

El nuevo malestar de la globalización: causas y perspectivas

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Índice

1. Introducción
2. Instantáneas
3. La película del ultimo cuarto de siglo: un cambio global profundo
4. Hipótesis sobre las causas
5. Perspectivas y conclusiones

1. Introduction

Globalization in the dock, once again

- Even before the full remediation of the aftermaths of the Great Recession, **new discomforts with the global economy have appeared.**
- **Epicenters are in the U.S and in Europe** and come from the society and politics, but express discontent with national economies and globalization, particularly with immigrants and imports that threaten local production.
- **They also appear in many countries of the Middle East** – an important sources of emigration to Europe - defrauded with the Arabian springs and hit by the fall of oil, fragile economies and Islamic fundamentalism.
- In **Latin America**, criticism to globalization has been almost permanent, but it is a matter of intense political debate nowadays.
- **Nothing like this is seen in most of Asia, and it's not widespread in Africa either.**
- **Globalization is on the dock and the debate frequently assumes three characteristics of the risky, Orwellian world of "post-truth" in which we live.** Passions and emotions predominate over reasons, data and information are left aside, or directly invented and, finally, the public and the media prefer to see the snapshots of the moment and not the processes that unite them.

2. Economic exclusion: Snapshots



Economic power and wealth. Standards of living I

- *Economic power and wealth.* The dominant role of the great powers and there is an overwhelming incidence of poverty and other forms of exclusion.
- With only 17% of the world's population, developed countries generate 41% of total GDP (Tables 1 to 4) and an even larger share of global inclusive wealth.
 - For example, per capita wealth in Australia is more than a hundred times greater than that of Afghanistan, while per capita GDP is "only" 25 times greater (Table 5).
- *Standards of living (GDP PPP per capita). The standard of living of developed countries -measured by per capita GDP in purchasing power parity (PPP) US dollars - is more than four times that of developing countries*

Economic power and wealth. Standards of living II

World GDP distribution, 1980-2016

Table 1. Total GDP in trillion current USD

	1980	1990	2016
World	11.137	23.216	76.321
Developed	8.358	18.123	45.894
Emerging	2.779	5.093	30.427

Source: IMF databank.

Table 2. Percentage shares of total GDP in current USD

	1980	1990	2016
World	100.0	100.0	100.0
Developed	75.0	78.1	60.1
Emerging	25.0	21.9	39.9

Source: IMF databank

Table 3. Total GDP in trillion PPP USD

	1980	1990	2016
World	12990	26878	118.518
Developed	8293	17190	49.654
Emerging	4697	9688	68.864

Source: IMF databank.

Table 4. Percentage shares of total GDP in PPP USD

	1980	1990	2016
World	100.0	100.0	100.0
Developed	63.8	64.0	41.9
Emerging	36.2	36.0	58.1

Source: IMF databank.

Economic power and wealth. Standards of living III

Inclusive wealth in some developed and emerging countries

Table 5. Inclusive wealth in constant 2005 USD

	TOTAL (million)		Per capita (thousands)		Times 2010/1990	
	1990	2010	1990	2010	TOTAL	Per capita
Emerging						
Afghanistan	73403	151524	5632	4824	2.1	0.86
Argentina	2371915	3129905	72664	77449	1.3	1.07
Brazil	12345895	16439769	82498	84330	1.3	1.02
China	18571020	31969803	16216	23834	1.7	1.47
India	9287027	15088491	10628	12321	1.6	1.16
Nigeria	1604302	1814508	16446	11454	1.1	0.70
R.Cent. Afr.	188370	186578	64185	42394	1.0	0.66
Russia	19691845	19464667	132450	136156	1.0	1.03
South Africa	2616273	3628541	71106	71379	1.4	1.00
Venezuela	3419948	4042649	173732	139499	1.2	0.80
Vietnam	451088	861705	6722	9809	1.9	1.46
Developed						
Australia	8264944	11484564	483439	515734	1.4	1.07
Germany	25747425	35855483	325513	435655	1.4	1.34
Canada	13181342	17109382	475846	502972	1.3	1.06
France	19443346	26686007	342866	425022	1.4	1.24
Italy	15739344	19661610	276943	324712	1.2	1.17
Japan	44161278	54693320	361234	432236	1.2	1.20
Spain	9309175	16074035	239377	348852	1.7	1.46
United King.	19766855	25377131	345487	409074	1.3	1.18
United States	104292941	143824201	411673	463375	1.4	1.13

Source: author's elaboration from Inclusive Wealth Report 2014

Jobs, gender differences, unemployment, underemployment and forced labor

- High quality jobs concentrate mostly in developed countries. **In contrast, emerging countries has the bulk of precarious jobs that amount 1400 million people, 42% of global employment.**
- Youngers are the most affected by unemployment, with a world rate of 14%.
 - It has higher incidence in developed countries (16.4%), especially in Europe (27.6% in the euro area), compared to 13.5% in low and middle income countries (with peaks of 30.4% in the Middle East and North Africa).
- Long-term unemployment is also very high and huge gender disparities persist in the workplaces, with women being more affected than men by precarious employment, low wages and unemployment.
- **A real shame for humanity is that, according to the ILO there are 21 million people trafficked and/or in forced labor in the world, of which 19.5 million are in the emerging countries, and 60% of them in Asia Pacific.**

Hunger and poverty

- *Hunger.* Hunger affects 790 million people, 10.5% of the world's population. **Mainly because of wars, there are 20 million people at serious risk of starvation** in Ethiopia –where 79% of the children suffer acute malnutrition- Nigeria, Somalia, South Sudan and Yemen, the highest figure since World War II. According to IFPRI' Index of Global Hunger, two of the most populated subcontinents, Sub Saharan Africa and South Asia are in a “serious” hunger situation.
- *Poverty.* **Near 700 million people, around 10% of the world population, lives yet in extreme poverty, with less than \$ 1.90 a day.** There are not world averages regarding the **poverty headcount population ratio at \$3.10** a day but some figures are useful to show this hard reality. In 2014 it was **76.5% in Nigeria, 58% in India, 11.1% in China and 7.6% in Brazil.**

Health, housing, education

- *Health.* Life expectancy in sub-Saharan Africa is below 60 years old. In the poorest countries infant mortality is higher than 50 per thousand yet. Infant mortality under 5 is 43 worldwide, but reaches 73/1000in the least developed countries reaches 73.
- *Housing.* **In the poorest countries, two-thirds of the population live in precarious housing in slums, in Latina America is 1/5 yet and in some African countries reaches up to 75%.**
- *Education.* In the poorest countries, only two out of three children finish the primary school, just 43% are enrolled in middle school and a meager 42% manage to complete the basic cycle of secondary education.

Income and wealth distribution I

- Also income distribution shows worrying faces. In some developed countries, especially the Saxons, 1% of the richest people accounts for 15% of total income (Figure 1). **There are many emerging countries where the poorest 10 percent earn only between 1.5 percent and 2 percent of total income, while the richest 10 percent accounts for more than 40 percent, a situation almost twice as bad as in developed countries.**

Income and wealth distribution II

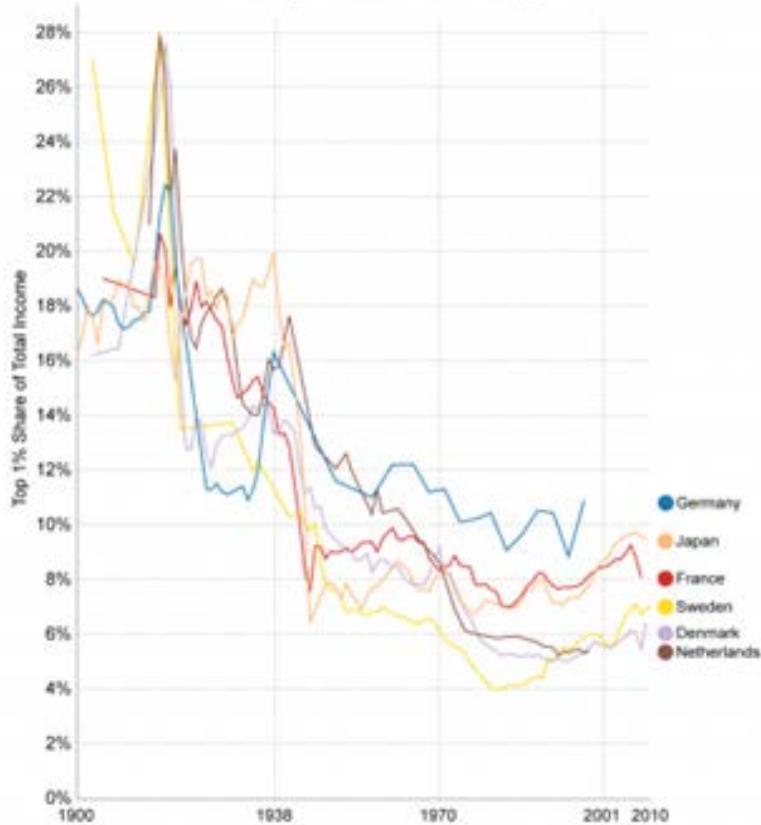


Share of Total Income going to the Top 1%, 1900-2010

The evolution of inequality in English speaking countries followed a U-shape



The evolution of inequality in continental Europe and Japan followed an L-shape



Data source: The World Top Incomes Database.

The interactive data visualisation is available at OurWorldInData.org. There you find the raw data and more visualisations on this topic.

