

2013

World Economic Situation  
and Prospects



United Nations

# WESP 2013 Global Outlook 2012-2014

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[www.un.org/esa/policy](http://www.un.org/esa/policy)

# *Main messages*

## **1. Renewed global economic slowdown**

- Much of Europe mired in recession - trapped in vicious circle of debt, low growth and high unemployment
- Considerable slowdown worldwide (incl. emerging economies)
- Jobs crisis continues

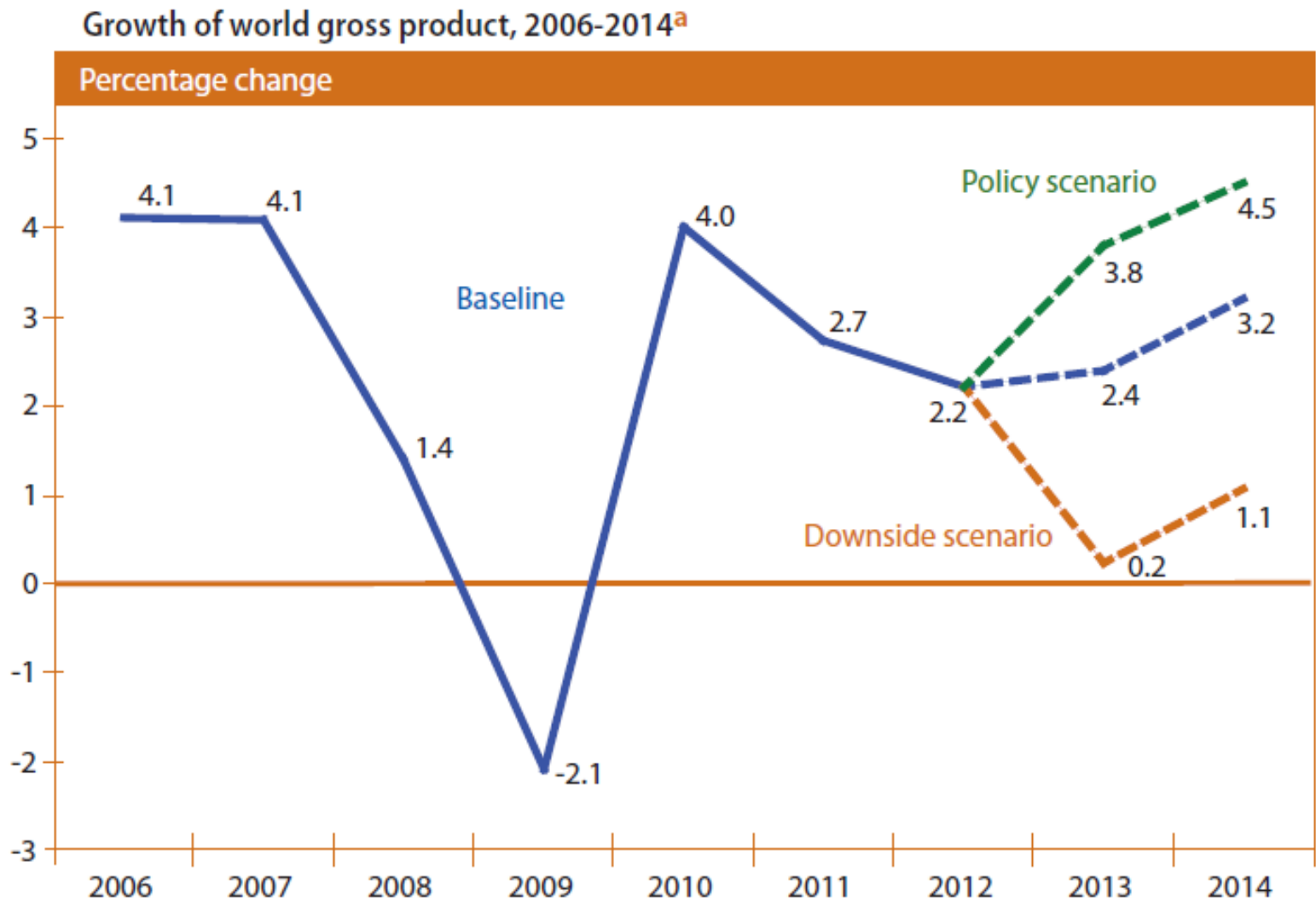
## **2. High risk of downward spiral into new global recession**

