

The Challenges of Asia

Remarks to the Camden Conference

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February 18, 2011, Camden, Maine

The Greeks are to blame for many things. Not least of these is the somewhat preposterous idea of “Asia.” For thousands of years after strategists in Greece came up with this Eurocentric notion, the many non-European peoples who inhabited the Eurasian landmass were blissfully unaware that they were supposed to share an identity as “Asians.” After all, except during the near-unification of Asia under the Mongols, they had little to do with each other. Arabs and Chinese, like Indians, Japanese, Malays, Persians, Russians, Turks, and others had different histories, cultures, languages, religious heritages, and political traditions. Their economies were only tenuously connected by the gossamer strands of the Silk Road and its maritime counterpart.

But all this is now changing. “Asia” is leaving the realm of Greek myth and becoming a reality. Asians are drawing together as they rise in wealth and power. Their companies and their influence now extend throughout their own continent and beyond. In the Twentieth Century, the world had to adapt to American domination of its global political economy. Americans must now adapt to a political economy increasingly centered on Asia.

In much of Asia, as late as the last decades of the past century, post-colonial hangovers deranged politics with love-hate relationships that distorted attitudes toward the West. This is easy to understand. After all, Western colonialism had humbled the armies, crushed the self-esteem, and suppressed the values and political traditions of societies from Turkey to China.

In West Asia, Turks, Arabs, and Persians bit by bit yielded their autonomy, territory, and national dignity to predatory Europeans. In India, the British overthrew Muslim rule, imposed a single sovereignty, and embroiled the once-isolated subcontinent in the quarrels of Europe. States in South Asia that had for long contributed about one-fifth of the global economy were subordinated to British mercantilism and subjected to British rule.

The East Indies and Indochina also fell to European imperialism. In East Asia, only Thailand and Japan embraced key elements of westernization with sufficient alacrity to keep the West more or less at bay. Japan did this with such drive and discipline that it soon imposed its own colonial rule in Korea and parts of China. In the Russo-Japanese War and World War II, Japan went on to demonstrate that, when allied to modern technology, its martial traditions would let it punch far above its nominal military and economic weight.

Russia gobbled up Central Asia. It gnawed away at China from the north, as Western powers nibbled at it from the south and east. Foreigners carved China into spheres of influence, annexed parts of its territory, and placed bits and pieces of it under their extraterritorial jurisdiction. Europeans and Americans had to do this, we said, to be able to exercise our right to peddle narcotics and proselytize an alien religious ideology to the Chinese people over the outlandish objections of their rulers.

The colonial order in Asia collapsed in the wake of World War II. As the rest of Asia rejected a reassertion of foreign control, America occupied Japan and placed it under our tutelage and protection. China defiantly “stood up,” expelling foreigners and their influence from its soil. Southeast Asia revolted against its various colonial masters and their American allies. India hived off Pakistan as both took their freedom from the British. Iran reemerged as an aspirant to regional power. Turkey took its place as the stalwart eastern bulwark of Europe’s defenses against an expanded Soviet empire. A new era began.

Only in West Asia – where Africa, Asia, and Europe intersect, where Judaism and Christianity began, where Islam is centered, and where the world’s energy resources are concentrated – did major elements of the pre-World War II order persist. In the last days of colonialism, European Jews conquered and colonized four-fifths of the Holy Land, displacing many of its inhabitants. Both Palestinian Arabs and others in the region reacted with shock and horror at this unexpected culmination of both European anti-Semitism and the age of imperialism. Neither the shock nor the horror has yet been cured by Israeli or Western diplomacy.

During the Cold War, the states of the Middle East sank into uneasy dependence on the contending superpowers, which handled conflicts among them as proxy wars. Israel

aside, leaders in the region became noted for their fatalistic deference to powerful foreign patrons and their feckless accommodation of European, Soviet, and American insults to the sovereignty, independence, and cultural identities of the peoples over whom they ruled. The first rip in the fabric of this neo-colonial order came in the Islamic Revolution of 1979 in Iran. That ended Iran's role as "America's gendarme" in the Middle East and forced the United States to switch to military reliance on Saudi Arabia and Egypt. Nearly simultaneously, Egypt's American-brokered peace with Israel made the preservation of the autocratic status quo in the region an overriding priority of U.S. policy.

