“A hundred years ago, the West ruled the world. (...) [T]hat is no longer the case”.


The European breakthrough to modernity is associated with the gradual emergence of a world order dominated, first, by a succession of European countries, and later, by the (US-led) West as a whole. The West owes its rise to a series of sweeping changes that, over the course of several centuries, fundamentally transformed society and whose aggregate impact is widely believed to be matched in historical significance only by the Neolithic Revolution. These changes led to an enormous expansion of human capacity: in the understanding and manipulation of physical and social environments; in the production of goods and services; in the making and implementation of collectively binding decisions; in the construction and diffusion of knowledge; and others. This logic of expansion is built into the very structure of modern, functionally differentiated society, whose subsystems possess no stop rules that could serve as internal breaks to dynamism; it is further reinforced by the often fierce competition among organizations operating within the various systems. Continuous growth and improvement of the quality of conduct/output are both permanent features of modern social systems and yardsticks by which they measure their performance. A given level of achievement — in the accumulation of wealth, in the
wielding of power, in the juridification of human affairs, in the reduction of ignorance, in the education of populations, etc. — is therefore never good enough, can never be an end-point beyond which further advancement would be (considered) impossible or undesirable. Hence the incessant drive of modern society to upgrade, modify, reinvent itself, and to push the boundaries of its reach.

Because the modern revolution was initially confined to north-Western Europe, historically “backward” Europe surged ahead of all other world regions and civilizations, enabling small countries like Portugal, Spain, the Netherlands and England to build global empires and to impose their will, rule, terms of exchange, models of development, to a certain extent even culture, on large parts of the “rest”. The 20th century saw two major changes to this trend. First, after World War I, the center of (Western) modernity quickly shifted away from Europe across the Atlantic to the United States, and second, the ascent of the Soviet Union marked the arrival of a seeming alternative to the Western model of modernity, as well as of a bi-polar world order in which two superpowers temporarily competed for global leadership.

The downfall of the Soviet empire and the corresponding rise of the United States to a position of undisputed hegemony marked the end of that era and led many observers to believe the West had finally triumphed. This may be true as far as the “world models” (Meyer et al. 1997) are concerned that guide global development. It is less evident for the distribution of power resources, which were already shifting away from the West by the time of its ostensible triumph. But this shift had long escaped notice because by focusing attention on the West, the world failed to understand the significance of changes taking place elsewhere whose impact is potentially more profound than both the end of the Cold War and the demise of socialism were: the rapid modernization of East Asia. Within a few decades, parts of East Asia reached levels of socio-economic development that it took Europe centuries to accomplish, and once a few pioneers had proven this was possible, others quickly followed suit. This not only transformed the region itself; it will, if it continues, in all likelihood also bring to a close the age of Western dominance and supremacy. For if sizeable parts of the non-Western world succeed in catching up with the West, then the relative power of the West is bound to decline, because the smaller the differences in socio-economic development, the greater the weight of demographics. And demographically,
the West’s position is fast weakening. Taken together, the populations of North America and Europe currently represent 12 per cent of the world population, compared to roughly 60 per cent living in Asia (or 30 per cent living in East Asia). Around the turn to the 20th century, Europe alone accounted for one quarter of the world population, today the share of the countries now comprising the European Union is around 7 per cent, and it is estimated that by 2050 this share will be down to 4 per cent. While the populations of most other world regions are growing, that of Europe will soon begin to shrink. North America is in a slightly better position as its population is expected to increase for decades to come, but relatively speaking it faces the same downward trend in demographic significance.

The combined effect of successful modernization in non-Western regions and the dwindling population share of the West is the emergence of a new world order, with East Asia the most likely candidate for succeeding the West as the globe’s future center of (economic, political, perhaps scientific and cultural) gravity. And while it is too early to predict with any degree of certainty the exact ramifications of East Asia’s “renaissance” (Gill and Kharas 2007) for the rest of the world, sufficient knowledge exists to render intelligible East Asia’s resurgence and to speculate about its implications for the transformation of world order. The paper will first reconstruct the developments that led to East Asia’s rise during the past 50 years and then conclude with a few remarks about the dissolution of the old, Western-dominated world order triggered by the collapse of global financial markets in 2008.

