



Knowledge: The driver of economic growth

by
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LSE Asia Forum, Singapore. 11 April 2008






Conclusions

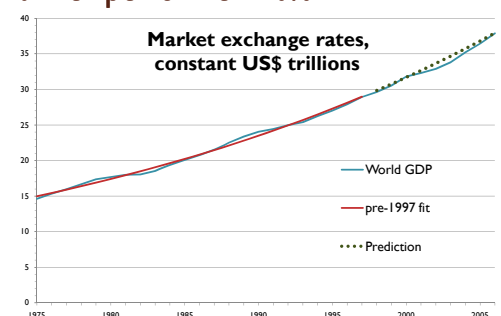
- 1997 East Asian watershed – in crises and in ideas
- The post-1997 reality
 - Emerging Asia has held it together and pulled the centre east
 - Single-handedly contributed more to world economic progress than ... (just about anywhere)
 - Productivity and education – half-full and half-empty

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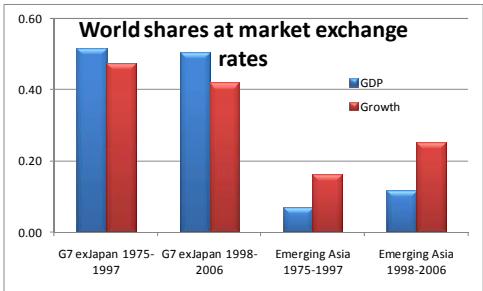
After 1997 the global economy under-performed 10%

Market exchange rates, constant US\$ trillions



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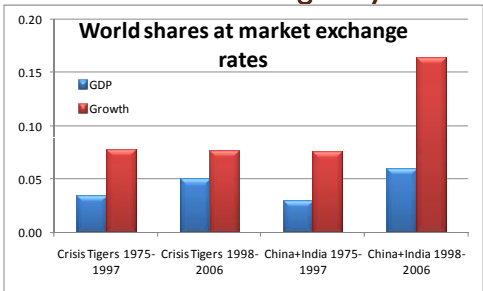
Emerging Asia held it together



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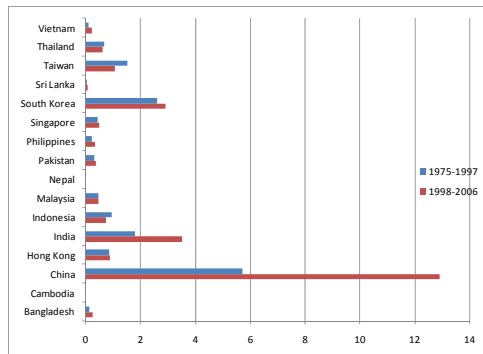
Crisis or whatever, Asia pulls east the world's centre of gravity



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Except Indonesia, Taiwan, and Thailand, every economy in Emerging Asia has contributed to world growth more after 1997 than before.



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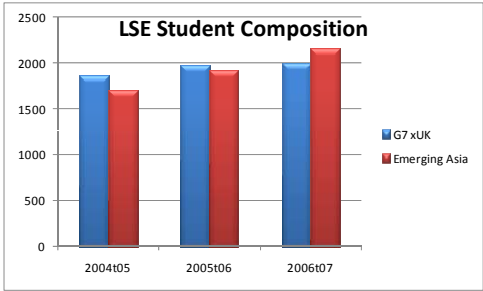
Even at market exchange rates, China and India already contribute a US to global growth

	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

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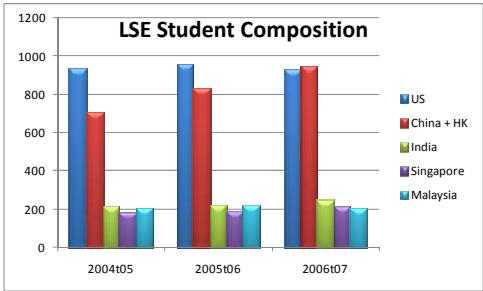
This global rebalancing is foreshadowed:



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The similarities are uncanny:



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Reducing world poverty with just a single country

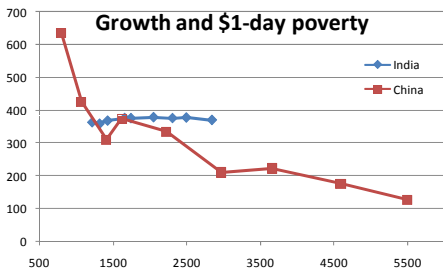
	1981	1990	1999	2004
World GDP 10 ¹² PPP\$	24	33	43	52
GDP per capita PPP\$	5408	6292	7231	8198
World's poor 10 ⁶	1470	1247	1109	969
China's poor 10 ⁶	634	374	223	128
Remainder 10 ⁶	836	873	886	841

