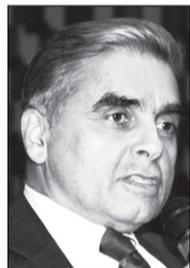


Looking to China and India for leadership of new world order

Editor's note:

This is the first part of an article adapted from the author's speech at the Shanghai Overseas Returned Scholars Association's SORSA Forum on September 9, 2011. SORSA and the Shanghai Alumni Club of the Lee Kuan Yew School of Public Policy, National University of Singapore, contributed the article.



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2050

Goldman Sachs, a New York bank, has predicted that by 2050 or probably much earlier, the No. 1 economy in the world will be China, the No. 2 economy in the world will be India and No. 3 will be the United States of America.

I'M very glad to address the topic of "Can China provide global leadership."

Now when I ask whether China can provide global leadership, I'm not asking China to become a military conqueror, either like the founder of the Qin Dynasty (221-206 BC) Shi Huangdi or like Genghis Khan. I'm not asking China to conquer the world.

The leadership that I'm talking about is more like the leadership of service, the leadership of helping the world, the leadership of making the world a better place.

So when I ask whether China can provide global leadership, I'm asking China to serve the world.

I'm asking the question now because you're entering a completely new era of world history.

That is very different from what we have experienced in the last 200 years. And how do I characterize this new era of world history? I characterize it with two points.

The first point is that you've reached the end of the era of Western domination of world history.

But I hasten to add that the end of the era of Western domination of world history is not the end of the West. The West will remain strong and powerful.

But for the last 200, the Western countries could control the whole world. A small country like Great Britain could conquer India.

That's power.

And in 1842, the British King wanted to buy Chinese tea, and you asked for gold from the British. The British said, "No, we will not give you gold, but we will give you opium."

When you refused the opium, the British bombarded the ports in Southern China and seized Chinese territory.

That is Western power.

Now, that kind of era of Western domination of world history is finally finishing after 200 years.

My second point is that you've seen the return of Asia.

From the year 01 to the year 1820 of the Christian calendar — 1,800 over the last 2,000 years, the two largest economies in the world were consistently China and India.

It's only in the last 200 years that Europe and then America took off.

The last 200 years has been abnormal and all abnormal things come to an end. They have to end.

Therefore, Goldman Sachs, a New York bank, has predicted that by 2050 or probably much earlier, the No. 1 economy in the world will be China, the No. 2 economy in the world will be India and No. 3 will be the United States of America.

So that is the normal world that is coming our way.

When you move from one historical era to another, often the transition is not smooth. There can be conflict and struggle.

So the goal of my remarks today is to see how we can have this transition from one world order to another world order without conflict, tensions, or struggles. And that's why I ask this question.

Now I propose to answer this question in three parts.

First, why is it now? Why am I asking this question about China and global leadership?

Second, what happens if China does not provide leadership, what will happen to the world?

And third, if China decides to provide global leadership, what kind of leadership should China provide? So I will answer these three questions.

Globalization

So the first question is why I am asking China to consider global leadership now. Again, there are three reasons for this.

The first reason is that the world has changed fundamentally because of globalization.

There are 193 countries in the world, 193 member states in the United Nations, and altogether 7 billion people in the world.

Before globalization, when you lived in 193 separate countries, it was like living in 193 separate boats. So each boat had a captain or crew to take care of the boat.

As a result of the rules created in 1945 at the end of World War II, you have rules to make sure the boats don't collide into each other. That was the old order.

But now the world has become so small that 7 billion people no longer live in 193 separate boats. They all live in 193 separate cabins on the same boat. So all 7 billion people of us are now living in one boat.

The problem with the boat is that each cabin has got a government, but the boat as a whole has no government. Nobody is taking care of the boat as a whole.

And you can see this, for example, in the financial crisis that happened recently that affected the world in the years 2008 and 2009. Nobody is taking care of the world economy, so we had a major crisis.

My second reason is that in the past it was the Western countries that used to take care of the boat as a whole, because they were very powerful, especially after 1945. In fact, the West did a lot of good things for the world.

In 1945, the Western countries created what you might call "a rules-based order."

This rules-based order includes organizations like the United Nations which has a beautiful Charter that describes the principles for the running of the world. You

have the International Monetary Fund, World Bank and something that used to be called the General Agreement on Trade and Tariffs (GATT), which then became the World Trade Organization (WTO).

These organizations are important because without them, the world would be a disorderly place. These organizations were supported and sustained by the West because the Western countries used to believe that if you make the WTO stronger, if you create a level playing field for countries' economies to compete, America and Europe would prosper.

Confidence lost

The same countries, America and Europe, that used to support the World Trade Organization are now becoming frightened of it, because they believe that if you strengthen it, and create a level playing field for countries to compete in the economic sphere, the jobs will not go to Americans and Europeans; instead, the jobs will go to Chinese and Indians.

So as the West loses confidence, it is possible that these global organizations may get into trouble if nobody will take care of them.

So when I ask whether China can provide global leadership, I'm asking whether China can make organizations like the WTO stronger so that China, India or even all of

Asia's economy can grow faster.

I've already explained the following aspects: first, the world has changed and is becoming a smaller place, so we need stronger global organizations; second, the West no longer has the confidence to run these organizations.

So my third question is if the West cannot do it, which other country, apart from China, can provide global leadership.

Can you please name me one other country in the world outside the West that can take care of the world organizations?

Please name one country. Yes, India is another possible candidate.

I actually believe the title of the talk should be "Can China and India provide global leadership?" Because the world is now looking to China and India; and the reason why the world is now looking to China and India is that very soon the No. 1 economy will be China, the No. 2 economy will be India.

Everybody always looks for the largest countries to provide global leadership. And apart from China and India, there are no other countries big enough or strong enough to provide leadership.

To be continued.

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