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C. Banerjee:

Good evening, ladies and gentlemen, and welcome to the very interesting session that we have today. Our topic is Global Growth Engines: Who Is Next? And we will be looking at emerging economies, and out of these emerging economies, who is really going to be next.

And to discuss that, we have a very strong panel, and I will introduce them to you very quickly. I have with me Mr. Shiv Vikram Khemka, Vice-Chairman of the SUN Group, sitting on my right, and who has had a very long-standing relationship with and understanding of the Indian and Russian economies. I also have with me Mr. Johan Aurik, the Managing Partner and the Chairman of the Board of A. T. Kearney; Mr. Gary Coombe, the President of Europe Selling and Market Operations at Procter & Gamble; Mr. Andrei Dubovskov, the President, Chief Executive Officer, and Chairman of the Executive Board at MTS; Mr. Guo Ping, the Chief Executive Officer of Huawei Technologies; and Mr. Andy Xie, an independent economist whose point of view we would really like to hear.

So, having said that, what we are seeing today is that there are countries like India, Vietnam, and Myanmar, who are doing pretty well and are up to speed as far as emerging economies, and, notably, countries like China, Brazil and Russia, which are facing very stiff challenges to growth. And that presents a conundrum for policymakers in terms of maintaining growth momentum not only in these countries, but around the world. As you know, the IMF predicts 3.2% growth, which will be moving slightly ahead in 2017. And many emerging economies, as well as advanced economies, are facing a lot of fragilities in terms of growth.

In China, we know that the rebalancing process has led to a stiff challenge in terms of the 9% growth that they had achieved, which has slipped to 6%. Given that China is a USD 10 trillion economy, that growth itself is very significant and would have a strong effect on overall global growth rates. But, more importantly, the slack off of demand that one sees in China has had and will have a strong effect on overall global trade.

The other economy is here in Russia, and we have seen de-growth in Russia, although it will probably do a little better next year. But Russia, too, is facing its own challenges, especially given lower oil prices.

Brazil, on the other hand, has sharply contracted in terms of their growth, and South Africa has also been troubled by lower commodity prices. And they have seen a GDP growth rate also of less than 1%. We just concluded a session on BRICS, and we saw challenges across the board.

But there are certain economies amongst the emerging economies which are doing very well and have very strong growth. Bangladesh, for instance, is among the second tier. I would call the first tier the countries like Myanmar or India, who are on the first line in terms of emerging economies. And the second tier is the countries like Bangladesh, which is at 6%, Indonesia, which is strong, and Vietnam. That is the second line of emerging economies. Having talked about this, I would think that we have certain very interesting data points coming up for us to examine.

I will conclude by talking a little bit about India, being from India. India is seeing around 7.5% growth, 7.3% to be precise. We will go up to probably about 8% by the end of the year, and over a period of time it has the potential of growing to 9% or 10%. India's challenge today is not really the growth per se, but how growth can be reached here across the board and how growth could be more inclusive. That is where India's challenge is, and given that, some factors are favouring the growth story of India. India would be seen as one of the strong emerging economies.

Having said that, I will now move to my panel. It is a very strong panel, as I mentioned at the beginning, and I will request them to make brief comments of a three to four minutes each. Then, afterwards, I will see to it that we get a lot of comments and questions for the panel from the floor.

I will start with Mr. Johan Aurik, and I will ask Mr. Aurik to talk about how A. T. Kearney has been looking at ranking economies. One of the ways that they have ranked economies is through FDIs. And they could build on what I said

and look at some of these economies that we are talking about and how they rank in terms of position. So, over to you, Mr. Aurik.

J. Aurik:

Thank you, Mr. Banerjee.

The short answer is that in the short term, for the next couple of years, we only see one growth engine, if you want to call it that, and that is the United States. That is the best one that we have. There are very few others, and there are probably more downsides than upsides. I am an optimist by nature, I have to warn you, but in the short term, that is the best conclusion that we have. In the longer term, we believe that things look different.

Every year for the last 20 years, we have been doing foreign direct investment index research. We do that around the world, for 27 countries, and we ask executives about their forward-looking intentions in terms of investments. By the way, we did this in January of this year, so this is very recent data. This is not newspapers or people talking; this is about real investment positions by real executives. And we have been doing this for years. The outcome is a very large and a very significant swoop from emerging markets to very mature, developed markets. The number one country of destination is the United States, and of the top 25, 13 are European countries. If you add it all up, 80% of the top 25 countries of FDI intentions for the year ahead are the so-called mature, developed markets.

