

November 17, 2010



This is the print preview: [Back to normal view](#) »

Leon T. Hadar

Journalist and foreign affairs analyst

Posted: November 17, 2010 12:45 AM

Obama's Choice: Military Quagmires or Economic Opportunities

I recall chatting with an Asian diplomat in Washington in July 2007 after then Secretary of State Condoleezza Rice had announced that she would be skipping the 27-member Association of Southeast Asian Nations' annual foreign ministerial meeting, aka ASEAN Regional Forum (ARF) that was held in Manila, the Philippines, that year, sending as a substitute, her deputy John Negroponte to Manila. Instead of travelling to Asia Rice was shuttling in the Middle East where she held discussions in Egypt and Saudi Arabia on stabilizing Iraq and then visited Israel and the West Bank.

I was reminded by the Asian diplomat that that was not the first time that Bush Administration officials have been "prioritizing" the Middle East and in the process slighting Asia. Indeed, Rice had already cancelled a trip to the annual ARF in Vientiane, Laos in 2005, becoming the first American secretary of state to skip the ARF talks since they were first held in 1994.

To add insult to injury, Bush had postponed talks with leaders of the 10 ASEAN states -- Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam -- in a historic summit in Singapore which was scheduled for September 2007. The event was supposed to celebrate the long-time strategic alliance and economic partnership between the U.S. and the world's most economically dynamic region. Bush had to spend September dealing with the implementation of the "surge" strategy in Iraq.

And while Rice did make it to the ARF meeting in Kuala Lumpur, Malaysia, in 2006, that event was overshadowed by the Israel-Hizbollah War in Lebanon. The U.S. chief diplomat was trying to mediate a resolution to the conflict while Malaysian Prime Minister Abdullah Badawi was urging her to press Israel to end its bombardment of Lebanon.

Indeed, the Asian diplomat told me that even when Bush, Rice and other officials did spend some time in Asia, much of the focus of their discussions was on the "war on terror." "We in Asia wonder

sometimes why you guys are investing your resources in trying to 'remake' the Middle East or to 'restart' once again the Israeli-Palestinian 'peace process' and getting bogged down in the bloody tribal wars in Iraq," he told me. "The Americans don't have to oust regimes, to invade countries or to remake our region in order to maintain their trade and military presence in Asia," the diplomat noted, adding: "In fact, we are pleading with them to become even more engaged in the lucrative economic frontier of Southeast Asia while they seem to be drawn into the never-ending strife in Southwest Asia" [where the "Middle East" is if you look at it from East Asia].

And the diplomat also raised an interesting point: While the Americans are being pulled into the military quagmires in the Middle East, the Chinese with their much less expansive defense budgets can devote their resources on strengthening their economies. "You bleed in Iraq while they build new factories in China," he said. Moreover, the U.S. seemed to be making Afghanistan safe for Chinese investment.

So give our first Pacific President Barack Obama some credit for trying to respond to these Asian concerns by refocusing attention on where the future lies. Obama came to office pledging to withdraw U.S. troops from Iraq and insisting that he would not be pre-occupied with the "war on terror" (and in fact, he refrained from using that term). And he did place U.S. relationship with China, India and the ASEAN on the top of his global agenda. In fact, he seems to be paying much more attention to what the leaders of Singapore and other Southeast Asian nations are telling him and spending less time with the kind of Levantine characters that had spent so much time schmoozing with his predecessor in the Oval Office.

Highlighting these new priorities, Obama returned this week to Washington from a 10-day trip to Asia -- including the participation in the meeting of the 20 large economic powers (G-20) in Seoul, South Korea, and the Asia-Pacific Economic Cooperation (APEC) summit in Yokohama, Japan -- an excursion that involved the juggling of several geo-strategic and geo-economic goals while stressing his commitment to remain engaged in the Pacific Rim region.

Strengthening the economic and diplomatic ties with India: Obama announced important economic deals with India, and his support for India getting a permanent membership in the UN Security Council was a clear sign that the momentum driving the partnership between the world's two largest democracies was accelerating.

Hoping to conclude a free trade agreement with South Korea: Obama failed to do that after coming under pressure from the U.S. auto industry that insists on having more access to the Korean market, raising some doubts among trade partners about the White House's commitment to promoting global trade.

Stabilizing the Sino-American balance of power by expanding security ties with allies: At a time when more assertive moves involving territorial disputes by a rising China have been creating some unease among its members, Obama's attempt to re-energize U.S. economic and military ties with the members of the ASEAN grouping as well as with Japan and India sent a clear signal to U.S. allies that Washington is going to remain engaged in Asia.

Taking another step to improving America's standing in the Muslim World: The U.S. President who had lived and studied in Indonesia from the age six to ten seemed to succeed in winning the hearts and minds of the leaders and people of Indonesia, the most populated Muslim country and a major player in the ASEAN.