Even a cursory reading of the Camp David accords is a poignant reminder that they were explicitly premised on Israel's undertaking to end its occupation of the West Bank and Gaza and to facilitate self-determination for Palestinians. Failure to do either ensured that the peace between Israel and Egypt was a cold one that could not warm. The Palestinians gained no relief from humiliation and injustice. Instead they saw both intensify. Peace with Israel lost any chance to gain legitimacy in Egypt or elsewhere. In large measure due to this, Israel and the United States have become thoroughly detested in Egypt, by other Arabs, and in the Islamic world as a whole.

America's willingness to underwrite the Mubarak dictatorship and the Hashemite monarchy in Jordan with cash, weapons, and moral support bought the Camp David framework at least the appearance of durability. But the ability of the United States to substitute conflict avoidance for a real effort to make peace has probably expired along with the Mubarak regime. Since Israel continues adamantly to prefer the expansion of its borders to peace with either the Palestinians or its neighbors and since there has not been a serious "peace process" for more than a decade, it is unclear how America will now be able to stabilize and contain the Israel-Palestine conflict. It is in fact unclear how much influence, if any, we Americans will now exercise in the region as a whole.

The recent uprisings of Arab citizens against their rulers have cast aside the fatalistic sense of impotence and obsequious deference to foreign power with which Arabs long hobbled themselves. They see the United States as having cynically supported despotism over democracy to keep Israel safe from Arab reactions to its behavior. Neither Israeli nor American interests have been the immediate target of these revolutions. But the decisions of Egyptians and other Arabs to seize control of their own

future will affect both Israelis and Americans. Thirty years after the Iranian upheaval, the post-colonial order in the Middle East is at last collapsing.

The spreading disorder in West Asia comes after American policies in the opening decade of this century thoroughly discredited the United States, devalued its military power, and cemented Iran's influence in Iraq, Lebanon, Gaza, and Syria. The upheavals are occurring as America is withdrawing from Iraq, leaving behind a ruined country riven by secular passions and with no sure strategic orientation. Meanwhile, the United States' armed forces are generating more terrorists than they are killing in Afghanistan and Pakistan. This is the context in which the region's ties to other parts of Asia are thickening. Some might consider it ominous.

The Arabs, Turks, and others in West Asia were trying to reduce their dependence on the United States even before current events illustrated how much contempt they feel for our perceived hypocrisy and how little weight the American word now has among them. They are, of course, well aware that they cannot avoid a measure of reliance on America. The United States is still the only military world power; it is able to invade, if not impose its will on every corner of the globe. Americans account for over one-fifth of global consumption and are the world's greatest debtors. The United States may no longer be the global source of new ideas for managing world and regional affairs it once was, but it has the ability to block reform initiatives from others. So, like other Asians, Middle Easterners are locked in a Catholic marriage with America. Much as some of them – the Iranians, for example – might wish to send the United States packing, no divorce is possible. But they, of course, are mostly Muslim and untroubled by polygamy. So they are busily contracting new relationships to offset their still substantial ties to America.

China and India, in particular, are happy to oblige. They are not only the fastest growing large economies in the world, but the fastest growing markets for Persian Gulf oil and gas. Over the decade to come, China and India are expected to account for over half the growth in global energy demand. The spectacular rise of Asia's industrious East and South has fueled a boom in its energy-rich West. Chinese construction companies, having proven their capabilities in vast infrastructure projects at home, are building big things from Mecca to Tehran. If the current emblems of the United States in the region are bombers, boots on the ground, and lethally armed drones, China increasingly evokes

images of tower and gantry cranes, engineers, and containers full of consumer goods.