- Escalation of euro area crisis
- Fiscal cliff in the United States
- Hard landing in China & other emerging economies

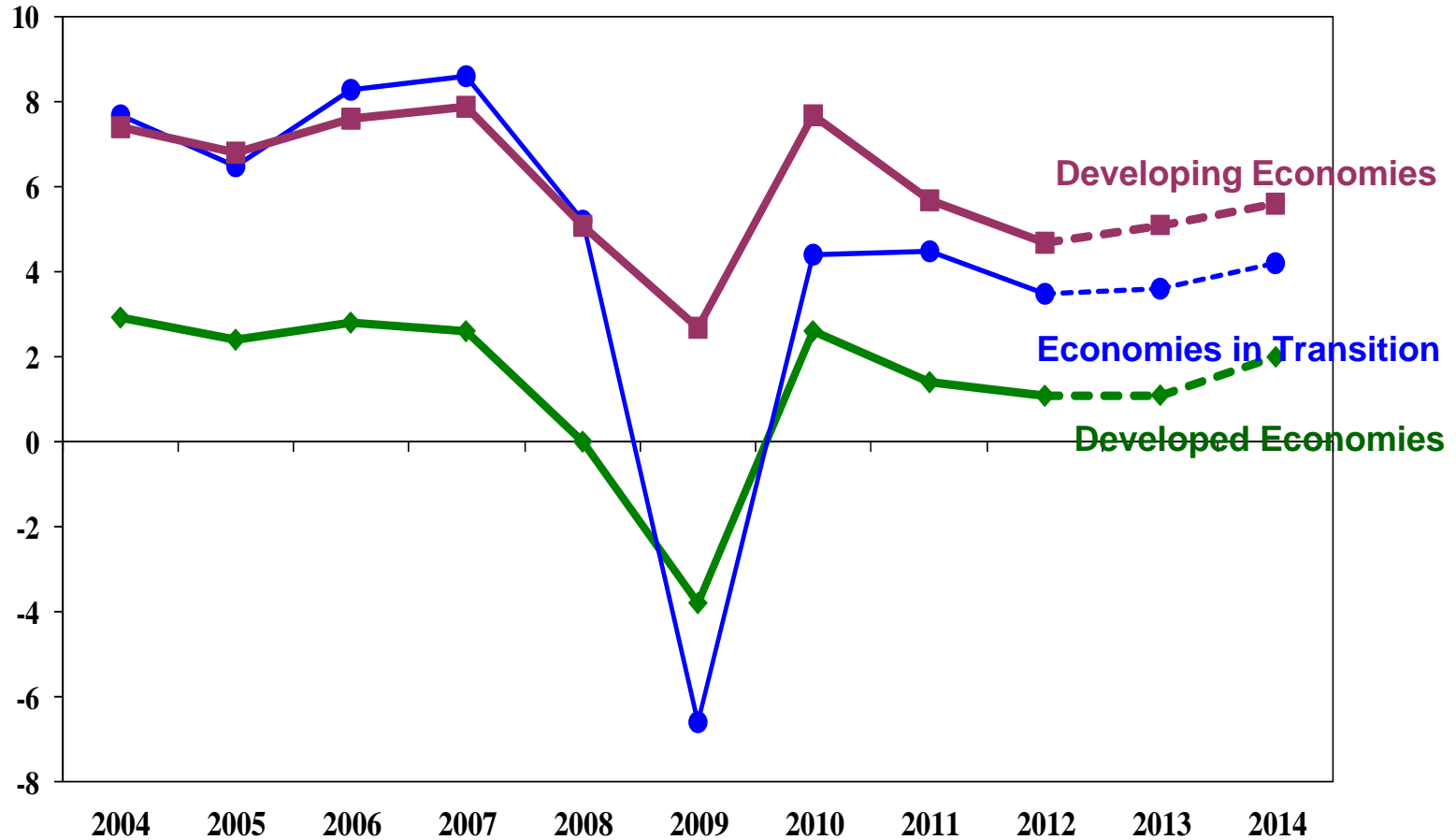
## **3. Breaking out of the vicious cycle**

