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Reasons to Be Optimistic About a New Golden Age

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Are prospects for global stability and prosperity improving or deteriorating? With enlightenment and progress in some parts of the world accompanied by atavism and stagnation elsewhere, this is not an easy question. But we can gain greater purchase on it by considering three other questions.

The first is whether the U.S. will regain its standing as a source of moral leadership. Despite its flaws, the U.S. did provide such leadership, beginning at the end of World War II. But the 9/11 terrorist attacks changed everything.

The U.S. anger following the attacks drove them to support policies that they once would have considered inconceivable. In the name of the "global war on terror," they have tolerated torture, accepted the illegal invasion of Iraq and allowed innocent civilians to become collateral damage of mechanical drone strikes.

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To restore U.S. moral leadership, U.S. President Barack Obama must make good on his early rhetoric, exemplified in his speeches in Istanbul and Cairo, which demonstrated genuine regard for the oppressed. In 2007, during his first presidential campaign, he wrote that the U.S. "can neither retreat from the world nor try to bully it into submission. We must lead the world by deed and by example."

But Obama cannot do it alone — and, so far, neither Americans nor the U.S. Congress seems committed to reconnecting with its moral compass. It should be unacceptable, for example, for Congress to block the release of 86 Guantanamo Bay detainees cleared by a committee of national security officials. Not even the revelations by former intelligence contractor Edward Snowden that no one is exempt from the possibility of U.S. surveillance have stirred Americans to demand a new approach.

The answer to the second major question shaping the world's future — whether China will regain its economic momentum — also appears to be "no," with most experts agreeing that China's export- and investment-led growth model has all but exhausted its potential. Indeed, China cannot continue to rely on manufacturing exports when its major sources of demand, the U.S. and Europe, are struggling and its labor costs are rising.

Likewise, China's government cannot continue to waste resources on economic stimulus packages that have led to industrial overcapacity and skyrocketing government debt. And China cannot move toward a more market-oriented, efficient and innovative economy with bloated state-owned enterprises blocking the way.

Whether China can develop and implement a viable new economic-growth model in post-crisis conditions depends on whether President Xi Jinping and Premier Li Keqiang can revive the legacy of their predecessors, Deng Xiaoping and Zhu Rongji. In other words, China's future — and that of the global economy — depends on how committed its leaders are to overcoming vested interests and pursuing comprehensive structural and policy reform.

While many in the West contend, and perhaps hope, that China will not succeed in transforming its economy, Xi and Li are aware of the previous growth model's unsustainability and the challenges that changing it will entail. For example, in March, Li said that implementing the required market reforms "would be very painful, and even feel like cutting one's wrist." And both Xi and Li have indicated the government's willingness to tolerate slower growth in gross domestic product in the short term for the sake of building a stronger, more sustainable economy.

The final question is whether Europe and Japan will recover their "animal spirits." Given Europe's current malaise and the waning impact of "Abenomics" in Japan, it is difficult to believe that their economies, which fueled global output growth for several decades, will regain their former stature. Indeed, Europeans and Japanese have largely given up hope of doing so.

Although European Union leaders have kept the eurozone intact, they lack a long-term strategy to lift their economies out of the doldrums. The seriousness of Europe's situation is reflected in a growing acceptance of the high unemployment that some EU countries, including Spain and Greece, now face.

Meanwhile, the first two arrows of Japanese Prime Minister Shinzo Abe's economic program — radical monetary-policy easing and increased government spending — seem to have given the country's long-stagnant economy a lift. But the third and most important arrow, structural reform, has so far had little impact. And after more than two decades of political turmoil and economic decline, the Japanese public has become skeptical of official promises of economic revival.

Fortunately, the U.S. and Chinese economies are underpinned by societies that remain dynamic, vibrant and hopeful. Young people in other parts of Asia, especially India and the 10 Association of Southeastern Asian Nations countries are similarly optimistic as they should be. Asia's middle-class population is expected to experience explosive growth in the coming years, rising from 500 million people in 2010 to 1.75 billion in 2020.

Africa, with its population of one billion, is also gaining economic momentum, contributing further to the rapid expansion of the global middle class, which is expected to surge from 1.8 billion in 2010 to 3.2 billion in 2020 and to 4.9 billion people — more than half of the world's population — in 2030.

Despite the massive challenges that countries like Syria, Somalia, Egypt and Afghanistan currently face, as well as other global challenges like food security and climate change, the world has reason to be hopeful about the future. Notwithstanding today's tragic and terrifying headlines, we may be entering a new golden age of human history.

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