Trying to win support of other economic powers for the re-balancing of the global financial system: Here Obama gets an "F." He failed to persuade the G-20 leaders to agree on clear timeline and numerical goals for fixing global financial imbalances between surplus-large economies like China, and deficit-large economies like the U.S. Obama was urging the other G-20 participants to focus their attention on the responsibility of the over-valued the Chinese currency for the global

economic imbalances. But he found himself in the aftermath of the Federal Reserve's decision to launch a new round of quantitative easing (QE2) under a lot of criticism in Seoul for what was seen as an American effort to put an upward pressure on the U.S. currency.

Obama has framed his support for opening new global markets for U.S. trade and investment in Asia in terms of advancing U.S. economic security and prosperity. But he has refrained from trying to mobilize support for the principles of free trade when many Americans blame global trade competition for their economic woes.

American business executives are hoping that the increase in the number of Republicans in the new Congress could provide Obama with the votes that he needs in order to get the proposed trade deal with South Korea approved. While Republicans have traditionally been supportive of free-trade, many of the Tea Party members elected to the new Congress regard trade agreements as threat to U.S. sovereignty and will probably be less inclined to approve them. And some pro-free trade Republicans may want to deprive Obama of any major legislative success even if that means denying him the fast-track authority to negotiate new trade deals.

But a stalled trade agenda would make it very difficult for Washington to promote U.S. interests in Asia. In fact, one of the center-pieces of U.S. trade goals in the region is the Trans-Pacific Partnership (TPP) initiative, involving at least nine economies and to be concluded by November 2012. The TPP originated in regional free trade agreement among Brunei, Chile, New Zealand and Singapore, but negotiations now involve the United States, Australia, Peru, Malaysia and Vietnam and could eventually include Japan.

The Americans want to ensure that the U.S. assumes a leading position in this new Asian free trade arrangement that will be committed to high standard rules on trade liberalization and intellectual property rights for the region. The Chinese, on the other hand, prefer a looser trade arrangement that includes China, Japan, South Korea and the ASEAN -- but excludes the U.S., Australia and New Zealand.

Obama may have an opportunity now to market his trade agenda, including the TPP as part of a broader strategic effort to assert U.S. position in Asia, and argue that those in Congress who are refusing to provide him with a "fast-track" authority and are opposed to his trade initiatives are playing directly into the hands of China.

In any case, U.S. relationship with China will probably be central to the legislative debate in the new Congress as lawmakers from both parties are expected to demand that Washington retaliate against the Chinese for maintaining an over-valued currency to advance a mercantilist strategy. But it's going to be difficult to decouple this issue from the broader debate about dealing with American economic problems -- including the ballooning deficits. What happened in Seoul suggests that these problems will not be resolved through multilateral institutions, and that lawmakers and policymakers will have to agree on a set of strategies to put the U.S. fiscal house in order.

And that should include major cuts in the U.S. defense budget, which will require in turn a major reassessment of U.S. policies in the Middle East. Indeed, the huge financial costs of U.S. interventions in the Middle East are one of the two major reasons (the other being the financial costs of the Social Security and Medicare) for the rising federal deficits that are endangering long-term U.S. economic security and putting a downward pressure on the value of the U.S. dollar.

Hence, it will be a Mission Impossible to continue maintaining the current U.S. diplomatic and military interventions in the region -- in Iraq (where political instability and violence could force U.S. presence for many years to come) and Afghanistan (where U.S. troops could remain until 2014 and beyond), with Iran emerging as another potential trouble spot (especially if Israel decides that it needs to use military power to retard that country's nuclear military program) -- while trying to advance a more activist diplomatic and economic strategy in Asia.

President Obama is hoping to display a more Asia-centric strategy after eight years during which the Bush Administration seemed to investing much of American diplomatic energies in fighting two major wars in the Broader Middle East while placing the Pacific Rim on the policy backburner. And when one considers long-term U.S. strategic and economic interests, the 10-day Asia tour was certainly more productive than a 10-day of Mideast shuttling, that could have included another unpleasant encounter with Israel's "Bibi" Netanyahu - whose government announced its plan to restart building Jewish settlements while Obama was visiting Muslim Indonesia -- or one more long and futile negotiation with, say, Iran's man in Baghdad Prime Minister Nouri al-Maliki or with Egypt's aging and ailing military dictator Hosni Mubarak.

But only a major effort to reduce American commitment in the Middle East would ensure that the U.S. will succeed in exerting its influence in Asia and take advantage of the huge economic opportunities there. A choice needs to be made on whether to continue wasting American treasure (and lives) on a policy that doesn't advance U.S. interests (the American economy is not dependent on Mideast oil; and in fact, we end-up paying more for our energy supplies through the costs of U.S. intervention in the Middle East) but ends up harming U.S. security (in the form of anti-American terrorism). Or whether to stop providing free security to corrupt and backward regimes and to mischievous client states and start cutting our deficits and prepare the American economy for the competition for trade and investment in Asia and for a partner ship with the rising global powers there.

Follow Leon T. Hadar on Twitter: www.twitter.com/leonhadar