

Macro Roundup Article

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Tweet: In his annual letter @danwwang notes a change in animal spirits in China in the aftermath of 2022's Covid policy and regulatory attacks on business "I perceive a fading sense of enthusiasm among businesspeople and youths."

Summary: What I did not sufficiently appreciate is that a state that would so casually decapitate a sector like online tutoring would also have the will to visit catastrophe upon whole cities. And fear of those moves is wearing on people. I perceive a fading sense of enthusiasm among businesspeople and youths. The residue of resentment won't wear on their faces; and I expect that the state will keep a lid on wide-scale protests. But there will be more foot-dragging and less self-initiative in response to Beijing's centralized campaigns of inspiration. The picture I see for the next few years however is that growth will slow further. The economy won't return to the 2019 mid-single digit levels of growth, but something closer to US levels. I believe that China is likely to succeed on many technological endeavors, but these bright spots can't compensate for broad deceleration. The major source of risk is that the political system is more likely to squash growth in the longer run.

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