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**POLITICAL CONFLICTS  
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## Improving Military Ties

China and the United States appear poised to strengthen their troubled military exchanges

By CHEN WEN

**V**ice Chairman of China's Central Military Commission Xu Caihou kicked off his 10-day-long official visit to the United States in a bid to enhance bilateral military ties on October 24, at the invitation of U.S. Defense Secretary Robert Gates.

Xu's visit marked the first face-to-face meeting between high-ranking military officials of both countries since President Barack Obama took office in January.

Aside from the talks with senior military officials and government leaders of the United States, Xu was also invited to visit important U.S. military installations, including the U.S. Pacific Command Headquarters and the U.S. Strategic Command, a rare opportunity for a Chinese military official, which is seen as a gesture to pledge closer military ties.

Despite a prosperous boom in the diplomatic, economic and cultural exchanges between the two countries, bilateral military ties have not developed as smoothly. Frictions and confrontations happen occasionally with both sides criticizing each other.

In October 2008, China cut military exchanges with the United States objecting to the latter's proposed \$6.5-billion arms package sold to Taiwan, an action viewed by China as a violation to the Sino-U.S. Joint Communiqué signed in 1982.

The distrust between the Chinese and U.S. military is "actually deeply rooted," said Bonnie Glaser, a senior fellow with the Freeman Chair in China Studies of the Center for Strategic and International Studies (CSIS) where she works on issues related to Chinese foreign and security policy. She said during an exclusive interview with *Beijing Review* that perhaps even though both sides

have expanded many dialogues, mechanisms and messages of cooperation, the strategic mistrust still exists.

The Chinese have suspicions that the United States wants to prevent China from challenging U.S. interests around the world, Glaser said. Uncertainties abound on the U.S. side about the direction that China is heading with its growing power, she said.

"Because we have different political systems and different values, we have found ourselves in potential competition around the world," Glaser said, adding that this is the reason why both sides should seek reassurances for each other to ease suspicions while promoting cooperation.

She said that Xu's invitation by the U.S. military is an important part of the process toward a deeper understanding and strategic reassurance for each other.

On the first leg of his visit, Xu told

a group of former military officers, policy advisers, experts and reporters in Washington, D.C. that "China's defense policy remains defensive," and that China's "limited" input into its military equipment and weapons is "not intended to threaten any other country, certainly not the United States."

In his 40-minute speech entitled "The Chinese Military: a Force for Multiple Military Tasks" at the Washington-based think tank CSIS, Xu explained the various tasks of the Chinese military—the People's Liberation Army (PLA), China's defense policies and its willingness to establish closer ties with the U.S. military.

"I think essentially General Xu was trying to explain that the PLA is not a threat to other countries and that one of its main purposes is to help its people," Glaser said.

In his meeting with Xu, Gates stressed the need to sustain a lasting dialogue between the Chinese and U.S. militaries regardless of disputes or policy differences, said Pentagon Press Secretary Geoff Morrell during a briefing after the meeting. "This was by all measures a good and productive meeting," he said.

The 75-minute talks generated agreements on seven items for military cooperation, which include promoting high-level exchanges and visits, expanding cooperation

in humanitarian assistance and disaster relief, deepening military medical cooperation, expanding exchanges of armies, enhancing mid-grade and junior officer exchanges, promoting cultural and sports exchanges and invigorating the existing diplomatic channels and consultation mechanisms to improve maritime military safety.

"We have increasingly overlapping

interests in ways which we can cooperate," Glaser told *Beijing Review*. She said that there is a lot of interest, particularly involving navies, for more cooperation in humanitarian relief operations. "Perhaps we can also expand our anti-piracy cooperation that is now going on in the Gulf of Aden," she added. ■

(Reporting from New York)



**STRATEGIC ADDRESS:** Vice Chairman of China's Central Military Commission Xu Caihou delivers a speech at the Center for Strategic and International Studies in Washington, D.C. on October 26

## Beijing's Concerns

In an interview with the *PLA Daily* before Vice Chairman of China's Central Military Commission Xu Caihou's trip to the United States, Qian Lihua, Director of the Foreign Affairs Office of China's Ministry of National Defense, discussed the oft-strained military ties between China and the United States as well as China's "core interests and concerns." Excerpts of the interview follow:

Military relations are an important aspect of the China-U.S. relationship. Since the two countries established diplomatic relations 30 years ago, their military ties have undergone dramatic twists and turns.

In recent years, the United States has substantively upgraded its military relations with Taiwan and provided it with sophisticated weapons. The 2000 National Defense Authorization Act passed by the U.S. Congress put restrictions on exchanges between Chinese and U.S. armed forces in 12 fields. Moreover, the United States has raised doubts over China's strategic intentions and the legitimacy of its military growth. U.S.

warships and warplanes frequently carry out operations in China's exclusive economic zones. All these moves have adversely affected the two countries' military exchanges.

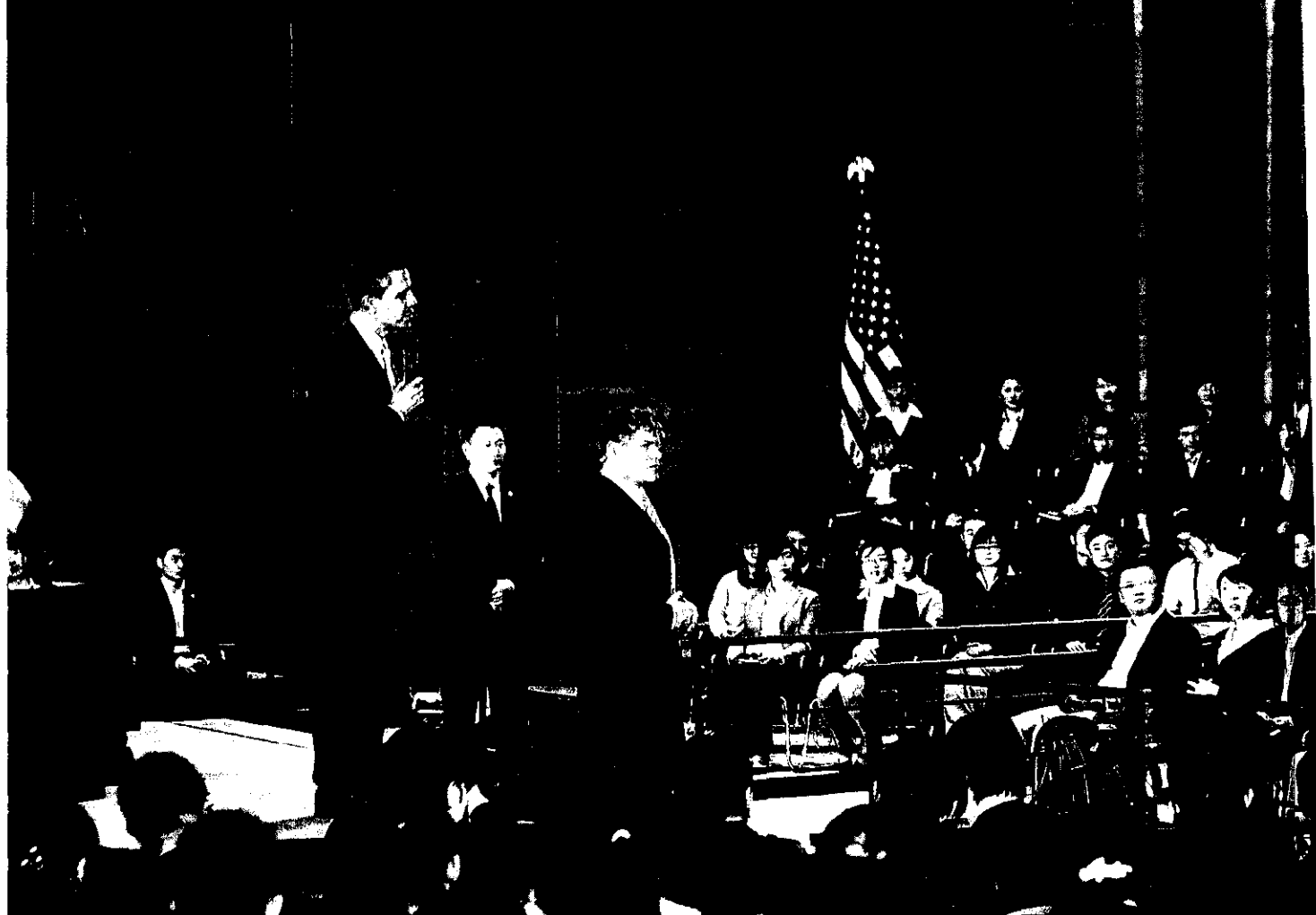
Relations between the Chinese and U.S. armed forces will not develop in a healthy and stable fashion unless both sides respect each other's core interests and concerns. It is impossible for China to make compromises on issues concerning the country's core interests such as sovereignty, territorial integrity and security.

Today, Chinese and U.S. military forces face important opportunities to improve their relations. Chinese President Hu Jintao and U.S. President Barack Obama reached a

consensus on advancing the two countries' military-to-military ties during their meetings in London in April and in New York in September.

Chinese and U.S. defense authorities and armed forces have taken a series of steps to promote the recovery of China-U.S. military relations. For example, China's Ministry of National Defense held a defense consultation with the U.S. Department of Defense in Beijing. Chief of U.S. Naval Operations Gary Roughead and Chief of Staff of the U.S. Army George W. Casey, Jr. paid respective visits to China. The two countries' military forces also held dialogues on maritime military safety.

Despite these, difficulties remain in China-U.S. military relations, which have yet to be restored to normal levels. China appreciates the Obama administration's willingness to improve China-U.S. military relations and resume the two countries' military exchanges. But the key to whether this momentum can be maintained over a long term and in a stable manner lies in whether the U.S. side can really respect China's core interests and concerns and properly handle important issues in bilateral relations, including the Taiwan question. ■



# GROWING TOGETHER

During U.S. President Barack Obama's China trip, Barack and Michelle Obama expressed their commitment and strategic mutual trust

**FACE TO FACE:** U.S. President Barack Obama listens during a question-and-answer session with Chinese college students at the Shanghai Science and Technology Museum on November 16

By YAN WEI

**B**arack Obama has been a hit in China. Apart from holding talks with Chinese leaders, the 44th president of the United States impressed the Chinese with a lively question-and-answer session with college students

and tours to symbolic sites such as the Great Wall. In fact, he is the first U.S. president to visit China inside his first year in office.

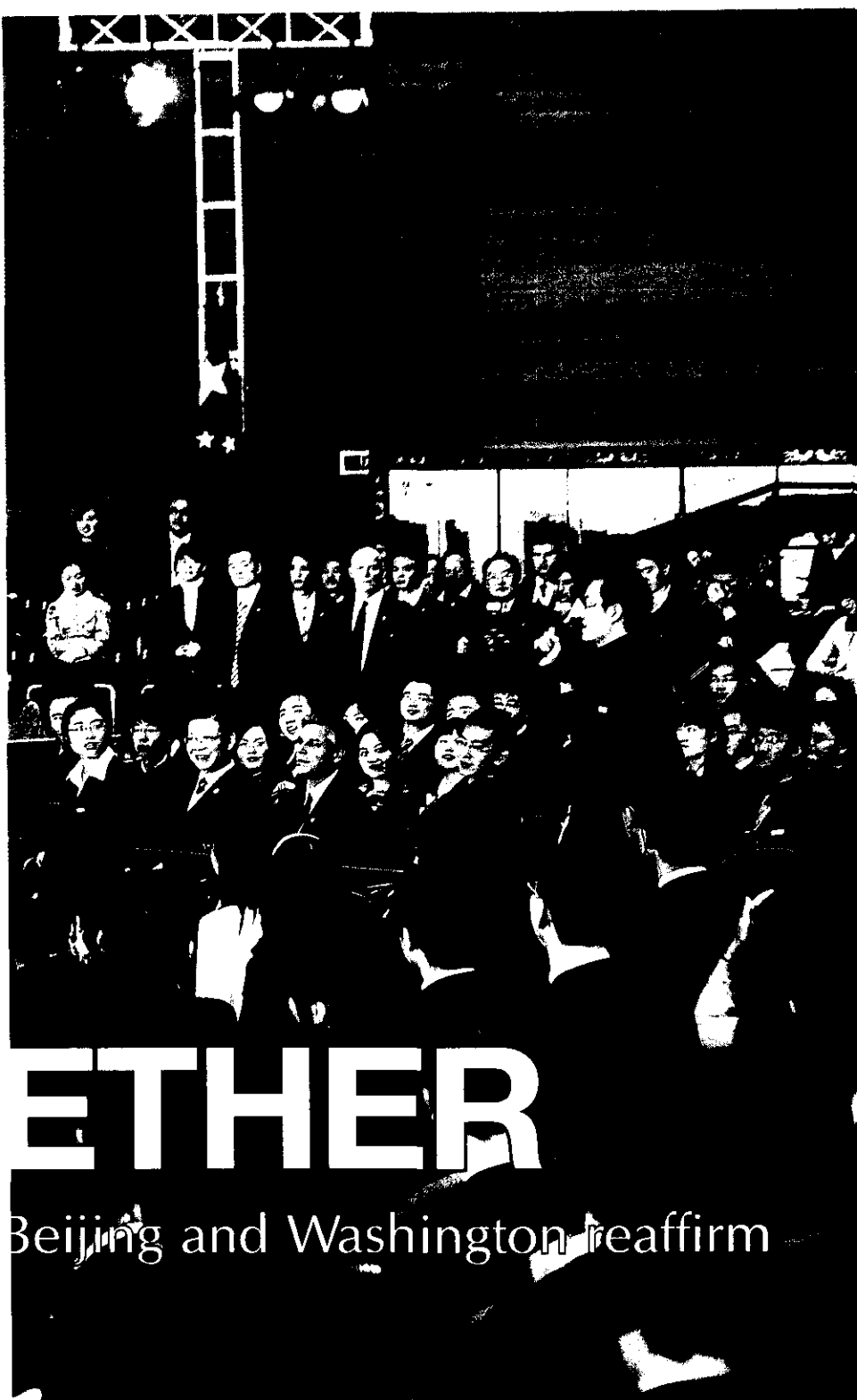
"The United States insists we do not seek to contain China's rise," he told Chinese students in Shanghai. "On the contrary, we welcome China as a strong and prosperous and successful member of the community of nations."

