

Abstract

Global Economic Developments: Big Shifts and Discontinuities

In the immediate aftermath of the 2008 breakdown in the international financial markets, a consensus emerged across the public and private sectors that deep reforms were needed in many aspects of international cooperation. This was reflected in the historic expansion of the G8 Leaders process to 20 countries and the commitment expressed by such leaders in London to “lay the foundation for a fair and sustainable world economy [and] . . . to build an inclusive, green, and sustainable recovery.” But as the world economy has recovered and governments have begun to focus on fiscal and social strategies to exit from the crisis, the appetite for fundamental improvements in international economic governance and cooperation appears to have waned.

The world has paid a severe price for its complacency about systemic financial and macroeconomic risks that were well publicized but nevertheless allowed to accumulate for too long. Many other serious global risks are accumulating, awaiting a proactive cooperative response. It would be a serious, historic error to revert to complacency and return to business as usual in international economic policy. My remarks will highlight what I see as the fundamental shifts and risks facing the world economy over the next 20 years as well as the discontinuities these have exposed in the architecture of international economic cooperation. And I will offer suggestions for how the international community could organize itself better to confront these challenges.