If you go only five or six years back, the picture was completely different. Then, it was exactly the inverse. Seventy or eighty percent was emerging markets, particularly the famous BRICS. That has now changed completely. China is number two still. Russia is not in the top 25, not since 2013, by the way. Nor is South Africa. Brazil tumbled quite strongly, which is no surprise. The only exception is India, which went up and has now come into the top 10. What is driving this is, first of all, the general conservativeness of investors and companies around the world. Trade is down. Productivity rates are down. Debt, both government and private, is at an all-time high. Geopolitical risk

seems high. Political risk looks high, just looking at what is potentially happening next week in the UK, where I live. There is a lot of uncertainty. Christine Lagarde talks about the “new mediocre”, and we think that is probably not a bad term.

In the long term, however, the fundamentals, as I always say, are not running away, including the fundamentals in Russia. In the long run, there are developments that we believe justify optimism. Population growth in Africa and technology change will fundamentally change many industries, not yet, but certainly over the mid to long term. There are many developments, we think, that warrant optimism in the long run. It requires that companies take a wide lens, look at all the factors – technology, politics, economics – and take a very long-term lens to look to look 5, 10, 15 years ahead. We believe that is required to be successful.

C. Banerjee:

Thank you very much, Mr. Aurik.

I will now move to Mr. Coombe from Procter and Gamble. And Mr. Coombe, you understand consumer markets, you are watching consumer behaviour, and you are seeing the types of trends that we are seeing on consumer demand in Europe. Having said that, how do you see consumer trends in Europe? And would consumer trends be able to look at the upswing in growth over a period of time in Europe? How is your company and how are you looking at it?

G. Coombe:

This is an interesting question, and of course the question presupposes that we look at this through the lens of geography. But I see it differently, to be honest. Prima facie, you would say that an economy that is growing at 5% would be a more attractive investment economy for us than an economy that is declining at 1%. And that was historically true. But what we see now is that below the waterline, below that aggregated number, because of technology

disruption, because of a rapidly aging consumer base, and because of urbanization. There are many parts of the business that are growing very fast, and many parts of an economy that are declining very fast. We see it with disruption: we see whole industries getting disrupted. Even in a flat economy, some companies are doing extremely well and other companies are doing less well. And that is true for my business, as it is for many.

As an example, the economy in Russia is struggling, and we all know that. But I would not give up on Russia just yet. If you take the e-commerce market in Russia, a market that we participate in, it is a USD 17 billion market growing at 11% a year. So if you choose to play in that sector, you can get extraordinary growth. If you choose to focus on the 50-plus consumer, there is this incredible demographic shift happening across the world, particularly in Europe and Russia. In Russia, in my business, the 50-plus consumer counts for 30% of the total turnover of the business, and it is growing twice as fast as other sectors. So, again, if you focus on the 50-plus consumer in a market, then it is a wonderful source of growth.

So, I guess my message would be, do not give up on the older economies of Europe. Certainly do not give up on Russia. We see many opportunities for growth here. In fact, we announced today a RUB 1 billion investment in our factory in St. Petersburg. Having been here for 25 years, we see lots of growth opportunities in the future, and we are putting our money where our mouth is.

C. Banerjee:

Great. That is very interesting and a very strong, optimistic view, which is good. You also talked about technologies, and having said that, I will move to Mr. Guo Ping. Really, the point here is that we have seen advanced economies as well as emerging economies put a lot of attention into new and emerging technologies today, and that has a big role to play in the type of growth that one will see, both in the emerging economies and the advanced economies. So, really, can technology assist economies like China to get out onto a higher trajectory of growth? What trends are you seeing, not only in

China, but from your company's perspective, which has been so strongly focused on technologies? Are you seeing that to be a major driver of growth across the emerging economies?

P. Guo:

Of course that is the growth engine. In our experience, we will see that the digital economy will be the next one. According to the IDC, by 2025, the digital economy will be worth USD 15 trillion, and the annual digital economic growth is about 10%. That is three times the growth rate of the economy.

Last year, the United Nations defined ICT as the enabler of its sustainable development goals. All UN member states also recognized ICT as an essential tool and enabler of digital transformation. So I would like to discuss how ICT can drive economic growth. First is that ICT can greatly improve the efficiency of the government and public services. An example is Singapore's Smart Nation. Today, statistics show that nearly 98% of the country's services can be offered online. For example, it can take only two hours to register a new company, and it could take 10 seconds to apply for a business license. So that is the first thing.

The second is that developing ICT is an effective way to help industry go digital and become more competitive. Traditional companies like General Electric or even Huawei itself can use ICT to innovate their services and business model. Germany is a good example in this respect. To maintain a conscious leading position in high-end manufacturing, the German government launched a strategy to integrate ICT with existing operational technologies. As a result, Germany is very well positioned to lead the world in manufacturing and processes in the new era.

