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I can assure you that this is by far the most dangerous introduction that I have ever heard. Luckily, I am sitting next to Mary Robinson and she said, 'Kishore, after getting such a tremendous build-up, it will be all downhill after this.' Be ready. In fact, I am actually very surprised that Thierry chose me for this very important address. I suspect he is trying to destroy the myth that he is infallible, so I am going to prove that he is fallible today.

However, I have other challenges in speaking to you today. The biggest challenge I face is that I have never been as optimistic about the future as I am today. I think that the next 20 years will be the best 20 years that our world will have ever seen. I will explain why. At the same time, to make my message credible, I have to address what is on your minds; I have to address what is in the zeitgeist of today. As you know, our zeitgeist has never been as pessimistic as it is today. You pick up the newspapers; you turn on the TV sets, you get doom and gloom. I will try to address why we feel this doom and gloom and then I will explain to you why great times are coming, despite this feeling of doom and gloom. That is what I am going to do.

Why are we facing this doom and gloom? I have come up with an explanation. The reason why humanity at large feels a bit lost in today's world is because we are trying to manage three significant historical junctures at the same time. Managing any one of them would have been a challenge; managing all three is a huge challenge. When I describe the three of them, you will understand why.

However, even before I begin, I must reinforce a point that Thierry made. As a good Asian, I still have to do the right Asian thing and apologise to my Western friends if I make you feel uncomfortable with some things I am going to say. However, at the same time, if I do not take you out of your comfort zone, you will never understand the world that is coming. The world that is coming is a world outside the Western comfort zone and I also hope to prepare you for that.

What is the first historical juncture? This is why I see it as brilliant for Thierry to have chosen the topic of global governance. The first historical juncture you are facing is that the world has changed fundamentally. How has the world changed fundamentally? I will explain it with a very simple metaphor. Before, when you lived in 193 separate countries, you lived in 193 separate boats, so you needed rules to make sure that the countries and boats did not collide with each other. That was what the 1945 Room Space Order was all about.

However today, the world has shrunk. The 7 billion people live on our planet and they no longer live on 193 separate boats; they live in 193 separate cabins on the same boat. The problem we have is that we have captains and crews taking care of each cabin, but we do not have a captain and crew to take care of the global boat as a whole. If you accept this metaphor, you will begin to understand why we face so much pessimism. All the challenges, all the fundamental challenges that we face are clearly global challenges, which demonstrate day after day that we are on the same boat.

Just before this session, Jacob, Il Sakong and the rest were saying that housewives in Korea wake up to read about what is happening in Greece. Why? It is because we are on the same boat. When a financial crisis explodes, none of us can be immune from the financial crisis. Similarly, the number-one challenge that we worry about today is global warming. You cannot solve global warming by sitting in any country or any cabin of the boat. You have to get together as a whole and find a solution. Similarly, if you have a pandemic, it respects no borders. Viruses travel effortlessly across borders.

Day after day, we are given evidence that we are all on the same boat. What do our Governments do? Do they take care of the boat as a whole? Or do they just focus on their cabins? If you look back even over the last few years, it



happened only once, at the height of the financial crisis in April 2009, at the G20 meeting in London. This was when all the leaders finally became aware that we are on the same boat. Then they came together and launched a coordinated package that saved the world, in 2009.

However as soon as the crisis was over, what did the leaders do again? They focused on their cabins again. Just ask yourself a simple question, as you have discussion after discussion on the G20. Which G20 leader goes to a G20 meeting and says, 'How do I save the world?' Or is he thinking, 'How do I improve my ratings at home, so I can get re-elected?' The primary focus of each leader is on his own cabin.

That creates a structural problem. The structural problem is that we need leaders to take care of the boat, but instead, we have leaders who take care of the cabins. I want to say something even more heretical here. We all know that democracy is obviously the best form of Government and there is no alternative to democracy; I acknowledge that. However, let us be honest. Let us also admit that some democracies, including the democracy of the most powerful country in the world, the United States of America, may have become dysfunctional.

At a time when we expect American leadership to take us through an economic crisis and a climate crisis, what are the North American leaders doing? They are fighting each other at home. Just a few months ago, as you know, they brought the world to the edge of the cliff by arguing about the debt ceiling. *The Economist* had a wonderful cartoon. It showed the Tea Party leading the Republican Party by the nose, the Republican Party leading the United States by the nose and the United States leading the world by the nose. You can see how a small, special-interest group could bring the world to such a dangerous point. That is the tragedy and the difficulty we have with dysfunctional democracies.

You can analyse the situation, with the world becoming smaller and smaller and the leaders becoming more and more narrowly focused on their work. You can understand why we are pessimistic about what is happening in the world. That is the first historical juncture. Regarding the second historical juncture, at the same time, we have to handle this massive transformation in the world. We also have to handle the greatest power shift that we have ever seen in human history.

How do I characterise this power shift? It is quite simply with two points. On the one hand, we are seeing the end of the era of Western domination of world history. However, I hasten to add that the end of the era of Western domination of world history is not the end of the West. Indeed, I can tell you that the whole world wants the West to succeed and wants Europe to succeed. It wants Europe to overcome this crisis, because we all live in the same boat.

