

[This article originally appeared in Engelsberg Ideas on 22 September 2022.]

[Notebooks](#)

The Pacific Century is here — but not as advertised

SEPTEMBER 30, 2022

[OLIVER RHODES](#)

In the seventies, the East Asian democracies challenged the West. And yet visions of a coming Pacific Century did not materialise in quite the way observers expected.

On January 4, 1975, [Norman Macrae](#), deputy editor of [The Economist](#), published a warning. It was the first edition of the new year but he believed that he was witnessing the turning of a historical epoch.

Macrae had been invited, the previous November, to a colloquium in [Tokyo](#). It was on the subject of ‘Japan and the world of tomorrow’. Macrae was reportedly the only Briton invited. What he witnessed seems to have given him much cause for alarm, for he returned, so his article claims, ‘believing, on balance, that mankind probably did enter last Tuesday midnight into what historians will call the [‘Pacific century’](#)’.

The Japanese, he insisted, were about to become ‘the most advanced industrial and...post-industrial people in the world’. The coming [‘pax Nipponica’](#) would transform world markets and institutions, leaving western economies in the dust. In the 30 years after 1945, [Japan averaged a whopping 10% annual growth](#). Japanese [technology](#) — Mitsubishi, Panasonic, Sony, Nissan and Nintendo, all still household names — would soon conquer the world.

For a flagging, ungovernable country like Britain, Macrae suggested, the lessons were ‘a world away’: ‘Hasten to get ports without dockers and to the [tele-computer age](#), welcome Japanese multinationals [and] ponder why some Japanese ways work.’

Macrae’s article reflected a widespread alarmism about western power in the mid-seventies. The years 1973–75, as historian Niall Ferguson has argued, were a [‘shock of the global’](#). The [disastrous US engagement in Vietnam](#) damaged confidence in American power. Meanwhile, the [collapse of the Bretton Woods](#) system globalised financial markets. Never again, argued reformers such as [Margaret Thatcher and Ronald Reagan](#), could states return to the national economic management that had characterised the post-war boom.

Any economist worth their salt could see that the Far East was the chief beneficiary of this [globalisation](#). Japan’s rise anticipated that of a handful of East Asian democracies, known as the ‘Tigers’. As Britain sank below 3% average growth, its colony, Hong Kong, surpassed twice that. No western economy could match the numbers coming from Singapore, [Taiwan](#) and South Korea either, where a blend of aggressive export-led

enterprise and state intervention were achieving what [the World Bank would later call the 'Asian miracle'](#).

For the reformers of the [New Right](#), this 'miracle' put the old world to shame. 'I was asked in [Japan](#), why is your output so static? In Hong Kong, they asked, why are you declining? They still look up to what Britain was and expect it to be the same,' [Margaret Thatcher](#), then the upstart new leader of the British Conservative Party, told a newspaper on her return from the region in 1977.

Despite obvious cultural and political differences, the East Asian democracies would become a blueprint for a new political economy. Thatcher's colleague, [Geoffrey Howe](#), claimed that the Tigers were 'surprising but convincing examples' of states 'whose economic policies are still nearest to our ideal'.

Freeports, which Howe would introduce to Britain in 1984, took their inspiration from Hong Kong and Singapore. Designed to stimulate trade and enterprise through tax breaks, Howe credited freeports with making the city-states global 'magnets of enterprise'. Freeports would return to the domestic agenda in 2019, as part of [Boris Johnson's](#) levelling up programme to reverse post-industrial decline. That both the problem and the solution emerged from the Far East is an irony little acknowledged.

Macrae's 'Pacific century' thus left a long legacy. His vision of a future-proof form of capitalism challenged and inspired the West. Thatcher, in the context of what she called '[the third Industrial Revolution](#)', evoked Singapore and Hong Kong as harbingers of a 'new world', where the 'true wealth of a nation [lies] in the knowledge and enterprise of its people'. The Asian city-state was the 'mental model' of what would 'flourish in the Information Age', argued James Dale Davidson and William Rees-Mogg in their hyper-globalist work [The Sovereign Individual in 1997](#). 'The real lesson of Hong Kong,' argued American economist [Milton Friedman](#) that year, 'is that we have possibilities and opportunities that we're throwing away.'

The narrative was not without its sceptics. 'Tiger virtues, Tiger values, Tiger miracles, Tiger futures have been so recklessly celebrated that we now find ourselves, boom to bust, told that all the Tigers are skinned and stuffed,' [wrote Chris Patten, Hong Kong's last British governor, following the Asian Financial Crash of 1997](#). 'What has happened in Asia has been remarkable; once exaggerated, it is now belittled.'

Then, of course, came China. Hong Kong, held on lease by the British Empire since 1898, [had been christened](#) 'the geese that lays the golden eggs'; 'John Stuart Mill's other island' and otherwise a bastion of laissez-faire liberalism. But Hong Kong's return to China in 1997 reflected growing scepticism about East Asia's future. 'It's sad way to go,' Patten remarked at the time.

Since the beginning of the century, China and the future of East Asia have become synonymous. In 2000, President Bill Clinton signed a historic trade deal with China whose political consequences [Donald Trump](#) sought, and now Joe Biden seeks, to address. Taiwan and Hong Kong remain in the news — but mainly as subjects of a resurgent Chinese state nationalism rather than as harbingers of a liberal East Asia. Nor

has the *pax Nipponica* materialised, as Japan shows its own symptoms of economic and demographic decline.

Indeed, if we live in a Pacific century today, it is almost invariably the version articulated by British journalist Martin Jacques in 2001. Jacques, in [When China Rules the World](#), highlighted China's separate path to 'modernity'. Economic expansion would not, he argued, entail political liberalism. He remains to be refuted.

AUTHOR

Oliver Rhodes

[More about Oliver Rhodes](#)