

*Navigating Shared Futures*

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TRANSCRIPT

**2024 STATE OF ASIA ADDRESS by ADAM TOOZE**

Delivered Wednesday, November 6, 2024, at the Aula of the University of Zurich

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Good evening, everyone. It's indeed a delight and a pleasure and honor to be here.

Many thanks to Professor Schwarzenegger, Doctor Kang and to Nico Luchsinger and the entire team at Asia Society.

Watching the video, I realized I feel I'm part of some sort of Asia Society network that's up there with Vishaka Desai featured very prominently, who recently recruited me to my latest job role at Columbia, which is chairing the Committee on Global Thought, which is a strong analogue to the kind of work that the Asia Society does here.

So, I look forward to a partnership at many different levels, both in Europe and in New York.

It's been said that I like a challenge. It is true that I like a challenge, but on the other hand, spare a thought for the author of today's talk at the weekend: an English guy with a strong German and European attachment, sitting in New York, composing a lecture on Asia in the age of polycrisis for an audience in Switzerland, to be given the day after a decisive American election that in large part has been taking place under the sign of the China shock, scheduled thanks to the great cooperation of the university and the miracle of Zoom to give a lecture later this evening to my traumatized American students on the fall of the Weimar Republic.

So, I count eight levels of determination here that characterize my moment this evening.

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And in German you would say 'es besteht Gesprächsbedarf': we need to have a chat. There's things we need to talk about.

And one of the things it seems to me we can't escape talking about this meaning is the different way in which all of those kaleidoscopic facets of all of those eight things in a sense intersect with each other. Not to assume some common standpoint when it doesn't exist, but to think in a kaleidoscopic fashion. Or maybe it's something more complicated like one of those machines, at an optician, where they keep changing the slides on you.

About the way in which this looks, because I don't think the drama of the US election looks the same in Europe and Asia, I don't even think it looks the same in Zurich as it does in Berlin, where I'm going later this week. I think it's highly specific depending on where you're at in this shifting pattern of history and that's really going to be my theme, both as an outsider to Asia and also in my amateurish efforts to scan that incredible kaleidoscope, which is summarized in this rubric.

I mean one simple way of thinking about it, especially from a Berlin point of view, allow me just to adopt that, which I know is different from Zurich, is that you know, the Trump election matters dramatically for Europe, as seen from Berlin, because he's already called them out once already, right? The clashes between Trump and Angela Merkel were legendary.

It doesn't even bear thinking about what an encounter between Olaf Scholz and Donald Trump would look like, to be honest. There is a personality element to that. There is also a structural determination in that the security of Western Europe has depended since the beginning, since Winston Churchill uttered those words – because he wasn't just asking for Europe to arise, he was asking for an entire configuration of power to arise at the end of World War 2 – Europe has crucially and structurally depended on America for its security.

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And thirdly, speaking specifically, and this is where I think two German speaking countries like this part of Switzerland and Germany differ fundamentally, for Germany at least, the question of American democracy is a question of identity. Because they don't have the sort of democratic myth that Switzerland does to draw on, to define what it means to be a modern democratic Germany, separate from their relationship to the United States. And you might say, even the Weimar Republic was crucially dependent on the United States, which is what I'm going to be telling my students about later this evening.

So that's a three-way determination of that relationship that makes it very special. And I don't think it's an exaggeration to say that for Western Europe, specifically Berlin, Trump is the polycrisis. He personifies it. He is the expression of the compacting together, this idea of polycrisis is: the sum of the parts is worse than the individual elements that are added up, and you can see what I'm getting at with Trump, right? The populism, the ambivalence on NATO, the climate denial, the disinhibited personality. You add it all up and you have the perfect storm that somebody like Trump represents for the Bonn Republic, would have represented for the Bonn Republic, does for Berlin today.

And I simply don't think that's true in the same way for the vast majority of this complex structure that we call Asia. People may want to differ and suggest counter examples. Maybe this plays out somewhat differently. Taiwan, maybe South Korea might be the closest.

There's a very strong strain of South Korean scholarship on German history. And I've always thought it might be to do with these structural parallels.

But if you look more generally, it seems to me Asia's position on the American election is more relaxed. Essentially, geopolitics in Asia right now is certainly

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tense, but it's not tense in the conditional way that, say, Europe's position on Ukraine is conditional on the outcome of this election.

