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Foreword

It is a great pleasure to introduce this collection of presentations and question & answer sessions held at the 7th Asian-European Editors' Forum in Singapore from 6 to 7 October 2006.

The inspiring location of *The Sentosa Beaufort* provided a particularly fitting environment for the 43 invited senior journalists – publishers, editors, and foreign correspondents – from 21 countries to discuss issues of common Asian and European interest.

The quality and expertise of the invited speakers as well as the choice of topics greatly facilitated the task of learning from and with each other about issues relating to the conference topic 'India – China – Japan: The New Power Triangle in Asia'.

A particular highlight and honour was the keynote speech by the Prime Minister of the Republic of Singapore, H.E. Lee Hsien Loong, on the subject of 'Singapore's Role in View of the New Powers to be in Asia'. Addressing a wide range of issues such as the transformation of Asia, the right regional framework of cooperation, economic restructuring, good government and the role of the media, Prime Minister Lee also answered a range of questions from developments in the region to environmental issues.

The success of this 7th Asian-European Editors' Forum was to no small degree due to the unrelenting efforts and outstanding contacts of our Singaporean partner, *The Straits Times*, in cooperation with whom the forum was organised.

Indeed, the promotion of dialogue – be it Asian-European or Asian-Asian – is at the heart of the Singapore-based Media

Programme Asia of the Konrad Adenauer Foundation. Besides the provision of bi-regional dialogue forums, Asian-Asian dialogue is promoted through regional conferences and meetings and the daily exchange of news among the members of the Asia News Network (ANN).

In fact, the ANN reached a new level of cooperation in February 2006 with the launch of a new weekly magazine, the *AsiaNews*, which is also published online at www.asianewsnet.net.

This ethos of cooperation further underlies another key initiative that equally aims at the support of training and education programmes for journalists and media practitioners: the Konrad Adenauer Asian Center for Journalism (ACFJ) at the Ateneo de Manila University.

Werner vom Busch
Director
Media Programme Asia
Konrad Adenauer Foundation
Singapore

SINGAPORE'S ROLE IN VIEW OF THE NEW POWERS TO BE IN ASIA

by

His Excellency Lee Hsien Loong
Prime Minister of Singapore

7th Asian-European Editors' Forum, Singapore
6-7 October 2006

Mr. Werner vom Busch,
Distinguished Guests,
Ladies and Gentlemen,

I am happy to join you for the Asian-European Editors' Forum. Let me extend a warm welcome to those who have come from abroad. These are exciting and challenging times in Asia, and I hope that your stay here will give you a better feel of the rapid changes in the region and also in Singapore.

The organisers have asked me to talk about the new landscape in Asia. I am sure many of you are familiar with the rise of China and India, so I will not dwell on them this morning. Instead, I will discuss more broadly the transformation taking place in Asia, and major challenges that lie ahead.

ASIA TRANSFORMED

The emergence of China and India is rapidly transforming the whole continent. Besides these two emerging giants, Japan's economy has revived after more than a decade of stagnation, and Korea has success fully restructured its economy after the Asian financial crisis. In Southeast Asia, ASEAN member countries are integrating their economies and participating in the growth of China and India, although some of them face political difficulties. Overall, Asia is on the move, and surging ahead at a pace unprecedented in recent history.

The broader strategic environment is favourable to Asia. The US continues to exert a decisive benign influence, as the dominant economic and military power in the region. This provides the overarching stability for China and India to grow, while maintaining the balance with Japan and other countries in the region.

US-China ties are the most important bilateral relationship for Asia, and perhaps for the world. The US needs to adjust to the emergence of China as a major economic power, and China must manage its renaissance without disrupting the peaceful international order. Both countries have strong incentives to build a constructive relationship. In his recent successful visit to China, US Treasury Secretary Hank Paulson said that America has a huge stake in a prosperous, stable China — a China that is not only an economic partner but also a joint stakeholder in the international system. For its part, China needs a stable external environment to grow and to solve its domestic problems, and needs access to US markets and technology. A stable relationship with the US is critical to achieving both.

One potential flashpoint in US-China relations is Taiwan. China has left no doubt that if Taiwan goes for independence, there

will be war. Two years ago, there seemed a real risk of Taiwan stepping over the line and triggering an armed conflict which would drag in the US and Japan. Since then tension has eased. The US has reaffirmed its opposition to Taiwan going independent, and China and Japan have also made their respective positions clearer. The Taiwanese public as well as Taiwan's leaders now know that independence is out of the question. Taiwanese politicians will still make provocative statements from time to time, especially when under domestic political pressure; but they know the limits.

Between America and Japan, relations are good. There is now strong support in Japan for the US-Japan Security Alliance, unlike a decade ago. This anchors the US security presence throughout East Asia and the Pacific, and assures Japan of the security it needs, without requiring it to build up its own military forces and alarm its neighbours. What is less good is that Japan's warm ties with the US are in part a reaction to the problems between Japan and its Northeast Asian neighbours, especially China. Going forward, Japan cannot substitute one for the other. Japan needs to maintain good relations with both America and its Asian partners.

The visits by former Prime Minister Koizumi to the Yasukuni Shrine soured Japan's relations with China and South Korea, and became emblematic of Japan's failure to come to terms with its war past. Mr. Shinzo Abe has now succeeded Mr. Koizumi as Prime Minister. He is a nationalist who wants Japan to be a 'normal' country and to play a bigger role in the world. At the same time, he has announced his intention to improve relations with China. In this, he will be supported by many Japanese who do not want a collision with Japan's largest trading partner. China also hopes to make a fresh start with Mr. Abe, and to do business with Japan. Thus Mr. Abe will be visiting China this weekend, the first foreign country he is visiting as Prime Minister. This bodes

well for improved bilateral relations.

Despite a late start, India is rapidly becoming a key player in the region. India's strategic partnership with the US, and its growing engagement with East Asia have created a new dynamic. One concrete result is the five-fold increase in trade between India and Southeast Asia in the last decade. The once frosty China-India ties have transformed into a 'strategic and cooperative partnership for peace and prosperity'. Indian Prime Minister Manmohan Singh has said that the world is large enough to accommodate the growth and ambitions of both China and India. Chinese Premier Wen Jiabao put it differently: the two great civilisations have been engaged for 2,500 years, but have been suspicious of each other for less than 50 years. If both countries maintain this approach, both will grow, and together completely transform Asia.

OPEN REGIONAL FRAMEWORK

While the outlook is positive, Asian countries face several major challenges. One is to develop the right architecture for regional cooperation. New patterns of trade and investments have emerged, linking Asian countries not just with China and India, but with each other across the region. It is too early to determine the final form of the regional architecture, but Asian countries are working towards an open and inclusive configuration. Our future lies in being part of the global economy, not in a closed Asian bloc.

Asia has taken the first steps to define an outward-oriented Asian-wide community. One outcome is the East Asia Summit (EAS). This is a new cooperation forum which comprises ASEAN countries, their three dialogue partners in Northeast Asia — China, Japan and South Korea, plus India, Australia and New

Zealand. This grouping will foster intra-regional cooperation, while enabling Asia to nurture its links with the rest of the world.

Europe needs to play a bigger role in Asia, commensurate with its economic strength and weight in the world. Thus far Europe's attention in Asia has centred primarily on China, and to a lesser extent India. Europe needs to broaden its focus, and deepen links with other parts of Asia including Japan, Korea and ASEAN. Europe's interests in Asia are not just economic, but extend to many other shared areas of concern. One is nuclear non-proliferation, where the situations in North Korea and Iran continue to be unresolved. Another is international terrorism, which is a continuing threat to both continents.

Europe and Asia have established many forums to discuss common issues. These include the EU-ASEAN dialogue partnership, the ASEAN Regional Forum (ARF) and the Asia-Europe Summit Meeting (ASEM). Indeed this Asian-European Editors' Forum will also make a contribution towards dialogue and mutual understanding. As the new Asia takes shape, both continents need to take stakes in each other's success, and bring about a more integrated and stable pattern of global cooperation.

ASEAN aims to be at the centre of these networks of cooperation, both within Asia, between Asia and Europe, as well as with the US. But to play this role ASEAN must also be a strong and cohesive organisation, able to partner China and India effectively. If ASEAN itself is disunited, or stagnates while the rest of Asia forges ahead, it will be rendered less and less relevant. This is why ASEAN is developing a Charter to strengthen its institutions, and aiming to achieve an integrated Economic Community by 2015, five years sooner than the original target.

ECONOMIC RESTRUCTURING

Besides establishing the right framework of regional cooperation, Asian countries must also restructure their economies to keep up with a rapidly changing global environment. Asia is vibrant, but growth does not mean effortless expansion. The rise of China and India has intensified competition for all. Patterns of production are changing, and both countries and companies must continually adapt and readapt themselves in order to remain productive and relevant to the global economy.

Countries with low wages and surplus labour, like Vietnam and Indonesia, feel the heat directly, because they occupy similar niches in the international economy as China and India. But even more developed countries like Singapore face similar pressures. These pressures are most acute at the lower end of the workforce, where less skilled workers are competing against millions more joining the world economy. But as China and India diversify their industries and move up the value ladder, white collar workers and professionals too will have to adjust and adapt.

To do well in this new situation, countries must adopt a mindset that accepts globalisation and change as a reality, and welcomes its great potential to benefit them. Globalisation can work for all countries if they pursue the right policies and position themselves for the future. Countries must help their workers to learn new skills, master new jobs, and prosper by adding value in the global marketplace. At the same time, governments must help those who find it hard to keep up, so that they too can benefit along with the rest of the society.

The alternative to this strategy of plugging in and liberalising is to slow down or resist change altogether, and try to maintain the status quo. But that would be counter-productive. No new

jobs will be created, unemployment will rise, and the economy will decline. In Asia, virtually all countries are embracing change and plugging into the global grid. There are one or two die-hard holdouts, but their parlous state demonstrates the awful price of erecting barriers and going it alone.

Nevertheless, pressures to resist change do exist. For restructuring economies is difficult and often painful. It means exploring new and risky approaches, and abandoning familiar arrangements. It means accepting the certainty of disruption today, for the hope of a better life the day after tomorrow. This explains the sentiments for protectionism in many countries, and the great difficulty in negotiating the Doha Round of WTO talks. But it is the duty of governments to resist these pressures and make a globalisation strategy work, in order to secure the long term interests of their peoples.

GOOD GOVERNMENT

Good government is therefore an essential prerequisite for Asia's economic success. To cope with globalisation, countries need competent and honest leaders who can run the government machinery properly, anticipate problems, prepare for the future, and deliver stability and progress for their peoples. How each country does this will depend on its culture and history, the structure of its society and the institutions it has evolved. The government must have legitimacy, enjoy the people's trust, and engage the energies and talents of the people to build the nation.

Many Westerners, and some Asians, believe that the standard and best way to achieve good government is through a Western style liberal democracy, such as is found in the US or Europe. But this is not a magic formula for success. In Asia, Western

style democracy has not always delivered stable, legitimate and effective government. The reasons are many. Many Asian countries lack a long history of shared nationhood. Some have populations which vote on racial or religious lines. Others lack firmly established democratic institutions and a tradition of civilian rule.

The most recent example is Thailand. Former Prime Minister Thaksin Shinawatra had won two general elections with landslide majorities, especially in rural areas outside the South, but he aroused implacable opposition from the Bangkok establishment. General elections were therefore scheduled for November as a way to break the impasse. But the military decided to remove Thaksin through a coup instead of waiting for the verdict of voters. This is a setback for Thailand, which has been trying to establish a democratic system after a long series of seventeen coups since 1932. The coup leaders have now installed an interim Prime Minister, endorsed by the King, to help prepare a new constitution and hold fresh elections.

Indonesia also opened up its political system after President Soeharto fell during the Asian financial crisis. Under Soeharto, power was concentrated in the President, and the DPR or parliament was docile and compliant. But now Indonesia has an activist parliament, plus a free wheeling press and constant politicking at all levels — national, provincial, and local. These democratic reforms have produced more checks and balances. But they have also made it much harder for the country to forge a consensus for change or push through critical reforms. For example, the Indonesian government wanted to reform inflexible labour laws, which investors have cited as a major barrier to doing business. But the unions mounted fierce demonstrations, forcing the government to back down. Vice-President Jusuf Kalla has cited this as an example of Indonesia's teething problems with democracy, which he said had come 'too early' and gone 'too far'.

These examples show how hard it is for Asian countries to develop political systems which are well adapted to their specific circumstances, and at the same time are well suited to the country's future challenges. In every country, leaders and institutions that uphold the rule of law, ensure accountability to stakeholders, and provide a voice for the people are critical aspects of good government. But unthinkingly importing institutions from other countries and grafting them into the local political system can end up doing more harm than good.

Indeed, ensuring that Asian countries have good government is a dynamic challenge, because the situation that these countries face is not static. As their economies develop, they will increasingly need transparent government policies and the rule of law, if only to facilitate financial transactions or protect intellectual property. As new generations come of age, better educated, more exposed to the world, and with different life experiences and aspirations, they will want their say in the affairs of their countries. Leaders must be able to respond creatively to this new situation, and political systems must evolve to remain effective. Each country, including Singapore, will have to make changes in its own way and strike its own point of balance, taking into account its unique circumstances.

Singapore society is opening up. We are encouraging frank debate and diverse views. We are providing more opportunities for people to take ownership of the issues that affect them. We are harnessing the power and potential of the internet and online channels, to engage one another and to keep abreast of the world. At the same time, we want to stay cohesive and united, and preserve the stable and predictable environment that has served us well. These are twin imperatives which we must reconcile in order to thrive as Asia prospers.

ROLE OF MEDIA

Good government delivers economic growth and progress, and builds a resilient and inclusive society. Responsible journalism, which understands and furthers the larger national interest, supports both of these goals. Ultimately, both exist for the people they serve.

In every country, the media occupies a position of power and responsibility. It is the source of news and views, accessible to all. It informs, educates and entertains. It influences and shapes public opinion. However, the media operates differently across countries. In some, media players consciously seek to uphold their responsibility to society and further the broader national interest. In others, the media reports and publishes stories based on what sells, or pushes particular ideological views, on the theory that the marketplace of ideas will automatically sort out the good from the bad.

The Western, particularly the American, model is an unfettered and rambunctious press, championing issues, competing to set the agenda, holding the elected government to account, and subject to minimal legal restraints. In Asia, some countries approximate this Western model of the media more closely than others. But the countries which have been most successful at improving the lives of their people do not always have the most aggressive media. For example, the Japanese media are less adversarial, and put more emphasis on consensus building. Their approach is different from the Western one, but it suits Japan's culture and circumstances and has contributed to Japan's success.

