The “Three Friends of Winter”: 
How Economic Policy has Addressed the 
Major Crises of our Time

23 July 2013
Singapore Management University

Presented by
Dr A. E. Bollard
Executive Director, APEC Secretariat

Advancing Free Trade for Asia-Pacific Prosperity
Three Friends of Winter

“Three Friends of Winter” by Song Dynasty painter Zhao Mengjian

Pine
Plum
Bamboo
Three Economic Winters

Economic Growth (1929-2013)

US GDP % Growth

1929 to 1937
1972 to 1983
2006 to 2013
The Great Depression (1929 - 1937)
Pine Tree & the First Winter

Credits: United Press International, Garry Willmore on Flickr
“I believe myself to be writing a book on economic theory which will largely revolutionise the way the world thinks about its economic problems.”

J. M. Keynes
Pine Tree & the First Winter

Source: Parliament.co.nz
Bamboo & the Second Winter

The Great Inflation (1972 - 1983)

Strength with flexibility
Bamboo & the Second Winter

Credits: Reserve Bank of New Zealand Museum, Jotdown.es, Robert Schenk
“All I did was to set up a few hares for people to chase.”

A. W. H. Phillips
Bamboo & the Second Winter

Source: Bloomberg.com
Plum Blossom & the Third Winter

The Global Financial Crisis (2007 - 2013)

Transition to spring
Plum Blossom & the Third Winter

Credits: Businessweek.com, Barnesandnoble.com, Nuon at Flickr
“Reinhart-Rogoff may have had more immediate influence on public debate than any previous paper in the history of economics.”

Paul Krugman
Financial Stability Report
November 2012

Contents
1. Overview 3
2. The international environment and financial markets 5
3. Financial risks to the New Zealand economy 12
4. New Zealand’s financial institutions 22
5. Payment and settlement systems 33
6. Recent developments in financial sector regulation 37

Source: Reserve Bank of New Zealand
Three Friends of Winter

Modern fiscal policy

Modern monetary policy

Modern macro-financial policy
“Three Friends of Winter” by Song Dynasty painter Zhao Mengjian
Thank you

Visit us at www.apec.org

Like us on Facebook page
www.facebook.com/APECnews

Follow us on Twitter
www.twitter.com/@followAPEC

Follow us on our LinkedIn Page
Asia-Pacific Economic Cooperation