Russia may also have such potential. Russia is home to many world-leading industries, such as aerospace, military, energy, fuel, and power. It is essential that these traditional industries leverage ICT maintain their competitiveness and their leadership position worldwide. Russia has extensive experience and strong technology experience in software application. So, it could be that

Russia's leading industry and expertise in application development will lay a solid foundation for the country's digital transformation. Thank you.

C. Banerjee:

Thank you, Mr. Guo.

Now, having talked overall about technologies from the perspective of how technologies are a very critical player, I would like to talk specifically about telecom. We have here Mr. Dubovskov from the MTS, and telecom actually has been very critical and central in terms of economies around the world. The country I am from has seen revolution in the telecom area, and so have many, many more economies. Having said that, how do you see this economics platform from your perspective? Will it be critical in the next phase of growth that we will see in the world?

А. Дубовсков:

Для начала я попрошу прощения у уважаемой аудитории: видимо, я буду говорить не то, чего от меня все ждут.

Я хотел бы поговорить вот о чем. Мне показалось, что каждый из уважаемых коллег-панелистов по-своему понимает тему нашей конференции и дает свой ответ на вопрос о том, что станет следующим локомотивом мирового роста. Как мы слышали, некоторые считают, что локомотивами являются отдельные страны, в зависимости от уровня и темпов роста ВВП. Другие полагают, что это отдельные отрасли, технологии и так далее.

С моей точки зрения, необходимо отойти от утилитарного понимания термина «локомотив» и сосредоточиться на цивилизационных локомотивах. Такими цивилизационными локомотивами должны быть человеческие устремления: выйти за пределы земли, в космос, сохранять то, что делает нас людьми. Людьми нас делают коммуникативные способности и возможности. Без другого человека ты — не человек. Наверное, цивилизационным локомотивом должны быть

также биотехнологии, в том числе связанные с трансформацией физической сущности человека. Вот три локомотива, то, чем вообще стоит заниматься.

Мы, представители телекоммуникационной отрасли, способствуем сохранению сущности человека как коммуникативного существа. Не так важно, сколько каждый из нас зарабатывает, каков годовой рост компании — 3% или 23%. Если посмотреть в прошлое и оценить среднесрочную перспективу, мы поймем, что рост зависит от того, сколько мы можем потратить на энергетическую составляющую развития. Неважно, идет ли речь об углеводородах или о возобновляемых источниках энергии. Как показывает современный опыт, зачастую это зависит не только от себестоимости энергии, но и от политических факторов. Важно другое: локомотивом может быть только то, что естественным образом отвечает цивилизационному развитию человечества в целом. Вот чем стоит заниматься.

К счастью, мы этим и занимаемся. Мы делаем вас людьми, помогаем вам быть людьми, удовлетворяя ваши коммуникационные потребности. Вероятно, в краткосрочной и среднесрочной перспективе телекоммуникационная отрасль будет одним из локомотивов роста — повторю, независимо от того, растем мы на 1% в год или на 25%, как пять лет назад.

C. Banerjee:

I will now turn to Mr. Khemka. We have seen different perspectives in terms of technologies and sectors. We talked about the consumer point of view. How do you see it from a country point of view? Of course, you come from India, and you know Russia very well. How do you see these two economies being the next drivers of growth? There seems to be a lot of optimism even in Russia, while there have been opposing points of view in various sessions where we saw that Russia has been going down. India, of course, people have been optimistic about. So where do you see these trends moving,

especially in these two economies? Of course, you also have high exposure to a lot more economies around the world.

S. V. Khemka:

I am going to take a little bit of a long-term view, because I agree with all the comments made on the panel, and the analysis makes a lot of sense. If you take a longer-term view, if you look at growth at scale, you need to look at large economies, because only large economies can create global growth at scale. So you need to look at India, China, the US, and Brazil. That is why Goldman Sachs created the BRICS structure in the first place.

When you look at that, at the moment, Russia has its hands tied behind its back a little bit: low oil prices, sanctions, geopolitical issues, and so on. I think Russia has tremendous potential. Russia has fantastic human capital. I have been living here for 25 years, and I think Russia has tremendous potential to grow and build a great economy over the longer-term period. It is going through a difficult time at the moment, but still, many companies and sectors are doing well.

In terms of India, I am very optimistic. I think that we as Indian businesspeople want it to go faster; we want the reforms to go faster. But we are a democracy, and in a democratic parliamentary system, unfortunately, things do not go as fast as we would like. But, overall, I think that the basic statistics and facts about India are quite compelling. The demographic is very young: 50% of the population is below the age of 25. We add about two million young people per year. The total size of the working population is a very important predictor of growth, as many economies have outlined.

