



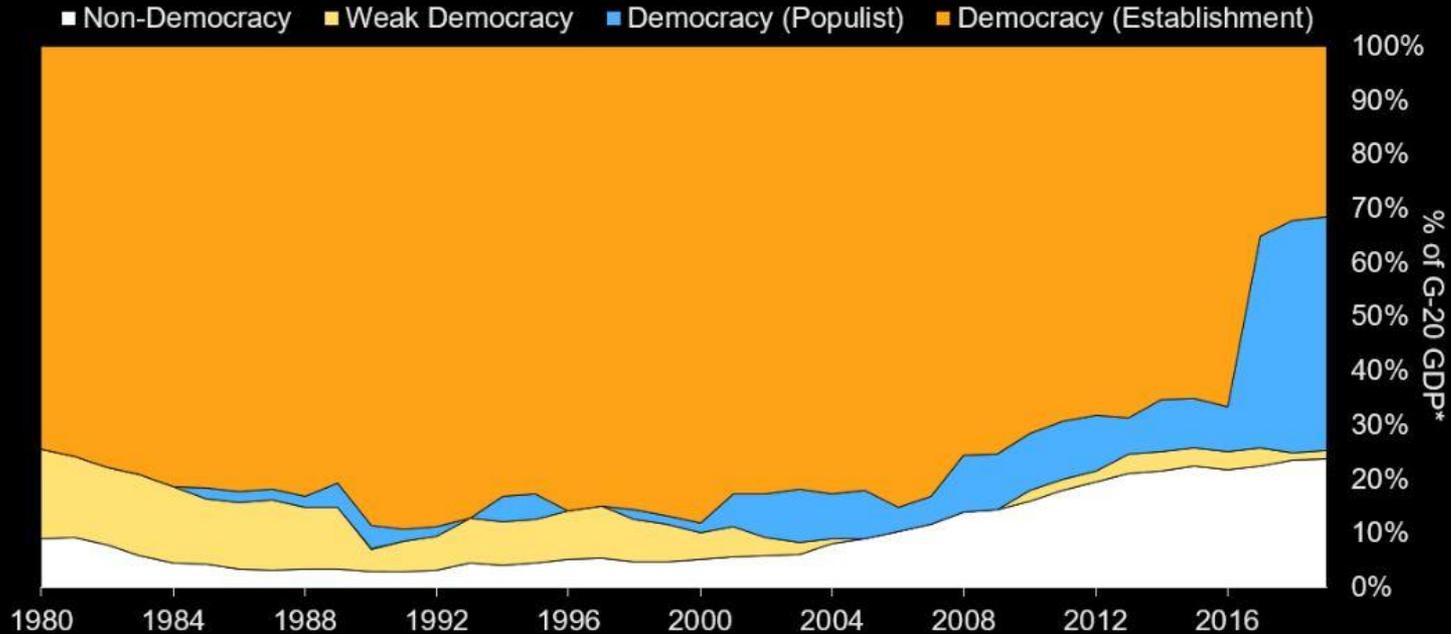
The Economic Consequences of Populism

Jamie Rush

Chief Europe Economist

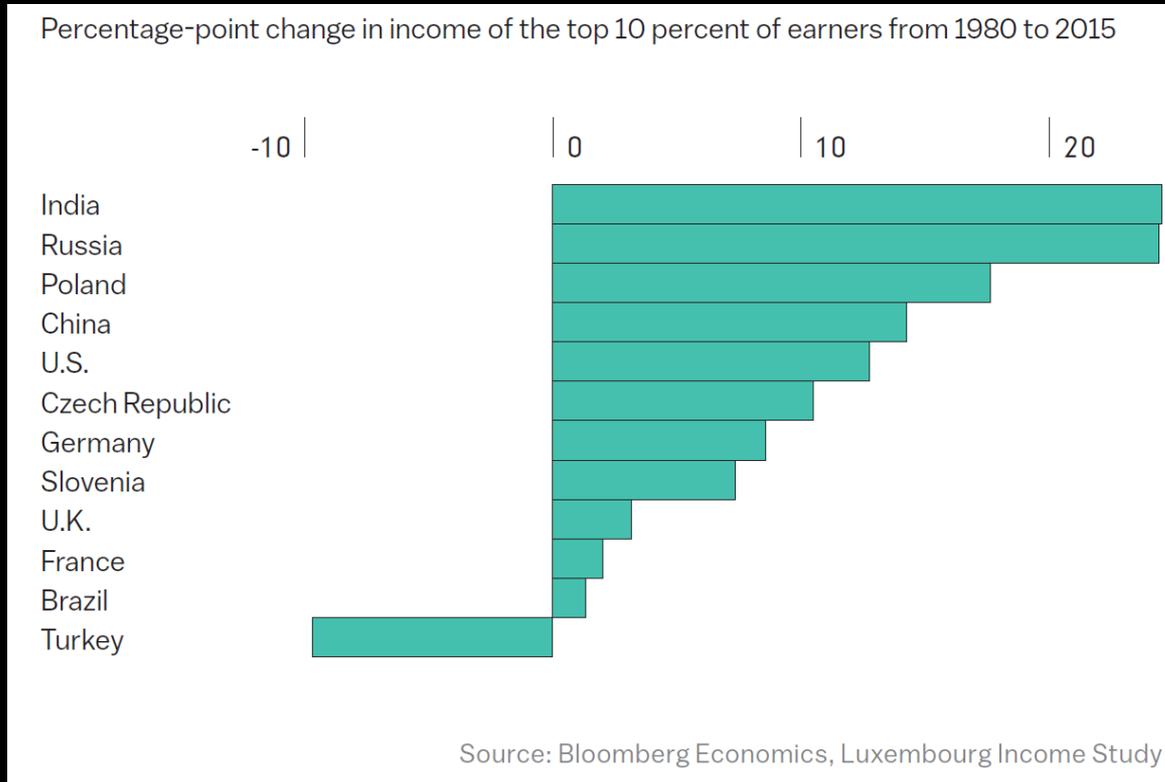
Bloomberg

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

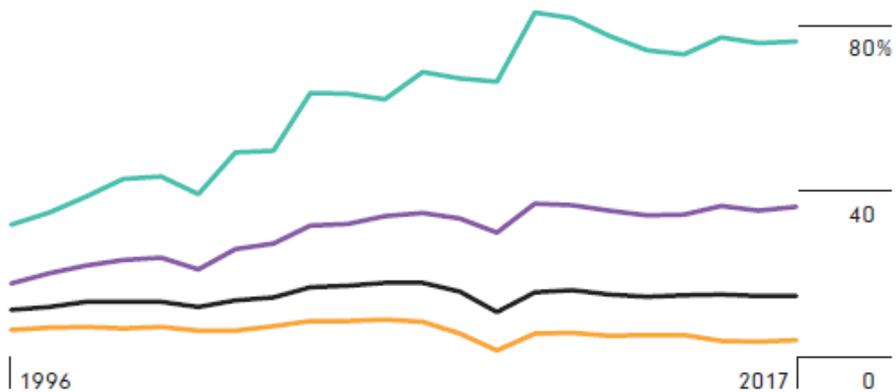
Causes: The Rich Got Richer



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



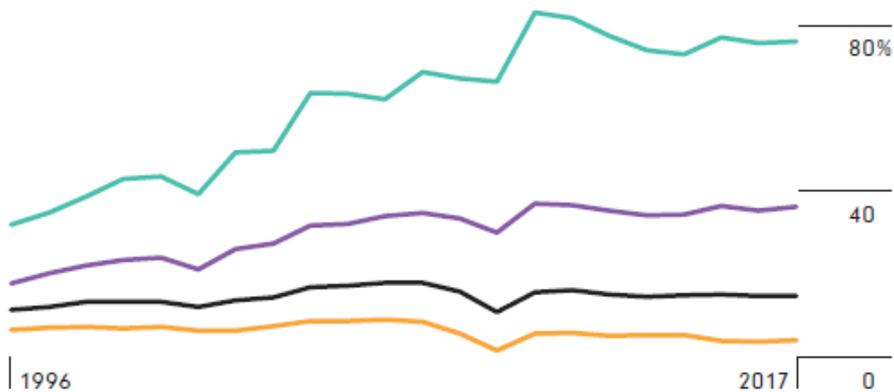
