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## **Asia's Roadmap – Forging Regional Cohesion for Global Advancement**

Excellencies, Distinguished Guests, Ladies and Gentlemen:

### ***Preamble***

I am privileged to address such a distinguished gathering from Asia, and honoured to share this platform with many eminent speakers who will address you over the next 2 days.

I would like to begin by extending my congratulations and thanks to Hitachi for this initiative, to bring together youth from 6 nations to interact and to contemplate the future. The energy that drives this forum reflects the foresight and leadership of Hitachi's corporate leaders.

The theme for this year's conference, and the sub-topics, cover a wide range of issues. This is the way the world is – complex, complicated, and challenging. I will address some of these issues in my speech. But I hope that you will take it as an invitation to explore and discuss these issues, and not as an expert treatise on the subject matter. I hope to hear your views and ideas in our dialogue after I speak.

### ***How the World has Changed***

I begin with a simple, but basic, question: Can we build a better world?

For those of us who are some years beyond our youth, this question is about the legacy we will leave behind. For those younger, this question is about the future we will live. But for all of us, how we answer this question determines our actions and shapes our lives.

Before I begin to explore this question, let us take a quick look at the world today, and how it has changed from yesteryear.

I was 12 years old in 1967, the year the Association of South East Asian Nations was formed. Before ASEAN, Southeast Asia was just geographic shorthand for a collection of countries that were trying to find a new path to development. But ASEAN brought a new vision to how the region would develop – co-operatively, against larger concerns. At that time, the USA and the USSR jostled for world dominance, and Southeast Asia's main concern was the fight against communism.

A year before that, in China, Chairman Mao launched the Cultural Revolution. This movement brought upheaval and turmoil to China for a decade. In that decade, the world also changed.

For example:

- in 1969, the US put the first man on the moon, and staked out its intention to lead the world in technology. Television footage of Neil Armstrong's first steps on the moon enthralled viewers everywhere, and raised many a schoolboy's imagination and interest in astronomy and science.
- The Yom-Kippur war in the Middle East sparked off an oil embargo in 1973 that quadrupled oil prices within 6 months, and focused world attention on the strategic importance of that region and energy sources.
- In our region, the Vietnam War ended in 1975, but war raged on for several more years in Cambodia.

In the chronicles of history, those 10 years brought tumultuous change for the people caught in wars, and for those companies and countries affected by sudden changes in economic conditions. Hopes were raised as progress was made in science and technology. Fears crept in with news of conflicts and unrest. I was too young to fully understand the implications of all those changes; how they would affect me, and the opportunities I would have to live a better life.

Yet on the whole, while the world shifted its trajectory because of these changes, some of its fundamental systems remain unchanged. It was still dominated by two political systems – western democracy, and communism. High levels of industrialization in the west and Japan, and the export of labour intensive jobs to third world countries still largely divided the world economy.

If we fast forward to the present, we also see tumultuous change over the last decade or so.

- In November 1989, the Berlin Wall fell. That fall signaled the end of communism as an economic paradigm. The free-market model became the world's only viable basis for growth and development.
- In July 1995, Amazon.com was launched, a harbinger of a 5-year explosion of dot-com companies as the power of the Internet began to be realized.
- In June 2000, the first working draft of the human genome was released, bringing with it the hope and promise of cures for incurable diseases.
- And then in September 2001, terrorists struck at the core of America's financial and military institutions, and, again, changed our world.

Today's youth have had their fair share of excitement growing up over the past decade. Like myself when I was young, they may not yet realize the import of these changes. I do not know if the events of this past decade are more far-reaching than what I saw when I was growing up. But they may well be, for these are fundamental changes.

Take, for example, our progress in science and technology. Landing a man on the moon was possible because we invented computers, which could work out the complex calculations needed to make a pinpoint landing. Computers too, have helped us to unravel the human genome more quickly than we thought possible. But the knowledge of the human genome, more than the knowledge of the chemical composition of moon-dust, may well alter the way we think about life, and present us with ethical challenges that we never had to confront because we did not have such capabilities.

