

Asia picking up the pace

ASIA is leading the way out of global recession, in a move that seems to mark a break from the past. China and India are ahead of the pack, but they are not the only two strong performers, and Asia's economic importance is unmistakable and palpable. In our lead article in this issue of *Finance & Development*, Anoop Singh, Director of the IMF's Asia and Pacific Department, says that, based on expected trends, within five years Asia's economy will be about 50 percent larger than it is today (in purchasing-power-parity terms), account for more than a third of global output, and be comparable in size to the economies of the United States and Europe. By 2030, Asian gross domestic product will exceed that of the Group of Seven industrialized countries.

Asia's recovery is a shift from the past in several respects. First, although Asia's contribution to past global recoveries was lower than that of other regions, this time the region is leading the world recovery. Second, Asia's earlier recoveries were generally export driven, but this time the Asia rebound has been reinforced by domestic demand, including not only public stimulus but also household consumption. Finally, in past recoveries capital was slow to return to Asia; this time net capital inflows to the region have surged, reflecting high levels of global liquidity as well as Asia's improved resilience and economic framework.

It is only natural, then, for Asia's voice to become increasingly influential in global economic and financial discourse. Already, six of the Group of 20 major economies are from the Asia-Pacific region. Asia (including Australia and New Zealand) accounts for just over 20 percent of IMF voting shares, and this weight is certain to rise as the IMF pursues reforms to bring countries' voting shares more closely in line with their role in the world economy. With the right policies, this economic success is likely to continue and further improve living standards for Asian people—many of whom are still extremely poor—transforming the livelihoods of almost half the world's population.

In this issue we also examine a variety of topics in the wake of the global crisis, including the role of central banks, how to manage monetary policy, redesigning policies for the financial sector, and how to lower public debt. We also look at reducing energy subsidies, new opportunities for sovereign wealth funds, and the search for stability in eastern Europe. Our "People in Economics" column profiles Korean corporate governance campaigner Jang Hasung.

Jeremy Clift
Editor-in-Chief