



Book Asia Alone

The Dangerous Post-Crisis Divide from America

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Recommendation

As the US's economy retreats, the economies of Asian nations, notably China, shift into hyperdrive, with some experiencing double-digit growth. Must the rise of Asia and China mean America's fall? Simon S.C. Tay, a Singaporean professor and intellectual, explains why Asia and America must work together. Asia and China need US leadership, he says, and the US needs Asia's markets and resources. Tay believes that America and Asia must come together in the future as international partners. *BooksInShort* recommends his informative book to anyone who wants to understand the future's most crucial international relationship – the US-Chinese nexus.

Take-Aways

- While Asia is not a unified economic entity at present, it can become the world's most promising economic region.
- Asia's current incomplete economy has limits on its potential innovation, growth and investment cooperation.
- As Asia and China expand economically, the US faces a less influential role in the emerging multipolar world.
- Asian nations should welcome America's continued involvement in their region.
- Many Americans erroneously want to close trade borders and ignore Asia.
- America and China have the single most important international relationship.
- India will develop into a major Asian economic power, second only to China.
- China and the Association of Southeast Asian Nations (ASEAN) have helped to bring Asian countries together.
- China will become the indispensable hub of the Asian economic region.
- Asia needs America's leadership. The US needs Asia's markets.

Summary

Asia Rises from the Ashes

In 1997, Thailand's currency collapsed, precipitating the Asian financial crisis. The fall of the baht had severe negative economic consequences for the entire region. Asian nations pulled out of their financial slump by developing a strong base of manufacturing that relies heavily on the US as its end market.

“America's domination of Asia, and Asia's acceptance of that domination – the status quo of many decades – is ending.”

In 2008, with the US at the epicenter of a raging financial storm, nations across the globe suffered grievous economic losses. Yet Asian banks, which instituted effective measures to restore their finances after the 1997-98 emergency, rode out the storm relatively well. But the 2008-09 crisis pulled Asia and the US apart in an economic decoupling. Asian nations want to rebalance their economic affairs with the US to achieve parity. Some hope to export goods to one another and thus make up the shortfall resulting from the contraction of the American market.

“Like spokes joined to a central hub, Asians have been more closely connected to the US than to each other; a disunited Asia that has been dominated by America.”

This hope parallels the new economic reality that commentator Fareed Zakaria terms a “post-American world,” where China, India, Brazil and Russia enjoy more

geopolitical influence. Zakaria believes a new global order must feature cooperation and partnership among nations, and in particular between Asia and the US. “A division between Asia and America will make a post-American world untenable,” he says.

The US after September 11, 2001

In recent years, the US has lost considerable sway throughout Asia and worldwide. Many countries resented former US President George W. Bush’s warning after 9/11 that “either you are for us or against us.” Abu Ghraib and Guantanamo sullied America’s reputation. During the second Bush Administration, America exercised “hard power,” while deployment of “soft power” virtually ceased. Many around the world began to view the US as “morally exhausted.”

“Asia is rising and developing a stronger sense of regionalism, with the result that the region can and will be more ready to take its own path.”

As American authority and influence wanes in Asia, China is conducting an effective regional charm offensive. Asians now are discussing the possibility that a “Beijing consensus” could replace the old “Washington consensus,” which many Asians view as “an American recipe for the rest of the world.” After World War II, the US played a dominant leadership role throughout the region. But Asians no longer see the US as a role model to admire or imitate. This shift poses numerous dangers for Asia: American markets have made Asian countries productive and prosperous. As China expands, America must, as former Singapore Prime Minister Lee Kuan Yew says, “counter the weight of China.”

“No one in Asia wants to be China, at least not in its political system.”

A return to the old status quo – America dominant throughout Asia –no longer is feasible or desirable. The US must accept the new economic reality and engage with Asia on equitable terms. Positive signs indicate that President Barack Obama’s administration understands this development. Most Asians considered it significant that US Secretary of State Hillary Clinton made Asia her first official destination outside the US. Equally significant in their eyes is that Obama visited Asia during his first year in office. He’s called himself “America’s ‘first Pacific president’.” Keeping Asia and the US engaged will require sophisticated planning and policies from Obama’s administration, and the foresight and perspicacity of Asian leaders.