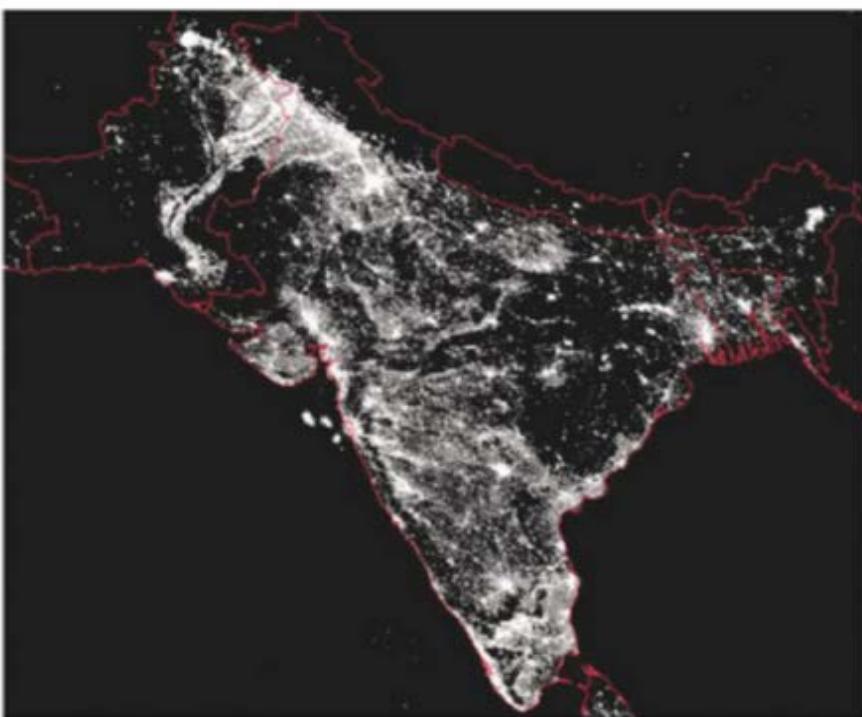
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Conclusions

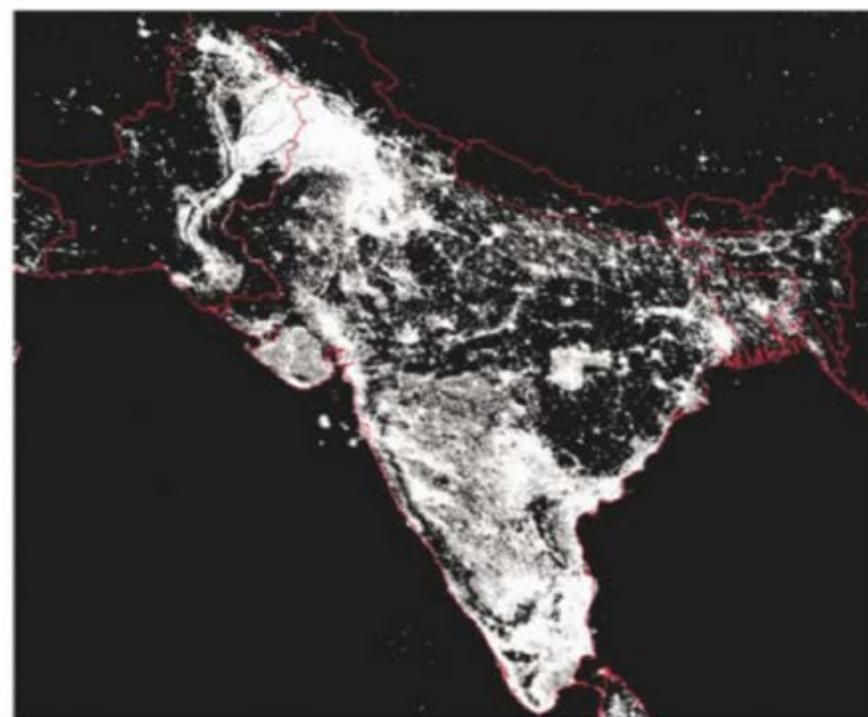
- It would be possible to show and comment many more snapshots, but what has been shown is enough to discover in the emerging world, especially in the poorest part of it, flagrant faces of poverty and exclusion.
- In most developed countries, instead, stands out the inequality, together with a widespread sensation that, because globalization, the future will be worse than the present.

A question mark on poverty's measurement

Satellite images of South Asia by night



South Asia in 1994



South Asia in 2010

Images are taken from Maxim Pinkovskiy and Xavier Sala-i-Martin (2016) – *Lights, Camera ... Income! Illuminating the National Accounts-Household Surveys Debate*. The Quarterly Journal of Economics

3. A deep global change, relevant inclusions and much exclusion remaining: the film of the last 25 years

Narrower gaps

- Although it is frequently repeated that the gap between rich and poor countries continues widening, **the fact is that the distance between their levels of living (per capita income) has fallen by almost half, from about 8 times in 1990 to slightly more of 4 times today** (Table 6).
- **The standard of living of emerging countries ceased to diverge and began to converge with that of developed countries, for the first in five hundred years** (Table 7)
- **The former "developing" countries already generate almost 60% of the annual world product** (Table 8).
- There are huge differences among developed countries. While Korea GDP grew 31.1% since 2007, but Italy's And Greece's fell 8% and 26.1%, respectively.
- **Similar differences can be seen within countries** like, for instance, in the contrasts between the now famous "rust belt" with California or the East coast, where decaying versus rampant demography is one of the most striking.

Levels of living, divergence and convergence

Table 7
Convergence for the first time in centuries
GDP pc % ratio: Africa, Asia, LATAM / W. Europe + Western Offshoots

Table 6. GDP per capita in thousands PPP USD

	1980	1990	2000	2007	2016
World	3588	5432	9000	12500	16000
Developed	10123	19669	29223	39328	47001
Emerging	1483	2511	4247	7112	11110
Ratio D/E	6.8	7.8	6.9	5.5	4.2

Source: IMF databank. World average for 2000, 2007 and 2016, author's estimate

Year	Ratio
1	100%
1500	78%
1820	47%
1950	19%
1990	15%
2010	19%
2040	45%*

Source: own estimates based on Maddison Project (web) and R. Fogel (2007).

Table 8. Projected percentage shares in total GDP, PPP USD

	2000	2016	2040
DEVELOPED	53	41.8	23
European Union	21	16.8	5
Japan	8	4.1	2
United States	22	15.5	14
Others	2	5.4	2
EMERGING	47	58.2	77
China	11	17.9	34
India	5	7.3	11
Latin America	9	7.9	7
Others	22	25.1	25

Sources: a) 2000 and 2040, author's estimates based on R.Fogel (2007).
b) 2016: IMF databank.

Poverty I

- Africa and Asia account now for 95% of the 705 million people in extreme poverty. A quarter of a century ago, most of the 1850 million people affected by this scourge, representing 35% of the world population against 10% today, lived in those same continents (Figures 2, 3 and 4).
- Other positive development is that the poverty gap has significantly decreased in the last wave of globalization, from 442 billion dollars in 1990 to 164 billion in 2013.
- Even though the global population increased by 2 billion—from 5.3 billion in 1990 to 7.3 billion in 2015—more than 1 billion people escaped extreme poverty, 2.1 billion gained access to improved sanitation and more than 2.6 billion gained access to an improved source of drinking water”.

Poverty II

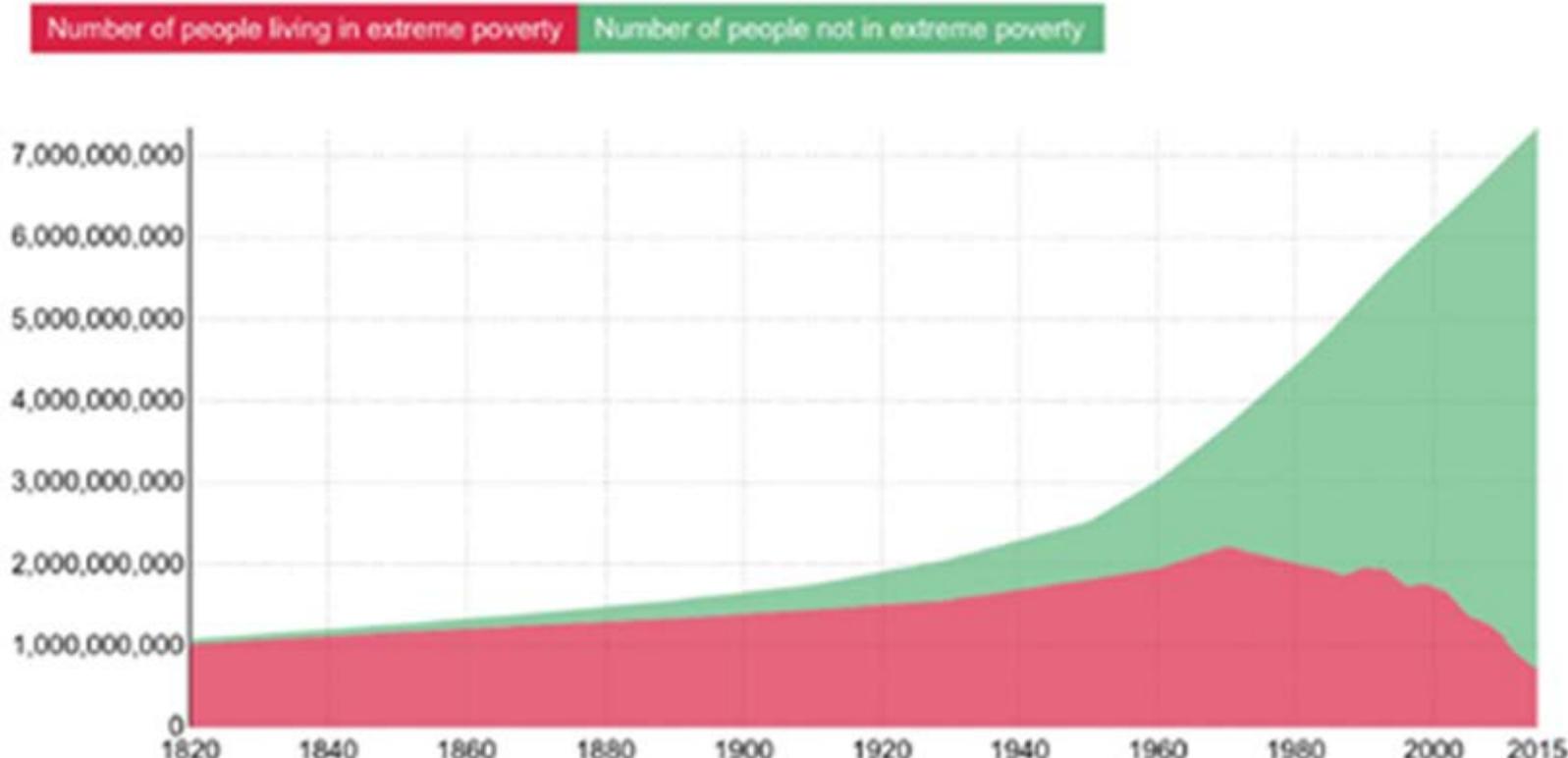
- From 1990 to 2014 the poverty headcount population ratio at US\$ 3.10 a day, decreased from 89.2% to 11.1% in China, from 78.9% to 58.0% in India, from 34.3% to 0.9% in Thailand and from more than 30% to 7.6% in Brazil.
- Africa was not as successful as Asia and, to a lesser extent, as Latin America. **For instance, Nigeria still has 76.5% of its population below US\$ 3.1 a day, more than in 1990 (70.6%).**
- **The future fighting against poverty could be more complicated. First, because 80% of the extremely poor live in rural areas, generally more poverty-prone. Second, 50.7% of the extreme poor live in Sub Saharan Africa, where the proportion of persons in that condition fell, but just from 54% in 1990 to 41% in 2013, and at the same time increased in absolute terms -around 200 million persons added- due to very rapid population growth (Figure 6).**

Poverty III

World population living in extreme poverty, 1820-2015

Our World
in Data

Extreme poverty is defined as living at a consumption (or income) level below 1.90 "international \$". per International \$ are adjusted for price differences between countries and for price changes over time (inflation).

