

# TRENDS AND ISSUES

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## AMERICA AND THE RISE OF THE REST: THE WORLD ACCORDING TO ZAKARIA

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Fareed Zakaria, editor of *Newsweek International*, had an epiphany of sorts in 2005, around something apparently trivial. He was riding in a taxi in Singapore when the cab driver asked him, “Have you seen our Ferris Wheel?” Zakaria said, “Yes, it's very nice.” The cab driver turned around and said, “That's the largest Ferris wheel in the world.”

Zakaria, who in addition to his *Newsweek* responsibilities serves as a television host and holds a Ph.D. in political science from Yale, told an audience at the TIAA-CREF Institute Higher Education Leadership Conference in November that his first reaction was to ascribe the comment to local pride. But when he looked into it, he found the driver was right. The United States, home of the first Ferris wheel, no longer has the largest one in the world.

That was just a start. Perhaps even more surprising: The tallest building in the world? That's being built in Dubai. The biggest oil refinery? Under construction in India. The largest aircraft is now being built in Europe, and the 50 largest factories in the world are now all in China. The U.S.'s Mall of America is no longer the largest mall in

the world (there are 12 bigger malls in India and China) and Las Vegas is no longer the capital of gambling (pride of place there belongs to Macau).

Without a lot of fanfare, was Zakaria's message, the U.S. has ceded its Number One status in many arenas.

The challenge, said Zakaria, is not that the U.S. has become weaker; it's that these days, billions of people outside the U.S., a massive and heretofore unreckoned force, are everywhere catching up. This “rise of the rest,” Zakaria explained, is a key phenomenon of the early 21st century. It will present many new challenges to government and higher education, and it will force the U.S. to engage in global solutions to problems—because national solutions will no longer do the trick.

World Bank data confirm the over-arching trend. “The numbers are breathtaking. In 2005, 2006, 2007, over 120 countries grow at 4% a year or more. If you had looked in 1979 at how many countries were growing at 4% a year, it was something like 25.” It all adds up to an extraordinary



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shift in power from the west to the rest. “It’s not a passing phase,” Zakaria said. “We’re just noticing it now—but the long, secular trend here is unmistakable.”

“How did we get here?” Zakaria asked. In an intellectual *tour de force*, Zakaria painted the new face of globalism in broad strokes. “Zakaria’s First Law of Mathematics” is the foundation of many of the changes he described. The 21st century, he argued, began in 1979. The ascendancy of market capitalism as the prevailing world ideology is just one of several prevailing “narratives.” The current economic crisis is the harbinger of a new politics of scarcity. Higher education needs to “hustle,” but like the country, it doesn’t need to panic.

### **ZAKARIA’S FIRST LAW OF MATHEMATICS**

Because of the huge numbers of people in emerging economies, “Once India and China start doing things basically competently at an economic level, the simple fact that you have all these people produces a critical mass of economic activity,” said Zakaria.

When “2.5 billion people got up in the morning, took a bus, had a cup of tea, and did something,” you have an illustration of “Zakaria’s first law of mathematics,” he quipped: “Any number, no matter how small, when multiplied by 2.5 billion people, becomes a large number!”

The scale of this trend, this “rise of the rest,” will eventually put the current financial crisis in the shadows, he maintained. “Growth, lower inflation, massive expansion of the global economy produced an era of easy credit; that easy credit has produced a series of financial bubbles, and we’re now dealing with the consequences. But we will get through this.”

### **1979: THE 21ST CENTURY BEGINS**

Zakaria points to 1979 as a pivotal year: “In my opinion, 1979 is the year that the 21st century really begins.”

In that year the Soviet Union invaded Afghanistan, digging “the grave of its empire.” Deng Xiaoping began his economic reforms in China, opening that great market and economic engine to the rest of the world. Margaret Thatcher’s rise to power in Great Britain heralded the revival of a combination of policies encouraging monetarism, deregulation, and low taxes. Paul Volcker, then chairman of the Federal Reserve, killed inflation—“a huge disease in much of the world”—by raising interest rates. The year 1979 also saw the Ayatollah Khomeini’s rise to power in Iran (an event that transfixed the West) and the takeover of the Grand Mosque in Mecca (an event the West ignored).

In sum, said Zakaria, 1979 signaled a “movement toward a single global economy, the decline of the great geo-political adversary of the United States, and the rise of a particularly deregulated form of capitalism” along with the beginnings of the worldwide rise of Islamic fundamentalism.

### **MULTIPLE NARRATIVES AND PLATFORMS**

But numbers tell only part of the story. On a living, breathing level, “one of the things I’m struck by is the rise in a multiplicity of narratives, perspectives, and platforms for looking at this world,” Zakaria said. When he grew up in India, there were only a few options for understanding world events: *Time*, *Newsweek*, the BBC, perhaps the *International Herald Tribune*. That meant the “master narrative came from London, New York, or Washington.”

Today, however, India has 18 all-news channels—five of them in English—while the U.S. has only four.

That has enormous implications. The master narrative of World War II in the U.S., for example, is that the U.S. with a little bit of help from Great Britain, saved the world from fascism. “The Russians have a somewhat different recollection. They point out that 70% of German troops were on the eastern front, 75% of German casualties took place on the eastern front.”

