Learning From the Doers: Discipline Drives Turnaround
Global Growth is Not a Zero-Sum Game

- Advanced
- Emerging and developing
Discipline Drives Turnaround

1. Thirtieth anniversary of Baker’s Speech at WB/IMF Meetings
2. The Washington Consensus: One size does not fit all
3. *Discipline* not dogma
4. Sustainable Development Goals
Discipline in Action

1. Fiscal Policy: Countercyclicality not austerity
2. Trade Policy: Exports *and* imports
3. International Capital Flows: Debt vs. Equity distinction
Financial Crises Begin With Debt Not Equity

1. Third World Debt Crisis (1982)
Equity Inflows Soared When Emerging Economies Liberalized their Stock Markets

Billions of US Dollars

Year

Net Equity Inflows
Global Capital Flows Remain Below Pre-Crisis Levels

1. Rise of anti-capitalist sentiment in advanced nations

2. Demographic shifts highlight importance of capital and labor in the 21st Century
We All Need Discipline

1. Rediscovery in advanced nations

2. Second stage reforms in emerging economies
“Trust Deficit” Jeopardizes Global Prosperity