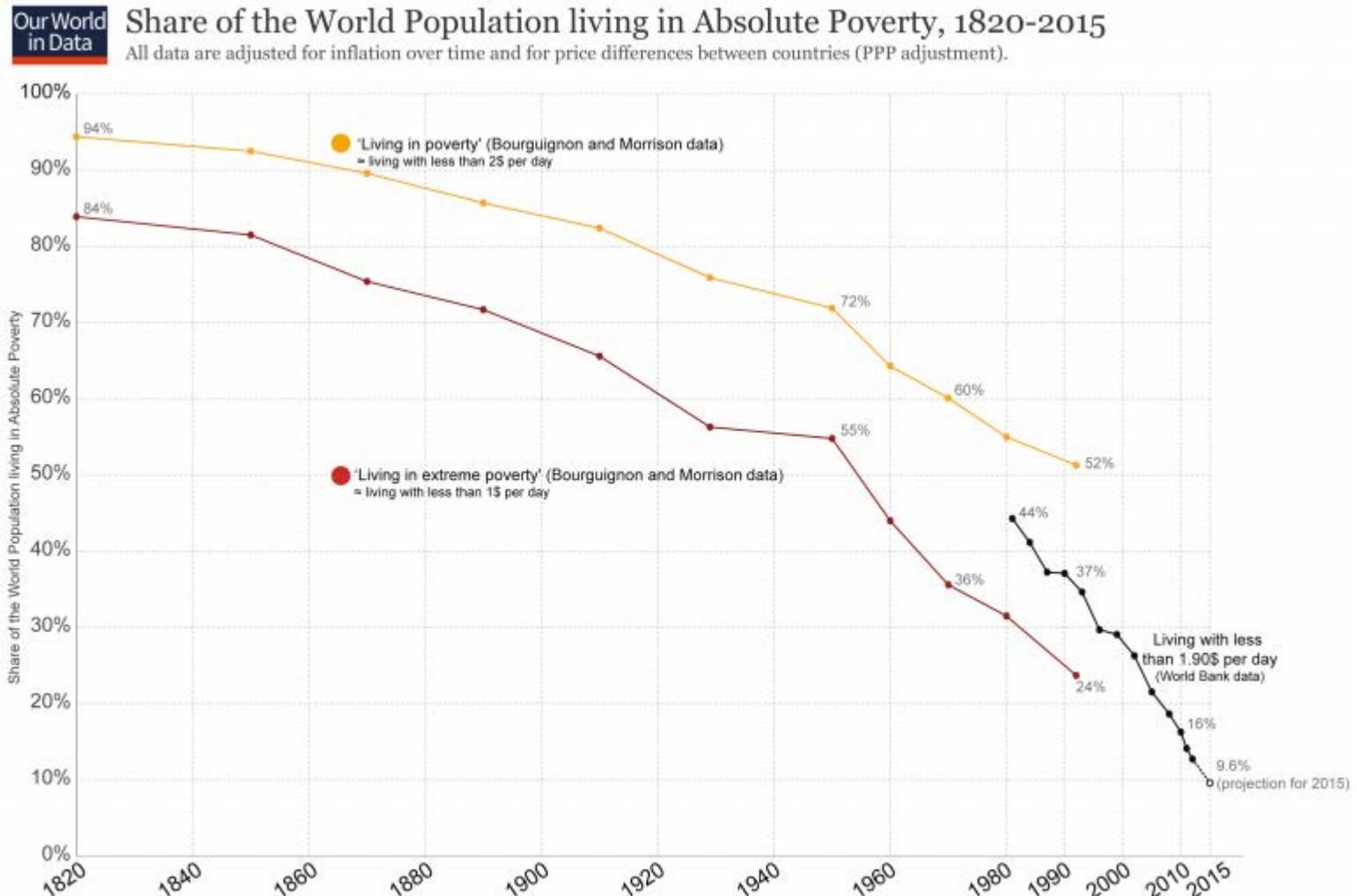


Data source: World Poverty in absolute numbers (Max Roser based on World Bank and Bourguignon and Morrisson (2002))

OurWorldInData.org/optimism-pessimism/ • CC BY-SA



Poverty IV



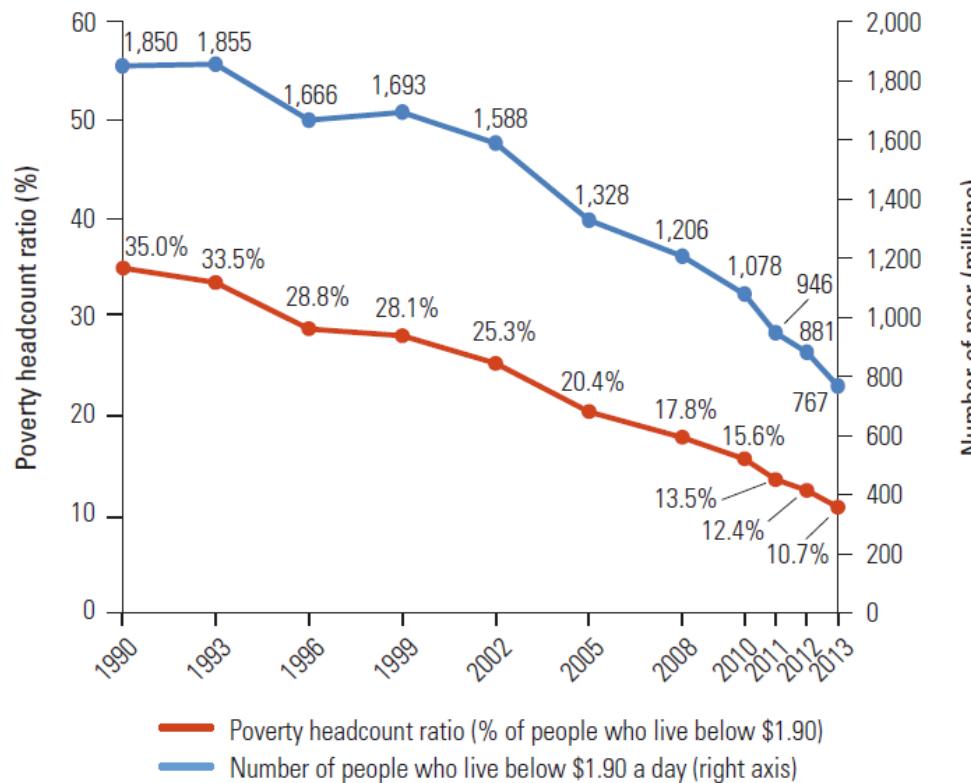
Data sources: 1820-1992 Bourguignon and Morrison (2002) - Inequality among World Citizens, In The American Economic Review; 1981-2015 World Bank (PovcalNet)

The interactive data visualisation is available at OurWorldInData.org. There you find the raw data and more visualisations on this topic.

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Poverty V

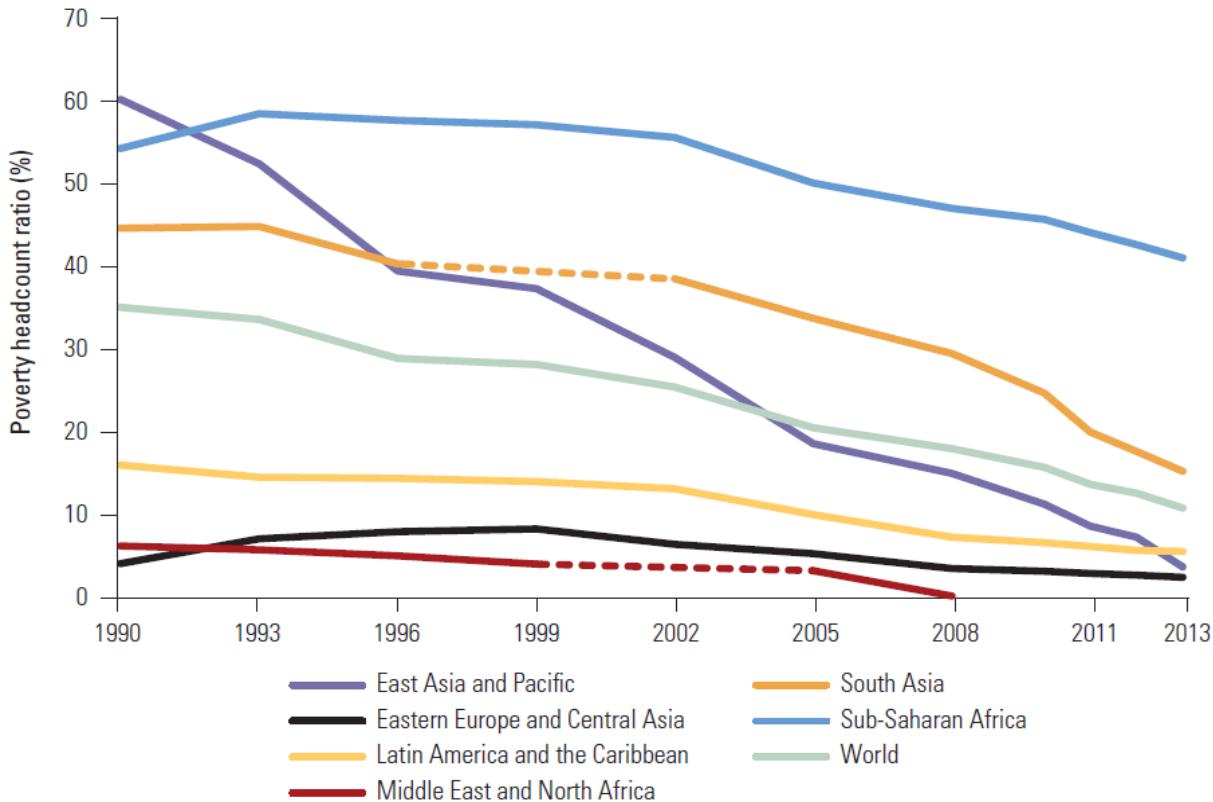
Figure 4. Trends in the Global Poverty Headcount Ratio ant the Number of the Global Poor, 1990-2014



Source: Latest estimates based on 2013 data using PovcalNet (online analysis tool), World Bank, Washington, DC, <http://iresearch.worldbank.org/PovcalNet/>.
Note: Poverty is measured using the US\$1.90-a-day 2011 PPP poverty line.

