

## **“Rivals”: Misconceiving Asia**

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**Review of Bill Emmott, *Rivals: How the Power Struggle between China, India and Japan will Shape Our Next Decade*, Allen Lane: London 2008, £20, hardback 314 pp, 978 1 846 14009 9.**

The mass of recent literature on the ‘rise of Asia’ largely focuses on the implications of this development for the West. It rarely stops to consider the impact on inter-relations between the Asian states themselves. In *Rivals*, ex-*Economist* editor Bill Emmott attempts to correct this by examining the cases of China, India and Japan, and argues that the interaction between the three will decisively influence the shape of the coming world order. As he points out, their triple coexistence as major powers represents a historical novelty. In 1820, when China and India between them accounted for almost half of world output, Japan remained a relative backwater, its modernizing drive of the Meiji period lying decades in the future; by the 1930s, when Japan had become a full-fledged industrial and military power, China was impoverished and riven by warlordism, while India groaned under the British yoke. The headlong economic development of the prc and steady growth in India over the past decades suggest that the two Asian giants will join Japan among the top five national economies in the world.

Yet this very process is creating ‘disruptive transformations’ that will profoundly alter the economies, societies and politics of the states in question, Emmott argues, potentially raising new tensions between the three. Rising prosperity has brought commensurate expansion of Chinese and Indian global ambitions. The coming years will see intensifying competition over resources and markets, not least in the battle for Burmese oil and gas fields. In addition, Emmott sees an incipient arms race developing, in a region littered with potential flashpoints. As well as territorial disputes—over Aksai Chin and Arunachal Pradesh in the case of China and India, and over the Senkaku and other islands in the case of China and Japan—there are further sources of tension in Tibet, Taiwan, the Korean peninsula, Pakistan and Kashmir, which the deteriorating world economic outlook will likely only heighten. Emmott proposes a ‘plausible pessimistic’ scenario: China’s bubble-prone economy enters a deep recession, accompanied by rising social protests; the CCP tightens its grip with increased recourse to nationalism, amplifying regional tensions through displays of truculence. With Japan too bolstering its military, Taiwan might become the cause of a ‘short, exploratory exchange of fire’ that could also draw in the us.

Emmott is no stranger to prognostication: in 2003 he published *20:21 Vision*, offering ‘Twentieth-Century Lessons for the Twenty-First Century’. His verdict then was that liberal capitalism under us hegemony would endure, despite the challenges to it that might arise. In *Rivals*, written as the world entered an economic downturn, he has changed tack somewhat: ‘the future does belong to Asia’, he nods at the outset. ‘Asia’ itself is a geographical rather than a political expression, of course. But Emmott suggests a ‘new Asia’ is now being created through the widening and deepening of trade and investment linkages. Japan’s post-2002 recovery has been based on exports to China, not the us. In a few years China, not the us, will be India’s main trading partner. Around half of all Asian merchandise exports go to other Asian countries, a level of integration comparable to that of the

nafta economies. Today's 'Asian drama' is 'generating new wealth, ideas and confidence'—'knitting Asia together into a single, vibrant market for goods, services and capital, one that stretches all the way from Tokyo to Tehran'. (More specifically, Emmott's investment tips are for Indian infrastructure and manufacturing, Chinese consumer goods and Japanese services.)

Nevertheless it is 'premature', in his view, to see Asia as 'a genuine region'. What divides it, especially politically, is at present more important than what unites it. The three great powers are 'not naturally compatible', and each will be manoeuvring to strengthen its position and further its long-term interests. 'Asia is piled high with historical bitterness' and flashpoints that 'could readily ignite during the next decade'. The history of Europe teaches that the most dangerous moments in balance-of-power politics come at times of change. Fortunately, Emmott writes, the barriers to war are higher today—thanks, above all, to the United States' 'stabilizing role as a global military power': 'In Asia, where the United States is an outside power but with extensive military deployments inside the region, that role as an intervener of last resort is especially important.'

The subtitle of *Rivals* turns out to be misleading. Emmott's real subject-matter is not how India, China and Japan will shape the next decade, but how the US should be shaping them. His recommendations are predictable. Getting India and Japan to balance with America against China has been established US policy since at least 1998, when Clinton's five-star presidential visit set the American seal of approval on India's nuclear tests. Emmott is full of praise for the 2005 Bush-Singh agreement—in which Delhi's foreign and defence policy has been subordinated to Washington's in exchange for nuclear sweeteners—as the consummation of this process, likening it to Nixon's trip to China as a coup for US diplomacy. He welcomes signs of Indo-Japanese rapprochement, too. In October 2008 Tokyo and Delhi inked a declaration for a 'Strategic and Global Partnership', only the third such agreement that Japan has signed (the US and Australia being the other two). Washington should by all means encourage closer economic integration between Asian countries, Emmott argues, and should drop its insistence that 'America must always be at the table when topics such as trade are discussed'. But defence and security are another matter—there, 'it would make no sense for America to leave the room'. Just as 'America plays no part in the European Union but is a pivotal element in NATO', so a similar division of labour is required in Asia.

