



# The Economic Consequences of Populism

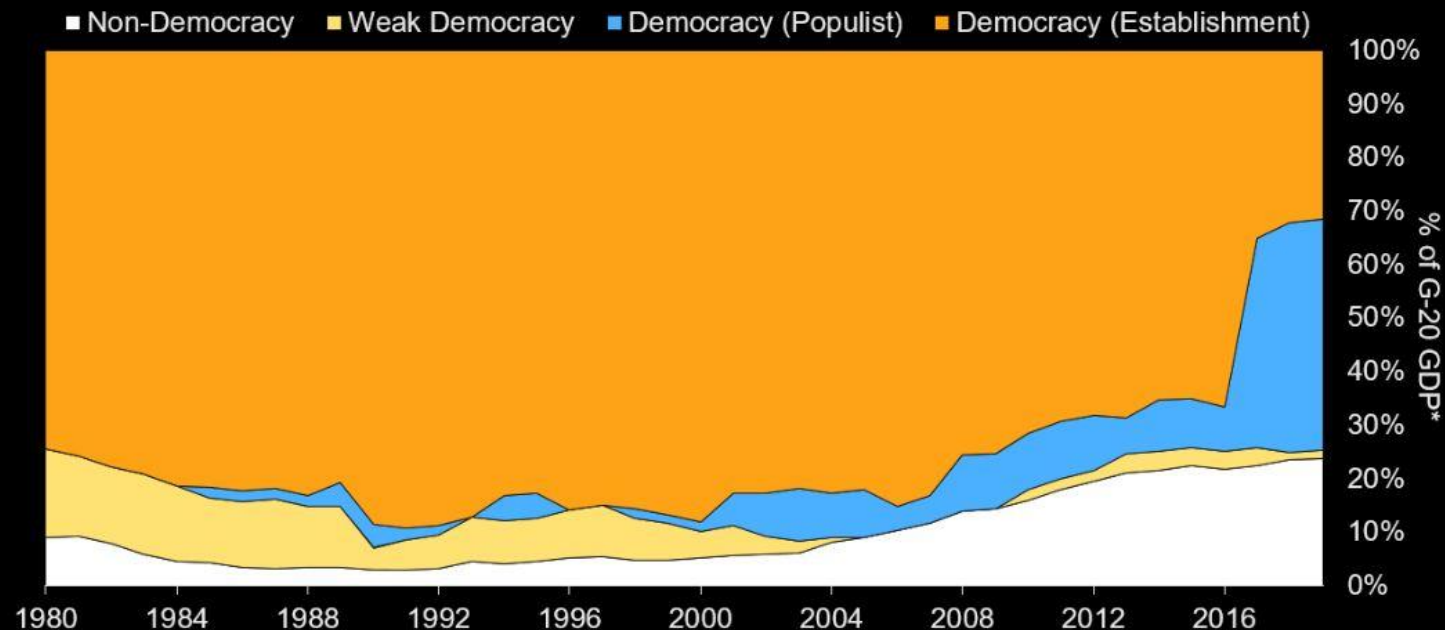
Jamie Rush

Chief Europe Economist

Bloomberg



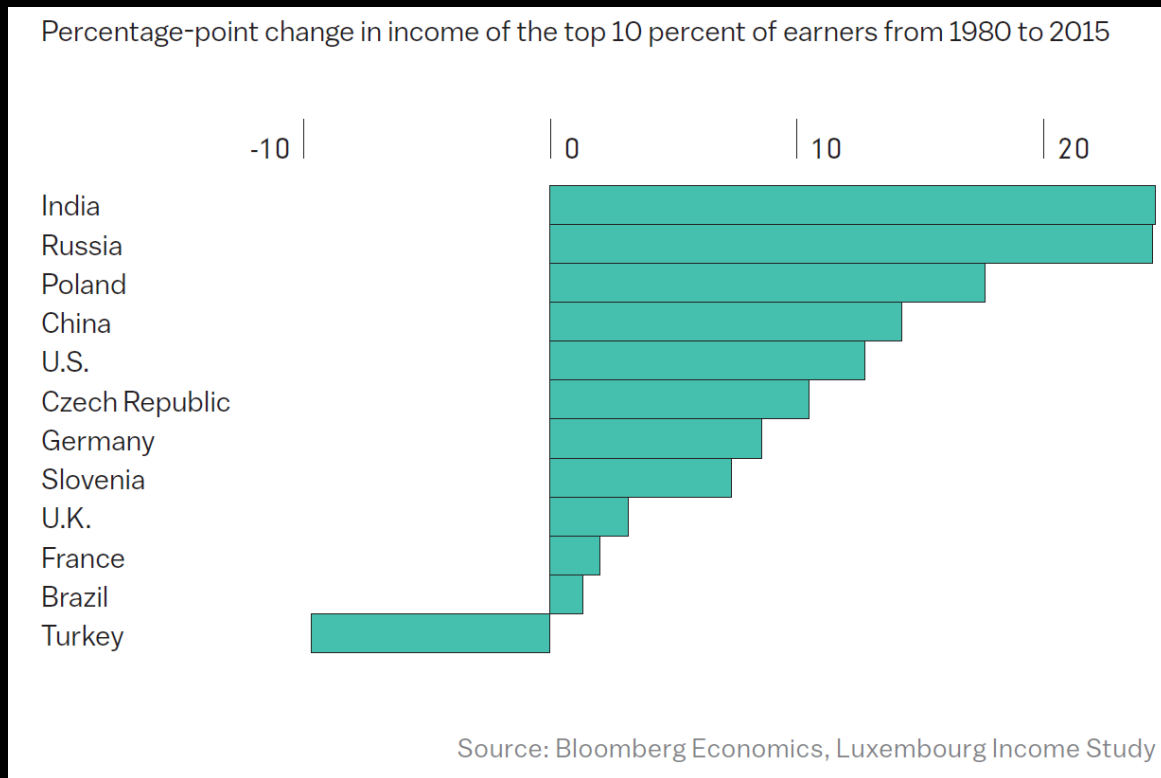
## The Economic Consequences of Populism



Sources: Bloomberg Economics, Freedom House, International Monetary Fund, \*Data includes G-20 countries plus Spain; Russia data begins in 1992