The Chinese are succeeding in establishing an influential presence in the region for the same reasons Americans once did. They pay cash, deliver value for money, and make no demands on business partners or hosts to conform to their values, endorse their political preferences, or help them advance an imperial agenda. In these respects, America has met a rival, and it is us, as we used to be. But, if China is admired for its apparent modesty and competence, no one in the region, still less elsewhere in Asia, sees it as an exemplar of relevant political ideals, as many, if not most once saw America.

This underscores a key feature of Asia's integration. It is driven by economic and financial factors, not politics or ideology. Trade between the Persian Gulf region, China, and India has been growing at 30 to 40 percent each year for the past decade. (Over that same period, China grew from 10 percent of the size of the U.S. economy to 40 percent. By 2050, only forty years from now, China's economy may be twice the size of America's. And India's economy will match our own in size. We are talking serious economic growth in Asia, with serious geo-strategic consequences.

Oil, engineers, and consumer goods are not the only factors drawing West Asia toward the East. Arab investors are flush with cash. They once had a very strong preference for putting their money to work in the United States. American Islamophobia and the reawakening of ancient Islamic ties to China as well as Central and Southeast Asia are well along in curing them of this preference. Meanwhile, both public and private Arab investment in China's petrochemical industries, services, banks, telecommunications, and real estate has surged. The same trend is setting in with India, though it is hampered by corruption scandals and the apparent inability of Indian politicians, like ours, to resist the opportunity to grandstand on specific transactions.

Asia's new-found integration is not limited to trade and investment. Islamic banking, with its now very appealing avoidance of leverage and derivatives, is as much a feature of finance in Malaysia as in the Persian Gulf. It is being taken up in China and elsewhere. Tourism, religious pilgrimages, student exchanges, and language learning are all on a rapid upswing. A few years ago, some were stunned to see China's President Hu Jintao shown around the world's largest oil company, Saudi Aramco by a

series of Chinese-speaking Saudi graduates of China's best engineering schools. In China, dozens of universities and institutes now teach Arabic. Hundreds of Chinese are enrolled in Arab universities. In a few trading centers in China, like the city of Yiwu in Zhejiang Province, Arabic now rivals English as the second language of Chinese merchants. Chinese Central Television has a twenty-four-hour Arabic-language service.

The appearance of Chinese officials who speak fluent Arabic on satellite news services like Al Jazeera has long since ceased to be a novelty. The success of Chinese oil companies in acquiring exploration and production rights in Iraq owes much to the proficiency in Arabic of Chinese officials and businessmen. Similarly, fluency in Russian – the lingua franca of Central Asia – has been key to China's ability to secure widening access to energy supplies there. Overall, the foreign student population in China has been growing by 20 percent per year. The largest numbers of such students come from other East Asian societies, like South Korea, but there are now also thousands of Indians studying in China. In an effort to boost competitiveness, India is adding the study of Chinese to the national primary-school curriculum.

This development reflects the astonishing development of Sino-Indian ties – despite India's view of itself as China's strategic rival in Asia. Sino-Indian trade grew from \$200 million in 1989 to about \$60 billion last year. China surpassed the United States to become India's largest trading partner in 2007. The target for Sino-Indian trade in 2015 is \$100 billion. Prospects for Sino-Indian economic cooperation are particularly promising. The two countries' economies are broadly complementary in ways that invite cross-investment, with India disproportionately strong in services and China in industrial production. Investment had lagged until late last year. But Premier Wen Jiabao's December 2010 visits were the occasion for new commitments to India and Pakistan of almost \$16 billion each.

Both China and India depend on growing levels of raw-material imports from Africa and Latin America and energy shipments from Africa and the Middle East. Despite their obvious common interests in securing sea lines of communication, there is, however, real reason to doubt whether they will be able to cooperate militarily. The Sino-Indian frontier is about as long as the U.S. border with Mexico but a lot less peaceful. It is now the only land boundary that China has been unable to settle through peaceful negotiations. China and India fought a brief war along it in 1962, and there are still

frequent clashes between their military patrols. Indian apprehensions about growing Chinese military power now play as large a part in driving its defense modernization as do its hostile relationship with Pakistan and the related conflict in Kashmir.

