

Analysis news

Asian economic resurgence

A closer integration with global growth

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THE second half of the 20th century saw the genesis of modern Asia's economic ascendancy. It began with the miracle of post World War II economic development in Japan in the 1950s and 60s followed by the remarkable growth of the so-called 'newly industrialised economies' of the Republic of Korea and South-east Asia and, later, by the impressive growth of China and India.

This has been broadly coterminous with the 60-year-old history of the United Nations where the Asian Group now has 54 countries, and with the process of globalisation, the 21st century will undoubtedly see its full efflorescence — provided good governance, education, health, the environment and infrastructure needs receive the priority they deserve. Given the growing economic content in political power and other non-military aspects of security, a shift of the centre of gravity of global power may well be possible.

A distinctive feature in this economic resurgence of Asia is its widespread impact on other regions in today's globalised world. It has transmitted impulses of economic growth by creating markets for Asian-produced commodities and services and generated outflows of foreign direct investment to other regions.

It has created domestic markets within Asia by increasing the purchasing power of consumers and the demand for goods, services and investment from other regions to Asia insulating those regions from domestic recession and imparting greater stability to world business cycles.

In general terms, it has integrated Asia more closely with the global economy. It is a tide that is lifting all boats. Perhaps, before too long, Asia will be better represented among the G 8 in recognition of this continent's rising role as an important powerhouse in the global economy.

Global norms, voluntarily accepted by nation states in human rights, trade, health, labour, migration, intellectual property rights, the environment and other relevant areas have shaped development economies and the models that are being pursued today. Limited resources especially in energy are a constraint while huge leaps in technology have become a shared asset.

This has benefitted entire populations in Asian countries leading to a dramatic reduction in extreme poverty and empowering vulnerable groups such as women. It has also introduced UN-driven concepts of sustainable development, transparency, accountability, corporate social responsibility and other benchmarks against which Asian development models and state behaviour are being rigorously monitored and evaluated by the international community and the civil society within Asian countries themselves.

The challenge before growing Asian economies, therefore, is to use this unique opportunity to craft a modern vision of development for themselves while integrating their economies more closely in a globalised world through mutually beneficial multilateral and co-operative models.

This has also to be achieved within the framework of the United Nations Millennium Development Goals (MDGs) to which world leaders committed themselves in 2000 at the Millennium Summit in the United Nations. And all this is being enacted in a compressed time frame of a few decades in contrast to the two centuries or so that it took for Western economic development to reach its present stage.

That Asia's economic development has been so impressive in this changed historical context while being called upon to meet the highest criteria set by the world community, by competitive markets and by the people themselves, is a tribute to her industrious and innovative human resources.

Asian Economic Prospects: The Asian Development Outlook launched by the Asian Development Bank (ADB) in Hong Kong in April 2006 projects that the region will achieve growth rates of 7.2 per cent in 2006 and 7 per cent in 2007, marginally down from 2005. That is in contrast with the global economic growth forecast of 3.2 per cent for 2006 and 3.3 per cent for 2007 in the World Bank's latest publication on Global Economic Prospects.

The economic prospects for Asia are excellent and sustained growth in the short to medium term can be confidently expected. However challenges — both external and internal — such as political upheavals including a proliferation of weapons of mass destruction (WMD) and catastrophic terrorism, a disorderly unravelling of global payment imbalances, uncontrolled pandemics like avian flu or SARS, yet higher oil prices and a surge in trade protectionism — as recently seen in Europe and the US — must be anticipated and strategies formulated to avoid and/or overcome them. Domestic factors such as economic nationalism within Asian countries, overheated economies, governance issues, human rights and political violence must always be kept in mind.

With this optimistic scenario how can Asia ensure that it follows a model of development that lifts the living standards and quality of life of all her people and is consistent with the norms of the UN and the pressures of globalisation? Will Asia avoid the mistakes of other models of development? The core message of the report of the high-level panel on threats, challenges and change to the United Nations in 2004 is that the collective security of the world rests on the tripod of peace and security, development and human rights.

That message is equally applicable for national and regional security in Asia. An objective assessment of a new Asian vision and model requires an analysis of the warp and weft of the Asian development experience as security concerns, human rights and governance are interwoven with development. (The author is a former UN Under-Secretary-General and Ambassador for Sri Lanka who is currently Senior Adviser to the President of Sri Lanka. This article is based on a speech delivered at the Boao Asian Forum in China in April this year).