## Causes: The Rich Got Richer

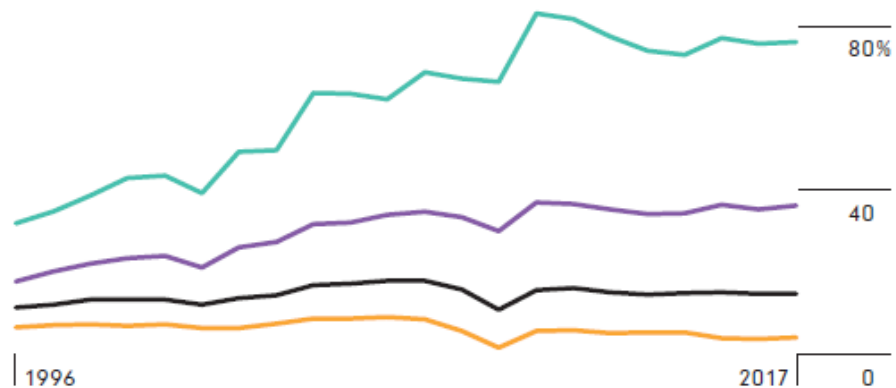




## Causes: Rich Companies Got Richer

Adjusted return on invested capital for the top 1,500 U.S. companies

90th percentile 75th percentile Median 25th percentile



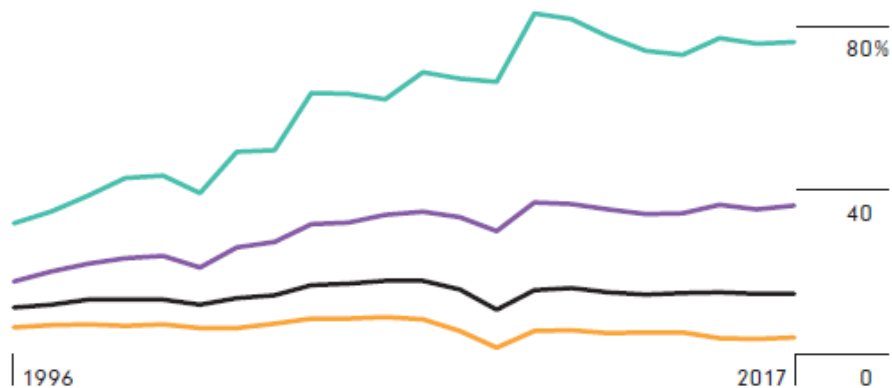
Source: Bloomberg Economics



## Causes: Rich Companies Got Richer - Europe

Adjusted return on invested capital for the top 1,500 U.S. companies

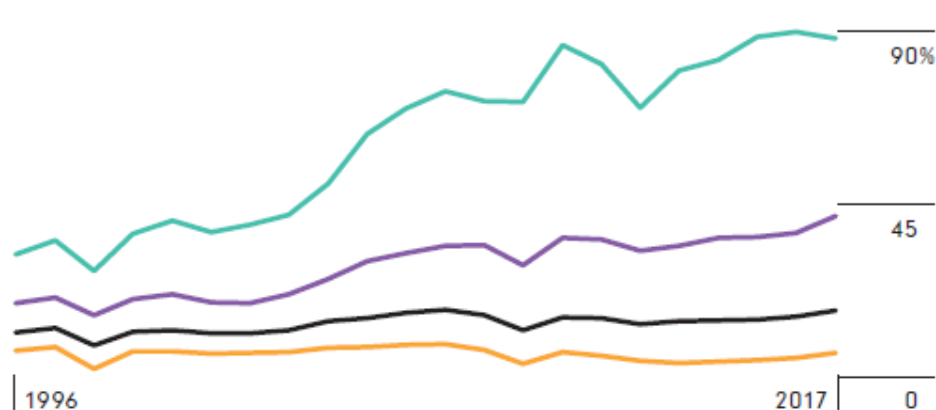
90th percentile 75th percentile Median 25th percentile



Source: Bloomberg Economics

Adjusted return on invested capital for the top 1,500 companies in Western Europe

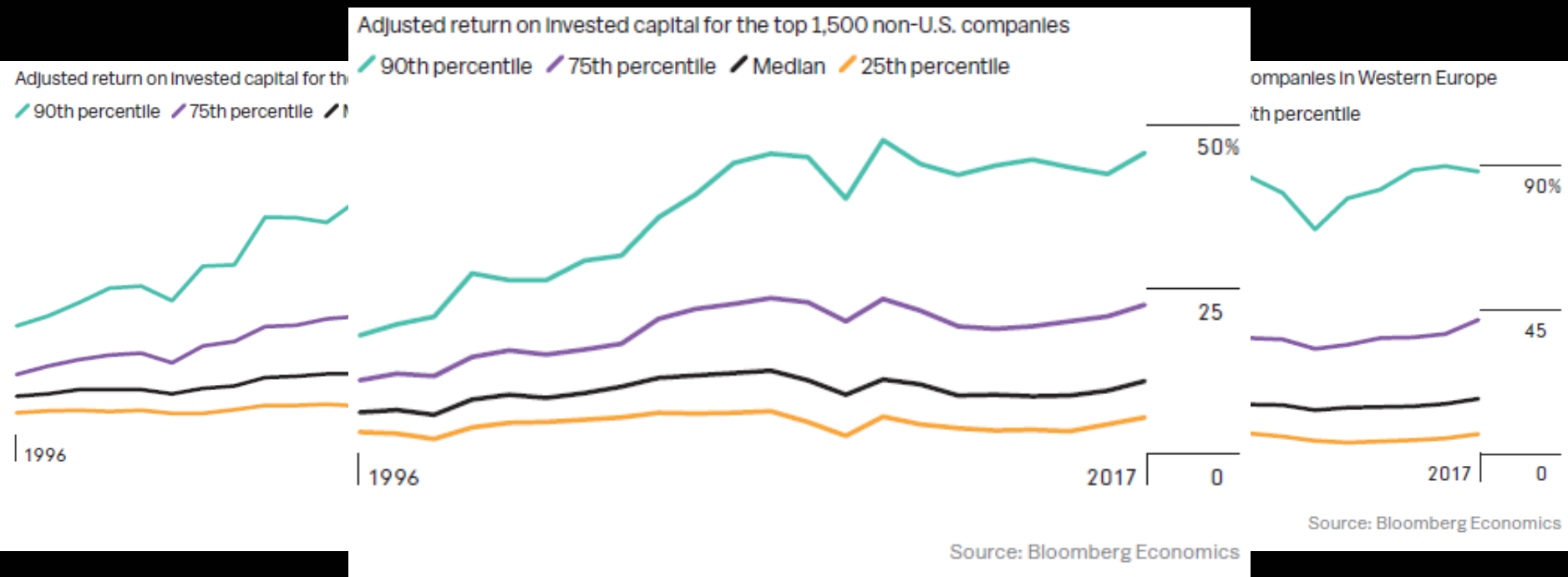
90th percentile 75th percentile Median 25th percentile



