


Crunching globalisation

by
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Ireland

- GDP (PPP) per capita

	1991	2005
Ireland/EMU	76%	132%
Ireland/OECD High	69%	114%

	2005
Ireland	\$34,000
UK	\$30,000
US	\$37,000

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Ireland v. Europe and OECD

GDP per capita

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Ireland in the world

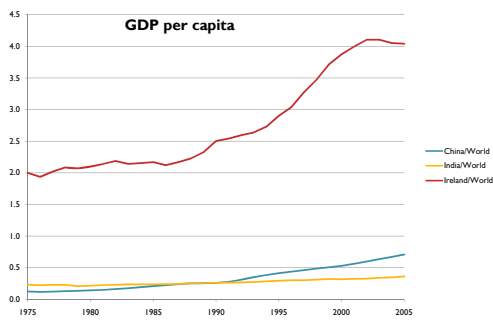
Annual growth rates (%) GDP PPP per capita	1975-1990	1991-2005
World	1.7	2.1
China	6.6	8.8
India	2.6	4.5
Ireland	3.2	5.5*
UK	2.2	2.4
US	2.4	2.1
EMU	2.4	1.5
OECD High	2.5	1.9

* 5.9% if over 1991-2003

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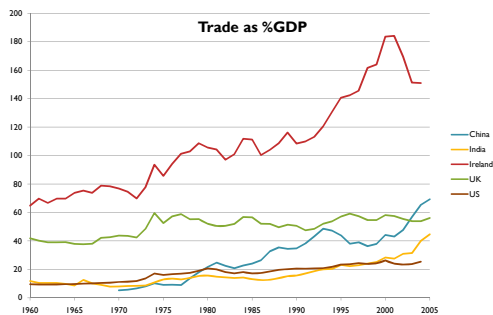
Ireland v. China and India



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Ireland trades ... a lot



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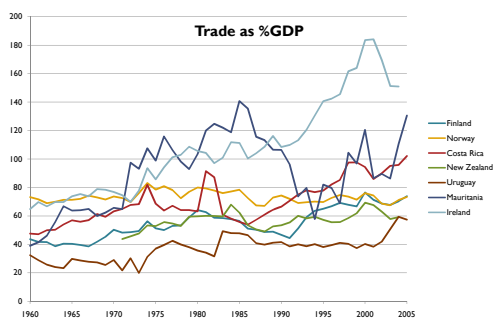
... more and more so

Trade %GDP	1960-1990	1991-2005
China	18.86	46.64
India	12.02	26.50
Ireland	89.51	147.70
UK	48.02	54.62
US	14.75	23.33

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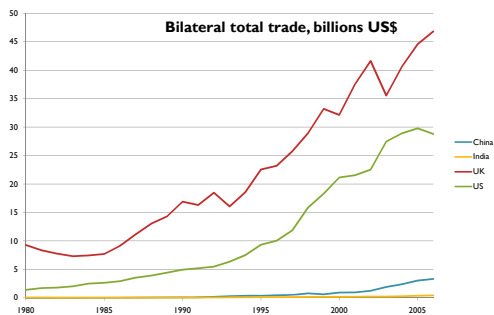
... even across small economies



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Who and where



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Income inequality

Income shares	Top 10%	Bottom 10%	Ratio
Ireland, 2005			14
Ireland, 2000	27.23	2.91	9
UK, 1999	28.49	2.06	14
US, 2000	29.85	1.88	16
China, 2004	34.94	1.62	22
India, 2004	31.13	3.64	9

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Strengths and risks

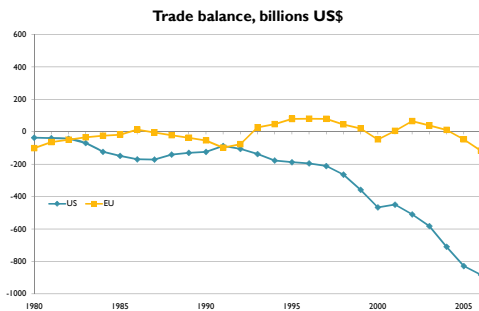
- Increased employment
- Reduced taxation, strengthened fiscal balance