Poverty VI

Figure 6. World and Regional Trends, Poverty Headcount Ratio, 1990-2013

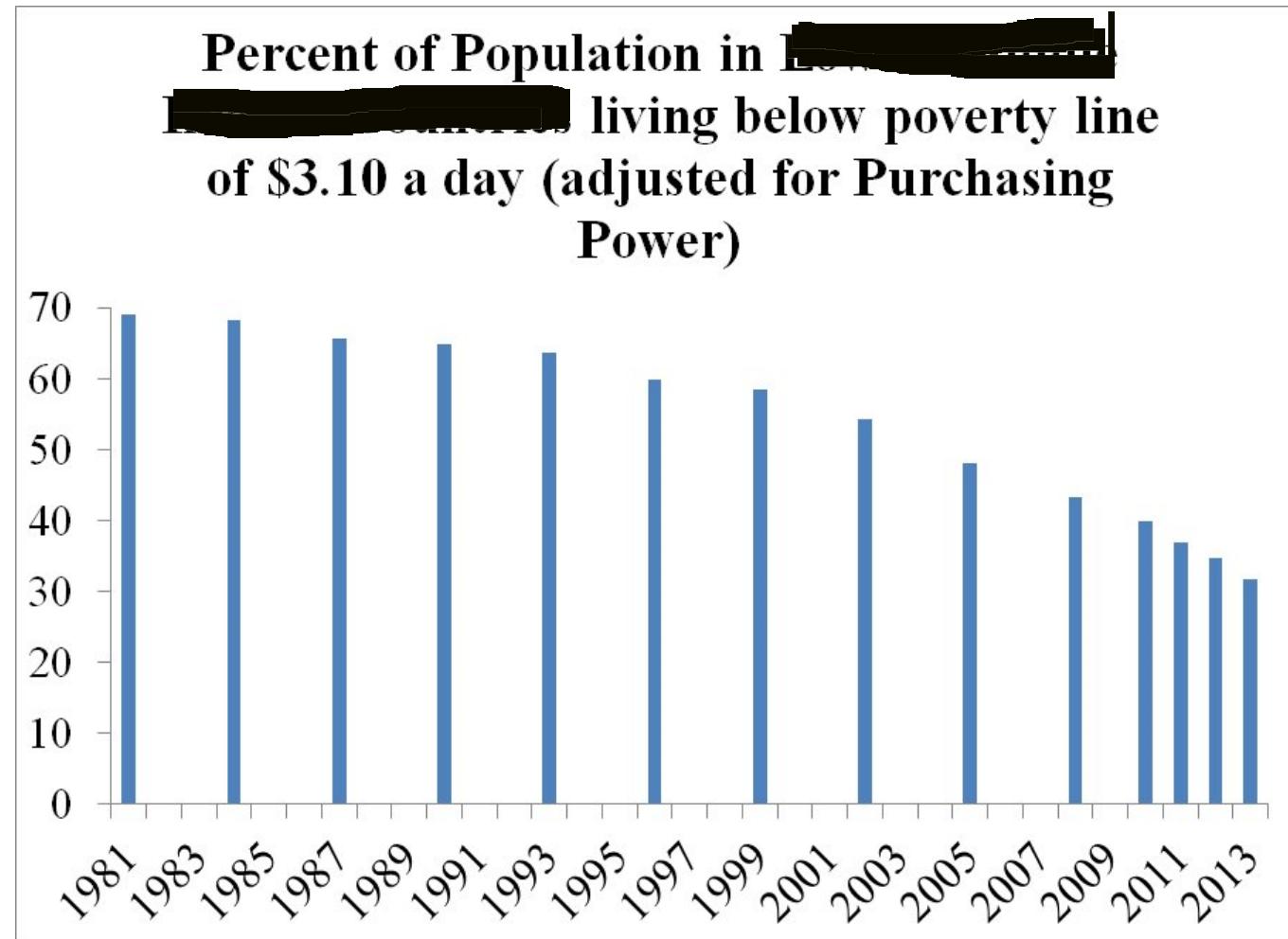


Source: Latest estimates based on 2013 data using PovcalNet (online analysis tool), World Bank, Washington, DC, <http://iresearch.worldbank.org/PovcalNet/>.

Note: Poverty is measured using the US\$1.90-a-day 2011 PPP poverty line. Breaks in trends arise because of a lack of good-quality data.

Fuente: Banco Mundial (2016). *Taking on inequality*

Poverty VII



Fuente: William Easterly. @bill_easterly

Poverty VIII

A clear evidence of skepticism on globalization

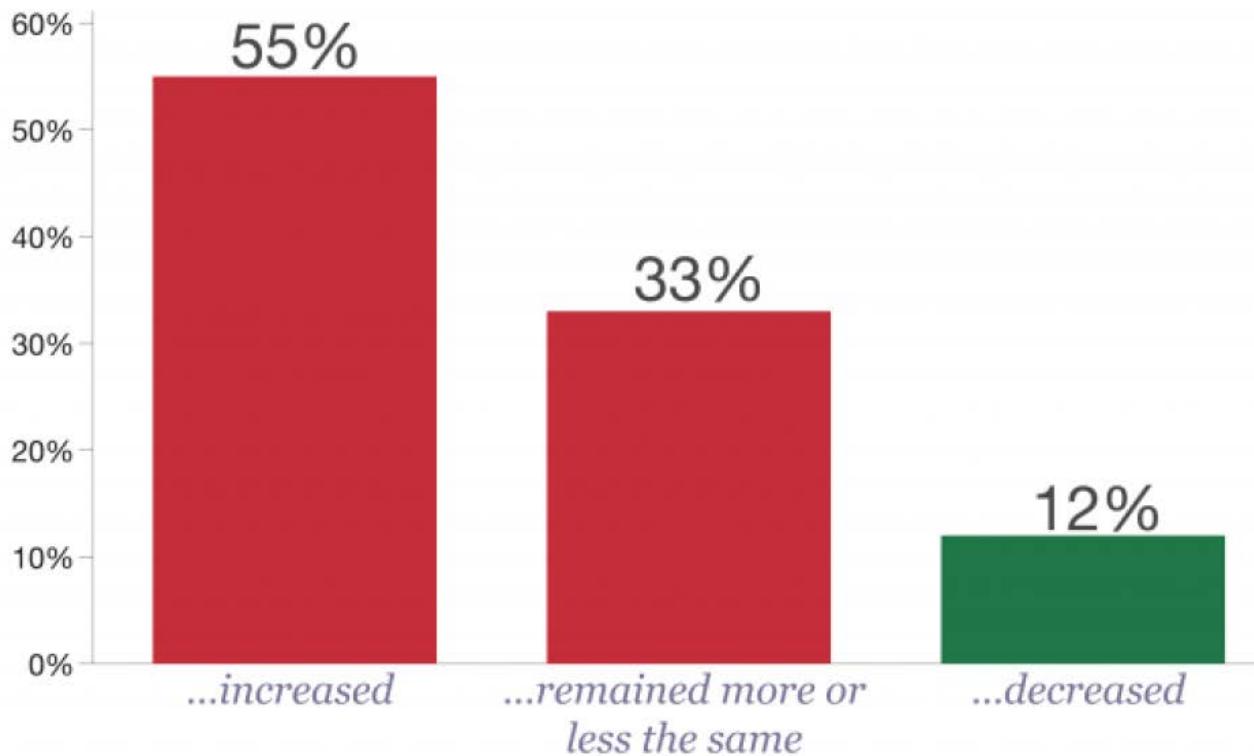
Survey of people with a university degree

Survey result: Only few people know that extreme poverty is declining

Shown is how respondents to the survey by Gapminder completed the following statement:

Our World
in Data

“In the last 30 years the proportion of the World population living in extreme poverty has...”



Data source: Gapminder – Ignorance Test for the UK. N=373 respondents that reported to have a university degree
The interactive data visualization is available at OurWorldinData.org. There you find the raw data and more visualizations on this topic.

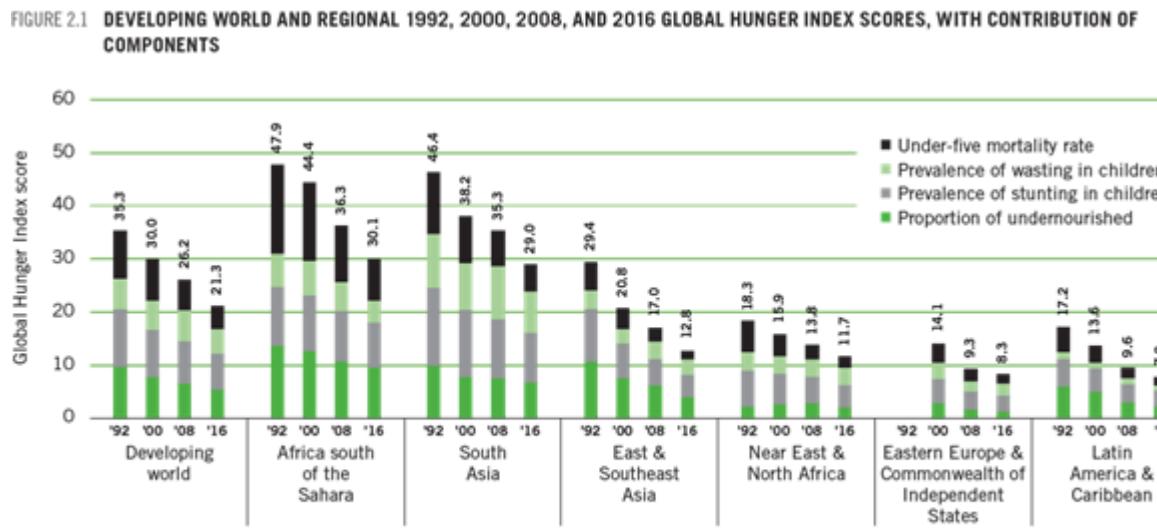
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Hunger 1

- Hunger is not an exception and also shows improvements during the last quarter of century, but **some results are disappointing**. **Undernourished people went down from 1010 million in 1990 (18.6% of world population) to 795 million in 2014 (10.9%). In Africa, in spite of a fall in the percentage from 27.5% to 20%, it increased in absolute terms, from 182 to 232 million people.**
- The Global Hunger Index (GHI, IFPRI) for developing countries fell by 40% between 1992 and 2016 but still remains –by a narrow margin- in the serious zone, the third category of hunger intensity.
- The GHI fell in all six regions of the emerging world, two of them from alarming to serious (Sub Saharan Africa and South Asia), one from serious to moderate (East and South East Asia), two from moderate to low GHI (Eastern Europe plus Commonwealth of Independent States and Latin America and the Caribbean), and the Near East and North Africa remained in the moderate zone.
- **However, still one person in nine in the world is hungry and one in three is malnourished.**

Hunger 2

Figure 7. IFRI Hunger Index

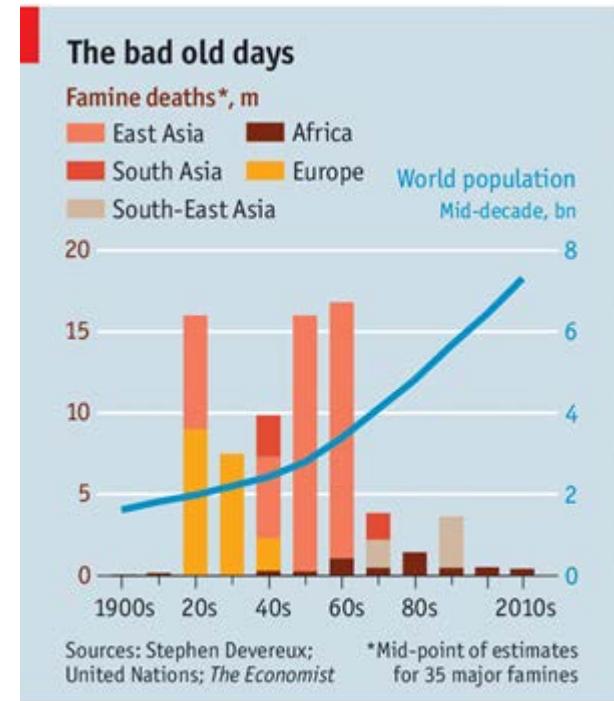


Source: Authors.