Source: Bloomberg Economics

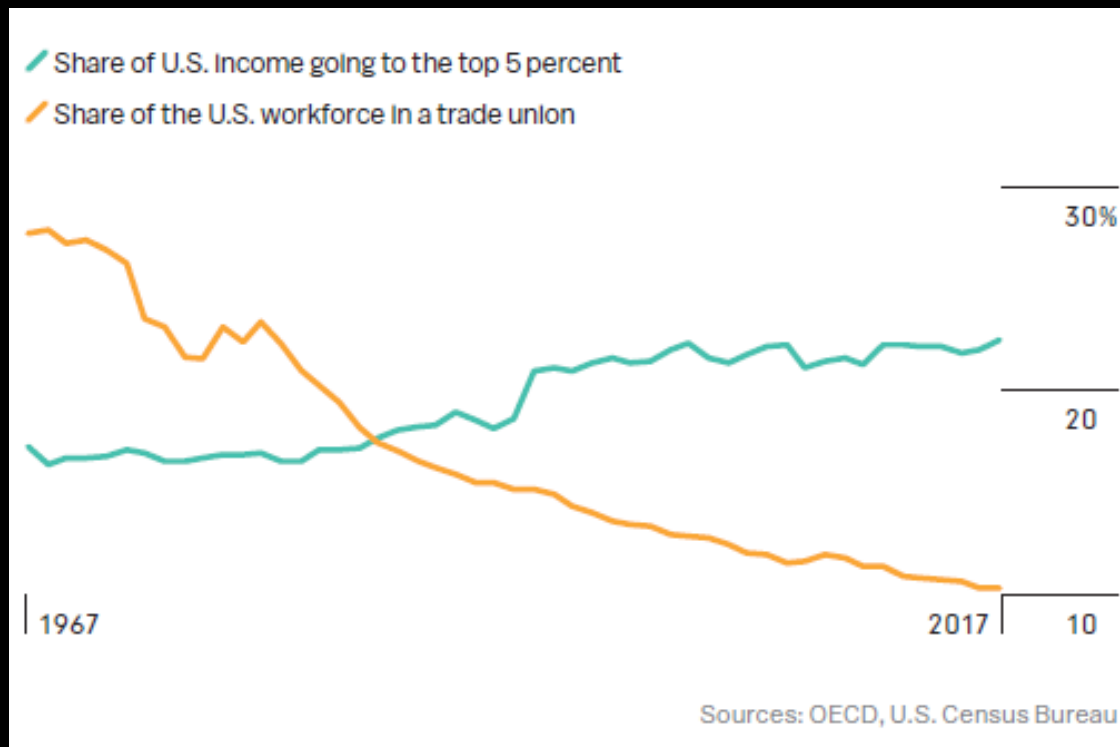


## Causes: Rich Companies Got Richer - Everywhere





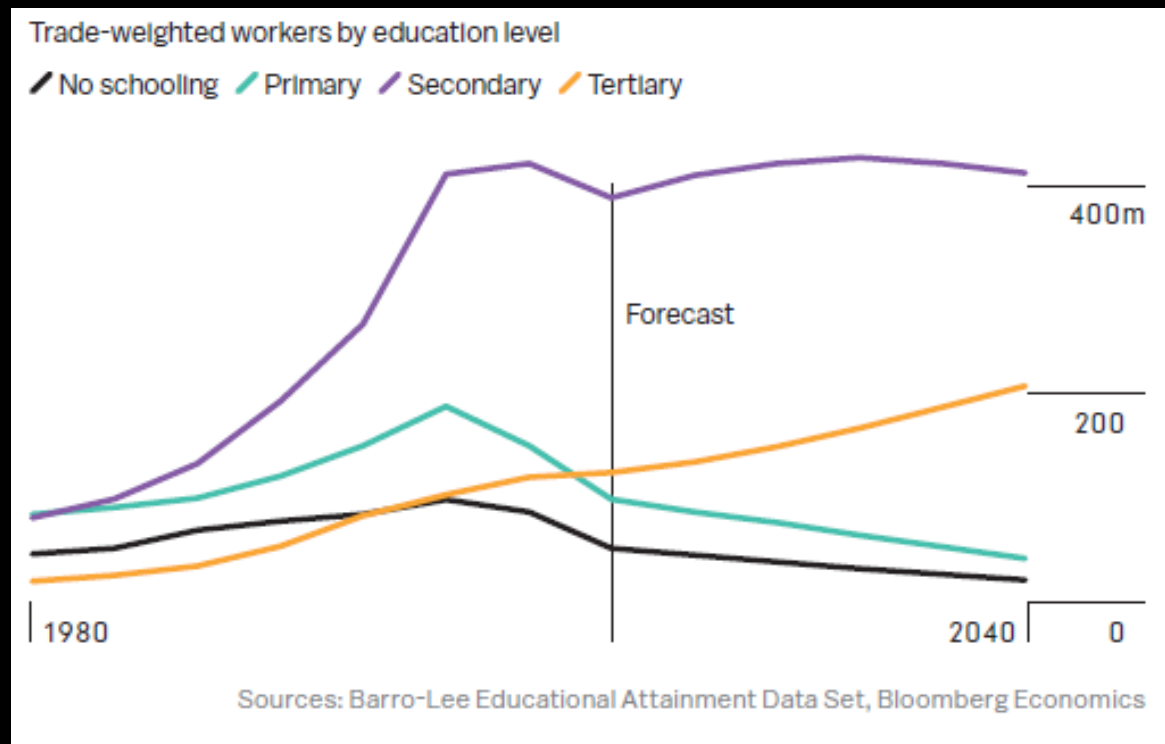
## Causes: Lost Bargaining Power







## Causes: Global Labour Supply







## Causes:

- lost bargaining power
- huge shift in global labour supply
- technology – winner takes all companies
- a whole lot of other (hard to measure but important) stuff

Not going away



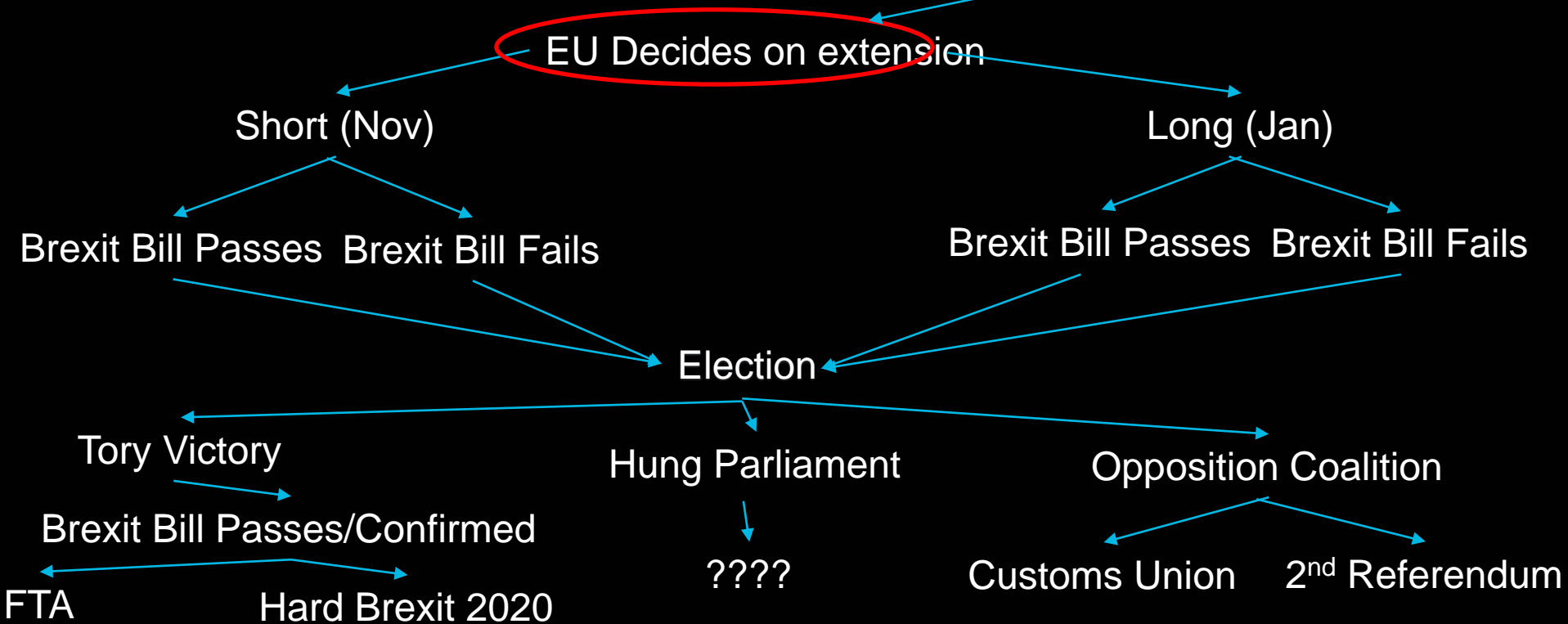
Consequences:





