Growth continues to slow in major economies

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15 November 2019

Data from the world's major economies, released over the past few days, show that the "synchronised" global slowdown pointed to by the International Monetary Fund is worsening.

In its report on the latest figures from China, the world's second largest economy, Bloomberg said the "engines of China's economy are spluttering with exports falling, factory output slowing, investment at a record low and consumption coming off the boil."

The National Bureau of Statistics reported that value-added industrial output in October rose by 4.7 percent from a year earlier, down from a 5.8 percent increase in September and below the forecast of a 5.2 percent increase.

Retail sales rose by 7.2 percent, down from a rise of 7.8 percent in September and below the 7.8 percent forecast.

The most significant figure was the fall in fixed investment growth. It slowed to 5.2 percent for the first ten months of the year, the lowest level in comparable data going back to 1998.

Speaking to reporters yesterday, Liu Aihua, a spokesperson for the statistics bureau, said: "There are many external uncertainties. Domestic cyclical issues have coincided with structural issues. Downward pressure on the economy has increased continuously. Risks and challenges we are facing cannot be underestimated."

Julia Wang, an economist at HSBC, told Bloomberg the "momentum for slowdown" was not over and because it was "so sharp" it could impact on the labour market at some point next year.

Growth in Japan, the world's third largest economy, slowed sharply in the third quarter as the government of Prime Minister Shinzo Abe considers the size of a stimulus package. Abe ordered the package last week but the size is yet to be decided.

Gross domestic product expanded at an annualized rate of just 0.2 percent in the September quarter, compared to a rate of 1.8 percent in the three months to June and below the expected increase of 0.9 percent. The Japanese economy has been adversely impacted by the US-China trade conflict, tensions with South Korea, sparked by a conflict over reparations to victims of forced labour during World War 2, and a recent typhoon.

Figures released yesterday show that Germany, the world's fourth largest economy, and the driving force of the eurozone economy, only narrowly escaped a technical recession—defined as two consecutive quarters of negative growth.

The economy expanded by just 0.1 percent in the third quarter while the contraction for the second was revised down from minus 0.1 percent to minus 0.2 percent.

A research note by Claus Vistesen, the chief eurozone economist at Pantheon Macroeconomics, cited by the US business channel CNBC, said there was "no recession, but most definitely a very weak economy."

He said in some sense this was the worst of both worlds. "Today's data confirm that the German economy has now stalled, but the headlines are probably not dire enough to prompt an immediate and aggressive fiscal response from Berlin."

German Economy Minister Peter Altmaier said while the figures showed Germany had avoided a technical recession in the third quarter, economic development in the region was fragile.

Speaking to CNBC, Daniela Schwarzer, director of the German Council on Foreign Relations, said there was "only a minor difference" between growth of 0.1 percent and a contraction of minus 0.1 percent.

"The truth of the matter is that Germany doesn't have a robust growth perspective at the moment," she said, pointing out that its export-dependent economy was being hit by the shift in international trade relations—a reference to the US-China trade war and the aggressive orientation of Washington towards the European Union.

Looking beyond the immediate situation, she continued: "The whole question is what will be the sources of future growth be for Germany and the challenge to actually structurally change the German economy is huge … There needs to be strong investment in education, research and innovation, and Germany needs infrastructure investment as well."

One of the starkest expressions of the worsening situation in the global economy and its impact on the working class is contained in the latest economic data from the UK, the world's fifth largest economy.

According to figures from the Office for National Statistics released on Monday, the UK economy grew by just 0.3 percent in the third quarter. While this was a recovery from the 0.2 percent contraction for the second quarter, growth over the year to September was just 1 percent—the lowest level since 2010.

A report by the Institute for Fiscal Studies pointed to the underlying worsening of the economic situation. It said that over the past 11 years productivity, as measured by output per hour worked, had grown "by just 2.9 percent. That is about as much as it grew on average every 15 months in the preceding 40 years."

One of the consequences is lower wages, which are no higher in real terms than they were 11 years ago. According to a study by the Resolution Trust, "the past decade has been the worst for earnings growth since the Napoleonic Wars."

The study punctured claims that the growth of employment numbers indicated economic health. It noted that a "deep recession in which wages fell dramatically followed by an unprecedentedly sluggish earnings recovery" meant household incomes dropped and more people sought employment.

Employment, it said, had increased particularly rapidly for women in their early 60s and those in the lowest income deciles. This was evidence that the increase in the pension age, combined with welfare cuts, had contributed to what it called the "labour supply shift" as working households tried to counter the wage squeeze and nonworking ones experienced an "income shock."

In the United States, the world's largest economy, where, in the midst of the rise of stock markets to record highs, President Trump claims to have "launched an economic boom the like of which we have never seen before," economic growth was down to 1.9 percent for the third quarter and investment in the real economy is at its lowest level since 2015.

Data released yesterday showed that applications to collect unemployment benefits increased by 14,000 to 225,000 in the week to November 9, higher than all forecasts.

The economic slowdown, and in some cases outrights contraction, is extending beyond the major economies. The economies of Singapore and Hong Kong, heavily impacted by the trade war, are in recession.

The South Korean economy grew by 2 percent for the year to September, but this was the lowest rate for a decade. The manufacturing sector, the mainstay of the Korean economy, lost 81,000 jobs last month, with the country's finance minister, Hong Nam-ki, telling reporters that government stimulus efforts were having little effect.

"We have expected fiscal spending to play the supporting role in adding vitality to the private sector," he said. "However it is not working well, with limited spillover effects, making us worried."

In Australia, where the central bank has cut its base interest rate three times this year, setting it at a record low of 0.75 percent in a bid to boost the economy, the Bureau of Statistics reported yesterday that total employment fell by 19,000 in October, the biggest decline since August 2016.

The Morrison Liberal government claimed that its tax cuts introduced in July, following its narrow re-election in May, would lift household incomes and boost spending at local businesses. Nothing of the sort has happened.

With private sector wages rising by just 0.5 percent in the September quarter, retailers are expecting a dismal Christmas period, according to a report by the accounting and finance firm Deloitte.

It noted that retailers began the year with high expectations but this optimism had faded "with a combination of weak consumer spending, higher input prices and a subdued economy resulting in some of the toughest trading conditions in recent history."