

12072005 GLF Asia Keynote Presentation Kishore Mahbubani

**Government Leaders Forum Asia**

**"Leading in a Connected World"**

**Keynote Presentation**

**Kishore Mahbubani, Dean, Lee Kuan Yew School of Public Policy, National University of Singapore**

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**PETER MOORE:** So the next person I would like to introduce, our next plenary speaker is Dr. Mahbubani. Dr. Mahbubani is dean of the Lee Kuan Yew School of Public Policy from the National University of Singapore. A student of philosophy and history, Mr. Kishore Mahbubani has the good fortune of enjoying his career -- don't we all -- in government, writing and publishing. With the Singapore Foreign Service from '71 to 2004, he's had postings in Cambodia, Malaysia and Washington, DC, and he served two stints as the Singapore ambassador to the United Nations. He also served as president of the UN Security Council in January 2001 and May 2002, and was permanent secretary at the foreign ministry from 1993 to 1998.

In the world of ideas, he's spoken and published in all corners of the globe. He published his first article in Foreign Affairs in 1983, which was then followed by articles and op-ed pieces in several journals and newspapers. Many other writings, many other magazines, many other publications.

He was awarded the president's scholarship way back in '97 where he graduated with a first class honors degree in philosophy from the University of Singapore back in 1971. Then from Dalhousie University in Canada a master's degree in philosophy, an honorary doctorate in 1995.

He served as a fellow at the Center for International Affairs at Harvard University, '91 and '92, and was conferred the public administration medal by the Singapore government in '98 and the Foreign Policy Association medal in New York in June 2004. The following are the opening words in the citation of the medal: "A gifted diplomat, a student of history and philosophy, a provocative writer and intuitive thinker."

Mahbubani was also listed as one of the top 100 public intellectuals in the world by Foreign Policy and Prospect magazines in September 2005.

Please join me in welcoming Kishore Mahbubani to the stage. (Applause.)

**KISHORE MAHBUBANI:** Thank you very much.

Good afternoon, everybody. You know, it's a tradition for Asians to begin their speech with an apology, and a tradition for Americans or I guess British to begin with a joke. Well, I'm going to try to begin with an apology and a joke. (Laughter.)

First of all, an apology to the translators because I'm going to try and tell a joke about translation, which, as you know, will be a nightmare for the translators who are trying to translate it.

Anyway, the story is this: In the Cold War at the height of the fears of a nuclear Armageddon, the Russians and the Americans said, hey, if you pick up the red phone and we call each other, we may not understand each other, so why not develop a computer so we can immediately translate American to Russian and vice versa. So they went ahead, developed this computer, and then they said, okay, let's test it out. They tried some very simple English phrases like simple Shakespearean phrase, "The spirit is willing but the flesh is weak." So the computer worked hard at it and came out with a translation in Russian, which said, "The liquor supply is good but the meat is spoiling." (Laughter.)

And then they tried another translation and they said, okay, why not try something like "out of sight, out of mind". And again the computer worked at it and it came out with a translation which said, "The invisible idiot". (Laughter.)

So you can see that obviously computers cannot substitute for face-to-face interaction, and this is why frankly I congratulate Microsoft for bringing all of us together. We still need in the 21st Century to have face-to-face encounters to discuss these things.

Now, what I'm going to do today is basically the first part, the first message I have is a paradoxical one, which is on the one hand don't underestimate the impact of information technology, and I'm going to balance it by saying also don't overestimate the impact of information technology, and I'm glad that Charles Leadbeater used the phrase of don't underestimate, don't overestimate, too.

And then in the second part I'm going to talk, the main message I have is that IT works best when it's combined with good governance, but I'm also going to point out why good governance is in some ways so difficult to achieve in our world.

Now, the point about don't underestimate the impact of IT, I think we think of IT often in economic terms and in terms of personal conveniences, but I think on a more fundamental plane, without us being aware of it, IT may be having an impact on our moral universe, and I believe that one result of the shrinkage of the world, of us becoming closer and closer connected together is that we are now living in a single moral universe no matter where we are on the planet.

