

The Division of Economics and the Economic Growth Centre under the One Asia Foundation Lecture Series cordially invite you to a seminar by Professor Lim Hua Sing

- Speaker** : **Professor Lim Hua Sing**  
*Professor, Graduate School of Asia Pacific Studies, Waseda University*  
*Director, Institute of Chinese Economies, Waseda University*
- Topic** : **"Bond Crises in America and the EU and its Impact on the Economies of Japan and China"**
- Chairperson** : **Emeritus Professor Lim Chong Yah**  
*Division of Economics*  
*School of Humanities & Social Sciences*
- Date** : **Wednesday, 27 February 2013**
- Time** : **11:00 am – 12:00 pm**
- Venue** : **HSS Conference Room** (HSS 05-57, Level 5)  
Nanyang Technological University  
School of Humanities and Social Sciences  
14 Nanyang Drive  
Singapore 637332

**About the Speaker:**

Professor Lim Hua Sing was born in Malaysia, received BA and MA from Hitotsubashi University and PhD from London University. He has earlier worked at the Institute of Southeast Asian Studies in Singapore, the National University of Singapore and Chukyo University in Nagoya. Prof. Lim is now teaching at the Graduate School of Asia-Pacific Studies (GSAPS) and the Waseda Institute of Asia-Pacific Studies (WIAPS). Prof. Lim is currently Director of the Institute of Chinese Economies, Waseda University. He is a Visiting Professor and Advisory Professor of Nankai University, Tongji University, Shanghai Jiaotong University, Beijing Normal University, Beijing University, Zhongshan University, Fudan University, Helsinki University and Singapore Nanyang Technological University etc. He is also advisor of the One Asia Foundation in Japan. He has published extensively in the fields of Japanese economics, Japan-Asian as well as China-Asian economic relations, and Asian and East Asian economic integration, which are his special interests. Recently, he has also paid attention to the economic development in China, and ethnic Chinese economies in Asia. His recent publications include "Japan and China in East Asian Integration", "The Road to China's Economic Development" and "Asia Giants in the Face of the Global Economic Crisis", "East Asian Economic Integration", "East Asian Political Economics", and others.

**Abstract:**

A bond crisis erupted initially in the USA in August 2011 and has spread to the EU countries quickly thereafter. The bond crises in the Western nations have since had a serious impact on the world and on Japan and China in particular.

The USA has been the largest debtor in the world although she is also the world's largest economic power in terms of GDP. On the other hand, as the key currency in the world, the US dollar backed by the US domestic gold stocks, is being used internationally and the USA has printed greenbacks endlessly. However, the US currency has lost its real value and has depreciated against other major currencies drastically over the years. The weak US economy has to rely on issuing national bonds in order to cover her financial deficits. This excessive issuance of national bonds has caused the downgrading of the national bonds in the USA from AAA to AA+, and it has eventually created this bond crisis in the country.

The USA was unable to solve the bond crisis by itself. The G7, the G8 and even the G20 were also unable to solve the US bond crisis. The bond crisis in the USA quickly spread to the EU and has created a domino effect among the EU countries. Greece, Spain, Portugal and Italy are seriously affected. The two most important economic powers in the EU, namely France and Germany, are also not in good shape. The EU, led by Germany and France, has made every effort to rescue Greece from collapsing, financially and economically, but in vain. The Greek bond crisis is not only Greece's problem but that of all EU nations. The EU will not be dismantled and the EU countries are not going to quit the EU so long as the EU can solve its bond crises as soon as possible.

The bond crises in the Western nations have also seriously affected Japan and China. Japan, as the second largest holder of foreign currency reserves, is also the second largest holder of American national bonds. Japan has also invested in bonds in the EU and is urged by the EU to increase her purchase of European bonds. Japan's investment in bonds in the Western nations has been risky and the drop in value of these bonds has affected Japan badly. On the other hand, bond crises and economic crises in the Western nations have prompted investors to increase purchases of the Japanese currency. The Japanese currency has thus appreciated dramatically and it has seriously affected Japanese exporting industries and further jeopardized Japan's economic recovery. The Japanese economy is now hollowing-out and its economy has remained gloomy and stagnated. However, when Abe Shinzo became the new Japanese Prime Minister on 26th December 2012, he advocated new economic policies (Abenomics, which include monetary policy, fiscal policy and economic growth strategies to encourage private investment), and the Japanese currency depreciated and share prices increased.

China, as a successful emerging economy and the largest holder of foreign currency reserves in the world, has been the largest purchaser of American national bonds. To avoid risks associated with holding these American national bonds, China has diversified her bond portfolio and increased purchases of other bonds in Japan, Korea, Middle East, and of course in Europe. After the EU bond crisis, China has been urged by the EU to increase her purchase of bonds issued by EU nations. The ranking of national bonds issued by European nations has generally been low graded and the interest paid on these bonds has been increasing, which indicates that the value of national bonds in Europe has been depreciating. As such, China's investment in national bonds in Europe has become more and more risky.

On the other hand, China has been urged and pressurized by the Western nations to increase the value of her Renminbi. China has emphasized that she will adjust her Renminbi in accordance with both domestic and international economic situations. China's Renminbi has so far remained under the control of the Chinese government. The Western nations, especially the USA, hope that the drastic Renminbi appreciation will rectify international trade deficits against the Western nations, and reduce China accumulating trade surpluses which shifts the balance of power.

This presentation is aimed at analyzing the current bond crises erupting in the USA and in the EU, and its direct and unavoidable impact on the economies of Japan and China.

**Reservation:**

Admission is free. Please reply to Christina, e-mail: [achristina@ntu.edu.sg](mailto:achristina@ntu.edu.sg) or Tel: 6790-5689 to confirm your attendance.