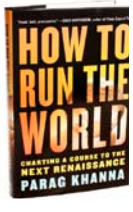
WORLD ECONOMY

For a New Re

Out of times of chaos and uncertainty can come a world order that is strong and vital. It happened in Europe centuries ago

BY PARAG KHANNA



ROUTE TO GLOBAL RENEWAL
Khanna argues that the Internet and creative capitalism are key to our future

IN ONE OF THE MOST MEMORABLE SCENES IN CINEMA, Orson Welles' Harry Lime rides the giant Viennese Ferris wheel in the 1949 classic *The Third Man* and muses, "In Italy for 30 years under the Borgias they had warfare, terror, murder and bloodshed, but they produced Michelangelo, Leonardo da Vinci and the Renaissance. In Switzerland they had brotherly love; they had 500 years of democracy and peace, and what did that produce? The cuckoo clock."

In some respects, our world today isn't far off from the European medieval landscape that Lime conjured up. It is a multipolar, multicivilizational world in which every empire, city-state, multinational corporation or mercenary army is out for itself. Instead of predictable relationships in international relations, the difference between the words *alliance* and *dalliance* is just one letter. There are so many failed or failing states that we have to question whether, as in the Middle Ages, we should accept that what passes for "government" will be different at any two points on the map.

Walter Lippmann warned that we have a tendency to define first and then to see rather than to see first and then define. The chaotic world we see today can't be easily defined, but it can be understood by looking back to an era in which both the West and the East were strong enough to call their own shots, when empires but also city-states competed for influence, when the Arab world and Islam were powerful, when governments mattered but so too did corporations and wealthy families, and when religion and trade were driving forces in connecting the globe.

A thousand years ago, Song-dynasty China was the most advanced civilization in the world, India's Chola dynasty ruled the seas to Indonesia, and the Abbasid caliphate stretched from North Africa through Persia. In Asia it was a Golden Age. But in the West, we associate the medieval world with plagues, crusades, mercenaries, witches. And today we find ourselves again in a potentially long period of fear and uncertainty. Fear, however, can motivate innovation and progress. Inventions ranging from the cannon to the compass and even double-entry bookkeeping were developed during the Middle Ages. If we want to pull ourselves out of this new Middle Ages and into the next Renaissance, we need to similarly harness the turbulence of today to build a stable tomorrow. Perhaps a little fear of the future could help.

No End to Crisis

OVER SEVERAL HUNDRED YEARS BETWEEN THE 11TH AND 15TH centuries, the great Eurasian landmass was beset by conflict and crises: a papal schism, the Crusades, Mongol invasions and the Black Death. Today we have crises in spades. The plague has reappeared in the form of global pandemics like AIDS. The world is still recovering from the worst economic downturn in 80 years. Terrorism is unstoppable in the Middle East and South Asia, piracy has returned to Africa's coastlines, and the U.N. recently declared organized crime a "superpower." As was the case hundreds

naissance

of years ago, our present disorder is not episodic but chronic. Believing that the world is safer because there is less terrorism this year than last is like believing that the global economy is healthy just because the stock market went up for a week.

Ours is an arbitrary world: billions today live unsure of whether their true masters are the equivalent of local feudal lords, elected but corrupt politicians or distant corporate executives. Asian and Arab sovereign wealth funds buy up Africa's cropland to hedge against their own food shortages while profiting from the sale of poor nations' precious food supply. But two things are sure: who has the money makes the rules, and the rules will be different wherever you go. Instead of the U.N. leading a world of strong international law, our international institutions are more like Europe's Holy Roman Empire, to whom local powers simply paid lip service.

Just as in the Middle Ages, our world today is more a network of villages than it is a single one. Megacities such as Rio, Istanbul,

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Invest in Information Technology in Developing Countries

Mobile-phone ownership boosts GDP, and mobile banking ups providers' bottom lines. Anita Sharma, below, uses point-of-service technology to open bank accounts for villagers in the Indian state of

SUSAN MEISELAS—MAGNUM

Cairo, Mumbai, Nairobi and Manila teem with hundreds of thousands of urban squatters and have become world's unto themselves that most residents never have the privilege of leaving. Still, those in their migrant underclass often live in functional, self-organizing ecosystems. Whether rich or poor, cities, more than nations, are the building blocks of global activity today.

As for nations, the entire postcolonial world is in the throes of change. Today the world is being fundamentally re-mapped in a process that is as violent as it is necessary. It took the Thirty Years' War, from 1618 to 1648, for a fractured Europe to begin to codify a more predictable system of sovereign states. Now, from Congo and Sudan to Iraq and Pakistan, borders must be redrawn to correct for nonexistent or illegitimate governance and respect the aspirations of people to govern themselves. It could take decades for the growing list of failing states to be sorted out.

