

# 6. Global aspirations

## Who wins in the superpower stakes?

The world looks at China and India with some awe and trepidation. Although they are relatively poor nations, they look set to transform the global economy in the 21st century. Both governments have high hopes for the potential global influence they can wield, and many Indians and Chinese feel very positive about their future. Urban populations in particular are embracing global cultures, and Indian and Chinese cultures contribute significantly to global music, literature, theatre and film, and of course, food. Their increased economic strength is likely to affect geopolitics to the extent that the current dominance of the USA is threatened.

China has the economic might and the status of a permanent seat on the United Nations Security Council. India has significant international goodwill, enhanced by its stability and long-standing democracy. Some

supporters in the UN propose that India should also join an expanded Security Council to reflect its status as a founder member of the UN. Both countries are members of all the major global institutions and organisations. India is seen by the rest of the world as an important stabilising counterbalance to China. India and China are always wary of each other's political manoeuvres, particularly in relation to the USA.

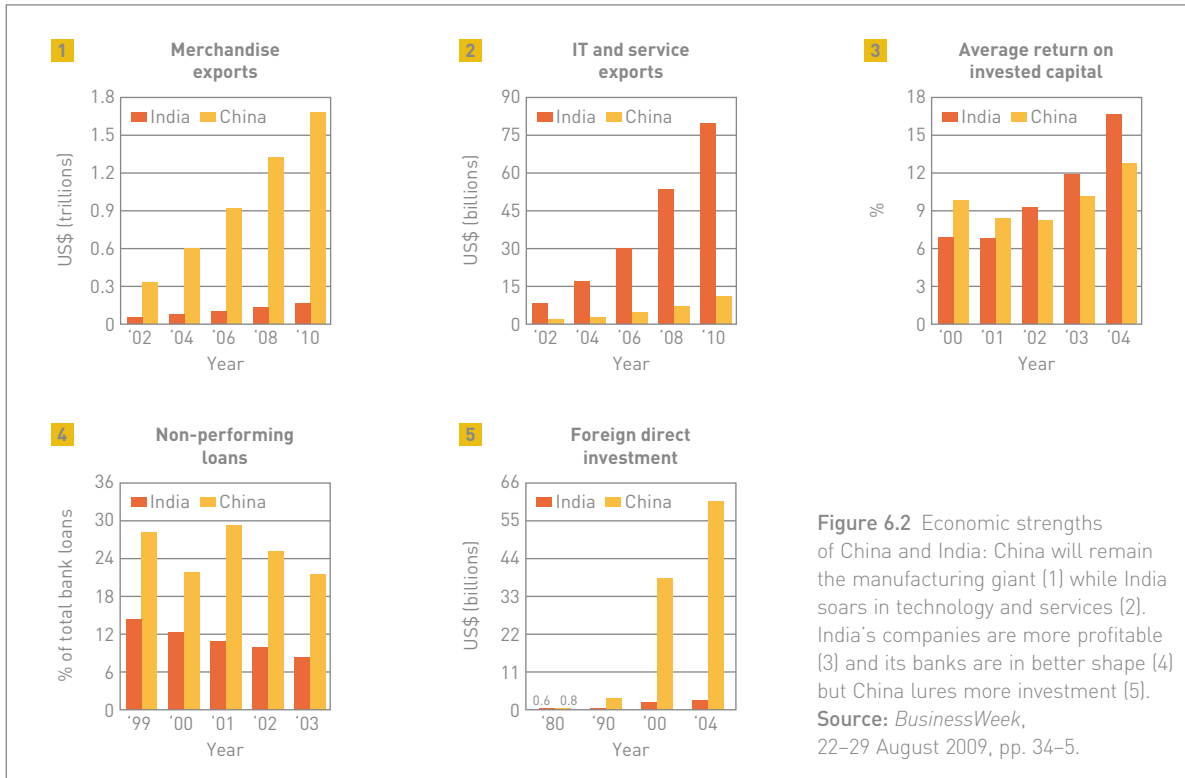
There is no doubt that China is earning a huge balance of trade surplus. It is exercising its economic muscle by making substantial foreign investments, including US treasury securities. China has made the largest investment of any country to enable the USA to finance its current account deficit (Figure 6.1). India's foreign investments are not of the same order of magnitude.

The economies of the two giants are nevertheless nudging closer

together as a result of investments by transnational firms: goods made in China use software from India.

Country	Amount (billion \$)
China	800.5
Japan	724.5
UK	220.0
Brazil	138.1
Russia	118.0
Hong Kong	115.3
Luxembourg	92.2
Taiwan	77.4
Switzerland	68.1
Germany	56.3

**Figure 6.1** Countries owning US treasury securities, July 2009. **Source:** Stewart, 2009.



**Figure 6.2** Economic strengths of China and India: China will remain the manufacturing giant (1) while India soars in technology and services (2). India's companies are more profitable (3) and its banks are in better shape (4) but China lures more investment (5).

**Source:** *BusinessWeek*, 22–29 August 2009, pp. 34–5.