Note: See Appendix B for data sources. A 1992 regional score for Eastern Europe and the Commonwealth of Independent States was not calculated because many countries in this region did not exist in their present borders.

Source: IFPRI (<http://ghi.ifpri.org/results/>). For methodology see: <http://ghi.ifpri.org/methodology/>.

Figure 8. Famines since the beginning of XX century



Health, environment, housing I

Health. The global under-five mortality rate was more than halved between 1990 and 2015—from 91 per 1,000 live births to 43. The incidence of HIV, malaria and tuberculosis declined between 2000 and 2015 (HDR, UNDP). The progress of life expectancy, both in the long run and in the last quarter of century has been impressive too (Figure 9).

Environment. The global net loss of forested areas fell from 7.3 million hectares a year in the 1990s to 3.3 million during 2010–2015 (HDR, UNDP). But 18,000 people a day die worldwide because of air pollution.

Housing. The proportion of people living in slums decreased in the averages of low and middle income countries. However, 1784 million people still live in such undeserving condition, and it grew in absolute terms in the average of low income countries.

Health II

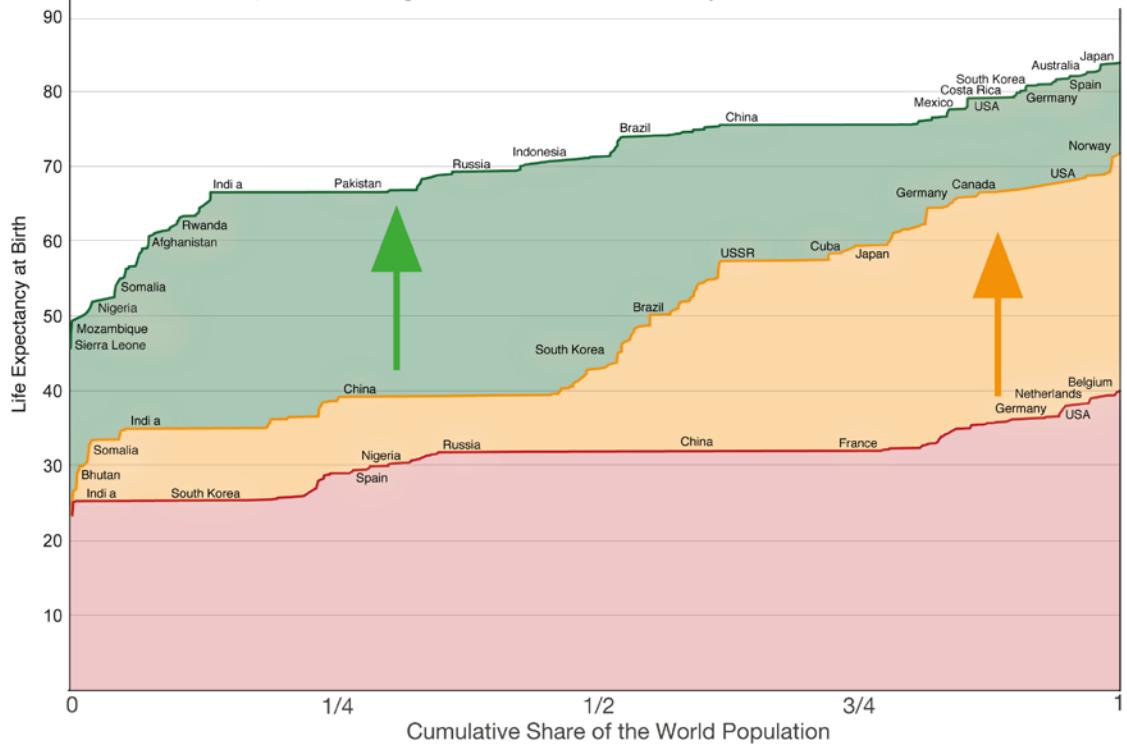
Life expectancy historical evolution

Figure 9. Life expectancy, 1800-2012



Life Expectancy of the World Population in 1800, 1950 and 2012

Countries are ordered along the x-axis ascending by the life expectancy of the population. Data for almost all countries is shown in this chart, but not all data points are labelled with the country name.



Data source: The data on life expectancy by country and population by country are taken from [Gapminder.org](#).

The interactive data visualisation is available at [OurWorldinData.org](#). There you find the raw data and more visualisations on this topic.

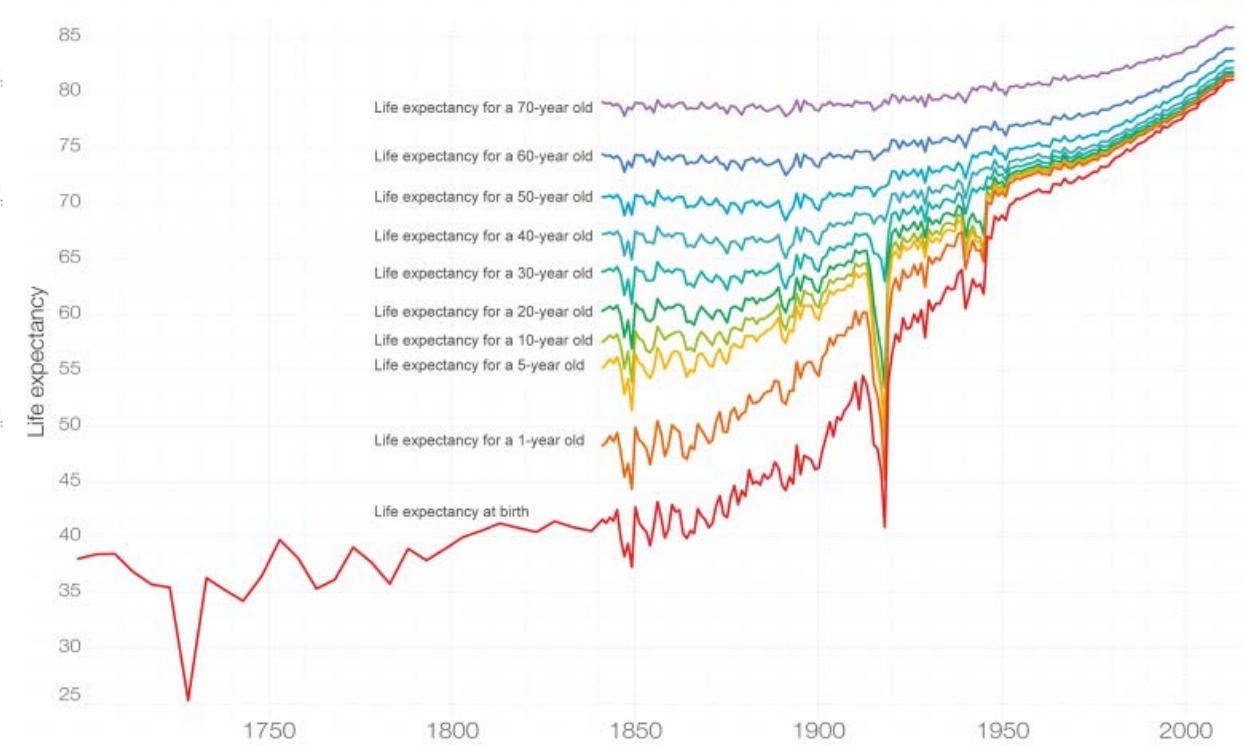
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Figure 9.1. Life expectancy at different ages 1700-2012



Life Expectancy by Age in England and Wales, 1700-2013

Shown is the total life expectancy given that a person reached a certain age.



Data source: Life expectancy at birth Clio-Infra. Data on life expectancy at age 1 and older from the Human Mortality Database ([www.mortality.org](#)).

The interactive data visualization is available at [OurWorldinData.org](#). There you find the raw data and more visualizations on this topic.

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Education

- Worldwide illiteracy rates fell from 32% in 1990 to a still very high level of 15%.
- Years of education of the population at least 25 years, increased roughly the same in all socioeconomic regions, what implies that huge inequalities remained: from 9.5 to 11.7 years in very high human development countries (HDC), from 5.5 to 8.1 in high HDC, from 3.4 to 5.5 in medium HDC and from 2.3 to 4.2 in low HDC.
- Secondary gross enrolment rates also increased everywhere but big differences remain between high income countries (more than 100%), middle income countries (76%) and low income countries (just 41%).

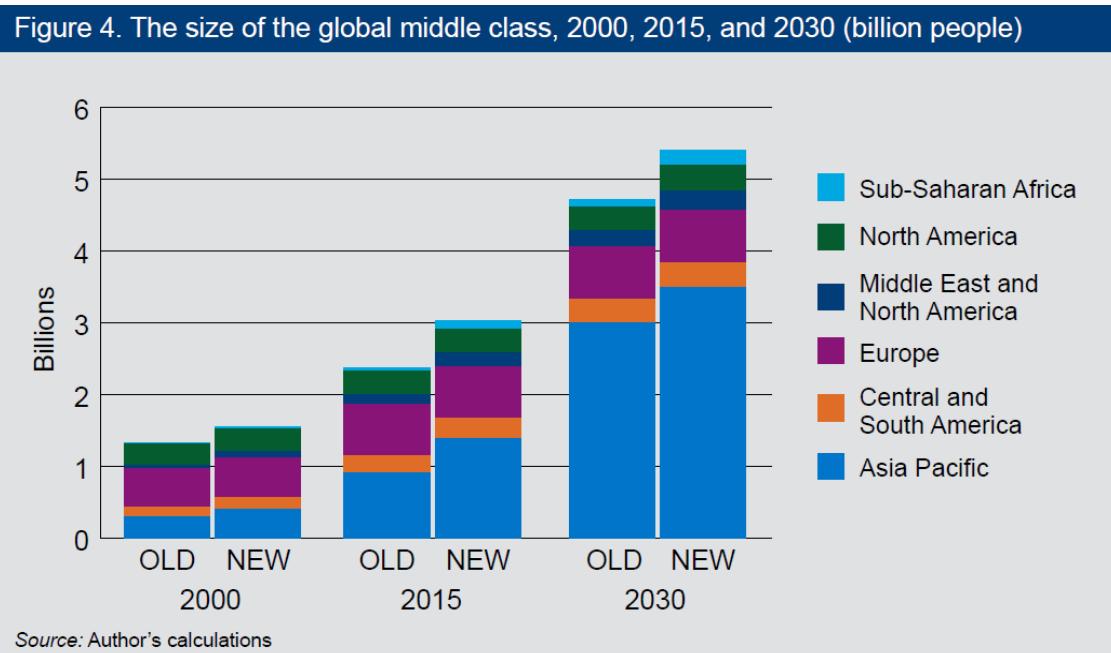
Income distribution I

- It could be hard to believe, but the rapid growth of many poor countries since 1990 - especially that of China, because of its large weight in the averages - has brought down inequality in the world distribution of income and middle classes worldwide have doubled from 1500 to 3000 million people in this century and are projected at 5250 million by 2030 (Figures 10 and 11).
- At the same time, inequality increased in many countries - and in almost all the developed world - with the aggravation of a huge concentration of income in the richest 1% - which appropriates 15% or more of national income - and even the richest 0.1% (Figures 12 and 13).

