

Lyon 2006 - European Ideas Fair Speeches

European Ideas Fair

21 September 2006

First Roundtable - *Globalisation: Facing the Asian Challenge*

Ashraf Ghani



The atom was the symbol of the 20th century. It was neat, orderly, and hierarchical. The network and the web are the current realities of today. Their characteristics are complexity and openness. Strategy under today's circumstances means constantly coping with uncertainty and being able to have the flexibility to respond to the unanticipated.

The second issue is that of communication. Whether concerning information technology or culture, politics or the media, it has become central, not peripheral. We live in the same moment - globally. And others are now participating either in a global dialogue of understanding, or much more, misunderstanding and misperception. It has become more imperative than ever to read each other correctly, to understand each other's fears and not to give way to fears, but to build on opportunities.

Thirdly, three principles of organisation are in constant interaction:

- - Hierarchy, as organised through the State, is radically being called into question when facing new challenges.
- - The market has forced the second principle to change, because it is no longer special, it is no longer a national economy. The supply chains define global opportunities for mobility, not national policy alone.
- - And thirdly -and that brings us to this group- networks yet again. Both in terms of literal networks of communication, but much more networks of elite, interactive thinkers, future-oriented people have become more important than ever.

After all, the European project was made possible by a very small network. People like Monet and Schuman who knew each other and conceived during an enormously short period of time a plan, like the Marshall Plan, that moved with the speed of light. It becomes imperative, again, to be able to think of networks as the hub that would think through both the hierarchy and the market.

Fourthly, security, after the events of September 11, has become again foundational. The developed world, like

the developing world, can no longer assume its security. But security has to be differentiated from stability. Stability comes from legitimacy. At this level, security has to be thought of at the global level, it can no longer be national or regional.

Overall, emphasis has previously been from the *threat* from Asia. I would like to focus on the *opportunities* of Asia. For one simple reason, if there was a downturn in globalisation, and - God forbid - Indian growth came to zero or Chinese growth came to zero, what would the consequences of that be globally? It would unleash billions of people in search of taking their destiny in their own hands. We need to focus on the risks of globalisation. We have not sufficiently focused on it because one of the key strategic challenges is how to contain the risks.

The first thing to notice about Asia is that it has witnessed the longest conflict of the 20th century. Asia is incredibly insecure about its own security, because it has been the site of active warfare throughout the 20th century and during the 19th, and it experienced the colonial era. The first wave of globalisation was experienced as destruction of global economies, not as participation, hence the degree of insecurity regarding this.

The second issue in Asia is that the first six, and in some cases eight decades of the 20th century were largely devoted to the rejection of the market. Asia withdrew from the global market and resorted to hierarchy to reorganize around national identity. It's only recently that Asia has fully embraced globalisation and again, given the limitations of democratic politics as well as expectations, it has to go about it slowly.

Thirdly, Asia gave us the new paradigms of economy. Japan gave us 'Japan incorporated'. Korea and Singapore gave us a model of growth that re-thought the essential features of competitiveness. This is the contribution of innovation. However, there are stalled developments and there are failed developments. And that equally is the story of Asia, not only of South Asia, but of East Asia as well. Probably the most important observation about the East Asian phenomenon today is that those early models are no longer relevant. I witnessed one of the most amazing discussions in Singapore, and it was done by the Singapore military. They are investing enormously in imagining different futures, because the rise of India and China are as significant a challenge to Korea, Japan or Singapore, as they are to the rest of the world. And this investing in imagination in an uncertain world is extremely important.

Two other points:

One, regional organisations have emerged very gradually both in East and South Asia. The South Asian Association for Regional Cooperation (SAARC) has yet to deliver its potential, and ASEAN was caught in an enormous number of political difficulties, particularly in Cambodia. Now they're beginning to move and there are major lessons.

The last point is that networks have been incredibly important in making Asian globalisation possible. If it were not for the Indians from Silicon Valley going back to Bangalore and to connect, or for the Chinese Diaspora to connect back, we would not have had the same type of phenomenon. So it is important to understand the nature of this constant formation of human capital from Asia to which Europe and America have contributed so much in turn.

In terms of Europe, Europe has been known in the last 400 years for conceiving big projects. The renaissance, the nation state, and of course, shared sovereignty. The opportunity and challenge for Europe today is to be able to imagine common global ground, to be able to formulate an agenda, where instead of division, Europe becomes the catalyst for bringing the Atlantic, Asia and the rest of the world together. That is the type of project that requires a re-imagining of politics as a vocation, a calling. Short-term views, even the economy, the average lifespan of global cooperation is now unbelievably short. If you look for the names from the 1960s, 70s, 80s or 90s, you won't find them. Politics now must take the lead again to be able to think in the medium and long term in a sustained and principled way, and that means not just thinking of the social models of Europe itself and its economic and political models, but at the global level.

I think we have a unique opportunity to rethink the global modalities of cooperation and reinvigorating global institutions. So instead of our fears slowing our efforts, we can generate the type of trust that enables us to face the threats that now no longer have passports, i.e. the other side of globalisation: criminality, terror, nuclear proliferation, etc. It is only with a common understanding and a common agenda in investing in that, that we can move forward.