The Asian Century: Reality or Hype?

For some time, conventional wisdom has argued that the twenty-first century will be dominated by Asia while America's global importance declines.

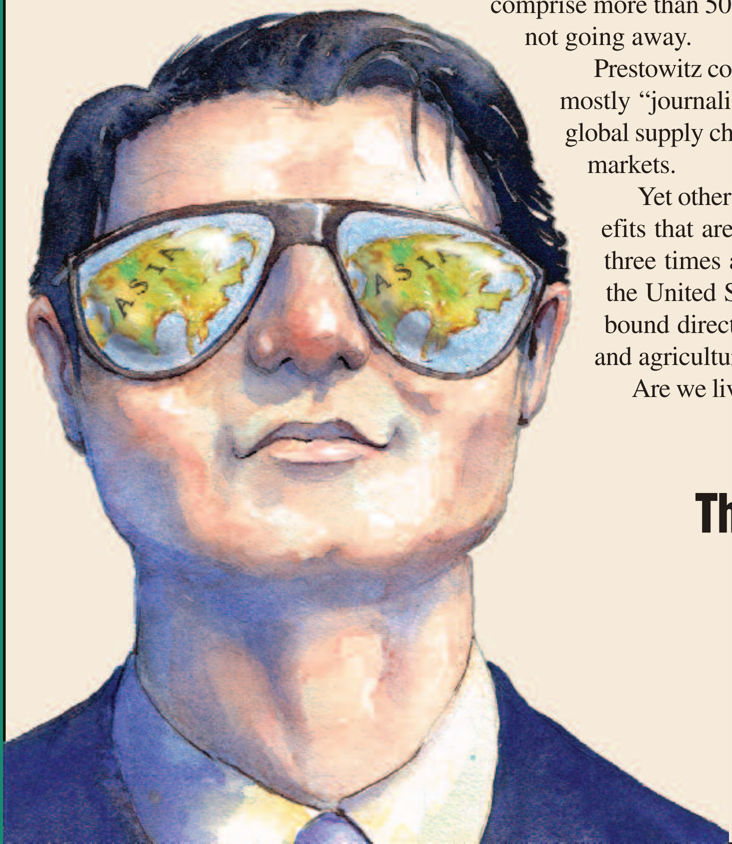
The narrative is this: Asian GDP will soon grow to more than 50 percent of global GDP, while America's percentage will slip to perhaps less than 15 percent. The new Asian century will therefore entail a dramatic global power shift. Even if economies such as China slow, their growth will still overwhelm the rest of the world.

Yet some strategists argue that this narrative is faulty. Clyde Prestowitz of the Economic Strategy Institute argues that the notion of "Asian GDP" makes no sense given the region's lack of unity and commonality. While it is true that the combination of India, China, and Japan yields a total GDP that is a major percentage of the global economy, this is a "meaningless combination." These countries are unlikely to be allies even in a loose sense. Besides, the United States, the European Union, Canada, Mexico, and South America already comprise more than 50 percent of global GDP. These economies are not going away.

Prestowitz concludes that the pan-Asian century narrative is mostly "journalistic hype." Look at today's Asian-dominated global supply chain. Supplies primarily still go to U.S. and EU markets.

Yet others counter that the Asian economies enjoy benefits that are sure to expand. China is graduating at least three times as many science and engineering students as the United States, and India twice as many. Chinese outbound direct investment—particularly in mining, energy, and agriculture—is on the upswing.

Are we living in the second decade of an Asian century?



Thirty-five experts offer their predictions.

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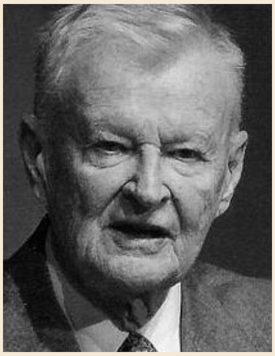


This will be Nobody's Century.

ZBIGNIEW BRZEZINSKI
Counselor and Trustee, Center for Strategic and International Studies, and former U.S. National Security Adviser

The predictions of the Asian Century fundamentally misunderstand the meaning of that term. It is derived from the fact that over the last several centuries every century tended to be either European or American-European. That was largely due to the fact that Europe, later buttressed by America, was the dominant center of political power and that could mean hegemony over the world. That era came to an end with the appearance of nuclear weapons as well as a global political awakening, both of which I discuss fully in my most recent book entitled *Strategic Vision.*

What has to be recognized is that politics is also important in shaping world affairs and today the world is politically stirring, volatile, and not subject to anybody's control. If by the "Asian Century" all that is meant is its relative GNP to the total GNP, so be it. That tells us something, but only a very partial aspect of global realities. The far more likely reality is Nobody's Century, and—even worse—probably a very much contested century of considerable international instability.

Demography will make this the Asian Century.

JACQUES DE LAROSIÈRE
Advisor to the Chairman, BNP Paribas, and former Governor, Bank of France

Demography is a major factor behind the shift of economic power in favor of Asia over the coming five decades.

The average increase in working population of countries such as India, Malaysia, Pakistan, Bangladesh, Philippines, and Indonesia will be in the order of 40 percent to 50 percent. This trend, together with progress in education, is bound to have a large impact on GDP developments.

On the other side of the spectrum, most European countries as well as Japan will see a significant decline in their working force by 2050 (around -40 percent in Japan and -35 percent in Germany). This is because of poor birth rates and high life expectancy.

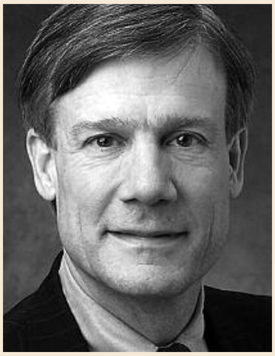
The fact that China will be receding demographically will not prevent it from overtaking the U.S. economy in twenty to twenty-five years, absent major and unpredictable shocks.

The notion that Asia is not politically unified does not seem to be a relevant factor. It has not prevented the rise of that continent over the past decades. History to the contrary shows that economic growth is in large part the result of national competition.

Furthermore, it is difficult to argue that the present "mature countries" are united. So in my view, the Asian "lack of unity and commonality" does not alter the main trends at work towards what you rightly call a "dramatic global power shift."

By 2050, some two-thirds of world GDP will originate from the emerging markets (against one-third today), and Asia will account for half of that.

The composition of the G-7 group will profoundly change. Four European countries will have left the group (unless the eurozone unites politically), while China, India, Brazil, Russia, and Mexico will become major players alongside the United States, which would become number two.



The Asian "century" is reality.

JAMES E. GLASSMAN
Head Economist, Commercial Bank, JPMorgan Chase & Co.

The Asian "century" is reality. The Asian "miracle" is not about its fast growth, which will gradually slow. The miracle is about its rising living standard. Certainly the Asian story inspires a degree of journalistic hype, but it's hard to exaggerate the historic meaning of an event that is lifting half the world's population out of poverty. There's much more to come. For all that the last decade brought, the living standard of the developing Asian economies has climbed to only 20 percent of the U.S. level. In other words, Asia still is in the dawn of a new economic day and there's much more in store as Asia plays catch up.

Asia's development has considerable momentum. That's because China chose some time ago to accelerate her modernization program by opening her borders and welcoming the assistance of the global business community. Of course, today's Asian-dominated global supply chain is directed at supplying primarily the United States and European Union, but that's only the first step toward building a self-sufficient domestic economy. Financial liberalization surely is high on the agenda. Now China must remain committed to its modernization agenda in order to promote social stability.

Still, the truth is that the Asian century is really a global century, because the broadening of the economic prosperity that the Industrial Age brought to the West and now is lifting Asia and others benefits all who are connected to the global economy. For one, rising global prosperity promises greater geopolitical stability. Economic prosperity strengthens the incentive to avoid conflicts. That is an important implication from the wars and conflicts in Europe in the first half of the twentieth century that affected millions of people. At the same time, the emergence of new economic giants is intensifying global competition and doing for nations what it does at the individual level, checking protectionist instincts and encouraging pro-growth policies.

Asia's rising economic might stirs anxieties about what the future holds for the United States and others as the global economy expands. If half the world's population lives in the Asian region and those economies succeed in catching up to the living standards in the West, the GDP of the developing economies, where one-fifth of the world's population lives, will become less relevant, the thinking goes. GDP matters of course, because it is a measure of the global footprint of an economy. But the size of a country's GDP is not a good measure of its global influence. The living standard, GDP per capita, captures better the global purchasing power of an economy. Even at current growth rates it will be decades before living standards in developing Asian economies approach the levels the West has achieved.

Ultimately, however, global economic influence derives less from the size of a country's GDP and more from its character, its flexibility, its resilience, its tolerance for risk taking, and its innovativeness. No system is perfect, of course, but the market-oriented principles, including the rise of securitized finance, that guide how resources are managed in the developed economies, which build on the principle that the pursuit of self-interest offers the greatest benefit to society as a whole, have a proven historical record. Their success rests as well on the checks and balances that come with the rule of law. It remains to be seen whether the rising Asia stars can match that performance in their own image after they catch up with the West.

We are living in the second decade of an Asian century, because the region lags far behind the West and welcomes outside help. What will follow when living standards converge remains to be seen. Surely there is more to cheer in Asia's success than to fear.

This century might well be called the "Multi-Polar Century."

CARLA A. HILLS
Chair and CEO, Hills & Company, and former U.S. Trade Representative

Are we living in the second decade of an Asian Century? Will Asian nations push the United States and Europe into a secondary status? No one has perfect foresight, but I think it unlikely.

Definitions matter here. There is no question that Asian economies will secure a higher percentage of global GDP. A 2011 study by the Asian Development Bank forecasts that Asia could double "its share of global gross domestic product (GDP) to 52 percent by 2050."

But primacy rests on more than which nation has the largest share of the global economy. Even GDP per person, where the United States is likely to lead for many years, is not an accurate measurement of primacy. Globalization will continue and intensify. Rather than the "American Century" or the "Asian Century," this century might well be called the "Multi-Polar Century," for we will require partnerships to solve twenty-first century challenges such as nuclear proliferation, food security, environmental degradation, pandemics, terrorism, and so much more. These issues cannot be solved by a single nation or even a single region. Solution of today's global issues will require partnerships between and among the nations of the East and the West.