EAST ASIA’S MODERNIZATION

As is well known, the first East Asian country to engage in full-scale modernization was Japan. Japan’s modernization occurred in response to pressures of the United States and other Western powers on Japan to (re-)open its sea ports for unrestricted (asymmetrical) trade. When American and European warships appeared off the shore of Japan in the 1850s and 60s, the country was in no position to militarily resist the might of the foreign intruders. The authorities were forced to sign a number of treaties similar to those that had earlier been imposed on China following its defeat in the two Opium Wars. This undermined the legitimacy
of the Tokugawa shogunate that had ruled Japan for two-and-a-half centuries. In what came to be known as the Meiji Restoration, in 1868 it was overthrown by a faction of the ruling elite with the aim to reorganize and empower the country’s government, economy and military in such a way that its sovereignty could be defended. As the new rulers soon found out, accomplishing this mission involved nothing less than a complete transformation of Japanese society (Landes 1998).

The term modernization, as it is used here, has two interrelated meanings. On the one hand, it simply refers to the dynamic aspect of modernity, the processes and products of change that accompany the transition from pre-modern to modern society and beyond. On the other hand, it signifies conscious efforts on the part of influential societal actors to set in motion, by means of rational planning, developments that result in what is understood as modernity (or high or advanced modernity) at a particular point in time.

Historically, one of the most important, though by no means only, aspects of modernization has been industrialization of the economy. In countries that industrialized first, especially in Britain, the main driving forces were private entrepreneurs and (increasingly free) markets, coupled with state-protection of domestic businesses against foreign competition, forceful opening of (distant) markets and decreed trade rules. Industrial latecomers, by contrast, often mobilize the state apparatus as the key agent and coordinator of the modernization process (Bendix 1970). Whereas the earliest expressions of modernity were primarily emergent phenomena, the unintended and unanticipated effects of unplanned societal evolution, later modernizers, through the example of reference societies that are ahead of them, tend to have relatively clear ideas as to where they are headed and how to get there.

The best known cases of late modernization are those of Germany and Japan. In both cases, strong, authoritarian and bureaucratically organized governments played a key role in the process and initiated many of the requisite steps. In the early phases of modernization, both countries relied on foreign know-how to build up their industries, which they “borrowed” by various legal and illegal means. Since Germany was ahead of Japan in several dimensions, it also served as one of the models that the Japanese modernizers drew upon: in the military, in the bureaucracy, in science and (higher) education, in the legal sphere. Other similarities abound, among them both countries’ rise to colonial powers
around the turn to the 20th century, their roles in the Second World War, and their economic performance in the first few decades after that war.

Modernization theories tend to view economic development as the prime mover of societal modernization (see Lerner 1968: 388), modernizing agents often do likewise. They have thus a tendency to prioritize economic growth over all other policy objectives. That is certainly true of the leading cases of East Asian modernization, namely Japan and the four tigers, but it also holds for other late industrializers in the region, especially for China. The results have been spectacular.

Beginning with the Industrial Revolution, the West experienced unprecedented economic growth. From 1820 to 1870, Britain’s GDP increased by 1.2 per cent annually; 30 times faster than the world average between 1500 and 1820 (Maddison 1995: 62; 20). It took the country 50 years to double its per capita income. Given that no country had ever achieved such rapid growth before, contemporary observers were understandably impressed. But what they witnessed was little in comparison to the growth rates achieved by East Asian countries during the second half of the 20th century. Japan’s per capita income rose almost ten-fold between 1950 and 1973 and nearly 28-fold between 1820 and 1992. From the early 1960s onwards, the above tigers grew at double-digit rates for two to three decades in a row and continue to perform well to the present day. In the early 1970s, a third generation of high growth economies (comprising mainly Malaysia, Thailand and Indonesia) followed in their footsteps, with China joining in around the turn to the 1980s.

Because modern economic growth reached the non-Western world other than Japan only after 1950, global (cross-regional) economic inequalities, which had been relatively moderate until the 18th century, exploded following the Industrial Revolution. East Asia’s modernization has reversed that trend (Firebaugh 2003). For most of recorded history, China’s economy was the largest in the world. As late as 1820, the Middle Kingdom accounted for nearly a third of global GDP, with India contributing another 16 per cent (Maddison 1995). By 1950, China’s share had shrunk to 5 per cent. Conversely, the West’s share of global GDP increased unabated for almost 200 years, peaking around 1950 when Western Europe, North America and Oceania (Australia and New Zealand) together controlled 57 per cent of the world’s economic product. Thereafter, it dropped steadily; by 1998 the West’s share of
global GDP was down to 46 per cent, while that of Asia had more than
doubled (to 37 per cent, up from 18.5 per cent in 1950; cf. Maddison
2001: 263). This trend continued during the past 10 years.