The U.S.-China relationship has opened the door to partnerships on major global concerns including economic recovery, clean

energy, nuclear non-proliferation, climate change, and the promotion of peace and security in Asia and beyond, he added.

Indeed, given these pressing issues, China and the United States have increasingly found their future linked together. They discovered that the largest developing nation and the most powerful industrialized country have to work in concert.

Obama's visit to China on November 15-18 highlighted the complexity of arguably



## ETHER Beijing and Washington reaffirm

the most important bilateral relationship in the world. Moreover, for all their differences and disagreements, according to Chinese analysts, Beijing and Washington are determined to manage their relations in a way that not only is mutually beneficial but also contributes to world peace and development.

### A new era

China and the United States have come up with a new vision for their relationship af-

ter years of engagement, said Yang Mingjie, a research fellow at the China Institutes of Contemporary International Relations (CICIR). In the China-U.S. joint statement issued during Obama's visit, the two nations reaffirmed their commitment to building a "positive, cooperative and comprehensive" relationship for the 21st century.

The statement added that Beijing and Washington will continue to "steadily build a partnership to address common challenges."

The two countries have made "strategic changes" in their attitudes toward each other over the past years, Yang said.

And while China shows greater tolerance toward U.S. presence in the Asia Pacific region and its contributions to international affairs, the United States also expects China to play a bigger role in the international arena, he said.

In contrast to the neither-friend-nor-foe relationship that some scholars and officials proposed after the end of the Cold War, the China-U.S. partnership defined in the joint statement is aimed squarely at their common challenges, he said.

In the context of globalization, the two countries have reached a consensus with which they need to address challenges in political, economic and non-traditional security fields.

Yang believes the joint statement is a significant document in the 30-year history of China-U.S. diplomatic relations.

China and the United States adopted three joint communiqués in 1972, 1979 and 1982 respectively as charter documents for their diplomatic relations. Issued during the Cold War, these joint communiqués mainly discussed bilateral issues including sovereignty and territorial security, as well as certain regional issues, Yang said.

The joint statement released during Obama's visit to China, however, transcended bilateral relations to involve matters of concern to the international community such as economic recovery, nuclear non-proliferation, climate change and the environment. It not only addressed current issues but also charted the course for a future China-U.S. relationship with worldwide implications, he added.

"Both sides have agreed to strengthen dialogue, communication and cooperation from a strategic and far-sighted perspective...so as to promote global peace, stability and prosperity," said Chinese President Hu Jintao at a joint press conference with Obama in Beijing after their meeting.

### People to people

Obama kicked off his first state visit to China in the country's financial and economic hub, Shanghai, where he held a "town hall" meeting with more than 500 Chinese students. The one-hour discussion, during which Obama took questions ranging from antiterrorism to recipes for success with his signature charisma, was broadcast live on the websites of both China's Xinhua News Agency and the White House.

He stressed that young people could help build bridges in U.S.-China cooperation—a process that he said must grow beyond the two countries' governments to take root in the people. ▶▶



In Shanghai, Obama experienced China's diversity and eagerness to embrace new ideas, said Jin Canrong, Associate Dean of the School of International Studies at Renmin University of China. The U.S. president caught a glimpse of time-honored Chinese culture by visiting the Forbidden City and the Great Wall in Beijing, he added.

In his view, the tour helped Obama gain a more nuanced understanding of China with which he will put China in a more prominent place in his strategic agenda.

Apart from enhancing mutual trust, the visit produced some concrete results as well, Jin noted. For example, the United States has pledged to send 100,000 students to China over the coming four years. Nearly 100,000 Chinese are now studying in the United States, whereas the United States has about 20,000 students in China, according to the joint statement.

China and the United States have also signed a document on establishing a clean energy research center, with headquarters in

each country. Both agreed to split its funding of at least \$150 million over five years evenly between the two countries.

Meanwhile, the United States responded to China's major political concerns during Obama's visit, Jin said. Washington welcomes the peaceful development of relations across the Taiwan Straits, the joint statement said.

It likewise looks forward to efforts by both sides to increase dialogues and interactions, and develop more positive and stable cross-Straits relations, it added.

The United States and China, according to the statement, underlined that each country and its people have the right to choose their own paths, and that all countries must respect each other's choice of a development model.

#### Lingering disputes

Zhou Shijian, a senior fellow at the Research Center for China-U.S. Relations at Tsinghua University in Beijing, felt "a little disappointed" by Obama's visit.

#### Hot-Button Topics

China's concerns	America's concerns
Taiwan, Tibet	North Korea
Trade protectionism	Iran
U.S. restrictions on hi-tech exports	The renminbi's exchange rate
Market economy status	Climate change
Safety of Chinese assets in the United States	



**GUEST OF HONOR:**  
Visiting U.S. President Barack Obama views honor guards along with Chinese President Hu Jintao at the Great Hall of the People in Beijing on November 17

An expert on China-U.S. trade relations, Zhou told *Beijing Review* that Obama neglected to address China's economic concerns such as trade protectionism, China's market economy status, U.S. restrictions on hi-tech exports to China and pressures for the Chinese currency to appreciate.

Since the beginning of this year, the United States has adopted a series of protectionist measures against China—moves that Zhou believes have taken a heavy toll on Chinese exporters. (see P.28)

At the press conference, President Hu Jintao told reporters that he stressed to Obama that “under the current situation, both China and the United States should oppose and resist protectionism in all forms in an even stronger stand.”

Moreover, according to the statement, the two sides are committed to jointly combating all forms of protectionism and have agreed to work proactively to resolve bilateral trade and investment disputes “in

a constructive, cooperative and mutually beneficial manner.”

In addition, the United States has yet to recognize China as a market economy, despite its vows to “work toward China's market economy status in an expeditious manner” months ago, Zhou said.

The United States made the pledge in the joint fact sheet on the economic track of the first China-U.S. Strategic and Economic Dialogue held in Washington, D.C. in late July.

“It is unwise for the United States to refuse recognizing China's market economy status,” Zhou said. “That's because it will be less able to use it as a bargaining chip as time progresses.”

Upon entering the World Trade Organization (WTO) in 2001, China agreed with other WTO members that it would be regarded as a “transition economy” for 15 years before automatically gaining a market economy status in 2016.

Given China's declining exports in recent months, it is unreasonable to force the yuan to

appreciate, Zhou said. Meanwhile, he warned that a depreciation of the dollar, which could lead to commodity price hikes, might hinder the progress of world economic recovery. It may also hurt the U.S. economy as foreign capital withdraws from the U.S. market, he said.

Unlike Zhou, Jin did not expect Obama to address these specific issues during his trip to China at all. Such problems should be discussed at a lower level, he said. In his eyes, Obama's visit was “unexpectedly successful.”

The CICIR's Yang, however, commended the two countries' consensus on facilitating the recovery of the world economy. They promised to work together to promote sustainable and balanced global economic growth, he said. They also agreed that the Group of 20 should serve as a major forum for future international economic cooperation.

Lastly, they have come to realize the “importance of open trade and investment to their domestic economies and to the global economy” at least on paper, noted Yang. ■

## International Commitments

The two sides stressed that they share broad common interests in the Asia Pacific region and support the development and improvement of an open and inclusive regional cooperation framework that is beneficial to all.

The two sides reaffirmed the importance of continuing the six-party talks process and implementing the September 19, 2005 Joint Statement, including denuclearization of the Korean Peninsula, normalization of relations and establishment of a permanent peace regime in Northeast Asia.

The two sides noted with concern the latest developments with regard to the Iranian nuclear issue. The two sides agreed that Iran has the right to peaceful uses of nuclear energy under the NPT (Treaty on the Non-proliferation of Nuclear Weapons) and it should fulfill its due international obligations under that treaty.

The two sides welcomed all efforts conducive to peace, stability and development in South Asia. They support the efforts of Afghanistan and Pakistan to fight terrorism, maintain domestic stability and achieve sustainable economic and social development, and support the improvement and growth of relations between India and Pakistan.

The two sides also discussed the importance of UN peacekeeping operations in promoting international peace and security.

The two sides agreed to enhance dialogue on development issues to explore areas of cooperation and coordination and to ensure that both countries' efforts are conducive to achieving sustainable outcomes.

Regarding the upcoming Copenhagen conference, both sides agree on the importance of actively furthering the full, effective and sustained implementation of the United Nations Framework Convention on Climate Change in accordance with the Bali Action Plan.

The United States and China, consistent with their national circumstances, resolve to take significant mitigation actions and recognize the important role that their countries play in promoting a sustainable outcome that will strengthen the world's ability to combat climate change.

The two sides agreed that the transition to a green and low-carbon economy is essential and that the clean energy industry will provide vast opportunities for citizens of both countries in the years ahead and welcomed significant steps forward to advance policy dialogue and practical cooperation on climate change, energy and the environment.

(Source: U.S.-China Joint Statement, [beijing.usembassy-china.org.cn](http://beijing.usembassy-china.org.cn))

# The New Face of Sino-U.S. Relations

Barack Obama's policy of change bodes well for Beijing

By JIN CANRONG



COURTESY OF JIN CANRONG

**S**ince President Barack Obama assumed office on January 20, Sino-U.S. relations have gotten off to a good start: More high-level exchanges, closer economic ties and smoother collaboration in remedying the global financial crisis have been fully symptomatic of this new cooperation.

But promising beginnings cannot obscure already existing dilemmas, and the two countries must not shirk from these problems.

## Prevailing quandaries

When it comes to problems in Sino-U.S. relations, trade protectionism definitely takes the lead against the backdrop of the global financial crisis. As trade disputes increase, the trade environment keeps deteriorating in a downward spiral.

Human rights, on the other hand, have long been the issue affecting the stable development of Sino-U.S. relations. Disputes over topics such as Tibet and democracy have proven difficult to resolve.

Meanwhile, with the progress of China's military modernization, the anxiety of the United States will continue to grow. Consequently, Washington will attempt to impose more pressure on China in terms of military transparency.

Quarrels will also continue between the two sides over greenhouse gas emissions and the sharing of responsibilities in the fields of climate change and new energy.

In addition, competition for leadership will grow fiercer between the two sides regarding Asia-Pacific regional cooperation. The United States' high-profile return to Southeast Asia is obviously a blow to Beijing. China's burgeoning cooperation with other East Asian nations also worries Washington, in that it could be edged out of overall Asian cooperation.

Then there is the Taiwan question. Although China and the United States have maintained limited cooperation when it comes to containing "Taiwan independence"

and maintaining the stability of the Taiwan Straits, the question remains sensitive in Sino-U.S. relations.

Further, the United States itself faces domestic pressures in terms of policy coordination. With political stars gathering in Obama's decision-making team, different political orientations of the multiple departments increase the difficulty for policy coordination.

Difficulties also lie in coordination between Obama's decision-making team and other political forces in the United States. As the honeymoon between the Obama administration and the American people draws to a close, the political forces once in awe of the new president's previously high approval ratings are now raising their voices. Thus the domestic constraints on Obama's China policies have grown bigger.

Within China, on the other hand, the diversification of domestic interests and the growth of social forces have increased the difficulty for coordination of diplomatic policies toward the United States.

Disputes between the two countries tend to impact the interests and feelings of the Chinese public. When this kind of impact reaches a certain degree, the groups concerned will impose pressure on Beijing, thus complicating policy coordination at home.

The United States has realized its decline in the international arena due to its defective foreign policies coupled with the severe impact of the global financial crisis. Now it is resorting to a series of adjustments.

Domestically, it is exploring new areas of economic growth through new energy development, promoting social security via social security and health care reforms, and restoring its leading position in the global economy by reforming its financial system.

In terms of foreign policies, it is distributing responsibilities to other nations through "smart power" diplomacy, trying to win their support.

As China is the main target of "smart power" diplomacy, conflicts in responsibility sharing will be more obvious in Sino-U.S. relations. Nonetheless, China is not ready for this. The Chinese public and elites still regard themselves as part of a developing country while focusing on managing internal affairs.

Thus, for the foreseeable future, Beijing

will maintain its defensive posture. It will give priority to solving domestic problems, rather than expanding beyond borders to create a new international system.

By the end of 2008, as it reviewed its reform and opening up over the past 30 years, just ahead of celebrating the 60th anniversary of the founding of the People's Republic, China greatly presented its national strength.

Chinese leaders have become increasingly confident about "building socialism with Chinese characteristics." But domestic academic circles hold that China's experiences are not enough to form theories, thus seldom advancing the topic of the "Chinese model."

Nevertheless, the Chinese model and its implications have become a hot topic overseas. In the long term, the Chinese model will greatly dampen Western confidence, and thus bring its complex influence to Sino-U.S. relations.

## Reasons for optimism

Since Obama took office, Sino-U.S. relations have successfully avoided the usual fluctuations associated with power transitions in the United States.

Before Obama took power, for one thing, China had made active efforts to establish contacts with his decision-making team. After he assumed office, top officials of both sides held frequent meetings. This was a signal of good, even brilliant, bilateral relations.

After the 2008 Beijing Olympic Games, the achievements of China's reform and opening up became increasingly known to the rest of the world. Its overall national strength, moreover, has kept growing at a steady pace.

Since the reform and opening up began in 1978, China has pursued a foreign policy of keeping a low profile and seeking cooperation. Growth of national strength will not change the peaceful nature of China's foreign policy.

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**China's commitment to peaceful development and its proposal of a "harmonious world" increase the cooperativeness of the U.S. strategy toward China and make it better able to accept the country**

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The author is associate dean of the School of International Studies at Renmin University of China



**YES HE DID: U.S. President Barack Obama appears on the cover of November's edition of a Chinese men's fashion magazine**

China's commitment to peaceful development and its proposal of a "harmonious world," in other words, further clarify the principles of peace and cooperation in Chinese diplomacy. This increases the cooperativeness of the U.S. strategy toward China and makes it better able to accept the country.