Source: Bloomberg Economics



Causes: Rich Companies Got Richer - Europe

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

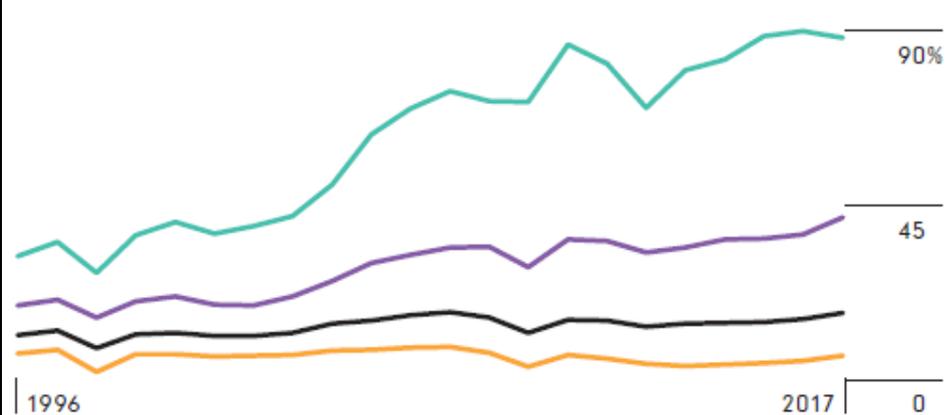
90th percentile 75th percentile Median 25th percentile



Source: Bloomberg Economics

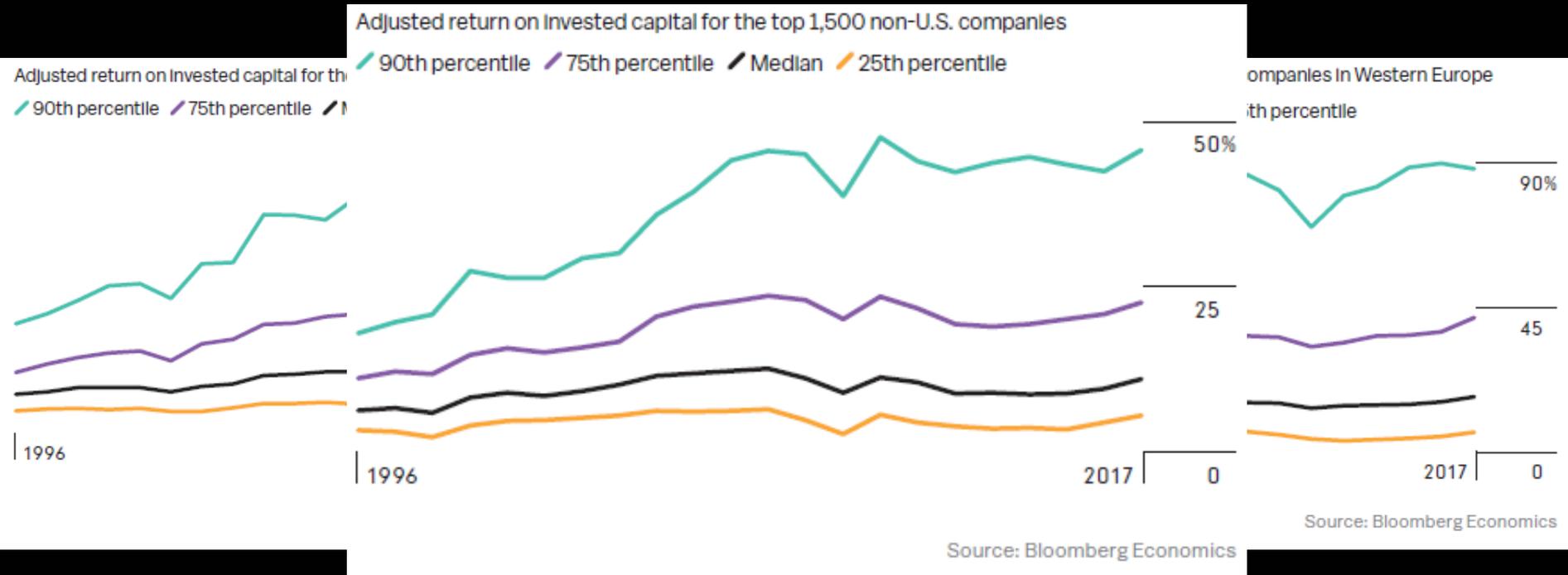
Adjusted return on invested capital for the top 1,500 companies in Western Europe

