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ASIA AND EUROPE:
FORGING A PARTNERSHIP FOR THE 21ST CENTURY

1. I have been asked to speak on the subject of Asia and Europe forging a partnership for the 21st century.
2. Let me try to do so by attempting to answer two questions. First, why a partnership? Second, a partnership for what?
3. However let me begin by answering the `what' before proceeding to the `why'.
4. I believe there are many things which mankind must try to do in the 21st century. First, we must prepare our societies for the new world of massive and rapid change and transformation. In the 21st century, radical changes will sweep over all of us, and sweep us along with it, whether we like it or not. We cannot resist but we may perhaps be able to steer in some direction if we are able to develop certain skills.
5. It has always been true that in life the only constant is change. But in the years ahead, I suspect that change will be faster and more furious than ever before. Time will be telescoped and history accelerated. If we do not retreat into the caves, if we are not insulated, we will be hurled and spun around. Those who yearn for the quiet life have no right to be born of this time and age.
6. People have always been subjected to multiple loyalties. But in the 21st century, we can expect perhaps a greater pull and counter-pull from the forces of national and global identities. We can expect greater pressures from increasing globalism and greater assaults against national economies. I am sure in many societies, there will be an intense contest between human rights and human responsibilities. There will be value wars rising from the attempt to resolve the meaning of life and of human fulfilment. There will be clashes between materialism and spiritualism. There will be challenges arising out of differing emphasis on the role of government, the state, the so-called free market and the

individual. I am sure that there will be contests between and within societies on the power and function of the media which will be ever more invasive of all that is sacred in our lives.

7. Where will the family go? Where will the struggle for family values end up? What indeed will constitute family as homosexuality becomes respectable in many societies. What will be the nature and purpose of work? How will various societies deal with the problem of aging and the aged and cloning -- and a host of issues which we cannot venture to even guess at this point in time?

8. Second, the struggle for physical survival across species, across continents, across all boundaries will begin in earnest in the world of the 21st century. We will see dramatic climate changes and attempts at climate control. We will see environmental disasters unprecedented in human history. God has already given us ample warning. If we do not succeed in enriching and giving new life to our physical environment, our physical environment will impoverish and take from us our very lives.

9. In the 21st century, we will see the emergence and spread of new diseases. As populations increase by the billions there will be a new calculus of supply and demand with regard to water, food and energy. There will be new weapons of mass destruction and equally deadly unconventional / conventional weapons. The human race will need to find new ways of sustainable production and sustainable consumption. We must have dynamic growth. The poor and the under-privileged will probably be overlooked as the rich grab everything for themselves. Poverty is the second greatest adversary of the environment, second only to the over-consumption of the affluent. But new ways and patterns of dynamic and vigorous growth will need to evolve if the dynamism is to be sustained over long periods of time.

10. Third, in the 21st century, all of mankind will need to cope with and overcome a whole series of transnational threats ranging from drug trafficking to the spillover effects and tragedies of "failure states", to international terrorism, accidental nuclear and chemical accidents, currency manipulation, money laundering and organised crime.

11. Fourth, in the 21st century, we will need to fully exploit, spread and disseminate the continuing technological revolution, the shelf-life of which may be measured in minutes rather than days or months. How do we cope with the network society, with bio-engineering and the flood of useless information hiding in its midst pearls of knowledge.

12. Fifth, how do we ensure a world in the 21st century where perhaps the greatest challenge is not to ensure the greatest good for the greatest number, at the lowest cost, but rather how to ensure the highest level of people empowerment, to the maximum number possible, to the maximum level possible, at the lowest price possible. Since business is expected to be the primary movers and builders of people empowerment rather than governments, how do we ensure that greed and abuses of corporate power will not rule the day. Can we ensure that the free market will be governed by a sense of commitment and responsibility when in fact the movers and shakers of the market place are elected by no one and are moved largely by greed and the lure of unlimited wealth. Will the Milkens and the Boesky's and the Soroses of the future be any more considerate than the present models.

13. I still believe that in the 21st century people development and people empowerment will be the most important role of government in most societies. We have to ensure that national governments will fulfill fully their responsibility in this crucial area through less disruptive systems of rule by the people.

14. I am sure there are other critical challenges to mankind in the 21st century. But let me concentrate on the three which I think need particular emphasis.

15. This is the challenge of:

- building a more peaceful and more just global commonwealth;
- ensuring global prosperity; and
- ensuring cultural tolerance in a multi-cultural world and ensuring not only no clash of civilisations but instead, a joyous celebration of civilisations.