The emergence of the financial crisis caused overwhelming damage to the lead position of the United States in the world economy. Thus, any recovery of the American economy will rely heavily on the rapid growth of Chinese economy and the active cooperation of China.

Meanwhile, Beijing's effective measures in the crisis have won U.S. respect.

Indeed, since taking office, Obama has utilized "smart power"—emphasizing a comprehensive mix of hard power and soft power diplomacy—to serve American interests.

An important aspect of "smart power" is advocating multiple partnerships. As for the Sino-U.S. relationship, defining it as a partnership can help the two sides to establish a more practical framework of cooperation.

The implementation of policies, of course, depends on decision-making elites. Obama's decision-making team enjoys abun-

dant experts in Chinese affairs, who have a profound knowledge of the importance and complexity of Sino-U.S. relations. Thus they represent a rational and practical gesture in Chinese policies.

### Increasing stability

While problems linger, Sino-U.S. relations have become increasingly mature following more than 30 years in the making. Stability in bilateral relations has continued growing apace.

Indeed, China and the United States share many common interests at bilateral, regional and global levels. In two-way trade, very notably, they are each other's second biggest partners.

Irrespective of any trade or economic disputes, however, Sino-U.S. trade volume offers plenty to demonstrate powerful mutual needs and mutual interests.

At the regional level, both sides share common interests in helping control the North Korean nuclear proliferation crisis, stabilizing Asian financial markets, while preserving the stability of East Asia.

Moreover, at the global level, both Beijing and Washington possess a large

scope of cooperation in a flood of topics ranging from antiterrorism to nuclear non-proliferation to climate change, energy security and free trade.

With the enhancement of China's national strength, the United States is attaching unprecedented importance to China, adding to a common awareness of America's strategic arena.

The awareness has made Washington's relationship with China one of utmost importance. This acknowledgement not only sets the keynote for Sino-U.S. relations, but also benefits the future development of the relations.

So far, the two countries have established more than 60 mechanisms for dialogues and discussions, almost covering all fields. Among these, the most outstanding is the China-U.S. Strategic and Economic Dialogue.

The successful holding of the first round of the double-track dialogue in Washington, D.C. in July, moreover, provided a new platform for strategic communications between the two countries. In addition, it helped clear doubts and strengthen confidence for both sides.

The institutionalization of Sino-U.S. relations has made it possible for any problem to be solved quickly through corresponding channels, thus preventing an overall fallback caused by disputes in any certain field.

When the two countries first established diplomatic relations, America's gross domestic product amounted to 15 times that of China—a figure narrowed down to 3.5 times as of 2008.

This closer balance means that America's ability to alter Sino-U.S. relations unilaterally has declined. Given its priority of internal governance and satisfaction with the current international system, China can be defined as a stable factor in its relations with the United States. The growth of China's national strength is therefore good for the overall stability of Sino-U.S. relations.

China's growth and development model determines that it could pose a problem for the United States. But this problem is not as urgent as its task of handling the financial crisis, antiterrorism and nuclear non-proliferation.

In fact, the United States needs China's support in dealing with all these problems. This brand-new framework will undoubtedly be conducive to the stability of Sino-U.S. relations.

In addition, with the improvement of cross-Straits relations, the Taiwan question has become increasingly within control in Sino-U.S. relations.

We have a good reason to hold an optimistic view on future Sino-U.S. relations. Disputes will continue, to be sure, but no deadlock appears imminent. ■

# Domestic Needs, International Relations

Washington listens closely to values and interests of domestic audiences when shaping its policy toward China

By DREW THOMPSON



Longtime Speaker of the House Tip O'Neil once famously said, "All politics is local." While he was reflecting on representative government and the nature of elections in America, public opinion and domestic politics affect foreign policy, including U.S.-China relations.

In the United States, China policy is fashioned by America's system of representative government and shaped by a number of factors which generally coincide with self-perceived national interests that consider domestic public opinion amongst other factors. Pocketbook issues such as trade and employment are obvious domestic contributors to foreign policy, as are popular images of China in the American public imagination.

U.S. public opinion is a major contributor to political decision-making, which ultimately affects foreign policy. National Security Advisor Henry Kissinger recognized the importance of public opinion when he supported the decision in 1971 to "break the ice" with China by sending the U.S. table tennis team. Today, American public opinion is carefully tracked through extensive polling, while an active civil society contributes to public debate about key issues.

Congress in particular is especially attuned to domestic issues and local opinions because they are elected by constituents in their state, not by a national electorate. The average size of a House congressional district is 600,000 citizens (smaller than many Chinese counties), making members of the House of Representatives particularly focused on issues that directly affect their constituents. This causes them to place larger international issues such as U.S.-China relations in that local context. Because of Congress' orientation toward grassroots issues, they are a key channel linking local-level interests and perceptions, such as job

creation, trade, or "American values" with international relations.

There is a tendency for Americans to believe that their values are universal and should not be limited to its shores. These values include expectations for freedom of speech, freedom to practice any religion, accountable government, and determined protection of civil liberties and individual rights. President Barack Obama affirmed the importance of these values at the opening of the first round of the U.S.-China Strategic and Economic Dialogue in Washington, D.C. in July, stating that "support for human rights and human dignity is ingrained in America." While differences between Chinese and American perspectives of human rights and individual freedoms are a cause for tension, the Obama administration has decided to situate human rights in the context of the overall strategic imperatives of the U.S.-China relationship.

Trade is a critical issue where local interests in both China and the United States directly affect policy. China's economic growth has been truly impressive and China has successfully lifted millions out of poverty. Millions of rural farmers migrate to urban areas to work on construction sites building infrastructure and in factories making products for export. China's success has not come without costs, however, including significant economic impacts on countries that otherwise benefit from cheap Chinese goods.

America has lost numerous manufacturing jobs since China joined the World Trade Organization in 2001, and while it is debatable how many have been lost to any one country, there is a perception amongst critics that cheap Chinese labor and a rapid influx of Chinese goods have disadvantaged American workers and possibly cost millions of jobs. While there is little convincing evidence to support this assertion, the perception amongst the public, the media and many organizations is entrenched. These voices are often well organized and funded, and understand the American system of government, enabling them to effectively make their case to both the congressional and executive branches of government.

These voices are often called "special interests." While sometimes considered a derogatory term, these specific constituencies are an important component of America's system of representative government. Unlike in China, most civil society entities—particularly associations, foundations and labor unions—are independent of the government and often advocate for specific policy outcomes on behalf of the groups or concerns they represent. These groups are effective at representing the interests of individuals and constituents and ensuring that elected officials are responsive.

In the United States, numerous groups are seeking explicit outcomes significant to the U.S.-China relationship and try to influence both the U.S. and Chinese governments to shape policy and protect their interests. These groups maintain strong relationships with all branches of government and many are effective at mobilizing grassroots support or opposition to congressmen in their home districts, making them particularly important voices during election cycles.

Finally, China has loomed large in the American public imagination as far back as colonial times. Europeans were attracted by Chinese fashions and design, creating a style known as Chinoiserie which was popular in early America. Most recently, the Beijing Olympics directed the world's attention to China, showcasing China's grandeur in contrast to the many domestic challenges it faces, while the riots in the Tibetan plateau highlighted China's development challenges in minority communities.

The food and product safety crisis in 2007 was another essentially local issue that dramatically affected the bilateral relationship. Driven by public outrage and fear, the crisis resulted in changing trade practices and new bilateral government initiatives. As a consequence of the product safety scandal, U.S. and Chinese food and drug officials now reside in each other's capitals, increasing mutual understanding of their respective regulatory systems and improving the oversight of trade in safe products.

The U.S.-China relationship is naturally shaped by each side's perception of the other and responsive to local interests, domestic politics and the means by which they influence foreign policy. This is not to say that foreign policy is a constant victim to local politics, or that one side's interests are necessarily harmed by foreign policies that take domestic preferences into account. The key is striking a balance between meeting local needs and ensuring foreign engagement benefits local and international constituents. ■

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Japan's government

## Out of tune

TOKYO

The Democrats' debut has been worryingly unharmonious—and the “bond vigilantes” are starting to make groaning noises, too

**Y**UKIO HATOYAMA, Japan's prime minister, likens his role to that of a conductor trying to achieve “harmony”—one of his favourite words—from a pickup orchestra (for which read, novice cabinet). So far the result has been cacophony. Ministers have waged war in public and have floated ideas that, in some cases, are downright ludicrous. At times they have even challenged Mr Hatoyama's authority.

To his supporters, this reflects a refreshingly open debate in a new ruling party after decades of cloistered dealmaking. When Mr Hatoyama's Democratic Party of Japan (DPJ) swept to power in September, it was largely because of voters' frustration at half a century of rule by the “iron triangle” of Liberal Democratic politicians, bureaucrats and big business. Mr Hatoyama promised a more open and genuinely democratic style of government.

But discord in the cabinet, and a woeful absence of discussion about the budget next year and beyond, have left many worried. Foreign allies are wondering what the new government stands for. Investors are beginning to vote with their feet, driving up Japanese government-bond yields.

The most glaring problem is a diplomatic one: a dispute in relations with America over an American air base in Okinawa, a southern island, which is the subject of a bilateral treaty that the Hatoyama administration wants to review (see *Banyan*). America has done itself few favours

with the new government. In the run up to Barack Obama's visit to Japan on November 13th, the administration has at times treated its strongest ally in the region with the sort of bossiness that the DPJ came to power vowing to stand up to.

But disagreement within the Hatoyama government over whether the air base should be moved within the island, off it, or even out of Japan altogether has made matters worse. The foreign ministry's insistence on reviewing the treaty so soon after taking office has also distracted both sides from a more important topic: the need to recalibrate their alliance, which next year turns 50, in a way that better reflects post-cold-war realities.

Mr Hatoyama's difficulties come, in part, from the DPJ's coalition partners. To build an upper-house majority before elections next summer, he joined forces with two small parties, the Social Democrats and the People's New Party, offering both their leaders cabinet positions. The pacifist Social Democrats oppose all American military bases in Japan, a view the DPJ does not share.

The leader of the People's New Party is even more of a problem. An anti-capitalist maverick, Shizuka Kamei, who is banking and postal-reform minister, seems to be running an alternative government. His plan to force banks to offer a loan moratorium to small firms has irked Hirohisa Fujii, the finance minister, and rattled markets.

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Inflammatory comments claiming big business is responsible for a spate of suicides and murders in Japan have embarrassed the rest of the cabinet.

Yet Mr Kamei has been able to challenge Mr Hatoyama with impunity. “If Prime Minister Hatoyama wants to fire me, go ahead. But he can't,” he declares. When he drafted in a former civil servant to reverse the privatisation of the postal service, he got away with it, even though one of Mr Hatoyama's most popular campaign promises was to keep former mandarins out of plush jobs.

Those who know Mr Hatoyama say it is not his style to be dictatorial. He may also be sweating it out, hoping that success in the upper-house elections will enable him to eject his awkward bedfellows. But if Mr Hatoyama does not turn more assertive soon, says Gerald Curtis, a veteran Japan watcher at Columbia University in New York, “the image of a government in disarray, pulling in different directions and spending time back-peddalling from half-baked or unbaked policy ideas, will grow stronger and undermine...support.”

And as if the cabinet is not causing enough headaches, Ichiro Ozawa, head of the DPJ and the man considered the “shadow shogun” in Japanese politics, is also throwing his weight around. On November 10th he attacked Christianity, calling it an “exclusive and self-righteous religion”. Not a message likely to endear him to the visiting Americans.

It may not feel like it while Mr Obama is in town, but Mr Hatoyama has an even more powerful constituency demanding reassurance: the bond market. Since he took office, analysts say derivatives markets have suggested there are growing fears among “bond vigilantes” of rising government-funding costs in a few years' time. Gross debt already stands at a staggering ►►

180% of GDP. In a recent report, JPMorgan, an American bank, gave warning that the costs of coping with a shrinking and ageing population could push that ratio to 300% in a decade, and send debt-service costs soaring.

With the deficit in the current fiscal year expected to hit 10% of GDP, there are concerns that next year the government will be forced to raise its borrowing target above the current 44 trillion yen (\$489 billion). This week Fitch Ratings said it may review Japan's debt rating if the government issues substantially more debt.

The concerns have flourished partly because there is so little clarity about future budgets. The DPJ promised to set up a new body, the National Strategy Bureau, to set medium-term fiscal goals, to be headed by the deputy prime minister, Naoto Kan. But nothing has been done about implementing this promise in parliament, though it was considered a priority on taking office.

Markets were somewhat reassured this week when Mr Fujii, the finance minister, acknowledged that rising bond yields were indeed a worry. But he has recently appeared to pin his hopes on a rebounding economy to raise tax revenues and on eliminating waste to cut the deficit. Neither can be counted on.

An economic rebound would anyway be a cyclical benefit, whereas there is pressure from many parts of the DPJ for a structural increase in spending in order to provide European-style welfare protection. Their voices may grow louder even as Mr Fujii tries to hold down borrowing. Mr Hatoyama will have the final say. Perhaps he needs to remember, amid cacophony, that some of the best conductors are despots. ■

#### Military strategy in Afghanistan

### Tactical retreat?

#### NATO commanders want to withdraw from vulnerable outposts

**B**EARDED fighters gleefully picked through the ruins of an abandoned American base in Kamdesh, in the mountains of Nuristan in eastern Afghanistan. The fortified ramparts were deserted. The Taliban showed off arms left by the Americans, including ammunition belts for grenade launchers and Claymore mines. One leader declared: "We have defeated the US forces, with the help of God." These scenes were part of a Taliban video released this week to the al-Jazeera television network. If plans being considered by NATO to withdraw from other remote outposts go ahead, there will be more propaganda triumphs for the Taliban to brag about.

