

New Challenges Facing the Global Economy

April 11th, 2019

4.00 – 4.45pm

IMF HQ1 Atrium

Moderator: Rana Foroohar, Global Business Columnist, Financial Times

Speaker: David Lipton, First Deputy Managing Director, IMF

Following a period of broad-based cyclical growth, global economic expansion has decelerated and the outlook is more subdued. A discussion with David Lipton covered the complex new challenges facing the global economy, including trade tensions, technology and doubts about globalization, as well as how policy makers should think about these issues.

Key Points:

- **Economic Outlook.** While one-year ago economic activity was accelerating, the weakened expansion over the latter half of 2018 and start of 2019 has contributed to a more subdued current economic growth outlook. While a recession is not expected in the near term, there is concern that traditional policy levers are constrained, either by the current low interest rate levels for monetary policy, or the high levels of debt for fiscal policy.
- **Trade tensions.** There are growing concerns about the impact of trade tensions. While some of the negative impacts of trade on domestic economies may have been overestimated, there have been winners and losers, in particular in advanced economies. There is also a risk of policies turning inwards through protectionism. The role of the IMF is to promote global integration that improves growth prospects and living standards for all. An important challenge will be to design policies to deal with rising inequality and take account of domestic concerns, while being consistent with the continuation of global integration.
- **Technology.** The risk of fragmentation across regions due to technological change, including through differentiated approaches to anti-trust frameworks, data privacy legislation and cyber security, is an issue that policymakers need to prepare for. The IMF is also considering the potential impact of technology on the future of work, as potential improvements in productivity may lead to possible labor dislocation.
- **New multilateralism.** There are a number of important global public goods in search of new and smarter multilateral approaches. These include, amongst others, climate change, refugees, and cyber security. Addressing the existing challenges of the WTO is also an important issue that needs to be addressed through international cooperation.

Quotes:

“We need new institutions in the world. Not stricter... but smarter rules and institutions that will provide satisfaction to countries that feel they’ve been aggrieved” **David Lipton**

“We see technological change around us everywhere, we experience it every day... what we don’t see is an acceleration of global growth” **David Lipton**

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