

## When America Becomes Number Two

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SINGAPORE – In 2019, barely five years away, the world will pass one of its most significant historical milestones. For the first time in 200 years, a non-Western power, China, will become the number one economy in purchasing power parity (PPP) terms. America will become number two. Yes, it will take longer for China's economy to overtake America's in nominal terms but the trend line is irresistible. And in PPP terms, China's economy could be twice that of America's by 2020.

The big question for our time therefore is this: is America ready to become number two? Sadly, it is not, even though Bill Clinton wisely tried to wake up his fellow Americans as far back as 2003. In a very subtle speech at Yale, he asked whether "we should be trying to create a world with rules and partnerships and habits of behavior that we would like to live in when we're no longer the military political economic superpower in the world."

Unfortunately, Bill Clinton was too subtle. He was trying to hint to his fellow Americans that America should create a model of rules-based behavior that would then serve as a model for China when it emerged as the number one power in the world. His hint was ignored. Hence, few Americans today are aware that America's national interests change dramatically when it becomes number two in the world. When it is number one, it is in America's interests to see that the number one power has complete freedom to do whatever it wants to do. When it is number two, it is not in America's interests to see that the number one power has complete freedom to do whatever it wants to do. Catch the difference?

Why have American leaders failed to prepare the American population for this significant change of interests? There are at least three reasons. Firstly, it is political suicide for any American politician in office to speak on America as number two. As I document in *The Great Convergence*, no serving American politician can use the words, "If America is number two..." or "When America becomes number two..." In the land of free speech, there is no effective freedom for serving politicians to speak undeniable truths.

Secondly, most American intellectuals continue to indulge in wishful thinking. In their minds, there is a deep ideological conviction that democracy represents the future and Communism represents the past. Since China is still run by the Chinese Communist Party, it can only represent the past, not the future. Many American intellectuals also believe that since they live in the world's freest society, they cannot possibly be prisoners of any ideology. This is massive self-deception. When it comes to understanding China, Americans have allowed ideology to trump mountains of empirical data. This is why they cannot even conceive of China becoming number one.

Thirdly, and very sadly, China's emergence is taking place at a moment of great political paralysis and disunity in the American body politic. If Nixon and Kissinger were managing American foreign policy today, they would have focused on the most critical challenge that America faces and found ingenious ways and means of implementing the wise advice that Bill Clinton offered in 2003 and prepared for a new geopolitical environment. The days of wise foreign policy management are long gone in Washington, DC. Furthermore, with Washington, DC being completely divided and polarized, the challenge of dealing with becoming number two is the last thing on the minds of American policymakers.

Sadly, the last thing on the minds of American policymakers will come true in five years. Will America wake up to this new reality before or after it happens?