



Who's next?

THOMAS DELAHAYE
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This cartoon was published at the end of last year. Was it premonitory? Well, recent events have probably confirmed this pessimistic forecast. I find something interesting: will the most dynamic economic region in today's economy – namely: South-East Asia - suffer as much as we are seeing now 10 years from now? I doubt it. I doubt that next domino-house will be an Asian pagoda.

There are reasons for my optimism:

First, however obvious it may seem, many economies in Asia have attained a sizeable and diversified economy they would not have dreamt of reaching in so little time (yes, they have ambitious targets, but still, it is not an easy task to maintain an average economic growth of around 6, 8 or sometimes 10%). Let's agree they've done quite well.

Second, Asian economies are not relying as much as before on the "built-here-consumed-in-the-West" policy. Asian consumers are eager to buy, to spend their newly-acquired purchasing power... on products, some of the fanciest of which are even designed locally.

Third, Asian financial markets are more mature. Not all of them, but OK, to be honest, Vietnam will not help me make my point here. It gained something like 160% in 2006, lost 50% in 2007... I assume this is not exactly a sign of great maturity. Still, Asian stock exchanges went through a deep financial crisis a few years ago, and learnt from it. More crucially, they received a lot of capital from overseas and generated even more. The best examples are the state funds. Sometimes, I feel they look like new millionaires that kept their old habits of shopping at great discount stores. I will let you guess which products they can find in these very special shops.

Fourth – last but not least - they are the fuel of today's growth, more than ever before, and probably even more than that tomorrow. We need them. The global economy is shifting. We rely on them to keep it growing. We know it and they are finally taking on the role. So yes – there is justice! The graph below shows that they will slow down a bit. By the way, I think it is good to slow down from these kinds of growth levels...

I bet next time they will choose to play Chinese dominoes.