

Episode 11: Generational Change

Hello and welcome to 'Smart Societies', I'm Barry Clarke. This episode – 'Generational Change'. We opened this series with the views of young professionals involved in a leadership project at RIAP, the Research Institute for Asia and the Pacific at the University of Sydney.

ANDREA WOODHOUSE: I think we desperately need leadership to try to address some of these global problems that we face, but we have to think a little bit differently about what we mean by leadership, not just confine it anymore to being the prime minister or the president of a country or holding some position of formal authority, such that writers or people like that are leaders as much as the people whom we think of as our leaders.

RANDOLPH RAMSAY: There has been a very positive change throughout the Asian region over the past couple of years in regards to getting a new generation of leaders in. You see for example in China the fourth generation of Chinese leaders come in, all these people are probably in their mid-50s or so, which is considerably younger than the last generation. A lot of them are Western educated and are a lot more experienced in the sort of places and countries outside of China. You're seeing the same thing in Korea as well with the new president there, so there is a change happening right now.

CLARKE: Randolph Ramsay and Andrea Woodhouse from the Young Professionals Project at RIAP.

In this concluding program, 'Generational Change', we hear from a panel of regional experts on the policy challenges the new generation of leaders face - from maintaining economic development while responding to the social backlash of economic reforms as well as navigating global economic volatility and the threats posed by terrorism.

We hear first from Professor Bob O'Neil from the University of Sydney. Among other positions, he's chair of the Council for the Australian Strategic Policy Institute.

PROFESSOR BOB O'NEIL: Let me outline five challenges to think about as you approach developing your own professional lives in this region. The first is what is Asia? Is Asia simply a collection of sovereign states who never get together and concert action very much? If that is the Asia we're going to be looking at in the next couple of decades it's not going to register very effectively against the combined political, economic and military power of the United States, nor is it going to register effectively alongside a growing unity in the European Union. So I'm hopeful that we'll see greater willingness to work together and develop regional mechanisms that will strengthen the political, economic and security fabrics of East Asia, South Asia and the region immediately around Australia. Because until we have some greater concerted action in Asia the United States is going to remain the paramount political power and will be involved in all kinds of local issues, and that's not good for the United States and it's not good for the region.

The second challenge is what should we expect of the United Nations? The United Nations has been humbled by international events over the past two years. The United Nations was founded by Franklin Delano Roosevelt because he knew out of the frustrated experience of the League of

Nations and America's key role in the Second World War, that the world could not be governed effectively without an organisation which brought together all the sovereign states of the world. And certain rules were set up when the United Nations charter was accepted by all the component members. There is a great deal of disunity in the UN about how the charter is being observed, to put it no more strongly.

The third is the role of Europe in the world, and how Europe is to be encouraged to relate to the rest of the world and how the rest of the world can both offer opportunities and at the same time set some limits for Europe. It's going to be a powerful source of investment, it's going to offer all kinds of trade opportunities. Europe has not played a big role outside its own borders in terms of international security, it needs to be encouraged to do so, and I think the new sort of Asia that I would like to see develop needs to engage much more fully with Europe than has been the case in the past.

What is going to be the acceptable role of the United States? We are all too aware of the possibility that the United States can make mistakes, and I don't mean to belittle the United States when I say this. It has the unenviable task of being the source of initial response in a lot of crises. So it's crucially dependent on its own intelligence, but we know from recent events that American intelligence resources are not terribly well suited to dealing with the kinds of threats that the United States faces today, because America has utilised overwhelmingly technologically derived intelligence. And satellites and aircraft do not give you very much ability for knowing what is going on deep in a cave in Afghanistan. For that you need human intelligence, and the sources of human intelligence have atrophied in the United States during the period since the Cold War. That has got to be built up again.

The final challenge I'll leave you with is that of nuclear weapons in the hands of terrorists create a wholly unprecedented threat. Nuclear deterrents worked in the era of the Cold War because nuclear weapons were in the hands of states, identifiable governments who could be targeted if something went wrong. Nuclear weapons in the hands of terrorists are an autonomous force, and if terrorists get weapons of mass destruction we are going to be in for hell of which we have no comprehension. So we need to address the problem of the causes of terrorism, we need to address the problem of the way nuclear weapons are distributed around the world, and let me leave you with one final thought that smaller powers will not give up the quest for their own nuclear weapons while the great powers continue to say we cannot exist without nuclear weapons.