Now is the moment to work with our eleven trading partners through the Trans-Pacific Partnership to open the markets between the Western Hemisphere and Asia while keeping the door open to others, including China, to join; to move forward with the Trans-Atlantic Trade and Investment Partnership with the European Union's twenty-eight states and to invite our North American partners Canada and Mexico to join; and to work with the Latin American members of the Pacific Alliance—led by Mexico, Peru, Chile, and Colombia—to make our hemisphere more competitive. Those who believe that the West has had its best days will have second thoughts if we can brings these partnerships to fruition.

To accomplish these goals, twenty-first century leadership will be required, leadership that America is uniquely qualified to give. With our ethnic and racial diversity, relatively youthful population, free, open, and innovative society, respect for rule of law, outstanding university system and strong research institutions, belief in the work ethic, and capacity to deal with humanitarian disasters, our nation has the capacity to lead by example and bring East and West together.

It is not a given, however, that the United States will provide that leadership. It will take a lot of work to put our economic house in order, but doing so will unleash tremendous opportunities at home and abroad. And much must be done by other nations to enable them to join the partnerships that will enable them to realize the potential of the Multi-Polar Century.

The day may come when the United States by some measurement is not deemed to be the world's largest economy, but it has unique strengths that can be a giant force to create opportunity, economic growth, and increased stability at home and worldwide in the twenty-first century.

But this will not be an Asian Century, because there is no such thing as "Asia."

MARTIN WOLF
***Chief Economics Commentator,* Financial Times**

The center of economic geography is moving rapidly eastwards. But this will not be an Asian Century, because there is no such thing as "Asia," other than as a geographical expression. It might become a Chinese Century, but certainly not another Western or American Century. The era of Western domination that dawned in the sixteenth century and reached its apogee in the nineteenth and twentieth centuries is coming to an inevitable conclusion. What we most likely will see is a global century, one that we will either manage or mismanage.

Let me expand on each of these points.

First, the center of gravity of economic activity is unquestionably moving eastwards, as the "great convergence" continues. In this simple respect, the world economy seems sure to become more "Asian," simply because more activity will be undertaken by people we label "Asian."

Second, Asia is not in any sense a cohesive entity. Indeed, Asia is a western invention. Properly speaking, Eurasia is one continent containing two-thirds of humanity. It is home to four interconnected civilizations: Chinese, Indian, Islamic, and European. Asia, even if taken to be just the first two of these civilizations, has never been a unified entity. The polities and economies of China and India are highly distinct. These are in no way natural allies. The same is true for China and Japan.

Third, it is more likely than not that the Chinese economy will become bigger than that of the West by the middle of the twenty-first century, because its population is almost twice as large. If that does happen, China will become much the world's largest economic power, though almost certainly not its most advanced economy. It is likely, therefore, though far from certain, that its size and cohesion will turn China, rather than Asia, into much the world's greatest power by the second half of the twenty-first century.

Fourth, through a series of accidents and lucky policy choices, Europe became the home of the first global powers. These also conquered and colonized the Americas. The West (Europe and North America together) still generates over 40 percent of global output, at purchasing power parity, and substantially more at market prices. It will probably remain more economically advanced and, in aggregate, economically larger than China until the middle of the twenty-first century. But the capacity of Western powers, particularly the United States, to dominate the planet economically, politically, intellectually, and militarily is in inescapable decline.

Finally, the diffusion of economic activity will indeed also diffuse economic and political power and responsibility, much of it to Asian countries. At the same time, the global economy will become more integrated and the impact of humanity's activities on one another and on the planet will increase. Thus, the important question is not whether this will be an Asian Century or even a Chinese one, but rather whether it will be an intelligently managed global century.

I am not optimistic.

Beyond China, there is no Asian unity to serve as the foundation of the Asian Century.

JAMES R. SCHLESINGER
Chairman, MITRE Corporation, former U.S. Secretary of Energy, former U.S. Secretary of Defense, and former Director of Central Intelligence

Asia is a geographical term. It is not an economic association. Even less is it a geopolitical entity.

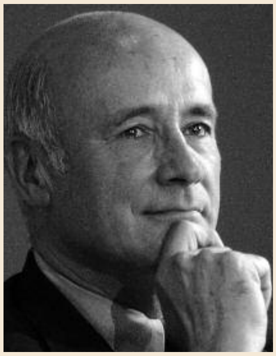
To be sure, the Asian nations collectively will produce a growing share of the world's economic output. No doubt Asia, reflecting its rivalries and fractiousness, will likely garner more of the world's attention in the decades ahead—just as Europe was the center of the world's focus during the twentieth century. While instability does gather attention, it does not generate power.

Proponents of the Asian Century notion are bemused by and generalizing from the rise of China. But China's growth will taper off as the easy pickings from the movement of its population from rural areas to industry diminish. Moreover, it will be subject to economic fluctuations as its economy encounters imbalances—and may also encounter serious political unrest. As it grows more powerful—and appears more threatening—its neighbors will likely turn to the United States for protection. (Think of our new friend, the communist state of Vietnam, as a harbinger.) Also, China will be increasingly dependent on the Middle East for its energy supply—and on risky lines of communication.

The relative decline of the West is not synonymous with a prospective Asian Century. While the United States will no longer be a dominant power as it generally has been since World War II, it will still be the leading world power.

Beyond China, there is no Asian unity to serve as the foundation of the Asian Century.

Journalistic hype? So what's new?



This is not a "post-American Century."

JOSEPH S. NYE, JR.
University Distinguished Service Professor, Harvard Kennedy School, and author, Presidential Power and the Creation of the American Era *(2013)*

The center of global economic power is shifting from West to East. This is sometimes called the rise of Asia, but it should more properly be called the recovery of Asia. In 1750, Asia was more than half of the world population and represented more than half of the world's product. By 1900, Asia was still more than half of the world's population, but it had declined to only 20 percent of the world's product. What we are seeing is the recovery of Asia to its normal proportions, with more than half of the world's population and more than half of the world's product. This starts with Japan after the Meiji Revolution, and it continues with the smaller countries such as Korea, Singapore, and Malaysia. Now it is focused on China, but it is also going to include India. We should see during the course of the twenty-first century Asia as a whole recovering to about what one would think would be normal proportions.

It does not follow that Asia will be more powerful than the United States. For one thing, in political terms there is no entity called Asia. Even if one focuses on the largest Asian state, as I argue in *The Future of Power,* the United States is likely to remain more powerful than China for at least the next several decades. It is plausible that the Chinese economy will be larger than the American economy in a decade or two. China is a big country and it is growing rapidly even after its recent slowdown. But even when the Chinese economy is equal in size to the American economy, it would not be equal in composition. Per capita income is a better measure of the sophistication of an economy, and when China equals the Americans in overall economic size, it will only be one-third of the United States in per capita income.

In addition, when one compares the power of China and the United States, one should not think only of economic power. In military power, the United States is likely to remain much more powerful on a global basis than China. There is also the issue of soft power. China is spending billions of dollars on Confucius Institutes, aid projects, and international broadcasting. But a recent Pew poll shows that China is not doing as well in soft power as the United States. China is going to have trouble increasing its soft power until it realizes that much of soft power comes from civil society, not from government. Finally, unlike the United States which has relatively weak and friendly neighbors, China must confront the internal balance of power among Asian states, none of whom wants to be ruled by Beijing.

Despite the welcome growth of Asian economies, if one considers all three dimensions of power, this is not a "post-American Century."

Asia will be the dominant economic power over the coming decades.

PAUL ALAPAT
Managing Director, Amba Research

There is little debate as to the inevitable shift in the economic center of gravity eastwards. The rate of per capita income growth in the geographical entity we know as Asia is a multiple of what has been attained in the rest of the world, and particularly in the developed economies of Europe and the United States. This has been true for nearly half a century now, and is expected to continue for most of the twenty-first century. The demographic factors are overwhelmingly in favor of Asia, and that, together with improving educational standards in the region and the sheer size of the population, will ensure increasing productivity growth, savings accumulation, innovation, foreign direct investment, and engines of aggregate demand that increasingly emanate from Asia over the coming decades.

Whether Asia is unified enough to synchronize its priorities and coordinate its actions is a question that's open to debate. Or is Asia just an *ad hoc* mass of countries that happened to be in geographical proximity, with different histories, varied racial makeup, and contrasting political systems? For instance, it is difficult to contemplate China and India, locked in global competition for scarce energy, food, and raw materials, ever seeing eye-to-eye and coordinating foreign policy.

On the other hand, much of Asia has experienced a decline from the peak of their powers in the eighteenth century, of being overtaken and colonized by European powers for the better part of the last three hundred years. Accordingly, certain shared Asian values have been forged, including the obsession with education, treatment of the elderly, and the importance of frugality and savings. These traits are notably distinct from those in the West and will increasingly manifest with the rise in economic power.

To this shared identity of Asia, with its common cultural values, it is appropriate that this century belongs. While economic growth in some parts of Asia will surely decelerate, other parts will accelerate, and as a single entity, Asia will be the dominant economic power over the coming decades. It would be entirely wrong to call the twenty-first century an "American Century," or even more anachronistically, the "European Century"! The military and foreign policy consequences of this Asian Century are likely to be more diffuse than those of the American Century that is ending, but then we are referring to the rise of a large and diverse continent, and not that of a single nation.

The century will not belong to Asia.

DANIEL H. ROSEN
Partner and China Practice Leader, Rhodium Group

The twenty-first century will be Asian, but not Asia's. It is a plain fact that Asia boasts the greatest number of people still waiting for catch-up growth, and with a solid track record of starting down the road toward that convergence, it is reasonable—obvious really—to say that Asia will contribute greater marginal world growth than other regions, especially rich ones, over the decades to come. However, the century will not belong to Asia for several reasons. First, there is no more one Asia than there is one North America: the region is profoundly compartmentalized ethnically, politically, and culturally. While travel times and border barriers are shrinking, national boundaries between India and China will be far more defined in 2099 than between France and Germany. Second, while Asia may deliver the largest quantum of gross global growth, so what? That says nothing about whether it is accessible to the rest of the world through trade and investment, or whether it is high-value consumption instead of remedial environmental cleanup after years of wasteful pollution in the name of making the century Asia's. It is well to remember the tortoise and the hare. We know Asia can maximize growth at low income levels and under conditions of political autocracy; but in their higher-income eras—which the giants of Asia, India and China, hope to reach well before the centennial half-time buzzer—few Asian nations have demonstrated an ability to grow as quickly or sustainably as nations in the liberal West. The United States will certainly be a much smaller share of the global economy, and the combined share of the forty-nine disparate economies grouped as Asian will be a larger share, but this alone tells us little about global welfare or national interests.