Russia is further away and in the case of both India and China, it's friendly. I was thinking another instance would be India's in the sweet spot of being wanted by both sides, and the pivot on the American side towards India is bipartisan. It started under Bush in the early 2000s.

If you're Vietnam, I think it's also true that both sides are playing for you, so you can feel fairly relaxed about where you stand. You're going to have to play hard, but they both want you.

China, I think, shrugs because it knows, basically, that it's America's antagonist, one way or the other, and the hard pivot was initiated under Clinton and has been continued with real vigor under Biden. And it's very unclear whether how much difference it ultimately makes. I'll say a little bit more about that in a second.

And if you think more generally, we don't have an Asian equivalent to NATO as hard as the Biden team has tried to turn the Quad, or what they call the lattice work of alliances into something analogous, those structures aren't there.

So, the showdown that we're undoubtedly going to be treated to next spring in the first NATO conference that Trump attends, let's hope to goodness he hasn't seen the scurrilous reportage on his first round that appeared in the *Financial Times*. There is no obvious equivalent to that in the Asian case.

U.S. trade policy is clearly, I think, the area where Europe and Asia share the same neuralgic sense of well, this could get really serious. But again, the positioning is fundamentally different. I mean, the shock that drives a large part of American

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discourse right now is the China shock. And to be honest, we ain't seen nothing yet.

Because the first China shock was when China was incorporating into our supply chains. The Second China shock is when we beg to be incorporated into theirs. If you think about electric vehicles, that's the test right now. I've heard very senior German figures say we need to be talking about joint ventures. And this time around we're going to steal from them rather than the other way. Right. That's a profound shock.

And this graph, which is not GDP or industry, it's a really interesting graph and it's more dramatic than most you see, is manufacturing. So this is the bit that folks care about most dramatically. China isn't catching up with the West or close to, there's no debatable point. China entirely dominates the global manufacturing ecosystem in the large at this point.

You can make specific individual exemptions, you know highly sophisticated aircraft, for instance. They're not yet really at the races there. But if you look at the whole thing, it's a very different story.

Secondly, whatever happens in U.S. trade with its partners in the world for more than a decade, in fact two decades now, it's really Asia-on-Asia trade that's been the driver of globalization, certainly in the last ten years. Asia on Asia trade has been the great dynamo.

And the effect of America withdrawing into a more isolationist position is really just handing more of the game to Asia-on-Asia trade because that's where the demand is going to be.

Will there be spillover effects? Can you tell a story about how high American protectionism will produce massive Chinese pressure in new markets? Yes, you can. But I think that's a second order effect. It's a margin on the margin.

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Protectionism in general is a marginal logic in the development of world economies and displacement effects produced by protectionism and margins on margins.

The big story of global growth in trade is Asian centered anyway, and to the extent that America withdraws from that, it becomes even more dynamic.

And if you get into the zone of industrial policy and we think today of the current era as one of being industrial policy. In a funny kind of way, the American effort under Joe Biden to find ways of substituting for China only of course resulted in greater dependence on other Asian players.

So American industrial policy on 5G was European because it depended on Ericsson and Nokia to replace Huawei. And American industrial policy on chips is, well, it's Intel, but also Intel is a dead man walking and, listen to me here because the last time I spoke in this aula, I said just one or two words: Credit Suisse, Credit Suisse several times over and over again. And I'll leave you to draw your own conclusions.

In this case, if America is going to do microelectronic industrial policy, it's actually relying on Taiwanese and South Korean players to do the work for it. So even if America returns towards a more national strategy, it's not self-sufficient, right? It's actually dependent on the supply chain that's centered in Asia.

So, for all of these reasons, sure, American protectionism it is disruptive, but I would again submit that it doesn't catch Asia in the same position of weakness. And so, I keep coming back to my German friends, as it catches the German auto industry in the current moment.

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Asia is on the front foot in key areas of global manufacturing. And so, the question as much as anything is not what impact will this have on Asia? Can we do without Asia, is the central question animating American and I think in the end serious European policy discussion as well.

So, I think the geopolitical scene is very different. I think the industrial policy and trade scene is very different. I think the most vivid instance though in fact is culture, and it's a matter of identity. Because as we all know, Trump actually got along famously with Abe in Japan, Duterte in the Philippines, Modi in India. You want to find people who are seriously relaxed about the current situation, talk to Indian correspondents. It's really remarkable. And Xi, and of course, Putin and MBS too.

