


Will Asia save the world?
The World Economy Asia Lecture

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14 January 2009 Kuala Lumpur
Leverhulme Centre GER, Nottingham



World stock markets 2008

New York	-34%
London	-31%
Paris	-43%
Frankfurt	-40%
Mumbai	-52%
Singapore	-49%
Sydney	-41%
Hong Kong	-48%
Shanghai	-65%
Tokyo	-42%

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In 3 parts

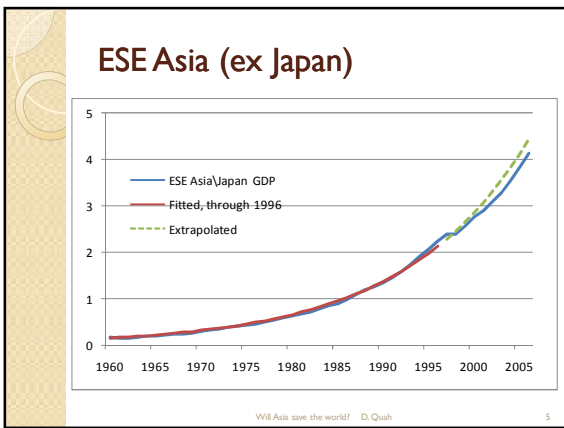
- Historical lessons
 - Resilience
 - Importance of China
 - Significance for humanity and for the global economy
- Optimism
 - Financial contagion
 - Trade spillovers
- Looking ahead
 - Global imbalance

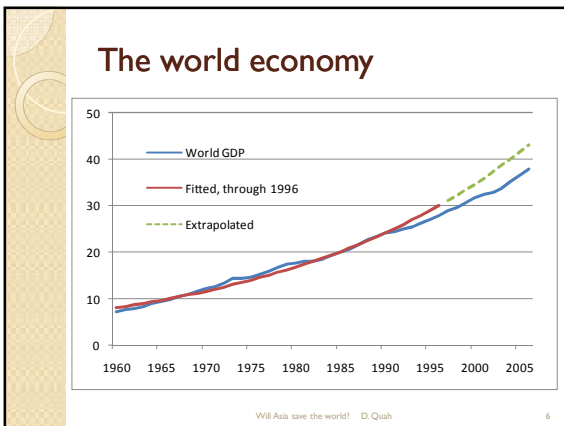
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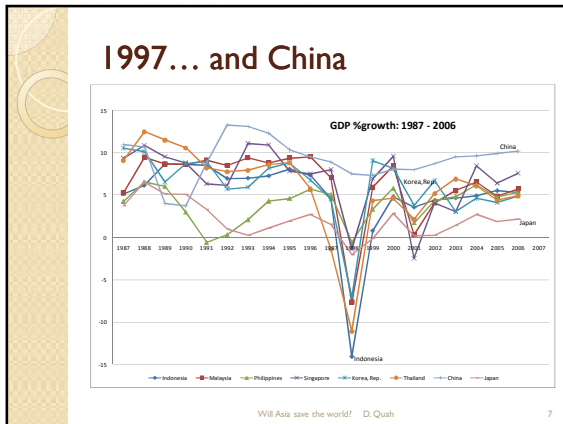
Lesson from recent history

- Resilience
 - Past global financial crisis
 - Past global downturns
- The independent good done

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Stabilising world downturns

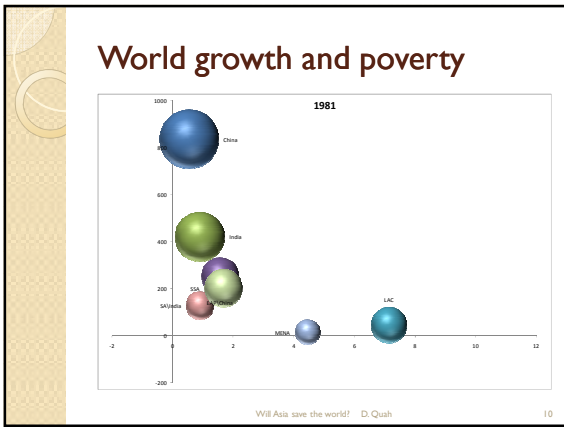
Ratio GDP Growth	1961-1990	1991*	1992-2000	2001	2002-2006
ESE Asia/ US	1.0	18.2	0.6	1.8	1.1
China/ US	0.1	3.0	0.3	1.3	0.5

