

Asia - Regaining the Lost Prestige

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Abstract

Asia's progress over the last 3-4 decades is remarkable, with the continent enjoying the highest growth rates in many respects.

This progress was facilitated successively by Japan, the four Asian tigers, China, India and others.

Among the above-mentioned countries, one must emphasize the crucial contribution of China, during the recent period, to the economic development of the Asian continent in its entirety. China has recorded the highest rhythm of GDP growth, it has become the world's largest exporter, it has the largest currency reserve, and so on.

In fact, in analyzing GDP's evolution and Asia's involvement in the global economy, we used worldwide statistical information, continental statistical information and statistical information that targeted China as a major beneficiary of globalization.

The objective of this paper is the attempt to highlight two periods of economic development in Asian history. It is worth mentioning the nostalgia of the Asians for the silk road period, but especially their pride in the remarkable evolution of Asia during the present period, characterized by an unprecedented process of liberalization of the world economy.

Key words: economical growth, globalization, hybrid, pole of influence

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1. Introduction

One can easily say that Asia is a fascinating continent in both cultural and economic terms.

The special cultural values that characterize the various Asian countries are outstanding.

The economic development and the influence exerted in the field by Asia were enviable in the early Middle Ages. The following period was characterized by more or less appreciated developments, including periods of time in which Asia slid into obscurity.

The contemporary era, whose essential feature is the accentuation of globalization, has represented a good opportunity for Asia, as demonstrated by its economic results.

Asia's economic development since the 1980s has been somewhat winding. The decade of stagnation for Japan, the difficulties faced by the Asian countries at the beginning of the period following the Cold War, the financial crisis that affected the Asian continent in 1977 are a few landmarks that disturbed the above-mentioned continent.

The fact that many Asian countries have learnt from these harsh experiences is demonstrated by the remarkable economic development of the Asian continent, including the last global financial crisis.

Asia's successes in the economic field, at the millennium's boundary, were largely due to the four Asian tigers, China and India. Heterogeneity seems to characterize the group of major artisans of Asia's development. Taiwan and South Korea are in the American sphere of influence, including in military terms, and have been characterized by the existence of authoritative administrations. Singapore and Hong Kong are strong financial centers that are more permissive in terms of democratic expression. China, defined in the specialized literature as a two-system country, has followed quite well the rigors of the capitalist economic system, while the country's political leadership is of Communist origin. One of the fundamental features of the capitalist economy is

represented by performance, and precisely this aspect has characterized the controversial Chinese economy over the past decades. With a relatively democratic administration, the state sector continues to be important in India's economy, and the Indian government has to subsidize a series of products that are absolutely necessary for the subsistence of a large proportion of the population.

2. Theoretical background

On a general level, the methodological framework of this research has focused on a number of aspects highlighted in the specialized literature.

The issue of the Asian continent and its evolution, including in terms of economy, has been of interest to many scholars and authors of economic literature.

Joseph Stiglitz's positions on globalization, Parag Khanna's positions on the world's three-way development, Joshua Goldstein's experience in international relations are some examples that illustrate Asia's development in a global context.

The analysis of the phenomena that characterize the Asian continent was based on statistical data, using appropriate methods of interpreting the information, such as deduction, induction, comparison, etc.

3. Asia during the Middle Ages and the Silk Road

About 100 years B.C., the first caravan that left China and arrived in Persia was registered, without changing the owners of the goods along the entire commercial route. It was the moment that marked the beginning of silk road development as it is currently perceived. Besides the opportunities generated for the producers and consumers who are mostly at the ends of the Silk Road, this has led to an increase in the ownership of settlements located alongside it. The population and the economic importance of the localities adjacent to the Silk Road have increased.

