

While the west is angry, Asia stays unshaken

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By David Pilling in Hong Kong

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Last week Kishore Mahbubani, dean of the Lee Kuan Yew school of public policy, casually mentioned in conversation that Singapore's economy might shrink by up to 10 per cent this year. This startling aside, almost an afterthought, came after a long discourse on how Asians' faith in their economic and political systems had been fundamentally unshaken by the economic earthquake rattling the world.

Singapore, he said, had deep cash reserves. The government was already heavily subsidising businesses that kept workers in employment. Some workers' hours were being pruned but few were losing their jobs. Besides, Singaporeans had savings they could draw on, family they could rely on and subsidised housing they could live in. There was no sense of panic. The city state would ride this out and emerge stronger.

Mr Mahbubani, a promoter of Asia's rise, also scoffed at "western" suggestions that China's population might revolt because a few percentage points had been shaved off growth. The past 30 years of double-digit advancement had come after 150 years of colonial humiliation, civil war, invasion and mad Maoist experiments. Did people seriously think the Chinese were going to give up their historic transformation because of a transitory downturn?

One does not have to agree with Mr Mahbubani's analysis in its entirety to sense Asians are taking the economic collapse far more calmly than many in the west. On my flight out of Singapore, catching up on a stack of newspapers, I was struck by the rage, fear and panic bubbling from the temples of Anglo-Saxon capitalism. US editorials were boiling with anger at the latest bank bail-out plans, and quietly supportive of the outrage underpinning bus tours of the AIG mansions-of-shame. British newspapers were incandescent at the £700,000-a-year (\$1m, €756,000) pension being pocketed by Sir Fred Goodwin, the reviled former chief executive of Royal Bank of Scotland.

By contrast, Asia is stoical. To be sure, there has been political unrest in Thailand and terrorist attacks in Mumbai and Lahore. But rage born of loss of faith in a seemingly bankrupt ideology – let's call it untrammelled free market capitalism – is largely absent in the streets, editorial pages or parliaments (where they have them) of Asia. Here, there are no bankers of failed institutions to scorn. Nor have the people yet turned with a vengeance on incompetent politicians or negligent regulators.

Asian leaders attending the Group of 20 summit in London on Thursday, in interviews with the Financial Times this week were full of advice for others and strangely panic-free about domestic events. Lee Myung-bak, president of South Korea, urged nations to roll back protectionist measures, touchingly unaware that his own country has less than an impeccable reputation in this regard. Elected largely on his 7-4-7 platform – to bring 7 per cent growth and a \$40,000 per capita income, and to make Korea the world's seventh largest economy – he has overseen the rather less jaunty minus-2, just below \$20,000 and 13th. But only a year into office he is battered by the fiercest international headwinds in decades, and nobody really blames him. He even made the case that a turnaround may already have started, predicated on the quality and diversity of Korean exports.

Manmohan Singh, prime minister of India, a country that did suffer riots related to the near-collapse of a retail chain, was also fairly confident.

Reforms that have transformed India's economic prospects were well-entrenched, he said.

Even Taro Aso, Japan's blisteringly unpopular prime minister, is blamed more for mispronunciation of Japanese than for his handling of the economy. If there is anger in Japan, it is not directed at bankers or fat cats, but at the once wildly popular Junichiro Koizumi, the former prime minister, who sold the country on the rhetoric of market reforms. Japanese are used to riding out difficult times. A boom for them is 2 per cent growth.

Much of the rest of Asia brims with confidence that its time has come, present savage recessions notwithstanding.

That optimism stems partly from an underestimation of how much Asian growth has been hitched to the wagon of western consumption. But it also owes something to the assumption – probably not unreasonable – that when the dust settles, wealth and power will have edged decisively east.

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