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Asia-Pacific and European Economic Competitiveness: An Analysis of Economic-Power-Shift from the West to the Emerging Giants

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Abstract: The global economic meltdown has marked a new dawn in the economic interplay between the West and countries in the Asia pacific region. This study is a regional economic excursion at identifying the nature of economic-institutional-changes that pave a way for economic power shift from the West to the Asian region. The study analyses some of the key areas of economic advancement, indices and dynamics of economic recession. Findings show that the Western economies are facing a great economic hardship on one hand, while on the other hand, the economies of the Asia pacific especially the emerging giants are becoming more prosperous and rapidly growing. The study concludes that with the global economic debacle, few years to come, the economies of the Asian emerging giants will outstrip the economies of the west and become the world leading economies. The study recommends a fair competition that would open a way for the development of the third world among other things.

Key words: Asia pacific, economic competition, European economy, power shift, emerging giants, West

INTRODUCTION

It is unequivocally real that the peak of development is recession or even underdevelopment. This is largely because: it is rather definitive that development is seen as the highest stage of growth and economic prosperity. The Western countries have enjoyed remarkably or to a larger extent an expedient economic fruits, which have been in place since the beginning of the industrial revolution which started in Britain around 17th century and began to spread to other European countries in the early and mid 18th century. The way and manner in which such industrialization emerged in Europe has faced divergent approaches from different schools of thought. In the elaboration of this trend, Mokyr (1985) has identified these approaches as: the social change school, the industrial organization school, the macro economic school and the technological school of thought. The driving force of industrialization in Europe according to the social change school is the changes that come in the formal competitive and impersonal markets in goods and factors of production which made change inevitable; the industrial organization school is of the view that the rise in factory system, the emergence of large firms, mills, mines, railroads and even retail stores were the driving forces to the industrial revolution in Europe; the macroeconomic school looked at the aggregate variables such as the growth of national income, the rate of capital formation or the aggregate investment ratio or the growth and composition of the labor force were significant to the revolution and the technological school uphold the idea of invention and the diffusion of new technical knowledge as a main driving force. But this is not a mere invention of gadgets but encompasses organization of labor, consumer manipulation, marketing and distribution of techniques (Mokyr, 1985).

Albeit the industrial revolution has resulted in a series of economic incongruities, ranging from unemployment, low wage and exploitation of surplus values, colonial domination and imperialism to mention but few, it has opened a way for the development of the European continent, ranging from urbanization, modernization, mechanization, increase in population, decrease in death rate and improved standard of living. But now, such industrialization, growth and development is taking another different dimension as China and India are competing with these advanced economies of Europe. The fact is incontrovertible that India would land in the company of developed nations by 2020. She would infact take over some of European economies like Italy, Germany and Spain and would further move to become the world's third largest economy by 2040. So, where does the real competition lie? Infact, it's in our very own backyard. The robust Chinese economy is taking giant leaps and romping towards prosperity of development (Mittal, 2007).

The economy of china is emerging to have a formidable stance against foreign competitive markets. It is becoming one of the largest markets for all the newly industrialized countries and becoming a great competitor in the global market. Kuroda (2006) has substantiated this argument when he posited: China's spectacular growth has had profound impact oneconomic relationships among the deeply integrated trading economies of East Asia. China is now a key link in the regional production network, absorbing a large volume of foreign direct investment, importing materials and components from East Asian neighbors and exporting finished products to the region, the United States and Europe. It is the largest market for all the newly industrialized economies and an important and growing market for Japan, Malaysia, Philippines, Singapore and Thailand, as well as global exporters and foreign services providers.

The shift of power is not only manifest in the economic boost of these countries(emerging giants), but undisputedly agreed by the West as countries in Europe and America facing recession, the involvement of these emerging powers at solving the global economic denting becomes inevitable. Anthony and Glenn (2008) have justified this assertion when they wrote: when world leaders gathered last night for a white house dinner on the eve of a major economic summit, the faces around the table were not just those of the Europeans and Japanese who normally mix in the highest circles of diplomacy. This time, heads of state from the across the developing world, from China to Brazil to India had a seat at the table. Their inclusion in this weekend's talks on the global financial crisis marks a historic power shift. The summit is being seen as a model of what high-level diplomacy will look like in the future, with emerging giants gaining a voice in a club that long included only the richest of nations. But at a time when China maintains the world's largest cash reserves and the United States is going deep into debt, the definition of rich has changed.