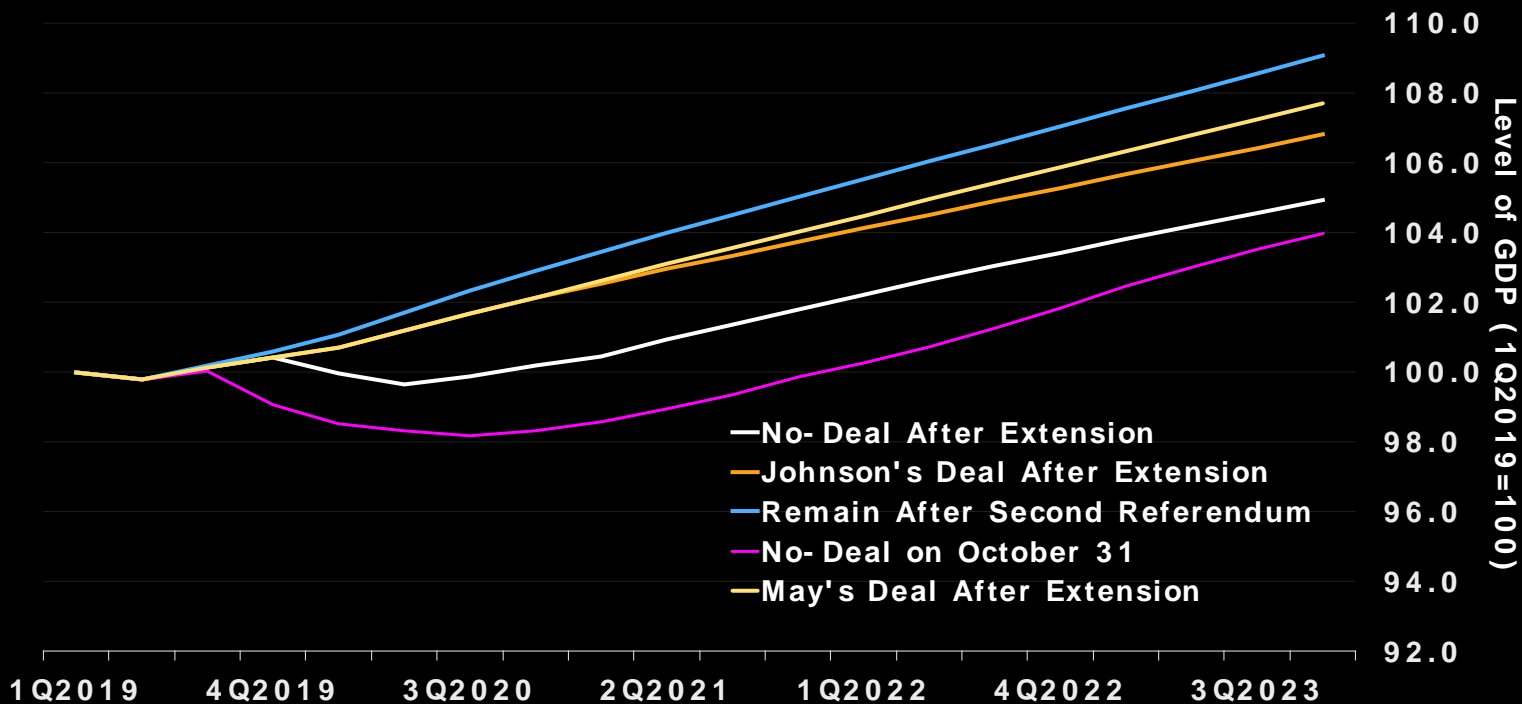
Near the End? Think Again

We are here



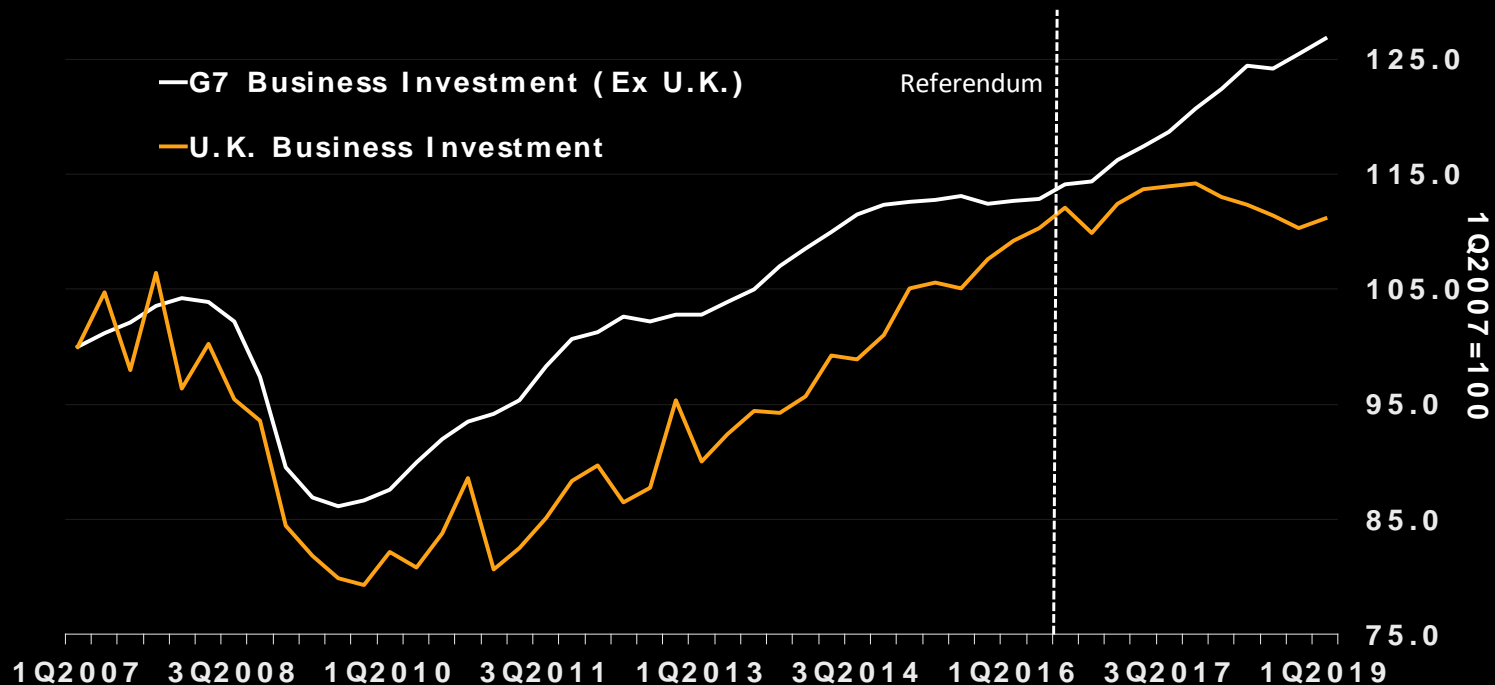


## Consequences: BREXIT



Source: Bloomberg Economics, ONS

## Consequences: BREXIT

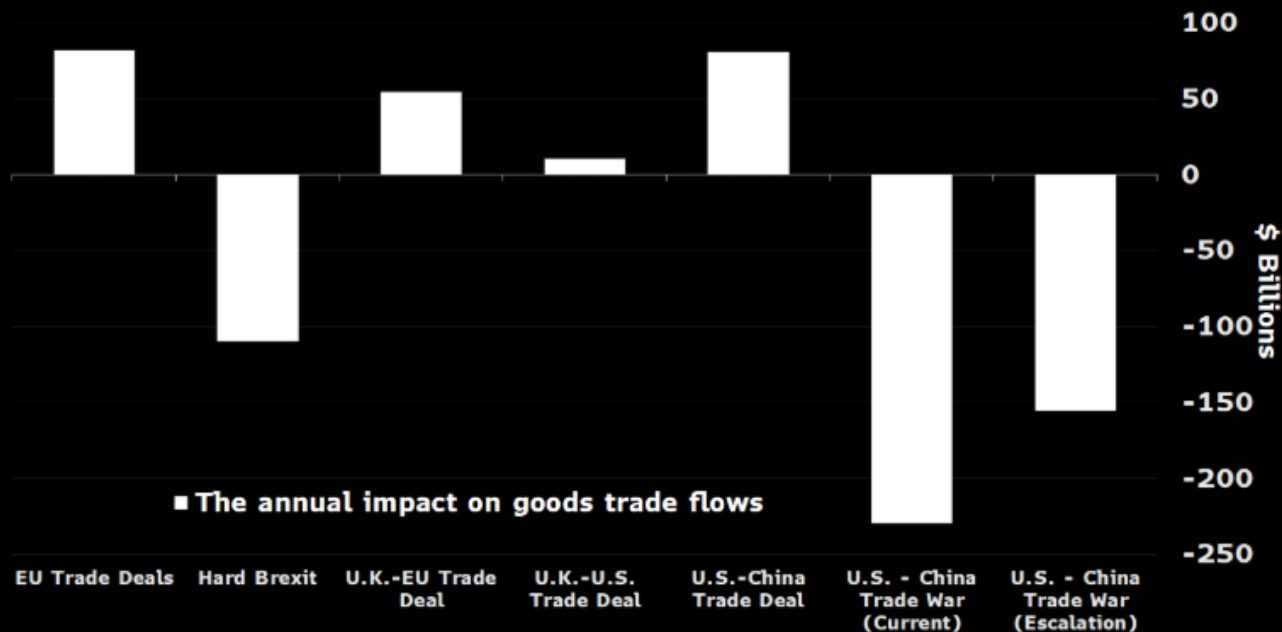