And the best demonstration of this I think was provided very recently, frankly, when you had the last Christmas the big tsunami in Aceh. And, of course, what was stunning was to see this huge flood of aid coming from all over the world in response to the tsunami in Aceh. And what made it even more remarkable was a lot of it was done over the Internet. In my notes it says here that fewer than 12 hours after the initial earthquake first shook Sumatra, the Southeast Asia earthquake and tsunami block, nicknamed (SEAT ?), have begun collecting and posting news and resources for those wishing to donate or volunteer, and it has since visited a million times. On the day of the disaster, Relief Web

started compiling press releases from the relevant aid agencies, and American relief agencies have raised more than \$245 million. The American Red Cross raised more than 106 million, of which, by the way, \$57 million came through the Web site. And UNICEF also raised about \$20 million through 100,000 online donations.

So you see how the Internet has transformed the world and made us very connected, and therefore we would like to believe that we are indeed belonging to one single moral community.

But I also, having said that, want to put a small qualifier here. In doing some research for these remarks, I discovered that my point about a single civilization, single human civilization was first made way back in 1824 in an article in *The Economist*, which said, and I quote, "The inventive genius of man is creating new powers to cement their vast and distant members together, and give the human race the benefits of a more extended and perfect civilization," unquote. This was said almost 200 years ago. Since then, we've had world wars, we've had calamities, so perhaps having said that we have a single moral universe, we should also be aware of the problems that arise.

And this brings me to my point about not overestimating the impact of information technology. As we've been reminded over and over again, there are still huge sections of humanity who live outside this modern universe, and indeed very cut off from the world that all of us in this room live in. And the man who expresses this most eloquently is probably the founder, Bill Gates, the founder of Microsoft, Bill Gates, and this is what he said, and I quote, "Let's be serious; do people have a clear view of what it means to live on a dollar a day? There are things those people need at that level other than technology. About 99 percent of the benefits of having a PC come when you provide reasonable health and literacy to the person who's going to sit down and use it," unquote.

And as we all know, there are 1 billion people in this world who live on less than a dollar a day, and by the way, the vast majority of them are in Asia. There are 2 billion people who live on less than \$2 a day, and what's even more remarkable, even in the developed countries an OECD report found that one out of every four adults in advanced countries have failed to reach minimum literacy levels for coping with today's life and work, so it's a universal problem.

Now, in trying to look up what IT can do to help these people, I've found some very heartwarming stories from all over the world of people who have overcome the difficulties of geography, the difficulties of poverty to bring hope for their populations.

Let me just tell you one story of a Nepalese, whose name is Mahabir Pun, who established the Mahabir Himanchal Secondary School without any support from the government. And how did he do it? Well, to begin his computer classes, Mahabir collected 14 used computers from Japan, Malaysia, Australia, Singapore and the U.S. and taught the students and teachers how to use them. To ensure a reliable source of electricity, he installed in the stream near the village two small hydro generators donated

by Singaporean climbers on their way to Mt. Everest. And since then he has brought in 14 more used computers from the United States and Australia.

And you'll find all over the world, especially in Asia, these heartwarming, wonderful stories of people who overcome adversity using IT and changing their lives, but frankly if you want to be very honest, these small individual efforts can make a difference but they cannot change the society fundamentally if the societies continue to suffer from bad governance. And one of the most shocking things about the Asian situation today that even in the year 2005 you find bad governance in all corners of Asia, you find bad governance in Central Asia, you find bad governance in West Asia, you find bad governance in this region of South Asia, you find bad governance in my region of Southeast Asia, and you also find bad governance in East Asia, too. And that's remarkable because one would think that the virtues of good governance have been well understood by the world.

And the question is why, why is it so difficult to achieve good governance. And I want to, by the way, just to reinforce the point about the importance of the virtues of good governance. Even our Secretary General Kofi Annan has said, and I quote, "Good governance is perhaps the single most important factor in eradicating poverty and promoting development."