Environmental turbulence is contributing to this cartographic adjustment. Water-starved climate refugees in Africa spark migration waves that stress borders in countries like Chad and Kenya. Control over Himalayan headwaters in Kashmir and Tibet is stoking friction among China, Pakistan, India and Bangladesh. The melting of Greenland's glaciers and the promise of vast natural gas and minerals is thrusting it away from its status as a neutral protectorate of Denmark toward an independent nation militarily allied with the U.S. and Canada against Russian encroachment on the North Pole.

In a world that has market failures and government failures in equal number, we cannot count on traditional leadership to set us on the right track. The G-20 has hardly proved to be a "steering committee for the world": its western and Asian members are unable to agree on a road map to rebalance the global economy. Nor does anyone listen to the U.N. It has convened a megaconference on every imaginable issue—poverty, human rights, climate—with few appreciable results. And the Obama Administration has failed to restore U.S. global leadership. Without enforcement, diplomacy among governments is mere conversation.

From Globalization to Globalism

YET CENTURIES AGO, THE EUROPEAN MEDIEVAL WORLD BLOSsomed into the Renaissance. How did it do it, and what lessons can we learn today? Two ingredients were essential: a technological revolution and a psychological one. Then it was Gutenberg's printing press and the Protestant Reformation; today we have the Internet and creative capitalism.

The transition from Europe's Middle Ages to the modern era began with the existential calamity of the Black Death. Soon thereafter, the Medici family of Florence came to be counseled by the founding father of secular rational governance, Machiavelli, and sponsored two of history's greatest artists and inventors, Michelangelo and Leonardo da Vinci. In the 14th and 15th centuries, cities like Bruges and Venice spun the webs of markets and exchanges that became the global economy. These models were gradually disseminated outward by great explorers like Vasco da Gama and Ferdinand Magellan. China too launched great naval expeditions led by admiral-diplomat Zheng He, whose massive ships reached the Strait of Hormuz and Kenya.

Similar developments are afoot today. Arab traders travel to China's Wuxi while Chinese businessmen fan out across Africa, together resurrecting the old Silk Roads of land and sea. Building postmodern connections among cities rather than defending borders is the way to rekindle the new Silk Roads for the 21st century. Commercial connectedness could inspire political reconciliation. Despite the prevailing currents of holy war and the Crusades, centuries ago two travelers symbolized a new kind of bridge between East and West. The great Arab pilgrim Ibn Battuta wandered and sailed from Morocco to Hong Kong, while his European counterpart Marco Polo made parallel voyages along the Silk Road. Both marveled at the grandeur of other civilizations, celebrating each other's richness rather than vulgarity.

The first great European universities—Bologna, Paris, Oxford—were founded in the Middle Ages, turning education into a professional guild. Just as these medieval universities recovered classical wisdom, 13th century philosopher Roger Bacon recognized the importance of Islamic scholarship on Western thought and appealed to Pope Clement IV to pursue global learning rather than crusade. Later on, humanists like Erasmus of Rotterdam and Pico della Mirandola eloquently articulated a world

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Share Scholarship Between East and West

American universities have branched out to Doha and Abu Dhabi, below, to promote liberal arts and science, simultaneously advancing women's rights

PETER BIALOBRZESKI—LAIF/REDUX

MAJID SAEEDI—GETTY IMAGES

in which faith and reason existed not in tension, but peacefully within each of us. Pico's lesson for today's age is that our fruitless debates between the West and Islam should instead become a more inclusive discourse on achieving spiritually and morally informed governance. Another parallel: it is universities again carrying forward this mission. Georgetown, Weill Cornell Medical College, Carnegie Mellon and New York University have branched out to Doha and Abu Dhabi in the heart of the Middle East to promote liberal arts and science, and women's rights in the process.

This reminds us that when it comes to who to count on to achieve lofty goals like averting a clash of civilizations and ending poverty, it's not up to governments alone to deliver the goods. Bill Gates outspends the world's governments on public health, George Soros supports human-rights crusaders worldwide, and Richard Branson dangles millions to inspire budding companies' efforts to promote green technologies. These are the modern-day Medicis, patrons of global society who attack borderless problems on behalf of humanity. They intuitively know that public and private power could forever compete—but for society to advance, they have to work together. The new Medicis have rapidly emerged to define the next global order faster than anyone appreciates. The public-private partnership model pioneered by the Gates Foundation isn't some alternative to the mainstream of policy; it is the way of doing policy in the 21st century.

