

Rethinking Asia for the 21st Century

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The Report of the International Panel on Social Progress (IPSP) acknowledges and celebrates the considerable progress that has been made globally along different dimensions of social progress in the three quarters of a century since WWII. But it highlights the huge challenges the world now faces in continuing this progress into the next century, warns against complacency engendered by past successes, and questions whether the mechanisms and arrangements which delivered past successes are now fit for the new purpose. The Report calls for a rethinking of society for the 21st century.

Inequality and development. In China the speed of urban transformation can be seen in a single picture. As in this image on the outskirts of Jiangyin (Changzhou city, Jiangsu province) China. © Joan Cane, submitted to the IIAS photo contest 2014.

It is remarkable how well the general messages of the Report resonate with Asian experience and with Asian challenges. The Report is at pains to emphasize that the world is not homogeneous, but that nevertheless some broad themes can animate our discourse on social progress. Similarly, Asia is not homogeneous, and detail and context matter in diagnosis and design of specific policies. But some broad themes on social progress do emerge which mirror global themes.

The first and most obvious theme is the remarkable progress along different dimensions in Asia over the past several decades. Indeed, when exemplifying global progress, Asian countries are often 'exhibit A'. It took a thousand years up to 1950 for world per capita income to multiply by 15, but it took only 60 years for it to multiply by almost 4 between 1950 and 2008. The story of the big Asian economies of China and India is even more spectacular, and indeed the foundation for the global story. In 1978 China's per capita GDP was roughly twice its level in the year 1000. But thirty years later, in 2008, it was six times its value in 1978. At independence in 1947, India's per capita GDP was 20% above its value 1000 years before. During the next sixty years of independence, it increased almost five fold. Many other Asian countries fit this pattern – Malaysia, Vietnam, Bangladesh, Thailand, Singapore, etc.

Of course average income is not and should not be the only yardstick of progress. But similar trends are seen for extreme poverty using the World Bank standard of \$1.90 per person per day in 2011 Purchasing Power Prices. For the world as a whole poverty fell from 35% to 11% over the quarter century from 1987 to 2013. For South Asia the fall was from 48% to 15% while for East Asia it was from 58% to 4%.¹ Global life expectancy rose from 48 years in 1950 to 71 in 2013. In Asia it rose from 42 to 72 over the same period.² Once again, Asia is a leading example in the global story.

These successes of the past few decades could breed the seeds of Asian complacency. Why worry about the future when the recent past has seen so much progress on so many dimensions? And why the need for change? Surely if we go on doing the same we will continue to have the same successes? The same questions could be put at the global level, but they would belie the angst and anxieties felt around the world, and no less in Asia.

One cause for concern emphasized by the IPSP Report at the global level but with Asian implications, is rising inequality. It is true that income inequality between countries has fallen as poorer countries (mostly in Asia) have grown faster than richer ones, but inequality within countries has risen for many countries in the world. These include the big countries in Asia such as China and India. An Asian Development Bank Report estimated that had within-country inequality in Asian countries stayed at the same level as it was a quarter century ago, economic growth would have lifted a quarter of a billion more people out of poverty.³ Spectacular as it has been, poverty reduction in Asia would have been even greater had inequality been kept in check. For the future, the forces of trade and especially technology making for greater inequality are a global phenomenon and are also playing out in Asia. The move away from basic to skilled labor and capital, contrary to the pattern of expanding demand for basic labor which was the foundation of Asian success, is now as much the reality of trends in China and India as it is in the USA and Europe.

Secondly, the IPSP Report highlights the interconnections between rising inequality within a country and lack of responsiveness of the polity and the government to the needs of the vast majority of the people. Rising inequality is also detrimental for social cohesion and thus indirectly for investment and growth. A survey of Asian policy makers found that in response to the question "How important do you think it is to have policies in place to prevent rises in inequality in order to maintain stability and sustain growth in your country", 57% said it is 'important' and 38% said it is 'very important'.⁴ Thus Asia's stellar growth and poverty reduction performance in the last three decades should not lull the polity into a false sense of security. Proactive measures, tailored to local realities of course, are needed to mitigate the trend of fast rising inequality. More generally, however, responsiveness of government (or lack thereof) is the concern. The question is whether an institutional structure of governance which has paid dividends in the past decades on economic growth can be reformed rapidly enough to meet the new challenges.

