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The War on Terrorism Ends; and the Winner is... China

Lee Kwan Yew, the Founding Father of Singapore and that city-state's first Prime Minister (1959-90) and its current Minister Mentor (a cabinet position he assumed when his son eldest Lee Hsien Loong was elected as Prime Minister in 2004) is one the global village's leading Wise Men; East Asia's Henry Kissinger, if you will. So when Lee talks, a lot of powerful people listen to him. And when Lee visited Washington recently, officials, lawmakers and pundits wanted to find out what this elder statesman who is friendly with members of the American and Chinese political establishments had to say about the growing challenges to U.S. global supremacy and dramatic rising power of China.

In addition to delivering a major address at an event organized by the US-ASEAN Business Council, Lee also had an opportunity to provide his insights to President Barack Obama during a meeting in the Oval Office. His message to the American audience was unambiguous. It included a warning that America has overcommitted itself in Afghanistan and the rest of the Greater Middle East just as the global and economic power is shifting to the Pacific Rim. But Singapore and other American allies want the U.S. to remain engaged in the Asia-Pacific and counter-balance - not contain! - China, the region's leading economic powerhouse.

This week, as Obama begins his first trip to the Asia-Pacific region since taking office he is probably going to keep Lee's advice in mind, trying to convince his hosts that the U.S. is returning to play a energetic leadership role in the region. Obama should be applauded for enunciating his intentions to re-orient American global priorities towards the Pacific Rim, with the current tour of the region highlighting this change. Washington's commitment to renewed U.S. engagement in Southeast Asia will be demonstrated by Obama's participation in the side gathering of the Association of Southeast Nations (ASEAN) members in Singapore. It was the willingness on the part of the new U.S. administration to engage Burma that made it possible for Obama to attend a meeting of the organization that includes that military regime as a member.

But during the 10-day tour that will include stops in Tokyo (where Obama will deliver one of his "major addresses), Singapore (where he will attend the in the Asia Pacific Economic Cooperation forum or APEC leaders' meeting), in Beijing and in Seoul, the president is going to meet officials and to address audiences that have concluded that the U.S. is losing ground in the region and that China will assume its position as an hegemon sooner or later.

Indeed, America has been in the process of retreating from the Asia-Pacific region for most of the eight years of the administration of President George W. Bush. It was not a secret that U.S. economic and security partners in the Asia-Pacific region have been expressing their concern that the preoccupation of Washington with the political-military instability in the Greater Middle East has diverted American attention from East Asia and its dramatic economic transformation, starting with the rise of China.

It was understandable that in the aftermath of 9/11, the Bush Administration would be investing much of its time and energy in leading the global campaign against terrorism. But the fixation with this problem, which led the U.S. into fighting two long and costly wars and launching numerous diplomatic initiatives in the Greater Middle East, created the impression that global trade and investment, issues that remained central to the emerging economies of the Pacific Rim, have been placed on Washington's policy backburner with high U.S. officials spending more time traveling to Cairo and Jerusalem than to Beijing and Jakarta. And in East Asian countries like in the rest of the world, U.S. unilateral approach helped ignite strong anti-American sentiments.

It was not surprising that the elites and publics in the region felt at times that Washington was giving them the cold shoulder, especially after former Secretary of State Condoleeza Rice had skipped two of the ASEAN's ministerial meetings and instead ended-up doing more diplomatic shuttling in the Middle East. In fact, even the annual APEC meetings, where investment and trade were supposed to dominate the discussions, proved to be one more occasion for President Bush to press his anti-terrorism campaign.

In a way, the American neglect of the Asia-Pacific region and its policy concerns has not only alienated its friends in the region. It also hurt long term U.S. economic and strategic interests. Just as the Americans were being drawn to more messy military and diplomatic quagmires in the Middle East, the Chinese were launching new "charm offensives" in the Asia-Pacific region, expanding their trade and investment and applying their soft power.

The sentiment that China was ascending while American power was receding, became more pervasive among East Asians in aftermath 9/15, the day in which Lehman Brothers had filed for bankruptcy. That event marked the onset of a devastating

financial earthquake in Wall Street that ended-up producing the most destructive global economic crisis since the Great Depression of the 1930's. The crisis and its aftershocks seemed threaten the intellectual assumptions of American geo-economic policies of the 1990's, and in a way, the "irrational exuberance" about the American economy and the entire creed of globalization that was so popular among the Pacific Rim economies -- encouraging the spread of American-style free markets, de-regulating of American and global financial markets, liberalizing global trade, and expecting China and other emerging markets to join and support an American-led geo-economic and geo-strategic system.

Instead, while the tenets of American economic policymaking have been challenged at home and abroad, the Chinese economy has emerged as a winner out of the current crisis which explains why officials and executives in the region seem to find the Chinese economic and political model more suitable for their long-term needs. While Obama's charm offensive in the Asia-Pacific is certainly welcomed news for U.S. partners in the region, they also recognize that with protectionism rising as a political force in Washington it is unlikely that the Obama Administration will be launching new free trade initiatives any time soon. Hence the growing expectations in the region that the economies of East Asia could be moving in the direction of forming a regional economic community dominated by China.