall Plan was also launched in 1947.
- The opportunity given by the SDGs calls for bold actions.
- Governments will need to act together for any one country to achieve success given the integrated nature of the global economy.
- UNCTAD urges them to seize the opportunity offered by the SDGs and put in place a Global New Deal for the twenty-first century.