

Troubled Tigers

Asia needs a new engine of growth

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Asia has been hit harder

- Many of Asia's economies has been hit harder
- Why? — excessive dependence on exports
- However, imports have fallen by even more
- HSBC — two recessions: a domestic one as well as an external one
- Domestic demand was hit by two forces
 - the surge in food and oil prices
 - tighter monetary policy, including Taiwan [Is this correct?]

Net exports

- Change in net exports was 15% of real GDP growth in China,
- Taiwan and Singapore: about 50%

Policies

- Easing monetary policy in Asia **may** be more effective
- Taiwan: the effect of consumption vouchers?
- Infrastructure spending

Shop or drop

- Beyond the immediate crisis, where will growth come from
- For years to come, Americans will have to save more and import less
- Can Asia lift consumption?
- Households are **not** saving more, why has consumer spending declined as a share of GDP — labor share declines [Is this correct?]

Spend

- Some in China are foolishly calling for a devaluation of the yuan to support the economy.
- Same in Taiwan?
- Go out and spend.