Eight American soldiers and several members of the Afghan security forces were killed in Kamdesh last month as they fought a desperate battle to prevent hundreds of Taliban fighters from overrunning two outposts. But within days of repelling the attack, the Americans left the exposed positions anyway. Commanders said they had always intended to withdraw under new plans to leave remote districts and concentrate on major population centres. Yet the retreat is evidence of the pressure that Western forces are feeling. And in a war of perceptions, it undeniably handed the Taliban a propaganda victory.

Leaving captured territory is controversial because, in addition to the fillip it gives the Taliban, it can also mean abandoning friendly local Afghans. But commanders say such redeployments are likely to continue, almost regardless of whether President Barack Obama decides to send the 40,000 extra troops requested by General Stanley McChrystal, the NATO commander in Afghanistan (last week, America's ambassador to the country wrote to the president opposing the request). Outposts under scrutiny include positions held at heavy cost by the British in northern Helmand and areas captured by America's marines deep in the south of the province this year. The idea would be to consolidate around two populous regions, central Helmand and Kandahar, and the main road between them.

The notion of protecting the main cities and roads is not new. The Russians fell back on such a strategy in their ill-fated war in Afghanistan of 1979-89. For the Americans, it is the logic of counter-insurgency doctrine, which dictates that Western forces must "protect the population" to isolate the insurgents. Yet the doctrine also insists that areas cleared of insurgents should be held firmly, so that those who co-operate with Western forces and the Afghan government do not face retribution.

That has been hard to do with overstretched forces. And there is still the problem of the border and of stopping the flow of fighters and arms from havens in Pakistan. "Before, the insurgents had to climb over the mountain to come to Nuristan. But now they are just driving in, using the main road," says Colonel Ashirzad, a high-ranking police officer in Nuristan.

Places like Musa Qala, in northern Helmand, are totemic. British forces secured it when they arrived in 2006 but, after tough battles, withdrew in a deal with local elders that infuriated the Americans at the time. The town was seized by the Taliban, and was retaken by British and American forces in 2007, helped by a Taliban commander who changed sides and later became the district's governor. The perimeter around the town may be reduced, says one senior British source. But abandoning Musa Qala again would be "a defeat". ■

#### Thaksin Shinawatra and Hun Sen

### A new way to annoy a neighbour

PHNOM PENH AND BANGKOK

#### Cambodia appoints as a government adviser Thailand's opposition leader

**S**INCE last year, Cambodian and Thai troops have intermittently clashed over a disputed border temple. But now Cambodia has found a more elegant way to annoy its rival: appointing as economic adviser to the prime minister, Hun Sen, Thaksin Shinawatra, the former Thai premier who was ousted by a coup in 2006 and convicted in absentia of abusing his power. Thailand's government wants Mr Thaksin in jail. Cambodia has refused to extradite him, arguing that his crime is political. Infuriated, Thailand last week withdrew its ambassador. Cambodia did the same. Thailand has torn up a joint maritime oil-exploration treaty. On November 15th, anti-Thaksin "yellow shirts", who have stirred up trouble on the disputed border, plan to rally in Bangkok to protest against Cambodia's decision to coddle their nemesis.

Speaking at his opulent government guesthouse in Phnom Penh, a stone's throw from the Thai embassy, where extradition papers lie waiting, Mr Thaksin affects not to know what all the fuss is about. He says that giving sound advice to Cambodia will benefit Thailand's larger economy and the whole region. He describes Hun Sen as a pal of 20 years who "dares to say the truth to the world" about his ill treatment. Actually, the two men have not always seen eye-to-eye. But both see themselves in a similar light, as bluff sons of the



Premiers united by royalist foes

soil, surrounded by royalist enemies.

Mr Thaksin's critics have seized on his appointment and some remarks about the royal family in a British newspaper to label him a traitor, not for the first time. Even some of his allies have cold feet about his Cambodian job. Many Thais see Hun Sen as the kind of oafish strongman they do not want anymore in their own country.

Mr Thaksin says he will continue to live in Dubai, where he dabbles in international business. But having a base near home may help him needle his enemies in government and perhaps encourage his friends—men like Chavalit Yongchaiyudh, a former prime minister and ex-army chief, who has joined Mr Thaksin's Puea Thai party and is now busy courting the neighbours, starting with Cambodia. Mr Chavalit says he wants to "create peace" and rekindle old friendships. His real agenda may be to talk up Mr Thaksin's comeback and boost his own chances of leading a future government, if an election is held.

Thailand's other neighbours are unlikely to rise to Mr Chavalit's bait, though many are wondering who will emerge on top of Thailand's fractious politics. The eventual passing of King Bhumibol Adulyadej, who has been in hospital since September, is likely to trigger changes. For his part, Hun Sen seems to have thrown in his lot with Mr Thaksin, no doubt calculating that his new adviser will be back in power sooner and later. The payoff could be handy. And for now, advice will do fine. ■

#### Singapore and immigration

### A PR problem

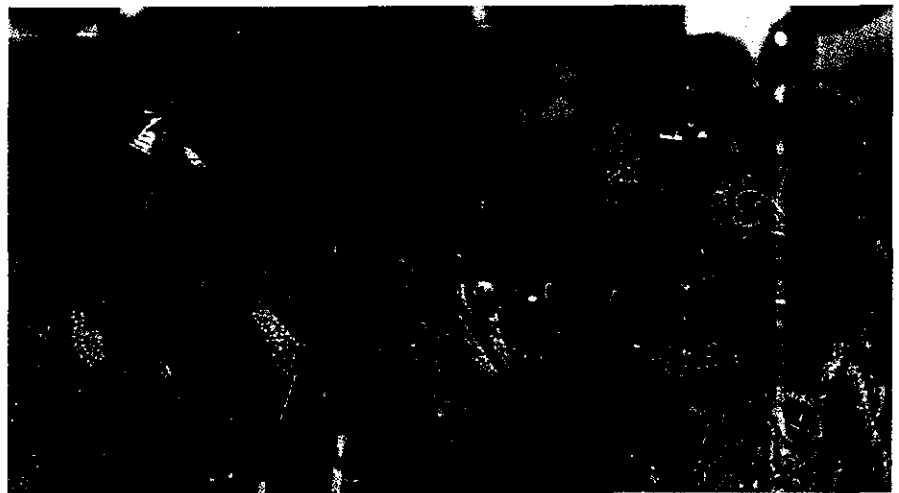
SINGAPORE

**Immigration becomes the hot political issue in a model city-state**

AT CHINA's 60th anniversary bash last month, Zhang Yuanyuan, a China-born, permanent resident of Singapore, was caught on camera professing her love for her native country. The clip caused a storm in the island state; it was the latest sign of resentment towards incomers and evidence that immigration is becoming the city-state's dominant political issue.

Faced with an ageing population and low fertility, Singapore's government has long courted foreigners to plug gaps in the workforce. In 1990, citizens made up 86% of Singapore's 3m people. Today, the share is 64% of 5m-odd. More than one in three people are foreigners (permanent residents, known as PRs, and non-residents).

In the past, immigrants were concentrated at the top or bottom of the jobs ladder, performing work that Singaporeans could not or did not want to do. Today, for-



A bit too exotic for Singapore's comfort?

eigners compete on almost every rung. Some, like geneticists, bring in useful skills. Others—it is feared—displace local skills and depress wages at the bottom.

Such fears are especially sharp during a recession. Critics say PRs enjoy the benefits of citizenship without all the responsibilities, such as national service for men (first-generation PRs are generally exempt). Immigrants are said to mix less with Singaporeans than they used to. The rise in numbers means many foreign groups have reached critical mass, producing little ethnic enclaves—the government's *bête noire*. "I am Singaporean and tired of service staff who can only speak Mandarin" is a group on Facebook, the social-networking site, with more than 10,000 members.

High immigration has coincided with a widening income gap. Singapore's Gini coefficient, a measure of inequality, rose from 0.444 in 2000 to 0.481 in 2008—higher than in China and America. The contrast between the glitzy downtown and the "heartlands" is glaring, and more damaging in tiny, dense Singapore than it would be in a big country, says Paulin Straughan of the National University of Singapore.

To defuse the pressure, the prime minister, Lee Hsien Loong, says Singapore will slow down the intake of migrants while accentuating the privileges of citizenship. Meanwhile, the government has plonked \$10m (\$7m) into the new National Integration Council (NIC), which will try to promote interactions between different groups. It will not be easy, as the government admits. "The NIC recognises that integration is a long-term effort, and may take years before success is apparent," says Dr Vivian Balakrishnan, the head of the NIC and minister for community development, youth and sports.

But Singaporeans care less about fuzzy notions of integration than their own jobs, says Chung Wai-Keung of the Singapore Management University. He wants employment laws rewritten to favour locals.

But this would contradict the government's commitment to an open economy. And the dominance of the ruling People's Action Party means that in Singapore—unlike many countries—anti-immigrant sentiment cannot easily gain a strong political voice. Expect no drastic policy changes.

These ripples are part of Singapore's transformation from a micro-managed melting pot into a cosmopolitan city-state. Before the internet, it is hard to imagine the debate that raged around the hapless Ms Zhang. Now, many Singaporeans defend her. In the new Singapore, it is all right to love one's country—even if it is China. ■

#### China's state-owned enterprises

### Nationalisation rides again

GAOCUN VILLAGE, HEBEI PROVINCE

**Do state firms have too much power? A case in Hebei stirs debate**

THERE are so many examples of Chinese farmers enraged by industrial polluters that Hou Youliang, a 61-year-old cancer sufferer, might have struggled to get anyone to listen to his complaints about nearby iron mines. But Mr Hou's grievance relates to a big state-owned enterprise. In recent months, worriers about China's increasingly muscular state sector have grown more vocal. Mr Hou's travails have given them fresh ammunition.

Oddly it was a newspaper run by China's official news agency, Xinhua, that broke Mr Hou's story on October 15th. The state enterprise in question, China Minmetals Corp, is, like Xinhua, controlled by the central government. Normally Xinhua would avoid openly confronting the centre's other bastions of power. Minmetals, clearly shocked by the breach of etiquette, summoned journalists the following day ►

## Banyan | Barack Obama's Asian adventure

The president seems better at reassuring America's enemies than its friends



**A**SIANS complain that when George Bush chose Iraq and terrorism as his main arenas in foreign affairs, it was at their expense. Barack Obama intends his first Asian trip as president, which begins in Tokyo on November 13th, as proof of change. As well as Japan, the tour takes in Singapore, China and South Korea. Engagement in the region, he says, is critical to America's future. Advisers even suggest that what he achieves there will help define Mr Obama's presidency. Of course, they say that about a lot of things on his plate. But to judge by ordinary folk, the region wishes him well. Many Indonesians think of Mr Obama as one of their own. In Japan students of English have emptied the bookshops of his collected speeches.

Some activity suggests there is indeed a new engagement. In July, the American secretary of state, Hillary Clinton, signed ASEAN's Treaty of Amity and Co-operation. The ten-member Association of South-East Asian Nations had been largely ignored by Mr Bush. This weekend Mr Obama will meet ASEAN's leaders as a group, which is a first. His administration reached out to the thuggish junta in Myanmar, reversing a policy of isolation, and on November 10th said Mr Obama's special envoy to North Korea would go to Pyongyang for talks with the obstreperous nuclear state (after close consultation with South Korea and Japan first). The president has taken pains to define China as a "strategic partner", one without whom America has little hope of tackling everything from the global economic crisis to climate change and nuclear proliferation. And Mr Obama's energetic support this year for the G20, with its Asia-heavy membership, can be read as a tacit acknowledgment that in economic and political terms the world's centre of gravity has shifted away from the G8 group of wealthy nations.

And yet. American policy in Asia—or, just as often, the lack of it—retains the power to unsettle its friends in the region. Take Japan, the cornerstone of America's Asian alliances. There, some people ask whether the hand extended to America's adversaries might reasonably be extended to its allies too. The Democratic Party of Japan (DPJ), which recently swept away the old political guard, wants to put Japan's security alliance with America on a more "equal" footing, one in which America does not call all the shots. Many Americans, too, see disadvantages in a skewed rela-

tionship. Among other things, it discourages Japan from taking up more international responsibilities.

Soon after coming to office, Japan's prime minister, Yukio Hatoyama, suggested revisiting an unpopular plan, agreed under the previous government, to move an American air base on Okinawa, a tiny southern island with an overwhelming American military presence. The Obama administration could have shown patience towards a government still finding its feet. But it was confrontational from the start. Changing the agreement, said the defence secretary, Robert Gates, was out of the question. Japan, a State Department official told the *Washington Post*, was a bigger problem than China—an extraordinary judgment. It is true that Japan could have handled the problem better (see page 33). But America has done itself few favours and the best Mr Obama can do now is remind both sides of the strategic ends of their alliance and call for a rethink about the means. Next year's 50th anniversary of the pact would provide an occasion for that.

Elsewhere in Asia, a new engagement, however welcome, is not thought to be enough. Many of China's neighbours, eyeing its rise, want the reassurance of a more robust American presence. In a recent speech in Washington, DC, Singapore's patriarch, Lee Kuan Yew, surprised his audience by raising concerns about China's naval build-up, something South-East Asia's leaders rarely talk about in public. "If you do not hold your ground in the Pacific", he told the Americans, "you cannot be a world leader." In private, Mr Lee was blunter: "You guys are giving China a free run in Asia," the *Financial Times* reports him saying. As well as engaging China, America must also balance it.

### Celebrate and monitor

Mr Lee had America's economic influence in mind as well as its military presence. Take free-trade agreements (FTAs). China has signed FTAs with most of its neighbours, including with ASEAN as a whole, often on terms more favourable to China than to its partners. Talk is growing about the possibility of a super-FTA between China, Japan and South Korea. Asians are also negotiating FTAs with the European Union. In contrast, the ratification of a landmark agreement between South Korea and America is mired in Congress. The administration has taken retaliatory measures against imports of Chinese tyres. It has even drawn back from perhaps the only regional project seeking genuinely open trade, the Transpacific Partnership, led by a handful of liberal states. Meanwhile, South-East Asia's battered exporters long for America to take a tougher stance with China over its undervalued currency that is, in practice, pegged to the declining dollar while other regional currencies rise. Mr Obama has been squishy on the issue, not wishing to poison Chinese-American relations.

