



Don't let laurels go to the head

THE TROUBLE with international rankings is one can scarcely accept top laurels of one evaluator and decry the inherent weaknesses of global ratings when scored poorly by another. So, one should not get carried away when Singapore is declared the world's healthiest and wealthiest country and winner of other socio-economic sweepstakes. After feeling fleetingly flattered, Singaporeans should examine how comprehensively such surveys cover the globe, whether they are comparing apples with oranges, and how valid and relevant their criteria are.

Not all studies are universal in scope. Some do not take into account Singapore's uniqueness. Often the statistical data harbour so many flaws

Mark Twain would have observed that they are no better than lies or damn lies.

Financial news agency Bloomberg last month named Singapore the world's healthiest country among 145 nations. By Bloomberg's reckoning, Italians, Australians and the Swiss are healthier than Singaporeans, but pay a higher "health risk penalty" for smoking, alcohol consumption, obesity and so on. Doctors and demographers would want to debate how comparatively decisive such variables are in determining a nation's health.

A recent Citibank and Knight Frank ranking of Singapore as the world's wealthiest country per capita also raised some eyebrows. Singapore is

number one because the survey does not include Qatar and Luxembourg, both of which the World Bank and the International Monetary Fund, also in recent reports, rank as richer than Singapore. Even so, Singapore still emerged close to the top of the table in these other studies. When placed alongside other cities, London, New York, Tokyo and other major urban centres loudly out-roar the Lion City in wealth per capita. A recent Brookings Institution index does not even list Singapore among the 20 richest cities.

The Knight Frank-Citi report also noted that Singapore would remain the richest country in 2050. That projection is too long in range if it is based (as it appears to be) only on a single static

determinant such as average annual GDP growth. And it takes no account of competing countries' economic performance. But while the report's findings might be challenged, it also reflects high levels of confidence in the country's future prospects, which its wealthy clients might bear in mind when making long-term business decisions.

The upshot of all of this is simply that it is best not to be too smug about any top rankings. More critical than just being number one on this or that score are the broader, longer-term trends of just where the country is heading, and how important observers see its prospects. The competition will never stand still, and a small nation has to simply look at itself squarely in the mirror.

GERMANY AND CHINA:

The new special relationship

For several decades, the Americans believed they "owned" the West's relationship with China. But then, a woman entered the global diplomatic game. Not Hillary Clinton, but Angela Merkel.

By **STEPHAN RICHTER**
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GERMAN Chancellor Angela Merkel's visit to China, accompanied by scores of her top ministers and an outsized contingent of chief executives, is making the world sit up and take notice of a new "special relationship".

The Chinese are extremely meticulous when it comes to symbolic moves and announcements. Every step they take, especially regarding expressing favour or disfavour, is calculated to the nth degree. Such is the hallmark of a highly refined, court-centred political culture that reaches back thousands of years.

Thus, when the two countries announced two years ago – in July 2010, during Dr Merkel's fourth visit to China as German Chancellor – that they would start a strategic dialogue, it was a significant event.

At the time, most of the world did not notice that the Chinese leadership had just anointed a nation other than the United States the privileged status of conducting a "strategic dialogue".

Such announcements can easily be meaningless. Moreover, the Chinese favour arranging world affairs in such a manner. They like to maintain a multitude of different relationships simultaneously.

The size of the country's population naturally puts China at the centre of the various overlapping country pairings.

The Chinese-German dialogue is certainly based on a warm personal rapport. That became readily apparent at its launch two years ago.

Prime Minister Wen Jiabao, who had just met his German counterpart in Beijing, accompanied her on a trip to Xi'an, China's ancient imperial capital.

Better yet, Mr Wen, ever the perfect host, welcomed Dr Merkel that day – which happened to be her 56th birthday – at her hotel for breakfast with a traditional Chinese birthday cake.

And now that he is leaving his post as prime minister, she is coming to visit to pay her personal respects to him before the leadership change.

The personal dimension aside, what should the world make of the Chinese-German relationship?

Is it a crafty Chinese charm offensive to which the gullible Germans are succumbing?

A strategic summit of two mega-mercantilists?

The natural consequence of the economic confusion in present-day Europe?

Or, no big deal whatsoever?

To be sure, the Chinese, for the time being, are tired of the constant European hoopla. Since China's national interest is completely tied to world economic stability, it understandably wants to talk to the key person on handling the euro crisis.

Dr Merkel is just that.

Indeed, during the visit, Premier Wen raised China's concerns about the euro, and Dr Merkel declared that there was absolute political will to keep the euro strong.

But the French, the British and the Americans would delude themselves if they believed it was just that one factor that attracts the Chinese to the Germans.

What unites the Chinese and the Germans is also far more than potential solidarity between two major countries that are criticised (unfairly) for pursuing mercantilist trade policies.

Both countries know that they have their problems and drawbacks – as virtually all nations do. But they also know that, rather than letting problems fester, they are consistently working on remedying them, whether by strengthening domestic demand or letting the yuan appreciate.

And they know that playing unilateral blame games, as is frequently the case in the US, is often just a highly transparent effort to deflect attention from one's home-grown problems.

Beyond their common belief that we are living in a world where all are sinners and all need to strive for self-improvement, the Chinese and Germans share:

- a strong belief in the need for fiscal consolidation,
- a desire to achieve balanced growth in socioeconomic terms,
- strong doubts about the primacy of the financial economy, and
- a shared reliance on the manufacturing sector as a vital tool for

economic growth.

In addition, the fact that the German economy has delivered engineering excellence for a century and a half resonates strongly with the band of engineers – not lawyers – that makes up the Chinese leadership. They see that as worth striving for.

That Dr Merkel trained as a scientist only adds further to the (mutual) respect. So does the fact that she – along with many of her country's leading manufacturers – is focused on being on the cutting edge of green growth.

China's interest is further tickled by the fact that Germany – having badly failed in that endeavour before – carries no big stick and rather seeks to convince more by the power of its example and performance than by grandiloquent speeches or the military.

Another reason for the Chinese to raise Germany to an elevated partner status relates to counterbalancing the US.

The two countries' leaderships share a genuine concern that the political situation inside the US is so disjointed that there are very real doubts about the continued ability of the US to manage world affairs.

Even more worrisome is the question of whether the US is actually able at this point to pursue a rational course on key domestic policy initiatives, such as fiscal policy.

But the Chinese are realists. Their ambition is not to unhinge Germany from its alliance with the US. Rather, it is about the hope that, by partnering with Germany, Chinese arguments regarding the future stability-oriented path of the global economy will have more weight in the Group of 20 and other international fora.

Finally, the German-Chinese relationship also has a direct bearing on the current regional tensions between Tokyo and Beijing.

The positive example of the Chinese relationship with Germany must be especially stinging to the Japanese.

That could also be precisely how the Chinese intend for it to come across. They know that Japan and Germany are both keen on overcoming a difficult legacy stemming from World War II.

Yet it is far too early to assess what the real, long-term impact of the strategic dialogue between Germany and China will be.

But what is certain is that China's motives span across a wide range of interpretations, reasons and interests.

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