India's concerns about China have pushed it to strengthen military ties with the United States. They have also led it to open security dialogue with similarly apprehensive countries to its east like Vietnam and Japan. Since the Meiji Restoration of 1868, Japan has been accustomed to being "number one" in Asia. But last year, China's economy displaced Japan's as the world's second largest. The rise of China has pushed Japan off balance psychologically and left it strategically perplexed – unsure about how to cope with its changing place in the Asian pecking order. Some in Tokyo see a defense relationship with India as a useful hedge against China, as the American political and economic global leadership on which Japan long relied continues to erode.

Last September's collision between a Chinese fishing boat with a drunken captain and Japanese coast guard vessels off the disputed Senkaku (or Diaoyu) Islands alarmed many in Japan. It pushed Tokyo closer, at least for a time, to Washington. It catalyzed the redeployment of Japanese self-defense forces away from Russia and toward the perceived threat of China. It also stimulated Japan to explore prospects for military cooperation with South Korea, something that deeply rooted antipathies on both sides had long made politically impossible. Still, many factors – including rising dependence on growth in the Chinese economy for its future prosperity – continue to draw Japan ever closer to China. A full 20 percent of Japan's trade is now with China, which surpassed the United States as Japan's top economic partner some years ago. At over 25 percent, South Korea's dependence on the China market is even greater.

All of eastern Asia (including Japanese and Korean companies, as well as those in China and Southeast Asia) is now inseparably connected through supply-chain relationships. India is beginning to be drawn into these as well. The importance of Southeast Asia as a crucible for Asian economic integration is hard to overstate. Chinese communities there played a key role in the creation of cadre capitalism in China, which incorporates many elements of overseas Chinese commercial and financial culture. The pan-Chinese consensus that "the business of China is business" – to paraphrase Calvin Coolidge's trenchant description of early Twentieth Century America – has facilitated the setting aside of territorial claims and other potential conflicts so that everyone can get on with

making money, not war.

As he hoped it would, Deng Xiaoping's notion that "to get rich is glorious" has birthed a Greater China. It is healing the rift between Chinese on either side of the Taiwan Strait. Greater China includes the systemically distinctive political economies of the China mainland, Hong Kong, Macau, and Taiwan. Its ideology, to the extent it has one, is exemplified in the orderly meritocracy and pragmatic use of industrial policy seen in Singapore. The economies of Greater China, the members of the Association of Southeast Asian Nations (ASEAN), and – to a lesser extent – traditionally protectionist Japan and south Korea, are now well along in forming a huge free-trade area, with which India and other South Asian countries are interested in associating themselves.

Asia's remaining great power, Russia stands somewhat apart from these processes of integration, but not entirely. It remains a primary source of weapons systems and technology for both India and China. It is becoming a significant energy supplier to China as well as Europe. The beaches of Hainan Island, Vietnam, and India are now the winter playground of the Russian middle class. Lots of Russians are studying and working in China and other countries throughout Asia.

Moscow joined with Beijing and Central Asian nations to form the Shanghai Cooperation Organization (SCO). The SCO seeks to deny the region to great power rivalries, Islamic extremism, and Chinese ethnic separatists. But Russia seems more focused on relationships with Europe than with Asia. Chinese linkages to Central Asia's energy supplies and transportation corridors are eroding Russia's traditional dominance there. Its sparsely populated but natural resource-rich far-eastern regions are being drawn into the Chinese, Japanese, and Korean economic orbits. Siberian agriculture is increasingly reliant on Chinese migrant labor. Russia's future relationship with the rest of Asia remains a bit of a wild card – as ill-defined and undetermined as the Russian identity, political system, or role in Europe and the Middle East.