As with the political system, each country will have to evolve its own model of the media that works for it. Here too the situation is dynamic, not least because the internet is changing everything.

The internet is enabling ordinary citizens to post news and views on the web, making information available more quickly and plentifully than ever. The conventional wisdom is that the free flow of information on the internet is universally a good thing. It is undoubtedly very difficult to control information flow. But as we find terrorist groups using the internet to plan murderous attacks, and paedophiles using it to prey on defenceless children, we are learning that while the Internet is a great boon to mankind, it is not an unmitigated one.

In the pre-internet age, newspapers and television stations not only reported news and opinions, they also filtered, processed and verified the information, in order to present coherent perspectives which shape the public debate and the public's collective understanding of the world around us. The internet short circuits and undercuts this model.

Even in the internet age, there will still be a role for serious journalism, whether in print or on the web, because people will still seek out information sources which are reliable, verified and insightful. But it will not be easy to keep the public debate on this high plane, especially on controversial issues. For the internet also enables clever propaganda, inflammatory opinions, half-truths and untruths to circulate freely and gain currency through viral distribution, and these are not always easily countered by rational refutation or factual explanation. How to deal with this is something which every newspaper, and indeed every society, is grappling with.

Singapore regulates the internet with a light touch. But the same laws of sedition and defamation apply whether on the internet or in print, and we have prosecuted persons who have incited racial and religious hatred on blogs. Our mainstream media — television and newspapers — have kept their credibility and followings, though they are constantly tracking developments

in cyberspace. We cannot say what the position will be in 10 or even 5 years' time, with new technology continually emerging and a new internet generation growing up. Our position will evolve as we feel our way forward, but we do not believe that we should just drift with the tide. We still need anchor points that reflect our values, our vulnerabilities and our ambitions. The media in Singapore must adapt to these changes, do their best to stay relevant, and continue to contribute constructively to nation building.

CONCLUSION

Despite these challenges, Asia's transformation will continue. The countries in the region are growing and modernizing rapidly, absorbing outside ideas, adapting them to their own situations, and influencing other economies and societies. The economic, social and political changes sweeping across the region are creating an Asian renaissance. They are opening up new opportunities for trade and investment, sustaining global growth and lifting billions out of poverty. In both Asia and Europe, we need to reach out across continents, understand one another, and work together to create a more peaceful and prosperous world.

QUESTION AND ANSWER SESSION

with

His Excellency Lee Hsien Loong
Prime Minister of Singapore

7th Asian-European Editors' Forum, Singapore
6-7 October 2006

Following his keynote speech on 'Singapore's Role in View of the New Powers to be in Asia', Singapore's Prime Minister Lee Hsien Loong answered a range of questions from developments in the region to environmental issues.

THE IMPACT OF INDIA'S MEDIA ON INDIA'S DEVELOPMENT

Asked on whether India had grown in spite of or because of its media, PM Lee said that India's media was part of India's political system. In India, the issue was to reach a consensus within the leadership, and the media was playing an important part in this. Over the last ten years, in India, there was a sense that India had to open up. Today people across the spectrum would say that opening up was the only way forward for the country. However, there was no consensus as to what degree the economy, and certain sectors of it, should open up. In this context, the press could help reach a consensus.

TEMASEK HOLDINGS AND SHIN CORP: ANY LESSONS TO LEARN?

The next question addressed a question closer to home. What lessons could Temasek Holdings draw from its purchase of Thailand's Shin Corp? Prime Minister Lee replied that Temasek must assess the commercial prospects and the political environment of the countries it invests in. Furthermore, it also has to make sure that the investment is done in accordance with all the rules and regulations of the countries in which it operates. He added that Temasek's perspective was long-term as it did not have to answer to quarterly shareholders. As a result, it could take the long-term view and decide what its strategic directions were.

THE ANTI-THAKSIN COUP IN THAILAND

In response to an editor's question that the coup in Thailand was triggered by the sale of Shin Corp to Temasek Holdings and whether Singapore felt any moral responsibility, PM Lee pointed out that demonstrations against Thaksin were going on even before the sale of Shin Corp to Temasek. Looking back, Temasek had made a professional decision, and that it was a proper one that complied with all the rules. In fact, it was an investment showing confidence in Thailand.

THE COUP AND THE PRINCIPLE OF NON-INTERFERENCE

In reply to a question about the acceptance of the coup in

Thailand, the PM emphasised that Asia's leaders shared a common view of how to get along with one another. He added that, as neighbours, countries in this region cooperated with one another. Although there was friction between countries at times, their leaders had decided that public ceremonial statements of what they approved or disapproved of were not very effective in improving the situation in any country. In the case of Thailand, the Thais had tried very hard. In the end, Thailand had resolved the crisis through a coup, and the leaders in the region accepted this outcome. Whether it was good for them or not, they would know – it was not an issue for moral approval.

THE IMF-WORLD BANK MEETINGS

The Q&A then turned towards more Singaporean issues. What was the degree of political control exercised by the government at the time of the September 2006 International Monetary Fund and World Bank meetings in Singapore? The Prime Minister explained that Singapore had allowed NGOs as part of the meeting and highlighted the participation of more than 700 accredited CSO (Civil Society Organisation) representatives, which is more than any other previous IMF-WB meetings. However, it was important to ensure that people were checked so that they did not cause any trouble. He said that he did not see any reason why Singapore should have riots such as those in Prague in 2000 or in Hong Kong in 2005.

BRAIN DRAIN IN AN AGE OF GLOBALISATION

Singapore's brain drain problem constituted the subject of the next question, and whether this would affect the country's

ability to compete in the face of globalisation. According to PM Lee, this was a challenge for all countries of the world. People travelled and if they worked overseas they may either come back or not; Singapore had to accept that as a reality of life. Because Singaporeans had talent, they were in demand. The country therefore needed to maintain links with those who left so that they could be a resource for the country. The speaker added that in Singapore too, as a result of globalisation, there was a diverse pool of talent from all over the world. It would be a problem if Singapore could not attract talent, but as long as equilibrium existed, Singapore had a future.

PROTECTING THE ENVIRONMENT

Finally, Prime Minister Lee Hsien Loong was asked about how Singapore could address environmental issues and concerns. The speaker replied that Singapore had set very high environmental protection standards. Other countries had different rules and at times this could affect Singapore. In the case of the haze, for example, Indonesia was responsible for the forest fires, but how was such an occurrence to be resolved? International cooperation was important, but there had to be pressure from within the countries themselves. As living standards improved and the middle class grew, there would be an improvement as these people would put pressure on the government. Prime Minister Lee concluded by saying that he hoped that the Chinese, the Indians and the Southeast Asian nations would be able to learn from other environmental problems in the region. A good government and a good system were required to tackle such problems, and a good government in Asia may or may not look the same as some Western observers might make it out to be.

CHINA: ECONOMICAL STRENGTH AND STRUCTURAL WEAKNESSES?

by

Prof. Dr. Wang Gungwu

Director, East Asian Institute, National University of Singapore, Singapore

7th Asian-European Editors' Forum, Singapore
6-7 October 2006

I have been trying to understand China for decades. There are not too many countries in the world which have such a history and it is difficult to pool all the things you know about China because there is so much. There are many points of views, angles, and details on China, and this also has to do with the fact that China is a very large country.

When one talks about strengths and weaknesses, continuity is not an obvious point. However, continuity can link strengths and weaknesses.

ECONOMICS

We have all read about and written about the economic miracle,

but it did not come from nowhere. China's economy did not really start from rock bottom. There were things before 1978. What was it that then that made the economic jump happen? It is because there were a lot of things in place before the reforms itself. This will help us understand where the economic strengths of China stem from.

One important long-term factor is the existence of a strong risk-taking culture among ordinary Chinese. There has always been uncertainty in China, and they have lived with these uncertainties. A majority of the Chinese people has learnt to live with the idea of uncertainty, yet in this uncertainty, they are always ready to look out for opportunities. This risk-taking culture was not lost even after 40 years of communism in China. While it had been limited by the centrally planned economy, this culture and the willingness to take risk never changed.

A further important factor was that the Chinese Communist Party (CCP) never realised the agricultural potential of China. The emphasis was placed instead on rapid industrialisation. This led to a neglect of the rural areas. Their policies were not designed to give the peasants 'real' ownership of the land and the like. Release of the agricultural services provided much of the original capital that initiated the first steps of economic reform. The socialist industrialisation did mean that a larger number of people were now aware of modern technology - and familiar with modern industrialisation processes.

Consequently, once the socialist revolution combined with the freeing of the risk-taking culture and the surplus capital from agriculture, economic success followed. Finally, economic successes in the neighbourhood made the Chinese realise that this could be done: if all these people can do it, why not the Chinese in China? These factors are still there and still play a role.

In terms of the power structure, the continuities are more obvious. Although the CCP is a political party, the continuity lies in the fact that it came into power on the battlefield. This is continuity. Their victory on the battlefield reinforced the Chinese norm that the right to rule is based on victory on the battlefield. The Communist Party lives on that legitimacy. Their legitimacy is absolute in China.

Has the Chinese Communist Party taken the role of the emperor? The mandate of heaven has fallen on the Communist Party. The Communist Party should remain above the law and this is quite right in their view. The emperor was always above the law, and hence the party believes that they have the right to remain above the law. There is a legal system, but the party is above it. And in the Chinese view, this is the right way and it is the right thing. It may be right or wrong in our view, but then it is legitimate, based on their victory on the battlefield.

The Chinese have given priority to rule by a man and not rule of law. They recognise the weaknesses of the system based on the rule of man, and realise that they should move to a system based on the rule of law, but the party cannot quite square this circle. If the party is placed above the law, then the person leading the party is above the law. Hence even if they want to move to the rule of law, it is a contradiction and this difference is difficult to reconcile.

For example, it has been very clear that a CCP member does not go before the courts - he is judged by the party first. He only goes to the courts after the party has judged him guilty. I think this is a practice that can be easily dismissed or changed. But, given that the ruler, in the name of the son of heaven, is above the rule of law, I do not see how the Chinese Communist Party will get around this, or whether they want to get around this.

Society is where it has been most difficult for the Chinese people. I was struck when I heard again and again from academics that the Chinese were facing a kind of identity crisis. I was curious. I was surprised to hear that the Chinese were conscious that they faced a problem with the core concept of nationhood - it is not a concept that the Chinese had before. It is a concept picked from the west and drawn from the idea of nation-states. The Chinese have never had this concept – while they have always believed in having a superior culture, they have not believed in something like nationhood.

Why has it been so necessary to get nationalism in China? It has been necessary to get rid of foreign powers' influence and their control, and to establish their own sovereignty. But since 1949, with unification almost there, and as a member state of the UN, treated by the international community as any other nation-state, why has there been this need to be nationalistic? Those who have seen the rise of nations (especially smaller ones) know that it is essential for these countries to protect themselves. In big countries, nationalism has a different and often fearsome impact. But they are still nationalistic today because they feel some sense of identity crisis.

Most of the European countries did not do much beyond the Chinese coastline and a little trade here and there. It was the invasion of the Japanese deep into China that helped develop that kind of nationalism to deal with the ensuing problems. It was here that the Chinese Communist Party gained more respect and legitimacy as it did a better job than the nationalists. The party leaders are torn between that nationalism which was part of their heritage and at the same time, aware that nationalism can do a lot of harm to domestic policies and especially foreign policy. These voices are not as clear cut as the CCP would have liked to see. The government is paying attention to them. This is something quite new. So while there is continuity, there are a

few changes as well.

China's society is facing very dramatic changes with regards to the traditional Chinese family structure. The rural-based family and the extended family are under threat now. Urban families are now nucleated. All the family and social values that the Chinese have prided themselves in are being challenged. Continuity in this case is something that they would like to preserve.

Much has been written about the development of the coastal areas – the Shanghai syndrome is now spreading to the whole of the Chinese coast. This syndrome is getting more credibility as central to change in the whole of China. The rest of China is not with Shanghai and the other coastal cities yet, and the realities of the interior of China still remain. In the centre there is a deeper sense of history and culture as compared to the coastal areas, something that I have termed the Xi'an response. There is tension between rapid acceptance of all ideas (western or otherwise), and a deep belief in Chinese culture. These tensions will become more evident in the years to come.

Looking out from China and looking in into China always presents considerable challenges. China has learnt that the international system as it is now is alright, and that they do not need to try and re-shape the system. They have tried to follow rules as far as those rules are in their long-run national interest. They will resist efforts from others who try and alter the system.

How does one begin to look at China's future in terms of its strengths and weaknesses? I believe that the Chinese are very conscious and aware of their culture and history. They will always refer back to periods of history that they think will be important in the present - and this continuity will always be there. At the end of the 19th century, the Chinese thought that they did not have to learn from anyone. However, all their revolutions failed

- they now need to move towards something else. There are reforms, but what are they reforming? They are reforming the post-revolution scenario.

Ultimately, it is not economic strength that will help them, nor is it their structural weaknesses that will lead to their decline. They need to ensure that they use their strengths to prevent their weaknesses from gaining the upper hand. They have to find a way of intermingling and balancing strengths and weaknesses.

QUESTION AND ANSWER SESSION

with

Prof. Dr. Wang Gungwu
Director, East Asian Institute,
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Singapore

7th Asian-European Editors' Forum, Singapore
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The first question to the speaker addressed the possibility of rural unrest arising from discontent with regards to the prosperity of the coastal areas and the unmet demands of those living in rural areas. Prof. Wang Gungwu replied that he felt the new leaders were more conscious of these contradictions than their predecessors. Almost all this unrest was local. As long as it remained local, the government would be able to handle it.

China was just too big for local discontent to assume dangerous proportions for the government. When external threats coincided with local unrest, then the government would have to fight on too many fronts and that would threaten the government. At least this is what happened in history. Fortunately for China today, there was no external threat to the country. There was no real enemy and that is a very fortunate position for the Beijing government to be in. The speaker added that he did not see the unrest at this stage adding up to any major problem.

CHINESE CULTURE AND DEMOCRACY: INCOMPATIBLES?

The next question centred on whether democracy was incompatible with Chinese cultural values. The speaker replied that the Chinese idea of what democracy is was a much diffused one. There had been a culture of egalitarianism through history, and some local rebellions had stemmed from such a feeling. In general, the people were willing to accept a certain loss of sovereignty, provided they were governed properly. But when there was a loss of trust, the people had a right to rebel. The mandate of heaven gave the people this right. This was a kind of democracy in which the ultimate right resided with the people.

In the west, in contrast, the rights were expressed in legal terms. In China, because there was no legal protection, ultimately, the only way one could express one's views was to take up arms. It was unimaginable in China to have a western-style democracy. People would continue to be handpicked. Successful government was what mattered at the end of the day. People would not think of rebelling as long as there was no need to. Singapore's system derived from this culture as well. In Singapore, democracy was expressed as a confirmation that the people at the top had delivered what they were supposed to deliver.