The Prime Minister is focused on a number of seriously large, ambitious projects. The first is 100 new smart cities. That is really about India's urbanization. Over 700 million people are going to move from rural to urban contexts in the next 20 to 30 years. That is a massive shift, and that can create massive growth in infrastructure and many other things. The second-priority project of the Prime Minister is Digital India, connecting India. As the

Deputy Chairman of Huawei said, the digital sector will be a huge driver of growth and a huge disrupter in the economy, and it will provide massive opportunities and ability for new entrepreneurial talent, energy, and innovation, as e-commerce is doing. But this would happen in every sector. We believe it will happen in education, it will happen in many social sectors such as health, and it will actually create a massive engine of growth.

The third thing is Start-Up India and entrepreneurship. India is a country where we have a lot of entrepreneurial energy. It is a country that is kind of bottom-up, not top-down. That allows entrepreneurial talent to grow and build capacity and capability. If I were to prioritize one thing for long-term growth anywhere on the planet, I would say the key is the human capital development. If we do not get the human capital right, develop it properly, and give it the right ability to grow and develop and create jobs and business, I do not think we will get there. And hopefully, experiments in different parts of the world are starting to work. The transformation of education through digital is making curricula accessible to many people who would not normally have had access to it, which allows them to start to think about opportunities, growth, and innovation in different ways. So I am quite optimistic.

On China, I would not in any way knock China's growth. I think yes, it is slowing a little bit, but I have spent a lot of time in China in the last 5 to 10 years, and I think China is going through a transformation, moving from an export-dominated economy to a domestic consumption-driven economy. I think they have done a lot of the work that India needs to do in the next 20 to 30 years, building infrastructure and systems. I think China is way ahead and has done a lot of that, and now they are moving towards a more domestic-oriented economic model.

But I think the growth will slow because it is a much larger economy, a USD 10 trillion economy. India is a USD 2.5 trillion economy, so it can still afford to grow at 7% to 8% for the next 20 or 30 years. I think the Chinese story that happened in the last 20 to 30 years can happen in India, but not with an export focus primarily, but with a focus on manufacturing, services, and

domestic demographics in terms of the growing domestic market. And that is very interesting and exciting. So I believe in China's growth. I think it will be an engine of growth for many years to come.

In Africa, there are huge opportunities. We work and have invested in various parts of Africa. I think Africa can fuel global growth. The problems there are governance challenges, and as that improves, I think there will be many opportunities there for growth.

I just want to end by saying that to me, the core issue of global growth is not actually the opportunity set, but rather the geopolitical access and the vacuum of great leadership on the planet. Winston Churchill said, "Business and economy is not a tiger to be shot". Unfortunately, many leaders still look at business in a negative way. Business is not a cow to be milked with very high taxes and all kinds of other ways to milk the business rather than allow it to grow. Business is the horse that leads the cart. And if we have leaders that are visionary and are able to understand the importance of the private sector, the public sector, public-private partnerships, and entrepreneurship to create growth and jobs, and focus on the human capital aspects, then we will start to see a rebound in global growth over the mid- to long-term. Thank you.

C. Banerjee:

Thank you, Mr. Khemka.

I deliberately kept Mr. Xie until the end, because I wanted the industry and business perspectives to come out. As an independent economist, I would like you to talk not just about whether China is going to see a rebound in growth and where China's growth will come from as it moves towards a rebalancing. I would like you to look at it from the overall perspective of the world. You have heard different views coming in. The views are not necessarily in agreement with each other, but we see, even in these depressed conditions, a lot of strong optimism coming from many of our speakers on different parts of the globe, whether in Europe or Russia. So where do you see the trends, moving on?

A. Xie:

Well, I think that we all love to be optimistic, especially businesspeople. Businesspeople are optimistic; otherwise, they would not be in business. Economists tend to be pessimistic, so that is why they are not in business. I think that the facts are more important than sentiment. The facts are that the global economy has been sliding, and the World Bank is downgrading their forecast. That is a fact.

Now, the downward trend is in the background of a huge stimulus in the last seven or eight years. In 2008, we had a debt crisis, and it basically centred on the mortgage debt in the United States and the government debt in European countries. What was the response to the crisis? More debt. More debt! How much more debt since the crisis? USD 60 trillion. Now the global economy is only USD 70 trillion. We have added USD 60 trillion since the crisis. What have we got? You do not need to listen to economists or governments; you can look around. The change around that you can see, is that worth USD 60 trillion?

