

Economie et finance globales

La portée des chiffres



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Common wisdom – look at the facts:

- Noisy and inconclusive debate on globalization: variety of concepts; very different data sets used, lack of integrated perspective, first hand reality check often frustrating;
- Need to touch ground in some sense, back to the basic facts; metal hygen requirement;
- The project started in 2000 – with the four goals:
 - Long series (20 years or more);
 - Global or regional approach, not country by country;
 - Raw data – before econometric transformations;
 - Concepts vs. Measurement and Method problems.

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- The project :
 - Team: C. Bologna, A. Schoeneberger, PG Gawronski, JM Bonvin and others;
 - Funding and support: Observatoire de la Finance, Thomson Financial, Bauman Foundation, Uni de Fribourg, and a lot of good will;
 - Outcome: book with English and French versions, published by the United Nations (Geneva and New York, 2003); CD-Rom with usable 125 graphs;
- At this stage : « Numbers before Theory »
 - Orders of magnitude – margins of error – coherence checks, cross examination;
 - Trends rather than absolute data;
 - Concept, measurement issues, trends and graphs for 25 major concepts relevant to the globalization debate.

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Back to basics:

- Statistical data in socio-economic fields are conceptual and social constructs:
 - Classification : thing (reality) to word or concept;
 - Institution: concept to measurement tool;
 - Use: number to number relations and checks;
- Three steps must be made explicit before assessing the « meaning » of any number.
- Two classical warnings:
 - « If we do not count something, it gets ignored. If we count it, it gets perverted » D. Boyle
 - « Economists prefer to be precisely wrong rather than roughly right » attributed to J.M. Keynes
- Visible vs. Invisible part of the reality. It is where deductive thinking may step in.



Few examples of limits to the “Meaning of Data”:

- Trade data (WTO)
 - Role of services: 19% of reported trade more than 50% of world product??
 - The growing importance of intra-enterprise trade (transfer pricing) – does “value” of trade flows still mean anything?
 - The “frontier effects” – how to take account of changing political geography (colonial empires, USSR, EU, etc).
- External Debt (IMF, WB, BIS, OECD)
 - The concept is fuzzy (gross vs. net debt):
 - Impossible to measure with any precision (WB – revisions): 21% difference between in figures per creditor and per instrument
 - Great political excitement – HIPC initiative

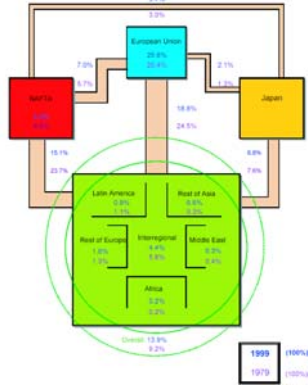


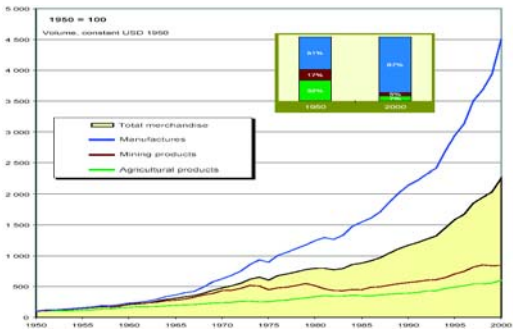
- Foreign Direct Investment (UNCTAD, OECD)
 - Conceptual problem – new investment vs. “second hand”, the role of M&A activity
 - Measurement of flows very difficult;
 - Does estimation of stock make any sense?
- International Credit and Bond Markets (BIS)
 - Ongoing changes in financial techniques, in definitions, in methods of accounting – no historical consistency;
 - The same applies to a large extent to forex and derivative markets, and even to stock market turnover.



Globalization and Macro-Geography:

- Trade – geographical pattern and composition;
- Telecoms – Telephones and Internet;
- Finance: stock markets and outstanding bonds;
- Population: dynamics and sectoral change;
- Gross World Product: Lorenz curve; growth per capita;
- Human Development Index.
- Productivity gap