A third cause for concern emphasized by the IPSP Report is environmental degradation

within countries, and climate change at the global level. Of course, climate change will also have deep consequences at the country level. Asia's coastline countries are particularly vulnerable to sea level increases and to weather volatility. Rising temperatures will negatively affect agriculture closer to the Equator. More generally, air pollution deaths in Asia are the highest in the world and rising. In 2016 close to 3 million deaths in Asia could be attributed to ambient outdoor pollution of particulate matter and ozone, up from nearly 2 million in 1990.⁵ Alerts and emergency measures on air pollution are now a ritual in big Asian cities, and in South-East Asia the cross-country spillover effects of forest fires in Indonesia, being burned to clear ground for plantations, are a frequent occurrence. But the consequences of Asian carbon emissions extend beyond Asia. Asian countries are a major global contributor of carbon emissions, whose effects go beyond localized air pollution to impacts of global climate change. China, India and Indonesia between them contributed 13 billion tonnes in 2014, compared to 5.6 billion tonnes for the USA.⁶ Asia is part of the global problem and so has to be part of the global solution.

We come then to a fourth concern expressed in the Report, the lack of institutional innovation at the global level to address the new cross-border issues, whether they be climate change, financial contagion, refugee and migrant flows, tax shelters catering to mobile capital, and spread of infectious diseases, to name a few. The global institutional architecture still reflects the economic and power structures of 1945 rather than of 2018. The emergence of regional institutions like the Asian Infrastructure Investment Bank, and strengthening of existing regional institutions like the Asian Development Bank, is a step in the right direction. However, these institutions can, at best, only address cross-border issues within Asia while the present conjuncture highlights that Asia cannot stand alone in addressing problems which are global but with Asian consequences. Can Asia take the responsibility commensurate with its economic weight in the world, to not only fashion and strengthen Asian institutions, but to contribute to redirecting the architecture of economic and environmental global governance?

The IPSP report ranges over a very wide set of topics in its three volumes, including socio-economic transformations; political regulation, governance, and societal transformations; and transformations in values, norms, cultures. But across this breadth of canvas emerge some core themes. If Asia is to avoid the complacency trap, even more so than the rest of the world because of the sheer impressiveness of Asia's achievements in the last few decades, Asian policy makers and populations will have to address the looming issues of equity, government responsiveness, and environmental sustainability. Only then will social progress not be stalled or even go into reverse, but stand a chance of continuing on its remarkable path of the last three quarters of a century.

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Notes

- 1 See chart 'Share of the population living in extreme poverty, by world region' presented in Roser, M. & Ortiz-Ospina, E. 2018. 'Global Extreme Poverty', *Our World in Data*, <https://ourworldindata.org/extreme-poverty> (first published in 2013, with substantive revision in March 2017), accessed 20 Aug 2018.
- 2 See chart 'Life expectancy globally and by world regions since 1770' presented in Roser, M. 2018. 'Life Expectancy', *Our World in Data*, retrieved from <https://ourworldindata.org/life-expectancy> accessed 20 Aug 2018.
- 3 Asian Development Bank. 2012. *Asian Development Outlook (ADO) 2012: Confronting Rising Inequality in Asia*, retrieved from <https://tinyurl.com/ADO2012> accessed 20 Aug 2018.
- 4 Idem
- 5 Ritchie, H. & Roser, M. 2018. 'Air Pollution', *Our World in Data*, retrieved from <https://ourworldindata.org/air-pollution>, accessed 20 Aug 2018.
- 6 Ritchie, H. & Roser, M. 2018. 'CO₂ and other Greenhouse Gas Emissions', *Our World in Data*, retrieved from <https://ourworldindata.org/co2-and-other-greenhouse-gas-emissions>, accessed 20 Aug 2018.