

# THE GREAT CONVERGENCE

ASIA, THE WEST, AND THE  
LOGIC OF ONE WORLD



KISHORE  
MAHBUBANI

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the Logic of One World



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# **THE GREAT CONVERGENCE**

*To my parents' grandchildren—  
Deepika, Jhamat, Kishore, Lal, Poonam, Sapna, Shelagh, and Veena—  
who will inherit the great convergence*

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# Introduction

Deep in our guts we all know that our world has changed significantly. Indeed, the world has experienced greater change in the past thirty years than it did in the previous three hundred. What we are all struggling to find is the one big idea that explains what we feel. I believe that the concept of “the great convergence” explains the massive change we are experiencing. Since human history began, we have lived in different communities and tribes and in different cultures and civilizations. Today, the massive forces unleashed by globalization are creating a new global civilization. Until recently, terms like “North and South” and “developed and developing” were used to describe the global condition. Today, the terms appear irrelevant. In a *Financial Times* column titled “In the Grip of a Great Convergence,” Martin Wolf said, “Convergent incomes and divergent growth—that is the economic story of our times. We are witnessing the reversal of the 19th and early 20th century era of divergent incomes. In that epoch, the peoples of western Europe and their most successful former colonies achieved a huge economic advantage over the rest of humanity. Now it is being reversed more quickly than it emerged. This is inevitable and desirable.”<sup>1</sup>

The great convergence also explains the rapidly rising living standards of the vast majority of the world’s population. Never before in human history have so many people been lifted out of absolute poverty. Nor have there been so many entrants into the global middle class. Simple things like a flush toilet, electricity at home, a cell phone, a TV set, and a refrigerator have represented the aspirations of billions. For a long time, they seemed out of reach. Now many, if not most, people believe that these

aspirations are achievable. One statistic exemplifies the scale of the change. Today, 500 million Asians enjoy middle-class living standards. By 2020, this number will explode to 1.75 billion, an increase of three and a half times in eight years. The *McKinsey Quarterly Report* of August 2012 provided equally dramatic statistics that the world is converging: “For centuries, less than 1 percent of the world’s population enjoyed sufficient income to spend it on anything beyond basic needs. As recently as 1990, the number of people earning more than \$10 a day,<sup>2</sup> the level at which households can contemplate discretionary purchases of products such as refrigerators or televisions, was around one billion, out of a total world population of roughly five billion. The vast majority of those consumers were based in developing countries in North America, Western Europe, or Japan.” After noting that by 2010 the number had reached 2.4 billion, the report continued, “By 2025, MGI research suggests, that number will nearly double again, to 4.2 billion consumers out of a global population of 7.9 billion people. For the first time in world history, the number of people in the consuming class will exceed that number still struggling to meet their most basic needs.”<sup>3</sup> The world will have never seen anything like it.

The human condition is not just improving in the material sphere. For millennia, peace was an elusive condition. Now a long peace has arrived. The number of people dying in wars is presently the lowest it has ever been since statistics began to be kept. Until recently, it appeared that only North America and the European Union (EU) had abolished war from their soil. Now the rest of the world is also converging toward peace. Major interstate wars have become a sunset industry.

I can speak with great passion and conviction about this massive change in the human condition as I have experienced it personally. As a child in Singapore in the 1950s and 1960s, I lived in a typical Third World city. Our per capita income was the same as Ghana’s. We had no flush toilets, some malnutrition, ethnic riots, and, most importantly of all, no sense of hope for the future. Singapore was then a British colony. No one believed that Singapore could become as prosperous as London. Yet the unthinkable happened. Now this “impossible” feat is being replicated in all corners of the world. We are building a new and better civilization.

And we are also creating one world. Never before in history has humanity been so interconnected and interdependent. When Greece totters,



Europeans are not the only ones who worry. Barack Obama knew in his guts that Greece could derail his reelection. And stock markets from Latin America to Asia, Africa to Australia also fell. Greece was a tiny domino. But it could bring down larger dominoes because we have become fundamentally intertwined. Yet despite this, we still do not have the right conceptual structures to capture this new global condition.