We all agree on that; why doesn't it happen? Well, let me speculate, there are a couple of reasons. One reason is that while all of us agree that we should have good governance, I suspect if we all sat down and tried to define what good governance is, we might all disagree. Even if you brought in this boardroom here one representative of IMF, one representative of World Bank, one representative of the United Nations, they would all agree, yes, we want good governance. Then you tell them, please define good governance, and they will disagree.

And the other reason, a more fundamental reason is that when you want to switch to good governance, you have to alter power structures. And in any society with established power structures, nobody gives up power, and that's an obstacle to good governance.

And incidentally, this is a fault not just of poor societies, because if you look, for example, at next week's World Trade Organization talks, which were mentioned earlier I noticed, we all know that they're probably going to fail. And why are they going to fail is because some rich farmers in Europe will not give up the subsidies that they've been receiving for decades, and they endanger the World Trade Organization talks and they deny the global poor a chance to come out of global poverty. This is an example of the obstacles to good governance.

But I'm going to be in a sense foolhardy today and try to see whether we can spell out what the key elements of good governance are in the hope that if we can agree on them, and if we can agree on these elements, and if we can implement them, then we give the world a tremendous boost. And here, and this I guess may sound like an advertisement, but I want to inform you that on September 15th next year, on the eve of the IMF World

Bank meetings in Singapore, the Lee Kuan Yew School of Public Policy is going to organize a one-day seminar precisely on the concept of good governance and what it means.

But this definition I'm giving you, by the way, is my personal definition. And in my view, there are I think at least five key elements in any portfolio of good governance, and I'll tell you what the five are. The first is free market economies; two, the rule of law; three, the principle of accountability; four, social justice; and five, education. And I'll just briefly speak about them.

Take free market economies, and today frankly after the world has watched the spectacular success of the economies of China and India, there can no longer be any doubt that if you want to succeed, open, liberalize your economies. It seems like common sense. And yet if you look back and you analyze dispassionately how these changes came about, was this a result of careful thought? No, it came out of a crisis. It took a fiscal crisis in India in 1991 in a sense to motivate the then financial minister Manmohan Singh to say we must open and liberalize. And even in the case of China, if I may make a slightly politically delicate point, I think it was the tremendous difficulties of the cultural revolution in the '70s and the enormous pain it caused that I think led the then leader Deng Xiao Ping to say we will change, we will open up our economy, and as you know, since then China has become the world's fastest growing economy in the last 25 years.

And so this is why when my Asian friends ask me, "Why did you write the book 'Can Asians Think?'" And I say it's very simple, we all know what it takes to succeed; the ideas of free market economics came from Adam Smith over 300 years ago. When did we start implementing it in Asia? At the end of the 20th Century. Why does it take us so long? And I think these are the sort of questions Asians need to ask themselves.

The second element, rule of law, and this is extremely critical. The fundamental principle of the rule of law is that every citizen in the society is below the rule of law and no one stands above. And this if you honestly analyze many Asian societies, it's still something hard to achieve, because as you know, even the feudal structures of many Asian societies, there are many classes that still live above the rule of law.

The third is the principle of political accountability, and under the principle of political accountability essentially when you are in government you are not there to amass a fortune for yourself, you are there to serve the people and to be accountable to them, again going against the grain of traditional Asian history.

Fourth, social justice. This again is a critical point, especially in a continent which has the vast majority of the world's poor. It's important that when you have economic growth you must share the economic growth not just with the richest of the society but you also have to reach out and help the poorest.

And incidentally, one of the most heartwarming things I learned recently was a comment made by Harvard Professor Ezra Vogel when he said, "The unique thing about the success of the Four Tigers in Asia -- Korea, Taiwan, Hong Kong, Singapore -- is that you had growth with equity, you had economic growth and the economic growth was shared with everybody."

And the fifth principle, education, that's an obvious one that's been discussed all morning, so I will not repeat it.

