The world in 2050
Striving for a more just, prosperous, & harmonious global community

Edited by Harinder S. Kohli
Foreword by Michel Camdessus, Enrique Garcia, Horst Köhler, Alejandro Toledo, & Hiroshi Watanabe
INTRODUCTION

• Covers three main points:

  1. Brief history and background of the book

  2. Global megatrends and challenges

  3. Main findings of the book
I. BRIEF HISTORY AND BACKGROUND OF THE BOOK

• 26 authors from a dozen countries and 18 months in the making
• Goes beyond issues related to growth: inequality, well-being, sustainability of the planet, and governance in a multipolar world
• Presents a long-term perspective to balance current focus on daily headlines on short-term issues and crises
II. GLOBAL MEGATRENDS AND IMPLICATIONS

• Ten megatrends fundamental to long-term prospects of economies worldwide

• They are relevant to advanced and emerging economies alike; fortunes of all economies are becoming more intertwined

• Distinctions between developed and developing countries are getting increasingly blurred

• These megatrends interact with each other
1. DEMOGRAPHICS

• Growth rates have eased in most parts of the world
• Today, the world has 7.3 billion people. By 2050, we may be 9.7 billion, with Africa accounting for 55 percent of growth
• Except for Africa and the Middle East, all regions will share new challenges of aging; declining populations (Japan, China)
• Fundamental social, economic and political implications
• Major global challenge: jobs for Africa’s bulging youth population; hundreds of millions of African immigrants
2. URBANIZATION

• Today, just over 50 percent of global population urbanized

• By 2050, the world will experience an avalanche of urban migration (Asia and Africa). Worldwide, 65 percent of the population is expected to be urbanized (6.3 vs. 3.7 billion)

• Between 80-90 percent of economic output in urban areas

• Key implications—cities will need to:
  • Modernize swiftly to support economic modernization and competitiveness
  • Meet fast rising expectations of the public

• Massive investment needs: management challenges
POPULATION CHANGE, URBAN AND TOTAL, 2010-2050

UN Urbanization Prospects (2014 Revision)

- Urban
- Total
3. GLOBALIZATION: INTERNATIONAL TRADE

- Despite setbacks during the Great Recession, further globalization expected through 2050, **BUT** at slower pace.

- Key implications:
  - Emerging markets must do more domestically to improve international competitiveness.
  - Creation of domestic jobs in face of globalization a key challenge worldwide to alleviate current backlash.
  - International community must maintain an equitable and open trading system.
GLOBAL GDP GROWTH VS TRADE VOLUME GROWTH
(1980-2016)

Gross domestic product, constant prices
Trade volume of goods and services
4. GLOBALIZATION: FINANCIAL MARKETS

- Global Financial Crisis of 2007-08 was a “wake-up call” to entire world
- World today is awash with excessive liquidity, leveraging and risk-taking, which cause repeated financial crises
- Current institutions ill-suited to handle new realities and prevent the next crisis
- Urgent: Strengthen domestic regulatory and supervisory frameworks, and competition
- Urgent: Reconfiguration of international monetary and financial architecture
5. RISE OF A MASSIVE MIDDLE CLASS

• Emergence of a massive middle class in emerging economies will be a defining feature of this century
• In 2050, middle or upper class population could rise to just over 8 billion people (under central scenario)
• There could be as many as 4 billion additional middle class consumers, fueling further consumption
• Fundamental social and political implications throughout emerging economies
WORLD POPULATION CLASSIFIED AS UPPER OR MIDDLE CLASS (%)

Percentage of global population

Centennial Group (2015)
6. COMPETITION FOR NATURAL RESOURCES

- Prospects of universal prosperity also create a new dilemma: Our fragile planet already showing strains (i.e. global warming; water stress)
- Highly unlikely that its finite natural resources can support 4 billion potential new consumers adopting the current Western consumption pattern
- Technological breakthroughs will help reduce unit demands for natural resources, BUT unlikely to be enough
- People worldwide will need to adopt **new life styles**: more frugal, more modest and in greater harmony with nature
7. CLIMATE CHANGE

• Global consensus that climate change will have a critical impact on economic and social well-being

• Examples: increased frequency of severe weather events; rise in sea levels and coastal flooding; sharp increase in drought stricken areas; and poor urban air quality

• Both mitigation and adaptation measures necessary

• After years of frustrating international negotiations, COP-21 in December 2015 was a breakthrough

• Now starts the real test: to convert political promises into real actions by all to arrest global warming
INCREASE IN GLOBAL FREQUENCY OF NATURAL DISASTERS, 1980-2010

PreventionWeb (2015)

- Flood
- Storm
- Drought
- Earthquake
8. TECHNOLOGICAL PROGRESS

- Pace of technological progress is accelerating; breakthroughs could help tackle global challenges
- Example: by 2050, practically all Internet connections could be through mobile devices
- Technological breakthroughs could help resolve current and emerging issues like climate change, energy shortages, cancer, and other diseases, aging, etc.
- Technological innovation can also meet the needs of “the bottom billion”
- But, technology can also be misused by anti-social elements
9. THREAT FROM VIOLENT NON-STATE ACTORS

• Terrorism and other non-state violence now a worldwide threat to peace and security
• Fundamentalism, rebellion against existing institutions, and misuse of technology are a deadly combination
• Critical to improve domestic economic prospects, equity, and credibility of institutions, and reinforce more tolerance and inclusivity
• Threats from violent non-state actors are a global issue that require global action and solidarity
10. RISE OF EMERGING MARKET ECONOMIES

- Emerging markets already produce 58 percent of global GDP (PPP); a total reversal of their relative weight just 40 years ago.

- The latest IMF WEO estimates emerging economies will account for 75% of global growth in 2016.

- By 2050, today’s emerging market economies could account for between 62-71 percent of global output.

- But, the G7 countries will still have a much higher GDP per capita (PPP) than emerging economies: $75K vs. $30K (under central scenario).

- However, such outcomes are far from certain as indicated by alternate scenarios.
SHARES OF GLOBAL OUTPUT (PPP)

**1980**
- G7: 51%
- Emerging & Developing: 34%
- Rest of World: 15%

**2015**
- G7: 55%
- Emerging & Developing: 32%
- Rest of World: 13%

**2050 – Central Scenario**
- G7: 71%
- Emerging & Developing: 9%
- Rest of World: 20%

- $31 trillion
- $110 trillion
- $345 trillion
III. MAIN FINDINGS

- Book paints four scenarios of world in 2050
- Central scenario: The world will be richer; and distinctions between developed and developing countries will become diffused
- Some 5.8 billion people in as many as 80 countries could have living standards equal to or higher than Southern Europe today
- In this new prosperous world will emerge new issues: inequality, sustainability of our planet, quality of life, need for rethinking global governance
CENTRAL SCENARIO VS. PESSIMISTIC SCENARIO

GDP per capita (PPP, $2011), EMDE vs. Advanced

- **EMDE, Pessimistic**
- **EMDE, Central**
- **Advanced, Pessimistic**
- **Advanced, Central**

<table>
<thead>
<tr>
<th>Year</th>
<th>EMDE, Pessimistic</th>
<th>EMDE, Central</th>
<th>Advanced, Pessimistic</th>
<th>Advanced, Central</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$10,000</td>
<td>$15,000</td>
<td>$20,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>2030</td>
<td>$15,000</td>
<td>$20,000</td>
<td>$25,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>2050</td>
<td>$20,000</td>
<td>$25,000</td>
<td>$30,000</td>
<td>$35,000</td>
</tr>
</tbody>
</table>

2011 dollars (PPP)