

Book Review

Asia Alone: The Dangerous Post-Crisis Divide from America

Simon S.C. Tay. 2010. Singapore: John Wiley

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Judging by the numerous accolades, this book by Simon Tay is a timely addition to the growing body of literature on the Global Financial Crisis (GFC) and its aftermath. It traces the origins of the 'post-crisis divide' to the Asian Financial Crisis (AFC) of 1997-98, when Western leaders and intellectuals, directly or through the IMF, chastised Asian countries already laid low by the AFC, with the latter also imposing austerity measures that caused further pain. A decade later, with the shoe on the other foot, Asians are watching with dismay if not disgust the US following the dictum "do as I say, not as I do" by resorting to fiscal expansion and bank and corporate bail-outs, the very things it cautioned Asia against. Tay also sees warning signs of what he calls 'a dangerous divide' (Chapter 1). He cautions against allowing these resentments to turn Asians, and America, towards isolationism and protectionism. In doing so, he echoes Thomas Friedman's (2009) earlier caution to the Americans: "Protectionism did not cause the Great Depression, but it sure helped to make it 'Great.'"

Much of the book is a defense of this position. He argues that "The region has tensions and rifts that cannot be managed by (China and ASEAN) or any other combination of Asian powers, absent America" since "this partnership between China and ASEAN is neither sufficient nor stable" (p. x). Other arguments he adduced include the fact that economic 'decoupling' was a myth, that there were continued gains from continued engagement, and that, on the flipside, the cost of disengagement was just too high for all parties. His advice to the US is to accept multipolarity as a fact, and to have a longer attention span focused on Asia than it had hitherto had, especially with its 'war on terror'. To the Asians, his plea is to balance the rise of China with continued engagement with the US, in fact, to follow the Singapore ('the City of &') approach.

His book makes quite interesting reading because the propositions made therein are by and large reasonable, have dollops of common sense, and are combined with travelogues to places where the action is taking place and spiced-up with interviews with international luminaries. Yet despite these, the book somehow does not excite. Its contents are unobjectionable, but also unexceptional. This is partly because the many views expressed by Tay and his high-powered interview subjects, catchy slogans ('Power of &') notwithstanding, are topics and themes that have surfaced in fora from popular media to academic discourse. The latter, however goes much deeper into the ramifications of each theme discussed than the book does.

A good example is the issue of decoupling. Despite all the hype, no one seriously believes decoupling is possible in financial markets, bad news in one being transmitted

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almost instantaneously to others worldwide. This was made amply clear at the outset of the GFC. The case with the real sector is far from clear, however. If decoupling is interpreted symmetrically (which is not the case), then the AFC would have shown evidence of this since the West was unaffected by Asia's troubles. Even if decoupling means only Asia decoupling from the West, the events of and during the time of the GFC still do not lead easily to the conclusion that Asia is not decoupling its real sector from the West. Southeast Asia is increasingly locked into international production networks that end in China as the final point of assembly while even arms-length trade between China and the rest of Asia is growing. China has displaced the US as Japan's and South Korea's largest trading partner, while Vietnam's trade deficit with China has been growing. And while China's trade dependence on the rest of Asia is actually declining, it is not trading more with the US and Europe. Instead, it is increasing trade with Africa and Latin America, a move abetted by the Economic Commission for Latin America itself.¹

The book focuses on the contest of geopolitical might, a contest exaggerated by a Western-dominated media that sees the launch of a single Chinese aircraft carrier as a challenge, even a threat, to US military might, but reports on the development of new American military hardware as casually as the launch of a new cruise ship. Yet it misses a contest that is far more consequential in the long-run – that of ideas. The AFC has allowed the US in particular to declare victory for neoliberalism over the interventionist state. A decade later, neoliberalism is in disarray, dealt a further blow by the revelation in a report by the US Congressional Budget Office that over the three decades from 1979 to 2007, one percent of the US population with the highest income saw average real after-tax household income grow 275 per cent, while the 20 per cent of the population with the lowest income saw corresponding income grow only 18 per cent (CBO 2011: 1). On the other side of the Pacific, state-led capitalism, not just interventionism, has driven China's impressive growth and demonstrated its resilience to the GFC. What lessons will developing countries draw from this comparison? And how persuasive will the US and other free-marketers be in pushing their approach?

