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Institute on Comparative Regional Integration Studies



Future Trends Series - GR:REEN Project

Title of the report

Economic Megatrends up to 2020: What can we expect in the forthcoming years?

Area

Economy

Reporter

Konrad-Adenauer-Stiftung

Type of the Reporter

Think tank

Periodically updated?

No

First issued year

2012

Latest update

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Official website

<http://www.kas.de/wf/en/>

Language available

English

Short summary

This economic report was created to serve as a basis for discussion and to provide an overview of the impending challenges in the remaining years of the current decade. The five trends discussed (the pressure for consolidation, new power centres, population growth, resources shortages and digitisation) indicate possible developments in a future that is characterised by random events, discontinuities and the unexpected, which may not necessarily materialize in that form.

Key trends

- **Pressure for consolidation in the West:** in response to the over-indebtedness of national budgets in the Western world, austerity policies and the search for new sources of state revenue are likely to play an important role. Seeing the dimensions of the indebtedness, this process may well take a decade and impact on global growth prospects. It will probably push equally urgent topics, such as environmental and climate problems, into the background.
- **New emerging power centres:** the successive shift of the dynamics into the Pacific Region has consolidated in consequence of the financial and national debt crises of the period from 2008 to 2012. Given their population numbers and in spite of their social problems, China and India should remain among the pacemakers of the world economy in 2020. Further countries currently not yet on the public radar are also poised to take off.

- Challenges of population growth: diverse demographic developments in industrialised, newly industrialised and developing countries will no doubt shape local political discussions and indirectly affect the innovation power of individual economies. Saturated, aging societies will be competing with upwardly mobile, young populations.
- Rising resource consumption: in view of the finite availability of natural resources, strategies that aim at the gradual uncoupling of economic growth from resource consumption are essential for the sustainability of entire economies.
- Digitisation warps and accelerates: the ongoing digitisation completes globalisation by complementing the worldwide division of labour with an infrastructure that is fit for purpose but at the same time open to misuse. Technological developments are resulting in an ever-increasing flood of information, blurring the boundaries between work and private life, yet opening up entirely new areas of activity for companies at the same time.

Suggestions

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Methodology

Survey, research from secondary sources and modelling

Reference to other trends reports? If yes, which reports?

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