

World Knowledge Forum 2012

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In the afternoon session of the opening day of the 13th World Knowledge Forum in Seoul, South Korea, Thierry de Montbrial, the president of the French Institute of International Relations, lamented that "It's hard to imagine a worse scenario than the one we are in now."

Mr. Montbrial was speaking on the economic and political situation currently facing the global economy. Similarly bleak assessments were made by fellow panelists Anthony Scaramucci, Managing Partner at SkyBridge Capital, and Tyler Cowen, Professor of Economics at George Mason University.

"Next year is going to be a difficult and scary year," predicted Mr. Cowen.

According to the panelists, the reasons for such dismal judgments stem from the troubles affecting the Euro Zone, China, and North America. In all three cases, political and economic turmoil have undermined governments and changed the lives of citizens in very real ways. "People have redefined success to be something like survival," said Mr. Cowen.

In discussion of the Euro Zone, Mr. Cowen noted that the political discourse with respect to solutions for the economic downturn has reached an impasse. "I'm extremely pessimistic about the next five years," stated Mr. Cowen. "I see seventeen countries who don't agree on how to do things. Pain is continuing, output is shrinking. At some point, countries will ask, 'Why are we doing this?' At some point, some voter, some referendum, will say, 'Not us – no more.'"

Mr. Montbrial echoed Mr. Cowen's sense of urgency. He warned that if the Euro collapses, "it will be the beginning of the end of the EU."

Despite such problems, Mr. Scaramucci sees Germany as Europe's potential savior. "The German people, who were the destroyers of Europe on two separate occasions in the last century, have, I believe, the right leadership in place to lead Europe and to create this federal system with the right fiscal discipline," he said.

Looking East, the panelists also discussed China's dwindling economic prowess. Mr. Scaramucci marveled at the successes that China has achieved since 1978. Moving forward, however, he believes China's growth will be hindered by three things: its lack of access to clean water, its inability to effectively implement and enforce tighter rules and regulations, and the unintended consequences of its "One Child" policy.

Mr. Montbrial agreed with Mr. Scaramucci, adding, "Why would China be the only country removed from economic cycles? Three to four years of growth is remarkable, but we cannot assume this will continue."

Although reports from the International Monetary Fund state that China is experiencing growth, Mr. Cowen challenged this view. "I don't trust those numbers at all, but I don't doubt if the Chinese government wants to get those numbers fairly high. But if you claim that you're growing at seven percent because you are spending money on useless infrastructure, you're not really growing," he said.

At the end of the presentation, the panelists took a more positive stance regarding global issues.

Mr. Montbrial praised the fact that "we are much more aware of difficulties, even more than we were two or three years ago," and added that nations will be better prepared to face these global issues.

Mr. Scaramucci believes that the U.S. is moving toward energy independence, thus having "major positive impacts on the price of energy and commodities." He also noted that this will also have a major impact on the

U.S. military as well as the geopolitical situation and the U.S. role in it, potentially making the world safer and more tolerant.

Finally, Mr. Cowen asked the audience to "keep in mind that more geniuses are being born in the world today, with access to more education than ever before, so we can look to the slightly more distant future with a little more optimism."