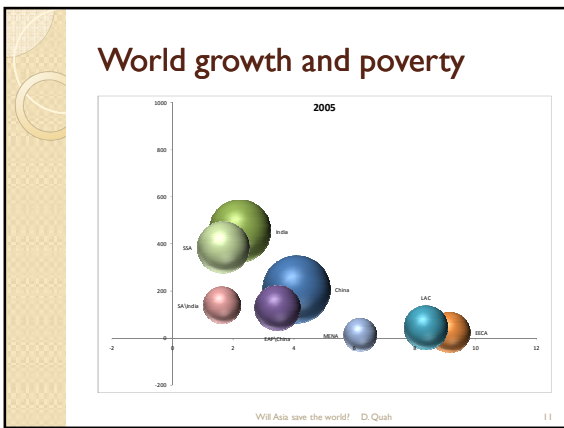
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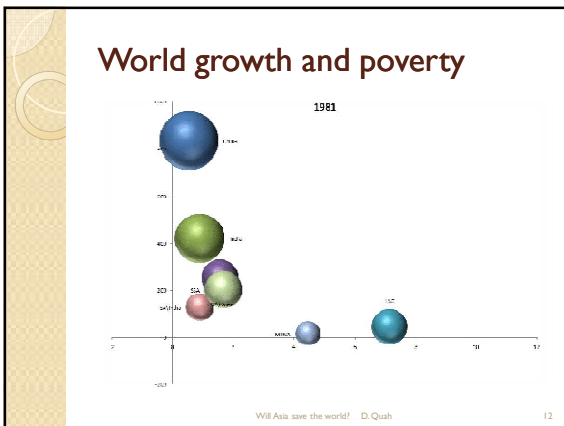
World growth and poverty

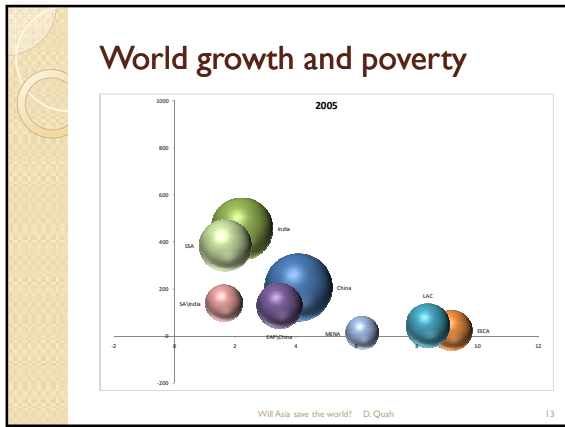
	1981	1990	1999	2005
World GDP, 10 ¹² PPP\$	26	35	45	56
GDP per capita, PPP\$	5876	6704	7505	8662
World's poor, 10 ⁶	1904	1815	1695	1400
China's poor, 10 ⁶	835	683	447	208
Remainder, 10 ⁶	1069	1132	1248	1192

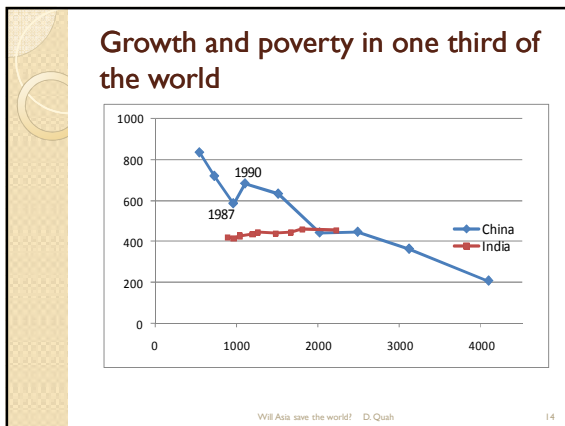
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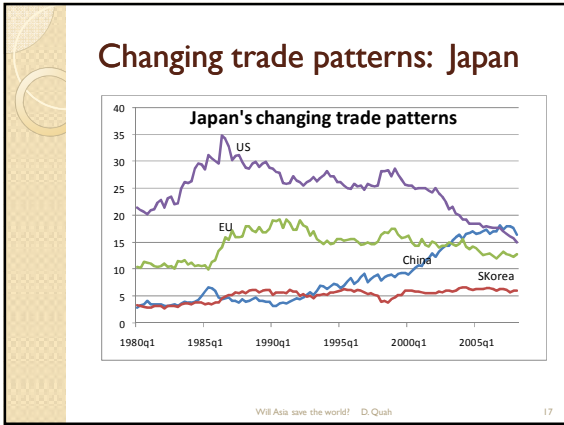


