

The Asia Society Gala Forum

Hong Kong, 28 October 2000

" AGENDA FOR A NEW ASIA "

The Asia Society has asked me to talk about Asia and about the future. I know something about Asia's past, and its present situation. But as to its future my guess is as good as anyone else's. That is not to say that I don't have some ideas. I do. But they are just ideas about what should be and maybe what can really be.

2. There is a tendency in this part of Asia to think that East Asia is Asia, and that South Asia, Central Asia and West Asia do not count. Of course Russian Asia is totally ignored. But in talking about Asia, its present and its future these other very substantial part of Asia must be taken into account. Maybe we don't think anything much would happen in these parts which would be as dynamic as in East Asia, but it is entirely possible that these parts of Asia would change too. Already India is showing signs of economic dynamism. Central Asia can be a source of minerals and other raw materials.

3. Of course in the political field any number of things can happen which can affect the rest of Asia. So far the pressures from outside for the Central Asian countries to democratise have not been significant. But as soon as these countries become rich and offer good markets, democracy, human rights and the implementation of open market economies will be forced upon them. As we all know the pressure to democratise and respect human rights is not due to concern for the well-being of people, but for the benefit of those rich people wishing to reap more profits for themselves in more countries.

4. Asia is most unlike Europe. The Europeans are of three major ethnic groups -- the Slavs in the East, the Germanic race in the North and the Latin in the South. All these races are very acquisitive, especially of the territories of their neighbours. As a result over the past two millennium there has not been a year when there was not a war between their states. In the process they got rather mixed and developed more or less along the same line culturally and economically. Since they are prone to fighting, they developed great skills in devising and producing ever more efficient killing instruments. This skill spilled over into other commercial activities so that they became industrialised very early.

5. It is not so in Asia. The area is so vast that delineation of boundaries was not easy. Though there are distinct ethnic groups, but most Asians are sub- divided into tribes which off

and on came together under strong tribal leaders. Thus the Seljuks, the Ottomans, the Mongols and the Manchus.

6. Asians built empires in Asia largely but these empires were not durable. The death of a powerful leader invariably led to a break-up into numerous little empires or states.

7. By the beginning of the 20th Century almost all the Asian countries had come under the rule of various European powers, including the European Russians who subjugated the Central Asians. Almost without exception the Asian countries under European domination remained backward and poor. The only country which managed to remain independent and to industrialise along the European pattern was Japan.

8. This then is the historical and cultural background against which we must consider the present and the future of Asia. During the second half of the 20th Century competition for influence between the Western Bloc and Communist Russia led to the freeing of the Asian colonies of the European powers. The reason given for this generosity on the part of the European colonial powers was humanitarian. It was wrong it seems for people to colonise other people and other countries. But the true reason was fear that the colonial people would side with the other bloc. The desire to dominate remains and it was a matter of time before this desire manifests itself again.

9. After the end of the Pacific War most Asian countries were in shambles. It seemed that they would never be able to rebuild themselves much less challenge the industrial and commercial supremacy of the West. But Japan set out to restructure itself and to reindustrialise. And Japan succeeded beyond expectations. Its Zaibatsu had been broken up but the broken pieces regenerated themselves until each one was bigger than the original conglomerate. The old strategy of producing inferior cheap products was replaced by an assault on the world market with high quality but still relatively cheap goods.

10. It is difficult to imagine what the international market would be like without Japanese products. Left unchallenged the Europeans on either side of Northern Atlantic would produce high quality expensive products meant basically for their own rich markets. They would stress margins rather than market share. If their goods were exported to poor countries they would be meant for the rich only. Their consumer products would not flood the markets and the people of the poor countries would not enjoy the luxuries of sophisticated household appliances, pick-up trucks and small economical passenger cars. Their standard of living in terms of modern life-styles would remain primitive.

11. But the Japanese, by producing high quality cheap goods had lifted the living standards of a great many people. Of course the Japanese did not set out to do this. They were after profits as much as the Europeans. But their strategy of maximising market share through low margins inadvertently contributed to the improvement in the standard of living of many in the poor countries.

12. The countries of Asia, East Asia mainly had not failed to see that an Asian nation could do all that the Europeans could do, and better. It did not take long for everyone to jump on the bandwagon. Soon South Korea, Taiwan, Hong Kong and the countries of Southeast Asia exhibited a desire to emulate Japan. It is not unlikely that they too would pose a challenge to the Europeans in the markets of the world.

13. South Korea showed obvious signs of becoming another Japan. Japan had caught the West off guard. But it became obvious that the West was not going to allow themselves to be again caught flat-footed. And so South Korea came to be described as a NIC -- a Newly Industrialising Country. It was not a recognition of South Korea's success or an expression of admiration. It was a term invented to justify subsequent action to stifle Korea's economic growth. A NIC must be curbed through all kinds of restriction on its exports.