For years now, the World Economic Forum's annual meeting at Davos has been the place that tackled the challenge of giving globalization a human face earliest and most seriously. Back in 1996 the theme of the annual meeting was "sustainable globalization," and WEF founder Klaus Schwab wrote about the need to bridge the "shareholder-stakeholder" divide in 1997. Then-U.N. Secretary-General Kofi Annan decided to float the idea of a "global

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Advance Policy Through Public-Private Partnerships

The Gates Foundation is helping eradicate polio in places like Afghanistan, where the World Health Organization and other groups are conducting vaccination campaigns

compact" to engage business in promoting human rights and environmental protection at Davos in 1999. Gatherings like Davos, the Clinton Global Initiative and the Skoll World Forum are the places to see this new public-private model in action. NGOs now prefer going to these venues to seek investors and allies rather than to government aid agencies. These are the places where you'll see that mayors, governors, CEOs and philanthropists are pound for pound as important as most Presidents and Prime Ministers. The future of diplomacy will be lots of mini-WEFs tailored to specific issues.

We have seen only the tip of the iceberg of globalization's potential. Globalized countries grow faster than nonglobalizers, and a new wave of countries in Africa and the Middle East is entering the global division of labor today. Google, Kiva, Western Union, Motorola—these are just some of the global corporations putting information technology in the hands of the poorest so they can participate and profit from mobile-banking and outsourcing. We

should be hopeful about this diffuse paradigm for the future because, as the science writer Matt Ridley argues in his 2010 book *The Rational Optimist*, "everyone is working for everyone else."

This kind of pragmatism can guide us to the next Renaissance. Self-interest is the wrong baseline for a resource-scarce world. We need to find a new global consciousness, and indeed, technology makes us feel that cohesion on a global scale. Half of all Americans contributed to Haiti earthquake relief.

Today's Generation Y—the so-called millennials or digital natives—are pioneering this new consciousness. More than twice as many American college graduates today (40%) as 20 years ago claim they want "to change the world." And they will do it through a new kind of diplomacy that emerges at the intersection of governments, companies and NGOs. Generation Y doesn't think in terms of state vs. market vs. civil society but rather the union of all three. For them, working for Oxfam or Nokia is as "diplomatic" in nature as joining the Foreign Service. A division of labor doesn't mean that sectors can't support each other; complementarity doesn't exclude collaboration. If Generation Y can leverage megadiplomacy to steer globalization, we'll get out of the new Middle Ages faster than seems likely today.

Webs of Webs

WE KNOW FROM PHYSICS AND biology that small changes can have large effects in complex systems. Raising capital requirements for banks even slightly can go a long way toward stabilizing the financial sector. Small subsidies for families to buy food and pay school fees have worked wonders in Brazil. A global exception to strict intellectual property protections on vaccines for the poor could save countless millions of lives. The next Renaissance, then, will be about universal liberation through exponentially expanding and voluntary interconnections. If a new global social contract is to emerge, it will be as a result of the communities of the world—whether nations, corporations or faiths—sharing knowledge and cooperating but also learning to respect one another's power and values. As they practice the new forms of diplomacy, they leverage one another's resources and hold one another accountable.

Where does the buck stop in this new new world order? After all, we no longer automatically defer to governments as legitimate. Instead, we hear the phrase *good governance* more and more. Africa's first self-made billionaire, Mo Ibrahim, a telecom entrepreneur, gives out an annual prize to any well-performing African government and has launched a widely cited index to score good governance. Freedom of the press, accountability, service delivery and protection of human rights are all among his criteria; democracy isn't. Investors increasingly reward countries for investing in people and broadening the economic base by any means necessary. Democracies like Brazil and Indonesia are doing it, but so too are China and Vietnam. Instead of hierarchies of governments, global governance should be like a spiderweb: if you poke one, it doesn't fall apart. Interdependence is one of the buzzwords of our age, but it is an observation, not a strategy. Perpetual resilience, not stiff governance, is the strategy that nations, economies and communities must pursue irrespective of their degree of interdependence with the rest of the world. We need risk-management systems more than we need—or will ever have—powerful global institutions. Our goal should be an autopoietic world: self-regulating and re-creating. We must be vigilant, recognizing the fact that contagions can spread rapidly in networks, so we must code an operating template that builds immunities after failure and learns with each cycle of reproduction. We cannot forget that the Renaissance was a politically volatile era even as it bred some of mankind's greatest cultural accomplishments. Indeed, the shift from the Middle Ages to the Renaissance was a gradual one. Therein lies the irony: we won't know that we've reached the next plateau of history until we are comfortably on it. Until that time, we should take no comfort in sweeping platforms for reform that history remembers as failed promises. They are not the answer to how to fix the world. You are. ■

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Make Economic Connections, Not Borders

Employees of the China Petroleum Engineering and Construction Corp. work on a multinational oil-exploration venture near Melut, Sudan

MAJID SAEEDI—GETTY IMAGES

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