And if you kind of read this with an Asia Society hat on, I think one of the things that you might be tempted to say is that the prevalent liberal discourse that characterizes Trump as an autocrat versus democracy has about it, if we put our cultural historians hats on, a kind of familiar chain, which takes you from Western democracy to Eastern, Oriental autocracy.

I think the scandal for many European and American liberals is that Trump is too, quote unquote 'oriental' for their taste. There's a sense in which the American President doesn't quite fit in our system. He doesn't like constitutions, which in the American case is this kind of horror.

And they think in this, of course, these are entirely these are peddling in orientalist tropes here. I'm not saying this is a sensible characterization of Trump. But I think in the extraordinary sense of outrage and indignation that American liberals affect in relation to him, there is a fear of touching something else. There's a fearing and disgust with regard to something else.

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For Europe Trump personifies polycrisis. You could say that the relative equanimity of Asia in the face of the U.S. elections suggests how much more self-confident Asia in general, and doctor Kang said this, is rising and knows it.

And there is a sense that Trump is a symptom, he's a morbid symptom of an interregnum and the future to come will be something different. And in that space, morbid symptoms, some people even translate this as monsters, arise. And in the liberal or leftist imagination, Trump then figures as that monster of the Interregnum.

Now you can go one step even further than that and you can begin to ask yourself whether this polycrisis talk is in fact really a storm in the Western bottle. Is this really just or the storm rather in the Western teacup?

Is this sense of some sort of drama that we need to confront, is that not really, in some senses, being cooked up? I don't know. Between Brussels and Berlin, the idea itself was given currency by Jean Claude Juncker in the 2014-2015 period. And it's me, it's folks like myself. It's Martin Wolfe, it's Larry Summers talking, believe it or not, about my writing about polycrisis, turtles all the way down.

Flattering on the one hand and terrifying on the other. Because surely, seriously, there's supposed to be somebody else who's providing the concept in this spirit. Like, is this basically a collective western freak out? I mean, are we basically losing our minds over the phenomenon of Asia rising?

And that's what I want to, that's what I want to struggle with a little bit. Because you could, if you went down this line, you could build a big contrast between the diminished self-confidence of folks like ourselves and the panic that we feel.

When Larry Summers says something like 'ich finde die Situation unübersichtlich', I simply can't find a concept that would grasp this, you know we're in trouble. Because Larry Summers is not a man to easily admit that he's lost the grip of the situation.



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And it contrasts, of course, incredibly starkly with the, you have to say in German you describe this as a Biedermeier scene, like the 21st century Marxism offered to us on a beautiful antique bookcase that's offering us a future of the world. Or the slightly more brash version that we got during the extraordinary G20 meeting, in which the BJP welcomed the other leaders of the democratic, indeed, the rest of the world with this, you can't only just say it, but it basically says the most popular politician in the world is Modi.

As we know the elections then demonstrated the complexity and power of the Indian electorate to develop a rather different answer, but nevertheless this is that sense of Asia rising, if only they can get it right.

And their answer is growth. I mean to somebody who has a kind of thing for 1950s and 1960s modernism, there's something rather glorious about these AI-generated visions of the India of the future or the Indonesian new capital that we've sketched out in the jungle.

There's a sort of extraordinary drama here. The revival of all fantasies of modernity in all of their rich promise, but also of course, complexity, as thinkers from the Chinese New Left onwards pointed out to us.

And speaking with a historian's hat on, there is, of course, something extraordinarily striking about the contrast between this moment in which Asia presents to us the face of modernity against our shattered self-confidence in the West, and the moment in the early 1970s, when I would argue that the idea of polycrisis first began to circulate.

The document I'm thinking of is the Club of Rome report of 1972, which drew arguably the first non-Marxist, thoroughly bourgeois social science idea of a multifarious, multifaceted, comprehensive crisis starting with resource

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constraints, overpopulation, escalating prices and economic slowdown. This was our sense of policy crisis encapsulated in the early 1970s.

It went hand in hand, of course, then, with war, with the 1973 Arab Israeli war, with the real shock and a sense of, as it were, the world coming apart.

But it was formulated by the Club of Rome and it was about the world and what's really striking is the extraordinarily different position that Asia occupied in that vision of global crisis. Then as opposed to where it is now.

Because if you look in the Club of Rome report, they are extrapolating a future on the basis of the 1960s. And if you did that, your future looked like this. I mean, it really is worth taking ourselves back. This is the sort of thing historians do.