So Mr Obama will be monitored, as well as celebrated. On trade, an American commitment to seek an FTA with ASEAN would send the right signal. So would re-engaging with the Transpacific Partnership. On Myanmar, whose abuses are poisoning ASEAN's own future, the president needs to be clear to the region's leaders, including Myanmar's prime minister (whom he will meet), that he will bring the pariah state in from the cold only with the release of Aung San Suu Kyi and the launch of a democratic process involving the opposition and minorities. And Mr Obama needs to signal that America will balance a rising China in such a way that China's neighbours never have to take sides. ■

Barack Obama in Asia

## The Pacific (and pussyfooting) president

America's president shows an alarming lack of self-confidence. So does China's



FOR some critics of Barack Obama, America's dependence on China as the holder of some \$800 billion of its government debt is to blame for what they see as a humiliating visit there this week. He preferred heaping praise on China's achievements to hectoring its leaders about its shortcomings. Other critics went further and saw this emollient approach as in keeping with similar embarrassments elsewhere on his Asian tour. In Japan, he bowed deeply to Japan's Emperor Akihito. In Singapore he attended a meeting with South-East Asian leaders including the prime minister of the repellent Burmese dictatorship.

Over Japan and Myanmar, the sniping was misplaced. Japan, an important ally, deserves present-day courtesy whatever its past crimes. Isolating Myanmar has benefited no one.

On China, too, Mr Obama is surely right to try to build a relationship whose premise is the need for co-operation and partnership rather than the inevitability of discord and rivalry. Rebalancing the global economy, stemming climate change and containing the nuclear ambitions of Iran and North Korea all require China-America teamwork and are in the interests of both countries and the rest of the world.

Mr Obama's critics, however, are right that he could and should have spoken out more loudly for America's principles and resisted more strongly the choreography of a visit designed to shield China's people from his persuasive powers (see page 31). The president said that, although America does not seek to impose its system on other countries, it believes fundamental human freedoms are universal. Yet he refrained

from more than implicit criticism of China for its refusal to respect these. And, although he urged his hosts to talk to the Dalai Lama, his refusal to meet the Tibetan spiritual leader before his trip lest it sour the atmosphere sent a dangerous signal: that America's support for Tibetans' rights and for human rights more generally is, as China's leaders have always suspected, just a bargaining counter.

In China, Mr Obama's handlers connived at a programme which saw his "town-hall meeting" in Shanghai open only to handpicked young Communists and his joint "press conference" with Hu Jintao, his Chinese counterpart, confined to statements from the leaders with no questions allowed. For observers in China, as in America, this conformity with Chinese norms seemed to confirm the relative shift of power between the two countries. It was in glaring contrast to the comparative free-for-all of the visit in 1998 by Bill Clinton, who took on President Jiang Zemin on live television.

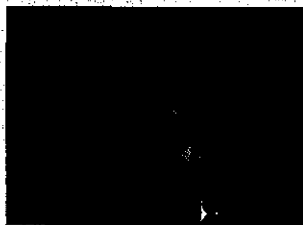
### Fear of freedom

Yet perhaps the most surprising aspect of this is not Mr Obama's attempt to charm a potential adversary. That is what he does, from Iran to Myanmar. Rather it is China's nervousness that is baffling. In 1998 Mr Clinton's visit was still in the long shadow of the 1989 Tiananmen killings. Since then, China has emerged as a great global power. Its political system, it claims, has been vindicated, and it likes to talk to America as an equal, or indeed as creditor to debtor. Yet its leaders seem more petrified than ever of what might happen if its people were given unfettered access to the thoughts of an American president. This may partly reflect the paranoid style of Mr Hu. But it also reflects how much the system as a whole fears those freedoms Mr Obama should have defended more boldly. ■

The end of the Labour government

## Last, do no harm

How Gordon Brown and the Labour Party should use their last months in power



TWO syndromes often beset governments whose time is almost up. One is listlessness and drift, as discipline crumbles, morale plummets and ideas dry up. Conversely, some moribund administrations embrace desperate hyperactivity to

stave off their doom. Gordon Brown and his Labour government, facing probable defeat in the general election that must be held in Britain by next June, have alternately exhibited both these contradictory tendencies. But there is a course between them, and a respectable way for Labour to spend what are likely to be the last six months of a 13-year stint in office: confront the fiscal predicament it has helped to create, and pursue those

worthwhile policies it has already got.

Labour has entered a strange political netherworld. It is not yet out of government; what it does still matters. But it is not altogether in power either. Its limbo status was dramatised in the Queen's Speech on November 18th, a fancy-dress event that sets out the legislative programme (see page 57). No one believes Labour will have time to pass all the bills the queen enumerated. Much of the speech was pointless posturing.

In parts, however, it fitted a soak-the-rich pattern that began to emerge with the creation of a new top rate of income tax (to take effect next year), continued in Mr Brown's abortive proposal of a financial-transactions tax and was visible in this week's misguided attempt to control bankers' bonuses (see page 58). Some in the Labour Party applaud these moves, seeing the final months in power as a chance to redeem years of ►►



Barack Obama in Asia

## Scaling the Asian wall

BEIJING AND TOKYO

The president pays Asia the compliment of courtesy; rewards are not immediate

IT TOOK Barack Obama nearly a year in office to get to East Asia. When he did, it was for an intensive nine-day obstacle course, which he tried to negotiate with the placatory charm and openness to dialogue that have marked his diplomacy. Unsurprisingly, it went down well, but produced little of substance.

The centrepiece of the trip was China, which he visited at a critical juncture in the world's most important bilateral relationship. China handled the visit with ambivalence. It was keen to encourage Mr Obama's friendly approach and his willingness to recognise China as a fellow great power. But it was also clearly nervous of a charismatic young president far better than China's standoffish leaders at appealing to ordinary citizens ("voters", as they are known in America).

The courteous but rigidly formal reception afforded Mr Obama stood in sharp contrast to that given the previous Democratic president to visit China, Bill Clinton, in 1998. Chinese television aired an interview with Mr Clinton and gave live coverage to his meeting with Chinese students and to a joint press conference with President Jiang Zemin. With Mr Obama, Chinese officials were careful to limit opportunities for embarrassment. In Shanghai, Mr Obama staged what the Americans described as a "town hall" meeting with young Chinese. It was shown only on Shanghai television, along with a painfully slow feed relayed through the internet.

Later, in Beijing, Mr Obama held a ritual meeting with reporters alongside President Hu Jintao. But unlike in 1998, no questions were allowed. Mr Hu grimly gripped his lectern as Mr Obama delivered a statement in which he spoke of the universality of America's human-rights values. Mr Obama did not, however, seem inclined to goad his hosts at a time, as he put it, when the bilateral relationship "has never been more important to our collective future". The decade since Mr Clinton's visit has seen a huge shift in the relative balance of power. China's hectic growth has made it an indispensable partner both in redressing global economic imbalances and in curbing carbon emissions.

Mr Obama's trip predictably failed to produce breakthroughs on either issue, though a lengthy joint statement outlined measures to step up co-operation on developing clean energy. Mr Obama alluded to his hope that China's exchange rate might become more market-driven, but there was no hint of agreement. One new area of co-operation is in outer space. The two countries declared a plan to open a dialogue on manned space flight, hitherto resisted by America because of the strong military links to China's manned space programme.

The two sides announced that they would hold another dialogue on human rights by the end of February, their first such discussions in nearly two years. The dialogue has been sputtering on and off

for nearly 20 years. But as usual during American presidential visits, China this week tried to keep dissidents out of sight. Several were reportedly rounded up by the police before the trip.

Officials displayed similar nervousness in their preparations for the "town hall" meeting in Shanghai. Chinese participants were coached beforehand on how they should pose their questions. They were also carefully selected. Many were members of the Communist Youth League, an organisation that grooms potential party members. America, Mr Obama said, would "always speak out" for its core principles. But as he also said, "more is to be gained when great powers co-operate than when they collide".

### Bow row

A similar concern for avoiding head-on clashes marked Mr Obama's time in Tokyo on November 13th-14th. For seething American nationalists, his only achievement there was to embarrass the nation by bowing to Emperor Akihito. There was all the customary talk-show outrage over what much of the rest of the world would view as a gesture of cultural courtesy.

The Japanese saw his trip differently. In Tokyo, Mr Obama made one of his main foreign-policy speeches so far, laying out his vision for America's deeper engagement with Asia and styling himself as America's first "Pacific president". Throughout, it was peppered with gushing references to Japan—delighting a country that fears it has fallen into China's shadow.

This amounted to a well-crafted appeal to the Japanese people, in case the government they recently elected seeks to put more distance between their country and America. Yukio Okamoto, a former special adviser to two Japanese prime ministers, thought the visit "brilliant", in "consolidating the popular feeling that the United

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► States is a friend to Japan”.

The potential strains in America's relationship with Japan are easy to see. The biggest is the fate of an American helicopter base on Japan's southern island of Okinawa. The new government of Yukio Hatoyama, the prime minister, is keen to review a bilateral agreement reached in 2006 that would relocate the base within Okinawa. The Obama administration believes the treaty should largely stand.

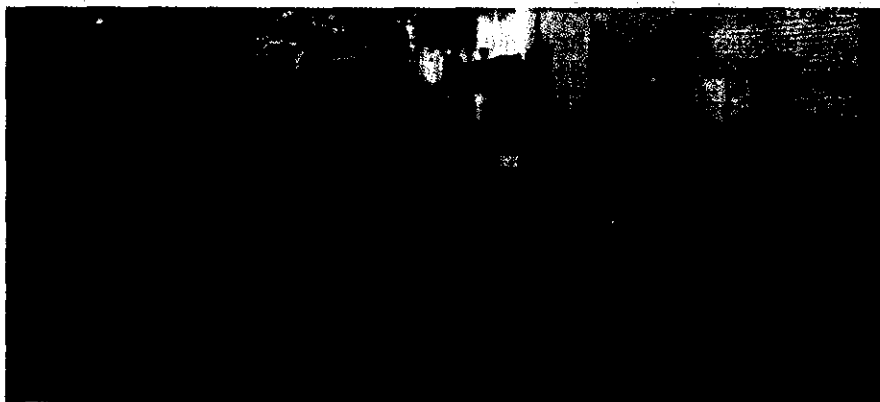
In Tokyo Mr Obama and Mr Hatoyama promised to “move expeditiously” to settle the matter. On November 17th the two governments began high-level talks, which officials privately said were aimed at reaching agreement this year. Yet Mr Hatoyama has made clear that he does not understand the word “expeditiously” to bind him to a specific timescale. This puts him at odds not just with the Americans, but with his own foreign minister, Katsuya Okada, who is taking part in the high-level talks.

As soon as Mr Obama had left Japan, Mr Okada travelled to Okinawa to see for himself how the islanders view the base treaty. Mr Hatoyama is likely to be sensitive to the feelings of Okinawans, many of whom oppose it and want the helicopters moved off the island altogether. But main-

land Japanese may now be more sympathetic to the treaty, especially having heard from Mr Obama's own lips how important he believes it is for America's—and Japan's—security.

From Japan Mr Obama flew to Singapore, for a regional summit in need of reassurance about America's renewed commitment to Asia and the Pacific. He attended a meeting of South-East Asian leaders that included Myanmar's prime minister—the first such high-level contact with the Burmese junta in four decades.

There is no pariah it seems, with whom Mr Obama is not prepared to risk dialogue—even North Korea, which has long hankered after the kudos of bilateral talks with America. But the willingness of his administration to talk to Kim Jong Il's nuclear-armed thugs jangles some nerves in South Korea, the last stop on Mr Obama's Asian tour. There is also frustration in Seoul that a free-trade agreement between the two countries languishes in America's Congress. Differences, however, were brushed aside during Mr Obama's visit. South Korea is probably not too alarmed at Mr Obama's penchant for conciliation. It knows that Mr Kim is a past-master at proving the limits of dialogue. ■



Afghanistan's anti-corruption drive

## Taming the mafia state

KABUL

The anti-graft pressure mounts on Hamid Karzai

IT WAS no secret what the world wanted to hear from Hamid Karzai when Afghanistan's president was sworn in for a second term on November 19th: a commitment to get tough on corruption. Visiting Kabul for the inauguration, Hillary Clinton, America's secretary of state, said Mr Karzai had a “window of opportunity” to show tangible results. American officials say he has just six months to tackle what one calls “Afghanistan's mafia state”.

In his inauguration speech, he said ministers in his administration must be “competent and just”. But heeding Western concerns about their behaviour does not come naturally to Mr Karzai. He has been in a combative mood since the West's much-resented demand that he accept that his re-election was marred by massive vote-rigging. In a recent American television interview he batted back questions about corruption in his government with

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Grand projects in South Korea

## Many rivers to cross

CHOLLA PROVINCE

The politics of public-works projects

USUALLY, right-wing politicians such as President Lee Myung-bak are unwelcome in South Korea's south-western region of Cholla. South Korean presidents have tended to neglect the area, directing investment instead to Kyongsang, in the south-east, from where Mr Lee hails. But he chose the banks of Cholla's Yeongsan river to launch the public-works project seen as his defining policy. The government is to spend 16.9 trillion won (\$14.6 billion) cleaning and beautifying South Korea's four biggest rivers, and to stop them flooding.

The president's critics scorn the "four rivers" project as the product of the overblown ambition of a man who was once boss of South Korea's biggest building firm, Hyundai Construction. They think it is a revamped version of an earlier, much-derided scheme for a "grand canal" from Seoul to Busan. They say it will do more harm than good for the environment, and are trying to block funds for it in parliament.

Instead of venturing into Cholla, Mr Lee could have launched the scheme on the banks of another river it covers, the Geum in Chungchong. But Chungchong is site of the president's biggest political headache. Mr Lee's predecessor, Roh Moo-hyun, won the presidential election in 2002 by promising to build a new city, called Sejong, there. It was to house 49 government agencies including 12 ministries. During his campaign in 2007, Mr Lee endorsed the idea. But he is having second thoughts. His advisers say the Sejong plan is pure folly. As it is, government agencies are spread over three different locations. A fourth, 120km (75 miles) south of Seoul,

seems a recipe for further inefficiency. The government now wants to turn Sejong into a research-and-development centre rather than an administrative capital and is trying to lure business investment.

