

APEC CEO Summit 2001 - New Century, New Economy: Developing In The Globalising World

Shanghai, China 20 October 2001

"GLOBALISATION WITH COMMON DEVELOPMENT"

There is no doubt that one of the great men of the twentieth century was Deng Xsiao Ping, the father of China's Four Modernisations. There is also no doubt that two of his wise sayings should be in the forefront of our mind when we talk about the great public issues of our time, indeed when we talk of the great issues of any time. They are an indispensable aid to analysis and an invaluable guide to action. They are very useful whether you are running a trade union, a multinational corporation or a country.

Mr Deng Xsiao Ping said: deduce truth from facts.

2. In other words, do not deduce truth from our hopes, however noble. Do not deduce truth from our expectations, however certain. Do not deduce truth from the conventional wisdoms of the day, however widely-held. Do not deduce truth from the edicts of theologians, however exalted. Do not deduce truth from the simple ideology of the ideologues, however persuasive. Deduce truth from facts.

Mr Deng Xsiao Ping also said: it does not matter whether the cat is black or white so long as it catches mice.

3. In simple words, we must be pragmatic. This does not mean that the end justifies the means. But it does mean that we must be focused on results, on the true objectives that our societies must achieve. We must not be overly enchanted and loyal to the means that we have devised so much so that we forget the objectives. There is little virtue in pursuing the seemingly virtuous means if the results are perverse. We must be very fast on our feet, able to quickly adjust to changing circumstances. No single shoe can fit every foot. We must do what works for us. And when they no longer work for us, we must go to other strategies, policies and measures -- quickly.

4. I stress the importance of the principle of deducing truth from facts because when we come to the subject of "globalisation" today, the world faces a massive "truth deficit". There is simply too little fact and too much self-serving fiction. There are too many who are prepared to tell lies and to bend the truth to push through their sacred cause.

5. I stress the need for pragmatism because when we come to globalisation today, there is much too much ideology. There is too little common sense and straight thinking. The "pragmatism shortfall" is as profound as the "truth deficit". Whether we are Americans or Armenians, Swedes or Somalis, in or out of Government, we all need less "group-think" and more independent thinking. And we must make sure that we are not being led by the nose, by well-meaning and not so well-meaning missionaries, some of whom have obviously gone through some of the world's best bible schools.

6. This is why I must congratulate the organisers for choosing the subject of my speech: "Globalisation with Common Development".

7. Apparently, the organisers do not think that globalisation (as it is being promoted, practised and pressed today) is working hard enough for our common good, for our common development. Not so long ago, this attitude would have constituted an impertinence, on the part of unrepentant, stubborn, ignorant recalcitrants who simply will not see the sacred truths.

8. The sacred truth that every globalisation ideologue knew not so long ago was that globalisation is always good -- always good for every one, at all times, in every way. This is so contrary to the facts as they have been experienced by the many countries of East Asia, Africa and Latin America.

9. At the Davos World Economic Forum in February 1999, in the very heart of the heartland of today's globalisation ideology, Nelson Mandela asked the question: "Is globalisation only to benefit the powerful and the financiers, speculators, investors and traders? Does it offer nothing to men and women and children ravaged by the violence of poverty?"

10. Let me quote Mr. Mike Moore, Director General of the World Trade Organisation. In November last year, the Economist, a committed ideologue on globalisation quoted Mr. Moore as saying: "Sometimes I feel like joining the kids outside. When they say the system's unfair, they're not always wrong."

11. Not too long ago, the message from the principal pulpits of capitalism and the free market, including the WTO, was clear: there can only be winners. Just endure the pain a little longer. And a little longer and a little longer, and the gain must surely come. It is now clear beyond any doubt that in the process of globalisation, as it is now promoted, practised and pressed on us, there are big winners and big losers and the basic pattern of winners and losers is

unchanging - and unfair; for the winners are invariably the rich countries and the losers the poor ones.

12. Among the sensible and responsible thinkers who have a broad as opposed to a narrow perspective, there is now a new global consensus that if globalisation is to be sustainable, there must be many more winners and many fewer losers, and they should both be a mixture of the rich and the poor. There is a new emerging global consensus that the winners must not win to an obscene extent and the losers must not lose to an equally obscene extent.