90th percentile 75th percentile Median 25th percentile



Source: Bloomberg Economics

Causes: Rich Companies Got Richer - Everywhere

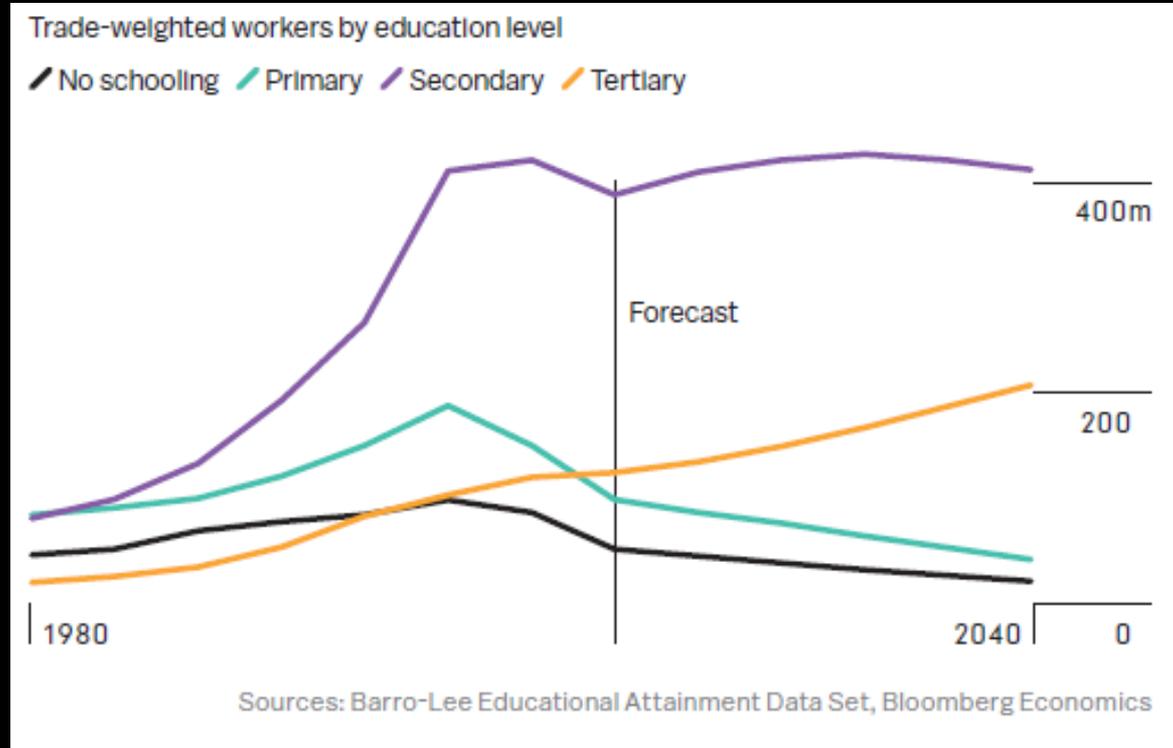


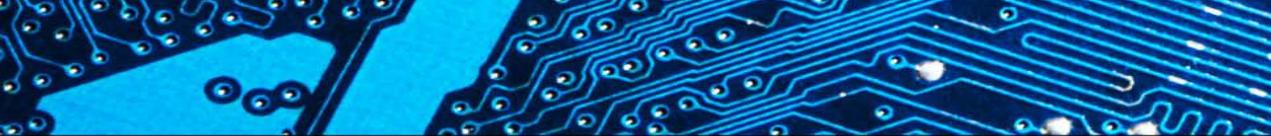


Causes: Lost Bargaining Power



Causes: Global Labour Supply





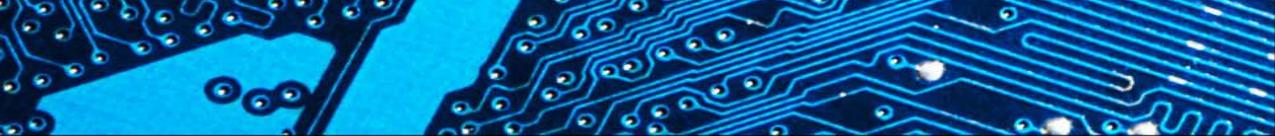
Causes:

- 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

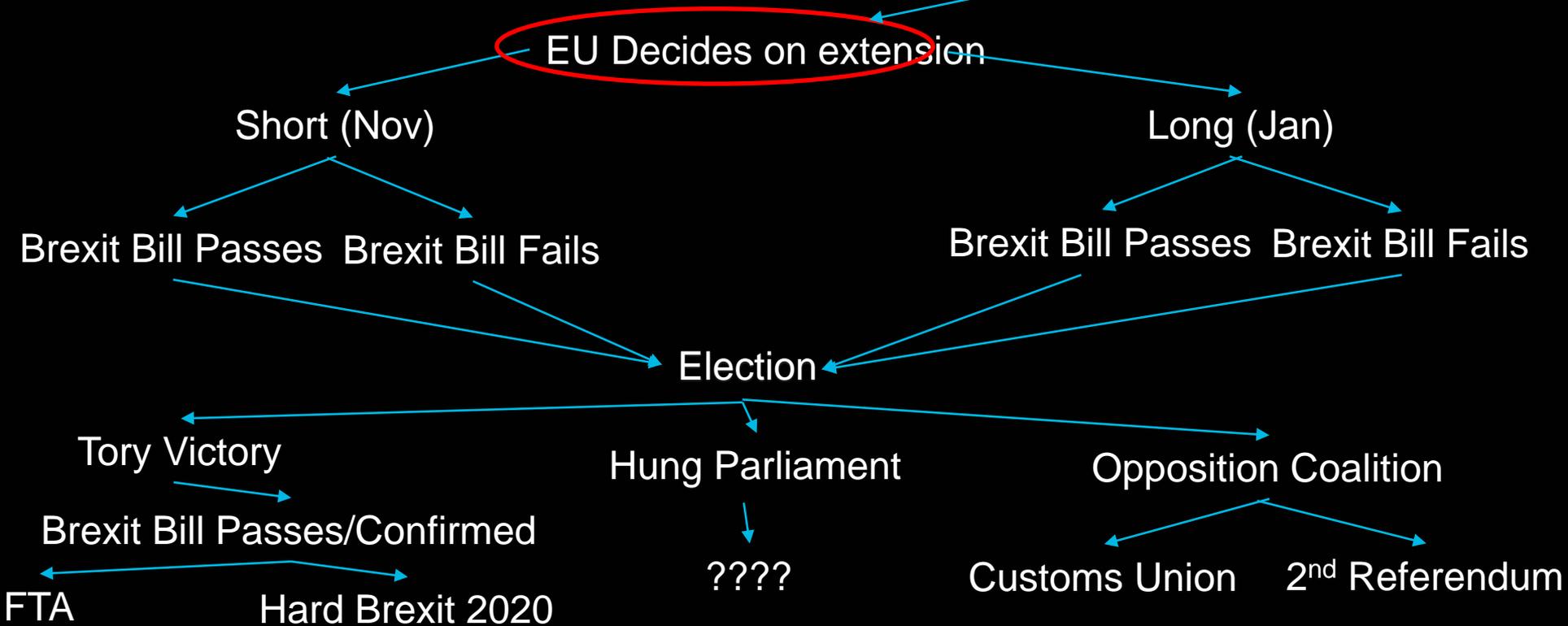
Consequences:



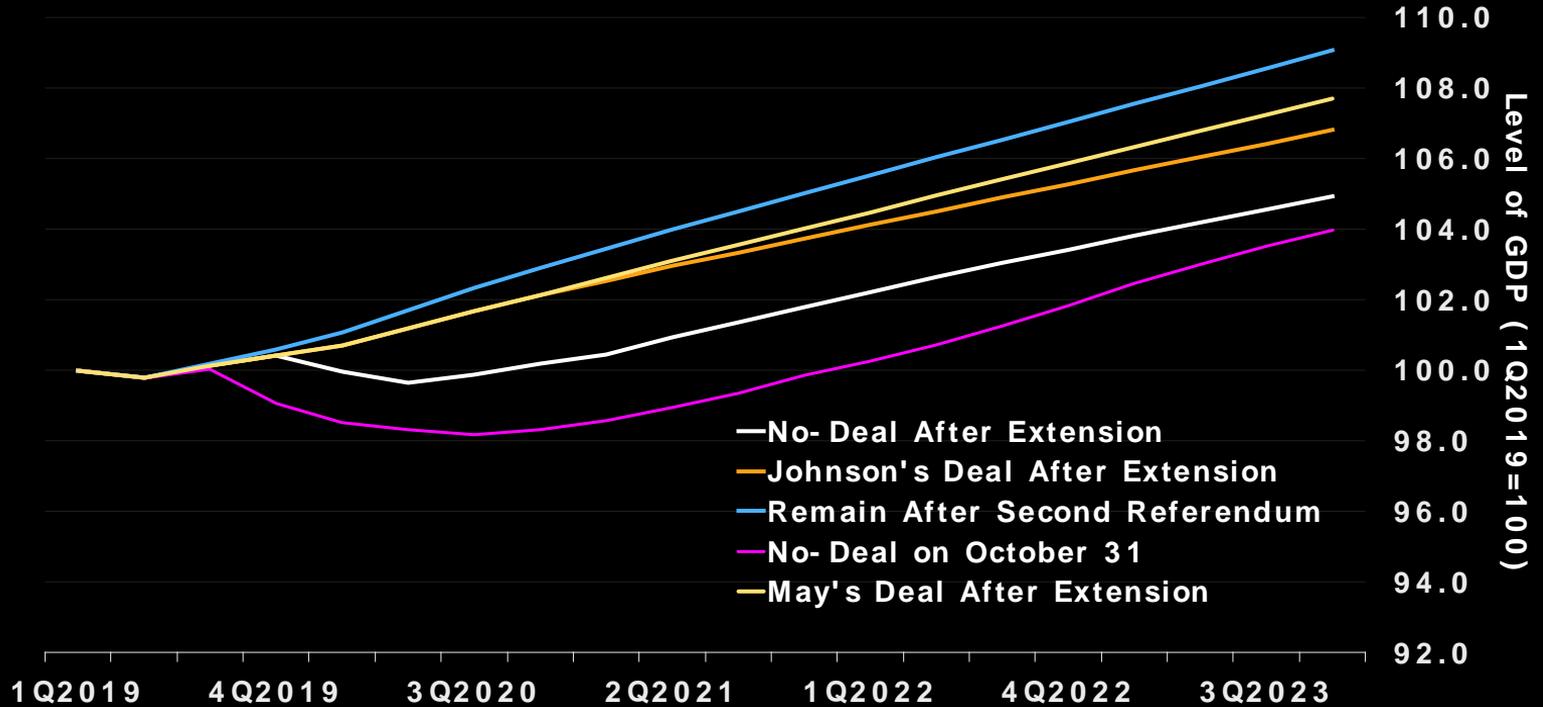


Near the End? Think Again

We are here

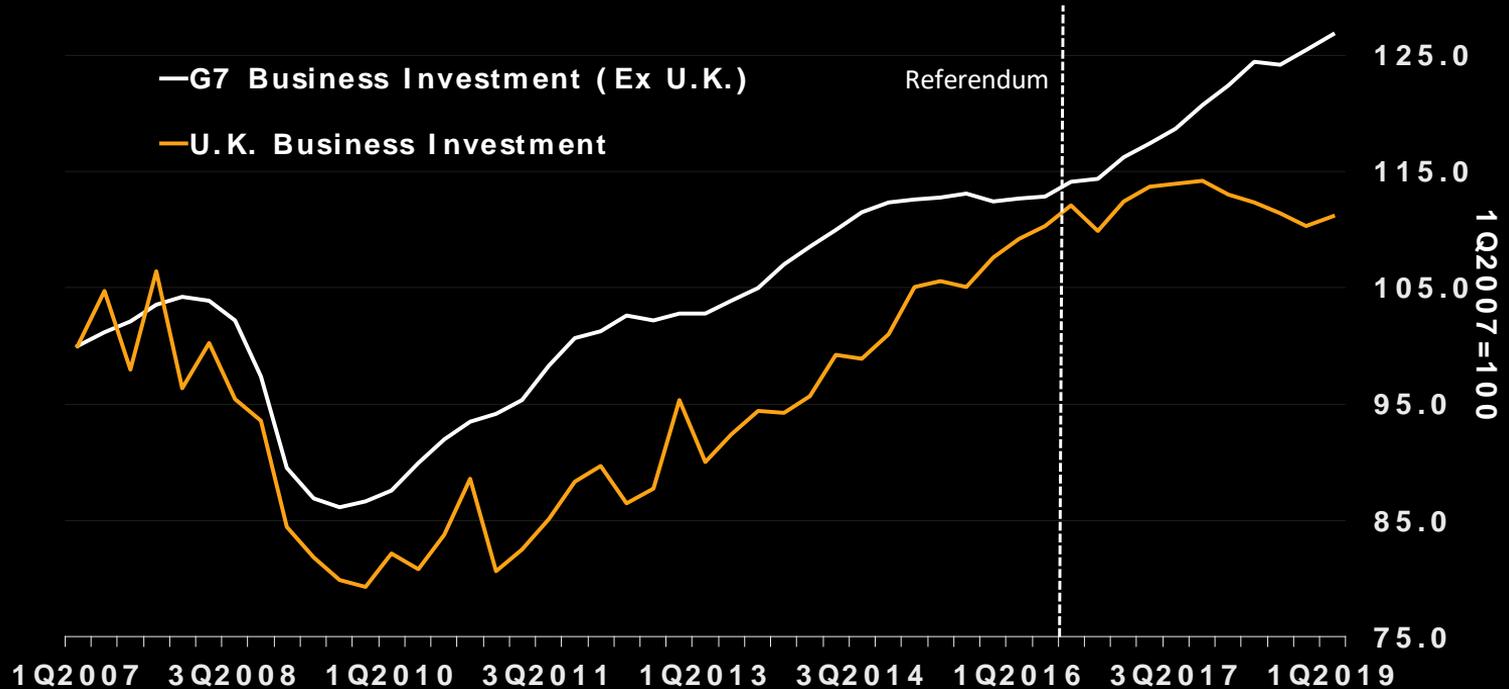


Consequences: BREXIT



