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Securing Peace in Asia for the Next 25 years.

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Ladies and Gentlemen

Friends

It is indeed a great honor for me to be here today, invited to deliver the Eight Daisaku Ikeda Annual Lecture. We all appreciate and acknowledge the work by Daisaku Ikeda who has dedicated his whole public life to promote global peace.

I am especially encouraged by the presence of so many young people. You are endowed with the responsibility, an awesome task, to ensure that peace will reign in Asia over the next 25 years. Be ambitious on behalf of peace, human dignity and a civilized mindset. Do not go for the second best that would many others, but you should not. These objectives are so worthy that they deserve the best of you and you are so worthy that you deserve the best.

The philosopher John Locke stated more than 200 years ago that freedom depends upon self-discipline knowing how far you can go in pursuit of your own objectives without harming others. Strike the right balance between your freedom and respect for others, then freedom will grow in a harmonious world; if not conflicts nourished by deliberate self-interests or in some cases misunderstandings will take over and steer us towards a confrontational world.

You must be strong in your own beliefs. You have the right to tell others why you have chosen those views, why they are the right ones for you, why you think they may also hold values for others. But you can only expect others to listen to you if you listen to them. Broaden your horizon and people may come to appreciate the virtues embedded in your values, because they sense that you have rejected narrowness to opt for an open mind. We should resist the growing tendency towards a blown up self-righteousness and a world governed by mutual arrogance of ignorance initiated by erroneous belief that we alone have found the pillars of wisdom. No one has the right to monopolize truth.

“All for one and one for all” is an oath taken by Musketeers 350 years ago in Europe. It is still valid. May be even more so in a society challenged by economic globalization and individuals exposed to pressure of impression by modern technology making it impossible to ignore what other people around the globe think and why they do so. You

hold your destiny in your own hands, but do not forget that your actions and decisions may frame the destiny of others

Let me tell two anecdotes, both about the conqueror Alexander the Great who lived around 325 B.C.

The first one. When Alexander the Great reached India setting out from Greece he met a group of jain philosophers and asked why they were neglecting to pay any attention to greet the conqueror. He received the following reply

King Alexander, every man can possess only so much of the earth's surface as this we are standing on. You are but human like the rest of us, save that you are always busy and up to no good traveling so many miles from your home, a nuisance to yourself and to others!.....you will soon be dead, and then you will own just as much of the earth as will suffice to bury you.

The core of the jain philosophy, at that time already more than 500 years old, was that all life is considered worthy of respect, the focus was upon spiritual independence by developing your own personal wisdom and self control.

The second anecdote. Alexander the Great, met Diogenes, at that time the world's most renowned philosopher and an old man. The powerful young conqueror, being solicitous of the old philosopher, asked what, if anything he could do for him. Diogenes, whose worldly needs were so humble that he lived in a huge clay jar, replied, *"I have nothing to ask but that you would remove to the other side, that you may not, by intercepting the sunshine, take from me what you cannot give"*.

"You cannot take from me what you cannot give". Let that sentence rests in your mind.

These two anecdotes set out the main thesis of my speech:

- Use of force will do no good.
- Greed will risk undermining genuine human values.
- Tolerance and respect towards others are indispensable to safeguard your self-respect.
- Natural resources is a gift to be husbanded with care, humility and bearing in mind the need of future generations. The world and Mother Nature has been entrusted to our generation, not given to us for our indiscriminate consumption. Recall the United Nations definition of sustainability "meets the needs of the present without compromising the ability of future generations to meet their own needs."

Asia can be proud of its civilizations and culture going back several thousand years and in many ways outshining Western civilization. Until around the 15th century A. D. Asia was leader in research, technology and innovation. It was first around 1800 A. D that the European economies replaced China and India as the largest and most powerful global economies.

Asia, however, is a comparatively newcomer in economic globalization. Until about 20 years ago the main Asian economies were held in a grip of poverty, low growth, and backwards technology. A European economist, Gunnar Myrdal, was awarded the Nobel Prize in 1974 for his analysis of Asia called 'Asian Drama', setting out the problems the Asian nations and economies faced.

Today the world gasps for breath by watching not an Asian drama, but an Asian renaissance, which is the label, used by the World Bank describing the phenomenal economic growth and the successful fight against poverty.

It is, by any account the greatest success in history. If it continues for the next 25 years Asia will have transformed itself from being backwards to pace setter in less than a generation. Asia will not only be an economic powerhouse, but also spread its wings to new technology, innovation, governance and cement multicultural and multiethnic societies.

I say IF

Because there is no guarantee that it will happen. Neither Asia nor the rest of the world can buy prosperity and peace for the next 25 years accompanied by a guarantee warrant to be redeemed if it does not work as expected and planned.