14. In the meantime the other East Asian countries were also growing rapidly and the term NIC was liberally applied to them so as to justify early economic discrimination against them to be applied. Still they kept on growing. There was much talk of the 21st Century becoming the Asian Century. The Europeans were not going to have things their way much longer. China, held down by the Communist ideology, woke up from its slumber and rapidly absorbed Western- style commerce and industry and showed every sign of becoming another Japan, only five times bigger.

15. China and Japan remained virtual enemies but it did not seem likely that they would go to war against each other. Both seem to appreciate that they would be committing national suicide. Attempts to persuade them to expand their energy on military confrontation failed. Both apparently seem bent on becoming economic powers and to dominate the world through their wealth and technological know-how rather than by force of arms.

16. The threat of Asian domination of the world in the 21st Century was becoming more and more real. They could not be stopped militarily. Nor could the West defeat them and impoverish them by competing in the market.

17. I don't think there was a conspiracy. It is more likely that an opportunity had presented itself and it was seized by the worried Europeans.

18. For some time the Western media had been harping on the failure of the tiger economies of East Asia to adopt Western moral standards of governance and their approach to national recovery and economic development. The Japanese came under attack for the close cooperation between the Government and big business. This was labelled Japan Incorporated and this was regarded as thoroughly immoral and wrong. There must never be Government help for the private sector. It was a thoroughly shameful way of doing business. That it had helped the Japanese economy to recover from the ravages of war, that it had brought tangible benefits to the poor people in poor countries is irrelevant. The Western media, agencies and governments claim that by universal moral standards it was wrong and it must be stopped. In fact all the Japanese business practices were wrong and immoral and must be stopped.

19. In trying to adjust to the alleged universal norms the Japanese dismantled all their practices, made crimes of everything that they had been doing before, arrested their civil servants and generally undermined the confidence of their own people. Even lifetime employment was considered wrong. Workers must be sacked and thrown on the streets, and executives must be publicly humiliated for doing what was acceptable before.

20. But the attacks on the morality of Asian Governments expanded to the other Asian economic tigers. All were accused of crony capitalism. The Asian Governments were told they cheated by helping the establishment of corporate giants which were able to challenge Western supremacy in manufacturing, in commerce and trade. That these Governments had built good economies, alleviated poverty and generally contributed to the well-being not only of their people but also of other people in the poor countries, meant nothing. These Governments cheated by collaborating with their corporations and they must stop.

21. The Korean companies for example had successfully competed with Western construction companies for great engineering and construction projects worldwide. Their low cost had saved billions of Dollars for many developing countries. But in the process they had reduced the profits of the great construction companies of the West. The Koreans were therefore doing something immoral. It was suggested that they were using prisoners to reduce their labour cost. That was how they could outbid their Western competitors.

22. After the Koreans came the Taiwanese, Hong Kong, even the Southeast Asian countries. They were growing fast and they must be cheating through their penchant for close cooperation between the Government and the private sectors. They were all indulging in crony capitalism. And they should stop. The Western media carried out a sustained campaign against everything that is practised by the countries of East Asia. And International Agencies under the control of certain powers cast baleful eyes on these economic upstarts.

23. But the countries of East Asia continued with their own ways of growing their economies. It looked like there was no stopping them. They were going to grow and they were going to continue to challenge the West. There was a good chance for the 21st Century to become the Asian Century.

24. Again I would stress that there was no conspiracy. The attacks against the East Asian economies were not orchestrated. It is most likely that the rogue currency traders just saw an opportunity to make a pile for themselves. Be that as it may, the fact is that their attacks soon left most of the East Asian economic tigers in a state of unprecedented economic turmoil and sudden poverty. From being economic threats to the West they suddenly found themselves totally dependent on the West for their recovery.

25. This is where the IMF, a major instrument of Western policy stepped in. No one, no country should help the beleaguered Asian countries except the IMF. And the IMF should only help if the Asian countries give up all their strategies for economic development. They should not help their distressed corporations to recover, they should allow their banks to go bankrupt, they should increase the taxes on their people, do away with subsidies and in a severe recession introduce a surplus budget.

26. Maybe there was no intention to worsen an already bad situation. Maybe there was really a sincere desire to help the distressed economies. But whether by accident or design the IMF succeeded in putting an end to the practices which had contributed so much to the rapid and spectacular growth of the East Asian countries.

27. Dangling the loan carrot and brandishing the big stick, the IMF, backed by the power of the powerful, demanded the dismantling of everything that had contributed to the amazing development of the East Asian tigers and dragons. Not only must corruption stop but subsidies for the poor, business-friendly Governments, protective tariffs and non-tariff barriers, conditions on foreign ownership of businesses and banks, all had to stop. These countries must open up to direct

and full foreign participation in their economies. There must be no restriction at all to foreigners wishing to take advantage of the business potentials of the economies.