Within the context of what was discussed, just how real is the divide? Has the divide only emerged with the GFC or has the GFC made it worse? It is of course true that Asians never lived down American lecturing during the AFC, and each side blamed the other in the GFC. There is also the occasional strident call to 'punish' the other side. And these calls grow louder in the din of American elections. China has also let out the occasional call to reduce its holdings of US government treasuries. But substance comes not from rhetoric but action by the leadership of these countries and even the author himself admits that nothing in Obama's actions can be construed as contributing to or exacerbating the divide (Chapter 6). Indeed, every presidential candidate has engaged in some form of China-bashing during their campaign, but this has seldom translated into protectionist policies or acts that emanate from the White House. Presidents still need to rein in Congress, but there are checks and balances in the American, as well as the Chinese systems, to prevent destructive rhetoric from being translated into action, given the consequences nowadays.

¹ By August 2009, China had replaced the US as the top trading partner of Brazil and Chile, and become the second largest trader partner of Argentina, Costa Rica, Cuba and Peru. See ECLAC (2009: 98).

It would also be wrong to assume, implicitly at least in the book, that this divide is a product of the GFC. Tensions between Asia and the West have long existed, with the forced opening of Treaty Ports in China, colonisation of Southeast Asia and polarisation during the Cold War being major sources of Asian antagonism towards the West. What has changed with the GFC is the rise of Asia, now represented by a rising China, followed by India, alongside Japan, America's closest ally in Asia. A weak Asia had little voice, but today's China (and India) will no longer countenance any major criticism, let alone policies inimical to its interest, and will retaliate in kind. The GFC just strengthened its hand. Yet, as already indicated, verbal jousting has remained just that.

A final issue has to do with Tay's discussion of Asia as an entity, as suggested by the title of the book itself. Although he correctly observes that Asia is characterised by its cultural, historical, geographical and political diversity, with differences exacerbated by Western colonial rule, much of his discourse treats Asia as an entity, and sometimes two entities – China and the rest of Asia – to which he gives advice. A good example is his view that Asia needs to balance the rise of China with a relationship with the US. This may be well and good for Singapore, and perhaps for Vietnam, which has had a long and less than cordial relationship with its neighbor for long periods of its history, but it is hard to see its feasibility in Cambodia and Laos, almost vassal states of China, or in Myanmar, which depends on China's support in the face of US sanctions.

But there is an even bigger question raised by this strategy. Since China is also part of Asia, one wonders if his advice to use the US to balance the rise of China would lead to a more stable relationship than that offered by China and ASEAN, or through ASEAN Plus Three. Should not the Asia Tay refers to not also have strategies to deal constructively with the US rather than assume it has simply lost interest in Asia and is a benign giant? Forgotten, it appears, is East Asia's modern history in which the US presence in Asia, as much as providing a measure of security for countries like Singapore, has also resulted in two wars, giving Asia the dubious distinction of being the only part of the world where the Cold War turned 'hot'. And while it almost went to war over the Soviet stationing missiles in Cuba, it has military forces and facilities in Japan and Korea, and formerly in the Philippines and Thailand. The point of this is not to suggest that the US has designs on Asia, but that since no country is in international geopolitics for altruistic reasons, big powers should be treated more symmetrically.

Because of this asymmetry, the book is really an elaboration of what Economy and Segal (2009:137) proposed – how America can “enlist the world to deal with the rise of China”, in particular, for Tay, enlisting East Asian nations. It would have been more balanced if he also offered advice on how East Asian nations can deal with the US, the incumbent hegemon, whose role during the Cold War had been to divide Asia into the 'free world' and the communists, and whose alliances from that time continue to keep alive tensions today. Nevertheless, Singapore's Foreign Ministry will be well pleased with this book.

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