The nation-state was invented in 1648 with the Treaty of Westphalia. And it has served humanity reasonably well as an organizing concept, overcoming the old divisions of tribes and sects, clans and classes. But it is hard to believe that a human construct invented more than three hundred fifty years ago can serve humanity when everything has changed so totally. A simple analogy will explain this fundamental change.

Before the era of modern globalization, when humanity lived discretely in more than one hundred separate countries, humankind was like a flotilla of more than one hundred separate boats. What the world then needed was a set of rules designed to ensure that these many boats did not collide and to facilitate their cooperation on the high seas if they chose to do so. This is what the 1945 rules-based order strived to do, and despite some obvious failures, it succeeded in producing a relatively stable global order for more than fifty years.

Today, global circumstances have changed dramatically. The 7 billion people who inhabit planet earth no longer live in more than one hundred separate boats. Instead, they all live in 193 separate cabins on the same boat. But this boat has a problem. It has 193 captains and crews, each claiming exclusive responsibility for one cabin. However, it has no captain or crew to take care of the boat as a whole. None of us would sail into an ocean of rapidly changing currents and looming storms without a capable captain and crew at the helm of our boat. Yet the global policy community proposes to do exactly that: sail into the uncertain waters of the twenty-first century without a captain.

Many of the major global challenges we face demonstrate well the degree to which all 7 billion of us sail on the same boat. The global financial crisis of 2008–2009 began with the collapse of Lehman Brothers in September 2008. Yet within months, the entire global economy came crashing down. No country could detach itself from this crisis because we were all in the same boat. The world came close to a total global economic

meltdown in January 2009. Yet, amazingly, few people are aware that total meltdown was averted only because a captain and crew emerged in time to take care of the boat as a whole.

It happened at a G-20 leaders meeting in London. Traditionally, all G-20 leaders are programmed to put the interests of their cabins ahead of the interests of the boat as a whole. This is natural behavior. They are elected by their cabins, not by the boat as a whole. Yet when they came to London on April 2, 2009, they clearly sensed that the boat was sinking. To save their own cabins, they had to save the boat. Hence, they mounted a major coordinated global exercise to bring the world economy back from the brink. They pooled all their resources and decided to stimulate the global economy with US \$1.1 trillion. For all practical purposes, even though the G-20 leaders will deny this emphatically, the G-20 meeting functioned like a global government—and it performed well.

Common sense would dictate that if all 7 billion people now live on the same boat, we should elect or select a captain and crew to take care of the boat as a whole. We have to create a global government of some sort, but not even the boldest political leaders want to mention the words “global government.” It is out of reach as a practical idea; the world’s electorates are not ready for it. Still, there are times when we will need it. For the next century or more, the world will have to live with a slew of imperfect solutions for solving major and growing global challenges. Imperfect solutions can solve some global problems. In the late 1970s and 1980s, the realization that there was an ever-expanding ozone hole, created by man-made chemicals called chlorofluorocarbons (CFCs), spurred concerted action. Good sense prevailed, and in 1987 forty-three nations came together to sign and ratify the Montreal Protocol, which aimed to phase out the production and use of CFCs. A decade or two later, the problem disappeared. The Montreal Protocol worked.

In academic literature, the multilateral institutions (like the UN) and processes (like the Montreal Protocol) we have created to solve global problems are described as components of “global governance.” As long as a “global government” with mandatory powers is considered unacceptable, it is essential to strengthen cooperative institutions of global governance. But even as we do so, we should understand why global governance solutions are imperfect. This process is akin to sailing out to sea and selecting

a different committee to manage the boat each time a new storm emerges. Moreover, the committee will inevitably be chosen after the storm emerges, not before. George W. Bush, probably the most unilateralist American president of modern times, resorted to the G-20 only when it became clear that the economic storm was too big for the US or the G-8 to handle alone. We were lucky that the G-20 could be assembled just in time, before the world economy crashed. We may not be so lucky next time.

Why? To strengthen institutions and processes of global governance, we clearly have to see a willingness on the part of different nations to make the necessary sacrifices to achieve global compromise and consensus. Even under normal circumstances, this can be difficult. However, we do not live under “normal” circumstances. We are living in an extraordinary period with massive changes taking place on several fronts. And all these changes complicate the efforts to strengthen global governance.