CHINA: A THREAT TO ITS NEIGHBOURS?

On the possibility of China trying to dominate its neighbours such as Korea and Vietnam, the speaker said that if a nation was very rich and very powerful, then the sense of being dominated would prevail among smaller neighbouring nations. This was unavoidable if a country was big, rich and prosperous. There

would be awe and concern, if not fear. When one looks at the Chinese empire, there were special relations between China and its neighbours. Apart from Korea and Vietnam, China had not dominated anybody – in fact it had spent almost 2,000 years trying to defend itself from external aggressors. This was one of the primary reasons why the Chinese had built the Great Wall. They had had a tough time against the Mongols, and then the Manchus – and it was then the Manchus and the Mongols who dominated.

INLAND AND COASTAL INVESTMENTS

With respect to the conflict between the Shanghai Syndrome and the Xi'an Response, the speaker was asked whether he saw overseas Chinese moving inside and penetrating to the heart of China and doing what they are doing in the coastal areas. Professor Wang highlighted that the bulk of the capital that came into China from Hong Kong or from Taiwan was not necessarily money from overseas Chinese. The actual overseas Chinese had not contributed too much. The reason why people were going into central China was precisely because they could not compete with the Hong Kong- and Taiwan-dominated coastal players.

BALANCING CENTRAL AND LOCAL GOVERNMENT

A delegate asked the speaker about the possibility of history repeating itself, in the context of local governments being a threat for the emperors. Was it likely to happen with the CCP as well? Prof. Wang Gungwu replied that he felt that the centre-local tensions had always been there. This was the real reason why the Chinese did not contemplate the idea of federalism.

However, in reality there was far more de facto federalism in China than people realised. Throughout Chinese history, there had been a good understanding on how much the centre had to do, and how much had to be done by the local governments. From time to time, this understanding had shifted. The Chinese did not accept the federal systems because theoretically federal systems allowed for federal states to secede. Therefore the Chinese state had always been centralised. At the same time, China's rulers realised that the country was too big to be administered as a single political unit. They were hence trying to obtain a balance. What they needed to know was where to draw the line, and today the debate pointed once again the middle, for they could be too far on either side.

MARX AND WEBER ON COMMUNISM AND CAPITALISM IN CHINA

The predictions of Karl Marx and Max Weber regarding China's communist and capitalist potential then took centre stage. While Marx had suggested that communism would not prevail in China because there was so much central authority, Weber had hypothesised that capitalism would never develop in China because of Confucianism. In light of China's current status, were both these thinkers wrong? Prof. Wang Gungwu replied saying that Weber was correct because Confucians believed that commerce and business disrupts harmony as elements of greed take over in society. At the same time, Marx was also right in what he said. However, what they did not see was that precisely because the Confucians were so tough on merchants, the merchants found other ways to deal with such uncertainty and hostile conditions. They needed to take more risks to get around the prevalent beliefs that existed. They became cleverer as a result of the constraints placed on their activities, and as a result, many merchants began taking risks.

CHINA AND INDIA

In his response to a question about the emergence of India and the possibility of India's political system becoming a model for China, the speaker opined that the Chinese had not paid too much attention to the Indians until recently. However, China was now appreciating the Indian capacity to absorb all the benefits of software – the Indians were willing to absorb the best of the outside culture. China would now be willing to do the same. China was still very much a hardware developer. The Chinese were learning from that experience of India's. China had been frustrated that they had not had good relations with India over the last 40 years. In certain quarters, there may even be regrets.

THE CHALLENGES OF CHINESE NATIONALISM

Finally, in reply to a question about whether the strong sense of nationalism prevailing in China could descend into fascism and lead to an authoritarian dictatorship on the lines of those in Latin America, Wang Gungwu admitted that nationalism existed owing to an identity problem. But how the Chinese leadership would deal with the essentially Western-derived nationalism depended on how well the identity crisis that they confronted was dealt with. If this crisis was not handled properly, then of course it would become a problem. The speaker added that he felt that the Chinese government was serious about checking this, as it could be a threat to the government itself.

INDIA: REACHING OUT TO THE REGION, OR CONCENTRATING ON ITS BUSINESS SUCCESS?

by

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First let us draw the boundaries within which we want our discussion to proceed. The proposition contains three elements – India, Reaching Out to the Region, Business Success.

What or where is this India we want to talk about? Is it that country of a billion plus people that lies some 1,000 miles north-west of here? A country that lies east of Pakistan and west of Bangladesh? Or do we want it to mean the larger Indian community? A community that resides primarily within those geographical bounds, but also in Singapore, in the United States, in the United Kingdom, in Thailand and someone told me recently, even in Tonga.

If we want to be restrictive with our definitions, then perhaps we ought to look only at the land mass that forms part of the

Indian sub-continent. But if we want to be realistic in assessing India, we must include in our definition the expatriate Indian community, and even such parts of the Indian diaspora that contribute to what India is today.

Because we must remember one thing. Whenever Indians migrate in large numbers, they either become smarter, or move to a place where the other people are dumber. Thus the average Indian-American has an annual household income of $88,000, against an average American-American's annual income of $51,000; 57 per cent Indian Americans are graduates, only 20 per cent of average Americans are; 69 per cent of Indian Americans are Internet savvy, against 43 per cent average Americans.[1] Yet three-fourths of Indian-Americans were born outside America, 100 per cent of them told a survey they were proud of their Indian heritage and I will wager that a very high percentage of them maintain some form of economic link with the country of their origin.

I attempted similar research for Indians living in the United Kingdom, with not as much success. But the first Google link I landed on was this fascinating listing – tandoori.co.uk – the most comprehensive directory of Indian restaurants in the UK. And the banner on the home page said 'Over 1,000 London listings by post code area'. If there are 1,000 restaurants selling tandoori chicken in London alone, clearly Indians have got their claws into Britain. And it is not bones they are sending back home.

Remittances Indians send back home need to be seen in perspective. They make up a sum equivalent to 27 per cent of India's exports. They make up a sum equivalent to 779 per cent of all overseas development aid. They make up a sum equivalent to 500 per cent of all Foreign Direct Investment. Worker remittances ought to matter more to India than all the

investment bankers and aid donors of the world put together. A study of immigrants to the United States tells us that an average Indian sends home every year twice what a Bangladeshi sends home and thrice what a Filipino does. I might mention as an aside that when the IMF chief or Bill Gates come calling, India throws out the red carpet for them, while when the Indian worker goes home, India asks him to stand in the longest immigration queue it can find.

So my definition of India will include India and Indians, wherever they may be. That brings us to the next definition we must sort out. What exactly do we want to understand from the word 'region'? The Indian region consists of its immediate neighbours … Pakistan, Nepal, Afghanistan, Sri Lanka, Bhutan and the Maldives, otherwise known as the SAARC (South Asian Association for Regional Cooperation) countries. I do not want to get sidetracked by sub-continental politics but all of us know that India and its neighbours are not exactly reaching out to each other. If by region we meant only SAARC, this speech would end within the next two minutes. Because if India is not to reach out, or be reached out to by its neighbours, what else would it do but concentrate on its own business? Either successfully or unsuccessfully.

I do believe we must mean more than immediate neighbourhood when we talk of the region. We must include SAARC countries, we must include ASEAN countries, we must include West Asia and we must include East Asia. In fact, we must also include the former Soviet Union, for not only does India have traditional ties with that part of the world, it is also a region filled with promise. Indeed, if we want to take a macro view, then India's region really must be the world.

And now we must address the most contentious part of the proposition, one that basks in the arrogance of its

presumptuousness, offers as fact what at best is an argument. India's business success!!! Is India a successful business? Is she a successful economy? Are its businesses so thriving with energy and accomplishment that they warrant discussion? Do we mean business success or Business Week success? Are we getting swayed by the statistics that India's finance minister feeds us 8.5 per cent growth achieved, 10 per cent growth projected and all the rest of that claptrap? Don't we need to know what really India's business is, before we start presuming that it is successful?

A country's business is to allow its citizens to be safe, healthy, free and prosperous. While freedom may be the most esoteric of these aims, true freedom would be available only to a citizenry that is safe, healthy and prosperous. When I was a child, and raised my little finger in class, my teacher would sometimes ask, "Big business or small business?" Now, I ask you to raise your little fingers if you have an answer to my question. How safe can a people be when an estimated 700,000 of them die every year of diarrhoea, as many as 1,600 of them every single day?[2] This is the big business India needs to tackle, not the businesses that a foreign bank or investor would get excited by. India has the runs, and the biggest run is on her children.

Let us assess where Indian children are. Assume that 1,000 Indian children are born today. Between 80 and 90 of them will die before they are five.[3] That will leave us with 910 children. Some 96 per cent of them, or about 874, will be enrolled into primary school. By the time they turn 10, about 350 of them would have dropped out of school.[4] That would leave us with about 525 children. Of them only one-third or about 175 will graduate from high school. In other words, 175 of the 1,000 children that 2,000 people worked hard to produce would have scraped through with something approaching an education. As many as 825 would have either died or become school drop-outs.

But are 1,000 children born every day in India? Actually 42,000 are. So we will need to multiply each of the numbers I just told you about by 42. In other words, 3,780 of today's children will die before they are five, nearly 15,000 will drop out of school before they turn 10 and only about 7,500 would have completed high school. Not a bad day's work, you will agree, especially if you are a mass murderer or despoiler of youth. Hitler killed 6 million Jews over the six years of World War II and met his end in a bunker, surrounded by universal revulsion and hate. India kills 8.25 million of its children every six years, and people like us congregate around conference tables all over the world to consider its business success!

A state fails to fulfil its most basic business objective, treats its most valuable resource so callously and asks to be taken seriously. Would you call that business success? If India were a company, the CEO would not just be fired, he or she would be prosecuted for criminal negligence, even murder. Are you surprised that India's leaders give to themselves the best security that money can buy? Pakistan-sponsored terrorists may or may not get them; ordinary Indians will flay them alive if they are left unprotected. And perhaps, India's citizens will also inspire the citizens of Pakistan and Bangladesh to emulate them; for the situation in those countries is even worse.

But this is perhaps not what you want to hear from me. You want to hear me talk of India's GDP growth rates, of how India is booming, and how likely it is that this booming economy will reach out to an Asia that is frothing with frustration at the inexplicable rise in expectations about India around the world. You probably want to know from me how stable India's economy is, how widespread the opportunities it offers for growth are. Perhaps you want to know from me if you ought to move your investments into India-based funds, perhaps you are waiting to rush out of this session to make some urgent calls to your broker.

Let me be very blunt. I do not want to inflict the World Economic Forum versus World Social Forum debate on you. But I would be dishonest if I were to make believe, or make you believe, that everything in India is rosy and perfect, or even that things overall are getting better. Because they are not. Liberalisation may have opened a few doors, but only very few. And if the Asian or Western businessman believes he can slip through that door, do his business, book his profit and find his way out, he is mistaken. Behind that door of opportunity lies a labyrinth of challenge. To assume that because the Government of India, or of a particular Indian state, claims to be investment friendly and will therefore ensure fast-track clearances is to lay faith in the word of a political system that thrives on lies. If a man lies to his wife, it is unlikely he tells his neighbour the truth. A government that lies to its own people is unlikely to tell a foreign investor the truth.

Once you realise and accept that, I will take you through the basis of my argument of how and why it is possible for the world at large, and for the region as we defined it a little earlier to work with India to mutual benefit.

Let me give you a couple of examples to prove my point. Governments across India are busy wooing investors, Indian and foreign, with promises of cheap land for their projects. Huge plots of land are shown to the prospective investor; the land is even acquired by the Government, and then sold to the investor. Problems arise when the investor moves in to commence construction. Waves of protest get unleashed. Not because the erstwhile owners have not been compensated, although they almost certainly never are adequately compensated. Not even because it is impossible to give a job to a member of every dispossessed family, because even an illiterate farmer realises that he lacks the skills an investor requires.

Rather, the protests are because by now the peasant realises he has not been prepared by his society and his government to face the challenges of a cruel world, one where he is no longer able to do the one job he is capable of, that of a farmer. He has not just been dispossessed, he has, in a sense, been dehumanised, stripped of his dignity. His children either died before they were five and because the state had failed in its duty to provide primary health, or dropped out from school before they turned 10 because the state was unable to provide education that was meaningful enough to seem worth the effort of staying on in school. Put yourself in the shoes of that dispossessed man and ask yourself if you would not be angry.

Protests over land acquisition from farmers and on behalf of investors are growing in India. Political movements are taking shape over opposition to such acquisitions. Farmers are protesting acquisition of land for Reliance Industries in the northern Indian state of Haryana. Farmers are protesting acquisition of land for DLF Limited in neighbouring Punjab. Farmers are protesting acquisition of land for Tata Motors in the eastern state of West Bengal. Residents of the southern city of Chennai are protesting acquisition of land for extension of the airport. Protests against acquisition of land have also broken out in the western states of Gujarat and Maharashtra, the southern state of Andhra Pradesh, and the eastern state of Orissa.

Many of these problems have arisen after the promulgation of the SEZ Act in 2005. Already 115 Special Economic Zones have been cleared. A multi-product SEZ requires a minimum of 1,000 hectares. The minimum for services and some sector-specific SEZs is 100 hectares.[5]

India says it wants to emulate China in creating SEZs. But India forgets a basic and essential truth. It is not China. It is a democracy.

It then forgets a second basic and essential truth. Its citizenry is prepared to believe the worst of its leaders, quite often begins by assuming the worst. Thus most Indians believe that more land is being acquired than is really required. Most Indians believe that government is playing the role of a land speculator, and such suspicions are reinforced when ugly and public scuffles break out between corrupt politicians and land grabbers as in the southern state of Karnataka, over land supposedly acquired for a highway but sought to be used for commercial real estate development.

That is the problem. And where lies the solution? Lesson No. 1 – Do not be a speculator, be a participant.

If you see an opportunity in India, you must be prepared to plug in to not just the economic system, but even the country's social system. Thus if you were to lay down as a pre-condition of your investment that for every 100 dollars you put in, you would want to spend five dollars – directly, and not through any government in India - on developing social infrastructure in the immediate vicinity of your investment, you would probably do a better job of protecting the other 95 dollars you put in than any Indian government could.

What would 5 per cent of Foreign Direct Investment amount to? If my arithmetical abilities have not entirely failed me, 5 per cent of about $6 billion would be about $300 million. That will buy a lot of people education or health or better linkages. According to one estimate, an investment of Rs 1 million on roads would pull 165 people above the poverty line.[6] An investment of $300 million, or Rs 13,800 million could pull nearly 2.27 million people out of poverty. Every year.

