

GLOBAL ASIA:

YESTERDAY, TODAY AND TOMORROW



Astana at Dusk, by Alex J. Butler, Creative Commons

China/Asia Rules the World?

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Editor's note: This article is the fourth in a series featuring pieces by Dr. Anand A. Yang.

"China/Asia rules the world," is a declaration heralded by many a headline today and not just in the West. Such allusions invariably are to that country's/region's economic vibrancy and global standing, measured in terms of the size of the economy or Gross Domestic Product (GDP), an index of the monetary value of all the finished goods and services generated within a particular territorial unit.

But such discourses are not just about economics, as the Obama administration's "Pivot to Asia" or "strategic" rebalancing of U.S. foreign policy interests from its earlier focus on Europe and the Middle East indicates. It is also about the changing balance of power in the world as the center of economic gravity has shifted from the Atlantic to the Asia-Pacific region. Indeed, the pivot is partly propelled by geopolitical considerations, by concerns about the growth in Chinese power worldwide and in the region.

The big China story is that its economy (GDP calculated in terms of PPP or purchasing power parity) is projected to surpass that of the United States in a matter of years. India is destined to reach similar heights in the not-too-distant future. Not always highlighted in such narratives is the fact that their contemporary rise is more of a reemergence. For almost two centuries, they were relatively poor, after having been two of the largest economies, societies, and polities in the world for well over a millennium and a half—and now they are on the rise again.

Nor is the current success story only about the megacountries of Asia. Before the rise of China and India monopolized public fascination, the spotlight was on Japan. Its "miracle" or spectacular growth from the 1960s through the 1980s ranked it, in the eyes of many observers, as "number one" in the world. Those pronouncements, excessive at times, were based on the country's impressive industrial competitiveness that seemingly positioned it well to overtake the United States and dominate the world economy. Few imagined then that it would subsequently experience one "lost decade" after another, leading to its current economic doldrums. While its stagnation has meant that China has surpassed its economy, Japan's is still the third largest and its people still enjoy among the highest standards of living in the world.

The so-called "four tigers"—Hong Kong, Singapore, South Korea and Taiwan—followed a Japan-like path to prosperity and in roughly the same time period. To varying degrees, their remarkable economic performances were also driven by export-oriented manufacturing sustained through a mix of government intervention and policies (less so in the case of Hong Kong), private sector involvement, and openness to the global market. Unlike Japan, however, they have managed to maintain moderate economic growth in recent years. In addition, in recent decades, several

other countries have also attained extraordinary economic growth: Indonesia, Malaysia, and Thailand, and now Vietnam and the Philippines, too.

Both China and India emerged in the late 20th century after long spells of Western domination. When the People's Republic of China was established in 1949, the country was poor, its income level having declined appreciably over the previous century and a half. Likewise, when India won independence in 1947 it, too, was poor, on par with many of the countries of sub-Saharan Africa. Its people, according to per capita income figures, were slightly better off than their counterparts in China. In the late 20th century, however, China's GDP grew from being roughly equal to that of India's to more than double its size, with per capita income also pulling ahead by a similarly large margin. A recent World Bank report estimates that China's GDP per capita (\$6,807) is higher than that of India's (\$1,499) by a multiple of almost five.

Their impressive economic performance notwithstanding, both China and India have struggled to make their growth more inclusive. In both countries, inequalities between rich and poor have increased. These disparities are especially glaring between people residing in urban and rural areas and between those living in certain geographical areas. For example, populations in the eastern coastal provinces of China are better off than those in the western inland areas. Similarly, India has a rural-urban divide as well as a spatial one. People living in the western states are far more prosperous than those in the heavily populated northern states. India, furthermore, has a much larger proportion of people living below the poverty line; depending on what definitions are employed, anywhere from one-fourth to one-third of its billion-plus people, or more than 300 million in all.

Late 20th-century economic growth has transformed Asia, a region of diverse countries, cultures, economies, histories, societies, and natural environments. Once again, Asia stands at the center stage of the world, its reemergence returning it to the primacy it once enjoyed for more than 1,500 years.