Despite its challenges, this could be Asia's century.

YONGHAO PU
Managing Director and Regional Chief Investment Officer, Asia-Pacific, UBS AG

The recent recovery of the U.S. economy and the reversing fortune of the U.S. dollar, which has prompted the repatriation of funds to developed countries such as the United States, beg the question of whether the twenty-first century will still be the "Asian Century." Admittedly, Asia is facing a number of structural challenges, such as rising labor costs, aging populations, and currency appreciation, which all present stumbling blocks to Asia's ascent. However, Asia still has a good chance of achieving this century a greater degree of progress and development compared to other regions.

The first of Asia's many strengths lies in productivity growth. Asian families continue to prioritize education thanks to the influence of Confucian culture, and because rising incomes are making education more affordable for a mass population, improved literacy and numeracy will result in a more highly skilled labor force and long-term productivity growth. True, the region's population is aging, particularly in countries such as Japan and China. But this problem is being mitigated by the good supply of young workers in nations like India, as well as Indonesia where people under twenty years of age make up about 40 percent of the population.

Asia's second strength is its cost advantage. While workers' wages in Asia *ex*-Japan have increased thanks to the region's economic growth, which averaged 7.5 percent per year from 2000 to 2012, it still has a considerable wage gap with the West. For example, in China, workers enjoyed a nearly 12 percent annual increase in wages over the same period; even so, wages of Chinese manufacturing workers are about 70 percent lower than those of their U.S. counterparts. In Indonesia, the gap is 90 percent. Such a gap boosts Asia *ex*-Japan's competitive advantage along with the improving quality and productivity of its workers.

Mostly crucial, however, is Asia's openness to structural reforms to remove bottlenecks to long-term development. This year, Japan, China, and India are all committed to launching comprehensive reforms to address economic overcapacity and imbalances, bureaucratic rigidity, declining competitiveness, and worsening corruption.

In fact, Asia has been regaining historical lost ground in recent years. In the sixteenth century, the combined share of China, Japan, and India in world GDP, in terms of purchasing power parity, exceeded 50 percent; this reached 60 percent before the Industrial Revolution. From 1950 to 1970, Asia's share of world economic output fell to well below 20 percent, but it has since recovered to about 25 percent at present. It should surprise no one if Asia recaptures its previous 50 percent share by 2050. The key is to continue to improve competitiveness, innovate technologically, and engage in structural reform.

But Asia also needs to take into account the socio-economic costs of reaching such a landmark. Previous strategies that favored quick growth, while paying little attention to environmental damage and social inequality, are no longer sustainable or feasible. In the coming decades, Asia needs to balance economic progress with ecological sustainability and social harmony. It should not only seek prosperity for itself, but also contribute to the betterment of mankind, to achieve a meaningful Asian Century in global history.

Asian economic integration is becoming a reality.

SHANG-JIN WEI
Director, Jerome A. Chazen Institute, N.T. Wang Professor, Columbia Business School, and former Chief, Trade and Investment Division, International Monetary Fund

As a static concept, Asian economies are not a common market today the way EU members are bounded together or the U.S. states are unified. Additionally, there is no shortage of border disputes between Japan and Korea, Japan and Taiwan, Japan and China, China and the Philippines, and so forth. For this reason, one might be tempted to dismiss Asian economic integration as a coherent economic concept.

However, viewed dynamically, Asian countries are integrating among themselves at a very fast rate for two reasons. First, some of the fastest growing large economies are in Asia, including China, Korea, and India, which automatically boost intra-Asia trade and intra-Asia direct investment even if one holds trade barriers constant. Indeed, the intra-Asia trade has been growing much faster than world trade as a whole over the last three decades.

Second, many Asian countries have been dismantling both tariff and non-tariff barriers at a faster rate than most of their counterparts elsewhere in the world. Regional production chains in electronics and other sectors have further bound these economies together. For example, China's exports of iPhones and iPads to the United States and Europe contain lots of value added from Japan, Korea, and Taiwan. Unlike the "free" trade agreements signed in North America and Europe, which, by design, are discriminatory against countries from outside those regions by instituting different tariffs and trading rules for member and non-member countries, Asian trade and investment integration is largely not done in ways that are discriminatory against countries from other regions.

So the key feature of the process of Asian-style economic integration is "open regionalism"—increasing integration without discriminating against countries outside the club. Before the end of this decade, China will likely become the world's largest economy, and India may also move up the rank order. Japan has shown signs that it will finally come out of its economic paralysis. Evidence so far suggests that political leaders in the region have sufficient wisdom to not let border disputes jeopardize trade and growth in any long-lasting way. All this would further promote the relative share of intra-Asia trade and investment in these countries. If open regionalism is preserved, the greater Asian integration would benefit the rest of the world. One hopes that the recent talks of regional trade agreements will not alter this too much.

Therefore, Asian economic integration makes great sense as a dynamic economic concept.

The North American Century is ours for the asking.

GARY CLYDE HUFBAUER
Reginald Jones Senior Fellow, Peterson Institute for International Economics

"Asian century" fans extrapolate GDP growth rates of the past two decades. This simple-minded arithmetic misses a lot. Especially what it misses is the prospect of a North American Century. The North American Century is ours for the asking if we stop squandering three valuable assets.

The first is the huge North American technological lead contained within multinational corporations. Canadians and Mexicans appreciate their multinational corporations, but American congressmen (and some presidents) think the best thing for multinationals is a Monday whipping. Populist attitudes, and the ridiculous tax code they have spawned, threaten to squander leadership across nearly every field of technology. Today's hostile message to business leaders—"Go West" (to Asia)—must be replaced by appreciation, plus regulation and taxes to match.

The second asset we are squandering is the magnetic pull of the United States for the best and brightest from around the world. Rather than invite the talents from Asia, Latin America, Africa, and Europe to join our economy, we do everything possible to keep them out and send them home, even after they have earned degrees at top American universities. To be sure, the Senate immigration bill might triple the number of H-1B visas from

65,000 to 180,000 annually, but this is a piddling figure in a country of 140 million workers. Why not 500,000 visas annually?

And the third asset we are squandering is the possibility of genuine economic integration with Mexico and Canada.

With Canada, we have a silly debate about blocking the Keystone pipeline, while permitting severe congestion at crossing points and separating our two markets with a tyranny of tiny regulatory differences. With Mexico, the Senate immigration bill calls for an additional seven hundred miles of fence and 20,000 new Border Patrol guards. These are not pathways to economic integration. These are measures that squander the hope of a North American Century five hundred million strong by 2050.

Faster GDP growth alone will hardly lead to an Asian Century and rising East Asian power.

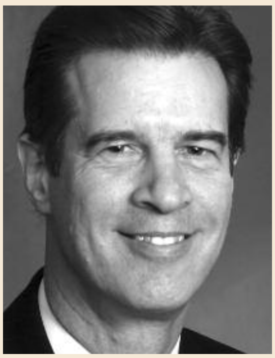
EDWARD N. LUTTWAK
Senior Associate, Center for Strategic and International Studies

The relationship between GDP and "power" is a weak one—if in doubt, ask the Right Honorable Baroness Ashton of Upholland, High Representative of the European Union for Foreign Affairs and Security Policy, whose visitations terrify only the local reps of the European Union, who face the impossible task of persuading national leaders that she is worth their time. To be sure, the European Union is disadvantaged because power is mass multiplied by cohesion, as Lenin once said, but the GDP-to-power exchange rate is quite variable in any case: some ruling elites simply generate much more power than others, punching above their weight as the bellicose British say. As it happens, Han-Chinese elites have historically punched much below China's economic weight because of their high-culture autism about foreigners, lethally compounded with an ineradicable faith in an irrelevant bag of strategic tricks. All the Sun Tzu stuff works only between rival Han-Chinese states playing games, not with forceful foreigners. Hence, over the last two millennia and more, China has repeatedly been invaded, conquered, and then ruled for centuries by foreign nations that had a tiny fraction of its GDP. The fond Han belief that their leaders were quickly assimilated is unhistorical. Even the last emperors were raised as Manchus.

Now that China is recovering its historic share of global GDP, there is no reason to believe that it will lose either its superior ability to produce, or its systemic inability to extract proportionate power from its economic capacity. The notion of an "Asian GDP" or rather of a "China-centered Asian GDP" could have acquired some real content, had Beijing obeyed the most elementary rule of strategy by balancing growing economic weight with a studiously emollient foreign policy, backed by small, unthreatening military forces. Political convergence would then have naturally accompanied increasing integration in a China-centered pan-Asian economy.

Instead, Chinese leaders have exhibited a wholly traditional strategic incompetence by insistently, loudly, and simultaneously advancing territorial claims against India, Japan, the Philippines, and Vietnam, thereby forcing them to coalesce strategically against China in increasingly tangible ways. Those countries alone exceed China in their total GDPs and populations, and of course each collaborates bilaterally with the United States to some degree. Unless Chinese leaders reverse course, their rising power potential will block itself to a great extent, allowing the United States to retain its primacy even as its share of global GDP continues to decline.

But in a wholly different sense, I would welcome an East Asian Century, and the determined imposition of East Asian standards globally. It is only in that region in which quality services are still available—in offices and shops as well as hotels and such—in contrast to their sad decay in supposedly service-centered Western economies.



Trends are not toward Asian dominance but a rebalancing of the global economy and global leadership.

WILLIAM H. OVERHOLT
Senior Fellow, Harvard University's Asia Center.