CLARKE: While Professor Bob O'Neil provided a global view, our next speaker gives an Indonesian perspective. Dr Jusuf Wanandi is chair of the Indonesian committee for APEC and a member of the Board for the Centre for Strategic and International Studies, or CIS, in Jakarta. Over the past few years, the CIS has conducted a series of focus groups with young scholars from across Indonesia to find out what they think about the country's development and their role in it.

DR JUSUF WANANDI: It's interesting to follow their thinking and what they understand about the developments in the country as well as outside the country. And we talk about nationalism versus the need for autonomy, decentralisation, federalism maybe or independence. Is the social contract still valid or not of 1945 when we founded the Republic of Indonesia? We talk about Islam and nationalism and there were fairly bright resource persons, one from Muhammadiyah, the second

biggest as you know Muslim social organisation, and the other one is from Nahdlatul Ulama. And they have been very fascinating discussions I have to tell you.

We have had of course also some minorities like Christians among the 60 people to learn more about Islam looking forward, how to find a real balance with the modernisation in Islam, how to make Islam palatable for nationalism, and for democracy and social justice. And it's all very interesting indeed. And they go back to a moderate interpretation, which has been actually corrupted in the 12th century. So during the golden years actually the interpretation and liberalism in Islam has been real, and that interpretation they try to bring back.

And some of them, one of the two has been had over the so-called Islam Liberal, liberal Islam they call themselves. The Aurora Peace and Kompas, these are the most read daily in Indonesia. What we need, Islam needs, is a Martin Luther who can introduce reformation into Islam so that then we can really open up this whole Islam to the modern age. And of course you've got a Fatwa, but then the whole liberal Islam, that means the whole moderates actually, Nahdlatul Ulama and Muhammadiyah included, arose and protested against it and he was save definitely.

Now secondly I think in this whole problem and the new threat of terrorism, global terrorism and regional terrorism problem while fairly real, but at the same time we have to balance that in our cases in South East Asia with the problem of the impact of globalisation that is still there and that still has to be solved, because in the end it has been said fighting terrorism cannot happen only with military means. We have to go to the root causes, which means in some instances in South East Asia still poverty is very big I think, vulnerability. It doesn't translate into terrorism immediately but if you consider that together we've some extremist ideologies that can arouse the despair of these people into action, then you get into trouble.

CLARKE: There's no doubt the emerging economic super powers in the region are India and China. Professor Wang Gungwu was vice chancellor at the University of Hong Kong from 1986 to 1995. He now heads the East Asia Institute at the National University of Singapore, and he's recognised as a China expert. China has recently elected what's referred to as the 'fourth generation' of post revolutionary leaders.

PROFESSOR WANG GUNGWU: This new leadership faces a China that on the one hand gives the world the impression they're on the rise and almost nothing could go wrong. They put their country on a footing which really has amazed the world, and they've done extremely well and there's very little we can fault the economic development of China, but on the political front they have been under tremendous criticism for all kinds of problems that they have had to deal with or have not dealt with. Political reform has been the major issue, but that's just a little phrase to cover a whole range of problems which the country faces.

The fourth generation leadership has been left with some of the most urgent problems of political reform, and there are people in China and elsewhere who believe that the major challenge for this generation of China's leaders is to take up those reforms that they cannot postpone any longer. Now this is of course arguable and the Chinese leadership would find it extremely difficult to accept that simple statement.

But nevertheless the fact remains is that rapid growth over a 23-year period has left China with an amazing number of problems. All you have to do is to look at all the details about the unemployment, the problems of bad debts, banking debts, the problems of stagnation in the civil service, the problems of corruption, which I think has been so serious that even this generation of leaders have openly come out to say that this is the most urgent problem that they have to face.