If you project out the 1960s, which is the famous Hindu rate of growth in India. The period of massive upheaval in China, and you project from there the future, it looks profoundly bleak for the majority of humanity, who then as now are Asian. Right.

South Korea was then emerging. I mean, doctor Kang's country is surely the most staggering example of this. 1950's South Korea is a place of absolute immiseration and ruin. It is arguably the poorest place, one of the very poorest, top five poorest places on the planet in the late 1950s as a result of the war and the lack of industrialization, rocketing into a different future already in the 60s.

But it's really problematic, Asia. I've been thinking, as many people in the room may have, recently quite a lot about Bangladesh and think about the image of Bangladesh in the early 1970s, right. These are the extraordinary photographs recently discovered by the Indian photographer Raghu Rai, who took these on the Indian Bangladeshi, what will become the Bangladeshi border, in December 1971. And it was still East Pakistan and he is capturing a savage reality of immiseration, right? This is the image of stark poverty. And it's an Asian polycrisis at that

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moment, right? That's where the population constraint, where immiseration is really going to bite.

Compare and contrast that to the very latest report by the World Bank on the problem of global poverty, which actually explicitly picks up the polycrisis term, and we are in a different world altogether.

So, this is poverty measured at two different thresholds, and the \$2.15 one is the absolute lowest level, and you might as well have entitled this document 'How Asia overcame the first polycrisis and formed the path out of poverty'.

Because at the measured, at the \$2.15 level, the drama of modern history since the 1990s is that poverty in Asia, notably in East Asia, has essentially been extinguished, has been ended. Previously very poor societies like South Korea, Japan, and of course China on a spectacular scale have ended too long \$2.50 that's \$2.15 a day in our money.

So there's no ifs and buts. This is the measure of our purchasing power. Slightly different story at the \$6.15 mark, I will come around to that.

But you can see a huge, extraordinary contrast between the world of the early 1970s and the world today. And that when we talk about Asia rising, I think starting you can start with the GDP aggregates and the fabulous views of big cities. But I think it behooves us to speak about this story. This is the end of immiseration and absolute poverty for literally billions of people. And that's what's being promised and that, I think, is the drama that we ought to center on. But I think we also need to recognize complexity because though it's true that absolute poverty has been ended in East Asia, that's not true for Asia as a whole. And really what we're talking about is Northeast Asia.

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If we look at, if we look at poverty at the \$3.65 mark, and obviously shifting these around, it's a statistician's game. They allow each one of these snapshots allows us to see something else. But if we take this very modest level of poverty measurement as \$3.65, then what we see is that though poverty has indeed been abolished in East Asia, it's still very much a reality in Southeast Asia and South Asia.

And that's what I really want to, as it were, stress in some of the comments that follow. This isn't in any way to deny that India has made gigantic progress. The story of the Indian middle class that excites so many people both in India and outside is absolutely real. But it's one that's dogged to an even greater extent than its equivalent story in China by the problem of inequality. And by the persistence in India, as you can see here, post COVID, we think 134 million Indians living on \$2.15 absolute poverty, the very bottom of the scale.

And then on the one mark just above that, a huge mass close on a billion Indian people, families living on the edge of something that you might describe as tolerable middle income.

And the question in India is whether or not an acceleration beyond that mark is possible.

Setting aside questions of growth rates, this is the question, right? If you can move a society from a state of dire poverty, of absolute shortage of food and housing, to one in which people are living tolerably acceptable standards. That kids are getting basic education.

And I think this is the central question which haunts this optimistic sense that Asia is rising, and by that we mean finally escaping the reality that Asia's history more than ever confirmed that poverty will forever be with us.

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That's the world historic significance of what we're talking about here. The escape from the reality that human's destiny was shaped in a fundamental way by poverty.

China has given an answer to that. The question, I think, is whether the rest of Asia can follow.

And if you speak to optimistic Indians about this, they'll tell you some story like this, right? They'll tell you, quite reasonably, that India's electronic governance is more sophisticated than the vast majority of Europe. They can ping money to people, even the illiterate elderly ladies in far off villages with minimal electricity supply can be provided with dolls of money by the Indian government, electronically, to not terribly smart phones that everyone can understand and everyone can afford.

And it's a remarkable achievement. Nothing I'm going to say should detract from that in any way.