The problem is that growth is slowing down, and the people are asking for more stimulus. What does stimulus mean? More debt. So now on the margin we are talking about adding around USD 4 of debt for every USD of GDP. And that ratio is going to rise, because what I have noticed is that productivity around the world is declining. Our technology colleagues are very positive about innovation and so forth, but we are not seeing all that investment in information technology impacting productivity this time. There is no impact. Productivity is going down. The iPhone and all the mobile phones double their capacity, their efficiency, every couple of years. But this has no impact on the economy because you cannot eat iPhones. That is the problem.

There are two ways to look at what is going on. One is that growth is going to be slow. We have to accept that. That is one possibility. But if we accept that, then we have to cut the debt. We cannot stimulate it anymore. That is one way to look at it. The other way to look at it is that we have been spending money in the wrong places. So instead of pushing the economy forward, we are

increasing the burden on the economy: more debt and no productivity. So that is the kind of the worst the two worlds.

My personal view is that we have a bit of both. In this world, we are seeing a leadership failure. We are where we are now, and there is so much trouble, because over the past 20 years, we enjoyed the benefits of globalization, but we did not address the problems. Instead, we asked the central banks to address the problems. And the central banks make you believe that economic growth is about stimulus. Even today, when growth is slowing down, people are talking about a negative interest rate, and they think that a negative interest rate is something real. They do not believe that it is going to lead to chaos. People are going to demand cash. They are going to stuff money under the mattress. They do not need banks, and the banks will all go bankrupt because of a negative interest rate. The central bank people are not thinking straight. So we are going down a very dangerous path.

Now, if you look at Japan over the last 20 years, cheap money has led to nothing. It is just perpetual stagnation. Now the whole world is going down the path of Japan. For us, it is very difficult to be very optimistic now, because of the leadership failure. We need a change in leaders in the world, to think differently. And unless we have a major leadership change, I am afraid we are heading towards a huge crisis. The crisis could be far bigger than what we saw in 2008.

How are we going to solve debt? There are two ways. One is to become more efficient or to save more money to pay off the debt. Debt means a very bad economy for a long time. The other is to create inflation. You punish the savers, and you take their money away. What will be the consequence of high inflation to get rid of the debt? You are going to have social instability. This is why I say that we are not addressing the big issues yet. It is very difficult to be optimistic about the future. The leaders around the world are not talking about real reforms; they are talking about stimulus. As long as you hear stimulus, you hear that the central bank is going to do something more. The world is getting into deep trouble. That is, unfortunately, my take on the world.

C. Banerjee:

I am going to come back to you for more solutions from your point of view. Having said that, we have, ladies and gentleman, just 16 or 17 minutes for discussion and a Q&A, and therefore I will open it up to the floor for you to make a comment or a question to the panel.

Yes, Naushad, I will start with you.

N. Forbes:

I have two questions related to the role of technical change in economic growth. One, for the more developed world, and picking up on Mr. Xie's comment just now, the economist Robert Solow said some years ago, "You see the computer everywhere except in the productivity statistics". So, what would it take to actually see the computer in the productivity statistics and to see all of these investments that are taking place in IT over so many decades? Is it ever going to show up in productivity data and therefore become a driver of economic growth?

And then, turning to developing countries, the role that technical change has played in most economies around the world as they have caught up with the richer world has been very fundamental. It has contributed over half of the economic growth of most countries in their catch-up process. What would enable India, Myanmar, and countries in Africa to catch up that much faster using technical change?

C. Banerjee:

Thanks. I will take a few more questions from the floor before returning to the panel. Anybody else who wanted to comment? As you think about the next question or next comment, I will turn to the panel and see if anyone has a response to make to Naushad. Naushad's question was very open question, so does anybody want to comment on what he said? Mr. Xie, would you like to?

A. Xie

On the first question: would IT investment lead to productivity? Unfortunately, I do not think so. If you look at the mobile phone, how could it be good for productivity? Everybody is becoming a mobile phone zombie, walking around, reading what? The whole Internet is like a gigantic tabloid. How could that lead to a productivity increase? I do not see it. I think investment is justified because it is entertainment. I just do not see that it is a major driver for productivity.

For emerging economies, the lesson to learn from China, Korea, and Japan is why the Asian countries are developed. They have problems now, but they were successful at developing their economies. The most important thing is to push infrastructure investment, no matter what. With infrastructure, all the investment will initially have no return. When you build the first highway, there is very little return, because you need a network to have a return. To have a network, you have to keep pushing and pushing until one day you hit it, and then you have productivity. So I think that for India and Myanmar, the most important thing is to just keep going, keep building infrastructure until you see productivity. And that needs a government with long-term thinking. You have to persist.