Both the West and East Asia performed well in the second half of
the 20th century, but East Asia grew more than double the rate of the
West. As long as the region’s rise was confined to Japan and the four
tigers, it did not affect the overall weights in the world economy very
much, for with a combined population of (presently) just over 200 mil-
ion people, they were in no position to challenge the West’s dominance.
China, on the other hand, represents more than one fifth of the world
population. If a country of this size takes off economically, then it is
bound to shake the world.

It has already begun to do so (Kynge 2006). Following the intro-
duction of market reforms in 1979, China’s increasingly open economy
exhibited an average annual growth rate of approximately 10 per cent
for 30 years. If past trends of cross-regional development continue,
then China’s economy may overtake that of the United States within
the next 35 years; when comparing countries on the basis of purchas-
ing power parities, which reflect the actual buying capacity of local
incomes, this could happen as early as 2017, that is in eight years from
now (Economist 2005: 86). Using market exchange rates, the measure at
which firms trade and repatriate profits, China already replaced Germany
as the world’s number three in 2007. As a result, two of the world’s three
largest economies are now located in East Asia, a region that was eco-
nomically marginal just a half-century earlier. By 2025, this region may
account for 40 per cent of the global economy, the share it held in 1820
when its long-lasting decline began (Gill and Kharas 2007: 2). Another
15 years later, around 2040, China alone could be responsible for 40
per cent of the world’s GDP, with the 15 countries comprising the EU in
2000 down to 5 per cent and the United States down to 14 per cent. If
this prediction came true, the joint economic output of the West’s core
countries would be less than half that of China and less than a third that
of Asia as a whole. With 12 per cent of global GDP, even India would
only be slightly behind the United States, but significantly ahead of the
EU (see Fogel 2007).

East Asia’s economic rise follows a similar pattern throughout the
region. Except in the city states of Singapore and Hong Kong, wide-
ranging agricultural reforms aimed at raising the productivity of the
primary sector generally preceded the industrial take-off. Based on a broad vision of how best to catch up with the industrialized world, highly interventionist governments then sought to find a niche for their country in the global system and promoted particular industries deemed strategic for that goal; additionally or alternatively, some of them established special economic zones and/or took various other measures to encourage foreign direct investment (as in the cases of Singapore, China and Vietnam) as a means to compensate for a dearth of experienced (industrial) entrepreneurship and as a vehicle of job creation and technology transfer. To foster indigenous industrialization, select local (often state-owned or controlled) businesses were supplied with cheap credit by the development bank, the “flagship of the developmental state” (Amsden 2001: 285). In the domestic market, they were protected from foreign competition through import tariffs and quotas. Industrialization usually began with import substitution and then moved on to emphasizing trade and export. State subsidies to particular industries and businesses were not provided on a permanent basis but conditional on performance, measured by the ability to compete in international markets and to export the output (Grabowski et al. 2007).

Labor-intensive industrialization at the early stages of transition to a modern economy enables businesses to absorb abundantly available cheap labor. This at once reduces dependency on (scarce) capital and keeps unemployment low, thus contributing to political and social stability. In Japan, starting in the late 1880s the simplest tasks were often performed by young country girls/women recruited from poor peasant households in distant areas (Sugihara 2003: 99) — today that pattern is repeating itself in China and elsewhere in the region. As a country climbs up the technology ladder, mature, labor-intensive industries migrate to less developed neighbors, creating a regional division of labor wherein the advanced countries take the lead and concentrate on capital-intensive, complex, high-value added production processes that require a workforce with better skills. Over time, wages increase in both settings, thus reinforcing this “flying geese” pattern of development and extending its range geographically as well as to a growing number of industries.

Initially depending on the imitation and adaptation of techniques from the West, Japan had become a world leader in important technologies by the 1990s, setting the parameters of change for others (Katzenstein
other East Asian “miracle” countries likewise quickly transformed themselves from low-wage economies making simple commodities to globally competitive producers of high technologies. Taiwan, for example, needed less than two decades for this transformation, and from 1995 to 1999 its information industry was the third largest in the world, only to be overtaken by China in 2000 (Greene 2007: 145). China itself, while still the world’s workshop, meanwhile also moved beyond the stage of purely assembly-driven, low-technology mass production that characterized its economic profile in the 1990s; if it had not, it could not have surpassed Taiwan in this high-tech domain. In fact, “China’s export bundle is [now] that of a country at a level of per capita income three times higher than the country’s actual level” (Gill and Kharas 2007: 98). Currently, massive efforts are undertaken by businesses and the government alike to achieve a position of technological leadership within the next few decades (Zhou 2008). The examples of Japan and the four tigers show that this ambition need not be illusionary.

