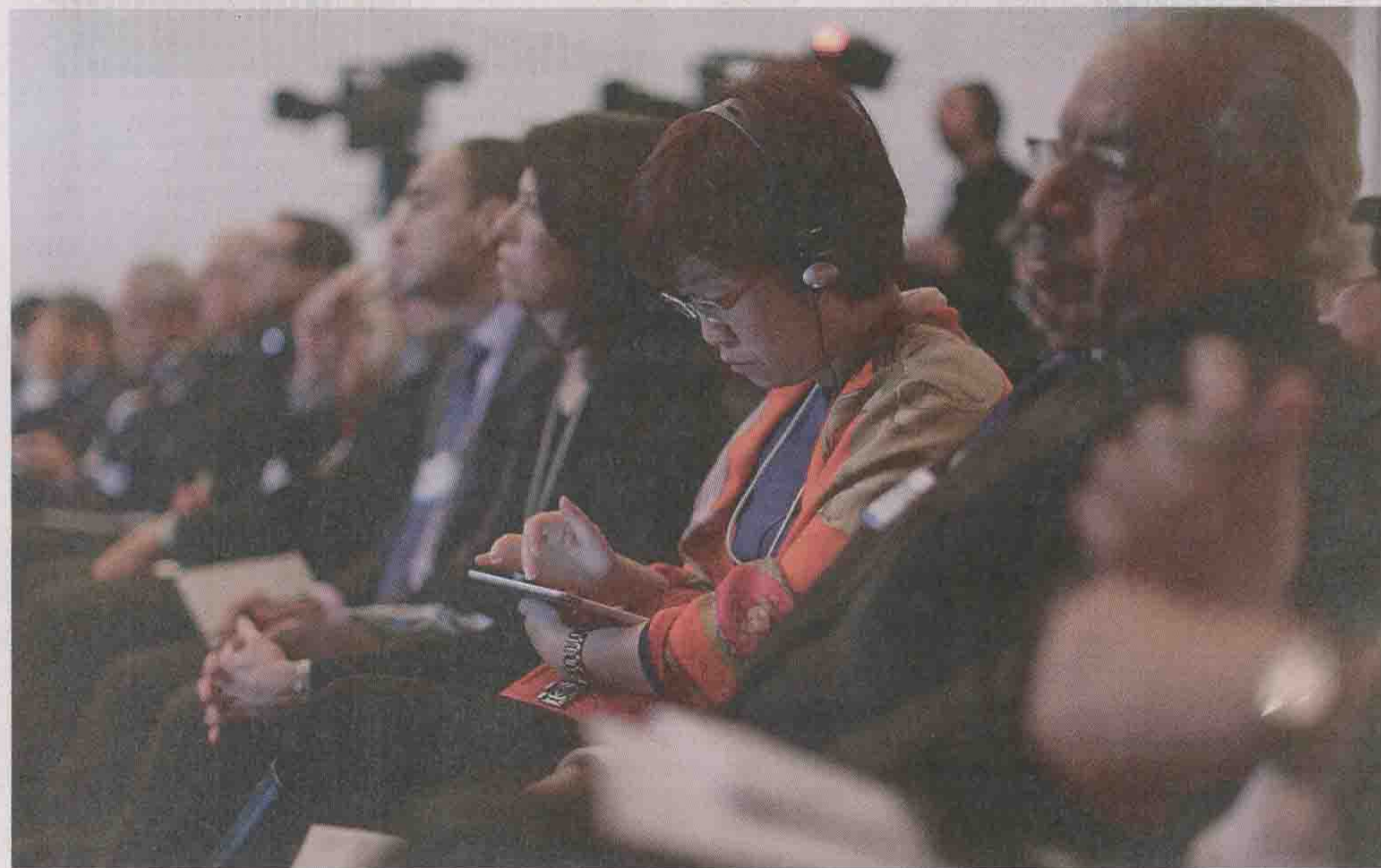




**DOHA DATELINE**  
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# Davos destiny: Challenges and future transformation

Job creation is the ultimate antidote to income inequality



A delegate uses a tablet computer during a session at the WEF in Davos last week. World leaders, influential executives, bankers and policy makers attended the 44th annual meeting of the forum. — Bloomberg file photo

THE WORLD ECONOMIC Forum (WEF)'s flagship event, the annual meeting, which was held last month at Davos in the Swiss Alpine resort focused on "The

Reshaping of the World: Consequences for Society, Politics and Business". This event was held based on the fact that the international community remains focused on crisis rather than strategically driven in the face of the trends, drivers and opportunities pushing global, regional and industry transformation.

There were many areas discussed which impact global economy. There was a call for freer trade and increased global growth. Australia has indicated that it would promote free trade through G-20. The meeting also emphasised that global governance should renew its commitment against protectionism and in favour of freer markets. Economic growth results in job creation. Banks and financial services can play an important role in improving income inequality through lending and investing, which results in job creation. Job creation is the ultimate antidote to income inequality. There was thrust to integrate climate in sustainable development goals and to enforce a ceiling of what countries can emit. Climate change is also impacting food security. In re-

lation to social impact customers want to be a part of what their favourite brands are doing and hence customers want to be involved with the financial service companies they are associated with.

The major central bank heads discussed the impact of quantitative easing (QE). The Bank of England (BoE) had pumped billions of pounds into the British economy and talk of an end to the stimulus scheme has grown since signs of a turnaround emerged late last year. The Japanese had pursued QE since 2013 as part of Abenomics. In last summer many emerging economies were hit hard by market instability when the US Federal Reserve said it was about to end its stimulus, wreaking havoc on stocks and currencies in several countries. The actual withdrawal of stimulus by US Fed has commenced by end of last year. The fears of economic instability due to the slowing of massive monetary stimulus policies cannot be ignored as the quantum and timing of withdrawal of such stimulus is not clearly visible. QE is largely unprecedented and the consequences of scaling it back remain highly uncertain.

The WEF had given insight on the new growth models to revive the economy. It focused on areas such as measuring economic performance, fiscal and financial re-

2013

Japanese pursued QE as part of Abenomics

balancing and trade and capital flows, addressing challenges related to distribution and sustainability, institutional innovation and promoting entrepreneurialism. Governments, international organisations, the private sector and academia have come up with a wide range of innovations in measurement of desirable growth paths addressing the limitations of GDP. Fiscal policy should be more balanced. The speed of progress towards the goal of consolidation should be gradual enough to allow the private sector to restore balance sheets and adjust structurally and competitively. The short-term goal is not to balance the budget immediately, but to create stability and pave the way for long-term growth. Policy-makers must find a way to embrace pro-trade language and policies while acknowledging

and mitigating the uneven distribution of jobs and income that may result in part from further liberalisations. WTO-like financial policy framework could provide a good model for an international agreement on investment that enables more rapid capital formation with less volatility and incidence of financial distress. Inclusive, sustainable prosperity is the purpose of economic growth. The success and failure of nations has much to do with the quality of their institutions which not only govern the behaviour of individuals but also shape their values and norms. Entrepreneurship can play a key role in providing inclusive growth.

The key global risks include fiscal crisis and high unemployment in advanced economies, challenges to financial stability due to tapering of easing by US Fed, water crisis and greater incidence of extreme weather events, growing cities and growing risks and delay in implementation of decisions at the global governance level. The WEF has aimed to balance the current economic challenges vs future transformation in the globe through this Davos meeting.

*The writer is the Group CEO at Doha Bank. Views expressed by the author are his own and do not reflect the newspaper's policy*