- Shift away from self-defeating fiscal austerity
- Redesign fiscal policies to support job creation & green growth
- Coordinate monetary policy & accelerate financial sector reforms
- Enhance development financing

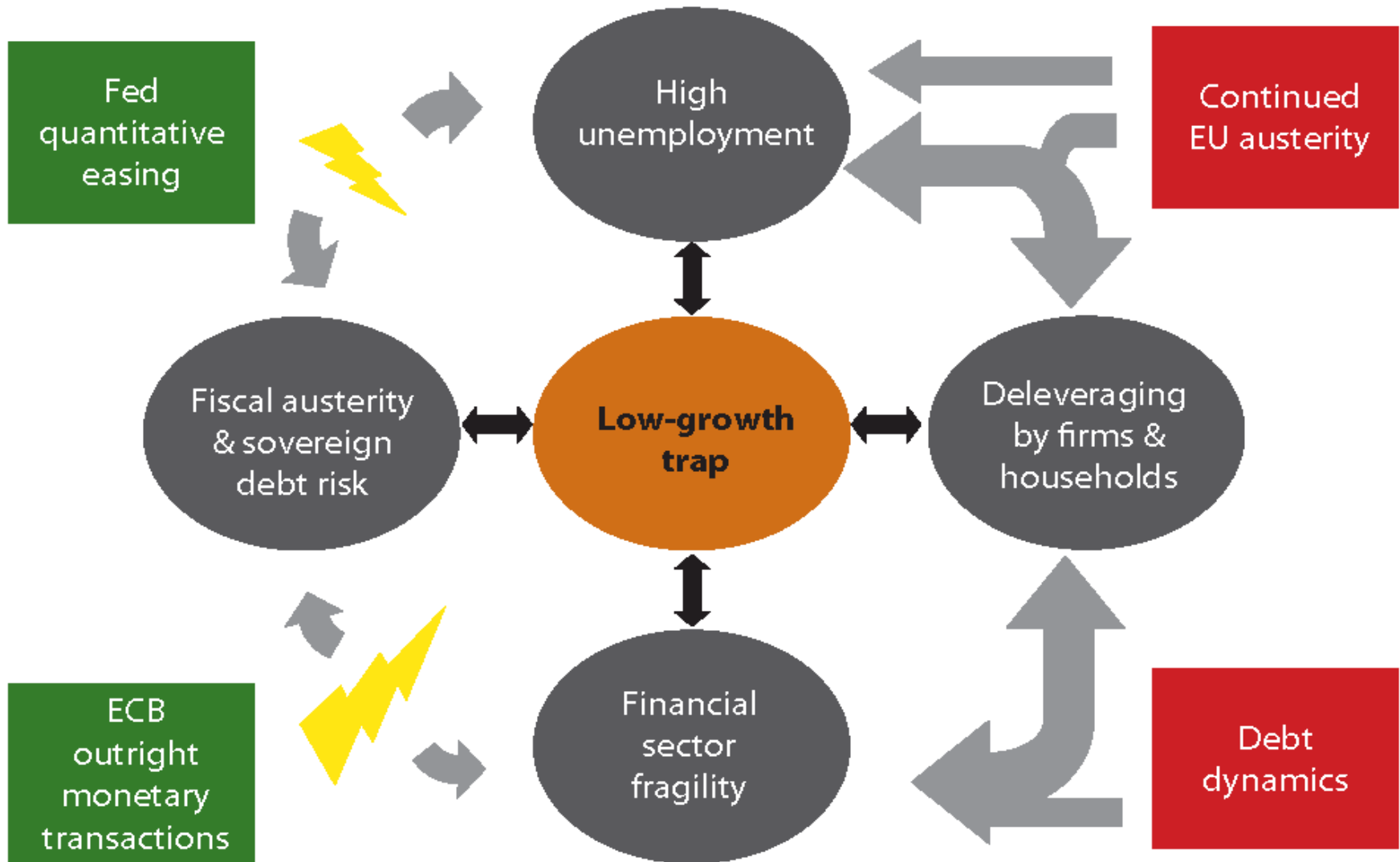
***Slowdown in baseline with significant downside risks, but hopes for benign rebalancing with coordinated policies***