16. Peace, true peace, is more than the absence of war. It needs the embrace of friendship. It calls for the presence of justice. It necessitates not only democracy within the borders of the nation state but also democracy in the affairs between the nations of the global community.

17. The age of imperialism is dead. But it is far from having been buried. The age of hegemonism is still with us but has taken a new form -- that of economic hegemony which is no less oppressive and dehumanising than the imperialism of the past.

18. For the peace of the 21st century, no disguised hegemonism can be acceptable. We must ensure total and

truly democratic global governance.

19. Let me say substantially more about the century of global prosperity which we must build in the 21st century. This can only be achieved through the most massive expansion of trade in human history and the most massive flows of productive foreign investment across borders that this planet has ever seen. Trade and productive investment must be the arteries, the veins, the tissue, the muscle and the bone of our global prosperity of the 21st century.

20. We must construct a global prosperity process which will bring prosperity not to a select few but prosperity for all. No nation should be left out. None should be deprived and impoverished. As we leave the 20th century behind, we carry with us the albatross of gross inequality. In 1965, the richest 20 percent of the world earned 69 percent of the world's wealth. By 1990, this percentage had increased from 69 percent to 83 percent. In 1965, the average income of the richest 20 percent was 31 times the average income of the poorest 20 percent of mankind. By 1990, this had increased from 31 times to 60 times. With the present currency turmoil the ratio has worsened.

21. In the 21st century, it is crucial that we work for the absolute eradication of absolute poverty. A global crusade against absolute poverty in which all nations will lead must be part of the passion of the century. Why not set the 21st century as the century in which we will see poverty's end?

22. Our faith in the wonderful powers of market forces to generate massive prosperity sometimes seems to border on religious fanaticism. There is much in the magic of the marketplace. But the market can be very cruel. The frequently invisible hand of the free market has tended to enrich the rich and the avaricious while impoverishing and heaping further misery on the poor. If market forces are to play a role then they must be governed by laws, rules, and regulation even as we insist on Governments respecting laws, rules and regulations. Remember that market forces once resulted in Manhattan Island being exchanged for a few bottles of whisky. And more than that have been exchanged for worthless glass beads.

23. I have stressed, in our economic agenda, the importance of prosperity for all, a massive expansion of trade and investments in productive capacities and for a global crusade against absolute poverty. There is a fourth point which I would like to emphasise. And that is the importance of a mind-shift from "beggar-thy-neighbour" to "prosper-thy-neighbour".

24. If we are honest with ourselves, we will concede that mankind has spent an inordinate amount of time and effort on begging our neighbours. We have held stubbornly to the irrational view that our future and our prosperity depends on ourselves doing better than others. We have assumed that what we gain others must lose. What others gain must be our loss. We have invested enormous passion and resources in this competitive zero-sum game intended to do others in.

25. We must begin to spend an inordinate amount of time and effort on prospering our neighbours and their neighbours. We must hold stubbornly to the rational view that our future and our prosperity depends on others doing at least as well as ourselves. We must invest enormous passion and resources in this positive sum game where everybody wins.

26. Many might ponder why it is that over the last generation a grouping of economies, neighbouring on each other, have created what some refer to as "the East Asian economic miracle". Why is it that the tigers and dragons of East Asia have run together in a pack? Part of the central reason is that through accident and by design, the corporations and private sector of East Asia -- often encouraged, advised, pushed and cajoled by their governments -- have consciously and unconsciously been working according to the impulse of "prosper-thy-neighbour". We who have lived through this incredible phenomenon can look back and say: We have clearly seen the past; and it works.

27. This is one reason why we expanded ASEAN, why Vietnam gained double-quick admission into the Association of South-East Asian Nations. This is one reason why we have moved quickly to admit Myanmar, and Laos. This is one reason why Cambodia too will be quickly admitted into ASEAN.

28. But alas those who believe in "begger-thy-neighbour" philosophy, if we can call it philosophy, have caught up with us. And you know the result. To earn them a few billions they impoverish us, beggar us by tens and even hundreds of billions.

29. Let me now turn to the theme of living in a multi-cultural world, surely one of the great challenges of the 21st century. Some say the civilisations will clash. Some call for the co-existence of civilisations. Let me speak for a "celebration" of civilisations.

