Never before in the modern

era has the largest economy in the world been that of a developing country, rather than a

developed country. Secondly, for the first time in the modern era, the dominant country in the

world -- which I think is what China will become -- will be not from the West and from very, very

different civilizational roots.

Now, I know it's a widespread assumption in the West that as countries modernize, they also

westernize. This is an illusion. It's an assumption that modernity is a product simply of

competition, markets and technology. It is not. It is also shaped equally by history and culture.

China is not like the West, and it will not become like the West. It will remain in very fundamental

respects very different. Now the big question here is obviously, how do we make sense of China?

How do we try to understand what China is? And the problem we have in the West at the moment,

by and large, is that the conventional approach is that we understand it really in Western terms,

using Western ideas. We can't. Now I want to offer you three building blocks for trying to

understand what China is like, just as a beginning.

The first is this: that China is not really a nation-state. Okay, it's called itself a nation-state for the

last hundred years, but everyone who knows anything about China knows it's a lot older than this.

This was what China looked like with the victory of the Qin Dynasty in 221 B.C. at the end of the

warring-state period -- the birth of modern China. And you can see it against the boundaries of

modern China. Or immediately afterward, the Han Dynasty, still 2,000 years ago. And you can see

already it occupies most of what we now know as Eastern China, which is where the vast majority

of Chinese lived then and live now.

Now what is extraordinary about this is, what gives China its sense of being China, what gives the

Chinese the sense of what it is to be Chinese, comes not from the last hundred years, not from the

nation-state period, which is what happened in the West, but from the period, if you like, of the

civilization-state. I'm thinking here, for example, of customs like ancestral worship, of a very

distinctive notion of the state, likewise, a very distinctive notion of the family, social relationships

like guanxi, Confucian values and so on. These are all things that come from the period of the

civilization-state. In other words, China, unlike the Western states and most countries in the world,

is shaped by its sense of civilization, its existence as a civilization-state, rather than as a

nation-state. And there's one other thing to add to this, and that is this: Of course we know China's

big, huge, demographically and geographically, with a population of 1.3 billion people. What we

often aren't really aware of is the fact that China is extremely diverse and very pluralistic, and in

many ways very decentralized. You can't run a place on this scale simply from Beijing, even

though we think this to be the case. It's never been the case.

So this is China, a civilization-state, rather than a nation-state. And what does it mean? Well, I

think it has all sorts of profound implications. I'll give you two quick ones. The first is that the

most important political value for the Chinese is unity, is the maintenance of Chinese civilization.

You know, 2,000 years ago, Europe: breakdown -- the fragmentation of the Holy Roman Empire.

It divided, and it's remained divided ever since. China, over the same time period, went in exactly

the opposite direction, very painfully holding this huge civilization, civilization-state, together.

The second is maybe more prosaic, which is Hong Kong. Do you remember the handover of Hong

Kong by Britain to China in 1997? You may remember what the Chinese constitutional

proposition was. One country, two systems. And I'll lay a wager that barely anyone in the West

believed them. "Window dressing. When China gets its hands on Hong Kong, that won't be the

case." Thirteen years on, the political and legal system in Hong Kong is as different now as it was

in 1997. We were wrong. Why were we wrong? We were wrong because we thought, naturally

enough, in nation-state ways. Think of German unification, 1990. What happened? Well, basically

the East was swallowed by the West. One nation, one system. That is the nation-state mentality.

But you can't run a country like China, a civilization-state, on the basis of one civilization, one

system. It doesn't work. So actually the response of China to the question of Hong Kong -- as it

will be to the question of Taiwan -- was a natural response: one civilization, many systems.

Let me offer you another building block to try and understand China -- maybe not sort of a

comfortable one. The Chinese have a very, very different conception of race to most other

countries. Do you know, of the 1.3 billion Chinese, over 90 percent of them think they belong to

the same race, the Han? Now, this is completely different from the world's [other] most populous

countries. India, the United States, Indonesia, Brazil -- all of them are multiracial. The Chinese

don't feel like that. China is only multiracial really at the margins. So the question is, why? Well

the reason, I think, essentially is, again, back to the civilization-state. A history of at least 2,000

years, a history of conquest, occupation, absorption, assimilation and so on, led to the process by

which, over time, this notion of the Han emerged -- of course, nurtured by a growing and very

powerful sense of cultural identity.

