

**Transcript of Prof. Kishore Mahbubani's Speech  
on *Why Asia is Rising Now*  
Eminent Speaker's Forum, 17 September 2008**

The real story of *Why Asia is Rising Now* is not so much the rise but the return of Asia. Five factors have contributed to this. **To begin**, the success of the West opened the doors for Asia to succeed. Western minds were the first to open up to modernity. **Next**, Japan's success triggered success in Asia. Its nationals set out to copy best practices, returned home, and introduced American free market economics, the German military system, and the Napoleonic Code, among others. **Then**, Asians gradually understood, absorbed, and built on what I refer to as the 7 Pillars of Western Wisdom.<sup>1</sup> That explains the steady and consistent rise of Asian societies. What are these pillars?

**Pillar 1: Free Market Economics.** Asia is doing well because Asians understand the value of free market economics. When the People's Republic of China was still Maoist, workers took time to finish a job because they were paid the same no matter how many tasks they accomplished. They now work 24 hours a day. The same people who, before, said "What's the rush?" are now rushing because of free market economics.

To understand this power, how is it that the most powerful communist party, the Soviet Communist Party, which was successful in creating the 2<sup>nd</sup> biggest economy in the world, disappeared? Today, the communist party in the People's Republic of China remains in power and carrying on because of free market economics. This shows the power of the idea.

**Pillar 2: Science and Technology.** The mastery of science and technology enabled the West to go forth, conquer, and colonize the world. Portugal, a small country of 4 million inhabitants, colonized South America, Africa, and even parts of India and China. It managed to do so because of superior science and technology.

Today, mastery of science and technology is shifting to Asia. Richard Smalley, a Nobel Prize winner, said that by 2010 some 90% of all PhD holders in science and engineering would be Asians. The provost of Harvard University visited Singapore to find out why an explosion of research and development in science and technology is taking place in Asia.

**Pillar 3: Pragmatism.** The best single definition of pragmatism is that given by Deng Xiaoping. He explained that it does not matter if a cat is black or white as long as it catches mice. He advised to forget ideology and focus on what works. The Japanese were the first pragmatist in Asia. The reformers of the Meiji restoration set out to copy good practices of the West and successfully introduced them in Japan.

Asian countries now are busy copying one another. The architect of Singapore's economic miracle, Dr. Goh Keng Swee, had a quite simple philosophy. According to him, no matter what problem Singapore would encounter in its development, he expected that somebody, somewhere had already solved it. The idea was to find that solution and copy it. However, it took Asians long to figure this out.

The four Asian tigers also copied Japan, and others took off because they copied them. China and India did the same. The changes required are changes in mindsets. The good news is that

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<sup>1</sup> Details are in *The New Asian Hemisphere: The Irresistible Shift of Power to the East*. 2008.

it is spreading into west Asia. Dubai succeeded by copying Singapore and is now ahead of Singapore.

**Pillar 4: Meritocracy.** Brazil is a consistent soccer superpower but a medium power in economic terms. To find soccer talent, its scouts visit the upper, middle, and working class districts. If they find a boy who can play football, they ask him to play for Brazil. But when it comes to looking for economic talent, they go to the upper and middle class areas, perhaps working class districts, and stop. They do not search for talent at the bottom of society. Meritocracy is about realizing that good brains exist at all levels of society.

Asia has had the largest pool of brains as well as the largest pool of unused brains in the world. At long last, unused brains are being used. People at the bottom of the pyramid now have a chance to rise. A young untouchable boy from Mumbai went to school, did well, received a scholarship, went to a university in the United States, got a PhD, and is today the chief economist of the Reserve Bank of India.

**Pillar 5: Culture of Peace.** East Asia suffered the three largest wars after the Second World War: the Korean War, the Viet Nam War, and the Sino-Vietnamese War. Today, guns are silent. Their silence has endured, proof of the well-considered decision of policy makers that energy should not be spent on war but on development.

The most dramatic example can be found on the Sino-Vietnamese border. Until 1990, one million Chinese soldiers confronted a million Vietnamese soldiers. The area was mined and incredibly tense. Today, on the same border, soldiers are gone. One may see goods crossing the border. These are the new dynamics of Asia.

**Pillar 6: Rule of Law.** What determines the success or failure of a country is not its political system. Rather progress hinges on whether it has a reasonable degree of rule of law, creating a fair, level playing field that allows economic enterprises to thrive and provide an environment within which one can exchange goods and services. The rule of law is the critical variable that many societies do not emphasize: but it is very important.

**Pillar 7: Education.** Asians have a natural desire to study. In the People's Republic of China, for instance, one is surprised to find a satellite campus that is bigger than the main campus.

The **fourth** factor behind Asia's success is cultural confidence. In the last 40 years, something in the Asian mind has changed. There is now a growing conviction that Asians can do it; that they can succeed and modernize.

One of the most amazing changes in India can be seen in the Mumbai industrialist club. For a long time, members favored high tariffs for fear of competition from multinational corporations. Today, they believe that they can compete with anybody and welcome lower tariffs. Such cultural confidence is rippling throughout Asia.

The **fifth** factor is regional cooperation. More and more, countries in Asia realize that they must come together to succeed. Few notice the rising levels of cooperation in the region because Asia is doing the exact opposite of Europe. In Europe, large conferences are hosted and much negotiation takes place. Europeans work on an agreement, thrash out a treaty, agree on the treaty, ratify it, cooperate, and develop trade. In Asia, trade flows grow and governments then race to get together. As they catch up, new patterns of cooperation emerge. This can be seen in the China-ASEAN and the India-ASEAN free trade agreements.

Asia has good geopolitics, and this is also driving increased cooperation. The People's Republic of China has taken advantage of the opportunity to improve relations with all its neighbors as a result of a geopolitical accident called 9/11. This is why the fastest growing trade flows in the world are between the People's Republic of China and its neighbors. Without 9/11, the United States would have focused its efforts on Beijing.

The return of Asia is a big story. We are just beginning to understand it. Like others who try to do so, ADB should change mindsets, including its own, by creating and disseminating knowledge.