It is however, based on this background, that this study tries to look at the nature and causes of this economic power shift from the western world to the Asia pacific region with a view to understand the major economic forces for the change and the fight against the global economic crisis and the struggle for sustainability. for better understanding, conceptual clarification has been provided as power, economy, production, distribution and economic development.

Power: Economic power as used in this study simply refers to the dominance in economic activities in all ramifications and the ability of a national economy to be stable despite tribulations. It also involves a wide range of production and exports, technological development and a remarkable per capital income. Economic power can be defined broadly as the capacity to influence other states through economic means. It is composed of a country's industrial base, natural resources, capital, technology, geographic position, health system and education system (James, 2008).

Economy: This has to do with the wealth of a nation; the resources it posses both human and natural; the expenditure and national income; employment and processes of production, consumption, distribution and consumption. It involves all activities related to the production and distribution of goods and services in a particular geographic region or the correct and effective use of available resources.

Production: Production as economically related has to do with the creation of goods and services that satisfies human wants.

Distribution: This is the act of taking into different places what has been produced with the aim of making profit. Distribution may also take a form of distributing goods and services to those who demand it for either business purpose or consumption. It involves the producer, the wholesaler, the retailer and the final consumer as obtainable in the chains of distribution. Distribution provides a number of opportunities for the marketer that may normally be associated with other elements of the marketing mix (Perner, 2008).

Economic development: This has to do with the structural transformation of all aspects of the economic system; moving from an unfavorable to a more favorable economic atmosphere, with a good standard of living, good per capita income, social infrastructure, technological know how, education, favorable balance of trade etc. Classical or neo-classical economics is concerned primarily with the efficient and cost effective allocation of scarce resources and with the optimal growth of those resources over time. They hold that countries develop economically via the market. In a market economy, economic benefits flow to participants be they individuals or countries, from self-interested. To the structuralists, development had to include the expansion of new technology and methods of production in order to eliminate the gap between the most advanced sectors of the economy and those that lagged (Mokyr, 1985).

MATERIALS AND METHODS

In this research, data was generated from literature materials such as books, journals, articles from periodicals and government reports inclusive. The study is also a result of a scientific-theoretical methodology based on evolutionary-durability approach of competition. The priori assumption of this approach is that evolution involving natural selection must have units of selection that are relatively durable through time and theories of economics must allow for bankruptcy/death because it gives selection mechanism their bite (Hunt, 2000) prominent among the exponents of this approach are: Abascal and Brito (2008), Steinwall (2003), Richard and Ross (1985), Ayn (1966), Etzioni (1985), Benjamin and Keith (1981), Niman (2000), Knight (1946), Paul (2001) and Tsoulfidis and Persefoni (2005).

While showing the relevance of this approach to our study, however, it is unequivocal that some economies grow while, some die every year. It is therefore, not surprising, when the economies of Europe are faced by recession and other economies from developing nations are growing. It is in line with this that Hunt (2000) maintained that: though many firms die each year, many others are extremely durable, with lives exceeding a century in some cases. Though some resources lose their efficiency/effectiveness potential, many resources are significantly durable.

Accordingly, the evolutionary-durability theorists of competition agree that firm's comparative advantage in resources can die as a result of three factors internal to its own operation. These factors are: the failure to reinvest, the failure to understand causal ambiguity and the failure to respond to a changed environment.

RESULTS AND DISCUSSION

Over the past 20 years, waves of liberalization have all but washed away protectionist barriers in developing countries. As multinational corporations from North America, Western Europe, Japan and South Korea stormed into the emerging markets, many local companies lost market share or sold off businesses-but some fought back. India's Mahindra and China's haier group and many other corporations in developing countries have held their own against the onslaught, restructured their businesses, exploited new opportunities and built world-class companies that are today giving their global rivals a run for their money (Khanna and Palepu, 2006).