Now the great advantage of this historical experience has been that, without the Han, China could

never have held together. The Han identity has been the cement which has held this country

together. The great disadvantage of it is that the Han have a very weak conception of cultural

difference. They really believe in their own superiority, and they are disrespectful of those who are

not. Hence their attitude, for example, to the Uyghurs and to the Tibetans.

Or let me give you my third building block, the Chinese state. Now the relationship between the

state and society in China is very different from that in the West. Now we in the West

overwhelmingly seem to think -- in these days at least -- that the authority and legitimacy of the

state is a function of democracy. The problem with this proposition is that the Chinese state enjoys

more legitimacy and more authority amongst the Chinese than is true with any Western state. And

the reason for this is because -- well, there are two reasons, I think. And it's obviously got nothing

to do with democracy, because in our terms the Chinese certainly don't have a democracy. And the

reason for this is, firstly, because the state in China is given a very special -- it enjoys a very

special significance as the representative, the embodiment and the guardian of Chinese civilization,

of the civilization-state. This is as close as China gets to a kind of spiritual role.

And the second reason is because, whereas in Europe and North America, the state's power is

continuously challenged -- I mean in the European tradition, historically against the church,

against other sectors of the aristocracy, against merchants and so on -- for 1,000 years, the power

of the Chinese state has not been challenged. It's had no serious rivals. So you can see that the way

in which power has been constructed in China is very different from our experience in Western

history. The result, by the way, is that the Chinese have a very different view of the state. Whereas

we tend to view it as an intruder, a stranger, certainly an organ whose powers need to be limited or

defined and constrained, the Chinese don't see the state like that at all. The Chinese view the state

as an intimate -- not just as an intimate actually, as a member of the family -- not just in fact as a

member of the family, but as the head of the family, the patriarch of the family. This is the Chinese

view of the state -- very, very different to ours. It's embedded in society in a different kind of way

to what is the case in the West.

And I would suggest to you that actually what we are dealing with here, in the Chinese context, is

a new kind of paradigm, which is different from anything we've had to think about in the past.

Know that China believes in the market and the state. I mean, Adam Smith, already writing in the

late 18th century, said, "The Chinese market is larger and more developed and more sophisticated

than anything in Europe." And, apart from the Mao period, that has remained more or less the case

ever since. But this is combined with an extremely strong and ubiquitous state. The state is

everywhere in China. I mean, it's leading firms -- many of them are still publicly owned. Private

firms, however large they are, like Lenovo, depend in many ways on state patronage. Targets for

the economy and so on are set by the state. And the state, of course, its authority flows into lots of

other areas -- as we are familiar with -- with something like the one-child policy.

Moreover, this is a very old state tradition, a very old tradition of statecraft. I mean, if you want an

illustration of this, the Great Wall is one. But this is another, this is the Grand Canal, which was

constructed in the first instance in the fifth century B.C. and was finally completed in the seventh

century A.D. It went for 1,114 miles, linking Beijing with Hangzhou and Shanghai. So there's a

long history of extraordinary state infrastructural projects in China, which I suppose helps us to

explain what we see today, which is something like the Three Gorges Dam and many other

expressions of state competence within China. So there we have three building blocks for trying to

understand the difference that is China -- the civilization-state, the notion of race and the nature of

the state and its relationship to society.

And yet we still insist, by and large, in thinking that we can understand China by simply drawing

on Western experience, looking at it through Western eyes, using Western concepts. If you want to

know why we unerringly seem to get China wrong -- our predictions about what's going to happen

to China are incorrect -- this is the reason. Unfortunately, I think, I have to say that I think attitude

towards China is that of a kind of little Westerner mentality. It's kind of arrogant. It's arrogant in

the sense that we think that we are best, and therefore we have the universal measure. And

secondly, it's ignorant. We refuse to really address the issue of difference. You know, there's a very

interesting passage in a book by Paul Cohen, the American historian. And Paul Cohen argues that

the West thinks of itself as probably the most cosmopolitan of all cultures. But it's not. In many

ways, it's the most parochial, because for 200 years, the West has been so dominant in the world

that it's not really needed to understand other cultures, other civilizations. Because, at the end of

the day, it could, if necessary by force, get its own way. Whereas those cultures -- virtually the rest

of the world, in fact, which have been in a far weaker position, vis-a-vis the West -- have been

thereby forced to understand the West, because of the West's presence in those societies. And

therefore, they are, as a result, more cosmopolitan in many ways than the West.