But there are two different ways of looking at this, I think. One is the official government's view, which is that this is the basis and it's one of the great achievements. It's called the stack. Picked up some really highfaluting language from tech science and have applied this. The National Indian stack is this extraordinary achievement of the genius of Indian software engineers, which of course now populate Silicon Valley, applied to basic problems of governance in what is still a low middle income country.

And so, one story they tell here is a massive ecosystem of flourishing technological innovation and the basis for growth.

If you listen to other sorts of the Indians, they'll tell you that there's a much grimmer possibility here, which is that this is a basic stabilization device that enables a radically unequal society to maintain basic standards of living for the

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indefinite future, whilst the fundamental problems of state building, which were deferred in India decade after decade, are not addressed because they don't have to be, because the technology will do the trick and will get the money and the resources to people that need to get it and that need it.

So, one is an onwards and upwards move by way of Shenzhen to Silicon Valley and the other one is a low middle income trap enabled by technology.

And the people I learned that lesson from, or what gave that alternative narrative from were CPR and some of you in the room may know what happened to the CPR think tank in New Delhi in the last 12 months. It was shut down because that's not a message that the Modi government wants to hear.

So, these issues of discussing the future of a technological triumph, by any measure, are hugely controversial in what we rightly celebrate as the world's, I think greatest democracy, the world's largest democracy.

And that's just the beginning of the complexity of the South Asian story, because I referred to Bangladesh a minute ago. And after all, we have witnessed a bona fide outright flat-out revolution before our eyes. It hasn't attracted much attention because we've been focused on the Middle East and Ukraine and the Trump election.

170 million convulsed by a revolution which is upending basic compromises about secularism and the position of the dominant Islamic majority in Bangladesh at this moment. Hugely controversial.

You move across to the other side, what is Pakistan, and you have what is by everyone's admission, basically one of the most fragile political economies in the world today.

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And Pakistan is a country - I'm going to use population as my basic index here, so keep count, keep counting, because it's a big number we're going to end up at - of 242 million people who between them last summer had about \$3 billion in foreign exchange reserves.

Now you cannot cope at that kind of level of foreign exchange reserve for any period of time. This is a huge country, larger than any country and massively larger than any country in Europe on the edge of viability, and one whose government now has unleashed a huge military campaign to address the issue of what they, of course, designate as terrorism and what, more importantly, perhaps their Chinese investors have designated as terrorism in some of the most ungovernable places on the planet.

And then there's Sri Lanka, which in 2022 exploded into a flat-out classic textbook case of polycrisis: complete breakdown of the political system, the social structure and the economy before our eyes.

You could say this is all very long way away from all of us. This needn't worry us until, of course, you're in Canada, or for that matter, in New York, or for that matter, reading the South China Morning Post, where you have a now very conformist Hong Kong newspaper exploiting, I mean Disney cartoon levels of oriental contempt to point out that the Canadian government is essentially at loggerheads and have dismissed the diplomats of India over what the Canadian judicial authorities and those in New York as well claim is a systematic campaign by the Indian government to kill opposition politicians in exile in North America. So, this is not a calm scene of resolved issues. And if you go of course further to the east from there we actually have a full blown state collapse in Myanmar, affecting 55 million people. And again, in that case, opening up fundamental questions of state building that were never resolved from the 1940s onwards in

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the aftermath of the collapse of the British Empire that retreated the British Empire in the Cold War.

And to the east from there, Thailand. Which in many cases is thought of as a sort of haven of calm. But, if you ask political scientists, is a textbook case of a vicious cycle of a profoundly conservative, entrenched, deeply, truly reactionary elite, which since the 1930s, by way of the Thai military, has been resisting the repeated vote of the Thai population for change. Again and again and again military coups, one after the other, all of which we sort of pass over without, I think, deep comment.

If you track the Asian media as best I can through the languages that I can read, there are extraordinarily complex spillover effects from Thailand, for instance to Laos, which is itself a society facing profound and unresolved questions of politics which in 2023 intersected, like in Pakistan, with a massive financial crisis. You could be perhaps excused for not focusing on Laos's financial crisis or the spillover effects from Thai politics to Laos. Perhaps not in this company, but in general in the world you might be. Because it's such a small place. It's 8 million people.

But right next door is Vietnam. And Vietnam, as anyone who knows who does the think tank circuit in the Asia decoupling story right now, is everyone's happy idea of the Asian society that's going to benefit most from American decoupling from China.

