Balancing act

David Owen

The End of the American Century. By Steven Schlossstein. *Congdon and Weed*: 1989. Pp. 537. \$22.95. Distributed in the United Kingdom by *Pandemic*, £16.35.

THIS is a difficult book to read in as much as its style alternates between breathless journalism and detailed academic analysis. It starts with a chapter looking back from the year 2001 and asserts that Mikhail Gorbachev and his loyalists had been purged in 1992 and sent to Siberian camps, and that Japan had defeated the Soviet Union in a major military encounter involving the disputed Kurile Islands. The only justification for this chapter can be to jerk the reader out of any complacency about the future facing the United States. Yet its likely effect is to make the reader question the author's judgement.

The impression of superficiality is enhanced by the author's tendency to take a trip around the world with a mixture of pen portraits and quotes more appropriate to *Time* or *Newsweek*. The Office of Technology Assessment of the US Congress has undoubtedly published an important report called *International Competition and Services*. But it adds nothing to know that its project director is as comfortable "discussing disaggregated tax incentives as he is analysing trade and investment data" and is "tall and lean, with angular features and a thick, full beard," looking "very much like a youthful Abe Lincoln". Nor is it relevant that a young British foreign service officer in Singapore had clear blue eyes and a penetrating look that reminded him "very much of Robert Redford".

Yet for all the stylistic extravagancies, this book's 480 pages contain fascinating facts and figures comparing the economies of Asia with the United States which are not easily found in a single volume. Nor can the analysis of the lack of competitiveness of the United States be shrugged off as exaggeration.

Schlossstein's underlying theme is challenging but highly questionable. He argues that "stability and prosperity need more than just military might: they require an effectively functioning international financial system anchored by one dominant industrial nation whose currency is strong and commands respect". In as much as this was provided by Pax Britannica and the pound sterling and Pax Americana and the dollar during the past 150 years, Schlossstein feels the need to raise the spectre of Pax Nipponica and the yen. He writes that "Pax Americana can be revived, revitalised and restored. It must be. Because the alternatives,

whether an unpredictable dominance and control by Japan under Pax Nipponica or chaos and uncertainty resulting from a world with no dominant single power at all, are both less tolerable."

Pax Americana, Pax Nipponica, or with no Pax, anarchy. How simple the author makes it all sound. Yet what superficial nonsense it is. First, to view the past 150 years as a period of stability and prosperity is stretching one's sense of historical truth. Two world wars and innumerable conflicts can hardly be depicted as a stable

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period in world history. As for prosperity, it is too early to make an overall judgement. The pattern of prosperity has been very uneven. The depression in the 1930s cast a long shadow over the industrialized Western democracies and the sum total of human happiness in big areas like China, the Soviet Union and in the Indian sub-continent may well have been no greater in the past 150 years. We may have sown the seed of the destruction of our global environment; only time will tell us the answer. The author might be right that "anarchy may rule" with no Pax. But a coherent argument can be mounted for a multipolar world being more peaceful and prosperous.

Certainly, a multipolar world is a more attractive objective for most of the world's citizens than reinvigorating Pax Americana. Not many want to recycle Vietnam and all that came to represent. The Soviet Union, having given up its empire from economic weakness and now facing its own dismemberment, is no longer a superpower. Without such an overt Communist threat it is very unlikely that even an economically rejuvenated United States of America will want to continue to project its military strength as a superpower. The United States can and should improve its competitiveness and reverse some of its

declining industrial sectors, but it will do this for its own internal reasons.

The strength of this book is in Schlossstein's description of what is happening to the other economies in South-East Asia in South and North Korea, Taiwan, Hong Kong, Singapore and the Philippines. In effect these countries are likely to be a considerable check on Japan. If the Chinese coastal strategy for economic development works, that too will counter Japanese dominance. It is quite likely therefore that Japan's position will mirror that of a united Germany in Europe, both countries constrained and influenced by their immediate neighbours. Of course in Europe this process is institutionalized in a sophisticated way within the European Community, itself likely to enlarge from 12 to 16 countries with the intergration of East Germany and the addition of Austria, Hungary, Czechoslovakia and Poland. In Asia there is only as yet ASEAN which, though in its infancy, has the potential to develop and to establish even closer links with Japan.

The dominance of a single currency is neither desirable nor likely. The deutschmark, the yen and the dollar will probably stay as the basic basket of currencies. For monetary dominance is not something national governments any longer aspire to because it makes them too vulnerable. A single currency for Europe, the ecu, is likely to emerge and although the yen may push the dollar aside in Asia it is not in the Tokyo financial market's interest to destroy Wall Street. Spreading the risk and the speculation in currencies is part of a global market.

It will be clear from my review that readers tempted by publishers' hype to believe that they are reading a work comparable to Paul Kennedy's *Rise and Fall* will be disappointed. Nor has this book got the bite or tautness of Jean-Jacques Servan-Schreiber's *The American Challenge*. It is nevertheless worthwhile dipping into on a long intercontinental air-flight or on vacation when tired of novels.

For a more compelling prescription of what the United States should do now to overcome its gigantic problems, its decaying infrastructure, inadequate public education, insufficient public revenue and excessive federal deficits, one could do no better than read Felix Rohatyn's article on *perestroika* for the United States in *The New York Review of Books* issue of 12 April, "Becoming what they think we are". The US problem is that the Democratic party in opposition is still treating active government and tax increases as taboo subjects. Until a real debate with President Bush's administration is provoked on these subjects, lessons about competitiveness from the Pacific rim will continue to fall on stony ground. □

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