



Will the world belong to Asia in the 21st century?

by Danny Quah
Economics Department LSE
LSE Alumni 2000-2004 Reunion Lecture
Saturday 10 July 2010



Spatial distribution across Earth



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Some focal cities



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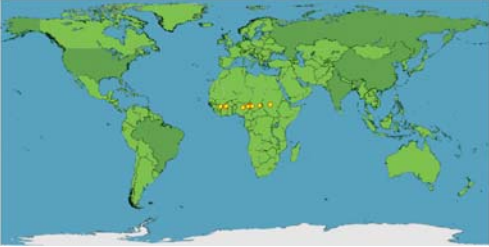
Shifts in the global economy's centre of gravity



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The map shows a dashed line representing the 'centre of gravity' of the global economy. It starts in Europe and moves eastward towards Asia, indicating a significant shift in economic power.


Shifts in the global economy's centre of gravity ... in flat world



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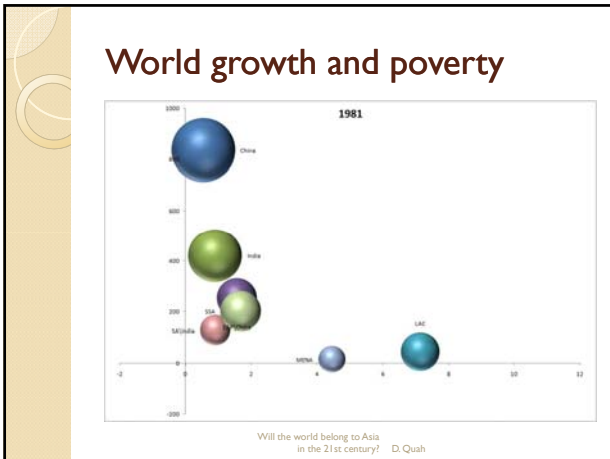
The map shows a dashed line representing the 'centre of gravity' of the global economy in a flat world scenario. It starts in Europe and moves eastward towards Asia, similar to the first map but with a different trajectory.

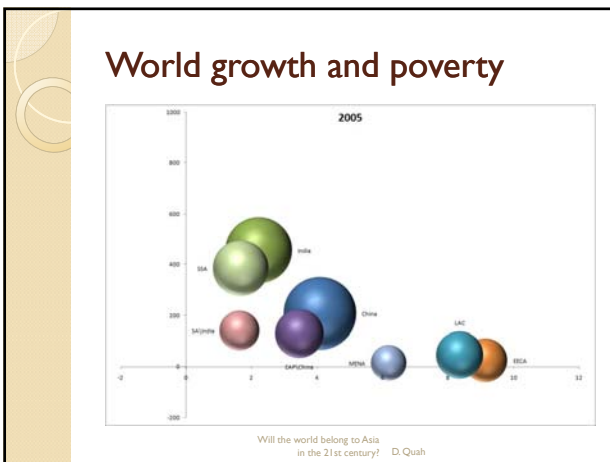
Shifts in the global economy's centre of gravity ... in flat world

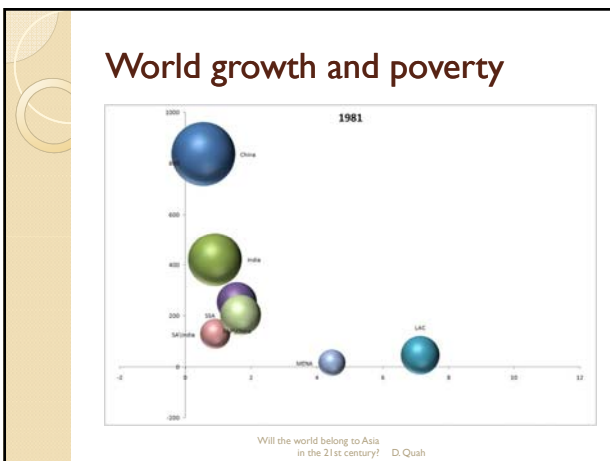


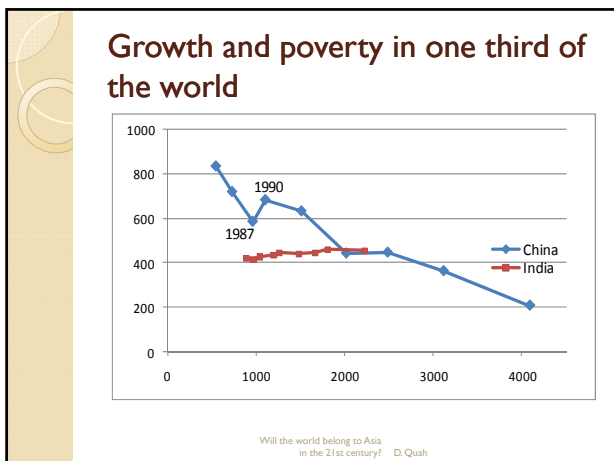
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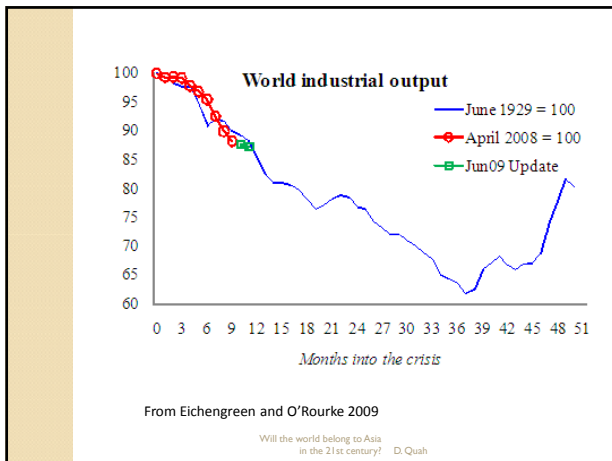


