

Star economist left after sending 'cavalier' e-mail

By Sundeep Tucker
in Hong Kong

The abrupt departure last week of Andy Xie, Morgan Stanley's star Asia-Pacific economist, followed an e-mail to colleagues regarding Singapore's involvement in Indonesia and China.

Hong Kong-based Mr Xie spent nine years at the US investment bank, during which time he earned a high profile in much of Asia for his provocative research notes on the Chinese economy. Morgan Stanley said this week that he had resigned for "personal reasons".

However, Mr Xie's departure is understood to be related to the contents of an internal e-mail that followed his trip to the recent IMF meetings in Singapore.

The contents of the e-mail, seen by the Financial Times and confirmed as genuine by both Morgan Stanley and Mr Xie, include his recollections of a dinner party at which Lee Hsien Loong, Singapore's prime minister, was present.

Mr Xie wrote: "People fawned on him like a prince."

Later in the e-mail he derided the Association of South East Asian Nations as a "failure" for its inability to lift economic growth over the past decade, and scorned Singapore's claim to have overseen an economic miracle. While at the World

Bank, Mr Xie was involved in issues related to Indonesia.

He then proceeded to give trenchant views on the US, Japanese and Eurozone economies.

Speaking to the FT yesterday, Mr Xie declined to comment on the reasons for his departure. But he said that the e-mail was meant for internal viewing only. He added: "It was written in a hurry and some of the language used was cavalier and inappropriate."

Asked what he would do next, he replied: "I might go off and become a monk, I don't know."

Morgan Stanley said yesterday that it would not comment on the reasons for staff departures.

However, in a statement, it distanced itself from Mr Xie's e-mail: "This is an internal e-mail based on personal suppositions and aimed at stimulating internal debate among a small group of intended recipients. It does not represent the views of the firm."

It added: "Morgan Stanley has been a very strong supporter of Singapore and has a great deal of respect for Singapore's achievements."

Mr Xie is best known for his repeated warnings of a potential bubble in Shanghai's property market, which angered the Chinese authorities. However, his independent streak was strongly backed by Morgan Stanley.