The growing nature of emerging giants economies: The results of this study as obtained from the figures of world trade are by and large authentic. Going by these figures, China's participation in global trade has also been growing dramatically. China's share of world exports in 2003 was 5.8%-a rise from 1.9% in 1990. China has, indeed, been a magnet to Foreign Direct Investment (FDI). The FDI figures, as disclosed by UN Investment Report, do tell a story of the dramatic difference between India and China. No other country attracts as much FDI as China does. In 2004 alone, China attracted $60 billion in FDI. This was >12 times India's share. Between the 1980s and 2004, China drew in FDI of $560 billion (Venkitaramanan, 2005).

China and India will continue to be important drivers of Asian and global growth. ADB recently revised its 2006 full-year growth forecast for China upward to 10.4% and its 2007 forecast to 9.5%, based on surging fixed investment and exports. We also revised India's forecast slightly upward to 7.8% for fiscal in 2006, based on strong agricultural performance and a steady expansion of industry and services. Growth of 7.8% is also expected in 2007 (Kuroda, 2006).

One measure of a country's economic success is how many of its companies are ranked on fortune magazine's annual global 500 survey, a list of the 500 leading global firms in terms of an algorithm combining sales, profits, assets, market value and employees. Currently, China has 16 companies on the list. A few years ago it had none. By 2010, Chinese officials say, they aim to have 50. That says that China would hope to replace 34 of the largest companies in the world in four years. Just as a contrast, India has five (companies among the global 'Fortune' 500), Russia has three (Williams, 2004).

The rise of China, India and other Asian nations is creating a new core of the world economy centered on the Pacific. It is essential for the United States to remain vigorously engaged in this region. Asia already accounts for about half of the world's people and nearly a quarter of its output and financial assets.

Over the past 40 years, all of the world's fastest growing economies (those with per capita income growth of 5% or more) were Asian and China, India and Vietnam are topping global growth charts today. This unprecedented Asian miracle has lifted hundreds of millions of people from poverty (Morrison and Petri, 2006).

Similarly, the level of GDP growth in Europe has changed in favor of the emerging giants. Below is a tabular presentation of the GDP in Europe and other developed economies.

Growth rates of regional aggregates have been calculated as weighted averages of growth rates in individual countries. Weights were derived from 1991, GDP data converted from national currency units into dollars using purchasing power parities.

It can also be shown from Table 1 that in the percentage change of the western economies GDP, France was low at 1.6 by 1996. The GDP grew at 2.3 and 2.4 in 1997 and 1998, respectively. But it later dropped to 1.5 in 1999. That of Germany was very low in 1996 with 1.3

Table 1: Real GDP in the developed market economies, 1996-1999 (percentage change over previous year)

Country/region	1996	1997	1998	1999
Western Europe	2.0	2.9	2.7	1.9
4 major countries	1.5	2.3	2.4	1.5
France	1.6	2.3	3.1	2.2
Germany	1.3	2.2	2.8	1.5
Italy	0.9	1.5	1.4	1.8
United Kingdom	2.6	3.5	2.3	0.5
17 smaller countries	3.1	3.9	3.3	2.5
Austria	2.0	2.5	3.3	2.1
Belgium	1.3	3.0	2.8	2.0
Cyprus	2.0	2.5	5.0	4.0
Denmark	3.3	3.1	2.4	1.6
Finland	4.1	5.6	4.9	3.0
Greece	2.4	3.2	3.0	3.2
Iceland	5.5	5.0	5.6	4.3
Ireland	7.4	9.8	8.5	6.3
Israel	4.7	2.7	2.0	1.7
Luxembourg	3.0	4.8	4.7	3.4
Malta	3.8	4.4	7.6	7.5
Netherlands	3.1	3.6	3.7	2.3
Norway	5.5	3.4	2.0	1.0
Portugal	3.2	3.7	3.5	3.0
Spain	2.4	3.5	3.8	3.4
Sweden	1.3	1.8	2.9	2.0
Switzerland	-	1.7	2.1	1.5
Turkey	7.0	7.5	2.4	1.8
North America	3.3	3.9	3.8	3.0
Canada	1.2	3.8	3.0	2.7
United States	3.4	3.9	3.9	3.0
Total above	2.7	3.4	3.3	2.4
Japan	5.0	1.4	-2.9	-0.5
Total above, including Japan	3.0	3.1	2.3	2.0
Memorandum items				
European Union	1.8	2.6	2.8	1.9
Euro area	1.6	2.5	2.8	2.1

