

Democracy in Southeast Asia

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Singapore is 75 percent Chinese and China, of course, is 100 percent Chinese. If you can have cultural misunderstandings within Singapore with 75 percent Chinese and China with 100 percent Chinese, clearly we have a job to do in terms of building cultural understanding across the world. The need for doing so will become much greater in the next few decades because we're entering a completely new era of world history. The reason why I wrote this book, *The New Asian Hemisphere*, is to try and anticipate the new world that is coming and why it is happening now.

If you ask me to summarize the main thesis of the book, the description of the new era that we are in, I would describe two points: The first is that we are clearly reaching the end of the era of Western domination of world history. Now, having said that let me quickly emphasize that the end of the era of Western domination of world history is not the end of the West. The West will remain the single strongest civilization for a long, long time to come. The difference now is from a position where you had, in a sense, a mono civilization world for two hundred years, to a multi-civilization world, and that is a whole new world that is emerging. The second point I make, of course, is that you will see also in the 21st century a return of the Asian societies and the reason why I say "return" is because while most of our "mental maps" are conditioned by what happened in the last two hundred years, if you look back at the larger history of humanity—over the last two thousand years from the year one to the year 1820—the two largest economies in the world were consistently China and India. Only in the last two hundred years Europe shot up and then America shot up and dominated the world. Now, in a sense we're going back to a more natural balance of the world and as you know, the Goldman Sachs Group's study predicts that by the year 2050 the four largest economies in the world will be one China, two the United States of America, three India and four Japan. What's remarkable is not a single European economy will be among the top four, and that's a huge shift in world history. At the same time I should also mention that the latest Goldman, Sachs projection shows that even India might become larger than the United States by 2043 and that in India they also grow very fast. That's an example of how the world is going to change. Having said that, it's clear that we have to prepare ourselves mentally for a very different world than the one we experienced over the last two hundred years.

What I want to tell you now is that I have some good news for you, I have some bad news for you and hopefully some solutions for some of the bad news that I will share with you. Let me begin with the good news because the good news is in some ways the more important story. The good news is when I read the statements of our Western leaders—President Bush, President Sarkozy or Gordon Brown—when they speak about the state of the world they always emphasize "we are moving into a more dangerous world. It is inherently more dangerous, we have to be more careful," etc. Here the good news I have for you is that we are *not* moving into a more dangerous world. We are actually going to move into a much more stable world because of what I call the march to modernity that is now sweeping across the world and certainly sweeping across Asia.

Not millions, not hundreds of millions, but billions of people are now joining the modern universe. Everybody who begins to join the modern universe has a stake in a more peaceful and prosperous world order and so the number of stakeholders in a stable world order is growing by leaps and bounds and that's why I say that we are going to move to a less dangerous world.

The question you're probably going to ask yourself is "What's happening? Why is it happening now?" and here again in the book I try to explain why it is the Asians who fell behind two hundred years ago, are now finally beginning to succeed in their development. The answer I give is that the Asians are succeeding in their development because they have finally understood which were the critical pillars of Western wisdom that they needed to implement in their societies. This is an important point to put across especially to a Western or American audience—the Asian societies which are succeeding are succeeding because they're implementing Western best practices in their societies and by so doing it shows clearly that they want to join the West in trying to create a better and more stable world order.

What are these seven pillars of Western wisdom? Let me mention a few. The first one, of course, is free market economics. If you want to understand, for example, how China took off clearly it is because China implemented free market economics. I can say this on the basis of direct personal experience. During my first visit to China in 1980, just after the modernization program had started but hadn't really taken off, I went to a barber shop for a haircut. The barber gave me a very good haircut but he took an hour to cut my hair. I loved the haircut but I said to him, "Why did you take so long to do a haircut?" He said, "It doesn't matter whether I do five haircuts, ten haircuts, twenty haircuts, I get paid the same. So what's the rush?" Similarly when I came out of the hotel in Beijing and I wanted to get a cab there were ten cab drivers and ten cabs. I waved at them and none would come so I walked up to them and said, "Why don't you guys take me?" This began an intense argument among them. They said, "Oh, it's your turn, it's not my turn, it's your turn," and the ten were arguing because it didn't matter what they did—five cab rides or ten cab rides, they got paid the same. But China switched to a free market economy today has the hottest growing economy in the world. In some ways watching the most populous country in the world, the fastest growing economy, is almost like a miracle and the image in my mind that I have is of watching the fattest boy in class winning the 100 meter race. That's what's happening as China, the world's most populous society, delivers the fastest growing economy by free market economics.