Income distribution II

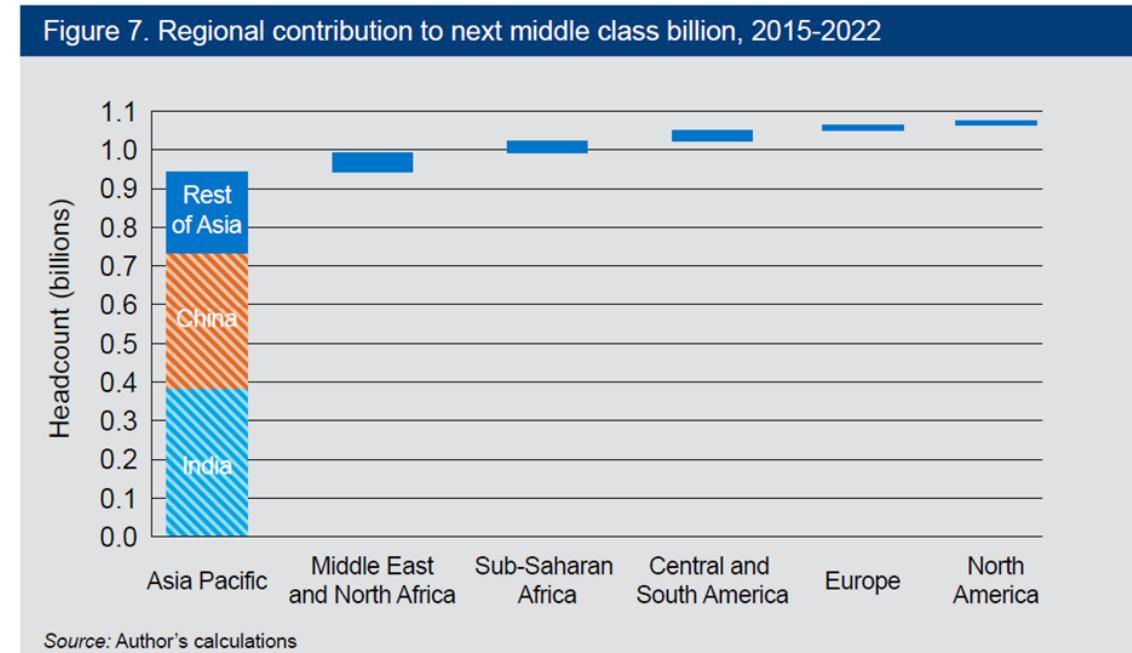
Evolution of middle classes

Figure 10. The size of global middle classes, 2000-2030



Source: H. Kharas (2017)

Figure 11. Regional contribution to next middle class billion, 2015-22



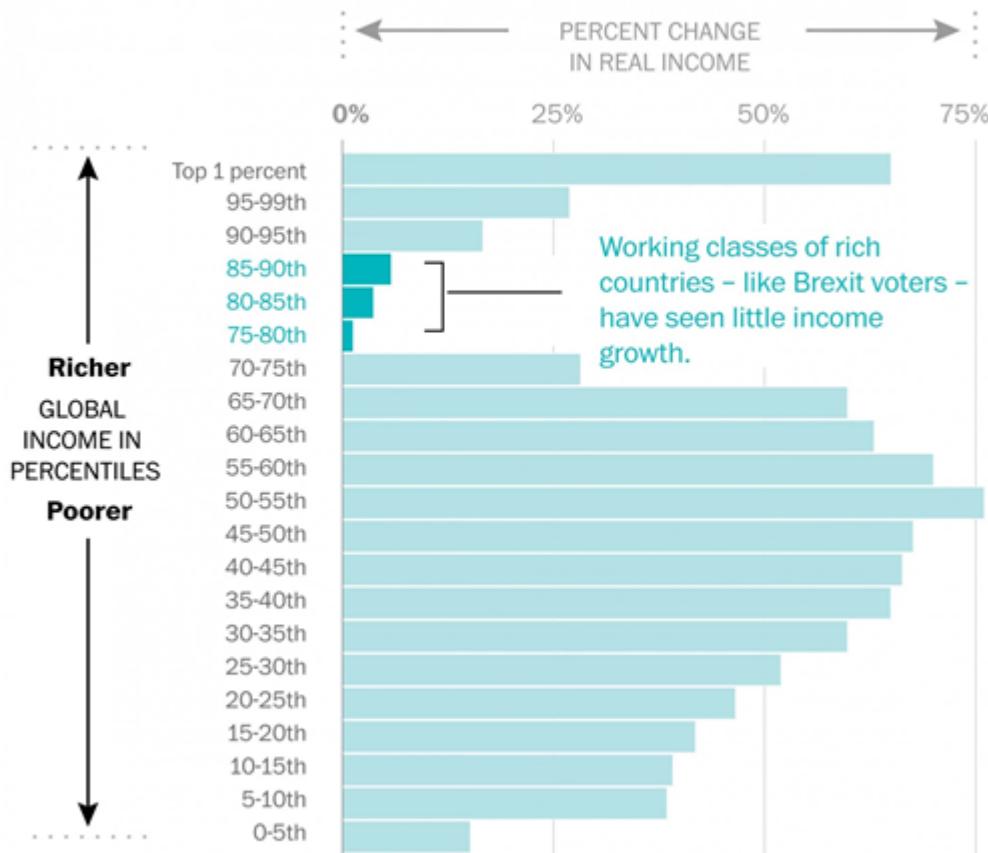
Source: H. Kharas (2017)

Income distribution III

The elephant curve

Why Brexit voters are the world's financial losers

This chart groups all the world's people into percentiles based on their income, and then shows the change in each group's income from 1988 to 2008.



Note: Calculated in 2005 international dollars.

Source: Branko Milanovic

THE WASHINGTON POST

Income distribution IV

Escaping from the elephant

Figure 12. Global income growth incidence curve with constant country sizes, 1988-2008

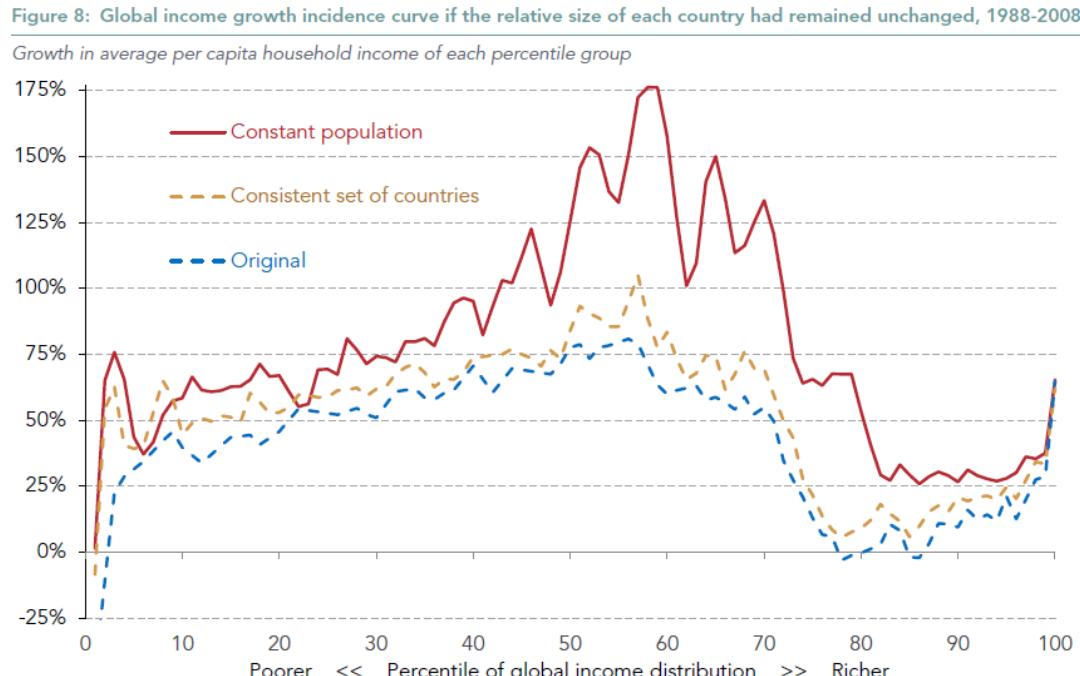
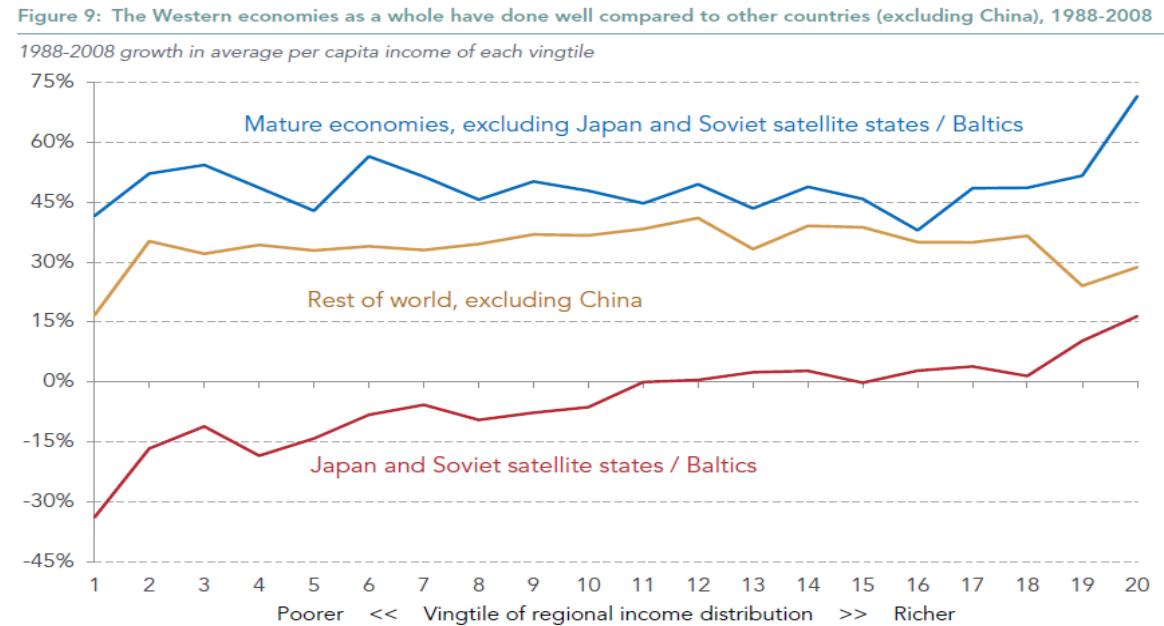