30. Let us all face the fact that the 21st century will be a century of multiple civilisations and multiple cultures. Cultural and civilisational pluralism will be the hallmark of the 21st century. The era of cultural

hegemonism is over, however much the controlled media of the West try to "spread the word" and to hold the line.

31. There obviously are universal core human values which have been accepted, indeed cherished, by societies throughout history. Of this there can be no doubt. Most of these universal core human values should continue to be cherished. If I may, I would argue that the primary custodian of most of these old-fashioned cultures, values and ways are the more conservative societies of Asia who have not advanced much beyond what are today often referred to in the West as Victorian "values" or family values. I would argue that as the primary custodian of universal values, Asia should act to ensure its worldwide adherence. Asia should rather vigorously lecture and hector those societies which have abandoned our universal human values for some rather quaint and some way-out ideas. If I am permitted, I might be tempted to argue that until these deviant societies returned to the straight and narrow and begin to behave themselves, unless they begin to behave much more like we do, and unless they begin to believe the things we hold sacred and dear, then we in Asia should not trade with them, should impose sanctions on them and should adopt a policy of "conditional engagement". In other words, if they don't behave, we should not renew their right to most favoured nation status and so on.

32. I wonder how many of our European friends feel a little uncomfortable with some of these ideas. I think that we obviously should ensure that this scenario does not become the dominant reality of the 21st century. There is a great deal of wisdom in the sacred admonition that we should do unto others what we want others to do unto us. We should not do unto others what we do not wish others to do unto us.

33. I think from the perspective of the 21st century, some of the current ideas and practices of today's friction of civilisations will appear most quaint. With the exception of those who believe that Coca Cola, Big Macs and Western "pop" command the moral high ground of human civilisation, it is interesting that the rest of humanity assume that art will and should differ as between different peoples and cultures.

34. What is more, the more adventurous and enlightened among us say: vive la difference. How boring and how impoverished would human civilisation be if there is total uniformity, one form and only one way of doing things. We enjoy and relish the differences. Even when we think that our own forms and accomplishments are superior, we take no affront from the fact that others have different tastes and different values and different ways. We take no affront from others believing in their "inferior" ways.

35. Yet, how is it, what is the logic of those who believe, that when it comes to political tastes, political values and political ways, only one and no other is kosher. All else is inferior. Not only that. There can be little tolerance for these "inferior" forms. And not only must this one anointed form be adhered to in the main. It must be adhered to in its entirety, according to the sacred texts, forms, practices, and rituals coming down from some sacred mount.

36. I believe in democracy. We could not have got to where we are, indeed I doubt if we could have survived, if we had not adhered to democracy. But Thank God Malaysian democracy is not Italian democracy, or Swiss democracy, or British democracy or even Dutch democracy. (You will be delighted to know that at no stage in the 21st century should you expect anyone to try to ram Malaysian democracy down your throat. Still we count on you being wise enough to appreciate some of its virtues).

37. The 21st century could be mankind's greatest or mankind's worst. Given that there are so many threats to confront and so many opportunities to grasp, why should Europe and Asia work together in partnership?

38. First because in a shrunken world we are going to be uncomfortably close neighbours. The Far East is no longer far.

39. Second, because over a broad range of issues, we have and will increasingly have a common purpose and a shared interest.

40. One might begin by admitting that there are many areas in which we will not see eye to eye and in which we can and should disagree and quarrel. But these areas are not as great as we imagine. Does Europe have a fundamentally different perspective with regard to the challenge of change in the 21st century? Will Europe disagree with the global struggle for physical survival? Will Europe disagree with the need to overcome the trans-national threats I enumerated? Will Europe have enormous difficulty with the challenge of human empowerment I suggest? Will Europe be at great odds with the vision I have outlined of a peaceful and more just global commonwealth, or of ensuring global prosperity for all, or of ensuring more than mere cultural coexistence in the 21st century? I doubt it.

41. On the other hand, there are vast areas over which we will increasingly see eye to eye, over which we will converge and agree and over which we therefore should work together in friendship and partnership.

42. Third, there are many challenges which neither Europe nor Asia can on their own tackle or resolve. Please note that my advocacy of a greater partnership between Europe and Asia is not an exclusive one which seeks to keep anyone out. Indeed, over the entire front of global or regional issues, the joining of all the hands of humanity is necessary.

43. Fourth, I need to remind Asians that there should be greater partnership with Europe because Europe is strong, influential and rich. European inventiveness and science is not a thing of the past. After five hundred years, our learning from Europe is far from ended. Those who assume that Europe is a phenomenon of the dusty pages of history and cannot bounce back with incredibly renewed vigour assume far too much.