National statistics and national economic reports; All aggregates exclude Israel

Table 2: Inflation rates for the advanced economies, developing countries, regional groups and countries most affected by the financial crisis (percent change from previous year)

Country/region	1996	1997	1998	1999	2000
Advanced economies	1.70	1.60	1.40	1.10	1.50
Developing countries	14.30	9.40	10.40	8.80	7.50
Regional groups					
Africa	25.90	11.10	8.60	8.60	6.60
Asia	8.30	4.80	8.00	4.70	4.50
Middle East and Europe	24.70	23.10	23.80	19.70	19.40
Western Hemisphere	20.80	13.90	10.50	14.60	9.90
Countries in transition	40.60	28.20	20.80	40.90	12.40
Countries most affected by financial crisis					
Indonesia	7.94	6.60	60.69	28.20	9.96
Malaysia	3.53	2.66	5.27	3.64	5.00
Philippines	8.40	6.02	9.72	8.50	6.00
Thailand	5.85	5.61	8.10	2.50	4.00
Republic of Korea	4.92	4.44	7.49	1.80	2.00
Brazil	11.09	7.91	3.49	na	na
Russia	47.80	14.74	27.65	100.48	20.17

Morrison and Petri (2006): renewing the pacific partnership east-west centre

Table 3: Real GDP growth percentage change over preceding years

Country/region	2003	2004	2005	2006	2007
United States	2.5	3.9	3.2	3.3	2.5
Euro area	0.8	1.7	1.5	2.6	2.1
Japan	1.8	2.3	2.7	2.6	2.1
China	10.0	10.1	10.2	10.3	9.8
Hong Kong	3.2	8.6	7.3	5.8	5.0
India	7.2	8.5	8.5	8.0	7.4
Indonesia	4.8	5.1	5.6	5.2	5.9
Korea	3.1	4.7	4.0	5.0	4.4
Malaysia	5.5	7.2	5.2	5.5	5.3
Philippines	4.9	6.2	5.0	5.3	5.3
Singapore	2.9	8.7	6.4	7.2	4.5
Taiwan	3.4	6.1	4.1	4.2	4.1
Thailand	7.0	6.2	4.5	4.5	4.6

Food and Agriculture Organization (FAO) of the United Nations (1999)

percentage change. It grew to 2.2 and 2.8 in 1997 and 1998, but later decreased to 1.8 in 1999 that of Italy was rather fluctuative. It was at 0.9 in 1996, increased to 1.5 in 1997 and changed to 1.4 in 1998 and later boosted to 1.8 in 1999. The United Kingdom growth in GDP was at 2.6% in 1996; it increased favorably to 3.5 in 1997 and later dropped to 2.3 and 0.5 in 1998 and 1999, respectively.

Below is a comparative analysis of inflation rate in countries in the middle east and Europe, Africa, Asia, Russia, the Northern hemisphere and others.

It can be shown from Table 2 that the Middle East and Europe had a great difficulty in the previous years. The inflation rate as in 1996 and 1997 was 24.7 and 23.1, respectively. It increased in 1998 to 23.8 and went down in 1999 and 2000 to 19.7 and 19.4, respectively. While, Russia suffered from a big inflation rate, 47.80 in 1996, 14.74 in 1997, 27.65 in 1998, 100.47 in 1999 and 20.17 in 2000, Asia experienced a relatively low inflation rate: 8.3 in 1996, 4.8 in 1997, 8.0 in 1998, it later went down to 4.7 and 4.5 in 1999 and 2000, respectively.

It is also remarkably noticeable that from the year 2003-2007, China and India as emerging giants coming from the Asia pacific have been the countries on top of other countries in the world in real GDP growth. This can also be shown on the Table 3.