Or consider the cataclysmic events of September 11, and the on-going violence in the Middle-East. They are wars and conflicts, like what we have witnessed through history. But these are more than just fights over territories and resources. In our context today, they signal a deeper and more basic clash of cultures and values.

The changes we have seen in this last decade, in science and technology, in politics and security, and in economic and social systems, have fundamentally altered our course.

Technology makes it possible for us to collaborate across time and space. Surgeons can operate by remote control across oceans. Executives can talk to their sales teams in 6 different continents at the same time. Generals can fight wars from bunkers deep below the ground, and yet see in close detail the devastating impact of each move above ground as it is carried out. Political leaders can get their message out not just to their own people, but also to the world, as events develop. We have never had such abilities, so much access to information and knowledge, before.

But would they lead to a brighter future, and a better world? Let me turn now to this question.

### ***Two global issues***

Whether we build a better world or not depends on our response to the new environment of a globalised world. There are many issues that we could discuss. Let me touch on just two that I think are particularly important.

Firstly, the global distribution of work. The global economy is more than a concept. It is the driving force of investment and trade. It shapes the flow of funds and human talents. Work is distributed globally depending on where it is welcome and where the best returns on investment can be found.

Production work will flow to countries where wages are low and productivity is high. Research and development will go where talents and funds are available. Headquarters will be located where people can travel and communicate easily, where executive lifestyles can be supported, and where business services are readily available.

Where the work flows will therefore depend on how governments set policies to build infrastructure, educate the workforce, and develop the society. It would depend on economic and regulatory policies – whether these allow markets to work freely, but orderly, within proper rules but minimum regulations, and whether they help to provide certainty and minimize risks.

Within Asia, each country must be alive to the challenges of globalisation. We can already see how the relative weight and competitiveness of economies are shifting. Over the last 10 years, from 1992 to 2001, China has grown by an average of 9 % per annum. Japan, on the other hand, grew by only 1% on average. Ten years ago, Japan's economy was nine times that of China's. But at the current rates of growth, China's economy will be as large as Japan's in less than 20 years. Well before that happens, Beijing and Shanghai will begin to rival the power of Tokyo and Osaka.

ASEAN is also affected. In 1992, FDI into ASEAN was US\$12 billion. Even then, China was already attracting an almost equal share, at about US\$11 billion. Ten years later, the rate of FDI into China has quadrupled, but FDI into ASEAN has stood

still, even showing signs of decline. In 2001, China received a record of US\$47 billion in FDI. ASEAN on the other hand received less than US\$11 billion.

The advent of a global economy brings a new structure of competition, dislocation of jobs, and an urgent demand on all countries to constantly refresh their economic policies and upgrade their capabilities in order to make progress.

In an ideal world, open global competition based on free market access should result in the optimal use of resources, and progress for all people, each according to his or her own effort and ingenuity. But we live in a less than ideal world. Progress is not always even. And our actions and strategies must be attuned to the practical realities of market conditions.

One of the challenges we must contend with is the development of large regional markets elsewhere – like the European Union, which will soon be enlarged, or the Free Trade Area of the Americas. These markets create scale benefits for both producers and consumers. For Asia to compete, it too must be able to reap economies of scale by creating larger markets for business and industry. Asia needs to find new ways to co-operate to bring this about. The proposals to draw up Japan-ASEAN and China-ASEAN free-trade agreements are concrete examples of how this can be done.

Progress will also not come from just working harder. The global economy is also driven by new business models. Markets everywhere are on the verge of change. And change brings opportunities for those that are enterprising, insightful and daring.

For example, although the dotcom bubble has burst, this in no way discredits the power of the Internet, and the business opportunities it opens up. The fundamental advantages of Internet commerce remain – such as global reach, low entry barriers, and immediate response. Those who can leverage on these properties will still find that it's a path to opportunity and wealth.

