

America is unable to admit it will become No. 2 to China

That is a problem and partially why Trump happened, says Prof Kishore Mahbubani, dean of the Lee Kuan Yew School of Public Policy, in a wide-ranging interview with Mr Nathan Gardels, editor-in-chief of *The WorldPost*.

Q For all its benefits, where has globalisation failed key domestic constituencies and why?

A Globalisation has not failed. All discussions on globalisation are distorted because Western analysts focus on the roughly 15 per cent of the world's population who live in the West. They ignore the 85 per cent who are the rest. The last 30 years of human history have been the best 30 years that the rest have enjoyed. Why? The answer is globalisation. The rise of the middle class in Asia has spread wealth, faith in the possibility of fair international institutions and a stabilising rules-based system that benefits the majority of humanity.

So why is there a perception that globalisation has failed? The simple answer is that Western elites who enjoyed the fruits of globalisation did not share them with their Western masses. Even worse, they did not prepare their populations for the disruptive change caused by the spread of globalisation. In a forthcoming book, I explain how (Donald) Trump and Brexit are the result of this failure. In it, I write: "Instead of reacting thoughtfully and intelligently (to the 9/11 attack in 2001), the prevailing intellectual hubris led to the disastrous decision to invade Iraq. America has the world's best universities and think-tanks, as well as the most globally influential professors and pundits. Yet none of them told their fellow citizens that the most important event in 2001 was not 9/11. It was China's entry into the World Trade Organisation. The entry of almost a billion workers into the global trading system would obviously result in massive 'creative destruction' and the loss of many jobs in the West."

This, to cut a long story short, was one major reason why Trump and Brexit happened 15 years later in 2016. The working-class populations could feel directly what their elites couldn't feel. Their lives were being disrupted by fundamental changes taking place in the world order, and their leaders had done nothing to explain to them what was happening or to mitigate the damage.

Given this, there is a solution. We need honest and courageous leaders in the West who tell their populations hard truths, like Lee Kuan Yew did here in Singapore. The West, both America and Europe, can certainly compete. However, they have to make major



A demonstrator at a rally in front of the White House last Saturday to show support for President Donald Trump's decision to withdraw from the Paris climate accord. Mr Trump's "America First" policy has been called "Made in America 1955" by critics since it seeks to protect industrial manufacturing markets. PHOTO: BLOOMBERG

adjustments. For example, no more 35-hour week in France; no more agricultural subsidies in Europe; no more lifelong pension benefits after 55. You get the message.

Q Without borders that affirm cultural affinity, walls are rising as people feel their identities are threatened. How can political leaders and parties respond to concerns over immigration without closing their societies?

A It is absolutely true that globalisation has challenged cultural identities. This also explains Trump and Brexit. America wants to remain an Anglo-Saxon country, not a bilingual country with equal space for the Spanish-speaking population from south of the border. The British want to see an Anglo-Saxon country, not one with Polish and Muslim immigrants. One of the most shocking columns I have read in my life was a column by a lifelong liberal, Martin Wolf of the *Financial Times*, arguing against multi-culturalism. Even he wanted to turn the clock backwards.

But you cannot turn the clock backwards. With the end of the era of Western domination, we are moving from a mono-civilisational world dominated by the West to a multi-civilisational world. This is so obvious. Yet, I cannot find a single Western politician who is prepared to state the obvious. This is why Western populations are confused. They have not understood that in this new era of world history, they have to accept multi-culturalism,

even at home.

To be fair, it is not just Western societies that are facing this challenge. Singapore had a Brexit moment in 2011. One reason why George Yeo, Singapore's foreign minister at the time, lost his parliamentary seat in the 2011 elections is that there was a backlash against immigrants in Singapore. In an effort to fuel economic growth, the Government brought in too many migrants too quickly. It learnt its lesson fast. The taps were carefully tightened after 2011. In short, each society will have to find the natural balance between reducing migrants to protect cultural identity and increasing migrants to promote economic growth. Good political management can solve this.

Q With the US relinquishing the global leadership role it has played for decades, China yet unable or unwilling to fill the vacuum and Europe facing internal turmoil over its own integration, what forms of global cooperation can prevent the return to an era of spheres of influence?

A Bill Clinton hit the nail on the head in a speech he gave at Yale in 2003:

"If you believe that maintaining power and control and absolute freedom of movement and sovereignty is important to your country's future, there's nothing inconsistent in (the US continuing to behave unilaterally). (The US is) the biggest, most powerful country in the world now... But if you

believe that we should be trying to create a world with rules and partnerships and habits of behaviour that we would like to live in when we're no longer the military, political, economic superpower in the world, then you wouldn't do that. It just depends on what you believe."

