

[« Return to article](#)[Print this](#)

## The Straits Times

www.straitstimes.com

Published on Nov 22, 2014

KISHORE MAHBUBANI

# A golden age looms for Asia

This is an excerpt from the keynote address by Professor Kishore Mahbubani, dean of the Lee Kuan Yew School of Public Policy, at yesterday's ST Global Outlook Forum.

By Kishore Mahbubani

Asia will experience a new golden era of peace and prosperity over the next 10 years.

The export-led growth model of the past will no longer work for the major Asian economies. Hence, we are unlikely to see a return to double-digit growth.

If the major Asian economies, especially China, India and Indonesia, are able to maintain growth rates of around 7 per cent a year, this will be a major achievement. Fortunately, this is within their reach. Three factors will drive this.

The first factor is an almost unbelievable accident of history. It is truly remarkable that the three most populous Asian countries, namely China, India and Indonesia, have simultaneously put in place dynamic and reform-minded leaders who can be expected to transform their countries over the next decade.

The second factor is the consolidation of the "Deng Xiaoping-Lee Kuan Yew consensus" on national development. We have just seen three remarkable back-to-back leaders' meetings in East Asia: Apec in Beijing, East Asia Summit in Nyaipyidaw and the Group of 20 in Brisbane.

An amazing number of new agreements were signed. There was also a historic (albeit unsmiling) handshake between President Xi Jinping of China and Japan's Prime Minister Shinzo Abe, laying to rest fears of a China-Japan war.

What was the key underlying factor that explains the success of these meetings? The simple answer is that, North Korea excepted, there is a remarkably wide and deep consensus among regional leaders that they should focus on modernisation and pragmatic development.

This explains why East Asia is functional while the Middle East remains dysfunctional. Our region has been infected by a silent, healthy virus of modernisation. Because it is silent, the Western media has not noticed and continues to predict doom.

The third factor is the explosion of the Asian middle-class population from 500 million in 2010 to 1.75 billion in 2020. Multinational corporations have spotted this trend.

Many of these MNCs are ahead of their governments and have stepped up their presence in the region. Singapore has the potential to be the biggest beneficiary of this big shift to Asia. Pessimistic Western consumers will not drive global demand. Instead, optimistic Asian consumers will gradually pick up global demand.

It would be foolish to pretend that all will be rosy in the region. Several geopolitical clouds will continue to affect the region. Five deserve mention.

The most important geopolitical relationship is always between the world's No. 1 power (now the US) and the emerging No. 1, now China.

In theory, US-China relations should hit a new peak of rivalry in the next decade, because, this year, China will surpass the US and become the world's biggest economy in PPP (purchasing power parity) terms. Curiously, the US-China relationship is remarkably stable.

Indeed, there is even some sun showing through what should be the darkest geopolitical cloud, as

demonstrated by the extraordinary climate-change agreement reached between Mr Xi and US President Barack Obama.

The most dangerous relationship this year was that between China and Japan. Many feared that they would go to war. Instead, they shook hands.

If Mr Abe can restrain his nationalistic tendencies and focus on firing economic arrows to jump-start Japan's economic growth, this troubled relationship can remain under control. Several Chinese leaders may have also realised that China went overboard in browbeating Japan in recent years.

The most important future geopolitical relationship is between the world's next No. 1 and No. 2 economies, namely China and India. When Mr Narendra Modi became prime minister of India, there was hope of a major breakthrough.

However, the border issue continues to bedevil this relationship. The world will look upon Mr Modi and Mr Xi to wisely overcome this nagging issue.

Logically, Russia should have been drifting closer to Europe and the West to balance a rising China. Instead, the opposite has happened. The accident in Ukraine disrupted geopolitical logic. If Western leaders were as pragmatic as Asian leaders, they would have found a compromise.

Instead, the West went back to its usual self-righteous tendencies and imposed sanctions on Russia. This geopolitical loss by the West has been a gain for Asia, as seen by the US\$400 billion (S\$520 billion) Russia-China energy deal.

Finally, the Islamic State in Iraq and Syria (ISIS) emerged as a complete surprise. It would have been ignored if innocent Westerners had not been killed. The decapitations forced the West, especially the US, to react. However, ISIS does not pose a great global threat. It is an isolated tumour.

To understand how these five geopolitical clouds will affect Asia, please do not rely on the dominant Anglo-Saxon media. Some of their editors are trapped in a narrow and often ideological Anglo-Saxon mental universe.

For example, the Anglo-Saxon media has been predicting the collapse of the Chinese Communist Party (CCP) for almost 25 years. I predict that they will continue to do so in the next 10 years. I also predict that the CCP will last the next 10 years.

There is a great global demand for an authoritative voice on Asia's resurgence.

When the British Empire reigned supreme, the Times of London served as the newspaper of record. When the American century began, the New York Times emerged as the newspaper of record. As the Asian century unfolds, The Straits Times is well poised to be the newspaper of record for the Asian century. Fortunately, The Straits Times already has a group of excellent Asian correspondents in place. It has the product. All that the ST has to do is to create a new package of news on Asia for the rest of the world.

Asean will have to play a critical role in the coming decade. Few in the world have given Asean enough credit for the culture of musyawarah and mufakat ("consultation and consensus" in Bahasa Indonesia) developed in South-east Asia.

More importantly, Asean has also infected the rest of East Asia and South Asia with a similar culture. This is why all the major regional powers, including the US and Russia, "trust" Asean to provide a credible neutral platform to enable them to engage each other.

However, to play this leadership role credibly, Asean must retain its cohesion (and avoid incidents like the breakdown in the Asean consensus in Phnom Penh in July 2012) and ensure that the Asean Economic Community (AEC) is a success after it is launched next year.

Asean countries, especially Indonesia, must overcome their schizophrenic attitude towards Asean economic cooperation. The only way to overcome this attitude is to use the force of reason. Any rational economic analysis will show that no Asean market, not even Indonesia's, is big enough to compete with China and India if they take off.

Asean companies need a bigger playing field if they are to become competitive. Hence, next year, led by Malaysia, Asean leaders must bite the bullet and push economic cooperation to the next level.

In short, all the trends are pointing towards a new golden era for the region. To understand their own futures, the Asians must believe in themselves and develop new positive global narratives to supplement the dominant negative Western narratives.

---

Copyright © 2014 Singapore Press Holdings. All rights reserved.