What's the second pillar of Western wisdom? The second pillar is science and technology. Clearly it was the mastery of science and technology that enabled Europe, for example, to go out and colonize the world. When you look back, for example, it's quite amazing that a small country like Portugal was able to go to South America, seize parts of South America, seize parts of Africa and amazingly enough managed to take a bite of India and even take a bite of China. That's remarkable for a small state like Portugal to do that and it shows how much the difference of science and technology make. This is why Asians fell behind. But today you're seeing in many ways a remarkable reversal in fortunes. In preparing for my book I came across a TIME cover story on Asia and science and in that story there was a prediction by a Nobel Prize winner Richard Smalley who said that very soon 90 percent of all the PhDs in science and technology would be held by Asians. Maybe it's not 90 percent, maybe it's 85 percent, even 80 percent but it shows how much Asians have taken up the interest in science and technology and you see that also throughout Asia.

The third pillar of Western wisdom is what I call meritocracy and I try to explain again with a very simple analogy. As yourself why is Brazil a soccer superpower and yet in economic terms

only a little power and the answer is simply that when it comes to looking for soccer talent Brazil will go all over the country, looking in the upper-classes, the middle-classes, the lower-classes, even going to the slums. If they find a boy who can kick a ball well they say “come play for Brazil.” They look for talent among 250 million people and they find the best to play football for Brazil. When it comes to looking for economic talent they go to the upper class, middle class and maybe a little bit of the lower class. So, they look for talent in a much smaller pool. What Asia is discovering now is that it has brains at all levels—the upper level, middle level and the lowest levels. If you want the simplest explanation of why Asia is taking off, it’s quite simply due to the fact that Asia has hundreds of millions of brains that were never used and now finally they are being used. In the old days, as you know especially if you were born in India, your birth was destiny. If you were born into the untouchable cast you would forever have to be in the untouchable cast and you could never rise above yourself. In the modern era, after the social revolutions in India, you now have a situation where the chief economist of the Reserve Bank of India is from the untouchable cast. That would never have happened before in Indian history but it’s happening now. When he was a child he suffered the difficulties of being an untouchable child, he couldn’t sit with the other children, he couldn’t mix with them, he couldn’t eat with them, but he persisted. He did well in school, got a PhD at Colombia and became the chief economist of the Reserve Bank of India. This man represents a new social revolution that is taking place in India. This is an example of meritocracy and the impact it has.

Let me briefly mention the other pillars of wisdom – things like the culture of peace, this is why the guns are silent in East Asia, it’s the application of the rule of law which enables modern commerce, it’s also pragmatism, and finally, of course, the great explosion in education. You have to really understand the depth of commitment in South Asia to their search for education and I have discovered many wonderful stories. The best story is the one I had two days ago when I was visiting Pomona here and I met a professor, David Elliott, and his wife who is a young Vietnamese lady, she grew up in Saigon. This is a true story, one day because of some fighting in Vietnam her house caught fire and she as a young girl had to run out of the house and she ran out with only one thing and guess what she ran out with? Her homework. She wanted to make sure that she got her homework and finished it for school the next day. That’s a very powerful description of how committed Asians are to the search for education. I went to [not even the biggest city] and they have seven universities there. They’re running short of space and they want to expand so they set up a satellite campus. I went to see this satellite campus. It didn’t have five thousand students, it didn’t have ten thousand students—in this satellite campus there were 150,000 students studying at the university. That’s the scale of change that you see. You can see that there’s a lot of good news in Asia.

So, what’s the bad news? The bad news is that clearly as the new Asian powers rise you have to have a reshuffle of power. You have to share things more. The West has occupied such a large amount of political and economic space in the world for two hundred years that it now has to learn to share its space with the rest of the world. Indeed, the course of world history will be determined by how we manage this shift. If we manage this shift well, then you will have ten, 20, 30 more years of peace. But if we don’t manage this shift well then we may have all kinds of difficulties and the thing that is important to understand is that we are truly at a very plastic moment of world history. The shift of power that we will see in our lifetime is of a scale that has never taken place before and, therefore, it will be quite a challenge to manage.

Let me illustrate with a few concrete examples why it is difficult to share power. Look at the world’s two most power international economic organizations. They are, of course, the International Monetary Fund, the IMF, and the World Bank. Even today based on the rule or

tradition we say that to become the head of the IMF you must be a European; to become the head of the World Bank you must be an American, so 3.5 billion Asians don't qualify to run these two organizations. This rule, by the way, was reaffirmed as recently as 2007, when you saw the changes in leadership and the old rule was applied. What's remarkable is that today the fastest growing economies in the world, are in Asia. The largest pool of savings in foreign reserves—\$3 trillion in Asia. And yet Asians are not considered good enough to run the world's most powerful economic organizations. Clearly, this rule is so antiquated, so absurd that it has to be changed but it is difficult to change. Those who enjoy the position of privilege will not give it up and that's going to be a problem.

