

November 13, 2009

PM's China, India travels are overdue

By Jeffrey Simpson
From Saturday's Globe and Mail

The economic dynamism of India's economy, and the explosive growth of China's, mean their political weight will grow

Canadians, perched above the United States, often have trouble looking beyond that behemoth.

There are many compelling reasons for this fixation on the U.S., a major one being the country's commanding role in the world economy and its dominance as a trading partner. That commanding role is fading. In two or three decades, writes Wendy Dobson of the University of Toronto, "Asia will dominate the world economy. By 2030, the Chinese and Indian economies combined will be nearly twice the size of the U.S. economy, with China itself larger than the United States and India fast closing the gap."

This change represents a *Gravity Shift*, the title of Prof. Dobson's hard-to-dispute book about the emergence of India and China, the different challenges that confront each, and the slow return to the relative importance of the two countries from 1300 to 1820, when together they accounted for more than half the world's economic output.

So it's about time, indeed, well past time, for Prime Minister Stephen Harper to visit the two countries, as he will be doing in the weeks ahead.

Prime ministerial trips, by themselves, usually don't change bilateral relations, but they do signal a seriousness toward the country being visited. They help at home, too, given the importance of the Indo- and Chinese-Canadian communities where Conservatives have made sizable inroads and hope to make more.

Mr. Harper's China visit is especially welcome, since his government until this year just didn't get the importance of establishing reasonable relations with the country. China was authoritarian. China was hostile to Taiwan, and the Conservative caucus had lots of pro-Taiwan MPs. China was a human-rights abuser. And, simplistic as it might seem to report, China had been a "Liberal" priority. In the hyperpartisan brains of the Harperites, this made China suspect.

China wasn't actually "Liberal." The Conservatives under John Diefenbaker sold wheat to China, then suffering food shortages because of crazy Maoist policies. Brian Mulroney visited China in his first two years in office.

Canada under Pierre Trudeau became the first large Western country to recognize "Red China." Jean Chrétien visited there repeatedly; his successor Paul Martin spoke almost obsessively about the importance of China (and India).

The Harper government's unjustified rather childish and petulant attitude toward China is being rectified with the opening of new offices in each country (first announced by the Martin government), ministerial visits and now a prime ministerial one. Nobody has to kowtow to China, but it is far too important to spurn.

Prof. Dobson, who was once a senior official in the Finance department, understands China's importance - and challenges. The one-child policy will mean a slowdown in population growth and perhaps productivity. Environmental degradation is a problem. So is government corruption. Political pressures for more say in how the country is governed will present the Communist Party with a series of tests.

India's population is growing faster than China's, and will make India the world's most populous country. Deliberate government policies keep people in subsistence agriculture, dampening India's productivity. Too much money is spent on politically attractive but economically useless subsidies. Corruption remains entrenched.

Still, the economic dynamism of certain sectors of the Indian economy, and the explosive growth of China's, mean these countries' political weight worldwide will grow. The two led to the scuttling of the last World Trade Organization negotiations. Their reluctance to take on greenhouse gas reduction targets will hurt the climate change negotiations about to start in Copenhagen.

The recession, as Prof. Dobson correctly notes, has accelerated the *relative* decline of the United States *vis à vis* other economies. The U.S. will remain, for some time, the leading economic country, but the lead is slipping, something Canadians and their businesses must appreciate.

The U.S. is deeply in debt, unable to resolve major domestic issues, stretched militarily overseas, with a sliding currency owing in part to a chronic trade deficit. Borrowing massively abroad is an invitation to international currency instability, inflation and higher interest rates.

The international system, therefore, is moving slowly toward a multipolar world, with the U.S. pole, to which Canada is tightly attached, losing its importance relative to India and China.

If Canada doesn't want to follow the U.S. decline, it had better govern itself internally better than the Americans have been doing, and work harder to identify opportunities and talk seriously to the emerging centres of world power.

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