Regional Connections

Many Asians would like Asia to unite. Numerous ties bind Asians together, including Buddhism and Islam. Throughout history, Chinese people have settled in Asian nations, often forming wealthy enclaves. And throughout history, China played an outsized role in Asia, as it did during its Middle Kingdom phase. Despite such links, Asia remains a polyglot of different states with disparate histories, languages and cultures. Since World War II, the US has been their one common connection.

“In Asia’s regional groups, leadership is not fixed permanently and on all issues. Instead, leadership shifts and moves, both formally and informally, in the ebb and flow of politics.”

During the 1930s and through to the end of World War II, Japan, with its so-called “co-prosperity sphere,” exerted great influence throughout Asia. Chinese leader Sun Yat-sen advocated “pan-Asianism.” Regional organizations now unite the area and build links with the US, including the Asia-Pacific Economic Cooperation (APEC), the Association of Southeast Asian Nations (ASEAN), and ASEAN+3, comprised of 10 regional countries plus China, Japan and South Korea. Other Asian regional groupings have faltered and failed, but Asian states continue to seek common purpose, spurred by the unity of “economic logic.”

Is the US Necessary?

During the Asian financial crisis, many Asians were critical of the International Monetary Fund, and their disapproval translated as criticism of the US and its policies. They felt that APEC, which includes the US, did little to help Asian nations as their currencies tumbled in the late 1990s. As a result, some Asian leaders believe they can solve their problems by coming together at the exclusion of the US. Perhaps, but Asia has no common currency nor a shared market, and the dollar remains the “de facto reserve currency of Asian economies.”

“The US remains the final market for as much as 60% of Asian production.”

On the positive side, many Asian states have signed free trade agreements with one another, most under ASEAN’s aegis. Trade among Asian nations grew 20% from 1980 to 2008, and Asian economies are doing well. China and India enjoy “huge markets and high growth rates.” South Korea and Singapore continue to grow. A former diplomat for Singapore, Kishore Mahbubani, touts the progress of “Asia’s New Hemisphere.” Many Asian leaders believe Asia can become its own primary market, so they do not fear disengaging from the US.

China and ASEAN

As its regional and global influence rises, China, along with ASEAN, is helping Asian nations come together. The Confucius Institute, which promotes “Chinese-language education,” now has 42 branches in Asia. The ASEAN-China Free Trade Agreement, which China initiated in 2000, is another sign of its strong influence in Asia. Chinese-ASEAN trade expanded “from \$105.9 billion in 2004 to \$231 billion in 2008.”

“If Obama is weakened in the US, he cannot deal effectively with a rising Asia.”

Is China ignoring the US’s hard-won, long-time status in Asia, or how instrumental America has been to China’s integration into the world’s economic system? Whether or not China suffers from such oversight, many people in the region, particularly younger Asians, ask why Asia should concern itself at all with the US.

“ASEAN has been recognized as the most successful regional organization outside the European Union.”

The Chinese economy continues to grow at a torrid rate. Many Asians now speak of a “Bamboo economy” anchored by China as the region’s future. Right now, however, ASEAN is Asia’s true hub. ASEAN exemplifies the integration of Asian countries, even though China may prove their long-term regional focal point. As

Chinese investment in Asia increases, the region inevitably becomes China's economic backyard.

Japan and India

In 2010, China was on course to pass Japan's economy, the region's largest. Some predict that Japan may one day occupy a position similar to Switzerland's: "rich and comfortable, but of little global import." Japan must accept its troubling World War II history and contend with its brutal treatment of other Asians during that era. For these and other reasons pertaining to cultural insularity, Japan can never be Asia's "regional superpower." Japan and China should unite as partners in Asian regionalism, but Japan's current policies and attitudes appear to preclude such an arrangement.