The real challenge, however, is over this question of reform. For something like 30 years before Deng Xiaoping returned the second time in 1978, the word in China had been revolution. Revolution remained the word right through of course most significantly with the Cultural Revolution itself down to the death of Mao Zedong. And it was in 1978 that a new approach was brought to the country by Deng Xiaoping. From then onwards the word has been dropped. We rarely hear of revolution, we only now hear of reform.

But reform, unlike revolution, is not dramatic, it is not headline catching, it is in fact rather painful, especially when you have inherited a system that has been a failure economically and politically too, a failure in having produced a man who so dominated the country that he was virtually god and emperor at the same time. That sort of a system could not be allowed to continue and the people knew that, the leadership within the Chinese Communist Party knew that, and they knew they had to do something pretty radical to reform the party itself, the structure of government and what the people of China wanted for themselves.

The people of China today are almost unbelievably different from the people of China in 1978, and this is a fact that the leaders, that new generation of leaders, have to face. These new people of China, a new generation of the Chinese people, will not put up with the kind of systems, the kinds of structures that had been used in the past. And yet nobody really knows what kind of a system should be introduced to replace the system that has been so unsatisfactory in the past. So this is how we understand the Chinese Communist Party. It actually no longer represents revolution; by representing reform it actually represents the voice of continuity. But yet at the same time if you look at the way the reforms are going if they go as slowly as they have done in the last two decades there will be a time when people wonder whether another revolution might be needed because reform will not bring about the kind of changes that most people want.

Now these are genuine problems that the young people in China are facing today, they're asking questions about it. Opening to the world as we all know has meant opening to new ideas from the world. Things like the rule of law, things like human rights, freedom of expression, freedom of the press, freedom of religion, all these things which we take rather for granted however are not matters which are taken for granted in China, particularly since 1949, they have actually been rejected quite deliberately by China's leadership.

And the fact remains that these ideas are very attractive to the young people, and while they are doing well they're not prepared to risk the kind of stability and prosperity, which they have enjoyed for the last decade or so. They are not confident that if they introduce all these ideas China could

retain its stability, they're not confident that the initial probably highly emotional response to these changes could mean a disruption of many of the things that are now developing quite smoothly in China.

So that uncertainty leaves them extraordinarily conservative about their future, and that is the underlying contradiction, a desire for faster change in the political arena and a real fear that changes in that arena could bring instability back to China and exacerbate the divisions, the disparities which now trouble the country. And this interesting contradiction I think would be probably the greatest challenge to both the leadership as well as the generation below who have expectations of this leadership.

CLARKE: This is Radio Australia and the final program in our series, 'Smart Societies'. The Global Leaders came together to discuss generational change in Asia with a group of young professionals from RIAP, the Research Institute for the Asia Pacific at the University of Sydney.

Swiss born Thomas Zweifel has lived in India and Japan and now runs a New York-based consultancy on leadership training. He's also professor of leadership and cross-cultural management at Columbia University. He was the youngest member of the panel and addressed the different challenges that the new generation of leaders face compared with previous generations.

THOMAS ZWEIFEL: Winston Churchill was fond of saying that the higher you rise the more you see the big picture of vision and strategy. I don't think that Churchill's dictum will be right anymore necessarily. Why? If you picture for a second a seven-level hierarchy, so picture an organisational hierarchy with seven different levels and consider that each level reports 50 per cent of what it knows to the next higher level. Can you imagine how many per cents the boss knows? It's exactly 1.6 per cent. Unfortunately a lot of times the boss will make his or her decisions based on the wrong 1.6 per cent, and that's where the leadership comes in.

Do you know that by 2010, according to two professors at the University of Michigan, 30 to 40 per cent of management teams or senior managements in companies and organisations will not be from the Western world, if you will. They will be from the biggest emerging markets like China, India and also Indonesia and Brazil. So the management teams that we know where you can kind of crack a joke and be understood - they will not work anymore. Senior managers will find themselves sitting across from somebody who literally does not understand their culture, does not speak their language, does not understand the jokes, and is from a completely different value system. So the question is how do you manage in a world where boards are that global?

Another example, by 2007 did you know that the number one internet language will no longer be English, the number one language on the internet will be Chinese? What does that mean if you're a web designer? What does it mean if you need to communicate in brochures or by email with other people around the world? So that's the number one transformation globalisation.