- Unbalanced property boom
- Income inequality
- Global imbalance

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Overall balance of trade



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Annual earnings of US men, aged 35-44, in \$2005

	1973	2005
Median	45785	40964
Mean	49705	54525

Source: Paul Krugman, 2007 Meade Lecture, LSE

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US College-High School wage ratio

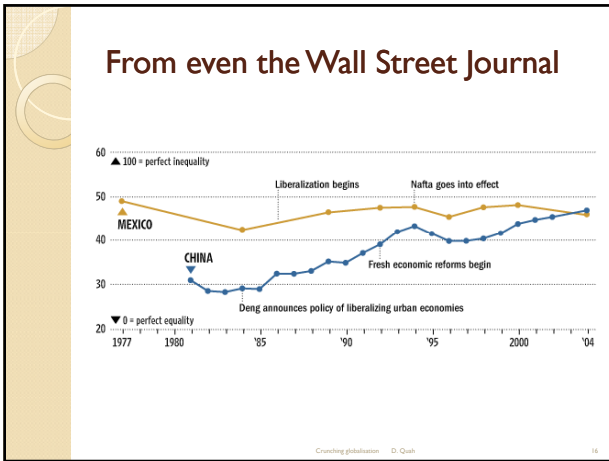
Source: Paul Krugman, 2007 Meade Lecture, LSE

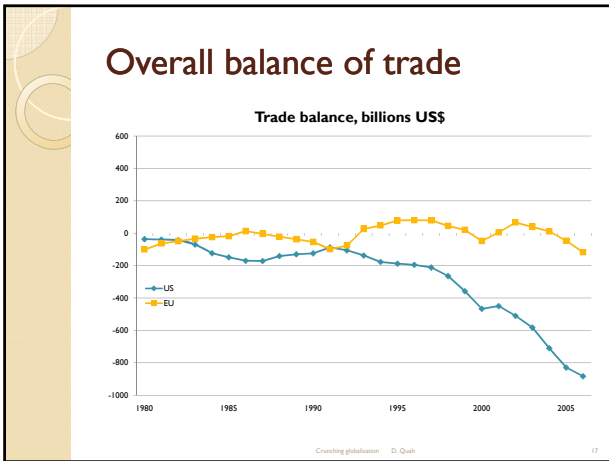
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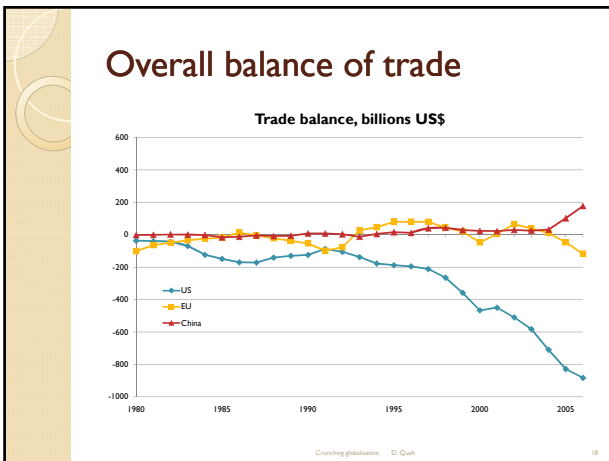
Skill premium: Before and after liberalization

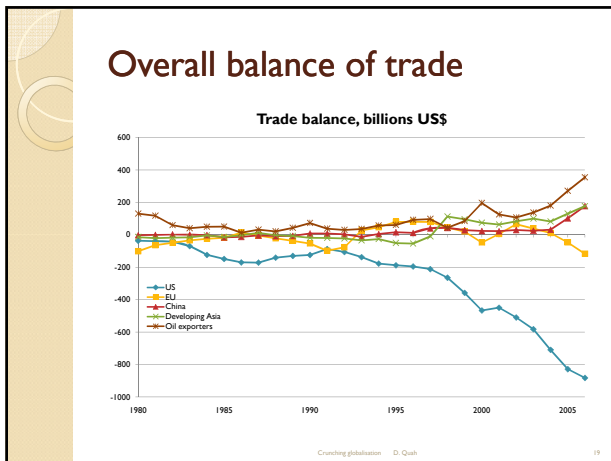
Source: Paul Krugman, 2007 Meade Lecture, LSE