It can be shown from Table 3 that China has outstripped all other economies in terms of real GDP growth in the world. The percentage growth was 10.0 in 2003, 10.1 in 2004, 10.2 in 2005, 10.3 in 2006 and 9.8 in 2007. This national growth in GDP was followed by that of India, with 7.2 in 2003, 8.5 in 2004 and 2005, 8.0 in 2006 and 7.4 in 2007. While, the united states grew with only 2.5 in 2003, 3.9 in 2004, 3.2 in 2005, 3.3 in 2006 and dropped to 2.5 in 2007. The European economies grew in GDP with about 0.8 in 2003, 1.7 in 2004, 1.5 in 2005, only increased in 2006 with 2.6 and later dropped to 2.1 in 1007.

With such economic power shift, however, consumer price inflation in the United States and Europe was more severe than in the Asia pacific-emerging giants. This economic trend can be shown on Table 4.

Table 4: Consumer price inflation percentage change over preceding years

Country/region	2003	2004	2005	2006	2007
United States	2.3	2.7	3.4	3.4	2.4
Euro area	2.1	2.2	2.2	2.2	2.1
Japan	0.3	0.0	0.6	0.3	0.5
China	1.2	3.9	1.8	1.5	1.4
Hong Kong	2.6	0.4	0.9	2.2	2.4
India	3.7	3.2	4.4	5.6	5.1
Indonesia	6.8	6.1	10.5	13.4	6.5
Korea	3.5	3.6	2.8	2.5	2.7
Malaysia	1.1	1.4	3.0	3.8	2.7
Philippines	3.5	6.0	7.6	6.7	5.3
Singapore	0.5	1.7	0.5	1.3	1.1
Taiwan	0.3	1.6	2.3	1.4	1.0
Thailand	1.8	2.8	4.5	4.9	3.0

Food and Agriculture Organization (FAO) of the United Nations (1999)

Table 4 shows that the consumer price inflation of European economies grew from 2.1 in 2003 to 2.2 in 2004, 2005 and 2006, only to go back to its initial rate of 2.1 in 2007. While, the inflation rate in the united states continued to skyrocket from 2.3-2.7 and 3.4 in 2003, 2004, 2005-2006 accordingly, only to have a drop to 2.4 in 2007. While for China, from 1.2 in 2003, it increased to 3.9 in 2004, but started falling down to 1.8, 1.5 and 1.4 in 2005, 2006 and 2007 favorably.

The 2008 global economic crisis and European economic recession: Many believed Asia was sufficiently decoupled from the Western financial systems. Asia has not had a sub-prime mortgage crisis like many nations in the West have for example. Many Asian nations have witnessed rapid growth and wealth creation in recent years. This lead in the enormous investment in Western countries. In addition, there was increased foreign investment in Asia, mostly from the West (Shah, 2008).

Some economic and political analysts blamed Bush administration of causing the global financial crisis. Sheriff (2008) believed that the economic consequences of the war (in Iraq) are now touching the world economy just like the syndrome when America sneezes the whole world catches cold. There is this belief that the invasion of Iraq by Bush and the cost of financing the war have caused economic hardship in the United States, which in turn, affects the whole world.

According to Bilmes and Stiglitz (2008) the Iraq adventure has seriously weakened the US economy, whose woes now go far beyond loose mortgage lending. You can't spend $3 trillion-yes, $3 trillion-no a failed war abroad and not feel the pain at home. The extent of the problems has been so severe that some of the world's largest financial institutions have collapsed. Others have been bought out by their competition at low prices and in other cases, the governments of the wealthiest nations in the world have resorted to extensive bail-out and rescue packages for the remaining large banks and financial institutions. Towards the end of October, the Bank of England said the world's financial firms had now lost £1.8 trillion ($2.8 trillion) as a result of the continuing credit crisis. Global taxpayers have now spent around $8 trillion to shore up the world's banks. These amounts will increase as the crisis spreads into the real economy.

The Euro zone economy is set to plunge into recession under the impact of the global financial crisis, the European commission forecast Monday. After growing 0.7% in the first quarter this year, the Euro zone economy shrank 0.2% in the second quarter and is forecast to contract 0.1% in both the third and fourth quarters, it said. For the 27 member European Union (EU), growth ground to a halt in the second quarter of 2008 and its economy will also contract by 0.1% in the next 2 quarters. In technical terms, recession means negative growth in two consecutive quarters (Zheng, 2008).