- 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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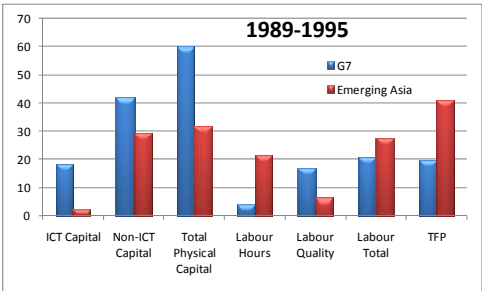
China and India have differed dramatically



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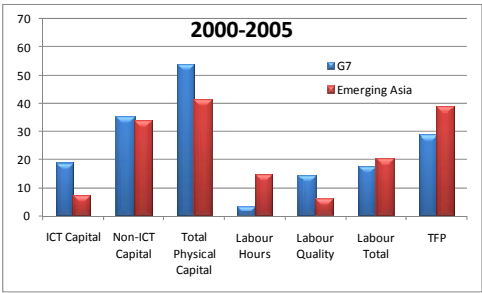
Early on, emerging Asia grew through ... productivity



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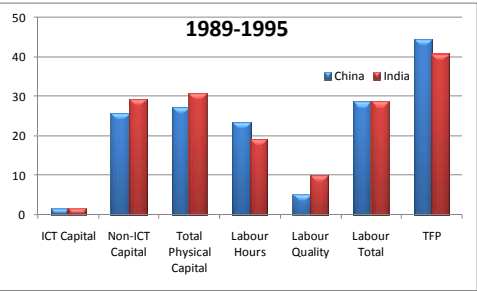
... and, more recently, continues to do so, only with more capital



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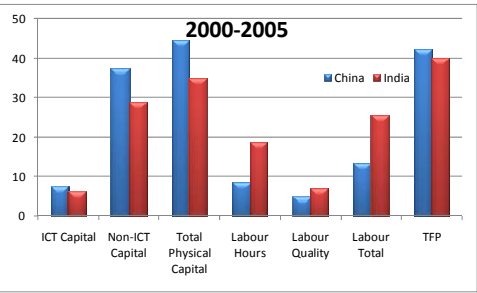
China, India productivity drive early on



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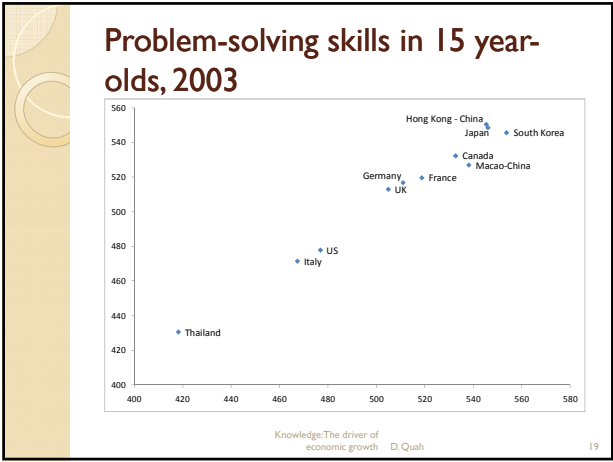
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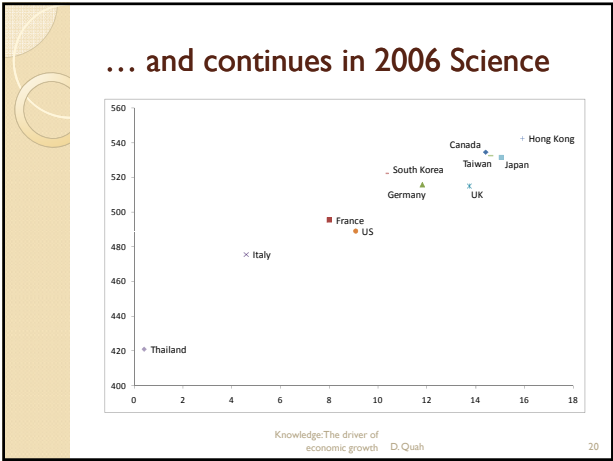
...but both have since piled on capital, China more than India

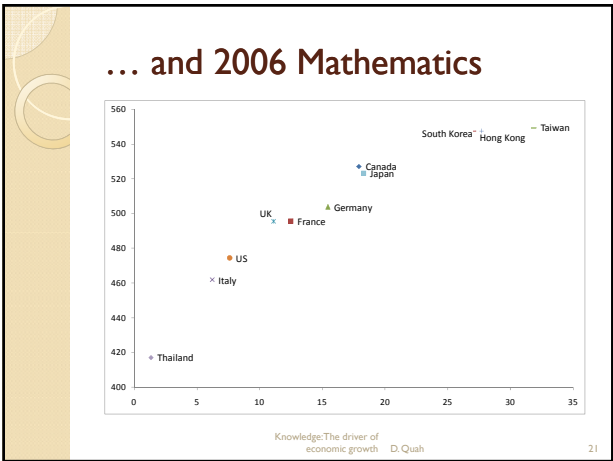


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Conclusions

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