Source: Bloomberg Economics, ONS



## The Economic Consequences of Populism

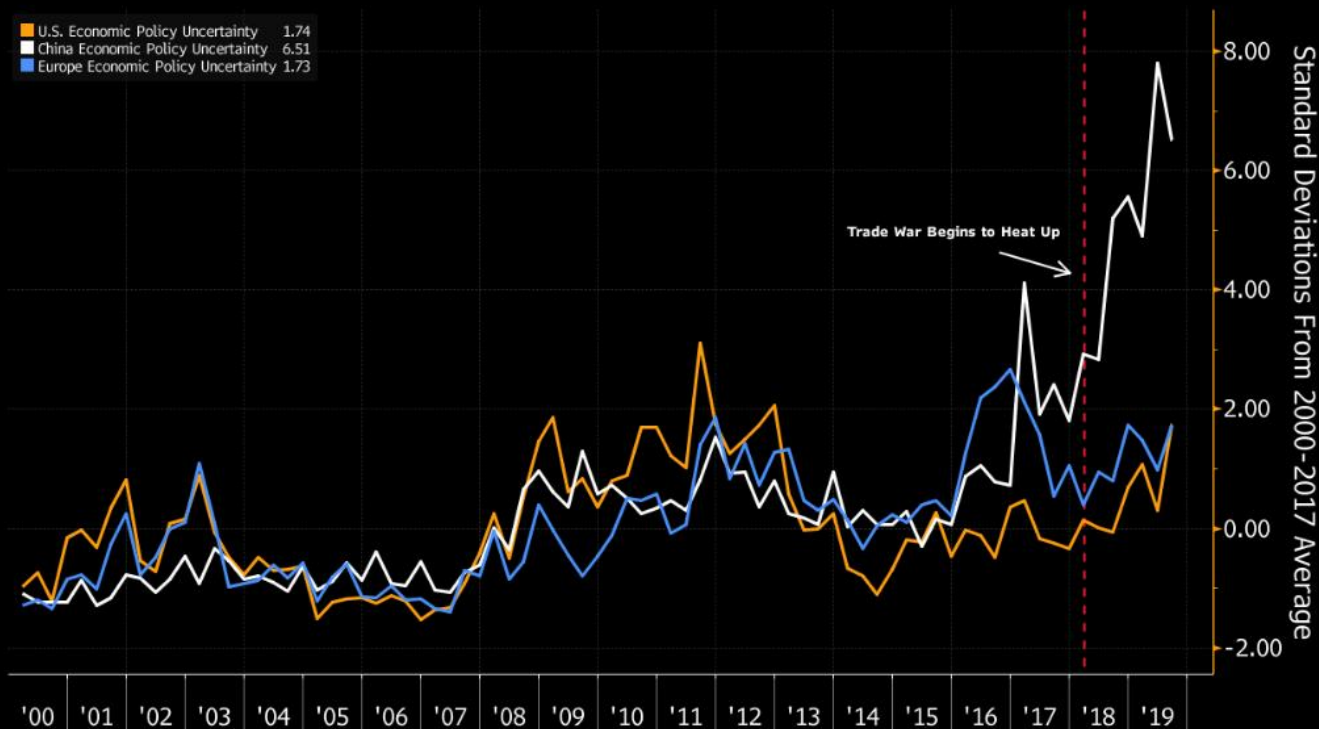
### New Relationships Create and Destroy Trade







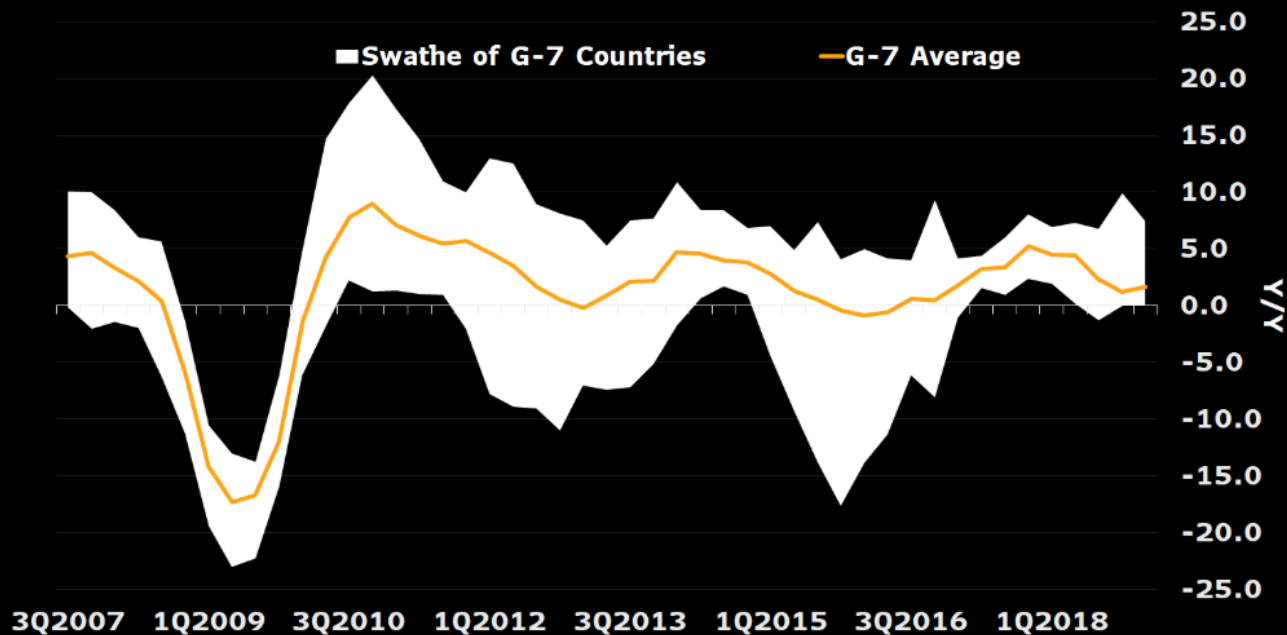
## The Economic Consequences of Populism