The state’s role in the modernization process goes well beyond the nurturing and governing of what despite massive intervention are nevertheless market economies. It invests heavily in infrastructures, in the formation of human capital, in research and development, in the provision of (basic) public welfare, in recreational facilities — in short, in well-rounded development that includes all segments of the population. Policy-designation tends to be pragmatically oriented rather than driven by ideological concerns or uncompromising commitment to deep-rooted moral convictions. After earmarking a problem for regulation, the first step usually consists in a “systematic scanning of the relevant environment” (Katzenstein 2003: 224) to identify best practices for emulation, as well as pitfalls to be avoided, at home. The lessons drawn from these exercises are then translated into locally adapted policies. Recruitment into and promotion within the civil service are based primarily on technical skills and competence, and leading government officials are often benchmarked against the performance (in Singapore even pay levels) of business leaders. Bureaucracies tend to be powerful and relatively uncorrupt by global standards — although significant intra-regional differences exist in this respect. They often draft, and usually have the capacity to implement, formally adopted policies, although that too varies between countries. China’s central government, for instance, is in many ways far less effectual than that of other late East Asian modernizers, owing partly
to the country’s enormous size, partly to its lower level of development, and partly to other factors.

Using the United Nation’s Human Development Index (HDI) as a measurement rod, Japan and the four tigers are now in the same league as their (erstwhile) Western models. If Israel is treated as a part of the West, then no single non-Western country from outside East Asia is ahead of any of the region’s star performers, whose (as yet) “weakest” member (South Korea) ranks no. 26 among a total of 177 countries. China too improved its HDI steadily (from 0.527 in 1975 to 0.768 in 2004; United Nations Development Programme 2006: 289). One of the poorest countries in the world in 1978, it has been a lower middle income country since 2003 (Independent Evaluation Group 2007), with the upper middle income level slowly coming into reach. And while the growing wealth is spread very unevenly across regions, China no longer has a single province that falls into the United Nations’ “low development” category; the whole country is now either in the “high” or “medium” group (Ministry of Foreign Affairs of the People’s Republic of China, and the United Nations System in China 2005). Equally instructive as the comparison with its own past is that between China and India. While both countries started from roughly similar levels of development after World War II (Drèze and Sen 2002), today China is about twice as rich as India and 47 places ahead of the subcontinent in the HDI (United Nations Development Programme 2007: 229ff.).

Public education is a key to human development. Because people are the only readily available resource in the region, governments made sustained efforts to develop it. In a cultural environment that holds learning in high esteem public education is also a very popular service (Jones 1993). As in most other dimensions of change, Japan was the first East Asian country to institute (compulsory) mass education (soon after the Meiji Restoration). Once released from their colonial masters, the tiger countries followed suit, and so did China after the Communist Revolution. Since industrial work requires at least basic literacy and competency in science and mathematics, the initial emphasis was on guaranteeing universal enrolment in elementary schools. Later, this was complemented by rapid expansions of secondary and tertiary education, as well as the introduction of various on-the-job training and skill enhancement schemes. Today, the educational systems of Japan and the four tigers are considered to be amongst the best in the world, with
students from these countries repeatedly scoring high in international performance evaluations. All five countries also have well-trained workforces whose qualifications are constantly upgraded to meet the demands of increasingly sophisticated, knowledge-based economies.

As indicated before, East Asia’s innovation capabilities were relatively limited until recently. Innovativeness is largely a function of research and development (R&D) efforts, which tended to be concentrated in the West. Hence the dependence of industrial latecomers on imported Western technology. Japan was the first East Asian country that tried to emancipate itself from this dependency by committing substantial financial resources to the development of technology. The country now devotes over 3 percent of its GDP to R&D spending — more than most Western nations except the Scandinavian countries (Frank 2006). South Korea, Taiwan and Singapore, whose R&D efforts were negligible until the 1970s, now spend between 2.2 and 2.6 percent, a level comparable to that of the United States and other leading innovators, and China, while still trailing behind with 1.5 percent, more than doubled its R&D expenditure between 1995 and 2004, the aim being to catch up with the United States by 2020. By 2006, China had already become the world’s second largest spender on R&D. The investments are clearly paying off. Using patenting as an indicator of innovativeness, the average annual number of patents granted to the region’s leading R&D countries more than doubled in the past decade. Topping the group of the four tigers, Taiwan now generates 30 patents per 100,000 population, about as many as Japan and the United States, the two world leaders (Gill and Kharas 2007: 154). South Korea and even China have also made enormous progress in recent years, with both countries ranking among the top ten patenting nations in the world (World Intellectual Property Organization 2007). It is expected that by the end of the next decade the United States will have lost its globally dominant position in R&D, owing mainly to a significant shifting of research and development activities to Asia, especially to China and India (Financial Times, 15 October 2007).

