



Risks to global growth

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Instead of resorting to nationalism and unilateral action, countries should strengthen the multilateral framework

- On the surface, the world economy remains on a steady trajectory.
- Many developed economies are operating close to their full potential with unemployment rates at historical lows.
- Beneath the surface, a worrisome picture of the world economy emerges.
- The newly released World Economic Situation and Prospects for 2019 illustrates how rising economic, social and environmental challenges hamper progress towards the United Nations Sustainable Development Goals.
- There are many risk factors that could inflict significant damage on longer-term development prospects.
- Over the past year, trade policy disputes have escalated, and financial vulnerabilities have increased as global liquidity tightens.
- With limited monetary and fiscal space, policymakers around the globe will struggle to react effectively to an economic downturn.
- Even if global growth remains robust, its benefits do not reach the places they are needed most.
- Given rapid population growth, the fight against poverty will require faster economic growth and dramatic reductions in income inequality.
- Most importantly, the transition towards environmental sustainability is not happening fast enough.
- The nature of growth is not compatible with holding the increase in the global average temperature to well below 2°C above pre-industrial levels.
- In fact, the impacts of climate change are becoming more widespread and severe.
- Many of the challenges are global in nature and require collective and cooperative policy action.
- Withdrawal into nationalism and unilateral action will only pose further

setbacks for the global community, especially for those already in danger of being left behind.

- Instead, policymakers need to work together to address the weaknesses of the current system and strengthen the multilateral framework.

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