

## Silver Linings for a Golden Age

17 September 2013

SINGAPORE – Are prospects for global stability and prosperity improving or deteriorating? With enlightenment and progress in some parts of the world accompanied by atavism and stagnation elsewhere, this is not an easy question. But we can gain greater purchase on it by considering three other questions.

The first is whether the United States will regain its standing as a source of moral leadership. Despite its flaws, America did provide such leadership, beginning at the end of World War II. But the terrorist attacks of September 11, 2001, changed everything.

Americans' anger following the attacks drove them to support policies that they once would have considered inconceivable. In the name of the “global war on terror,” they have tolerated torture; accepted – and even endorsed – the illegal invasion of Iraq; and allowed innocent civilians to become collateral damage of mechanical drone strikes.

In order to restore America's moral leadership, President Barack Obama must make good on his early rhetoric – exemplified in his speeches in [Istanbul](#) and [Cairo](#) early in his presidency – which demonstrated genuine regard for the oppressed. In 2007, during his first presidential campaign, [he wrote](#) that America “can neither retreat from the world nor try to bully it into submission. We must lead the world, by deed and by example.”

But Obama cannot do it alone – and, so far, neither the American public nor the US Congress seems committed to reconnecting with its moral compass. It should be unacceptable, for example, for Congress to block the release of 86 Guantánamo Bay detainees cleared by a committee of national-security officials. Not even the revelations by former intelligence contractor Edward Snowden that no one is exempt from the possibility of US surveillance have stirred Americans to demand a new approach.

The answer to the second major question shaping the world's future – whether China will regain its economic momentum – also appears to be “no,” at least in the short term, with most experts agreeing that China's export- and investment-led growth model has all but exhausted its potential. Indeed, China cannot continue to rely on manufacturing exports when its major sources of demand – the US and Europe – are struggling and its labor costs are rising.



### Kishore Mahbubani

Kishore Mahbubani is Dean of the Lee Kuan Yew School of Public Policy at the National University of Singapore. He is the author of *The Great Convergence: Asia, the West, and the Logic of One World*.

Likewise, China's government cannot continue to waste resources on economic-stimulus packages that have led to industrial overcapacity and skyrocketing local-government debt. And China cannot move toward a more market-oriented, efficient, and innovative economy with bloated state-owned enterprises blocking the way.

Whether China can develop and implement a viable new economic-growth model in post-crisis conditions depends on whether President Xi Jinping and Premier Li Keqiang can revive the legacy of their predecessors, Deng Xiaoping and Zhu Rongji. In other words, China's future – and that of the global economy – depends on how committed its leaders are to overcoming vested interests and pursuing comprehensive structural and policy reform.

While many in the West contend (and perhaps hope) that China will not succeed in transforming its economy, Xi and Li are acutely aware of the previous growth model's unsustainability – and the challenges that changing it will entail. For example, in March, Li said that implementing the needed market reforms “will be very painful, and even feel like cutting one's wrist.” And both Xi and Li have indicated the government's willingness to tolerate slower GDP growth in the short term for the sake of building a stronger, more sustainable economy.

The final question is whether Europe and Japan will recover their “animal spirits.” Given Europe's current malaise and the waning impact of so-called “Abenomics” in Japan, it is difficult to believe that their economies, which fueled global output growth for several decades, will regain their former stature. Indeed, Europeans and Japanese have largely given up hope of doing so.

Although European Union leaders have managed to keep the eurozone intact, they lack a long-term strategy to lift their economies out of the doldrums. The seriousness of Europe's situation is reflected in growing acceptance of the [high unemployment](#) – and youth-unemployment rates of over 50% – that some EU countries, including Spain and Greece, now face.

Meanwhile, the first two “arrows” of Japanese Prime Minister Shinzo Abe's economic program – radical monetary-policy easing and increased government spending – seem to have given the country's long-stagnant economy a lift. But the third and most important arrow – structural reform – has so far had little impact. And, after more than two decades of political turmoil and economic decline, the Japanese public has become skeptical of official promises of economic revival.

Fortunately, the US and Chinese economies are underpinned by societies that remain dynamic, vibrant, and hopeful. Young people in other parts of Asia, especially India and the ten ASEAN countries, are similarly optimistic – as well they should be. Asia's middle-class population is expected to experience [explosive growth](#) in the coming years, rising from 500 million people in 2010 to 1.75 billion in 2020.

Africa, with its population of one billion, is also gaining economic momentum, contributing further to the rapid expansion of the global middle class, which is expected to surge from [1.8 billion in 2010 to 3.2 billion in 2020 and to 4.9 billion people](#) – more than half of the world's population – in 2030.

Despite the massive challenges that countries like Syria, Somalia, Egypt, and Afghanistan currently face, and global challenges like food security and climate change, the world has reason to be hopeful about the future. Notwithstanding today's tragic and terrifying headlines, we may be entering a new golden age of human history.

This article is available online at:

<http://www.project-syndicate.org/commentary/chimerica-and-global-prospects-for-prosperity-and-stability-by-kishore-mahbubani>

Copyright Project Syndicate - [www.project-syndicate.org](http://www.project-syndicate.org)