Figure 13. Western economies growth in per capita income, 1988-2008



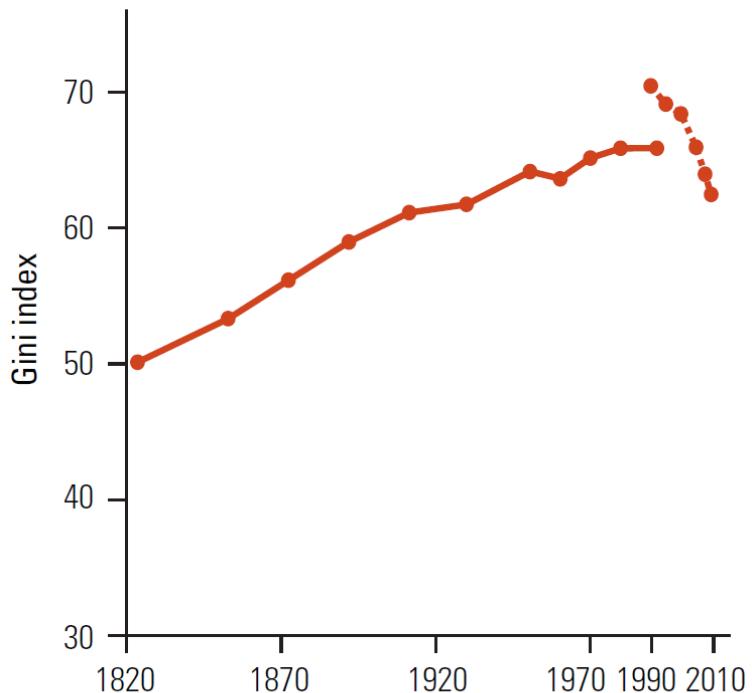
Notes: The red line group is Japan, Bulgaria, Czech Republic, Estonia, Germany, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia. The blue line is Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Greece, Ireland, Israel, Italy, Netherlands, Portugal, Slovenia, South Korea, Spain, UK and USA. Rest of world (excluding China) includes (only) 30 countries for whom data is available.

Source: A. Corlett (2016)

Income distribution V

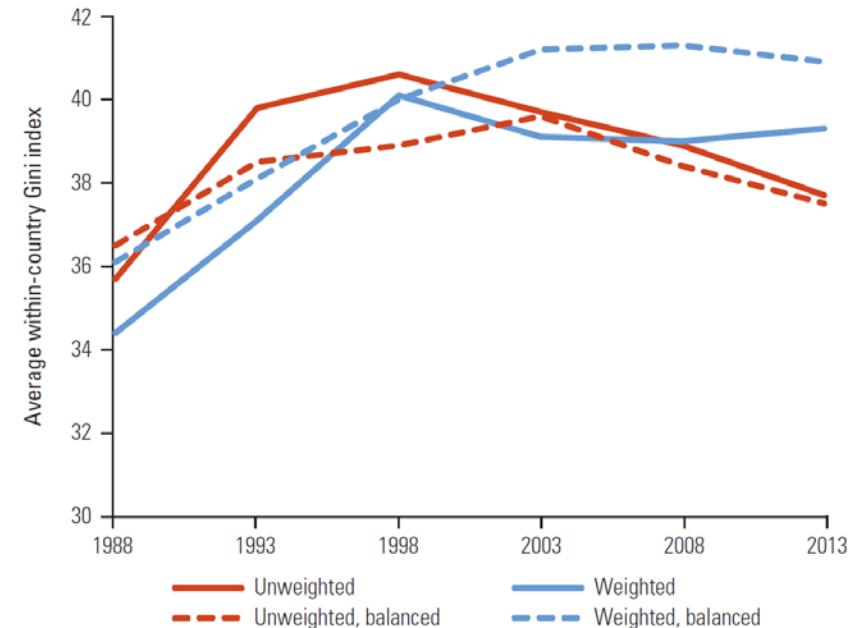
Believe it or not

FIGURE 0.9 Global Inequality, 1820–2010



Source: Based on figure 1 (p. 27) of *The Globalization of Inequality* by Francois Bourguignon (Princeton University Press 2015). Used with permission.

FIGURE 0.11 Average Within-Country Inequality, 1988–2013



Source: World Bank calculations based on data in Milanovic 2014; PovcalNet (online analysis tool), World Bank, Washington, DC, <http://iresearch.worldbank.org/PovcalNet/>; WDI (World Development Indicators) (database), World Bank, Washington, DC, <http://data.worldbank.org/data-catalog/world-development-indicators>.

Note: The solid lines show the trend in the average within-country Gini index with and without population weights in the full sample (an average of 109 countries per benchmark year). The dashed lines refer to the balanced sample, that is, using only the set of 41 countries on which data are available in every benchmark year.

Jobs

- Employment creation performances since 1990 have been positive, both in developed and emerging countries, as the employment rate jumped from 36.3% to 38.4% in the former and from 43.3% to 45.0% in the latter.
- Since the Great Recession, instead, that rate fell in developed countries from 39.2% in 2007 to 38.4, while in the emerging countries remain almost stable, falling just from 45.1% to 45.0.

4. Economic exclusion and inclusion: Some hypotheses on their etiology

4.1. Demography

- One of the reasons of the fast economic growth in emerging countries is demography. **The world's population would increase by 2250 million people - until reaching 9200 - between 2010 and 2040 (Table 9). Only 50 million of this total would live in developed countries, deepening the trend observed in the last decades.**
- More than that, “other” emerging countries, neither China nor India, would get 77% of the increase, and Africa would double its population, from 1031 to 2063 million people: Another world.
- **In contrast, Europe pursues the impossible trinity of very few children and immigrants and excellent social security systems (Figure 14). And if President Trump fulfil some of his threats, the US could approach to an analogous utopia or, simpler, to overcome it by disarming the progressive taxation and many welfare programs.**

4.1. Demography II

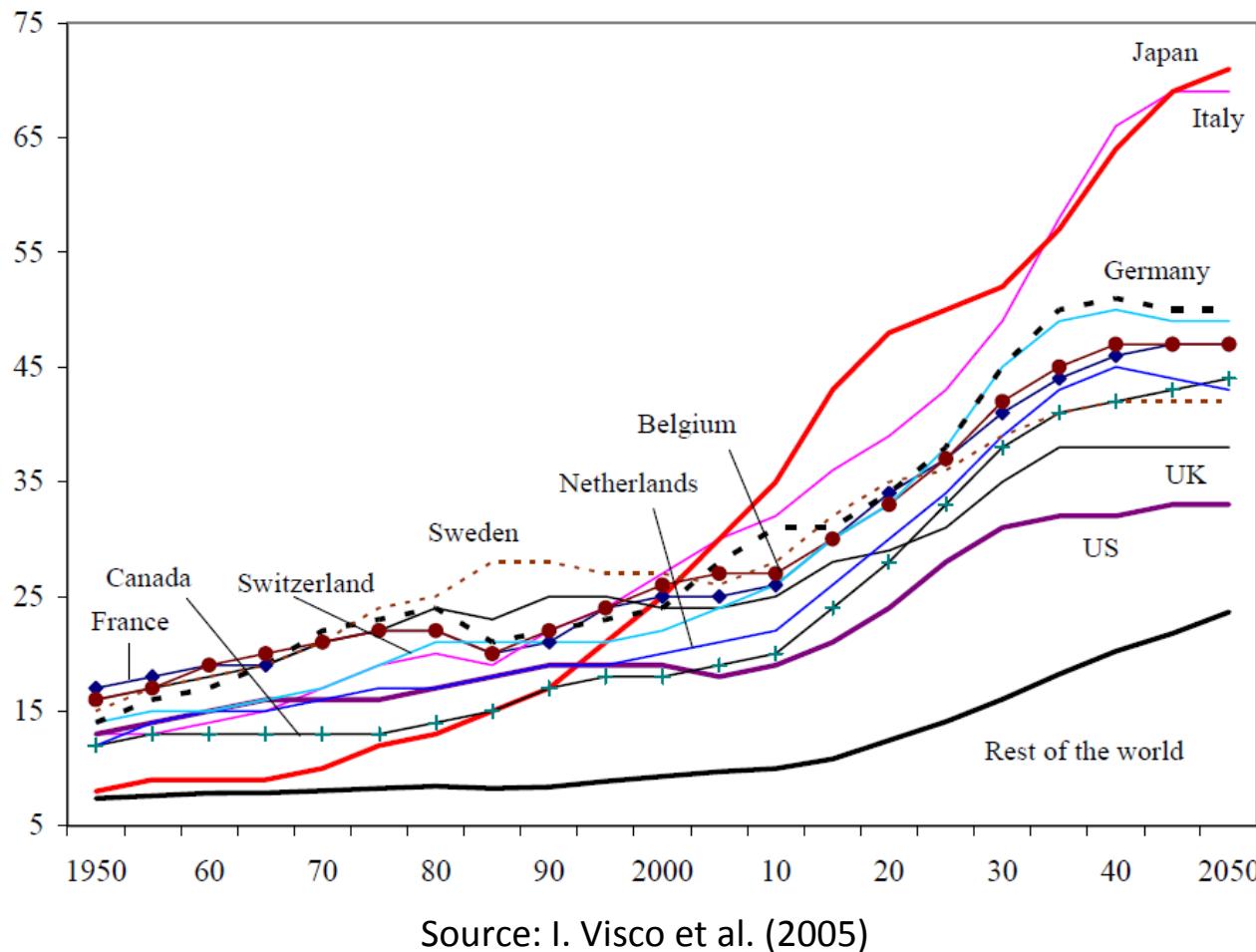
Table 9. World population by regions, 2010-2040					
		2010	2040	Increase	Share in the increase
WORLD		6916	9157	2241	100
<i>Developed</i>		1241	1288	47	2.1
<i>Emerging</i>		5675	7869	2194	97.9
<i>China</i>		1360	1395	35	1.6
<i>India</i>		1206	1634	428	19.1
<i>Others</i>		3110	4840	1730	77.2
- Africa		1031	2063	1032	46.1
- LATAM and Caribbean		596	760	164	7.3
- South and Central Asia		538	760	222	9.9
- Others		945	1257	312	13.9
Source: United Nations, Population Division					

4.1. Demography III

Figure 14. Developed countries, older and older

Figure I.1. Old-age dependency ratios are increasing sharply

(ratio of the population aged 65 years or over to the population aged 15-64, in percent)



Source: I. Visco et al. (2005)

4.2. Economic development with ‘unlimited’ supply of labor

(W. W. Lewis, 1954)



- Demographic vitality in Africa and Asia –with the relevant exception of China - will help them to continue with the Lewis's growth model.
- **The model assumes a very abundant supply of labor in the cities, both because demography and rural-urban migration due to falling agricultural productivity too.**
- **New urban people are mostly hardworking workers that earn very low wages at the beginning. They improve rapidly afterwards, not only because fast economic growth but also because huge investments in education.**
- **Social security is very limited compared to Western standards, what leads to high saving rates and, very important, they open themselves very fast to investment and technology and, much more gradually, to trade too.**
- In addition, most of these countries perform sound macroeconomics through low inflation, attractive conditions to invest and external and fiscal accounts reasonably balanced.
- **This growth strategy could only be prevented by armed conflicts, even more serious than today's or, in a longer term, the continuity of the deterioration of the environment.**

4.3. International trade and development I

- In a relatively open world economy, the Lewis model will have three **significant consequences for non-Lewisian countries**. 1) **It could lead to an absolute or relative fall in employment in industries that compete with imports from Lewisian countries.** 2) **The price of labor relative to capital will also fall in the importing countries.** 3) **Wages and employment in manufactured goods in the importing countries will probably fell.**
 - Such seems to be the social landscape seen in the “rust belt” (or manufacturing belt) of the American Middle East but also in Italian cities once hosting thriving medium-sized and internationally competitive manufactures.
 - There are, however, **relevant exceptions**. Thanks to innovation, investment and specialization in quality and differentiated goods, Germany and, a little less, several Central European countries have yet a share of manufacturing in GDP of **23% or more**, against an average of 15% both in the world and in developed countries.