The central chapters on the three powers, seeking to assess the sources of economic strength and political stability in each, cover territory that will be familiar to any reader of the mainstream press. China: the key driver of growth has been record levels of investment, at 40 to 45 per cent of GDP; but this is now creating asset-price bubbles and investment over-supply, building up pressures for a possibly painful adjustment. Will the growing Chinese 'middle class' become a democratizing force? Unlikely, in Emmott's opinion. Barring a serious and protracted downturn, CCP rule will remain stable, strengthened by the institutionalization of inter-generational leadership change. But Deng's motto, 'Keep a cool head and maintain a low profile', will be increasingly difficult to maintain. China's presence on the Korean peninsula as well as in Southeast Asia, the Bay of Bengal, Indian Ocean and Pakistan—building a deep-water port at Gwadar, upgrading the Karakorum Highway—is said to be jangling nerves in Tokyo and Delhi. Japan: economically things have looked up after the 1990s' lost decade, thanks to the massive casualization of labour and deregulation of telecommunications, transport, energy, financial activities, etc. Despite the problem of an ageing population, Emmott remains optimistic since the long stagnation of the 90s has had the beneficial effect of reducing the prestige of functionaries at the Ministry of Finance and MITI. India: economically there is more to be done to demolish the 'permit raj', and inequality will have to rise more before India's situation 'improves'. But Emmott notes approvingly the broad stability in policy whether the BJP or Congress is in office, with the result that 'for all the muddle, India has built up quite a momentum'. Above all he warmly endorses the Indo-US nuclear deal because of the strategic pay-off.

India is clearly the country Emmott knows least, and his chapter on it is distinctly unimpressive. He completely ignores the vast literature that has sought to give an in-depth, long-term analysis of India's growth, not least of its geography and periodization. His intellectual diet is apparent from the acknowledgements page, a roll-call of corporate honchos, official government spokespersons, senior editors and think-tank intellectuals, all of whom in varying degrees are supporters of neoliberalism and the pro-US Indian turn. Here, as for China and Japan, there is simply no social map of the country, nor any real sense of the contradictory dynamics that have driven their development over the past twenty years. 'The main problem in Asia is fear and suspicion of China', Emmott declares. This is patent nonsense. The China Question may pose the biggest conundrums for US strategy, but principal problems in most of Asia are health, illiteracy, hunger and mass unemployment. Whatever the internal social and political tribulations of advanced capitalist countries, they are of a qualitatively lower order to those facing China and India as a result of the 'uneven and combined' character of their development.

Ruling elites in the two countries have a better awareness of future social dangers than Emmott demonstrates. In China, vast inequalities have opened up between classes and regions, as well as the urban-rural divide. Some 200 million migrants have emptied the countryside of educated youth; the low-paid make up a rising proportion of the total workforce; there is a growing pressure for the capitalization of land to create larger, more competitive farms through the displacement of small peasants; this will have a disastrous social impact, eliminating land possession as the key safety net for the Chinese poor. The government has talked of building a 'harmonious society', but Chinese capitalism with a human face will not alter the dynamics that are causing these problems. China's highly bureaucratized form of capitalism creates an interlocking of private capital and business interests with the Party administration and higher-level officials. These strata of the rich and super-rich—plus a new middle-class layer, some 150-million strong, comprised of cadres, business people and professionals—provide the strongest support for the current capitalist direction and for maintaining one-party rule as the way to ensure longer-term stability (albeit with internal disagreements about how best to carry out a 'controlled democratization').

The ratio of inequality in India, though rising, is nowhere near that of China. But the depth and character of poverty is much worse: 77 per cent of the population earns less than 20 rupees a day, creating problems on a scale that India's rulers cannot ignore. A rural-employment guarantee scheme, though all too often inadequately implemented, was seen by Congress leaders as a key factor in their 2009 re-election—a form of 'compensatory neoliberalism'. India's ruling-class coalition differs from China's: it has a much weaker bureaucratic component and is more in thrall to private capital, domestic and foreign. It also has an agrarian bourgeoisie which, though losing ground to big capital in the industrial and service sectors, continues to exercise strong influence on state governments, not least through its electoral-mobilizing capacities in the countryside. The existence of an institutionalized parliamentary system means that the country's numerous social upheavals do at times result in policy adjustments at the central and provincial levels. But the extraordinarily variegated character of Indian society also means that the targets of popular resistance are many; the electoral system acts as a safety valve, and the coordination and unification of such a diverse array of struggles remains an unrealized goal. The more centralized and authoritarian character of CCP rule in China means that social upheavals are less varied in their origin and more easily repressed. But perhaps the very fact that such protests have the potential to be more focused and centralized makes their implications more worrying for the Party leadership, as it struggles to cope with the global economic downturn and an uncertain future.