Source: Bloomberg Economics, ONS

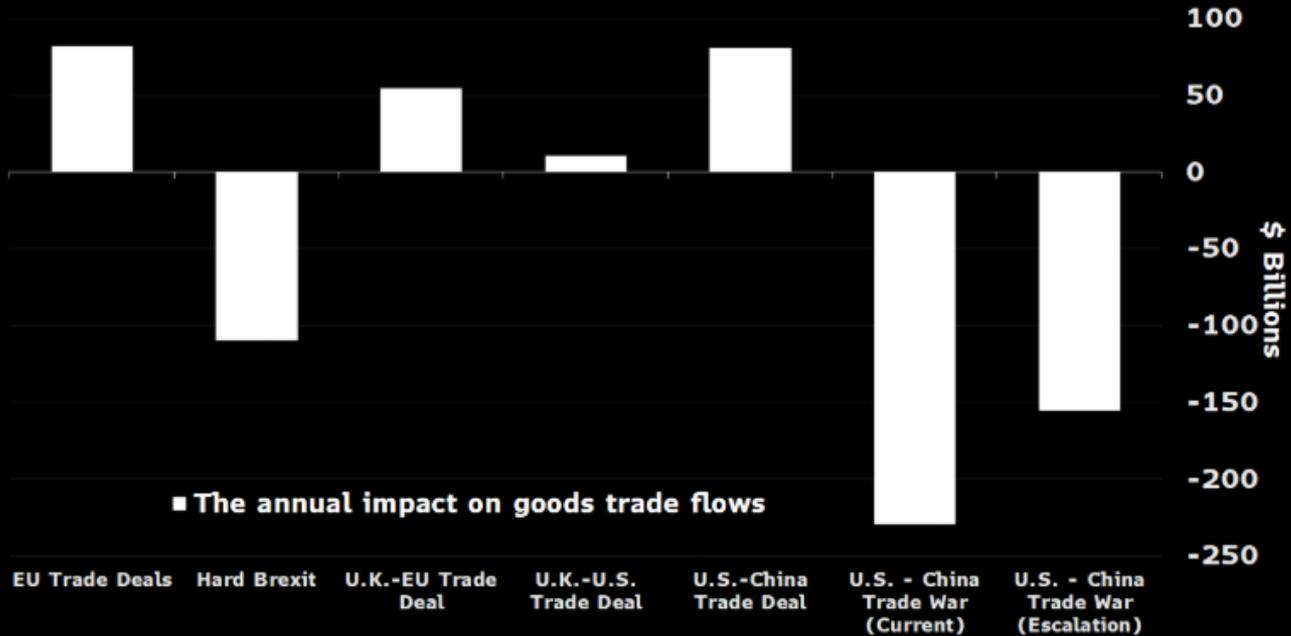
Consequences: BREXIT



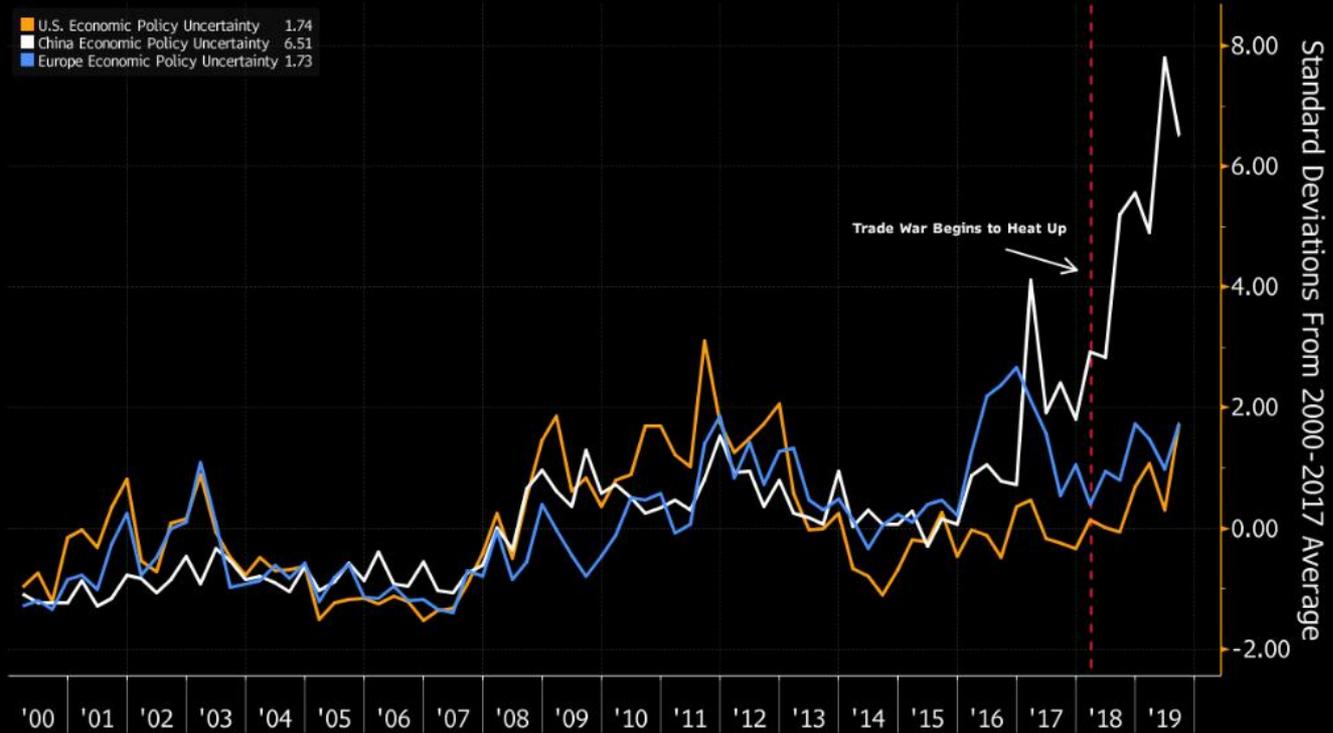
