

Singapore February 21, 2005.

NBAS Meeting Monday, February 21, 2005.

Topic: Global Development in an Asian Perspective.

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\*Prelude.

What do Alexander the Great and Kermit the Frog have in common?

Brad Pitt is the guy to learn from fellows.

\*Key message. Shift in power. Politics. Economics. Technology. Culture.

\* The framework.

(i) US: Imperial power, mega power. Continental and maritime empire, for how long?

(ii) New enemy. Terrorism, international crime, rogue states. Destruction, annihilation, no negotiations, no compromise. Them or us. Fundamentalism – comet or fixed star?

(iii) How well equipped are the established powers to deal with these threats. The dilemma for the established superpowers.

(iv) US as a rallying point for the moral high ground?

(v) A vacuum in strategic thinking. Still operating in von Clausewitzian terms – conflicts. Not in shaping international cooperation imposing itself as objective number one in the age of internationalism.

\*I. CHINA AND INDIA – WHY AND HOW.

Key message. Economic power – yes. Political power – to a certain extent. Military power – no. Can it work?

\*1) Economic clout. China and India 3,9% or 18,6% of global Gross National Product.

China: Manufacturing economy, price setter goods, technology.

India: Service sector, pricesetter services, solutions.

\*2) New Technology where?

China 330 mio mobile phones rising to 402 mio at the end of the year.

India 45 mio increasing with 2 mio every month

Year 2010. China global leader with 178 mio PC's. India 80 mio.

Cernet2, IPv4 to IPv6.

\*3) Trade flows. In 2004 China-India trade 13,6 bio Usdollars after increase of 79%.

China second biggest trading partner for India. India far down the list for China.

\*4) The Vision. Free Trade Agreement (FTA) China-Asean-India. Why will it happen? It IS happening! The political imperative. The challenge for Asia: Institutionalise.

- (i) Solve the regions own problems.
- (ii) Assume responsibility on a global level.
- (iii) The road to achieve political power/influence.

\*5) Military power. Asia and China/India incredibly weak, not strong. A military threat? Do you believe in Father Christmas? China and India may be able to defend themselves but not to safeguard their access to trade and raw materials. How long can that last?

- (i) China looks upon itself as a superpower in Asia and a right to be consulted globally.
- (ii) India wants parity with China – cannot be achieved. Second best is clear superiority (supremacy) over Pakistan – clearly achievable.

Key problem. Extension of military sphere of influence. China will run into opposition before India does because of Japan and US.

\*6) Japan as a sullen power, economic stagnation, rising nationalism (militarism?), asking about its role, knowing it failed but not knowing what to do about it. Japanese gamble to prevent China from emerging as the uncontested power in Asia and strategic counterweight to US. Assets up the Japanese sleeve: Taiwan; US. Will they be played?

\*7) US over the hill. Two strategic options.

- (i) Support Asian integration, Asian economic build up to shape some kind of partnership.
- (ii) Throw grit into the machinery to prevent Asia from rising with the inevitable consequence of a clash sooner or later.

\*8) Big game is about two major questions and they are intertwined.

- (i) Will China and India emerge as benevolent superpowers having the wisdom to work in tandem.
- (ii) Will US live with a gradual loss of power and influence thus maintaining influence in Asia or draw a line in the ocean to stop China and India.

\*Key historical lesson. Power shift takes never place peacefully.

Key question: Now? Depend on whether we manage to change strategic thinking from von Clausewitz and conflict to internationalism.

\*II. The main problems facing Asia.

- demographics.
- immigration
- social losers
- political system. Democracies? New model emerging in China
- responsibility for running the international system. Often Asians say: What does Europe want to be. Europe asks what does Asia want to be.

Key message. Asias problems and challenges requires an Asian solution but Asia can learn from Europes and US experience. Santayanas remark.

\*III. THE MUST READ LIST SUBMITTED TO GEORGE W. BUSH.

\* Buy a trishaw instead of a car! \*Picture with George W. Bush on a bike. \*The drive for energy especially oil and LNG. China and to a certain extent India storming ahead. Clash with US. Political risks. Oil price for the next decade? Investment in infrastructure.

\*The diggers will pull it off. Likely trend for other natural resources. Implications for political and economic balance, who will benefit, who will have to pay?

\*The safe bet that will almost certainly go wrong: China will follow the course of Japan and stumble being pushed back economically triggering off social and political upheavals. Why is China different?

\*Islamic inspired terrorism.

Iraq. An islamic republic. Will it work?

Fight against terror. Shifts from blitzkrieg to attrition warfare.

Key observation. A civil war inside Islam. Forget everything else.

\*Can Taiwan go wrong? I love you, you do not love me! I hate you, you love me! I do not like the way you look but I love George W. Bush!.

\*The Korean peninsula. For heavens sake no reunification please!

\*Pakistan, a powder keg right in the middle of a Tivoli bonfire.

\*IV. A few concluding remarks.

A few years ago: The worst is behind us, trouble is we are moving backwards!

Now: We have turned around to face the difficulties, hoping to scare them away!

This is Asia's century. We can see it coming. It will change the world. Rumsfeld was absolutely right when he spoke about the old world. Only he omitted a reference to .....!

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