It will not do to link this spending with any aid that your country's development agencies may be offering. Ask the Japanese, they

will tell you how they gave huge amounts of aid for infrastructure to the government of an eastern Indian state, only to see the actual work being awarded to an Indonesian company, without a single Japanese company even being invited to bid. You have to do it yourself.

Lesson No. 2. Don't be a cheapskate. Take the example of the much talked about Indian BPO operation. Western corporations decided to outsource some of their jobs to India, because they thought it was cheap. And now stories are emerging of BPO operatives selling credit card data of customers to organised international gangs of crooks. It is not that credit card or ATM card frauds do not take place in Western banks that do not use Indian BPOs, because they do, or that corruption and theft are purely Asian constructs. People living in Singapore will recall how a well-paid Barings Bank executive was caught stealing from his employer.

But thefts are almost certain to happen when greedy Western corporations pay slave wages to BPO operatives at the tail end of their business cycle and assume that they will not be stolen from. To expect that a poorly paid BPO operative, working through the night so he earns enough to buy an occasional beer, or catch one movie a month with his girlfriend in the city's new multiplex, will not steal is absurd. An official of the world's local bank whose customers were the victims of this theft had once proudly told me that an Indian BPO operative is paid 5 per cent of the sum that a person doing a similar job in Britain would be paid. In other words, the bank was hoping to save 95 per cent of its cost. That by any definition is greed of the highest magnitude. Would the Indian employee have stolen if he had been paid half what his British counterpart earned? Definitely not. Would he have stolen if he had been paid a quarter of what his British counterpart earned? Almost certainly not. Within the context, either of these sums would have been mind-boggling,

and large enough for the operative to rebuff any scamster.

And what if the global bank had paid the employee 20 per cent of what his British counterpart earned, and spent an additional 5 per cent on social sector projects that would ensure the Indian operative's brother got an education, or basic health care? Would the operative still have stolen? I am certain he would not have because in addition to the direct benefit accruing to him, he would have seen an indirect benefit accruing to the society of which he is a part. So where does the investor entering India or perhaps even China go wrong? He gets way too greedy for his own good. He is not happy paying half, or even a quarter of the price he would have otherwise have paid. He wants to pay such a tiny fraction that he leaves in his wake either a thief, or a scamster. And when the magnetic strip on his credit card gets illegally lifted, he goes crying to Transparency International. This is not the kind of reaching out that either India or the region need.

And this is the difference between the money an international bank or company remit to India as investment, and the millions of dollars that Indian workers overseas send back home to their families, one is exploitative while the other is constructive. Commercial investment is seen as doing very little good to India, save lining the pockets of politicians and making rich Indians who cosy up to their foreign partners richer.

Every dollar that an Indian worker sends home, on the other hand, does something meaningful, alters in some small way the life of its recipient. Kerala, the state that exports manpower in droves to West Asia, has 90 per cent literacy. In contrast, Maharashtra, the state that received the highest FDI, and where the commercial capital of Mumbai is located, has a literacy rate of 77 per cent. Kerala has a 12 per cent poverty ratio; Maharashtra has a 25 per cent poverty ratio. Kerala has a birth rate of 17.9

per 1,000, and a death rate of 6.4 per thousand; Maharashtra has a birth rate of 21 per 1,000, and a death rate of 7.5 per thousand. Life expectancy at birth is 75 years in Kerala, and 68 years in Maharashtra.[7] What works better to improve the life of people? Worker remittance or Foreign Direct Investment?

Clearly, the individual's delivery systems work better than institutionalised delivery systems. The difference between Kerala's and Maharashtra's performance is the cost paid to the middleman, which is the government. And that is a huge cost – 13 percentage points less literacy, twice the poverty, nearly a 20 per cent higher death rate, and seven more years to live. Indeed, Indians pay with their lives for the sins of their rulers.

And here is the lesson for those in the region who want to reach out to India. Earn an honest buck, but do not get greedy. Invest in your own business, but also invest a little in social infrastructure in the vicinity of your business. Get rich, but make sure you do not impoverish others. Live but also let others live. India is a potentially good business destination, but it is up to you how well you realise her potential.

I have always been a sucker for book with a catchy name. When I was a youngster, I loved James Hadley Chase's titles - 'Not Safe to Be Free'. 'You Find 'im, I'll Fix 'im'. Someone once wrote a book that I have not read, but always wanted to read. It is called 'Butter Chicken in Ludhiana', and my interest is because this is a title I find catchy. And there is someone else who once wrote a book that I have read a part of, but did not want to read beyond the 20th or 30th page. It is called *The Tipping Point*, and the reason I picked it up is also because I found the title interesting. I could not go beyond the 20th or 30th page though, because I could not for the life of me imagine what the author could say in the remaining 150 or 170 pages that he had not already said in the first 20 or 30 which was that every set of

events triggers a reaction, and if that reaction can be controlled, the point of intervention – which he calls the tipping point - can work to the advantage of the controller.

I know the author is supposed to be some kind of management guru and I am sure if he were speaking to you instead of me, he would discover some vaguely esoteric argument to suggest how India ought to find its tipping point. But I have a slightly different puzzle for you. In Ludhiana or London, what would the tipping point of butter chicken be? Would it be the moment the chicken is hatched? Or when it is slaughtered? Or when it is dressed? Or when it is dipped in a marinade of exotic Indian spices? Or in the intensity of the fire used to cook it? Or in the garnishing? Or in the accompanying *naan* bread? If you can solve this puzzle, you can probably solve the puzzle that is India. But until you accomplish that, do not eat all by yourself. Share your butter chicken with your business partner, and one day soon he will happily buy you a beer. *Cobra* in London, *Kingfisher* in Ludhiana.

Endnotes

[1] Source: US Census Bureau 1998; Forrester Research *Technographics Report 2000*; Center for Immigration Studies, Washington D.C.
[2] World Health Organisation.
[3] World Bank.
[4] World Bank, extrapolated from development data.
[5] www.realestatetimes.in
[6] Shenggen Fan, Peter Hazell, and Sukhadeo Thorat, 'Linkages Between Government Spending, Growth, and Poverty in Rural India', International Food Policy Research Institute (IFPRI), Research Report #110, 1999, can be downloaded at http://www.ifpri.org/pubs/abstract/abstr110.htm.
[7] www.indiastat.com

QUESTION AND ANSWER SESSION

with

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What were the education levels of Indian immigrants to the United States, as compared to Chinese Americans? Ravindra Kumar replied that he believed that the average Indian Americans were doing better than average Chinese Americans. An Indian entering the US would have needed to have good education since visas were very difficult to obtain during the Cold War because India was a Soviet ally. As a result, the Indians who had immigrated were professionals. This contrasted with the Chinese immigrants to the United States, as they had come in earlier and were furthermore socially and educationally far more differentiated.

ASSESSING THE MAOIST THREAT

On being asked how rapidly the Maoist threat in some of India's states was growing, the speaker said that the threat was

growing exponentially. The penetration of Maoist thought was there. Ravindra Kumar added that this did not mean that up to 35 per cent of the landmass had been taken over by the Maoists in some of these states – it implied that 35 per cent of the landmass has been affected. The worrying thing was that it was growing, and the key worry was to understand why it was growing.

WHOSE RESPONSIBILITY: SOCIAL INVESTMENTS

Another delegate wondered why the speaker had paid so much emphasis on the social responsibility of the investors, in particular when they just made about 10 to 15 per cent returns. Furthermore, why should the investors do what the government was failing to do? Ravi Kumar replied that if external agents wanted to invest meaningfully, by one way or another, they had to plug these gaps, or their investments would be jeopardised. Business people coming into India in fact were willing to spend 10 per cent on so-called 'facilitation', which was essentially a nicer term than 'corruption'. Social investment was a viable and sustainable alternative which might work better for the investors themselves and protect their investments.

STOPPING CORRUPTION AS THE ALTERNATIVE?

On similar lines, another delegate enquired whether trying to stop corruption would be a better alternative to investors being socially responsible. Ravi Kumar replied that India had not been successful in the reduction of corruption. Just as the rich businessman wanted to get richer, rich politicians also wanted to

get richer. There was no clear mandate in the centre, and checks and balances to corruption were missing or not working.

THE DARK SIDE OF GLOBALISATION, AND THE BRIGHT

On being asked about the negative influences of globalisation on India, the speaker referred to corporate buyouts that had resulted in retrenchments and the suicide of dispossessed farmers as two primary examples. He added that there were too many negative influences to cite, besides the obvious positives that had emerged. Many people had gained. Mr. Kumar added that he did not for a moment believe that globalisation in a pure form was bad. The distortion was because it was being done in a greedy way. Under the garb of globalisation, people were feeding their greed. Inefficiencies were being injected into the system, and the entire process of globalisation had been haphazard. The resident governments had allowed the investors to set the agenda, but there was nothing wrong with globalisation per se.

INDIA'S MIDDLE CLASS

The strength of India's middle class, and its composition in terms of Hindus and Muslims, constituted the subject of the next question. To this, Ravi Kumar answered that the size of the middle class was about 200-300 million people. The figures varied and were disputed, depending for instance on whether one took into account nominal wages, real wages and the like. In terms of composition, Hindus made up a larger proportion of the Indian middle class. He added that he could not say whether this was a failure of religion or a failure of the state, but emphasised that such a disparity did exist.

INDIA-PAKISTAN RELATIONS

On being asked about the prospects of business ties between India and Pakistan improving, the speaker pointed out that India had said to Pakistan that they should talk about Kashmir, but also about other things such as trade. However, Pakistan was primarily not interested in linking the Kashmir problem to other issues. He added that India was not very eager either because there was no need for India to trade with Pakistan, as there were a lot of other buyers for its goods.

INDIA: A NATION OF TRADERS ... AND ENTREPRENEURS?

On being asked whether a culture of entrepreneurship existed in India, Ravindra Kumar stated that, traditionally, it had existed only in the Marwari and the Gujarati communities. Basically, Indians were traders. He said that he did not know where entrepreneurship had come about.

RELATIONS BETWEEN THE ELEPHANT AND THE DRAGON

The final set of questions concerned India-China relations. How did the rise of China affect India, and did the latter see the former as a threat? According to Mr. Kumar, many Indians saw China as a threat. For example, Indians saw themselves as swamped by Chinese goods. In his view, they should not be since China was not looking to pose a threat.

And what was the coverage of China like in the Indian media? The speaker added that the Indian media reported on China, and not

just in terms of the economy. Because China was Pakistan's ally, and India and Pakistan had been at loggerheads since partition, Chinese policies were closely monitored. However, added Kumar, while the media covered China, they were not obsessed with it either.

JAPAN: OBSTACLE TO THE DEVELOPMENT OF ASIA - NO FUTURE BECAUSE OF ITS PAST?

by

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INTRODUCTION: INDIAN SPICE AND RISE

The Asian flavour of the year, if not the decade, is India. The interesting focus of this year's Asian-European Editors' Forum is on the peaceful rise of India. But in actuality, Japan is the first Asian country to achieve a peaceful rise in the post-Second World War era.

India's rise also has resonance in Japan. Hence new Prime Minister Shinzo Abe's book, *Towards a Beautiful Country*, advocates a grand strategic coalition with US, Australia and India. In the book, Abe claims that:

a) India is an IT great power;
b) it is not inconceivable that the Japan-India relationship will supersede Sino-Japanese relations a decade from now;
c) the projected strategic partnership is underpinned by the common values of democracy, rule of law and human rights.

The target of this strategic alignment appears to be China. Although Abe suggests energy and environmental cooperation with China, he has no specific proposals to settle the burden of history, and more specifically the Prime Minister's controversial Yasukuni Shrine visits. Thus far he has adopted an approach of 'strategic ambiguity' towards controversial historical issues, such as the legitimacy of the Tokyo War Crimes Trials of 1946-48, the distinction between Class A war criminal leadership and the Japanese people, and Yasukuni Shrine visits. Abe's position is that would be best to 'let historians decide'.

Indeed, his emphasis on a new constitution (with the probable jettisoning of Article 9 and its 'no war' clause) and educational reform, with the inculcation of patriotism and traditional values, will widen the emotional chasm between Japan and its continental neighbours, China and Korea.

TERMINOLOGIES

The development of Asia as an East Asian Community (EAC), a bloc sharing a sense of common destiny, is important. However, it is difficult for an East Asian Community to come into fruition because of a lack of historical reconciliation between China and Japan. In other words, cooperation has 'no future because of its past'. The greatest obstacle to an EAC is the fact that China and Japan do not play the integrative role of erstwhile enemies France and Germany in the European Union. The problem with

both China and Japan is that they have yet to bury the hatchet in terms of their historical animosity.

CAVEATS

One must not hold the parochial view that Japan is solely to be blamed for a lack of historical reconciliation because the reality is that it takes two to tango. Arguably, China is also an obstacle to a historical reconciliation. This is as a result of its 'patriotic' education and the utility of nationalism to bolster the legitimacy of the Chinese Communist Party (CCP). In contrast, Japan is a democracy with pluralistic views. In this context, the history issue is very controversial domestically. At one level, it is a bone of contention between Beijing and Tokyo. At another, it is also a contentious issue within Japan itself – it represents a struggle for Japan's soul and national identity.

PUZZLES

a) Why has there been no historical reconciliation after more than 60 years?
b) Why has the historical issue between China and Japan become more problematic today than in the 1970s?
c) Is there any way to resolve the Yasukuni Shrine issue?

ARGUMENTS

The expedient policies of the US for its own strategic self-interest are responsible to an extent in making things the way they are today. The failure to indict Emperor Hirohito (1901-89) as a war criminal, or to force him to abdicate, is partly to blame

for the problems today. Since the Japanese people fought in his name, many do not share a sense of guilt because the US absolved him of responsibilities for war atrocities in Asia. The international community, including China, accepted the premise that the Emperor was only a figurehead in Imperial Japan. Emperor Hirohito lived until 1989. An earlier departure would have facilitated the examination of the question as to who was responsible for the war and its atrocities. It would have been best for the Japanese people themselves to honestly decide who was responsible rather than the Tokyo War Crime Trials or condemnations from the Chinese and the Koreans.

Unlike Germany, Japan failed to teach its youth, in the 1950s and 1960s, about its role as a coloniser and invader of Asia. A new generation of Japanese has grown up with little understanding of the war. I wonder, with profound regrets, whether it is too late for mass education, now that more than 60 years have passed.

In the 1970s and 1980s, during the halcyon days of the Cold War, China, Japan and the US were quasi-allies against the Soviet Union. Historical controversies were expediently downplayed because of Cold War imperatives. Today, China and Japan are no longer on the same side strategically. There are now no overriding geo-political constraints on China and Japan bickering over history, and as a result, differences exist between the two countries.