The implications of Asia's emergence as a much more integrated set of economies and societies are only beginning to become apparent, but they promise to be vast. Asianization is likely to join globalization as a defining phenomenon of this century. We are already seeing this in the emergence of Asian supply-chain economics at the heart of global trade. Most financial analysts expect that Asian currencies, like the Chinese yuan,

will in time dilute the now dominant role of the dollar as a medium of trade finance and as a store of value in international monetary reserves. The human and natural resource diversity of an ever-more integrated Asia provide a firm basis for continued economic expansion amidst rapidly rising productivity.

In 2050 – only forty years from now – our best bankers and economists say that China should have a GDP of about \$70 trillion in current dollars. (By way of comparison, U.S. GDP is now about \$14 trillion; by 2050 it might be as large as \$35 trillion.) That same year, India's GDP should, we are told, be the same or even bigger than that of the United States. Other Asian economies, like that of Indonesia, should have grown proportionately. The figures may be disputable but there is little reason to doubt that, by mid-century, the world's economic center of gravity will be in Asia, probably at a point somewhere between Beijing and New Delhi. Arabs and Indonesians, Turks and Japanese, Indians and Americans, Europeans, Africans, Latin Americans and others will be there alongside Chinese. A rising China and India now lift all Asians even as Asia lifts the world.

Three centuries ago, Europe, followed by America, displaced Asia from its longstanding preeminence in scientific and technological innovation. (Think of the invention of the zero, the compass, the rocket, paper money, movable type, chemistry, the beauty parlor, and the bank check, for example. These are, respectively, Indian, Chinese, Korean, Arab, and Islamic contributions to human civilization.) But the ranks of the Asian educated are swelling and institutions that can translate ideas into products – like research universities and venture capitalism – have already taken root on the continent. As this century proceeds, no one should be surprised to see Asia resume a seat at the head of the class.

The prestige and influence of Asian culture can also be expected to grow. We seldom reflect on the extent to which Asian ways have already infiltrated our daily lives. A prior generation of Americans would have found our delight in sushi and sashimi unimaginable. (“Seaweed-wrapped rice and raw fish for dinner? You can't be serious!”) Indian-style body-piercing, once seen as barbarously exotic, now adorns or – depending on your viewpoint – disfigures many Americans, young and old. The hookah has come to our cities in the form of sheesha parlors. Sudoku is all the rage. People pay attention to fengshui and our kids study the martial arts. What next from Asia? There

will surely be something that now seems improbable. Before long, we will make it too ours, take it for granted, and forget its Asian origin.

Before I close, I want to put forward a few observations on every American's favorite subject – the search for plausible enemies to replace the late Soviet Union. That Russian-dominated empire very irresponsibly dropped out of the race to dominate the world, leaving us to do so while suffering from a bad case of enemy-deprivation syndrome. We need an existential threat to rationalize spending more on our military than the rest of the world combined, and to justify exempting defense spending from the budget cuts necessitated by impending national bankruptcy. Russia isn't up to it anymore. We have come up with two putative candidates to do us in – one centered in Asia's West and one in its East – Islam and China. But neither fits the billing we have given it.

Muslims desire to resume a place of dignity in the world's affairs. They have been having an escalating and occasionally violent argument among themselves about how to order their societies. Some strongly oppose the influence of our culture on theirs and want to exclude it. Others, as the examples of Tunisia and Egypt show, embrace elements of the ideals in which modern Western political systems are grounded. All resent our backing of Israel against their co-religionists and are horrified by our armed invasions of Muslim lands and their results. Most want us gone so they can sort out their differences among themselves. Few have any aspiration to convert us to their faith. None has the capacity to conquer us. Islam doesn't meet the existential threat test. It is a menace to our military domination of the countries that profess it, not a challenge to the independence, values, or security of a secular America.

