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Article

A look at the world as it is and how it will be - and at our place within it

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JOHN MAJOR

Former Prime Minister of the United Kingdom

Mr. Minister President, Ladies and gentlemen,

it's a great delight to be here and to enjoy such splendid hospitality.

I speak to you tonight as someone who has left politics, but still has the occasional moment of nostalgia for the old game. One thing I have learned is that the verbal exchanges outside politics, or at least outside British politics, are far less blunt than within it.

The first lady member of the House of Commons discovered this, Nancy Astor. She was speaking in the House of Commons about agriculture, and after a short while a member of the opposition rose to his feet and shouted at her: "You know nothing about agriculture. How many toes has a pig?" Without pausing she replied: "How many toes has a pig? Take off your boots and count!" She had an amazing relationship with Winston Churchill and she once said to Churchill, with whom she had just had argument, "If I was married to you, Winston, I would put poison in your tea." He said, "If you were married to me, Nancy, I'd drink it!"

I look at politics these days through the eyes of someone who was at the centre of politics and is no longer, and as I do so there's much in it that I don't care for. The relentless toll of negative politics and negative reporting of politics feeds cynicism. So does the modern habit of what we have come to know as soundbite and spin. Spin too often moves beyond selective interpretation of facts and into outright deceit. Soundbite politics is deceit as well. It is politics in which a simple phrase is used in order to convey the untruth that there is an easy solution to a complex problem. If the solution is easy then it isn't a problem, and if it is a problem then a soundbite won't cure it.

We have spent today and will spend tomorrow looking at the future of our continent of Europe.

Tonight I'd like to look at the world into which our Europe will fit, and what it is going to have to compete with, how it is going to have to develop, and what might happen around the world. The world in which we live is changing faster than ever before. The changes come from economics, from politics, from the growing predominance of the private sector. The global market is now a fact of our life. It has many merits, but it also has drawbacks, it distributes its bounty unevenly; it puts a very high premium on stability; it means political changes or political tension in one part of the world can unsettle economic sentiment in every part of the world. And there are many changes in hand at the moment as well as serious contemporary tensions and I want to touch on some of those.

First, the political uncertainty of Iraq which centres upon one simple question – will there be another war? It could come to that as a last resort, but first diplomacy and politics will be given a chance. If they fail, military action will then come to the fore. There will be attempts to get the weapons inspectorate back into Iraq with a free hand and without obstruction, but if that is resisted then the outcome becomes bleaker. In this fluid situation very little is certain but America and her allies will not back off. Let me give you two of the reasons for that. One is the danger that they see when they look at Iraq; and second, suppose they did back off and two years on there was another atrocity similar to that which struck the United States last September. The position of the United States administration would be untenable. And so they won't back off. Meanwhile, both on the merits of the case and to help build an international alliance against the terror groups, America will actively reengage to damp down the conflict between Israel and the Palestinians. Any peace process will be imperfect, but without a peace process there will be a vacuum and into that vacuum will step more hatred, more violence and more bloodshed. No one can be an optimist at the moment because distrust between Israel and the Palestinians, and distrust particularly of the leader of each side by people on the other side, is very high. For some time there has effectively



been a low grade war between Israel and the Palestinians. The first task is to prevent it becoming a full scale, high grade war.

We will, in my view, need more than diplomacy. I was the first western head of government to visit the Gaza Strip in the mid 1990s. It was an early sight of hell. Even then there was absent that most powerful of all emotions – hope. Hope in Gaza means money, means investment, means schools, means medical treatment, means facilities, and I believe no settlement will take root until and unless hope is rekindled for people at present with no hope at all.