28. Anything done to help local corporations in distress came under the general definition of bailing out cronies. These corporations must be forced into bankruptcy or sold to foreigners. As the stock market collapse and share prices plunged. That tens of thousands of poor workers would be thrown out of work as a result of the collapse of the businesses was irrelevant. Let them starve, riot and kill. But no Government help should be extended. Helping them was regarded as morally wrong in terms of business practice. In the developed countries there is unemployment benefits so that those thrown out of jobs could be supported by the Government. This is not considered as a subsidy. But any help extended to the distressed businesses and the unemployed would smell of bailouts and would not be permitted.

29. Anything that could be imposed or done to prevent the quick recovery and regeneration of the East Asian tigers was done, at times blatantly. Governments were undermined and overthrown, law and order were destroyed, the break-up of countries was encouraged and expedited. The Asian tigers were no more. The ambition to make the 21st Century the Asian century was pulverised. No one talks about it any more; least of all the former tigers.

30. Asia today is in total disarray. West Asia continues to be unstable as their state glare at each other and undermine each other. Rich in oil and other resources they are nevertheless underdeveloped. They have no country with an industrial economy capable of supplying even their own needs. They are totally dependent on the developed countries of the West, and many are subservient to the Western powers. They pose no threat and they will pose no challenge to the north Atlantic alliance in the foreseeable future.

31. Central Asia is very rich in resources but are unable to adjust to democracy and the free market. Landlocked and isolated, separated from the world market by vast distances, they are unable to benefit from the bounties of a world free market. They are certainly not in a position to develop the way the East Asian countries had developed. They too will be no threat.

32. South Asia has tremendous potential. With almost 1.5 billion hard working and very clever people, they could have become another economic giant like China. But they are pitted against each other and their experiments with democracy has merely resulted in weak Governments which change frequently

and seem unable to plan and develop their countries. Still, next to the East Asians, South Asia is the most likely to prosper in the new millennium and to challenge the status quo.

33. The countries of Northeast and Southeast Asia, the most dynamic of the Asian countries are now largely emasculated. Even Japan, the most powerful of the East Asian economies, seems unable to come out of its economic malaise. In trying to Westernise its way of doing business and to adopt Western values, Japan has now become totally disoriented. For a decade now, despite expanding huge sums of money to rehabilitate the economy, Japan still remains in the doldrums.

34. This is the picture of Asia at the beginning of the new millennium. It is a dismal picture. Much of the energy and the spirit which had driven it in the second half of the 20th Century have been dissipated. No Genghis Khan, Akhbar the Great, no Mongol or Turkish hordes are likely to appear on the scene. Because of its extreme diversity and the distances which separate its people, Asians cannot come together the way the Europeans can come together. Asia must accept that it is a divided continent. Accepting this, it must plan its future as separate sub-continents, growing according to its special comparative advantages and at different paces.

35. Northeast Asia should be the sub-continent to recover strongly after it regains its self-respect and the desire to emulate the values and the ways of the West. The stress now is too much on systems rather than results. The idea that a "good" system which produces bad results is better than an allegedly "bad" system which produces good results should be re-examined.

36. The West is too fond of a single cure-all. We saw how the IMF had forced down the throats of all the East Asian countries their single formula for recovery and we saw how disastrous it had been for many countries. Asian ways of doing things are not bad simply because they differ from the West. Asian ways which obviously deliver results must be quite good. Japan, Korea and China recovered very quickly from the effects of war and the socialist ideology of the West. Their people became more prosperous and poverty was largely eradicated. Their self-respect has been restored. Maybe they have still to subscribe to the norms of western liberalism, maybe the freedom of individuals to thumb their noses at the majority are less. But is thumbing our noses a greater priority than the well-being and self respect of the majority?

37. Asians everywhere must have pride in their values and culture and their ways of managing their countries and their problems. The attempts by the West to force their values and

ideologies on Asians must be resisted. Remember that Communism and Socialism were invented by the West and these two ideologies have retarded the development of so many countries which adopted them, countries in Asia and Africa. There is no reason why we should believe that what is being propagated by the West now -- liberal democracy, free markets, borderless world etc, would do any better in the long run. The day can still come when the West will reject their present values and ideologies because of the harm they suffer. We must never again be held back by the Western values and systems after they have discarded. Indeed we must not blindly accept Western ways, ideologies and values without waiting for them to be tested extensively in the West.

38. There is no doubt that if Northeast Asia and Southeast Asia regain their faith in themselves, their values and their ways of doing things, they would be able to again achieve the kind of developmental success that they exhibited in the decades before the economic turmoil of the nineteen nineties.