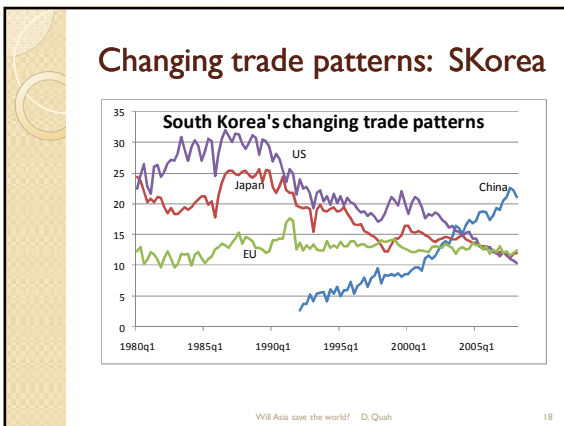


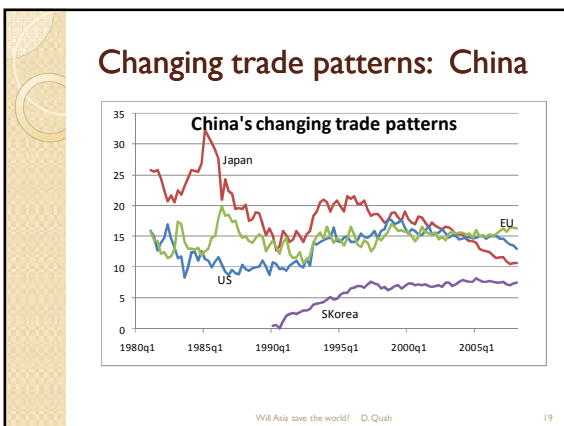
Globalization

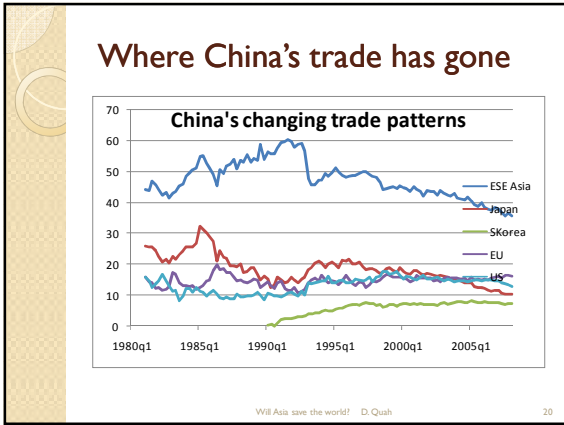
- Bad with the good
- Financial contagion
- Trade spillovers on the real side

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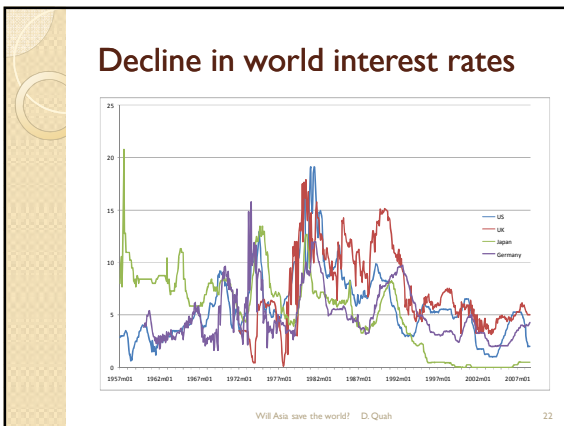