Source: Bloomberg Economics, ONS

The Economic Consequences of Populism

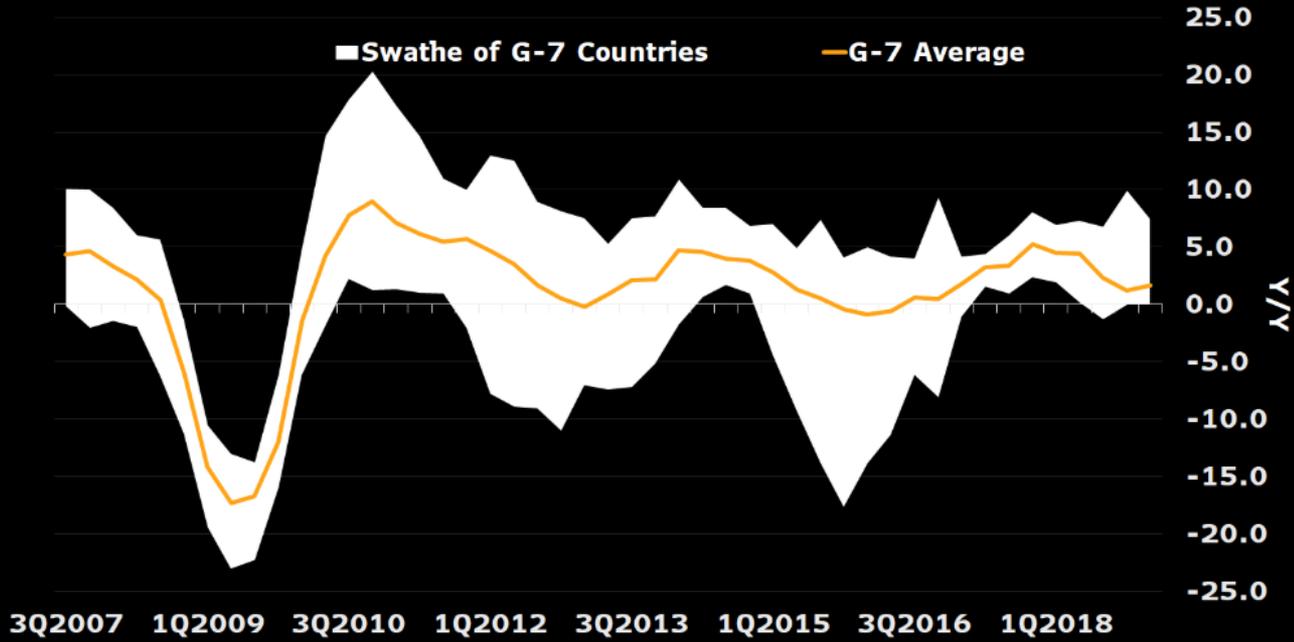
New Relationships Create and Destroy Trade