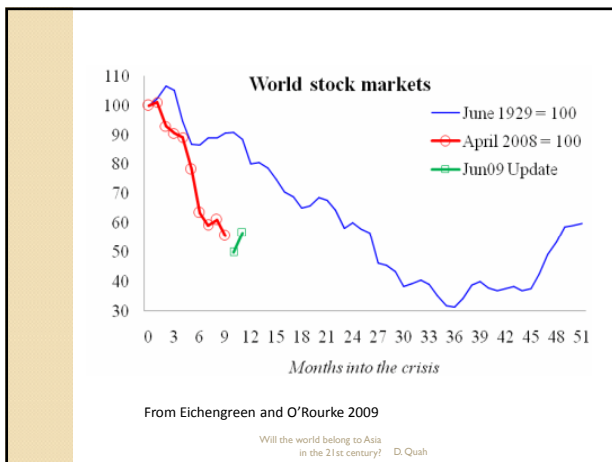


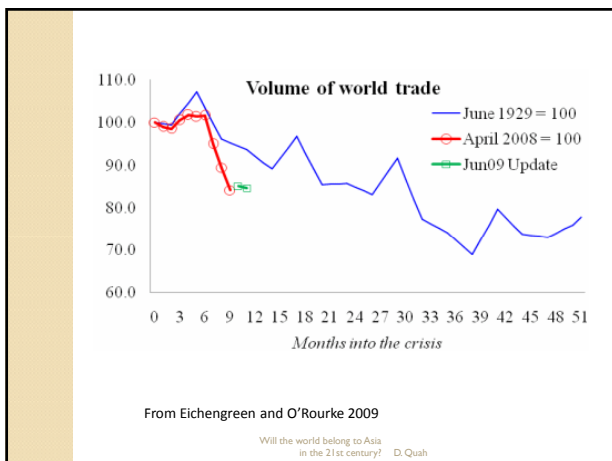


- ### 2008 global economic crisis
- Asian Thrift, the Global Savings Glut. Global imbalance
 - Collapse of world trade: Differential implications for surplus and deficit countries
- Will the world belong to Asia in the 21st century? D. Quah

- ### General fear...
- A year in: declines of 15% industrial production, 50% world stock markets, 20% world trade
 - Deficit countries, surplus countries
- Will the world belong to Asia in the 21st century? D. Quah







But then...



From: The Economist, 2009 June 27

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New York Times 10 August 2009

American Graduates Finding Jobs in China



By Michael Zeman, 2009
 BEIJING — Shanghai and Beijing are becoming new lands of opportunity for recent American college graduates who face unemployment soaring double digits at home.

Even those with limited or no knowledge of Chinese are heeding the call. They are lured by China's surging economy, the

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And more...



From: The Economist, 2009 August 15

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Already in previous downturns it'd been Asia... and the BRICS

Ratio GDP Growth	1960-1990	1991*	1991-2000	2001	2001-2008
ESE Asia/US	1.03	18.24	0.62	1.78	1.35
China/US	0.08	2.99	0.26	1.34	0.73
[China+India]/US	0.13	3.20	0.33	1.67	0.93
BRICS/US		2.25	0.35	2.01	1.16

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New York Times 06 January 2010

UNEASY ENGAGEMENT
Fighting Trend, China Is Luring Scientists Home



Shi Yigong resigned from the faculty of Princeton University and became the dean of life sciences at Tsinghua University in Beijing.

By SWEETEN LUTHEMERE
Published January 6, 2010

BEIJING — Scientists in the United States were not overly surprised in 2008 when the prestigious Howard Hughes Medical Institute in Maryland awarded a \$10 million research grant to a Princeton University molecular biologist, Shi Yigong.

Dr. Shi's cell studies had already opened a new line of research into cancer

Uneasy Engagement

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New York Times 17 March 2010

China Drawing High-Tech Research From U.S.



An Applied Materials research lab in Xi'an, China. The Santa Clara, Calif., company is the largest supplier of the equipment used to make semiconductors, solar panels and flat-panel displays. Steve Pappas

By KEITH BRACKNER
Published March 17, 2010

XI'AN, China — For years, many of China's best and brightest left for the United States, where high-tech industry was more cutting-edge. But Mark R. Pinto is moving in the opposite direction.



Mr. Pinto is the first chief technology officer of a major American tech company to move to China. The company, Applied Materials, is one of Silicon Valley's most prominent firms. It

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New York Times 30 January 2010

China Leading Global Race to Make Clean Energy



As China leads the race on wind turbines, solar, and solar panels, President Obama is calling for American industry to catch up.

By KEITH BRADSHAW
Published: January 30, 2010

TIANJIN, China — China vaulted past competitors in Denmark, Germany, Spain and the United States last year to become the world's largest maker of [wind turbines](#), and is poised to expand even further this year.

Green Inc.
A blog about energy, the environment and...
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China has also leaptfrogged the West in the last two years to emerge as the world's largest manufacturer of solar panels. And the country is pushing equally hard to build another industry on a global scale.

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China Sees Growth Engine in a Web of Fast Trains



A bullet train in China travels 854 miles, from a southern coastal town deep into the interior. The American plan for high-speed rail is to link Tampa to Orlando.

By KEITH BRADSHAW
Published: February 12, 2010

WUHAN, China — The world's largest human migration — the annual crush of Chinese traveling home to celebrate the Lunar New Year, which is this Sunday — is going a little faster this time thanks to a new [high-speed rail](#) line.


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Looking ahead...

- Global imbalances
- “Asymmetric obligations”
- US\$ as the world’s reserve currency
 - Considerable benefits
- Short-term versus long-term forces in US\$ adjustment
 - Safe haven

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