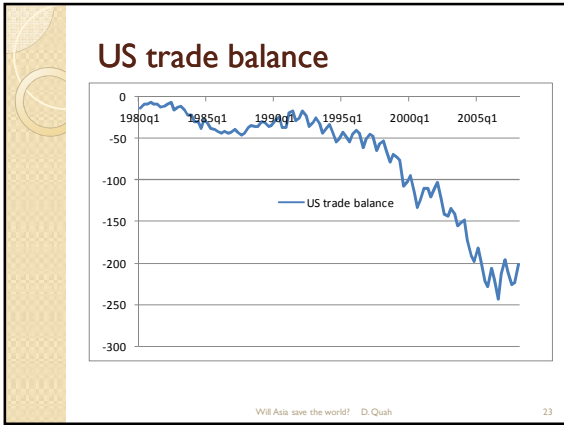


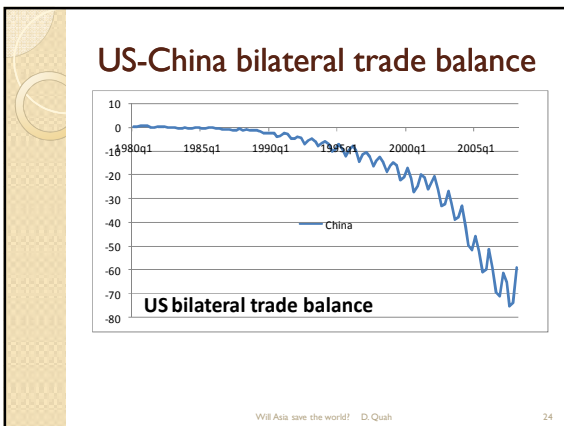


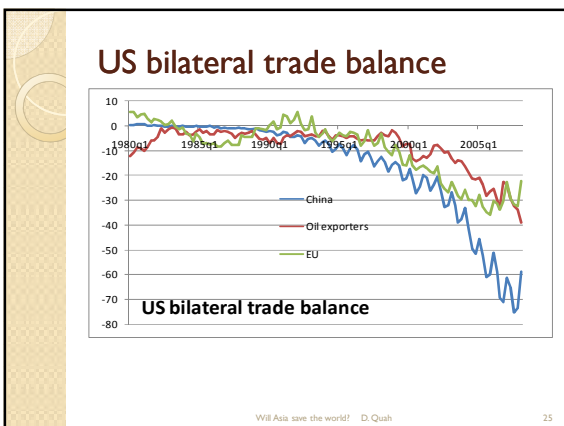


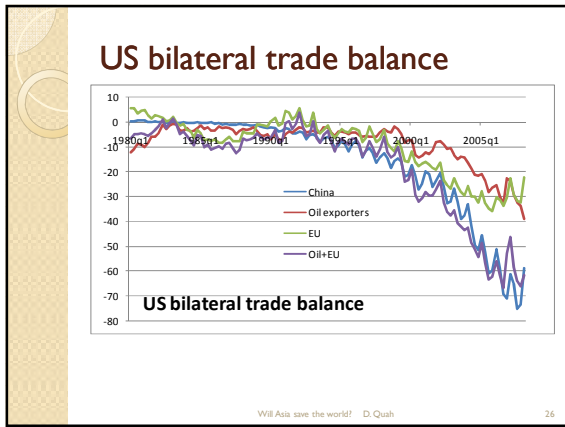
- ### Global imbalance
- Asian Thrift
 - Global Savings Glut
 - ... and dynamics of US consumption
- Will Asia save the world? D. Quah 21












- ### Where next?
- Re-boot financial and banking systems
 - Isolate and extricate bad debt, toxic assets, non-performing loans
 - Re-balance the global economy
 - Aggregate demand, aggregate supply
 - Flat world
 - What is the appropriate regulatory system for financial institutions?
- Will Asia save the world? D. Quah 27

- ### In 3 parts
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