But examples abound too of opportunities that are not based on the Internet. In Singapore, we hear of entrepreneurs who have successfully grown new business in old industries in new markets. Like the inventor/entrepreneur who thrilled the world with articulated toy soldiers that can adopt an infinite number of poses. This simple enhancement of a product that has been around for many generations created such a stir that even Star Wars creator, George Lucas, took an interest in his product.

The challenge of globalisation is therefore to discover the new markets that open up when production and consumption are viewed on a global scale. On a collective basis, governments and industry should collaborate to create bigger markets in Asia. On an individual basis, entrepreneurs should seize the opportunities of global niche markets.

Globalisation brings new competitive stress, but it also brings new growth opportunities. New markets are risky. But where there are risks, there are also rewards waiting to be reaped. How well we live in the future therefore depends on how much effort we make to take on the odds in the globalised economy.

The second global issue concerns our quest for global peace. 10 million people died in the first World War; 50 million in the second. Since that time, we have pursued global peace, but found it elusive. Even today, we see conflicts in the Middle East,

Europe, Africa, South America, and Asia. Some are vestiges of long-drawn internecine wars; others are unresolved disputes over borders, resources, and territories.

September 11 last year shocked the world. So far, that terrible day has been an isolated incident. And much of the world is working to ensure that it remains that way. But the threat of catastrophic terrorism, where thousands of people or more may be killed or injured, remains. The number of ways in which this could happen is too many to enumerate.

How should we cope with conflicts and threats? In modern societies, people have organized themselves to live orderly and civilized lives. Our laws have been designed chiefly to ensure that one person's rights do not impinge too much on another, and to ensure that we have the freedom and space to pursue our dreams, and to enjoy our lives. As a result, modern societies are open communities. We operate on trust, and on the assumption that whatever our different views – whether about the environment, or economic policies, or social issues - we will live in peaceful co-existence, and use lawful ways to resolve our differences.

When this assumption is breached, societies will change in fundamental ways. Today, this assumption is being challenged as suicide terrorists, and armed struggles make their presence felt in more and more places.

The challenge is all the more acute today because cities around the world are becoming increasingly cosmopolitan. They are taking in more people from other lands – both to do menial tasks that their own citizens disdain, and to fill high-end jobs that demand global experience and skills. Dealing with multi-cultural, multi-lingual and multi-religious interactions will demand of societies a greater degree of knowledge, sensitivity, and acceptance.

Such diversity is welcome, and often celebrated as the essence of social vitality. We feel that it is a good thing that we don't all think alike, and that we can each draw from our own cultures and backgrounds to offer fresh perspectives and insights. Indeed, such is the power of diversity.

And yet diversity must mean that there will be more disagreements. After all, if each of us is to have our way, we will inevitably end up contending with others for the same resources – and arguing over the allocation of public and private funds. Some will want to spend more to fight diseases or to protect the environment; others will think that priority should be to educate the next generation, or to groom young leaders. These are all legitimate and worthwhile causes, but not all expectations can be met fully.

So, again, we find a contrast between the ideal and the real world. In an ideal world, diversity brings richness. But in the real world, diversity brings both richness and conflicts. In an ideal world, dissonant ideas can be argued intellectually. In the real world, some groups resort to violence and terror to bring about their ideals.

Conflicts and violence can fracture the social peace that is the foundation on which civilized societies are built. Without safety and security, there can be no stability; and without stability, there will be no economic progress. Security provides the umbrella under which all other worthwhile activities can take place.

Global security is a goal that we must all work towards, by taking a clear stance against terrorism, and by seeking peaceful means to settle disagreements and disputes.

### ***Can we build a better world?***

Can we build a better world? Yes we can. But the challenges are considerable.

We can if we accept competition, and face head-on all the problems that it brings. Competition in a global world does not preclude collaboration, and working together for a larger good. We can if we acknowledge that peace and security are basic pre-conditions for progress, and resolve to unite, as a region, and a world, to oppose violence and terror, and to forge friendships and understanding.

