Welcome to the Future

Are we ready for the post US-century, asks AFSAN CHOWDHURY

THE market crash of the 2008 and the election of Barack Obama, the first bi-racial US president happened within months of each other. Both had been in the process of happening for a long time, and brewed to the top as a final explosion of 2008.

Both events have fundamentally changed the world, and the events are in all probability much more consequential than even the attacks on 9/11, which resulted in a fundamental shift in internal diplomacy, asymmetric wars, and production of a global hate race.

All of them were very significant and extremely significant conflict-wise, but the events of 2008 are transformative in nature -- and appear to be shaping the next century for the rest of the world in all aspects from economics to the environment.

The shift in the global balance is indicated by the eclipse of the G-7 and near formalisation of the new grouping of G-20. Within that group China, India, Brazil and Russia play a special role with China at the top of the new pyramid. The US recognised the shift when George Bush, during whose watch the US's power declined, said at the APEC conference that the economic central point had moved from the West to the East.

Recovery from the present meltdown will happen only through the economic growth occurring in the emerging economies as western countries are going through a historically extreme recession. Moreover, China with its two trillion dollars is the only country with a large bank balance to bankroll a global stimulus though all countries are in difficulties. Nevertheless, western recovery is now largely in eastern hands.

For the US, the crisis is not only an economic slowdown as part of capitalism's boom-bust cycle, but because it comes at a time when the West is undergoing its widest collective psychological crisis generated by dismal performances in every sector on which its sense of supremacy rests. It's a transition time that is rarely seen in history.

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Most western commentators are hearkening back to the 1930s depression and comparing it with the traumatic events of that period which too was triggered by a market crash in 1929. That depression lasted for eight years and things eased only from the late thirties on as World War II came in and large scale war industries grew up. War saved the US the last time such a huge economic crisis loomed.

But that world has fundamentally changed. If anything, America's two wars in Iraq and Afghanistan have contributed significantly to its economic crisis and loss of public morale. War as a way of economic rescue no longer applies to the US and it may be stuck with peace because wars have become too costly for any country, including the US, to run for any long period of time.

In the 1930s, the world resorted to protectionism which froze international trade, especially for the economically advanced world. The developing world with little international trade was less affected. The US also had no economic challenger at that time, not even Germany, which, having suffered through the depression and the punitive restrictions of the Allied powers after World War I, was the first country to overcome the economic low and in the process also produced extreme nationalism on the form of Hitler and the rest of the terrible history.

While the depression of the 1930s energised and empowered the American century through WW II, the crash of 2008 seems to be heralding its certain decline if not the end. It is also marking the rise