In China, in the 1990s, Zhu Rongji came along and laid the foundation for what would happen over 20 years. It is about leadership. If you have the right leader, it is all going to happen.

C. Banerjee:

Mr. Guo, do you agree with what Mr. Xie has said?

P. Guo:

I would like to take Huawei as an example. Twenty years ago, when Huawei jumped into the telecom industry, eight companies from seven countries dominated almost 100% of the market share in China and around the world. Through heavy investment in that area, a company like Huawei or a company

from the emergent countries has the opportunity for heavy investment in ICT technology and has the opportunity to catch up. That is to answer the first question.

The second one is to relate this to investment in technology. After more than 30 years of development, we can say that up to now we have almost fixed the people-to-people connection problem. But the Internet of Things extends great potential for us, and we do not have enough technology to fix it. In the past, we all know that there were a lot of very famous companies like Lucent or Motorola that did not have enough investment in technology, so they went bankrupt. So no matter whether you are located in an emergent country or a developed country, if you do not have enough investment in technology, you could lose the opportunity.

And in the coming future, we have the possibility that ICT technology, as my friend Mr. Dubovskov just mentioned, will stay on the same path. The ICT technology will enable other industries. Historically, telecom was just one of the isolated industries that had nothing to do with the other verticals, but right now, almost everyone wants to be connected. So invest in technology, connect to other vertical industries, and develop platform applications that could drive business growth and also create potential growth for a company. Take Huawei, for example. The company had over USD 60 billion in revenue last year. We still expect more than 20% growth this year. So, invest highly in technology, fix potential problems, and expose great growth for the company and for the country.

C. Banerjee:

Thank you. I also want to turn to Mr. Dubovskov for his comments, having heard what Mr. Guo has said. Do you share the same perspective that we just heard from both Mr. Xie and Mr. Guo?

A. Дубовсков:

Мы, как ведущая телекоммуникационная компания в России и Восточной Европе, давно и тесно сотрудничаем с уважаемой компанией Huawei, успехами которой очень впечатлены. Я пришел в телекоммуникационную отрасль 25 лет назад. Двадцать пять, 20 и даже 15 лет назад позиции наших уважаемых партнеров были, мягко говоря, слабыми.

Господин Го Пин совершенно прав: это верно и в отношении отдельно взятой компании, и в отношении каждой страны и мира в целом, с учетом всепроникающего влияния информационных технологий во все виды бизнеса и во все отрасли экономики.

Отвечая на вопрос о том, как можно поднять производительность труда, хочу сказать, что производительность труда — это производительности труда рознь. Для страны, где производительность труда крайне низка в силу несовершенного политического устройства, архаичной инфраструктуры и так далее, рост производительности труда — насущная задача. Благодаря ему повышается уровень жизни населения. Человек как белковое существо становится счастливее, у него появляется возможность быть человеком. Как мы с вами знаем, по оценке Всемирной организации здравоохранения, в мире, к сожалению, голодает около двух миллиардов человек.

В одних странах рост производительности труда — насущная задача, в других нет. Вы можете исключить из своего графика ежедневную четырехчасовую сиесту и тем самым обеспечить рост производительности труда в конкретной экономике. Поэтому еще раз: производительность труда — это производительности труда рознь. На каждый вопрос надо отвечать индивидуально, в зависимости от геополитики, от состояния экономики страны, от динамики развития этой экономики во времени, от того, на каком этапе технологической трансформации эта экономика находится и так далее. Универсального ответа на вопрос о том, как поднять производительность труда, нет.

C. Banerjee:

Thank you.

Any comments from Mr. Aurik or from Mr. Coombe? Yes, Mr. Aurik.

J. Aurik:

Maybe a short comment. My point was that in the short term, three to five years, I am cautious; in the long term, I am optimistic. This includes technology, by the way. Your question was: when are we finally going to see the productivity benefit of technology? I think it is a matter of time, and it will take longer than we think. The reason is that we all read the newspapers, and we all read about the Airbnbs and the Ubers and the Facebooks and the Apples of the world. Those are great stories, and we are all amazed by it, and many fantastic things happen. But if you take a step back, those companies represent maybe 1% of GDP. I have not measured it, but that is probably not far off. Ninety-nine percent of the GDP is normal companies that are still working in the ways that they used to work. Reform and transformation in general is very hard. It takes a long time.

