INTERNATIONAL SEMINAR ON ECONOMICS & BUSINESS

“Searching for Solutions and Opportunities in a Time of Difficulty and Crisis”

Distinguished Speaker

Prof. Paul Krugman

The sole winner of the 2008 Nobel Prize in Economics, and "one of the world's 20 most influential scientists & thinkers"

- TIME Magazine (May 2009)

Organised by PACE in Vietnam, May 21, 2009
THE GLOBAL CRISIS
World rate of economic growth
Rate of growth of world trade
World industrial production
World trade volume
Household debt as % of GDP
Current account imbalances
European current accounts ($billion)
“If you want a simple model for predicting the unemployment rate in the United States over the next few years, here it is:

It will be what Greenspan wants it to be, plus or minus a random error reflecting the fact that he is not quite God.”

Paul Krugman, 1997
Short-term interest rates
The Fed steps out
Japan’s lost decade
Japan’s recovery: depreciation

Real effective exchange rate

Japan’s recovery: export-driven

![Graph showing investment and current account trends over time.](image)
Current Account (percent of GDP)

- Japan and NIEs
- Emerging Asia excluding NIEs

Time Period:
- 1990
- 95
- 2000
- 05
- 10
AFTER THE CRISIS
Rate of growth of world trade
Short-term interest rates
Japan’s lost decade
Current account imbalances

- US
- Middle East
- Dev. Asia
- NIEs
Household debt as % of GDP
North-north trade is mainly intra industry

Source: Brülhart 2008 for this Report.
Note: The Grubel-Lloyd index is the fraction of total trade that is accounted for by intraindustry trade.
But North-South trade, presumably reflecting comparative advantage, is on the rise.

So increasing returns may represent the wave of the past, not the future –but that’s also important to know.
CO2 emissions

- US
- Europe
- China