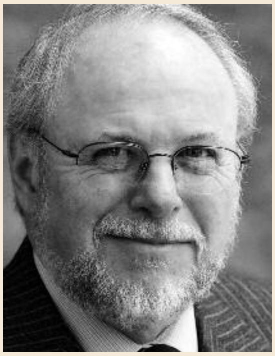
For decades I've advocated the importance of the Asian economic takeoff. Forty years ago I argued that "The Rise of the Pacific Basin" would reshape global economics and politics. Twenty years ago I published *The Rise of China: How Economic Reform Is Creating a New Superpower.* Critical reaction to both ranged from skeptical to acerbic, but optimism about Asian growth proved accurate.

However, the future is now less predictable. China has become the indispensable engine of the Asian economic miracle, but economic and political reforms nearly ceased under Hu Jintao, so China's growth has been feeding off the nearly-exhausted reform legacy of Deng Xiaoping and Zhu Rongji. Xi Jinping's team understands the need for major economic reforms and has a decent chance of overcoming interest group and provincial resistance. The stakes are not just raw growth, but more importantly a new level of innovation, technology, and management. Continued economic progress will also be contingent on political reform—not revolutionary change, but progress in sync with social change such as happened, despite severe bumps, from 1980 to 2002. Accommodation of the information revolution, legitimate management of local property and environmental issues, and demands for an objective judiciary are particularly urgent. Although the leadership group understands this, whether they can agree on forward steps is unclear, particularly after conservative speeches by Xi Jinping.

Japan's prospects remain uncertain. Abenomics' fiscal and monetary stimulus provides a short-term boost at the cost of accelerated accumulation of debt. What counts is the "third arrow"—labor mobility, globalization, competition—which requires Abe to attack and defeat his party's political base: the agriculture, banking, retail, construction, and property lobbies. Failing that, an eventual bond market collapse will reduce Japanese living standards and disrupt supply chains throughout Asia.

India lacks potential for global leadership. India's dynastic democracy does not provide the infrastructure and education necessary to create a manufacturing takeoff that would employ the population in modern industry. Its dynamic service sector employs too few to compensate for that failure. Instead, Indian governments get votes by passing vast welfare programs whose funds mostly get siphoned off by elites. Discontent spreads. Debt rises. Growth slows.

Nonetheless, Asia will continue to grow faster than the United States and so will Africa and Latin America. Asia will gain disproportionate market share. However, only China has the potential for world leadership and can succeed only by overcoming formidable challenges over several decades. Currently the United States is gaining over Japan and Europe in technological and managerial dominance and maintaining its lead over China. Longer term, leadership is diffusing. The U.S. economy is resilient, but politics leads it to underinvest in education, infrastructure, and government research while overinvesting in the elderly, corporate welfare, and the military. Thus the trends are not toward Asian dominance but toward a rebalancing of the global economy and global leadership. Rebalancing is accelerated by the superior priority China, South Korea, and ASEAN give to economic growth, and conversely by U.S. patronage politics and a draining effort to maintain a 1950s degree of military dominance in the different world of the twenty-first century.



Asia won't dominate the twenty-first century.

JEFFREY J. SCHOTT
Senior Fellow, Peterson Institute for International Economics

This question is so twentieth century. In the past, one could talk about the ascendancy of a region or continent. But in an era of accelerating globalization, with the rise of global value chains and with twenty-four-hour financial markets increasingly interlinked for better or worse, the concept of regional predominance seems fragile or possibly irrelevant.

Take the case of Asia, with massive economies reflecting large populations with starkly divergent incomes. Extrapolating robust growth rates going forward for several decades, Asia will account for a large share of global output. But those economies will not be able to use that aggregate wealth for a common purpose. The differences between the major countries and within the major countries, both economic and political, will likely divert attention away from global ambitions.

Political regimes, whether autocratic or democratic, are fragmented and vulnerable to civil unrest. Asian leaders will need to address imbalances in both economic growth and the distribution of those gains within their societies.

First, major Asian countries are among the world leaders in terms of aggregate GDP but with the exception of Japan, Singapore, and South Korea, they are definitely not rich. Look at the United Nations' Human Development Index: China ranks 101st out of 186 countries, Indonesia ranks 121st, and India ranks 136th—and that's after decades of rapid growth. And income disparities within these societies are growing: under the UN's inequality-adjusted HDI, those countries do even worse (China's index falls from 0.7 to 0.54 on a scale of 0 to a high of 1; by comparison, the United States score drops from 0.94 to 0.84). This means that political priorities will have to continue to focus on managing domestic adjustment through income redistribution, leaving less political capital and national treasure to devote to the projection of power abroad.

Second, Asia comprises regional powers in competition with each other. Asian economies are integrating but not integrated, and growing competition for investment and for export market share is already sparking political tensions and protectionist responses. Going forward, structural shifts in their economies, particularly the growth of services, have the potential to create additional frictions between the regional powers. Combined, these factors place a governor on the engine of economic growth and regional integration in Asia.

In short, Asia is a complex and dynamic part of the world economy. Its size commands attention but its development challenges constrain its global leadership potential. Asia won't dominate the twenty-first century; I doubt that any country or continent will earn that tribute. But Asian countries will be important players in the world economy in the twenty-first century as partners of the United States and other global traders and investors and as participants in broader Asia-Pacific integration arrangements.

Two factors argue for an Asian Century.

CHONG-PIN LIN
Former Deputy Defense Minister, Taiwan, and Professor, National Defense University

Two factors argue for the coming of an Asian Century. First, the rise of economic interdependence among nations promotes cooperation and restrains conflict throughout the world, Asia included. In this new century, unlike ever before in human history, economics—not politics or military power—takes command. Ever since the collapse of the former Soviet Union, the world has woken up to this new reality. To non-democracies such as China, no economic strength means no military might, which, in turn, means no political power. To democracies such as Japan and India, economics has become even more crucial in winning elections. Old rules that dwell on perennial interstate contention based on a narrow and short-sighted national interest may no longer apply. Given the long-term trend of expanding trade and investment among China, Japan, India, and other Asian countries, an Asian Union will emerge in time perhaps accompanied by an Asian dollar.

Second, recent tensions between China and its neighbors have stemmed from domestic power transitions in China, the United States, and Japan, and will soon fade. In contrast to aggressive national leaders in the past such as Hitler or Napoleon who sought foreign land, the twenty-first century national leader acts tough abroad for domestic consumption in order to deflect domestic criticism, or to boost domestic support for political gains.

China's growing assertiveness began in 2009 when the now disgraced Lord of Chongqing, Bo Xilai, driven by ambition to become the next top leader, began challenging then-President Hu Jintao for being timid externally. That compelled Hu to loosen the rein on the Chinese navy when handling maritime territorial disputes, resulting in a prevailing perception of Chinese threat in East Asia. Consequently, China's neighbors invited the United States to strengthen its East Asian presence as a balance. A loosely formed alliance began to encircle China, a situation clearly unfavorable to China's long-term interest. With Bo stripped of power by late 2012, China's new leader Xi Jinping, while unyielding on territorial claims, has strictly forbidden China's maritime forces to cause any physical damage to neighbors as happened before, and has proactively sought to mend damaged relations.

With Japanese Prime Minster Shinzo Abe's recent election victory, the need for him to act tough toward China in order to win votes is gone. He has softened his tone toward China and sent special envoys to Beijing to seek a bilateral summit.

President Obama announced troop withdrawal plans from Iraq and Afghanistan in 2009. To deflect Republican criticism for ending Pax Americana, which would have harmed his re-election campaign in 2012, he began raising the U.S. engagement level in East Asia in compensation. Re-election achieved, backing up China's neighbors in their defiance against Beijing has lost its urgency.

By late 2008, China and India had held several joint military exercises before bilateral relations deteriorated in 2009. However, after the May 2013 visit of Chinese Premier Li Keqiang to Delhi, both sides began improving relations and joint military exercises will soon resume after a hiatus of five years.

A trans-Pacific economy binds together North America and Asia.

DANIEL SNEIDER
Associate Director for Research, Shorenstein Asia-Pacific Research Center, Stanford University

We are not living in the second decade of an Asian Century, one where China supplants the United States as the driver of the global economy. Instead we are at the start of a Pacific Century, in which the center of global gravity is shifting from the Atlantic to the Pacific. The driver of the Pacific Century is not China or even Asia writ more broadly to include India, Korea, and Japan. Rather, there is a trans-Pacific economy which binds together North America and Asia in a complex supply chain for products and ideas whose end markets are truly global, ranging from Singapore to Sweden.

If there is a center to this trans-Pacific entity, it is not to be found in the polluted boulevards of Beijing, or in the traffic-jammed streets of Bangalore. Arguably the heart of the Pacific Century is located right here, in Silicon Valley. This is not only the birthplace of the information technology revolution that is the engine of the Pacific Century but also a fascinating window into the creation of a Pacific Rim culture that is challenging the old Euro-Atlantic culture that gave birth to the United States.

The Pacific Rim culture of the Valley is anecdotally visible in the strip malls anchored by Asian groceries selling everything from lemongrass to coriander and on the campuses of universities like the University of California at Berkeley where more than one in three students is Asian. Restaurants offering Asian fusion cuisines crowd downtown Mountain View, home to Google. In Santa Clara County, whose boundaries encompass most of Silicon Valley, a third of the population hails from Asia, about 37 percent are foreign born, and half the households speak a language other than English at home. In some Valley towns, the school systems have become overwhelmingly Asian in ethnicity, to the point that white parents complain about their minority status.

The movement of people across the Pacific responds to the demands of the technology industry. Asian immigrants, particularly from China and India, have moved from the production lines of the semiconductor plants to the executive suites of engineering startups and venture capital firms. Two-thirds of those holding BA degrees or higher in science and engineering are foreign born, several times what is found in the rest of the United States.

The Pacific Century rests on the construction of a new economic architecture, typified by the production and supply chain created to make Apple's ubiquitous iPhone. The software and engineering design take place in the Valley, while highly specialized parts and subassemblies are developed by firms in Germany, Japan, South Korea, and elsewhere in the United States, with the end products assembled by firms such Taiwan's Foxconn in the offshore platforms of southern China, Vietnam, or Malaysia.

This architecture will not be replaced in the foreseeable future by one centered in Asia, whether it is in China or India. Only a handful of elite universities in those countries can come close to matching the ability of American higher education to generate innovation. Those countries lack the power of universal ideas to attract global talent, or the ease of life typified by the Valley. Conversely, the Pacific Century depends on the hardworking cultures and labor of the region.