Annual economic growth for the EU will be 1.4% in 2008, half of that of 2007 and will drop even more sharply in 2009 to 0.2% before recovering gradually to 1.1% in 2010. The annual growth rates for the Euro zone were forecast at 1.2% in 2008, 0.1% in 2009 and 0.9% in 2010. Among the biggest economies, Germany, France and Italy will see zero growth in 2009, while Spain's economy will contract by 0.2%. Britain, the biggest economy outside the Euro zone, will witness a growth rate of -1.0% in 2009, according to the forecast. The employment situation in EU countries will worsen as a result of the economic downturn, with Euro zone unemployment expected to rise from this year's 7.6-8.4 and 8.7% in 2009 and 2010, respectively. EU unemployment will rise from this year's 7.0-7.8 and 8.1%, respectively (Zheng, 2008).

However, inflationary pressure is expected to ease. Consumer price inflation is expected to fall rapidly to about 2.25% in 2009 and about 2% in 2010 in both the euro zone and the whole of EU. In comparison, the commission forecast that the US and Japanese economies will contract by 0.5 and 0.4%, respectively in 2009, while emerging economies will continue to grow rapidly. China's economy is forecast to grow at 7.9 and 8.8% in 2009 and 2010, while the rates for India are 6.7 and 7.0%, respectively (Zheng, 2008).

Britain will join several large European economies in slipping into recession in the second half of this year because of the credit crunch, high commodity prices and housing markets collapsing, Germany and Spain will also suffer a technical recession, while France and Italy will stagnate, although probably not contract for two quarters, even though both contracted in the second quarter (Ashley, 2008).

Following the footprints of US economy, Europe's economy fell into its first recession in 15 years in the third quarter, paving the way for deeper cuts to interest rates and taxes amid the worst financial crisis since the great depression. Gross Domestic Product (GDP) in the 15 Euro nations contracted 0.2% from the previous three months, when it also contracted 0.2%. The two quarters of contraction the result of this year's soars in the cost of credit, the Euro and oil prices-mark the first recession since the single currency was introduced almost a decade ago. With the US and Asian economies also struggling, leaders from the world's largest nations meet in Washington today to discuss ways to limit the impact of the slump. The world's third largest economy, the German economy is now in recession mainly due to falling exports (Eide, 1999).

The German economy shrank by 0.5% in July, August and September, which was the second straight quarter of decline. Ireland and Italy have also slipped into recession this year, while Spain's economy contracted in the third quarter for the 1st time in 15 years. Growth in the Netherlands and Portugal stagnated. However, French GDP unexpectedly expanded 0.1% from the second quarter, when it shrank 0.3%. Europe's downturn surprised economists who in July saw just a 35% chance of a recession occurring in 2008. The European commission began the year predicting growth of 1.5% in 2009, only to cut its forecast to just 0.1% as the financial crisis escalated. The US economy, the world's largest, contracted 0.1% in the third quarter, after a fiscal stimulus package boosted it by 0.7% in the previous three months. The UK economy shrank 0.5%, marking the first decline in 16 years (Eide, 1999).

The call on the intervention of the emerging giants in the bail-out plan: A paradigm shift is unfolding. The credit crisis, which started with the deflation of the housing bubble in the USA, is now spreading all over the world. Even countries that were doing relatively well are now in big trouble, except China, which compared to others, is in relatively less trouble. Is it a recession or a recession heading towards a depression? I will argue that the events unfolding now are pointing towards something, which has never been seen before (Farooque, 2008). The chief US envoy, Treasury Secretary Paulson, said engagement between China and the United States has helped in managing the crisis. China's central bank governor, Zhou Xiao Chuan, blamed the economic crisis on US financial excesses and said they should be fixed (Eide, 1999).