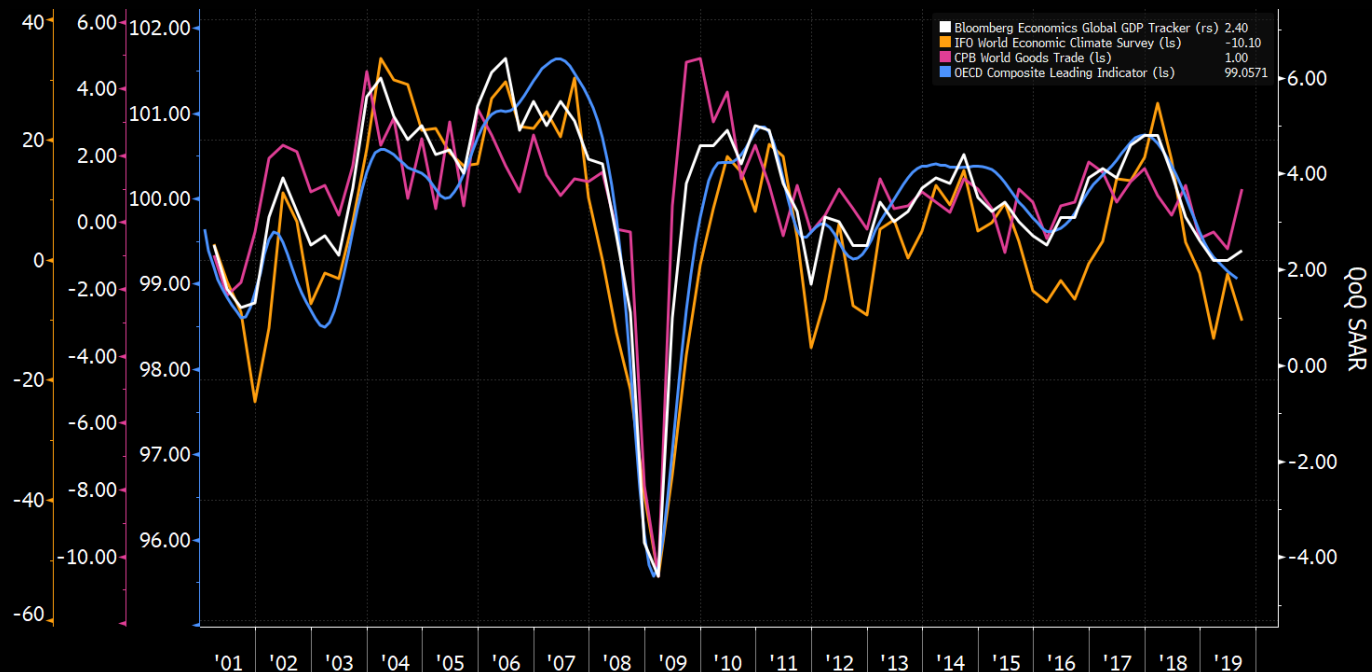
## The Economic Consequences of Populism



Source: National Statistics Agencies, Bloomberg Economics



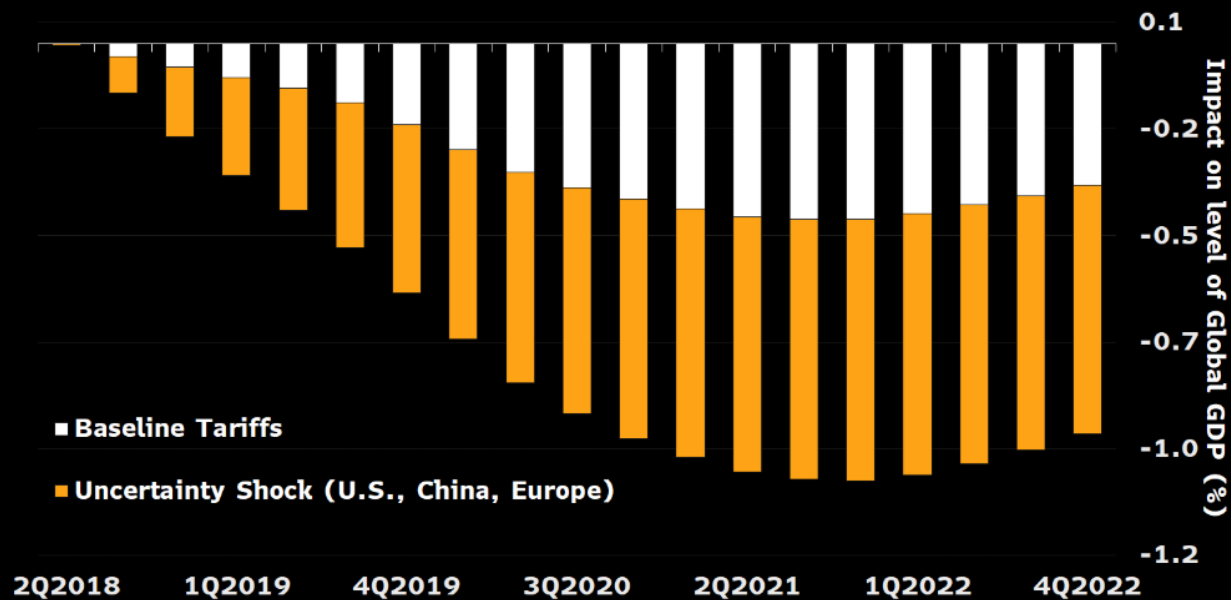
## The Economic Consequences of Populism