Even basic philosophy in many emerging economies is entirely different from Western views, Zakaria said. Three quarters of the people in China and Japan have no sense of a “God.” Yet, as Zakaria pointed out, “these are remarkably law-abiding, moral, stable societies with a very low incidence of crime. By many indicators, we would regard them as extraordinarily moral.”

### **ECONOMIC GLOBALISM AND POLITICAL NATIONALISM**

A paradox of the world economy, he pointed out, is that “every problem has been globalized, but political power remains resolutely national.” People have been talking about globalization, but with the current financial crisis, “the leaders of the western world seem to have forgotten it...You can't have a purely national response...to a problem of financial capitalism, because the one thing that has been truly globalized is capital.” The only solution is to have a common framework among nations, some set of common procedures. This, he believes, is going to be the single largest broad challenge that the U.S. faces.

### **ALARMISTS DISTORTING DATA**

Zakaria said he does not have a doom-and-gloom outlook that assumes the United States is being destroyed. “These are very serious challenges, but don't jump out of the window just yet. The point I am making about growth rates is not a political point; it's a mathematical point.”

Still, it is very difficult to have this conversation, he pointed out, and alarmists have sometimes distorted the numbers. A National Science Foundation report three years ago claimed that India and China were going to graduate 900,000 engineers that year and the U.S. was only going to graduate 70,000. Zakaria, a native of India, was skeptical. “In India and China the government counts as engineers anyone who has a two-month diploma course in fixing an air conditioner.” On a per-capita basis the U.S. trains far more engineers than China or India. “And that doesn't get to the issue of the quality of their training.”

### **THE ROLE FOR HIGHER EDUCATION**

He believes that the U.S. higher education system is fantastic at tying education that is increasingly innovative to commercial applications. However, the world is catching up, he warned. The Chinese in particular are ramping up their higher education capacity, a task they can accomplish quickly because they have centralized state planning. The “U.S. has massive firstmover advantages, but you can see the direction of the arrow.”

One of the great challenges that U.S. higher education then faces is to recognize this trend and ask how it wants to adapt to it. In his view, the best way is “to ride this wave rather than fight it.”

Sixty-five percent of the PhDs the U.S. awarded in science and engineering this year were given to foreign students or immigrants, and that number will rise, he pointed out. “In ten years, 8 out of 10 people doing science research in this country are going to be foreigners. Are they going to stay here and keep the innovation with us, or will they go back home?”

Research lab directors tell him that the U.S.'s restrictive immigration policy is scaring off the very people whom we want, because they are the ones with options. One Harvard lab director told him that “the top 10 students, who are all foreigners, are going back, because they've been offered extraordinary positions in their home countries.”

If we're losing the top 10 graduates, we're already into the second-round picks, suggested Zakaria -- and even many of those are returning home. "The trend line is moving in a very worrying direction," because rising living standards in other places provide students with options they did not enjoy before. Zakaria's friends are now returning to India, he said, because even making a third or a tenth of what they can earn in the US, they can enjoy a fine standard of living (due to lower costs) and be with family and friends.

### **DON'T PANIC**

In a wide-ranging discussion following his presentation, Zakaria urged Americans and American educators not to go overboard in their reaction to global developments.

It's difficult to avoid veering from traditional American triumphalism to fear and panic, he acknowledged, but he warned against it. "You must not panic and get scared, but you must understand that these forces are real. These foreigners want the degree from an American university, because that provides a kind of 'Good Housekeeping' seal of approval. And we should use that reputation, because it will not last forever."

"Just as the world is opening up, we're closing down," noted Zakaria. "The greatest danger we face, I think, is that we will react to this 'rise of the rest' by battening down the hatches, and people who are trying to build bridges and explore these new worlds—and that will include many in academia—will be regarded with great suspicion."

That leaves academia in an unfamiliar position. "Universities have been able to ride this wave and just feel as though people understand the value proposition of a great University. Well, you know, maybe they don't. And maybe you're going to have to lobby just as hard as the other people and make this case. You have formidable advantages, but you're going to have to hustle."

Now is also the time, he argued, for the U.S. to pick up the ball it has dropped in recent years by creating new multinational instruments to deal with emerging global problems. NATO, the United Nations, the World Bank, the IMF, the Breton Woods System, the World Health Organization— "a whole array of organizations that collectively created a kind of international safety net, safeguards, and problem-solving mechanisms"—were created by the U.S. in the 1940s and 1950s, he pointed out. He called for breathing new life into these undertakings and launching new efforts if needed.

For 70 years, he concluded, America has been telling countries around the world, "Open your markets, open your societies, open your politics, open yourself up to technology, open yourselves up to the movement of capital—and it will produce energy, dynamism, growth, rising standards of living. You will become part of the global system of knowledge and education and create a global society." Now all of that has happened. It's been an extraordinary success story.

But could historians 200 years from now write that the United States ended up with its great historical mission of globalizing the world accomplished in the early years of the 21st century, while in the process it forgot to globalize itself? That would be profoundly dangerous, concluded Zakaria, a movement in the opposite direction of what is required, likely to produce exactly the outcome we do not want.