Except what do any of us outside understand about Vietnamese politics, which has been churning through the Communist Party elite at an extraordinary pace in the last two to three years. In a story about a increasingly authoritarian Security Service-led regime. Which as far as I can see intersects in no meaningful



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way with the stories that we tell about the decentralization of supply chains and microchip factories and smartphones.

There seems to me a really profound cognitive disconnect which is enabled by the simplifications that we offer of the Modi story, the China story and deglobalization. And what I'm pleading for, because when you top this up, it's 650 million people that we're talking about. 650 million people and several really large, systemically important and dynamic polities.

We need to be smarter about this. By which I mean folks in the West that don't want to be blindsided. We need to be smarter.

We need to recognize that history hasn't ended. History, at the most basic level of Fukuyama-type questions how you well order a polity, whether you have rule of law in a conventional sense, whether you have freedom of the press, is extraordinarily open-ended right now in large parts of Asia. Without it, really, I think being recognized as a systemic and comprehensive crisis running across many, many countries.

And all of that is true at the same time as the force of what many of us think of as the fundamental transformative vector of modern history threatens and faces this continent, or these huge spaces like nowhere else on the planet.

So, this is also from the World Bank report from a few weeks ago. And the point they're making, I think you can see quite clearly, is that there are three really large groups of people, really seriously in the crosshairs of climate change. And the most vulnerable by far are sub-Saharan Africa, where the climate impacts are already manifest and are going to hit really hard, and they have very, very little domestic resource to cope.

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And East Asia is going to be affected very seriously. But as the difference between the blue and the red circle suggests, East Asia has massively more resilience. Because it's so rich and so technologically sophisticated.

But in between, ladies and gentlemen, is South Asia and Southeast Asia, which is in the crosshairs of climate change and is very much at that level of low income that may put you in a seriously hard place.

Now, Bangladesh has demonstrated by the extraordinary virtuosity of its weather forecasting and flood warning system how you can save lives even with minimal means. But the question we have to ask ourselves, given what we've already seen, is whether that kind of improvised response is going to be enough. And what I'm thinking of is Pakistan again.

I mean, these things are happening so fast on such a large scale that we forget that in August 2022, roughly 1/3 of Pakistan was inundated in a gigantic flood.

To translate this into a rather trivial year European terms: it's as though a country the size of Croatia or larger than Denmark or the Netherlands was inundated in a matter of weeks. It is, frankly, a miracle that more people didn't die.

But this is the beginning of the mega crises in the same way as the huge Indian heat wave. It's already here. It's not something in the future, it's already here. It's already stressing these societies in the way that we have long predicted it will.

And it's not for nothing that the problem of global climate justice was in fact first formulated in Asia and specifically by India. If you go back to the beginnings of global climate policy in the late 80s and the early 1990s. If you go back to Rio, if you go back to the first COPS, it was Indian academics who put the issue of climate budget and carbon budgets on the agenda first.

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Because their country, as they fully understand, is one that's, as it were in the opposite of the sweet spot. They are massively impacted by climate change. They are relatively speaking minimally responsible for it. And if we're serious about climate politics going forward, their developmental prospects will be most inhibited by the necessary decarbonization measures. And Indian academics did the math on this, as you'd expect, and came rather rapidly to the conclusion that this was a bum deal.

What's astonishing and, of course this was originally formulated as I suggested here as a North on South problem. And this should be credited with the force that it's had in defining the polycrisis right now, the climate crisis is the most encompassing risk that many of us think about.

And this was coded from the very beginning by Asian actors, by Asian intellectuals, by Asian policy as a North-South problem, and it was centered on India.

The historic irony is that this argument was made precisely at the moment in the early 1990s, precisely at the moment when Asian emissions overtook those of the West. And this for me is one of the most awesome graphs in world history. Now, to be clear, this is not an apologist graph. This doesn't, of course, deal with accumulated emissions over time, and it's the ones that are already up in the atmosphere that matter for climate change. And the Europeans and the Americans pumped that out over decades and they accumulated dramatically.

But in terms of policy choices going forward, this is the graph that matters. Because we can't do much until we do carbon capture, we can't do much about old emissions, but what we can do is change the emissions track going forward. And what happened in the late 80s and early 1990s is a spectacular shift. This is for real. So this is the Indo Pacific CO<sub>2</sub> emissions curve and there's the United States and there it's Europe underneath.

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This is an extraordinary gear shift in the center of global production. This is the environmental counterpart to the fact that industrialism and manufacturing are centered in East Asia in the way that one of my earlier graphs showed.