"In the traditional Chinese worldview, Japan has been a little brother, derivative of Chinese civilization and inferior to it."

India also is experiencing notable growth: 8% to 9% from 2004 to 2008 alone. China is its strongest trading partner, and their trade is booming. Because of their enormous size, many see India and China as the engines for future regional economic growth. Hence the term, "Chindia," to represent the two nations' shared interests.

Loss of Face for the US

The George W. Bush Administration bears major responsibility for the significant diminishment of US influence and power in Asia, even though Bush and his State Department dealt with India and China in a relatively balanced way. Consider Mahbubani's chilling words: "We credited the USA not only for being a great power, but also for being the most benign and moral great power that allowed other states and peoples to prosper. That changed." Mahbubani refers to Guantanamo, Abu Ghraib and Iraq as the basis for his disillusionment with America. Many other influential Asians share his views.

The American Perspective

The current state of the US economy directly affects America's attitude toward Asia. The recession rocked America. Barack Obama faced staggering challenges when he took office in 2009. Two years earlier, China had become a major importer to the US. Many US businesspeople now worry about China's growing influence and about globalization's potential disadvantages. American consumers have begun to reject some products manufactured in China that are unsafe or unhealthy.

"A post-crisis America will still be powerful and can be the most important partner and benign influence on a rising Asia. Americans can also benefit from the process economically."

A 2009 poll found that more than seven out of 10 Americans believe China represents a threat to the US economy. Some want to halt globalization. "Many Americans think business with Asia is weakening us," says Murray Hiebert of the US Chamber of Commerce. On the other hand, many huge US firms – for example, Proctor & Gamble and Nike – believe Asia, and notably China, offer highly attractive markets. Such firms understand that the US needs China.

"The rise of Asia can help drive the American recovery and growth if the economies remain linked and American companies can find ways to grow in Asia."

The Asia-US and China-US relationships do not represent a zero-sum game. China can rise without diminishing the US. It can continue to gain worldwide and regional influence while the US maintains a strong position in Asia. The ideal scenario calls for Asian nations integrating more closely with each other "and with the US."

Principles for Progress

The US needs Asia as a vital, growing market. It also needs Asia's "goods, resources and talent." Asia looks to the US for its steady leadership, its innovation and its ability to maintain stability throughout the region. The economic downturn has changed the world and shifted power from the US to Asia and China. The following guiding principles and vital perspectives can help Asian nations and the US as they move forward:

- **After the crisis, what?** – The US can no longer be the unilateral prime mover, as it has been in the past. Globalization cannot continue to equal Americanization. The global economic infrastructure demands that all nations foster increased coordination.
- **What should be the US's posture?** – The US must adopt a multilateral approach and should provide "a post-American American leadership."
- **What is the future of US-China relations?** – No other relationship between nations will be as important. It must be win-win, not win-lose, based on accommodation and mutual respect.
- **How should China and other Asian nations work together?** – Asian countries need to work together, but not against China. The region will require less emphasis on power and more attention on the "norms of equality, cooperation and peace."
- **Will Asians move into markets on a worldwide scale?** – Absolutely. Asian states must first present a unified front. They should not insist on a special Asian exception concerning accepted norms of national behavior.
- **Why should Asia and the United States broaden their relations?** – Asia and the US have too much to lose. The US should recognize Asia's rise and Asian nations should form effective working relationships with the US.
- **How should Asia and the US best connect?** – A little "strategic ambiguity" can be useful. America must become Asia's bona fide partner with no attempts at domination.

"If Asians had an American-style bumper sticker ... it would say: 'YANKEE GO HOME ... AND TAKE ME WITH YOU'."

Experts believe that Asia will continue to move beyond the global economic crisis and achieve dynamic growth; that Asian nations will work together to attain a strong, regional economic future; and that America will pull out of its economic doldrums, stay involved with Asia and become an accepted, essential partner to China and other Asian nations.

About the Author