The Economic Consequences of Populism

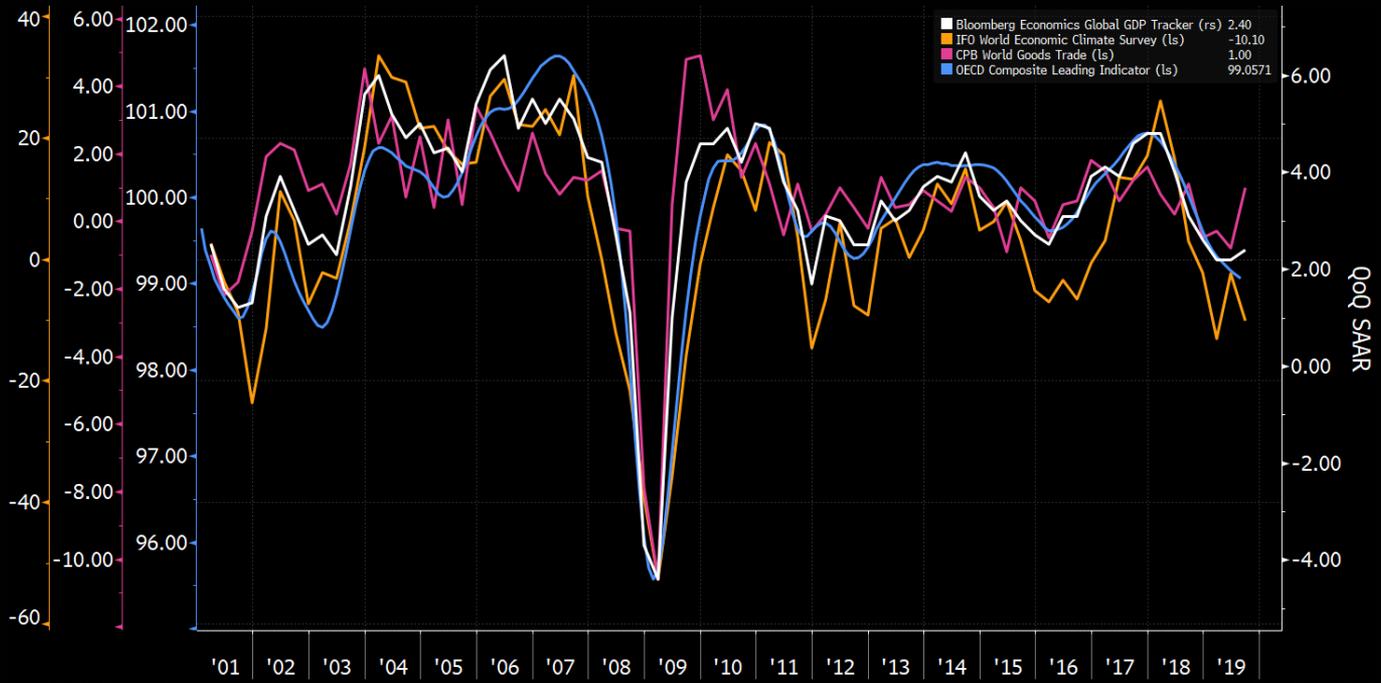


The Economic Consequences of Populism



Source: National Statistics Agencies, Bloomberg Economics

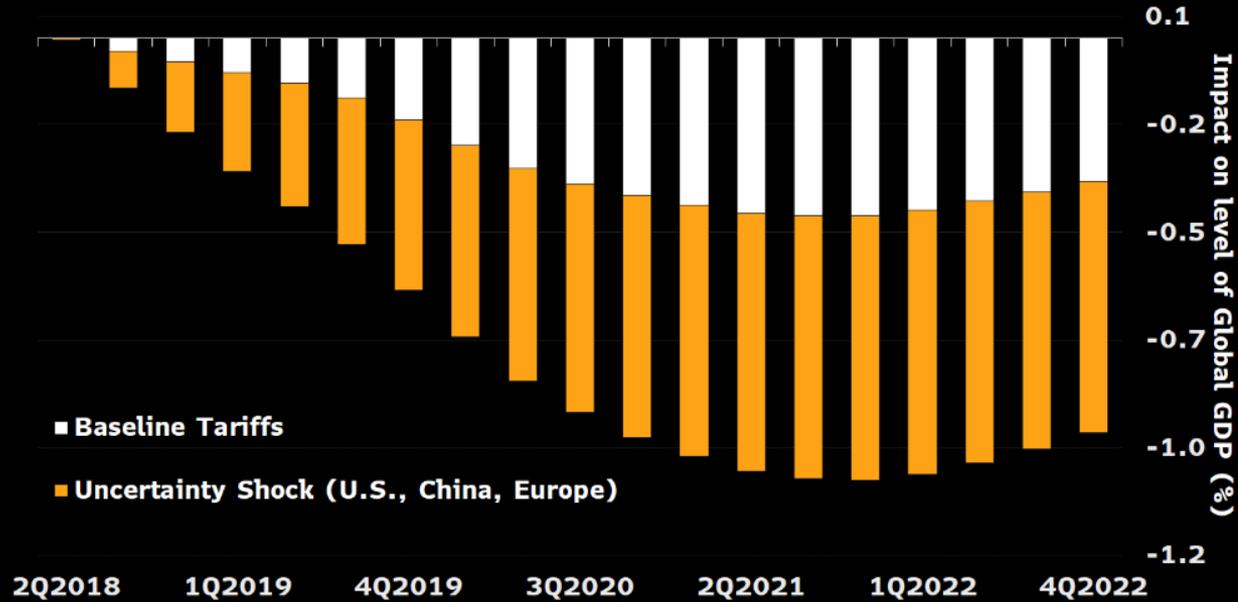
The Economic Consequences of Populism





The Economic Consequences of Populism

Uncertainty Shock Bigger Than Tariffs

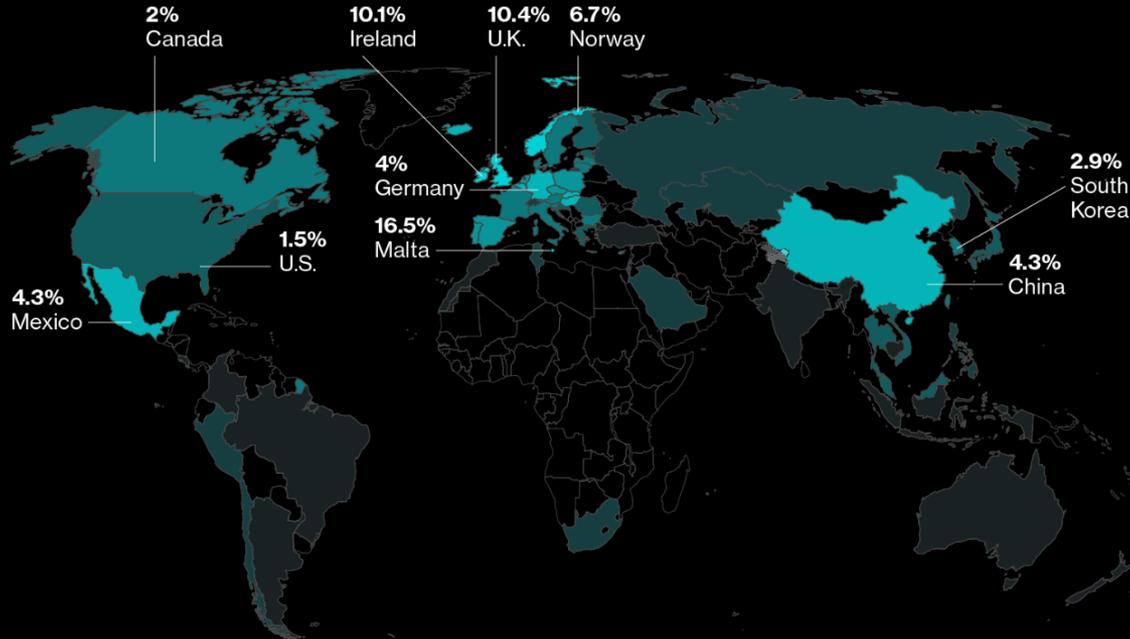


The Economic Consequences of Populism

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%

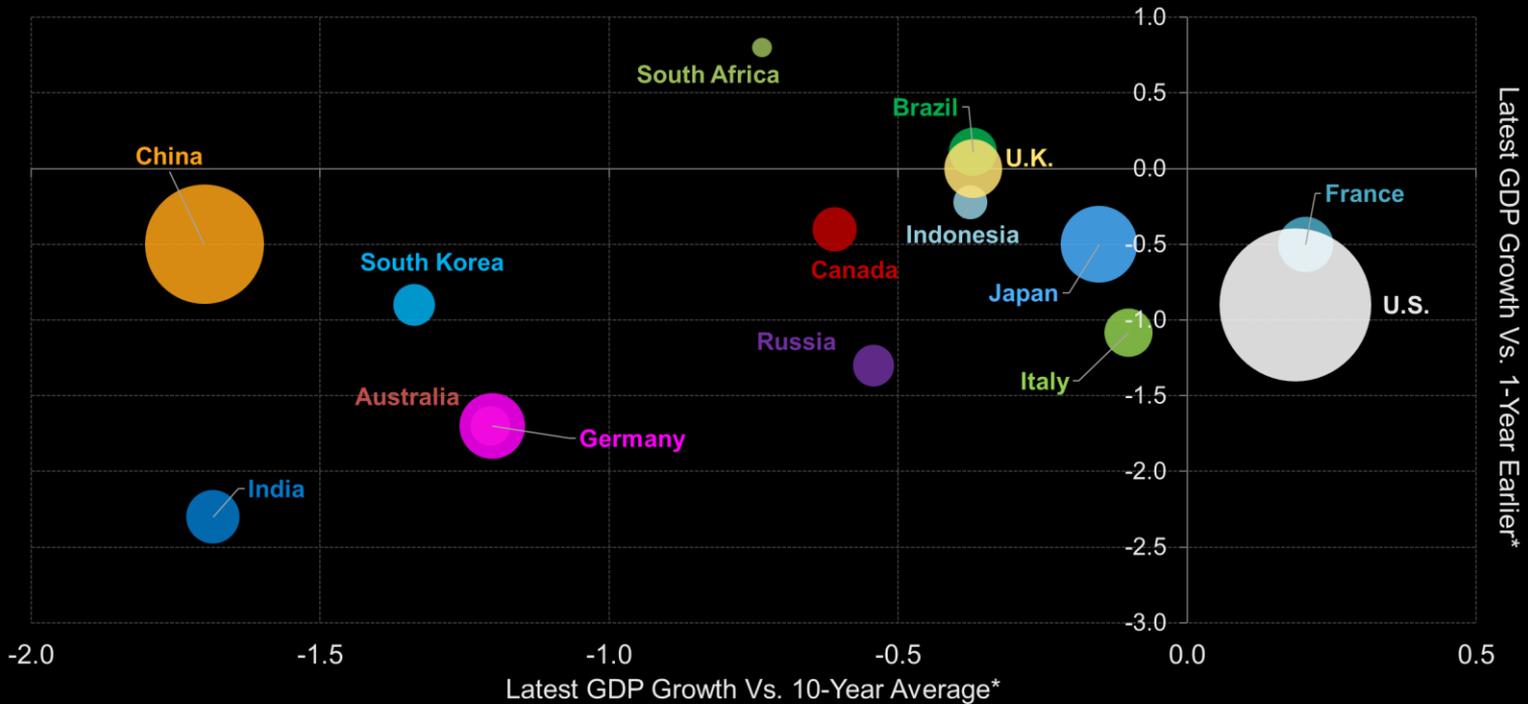