As for China, we seem to fear that it might become like us – a country animated by armed evangelism, equipped with a military designed for power projection, and imbued with an impulse to impose its values on the world. In Chinese, the two ideograms that make up the word "China" do mean "central country." In this century, China is very likely once again to live up to its name in many spheres of human endeavor. But China is in the middle of things in other respects as well. It is hemmed in by militarily powerful neighbors – Russia, India, Japan, Korea, Vietnam, and, of course, the United States, which has a formidable naval presence right up against its twelve-mile territorial sea boundaries and powerful land and air forces in Afghanistan and other places along its

western marches. China has many challenges to its national security, only a few of which directly concern the United States and none of which are remote from its frontiers.

In short, China faces too many immediate military, social, and economic development problems to be able to follow the United States in attempting to dominate the world – even if it wanted to. The security environment in twenty-first-century Asia will be characterized by shifting coalitions and balances with and against China. In this respect, Asia will resemble nineteenth century Europe. It will offer the United States the opportunity to draw on the experience of Great Britain as a practitioner of offshore balancing. The British buttressed actors on the continent when and where they needed reinforcement to dissuade the ambitions of neighbors, but seldom intervened directly.

As a final illustration of the complexity of emerging Asian military realities, I want briefly to consider their nuclear dimension. Not counting the United States (which has nuclear-capable forces on three sides of it), Asia is already home to six of the world's nine nuclear-armed powers. In time, many suspect, Iran could make this seven out of ten. Even without Iran, the nuclear geometry in Asia is already pretty complex. China, Russia, and the United States aim at each other. North Korea targets Japan and South Korea and would target the United States if it could. India targets Pakistan and China. Pakistan targets India. So does China. Nobody with nuclear weapons yet targets Israel but Israel aims its arsenal at everyone around it. Neither India, nor Israel, nor Pakistan is a party to the Non-Proliferation Treaty (NPT). North Korea has thumbed its nose at it. This is one reason that the continuing U.S. focus on preventing proliferation now seems so quaint. The tigers are out of their cage. Asia is where theories of nuclear deterrence face their final exam. In this context, the grotesquely overbuilt nuclear arsenals that Russia and the United States inherited from our Cold War experiment with mutually assured destruction are irrelevant, absurd, and a huge waste of money.

The same could be said about some but not all of the now well-established American hysteria about nuclear attacks by non-state actors. Every nation that has a bomb made a big investment to build it and has a compelling security problem its bomb is intended to address. No one is going to give one away. Concerns about the deliberate transfer of weapons to terrorists are therefore greatly exaggerated, if not delusional.

But there is a possibility that a breakdown of order within a state with nuclear weapons might offer disgruntled elements or murderous extremists in it the chance to pilfer a bomb or two. In this context, at present, Pakistani militants or Israeli settlers come to mind. Over the course of the decades to come, there are likely to be other situations like these to worry about unless the sources of the conflicts that animate fanaticism can be addressed. Vigilance is therefore justified. So is a renewed focus on resolving civilizational conflicts, ending oppression, and building peace, justice, and prosperity in Asia as elsewhere.

To sum up: the challenge to the United States is to harness Asia's progress to our own, not to dominate or retard it. Asian prosperity is essential to American wealth and well being. Asian intellectual excellence and economic productivity should drive us to raise our own performance standards, not seek to lower theirs. Asian innovations must be met by a renewed American commitment to science and technology, not closed minds and protectionism. Intra-Asian dynamics invite agile American diplomacy that can reduce our defense burden while containing conflict, not militaristic lurches into armed intervention there.

We will not succeed if we fail to recognize that, after a couple of bad millennia for the Greek concept of "Asia," it's back. A large organism that fits the description is actually emerging. We cannot hope to handle this beast – let's think of it as an elephant – if we have a policy for its hind quarters but not its trunk, head, legs, or belly. Each of these parts of Asia presents its own problems and calls for its own policy tools but, in some respects, the greatest challenge we face may be to see the continent as a whole and to conceive our strategy and act accordingly. Neither the current organization of our academies and government nor past experience will help us do this. But understanding the increasing interconnectedness of Asia is, I think, a prerequisite both for restored American leadership there and for effective global governance in the decades to come.