44. But perhaps I should remind our European friends that Southeast Asia, Northeast Asia and other regions of Asia will become much stronger, much more influential, much richer in the 21st century. Asian inventiveness and science will return. Asia must remain a great learner but others would be wise to learn a thing or two from this vast continent.

45. As someone who has seen so much of what we in Asia have gone through in the 20th century, I have no doubt whatsoever that the epitaphs on East Asia or on Southeast Asia of recent years and months are a little premature. Our rising has never been easy. The journey, for all of us, without exception, has been horrendously challenging. We have had as many downs as ups over the last fifty years. We have been written off over and over again. The problems of today -- serious and difficult as they are -- pale in comparison with those of the past. In the latest forecasts of the IMF, the World Bank, the ADB and just about everyone else, there has been some downward revision on the short term projections. But without exception, all, even the worst detractors, say that East Asia will remain the fastest growing region in the world.

46. I have not a shadow of a doubt that we shall overcome. We shall overcome the present turbulence. And we shall continue the journey to the return of history.

47. Please allow me to end with a few words on the market turbulence since July 2, 1997, when the Thai baht was devalued.

48. As you know, the currency problems of Mexico caused a "tequila effect" which wreaked havoc especially in Latin America. The Thai crisis has triggered a "tom yam effect" which has hit every globalised economy in Southeast Asia without exception: Indonesia, Malaysia, the Philippines, Thailand, Singapore. And as we all now know the failure

of Southeast Asia can spread to every country in this globalised world of ours. There is no room for smugness for anyone.

49. On June 17, 1997, at a conference on capital flows held in Los Angeles just two weeks before the devaluation of the Thai baht, one Michel Camdessus, who works for the IMF, said the following about Malaysia in his written Keynote Address (let me quote him word for word: let me read slowly: and let me make sure that I get it absolutely right):

"Malaysia is a good example of a country where the authorities are well aware of the challenges of managing the pressures that result from high growth and of maintaining a sound financial system amid substantial capital flows and a booming property market. Of course, the life of policymakers is always easier when one starts, as Malaysia does, with a long history of low inflation and an outward-oriented economy. But significant further progress has been made in dealing with new challenges. Over the last year, output growth has moderated to a more sustainable rate, and inflation has remained low. The current account deficit -- which is primarily the result of strong investment spending -- has narrowed substantially. The increase in the fiscal surplus targeted for this year is expected to make an important contribution towards consolidating these achievements."

50. So, according to the IMF, which as you all know is rather stingy with its grades, Malaysia gets very high marks for a "sound financial system", for "low inflation", for the moderation of growth, for the narrowing of the current account deficit (which according to Mr Camdessus is "primarily the result of strong investment spending"). And we get very high marks for the increase in fiscal surplus in the Government's budget.

51. But the head of the IMF has more to say. And again I quote:

"The Malaysian authorities have also emphasized maintaining high standards of bank soundness. Non-performing loans have fallen markedly in recent years; risk-weighted capital ratios are above Basle recommendations; and steps have been taken to restrain lending for the property and stock markets."

52. Mr Camdessus and the IMF concluded, just two weeks before the cleverer currency manipulators discovered that everything in Malaysia was wrong, that Malaysia has the "kind of attitude that fully justifies the confidence of the markets...". I repeat: the "kind of attitude that fully justifies the confidence of the markets".

53. Quite obviously, the IMF is delighted, indeed laudatory, about Malaysia's economic fundamentals. But all this is obviously not good enough to withstand the "tom yam contagion effect" and the primitive herd instincts of the currency traders and share investors.

54. It will be a sad day indeed if the new century begins with humans behaving like herds of unthinking and unquestioning creatures. Civilisations have always been marked with orderliness and organisation based on the human capacity to think. The most successful civilisations and the longest lasting are those which are able to arrange their affairs well and to manage it even better. To discard law and order in favour of the herd animal instincts usually associated with animals is to abdicate our claim to being the most intelligent of God's creatures.

55. If we are going to progress and to make this coming century a better century than the present one, let us not submit to knee-jerk reactions. Let us instead call upon our past experience so as to select and develop the best of values and cultures so that the civilisation we build in the 21st century will be one which will withstand the test of time.

56. May I express a wish that this panel will rise above the narrow loyalties of colour and creed, of history and geography, to evolve and to resolve on a partnership between Asia and Europe that will contribute to the better development of humankind.

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