

Not surprisingly, the US economy is currently grabbing the headlines on account of its lingering doldrums, but it is the Chinese economy which needs to be watched more closely. For a few years more maybe, global economic dislocations will continue to be made in the West, but the world would do well to shift its focus to East Asia in general and China in particular, because the growth centres of the world have shifted very clearly to Asia and the next world economic crunch could very well originate in China, South Korea or India – so drastically has the global economic balance shifted to the 'East'.

The US is no longer 'a land of promise' and the present global economic recession is in the process of proving this beyond dispute. For instance, US unemployment is continuing to be a major problem and present surveys indicate that the rate of unemployment has been remaining 'steady' at 9.6 percent over the past few months. More and more workers are being rendered jobless, while average households in increasing numbers are struggling to stave off mounting economic misery. A favourite slogan at street demonstrations by the US unemployed these days is, 'The American Dream is Over.'

This slogan is true in more senses than one. While economic hardship is a widespread local reality in the US, the world economic crunch which is refusing to 'go away' in a hurry, has helped expose the declining economic power of the West in general and of the US in particular. They no longer occupy prime positions in the world economic power league.

The political fallout of this decline in the economic fortunes of the US, are the currently plummeting popularity ratings of President Barack Obama. Therefore, it would not be very long before the slogan, 'the world's most powerful economy', would cease to be true of the US and this fall in US economic standing globally is bound to have a decisive impact on the upcoming US congressional elections, where the Republicans are expected to do exceptionally well.

However, world opinion has not lagged in acknowledging these changes in global power relations and confirming evidence of this was the recent decision of the G 20 to move Brazil, China, India and South Korea to be among the top ten shareholders of the IMF, following a recent increase in the voting rights of these states within the IMF. The true importance for these states of a rise within the power structures of these organizations could be gauged when cognizance is taken of the fact that the G 20 grouping accounts for 90 percent of the global gross national product and two thirds of the world's population.

Having said all this, the poser needs to be raised on taking into account some developments

within China: how resilient is even the East Asian bubble? To what degree could reliance be placed on the 'development paradigms' of this epicenter of world economic growth?

These reservations need to be aired and debated because China itself has opted to proceed with a degree of discretion on its 'growth track', which is currently the subject of admiration and emulation among sections of world opinion. Even some Sri Lankan political leaders have time and again gone on record that they could turn to East Asia for fruitful economic interactions and succour in the event of their economic relations with the West going sour, particularly amid the country's current squabbles with the West over alleged war-time excesses and connected issues.

But the latest news from China is that its authorities are no longer strongly insistent on the once intensely-coveted 8 percent GDP growth rate for the economy. They would now rather settle for 7 percent and may be even less because growth cannot be pursued at the expense of the environment and the people's welfare.

No less a person than China's President Hu Jintao is on record that what needs to be aimed at is not accelerated growth as such but 'inclusive growth'. In short, what should be pursued is growth with equity – a development paradigm which would ensure the well being of China's poorer sections as well as that of other stake holders. Clearly, it is being seen by the Chinese political leadership that not all sections in China are benefiting from its current helter-skelter growth. Material advancement to be meaningful, should benefit all and from now on it is growth 'with a human face' that China would, apparently, be concerned with.

Besides, the Chinese authorities are clearly cognizant of the possibility of the Chinese economy slowing down over the next two decades or three. In fact Chinese growth is expected to drop to some 6.2 percent over this period. So, the question is whether an 8 percent growth rate could be sustained, even if reached.

These disclosures should keep the whole world on the alert because there is no country whose economy is not tied-up in some way with that of China, or whose economy is not impacted by China. This is because some 65 percent of China's GDP derives from foreign trade. In other words, international trade is integral to the flourishing of the Chinese economy.

The inference that needs to be drawn is that current global economic growth is to a considerable extent dependent on the state of the Chinese economy. It goes without saying, therefore, that a downturn in the Chinese economy would affect a considerable part of the world. Would it, therefore, benefit the world to pin too much hope on the ebullience of the Chinese economy?

But to the credit of the Chinese political leadership it must be said that it has been quick to perceive future economic trends and to act on them. It perceives that growth as such would not be beneficial in particularly the long term and has changed to an economic paradigm which would ensure the well being of the totality of its population. The world needs to think in terms of 'inclusive growth' if development, as usually understood, is to prove meaningful. Besides, the development process of the developing world in particular, needs to be autonomous to the

extent possible, if 'external shocks' are to be avoided.