## The Economic Consequences of Populism

### Uncertainty Shock Bigger Than Tariffs

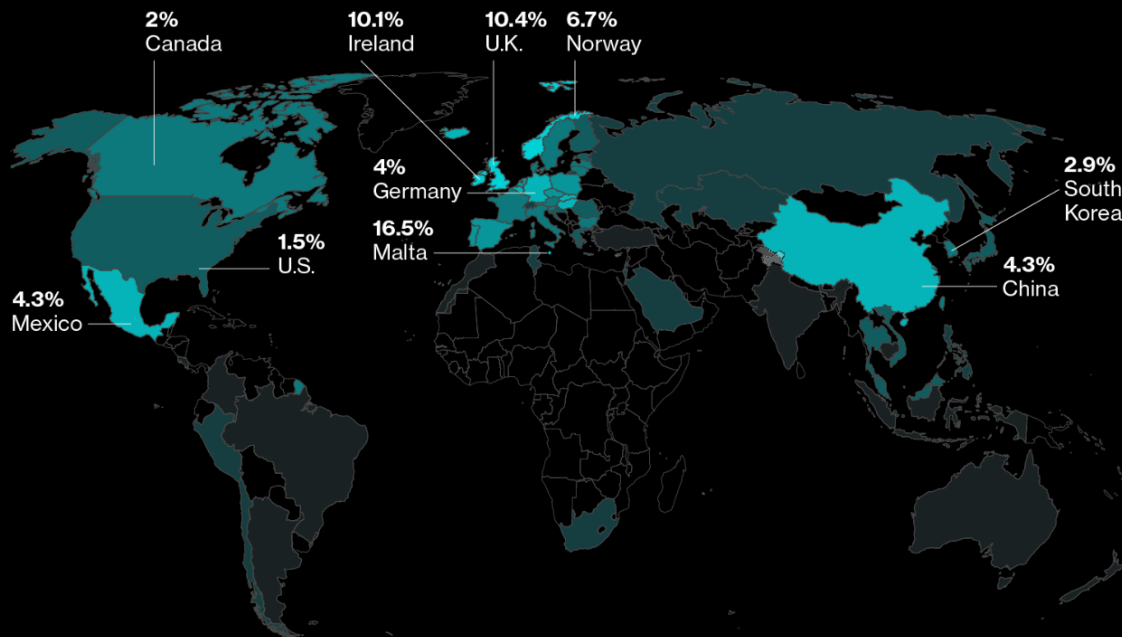


# The Economic Consequences of Populism

## How Much of GDP Faces Trade Risks?

Share of GDP exposed to Brexit, the U.S.-China trade dispute and autos tariffs

0-0.5% 0.5-1% 1-2% 2-3% 3-4% 4-5% More than 5%



Sources: OECD TiVA, Bloomberg Economics

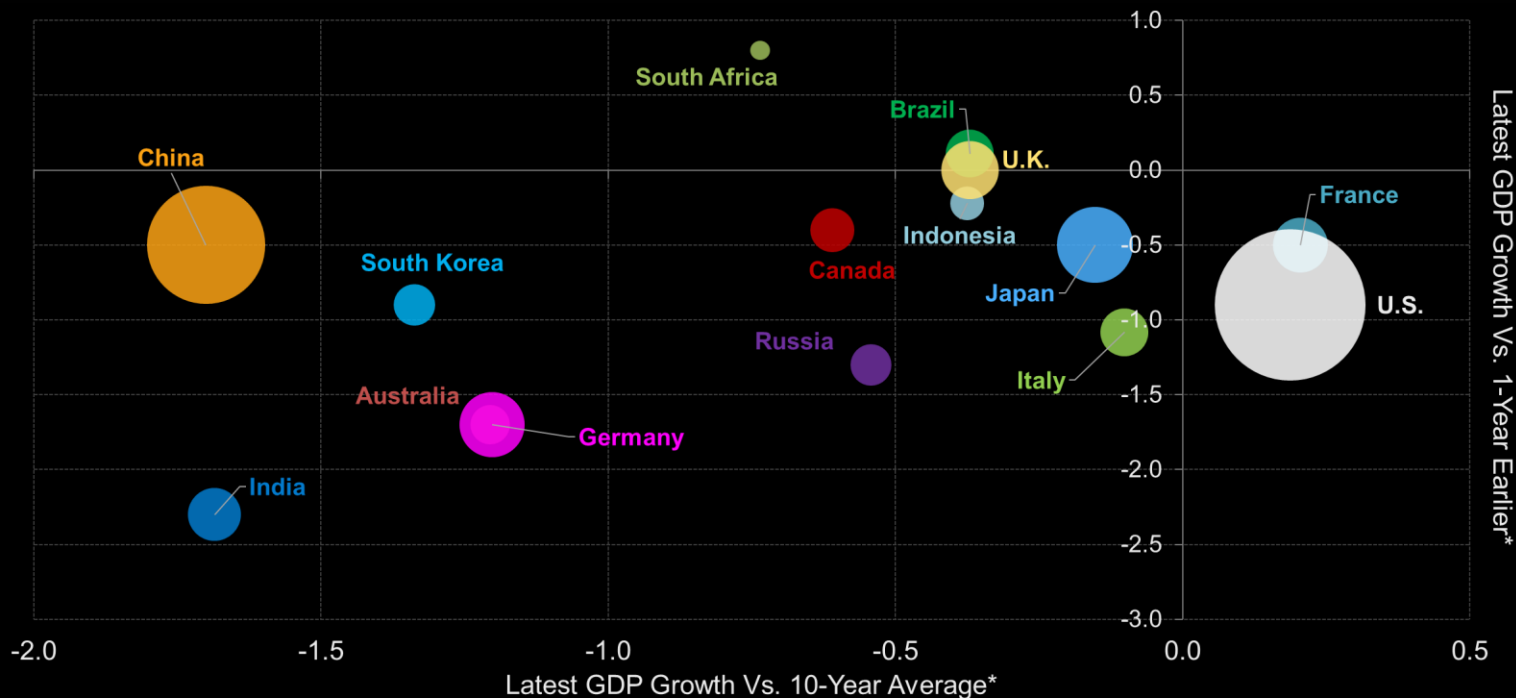


# The Economic Consequences of Populism

	Australia	Brazil	Canada	China	France	Germany	India	Indonesia	Italy	Japan	South Korea	Mexico	Russia	Saudi Arabia	South Africa	Turkey	U.K.	U.S.
Oct 2016	55.9	46.3	51.1	51.2	51.8	55.0	54.4	48.7	50.9	51.4	48.0	51.8	52.4	53.2	50.5	49.8	54.1	53.4
Nov 2016	57.1	46.2	51.5	50.9	51.7	54.3	52.3	49.7	52.2	51.3	48.0	51.1	53.6	55.0	50.8	48.8	53.2	54.1
Dec 2016	57.2	45.2	51.8	51.9	53.5	55.6	49.6	49.0	53.2	52.4	49.4	50.2	53.7	55.5	51.6	47.7	55.5	54.3
Jan 2017	55.3	44.0	53.5	51.0	53.6	56.4	50.4	50.4	53.0	52.7	49.0	50.8	54.7	56.7	51.3	48.7	55.3	55.0
Feb 2017	55.7	46.9	54.7	51.7	52.2	56.8	50.7	49.3	55.0	53.3	49.2	50.6	52.5	57.0	50.5	49.7	54.9	54.2
Mar 2017	56.3	49.6	55.5	51.2	53.3	58.3	52.5	50.5	55.7	52.4	48.4	51.5	52.4	56.4	50.7	52.3	54.1	53.3
Apr 2017	55.5	50.1	55.9	50.3	55.1	58.2	52.5	51.2	56.2	52.7	49.4	50.7	50.8	56.5	50.3	51.7	57.7	52.8
May 2017	55.9	52.0	55.1	49.6	53.8	59.5	51.6	50.6	55.1	53.1	49.2	51.2	52.4	55.3	50.2	53.5	56.5	52.7
Jun 2017	56.2	50.5	54.7	50.4	54.8	59.6	50.9	49.5	55.2	52.4	50.1	52.3	50.3	54.3	49.0	54.7	54.2	52.0
Jul 2017	54.4	50.0	55.5	51.1	54.9	58.1	47.9	48.6	55.1	52.1	49.1	51.2	52.7	55.7	50.1	53.6	55.5	53.3
Aug 2017	53.5	50.9	54.6	51.6	55.8	59.3	51.2	50.7	56.3	52.2	49.9	52.2	51.6	55.8	49.8	55.3	57.0	52.8
Sep 2017	53.8	50.9	55.0	51.0	56.1	60.6	51.2	50.4	56.3	52.9	50.6	52.8	51.9	55.5	48.5	53.5	55.5	53.1
Oct 2017	55.5	51.2	54.3	51.0	56.1	60.6	50.3	50.1	57.8	52.8	50.2	49.2	51.1	55.6	49.6	52.8	56.6	54.6
Nov 2017	56.3	53.5	54.4	50.8	57.7	62.5	52.6	50.4	58.3	53.6	51.2	52.4	51.5	57.5	48.8	52.9	58.2	53.9
Dec 2017	57.1	52.4	54.7	51.5	58.8	63.3	54.7	49.3	57.4	54.0	49.9	51.7	52.0	57.3	48.4	54.9	55.7	55.1
Jan 2018	55.4	51.2	55.9	51.5	58.4	61.1	52.4	49.9	59.0	54.8	50.7	52.6	52.1	53.0	49.0	55.7	55.2	55.5
Feb 2018	55.6	53.2	55.6	51.6	55.9	60.6	52.1	51.4	56.8	54.1	50.3	51.6	50.2	53.2	51.4	55.6	55.3	55.3
Mar 2018	54.3	53.4	55.7	51.0	53.7	58.2	51.0	50.7	55.1	53.1	49.1	52.4	50.6	52.8	51.1	51.8	54.8	55.6
Apr 2018	55.5	52.3	55.5	51.1	53.8	58.1	51.6	51.6	53.5	53.8	48.4	51.6	51.3	51.4	50.4	48.9	53.8	56.5
May 2018	53.2	50.7	56.2	51.1	54.4	56.9	51.2	51.7	52.7	52.8	48.9	51.0	49.8	53.2	50.0	46.4	54.3	56.4
Jun 2018	55.0	49.8	57.1	51.0	52.5	55.9	53.1	50.3	53.3	53.0	49.8	52.1	49.5	55.0	50.9	46.8	54.0	55.4
Jul 2018	52.4	50.5	56.9	50.8	53.3	56.9	52.3	50.5	51.5	52.3	48.3	52.1	48.1	54.9	49.3	49.0	53.9	55.3
Aug 2018	53.2	51.1	56.8	50.6	53.5	55.9	51.7	51.9	50.1	52.5	49.9	50.7	48.9	55.1	47.2	46.4	52.9	54.7
Sep 2018	54.0	50.9	54.8	50.0	52.5	53.7	52.2	50.7	50.0	52.5	51.3	51.7	50.0	53.4	48.0	42.7	53.7	55.6
Oct 2018	54.5	51.1	53.9	50.1	51.2	52.2	53.1	50.5	49.2	52.9	51.0	50.7	51.3	53.8	46.9	44.3	51.1	55.7
Nov 2018	54.6	52.7	54.9	50.2	50.8	51.8	54.0	50.4	48.6	52.2	48.6	49.7	52.6	55.2	48.2	44.7	53.3	55.3
Dec 2018	54.0	52.6	53.6	49.7	49.7	51.5	53.2	51.2	49.2	52.6	49.8	49.7	51.7	54.5	49.0	44.2	54.3	53.8
Jan 2019	53.9	52.7	53.0	48.3	51.2	49.7	53.9	49.9	47.8	50.3	48.3	50.9	50.9	56.2	49.6	44.2	52.8	54.9
Feb 2019	52.9	53.4	52.6	49.9	51.5	47.6	54.3	50.1	47.7	48.9	47.2	52.6	50.1	56.6	50.2	46.4	52.1	53.0
Mar 2019	52.0	52.8	50.5	50.8	49.7	44.1	52.6	51.2	47.4	49.2	48.8	49.8	52.8	56.8	48.8	47.2	55.1	52.4
Apr 2019	50.9	51.5	49.7	50.2	50.0	44.4	51.8	50.4	49.1	50.2	50.2	50.1	51.8	56.8	50.3	46.8	53.1	52.6
May 2019	51.0	50.2	49.1	50.2	50.6	44.3	52.7	51.6	49.7	49.8	48.4	50.0	49.8	57.3	49.3	45.3	49.4	50.5
Jun 2019	52.0	51.0	49.2	49.4	51.9	45.0	52.1	50.6	48.4	49.3	47.5	49.2	48.6	57.4	49.7	47.9	48.0	50.6
Jul 2019	51.6	49.9	50.2	49.9	49.7	43.2	52.5	49.6	48.5	49.4	47.3	49.8	49.3	56.6	48.4	46.7	48.0	50.4
Aug 2019	50.9	52.5	49.1	50.4	51.1	43.5	51.4	49.0	48.7	49.3	49.0	49.0	49.1	57.0	49.7	48.0	47.4	50.3
Sep 2019	50.3	53.4	51.0	51.4	50.1	41.7	51.4	49.1	47.8	48.9	48.0	49.1	46.3			50.0	48.3	51.1