Officials in Sejong, however, worry that cancelling plans to shift government agencies there could scupper the whole project, worth 22.5 trillion won. Construction companies seem to agree. They have stopped work and withheld payments to the government for land they bought in Sejong.

The president's nemesis, Park Geun-hye, a former chairman of his ruling Grand National Party (GNP), who still hopes to be president, backs the plans for Sejong. She argues that cancellation would shatter the GNP's credibility. She can muster enough GNP votes to ensure that, with opposition help, bills to develop Sejong will get through parliament. Even more vexing for Mr Lee, Ms Park is also in a position to decide the fate of the four-rivers project. ■

Indonesia's anti-corruption commission

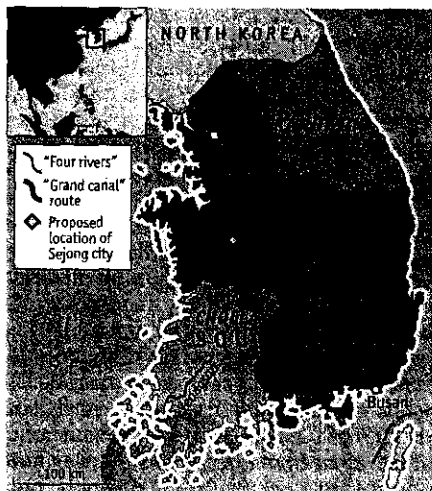
## The bland leading the blind

JAKARTA

The president intervenes. Or does he?

SUSILO BAMBANG YUDHOYONO, a son of the soil of eastern Java, is sometimes accused of being a bit too "Javanese"—meaning subtle, indirect and conciliatory. Despite cruising to re-election in July, Indonesia's president still goes to great lengths to avoid political confrontation, stays on chummy terms with his rivals, and keeps his guard raised when speaking in public. For critics these same traits make the president dithering, overcautious and even bland.

This week, however, some typically Ja- ▶▶



vanese political manoeuvres helped Mr Yudhoyono avert a crisis that was threatening to derail his second term, which formally started only in October. High-ranking officials in the national police and the attorney-general's office were alleged to have framed two senior members of the country's anti-corruption commission, the KPK, whom they were investigating for having taken bribes. The fracas exposed deep-rooted corruption within Indonesia's judicial system, and turned the public against the police and public prosecutors. Many suspected a plot to muzzle the KPK, which, it seemed, had been too effective. Protesters rallied to its support.

The trouble came to the boil when a fact-finding team appointed by Mr Yudhoyono reported that the police investigation into the KPK officials, Chandra Hamzah and Bibit Samad Rianto, seemed based on fabricated evidence and there was nothing to warrant taking it to trial. The police and the attorney-general dismissed the report, putting Mr Yudhoyono in a bind: to intervene directly would overstep his legal authority and undermine his professed commitment to the rule of law; to let things slide risked further popular anger and serious damage to the campaign against corruption, which has been one of the most popular features of his administration.

The president deftly extricated himself in characteristic fashion. In a speech televised live on November 23rd he said that although he did not have the legal authority to stop the investigation against the KPK officials, "the other better solution" would be that the police and prosecutors "not take the case to court, while continuing to abide by the principle of justice."

Bewildered editors and television anchors scrambled to decipher what, if anything, had been decided. Anti-corruption activists and student leaders were baffled. The confusion was summarised the next morning by a posting by one local member of Facebook: "Who does he think he is? The Riddler? We need Batman."

But it seems that to resolve the mess did not require a cogent policy after all. Mr Yudhoyono's obfuscation did the job. "The people who understand the symbolic language of Java will understand," explained a government adviser. "He will never make a direct point. He will give a sign." The attorney-general, Hendarman Supandji, took the hint. He told journalists that, following legal procedures, the case must be sent to the South Jakarta district prosecutor, who may then abandon it. The national police followed suit by reassigning its chief of detectives, who stood accused of leading the plot to frame Mr Bibit and Mr Chandra. Both institutions were given scope to be seen to be maintaining their authority, thus saving face. As Mr Yudhoyono knows, in Javanese culture such considerations are paramount. ■

## The Philippines' presidential wannabes

# Looking for a hero

MANILA

## In a process designed for villains

WHEN Fidel Ramos was president, in 1992-98, he used to lament that outsiders often regard elections in the Philippines as a kind of carnival. In fact they are not just serious but sometimes lethal, as demonstrated by a terrible massacre this week on the southern island of Mindanao (see below). Even so, the parade of characters who have applied to register as candidates for president includes one whose ambition is to be emperor of the world and another who can crow like a rooster. The Commission on Elections will probably reject such people as "nuisance" candidates after the deadline for registration on December 1st. That would still leave a wide field of candidates generous-spirited voters might deem "serious".

Pulse Asia, a pollster, infers from the results of its most recent survey that its respondents prefer candidates who have a "clean public record"—ie, who are not considered corrupt. Voters seem to be hoping for a transformation in politics after the scandal-plagued administration of President Gloria Macapagal Arroyo.

Four candidates stand out in the opinion polls. The favourite in Pulse Asia's survey was Benigno "Noy" Aquino. Mr Aquino is an unremarkable senator, but happens to be the son of Corazon Aquino, a former president and nemesis of the dictator, Ferdinand Marcos, revered for her almost saintly political demeanour. With her death in August it dawned on voters that her son may have inherited this trait.

Mr Aquino's nearest challenger is another senator, Manuel "Manny" Villar. A

businessman whose rags-to-riches career may inspire voters, he is tainted by suspicion among his fellow-senators that he dabbled with legislation to benefit his private business. Then there is Joseph "Erap" Estrada. Mr Estrada has already been president. He was deposed and sentenced to life in prison for corruption, but later pardoned. Many poor Filipinos still think he is the kind of Robin Hood character that he used to play in his previous career as a film actor. He will probably end up being disqualified from running.

There are several other candidates, far behind in the polls. These include Gilbert "Gibo" Teodoro, a lawyer and former defence secretary, who is the ruling party's candidate. His association with the Arroyo administration will probably ruin his chances. Party affiliations count for little in Philippine politics, and policies (about which candidates have uttered barely a word) even less. A successful candidate needs only popularity, allies to fill his cabinet and give him some clout in Congress, and money for his campaign. And a popular candidate can always find allies and money. A presidential campaign costs more than 3 billion pesos (\$64m). Fellow politicians and campaign contributors (usually rich families and companies) back potential winners, expecting in return a share of the spoils when their man or woman takes office.

The process is known as "transactional politics" and usually winnows out the no-hopers. But if the voters in next year's election are really wishing for a president they can trust to clean up government, it will inevitably reduce the appeal of the remaining candidates. The more opportunist allies the candidates gather and the more campaign funds they raise, the less trustworthy they will seem. When the carnival is over, the voters are likely to be left with a president whose priority will not be a hoped-for reform, but settling the transactions made during his campaign. ■



## Massacre in Mindanao

The Philippines is used to political violence. But the massacre of at least 57 people on the island of Mindanao on November 23rd was still shocking. The victims bore gunshot wounds and cuts. Some bodies were mutilated. Many were women, and about 18 were journalists. The killings were blamed on rivalry between Muslim clans over dominance of local government. A local mayor, who pleads his innocence, was detained as a suspect. Central governments have coddled warlords all over the country as a buffer against communist or Muslim insurgents, and because their unfettered control of local government allows them to cow whole constituencies into voting for their allies in national government.



ports their argument, the court "would have set a huge precedent." But for that very reason, the judges are unlikely to define exactly what the law is.

The question before the court asks only if it was legal for Kosovo to declare independence. Even if it was not, it may keep its independence. Yet, although Kosovo's government affects a nonchalant view of the proceedings, others are worried. Shyqyri Haxha, boss of PTK, Kosovo's post and telecoms operator, which wants to privatise its profitable mobile arm, says that, unless the court finds clearly for Kosovo, it "will have implications for foreign investment". He fears it might "deter big players from coming."

Kosovo is not the only Balkan issue before the court. In another case Croatia is accusing Serbia of genocide during the 1990s war. Macedonia has a case against Greece. Montenegro and Croatia may ask the court to examine an old border dispute. At least it beats killing each other. ■

#### America, NATO and eastern Europe

## Disquiet on the eastern front

WASHINGTON, DC

**Can a distracted America remain a bulwark for eastern Europe?**

**D**AMAGE control is never as good as damage prevention. Despite repeated reassurances, the countries of eastern Europe are worried about security. Their biggest concern is NATO, where officials are meant to be drafting contingency plans to defend Estonia, Latvia and Lithuania. Barack Obama pushed this idea at the NATO summit in April. A recent big Russian military exercise, which officials say culminated in a dummy nuclear attack on Poland, highlights the region's vulnerability.

Yet little is happening. NATO officials blame a "lack of consensus". Western European countries, notably Germany

and Italy, are against anything that is not first discussed with Russia. A likely outcome is a generic plan, to be presented privately to the Baltic three in December, that will not deal with specific threats.

Nobody really expects a military conflict. But if NATO even hints that it is no longer in the business of guaranteeing the defence of all its members, it may encourage Kremlin mischief-making over such issues as minority rights or transit to Russia's Kaliningrad enclave. Eastern Europeans are also cross about the European Union's recent carve-up of top jobs. Germany and France showed that they decide the EU's foreign policy, and that easterners do not count, says one minister in the region.

The Americans admit to botching the announcement in September of a new missile-defence plan—upgraded, not cancelled, they now insist. Vice-President Joe Biden has visited America's main central European allies, as well as Ukraine and Georgia, to dispel feelings of neglect. A formidable American warship toured the Baltic during the Russian exercises. Six senior generals have visited Latvia alone in the past 12 months; bilateral military exercises are planned next year. The administration has offered Poland exercises with Patriot missile batteries armed with live warheads, whereas previously it had offered only dummy drills.

Few people anywhere mourn the departure of George Bush and the strains he placed on America's allies. But his team of hard-bitten officials who dealt with eastern Europe is still missed. The idealistic Mr Obama has brought a different lexicon to foreign policy: realpolitik is in, talk of common values is out. Some find this a refreshing change from the hectoring of the Bush administration. But eastern Europeans are distressed to hear so much talk of "partners" (bracketing countries as different as China and Poland) and so little of "allies".

A further worry is the effect on NATO of the war in Afghanistan. The more that NATO's success there is defined as crucial to the alliance's credibility, the more eastern members fear the consequences if it fails. Proportionately, eastern European NATO members have helped most in Afghanistan. The American-backed security pledge at the heart of NATO matters most to them too. Western Europeans who privately see NATO as an anachronism are unbothered by American disengagement.

Admittedly, the Obama administration is preoccupied with domestic issues and with other pressing matters abroad. Europe as a whole, not just the eastern Europeans, cannot expect constant nannying. But even in Washington concern is mounting as well. "Why is the most popular man on the planet, leading the world's strongest country, unable to get relations with America's closest allies right?" fumes one (apolitical) former official.

Many explanations can be offered. Inexperience is one. European and American observers talk of disorganisation in the administration's National Security Council. One European official speaks of a "black hole" there. Some note a tribal desire among Obamaites to be different from the Bushies: if they favoured eastern Europe, the new policy must be chillier. Others blame a habit of preferring a friendly atmosphere to tough decisions. "It is not irredeemable. But they have to redeem it," says Kurt Volker, another former official.

Part of the problem is that the EU and NATO are so frustrating to deal with. The fault lies on both sides—but some of it reflects bad staff work that has made Mr Obama's summits with the EU and NATO both boring and useless. Even where interests chime, progress is slow. A year after the EU first mooted its "eastern partnership" to boost western ties with six ex-Soviet countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine), talks on American involvement are only just starting. A stronger Europe policy in Washington might make easterners less twitchy about America's dealings with Russia.

Such worries have led Poland to push for a stronger bilateral security commitment from America. That is ambitious, but also risky. If it fails, it could heighten the sense of abandonment. If it succeeds, it could create a two-tier NATO in the east: a few countries with a direct relationship with America, and a vulnerable rump without. A senior Pole denies this is a danger, noting that Polish military plans already include defence of Lithuania. The stronger Poland is, the more it can protect its neighbours. "They are our West Berlin," he says. Hardly a comforting thought. ■

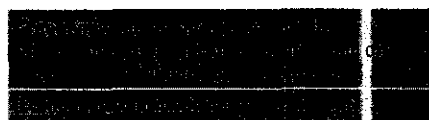


A missile to avoid



## Also in this section

62 Fighting poverty in emerging markets



## The Commonwealth

# Wider still and weaker?

PORT OF SPAIN, TRINIDAD

**An ever-expanding club of (mostly) ex-British colonies needs to develop sharper edges or else shut up shop**

BRITAIN'S empire, in the sense of overseas territories under United Kingdom sovereignty, has shrunk and shrunk: it now consists of just 14 islands, rocks and barely inhabited strips of land, the biggest of them in Antarctica. Meanwhile, the body that emerged from the empire 60 years ago, the Commonwealth, risks the opposite: growing so large, loose and floppy that it merges with the rest of humanity.

Its 53 countries already represent a fifth of earth's land area and nearly a third of the human race; their leaders, or most of them, were due to converge in Trinidad on November 27th—with many of their staff staying on two cruise ships, looming over Port of Spain's waterfront. Just over half the Commonwealth's 2 billion people are Indian; but awkwardly, a poll of seven Commonwealth countries, including India, found that only a third of respondents could name something the body did.

In several ways, this will be a bigger summit than ever. It will be joined by Ban Ki-moon, the UN secretary-general; and also, for a day, France's president, Nicolas Sarkozy, as well as Denmark's prime minister. All see the meeting as a useful precursor to the Copenhagen deliberation on climate change. The states present in Trinidad range from flat, vulnerable islands to powerful carbon-belching economies.