13. The title of my speech, given to me by the somewhat agnostic organisers, suggests that we must promote, practise and press an enlightened form of globalisation that is caring and productive for all, an enlightened globalisation that will ensure the common development of all; the common development of all not only across the world but also within our individual countries.

14. If we leave too many of the disempowered and the disadvantaged behind, globalisation cannot hold. It cannot even be defended. It will become, as it has already become in many circles, a swear word. Like so many other great ideas, it too will end up in the dustbin of history.

15. So far, there is no doubt who are the biggest winners in the game of globalisation: the very rich and the very empowered (and therefore the very immediately competitive). There is also absolutely no doubt about who are the biggest losers: the very poor and the very disempowered (those who haven't a ghost of a chance of competing right now with the best, the brightest, the most powerful, the most endowed in the world).

16. The very rich today are called "HNWIs", high net worth individuals.

17. Merrill Lynch and CAP Gemini Ernst & Young have issued, for several years now, a study they call "The World Wealth Report". This year's World Wealth Report 2001, released in June, states that there were 7.2 million high net worth individuals last year, high net worth individuals being defined as people with investable assets of at least US\$1 million, not counting real estate. These are people who have US\$1 million or more that they can quickly put into stocks and shares, hedge funds, currency speculation, bonds and other financial instruments. It does not refer to the many more people who are less rich, who have incomes or assets above US\$1 million.

18. Let me make it perfectly clear. I have nothing against rich people, against very rich people or against people who used to be called "the filthy rich". I hope that there are many in this audience who fall into one of these categories. I hope that those of us who are now not rich will one day be rich. I hope that those who are only rich today will be even richer in the days ahead. Mr. Deng Xsiao Ping was right in stressing the virtue of legitimately making a profit. Making money - without making misery - is indeed virtuous.

19. But you might be interested to know that since 1986, the combined wealth of the world's high net worth individuals have shot up three-fold, by more than 375 per cent.

20. In a "good" year like 1999, the total investable funds of the high net worth individuals identified by Merrill Lynch and CAP Gemini Ernst & Young grew by 18 per cent. Their investable wealth grew by US\$4,000 billion. In other words, their additional wealth rose by four times the total GDP of China in 1999. In other words, the investable funds of these 7 million high net worth individuals grew by four times the good and service produced by 1.2 billion Chinese in China in 1999.

21. In a relatively "bad" 2000, when equity markets worldwide were subjected to high volatility, the world's high net worth individuals increased their additional investable wealth by only US\$1,580 billion, an increase of only six percent over the previous year. This might seem to be somewhat modest. Almost a paltry amount, in comparative terms, one might say, except that US\$1,580 billion is almost three and a half times the total 2000 GDP of India, which has more than 1,000 million people.

22. After the events of September 11, I do not know whether global capital will be able to flow so freely across the globe, without national constraints or boundary obstacles. But on the assumption of present levels of globalisation of world financial markets, The World Wealth Report 2001 forecasts that over the next five years the world's high net worth individuals will achieve an annual 8 per cent growth in their investable wealth. The extra wealth they are forecast to accumulate will bring the amount that they can put into stock markets, hedge funds, currency speculation, bonds and other financial instruments to US\$39,000 billion in 2005.

23. God only knows how much their total assets are worth. God only knows how much they can borrow. But last year, the 7 million rich people in the world had in their hands capital to invest amounting to 2.7 times the total goods and services produced by the almost 280 million citizens of the United States. If The World Wealth Report 2001 is correct in its

predictions, by 2005 the amount that the world's high net worth individuals have for quickly investing in stocks, in the world's 6,000 hedge funds (which can in addition borrow massive amounts), in currency speculation, in bonds and other financial activities will be equivalent to 4 times the present GDP of the United States, 36 times the present GDP of China and 82 times the present GDP of India.

24. Imagine the enormous economic power of these high net worth individuals on national governments and on the international financial system. They are the biggest beneficiaries of globalisation, with the biggest vested interests in the freest flow and the fullest free play of global capital. If I had a billion US dollars, I suspect I too would be very committed to a fully globalised world without any barriers and without any constraints on what I can do with my money and how I can make even more money.