Working to build a better world is a risky business, and will take courage, perseverance and will. To the youth today, I would like to offer three suggestions on how you can do this.

#### A Realistic Idealist

Firstly, be a realistic idealist. This sounds like an oxymoron, but it isn't. The strength of youth is the faith to believe in what might seem impossible. It is to look at the stars, and ask, not "why?" but rather "why not?". It is not to fear failure, but to fear failing to try. Our world is better off when we believe in high ideals, to work for the benefit of others, and to strive for the betterment of the communities we live in.

But at the same time, youth must be realistic if they are to navigate a safe course between naïveté and cynicism. In December 1999, the WTO conference in Seattle was disrupted because of violent protests. Pictures of rioting, burning, looting and clashes between protestors and policemen were beamed around the world, posted on the Internet, and imprinted in our minds.

In the aftermath of that event, many questions were raised. But the most important of all is: what was achieved? Those who opposed the meeting, declared victory – claiming that their voice was heard. Those who supported the meeting, condemned the violence, denouncing the protestors for setting back progress for many years.

Who was right? Each of you will have your point of view. But the fact of the matter is that however imperfect, the WTO was and is the best hope and mechanism we have to expand trade and investments, and in so doing create jobs, and alleviate poverty. There are many problems still unresolved – such as how to achieve sustainable development, how to stamp out corruption, how to eradicate exploitation. It would be naïve to think that we could solve these problems by protests in the streets. But it would be cynical to say that there is nothing we can do.

Not everything can be achieved immediately, but that does not absolve us from action. We may not achieve everything we set out to do, but we would have made progress if we leave the world a little better than when we found it.

#### Get Involved

The second suggestion follows from the first – be a realistic idealist ... and get involved. Disputes cannot be settled just by intellectual arguments or violent

demonstrations. They are settled in the end by practical actions. If you want a better world, we have to roll up our sleeves, and get down to work.

Lead

Finally, lead. Many hands are needed to build a better world. But in every situation, what we need most are leaders.

The story is told of a software manufacturer that wanted to demonstrate how easy it was to fly an airplane using a cockpit simulator. It rigged up a roomful of computers, and gave each potential customer a joystick. All they had to do was pull or push on the joystick to make the plane fly. The theory was that if someone pulled too hard, someone else would push down on the stick, and the average of all those actions of the hundreds of people in the room would set the plane on an even course.

At the word “go”, the roomful of people started tugging and pushing on their joysticks, but the plane remained firmly on the ground. After a few frustrating minutes, someone at the back of the room called out – “Pull Up!”, and presto, the plane took off.

Many hands make light work. But what we need are leaders to set a course for the future.

### ***Concluding remarks***

Ladies and Gentlemen:

The challenges we face today are not trivial – rising income divides, environmental damage, irrational violence, ethical dilemmas, shattered trust. But if we can keep alive the idealism of youth, and temper that with realistic expectations borne from experience, then we can overcome these challenges, and build a better world.

Within Asia, there is scope for us to forge stronger bonds, and build bigger markets. Our nations have complementary strengths, and our people complementary skills. Together, with enterprise, hard work and strong leadership, we can advance confidently to compete in a global world. And in so doing, we will build a brighter future for ourselves, our families and friends, and for the rest of the world.

In conclusion, I would like to share with you a short excerpt from a poem written by Samuel Ullman entitled Youth. I think this passage is particularly apt advice not just for the youth of today, but also for the rest of us, the youth of yesteryear.

“Youth is not a time of life; it is a state of mind; it is not a matter of rosy cheeks, red lips and supple knees; it is a matter of the will, a quality of the imagination, a vigor of the emotions; it is the freshness of the deep springs of life.”

59 May I wish all participants a refreshing time of interaction, discovery and dialogue. Thank you. |