The Silk Road was the most important commercial route since the beginning of the Middle Ages, allowing a relatively small range of goods, but rather appreciated by the higher social layers of the ages, to reach from Asia all the way to the Roman provinces and beyond. The controversies of this trade, which we can consider as a distant precursor to the globalization of the world economy, did not hesitate to make their appearance. Thus, representatives of the Han dynasty of those times in many cases refused the counteroffer made by the Romans, accepting only gold for payment for the famous Chinese silk. Seeing their gold reserves weakened, the Roman Empire's reaction was to impose a ban on wearing silk in the empire.

We need to stress the idea that the Silk Road was more than just a commercial route, connecting different cultures and civilizations.

The simple fact that the Silk Road was the major trade link between the east and the west for a long period demonstrates the special importance the Asian economy had in those times. China's economic strength, followed by India, as well as the cultural peculiarities of the two countries, have turned them into the main attractions for European entrepreneurs and colonialists.

Initiated by ancient China more than two millennia ago, the Silk Road at the beginning of its use involved a route to Asia, Europe and North Africa. Besides the silk, which was the largest share, the traded goods were of utmost importance for those times, e.g. the paper, the rifle powder and the compass being some examples in this respect.

In the ancient period and even 150-200 years ago, Asia held an important position in the production and trade of goods. The efforts of Asian countries led by Japan and later on by China have determined the Asian continent to regain its role as a significant player in the global economy.

4. Japan as the post-war Asian flagship

After the Second World War, Japan was in a very delicate situation, most of the economy (based on the arms industry) being destroyed by war.

With a peculiar culture that puts a major emphasis on domestic values, Japan has impressed through its economic development in the period following the Second World War. The Japanese economy was practically rebuilt in the 60-70s, and in the near future it had an enviable economic

growth. Japan has succeeded in creating a powerful nation based on a strong economy, making full use of its relations with the Western world, including through the use of Western-based counselors and technology. With relatively limited natural resources, the Japanese economic development involved an increase in foreign trade and investment abroad, and this country is becoming increasingly involved in the global economy.

The strong rise in real estate prices driven by the generosity of the Japanese banking system in lending, as well as the strong increase in external debt, have strongly disrupted the Japanese economy in the early 1990s. The rise of the Japanese economy over the period that followed was clearly below the worldwide levels or the country's recorded rates from the previous period.

The lessons learned by the Japanese administration in the early 1990s were the basis of the Japanese development in the current millennium, a development characterized by a pronounced specificity, with the Japanese economy moving at its own pace. At least in terms of the fact that the impact of the 2008 global financial crisis on the Japanese economy was limited shows that the measures taken were correct.

Over a long period, Japan was the world's second economy, giving up this place a few years ago to China. The two major Asian players are, of course, in a regional competition, but with rationalism, they have found ways to boost mutual economic development.

With a well-developed infrastructure, with substantial R & D investments, a high wage level, with a relatively aging population, the world's third economy generates many challenges in the current period of the world economy's deepening globalization. The performance and potential of the Japanese economy have been highlighted in recent years. Stimulating public and private investment, maintaining inflation and unemployment within minimal limits, making investments in labor training were concrete and fair measures taken by the Japanese administration. The result materialized in a rate of growth of just over 2% in 2018. It is a reasonable increase for an economy where GDP per capita is at high rates, making it difficult for Japan as a highly developed country to record spectacular economic growth rates.

On the other hand, Japan has represented a reliable partner of the U.S.A. and a factor of stability in the Far East.

5. China and India as champions of world economy's globalization

China fascinated both in Antiquity through culture and even through the economic opportunities it generated, and in the contemporary era by being de jure and de facto the great beneficiary of the globalization of the world economy.

The Chinese Cultural Revolution, the big state-owned enterprises characterized by weak efficiency, a bureaucratic system, corruption, an overwhelming rural population and lacking in perspective, etc. are the main elements that characterized the Chinese society under the leadership of Mao Tzedun.

The real reforms began to be implemented by Deng Xiaoping in the late 1970s. The agricultural land was given in concession under extremely favorable conditions to peasants willing to work it.