The Yasukuni Shrine issue has become problematic between Bejing and Tokyo only after the souls of 14 Class A (‘crimes against peace’) War Criminals were secretly reposed there in 1978. When the news became public a year later, Bejing initially tolerated the visits of Japanese Prime Ministers to Yasukuni because they claimed they were doing so in their ‘personal capacity’. In 1982, however, Beijing began to change its attitude

after leaks about the impending revisions of Japanese history textbooks to whitewash the past.

In 1985, Beijing protested vociferously when Prime Minister Nakasone went to Yasukuni in his official capacity. From then onwards, China drew a line in the sand and would oppose any Japanese Prime Minister's shrine visit. To the Chinese, Yasukuni has become a litmus test for Japan's sincerity about the history issue.

It is not easy to settle the history issue when the leadership of the one-party state of China and the LDP-dominated Japan are very much weakened. In the early 1970s, China's Mao and Japan's Tanaka Kakuei were powerful leaders who could cut deals. Today, the top leaders of both countries are relatively weak. China's Hu Jintao lacks the revolutionary legitimacy of Mao and Deng while Japan's Abe relies on a precarious personality bubble at a time when the Liberal Democratic Party's bastions of organisational support (farmers, construction companies and postal masters) have hollowed out. Weak leaders may end up becoming prisoners of nationalism – a genie uncorked by them in the first place.

The Yasukuni Shrine issue is not the solution to all that is problematic in Sino-Japanese relations but it is a precondition to improving relations. Conceivably there are other outstanding issues - even if the Yasukuni Shrine issue is successfully addressed - such as the territorial dispute in the East China Sea.

The root cause for differences is the structural transformation of East Asia, namely the rise of China and the relative stagnation of Japan. This has led to stress and tension.

THE CONTROVERSIAL YASUKUNI SHRINE

Why is the Yasukuni Shrine controversial?

- 2.5 million souls are reposed there, of whom 14 had been convicted as Class A War Criminals.
- In 2002, the newly renovated Yushukan museum located in the grounds of Yasukuni Shrine promoted a view of history which justifies and glorifies Japan's wartime record as a defensive war against US strangulation and as a war of liberation of Asia from Western imperialism.
- The inner shrine shows a video that condemns the Tokyo War Crime Trials.
- To many Japanese, the visits of their Prime Ministers to the Yasukuni Shrine are deemed domestic and religious matters of the heart which should not be interfered with and dictated by the Chinese and the Koreans.
- Proposals to address the problem include: separating the souls of Class A war criminals (*bunshi*), building a secular war memorial, and bringing the shrine under state control.

ASIA'S FUTURE: BREAKING FREE FROM THE SHACKLES OF HISTORY?

The Japanese have begun making attempts to come to grips with Yasukuni. For example, *Yomiuri Shimbun*, the newspaper with the largest circulation in Japan, has been exploring the issue of war responsibility. Ironically, Koizumi's shrine visits and the resultant controversies have forced the Japanese people to have a better understanding about Yasukuni.

Suggestions for resolving this problem have included the creation of joint history commissions and engagement in energy and environmental cooperation. Another possible solution that was put forward, for example, is that of Chinese and Japanese UN peacekeepers working as a team under a Korean general.

While trade and cultural ties will expand in East Asia, issues pertaining to history will remain a thorn in the flesh. I am pessimistic about historical reconciliation in the short run, but optimistic in the long run. I estimate that it will probably take at least a hundred years for both sides to overcome the past.

However, I might well be wrong. If the LDP and its coalition partner Komeito were to lose the Upper House Election next year and the subsequent Lower House Election, the main opposition party, the Democratic Party of Japan (DPJ) is likely to be more reconciliatory to China on the history issue, provided there is some reciprocity from China.

QUESTION AND ANSWER SESSION

with

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7th Asian-European Editors' Forum, Singapore
6-7 October 2006

The speaker was asked whether visits to the Yasukuni Shrine were just a vote bank for politicians, and whether China and Japan could be pragmatic and put historical differences behind them, much like France and Germany did, or like Nixon's visit to China in 1972 did. Would pragmatism prevail in the end? Dr. Lam Peng Er pointed out that people were very emotional about this issue because it touched upon very deep-seated beliefs and matters of the heart. It was difficult to expect pragmatism in such matters as they extended beyond mere logic. For instance, the rationale behind Koizumi's decision to visit the shrine was complex. One the one hand, he went there because he felt obliged because of his promise to the voters to do so. Moreover, he also felt deeply about it for family reasons. Hence the Koizumi family had built one of the bases used by the kamikaze pilots, making this is a very emotional subject for the Koizumi family. There would also be an element of morality involved in his decision to visit the shrine.

SINO-JAPANESE ECONOMIC INTERDEPENDENCE

In his reply to a question about the economic interdependency between China and Japan, the speaker said that economic cooperation was necessary but that it was not sufficient in preventing differences from arising. Hence before World War I, scholars had argued that France, Germany and other European nations would not go to war as their economies were greatly intertwined – but the war did break out nonetheless. Even between 1929 and 1932, Japan and China were among each others' most important trading partners. Yet, unfortunate incidents happened thereafter.

HISTORICAL RECONCILIATION

Arguing that historical East Asian reconciliation was impossible in the near future, another delegate highlighted three main factors in support of his argument: a) a historical curse - there has never been a time when both Japan and China became strong at the same time, b) strategically, China and Japan would be rivals in the long term for resources, and in the near future this would be a problem, and c) the US-factor could not be ignored. While China is rising, Japan would be a very important strategic partner for the Americans in this region in order to contain China.

In reply to these comments, Dr. Lam emphasised that multilateral organisations such as the East Asian Community and the ASEAN+3 were vital in bringing about cooperation between these two countries. Secondly, he said, these are all 'chopstick societies' that share similar values. They were not societies driven by religious fundamentalism. They were profit-oriented, secular societies. This meant that perhaps certain circumstances and

issues could be win-win situations for these countries. Finally, the speaker added that the present-day differences between the Japanese and the Chinese were actually not all that significant. In that sense, Dr. Lam did not feel completely despondent about the future.

INDIAN ELEPHANT AND CHINESE DRAGON – POSSIBILITY OR PERIL FOR ASEAN?

by

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7th Asian-European Editors' Forum, Singapore
6-7 October 2006

My brief today is to talk about India, the Elephant, China, the Dragon – and the possibilities and perils for ASEAN. Mr. vom Busch did not assign ASEAN an animal figure, but I suppose he might have had something like 'mouse' in mind.

Now, this is a big topic, so I will approach it indirectly. Part of our problem in ASEAN is that there is no definite ASEAN point-of-view, as there is a European Union point-of-view. ASEAN is a community in the making. There is really no common ASEAN view on China or India; no clear ASEAN strategy for dealing with the challenges and/or perils. As one ASEAN foreign minister, who is confident of ASEAN's future, admitted recently in a background briefing for my paper: For ASEAN, regional integration has always been a matter of one step forward, and a half step back. One hopes we will get to the Promised Land at some point, but there is no Moses, no agreed upon Ten Commandments, and surprisingly, little sense of urgency.

This being the case, I will start by describing how the future looks from the perspective of the little red dot, Singapore. Then I will move to ASEAN, the mouse, India, the Elephant, and China, the Dragon.

What sort of world will Singapore find itself in over the next 50 or so years?

A good place to begin would be the present. The pithiest, the most succinct, definition of Singapore's strategic and economic predicament that I know was offered, not by a Singaporean, but by a foreigner. Many years ago, a New Zealand Prime Minister by the name of Norman Kirk told the then Prime Minister of Singapore, Mr. Lee Kuan Yew, that New Zealand and Singapore had one thing in common – they were both 'odd', with little in common with the rest of the region. But while New Zealand, with Antarctica as its largest close neighbour, was the 'odd man out', Singapore, Mr. Kirk said, was the 'odd man in'.

The chief, and most important, determinant of a country's foreign policy is location. Where it is, who are its neighbours, whether it is landlocked or on the coast – these count for far more than ideals or principles. Ideals and principles are important, of course, but geography is coercive.

If Singapore were in the middle of Europe, say – like Switzerland – or next to Antarctica – like New Zealand – then its foreign policy would obviously be very different too. But it is in the middle of Southeast Asia – a multiracial, multi-religious country, with a large Chinese majority, in the middle of an overwhelmingly Muslim archipelago. And Southeast Asia itself is sandwiched between North Asia and South Asia – a collection of relatively small states stuck between two huge continental powers, China and India. Being 'odd' is one thing. More significant is where you are odd *in*.

Consider how different countries have answered one of the most controversial of foreign policy questions today: Namely, what is to be one's position towards the United States? There is no nation, not even hyper-loyal Great Britain, that is not to some extent uncomfortable about America's power. It is an unprecedented situation in world history to have such massive economic power married to such an overwhelming technological lead supported by such astounding military might. America spends more on defence than all other nations in the world combined. What sort of position should one adopt towards such a power?

Well, obviously, one's answer to that question will depend on where one is – literally. France and Germany have been able to adopt an anti-American position, at least on Iraq, because (a) they are in Europe, in a middle class and upper middle class neighbourhood, as it were, with no overwhelmingly huge disparities in wealth or power; and (b) because the Cold War is over, and they do not need the US to protect them against the Soviet Union.

By contrast, the Japanese and South Korean governments have responded quite differently, though opinion polls show the majority of Japanese and Korean oppose the war. Why? Because they, unlike the French, still need the US security umbrella.

Similarly, Singapore – why is its government supportive of US policies? Singapore leaders have been frank about their reasons. One, they believe Singapore too is a potential target of terrorism. And two, Singapore wants the US to remain a presence in East Asia, serving as a counter to a resurgent China. For more than half a century after the Second World War, its presence in East Asia has served a reassuring purpose, and Singapore wants to keep it that way. From the point of view of a small nation like Singapore – and I think others too in ASEAN, like Indonesia, Thailand and Malaysia, though they may not express this view

openly – the worst thing that can happen in East Asia is a closed-in regional system dominated by one overwhelming economic and political power.

Keeping the US interested and engaged in the region is a means of avoiding that possibility. In the assessment of Singapore's leaders, no conceivable grouping of nations in East Asia – not even if all East Asian countries, ex-China, combined – will be able to match China without a US presence. Dreams of an East Asian Union, modelled on the European Union, will be just that – dreams – unless the two major regional powers, China and Japan, established a modus vivendi with each other, just as Germany and France did after the Second World War. But just as European post-war stability was conditional upon a US presence, so too will Asian stability in the coming decades.

As long as the US maintains a presence in East Asia, it means no one power can dominate in the region. As long as Southeast Asia remains attractive to investors, it need not fear being squeezed by China and India. And as long as Singapore can be useful to the world, being the odd man *in* need not be too unpleasant – all other things being equal.

But then all things are never equal. Over the next few decades, Singapore will face two challenges simultaneously – one, it will become *less* odd, relative to its neighbours; and two, the neighbourhood as a whole will become more odd, relative to the Asian mainland. Less odd and *more* odd – both conditions will pose challenges, but the later more than the former.

First, the less odd: Anyone who has been up to Kuala Lumpur or Bangkok recently will know what I mean. What Singapore has achieved in the past 40 odd years is not *sui generis*. The policies, strategies and systems that it adopted are replicable – and they are, indeed, being replicated to a considerable extend. Twenty

years ago, our competitors were other global cities relatively distant from us – Hong Kong, Tokyo, London, Frankfurt, and so on. Thirty years from now – perhaps far sooner – we may have competitors near and dear – Kuala Lumpur and Bangkok, among them. This, it seems to me, is altogether for the best. Nobody likes competition or seeks it out deliberately, but it is better to be in a prosperous, stable and middle class neighbourhood than in a poor and unstable one.

Now, let me turn to the other opposite quandary – our becoming more odd. I refer here to the rise of China – and not far behind, India. The rise of China is an epochal event of staggering proportions, as significant in modern history as the emergence of the United States as a major power in the early 20th century, or Germany in the late 19th.

Just consider: China accounted for 13 per cent of the growth in global output over the 1995-2004 period, compared to America's 33 per cent, in market value terms. But in terms of purchasing-power parity or PPO, China accounted for 25 per cent of global growth in that period, compared to America's 20 per cent. A recent World Bank study pointed out that China started its modernisation in 1978 with a 2.9 per cent share of global GDP. It grew by an average of 6.6 per cent above the global annual average for 26 years, and now has a 4.7 share of global output. 'In terms of an expanding share of world output, China's growth has been much greater than any other yet seen' in history, the World Bank noted. The nearest historical parallel to China's spectacular growth over the last 30 years was US growth from 1820 to 1870, when it grew by an average of 3.3 per cent about the global average for 50 years.

The extraordinary thing is that China has achieved this feat despite growing at a slower rate than Japan, Taiwan, South Korea and Singapore at comparable periods in their take-offs. As Martin

Woof of the Financial Times has pointed out, 'if China's savings and investment performance have been exceptional, returns have been far less so. If China obtained the same increase in output for each unit of investment as South Korea did in its days of super-fast growth, its trend rate of growth would be at least 12 per cent a year, not a "mere" 8 to 9 per cent or so' as now. ('The Long March to Prosperity', Financial Times, December 8, 2003). What this means is China has not quite gotten its act together, and yet it has become this juggernaut. When it does – what? Juggernaut squared? It's like what someone said of George Bernard Shaw, who was a vegetarian – 'God help us if he eats meat.' The Chinese will eat meat; they already do. And the Indians, though still nominally vegetarian, are already elephantine, having managed the extraordinary trick of extracting a good deal of protein from silicon by leapfrogging manufacturing to go straight into services.

For 150 year or so, since the Meiji Restoration in the 1850s, the centre of gravity in Asia has been in the periphery, along the western rim of the Pacific. In the second half of the 20th century, the first nations to emerge economically were all situated along this rim – South Korea, Taiwan, Hongkong, Singapore, and later, Malaysia and Thailand. Historically, this was an anomaly. For centuries, for thousands of years actually, the Asian centre of gravity was in the mainland. As recently as the 15th century, all three of the major global powers of that era were in the Asian mainland – Ming China, Mughal India and of course the Ottomans, in what is now known as the Middle East. Singapore is in many respects the product of the mainland's temporary decline, for our forefathers from China and India would have had little reason to emigrate to this part of the world in the 19th and 20th centuries otherwise. And Southeast Asia would not have developed as rapidly as it did in the 1970s and 1980s if Deng Xiaoping had assumed supreme leadership in China in 1958 instead of 1978; and if India had set out to liberalise its economy

in 1947 instead of waiting until the 1990s. The policy failures of Mao's China and Nehru's India gave ASEAN a breathing space. With the help mostly of Japanese capital, Singapore, followed by Malaysia and Thailand, industrialised. The periphery's so-called 'flying geese' model of economic development seemed viable, precisely because the Chinese dragon had been consumed by internecine political warfare for almost thirty years under Mao and the Indian elephant had chosen to weigh itself down with the License Raj.

