

Asia's Evolving Economic Landscape

Bangkok: Asia in 2050

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Conclusion

1. The past
2. “3 shocks”
3. Navigation

The past

Asia's remarkable and unexpected success

	1990	2023
GDP per capita (USD 1k)	1.6	9.1
Contribution to global growth	1/4	2/3
GDP (USD tn)	55.5	49
Population (bn)	3.2	4.4
Working age (bn)	2.0	2.8
Employment (bn)	1.6	2.2
Extreme poverty	52%	6.5%
Life expectancy	66	75
Literacy	71%	91%

Table 1: Source: Author's calculations from IMF, World Bank WDI, UNESCO, UN World Population, ILO

- Despite 1997, 2003, 2008, 2020, ...
- GDP per capita > 5% per year
- GDP > 7×
- Extreme poverty from over 1/2 to 1/16
- Literacy rise by 20 percentage points
- Life expectancy increase by a decade
- Dependency ratio constant at 36–37% ...
 - ... but sharp NE vs S
 - ... and employment faltered, so non-working working-age from 0.4bn to 0.6n
 - India working-age population rise was 2× employment's

Asia is many small states

Population	Median (mn)	Mean-Median ratio	Top 10%
Asia-Pacific 1990	19	4.2	71%
Asia-Pacific 2023	30	3.5	77%

Table 2: Asia is many small states. Source: Author's calculations from IMF WEO, UN World Population Prospects

- Small states make up most of the Asia-Pacific.
- The world as a whole even more so, with 1990 mean-median ratio 6 in 1990, 4.2 in 2023

Asia small states' economic prospects

Correlation	1990	2023
Population,	-0.45	-0.20
GDP per capita		

Table 3: Asia — The dynamic effects of size. Source: Author's calculations from IMF WEO, UN World Population Prospects

- Correlation negative, falling over time
- Some rich small economies still, but Asia's story in the modern era is that of large nations succeeding
- Hausmann complexity. Diversity. R&D. National champions through industrial policy
- Small states' "too much, too little"

Shocks

“3 Shocks”

The Multilateralism Shock

- Level playing field; Peaceful dispute resolution; norm of cooperation
- ...vs “Might makes right”
- 2019–2022 three-fold rise in individual nation-imposed restrictions on international trade

The China Shock (Supply)

- Comparative advantage theory remains. Cost of living eased. Global South EVs
- Consumers vs business. Size, scale, speed
- Jobs, industry, middle-class communities
- Indonesia’s China imports 10% in 2003 to 40% in 2023; Thailand’s 10% to 35%

The US Shock (Demand)

- Architect turned disruptor
- Decline in unipolarity and of Kindleberger hegemonic stability
- Multilateralism’s success and the unfavorable cost-benefit ratio dynamics to benevolent hegemony
- “We’re the superpower...”

“We’re the superpower”

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Stephen Miller went on CNN and basically argued that if the U.S. wants Greenland, it should just take it, while yelling over basic follow ups about what happens after Venezuela. When your entire strategy is “we’re a superpower,” that’s not policy. That’s a toddler with a map and a megaphone. Adults run countries. Not cable tantrums.



[youtube.com](#)
WH official: US in charge of Venezuela because 'military stationed outside the country'

- Sphere of influence. Varied territorial acquisition
- Liberation Day Tariffs, 180 economies
- “We’re the superpower.” MAGA. America First
- Versus reality for the American people: “Might Makes Right” does not stop just outside national borders

Navigation

Economic Diplomacy vs Economic Statecraft

1. Thucydides and small-state agency

- Economic statecraft is a “means of working the US’s geopolitical will in the world” (Blackwill and Harris, 2016)
- Economic diplomacy for small states

2. Economic security: Maximise economic efficiency subject to calibrated risk of disruption in essential supplies from international shocks and inadequate domestic capacity

Small state strategy

Align

- Choose a side. Convex hull.
- Long-run commitment
- Optimal if the world zero-sum

Acquiesce

- Appease. Placate.
- Is the major power clear in its objectives?
Is its leader mercurial?
- Cheap-talk signalling
- Short-run stabilisation

Adapt and Mitigate

- Counterpart responses to global climate crisis
- Domestic resilience
- Plurilateral networks for inadvertent cooperation: MPIA, CPTPP, RCEP, ASEAN, FIT-P
- Incentive-compatible pathfinder multilateralism
- ... or, more generally, G-minus

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