

The East is East ...

During the heyday of imperialism it was accepted wisdom that “the east is east and the west is west, and never the twain shall meet”. As we move in the second decade of the 21st century however, it increasingly looks like that the two shall meet somewhere during the century, with, in relative terms, the west coming down and the east rising. As Paul Kennedy argued in his *The Rise and Fall of The Great Powers* “it simply has not been given to any one society to remain permanently ahead of all the others”. Britain experienced this in the 20th century, and more and more observers are apprehending that the U.S., the present leader of the West, may repeat the history in the 21st, with the East in general, and China in particular, increasingly assuming the mantle of global leadership in trade, technology and finance. As Zachary Karabell, author of *Superfusion: How China and America Became One Economy and Why the World's Prosperity Depends on It*, wrote in the Wall Street Journal last October, “China thrives because it is hungry, dynamic, scared of failure and convinced that it should be a leading force in the world. That is why America thrived a century ago. Today, such hunger and dynamism seem less evident in American life than petulance that the world is not co-operating ... The U.S. is in danger of assuming that because it has been a dominant nation on the world stage, it must continue to be so. That is a recipe for becoming Britain.” The puritanical virtues of thrift and hard work are probably today manifest more in the rising East than in the waning West.

The rise of the religious/Republican right in the U.S., combined with the best talents getting increasingly attracted to the rewards of speculation, is leading to a downgrading of the spirit of scientific enquiry. Chris Mooney's *The Republican War on Science* and his more recent *Unscientific America: How Scientific Illiteracy Threatens Our Future* argue the case strongly: as did Nobel Laureate Paul Krugman in his column (October 10, 2009). To quote “The rise of American education was, overwhelmingly, the rise of public education – and for the past 30 years our political scene has been dominated by

*the view that any and all government spending is a waste of taxpayer dollars. Education, as one of the largest components of public spending, has inevitably suffered.” Francis Fukuyama (of *The End of History* fame) wrote in a special issue of Newsweek in December 2009: “Americans have traditionally taken pride in the fact that they are a pragmatic people, especially compared with Europeans.... But the fact of the matter is that it is Americans who have become remarkably ideological and rigid in the way they see the world. The financial crisis, which might have been expected to shake loose some prejudices, does not seem to have made much of a difference in this regard. This spells big trouble for the United States down the road.”*

As for religion, Newt Gingrich, an erstwhile icon of the Republican right, believes that his followers “*are proud of our history (and) know how integral God is to understanding American exceptionalism*”. Even as an atheist, It remains a mystery to me why God, if He does exist, should favour one people over others. And, don't the Jews believe that they are God's “chosen people”, notwithstanding that He could not save them from Hitler's holocaust? But, Gingrich apart, less and less Americans seem to believe in their God-blessed exceptionalism. A huge majority feel that innovation is critical to future success – but “faith” does not lead to innovation, in fact can be counterproductive. No wonder a poll of Americans conducted recently by Zogby International suggests that the next Bill Gates is more likely to come from India or China. Again, a WSJ/NBC poll evidences that 2 out of 3 American do not believe that life for their children's generation will be better than it has been for them.

But to turn to more mundane matters, once Japan became economically successful it was accepted as an honorary member of the West: even Apartheid South Africa classified the Japanese as whites! But lately both natural and adopted members of the West have publicly expressed doubts about finance capitalism of the American variety. The Germans and French have always followed a different capitalistic model. Prime Minister Yukio Hatoyama of Japan wrote in an article just before his recent election, that under “immoral” financial capitalism, human dignity has been lost. Hatoyama has advocated the creation of an Asian political/economic bloc, and the need to protect the Japanese people from market fundamentalism. Clearly, he seems to be preparing to

resign his honorary membership of the West! And, Joseph Yam, head of the Hong Kong Monetary Authority recently argued that “*The financial system does not and should not have a life of its own,....banks primary purpose was to support the economy*”: remember Hong Kong is the Mecca of free marketeers.

Are the days of finance capital as the master of the real economy numbered?

A.V.Rajwade

Email: avrajwade@gmail.com