The 21st century will witness a steady reversal to the historical norm: The mainland will again dominate; the periphery will again become what it always was for most of its history, apart from this brief interregnum in the 20th century – the periphery. Small may still be beautiful; but size will be king.

I will briefly note here some consequences of this radical shift in Asia's centre of gravity:

To begin with, ASEAN has no alternative but to come together as a materially effective regional grouping. Three million people in Singapore – or four million, if you include foreign workers – or even 245 million in Indonesia, cannot provide a more attractive market than China or India, with populations of 1.3 billion and 1 billion, respectively. Five hundred million in ASEAN can.

In international relations, as in economics, there are price makers and there are price takers – countries or companies so powerful they are able to shape general conditions, and the rest who have no alternative but to make the best of those conditions. Given the current geo-political realities, ASEAN is a price taker, not a price maker. But that does not mean it is destined to be powerless, forever at the mercy of great powers. Price takers – especially if they remain united, shrewd and consistent – can at least ensure they are not the victims of

price gouging. And if ASEAN manages to convert its diplomatic influence into economic and political clout, it might also help shape the rules by which even price makers have to abide. With a combined population of about 500 million, there is no reason why ASEAN should not be able to hold its own in an emerging Asian power structure destined to be dominated by China and India, as well as the US and Japan.

No reason, but it is by no means certain ASEAN will get its act together, for it is an extraordinarily diverse region. Indonesia, Malaysia and Brunei are largely Muslim; the Philippines is largely Christian; and Indochina is largely Buddhist and/or Confucian. At one end, you have a developed economy like Singapore; at the other, you have Burma, Cambodia and Laos; and in the middle, newly emergent economies like Malaysia and Thailand. We cannot even agree if military coups are a thing of the past, as the response to recent events in Thailand indicates. We have a raucous and almost dysfunctional democracy in the Philippines, a fragile but promising one in Indonesia, stable but somewhat constipated ones in Singapore and Malaysia, a monarchy in Brunei, a military dictatorship in Burma and a communist dictatorship in Vietnam. The European Union would have an easier time incorporating Romania, or even Turkey, into its existing structures, than ASEAN would in creating a common market encompassing all ten of its member states. It can move forward only at the pace its least developed states find comfortable or practical. Ironically, progress on this front may well be aided by outside forces, as China, Japan and India negotiate Free Trade Agreements with ASEAN as a whole.

To a lesser degree than even Europe 100 years ago, Asia today does not exist as a unitary concept – not, at any rate, in any form that answers to the grandiose invocation of 'Asian values'. It has no political arrangement resembling the European Union; no economic arrangement resembling the North American

Free Trade Agreement; and no security arrangement like the European Conference on Security and Cooperation, to mitigate potential conflicts. Asia today resembles the Europe of the 19th century, with its major powers seeing one another as opponents and threats.

The fact that Asia is becoming economically inter-connected does not guarantee peace. It is a delusion to believe that economic interests can by themselves moderate strategic tensions. We forget this now, but Europe was more economically integrated in the 19th century than it was for much of the 20th. Today's EU, in large part, merely restores the economic regime which existed prior to World War I. Passports were unnecessary then, capital markets were open, tariffs were minimal – and yet, Europeans found themselves butchering each other in 1914.

Europe's experience since 1945 suggests that the existence of supra-national political organisations make a crucial difference. Asia would benefit enormously if it had similar structures. Thus far, it only has ASEAN and APEC – neither a well-oiled machine – and more recently, the East Asia Summit, a nascent structure.

The great British cultural and literary scholar, Raymond Williams, once noted that every culture, at any one time, consists of three contending strains – the residual (consisting of traditional forms now waning); the dominant; and the emergent.

If that tripartite scheme sounds familiar – resembling as it does the Hegelian dialectical structure of thesis, anti-thesis and synthesis – that would not be surprising, since Williams was a Marxist.

But Williams' scheme differs from the Hegelian in one crucial respect: Unlike the Hegelian, which assumes the possibility of a straight-line trajectory towards a conclusion (that pie-in-

the-sky 'synthesis'), Williams' scheme assumes its contending strains will always remain in contention. What is dominant today may become the residual tomorrow, and the emergent today the dominant tomorrow, but no culture will ever transcend, at any one time, the contention among its residual, dominant and emergent strains.

The same might be said too of geopolitics, to which Williams' scheme can be applied. We are on the verge of the 'Asian century', some say, predicting a sea-change in geopolitical structures with the rise of China and India. No, claim others, predicting the United States will continue to be the dominant Asian power, or pointing to the persistence of ancient suspicions among Asian nations. But what if all of them are right? What if all three strains in geopolitics remain in permanent contention in Asia? What then?

That there will be contention cannot be doubted. True, the rise of China and India will transform the world – and no more so than in Asia. Their rise will reverse the pattern of the last 150 years, as I mentioned earlier, when the Asian periphery – beginning with Meiji Japan in the 19th century – set the pace in development. Within the next couple of decades, the Asian centre of gravity will revert to where it had been for centuries – in the mainland. That does not mean the periphery will again become irrelevant, but it is a fair bet that it will no longer set the pace. More to the point, we cannot be certain the shift of the centre of gravity to the mainland will result automatically in stable regional structures.

In other words, that something is emerging on the Asian horizon is clear enough. But what we do not know is what precisely will emerge because we cannot tell how the emergent will interact with the dominant and the residual. Further complicating the picture is the fact that the emerging powers, China and India,

are themselves mixed up with the residual features in the Asian landscape. Each also has a complicated relationship with the dominant power, the US.

Those residual features are easy to list:

- Suspicion of the West, as reflected in the anti-Americanism in many Asian states, not only Muslim ones.

- Distrust of Japan, particularly in China and South Korea, a hangover from World War II.

- Lack of strong regional organisations, especially in Northeast Asia. As the International Crisis Group observed in a recent report, Northeast Asia is at once the world's fastest growing region as well as its least integrated. Southeast Asia is somewhat better off.

- The persistence of chauvinistic feelings in many Asian countries, making it difficult to resolve ancient, let alone not-so-ancient, grudges.

This is the background that will shape whatever regional formation emerges in Asia. On the one hand, there is a clear recognition that it is in the region's interest to develop a framework for integration, both for internal reasons (to help keep the peace) as well as for external ones (in ASEAN's case to provide investors an alternative market to China and India; and for East Asia as a whole, to provide a counter to the European Union as well as the possible emergence of a trading block encompassing both North and South America). On the other, Asia's diversity indicates how difficult it will be to create that framework.

China, for instance, might prefer an exclusive East Asian regime, which it is bound to dominate. But Japan – not to mention

India, as well as Indonesia – will not accede to such a structure. Everyone accepts the emergent today may become the dominant tomorrow, but few will want to accommodate themselves to that shift without safeguards.

From the viewpoint of small ASEAN states – and almost ASEAN states, except Indonesia, are small – those safeguards are best provided by open, not closed, regional structures. That ASEAN propensity for 'plus' fora – ASEAN + 3, ASEAN + whatever – reflects that recognition. So too does the inclusion of India (Asian, but not East Asian), as well as Australia and New Zealand (definitely not Asian, as Dr. Mahathir never tires of reminding us) in the East Asia Summit. Most East Asian countries recognise the region will not remain stable or prosperous if its political and economic structures resemble closed-shop unions.

The residual, the dominant and the emergent are as likely to remain in permanent contention in geopolitics as in culture. Just as open societies are more likely than closed ones to contain that contention in culture, open regional structures are more likely than closed ones to contain them in geopolitics.

To summarise: Singapore has always been rather odd. For 40 years, that oddness helped us survive. Over the coming decades, our becoming *less* odd in the region will pose a challenge. But the far greater challenge will be posed by the region as a whole becoming *more* odd as Asia reverts to its historic norm, and the centre of gravity shifts to the mainland. You cannot argue with gravity. All you can do is accommodate yourself to the landscape that gravity forms, much as the planets in the Solar System do – but hopefully, not exactly as in the Solar System, with only one sun predominating.

So if ASEAN has an articulated strategy, it will be exceedingly simple. In a nutshell: The more, the merrier. If India takes off in

the next 30 years, as China did in the last 30 years, that would be wonderful. If the US can remain engaged in Asia, without pissing off everybody in the process, that would be great. If the Chinese and Japanese manage to put aside their suspicions of each other and cooperate to create stable regional frameworks, that would be excellent. If the Europeans can take occasional notice of our existence, that would be a bonus. Many suns, many planets, many moons – my physics is getting rather wonky here, and my metaphors absurdly mixed, but that is how the mice will survive in a landscape dominated by dragons and elephants.

QUESTION AND ANSWER SESSION

with

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7th Asian-European Editors' Forum, Singapore
6-7 October 2006

The Q&A session started with an enquiry about whether ASEAN needed to be more forward-looking and integrative. The speaker pointed out that ASEAN had been quite successful politically. For instance, ASEAN had played an important role in getting Vietnam to move out of Cambodia. Furthermore, the ASEAN Regional Forum was the only forum that brings together China, Korea and the US. Additionally, ASEAN also provides the only forum for East Asia.

ASEAN ECONOMIC INTEGRATION

With regard to the speed of economic integration among ASEAN countries, the speaker stated that economic integration is only possible at the rate the biggest country in the region, which is Indonesia, is comfortable with. Greater ASEAN economic integration therefore was bound to take some time.

ON THE SUBJECT OF CHINA

One of the delegates commented that while people are very optimistic about China, the country still faces a lot of problems. The Chinese Communist Party hence was concerned about internal stability in particular, with the increasing gap between the rich and the poor, and problems pertaining to pollution, shortages of water and energy some of the key domestic challenges. Janadas Devan agreed that China faced these problems and stated that, despite being nominally socialist, income disparity was continuing to grow in the country. Moreover, the divide between high school and university graduates was also increasing. Mr. Devan added, at this point in time, China is still a developing country, its per capita consumption only 10 per cent that of the US. In this sense, there was still a long way to go for China.

COMPARING ASEAN AND EUROPEAN LEADERS

The next question referred to the fact that European integration was pushed forward not only by states, but also by great leaders. In a similar vein, did ASEAN have leaders who could overcome narrow nationalist interests? Janadas Devan replied that the former President of Indonesia, Suharto, had been a key player in ASEAN in the 1980s, though he had never wanted to assume the dominant role. At present, ASEAN still depended on leadership from its biggest member state, Indonesia, which is still trying to find its ground in the post-Suharto era. At the moment, there is no figure comparable to Adenauer or de Gaulle within ASEAN.

POTENTIAL IMPACT OF US DEFICIT ON THE REGION

Replying to question regarding the influence of US policies on the region, Mr. Devan stated that the United States' massive defence expenditure contributed to the growing US deficit. This was a problem for everyone as, for example, many countries had invested in US bonds.

ON THE ISSUE OF DEMOCRACY

The nature of democracy in most ASEAN countries, human rights, and the governments' need for legitimacy constituted the next question. In response, Janadas Devan highlighted that in the 1960s, the most democratic states in the region had been Singapore and Malaysia. Now perhaps South Korea and Taiwan, which were then military dictatorships, were the most democratic countries. However, the speaker also emphasised that despite issues of press freedom and the like, Singapore and Malaysia had never failed to hold elections.

Perhaps there was a need for more democracy in Korea and Taiwan since they had military dictatorships before, whereas governments in Singapore and Malaysia had always delivered the goods. The speaker also added that while all newly independent states in Asia began with universal suffrage, the same was not the case with most European states and in the US, where the process of voting was initially tied to property rights, gender and even race. While Singapore enjoyed universal suffrage in 1959, African-Americans were not assured of the vote until five years later, in 1964.

Finally, he said that Singapore is a small country, in which the government produces and delivers the goods, and very efficiently so over the years. It was however a spiritual necessity of the young to have more choice, so changes would take place – but they would be less likely in the domain of electoral politics, primarily due to the lack of regional variations owing to the country's small size. The changes were more likely to occur first in institutions, such as universities, and in alternate media.

CHINA RISING, INDIA SHINING – AND EUROPE LOOKING ON?

by

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6-7 October 2006

The influence in the world of emerging markets like India and China is becoming more prominent. Their contribution to the world GDP has risen from 30 per cent in 1990 to 45 per cent in 2007, while the European contribution has fallen from 25 per cent in 1990 to 20 per cent in 2007. In the 1800s, India and China were known for their dominant economic and social policies. The past decade indicates the revival of this glory.

There are many reasons for the changing patterns of economic progress across the world. The increasing level of trade between the developed and the developing world is among them. With the availability of cheap labour in China and India, many foreign companies outsource their manufacturing to these countries and later export the goods from these countries back to the markets of the developed countries. Thus the threat to a EU company is

not China, rather another European company which has Chinese connections and can thereby minimise its production costs. In fact 60 per cent of Chinese imports are actually generated by foreign firms.

PROBLEMS FACED BY CHINA

Given these rising levels of growth, there are still many obstacles that need to be overcome. Hence China's internal distribution of wealth is uneven because the rise in income has not been evenly distributed throughout the population. Lower income families continue to face financial hardships and the country's overall progress has not necessarily translated into a major improvement in the lives of these people. Hence, despite growth rates of 10 per cent, 17 per cent of the Chinese population live in poverty, earning less than 1 USD per day.

Income disparities are not the only cause of concern. China's aging population could be a problem in the making: it is predicted that by 2050, about 27 per cent of the population will be 60 years of age. On top of this, China's financial sector is weak and remains to be developed. The four main state banks are bankrupt so that the government needs to pump in enough money every three years for them to survive. Moreover, the Chinese miracle growth rate is mostly limited to the main cities like Beijing, Shanghai and a few other cities along the eastern coast. These cities experience a major influx of labour from nearby regions whose inhabitants migrate in search of employment, thus also leading to the urban overpopulation.

PROBLEMS FACED BY INDIA

Like China, India has been experiencing rapid growth rates of

7 to 8 per cent. However, India's economy still has a long way before it can match China's GDP, which is about three times the size. Moreover, the lack of sufficient education has always been a major concern in India. Even with the introduction of new government policies regarding primary education, 40 per cent of children do not go to school. On the front of infrastructure too, India is lagging behind China. The total spending on infrastructure is 4.4 per cent of GDP, while that of China is 25 per cent.

Yet many of the problems associated with development are similar to China's, and they are considerable. Hence India has to face problems associated with a huge population. The costs of education, infrastructure and the like are compounded when they are coupled with high population density.

