

Three years after the fall of Lehman Brothers

Sebastián Laffaye
sxl@mrecic.gob.ar
Jorge Lucángeli
jlu@mrecic.gob.ar

Abstract

More than three years have passed since Lehman Brothers went bankrupt and the greatest contraction of world GDP since the Second War began, but the ongoing financial crisis is still far from being overcome. Some developed economies are very likely to record negative or near-zero growth rates in 2011. Recovery practically came to a halt during the second quarter of 2011, whereas the performance of the world economy has been revised down indicating that it is more vulnerable than expected. The evolution of aggregate demand is still uncertain, which proves that the recovery will be slow and hard.

Contrary to what happened over the last few decades, emerging countries are now in a more favourable situation than developed countries. Although at first there was a generalized output contraction, the former achieved a faster and more sustained recovery. Even though most developing economies continue to grow at vigorous rates, the fact that output levels have weakened more than expected both in the United States and in the European Union, together with the uncertainty generated by increased financial instability, poses serious risks of deceleration of aggregate demand.