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Overall balance of trade

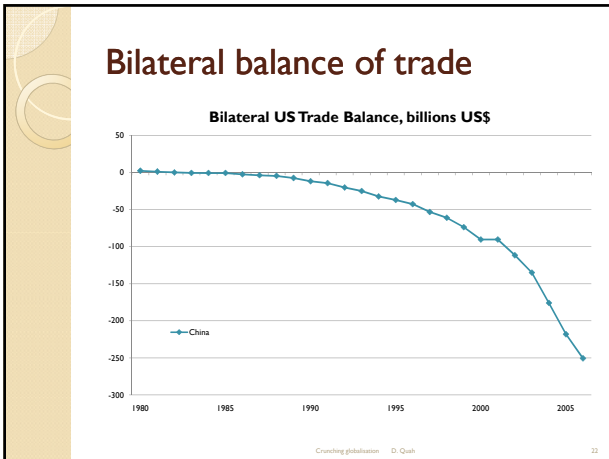
	2003	2004	2005	2006
US	-581.61	-709.00	-828.25	-882.19
EU	39.75	11.27	-46.57	-116.57
China	25.53	31.94	102.12	177.49
Developing Asia	100.50	82.87	130.75	177.48
Oil exporters	138.71	180.90	271.97	355.42

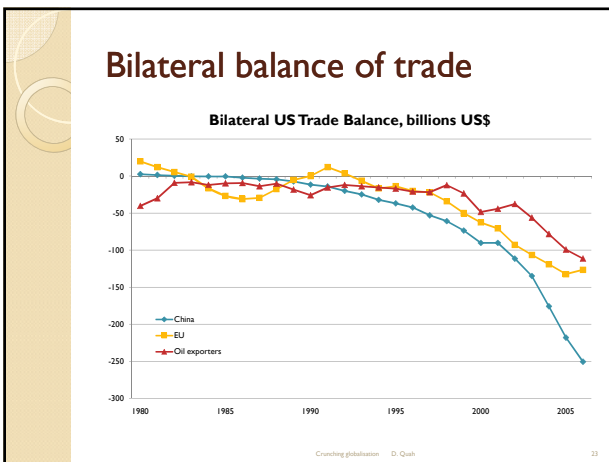
* Billions US\$

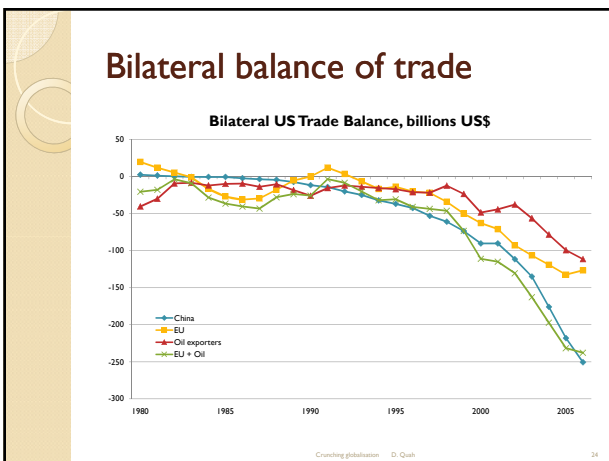
Source: International Monetary Fund (IMF), Direction of Trade Statistics (DOTS) November 2007, ESDS International, (MIMAS) University of Manchester, and author's calculations

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- ### Overall trade balance: Summary
- Not just (or even mostly) China
 - Significance of oil exporters
 - ... plus early contribution from rest of emerging Asia
 - But perhaps directed somehow, not just a general savings glut
- Source: International Monetary Fund (IMF), Direction of Trade Statistics (DOTS) November 2007, ESDS International, (MIMAS) University of Manchester, and author's calculations
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Trade balance: Summary

- Bilateral: US trade balance with China matches that with oil exporters and EU taken together
- Overall: Oil exporters by far the dominant surplus
- Source of global imbalance
 - Whose savings glut?
 - US-specific explanations?