*The Economist* has not had a good crisis. Its bullet-point 'Hayek for dummies' mindset has proved incapable of any deeper re-assessment of the problems currently facing the capitalist order, and it continues to trot out the neoliberal nostrums of yesteryear. Emmott's claim that globalized free-

market capitalism will 'lift billions' out of their centuries-long squalor is empirically and theoretically untenable. The macro-economic programmes of the past twenty years have accentuated the crisis for hundreds of millions of 'Asians' in the countryside and in the continent's ever-growing slums. The prosperity of the advanced countries remains out of reach. It makes more sense to anticipate a much higher degree of social instability in both countries than Emmott allows for.

At the geopolitical level, *Rivals* suffers from a major flaw in restricting its considerations to Japan, China and India, and avoiding any reckoning of Russia as a major Asian player. Yet Russia's relations with India and China, as well as with Iran and the Central Asian republics, will crucially shape the Asia of the future. Since 2006 China has been Russia's number one economic partner, and both recognize that the us's Ballistic Missile Defense project is aimed at them. Emmott consistently euphemizes America's use of force in the region. In addition to the 300,000 us troops deployed in Afghanistan and Iraq, and the 'advisers' overseeing bombardments in Pakistan, the Pentagon has several hundred military bases in Asia, including 124 installations in Japan and 87 in South Korea. us security pacts with Japan, Taiwan and South Korea continue to circumscribe North Korean and Chinese behaviour. America's massive geostrategic dominance is to be further reinforced through the Indo-us strategic alliance, aimed at China, and the beginnings of an 'Asian nato'—the principal pillars of which are the us, India, Japan and Australia, with supplementary roles offered to Malaysia, Singapore, Thailand, Indonesia and Vietnam.

In its theoretical underpinnings, *Rivals* is essentially a straightforward marriage of neoliberal economic thinking with a Realist interpretation of international politics that justifies the role of the US as 'hegemonic stabilizer'. But Washington does not intervene merely to re-adjust power balances for the good of all, as Emmott implies, but strives to tilt the scales in its own favour. Maintaining 'hub-and-spokes' relations with the powers in the region, and preventing the emergence of any autonomous Russia-China-India bloc, has long been a central aspect of American strategy. But Emmott offers no evidence as to why this should be good for Asia. The 'rivals' have proved perfectly capable of conducting their own diplomacy regarding border disputes and competition for resources. It would seem eminently sensible for China and India to pursue access to Iranian oilfields, for example, independently of US-Israeli dictates. In fact, if there are mounting difficulties in West and Central Asia arising from more effective resistances to US ambitions in respect of Iraq, Afghanistan, Iran and Palestine, then this would create both the space and the incentive for a stronger triadic relationship to emerge between Russia, China and India. This obviously is not the kind of 'Asian resurgence' Emmott has in mind.

In 2005 a Pan-Asian Energy Grid was mooted by the then Indian Energy Minister, Mani Shankar Aiyar. Emmott makes no mention of this proposal, which aimed to bring together the continent's principal oil and gas producers—Iran, Russia, the central Asian republics—and consumers—India, China, Japan, South Korea—to undertake a massive infrastructural programme. The proposed pipelines would run east from Iran, Turkmenistan and Kazakhstan, and south from Siberia, to the Subcontinent, China and eastern Pacific. The key to its implementation lies in the willingness of four countries in particular, Russia, China, Iran and India, to push it through. All four have recognized its potential benefits—and its profound geopolitical implications: the Pan-Asian Energy Grid would seriously undercut America's hold over energy reserves in West Asia. Emmott would be relieved that, for the time being, all four have left it on the backboiler. (Indeed in January 2006, not that long after the Bush-Singh agreement, of which Aiyar was known to be critical, there was a cabinet reshuffle in which he was demoted to head the Sports Ministry.)

The hegemonic stability thesis, mainstay of the Atlanticist realist tradition in international relations, justifies the existence of a dominant world power on the grounds of its providing an 'international public good'. Emmott's book exemplifies this line of thought. In practice, the provision of international public goods such as the Grid are subordinated to the particular interests of the

American imperium. Noam Chomsky once remarked that one reads magazines like *The Economist* and *Business Week* not so much to get a balanced and accurate understanding of what is going on and of what needs to be done, but to understand how dominant classes and their acolytes and servitors think, and what they want. The same can be said of *Rivals*.

**Achin Vanaik**

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