The distribution of wealth across the different income segments is uneven. The poor have had limited benefits from the economic upturn. While the country's per capita has risen by 7 per cent, over 35 per cent still live on less than 1 USD per day.

Public undertakings in India are continuing to under-perform as compared to their private counterparts. Over the last decade, India's governments have been promising to privatise these companies to achieve efficiency in the markets. But unfortunately this process is still under development, the primary reason being that these companies are a source of employment for many.

THE EUROPEAN UNION AND THE EMERGING MARKETS

The progress of the European Union is positive but slow. The integration of countries in the EU is looked upon as an example for ASEAN. The EU is positioned as a role model for other associations of countries in the context of their position on

human rights and their use of persuasion rather than force to influence countries.

The rise of emerging markets like India and China has not hampered the markets in the EU, but rather has benefited them. True, real wages in the EU have stagnated, there is increase in unemployment, yet companies are showing increased profits. The EU is being flooded by Chinese and Indian imports, which cost much less because of their availability of cheap labour. But at the same time, European exports to these markets are also growing.

The EU has learned a lot from their dealings with these emerging markets. It has realised that the economic prowess of India and China is a force that needs to be reckoned with and cannot be ignored or sidelined. And the only way to benefit from their growth is to embrace and integrate them into their system.

The factors that have resulted in the EU's success, such as professional management, creativity, innovation, supply chain solutions, branding, international marketing, to name a few, are still strong and need to be pursued further. At the same time, India and China need partners while they expand and go international. The EU has a lot to gain from its involvement with these countries.

CONCLUSION

Over one hundred years ago, Europe tried to open India and China to the rest of the world, but that attempt was not completely successful. Now Asia itself is paving a path for the rest of the world and Europe is welcoming its two old friends with open arms.

As China and India become a larger part of world trade, they will adopt the international rules of competition. This will result in the stabilisation of global trade as well as a levelling of playing fields. This will benefit both the Western world as well as Asia. Competing under the same set of rules will make it easier for both. The future for India and China seems bright.

QUESTION AND ANSWER SESSION

with

Mr. Joachim H. Ihrcke
Managing Director, Droege & Comp. Singapore Pte. Ltd. and Vice President, EuroCham Singapore

7th Asian-European Editors' Forum, Singapore
6-7 October 2006

The first question addressed the European about fear of job losses due to outsourcing to India or China: what could be done about it? Mr. Ihrcke pointed out that it was countries such as Malaysia and other developing countries rather than Europe who suffered most, as they were caught in the medium developing trap. He added that the greatest threat to EU firms was posed by other EU firms that establish a Sino-Foreign Joint Venture in China to manufacture 'original' machines in China and sell at a lower price in developed markets.

TECHNOLOGICAL TRANSFER THEN AND NOW

Asked about the extent to which the adoption of new technologies contributed to the rise of India and China, the speaker referred to

the situation of about thirty years ago. At that time, the Chinese did not understand new technologies, did not appreciate them, or could not apply them. However, this was not the case any more and the Chinese were reaping the benefits of adopting technologies to their advantage.

ATTITUDES TO BUSINESS

Asked to compare between European and Chinese attitudes towards the effects of business, the Mr. Ihrcke said that European businessmen dealing with Asia were generally interested in the positive news rather than in more negative scenarios. As a result, a lot of negative issues such as male-female disproportion and the like were often overlooked. On the other hand, the PRC had managed to avoid most of these pitfalls.

THE ADVANTAGES OF THE EURO FOR ASIAN BUSINESS

The final question addressed the effects of the European Economic and Monetary Union on relations with Asia, notably the effects of the introduction of the Euro as a new currency. According to Mr. Ihrcke, the Euro as the second currency after the USD was a big advantage for countries in the Asia region. Thus, instead of having to keep accounts in a dozen European currencies, an Asian firm could now conduct business with its European partners in a single currency.

BUSINESS AND HUMAN RIGHTS

On the question of human rights, the speaker said that the respect

of human rights was a critical issue for him as a businessman, such as with regard to under-age labour in the region, but that he was not the right person to talk about human rights issues at a more abstract level.

THAILAND AFTER THE COUP: IS THE STORM ALREADY OVER? A BRIEF OVERVIEW OF CURRENT DEVELOPMENTS IN THAILAND

by

Mr. Suthichai Sae-Yoon

Group Editor-in-Chief, The Nation, Bangkok

7th Asian-European Editors' Forum, Singapore
6-7 October 2006

The coup took place slightly over two weeks ago, on the night of 19 September 2006, while Thaksin was in New York attending the annual summit of the United Nations General Assembly. The army commander, General Sonthi, was in charge of the operation. On the very night of the coup itself, Thaksin was about to fire the commander in chief of the army. This could be seen on one local channel that showed Thaksin on the phone, declaring martial rule and firing the commander in chief. However, all other channels were playing music composed by the King. The channel playing the interview with Thaksin stopped the coverage abruptly.

Even by midnight, the name of the coup leader was not disclosed.

The first announcement made by the army in fact ended by saying that they were sorry for the inconvenience caused to the public.

The coup succeeded because the majority of the army men were on one side, and the army had control over all the TV and radio stations. This had always been the practice in Thailand. There were rules of engagement in Thailand among the army – anyone who took control over all the radio stations would be the winner.

Thaksin's own men in the army defected and joined General Sonthi. In this sense, the coup was successful. An unprecedented event that took place was that the army was granted audience by the king by midnight of the night of the coup itself. Normally, the king would wait for a few days before granting an audience. At the time of the coup, however, there was a possibility that the supporters of the army and those of Thaksin would clash that night. The king probably did not want such clashes and consequently he gave an audience to the coup leaders.

Many have asked me how I feel about the coup. I would say that I am glad that Thaksin is gone, but I am not glad that the soldiers are here either. This is because we are back to square one. I was not sad, but I was angry, that despite all the promises from all the institutions, and all the efforts that had gone into them, we failed to create the mechanisms needed in the form of sufficient checks and balances to prevent an elected prime minister who had become corrupt to go out the democratic way.

We tried the Filipino way, through the use of people power. For almost one year leading up to the coup, there were anti-Thaksin protests with people from all walks of life joining the anti-Thaksin group. Bangkok was turned into a big fortress against Thaksin. Weekly demonstrations were trying to get Thaksin to

clarify his stance, but it did not work because Thaksin pulled the right strings in all walks of society with his influence, power and money.

The possibility of a coup was there, but no one was willing to talk about it as no one wanted to go back to the days of coups. Even the military had said that they were not going back to staging coups. The protests on the streets continued, but Thaksin was unmoved since he believed that he would continue winning elections. General Prem too warned Thaksin, though not directly. However, every word he said was interpreted as being anti-Thaksin.

The people in the country wanted the King to intervene. In article 7 of the Thai constitution, it says that His Majesty the King can, if enough support is offered, appoint a prime minister. However, the King asked his advisors to tell the public to not come to the palace and involve the King. The King did not want to exercise that right.

As a result, the people went back on the streets again. Tensions increased considerably. The biggest demonstration was to be held on 20 September 2006. A group of army officers said that they had heard that on that day, two or three of Thaksin's ministers would infiltrate the crowd, throw a few bombs thus creating the conditions in which Thaksin could declare martial law. He would then have appointed one of his associates in the army as prime minister. Once the protests had died out and everything settled down, elections would have been held within 3 months, and then Thaksin and his Thai Rak Thai party would have won.

The coup also happened against the background of the Thai military's annual practice of releasing its new promotions list on 1 October. The coup leaders thought that if 1 October 2006

came and went, there would have been no way to stop Thaksin from doing what he wanted: he would have placed all his close associates in high posts in the army. This was perhaps the most important reason determining the timing of the coup. The person heading the interim government in Thailand today was once General Sonthi's boss in the army. He retired two years back. He now has the task of forming a civilian cabinet. He is generally acceptable to the public. After his cabinet has been announced, there will be elections to a constituent assembly, which will map out Thailand's future.

QUESTION AND ANSWER SESSION

with

Mr. Suthichai Sae-Yoon

Group Editor-in-Chief, The Nation, Bangkok

7th Asian-European Editors' Forum, Singapore
6-7 October 2006

In reply to a question about divisions in the army, Suthichai Sae-Yoon said that the army was already divided under Thaksin as a result of his attempts to promote close associates up the military hierarchy. In a way this coup was a pre-emptive strike against Thaksin's coup. Some even say that Thaksin's friends in the army had been planning a pro-Thaksin coup. However, now they were working for ways to harmonise again.

THE MEDIA, THAKSIN, AND THE COUP...

The speaker was asked about the dilemma confronting the media in Thailand, considering that the media had helped create this anti-Thaksin drive that ultimately drove him out, while Thaksin himself was the person who provided the media with freedom. To this, the speaker replied that the media was indeed in a dilemma in Thailand, and they were confronted with the question of how to deal with the military. In the past, the media had criticised

the coups; this time around the media had made it clear that Thaksin's departure was good, but the coup leaders had to make sure to hand power to a civilian government soon as well.

... AND FREEDOM OF THE PRESS IN POST-COUP THAILAND

The good thing about this coup, added Suthichai Sae-Yoon, was that this time around the military had not brought about any censorship in print. There was some censorship of radio and TV, but it was not because of the content they carried - rather it is because of their links with Thaksin. However, just to make sure, *The Nation* had sent a team of journalists to the coup leaders and the new government to ask them to ensure robust press freedom under the auspices of the new constitution.

Another delegate, a Thai journalist, joined in by adding that most journalists welcomed this particular coup, because all the things that are normally associated with coups did not happen – there was no press censorship. Only extreme viewpoints were not permitted. General Sonthi was a Muslim and that could be instrumental in solving the crisis in southern Thailand. A Protestant was the head of anti-corruption activities – for all this to happen in an overwhelmingly Buddhist country was a good sign.

DRAFTING YET ANOTHER CONSTITUTION

In his response to a question about the constitution drafting process, Suthichai Sae-Yoon's said that while one year may be too long a period in some people's opinion, there needs to be time to debate on the role of the military, civilians, the media and civil

society in Thai democracy. In his view, Democrat Party members would not be a part of the constitution drafting committee as the coup leaders would not want to be seen as partisan.

The constitution drafting process would concentrate on changing some controversial clauses. Earlier, for instance, it had been very difficult to get the PM to answer questions in parliament. Similarly, for a no-confidence motion to be passed, the constitution required a two thirds majority in the house. As a result, every attempt to introduce a no-confidence had motion failed throughout Thaksin's tenure. One of the main items on the agenda would hence be how to make it easier to check and balance the powers to be.

FINDING THE RIGHT BALANCING BETWEEN RIGID PARTY DISCIPLINE AND LAISSEZ-FAIRE DEFECTIONISM

The second important change would be with regards to rules dictating the affiliation to parties. At the moment, Members of Parliament have to follow the party's direction because the party leaders have control over the MPs. This contrasted with the earlier 'laissez-faire' practice during which defections were common, to the effect that everyone could run away everywhere. Now too much control of the MPs by the party leadership was the key problem.

ANTI-CORRUPTION CHARGES AGAINST THAKSIN

With regards to Thaksin's involvement in corruption, and the charges laid against him, the speaker said that committees have

been in place for investigating Thaksin. If any involvement of Thaksin was found, it would spell the end of his political career. If he was not found guilty, then he would take a break and then see how his political future would develop, because he had antagonised too many people.

ON THE ORIGINS OF THAKSIN'S END

In the opinion of Suthichai Sae-Yoon, the beginning of the end for Thaksin was the Shin Corp–Temasek Holdings deal. Following the sale, a press conference was held by Thaksin's lawyer. When he was asked whether it was right for Thaksin's family to not pay any taxes on the 73 billion Thai baht that they had made from the deal, the lawyer replied that he had not been assigned to talk about ethics. As a result, Thaksin was viewed as being too arrogant about power. That was the beginning of the end.

WHAT IMPACT ON BUSINESS?

On being asked about the impact of the coup on the business climate existing in Thailand, Suthichai Sae-Yoon said that the interim cabinet has a few good economists and businessmen in the cabinet. In his view, at least businessmen would feel that they were on a level playing field from now on. This was because under Thaksin, only a few families were gaining and they began owning everything.

THE LESSONS OF 19 SEPTEMBER 2006

Finally, the speaker summarised the lessons learnt from the coup as follows:

1) Never believe when you hear that rich people are not corrupt.
2) Thailand's democracy remains fragile and immature.
3) Never underestimate the importance of civil society, no matter how many checks and balances exist in the formal political system.
4) In politics and military affairs, never say never.

INDIA-CHINA-JAPAN: WILL THE 21ST CENTURY BE REALLY AN ASIAN CENTURY?

PANEL DISCUSSION

with

Mr. Janadas Devan,
Mr. Ravindra Kumar,
Dr. Lam Peng Er,
Prof. Dr. Wang Gungwu,
Mr. Werner vom Busch (Moderator)

7th Asian-European Editors' Forum, Singapore
6-7 October 2006

Dr. Lam Peng Er

Dr. Lam Pang Er, Senior Fellow at the East Asian Institute, Singapore, kicked off the panel round: Would the 21st century be an Asian century? His answer was 'yes and no', because the 21st century would be a Eurasian century, one that would collectively belong to the US, Europe and Asia.

Dr. Lam pointed to Russia as the quintessential Eurasian state. So far, not much had been said about Russia at this conference.

Russia had an immense capacity for suffering, but it had always rebounded. Through history, even after they had lost any war, they had always rebounded and found their way back. They had their artists, musicians, chess masters, and they were the first state to send a man into space. The high energy prices today had provided Russia with more optimism and given them a boost once more. A transformation had taken place in Russia since the end of the Cold War. From being an outsider, in another twenty to thirty years, Russia would be very much a part of things – as important a player as any other.

An important challenge for Asia would be to create values and ideas that could be embraced by other areas in the world. But besides GDP growth, Dr. Lam was not sure if Asia could contribute much more to the world.

He also pointed out that over the last two days, participants to the forum seem to have suggested that Europe has historically played a key role in the region, except in Japan and Thailand. Yet these days, European involvement has been much greater. Their initiative in Aceh for peace building, the involvement of the Swedish in Mindanao and that of the Norwegians in Sri Lanka were just a few examples of European involvement. Europe's involvement was more than merely economic. It was important for Europe to be involved politically as well.

Mr. Ravindra Kumar

The Editor and Managing Director of India's *The Statesman*, Ravindra Kumar, then shared his outlook with a brief recap: We have heard essentially that China likes to be a good guy. The CCP has a divine mandate. Whether Japan is a prisoner of the past or not, its co-prisoners would want Japan to continue as a prisoner of the past. ASEAN had a role to play in seeking the peaceful rise of these two powers. Would India be able to overcome social

inequalities in its quest for economic development?