And in yet another fading of an already faint contour, the Trinidad summit is expected to admit Rwanda, the first member

with a colonial culture (inherited from Belgium) that is more Francophone than Anglophone. The old restriction to ex-British territories was broken in 1995, when ex-Portuguese Mozambique gained entry.

Welcoming a French-speaking African state to the Commonwealth is a much bigger landmark. Anglo-French rivalry has overshadowed the continent until very recent times. (For example, Rwanda's genocide and civil strife might have met a firmer response if the French- and English-speaking worlds had put up a united front, instead of seeming to compete by proxy.) But once the Anglo-French divide is transcended, the question of what defines the Commonwealth becomes still harder.

To concentrate minds, leaders arriving in the Caribbean will be presented with two reports, both of which are remarkably blunt, considering that one was funded in part by the Commonwealth's small Secretariat, and the other came from the Royal Commonwealth Society, the largest of the NGOs that promote the club.

Both reports suggest that the group must acquire more bite, as a promoter of democracy and human rights, or else it might as well shut up. Not that the Commonwealth is entirely toothless. It has a patchy record of suspending or forcing the withdrawal of members that grossly violate its ideals of electoral democracy and racial equality. And there is a mild incentive for virtue: the joyous welcome afford-

ed to countries that gain readmission after a period of isolation (as happened to South Africa after apartheid or Pakistan when democracy returned).

At the moment, the club's disciplinary organ is the Ministerial Action Group, known as CMAG, consisting of senior people from a rotating group of nine members. Just now, only one errant country is in its sights: Fiji, which was suspended in September after failing to return to democracy. But both reports say the Commonwealth's machinery needs strengthening. Instead of reacting to coups d'état, the group should examine all its members to monitor the quality of democracy, as gauged by free expression, the absence of corruption and the separation of powers.

One report, "Democracy in the Commonwealth", reflects the passion of people who can tell good democratic systems from bad. One of its authors is Asma Jahangir, a Pakistani human-rights campaigner who has faced death threats, and in 2007, house arrest. The report is presented by Amartya Sen, a Nobel laureate who wants the Commonwealth to stand for something subtler than ballots and voting booths. It should urge reasoned debate and "governance by discussion" in domestic and global affairs, as preached by the philosopher John Stuart Mill.

As Mr Sen sees it, many of the Commonwealth's Asian members are poised somewhere between authoritarianism and ideal democracy. Despite its internal woes, Pakistan has fine independent newspapers. Bangladesh has emerged in a promising way from the challenges of militarism and Islamism. And Malaysia has bravely adversarial politics, not just at election time but in cyberspace. A properly functioning Commonwealth, with India playing an active role, could help to keep many countries on the right track. ➤

But the authors are blunt about the failings of some notional democracies. They quote a Ugandan judge as saying that "in most African countries, the legislature has, through intimidation, bribery and incompetence, been rendered impotent."

If that study is scathing about democracy in the Commonwealth, the other one, "Common What?", is pretty frank about the club itself. Drawing on polls, focus groups and web chats involving tens of thousands of people, it found that the Commonwealth was more popular among poorer states than richer ones, but misunderstood everywhere. Only about a third of Australians or Canadians would be "sorry" or "appalled" if their country quit the club, though two-thirds of Indians and Malaysians would feel that way.

The Commonwealth's dwindling fan club, it notes provocatively, includes Anglophiles, monarchists and beneficiaries of its scholarships and professional networks; to have any hope of survival, it must expand this constituency by abandoning secretive culture and becoming more open to NGOs and the young.

Some NGOs are not waiting. Well before the bigwigs arrived, they were setting up shop in a People's Forum linked to the summit. One, called AIDS-Free World, called the anti-homosexuality law now before Uganda's parliament a "moment of truth" for a body whose last summit (in Kampala) had spoken in lofty terms about the need to respect diversity. ■



Asma asks the meaning of freedom

## Fighting poverty in emerging markets

# The gloves go on

## Lessons from Brazil, China and India

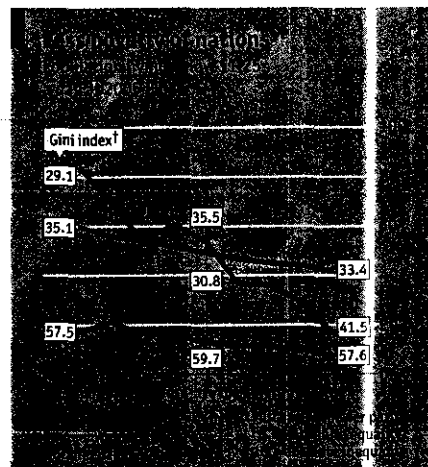
AT THE recent food summit in Rome, President Luiz Inácio Lula da Silva donned a pair of bright-red boxing gloves labelled "Hunger Free" and waved to the cameras. They were his prize—if that is the right term—for Brazil's success in topping a league table drawn up by ActionAid, a British charity, of countries that have done most to reduce hunger\*. The occasion was a stunt, of course, but had a serious purpose: to show that even the poorest places can mitigate poverty and hunger. (Brazil is not in that category, but Ghana, Vietnam and Malawi—which came third, fourth and fifth—are.)

ActionAid's list was inevitably influenced by the sort of things that NGOs love: social-protection programmes, constitutional and legal guarantees against poverty, the rejection of free markets. But now comes a more rigorous assessment of poverty-reduction in Brazil, China and India by Martin Ravallion, the director of the World Bank's Development Research Group. It also suggests that hunger is not simply something that growth will take care of. Mr Ravallion shows that the performance of the giants varies a lot more than their growth. And he too regards Brazil's performance as exceptional.

Between them, Brazil, China and India account for half the world's poorest people and an even bigger share of those who have escaped poverty. In 1981, 84% of China's population was below the poverty line of \$1.25 a day (in 2005 prices); in 2005 the share was just 16% (see chart). This amounted to a 6.6% proportionate annual rate of poverty reduction—the difference between the growth rates of the number of poor and the total population.

Nobody did as well as China. Brazil's share of those in poverty fell by half from 17% to 8%, an annual reduction of 3.2%. India did least well, cutting the share below the poverty line from 60% to 42% between 1981 and 2005. This implies an annual reduction of 1.5% a year, though there are problems with Indian statistics; using different consumption figures yields an annual reduction of 3%, comparable to Brazil's.

As Mr Ravallion points out, these figures do not mirror growth rates. Brazil cut poverty by more than India despite much lower growth, just over 1% a year in 1993-2005, compared with India's 5%. If you calculate the rate of poverty reduction for each unit of GDP growth per person, Brazil did even better than China: the ratio is 4.3



for Brazil, 0.8 for China and 0.4 for India (0.8 if you use the adjusted consumption figures). Per unit of growth, Brazil reduced its proportional poverty rate five times more than China or India did.

How did it do so well? The main explanation has to do with inequality. This (as measured by the Gini index, also marked on the chart) has fallen sharply in Brazil since 1993, while it has soared in China and risen in India. Greater inequality dampens the poverty-reducing effect of growth.

Government policy played a big role in reducing inequality. Brazil's main cash-transfer programme, called Bolsa Familia, provides help to 11m families, or 60% of all those in the poorest tenth. In contrast, social security in China is still provided largely through the enterprise system (ie, companies), so it tends to bypass those not in work. And government interventions in India are extraordinarily perverse. People in the poorest fifth are the least likely to have any kind of ration card (the key to public handouts), whereas the richest fifth are the most likely to.

Mr Ravallion concludes with some useful lessons. In all three countries, economic stability made a big difference for the better. China cut poverty the most, but did best early on, when agriculture was growing fastest. As growth shifted towards the cities and manufacturing, inequality rose. It might have done even better with Brazilian-style "progressive" policies. India had both growth and social policies, yet did worst because its policies in fact did rather little to help the poor. With its caste system, and bad state schools, India may be a more unequal society than the numbers alone suggest. Both Asian countries could learn some lessons from Brazil. But Brazil, in turn, will not be able to match China's record in reducing the number of poor people without higher growth. ■

\* "Who's really fighting hunger?" [www.actionaid.org](http://www.actionaid.org)  
 † "A comparative perspective on poverty reduction in Brazil, China and India". By Martin Ravallion. Policy Research Working Paper 5080. [econ.worldbank.org](http://econ.worldbank.org).

# OBAMA REDISCOVERS SOUTHEAST ASIA

BY MICHAEL FREEDMAN

**ASIA**

BARACK OBAMA WILL SIGNAL yet another break with his predecessor's foreign policy this week when he takes his first presidential trip to Asia. While the Bush administration focused almost exclusively on the big players like China and India, Obama is very deliberately focusing on smaller countries as well. In addition to stops in China, Japan, and South Korea, Obama will make the first visit by a U.S. president to meet leaders of the Association of Southeast Asian Nations. This follows visits Hillary Clinton has already made to leading ASEAN member states, including Indonesia and Thailand, and it comes immediately after Kurt Campbell, an assistant secretary of state, last week became the highest-ranking U.S. official to hold talks in Burma in more than a decade. By comparison, Condoleezza Rice skipped two out of four ASEAN meetings. Douglas Paal at the Carnegie Endowment for International Peace says that when Bush visited Indonesia after Sept. 11, he was "in-and-out as fast as he could" and focused al-

most exclusively in many countries on terrorism. As Bush came to dwell more and more on wars in Afghanistan and Iraq, Paal says, it started to send a message that the U.S. cared about these issues to the exclusion of all others.

Smaller Asian countries welcome the American attention, particularly as they grow increasingly concerned about China's expanding footprint in the region. China, says Paal, sends an official every quarter to every country in southeast Asia, and the United States has made little effort to counterbalance that influence. In late October, Singapore's Minister Mentor Lee Kuan Yew made a speech in Washington in which he cited the impressive display of military might at China's recent National Day parade in Beijing as a warning. Saying that China "is not ready or willing to assume equal responsibility for managing the international system," Lee argued that "U.S. core interest requires that it remain the superior power" in the Pacific. Campbell's trip to Burma helps accomplish a similar goal, says Simon Tay, chair-



man of the Singapore Institute of International Affairs. Washington realized it has no interest in creating another North Korea—that is, a country so isolated by the U.S. that it turns to whom-ever is willing to work with it for support. China, for one, has been upping its presence in Burma. "Obama has begun to realize that Asia has come together in a way that had excluded America," says Tay. And that's not good for Asia or for the United States.

# SEARCH FOR A HOME

BY SCOTT JOHNSON

**AFRICA**

MANY EXPERTS WORRY that Africa could soon become the world's jihadist base of choice: its combination of failed states, poverty, overpopulation, and pockets of religious extremism offer the perfect breeding ground for terrorists. That's a big reason why the Pentagon in 2007 created AfriCom, a command responsible for organizing U.S. military involvement on the continent. So why are senior AfriCom officials still stationed in Stuttgart, Germany? Both Botswana and Liberia were considered as possible homes for the command, but strong local opposition forced the plans to be scrapped. AfriCom officials say there have been "offers" from other countries, but that, in general, "there is

little appetite in Africa for a big U.S. base." Most nations fear a large American base would inflame fears about a new era of colonialism or even Iraq-style occupation, an unwelcome prospect just 50 years after independence across most of the continent. Now the official line, according to AfriCom's chief, is that the hunt for an African host is "completely off the table." Still, with counterterrorism operations ramping up in places like the Sahel and the Horn of Africa, a Germany-based command is bound to become messy. A senior U.S. military official, who was not authorized to speak on the record, admits AfriCom hasn't quite given up hope: "When the Africans invite us," the official says, "we'll consider it." But that may be a long time coming.



*Troops in Liberia.*

FROM TOP: STEPHEN SHAYER-POLARIS, MANDEL NGAN—AFP-GETTY IMAGES

## 'A Global Fault Line'

### The retreat of Muslim moderates.

BY LEWIS M. SIMONS

WHEN YOUNG BARACK Hussein Obama lived with his American mother and Indonesian stepfather in Jakarta nearly 40 years ago, the Muslims of Southeast Asia were renowned for their moderation.

Women may have covered their hair with a light scarf, but almost none veiled their faces. It was the rare Muslim man who grew a beard, and many drank with non-Muslim friends.

Today, as Obama prepares to meet with Southeast Asia's leaders in Singapore, all that, and more, is shifting. Moderation is suspect, as many of the region's quarter billion Muslims—more than in the Middle East—turn to the birthplace of Islam to reaffirm their religious identity.

Though still a distinct minority, fundamentalists are demanding—and obtaining—a greater role for Sharia, or religious law, in family life and in the life of the nation.

In recent travel, I found signs of the drift throughout the region's five major Islamic centers: Indonesia, Malaysia, the southern Philippines, southern Thailand, and Singapore. Nowhere was it more jarring than Bulukumba, on the orchid-shaped Indonesian island of Sulawesi. With 350,000 people, mostly farmers whose holdings are shrinking as the population booms, Bulukumba is one of the poorest places on the island, and religious rule has supplanted the secular. In 2006 radical clergy, backed by sympathetic local politicians, military, and police officers,

imposed Sharia over constitutional law. Today, Bulukumba is just one of more than two dozen such towns in the archipelago. Women are required to wear the *jilbab*, or headscarf. Wage earners are required to contribute 2.5 percent of their income as *zakat*, or alms. Children by the age of 7 must prove reading proficiency of the Quran in Arabic to qualify for elementary school. So must couples seeking approval to marry, and civil servants applying for promotion.

Similar changes are happening in Malaysia. When I met with Prime Minister Najib Abdul Razak, I related this little story: in 1970, during a dinner party, my wife found herself dancing a quadrille with his father, then-prime minister Tun Abdul Razak, and I with his mother. A cloud crossed Najib's face. He peered directly at me over his wire-rim glasses and said

nothing. Such behavior, we both understood, would be out of the question in today's Malaysia, now a proudly Islamic fundamentalist state.