The Atlantic-centered civilization that shaped the globe from the seventeenth century onward is now being supplanted by a trans-Pacific fusion culture, but one whose center lies not on a distant Asian shore but somewhere on the Pacific beltway that stretches from Silicon Valley to Mumbai.

No Asian Century until China reforms.

MARK A. DEWEAVER
Principal, Quantrarian Asia Hedge, and author,* Animal Spirits with Chinese Characteristics: Investment Booms and Busts in the World's Emerging Economic Giant *(2012)

It's hard to imagine an Asian Century without a strong China. Yet China's economy is facing structural problems that will prove to be intractable in the absence of radical political change. A prolonged slowdown in Chinese GDP growth is a better bet than a new dawn for Asia.

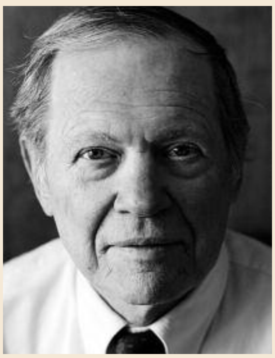
Beijing's planners are in a bind. High levels of excess capacity have reduced the return on investment to the point where China's traditional investment-led growth model is no longer viable. Yet this is the only model that the country's economic institutions can support.

The obvious way forward would be to dismantle these institutions by privatizing state-owned assets and radically reducing the role of the state in the economy. The leadership naturally finds this solution unacceptable, however, as it would lead to a relaxation of the Party's grip on power. General Secretary Xi Jinping has, in fact, explicitly ruled out privatization and democratization. He is instead counting on a combination of stricter Party discipline and a variety of minor administrative changes to make the existing system more efficient.

The Soviets tried essentially the same approach during the 1980s, when the Soviet Union, much like China today, claimed that it could bring about a transition to productivity-led growth by fiat. It wasn't possible then and it's not possible now. Improving productivity is a job for private sector entrepreneurs, not government officials and state enterprise managers. Innovation is inherently not amenable to central planning.

As long as the "leadership of the Party" cannot be challenged, the Chinese economy will have to continue to rely on investment-led growth. And as the efficiency of the investment continues to decline, the inevitable result will be economic stagnation.

If there is going to be an Asian Century, it will have to wait until China can find a way out of this impasse.



I would place higher odds on the United States than on China.

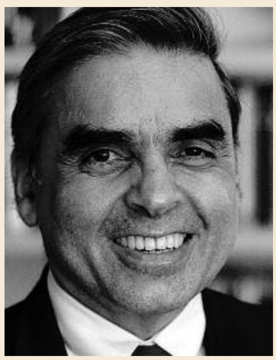
RICHARD N. COOPER

Maurits C. Boas Professor of International Economics, Harvard University

It is presumptuous to talk about the twenty-first century belonging to any region or country. If all goes well, it will be for all humankind, as the second half of the twentieth century was. I basically agree with Clyde Prestowitz: Asia is too large, too diverse, and too uncoordinated to be a useful collective term. Its largest member is non-European Russia, a dysfunctional polity and economy resting on rents from high oil and gas production and prices. Japan and the four Asian tigers (South Korea, Taiwan, Hong Kong, and Singapore) are now rich and well past their peak growth, indeed are in serious demographic decline (as is Russia). Indonesia, Malaysia, and Thailand can continue to do well for some years, and join the ranks of middle-income countries. India and Vietnam show promise, but seem to have difficulty finding a coherent vision of the future and policies to achieve it. On the western side of the continent, Iraq, Lebanon, and Syria will do well to hold together—as will Pakistan and Afghanistan. Saudi Arabia is a geriatric monarchy with a murky future, and Iran remains a clerical regime increasingly at odds with its population.

That leaves China, which is what many people actually mean these days when they speak of Asia. If well managed, China will continue to grow faster than the rest of the world for a decade or two, although much slower than in the past, thus increasing its share of world production, and may even overtake the United States in GDP within a couple of decades, while remaining much poorer. China is graduating many "engineers," but most of them are at the level of vocational school, technically trained but not properly educated. China is aging rapidly, and the number of young adults is already declining, posing major domestic economic and social challenges in the coming years. As the Chinese say, they will get old before they get rich, unlike Europe and Japan. And its system of one-party rule, rife with local corruption and abuses of civil liberties, has little appeal to peoples around the world.

If one has to assign the century to a place, I would place higher odds on the United States than on China—although the polarized and dysfunctional U.S. Congress is doing its best to reduce those odds.



The world is now going to witness a new golden era in Asia with the opening of the Asian mind.

KISHORE MAHBUBANI

Dean, Lee Kuan Yew School of Public Policy, National University of Singapore, and author,* The Great Convergence: Asia, the West, and the Logic of One World *(2013)

China's economic growth has slowed to 7.5 percent, India's to 5 percent. Other Asian economies are following suit. So is the Asian growth story over? Many

Western economists think so. Paul Krugman captures this new Western perception with his blunt comments: "China is in big trouble. … You could say that the Chinese model is about to hit its Great Wall, and the only question now is how bad the crash will be."

There is only one small problem here. Krugman doesn't understand Asia, and never has. Twenty years ago, he famously predicted that the Singapore miracle was over. Since then, the Singapore economy has flourished and has achieved First World standards. Krugman was wrong then. He will again be proven wrong on China and Asia.

Yes, it is true that the Chinese economy is slowing down. The big question is whether it is a result of bad economic management in China or a conscious decision to change directions. Let me suggest that it is the latter. The Chinese leaders wisely decided that the export-led growth model had run its course. The slowdown in the Western economies also made this model no longer viable. In addition, China had lost a decade by not continuing forcefully Zhu Rongji's reform streak. The new leaders of China, especially Xi Jinping and Li Keqiang, understand well China's economic weakness and are quietly and steadily changing course. And it is natural for economic growth to slow down when changing course.

Three big factors should drive continuing Asian growth. Firstly, the quality of policymakers and policymaking has improved all over Asia. In China, the Chinese Communist Party has probably developed one of the world's best meritocratic systems for selecting new leaders. Second, most Asian societies have invested enormously in education. Asia always had the world's largest pool of brain power. Now it is being harvested on a massive scale. China is graduating more than six times as many science, technology, engineering, and mathematics (STEM) students as the United States, and India almost three times as many. Third, and most important, there has been a massive explosion of cultural confidence in many Asian societies. America has helped a lot. In all major American universities, Asian students are discovering that on a level playing field they outperform all other students. And there has been an explosion of Asian students in American universities. From 2000 to 2012, the number of Chinese students has gone from 59,000 to 194,000 and Indian students from 54,600 to over 100,000.

In short, instead of China or Asia hitting a wall, the world is now going to witness a new golden era emerging in Asia with the opening of the Asian mind. Yes, there will be a stumble or two along the way but with the new cultural confidence in Asia, Asians will pick themselves up faster and run faster than anyone else on this planet. The Asian Century has just begun. The best is yet to be.

China risks falling into the middle-income trap, and without China there can be no Asian Century.

RICHARD JERRAM
Chief Economist, Bank of Singapore

There are two dimensions to this issue. First, Asia is not, and is unlikely to become, a coherent entity, with an agenda to compete with that of the United States or Europe. From almost any perspective—economic, political, social, cultural, or ideological—Asia is simply too diverse. Perhaps we should even ask whether it could fracture as China becomes increasingly assertive.

The second dimension is whether the economies of the region will reach a scale to rival the developed world. Here we need to differentiate between absolute size and income levels—both measures matter. Developing Asia is already substantially larger than either the United States or Europe in aggregate, but still far behind in terms of per capita income. Absolute size is important in some dimensions, with China's scale already providing the resources to challenge U.S. military dominance in the region.

At its most simplistic level, those arguing for a catch-up of per capita income see this as restoring the conditions of a few hundred years ago, before the industrialization of the West. In this view, as income levels equalize, Asia will dominate by sheer weight of population. However, in the pre-industrial era nearly all the world was living at subsistence levels—incomes were similar because nobody had anything. In the modern age, just as there is no expectation that incomes will be equal within economies, there is no reason to think they will be equal between economies.

The question is whether we can expect a sustained catch-up. Some history might be useful. If we look over the past half-century, remarkably few countries have seen any material catch-up with the United States. Some have even slipped, usually because of armed conflict. The majority of the success stories have been in Asia, with China the outstanding example. However, there seems to be a limit to progress. Over the past half-century, only one of the hundred largest economies—Taiwan—has gone from the bottom half of the per capita income scale to the top quintile. Many become stuck in the middle-income trap and China is a prime candidate to repeat that experience. With its extractive government, weak property rights, inefficient factor markets, fading demographic dividend, and undervalued exchange rate, it ticks many of the boxes of countries suffering the middle-income trap. Without China, it is hard to see how this can be an Asian Century.

Of course, catch-up implies taking a view not just on the developing Asian economies, but also on the performance of America, but this is perhaps not the place to pursue that topic.

The structure, character, and dynamics of the global economy will change profoundly.

WILLIAM R. RHODES
Author of* Banker to the World: Leadership Lessons from the Front Lines of Global Finance *(2011) and former Senior Vice Chairman, Citigroup

The combined forces of China, Japan, India, and South Korea, complemented by other important players in East Asia, will continue to assume a rising share of global GDP. In relative terms, their dynamic economic growth will result in the United States and the European Community representing a smaller share of global GDP going forward.

Perspectives on the longer-term Asian outlook, however, need to embrace more than just GDP considerations. The structure, character, and dynamics of the global economy will change profoundly in the decades ahead.

First, if trade protectionism, which is often associated with nationalism, can be avoided—the single greatest risk I believe to global economic stability in coming decades—then we shall see intensification of economic inter-dependence. This will be prompted, above all, by advances in new technologies that will impact all manner of service and manufacturing sectors and bring all markets closer together.

Second, living standards in much of emerging Asia will rise faster than in most other areas of the world, yet it is likely to be a very long time before they are on par with those in the United States, Japan, and Western Europe. Issues relating to the quality of education and healthcare and social security for all citizens will be of mounting political priority for all governments. The challenge everywhere will be to find ways to meet the aspirations of increasingly educated and affluent populations and to ensure that income inequality does not increase so significantly that it unleashes political tensions that promote populist and dangerous national economic policies.