I mean, take the question of East Asia. East Asia: Japan, Korea, China, etc. -- a third of the world's

population lives there. Now the largest economic region in the world. And I'll tell you now, that

East Asianers, people from East Asia, are far more knowledgeable about the West than the West is

about East Asia. Now this point is very germane, I'm afraid, to the present. Because what's

happening? Back to that chart at the beginning, the Goldman Sachs chart. What is happening is

that, very rapidly in historical terms, the world is being driven and shaped, not by the old

developed countries, but by the developing world. We've seen this in terms of the G20 usurping

very rapidly the position of the G7, or the G8. And there are two consequences of this. First, the

West is rapidly losing its influence in the world. There was a dramatic illustration of this actually a

year ago -- Copenhagen, climate change conference. Europe was not at the final negotiating table.

When did that last happen? I would wager it was probably about 200 years ago. And that is what is

going to happen in the future.

And the second implication is that the world will inevitably, as a consequence, become

increasingly unfamiliar to us, because it'll be shaped by cultures and experiences and histories that

we are not really familiar with, or conversant with. And at last, I'm afraid -- take Europe; America

is slightly different -- but Europeans by and large, I have to say, are ignorant, are unaware about

the way the world is changing. Some people -- I've got an English friend in China, and he said,

"The continent is sleepwalking into oblivion." Well, maybe that's true, maybe that's an

exaggeration. But there's another problem which goes along with this -- that Europe is

increasingly out of touch with the world -- and that is a sort of loss of a sense of the future. I mean,

Europe once, of course, once commanded the future in its confidence. Take the 19th century, for

example. But this, alas, is no longer true.

If you want to feel the future, if you want to taste the future, try China -- there's old Confucius.

This is a railway station the likes of which you've never seen before. It doesn't even look like a

railway station. This is the new Guangzhou railway station for the high-speed trains. China

already has a bigger network than any other country in the world and will soon have more than all

the rest of the world put together. Or take this: now this is an idea, but it's an idea to be tried out

shortly in a suburb of Beijing. Here you have a megabus, on the upper deck carries about 2,000

people. It travels on rails down a suburban road, and the cars travel underneath it. And it does

speeds of up to about 100 miles an hour. Now this is the way things are going to move, because

China has a very specific problem, which is different from Europe and different from the United

States: China has huge numbers of people and no space. So this is a solution to a situation where

China's going to have many, many, many cities over 20 million people.

Okay, so how would I like to finish? Well, what should our attitude be towards this world that we

see very rapidly developing before us? I think there will be good things about it and there will be

bad things about it. But I want to argue, above all, a big-picture positive for this world. For 200

years, the world was essentially governed by a fragment of the human population. That's what

Europe and North America represented. The arrival of countries like China and India -- between

them 38 percent of the world's population -- and others like Indonesia and Brazil and so on,

represent the most important single act of democratization in the last 200 years. Civilizations and

cultures, which had been ignored, which had no voice, which were not listened to, which were not

known about, will have a different sort of representation in this world. As humanists, we must

welcome, surely, this transformation, and we will have to learn about these civilizations.

This big ship here was the one sailed in by Zheng He in the early 15th century on his great

voyages around the South China Sea, the East China Sea and across the Indian Ocean to East

Africa. The little boat in front of it was the one in which, 80 years later, Christopher Columbus

crossed the Atlantic. (Laughter) Or, look carefully at this silk scroll made by Zhu Zhou in 1368. I

think they're playing golf. Christ, the Chinese even invented golf.

Welcome to the future. Thank you.