Specifically, of course, it's a China story. China's surge into heavy industrialism from the late 1990s onwards, pre-planned by Communist Party decision making in the 1980s to double and then double and then double again coal output to turn China into the greatest coal producer in the world and then by far the greatest coal producer humanity has ever witnessed, produces this outcome.

I mean, this is truly, one has to linger over this because this is all of world economic history, right, as far as we know it back to the middle of the 18th century. Using a single variable, what it's telling you is that the explosion of Chinese production in our lifetimes as recently as the last 25 years dwarfs everything else in the annals of human economic history. Significantly dwarfs. Doesn't just modestly overtake but blows it to dimensions the world has never seen before.

This is the CO<sub>2</sub> counterpart to the Chinese producing more steel than the entire world put together. It's the counterpart to the fact that China, in three years between 2010 and 2013, poured more concrete than the United States in the 20th century. In three years.

This is not the industrial revolution done again. Everything prior to this was a prelude to the Chinese industrial revolution of our lifetimes.

Literally everyone in this room lived the whole thing. It's all happened in the last 25 years. The surge in Chinese energy consumption between 2000 and 2005 is the total break with all previous experience.

And the consequence of that is that the climate crisis now and going forward is an Asian on Asian crisis. Essentially, to put it really crudely and this has actually

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happened in climate talks, it's about Chinese emissions drowning Pacific islands.

That's the dynamic that's currently driving it.

The Americans can do whatever they damn well like, and they clearly should. But the forcing pace of this transformation is coming from Asia.

And so one of the upshots of this is, it's to kind of distress about the American elections, because the American elections really matter to global climate politics. But the thing we should all really be focusing on is a decision being taken behind closed doors in Beijing right now, which is China's Nationally Determined Contribution to its Paris objectives, which it has to announce by February. And that matters because that's China's energy transition path and that's the energy transition path of the Europeans and the United States.

The huffing and puffing that we've been doing in recent years, as you can see here, is trivial by comparison with the hairpin bend that the Chinese have to accomplish in coming years.

So that decision being taken behind closed doors in Beijing right now is the one that really decides the parameters for everyone's decarbonization effort going forward. That is the crucial choice, and it's quite opaque. The bureaucrats there are top notch energy and climate scientists. But we really have minimal insight into what's going on.

And this to me has welthistorisch, world historic significance. Why? Because the climate problem, I think it's fair to say, after the waning of the enthusiasm of socialism and Marxism as a vision of progress, progressive and specifically left wing politics in the West, define the climate crisis as the acid test of rationality. This was where rationality was going to be assessed.

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And the question now is what is the answer that Beijing is going to give, given the profoundly disappointing way in which the West has answered to date?

And we asked that question today under the shadow of the loss of legitimacy that Beijing has suffered in recent years.

And I want to end by a few snapshots in thinking about that and the challenges that it poses because it's clear that the nimbus of omnipotence on the competence that Beijing for a long time enjoyed has been stressed. Indeed, some would say shattered. Now one aspect of that is the ending, the very deliberate ending by the Chinese regime of what we sometimes euphemistically called the housing bubble. But what, in fact is the largest urbanization drive in the history of our species bar none. Over period of 25 years, 500 million people were moved from the countryside into the city and people within the cities moved.

We've never seen anything like it. The Earth moved somewhat on its axis as a result, the Earth actually is slightly pushed off astronomers tell us.

And Beijing was profoundly successful at this. The question is whether it still in general commands the authority to make the moves that are necessary.

And I don't think there's any doubt that apart from the economic shock of the slowdown, the other big variable that needs to be on all our minds is the long run impact of the pandemic and the way the pandemic was handled.

And there can be very few more telling graphs than this. It's kind of amazing that the Chinese allow this to be published, but this to me is a barometer of confidence, not just amongst consumers but amongst China's population in general.

This is the barometer of consumer confidence in China. And you can see the story here: it collapses and it collapses as a result, clearly, of the COVID shock.

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But this is where I want to sort of probe and do the kind of Asia Society political analysis thing. And this, I promise, is the final point that I want to make. How do we read this?

The prevalent interpretation on part of many people in the West is that this demonstrates the disaster of what could not but be an authoritarian, repressive response to the COVID, because Xi Jinping doesn't know any different, and this is how the regime works. And so, of course it was just a matter of time until they screwed up, and then the House of Cards has come down.