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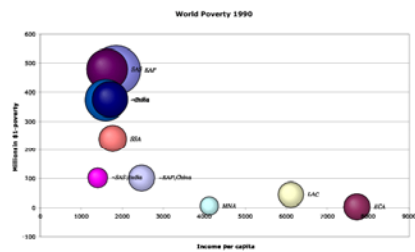
World Poverty

	1981	1990	1999	2004
World GDP 10¹² PPP\$	24	33	43	52
GDP per capita PPP\$	5408	6292	7231	8198
World's poor 10⁶	1470	1247	1109	969
China's poor 10⁶	634	374	223	128
Remainder 10⁶	836	873	886	841

- PPP\$ means constant International Dollars corrected for inflation and Purchasing Power Parity
- Poor means living on less than PPP\$1/day

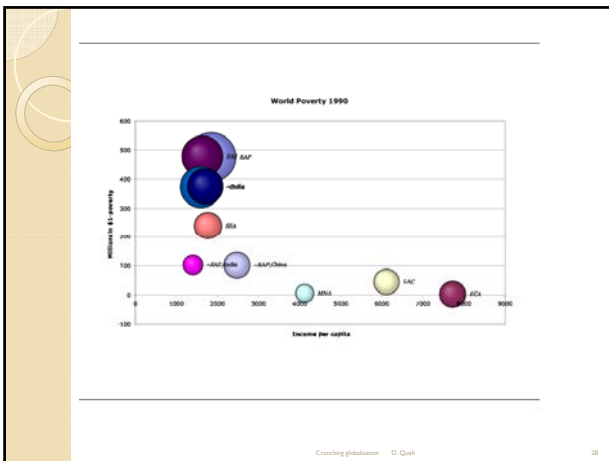
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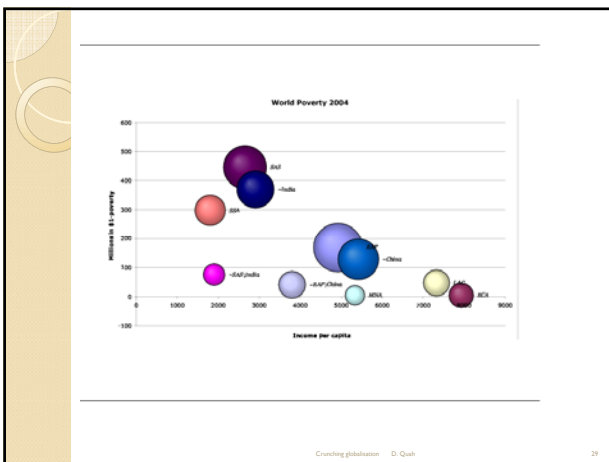
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Contributions to global economy

- From a small base, the contributions are substantial even at market exchange rates

	2005 Fraction of World GNI	2006 growth, billions US\$
US	28.6%	533.1
China	5.0%	371.8
India	1.8%	102.5
China + India	6.8%	474.3
High-income OECD	75.6%	1763.4
Low + Middle Income	21.1%	1462.8

Immediate aftermath

23.Jan.2008	02.Jan	1 week	1 year	5 years
DJIA	-7.5%	-1.8%	-2.1%	47.2%
NASDAQ	-12.7%	-4.2%	-4.7%	70.8%
S&P500	-8.8%	-2.5%	-6.3%	53.1%
NYSE	-9.0%	-4.0%	-4.5%	77.9%
FTSE100	-10.5%	-4.3%	-7.8%	60.9%

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