Many of these geopolitical challenges are also a result of old thinking. They will not disappear soon. However, this does not mean that we cannot improve the “systems” for managing these rivalries. Here a useful glimpse into the future can be provided by looking at Europe as a microcosm. The single biggest achievement of the European Union is not the story of its economic integration. It is simply the fact that the continent, which unleashed the two most disastrous wars of human history, has managed to achieve *zero prospect* of war. This is absolutely amazing. The existential question for all of us as we march into the twenty-first century is whether the modern world outside Europe can also match this European achievement of zero prospect of war.

Ironically, Europe’s imperfect record provides reason for hope. Geopolitical rivalries in Europe did not cease after the EU was born, nor have they vanished today. In the 1990s, several decades after the EU was born, Yugoslavia fell apart. Despite their superficial cooperation in the overt peace efforts, the separate EU states covertly supported their old World War II allies. In the initial phase of Yugoslavia’s breakup, Germany supported Slovenia and Croatia while the UK and France sympathized with Serbia. Adam LeBor describes well these European divisions:

Not everyone in the UN wanted to cosy up with [the Serbians]. Yet those officials who pushed for a tougher line to be taken were sidelined by

peacekeeping officers, often British and French, many of whom simply felt more comfortable with the Bosnian Serbs. . . . For years, London and Paris insisted on seeing the Serbs as the inheritors of Tito's multi-national Yugoslavia, even as Gen. Mladic and his soldiers systematically destroyed it. It is Europe's shame that in the end it was an American, Bill Clinton, who finally took the decision to bomb.<sup>4</sup>

Indeed, they even sent arms covertly to their respective proxies. Yet despite all these tense geopolitical rivalries, Germany, France, and the UK never even came close to declaring war on each other.

The big question is, why not? Here again the answer is complex, but part of it is due to the fact that the EU states have accepted a rules-based order to guide their relations with each other. This order is made up of legal instruments and a complex political ecosystem that reflects the values of the European populations. Despite enormous geopolitical and other rivalries, there are major constraints on the behavior of EU states. Significantly, while there are some legal sanctions on violations of some rules and norms, the adherence to rules reflects values rather than fear of sanctions.

There is no fundamental reason why this European ecosystem of perpetual peace cannot be shared with the rest of humanity. This is not utopianism. I have lived most of my life in Asia, indeed in the Balkans of Asia—Southeast Asia. When the Cold War ended, most of the experts expected the Balkans of Europe to remain in peace and the Balkans of Asia to explode into conflict. Instead, the exact opposite happened. The march to modernity in Asia has already begun to reap dividends of peace. The Association of Southeast Asian Nations (ASEAN), a minireplica of the EU, played a critical role in delivering peace, just as the EU did for its member states.

Optimism about the future is emphatically not equivalent to utopianism. We are far from achieving utopia. Major geopolitical and economic challenges continue to plague our world. Humanity has never progressed forward in a straight line. For every two steps forward that we take, we may take one or two steps backward from time to time. History will, as usual, zigzag. For this reason, this book will focus on many of the major geopolitical challenges we have to overcome. Continuing on autopilot is not an option. We have to work even harder to navigate geopolitical fault lines

and use all the political skills and cunning (yes, cunning) we can muster to overcome these challenges.

Ideally, we should try to reinvent the global institutional order to deal with this new human condition. But this won't happen. To put it bluntly, humanity lacks both the imagination and the courage to deliver bold new solutions. It does not help that political leaders continue to use old language and old concepts to explain the new world to their populations. One of the key goals of this book is to spark a new kind of discourse about the global condition. The great convergence requires nothing less.

Fortunately, we do not have to wait until we have reinvented the world order to solve major geopolitical challenges. We can build on existing post-war models of cooperation to deal with them. And we can also work together to strengthen the 1945 rules-based order (including the UN and the Bretton Woods institutions) that has been a major gift from the West, especially America, to the rest of the world. Overall, there is no doubt that America and Europe have been good custodians of the imperfect but mostly positive 1945 rules-based order. However, there is change afoot on that front: the populations of America and Europe have shifted their attitudes. They used to support global institutions and global liberalization processes because they assumed that they would be the biggest beneficiaries of them. Now most fear that all the benefits will go to China and India. Hence, why should they continue to be custodians of this benevolent world order? The situation poses a sharp message to the new emerging powers: they have to step up to the plate and take on greater global responsibilities. They should stop pretending that they are still "developing countries."