We have been discussing Europe at our conference and what in a decade or so will be the new border of the European Union. Russia is still adapting to the loss of an empire. Adjustment is hideously difficult. Russia cannot reconstitute her empire, she is Humpty Dumpty and she cannot be put together again. As for President Putin, he remains in many ways an enigma to the west. His heart, I am sure, is with the old Soviet Union. He would like to restore order, strength and pride to Russia. He is suspicious of western motives. He has yet to understand that a strong state and the rule of law are quite different things, and yet he knows that strength requires prosperity; he knows that prosperity requires a market economy and he knows a market economy means integration into the world market. Last year, 2001, was a very good year for Russia, over 5% growth, a record budget surplus, a US \$ 50 billion equivalent trade surplus, the best performing stock market anywhere in the world, rising currency reserves, and significant repayment of their historic debt. Russia may today have an economy no bigger than that of Holland, but it is time for the judicious investor to look at her prospects afresh, because I believe economically they will continue to grow. And I don't myself believe that they will have the time or the energy or the appetite for military adventures on her borders.

I have just returned from China where I was looking at the impact of her membership of the World Trade Organisation. It sounds technical. It is, in fact, a pivotal event. For China it means sweeping economic liberalisation, it means this closed economy must submit to binding multi-lateral rules determined by people who are not Chinese. It means progressive privatisation of the Chinese economy. All this in a communist society. China

isn't Eldorado, very few people will make instant killings, but the prospects are extraordinary. In the last two or three years, and for the foreseeable future, China is receiving external investment of the equivalent of US \$ 50 billion every year. Manufacturing capacity is moving into China from Asia, from Europe, from America on a substantial scale. It is no wonder that all of Asia, even Japan, is looking warily at the Chinese to see what their growth may mean for their own prospects. And even during the economic slowdown around the globe, this giant nation of 1.3 billion people may well have grown by 7% a year over the last two or three years. The figures are a little uncertain but that is broadly the ballpark they are in, and it beggars belief that China will not step out into our world with an enhanced political role.

Five nations are going to change the world in which we Europeans do business in the next two decades – China, Russia, Brazil, Indonesia and India. Between them those five nations have one half of the population of the entire world. One half of the population, but depending on how the figures are calculated, around one-tenth of the world's GDP. In a global economy where capital goes to the most cost-effective centre, that is going to change, and change dramatically. It has changed already with the capture of the software market by India. It is changing in China. It is about to change in Russia. It will change in Brazil, and subject to political stability, it may change in Indonesia, though not I think in the very near future. But within two decades, not very long if you consider what Europe has done in the last two decades, the world's trading patterns may look very different if, as is possible if not probable, these five nations double their share of world trade. Not double the amount of world trade they do, but double their share of enhanced world trade. It will be the greatest change in trade flows in such a short time that the world has ever seen and with it will come investment, prosperity and political influence.

In pursuit of business efficiency, of market share and of growing profit, no one should lose sight of the long-term problems which will beset all of us if the rich, developed nations of the world continue to get richer, and the undeveloped nations of the world fall further behind. Of course this causes resentment, causes bitterness, causes political hostility amongst those outside the circle of prosperity, but it goes far beyond that. In some parts of the

world bad government, corruption, poverty and the growing epidemic of aids condemn literally untold millions to a life of misery and of hardship. We look at our European problems and sometimes perhaps we blindfold our minds and our instincts to what *is* happening in the world in which we do business, but if we and the other rich nations, don't realise what is happening, then we will pass on to the next generation of Europeans a problem infinitely worse. I hope that the rich nations and the rich international corporations will focus on what is happening in the poorer parts of the world, because despite of all we have done in the past, and it has been a great deal, it has not been enough. Nor do I believe that what was agreed at Monterey a month or so ago, or what will be agreed at the G8 meeting very shortly, welcome though it is, will be remotely sufficient. Here around the world is a problem that will not go away and a fully comprehensive approach needs to be addressed sooner rather than later. It is commonplace for people to say, how do we stop people in the Middle East loathing and denouncing the rich nations of the west. It is commonplace to say, how we are going to deal with the rising problem as they perceive it between the Islamic nations and the Christian nations of the world. Well, whilst you see this divergence between welfare and prospects, you will find it impossible to bridge that gap with all the economic, political and human problems that will then follow. If we are right to wage war on terror, and we are, then is it not right to wage war on poverty as well?