4.3. International trade and development II

- *The Asia-Other emerging countries' link.* Most Asia Pacific countries have a low natural resources endowments per capita, and the contrary happens in many countries in Africa, Russia, Central Asia and Latin America. **So the adoption of the Lewis growth model, which emerged in one after another Asian country, ended up driving rapid growth in most of the emerging world.**

4.4. The Great Recession and other failures / mistakes of globalization

- What has been said so far must not lead to the mistake of ignoring evidences about **many gross failures of globalization**. The dramatic Great Recession of 2008 was fueled by predatory financial excesses, not fully remedied yet, and by insufficient global coordination, that remain in place in matters like balance of payments imbalances or exchange rates misalignments. Evidences of the deterioration of the environment, the increase in the arms trade and drug trafficking are also growing and posing new and serious challenges.
- **It is not only utopian to think that today's national-populist reactions will correct these shortcomings. If they live up to their promises, the global economy and society, and especially the world's poorest, will ultimately be worse than if the current path is improved. These pieces of truth should invite us to reflect and to amend their approaches to those who accompanied the recent globalization, that now seems to end, with biased diagnoses that contributed to the breeding ground of the neo national-populism. It is critical not to make the same mistake again.**

4.5. Technology and its new threats

- It is said that accelerated technological changes applied to information, communications and, more recently, to artificial intelligence, carries two threats as regards employment.
- First, a permanent, negative drip due to the displacement of workers with low ICT skills. This argument is not fully convincing seeing that **the US**, one of the most technology-intensive economies, created 2.3 million jobs per year since 2011, receives hundreds of thousands of immigrants and has an unemployment rate of 4.4%. Similar developments can be found in **Germany and Japan¹**. **It seems clear, however, that both, relative salaries of low-skill workers and income distribution fairness could be under serious threats.**
- Second, robotics-based automation, still incipient but in rapid growth, could have additional negative effects on employment.
- These profound technological changes are already creating new sources of inclusion and exclusion. Although evidence is not yet available, it seems clear that the main beneficiaries - or the least disadvantaged - would be the young people with high educational or training levels and in the most dynamic regions and countries, either developed and emerging. **At the end of the exclusion pole would be the older and less qualified workers, living in less dynamic regions and countries, not necessarily the poorest ones. It also seems clear an urgent need for labor training policies, which, unfortunately, tend to be in short supply in the regions that are most in need.**

1. An opposed vision can be read in D. Acemoglu and P. Restrepo (2017)

4.6. Economic populism I

- Following its own, idiosyncratic paths, Latin America has been the slowest growing subcontinent in the 21st century, with big differences among countries. It is a mistake to attributing these differences either to "neoliberalism" or to "progressivism", because the main line dividing countries of good and bad performances is the one that distinguishes a rational and foresight economy from, on the other hand, economic populism that raffles the future by maximizing consumption and punishing investment, sometimes at any cost.
- Only the first approach succeeded in getting sustainable forms of inclusion. Clear examples of it are Peru, the Latin-American star of the 21st century, whose standard of living increased 26% between the 2007, pre-crisis level, and 2016. With very different non-populist models, are Bolivia that increased 16% and Chile, with 9%. In contrast, those who practice economic populism fell in the same period in their standard of living: Ecuador 5%, Argentina 7% and Venezuela, the tragic masterpiece of this populism, with a drop of 30%.

4.6. Economic populism II

- Faced with such truths, it is surprising that critics to globalization have been, at the same time, indulgent with the damages inflicted by populism in Latin America, clearly worse than those of globalization's per se.
- It also surprises because LATAM is the region which most clearly shows that national-populism is not the way to eradicate poverty and achieve greater inclusion and equity, a relevant experience for some developed countries nowadays. Criticizing without nuances the recent globalization, and ignoring populism at the same time, contributed to fattening the breeding ground of the revival of neo-national populism, now in developed countries.

4.7. Social and political cultures I

- It seems necessary to find the best ways to give answers to the very demanding problems and issues we confront. They require a constructive, cooperative role of the civil society, the State and the market. Notwithstanding, political discussions and sometimes even academic ones, often simplistically focus on either "more state" or "more market".
- In spite of its limitations, that dichotomy is anyway relevant. Even inside the developed world we find striking differences as regards State intervention.
- **Public spending to GDP ratio greatly varies in developed countries, with extremes in Finland (57,1%) and Korea (21,0%), an a intermediate position of the US (35.5%).**
 - Finland is a very unequal country in which before public policies it has a Gini coefficient of 0.47, i.e. too much inequality, but that reduces it after the State action to 0.26, transforming it in one of the most egalitarian countries in the world.
 - Korea, by contrast, is a "naturally" more egalitarian country, as before the state action has a Gini of 0.34, which is reduced just to 0.30 after state policies. So, it is more "naturally" equal than Finland before the public policies, but less after them. The United States, instead, is more unequal than Finland and Korea, both before (Gini 0.49) and after public policy (0.38).

4.7. Social and political cultures II

- It could be misleading, however, to limit the discussion to more or less market or State. **Even the aforementioned sharp differences in inequality before and after public policies show us that social relations relevant for the economy are very different in Korea, Finland or the U.S.**
- **Korean social structures lead to less “natural” inequality than in Finland and the U.S. Finland society, instead, have decided to have a very efficient State at the time of reducing inequality. As it is well known, the U.S is more tolerant with economic inequalities, considering them basically normal .**

4.7. Social and political cultures III

- Even to get the same or similar goals on economic and social inclusion, different countries would need different “recipes”. Some of them could need more State and more market at the same time, as it is very evident in failed- or almost-failed States nowadays. Other ones, as it is frequent in most emerging countries, could need better States and better markets in order to abating corruption, monopolies and lacking accountability in both of them. Also public-private cooperation or Moncloa-type social agreements could be needed in some other cases, either to get investment partnerships, to improve macroeconomic policies or to have at least some non-partisan State policies.
- **In short, it seems evident that Scandinavia does not need the same proposals as Sub Saharan Africa, nor Latin America the same as the Euro area or the Commonwealth of Independent States.**

4.8. A change of civilizations? I

- Ten years ago, in a seminar at the Pontifical Academy of Social Sciences, **Henry Kissinger said that the center of world economic power was inexorably shifting from the Atlantic to the Pacific.** This is what began to happen in the last thirty or forty years and it will be very difficult for it to be interrupted (Table 8).
- It is also relevant to remind the deep and wide nature of **the aforementioned demographic changes** we are living (Table 9 and Figure 14). Let us add that 88.4% of the increase in world population from 2010 to 2040, i.e., a total of almost 2 billion people, will be in non-Western countries, while just 11.6% of them (260 million) will be in the West. The share of world population living in developed countries would fall from 32.2% of world total in 1950 to just 14% in 2040. **It is very unlikely that these demographic shifts will not also manifest, sooner or later, in significant changes in the overall pre-eminence of different continents or sub-continents.**

4.8. A change of civilizations? II



Note: Economic centre of gravity is calculated by weighting locations by GDP in three dimensions and projected to the nearest point on the Earth's surface. The surface projection of the centre of gravity shifts north over the course of the century, reflecting the fact that in three-dimensional space America and Asia are not only "next" to each other, but also "across" from each other.



4.8. A change of civilizations? III

- In a broader perspective, the ongoing historical process has traits of a **change of civilizations**. It also can be seen as the reversal of the European conquests in Africa, America and Asia that began six hundred years ago.
- But whether it is “just” a shift of the gravity center of the global economy or a deeper change of civilizations, there is one point in which history does not offer much place for optimism. **With the very special exception of the United States replacing the United Kingdom as the center of the world economy, all such changes occurred through major wars.** This is not a prediction, but just an alert, a reminder of what human history was.
- A world in which political, economic, social and cultural ties between countries and continents with cultural differences are preserved, will be less conducive to wars. **Instead, a world imbued with the values and disvalues of neo national-populism and which is explicitly more prone to wars and terrorism, clearly increases the possibility of history repeating itself.**

5. Prospects and concluding remarks

5. Prospects and concluding remarks I

- The last stage of globalization gave place to relevant but insufficient achievements in different forms of economic inclusion.
- We need an objective and nuanced balance, retaining its positive aspects and leaving aside the many negative facets it has. **In other words, what we need is to improve globalization, not to abandon it.**
- Not a few of the criticisms to the current realities in many developed countries contain truths. But **this is not the case with most of the policies that those criticisms propose. In particular, building fortresses through closing the doors to immigration, trade and international investment, plus increasing weaponry spending is not the way. Not the least, because they look too much alike to the policies that finally lead to the great wars of the twentieth century. But also because they will be, in the long or short run, ineffective.**

5. Prospects and concluding remarks II

- They may bring some **temporary relief** to the problems that are at the origin of the relative rise of the new national-populism, through lower unemployment or the reactivation of some economically and socially deteriorated regions. They could, also and at the same time, to hurt many emerging countries, where the poorest people in the world live.
- **But all these effects are most likely to be transient. Emerging countries will continue to grow more than developed ones. This will benefit world majorities in the long run, because of economic opportunities but also because it will mitigate growing emigration and could even contribute to reduce the occurrence of armed conflicts.**
- **The two main threats to the continuity of economic growth in a globalization context are the geopolitical ones, including wars, and the deterioration of the natural environment, at least partially due to pollution associated to economic growth's styles.**

5. Concluding remarks III

- Developed countries, especially in Europe, face profound dilemmas, not only socio-economic but also cultural. The outstanding one seems to be the very low population growth and the tendency to limit immigration, which result in serious threats to both, health and social security systems.
- The root of this conflict could lie in a clear preference of present well-being over the future well-being. As the economy cannot satisfy this preferences* it results in lower economic growth, or even in stagnation or decay. It is curious that neo national-populism propose ways that can accentuate this conflict between the present and the future. They can be seen in the limits to immigration, but also in economic nationalism which, paradoxically, could only work if economic agents changed their intertemporal preferences by accepting cuts in their standard of living to increase productivity through greater investments in physical and human capital and technology.

(*) Technically, the intertemporal discount rate or, simpler, the price of time.

(**) Juan J. Llach, Towards a social balance of the current globalization (2014), PASS-PAS Joint Workshop, 2-6, May.