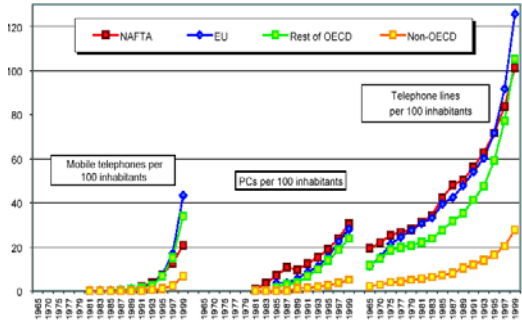






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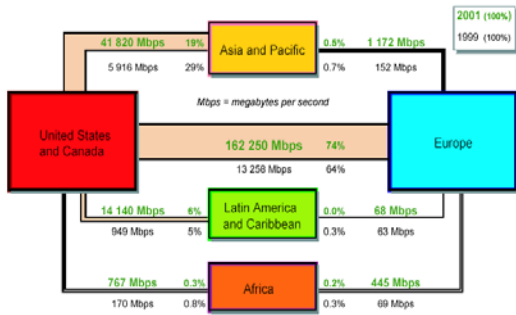
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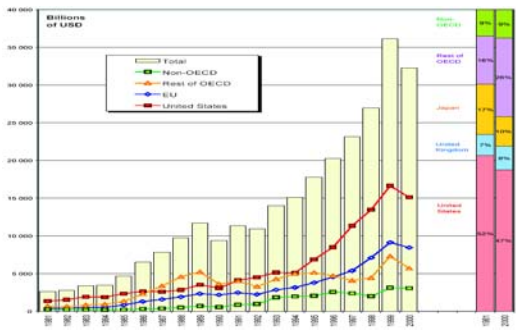
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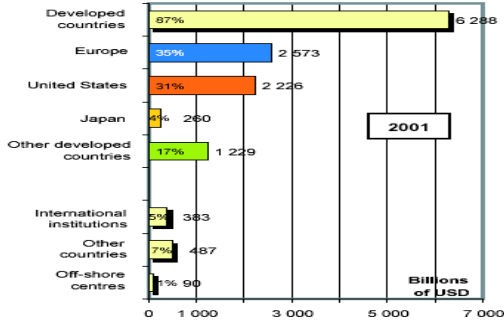


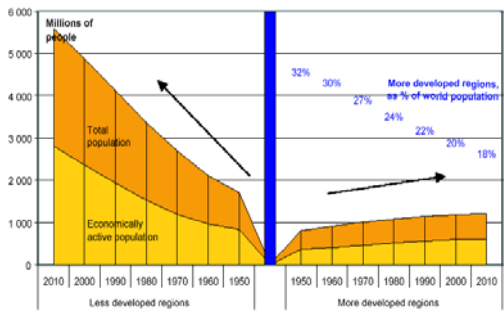


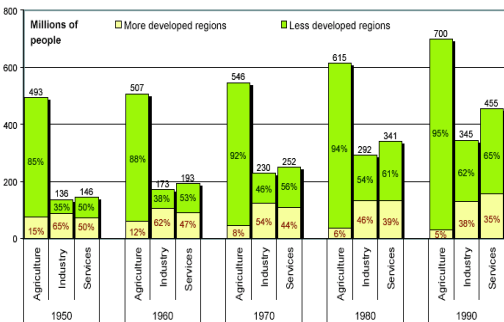
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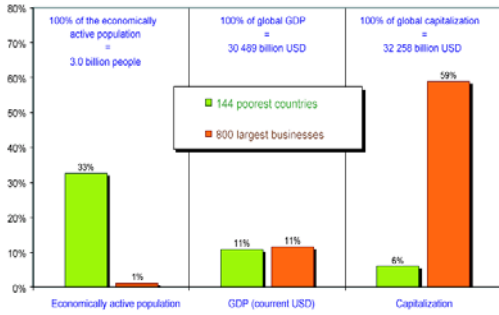
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What data are the weakest?

- A. On transnational processes: FDI, transport, financial flows, trade, telecommunications, postal traffic
- B. On real-financial "connexions": such as capital raised on stock markets;
- C. On macro-entreprise data: such as the value added by enterprises
- D. On "organisational concentration"
 - ⇒ 800 biggest firms – 1/3 of GWP, 2/3 of trade and of FDI;
 - ⇒ MNE – black boxes, with huge structuring power.

Paradox :

Statistical data are frontier dependant – i.e. State dependant - when the weight of transborder processes is supposed to have increased sharply (globalization).



Research avenues

- A. Need to better understand, measure and model the behaviour of major private players and of trans-border processes (tangible and intangible)
- B. Common ground to be established between management people and economists.

Urgent questions :

- What is ultimate effect of "globalization"? (Dis)Integration? Archipelago? Centre – Periphery?
- What to do if the world was really falling apart?