It is obvious that the emerging giants' economies of china and India are in a position to provide little or more assistance in the concurrent economic tsunami, even the European leaders are quite optimistic of that but they hold themselves not to clearly or directly ask for such economic handout from the emerging giants. But the German chancellor, Merkel (2008) could not hide the truth, as a result of the nature of the German economic recession, she emphasized: it's important that rules apply to everyone that there are no blank zones. That will only happen if Asia and its big emerging economies such as India and China are involved I can only hope that in this crisis we achieve more open trade, fair world trade and that we don't collapse into protectionism (Merkel, 2008).

What then has remained of other developing countries that just overnight got immersed in to such economic breakdown? The answer is a great hope which has also been directed towards the emerging giants for further action. It is on this particular case that Peter (2008) argued:

> As the US, Japan and Europe slide into recession, the leaders of many smaller countries are desperately hoping that continued strong growth in the Chinese economy, which has contributed about 15% of world economic growth in recent years, might save them from this meltdown.

China, as a result of its emerging economy, she is seen as a lender to the world largest economy (USA). China is being advised to lend US some billions of dollars to help the US economy revive itself even with strings attached. But the big problem is: would china agree to accept such suggestion? The suggestion as given by Ken Rogoff was later written by Jimmy (2008) when he pointed out:

> Now Ken Rogoff of Harvard made another suggestion-China could offer to lend up to $500bn (from its current stock of $1,800 bn) to the US government for the rescue of its financial sector. According to him, China won't help US out unconditionally. There must be some conditions attached. Some people think China will give a hand to US. First, the financial crisis will be over and global liquidity problem will be avoided too. Second, if China helps US out of crisis, it can gain some economic interests. US economy will get out of recession. So China's export can be protected.

Economic crisis-diplomacy is a concept that should be introduced in the international economic relations'desciplinne. The Obama administration is taking its time before it announces an important gesture, in the appointment of an American ambassador to china, who can diplomatically strengthen a remarkable political and economic relation with the mainland china. It is also argued that economists from both leftist and rightist wings are quite conscious that only china can salvage the American economy at this period of economic stagflation. Fareed (2008) has posited in this case:

> Everyone agrees now that Washington needs to spend its way out of this recession, to ensure that it doesn't turn into a depression. Economists on both the left and right agree that a massive fiscal stimulus is needed and that for now, we shouldn't be worrying about deficits. But to run up these deficits which could total somewhere between $1 and $1.5 trillion, or between 7 and 11% of gross domestic product-America has to get someone to buy its debt. And the only country with the cash to do so is China.

This particular suggestion has not only being given by Fareed (2008), on the inevitability of involving the emerging giants in solving the global financial downturn. Many believe that China is now the most important country to help responsibly in this crisis. In the past, developed countries had reserves and financed developing countries, while today developed countries, especially the United States, are being financed with resources from developing countries.

CONCLUSION

With the current economic recession that bewilders the global economic environment, it is obvious that the emerging giants have been growing economically despite such economic meltdown and their GDP growing higher than expected. This economic trend, however, is as a result of proper economic planning and rigorous investment around the globe. China is emerging to be the highest country in the world with foreign reserve and GDP growth. Sooner or later, if there would not be an economic miracle, the emerging giants of China and India will take the lead of economic advancement in the world and outstrip the economies of America and the Euro zone.

RECOMMENDATIONS

In order to have meaningful economic development around the world and solution to such economic crisis, the following recommendations are useful:

- The developing countries should not continue to be a dumping ground for the goods produced in advanced societies, but they should rather be encouraged to produce at competitive level so that there should be balanced growth and economic prosperity around the globe
- Developed countries like America should not encourage in any way or support the mobilization of countries going to war at the detriment of economic spheres of nation states. This is largely because, critics believe that the war in Iraq and Afghanistan contribute immensely to the US economic hardship, which in turn, affects the world economy
- The classical or neoclassical view-point of competition should be avoided. They see competition as dealing with an enemy. Air competition should be encouraged among national and international firms so as to support even the weaker firms, not aiming to eliminate them
- The emerging giants should follow the current economic trend with absolute care so that to avoid becoming victims of economic incongruities
- Technology transfer to the developing economies is imperative in this economic order. This should go with promoting Research and Development (R and D) programmes in order to ensure self reliance and curtail the level of dependency on the developed economies. This will also ensure openness and alleviate the poverty level that has ravaged the third world countries

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