



Déjà vu

HAN JUNG WOO

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Major stock markets in Asia - South Korea, Japan, Singapore and Hong Kong have plunged and foreign exchange markets keep fluctuating. The whole phenomenon seems too familiar to Asians and it reminds them of the financial crisis of 1997-1998.

Of course, the fundamental problems and the scale of the current economic crisis are different from a decade ago. In fact, it was a problem mainly in the Asian region while it is a global issue and crisis now.

Yet, the current global crisis is frightening Asians even more deeply, given their gloomy memories of the past one. Now, people in Asia often mention a newly-coined word – R-fear (recession fear) to show how it is affecting to them negatively.

However, as fear is not always based on substance, the current financial downturn might be based on fear, but not fact. Of course, the financial problems in US that were at the origin of the global crisis are obvious and real. Yet, the reason the US issue is spreading to Asia and the world is due to an ineffective global financial system as well as the fear.

In fact, the Asian economy is more developed than 10 years ago and it is becoming the centre of world's economy. JPMorgan forecasts that in next year, most Asian countries will still have positive GDP growth with the exception of Hong Kong. This is quite a positive signal compared to 10 years ago because in 1998, GDP growth was mostly negative.

Probably, FEAR is just False Expectations Appearing Real and Asians' sense of déjà vu is unjustified. Thus, if Asians were just a little more objective about the current situation, Asian markets would have more confidence in the future not only for the Asian economy, but also for the global economy.