Once again, government initiatives were crucial to set the development in motion. Throughout the region, billions of tax dollars are spent on the building of science and technology parks, the creation of research centers and laboratories, the expansion and upgrading of universities, the awarding of scholarships, the luring back of native talent sent abroad
for advanced studies and/or the hiring of foreign researchers, etc. Yet, like in the West, the bulk (60 per cent) of R&D is carried out within the business sector, while only 20 per cent is conducted by governments and another 20 per cent at universities and other institutions of higher education (Gill and Kharas 2007: 24). And while East Asian R&D used to have a strong bias toward prioritizing applied research aiming for small, incremental improvements of established technology, of late a growing portion of R&D has begun to be devoted to basic research as well. This augurs well for the region’s future innovative capability, which is already high by global standards, but taking East Asia as a whole still significantly lower than that of the West.

The findings reported here and in many other publications on East Asia’s post-World War II development confirm a view held by many modernization theorists, namely that successful modernization is a systemic process, affecting all institutional sectors of society and including the whole population whose living conditions change dramatically in a short span of time. Within a matter of a few decades, industrialization and urbanization transformed a rural way of life that had dominated the experience of the overwhelming majority of humankind for thousands of years. Even in Japan, the workforce was still predominantly agrarian in the early decades of the 20th century. Between 1950 and 1975, the proportion of city dwellers almost doubled from 38 per cent to 67 per cent due to a massive rural-to-urban migration wave (Sugihara 2003: 108). After the Second World War, most South Koreans were still farmers working tiny plots of land; by 1975, a majority lived in cities (Mason et al. 1980: 9), and today that is true of 82 per cent of the population (UNDP 2007: 243). China lags behind the earlier late modernizers in East Asia, but is presently undergoing the same transformation. Before its transition to capitalism, 82 per cent of the population lived in rural areas. Over the past three decades, this share has shrunk to 58 per cent (National Bureau of Statistics of China 2005). Prior to 1978, China’s economy was predominantly agrarian, with over 70 per cent of the workforce engaged in the production of food and the primary sector accounting for nearly 40 per cent of the GDP. Today, the two figures are 46 per cent and 13 per cent, respectively. The trend continues. Each year, some 20 million rural workers move to the modern sector of the economy, with 300 million more expected to follow in the next 15 to 20 years (Gill and Kharas 2007: 98).
Industrialization has raised incomes and reduced poverty enormously throughout East Asia. Japan and the four tigers are now amongst the richest countries in the world despite lacking significant natural resources, thus mirroring the situation of (most) wealthy Western nations. They also resemble them in other ways. Their economies are highly competitive; their political systems all excel in “good governance”; their legal systems function well and are becoming increasingly autonomous; they all have welfare systems in place that protect the most vulnerable; and their educational and (with some qualification) medical systems are top of the global league; and no other non-Western region boasts as many world class universities and research centers as East Asia.

In the past thirty years, China has made enormous strides toward catching up with its East Asian and Western role models, but while much of the Middle Empire has been fundamentally transformed, it still has a long way to go to reach their levels of development. Whether this is at all possible for a country of China’s size and complexity, and whether the country will be able to tackle the enormous problems facing it on its further way up, is an open question. But while caution is certainly sensible, history has proven many skeptics wrong — even the most farsighted 19th century observers of industrial capitalism in Europe and North America had no presentiment of the advances that the 20th century would bring to those parts of the world, and when the East Asian tigers embarked on their route to affluence, they were not only in desperate conditions but widely viewed as doomed to fail.

**THE NEW WORLD ORDER**

In September 2008 the American government allowed Lehmann Brothers, one of the country’s leading investment banks, to go bankrupt. The event triggered a chain reaction, and within a couple of days the financial market was on the verge of collapse, forcing an administration that was strongly committed to “free market” ideology to inject hundreds of billions of tax dollars into the industry and to bring much of it under state control. A few weeks later, the governments of many European countries followed suit, and so did those of other countries around the world. However, despite what soon turned out to be one of the biggest government interventions into markets, neither the United States nor the
West as a whole were able to solve the crisis on their own. Originating in policy failure in the West, the crisis quickly reached global proportions and required the concerted effort of all major stakeholders. Thus, two months after its onset a global summit was held in Washington, D.C., bringing together the political leaders of 20 countries that, collectively, represented 80 per cent of the world’s gross domestic product, in an attempt to lay the groundwork for a global solution.