Prosperity, peace, stability and human security are gifts from heaven whatever God we worship, but only if we put in a laudable, civilized and dignified effort ourselves. That goes for every human being as it goes for countries, nation-states and group of countries.

Let me enumerate some of the policies that, according to my mind, can be put to use by Asia, Asian nations and people living in Asia to pursue these goals. They will ask everybody to weigh egoism against the need of others, how to manage the resources of the earth put in our custody and to demonstrate that the phrase "*all men are born equal*" actually means what these words say. If successful the future leaders of Asia can proudly say that they rose to the challenge and opened a door to a better future for their children and a better world despite the obvious difficulties.

The first policy is to distribute benefits in an equitable way.

Economic globalization is a hard task master, some countries will fare better than other ones, some markets will be more attractive than others and the guide that nothing succeeds like success and nothing fails like failures have proven itself correct time and again. China and India are by any standard Asia's most lucrative markets, by size, purchasing power and access to labor force and capital. They do not need much help to maintain high growth rates. Their competitiveness is reasonable guaranteed unless political leaders make mistakes and that is unlikely.

The same is, however, not the case for all other Asian countries. ASEAN positioned itself remarkably well as an attractive market before the Chinese and Indian miracle hijacked the attention and still possesses many assets, but it is no secret that compared to China and India ASEAN's home market is comparatively small. And that is even when putting all ASEAN countries together in the analysis. Japan is facing an extremely difficult demographic situation with falling population while Pakistan and Bangla Desh is starting several decades of rising share of the population in the work age bracket.

Asia may be different from other regions around the world and Asians may be ready to live with an uneven distribution of benefits. But I do not think so, why should that be the case? On the contrary, it is much more likely that the indispensable prerequisite for a peaceful development is a fair share of the growth to everybody. This is the lesson from Europe. Growing economic convergence oils peaceful relationship; diverging economic trends sow discontent, enmity and ultimately confrontation.

Fortunately Europe has also invented the instrument to distribute benefits: economic integration. ASEAN is on its way with the ASEAN charter. The rest of Asia is contemplating how far and how fast to go.

The question is often posed: why do we need to integrate and what are the virtues? It is a good question. Fortunately, there are good answers too.

Economic integration is not an end in itself. It is an instrument to pursue political objectives, set by the member states for their domestic development. Without integration these objectives could not be achieved or less efficiently.

Economic globalization means that trade, services, technology, investment, capital movements have jumped from the national level to the international even global level. None of these fundamental elements confine themselves to the national framework. But the governance or political control is still basically national. To rebalance, governance and political control must be moved to the same level as the elements they are there to control. So they must be lifted upwards to the international even global level. Integration is thus nothing else than the rule of the law for economics on international level exactly as is the case for the national society.

By joining forces nation-states grab bigger and stronger influence than if they prefer to sail alone in the stormy waters of globalization. There are different stages of integration and it may take a while before Asia comes to the point of pooling sovereignty to exercise it in common. But do not forget that all 27 member states of the European Union has done so by their own free will. At first glance you would think that pooling sovereignty diminishes influence, how can it be otherwise when not in charge of your own sovereignty? But the answer is that you actually enlarge influence by acting together.

This can only work if there is a strong sense of trust among the members and a perception of a common destiny. It works both ways. When you have tried, you come to trust your partners. If you do not have such trust it is difficult, but when the French and the

Germans, busy killing each other and extremely successful in doing so for centuries, can do it, so can other nation-states around the globe.

The second policy is even more difficult: burden sharing.

The last 25 years have offered an extremely propitious environment for economic growth in Asia. US, Europe and Japan have for most of the period been good markets. An increasing labor force in China has kept wage levels low and stimulated outsourcing that provided jobs for Chinese workers, increasing purchasing power. The savings rate has been high keeping cost of capital down. Energy, raw materials, food were plentiful with low prices. Water had not yet manifested itself as a scarce resource, and there was no price on clean environment.

All this is changing and not for good. Growth will be lower in the US, Europe and Japan. Some years down the road the workforce in China will shrink, pushing up wage costs and probably reduce the savings rate, augmenting cost of capital. In short, production factors will turn from increasing to decreasing in numbers. Food, energy and raw materials will be less plentiful with the inevitable consequence of higher prices. Water is already knocking on the door in many countries announcing scarcity. There is now a price to be paid for clean environment and it is going up, steeply: we meet it under the brandname of climate change and/or global warming.

For Asia, policy makers and the population that signifies a shift from managing economic growth to creating the conditions for economic growth.

Suffice to mention two illustrations of the potentially disruptive forces ignited by wrong handling of burdensharing.

For the first time over many years export restrictions have been applied and by food exporters. Argentina in South America, the worlds two biggest rice exporters, both in Asia, Thailand and Vietnam.