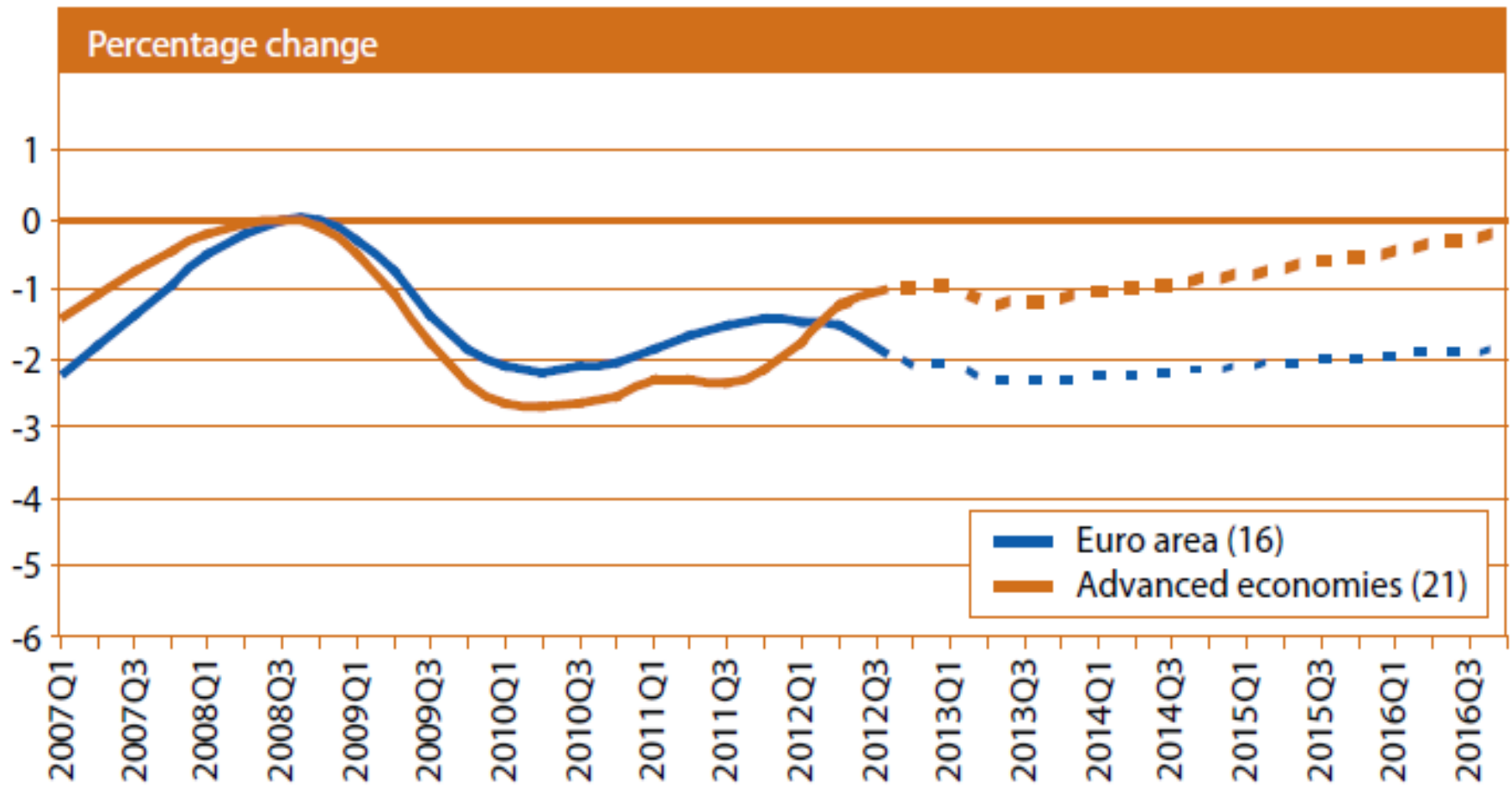
# *A synchronized global slowdown...*



# *Feeble policy efforts to break out of Vicious Cycle*