Number two, we're living in an era of the internet and virtual teams. You may have heard the story that in Bangalore there are now back office operations of American companies and have you heard that some people actually took on American identities? So basically if AT and T have a customer

calling from Chicago they actually don't speak to somebody in Chicago, they speak to somebody in Bangalore, and this girl whose real name is CR Suman, she has an American identity with an American biography, an American resume. She has watched 'Friends', she has watched 'Seinfeld', she's watched all these wonderful sitcoms, she knows about sports in America, she knows about movies in America and she can talk authoritatively about the Chicago Cubs or whatever to an American customer. This is what the virtual teams are looking like, and it really seems to be a global phenomenon.

The third transformation is one of transportation and communication, and that leads to Russian doctors moving to western Europe, it leads to the Chinese migration moving to Australia, moving all over the world, Indian software engineers coming to Australia or to the United States.

The fourth transformation is the world is democratising. I'll give you just one example - you may know about [India's] panchayat leaders, for thousands of years it was actually elderly men who ran these councils. But what happened in 1994 the Indian government passed a law that by law one-third of these local village councils have to be women. That means that in the last election one million women were elected to village councils. That is perhaps the most profound, most powerful transformation and democratic revolution if you will, and I think the word is appropriate here. This is not a reform, this is a revolution.

Number five, we have not only in India, not only in the political environment but in the business environment we have flattening hierarchies. You are in a generation of people who even though you might be, it might look like you're lower in the hierarchy, you are knowledge workers. And according to Peter Drucker, the management theorist, knowledge workers are very powerful, they're much more specialised in a very specialised area that you may know nothing about. So how do you manage people like that? This is not the old command and control where you knew everything and the boss knew pretty much the whole picture or Churchill saw the whole of strategy and the whole of vision. Now the people who are on the front lines may know more about the market than you do. So you need to listen to them.

The sixth change, we live in a world of complexity. No one human being can know everything that's going on, whether you're a political leader or you're a business leader. And there are alas some people who take advantage of this complexity and what we call in economics imperfect information, and that leads to corruption, it leads to people who can get away with stealing money because nobody can know everything, nobody knows all the transactions that are going on, financial transactions worldwide. And it also leads to terrorism. Terrorists can exploit basically that nobody is really in charge.

CLARKE: Dr Thomas Zweifel. After his presentation, we asked him the question we've put to a number of people throughout the series: what makes a smart society in the 21 st century?

THOMAS ZWEIFEL: What it means to be a leader now is not so much to be a big boss or a big leader, no matter how great they were like a Churchill or a Kennedy or a Gandhi even, no matter how admirable these leaders were they never had to deal with the kind of complexity that we have to face today. So to be smart as a leader the first 'c' is to be a great coach who is committed to the best

in his or her followers.

The second 'c' is communication. You have to be a really smart communicator, which means you also listen a lot, you don't think that you know it all already, you're somebody who is curious and interested, not just interesting, and somebody who can listen and bring out other points of view and stand in the shoes of the other person and exist with multiple viewpoints. Experts call that a perspectivist point of view, where you don't have one perspective and you're not convinced that you're absolutely right and everybody else is wrong, but that other people may have equally valid viewpoints that they formed over a lifetime of inquiry themselves.

So that's the second 'c' is communication, and the third 'c' is cross-cultural. So you have to have cross-cultural savvy, you have to be a global citizen who can be parachuted into any culture in the world and get the job done while respecting the cultural pathways. So you're not just imposing your view on the world, but you're actually open to other cultural pathways but you don't let go of your strategic intent, or your intentions. So what it means to be a smart company for example or a successful company in this century, a company that is able to listen for the best practices anywhere in the world, in remote places, and then bring those practices into the centre - rather than the old way which was to radiate out and kind of proselytise everybody around you from headquarters out into the remote areas. So the listening at the global level I think is the key.

CLARKE: Thomas Zweifel with the final word in this series. Thomas Zweifel is the author of 'Culture Clash - Managing the High Performance Team'.

This program was produced by Sue Slamen and Barry Clarke from Radio Australia.