If they do step up and agree to take on more responsibility, the West should welcome it. The headships of the International Monetary Fund (IMF) and World Bank may no longer remain European and American. But there will be more "responsible stakeholders" whose views on global order have begun to converge with the Western worldview. But will America begin to share power and work with the rest of the world in strengthening global multilateral institutions? America has long had an ambivalent attitude toward multilateral institutions. It has done as much to undermine them as it has to strengthen them. As long as the United States remained the strongest power in the world, such ambivalence did not lead to real

costs for the country. However, with America facing the prospect of becoming the second-largest economy in the world sometime soon, it may be wiser for America to change course and work to strengthen, rather than undermine, the 1945 rules-based order.

Former president Bill Clinton put across this point well when he spoke at Yale University 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 that [the US continuing to behaving unilaterally]. [The US is] the biggest, most powerful country in the world now. We've got the juice and we're going to use it. . . . But if you believe that we should be trying to create a world with rules and partnerships and habits of behavior 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.<sup>5</sup>

Clinton had wanted to say as much to America when he was president. However, as Strobe Talbott, then deputy secretary of state, documents in his book *The Great Experiment*, political realities prevented the president from speaking out:

Clinton's view was diametrically opposed to Charles Krauthammer's concept of the "unipolar moment," which held that the United States had a several-decade window of opportunity to get its way unilaterally—unencumbered by the need for consensus-building and compromise—before the world became multipolar. Clinton believed just the opposite: what we had in the wake of the cold war was a *multilateral* moment—an opportunity to shape the world through our active leadership of the institutions Clinton admired and Krauthammer disdained. But Clinton kept that belief largely to himself while he was in office. In public, and even in meetings with administration insiders and political supporters, Clinton's political instincts told him it would be inviting trouble to suggest that the sun would someday set on American preeminence. Ronald Reagan's optimism about "morning in America" had helped him defeat Jimmy Carter, who had, in the eyes of many, inadvertently associated his

presidency—and, therefore, for some time to come, his party—with the word *malaise*.<sup>6</sup>

Talbott goes on to remind us that Clinton could *not* mention that something like a self-governing world community would have to eventually emerge:

For most of his time in office, Clinton was equally careful not to broadcast his belief in a version of Darwinism in its most optimistic form—the notion that globalization was conducive to the emergence—or evolution—of an increasingly cooperative international system. In off-the-cuff public remarks, in prepared speeches, and in private conversation, I heard him field-test the idea that the spread of democracy, open society, market economy, and individual empowerment was the wave of the future. An example came during a joint press conference in Beijing with President Jiang Zemin of China on June 27, 1998, when Clinton ad-libbed, “It is important that whatever our disagreements over past action, China and the United States must go forward on the right side of history for the future sake of the world. The forces of history have brought us to a new age of human possibility but our dreams can only be recognized by nations whose citizens are both responsible and free.” He stopped well short of endorsing the idea that something like a self-governing world community was a desirable outcome, not to mention a pre-determined one.<sup>7</sup>

We now live in a different world. The unipolar moment, if it ever existed, has passed. Slowly, even the most unilateral minds in Washington are beginning to acknowledge that some global rules may actually benefit and enhance American interests. Again, as usual, it was an immediate geopolitical challenge that triggered this new thinking. Speaking at the Shangri-La dialogue in 2011, Robert Gates, then secretary of defense, pressed China to abide by the Law of the Sea Treaty in its behavior in the South China Sea. This was a reasonable call. However, Gates was quite naturally embarrassed when someone asked him, “When is the USA going to ratify the Law of the Sea Treaty?”