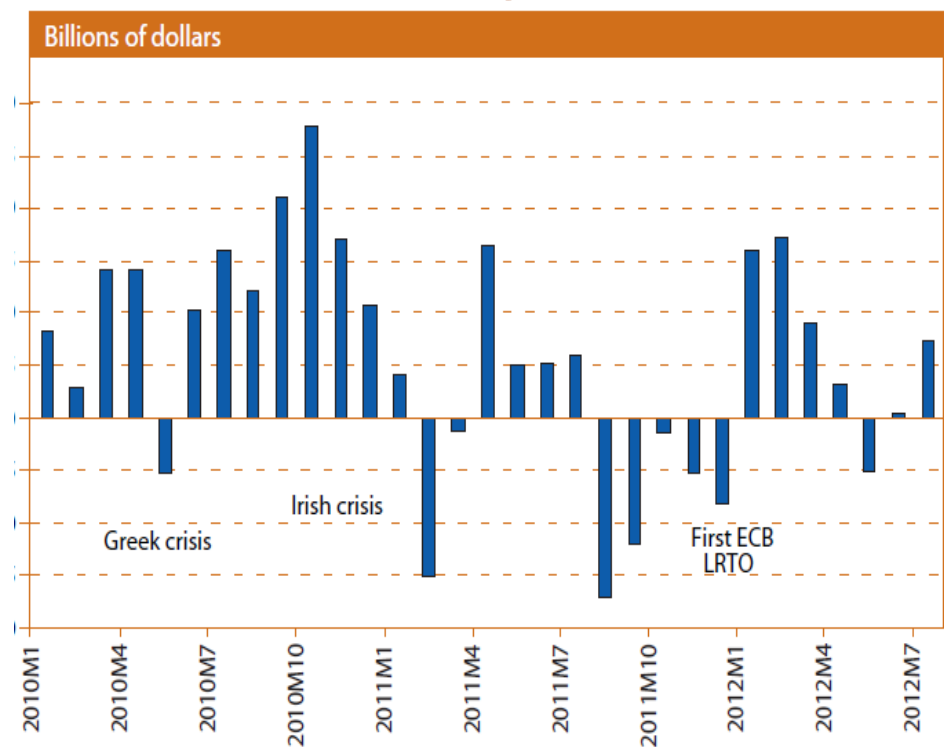
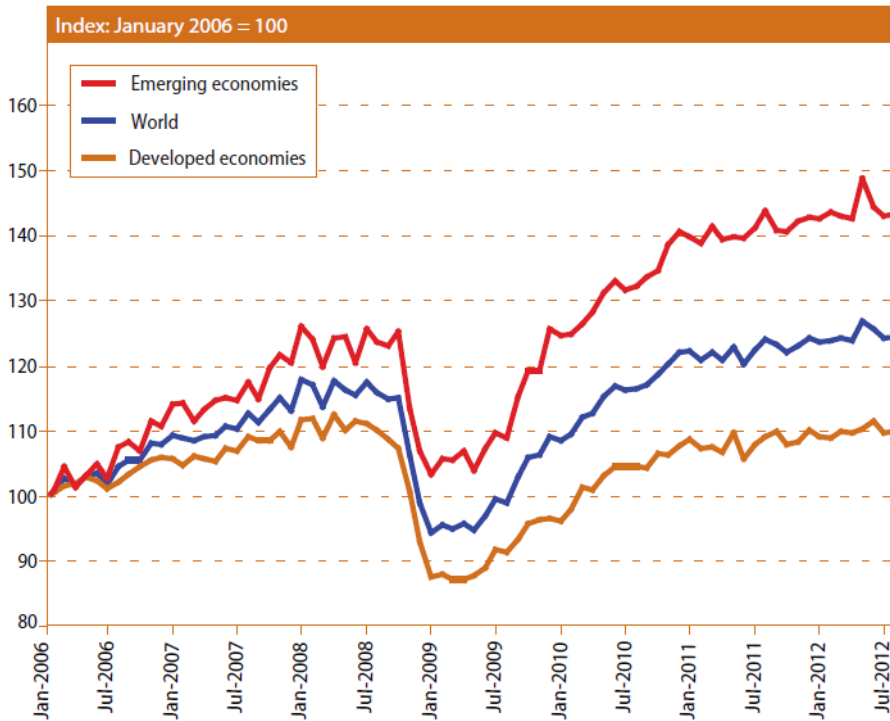
# *The jobs crisis continues: no employment recovery before 2017 at going trends*