And last, countering the thrust of national economic rivalry in coming decades will be mounting pressures for cooperation. The dynamic of increasing globalization noted above is one such pressure. No less important will be pressures to protect the environment that I am hopeful will lead nations to forge enlightened international cooperative agreements that their peoples see clearly as serving their own national self-interest.

So, while we may well see Asia in this century attaining a far more prominent economic position, it is to be hoped that the prime characteristic of global economic advance will be that of enhanced cooperation and interdependence.

An important caveat as one looks at Asian prospects relates to manifestations of nationalism by China and Japan in particular, which pose risks to cooperation within the north-east Asia bloc. In addition, concerns about political cooperation need to take a realistic view of the potential damaging impact of a belligerent and nuclear-armed North Korea. Such political considerations are crucial for all who seek to predict the "Asian Century."

Asia is not a coherent economic or political bloc.

RICHARD KATZ
***Editor,* The Oriental Economist Alert**

Already, Asian GDP is 60 percent higher than that of the United States (even without Japan, Asia's GDP is 30 percent higher than that of the United States) and, barring some unforeseeable catastrophe, that gap will continue to grow. The total GDP of all 36 East Asian countries in the World Bank database has doubled from 15 percent of real (price-adjusted) global GDP in 1980 to 30 percent in 2012. The U.S. share, which was 22 percent in

1980, is now down to 19 percent. 2001 was the year that Asia overtook the United States.

As long as poor countries manage their economies fairly well, they grow faster than rich countries as they converge toward the same per capita GDP. They can leapfrog decades of development as they import technology from their predecessors. Back in 1980, the real per capita GDP of East Asia was just 10 percent of the U.S. level; by 2012 it had doubled to 22 percent of the U.S. level. (Asia *ex*-Japan went from 5 percent of U.S. per capita GDP to 20 percent.) Given that East Asia has seven times more people, arithmetic alone dictates that its total GDP will eventually far surpass that of the United States.

But these simple verities of economics and arithmetic do not, by any means, translate into an "Asian Century" in any geopolitical or geoeconomic sense. Asia is not a coherent economic or political bloc. Nor will a rise in GDP by itself translate into the kind of technological predominance the West now enjoys. Instead, it should eventually make technological prowess more diffuse among a lot more countries.

Within Asia, neither Japan nor India has any history of acting as a successful hegemon, Japan's economic weight in the world is declining, and China's rise is a delicate operation, both internally and externally.

First of all, like previous dictatorships, China's regime will face a rising call for liberalization and democratization as it grows richer and more globalized. Whether that transition is smooth or turbulent remains to be seen. Externally, Beijing simultaneously seeks economic interdependence with the rest of the world, as well as political and even military dominance in what it considers its sphere of influence. There is, to use the Marxist jargon, a "contradiction" here. Beijing's current abrasive actions, a departure from Deng Xiaoping's "low profile" approach, have alienated some of its neighbors, and there is growing debate within China about the wisdom of its present course.

Finally, Asia's economy is inextricably integrated with the economies of the West. The rise of East Asia has been propelled, not just by exports to the West, but by foreign direct investment from Western countries that brings technology, distribution networks, and so forth. China's experience is typical. As China has increasingly begun to export high-tech products, it has needed to rely more and more on imported content, which is then often assembled by foreign multinationals, as in the parts that Taiwan's Foxconn assembles into Apple iPhones and iPads. During the mid-2000s, for information and communications equipment, the value of imported content equaled 50 percent of the value of the exports. In 2010, foreign companies and joint foreign-Chinese ventures accounted for more than one-quarter of China's entire industrial output, 39 percent of its apparel exports, and 99 percent of its computer exports.

Japan's exports to China are more tightly correlated with China's own exports to the United States and Europe than they are to China's internal growth. Incredibly, Japan's exports to East China *ex*-China are also highly correlated with China's exports to the United States, since China and the rest of Asia comprise parts of a highly integrated supply chain. The notion of a self-sufficient East Asian economic bloc is a chimera.

The century is Chinese, not Asian, and the jury is still out.

BERNARD CONNOLLY
CEO, Connolly Insight, LP

Relative population was not the preponderant factor in the ascension of Britain to global economic and political leadership. Instead, Britain had, after the Glorious Revolution in England, a sociopolitical model more conducive than others to scientific inquiry, technological advance, and the economic exploitation of science and technology. But the transplantation of the key elements of the British model to the United States and, arguably, their further improvement there, combined with relatively free transfer of technology and capital, allowed the United States, with its population soon much larger, to outstrip Britain both economically and, importantly, in its ability to set global rules to its own advantage.

Today, is convergence of social, institutional, and economic models and the extent of transfer of technology and capital sufficient to make global "catch up" quasi-inevitable, thus making the large populations of Asia all-important? If it were, would there be any particular geopolitical or geo-economic significance in the agglomeration "Asia"?

Clearly, if Chinese and Indian levels of income per head were to catch up with those in the advanced economies, Asia as a whole would attain a dominant share of global GDP. But if China, for instance, does not achieve further substantial "catch up," its declining future population will mean its economic and, presumably, geopolitical weight in the world will decline. In this context, China's substantial export of capital might perhaps be seen as an indicator of its doubts about its own future domestic potential.

In the United States in the late 1830s and early 1840s, over-investment, particularly in public or quasi-public investment projects, unsound local government financing vehicles, and the interaction between the politics of the monetary system and sectional wealth-distribution issues preceded the first real depression (of 1841–43) in U.S. history and led to a flood of state defaults and bank failures. Many of the features of that episode are replicated in China. Indeed, intertemporal disequilibrium has been so extreme in China that an even worse short-term outcome is possible.

The 1841–43 depression did not prevent the ultimate ascension of the United States to global economic and political leadership. But that evolution may have required the creation of a stronger central government via the horrific American Civil War. In Europe today, malignant attempts at establishing a strong central authority over sovereign states have been an important factor in the relative decline of "Europe." The contrast between the success of the United States and the increasingly evident failure of the European Union is instructive. The question is not whether we are living in an "Asian" century but whether we are living in a Chinese century, just as the key question at the beginning of the twentieth century was not whether there would be another European century but a German century. "Asia" cannot follow the U.S. model any more than "Europe" can. What matters is whether China can follow the U.S. model rather than the Wilhelmine one. And no one knows if China's present model will allow completion of catch-up and assumption of technological leadership before social and financial stresses become potentially explosive.

This will be a century of Asia-Pacific cooperation and collaboration.

ANDREW DEWIT
Professor, School of Policy Studies, Rikkyo University

Both the "new Asian century" assertion and the contrasting claim that "America is back" ignore unprecedented and increasingly rapid changes in the environment. These narratives also polarize the debate, forcing a choice between two unrealistic extremes. In fact, it appears more realistic to suggest this will be a century of Asia-Pacific cooperation and collaboration, especially on energy and urbanization.

One rapidly expanding bridge across the Pacific is the U.S. military. Admiral Samuel Locklear is Commander, U.S. Pacific Command, in charge of the Asia-Pacific region and at the center of the U.S. "pivot" to the Asia-Pacific. He remarked earlier this year to the *Boston Globe* that climate change is core to strategic concerns. The admiral also outlined some of the capacity building being undertaken to address climate change, noting that his 400,000-person command is "working with Asian nations to stockpile supplies in strategic locations" and is reaching out to "other armed forces in the region," including China and India.

Both regions of the polarized narratives' geopolitical divide are increasingly vulnerable. The U.S. Department of Energy's July 16 report on "U.S. Energy Sector Vulnerabilities to Climate Change and Extreme Weather" details the impact that more frequent and severe floods, droughts, heat waves, and other phenomena are delivering to America's energy infrastructure and other aspects of its built environment. The hydrologic cycle is of particular concern, due to the enormous and irreplaceable role of water in all aspects of conventional energy. The July 2013 edition of *Public Utilities Fortnightly* also outlines this ever more visible and costly problem in a lengthy article on "The Growing Footprint of Climate Change."

Studies of water stress and other resource crises in Asia also highlight the vulnerability of China and India. These studies include work from such international agencies as the World Bank and the International Energy Agency, General Electric and other multinational firms, military think tanks, and national governments. Among research institutes, the Woodrow Wilson Center was the first to caution that business as usual will see China's northern desert provinces, the source of 70 percent of its coal and 20 percent of its grain, run out of water by the end of the present decade.

The action and incentives sketched above suggest we may be living in the first decade of an Asia-Pacific century. The more we accelerate and diversify our collaboration and innovation, the greater our collective resilience and the bigger our public-private gains in core economic areas. The flip side of cooperation presents such risks as the Air-Sea Battle warned of by George Washington University Professor Amitai Etzioni in the June edition of *Yale Journal of International Affairs.* Surely nobody wants to go there.

India has the best chance to lead the way.

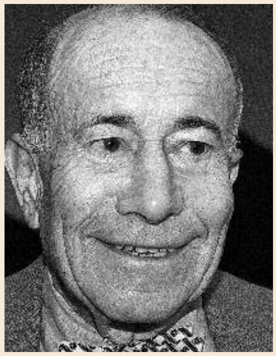
DIANA CHOYLEVA
Director, Lombard Street Research

Talk of an Asian Century bundles together economies that are not only very different, but also face major challenges over the next decade. The past thirty years have seen a huge Chinese catch-up with the advanced economies, but the distortions entailed by China's chosen mode of development now threaten it with a turbulent adjustment and much lower growth. After two decades of stagnation, Japan put its faith in Abenomics, failing yet again to address its main structural weaknesses and leaving the economy even more exposed to a public debt crisis. Of the three big Asian economies, India has the best chance to see growth outperform in coming years, but overcoming its endemic corruption will be no mean feat.

The global financial crisis marked the end of the road for China's export- and investment-led growth model. Small countries can go on capturing shares in big world markets until their income per head catches up. Big countries can't, unless they make world markets commensurately bigger. Either their share of world consumption must grow or their share of world production will stop growing. To rebalance growth towards consumer spending, Beijing needs to embark on hard and painful reforms, which spell weak growth and financial distress in the next few years. Even if the reforms are successful, at best China could only grow at half its past miraculous rate.