25. Add to this the second biggest beneficiaries of globalisation as it is promoted, practised and pressed today: the global corporations who maximally seek global dominance, who minimally seek the greatest profitability and the maximisation of what they call "shareholder value".

26. I will say little about the multinational corporations, which we are all struggling to attract to our economies. It is sufficient to note that of the largest 100 economic entities in the world, 51 are global corporations and 49 are countries. The combined sales of the world's top 200 corporations exceed the combined GDPs of 182 of the world's nation states. (Incidentally, they employ a total of only 18.8 million people, less than three-fourths of one percent of the world's workers).

27. Given the mountain of money and the power that comes out of the almighty dollar, is it any surprise that global capitalism is in charge of "the Washington Consensus", of the IMF, of the World Bank, of the WTO, of the wealthiest and most powerful nations of the world? Is it any surprise that global capitalism is in charge of the evolution of globalisation as it is today promoted, practised, and promoted? And can it be any surprise that what we have seen are forms of globalisation that work very hard for the very rich, that don't work very hard for the interests of the poor and the very poor, that work without any commitment or enthusiasm for the common development of the global community of mankind?

28. All thinkers of sense and sensibility must know that the present situation cannot stand. The world will simply no longer stand for it. But how do we get better results for all?

29. I am afraid I see very little hope for an effective global coalition that can work effectively for a more productive, compassionate and caring globalisation. There is very little hope for a global concert working for the enlightened globalisation that will, if I can paraphrase Nelson Mandela, offer much "to men and women and children ravaged by the violence of poverty."

30. We live in a world where the power of persuasion has too small a punch and where the persuasion of power packs too big a wallop. The rich and the powerful are in full command. They will concede what they must to get what they want. But they will yield little ground. Too many believe that utter selfishness is a virtue, that greed is great, that enlightened caring and compassion is a weakness, that selflessness and sacrifice for the common good is a mental illness.

31. Obviously, we have a much better chance of evolving a more productive globalisation if Asia can unite and if we in Asia can set the example of the productive, caring and compassionate globalisation that I have talked about. We must work hard to establish an Asian Monetary System. We must work towards a stable Asian currency. We must cast off the traditional mindframe of "beggar thy neighbour" and put securely in its place the ethic of "prosper thy neighbour".

32. If our friends elsewhere are not willing to help, they should not seek to hinder. If they cannot be part of the solution, they should get out of the way and not be part of the problem.

33. Let me end by stressing a most obvious reality: the progress that we need in the years ahead can only come from national action and individual initiative.

34. We did not fight to be free in order to learn to kowtow. We have a right, indeed we have a duty to work for the benefit of our people and our future.

35. We must welcome advice. We must not tolerate dictation.

36. We must seek truth from facts. We must do what works and abandon what no longer does.

37. It is true that if you open the window, to let in the fresh air, some flies will enter. We should leave the windows open.

38. But if we open the window to let in the fresh air and packs of tigers and bears enter, perhaps we should open the

windows on the second floor and keep those on the ground floor securely closed. We should do this even in the face of the most seductive assurances of the bears and tigers. We should do this even in the face of the strongest opposition from the bears and tigers.

39. We must be prepared to quickly say yes to certain forms of globalisation. And we must be prepared to say, NO, NO and NO when we must say NO, NO and NO, guided always by the dictates of pragmatism.

40. We in East Asia have benefited a great deal from some aspects of globalisation and also suffered a great deal from some aspects of globalisation (as it is promoted, practised and pressed upon us today). We must each work hard to improve the equation of costs and benefits.

41. As societies, we know that education and knowledge are essential for competitiveness in a globalising world. We must make sure that we make the necessary investment in the most important resource of our nations: our people.

42. And in the final analysis, we must make sure our people understand that the helping hand that every human being needs is the one at the end of his own right arm. God helps those who help themselves.

43. This was so before the age of globalisation. It is so today. It will always be so in the days ahead.

44. May we all have the wisdom to find the facts and to discover the truths. May we all have the strength and the courage to do what is productive and good for our people and for the global community of mankind.