That summit most likely marked a turning point in global history. The composition of the meeting reflected economic realities that had been evolving for some time, but had not yet been translated into institutions and policies mirroring the global distribution of economic power. Most existing international institutions, such as the IMF, the World Bank, the OECD, the World Trade Organization, to a certain extent even the United Nations Security Council, are creations of the (US-led) West and have long been used by the West to promote its own interests and values. Some of these interests and values arguably have global appeal, but the new agents appearing on the world stage have their own agendas. The Washington meeting was the first at which the global powers of the past met the representatives of leading emerging powers on equal footing (in April 2009, a second meeting of the group was convened in London, to be followed by a third later in the year). Owing to the shifting balance of power relations, their interests and concerns weighted heavier than ever and will probably gain more weight over time as the newly established group of twenty (G20) replaces the G8 as the most important forum of global policy-making. This development brings to a close the era of global Western dominance and will result in a new world order, with new rules of the game, new (or substantially reformed existing) institutions, new priorities, new policies. The new order will not take shape overnight, and while there is still much uncertainty as to its exact structure, that much seems clear: the changes to come will be dramatic. As the United States National Intelligence Council (2008: vi) put it: “The international system — as constructed following World War II — will be almost unrecognizable by 2025 owing to (...) an historic shift of relative wealth and economic power from West to East.”

The economic crisis is not the cause of this shift but accelerates a development that had been underway for some time. East Asia will in all likelihood play a leading role in the transformation of world order. In the past couple of decades parts of East Asia have traveled the road
to modernity farther than any other non-Western location. The regions’ ultimate weight will, of course, depend on China’s development. But if China does not go completely off the rails, then the world economy will soon be strongly centered on East Asia — by the middle of the present century, the region may well have gained a position of economic dominance similar to the one the West held one hundred years earlier. That will almost certainly translate into greater political power (both hard and soft), and with the massive investments currently underway in research and development, a future leadership role in science seems possible (in fact, likely) as well. Signs of a cultural renaissance are also emerging on the horizon (Featherstone 2007).

Now, while East Asia’s development has been particularly mind-boggling, other regions have also advanced considerably in recent years and are expected to continue doing so. The latest version of the Bertelsmann Transformation Index (Bertelsmann 2007) characterizes the economic performance of 100 non-OECD countries prior to the onset of the global recession as “good” or “very good”. Russia shows signs of recovery from the downfall of the Soviet Empire, India has much accelerated its economic growth, Brazil is believed to have great potential in Latin America, parts of the Middle East are beginning to diversify their economies toward a more sustainable growth path, and even sub-Saharan Africa has a few role models (e.g. South Africa and Botswana) that may eventually lead the continent’s way into (advanced) modernity. Rather than shifting the locus of its center from West to East, the world may thus evolve in a way that undermines the center−periphery division itself, giving way to a multi-polar world order. However, such a pluralization of regional centers may itself be a transitory stage on the way to a new center−periphery division that could take root sometime around the middle of the 21st century if East Asia becomes as powerful a global player as several analysts believe it may.

Either way, the relative decline of the West will continue. Europe, in particular, stands to lose in the new world order. Holding effective veto power by commanding a large voting bloc in global institutions like the IMF, the World Bank, the OECD, the World Trade Organization, the EU is strongly overrepresented in many of these institutions, and ceding this privilege is inevitable (Drezner 2007). In the next few decades, the EU will stay significant; for a while, it may even gain some weight vis-à-vis the United States and thus also in the world at large. But with a fast
declining share of the world’s population, economic product, scientific output, as well as a particularly unfavorable demographic profile, the continent’s prospects for staying a leading global player are bleak. In the long run, its global weight may well be reduced to the leverage a medium-size member state enjoys within the union today. The policy makers of the past will increasingly become policy takers, subject to forces that they cannot control but have to react to.

The challenges this poses will be enormous. The outcomes are anything but certain, but the sooner Europe begins to face these challenges, the better its prospects to shape at least its own future and to protect its post-World War II legacy: political democracy, human rights and the rule of law, a high level of social cohesion, and prosperity.

REFERENCES


PART FOUR ACTIONS, INSTITUTIONS AND POLITICAL REPERTOIRES