39. Southeast Asia can recover faster and more strongly if it is less preoccupied with gaining the approval of the West in the way it manages things politically and economically. While oppressive authoritarian rule and corruption must be avoided, firm and strong Governments must be allowed to govern and to develop their countries. The idea that a country is not democratic unless disruptive forces are allowed to threaten peace and stability must be rejected. The essence of democracy should be Government by representatives elected by a majority of the people. Liberalism which permits the individual or minority rights to negate the rights of the majority need not be regarded as an essential part of democracy. Freedom cannot be absolute whether it be in the area of human rights or free speech or free press. Freedom of the press should not include freedom to tell lies and instigate violence. Harsh perhaps, but to believe that people should accept being maimed and killed because other people are exercising their democratic freedom is to negate reality in the interest of the ideal.

40. The countries of Northeast and Southeast Asia have enough in common for them to come together and to act together. It would take a very long time before they can unite the way the European countries unite. But cooperation on many things affecting them is entirely possible and productive. It may be an economic group or an East Asian Monetary Fund. But these things and many others are entirely possible for East Asia.

41. If South Asian countries cannot develop together, they can at least develop by themselves. Some may be able to make modern political ideologies work. Some may not. But what is important is not to try to be politically correct to please

the West. What is important is the economic development of the countries. Poverty eradication is far more important than the right to bring down Governments because of alleged misdeeds. The important thing to remember is that the next Government will commit the same misdeeds. There is really no difference between the Government that is overthrown and the Government which replaces it, particularly in so far as the ordinary citizens are concerned. The people most interested in overthrowing a bad Government are the people who hope to get the power in their own hands. And having succeeded in grabbing power they would proceed to do exactly what the previous Government had done. The best thing that the countries of South Asia can do is to allow elected Governments to last their terms at least. It would be less disruptive and damaging than the habitual premature unseating of elected Governments.

42. Central Asia is doing quite well in terms of stability but it is not able to build needed infrastructure especially in terms of railways. The camels were once regarded as the ships of the desert. Obviously they are no longer adequate to carry the rich raw materials of Central Asia and the goods that Central Asia needs. The ships of the desert in these days of mass consumption are the railways. What Central Asia needs is a vast network of railways of super sizes and length. Two mile long trains running on ultrawide gauge tracks would reduce the cost of transporting raw materials and goods across the vast expanse of Central Asia. Just as tankers are built to transport ever increasing quantities of oil across vast oceans, there is no reason why the railways cannot be improved in the same way.

43. If the Governments of Central Asian Republics can accept that making profits is not criminal, the countries of the West and the East can come together to invest in these super transport facilities which will make being landlocked no longer a disadvantage.

44. The Governments of West Asia may not be very democratic but it is doubtful that they will improve simply by adopting liberal democracy. What is more important is for them to reduce their quarrels and subversion of each other. Generally under-populated they should strive for capital intensive, high tech industries in order to make themselves more relevant to the world. Already they are accepting immigrant labour. It is no big deal for them to invest in modern I.T. industries utilising both local and foreign knowledge workers. They have the capital and technology can be bought.

45. We need not be concerned over Russian Asia. Asia, the whole of Asia, not just East Asia can have an agenda for the new millennium. Politics should be downplayed. Political

ideology, including liberal democracy should not be of major concern. Strong but benign Governments should be the aim for all Asian countries. And such Governments should concentrate on developing their countries and giving their people a good life.

46. The more developed nations of Asia should invest and help the less developed. An Asian Monetary Fund would be useful. An Asian Association for Development should be set up to enable the countries of all Asia to interact, to discuss common problems and to cooperate where necessary.

47. Any idea about Asia dominating the world in the 21st Century should be abandoned. It is not feasible and it will merely serve to antagonise the rest of the world, in particular the European nation on both sides of the Atlantic. Neither should any Asian nation harbour ideas about dominating Asia.

48. Asia and Asian nations must be free, truly free. No one should impose their values or ideologies or system on Asia. While everyone should be concerned over human rights, the environment etc, no one from within or outside Asia should appoint himself or his country as the policeman charging himself with the responsibility to ensure that everyone behaves. Asian countries are mature enough to know what is right and what is wrong. Any attempt to undermine the sovereignty of independent countries through subverting nationals should be condemned roundly by everyone.

49. This agenda is very general but it should serve to point the direction that Asia should take. Obviously it is going to take time, a long time. Obviously it is not going to be smooth sailing. It is going to be difficult to achieve. But the long term objective should be for all Asian countries to be subservient to no one, but truly independent and as developed as the nations of Europe. Asian countries must take their places in the community of nations of the world as equals. And Asian values and Asian ways of doing things must be accepted as legitimate, normal and inferior to no one.

50. This is the agenda for Asia. It is not fanciful. It is not a dream. It is really doable and it is within the capability of Asians to realise it. With this agenda Asian countries will emerge in the 21st Century as equal partners with the developed countries of the World.