I'm now going to switch and explain, in a sense illustrate what happens when you try to apply these principles and what you get when you apply them together with the force of IT. And here I apologize, I'm going to be a bit immodest and use the example of Singapore. And it's not a secret that Singapore in a sense fell in love with IT a long time ago. In fact, way back in 1990 the BBC did a special documentary called "The Intelligent Island" and that documentary was about Singapore, and that was 15 years ago, pointing at how much Singapore had done. And even today, by the way, the World Economic Forum does a ranking of countries in terms of what they call the network readiness infrastructure and Singapore is number one.

But what has Singapore done? And here I'm going to quote from a speech made by former of information arts, now current foreign minister, (BB Georgio ?), and I'm going to read this paragraph because I think in very few words he describes what Singapore has done. This is what he says: "Singapore's information technology rests on three major legs. The first leg is world class infrastructure. Being a compact city state, it is relatively easy to connect every home, office and hotel room. Our objective is to provide broadband everywhere, either wired or wireless, and remove bandwidth as a constraint in Singapore. We will make bandwidth a readily available utility like water, gas, electricity and telephone connections. We are well on our way there." This is a few years ago. "By the end of next year, every household in Singapore would have at least a coaxial connection to a national optical fiber network, which is in turn linked by satellites and undersea cables to all four corners of the world."

And I can tell you one consequence of this. I have a Blackberry. In Singapore I can dial anywhere in the United States and I pay the price of a local phone call with my Blackberry. That's the advantage of bandwidth connections with the rest of the world.

Let me continue the quote. "The second leg is the education of our entire population in IT. Like reading, writing and arithmetic, computers are best learned when we are young. Today's children can click the mouse faster than we can blink. In many countries children of middle class families have no difficulty with this new technology. But without special effort, there is a danger that children of poorer families will miss out on the opportunity to learn IT, and once lost this inability becomes a disability throughout life. Like the piano and violin, one can still learn the computer as an adult, but rarely does one acquire the same facility. Our strategy in Singapore is therefore to teach education technology to every child, regardless of its family background and the education ministry now has a multibillion dollar program to provide one computer for

every two school children from first grade onwards and every teacher would have a notebook. That is the second leg of the strategy.”

“The third leg, the third major leg of our IT strategy is the development of Singapore as the hub for electronic commerce. This is the big payoff. For Singapore to remain a regional hub of commerce and finance we must also be a hub for electronic commerce. To be a hub for electronic commerce, we need a leading system of law, regulation and supervision. For electronic commerce to take off, there must be a proper legal system for contracts and enforcement. Property must be protected and there must be mechanisms for the resolution of disputes, and our courts and judges have to develop a deep understanding of the technology.”

So these are the three legs that Singapore is doing. And if you remember the five elements that I spoke about, they're all present in these three legs, the last leg, the importance of rule of law in terms of becoming a center for electronic commerce.

But I want to add one more story about how if you develop and in a sense strengthen IT it also enables you to win out even in the shipment of physical goods. I discovered recently that today, even today if you want to ship a container, say, from Calcutta and Chennai to Europe, it is cheaper to ship the container a few hundred miles East to Singapore, load it onto a very large ship, container ship, and ship it again a few hundred miles back to Europe. Why does this happen? It happens because the very large container ships when they come to Singapore they are able to clear their documents, they're able to arrange how the computers will be offloaded and on-loaded, and this can be changed up to one hour before the ship arrives in the Port of Singapore. And as a consequence of this, the very large container ships turn around very fast in Singapore and the Singapore Port attracts containers from all over the region to ship them to other ports. Why does this happen? Because of IT and as I mentioned earlier, the principles of good governance.

So I guess my final point to you is that with IT we have a very powerful tool, it is going to change society, but if you want it to have an impact not just on the societies that are succeeding and using it well, if you want it to have an impact for those who don't, then let us work together to promote the principles of good governance as widely as possible. Thank you very much. (Applause.)

**PETER MOORE:** Thank you, Kishore. That was a great way to wrap up the morning.

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