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As the world turns: The wealth of nations in the 21st century

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The enormity of change across the multiple platforms of the connected world will impact the poorer but resource-rich countries of ASEAN

As the Asian Century gets under way, the question is not how giants like India and China will achieve prosperity for their peoples, but how the smaller, less economically powerful countries will be able to experience the 'warmth' of the wealth of nations. "Sustainable growth and shared prosperity' is one way to close the gap," says **Suvit Maesincee**, director of the Sasin Institute for Global Affairs (SIGA) at Chulalongkorn University, Bangkok.

As the world settles into the second decade of the 21st century, the challenges confronting countries and their citizens are enormous, says Maesincee. "While business takes such change in its stride, the outcome for nations and their economies is less certain. The Asian Century is one of those changes and it is the name given to the shift of economic might to Asia in the 21st century. The growth engines of the global economy are expected to come from three main regions: East Asia led by China, South Asia led by India and Southeast Asia led by ASEAN. The move away from the triad of the U.S., the E.U. and Japan to Asia is set to change the geopolitics and geo-economics of the global community."

Sustainable prosperity

Extremes of climate change, economic upheaval, and social inequality are consequences of issues left over from the previous century. "The Arab Spring and the Occupy Wall Street movement are the direct result of the imbalance in equality of power, wealth and opportunity," he says, adding that the imbalance between nature and humanity has resulted in climate change and pollution.

Maesincee believes resolving inequality will ensure sustainable growth. However for sustainable prosperity to take place, "we need to address the issue of imbalance".

An Asian value, the concept of balance means countries should not focus only on economic growth engines, he says. "They should also strive to achieve optimal balance of nature, human, and technology by embedding the new engines for transformation: green, inclusive and productive," he told *Perspectives @SMU*.

Countries are like people, he says, in that they have various stages of development. Some are at the subsistence level and that leads to suffering. "This means you have to move them from suffering to survival, and from survival to sufficiency and then to sustainability."

"Policy makers need to consider how countries, especially the smaller nations in ASEAN that are resource-rich but low income, can be encouraged to step up the ladder based on the concept of shared prosperity," he proposes. "To grow social prosperity requires an enabling environment so that every sector obtains the benefit."

At the macro level, an enabling environment means providing a predictable environment, shedding of any red tape and corruption, and introducing good governance. It involves two things, he says, The first is opening a window of opportunity, while the second is relaxing any constraints to spur competitiveness.

In some countries, this will mean the introduction of major institutional reforms, such as the rule of law and due process of law to building a "clean & clear" society. Without it, countries may inevitably face economic and political instability. Once countries pass this 'test', he elaborates, they can proceed to resolve the next sequence of development: creating a productive environment supported by world class macro-ecostructure and pro-market public policies.

Another consideration is to unleash the 'wisdom at the bottom of the pyramid'. "We need to find a way of getting the bottom, middle, and top of the pyramid to work together. Without shared prosperity, the top of the pyramid cannot drive society," he adds.

Shared prosperity is synonymous with inclusive growth. Taking a simple example, Maesincee explains: "It means if you have two products, both of which are the same, but one uses the latest technology and is cost effective. The other is made manually. The first reflects maximising what we call 'economic efficiency', while the second maximises 'social efficiency'. It may be labour intensive, but it provides an empowerment opportunity for the people. It's more inclusive."

Engines of growth

These days, many people are not convinced that growth is the answer to the wealth of nations.

"They're seeking sustainable capitalism, which balances human dignity and potentiality with socio-economic prosperity and environmental sustainability," he adds.

Maesincee is convinced sustainable prosperity is achievable using green, inclusive and productive growth engines:

A green growth engine neutralises the threats and risks from the environmental degradation, pollution and the negative consequences of climate changes with an establishment of a resilient economy, a low carbon society and a green growth industry.

An inclusive growth engine provides a level playing fields and results in not only a “free and fair” economy but also a “care and share” society, he argues.

Meanwhile, technology provides a productive growth engine, spurred by more research and development, science and technology. He believes that Asia has to catch up with Western innovation "because countries have to innovate their own technology."

"At the same time," he says, "you also have to build up a collaborative network for science, technology and innovation".

For Asia to prosper in the near future, a balance needs to be struck between nature, humanity and technology, something that is currently lacking in several Asian countries. "If we can optimally balance these three, it will ensure we have sustainable prosperity in ASEAN," he opines.