Questions and answers for the New Year:

1. In the first year of Trump’s presidency, what do you predict for the US economy in 2017?

The US economy is currently at or near full employment, for the first time in 9 years.  So there is limited capacity for an acceleration of growth in the medium term.  Mr. Trump is fairly likely to follow through with his proposals for massive tax cuts and spending increases (which the economy needed 5 years ago, but were blocked by Republicans).  In the short-term, it may contribute a bit to faster growth.  But the economy is likely to run soon into capacity constraints, in which case the fiscal stimulus will show up more as inflation, interest rate rises, and bigger trade deficits. .

2. Will President Trump be able to keep his word on things he said during his presidential campaign such as infrastructure investment, tax cuts, high tariff, and protectionism?

He certainly won't be able to keep his word to bring US manufacturing jobs back on net, to any substantial degree.  But he will easily get enough support in congress for tax cuts and, probably, infrastructure investment.   What will happen with respect to tariffs and other trade barriers is impossible to say. He could do a lot of damage by reverting to protectionism, as the US did under Herbert Hoover in 1929.

3. China's annual economic growth is going down to 6% from 10%. What is your view on the Chinese economy? How will it influence global economy?

It was inevitable that China's economy would slow down from the three decades of 10% growth -- and indeed the slowdown began five years ago.  Of course the slowdown is a negative for the world economy, especially commodity-exporting countries. But it looks like China is avoiding a hard landing, at least this year.

4. What would be the most dangerous risk in global economy next year? US interest hike, China hard landing, protectionism, emerging market crisis or something else?

For 70 years, a liberal international order has contributed to gradual economic progress, and also political progress.   That order -- which departed from the first half of the 20th century by means of an open trading system, successful international organizations and a relative absence of wars -- was in large part led by the United States.  The most dangerous risk we face in the coming four years is a breakdown of that international order, due primarily to a resurgence of simplistic nationalism in the US as well as in a number of other countries.

5. Global trade has been slowing down. What should we make of this?

Yes, after several decades when global trade grew much faster than GDP, that pattern has been halted, ever since 2008. Economists are unsure why.  One of the various possible explanations is the absence of successful big new international trade agreements during this period. In that light, the cancellation of US participation in the TPP is especially unfortunate.

[These questions appeared in *Chosun Ilbo*, in Korean, January 1, 2017.]