Fifteen years ago I wish I had seen with such clarity what I see now. This problem is a job for all of us and if we shuffle it off the small voice of conscience may one day ask us, what did *you* do?

In the 1940s and the 1950s, after a different sort of war, the United States of America launched the Marshall Plan to deliver aid and rescue Europe from the devastation of that conflict. It was as Winston Churchill said at the time the most 'unsordid' act in history. In a world of growing global security and wealth at a level undreamed of by earlier generations, surely it is time to consider another such 'unsordid' act. It will come, for it cannot be ignored, the question is – when? Too late, and much unnecessary suffering will have been endured; too late, and there will be little political gain for Western nations delivering grudging and delayed help for the humanitarian problems that

exist. But if we act early, if we act now, if we act out of conscience, not only will we foreclose on misery and hardship to come, but we will undercut the breeding ground of terror which is the source of so much of the hatred and divisions and difficulties that western policy makers and business men have to deal with on a day by day basis.

I touched on some of the changes in the world. We touched this afternoon on the European changes. When our European forefathers looked around at a shattered Europe in 1950 what did they see? They looked around at the world and they saw the power of Soviet Russia at one end of Europe, they saw the growing might of the United States across the Atlantic, they foresaw the growth of Japan, even after the war, and the growth of China, and they said to themselves, we Europeans, if we stay apart, shattered and squabbling, will be a small series of tribes of negligible influence, and they began to bind together so that very shortly, within a decade, we will have the largest and richest free-trade market that the world has even seen. That was because people fifty years ago looked around the world as it was and saw how it would be and took action. What I am saying is today in our generation, in infinitely better circumstances for us, we should look around and see the world as it is and how it will be and take action once again.

I invite anyone present who is sceptical of the likely impact of the changes I have spoken about on the world in the future to remember the past. Just a month ago I attended the funeral of HM Queen Mother, and as I sat in Westminster Abbey, I pondered upon the remarkable advances the world had seen during the lifetime of that one much-loved lady. She would have remembered with amazement, possibly even disbelief, the news that Count Zeppelin was designing a machine that would fly. Consider what has happened within the period of that one very long life. In 1900 we Europeans were dominant all around the world. The United Kingdom, France, Russia controlled 80% of the world's surface, only Siam had never been governed by the Europeans. Even the United States was still a debtor nation financed largely by the City of London. How things have changed. The British Empire has gone. The French Empire has gone. The Russian Empire has gone. The Ottoman Empire has gone. The Austro-Hungarian Empire has gone. The United States is now the most powerful nation in the world, with China on course to

become her greatest single rival, and Europe building economic and political unity on the back of a thousand years of war. Those born today will live in a different world. With the mapping of the genome system they may routinely live far longer lives. In their lifetime they will see the conquest of the stars, they will see a genetic rebuilding of failing bodies, they will see an advance of technology to change the way in which we live and think and act and do business and conduct our lives on a scale that is barely imaginable to us, even this evening. It will be a world unrecognisable to earlier generations.

Against these enormous changes we Europeans must not only look to shore up our own defences in our own world. We need to look at our place within that world. We need to decide how we see ourselves and how we see our role. We need to decide how we see our future. Around the world, not just in Europe, we need what I call, grown-up politics, for one small gesture can create a global impact. The events of September 11 in New York and Washington are giving the whole world a master class in consequences. We need politics that confronts the uncomfortable. Politics that rises above the short-term and above the soundbite. Politics that is long-term, politics that knows that it no longer controls all the pieces on the chequerboard. Politics that adopts common ideals and rejects common abuse. Politics that is directed to issues and not to personalities. We need joined up, common sense politics, and I believe we need it without delay.