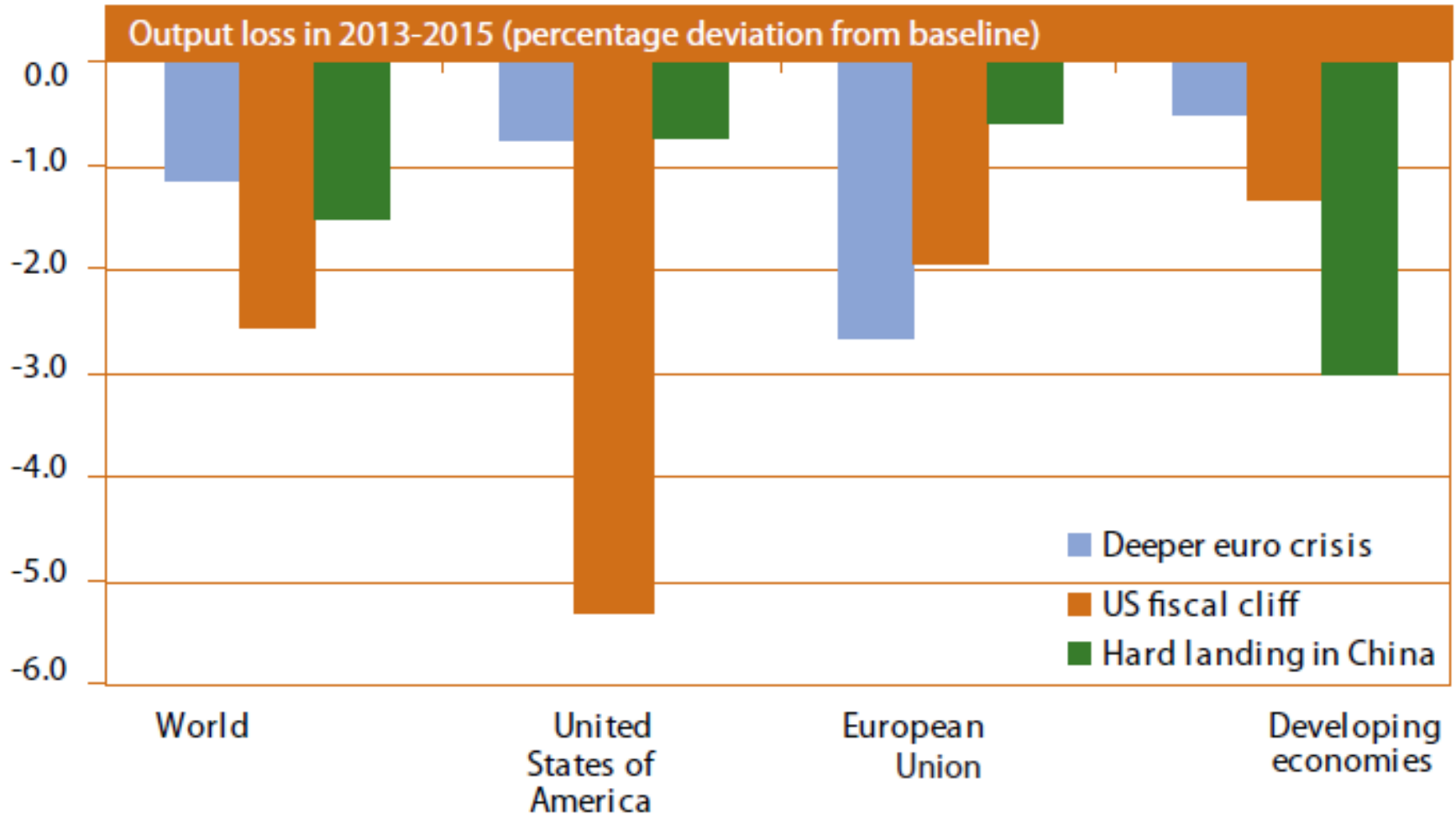
# Developed country weaknesses are spilling over

