

# The dramatic Asian revival

Deepak Nayyar explains why despite challenges like rising inequality there has been a remarkable economic transformation in the region, making it an engine of global growth

Harsh V. Pant

Asia's rise has been a much talked about subject of both academic and policy discussions. It has been clear for a while that the centre of gravity of global economy is, slowly but steadily, shifting to Asia. Deepak Nayyar examines this shift with an intellectual rigour and analytical finesse that has often been missing from this discussion.

Juxtaposing his work against Gunnar Myrdal's landmark book *Asian Drama* which was pessimistic about Asia's economic prospects, Nayyar outlines the remarkable economic transformation in Asia over the last several decades, making the region the veritable engine of global growth. This brings Asia back to the heart of the global economy from its heyday of 1820 when the region accounted for more than one-half of the world income and two-thirds of world population.

## Patterns in divergence

Nayyar's work surveys the last 50 years and provides a data-rich account of the economic development in Asia. It situates this evolution in the wider historical and social context as it underlines the factors that have shaped the economic trajectory

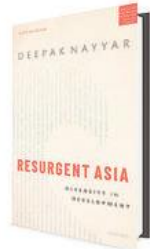
of Asia. This brings out the divergences in the historical experiences of Asian countries in the realm of their economic policies. Given the divergences in Asia, this is a remarkable exercise which manages to divine some patterns in the region. These range from the role of investment and savings as well as education to the role of governments in providing the right balance between the state and the market.

That he manages to examine broad trends even while being granular in examining individual countries is a tribute to Nayyar's scholarship.

While most of the book is about examining past trends in Asia, the last chapter is about future challenges. This is a particularly challenging time for the global economy when most of the assumptions of the post World War II economic order are being challenged, mostly by those who had set up this order in the first place. So while the economic transformation in Asia makes the continent a natural pivot of the emerging global economic order, the challenges are huge and are mounting.

## Jobless growth

Nayyar talks about growing inequality and jobless growth, the middle-income trap and the need to raise productivity levels and innovation



**Resurgent Asia: Diversity in Development**  
Deepak Nayyar  
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capacities. But he talks less of the backlash against the basic tenets of economic globalisation and how that might impact Asia. This section is rather insignificant. Though understandable, given the focus of the book, it would have been useful to situate the discussion about the future in this broader and rapidly evolving context where the so-called developed world is ready to turn its back on the very principles it was so rapturously enunciating till a few years back.

## Balance of power

There is little to contest with Nayyar's conclusion that Asia's political and economic significance will continue to rise in the future and that the balance of power is shifting towards Asia. But what complicates Asia's rise is also geopolitics.

While for economists, it makes sense to think of Asian rise and resurgence, despite all the diversity, the geopolitics of Asian resurgence is where it gets more complicated.

Differences within Asia are so striking that it is almost meaningless to talk of Asia as a whole in a geopolitical sense. Just talking of China and India and their bilateral relationship

would make the difficulties inherent in the so-called Asian century apparent. Asian economies might certainly continue to dominate the global economic trajectory, but there is a long leap from there to assuming that this century will be of Asia.

## China's rise

We have already moved on to the Indo-Pacific with all its contending claims and counterclaims. Meanwhile, key economies in the region, including China and India, are slowing down amid underlying conflictual tendencies. The West, especially the U.S., is more determined than ever to preserve its technological advantages over its most likely competitor, China. And China's rise in Asia is forcing regional players to recalibrate not only their strategic postures but also economic policies.

At a time when the term 'Asia's rise' is thrown around glibly, this book should be read by everyone who is interested in understanding the economic history of the region and what the rise of Asia actually implies. This century may or may not be Asia's but as Nayyar rightfully argues circa 2050, Asia "will have an economic and political significance in the world that would have been difficult to imagine fifty years ago, even if it was the reality in 1820."

The writer is director, Studies at Observer Research Foundation, New Delhi, and professor of International Relations at King's College London.

**Trending** The balance of power is shifting towards Asia, but there are geopolitical complications.

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