Just like China over the past twelve years, during the 1970s and 1980s Japan suffered from excessive domestic savings and a low labor income. But Japan didn't make the necessary structural reforms, instead inflating a gigantic bubble in the real estate and equity markets, whose bursting condemned the economy to stagnation. Unfortunately, Abenomics doesn't address the root causes of Japan's plight, which remain the same to this day, instead treating the symptom, deflation. Devaluing the yen, fiscal expansion, and supporting Japan, Inc., at the expense of consumers are not only likely to perpetuate negligible growth, but could spook domestic investors out of the yen, precipitating a public debt crisis.

In contrast to China and Japan, India doesn't suffer from excessive domestic savings and has a genuine domestic demand potential that could propel its economy forward. India needs to industrialize fast and now has the high savings rate to enable investment in infrastructure and productivity-enhancing capital. The main obstacles to raising the economy's growth potential remain corruption, bureaucracy, and supply-side rigidities resulting in high structural inflation.



Both narratives are wrong.

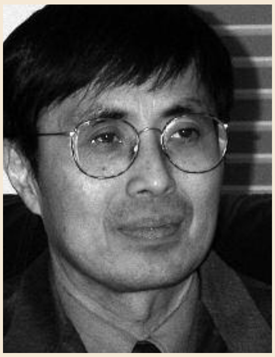
CHARLES WOLF, JR.
Distinguished Chair in International Economics, RAND Corporation, Professor, Pardee RAND Graduate School, and Senior Research Fellow, Hoover Institution

Both narratives are wrong, because each is misleadingly simplistic. The pessimistic narrative is wrong because the U.S. economy will likely grow more rapidly than the economies of some other important regions and countries (such as the European Union, the Middle East, and Russia), although growing more slowly than some other important countries and regions (such as China, India, and southeast Asia). And the U.S. energy sector in particular is likely to expand relative to that of the rest of the world, or any particular major country. Furthermore, if and when U.S. GDP reaches and sustains a more normal rate following recovery from a deep recession (say, a growth rate of 4 percent or better) by learning from the mistakes of its anemic recovery thus far, it will be growing more rapidly than the global economy as a whole.

The optimistic narrative is partly right, but no less wrong on other counts. It's surely right in asserting that the India-China-Japan triad is fraught with contradictions and hence sums to a "meaningless combination." For example, Japan's and India's expanded contributions to what should more accurately be characterized as the "Asian-component" (rather than the "Asian-dominated") global supply chain are likely to be at the expense of China's access to U.S. and EU markets, rather than additions to them. Recall that import demand is highly income-elastic, so supply-chains will be stunted by slow growth.

Nevertheless, the optimists are mistaken to take comfort from or be complacent about these prospects. There are likely to be few major international policy problems—whether economic, political, or security—to which the United States has the exclusive or even dominant answers. Mindful of U.S. resource constraints at home, as well as the enormously expanded, interconnected pool of energized actors throughout the world, resolution or even mitigation of these problems will entail multiple participants. Whether and how the United States can or should play a constructive yet constrained role as *primus inter pares* is a big as well as open question.

Although there's conventional wisdom on each side of the narrative, it's worth noting that there are two kinds of conventional wisdom: the kind that's presumed to be wise because it's conventional, and the kind that's become conventional because it's genuinely wise. Both sides of the narrative are well-represented by the former.



Asia will be the economic giant but not the world leader.

GENE H. CHANG

Professor of Economics and Director of the Asian Studies Institute, University of Toledo

Is the twenty-first century the Asian Century? That depends on how you define the concept "Asian Century."

Asia will be the economic giant in the twenty-first century. Last year, the combined GDP of three major Asian economies—China, Japan, and India—as measured by exchange rate was already on par with that of the United States or the European Union. This combined economy is even larger if GDP is measured by purchasing power parity. Given that the Asian economies are growing much faster on average than those in North America or Europe, and given that Asia accounts for more than half of the world population, we expect that Asia will be an economic giant, accounting for 60 percent of the world GDP, and dwarf other continents in the second half the twenty-first century.

Even if Asia is the dominant economic giant, however, it does not seem to be the world leader in the twenty-first century, nor a threat to the United States or Europe. Other than being geographically close, Asian countries are not cohesive and homogeneous. There is a great diversity in culture, history, ethnicity, religion, and political systems among Asian countries. Even for those countries that are similar in culture and ethnicity, mutual mistrust still exists, for example, between India and Pakistan, or China and Japan. Asian countries are unlikely to band together like the current European Union members to have a unified voice in the world forum in the twenty-first century.

The outlook for the Asian economy is not as rosy as most people think, either. First, the populations of China, Japan, Korea, and so forth are aging faster than those in America and Africa. By the late twenty-first century, these economies could start to implode due to the aged population time bomb. Second, GDP per capita of Asian countries will still be lower than that in the West, resulting in lower living standards. Third, the high population density, strained resources, and environmental deterioration would add more pressure on their economic growth and population health. Fourth, the United States will still maintain the lead in scientific innovation and leading technology, though Asian countries are closing the gap. Finally, political instability, ethnic conflict, and corruption in Asian countries may lead to great crises, thus impeding economic growth.

Asia will be the economic giant of the twenty-first century, but it will not be the world leader.

The notion of an "Asian Century" does not make sense.

JOHN LEE

Michael Hintze Fellow and Associate Professor, Centre for International Security Studies, University of Sydney, Non-Resident Senior Fellow, Hudson Institute, and Director, Kokoda Foundation

Underpinning the so-called "Asian Century" is the uncritical use of straight line extrapolations about continued growth in countries such as China, Vietnam, Indonesia, and India over the next few decades.

Recent growth rates in these countries have been impressive. But rapid growth in poor countries with a young working population is relatively easy to achieve. Requirements include stable government and society, embracing foreign investment and expertise, utilizing national savings for investment, and basic capitalist incentives that allow workers to benefit from the proceeds of their labor and enterprise (that is, a rejection of socialism). China is the poster child of this rapid growth pathway.

Yet the great challenge for Asian countries is the extent to which they can escape the "middle-income" trap as a small and elite group consisting of European and North American states, in addition to Asian countries such as Japan, South Korea, Taiwan, Singapore, Australia, and New Zealand, have done. Only if these countries collectively emerge as high-income countries can we can truly herald in the arrival of the Asian Century.

The only way to do so is through dramatic improvements in productivity—especially when all the large players in the region are rapidly aging. But this requires appropriate institutions that developing Asian countries simply do not yet have. Take the obstacles facing genuine innovation (and not just cheaper replication or intellectual property theft.) One is corruption. China ranks seventy-fifth according to 2011 Transparency International tables, nestled between Tunisia and Gambia. India ranks ninety-fifth, Indonesia one-hundredth, and Vietnam 112th. In contrast, Asian countries that have escaped the middle-income trap invariably have high rankings: for example, Singapore is fifth and Japan is fourteenth.

Property rights is another essential criteria. China is ranked fifty-seventh, Indonesia is eighty-sixth, and Vietnam is eighty-seventh. Once again, looking at successful Asian economies, Singapore is ranked third and Japan is fifteenth. A broader ranking is the Heritage Foundation/Wall Street Journal's Index of Economic Freedom, which takes into account a number of factors including intellectual property rights, policies encouraging entrepreneurship, and ease and transparency of doing business. China is ranked in the "Mostly Unfree" category at 138th, as is Indonesia (115th), India (122nd) and Vietnam (136th). To demonstrate that the Index is not one simply biased towards western countries, advanced Asian economies such as Singapore, Japan, Taiwan, and South Korea are ranked second, eighteenth, twenty-second, and thirty-first respectively.

It is highly unlikely that all of Asia's major developing countries will successfully "make it," while the likelihood of stagnation and even failure in one or several of these Asian countries is high. The failure of a large state, say China or Indonesia, will certainly make things more difficult for all in Asia by triggering instability in the region.

Picking winners amongst a number of possible Asian candidates is already fraught with danger and error. Assuming that the whole region will rise as one—as the "Asian Century" implies—simply does not make any sense.

Asia's global role might well recede.

KENT E. CALDER
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The reality of sustained Asian economic growth and rising geopolitical influence is difficult to deny, particularly against the backdrop of recent history. In 1965 Asia generated only 9.8 percent of global GDP, and no Asian nations figured in major world councils, apart from an atavistic Taiwan holding China's seat at the United Nations. Today seven of the twenty G-20 powers are Asian, and Asia accounts for 27.8 percent of world GDP.

Today China is the second-largest economy on earth, and Japan is number three. With about 60 percent of the world's population, high rates of capital formation, rising productivity, and per capita incomes that are still low, Asia will almost certainly command rising global political and economic weight in the world for the coming generation. As I argued in my book *The Eastasia Edge,* published in the early 1980s, we are slowly coming to the end of an era, stretching back to the Industrial Revolution, in which the West could decisively and unilaterally dominate international affairs.

Asia is far from unified internally, but the continent has not experienced inter-state warfare, other than that related to the aggressions of Saddam Hussein, since the Sino-Vietnamese conflict of 1979. Interdependence is proceeding on a much broader front than realized: Sino-Indian trade, for example, has soared from $340 million two decades ago to nearly $70 billion, and India's defense minister recently visited Beijing within weeks of the Chinese premier's successful Delhi visit. The Middle East is growing steadily more deeply linked to the broader Asian continent, with the share of its oil flowing to Asia expected to rise from 73 percent to almost 90 percent by

2035. Meanwhile, the East Asia Summit, ASEM, the Shanghai Cooperation Organization, and a rapidly growing range of other new regional bodies are creating numerous trans-national socio-political linkages that were nonexistent a decade ago.

Although an increasingly interactive, dynamic, and in many ways cohesive Asia is emerging before our eyes, its global role may well recede once again within a decade or two. The continent is aging rapidly—first Japan, then Korea, and finally China and Southeast Asia. By 2050 China will likely have over 330 million senior citizens over 65—the product of its sustained "one-child policy"—without a well-developed safety net to care for them. Already wage rates are rising, and efficiency gains from increased labor input are declining. With Asia's huge population, and as yet insufficient intellectual property protection, the continent has deepening long-run challenges with respect to food, raw materials, and technology that in many ways are more severe than those confronting North America or, in some ways, Europe or Africa. Asia's century in the sun could thus be an abbreviated one.

