



Letter from the President

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s 2012 drew to a close, the popular media were full of stories about supposed ancient Mayan predictions of the world ending in December 2012.

The world did not literally end, of course, but the world in which many of us came of age, where economic activity was predominantly concentrated in the United States and Western Europe, is undergoing an end of a different sort: Sometime in 2013, the share of global economic activity accounted for by emerging market economies—measured on a purchasing-power-parity basis—will exceed that of the so-called advanced economies for the first time.

The forces of globalization unleashed in the 1990s have seen the global center of economic gravity shift. To the extent that it ever made sense to think of the United States as a closed economy,

such a worldview is no longer tenable. International trade is more important to us now than it was 50 years ago. We remain a nation of immigrants, and our institutions of higher learning continue to attract the best and the brightest from around the world. We invest massive amounts overseas, even as we borrow to finance private and public consumption. Indeed, arguably the ability to borrow large amounts from overseas was instrumental in facilitating the excesses preceding the recent financial crisis.

Five years ago the Dallas Fed established the Globalization and Monetary Policy Institute to gain a better understanding of these trends. The five-year anniversary seems a good point at which to take stock of what we have learned and where we need to focus our future research. The lead article in this year's annual report outlines some emerging themes in the institute's research program, summarizing many (but not all!) of the 137 working papers that institute staff and affiliated researchers have produced over the past five years (through January 2013).

We embarked on this research program without preconceived answers, but rather in the spirit of promoting rigorous economic research in international trade, finance and macroeconomics. I believe we have been successful and look forward to building on that success over the next five years.

A handwritten signature in black ink that reads "Richard W. Fisher". The signature is fluid and cursive, with a large, sweeping initial "R".

Richard W. Fisher
President and CEO
Federal Reserve Bank of Dallas

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