Some people mentioned leadership, and I think rightly so. Leadership is hard nowadays, both in countries and in companies, and change, particularly using technology to fundamentally change the way you work, takes time, but that is what drives productivity in the end. It takes years to put in place. I honestly think that benefits will come. I think it affects many, many industries, almost all industries, so I am very optimistic in the long term. But it will take years and maybe even decades for it to fully emerge. A lot of hard work and a lot of water needs to pass under the bridge before we will see the full benefit of that.

C. Banerjee:

Mr. Coombe?

G. Coombe:

I think the comments that Johan has just made are absolutely right.

There is a difference, in my mind, between the economic cycle that we are going through now and the one that we have been through in the past because of the level of disruption in the marketplace and the degree to which it is totally disrupting industries, work practice, consumer habits, and the like. And technology is driving that.

Whereas before, the sea lifted all the boats as we came through a productivity improvement cycle, I see it slightly differently now. I am optimistic. I think we will start to grow again, but I think it will be much more volatile. I think there will be some big winners, and I think there will be some big losers. That is a different exit to the economic cycle than was true in the past.

C. Banerjee:

The comment from Naushad also relates to what is happening in India. Khemka, from the Indian perspective, to what Naushad said, what would be your comment?

S. V. Khemka:

A few things. First, I think it is not whether technology is necessarily increasing productivity, but rather that the lack of technology will impede growth. Like Lord Acton said about accuracy, "Accuracy is not a virtue; it is a duty". I think technology is the same. In industries, if you do not keep up with technology, you will be out of business. So I think it is a basic foundation.

I think this allows countries like India a chance to leapfrog. For example, the mobile revolution in India has really helped people connect and has changed our country in many ways. I believe it has impacted our growth rate.

India has the largest number of poor people on the planet: 300 million people living in extreme poverty. I believe that in a country with such inequality, the only way we are going to fulfil the sustainable development goals the United Nations has put forward to end extreme poverty on the planet by 2030 is through massive disruption of current systems. And the basic systems are education (just in a state like Uttar Pradesh, we lack hundreds of thousands of

teachers compared to the need), infrastructure, toilets, lots of things. And technology is a way of trying to figure out how to create a green, sustainable economy at low cost and allow millions of people to rise.

Because without that, if we just copy the old systems, if you extrapolate the number of cars India would have if we keep growing at 8%, we are going to have a disastrously polluted planet at the current emission rates. So technology is fundamental. It is necessary, and in countries like India, a strong focus on technology will allow us to leapfrog, solve many problems, and come up with new models that perhaps then can come back and improve the economies of more advanced, developed countries.

C. Banerjee:

We have used up all the time, but does anyone else want to have a go at any comment or questions from the floor? I can give one opportunity to the audience. Otherwise, I will end with one comment or a question. Yes, please, go ahead. If your question is specifically to any panellist, please do mention that.

S. V. Khemka:

I think the crisis of leadership cannot be resolved by technology. I think the crisis of leadership is about the education system, and if we do not imbue the education system with some sort of conscience, some sort of sense of values, what does it mean to be a global citizen? What does it mean to be a citizen if we do not do that? Unfortunately, we are going to be creating lots of leaders that frankly are not solving the core problems that we need to solve on the planet.

Our foundation is committed to working on exactly this issue. We have a curriculum on ethical leadership that we developed with the Harvard Graduate School of Education and Columbia University. We tested it at a few schools in India. Now we have reached three million kids in 14 countries. It is about teaching young children to be good global citizens. What does it mean to be

an ethical leader? What does it mean to be an altruistic leader? What responsibility do you have as a leader? So hopefully this will eventually have some impact.

C. Banerjee:

Does anyone else want to respond to that? Otherwise, I will end with one question to all my panellists. We talked about growth, we talked about technology, and we talked about disruption, but one of the issues that came up also is the challenge of providing, for instance, a million jobs per month in India. So what about the quality of growth? Is there a concern about the type of quality of growth that we would see and whether the growth would be sustainable? Is there any concern or is there any issue or caution that is coming out from any of the panellists as a concluding remark from any one of you or from each one of you? I would like Mr. Xie again to start off with your comments.

A. Xie:

We are talking about the quality of growth. I think that since 2008 we have had poor growth. But there is also very bad quality of growth. We have seen rising inequality, which is not necessarily a bad thing. Steve Jobs and Bill Gates made a lot of money by creating something very useful to other people, and they were rich, but they made other people rich too.

But look at these last 10 or 20 years. The rich people are in front of the financial world, hedge fund guys who make money by taking other people's money away. They are very clever people. The central banks, on the other hand, are creating more ammunition for speculation. So if you go to Davos, what do you see? Just politicians and central banks and speculators. They all get together to come up with more schemes to have a big casino, and in this casino the game is rigged. You bring poor people pension funds, and the money all flows into their pocket. So poor people and average people have no money to spend. You look around. These guys, they have so much money.