"Asia" does not make sense economically or geopolitically.

MAKOTO UTSUMI
President and CEO, Japan Credit Rating Agency, and former Vice Minister of Finance for International Affairs, Japan

As Mr. Prestowitz argues, to summarize the Asian region as "Asia" does not make sense economically or geopolitically.

To make the point at issue clearer, let's compare the Asian region with Europe (we don't call it the "European Region," as it is not necessary).

European countries have a common heritage from Greek and Roman culture and a common religion, Christianity, which Asian countries do not have.

European countries are more or less mature economies which facilitated the economic unification process based upon the strong determination of European countries toward this direction. But Asian countries are so diversified in their stages of development. Japan and South Korea are members of the OECD, while others in the region are among the least developed countries.

European countries have formed a collective security system together with the United States (NATO). But the complexity of political and historical backgrounds has made it impossible for Asian countries to establish a collective security system similar to NATO. Some Asian countries (Japan, South Korea, the Philippines, and so forth) have bilateral security arrangements with the United States relying on its umbrella against the eventual threat from other Asian countries such as North Korea and China. In addition, we observe the tensions among Asian countries on so many fronts (China, Pakistan, India, Vietnam…).

Doubtless the Asian region as a whole is the most rapidly growing region in the world and interregional trade has been developed rapidly through interregional supply chains. Regional cooperation has been deepened—an example is the mutual swap agreements based on Chiang Mai Initiative.

Still, it is not realistic to discuss the Asian region as a whole as an unit comparable to Europe or America. In this sense, I think Mr. Prestowitz wrote relevant remarks.

Surpassing the United States in GDP alone will not make the 21st century a "Chinese Century."

FRIEDRICH WU
Adjunct Associate Professor, S. Rajaratnam School of International Studies, Nanyang Technological University, and former Director of Economics, Ministry of Trade & Industry, Singapore

The title of this forum is a bit contrived. In human history, no single country, let alone a single but fragmented continent, has ever marshaled sufficient power and resources to shape and dominate the destiny of the entire world. This was certainly the case before Australia and the Americas were discovered, when successive empires in Asia, the Middle East, and Europe failed to conquer each other. During the nineteenth and the first half of the twentieth centuries, Pax Britannica never really achieved global hegemony, as it was repeatedly challenged by France and Germany. Economically, Britain ceded the coveted status of the world's largest economy to the United States around the 1890s. The twentieth century was not exactly an "American Century" either. The first half of that century was a multi-polar world. After World War II, between 1945 and 1992, it was a bi-polar world, as the United States had to confront mounting economic, ideological, political, technological, and military challenges from the erstwhile Soviet bloc. The United States did not "defeat" the Soviet Union; the latter collapsed under the weight of its own internal decay.

Viewed from this light, the twenty-first century will not be an "Asian Century" either, even if the continent's aggregate GDP may in the next two decades become the largest *vis-à-vis* other continental GDPs. Diverse national interests, as well as fragmented economic, financial, cultural, and foreign policies among Asian countries will prevent them from coalescing into an unitary actor that can shape and dominate the rest of the world.

China, the largest economy in Asia, is projected to displace the United States as the world's biggest economy some years down the road. That seems to be the unanimous prediction by the International Monetary Fund, the World Bank, and a host of investment banks and think tanks, even assuming China's average growth rate may decelerate to 5–6 percent per year in the next two decades. But surpassing the United States in aggregate GDP alone will not make the twenty-first century a "Chinese Century." China is, and will be in the foreseeable future, miles behind the United States in other tangible and intangible measures, such as innovation capacity, entrepreneurship, respect for human rights, democratic values, governance standards, environmental protection, higher education excellence, technological sophistication, military prowess, soft power attractions, and so on. Reaching parity with, let alone surpassing, the United States in all these dimensions would be a tall order for China. As such, bi-polarity or even multi-polarity would be the most likely outcome for the twenty-first century. Without political reforms and democratization, very few people around the world would want to see an authoritarian regime like China ascending to become the number one nation in the globe.

China as it stands today inspires more awe and anxiety than affection among the world's citizens. Such ambivalent sentiment toward Beijing is confirmed by the Pew Research Center's latest global attitudes survey. Be that as it may, a more powerful China will nevertheless serve as a constant reminder to the sometimes arrogant and complacent politicians in Washington that the twenty-first century will not necessarily be an "American Century" either.

The 21st century may well be an "Asia-Pacific Century."

CHARLES E. MORRISON
President, East-West Center

We are not living in an "Asian Century." The current century in all probability is a "global" century, but one in which the leadership comes from countries in the Asia-Pacific region, including the United States. In this sense, the twenty-first century may well be an "Asia-Pacific Century."

Ever since the world became globalized two or three centuries ago, there has been a core in the global system, a venue where there has been a concentration of economic and political power sufficiently weighty to establish most system-wide norms and rules.

Despite its competing powers, Europe was the first core for the global system during the age of imperialism. The North Atlantic region was the core during much of the early decades of the twentieth century. For a brief period at the end of the Cold War, the United States was the sole superpower. But the relative gains in economic power and political influence in Asia suggest that the Asia-Pacific region, including North America, is and will continue to be the core of the global system for some decades to come.

According to scenarios of the U.S. National Intelligence Council, China appears likely to surpass the United States on a composite index of various elements of hard and soft power before the middle of the twenty-first century. But whether this happens or not, it is clear that the twenty-first-century world will not have a dominant power the relative size of the United States during the twentieth century.

Asia, including South Asia but excluding the Middle East, has a little more than half the world's population. By mid-century, it may well have about half of world gross product, a remarkable rebound from its less than 20 percent share in the middle of the last century. Adding North America, the Asia-Pacific region will account for two-thirds of the world economy. However, it will not be a true Asia-Pacific century unless the region is capable of providing the global leadership needed in the twenty-first century.

Despite a relative decline in U.S. power, the United States will remain the world's most powerful nation for at least two decades, and it is currently the only one capable of projecting a global vision. But the challenge for the United States is to adjust to working effectively with other large nations as equals and partners. Most of the countries of Asia, no matter their size, have been focused on national recovery and development, and less interested in shaping the global rules and regimes in a proactive sense than in using those rules and regimes for national purposes. A true Asia-Pacific Century will require of the United States and China, at a minimum, to be able to work together in providing leadership on issues of global import. For the moment, this remains an aspiration.

It's all journalistic hype.

ANDREW SZAMOSSZEGI
Principal, Capital Trade, Inc.

Prestowitz is right. The Pan-Asian Century narrative has been hyped by journalists, much the way ESPN hyped the story of "Johnny Football." The term "American Century" accurately conveys the sense that the global economy, security, international relations, and institutions during the twentieth century were profoundly influenced by U.S. companies, military might, diplomacy, and ideas. For the Asian Century to become a reality, Asia would have to do the same. Prestowitz correctly points out that Asia lacks unity and commonality. But does this preclude an Asian Century in which companies, military might, diplomacy, and ideas from Asia profoundly influence the rest of us? My answer is no. In each of these areas, Asian countries and their sensibilities carry more weight than they did forty years ago. Still, they are nowhere near the heights reached by the United States during its apex. Further, it is hard to imagine Asian countries maintaining an outward focus when such important internal issues—political and economic reforms in China, disunity on the Korean peninsula, deep-seated mutual mistrust, aging societies, growing income inequality—remain unresolved. To the extent there is an Asian Century, it seems unlikely to be as broadly transformative as the American Century was for the rest of the world. But there is still plenty of time. The term "American Century" was not coined until 1941. And Johnny Football did end up winning the Heisman.

Identifying Asia's potential is different than ordaining Asia's dominance.

RAMIN TOLOUI
Global Co-Head of Emerging Markets Portfolio Management, PIMCO, and former Senior Advisor to the Under Secretary for International Affairs, U.S. Treasury

In the twentieth century, Europe was the crucible of great power competition. The struggles for dominance in Europe shaped the evolution of global affairs. European colonialism advanced and retreated. Conflict in Europe established the preeminence of the United States and the Soviet Union, giving birth to the superpower competition that defined international relations in the second half of the century.

Asia is the region most likely to establish the contours of such global power dynamics in the coming century, not as an ascendant bloc but as an arena for competition. Economic weight—both current and prospective—is the most obvious reason for this. The world's three largest economies are Pacific countries—the United States, China, and Japan. The countries of Asia have accounted for more than one-third of the increase in global GDP since the century began. Existing levels of per capita income, particularly in middle-income China and low-income India, suggest extraordinary potential for continued growth.

The region's economic rise is inseparable from politics and security. In each separate decade from the 1950s, 1960s, and 1970s, more people were killed in battle in Asia than all of the rest of the world combined. Then, a complete reversal: fewer people have died in war in the last quarter-century in East Asia than in any other region except the Americas, despite Asia having the largest population. Asians beat their swords into ploughshares, looms, and semiconductor fabricators.

Identifying Asia's potential is different than ordaining Asia's dominance. Growth is not inevitable. Many low-income countries have remained low-income, and many former high-growth dynamos have stalled for decades thereafter, including Japan. Indeed, the current slowdown in China reflects not a temporary lull but rather a structural downshift from its export-driven, investment-driven, and credit-driven model.

Where economic weight gives Asia its importance, political evolution will provide its drama. China's transition to a household demand-driven model engages a range of vested interests, risks financial instability, and even if successful will entail a substantially lower rate of growth in the coming decade than the past one. The nexus between political and economic reform is widely discussed in Beijing—a diplomat there compared for me the current atmosphere to the "salons of Paris," underscoring the political and intellectual ferment within a population alive to the potential for the coming years. The key question is how smoothly these tensions are synthesized and resolved—not just in China, but within other countries and in the international sphere on issues ranging across China's rising power, America's strategic engagement, Japan's regional role, Korea's reunification, and the navigation of smaller countries among the giants.

This will not be an "Asian Century" because of a smooth nor inevitable rise of Asian power. Rather, it is likely to be so because the story of realization or lack thereof of that potential—with all its untidy dead-ends, double-backs, and false starts—is likely to consume more text in volumes of world history published a hundred years from now than developments in any other region. Asia's future history will supply the critical narrative for that of the world.