There is a lot of wisdom in the adage that people who live in glass houses should not throw stones. If America is going to succeed in persuading

China to abide by global rules and conventions, it has to lead by example. This is exactly what happened. In May 2012, the Obama administration made a genuine effort to persuade the US Senate to ratify the Law of the Sea Treaty. Secretary of State Hillary Rodham Clinton led the charge by saying that the treaty was “critical to the leadership and security of the United States.” “U.S. interests are deeply tied to the oceans,” she added. “No country is in a position to gain more from the Law of the Sea Convention than the United States.”<sup>8</sup> She concluded by saying, “The United States is long past due in joining this Convention. Our global leadership on maritime issues is at stake. I therefore urge the Committee to give its swift approval for U.S. accession to the Law of the Sea Convention and ratification of the 1994 Agreement, and urge the Senate to give its advice and consent before the end of this year.”<sup>9</sup> Even major Republican voices like George W. Bush and George P. Shultz, secretary of state to President Ronald Reagan, supported US accession to the treaty, which is still unratified.<sup>10</sup>

Why did Washington’s brahmins change their minds? Simple. The set of rules that America thought would only constrain it would now constrain a power that could become more powerful than America. This could happen sooner than most Americans expect. Indeed, almost no American knows that according to IMF data and in purchasing power parity (PPP) terms, the American economy could become number two in the world as early as 2016.<sup>11</sup> And who will tell the people that this has happened?

The world will not end when America becomes number two. Nor will it end when two centuries of Western domination of the world order come to a natural end. I have to emphasize this because the Western world is filled with new books that exude pessimism over the general global situation. Gideon Rachman succinctly captures the spirit of the Western mind with his appropriately titled *Zero-Sum World*. As he says in his Foreword, “My prognosis for the future of international politics is undoubtedly bleak.”<sup>12</sup> Similarly, Ian Bremmer’s book *Every Nation for Itself*, suggests that the world is careening toward disorder. Charles Kupchan has a similar theme with his appropriately titled *No One’s World*. Even *The Economist* has concurred that

the West’s growing pessimism is reshaping political life. Two years after Barack Obama’s hope-filled inauguration the mood in Washington is as glum as it has been since Jimmy Carter argued that America was suffer-



ing from “malaise.” The Democrats’ dream that the country was on the verge of a 1960s-style liberal renaissance foundered in the mid-terms. But the Republicans are hardly hopeful: their creed leans towards anger and resentment rather than Reaganite optimism. Europe, meanwhile, has seen mass protests, some of them violent, on the streets of Athens, Dublin, London, Madrid, Paris and Rome. If the countries on the European Union’s periphery are down in the dumps it is hardly surprising, but there is pessimism at its more successful core too.<sup>13</sup>

By way of contrast, *The Economist* added that “according to the Pew Research Centre, some 87% of Chinese, 50% of Brazilians and 45% of Indians think their country is going in the right direction, whereas 31% of Britons, 30% of Americans and 26% of the French do. Companies, meanwhile, are investing in “emerging markets” and sidelining the developed world. ‘Go east, young man’ looks set to become the rallying cry of the 21st century.”<sup>14</sup>

Ironically, for a book that retains an optimistic outlook, it may well appear in print in the middle of a perfect economic storm in the West in 2013. In July 2012, former Treasury Secretary Robert Rubin warned that America was headed straight toward a “fiscal cliff” with a potential contraction of \$600 billion a year—or about 4 percent of GDP—if Congress took no action to stop the automatic budget cuts by January 2, 2013. All this could trigger a double-dip recession in the US. Rubin warned that the “uncertainty” surrounding this “could begin to affect decisions in the real economy.”<sup>15</sup> At the same time, another squabble in Congress over raising the debt ceiling could further damage market confidence. Such major uncertainty in America coupled with major uncertainty over the future of the Euro could well deliver a perfect economic storm in 2013.

I have lived through one perfect economic storm in the Asian financial crisis of 1997–1998. The prices of everything collapsed in Southeast Asia. It seemed as though the world was coming to an end. As we now know, it did not. Nor will the world come to an end for the West if it has to struggle massively to get out of a perfect economic storm. At the end of the day, the strong inner resilience of Western societies will come through, in one way or another.

So there is no reason for the West to be pessimistic. The West will not lose power. It will have to share power. And the 88 percent of the world’s