Sources: OECD TiVA, Bloomberg Economics

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.

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

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

Drivers and Disrupters

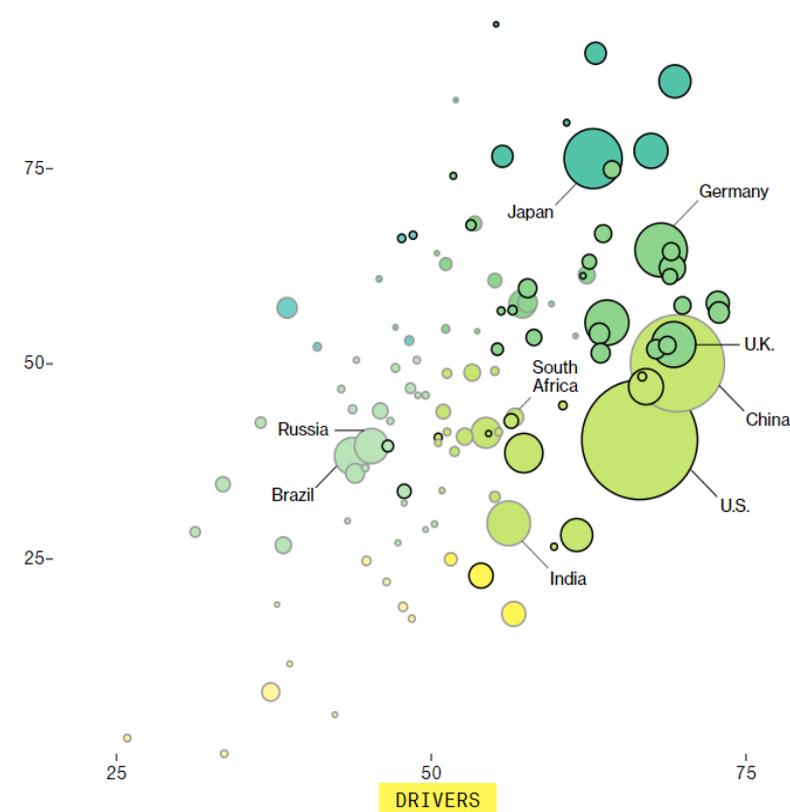
How economies are positioned to deal with disruptive forces

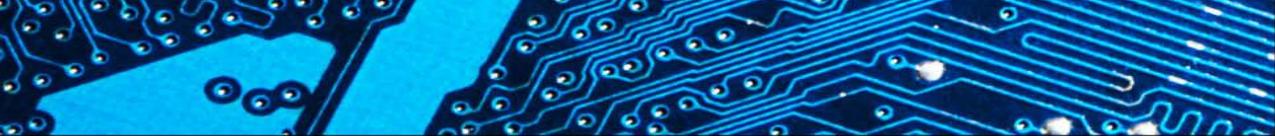
Economy circles sized by GDP

○ High income ○ Low- and middle-income

Explore disruptive forces

POPULISM





Thank you

BECO <GO>