As America proceeds towards becoming No. 2 in the world (and this is inevitable), it should abandon its destructive policies of unilateralism and start a new era of constructive policies of multilateralism. It is that simple. Unfortunately, no American leader has the courage to defend multilateralism. The root cause of many of the problems in the West is political cowardice of the first order.

There will be no return to exclusive spheres of influence. Each region will have multiple choices. Latin America can no longer be subject to the Monroe doctrine. China's trade and investment links with Latin America will become as large as those of the US. Africa will receive many suitors, including China and India, Europe and Japan. The disappearance of exclusive spheres of influence is a result of growing globalisation and the resulting reality of living in a small, interdependent world.

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Chinese President Xi Jinping has said "technology is the new economic battlefield" and pledged

to shift the Chinese economy away from the export model towards domestic consumption and production with his Internet-plus programme called "Made in China 2025", which seeks to reach the global tech-innovation high ground.

China is also expanding regional trade ties and pushing out the "One Belt, One Road" strategy to link up markets from Beijing to Istanbul. By contrast, Trump's "America First" policy has been called "Made in America 1955" by critics since it seeks to protect industrial manufacturing markets. He has also pledged to retract global trade deals. How might these two strategies complement instead of conflict with each other?

An economic partnership between America and China is a marriage made in heaven. America is rich in technology, it has an affluent middle class despite the recent stagnation, and it has a desperate need for new infrastructure. China is rich in capital and has developed world-class infrastructure-building capabilities. If the US and China were two companies, instead of two countries, they would naturally forge an economic partnership with each other. Unfortunately, they are countries, not companies. Hence, geopolitical zero-sum games prevent the natural positive-sum economic cooperation that should happen.

Most Americans think that China is the irrational and illogical player in the America-China equation. To be absolutely fair and objective, China is rational and predictable.

America is not. Common sense often does not prevail in American political discourse. Any American politician who even dares to suggest that it would be logical to forge a new US-China infrastructure partnership would be excoriated immediately. The big question therefore is: Can the US be rational with China?

Q What bridges can be built to prevent hostility or even outright conflict between the US and China, the world's two largest economies?

A A new US-China infrastructure partnership is the best bridge to build between the two countries. At the same time, all the current strong and positive points in the relationship must be sustained. The US can remain a major market for Chinese products. China should continue to send hundreds of thousands of young Chinese to study in American universities. Both should also collaborate on geopolitical issues, like North Korea.

The recent trade agreement between the US and China was a big plus. So, too, was the American decision to upgrade its delegation to the Belt and Road summit in Beijing. If the US wants to be really cunning, it should seize the many business opportunities that the "One Belt, One Road" initiative will eventually offer. Pragmatism and common sense should replace ideology and pride in American thinking of China.

Quite amazingly, China is now speaking the language of most American leaders. At the summit, Xi Jinping said: "Trade is an important engine driving growth. We should embrace the outside world with an open mind, uphold the multilateral trading regime, advance the building of free trade areas and promote liberalisation and facilitation of trade and investment." Surely, any sensible American leader would agree with every word in this statement.

Q Overall, how can the imperative of global cooperation be reconciled with the winning political narrative articulated so clearly by Trump, who has said: "There is no such thing as a global anthem, a global currency or a global flag"?

A The big question is whether nationalist leaders like Trump show a deep understanding of the small integrated world that is coming or whether they reflect a last-ditch attempt by leaders to recreate historical glories that have long gone. When Trump says consistently that he wants to "make America great again", it shows that he is driving America into the future by looking at the rear-view mirror. No new forward-looking policies will be possible under Trump. However, the political pendulum will swing again in the US – just as Stephen Harper was replaced by Justin Trudeau in Canada and Francois Hollande replaced by Emmanuel Macron in France, the same could well happen in the US. We must be patient and wait for change.

The paradoxical result of Brexit is that the United Kingdom will have to rebuild its economic links with the rest of the world and look for new global markets to replace the lost economic opportunities in the European Union. Hence, British Prime Minister Theresa May, despite her efforts to rebuild a strong British identity, will end up creating a UK that is more globalised than the UK was as an EU member. The need to develop stronger economic engagement with the rest of the world will lead to a necessary tempering of the nationalist rhetoric. Over time, the UK could also produce a figure like Trudeau or Macron.

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