In addressing all these issues, according to the speaker, the American perspective had been forgotten: the prospects of an Asian century were exciting, but would the Americans let it happen?

In his view, Asia had the potential to make the 21st its own century. However, the prosperity of all its people needed to be looked at. There was an opportunity to make the 21st century our own, and it needed to be grasped, provided that inequalities and the like were tackled.

Prof. Dr. Wang Gungwu

Professor Wang Gungwu, Director of the East Asian Institute, Singapore, then observed that the international system needed more perspective. Whose century it would be depended on the international system's ability to survive the potential changes that might occur. The international system, as it is, was already 60 years old and many were discontented with it. If this system was to be modified or changed, what kind of role would the dominant powers play? Rising powers could cause instability, and so could falling powers. When powers perceived themselves in decline, the people responsible for the decline should be discouraged to stop it through violent means. What kind of action followed from the perception that one had nowhere else to go but down, but wanted to prevent that from happening?

Mr. Janadas Devan

Janadas Devan, Senior Writer of that *The Straits Times*, Singapore, emphasised that nations did not go to war when they were confident and feeling good. Four main issues had to be watched:

a) Islamic radicalism continues to be a serious problem. With the largest Muslim country being Indonesia, followed by India as the second largest, and with Southern Thailand also being a dangerous hotspot, Asia needed to check the rise of radicalism.

b) The growing income inequality in most of Asia needed to be checked.

c) To prevent environmental degradation, emphasis needed to be laid on protecting and preserving the environment.

d) Cultural separatism – Why should the issue of culture become so important now? Janadas Devan thought there used to be a tripartite link between capitalism, the rationality of the enlightenment and Western culture. With globalisation, this tripartite link has been broken. There is now a link between capitalism and rationality, with culture becoming purely incidental. The re-emergence of culture as an issue despite economic globalisation is a counter-reaction to the dismissal of culture. Culture has become a means of reasserting value, of agency, in the midst of globalisation. That is why, despite globalisation, we are likely to see an insistence on cultural identity, on ethnic identities, on difference. It is the only way for people to gain a sense of identity.

QUESTION AND ANSWER SESSION

A MEASURE OF POWER: POPULATION GROWTH AND DECLINE?

Following the brief individual outlooks, the floor was opened to questions. Mr. Devan was asked about the dynamism of China and Japan, in the context of their aging societies. He responded that it is believed that Japan's population will to decline by a quarter by 2100, whereas China would become old before it becomes rich. The only two countries that would see substantial population growth were the US and India. He added that he did not know what impact these demographics would have, but if it was true that demography is destiny, then maybe the USA would not slow down.

CHINA AS A STATUS QUO POWER?

Referring to Professor Wang Gungwu's mention of China as a status quo power, a delegate argued that this was so because China required resources from other countries and needed the world market to sell its products. Thus the People's Republic had invested in Brazil, Sudan, and Pakistan, building roads and the like, in order to facilitate the flow of products from China to other nations. At the same time, China had reasserted its claim in a part of the South China Sea which is claimed to be rich in oil. This part of the sea, however, was also claimed by several

ASEAN nations, such as Indonesia, the Philippines, Vietnam and Malaysia. He added that he believed that though China was part of the international system, at the same time, its reassertion on the world stage was creating some instability. In reply to this, Wang Gungwu stated that his own feeling was that in this regard Southeast Asia did pretty well, because the ASEAN countries spoke as one and because they made China understand their concerns.

A NECESSITY FOR OUTSIDE POWERS IN ASIA?

On being asked why Asia needed Norway, Sweden and other nations to solve its own problems as it claims to be unique and the leader in the 21st century, Dr. Lam Peng Er said that a lot of the problems were global. In the area of geo-politics, he did not see how Asia could solve the flashpoints. The US was hence a very important player in areas such as the Korean Peninsula and Taiwan. He agreed that problems in other Asian flashpoints were generally not solved by Asian states. However, Japan was working hard in various regions such as Cambodia and now Aceh.

RUSSIA AS AN ASIAN POWER?

A Russian delegate then asked Dr. Lam Peng Er to speak more about Russia, considering that its economy was not doing too well, and that the country was also lacking political clout. Looking at Russia from the broad scope of a canvas, Dr. Lam said that he saw Russia grappling with the problems of transition in the next ten years. Nevertheless, it was still a huge country that would be involved in the East Asia Summit. In his opinion, Russia would be a player in the region. One should take a long look at Russian

history and not just the collapse of the Soviet Union, to see how Russia had always bounced back onto the international arena.

THE IMPACT OF THE US WAR ON TERROR ON ASIA

Another questioner asked Mr. Devan to what extent the American war against terror was an attempt to prevent their decline. And to what extent was the war on terror an attempt to divide Asia along religious lines? Mr. Janadas Devan replied that that he did not think that the war on terror was an attempt by the US to prevent their own decline or to divide Asia along religious lines. He added that his worry about American policy was its broader aims. In his view, the neo-conservatives were idealists. The whole decision to go into Iraq was based on the belief that they could transform an entire civilisation. This creates incalculable results. That was the key problem with American foreign policy.

ASIAN OR AMERICAN CENTURY?

Finally, Dr. Gungwu was reminded by a delegate that when asked 12 years ago whether the 21st century would be an Asian century, he had rejected the notion. Did he have anything to say now? Dr. Gungwu said that he did not know what he said 12 years ago. But he said that he would be surprised if he was optimistic about it then, as he was not very optimistic about it today either. He added that power relations were extremely difficult to predict. He did not know whether the US would remain a superpower in the years to come. The assumption behind the Asian century was that the US would decline, and he was not too sure about that. He concluded by saying that he did not know how to explain something like grand strategy and planning for the future, and that he had never been convinced that the Americans had any grand strategy.

Media Programme Asia
Konrad Adenauer Foundation

The Media Programme Asia, based in Singapore, was established in 1996 by the Konrad Adenauer Foundation (KAF) to promote a free, responsible and ethical press in and among the member states of the Association of Southeast Asian Nations (ASEAN). This is achieved by fostering dialogue among leading journalists in the region through regional conferences and meetings. From its more narrow Southeast Asia focus, the reach of the programme has since been extended to East Asia (China, Japan, Mongolia, and South Korea) as well as South Asia (Bangladesh, India, Nepal, Pakistan, and Sri Lanka).

The project also sponsors several programmes geared towards the training and education of Asian journalists. Conferences, workshops and training seminars are held throughout the year in Asian countries for media practitioners in order to facilitate the free flow of information and to upgrade their skills.

The KAF Media Programme Asia consists of the following key initiatives:

- ***The founding and promotion of the Asia News Network (ANN)***
- ***The founding and support of the Konrad Adenauer Asian Center for Journalism (ACFJ) at the Ateneo de Manila University in the Philippines. As one of the first institutions in Asia, the Center offers a Master of Journalism degree programme online as a distance learning course***
- ***The founding of and co-operation with the Council of Asia Press Institutes (CAPI)***

The programme's annual highlight since 1998 is the Asian European Editors' Forum (AEEF) where senior editors from Asian and European countries are invited to a dialogue with the leaders of an Asian country. The 5th AEEF in 2004 was inaugurated by Thailand's Prime Minister, Mr. Thaksin Shinawatra. For the 6th AEEF in 2005, Indonesia's President, H.E. Dr. Susilo Bambang Yudhoyono, was the guest of honour and for the 7th AEEF in 2006 Singapore's Prime Minister, H.E. Mr. Lee Hsien Loong held the keynote speech with a following Q & A session.

Past conferences and workshops have included, in 2005, a workshop in Malaysia on 'Reporting Conflict' for journalists from crisis regions, 'Religions on the Edge: Issues and Challenges in Reporting about Faiths and Conflict' (in Manila), 'Covering Islam: Challenges and Opportunities for Media in the Global Village' (in Singapore), and a conference on 'Politics in Transition Period and the Role of Media' (in Mongolia). In 2006, the 'First Forum for Emerging Leaders in Asian Journalism: Convergences' took place in Manila to promote leadership and management skills of the most promising young Asian journalists. Furthermore a conference on 'Maritime Piracy in Southeast Asia' was held in Kuala Lumpur as well as a conference about 'Terrorism, International Law and the Media' in Bali.

Recent publications are: *The ASIA Media Directory; Best Practices in Journalism Education in the Information Age; Covering Islam: Challenges and Opportunities for Media in the Global Village; The 6th Asian-European Editors' Forum;* and *Covering Maritime Piracy in Southeast Asia.* All these publications are available free of charge upon request from the Konrad Adenauer Foundation, and most can actually be directly downloaded as pdf-files at www.kas-asia.org --> go to 'Publications'.

Key Initiatives

The Asia News Network (ANN) is a network of leading national daily newspapers. It provides avenues for cooperation and optimises the coverage of major news events in the region.

The networking among newspapers in Asia was first discussed informally by Asian editors who participated in the first Asian-German Editors' Forum organised by the Konrad Adenauer Foundation in Manila. In March 1999 - with the goal of improving the coverage of Asian affairs by Asian media, of providing member newspapers with reliable access to news sources in Asia and of promoting professional journalism in the region - the ANN was born.

The ANN's weekly *AsiaNews* magazine was launched in February 2006. It is the most recent project of the KAF and the ANN and reflects Asian perspectives in the fastest growing and most diverse region of the world. It features special reports focusing on topics affecting Asia. The magazine is available as a digital e-paper from the ANN-website (**http://www.asianewsnet.net/**) and in print on board of selected Star Alliance flights.

The members of the ANN are: The Daily Star (Bangladesh), China Daily, Beijing and Hong Kong Editions (China), The Statesman (India), The Jakarta Post (Indonesia), Daily Yomiuri and Yomiuri Shimbun (Japan), Vientiane Times (Laos), Sin Chew Daily and The Star (Malaysia), The Kathmandu Post (Nepal), The Philippine Daily Inquirer (Philippines), The Straits Times (Singapore), The Korea Herald (South Korea), The Island (Sri Lanka), The Nation (Thailand) and Viet Nam News (Vietnam).

Mr. Werner vom Busch, Director, Media Programme Asia, KAF, is an advisor to the Board.

Established in June 2000, the Konrad Adenauer Center for Journalism at the Ateneo de Manila University is a joint initiative of the Konrad Adenauer Foundation and the Ateneo de Manila University. On May 1, 2006 the Center was renamed the **Konrad Adenauer Asian Center for Journalism (ACFJ)** to assert the center's mandate of serving Asia by training Asian journalists. The ACFJ offers degree and non-degree programmes as well as a master degree comprised of a combination of specialised and foundational courses. Cognisant of the challenges posed by the digital revolution as well as the continuing need for fundamental skills and an awareness of basic journalistic issues, courses such as online-journalism and reporting on information technology are offered alongside foundational courses such as news reporting, ethics and law. With the inauguration of a radio studio in December 2005, new courses related to broadcasting are offered, thus expanding the range of courses available at the centre. **(http://cfj.ateneo.edu/)**

The Council of Asia Press Institutes (CAPI) is an umbrella organisation of national press institutes in Asia. It was founded in 1998 at a strategic planning meeting of Asian Press Institutes in Manila, Philippines under the auspices of the Konrad Adenauer Foundation. It is an organisation of media institutes and groups whose principal mandate is to develop and promote the professional practice of journalism in Asia.

CAPI members are: Press Institute of Bangladesh, Press Institute of India, Indonesia's Dr Soetomo Press Institute, Club of Cambodian Journalists, Press Institute of Mongolia, Nepal Press Institute, Pakistan Press Foundation, Philippine Press Institute, Korea Press Foundation.

Konrad Adenauer Stiftung

7th Asian-European Editors' Forum

in cooperation with THE STRAITS TIMES

The Sentosa, Singapore
October 6 - 7, 2006

"India - China - Japan:
The New Power-Triangle in Asia"

Programme

Friday, 06/10/2006

09:15 am	Registration of Participants
09:55 am	Arrival of **H.E. LEE Hsien Loong**, Prime Minister of Singapore
10:00 am	Opening Remarks by **Mr. Werner vom BUSCH**, Director, Media Programme Asia, Konrad Adenauer Foundation, Singapore

	Welcome Address by **Mr. Alan CHAN Heng Loon**, CEO, Singapore Press Holdings Ltd., Singapore
10:15 am	**Keynote Speech by** **H.E. LEE Hsien Loong**, Prime Minister of Singapore "Singapore's Role in View of the New Powers to be in Asia"
	Followed by **Q&A**
10:55 am	Morning Coffee Break Departure of H.E. LEE Hsien Loong
11:25 am	**"China: Economical Strength and Structural Weaknesses?"** Speaker: **Prof. Dr. WANG Gungwu**, Director, East Asian Institute, Singapore
12:05 pm	Discussion
13:00 pm	Luncheon
02:30 pm	**"India: Reaching out to the Region or Concentrating on its Business-Success?"** Speaker: **Mr. Ravindra KUMAR**, Editor & Managing Director, The Statesman, Kolkata, India
03:15 pm	Discussion

04:00 pm	Afternoon Coffee Break
04:15 pm	**"Japan: Obstacle for the Development in Asia – no Future because of its Past?"** Speaker: **Dr. LAM Peng Er**, Senior Fellow, East Asian Institute, Singapore
05:00 pm	Discussion
06:00 pm	End of first conference day

Saturday 07/10/2006

09:00 am	**"Indian Elephant and Chinese Dragon – Possibility or Peril for ASEAN?"** Speaker: **Mr. Janadas DEVAN**, Senior Writer, The Straits Times
09:45 am	Discussion
10:30 am	Morning Coffee Break
11:00 am	**"China Rising, India Shining – and Europe Looking on?"** Speaker: **Mr. Joachim H. IHRCKE**, Managing Director, Droege & Comp. Singapore Pte. Ltd. and Vice President, EuroCham Singapore

11:45 am	Discussion
12:30 pm	Luncheon
02:00 pm	**"India – China - Japan: Will the 21st be really an Asian Century?"** Moderator: Mr. Werner vom BUSCH Panelists: Mr. Janadas DEVAN, Mr. Ravindra KUMAR, Dr. LAM Peng Er, Prof. Dr. WANG Gungwu, Mr. Joachim H. IHRCKE
03:45 pm	Afternoon Coffee Break
04:00 pm	**"Thailand after the Coup: Is the storm already over?"** - Brief overview of current developments in Thailand Speaker: **Mr. Suthichai SAE-YOON**, Group Editor-in-Chief, The Nation, Followed by **Q&A**
04:45 pm	Farewell Address by **Mr. Werner vom BUSCH**, Director, Media Programme Asia, Konrad Adenauer Foundation, Singapore
05:00 pm	End of Forum

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