Let me give you another example. The world's most powerful international political organization is the UN Security Council. The reason why the UN Security Council is very powerful is because it can make decisions which are mandatory and binding on all countries in the world. It is the only organization that can impose sanctions on countries; it is the only organization in the world that can authorize the use of force. So, it's a very powerful organization. As you know in the UN Security Council there are ten elected members and five permanent members. Now, it's a good principle to have permanent members in the UN Security Council because you want to ensure that the great powers of the day have a stake in the United Nations and will then support its continuation and will ensure that the United Nations doesn't die like the League of Nations died in the 1930s. So the principle of permanent membership is a good one. The principle was that you should ensure that the great powers of today are on the UN Security Council, and all the great powers of tomorrow, but not the great powers of yesterday. What we see in the UN Security Council is that the five permanent members are there essentially because they won World War II in 1945 which may have been the key qualification in the 1940s but over 60 years have gone by and we have to change the composition.

I can tell you that the United Nations has set up something called the Open-Ended Working Group on UN Security Council Reform. It has been meeting for 15 years and nothing has changed and now people say that we should change the name from "Open-Ended Working Group on Security Council Reform" and call it the "Never-Ending Working Group on Security Council reform." It is a sign on how difficult it is to change.

Let me give again a concrete example. As you know, Europe has been celebrating the fact that Europe will have a common European foreign policy in January 2009. In the old days, Henry Kissinger used to ask, "Give me a phone number I can call in Europe so that I can find out what the European foreign policy is." Well, from January 2009 there will be a phone number that you can call, there will be a European foreign policy. So, if there's a common European foreign policy isn't it logical that there should be a common European seat on the UN Security Council? But the UK and France will never give up their seats on the Security Council. This is an example of resistance to change. Take for example, the G-8. The G-8 is supposed to be a collection of the world's most important leaders. When they meet every year the media gives a splash, headlines every day "G-8 Met to discuss the state of the world." But, who does the G-8 represent? They represent, again, the leaders of the previous leading economies, not the future leading economies. The G-8 is an anachronism again, but how do you change the composition? Would any member of the G-8 give up its seat and say, "Please, I would like to make way for China, I would like to make way for India." Nobody gives up their seats. So, you find resistance to change at all levels and if this resistance persists I think we will have a lot of problems.

Now, to compound the situation, and here I come with the very bad news. In many ways we've had a very secure and stable world because the western states, to be fair, have done a very good

job of creating a world order and managing it well and the western states have traditionally been geo-politically competent in their management of global challenges. There's a new tendency emerging of geo-political incompetence unfortunately and this is a problem for the world. You can see this geo-political incompetence in the way the West has managed the Islamic world, this enormous anger that there is in the Islamic world towards the West. Why? No solution in the Middle East, even though we all know what the solution in the Middle East would be like, what Bill Clinton negotiated in January 2001 in the Accords that will be the solution. Everybody agrees, even the Palestinians agree. Why don't we implement it?

We might actually see, despite the recent improvement in Iraq you might actually see failures in Iraq and in Afghanistan—that's geo-political incompetence. If you look at the field of trade, for the first time in a long time and you see the failure of a trading [route]. If you look at the field of environment in terms of global warming, it's a major global challenge and yet we cannot seem to find a global social compact to handle this challenge.

Another example, look at the field of nonproliferation. Clearly what we all worry about the world is the danger of proliferation of weapons of mass destruction certainly of nuclear weapons. The nonproliferation treaty which has worked so well over the past few decades and essentially prevented many new nuclear weapons threats from emerging is today legally alive but spiritually dying or dead and that's a big problem for the world.

So, if you look at these examples of incompetence then clearly you have to ask yourself, "Isn't it in many ways in [everybody's] interests for the West and the rest of the world to come back together and work together to find solutions to global problems. The key point that I try to make to any western audience is that you wouldn't want a situation in your own country where 12 percent of the population decides for the remaining 88 percent of the population. But today the West represents 12 percent of the global population of 6.6 billion people, and if this 12 percent continues to insist on retaining all the levers of power and making decisions unilaterally, that's going to create an unstable world order. Therefore, the time has really come for the West to say, "Okay, we have reached a new era of world history. We see other responsible stakeholders in the world. We can share power with them and then we can, of course, work together."

Thank you very much.

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