Practically, private development has grown into a sector that is extremely sensitive to the economy, at a time when the other communist countries did not even dare to think of it. Moreover, surprising the whole world, the Chinese National People's Congress imposed by law the equality of treatment between state property and private property. This seems to have been the turning point in China's transition from the planned economy to the market economy.

The Chinese experiment to combine the Communist political leadership with the capitalist economic development was a successful one. China has capitalized the few advantages of a single party's leadership with the remarkable opportunities that the market economy offers, while removing much of the negative effects that the two systems generate.

Thus, optimum conditions were created for capitalizing the huge and disciplined labor force, as well as for the use of the advantages offered by the accentuation of the world economy's globalization.

China was among the first communist countries that, in addition to understanding that economic development based on socialist property was ineffective, acted accordingly.

This political-economic hybrid, in addition to the more than remarkable economic development that has characterized China over the past 3-4 decades, has allowed a fairly equitable distribution of economic effects of the so-called "Chinese Miracle." In the reference period, China is the country where the largest passage of population (several hundreds of millions) from the category of poor citizens to the category of middle class citizens has been achieved, thus increasing the degree of overall social comfort.

China's economic and social development over the last 30 years has been seriously opposed to developments in the Communist and capitalist countries, including in developed countries. Communist countries, such as North Korea, cannot even compete with China. North Korea, for example, is characterized by a precarious level of development and generalized poverty of the population. In most of the capitalist countries, mainly the rich social classes have benefited from the economic advances made to an appreciable extent by globalization. In the last decades, with all the achievements, the inequalities between the rich and the poor have increased substantially, thus increasing the social discomfort.

On the other hand, China's concern for the future must be noted. China's actions in the field of research are worth mentioning. The allocation of important financial amounts for research, the training of young Chinese specialists in the country and abroad, and the attraction of enlightened foreign minds to do research in China are some arguments in this regard. Many countries, including the EU, have lost a whole host of remarkable researchers who have been attracted by China's outstanding research opportunities.

China has a strictly regulated capitalist economy, being in the epicenter of the most populated and economically dynamic areas in the world. In addition to the economic opportunities offered to the countries in the region by promoting a dialogue-based policy, China has become the most important player in the Asian continent and a world-class player alongside the United States and European Union. (Khanna, 2008, p. 235, 237)

The characterization made by Parag Khanna of the three major poles of influence that characterize today's world is interesting. In terms of policies promoted globally, "the US imperial American coalition policy, the European consumption policy and the Chinese consultative policy are in confrontation - each of them having very clear divergent ideologies. The United States offers army protection and aid, China provides unconditional relationships with full services, and Europe comes with profound reforms and economic association with its states" (Khanna, 2008, p. 294).

India, the second country by number of inhabitants, and in the first 10 countries of the world in terms of Gross Domestic Product, in the period since its independence until the 1990s, relied on a mixed economy that combined the principles of capitalism with features of communism. In addition to some economic success, bureaucracy and corruption have led to a strong polarization of the Indian society, with a huge number of poor people in this country. The liberalization of the economy 20-25 years ago, followed by a significant development of the infrastructure, created the necessary framework for India to benefit from the advantages of accentuating globalization in recent decades. With a booming software industry, but also with hundreds of millions of poor people, the complex Indian economy is now characterized by significant government interventionism designed to provide first and foremost the means of subsistence needed by a great deal of population.

India's evolution is somewhat similar to that of China, with the middle class continuously rising, with tens of millions of Indians enjoying prosperity over the last few years. However, India has registered limited success compared to China in combating poverty. Although the middle class layer significantly increased, the inequality between the rich and the rest of the Indian population has visibly deepened in recent decades.

By focusing on attracting foreign investments as many Asian countries have developed in this way, the Indian economy has particular performances in the production of cotton, silk, vehicles, industrial equipment, metallurgy and especially information technology. It should be noted that India currently has a major advantage compared to other economically important states of the planet, i.e. the great potential offered by a very young and large population (with a significant share in the total Indian population). There is every chance that this young population will ensure the economic development and prosperity of India in the following periods of time.