## The Economic Consequences of Populism



Source: Bloomberg Economics; \*Ppt difference with 2Q19 real year-on-year GDP growth; bubble size represents relative nominal size of G-20 economies; data for India 1Q19. Argentina (-0.7 and 4.4), Turkey (-7.3 and -7.2); excludes Saudi Arabia.

## Populism Risk

Index scores (higher is better)

0 to 20 20 to 40 40 to 60 60 to 80 80 to 100

### North America

Canada  
U.S.

### Latin America and the Caribbean

Uruguay  
Peru  
Argentina  
Jamaica  
Costa Rica  
Nicaragua  
Chile  
Dominican Rep.  
Paraguay  
El Salvador  
Ecuador  
Bolivia  
Panama  
Mexico  
Colombia  
Brazil  
Honduras  
Guatemala

### Europe and Central Asia

Estonia  
Poland  
Latvia  
Slovakia  
Lithuania  
Germany  
Albania  
Czech Rep.  
Kazakhstan  
Netherlands  
Iceland  
Finland  
Switzerland  
Denmark  
Slovenia  
Sweden  
France  
Belgium  
Georgia  
U.K.  
Ireland  
Belarus  
Norway  
Hungary  
Austria  
Bulgaria  
Luxembourg  
Romania  
Portugal  
Ukraine  
Serbia  
Cyprus  
Croatia  
Uzbekistan  
Russia  
Italy  
Azerbaijan  
Greece  
Bosnia Herz.  
Spain  
Turkey

### Middle East and North Africa

Malta  
Israel  
U.A.E.  
Oman  
Jordan  
Tunisia  
Kuwait  
Iran  
Egypt  
Morocco  
Bahrain  
Algeria  
Saudi Arabia  
Libya

### Sub-Saharan Africa

Mauritius  
Botswana  
Ghana  
S. Africa  
Tanzania  
Kenya  
Zambia  
Senegal  
Uganda  
Gabon  
Angola  
Côte d'Ivoire  
Mozambique  
Ethiopia  
Cameroon  
Nigeria  
Mali  
Congo, DR

### East Asia and Pacific

New Zealand  
Taiwan  
Australia  
S. Korea  
Japan  
Singapore  
Vietnam  
Hong Kong  
Malaysia  
Cambodia  
Thailand  
Indonesia  
China  
Philippines  
Myanmar

### South Asia

Sri Lanka  
Nepal  
Bangladesh  
India  
Pakistan  
Afghanistan

## Drivers and Disrupters

How economies are positioned to deal with disruptive forces

Economy circles sized by GDP

High income Low- and middle-income

Explore disruptive forces

POPULISM

75-

50-

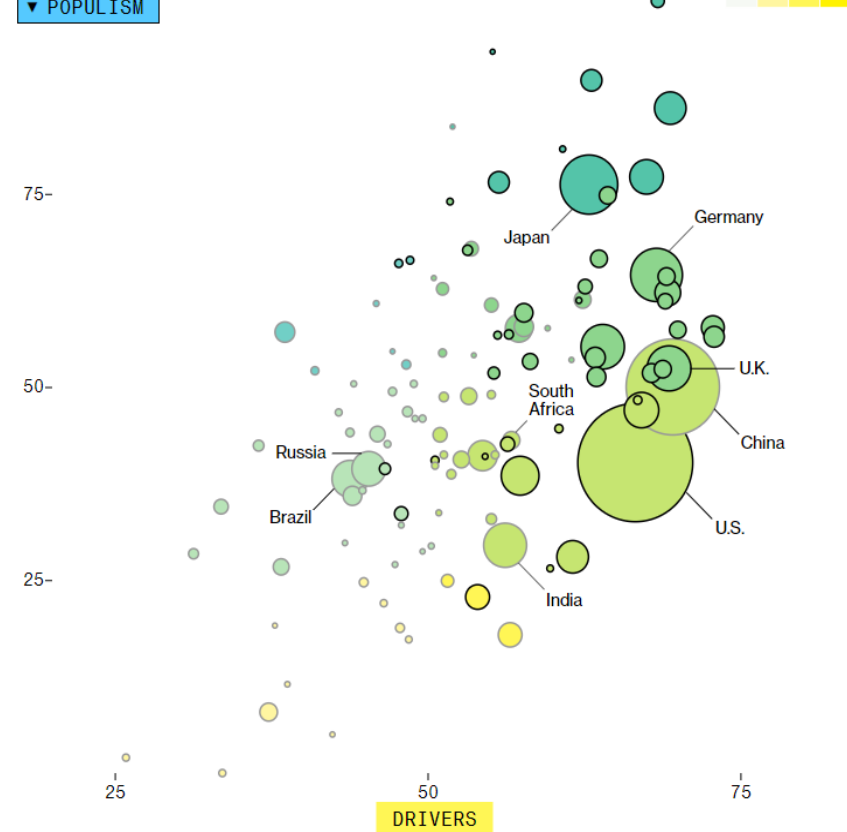
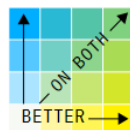
25-

25

DRIVERS

50

75







Thank you

**BECO <GO>**