



form of capitalism. During the halcyon days of Wall Street exuberance, before its near collapse with the Lehman Brothers' bankruptcy, everyone thought that Wall Street or American capitalism was and should be the universal norm. Now of course, people recognise that there are other variants of capitalism, shaped by their own historical contexts. Whether it is Japanese, Korean, Scandinavian, or even a Singapore model of capitalism, each has its own paradoxes and permutations, and routes to pragmatic success. The point here is that, if Asian business leaders are to build their own model of capitalism within their own historical contexts, perhaps they should look back at the communitarian ethos which underpins our own societies, and not have to accept that the highly individualised ethos, the intentionally wide compensation disparities, and the extreme short-termism, which has characterised American capitalism, need to be our norms. We can and should create our own variant of communitarian capitalism, with our own rich traditions of social consensus which are as unique – not better – as the equally rich traditions of individualism which enabled America to conquer its frontiers. Asian business leaders even have the opportunity – indeed perhaps even the responsibility – to chart a new way for business.

By Invitation

Capitalism is changing its spots

The era of Western-dominated capitalism is over. We are in a new era of co-equal civilisations that need to learn to work together better.



Ho Kwon Ping

For The Straits Times

Unexpected events are happening at a faster rate than ever before. The rare black swan – a term coined to denote such an event – has become as commonplace as ducks in a pond.

Thinking the unthinkable has become cocktail chat. Before, potential missile bases on reclaimed islands in the South China Sea. Now, intercontinental missiles possibly raining down on Guam.

In the same way that climate change has contributed to monster hurricanes, thunderstorms of populism and unbalanced globalisation have wreaked political maelstroms worldwide. First Brexit, then President Donald Trump's "America First".

The recently concluded Singapore Summit, co-organised by the Economic Development Board, the Monetary Authority of Singapore, GIC and Temasek Holdings for its international advisers and other important partners, held its proceedings a day after a terrorist attack in London and another missile launch by North Korea.

As the conference chairman, my job was to set the tone for the day's panel discussions, which encompassed not only geopolitical trends but also sustainability, unequal globalisation – the usual Big Issues. I felt it was important to recognise the long-term trends which provided the backdrop and set the context for discussion of more immediate issues. Here I will identify and elaborate on these trends which I spoke about at the conference.

BACK TO THE FUTURE OF CO-EQUAL CIVILISATIONS

The first is what I call "Back to the future" – some may recall this science-fiction movie series in the 1980s about time travel into the

past in order to see the future. I felt that the future of the world could be glimpsed from our history a few centuries ago.

This might initially seem counter-intuitive. After all, the end of the Cold War was supposed to usher in, according to political scientist Francis Fukuyama, the end of history. Western liberal democracy would become the sole political system in the world, with its superiority unchallenged.

The opposite, of course, has come about. The new world order has ironically become the new world disorder. The legitimacy of Western liberal democracy and its handmaiden, economic globalisation, has been seriously undermined by numerous reactionary, populist movements which have come to power, particularly in the United States.

Some people talk worriedly about the end of Pax Americana and the decline of Western civilisation's global dominance. The Asian triumphalists, however, crow about burying the West, in an ironic echo of, at worst, Stalinist propaganda or, at best, the naive predictions of Japanese global dominance such as found in Ezra Vogel's book *Japan As Number One*, which was a bestseller just before the collapse of the Japanese asset bubble in the 1990s.

What is forgotten in this zero-sum, you-win-I-lose type of

forecasting is that, for the centuries before the ascendancy of the West starting about 300 years ago, the world consisted of regional civilisations – Christian, Islamic, Buddhist – all thriving and jostling under the sun. This past may well hold the key to understanding the future, which is that our world may yet again consist of largely co-equal, competing civilisations, with all the attendant frictions but, in the main, coexisting. In fact, the dominance by a single civilisation – the broadly Judeo-Christian culture we call the West – for the past few centuries may have been more an aberration than the norm.

The only difference, and an important one, is that, in the past, the world was far larger and competing, and co-equal civilisations could simply coexist without much contact.

Today, with the global challenges of climate change and other pressing issues, collaboration between co-equal civilisations is critical for global survival.

But the institutions for such collaborations are woefully outdated, and reflect a global order with the West in control after World War II, which is stacked against the now ascendant civilisations.

END OF UNIVERSALISM

The second trend is what I call the "End of universalism and rise of contextualism". Western

civilisational dominance was due to the confluence of several factors which historians have variously identified as the rule of law, the scientific or empirical approach to intellectual inquiry, the separation of State and Church, and a liberal democratic state. Converging all in one moment in world history, these developments were nothing short of revolutionary.

Because of this, Western liberal democracy has been seen as the universal norm towards which every political system should aspire. It was only when recent events exposed the limitations and shortcomings of what was the normative model that non-Western societies started recognising that their own historical context should influence, if not determine, the nature of their own political institutions.

For example, a 5,000-year-old civilisation, where political legitimacy or the mandate of heaven has depended more on delivering the fruits of good governance rather than the specific structures of parliamentary democracy, may hold the key to China's political evolution. Universalism may be a very limited lens through which to examine and evaluate the world.

In contrast to universalism, a contextualist approach to looking at the world recognises, for example, that there has never been a universal

SHAREHOLDER TO STAKEHOLDER

That leads me to the third and final long-term trend, which I call: "A single word change: from shareholder to stakeholder". The very essence of communitarian capitalism is embedded in the replacement of the word shareholder by stakeholder – where the shareholder is undoubtedly one of the primary stakeholders, but where the interests of the community, the customer, the employees, the suppliers – are also critical.

If we practised more stakeholder driven capitalism and rewarded our executives by appropriate KPIs (key performance indicators), we may no longer have to be apologetic about corporate social responsibility, and whether it drains away profits or not.

Stakeholder-driven capitalism need not be lauded by only warm and fuzzy tree-huggers but can be equally embraced by hard-nosed, bonus-driven chief executives. It only requires that we carefully and effectively redesign compensation incentives to reflect the more holistic, stakeholder-driven outcomes we want. It is the role of regulators, business schools, boardrooms, and CEOs themselves, to collaborate in the design of practical, quantifiable and effective schemes. If we believe that business is a fundamental force for good, and a critical change agent, then it follows that the most pressing issues of the future – education, inequality and climate change to name a few – require a multi-stakeholder approach. We can reframe the debate altogether on new terms, as creators of a new world and not be beholden to the past.

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