

Obs Dollar: \$ 606.29 | 0.04% **IPSA** -0.10% **Mutual** **UF** : 26,805.92
Funds **CPI** : 0.10%

FONDOS MUTUOS

Interview with the international economist Dambisa Moyo, before her visit to the country:

"Many global changes make it difficult to understand how and when growth occurs"

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Author of best sellers on international issues and member of several directories, reviews with "El Mercurio" the challenges of today.

Although IMF forecasts for world growth this year place it between 3% and 4%, the global economist Dambisa Moyo (Zambia, 1969) reacts cautiously when asked if it is time to be optimistic.

It recognizes positive signs in the creation of jobs and low inflation, but warns of the presence of multiple structural challenges on the horizon.

"A 3% growth is decent for developed countries, but for emerging markets, where 90% of the world's population lives, it is not enough, because to double the per capita income in a generation it is necessary to grow between 7% and 10%, and many of the emerging markets, such as South Africa, Russia and Brazil, are only growing between 1% and 2%," he said in a telephone interview with "El Mercurio" from New York, prior to his visit to Chile, invited by the Mining Council, to give a conference next Thursday 11th.

PhD in Economics from the University of Oxford and Master of Harvard, explains that the current growth is leveraged by low interest rates and broad financial stimuli, which could be reversed this year, forcing innovative responses to generate public policy.

"The problem we now face as economists is that we think that growth comes from three sources: capital, labor and productivity, the latter being the most important ingredient, since it explains about 60% of why one country grows and another does not. And productivity has been declining in many developed countries, we are in a situation where there are many changes happening globally," he says.

He mentions as part of those changes the impact of technology in the labor market, with the eventual destruction of jobs; the vertiginous increase of the world population; income inequality, and the huge amounts of debt that are accumulating, both at the sovereign and personal levels.

"They are all factors that make it more difficult to understand how and when growth occurs in a sustainable way," says the author of the book "Edge of chaos: Why democracy is failing to deliver economic growth and how to fix it", which will appear in April.

DEMOGRAPHY

After visiting more than 80 countries, Moyo finds it hard to admit which of all the challenges is a priority, because he avoids simple answers. But when it comes to choosing, bet on one:

"The rate of growth of the world population we see today has never been seen, neither in history nor in prehistory, and it will not happen again when the world population begins to decline towards 2100. We are in a very unique period in the world, where there are countries like India, which contribute a million new people a month. This is a real challenge to the global economy, however difficult it is to rank these challenges," says the author of the best sellers "Dead Aid" and "How the West was lost".

CRISIS

Given the predictions that 2018 can be a complex year -for an error in the calculation of a power or a natural catastrophe-, Dr. Moyo points to a variety of scenarios, rather than a trigger for an eventual crisis.

She says that on Wall Street and the financial world - she is on the boards of firms such as Barclays Bank, Barrick Gold and Chevron - one looks closely at the possible increases in interest rates that the US Federal Reserve should make this year. and the reduction of stimulus programs in that country, which could reduce liquidity.

But it also points to geopolitical risks such as North Korea, the complex relationship with Russia and the worrying situation in Venezuela. And then he directs his darts to populism and political volatility in Europe.

"There may not be an economic trigger, but rather a political one, which is very difficult to balance," he admits.

REFORM IN THE USA

The economist is cautious about the effects of the recent tax reform in the US. -which reduced the corporate rate from 35% to 21%- in the long-term growth of that economy. The scenario, he explains, has to be completed with other public policies and with the decisions that companies will make regarding the additional funds they will have: if they save them or distribute them as profits there would be no effect, if they invest it to improve their businesses, yes.

It also identifies pressures of the foreseeable increase in the fiscal deficit, between 2.80% and 10% in the coming years, according to the Office of the Budget of the Congress (CBO), due to the lower collection and compulsory social security expenses.

CHINA TOMORROW

Moyo often warns that the look on today's economy is very tactical and not very strategic. However, if there is a country that is usually projected over time, it is China, where its authorities set goals towards 2049, centenary of the founding of the People's Republic, which include maintaining a growth rate of 6.5%.

The economist recognizes that the Asian giant has many strengths in capital, work and productivity. And it begins by detailing its enormous labor force, international reserves, the development of technology and the sustained rebound of its universities.

But there is the early warning again: "No economy grows linearly, if something happened with North Korea, it would severely affect what the Chinese have projected, because geopolitical risk could reduce business, and China is not isolated. It is part of the global economy, and if the rest of the global economy is not able to deploy resources as we have seen and an inflationary battle is unleashed, China would suffer for that. "

It also points to internal factors such as the management of public welfare policies in the face of an aging population of more than 1.3 billion people. "The government has to be strategic, because all the alternatives are multigenerational," he adds.

INTEGRATION AND PROTECTION

When the protectionist winds of the north intensify, Moyo confesses to be "a promoter of regional integration, not only in commercial terms, but also in terms of capital."

While acknowledging that there are political factors that can put obstacles, such as nationalism and the desire to maintain control over national decisions, insists that integration is a good way forward: "I come from a small country (Zambia), which now it has 15 million people and it is very difficult for it to compete in a global economy, compared to countries that are much larger in terms of population and GDP, and that can impose their will and exercise power in a much more efficient way".

Along the same lines, it does not consider problematic the dependence that Latin American countries have developed on China, the first commercial partner of Chile and Brazil, and a key investor in Argentina and Venezuela. "It makes sense to have symbiotic business relationships, of course we have to be sensitive to how these business relationships develop, I really believe in globalization," says the author of "The winner take all," a book on Beijing's appetite for resources. natural Everything, he says, is about being willing to sell what the other needs.

"We are in a very unique period in the world, where there are countries like India, which contribute a million new people a month, which is a real challenge to the global economy."

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