The problem for me in that interpretation is it captures only one or two dimensions of this graph. It captures the fact that the line goes down from the left-hand side to the right-hand side. It doesn't tell us anything very interesting about the timing.

But look at the timing for a second. When does confidence in the Chinese situation break? Does it break at the beginning of the epidemic? No, it breaks in 2022.

For most of the pandemic, if you look at this graph for Germany, it breaks in the spring of 2020 for good reason. Same for the US.

In China it doesn't break until the spring of 2022. That's because for the first phase of the pandemic, China was winning and knew it was winning and the consequence of that is they were partying in Wuhan in the summer of 2020.

The real crisis comes in the spring of 2022, when, in a fit of hubristic, technocratic optimism, they thought they would perfect dynamic optimization, which was their code word for the way in which they tried to manage the pandemic, and they applied it to Shanghai of all cities and the Shanghai bourgeoisie found themselves with empty refrigerators. And you know how well that's going to go in Chinese public opinion. Not the kind of bitterness that folks were up for eating at that particular moment.

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So, my counter thesis is that this precise issue of timing matters because it's a case in point of our blindness to the complexity and sophistication of Asian political stories.

We so easily apply the bludgeon of simply saying its authoritarian regime and authoritarian regimes can't do this. Whilst in fact refusing to acknowledge that for most of the time they were ahead of the game and the pandemic they faced in 2022 was as bad and uncontrollable as it was, why? Because we'd failed to control it here, so it had mutated and produced several strains which weren't amenable to Chinese solutions.

And if you start there, then a whole variety of other things about the Chinese regime since 2020 become more explicable, because in the summer of 2020 they do three things beyond managing having won the People's War against COVID. What do they do? They crack down on the tech oligarchs. They crack down on the opposition in Hong Kong and they launched the red lines policy that ends the housing boom.

To my mind, it's an effect of a kind of self-conscious radicalization. And why is this more than an antiquarian point? This is a historian's mind at work, you can see. Why does this matter? Because what else came out of that phase where we just weren't looking and weren't paying attention and were convinced the Chinese were just locked down when they weren't, is the second China shock.

If you want to know where the electric vehicle boom happens that has destroyed the self-confidence of German car manufacturing right now, it's precisely in these years when Chinese consumers were not locked down, they were going out to buy a new generation of vehicles provided by BYD, which Western producers were completely oblivious to, because we were the people not in a lockdown, but in a COVID funk.



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That meant we weren't able to focus on what was actually going on. We had COVID brain, not them. This is the lesson.

So let me just conclude in what has been an over long talk. Let me let me just conclude with some general points.

The first is that Asia is in the age of polycrisis, right? We're not going to buy that narrative by which it is somehow exempt. It's both the greatest generator of change and the greatest generator of solutions. And it needs to be not just because it's got the power and the capacity, but because it's so stressed.

It's not a huge region of the world in which the solutions have all been found. And the stakes are incredibly high, because despite the success in the abolition of poverty there are still hundreds of millions of people who are extremely vulnerable. Extremely vulnerable.

What are the general lessons for us outside Asia? It seems to me that we have work to do. If we don't want to be blindsided, if we actually want to live in this world that we constantly proclaim we're part of as part of globalization, then we first of all have to understand and come to terms with Asia's agency.

We have to understand the relativization of our own position. We have to understand the climate drama is no longer about us, not as the goodies, and not even as the baddies. You're not by solving the Exxon problem going to solve the global climate crisis anymore. You have to fix China coal., which is a much, much more serious problem and can only be done by Beijing.

We have to understand massive regional diversity and not allow ourselves to be seduced by simple stories about one or two countries.

And we have to track events as they happen in real time as history, not as a series of sort of potted narratives, but as something that urgently concerns all of us.

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We're all constantly in the Wuhan moment. Remember Wuhan? Somebody managed to convince themselves that Wuhan was Chernobyl. Suck on that for a second.

Wuhan, a city of ten million people, compared to an outback nuclear reactor dorp in some long-forgotten part of the Soviet Union. How deep can your misunderstanding be of the nature of Chinese urbanisation and its consequences? We are all continuously living under that kind of pressure and that's why it's such a delight to be at the Asia Society, because that's what you do. That's exactly what I see your manifesto as being. And it's a real privilege to be part of this conversation. I look forward very much to continuing it this evening and tomorrow, thank you.