Global trade growth has slowed markedly

More capital flow volatility for developing countries



# *Impact of downside risks on world economy will be substantial*





# *How to get the world economy back on track?*

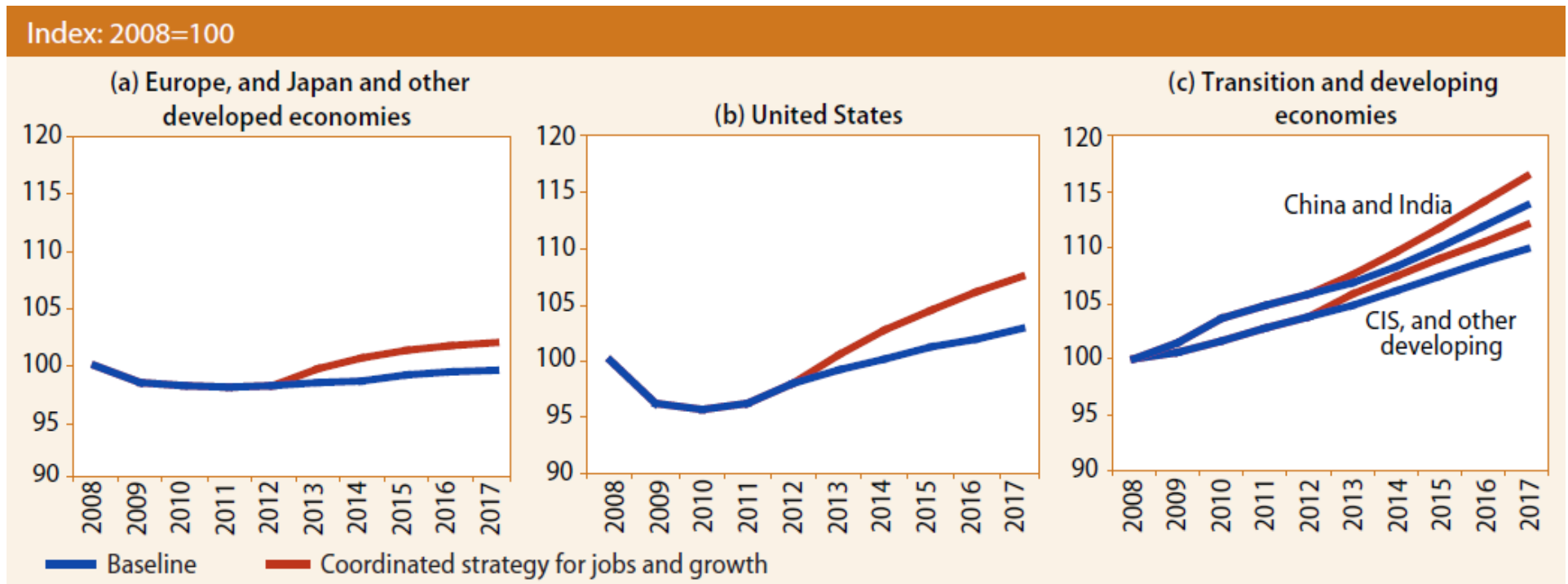
- Present policy stances insufficient and source of uncertainty

## **Fundamental policy shift is required:**

- Coordination of fiscal policy → new growth impulses
- Redesign fiscal and structural policies → job creation & green growth
- Monetary policy coordination → less capital volatility
- Accelerate financial regulatory reform → reduce financial fragility
- Ensure adequate development finance → benign rebalancing and achieving MDGs

# Coordinated strategy for growth and jobs can lift all boats

*Employment in Europe and US will recover by 2014 and 33 million more jobs per year in developing countries*





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