However, at the same time, the capacity of the West to dominate the world in the way that it did is disappearing. Secondly, we are seeing the return of Asia. Why do I call it the return of Asia and not the rise of Asia? It is because from the year 1AD to the year 1820, for 1,800 out of the last 2,000 years, the two largest economies in the world were always China and India. It is only in the last 200 years that Europe and North America took off. The last 200 years of world history, when you view it against the backdrop of the last 2,000 years, have been a major historical aberration. All historical aberrations come to a natural end. Therefore, it would be absolutely futile for the 12% of the world's population who live in the West to try to control the destinies of the remaining 88%, who live outside the West. Those days are gone.

If there was wisdom in the West, they would accept this change and ask, 'How do we build a new world order together?' Sadly, time after time, we do not see enough wisdom. I want to give an uncomfortable example. Just this year, in 2011, you saw that Mr Dominique Strauss-Kahn had to step down and I am not discussing the reasons why he had to step down. It would have been a perfect moment to announce to the world that now is the time for a non-European to run the IMF. However, guess what? That moment was lost; another European took over the IMF.

I am not questioning Ms Lagarde's credentials; she is brilliant at her job. However, the issue here is; how much longer can you maintain this rule. This is that to become the Head of the World Bank, you must be an American. To become the head of the IMF, you must be European. 3.5 billion Asians do not qualify, even though they have the world's fastest-growing economies and the world's largest pool of foreign reserves. They now have the world's largest pool of economics PhDs. However, no Asian is qualified to run the IMF or the World Bank. These are the sorts of uncomfortable changes we have to address at this time.



Then, the third critical historical juncture that we are facing is something which is very difficult to describe. This is because it is still very much a process that is unfolding as we speak. How would I describe this historical juncture? I would say that it is about the fact that we can no longer have strong leaders in this world. The collapse of Mubarak, the collapse of Ben Ali and the disappearance of Gaddafi may on the one hand just be reflective of what you see in the Arab world.

Or perhaps it is reflective of a larger global trend. As we move into a more transparent unit, where all leaders are on display 24 hours a day, the capacity for building myths around great leaders is disappearing. We all laugh at Berlusconi and what he is doing, but remember another great leader: John F Kennedy. If he was living today, you would get the same sorts of stories about him and the myth of John F Kennedy would disappear.

You can even compare it to 20 years ago, when we had Ronald Reagan, Margaret Thatcher, Chancellor Kohl and President Mitterrand. You had strong leaders, because you lived in a zeitgeist where there was still the myth of a strong leader. However today, with so much transparency, we see the weaknesses of all our leaders so clearly and we cannot build up the myth of great leaders. As I explained with the first historical juncture, this is the time when we need more and more, when the demand for global leadership is growing. However, because of the third historical juncture, the supply is diminishing. As a result of these three historical junctures, we should not be surprised that we feel this enormous anxiety and angst about the future.

Why then do I feel so optimistic about the future? I feel optimistic because I would say that the world has now reached agreement on what I call three new global consensuses. I am not sure what the plural of consensus is, whether it is consensi or consensuses, but there are three global consensuses. Each one of them is transforming our world profoundly, at a speed that we have never seen before in human history. What are these three consensuses?

Consensus number one is what I call the modernisation consensus. The modernisation consensus explains why billions of people all over the world, especially in Asia, are being rescued from poverty. The march to modernity is sweeping through Asia. Let me give you one statistic. Today, there are 500 million people in the Asian middle class. By 2020, nine years from now, that figure is going to grow to 1.75 billion people. By 2030, there will possibly be 3-4 billion people in Asia. Imagine that. Imagine a world with 3 billion middle-class Asians, sharing the same dreams, hopes and aspirations and wanting the world to remain stable and peaceful. That world is coming.

I can tell you another piece of good news, especially for those of you who live in the West, who worry every day about what is happening in the Islamic world. You worry. The Islamic world is transforming itself. The good news I have for you is that its march to modernity, which is sweeping across Asia, is now poised to enter Western Asia and North Africa. When it does, you will see the transformation over there.

The reason why Asian modernisation can transform the Islamic world is because in the past, the Islamic world said that modernisation equalled Westernisation. They wanted modernisation; they did not want Westernisation. Now, they look at Asian modernisation and they say, 'I can modernise and I do not have to Westernise. That creates whole new opportunities, which is going to transform that world. The modernisation consensus is going to make the world a better place.

What is the second consensus? The second consensus is the peace consensus. Here, I am absolutely shocked that nobody mentions the number of people dying in inter-state wars. This is the lowest it has ever been. People do not die in inter-state wars any more. Why? It is because Governments around the world, no matter where you are, in Asia, Africa or Europe, are beginning to lean that war is futile. This is where Europe has given the biggest gift to the world. You have shown the world that you do not just have zero wars between major countries like France, Germany and the UK; you have zero prospect of war. That is the shining light from Europe that is going to travel throughout the world, to develop the consensus of peace.

The third and final consensus is what I call the global-village consensus. On the one hand, I am pessimistic about the ability of Governments to rise above their national interests to address the global challenges that we face. However, on the other hand, you can look at populations around the world and you can look at civil society. The awareness



among the peoples in the world that we are all on the same boat, or in the same global village, is rising faster and faster.

You can consider a conference like this. We have come from so many different parts of the world and we can feel comfortable talking to each other, without feeling that we are crossing some impossible barriers. The chemistry of global civil society has changed significantly and is continuing to change. That is why I say that the next 20 years will be the best 20 years the world has ever seen.