POST-COVID WORLD ECONOMIC SITUATION AND PROSPECTS

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Negative GDP Growth Rates in 2020
Negative Growth Rates in Many Emerging Asia
High Income Inequality in Asia

- Europe
- Asia ex. Middle East
- Latin America

- South-Eastern Asia
- Southern Asia
- Central Asia
Increase in Gov. Spending/GDP in 2020

- Advanced economies
- US
- Euro Area
- Japan
- Emerging
- Asia
- Europe
Change in Fiscal Balance/GDP (2020)
## Quantitative Easing (QE) Since the Pandemic

<table>
<thead>
<tr>
<th>QE</th>
<th>Economies Since the Pandemic</th>
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<tbody>
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<td><strong>High-income:</strong> Australia, New Zealand, Korea, Canada</td>
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<td><strong>Asian EMEs:</strong> India, Indonesia, Malaysia, Philippines, Thailand, Turkey, South Africa</td>
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<td><strong>Zero-Lower Bound (0.1%~0.25%):</strong> Australia, New Zealand, Canada</td>
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Limited Scale of QE in Emerging Economies

- Increase in the Financial Asset/GDP since the Pandemic:
  - Japan: around 24% of GDP
  - US: around 17% of GDP
  - Euro Area: around 20% of GDP

Source: Pordeli et al (2021)
Conclusions

- Emerging economies are suffering more than advanced economies since the pandemic.
- This is not only due to the slow pace of vaccination but also due to limited ability to perform fiscal and monetary policy responses to the pandemic. The closer policy coordination was more feasible in advanced economies.
- Income and asset inequality are deteriorating between economies and particularly so within emerging economies.
- As advanced economies are recovering faster, support for emerging economies including vaccination and green recovery is needed.