## A Violent World

## Modern Threats to Economic Stability

Jean-Hervé Lorenzi

Professor of Economics, Paris-Dauphine University and President, Le Cercle des Economistes, France

Mickaël Berrebi

Actuary, France

Translated by Josephine Bacon Foreword by Anthony Giddens



## Contents

Li	st of Figures	ix
Li	st of Tables	xi
	oreword othony Giddens	xii
In	troduction	1
1	The Major Breakdown in Technical Progress Innovation, a disruptive phenomenon The major part played by technical progress in promoting growth Slowdown: the great debate Increasingly rare resources The war of intelligence	6 7 12 16 21 26
2	The Curse of Ageing The weight of demographics in history The three impacts of ageing A blessing in disguise? Towards intergenerational conflict	30 32 36 40 44
3	The Irresistible Explosion of Inequalities Inequalities and growth: a return to the old controversy The end of the egalitarian myth The patrimonial society against the middle classes Inequality lies at the heart of a new conflict	50 51 58 66 71
4	The Impact of Deindustrialization 1995–2005: deindustrialization, offshoring, outsourcing The London temptation The American hope Terrible uncertainty over globalization	74 76 83 87 93
5	The Illusion of Definancialization The explosion of liquidity The dismemberment of the financial system The utopia of regulation	102 103 107 112

## viii Contents

	The impossible debt equation	115
	Finance versus the real economy	119
6	Savings, the Ultimate Rare Resource	125
	The enigma of the balance between savings and investment	126
	Three decades of an over-abundance of savings	1 <b>2</b> 9
	The world is changing, savings are decreasing	133
	The world is changing, investment is increasing	136
	Towards a major imbalance	138
7	Avoiding the Major Crisis of the Twenty-First Century	143
	Refocusing the world on youth	146
	Socializing rare resources	149
	Taming pensions	151
	A new Bretton Woods?	155
	Risk-sharing	156
Nα	Notes	
Ind	ndex	