Similar actions inside nation-states in Europe with fishermen blockading harbors, truck drivers blocking highways and milk producers withholding supply.

Both in Asia and other parts of the world riots triggered off by food scarcities have shown, if we did not already know it, that the scarcities have started to hit and hit hard on the most vulnerable group, those who find themselves at the bottom of the social strata.

The signal is terrifyingly clear. Everybody wants more, but there is less to give. The ugly prospect of cracking consensus and lacking trust in the ability of the authorities to respond have emerged telling us that unless convincing schemes to tackle the problems are launched, people may start to take the law into one's own.

To get burdensharing right, so to speak, Asia needs to look at two issues: societal solidarity and stakeholder in the global system.

The third policy: Societal solidarity.

Economics have started to analyze what is termed social capital. It stands for mutual trust among individuals and between individuals and institutions.

High social capital means that citizens know by instinct, upbringing, and tradition how to behave, what is right and what is wrong. This stimulates productivity because there is less need for supervision and control. Resources can be channeled into productive use instead of enforcing laws, regulations and rules. Laws transform into legal texts what is common knowledge. The judicial systems role is to rule in the few cases where people disagree about societal norms. Society is governed by a set of common values.

A low social capital means no common denominator laying down how to behave, what is good and what is bad. A behavioral set of rules must be provided by a blown up and cumbersome legislation. The judicial system is overburdened to settle the many cases of disagreement. Resources are diverted from productive use to ensure complicity with the written texts instead of relying on embedded values.

The future challenge is to convey to each individual that he or she are better off inside than outside society, more comfortable with a common set of values than enforcing of rules and less preoccupied by what is our right than how we make society function.

If not there is nothing to lose by breaking societal solidarity. Economically by ignoring fair distribution of benefits and burdensharing, politically by opting for populism combined with neglecting the right of minorities, ideologically by opening the door for terrorism as terrorist organizations convince some people that they are better off inside terrorist organizations than inside the societal caucus.

The fourth policy: stakeholder in the global system.

The global system has been fundamentally unchanged since its conception in the late 1940s. Good. It has delivered outstanding service to the world. The plain truth is, however, it cannot survive the switch from the era of plenty to the era of scarcity unscathed.

International meetings and domestic policies including the campaign prior to the presidential election in the US augurs a much harder climate for economic globalization and the accompanying political steering mechanism at the UN, the G-8 meeting between the major economic powers, the World Trade Organization, the International Monetary Fund and the World Bank.

The unpleasant truth is that an increasing number of politicians, a larger share of populations and some business people start to ask the awkward question: is economic globalization really the best model for us? They find ammunition from many sources, but regrettably the foremost economists of our time, the MIT Professor Paul Samuelson, who

in the late 1940s carved out theoretical economy's uncompromising statement that free trade increased welfare, has now opened the door for the argument that this need not be the case in all circumstances. All the skeptics have turned this theoretical analysis to support their own political views even if that never was the intention of Professor Samuelson.

The United States accompanied by Europe, but primarily the US has shouldered the burden of the global system for more than 60 years. We must not forget that. Nor, however, should it escape our attention that the US nowadays and again accompanied by Europe does not show the same ardor when asked to uphold the system. It would be nice to believe that we can still appeal to the US and it will be respond to our call, but it does not look so easy nowadays. And we cannot or should not criticize the US, why expect even demand that the US reports for duty all the time?

Asia can close its eyes and trust fate to produce a solution, but I would be immensely reluctant to recommend such a course. Asia has to prepare itself for circumstances where leadership, courage and responsibility are called for. For two reasons:

First, Asia is the part of the world, which has benefited most from economic globalization and consequently the part of the world having the strongest interest in keeping this model alive.

Second, you may believe economic globalization is so firmly rooted that my fear for its future is unfounded? You are wrong. About 100 years ago the world lived in an era of economic globalization, which was just as deep and strong as the one we see today. Only a decade later soldiers slaughtered each other in millions opening the door for an economic depression with over 1/3 of the population in the US and Germany, just to mention two countries unemployed.

Economic globalization is worth to defend because it is a bastion against war and armed conflict. It has its flaws and some of them have been allowed to run wild, but it is way ahead compared to how a non-global world would look.

I believe in Asia's will and capability to rise to the challenge. The greatest asset is the people of Asia; the future lies in your hands. Looking at you my confidence gains.

Let me finish with a small verse written by a Viking descendant.

When the storm gathers and the seas get rough
 The firm grip of the helmsman
 And the oarsmen turning tough
 Takes the boat through to calm waters

The strongest timber, rope, and rivet
 May not repulse the waves
 Compassion and love for your neighbor

Beat down even the mightiest gale

Let selfishness guide you
The rock, you might strike
But join hands with your neighbor
A friendly coast will be your anchor

Jørgen Ørstrøm Møller