What do they spend the money on? They buy paintings. Then they buy paintings from each other, because there are only so many paintings. Then the paintings' prices go higher and higher, and they become richer. So the property prices in London and New York rise sky high. Then they sell properties to each other. And you see, more and more money is going to this small circle. This is not 1%. This is more like 0.01%. And all their money is going there. All you need is to look at property prices. Where the property prices are sky high, you know that these people live there.

Unfortunately, the wrong policy is driving income distribution away from average people to a few people, so unless we address this problem, we have a very distorted economy. We have got to redistribute income back to the people. Then we will have more demand, we will have more investment, and we will get into a virtual cycle. If we concentrate our income in this small elite, the whole world will blow up; it is just a matter of time. What do you see in the United States in this election? This is just the beginning of this process. The average people do not know what is going on, but they do know something is wrong. How come my life is getting tougher and tougher? You are going to see political revolutions to come.

C. Banerjee:

I will just end with some quick comments from each one of you, not just to counter what Mr. Xie said but proactively, if there are any points that you would like to make. Mr. Aurik, any concluding remarks to make?

J. Aurik:

What do you want me to say after this? I was cautious in the short term and optimistic for the long run. I think I remain that way, even though perhaps I need to adjust where I am after this speech. Ultimately, the words "leadership" and "reform" were mentioned, and that is a factor that we as a society and as a world need to speak about more often, because that is going to be the crucial factor for bringing long-term growth sooner and managing downturns

better. Leadership is harder nowadays. The average life cycle of a CEO is under three years in the US, or something like that. We all know the lists of country leaderships that are in trouble or soon will be. Leadership is very hard, and we all know that the only way really to grow our way out of it is not by adding more debt but by true reform in society and true transformation in companies. Leadership is actually in short supply. That is the scarce resource that we all need to focus on, I think.

G. Coombe:

I started my discussion earlier by saying I am optimistic about growth, and I am, but I am glad the discussion moved on to the more important question about who benefits from the future growth that we generate. There are whole swathes of the population that have been denied the growth that we have enjoyed over the last 20 years. I have got no doubt that if we continue on the trend we are on, where the elites benefit and the mass market does not (and I am very close to the mass market because I sell dishwashing liquid and diapers and soap powder), unless we fix that as leaders, we have a big problem.

P. Guo:

Today, almost all industry products exceed the demand. Just take Huawei, for example. We can provide global telecom equipment by ourselves, but we cannot get that contract. So make use of the technology, leverage the product efficiency, and make sure the consistency of quality is fundamental to the company. I think that we can also learn from German industry. Germany always lays a solid foundation for their industry, because they can ensure the consistency of their quality.

S. V. Khemka:

I just want to echo what some of the people have said here with an illustrative example. In this room there are about 100 people. Imagine if someone locked

the door, put lots of food and water in this room, and said you have to survive for the next week in this room. Then one person took 41% of the food and water into that corner and built a fortress; eight people took 92% of the food and water and put it into another corner. That is the state of the world today in terms of how wealth is shared on the planet. It is not sustainable. We all need to wake up and smell the coffee and do something about it.

C. Banerjee:

Thanks, and the last comment is from Mr. Dubovskov. Any concluding remarks?

А. Дубовсков:

Мне кажется, у нас состоялась очень хорошая дискуссия. Как видите, мы все пришли от вопроса темпов или качества роста к вопросам, связанным с качеством образования, социальной справедливостью. В конечном счете, все сводится к вопросу о существовании человеческой цивилизации, а не к конкретным экономическим проблемам.

Возьмем, например, производительность труда: как я уже сказал, производительность труда производительности труда рознь. Два миллиарда человек на Земле голодают не потому, что у нас недостаточный рост экономики или производительности труда. Аргентина может накормить весь мир мясом, Россия — пшеницей. Дело не в этом, а в необходимости более справедливого мироустройства.

C. Banerjee:

Thank you, ladies and gentlemen, for that very wonderful session, and I must thank my panellists especially. All of us are basically, by and large, in the solutions business, and when you are in the solutions business, you have to be optimistic and find solutions to the several challenges that we are posing for all of us.

It was a wonderful discussion session. I want to thank the audience for its support with some very good questions, as well as for your patience and for listening to the wide-ranging viewpoints, sometimes not very cohesive and sometimes not quite in agreement and in consensus. But as they say, if there are three economists in the room, you will get seven viewpoints. You had industrialists and economists together, so obviously there was space and room for everybody to come up with their own opinion.

So thank you, ladies and gentlemen. Thank you very much for this wonderful session.