6.Asia's development in data

The success achieved by the Asian continent led by China during the period when the globalization of the world economy has significantly evolved, are strongly supported by statistical data.

Table no. 1. GDP in current prices (billions \$)

	1970	1980	2008	2009	2017
World	3405.5	12305.6	63700.2	60414.7	80501.4
Asia	512.1	2513.5	17585.8	17865.7	29455.9
China	92.6	306.1	4598.2	5109.9	12237.7

Source: www.unctad.org

Asia's economic growth is highlighted by the GDP growth of this continent from \$ 2513.5 billion in 1980 to \$ 29455.9 billion in 2017. For the same period, Asia's GDP share in world GDP rose from 20.4% to 36.5%, while China's GDP in Asian GDP grew at a much more sustained rate from 12.1% to 41.5%. We can state in these conditions that the Asian economic progress over the last 37 years has been overwhelmingly based on China's success in this area.

It should be noted that due to China's contribution, Asia has gone well through the global financial crisis, registering even a slight economic growth in 2009 as compared to 2008, in contrast with world GDP growth that has experienced a significant rebound.

Table no. 2 GDP per capita (\$)

	1970	1980	2008	2009	2017
World	920	2760	9383	8791	10664
Asia	245	972	4288	4308	6541
China	112	308	3420	3779	8682

Source: www.unctad.org

The strong rise of Asian GDP resulted in multiplying by 6.7 times GDP / year of this continent over the period 1980-2017. Despite all the progress made, we can notice that the GDP per capita in Asia is substantially lower than the world average, due to the persistence of extreme poverty in many areas of the Asian continent, and on the other hand, the extremely large number of people inhabiting the continent. China, as the global champion of economic growth in recent decades, has come close to the world average value of this indicator, but it will take it several years to reach that level.

Table no. 3 Exports of goods and services (billions \$)

	1982	2005	2008	2009	2017
WORLD	2223.2	12834.4	19743.1	15814.7	22750.1
Asia	-	4069.9	6611.7	5356.8	8753.9
China	23.6	767.4	1479.8	1241.6	2444.5

Source: www.unctad.org

In many of the specialized literature analyses, when talking about globalization, China and Asia are concerned. Increasing the level of Asian involvement in the world economy is highlighted primarily by the upward trend in exports of goods and services made by this continent. In 2017, the

value of goods and services exported by Asia amounted to \$ 8753.9 billion, accounting for 38.7% of global exports of goods and services. China's evolution in terms of this indicator was spectacular, China's exports of goods and services between 1982 and 2017 multiplying by 103.5 times.

7. Conclusions

Given that Japan, China and India are representative of the most populous continent, the other Asian countries, whose main feature is diversity, should not be forgotten.

Since the 1980s, the contribution of the four Asian "tigers", i.e. South Korea, Taiwan, Singapore and Hong Kong to the development of the Asian continent has to be noted. The economic growth recorded by the four Asian tigers in the 1980-2000 period was substantial (approximately 7% on average per year).

Towards the end of the last century, other Asian countries such as the Philippines or Vietnam began to record high growth rates.

Contrary to the success of the Asian countries mentioned above because of their growing involvement in the global economy, we must also note the weak economic and social progress recorded by countries that have emphasized self-development or have serious internal problems, while being involved in regional military confrontations. It is worth mentioning in this regard, North Korea, Afghanistan, Pakistan, Myanmar and so on.

Central Asia is a less known and less accessible area for Western investors. The countries that make up this area have some deficiencies in terms of technological endowments and democratic standards. Kazakhstan and Uzbekistan, however, stand out from this group of countries primarily by being in possession of important natural resources, including oil, natural gas, uranium, and so on.

Given the heterogeneity of Asian countries and natural disasters (earthquakes, floods) that Asia has faced in the past two decades, the overall economic development of the continent is even more remarkable.

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