Along the border, Muslims and Buddhists in southern Thailand are slaughtering each other. Since 2004, some 3,500 have been killed. The government in Bangkok

says the Muslim fighters are common criminals. But in the city of Hat Yai, Monsour Salleh, a counselor to the militant Muslim Youth Association of Thailand, praised them as religious warriors. "The young generation of Muslims believes in jihad," he said. "They are good boys, dignified and committed, who study the Quran. They learn that if they fight to right injustice, they will be rewarded in heaven."

In the small southern Philippines town

of Pikit, on the terror-torn island of Basilan, a Roman Catholic priest told me that fundamentalist attitudes were hardening among the Moros, as Muslims in the area are known. "It's an identity crisis," said Father Bert Layson, who is openly sympathetic to the Moros. "And it's been infinitely heightened through globalism by the international Islamic revival. This is leading the Moros back to their old belief that they must live in an Islamic environment in order to truly practice Islam." An estimated 120,000 Muslims and Christians have killed each other in the southern Philippines since 1970.

Singaporeans—obedient, relentlessly middle-class, and overwhelmingly ethnic Chinese—were stunned when, in 2001, the government narrowly averted a sophisticated attack planned by homegrown members of the Jemaah Islamiyah terror organization. As on any taut ship, Singapore's captain remains obsessed over a future threat. "We're sitting on a global fault line," Singapore Prime Minister Lee Hsien Loong told me.

Now, on Obama's first trip to Southeast Asia as president, the region's leaders are pressing him to reengage with a part of the world the U.S. has largely ignored. He would be wise to accede. For even as fundamentalism advances among them, the Muslims of Southeast Asia want Americans—in sandals and sneakers, not combat boots—to return and work with them as Peace Corps volunteers, teachers, agriculturalists, and entrepreneurs. This may be the best chance the United States will have to launch a "preemptive peace," a chance to set things right with Muslims everywhere.

SIMONS, a Pulitzer Prize-winning journalist, is coauthor with U.S. Sen. Christopher Bond of *The Next Front: Southeast Asia and the Road to Global Peace With Islam*.

# Raising Japan's Profile

## Hatoyama wants a leadership role.

BY DEVIN STEWART



EVEN BEFORE YUKIO Hatoyama became Japan's prime minister this summer, his philosophy of *yuai*, an idea that translates loosely to "fraternal love," had been ridiculed. The

conservative *Sankei Shimbun* newspaper worried about the concept's origins, tracing it back to the *liberté, égalité, and fraternité* of the French Revolution and comparing Hatoyama to a modern-day Robespierre, sans guillotine. The moderate newspaper *Yomiuri Shimbun* doubted something so lofty could be understood, much less applied, on a global level. And despite Hatoyama's assertion that his brand of fraternity is "combative," rooted as it is in revolution, his political opponents have derided it as impractical and "as mushy as ice cream."

But *yuai* is more than just a tempting target. In October, in his first parliamentary address since taking office, Hatoyama began spelling out how this fuzzy-sounding notion would be applied to policy. Guided by a spirit of fraternity, he said, Japan would seek to temper the turbulence of globalization by promoting the free market while also boosting domestic social safety nets. Japan would take a moral-leadership role on the world stage by aiding poor countries in their fight against climate change. And it would agree to cut CO<sub>2</sub> emissions by 25 percent from 1990 levels by 2020 if other rich countries reciprocated. In essence, he suggested, the philosophy would elevate Japan more than ever before into the community of nations that are now tackling transnational issues such as climate change, the financial and economic crisis, nuclear proliferation, and terrorism.

Hatoyama would go far beyond his predecessors, who tried for decades to coin a phrase that would signpost Japan's place in the world. Some of these ideas understood Japan primarily in relation to the world's great powers. Democratic Party of Japan chairman Ichiro Ozawa talked of Japan as a "normal country"—by which he meant that Japan would have a foreign policy of its own, independent of the United States. Other catchphrases were more nationalistic in tone, such as former prime minister Shinzo Abe's "beautiful country" or Taro Aso's "thought leader" of Asia. Still others attempted to position Japan as the premier power in Asia, with Japan dubbed the head of "the flying geese." But all these formulations positioned Japan against others rather than putting it in a truly global context. *Yuai*, by contrast, identifies Japan as an independent actor that is also part of a larger, integrated global system. Indeed, the universal rhetoric seems appropriate for a time of universal problems.

Hatoyama's grandfather Ichiro Hatoyama is said to have stumbled upon the idea in a book at a time when he had been forced out of Japanese politics by U.S. occupying forces. The book, titled *The Totalitarian State Against Man*, was written in the 1930s by Richard Coudenhove-Kalergi, the originator of the idea of a unified European community. He argued that fraternity was the key to building a peaceful society and striking a balance between freedom and equality. In his view, too much freedom yielded anarchy; too much equality yielded tyranny.

The elder Hatoyama was so moved by the ideas that he translated the book into Japanese and, in 1953, began promoting the idea to postwar Japan.

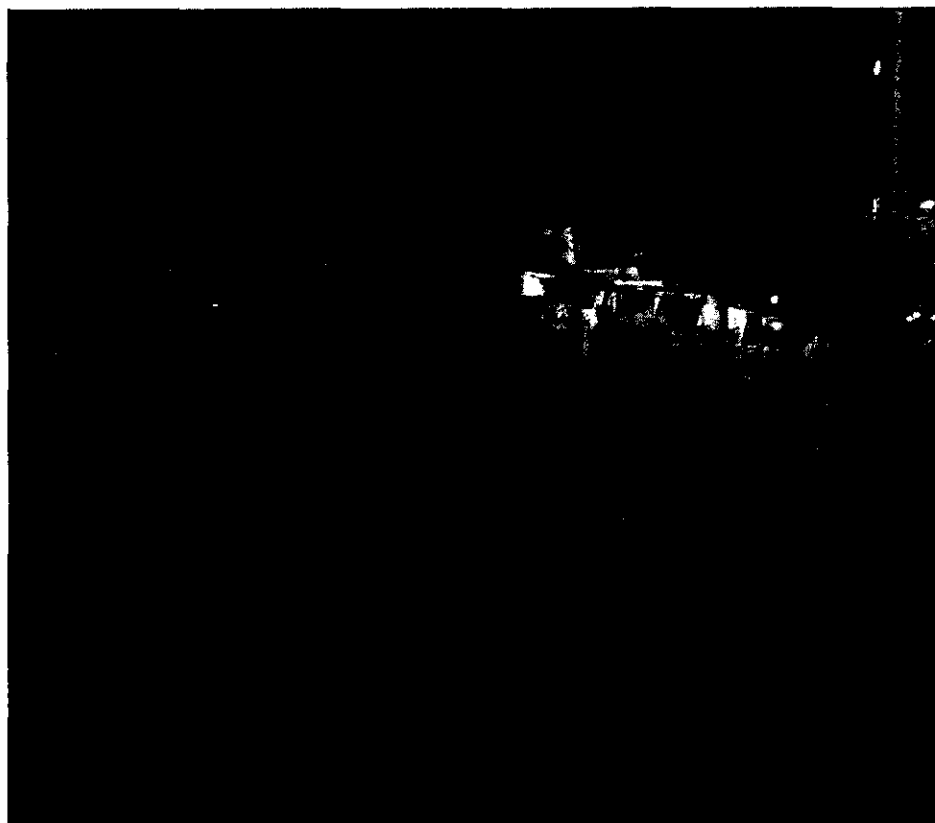
His grandson has tried to translate these ideals into modern terms. Japan's direction on foreign policy is in line with the Obama administration's emphasis on consultation with the community of nations. He aims to position Japan as a "bridge for the world" between the East and the West, between rich and poor countries, and "between diverse civilizations," while also providing leadership on global issues. For instance, the government recently announced it would lend Indonesia the equivalent of \$400 million to fight climate change, and urged India to make its own commitment to the effort. Japan has also indicated that it will apply this lofty idea on a regional level by emphasizing sustainable and inclusive growth in the Pacific as Japan's chairmanship of Asia-Pacific Economic Cooperation approaches in 2010.

*Yuai* is both less mushy and less combative than critics suggest. It is a philosophy that suggests Hatoyama wants to forge a new identity for Japan in which it will lead as part of a team. But if it is to gain real traction, the prime minister will have to find a balance between the merely inspirational and the

concrete policies Japan demands.

**Despite Hatoyama's claim that his philosophy is 'combative,' his opponents say it is 'as mushy as ice cream.'**

STEWART is program director and senior fellow at the Carnegie Council for Ethics in International Affairs and a fellow at the Truman National Security Project.



**DIPLOMACY** **CLIMATE CHANGE**

# INDIA CLEANS UP ITS ACT

BY JEREMY KAHN

PHOTOGRAPHS BY GILLES COULON

UNTIL VERY RECENTLY, INDIA SEEMED to pride itself on poking a finger in the eye of rich superpowers, particularly the United States. Beginning in the mid-1950s, India was the leader of the group of poor, postcolonial nations that banded together in what they called the nonaligned movement, but which routinely tilted to the Soviet Union and bashed American imperialism. To Washington's consternation, New Delhi voted against the U.S. at the United Nations time and again. Relations between the United States and India soured further when it refused to sign the Nuclear Non-Proliferation Treaty and then tested a nuclear device

in 1974. Even after the fall of the Berlin Wall, when India began to abandon Soviet-inspired economic planning, New Delhi retained a reputation for obstructing America at every opportunity. It opposed NATO intervention in Kosovo, and the establishment of no-fly zones over northern and southern Iraq in the wake of the first Gulf war. As recently as last spring, the highest-profile Indian voice on the world stage arguably belonged to Commerce Minister Kamal Nath, who set himself up as a defender of all poor nations against the trade machinations of the conniving rich. Many in Washington saw Nath as the man who killed the Doha round of

global trade talks. Western diplomats continued to describe India's negotiating style as a series of attempts to score debating points before "getting to no."

Now, as he prepares to make his first summit visit to see Barack Obama in Washington later this month, Prime Minister Manmohan Singh is repositioning India as an emerging power that can say yes. In place of the resentful leader of poor, postcolonial nations, Singh is defining India as an emerging powerhouse that can sit at the table of rich nations, with fewer chips on its shoulder. This new stance has been evolving for some time, and led to the landmark 2005 deal in which America



**CLEANUP COMING  
THE STREETS  
OF MUMBAI.**

## MANMOHAN SINGH'S NEW STAND ON COPENHAGEN IS JUST PART OF A PLAN TO REPOSITION INDIA AS A GLOBAL POWER.

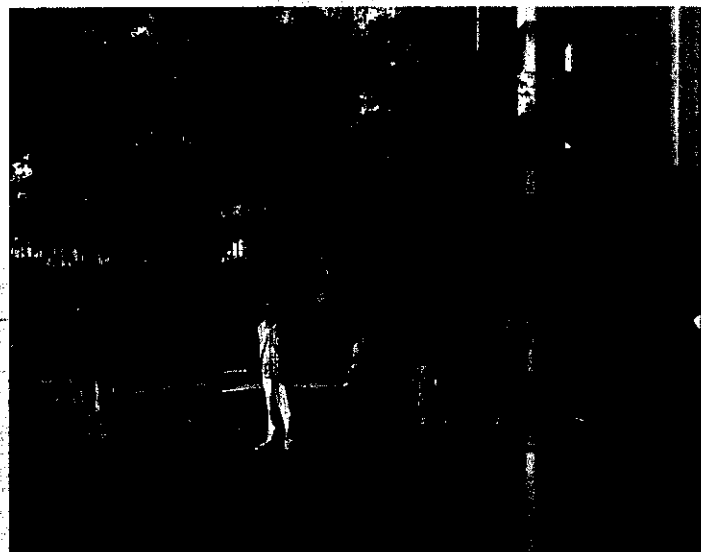
agreed to help India with civil nuclear technology—and at the same time essentially conferred legitimacy to India's nuclear-weapons program. Partly in return, India has in recent years twice voted at the International Atomic Energy Agency to condemn Iran's nuclear program, siding with Washington against a former Third World ally, and a major energy supplier. Now the transformation of Indian foreign policy is gaining pace. Nath was shunted off to the Ministry of Roads in May, a move that has helped revive hope for the Doha round. Then in August, according to sources who attended the session, Singh said in a closed-door address to foreign

ambassadors and senior Indian diplomats that India would work to drop its image as an obstacle to progress, particularly in talks on trade and climate change, and instead “play a role in the international arena in a manner that makes a positive contribution to finding solutions to major global challenges.”

Singh's speech signaled a growing realization in New Delhi that India can have greater influence as a player inside the G20—the group of large economies of which it is now a member—than merely as a leader of the outsiders. Though still controversial at home, the new tone acknowledges that if India wants to exercise the political clout that is its

due as one of the world's fast-growing economies, it needs to accept certain responsibilities. “You can't [be] a global player and just obstruct all attempts at cooperation,” says Arvind Subramanian, a senior fellow at the Peterson Institute for International Economics in Washington, D.C. It also revealed the increasing sense in New Delhi that India is being outmaneuvered by its regional rival China, which has been earning plaudits as a stabilizing force amid the global financial crisis as well as for offering concrete action to combat climate change. Singh's former spokesperson, Sanjaya Baru, says Singh aims to position India as a “consensus builder and a

**CAN'T BE IGNORED**  
WAITING FOR  
TRANSIT IN NEW  
DELHI; A PARK THERE.



bridge" between rich and poor nations, rather than a spokesnation for the poor. At the recent G20 summit in Pittsburgh, for instance, India backed a U.S. call for "balanced growth" while also calling for reform of the World Bank and the International Monetary Fund to give greater representation to developing nations.

India's new personality is perhaps most obvious in its attitude on climate change. For years India had insisted that it was under no obligation to cut carbon emissions, because global warming was the result of the emissions rich nations produced as they industrialized. But two years ago, Singh began to shift in a way that was subtle, but, for an Indian politician, extraordinary. Dropping India's longstanding refusal to consider any cap on its emissions, he pledged instead that the country would never exceed the developed world in per capita emissions. Since India produces the equivalent of just 1.7 tons of carbon dioxide per capita, which is less than 7 percent of what the United States emits, critics said he was committing to doing nothing in the foreseeable future. Still, he had set a precedent for India to change.

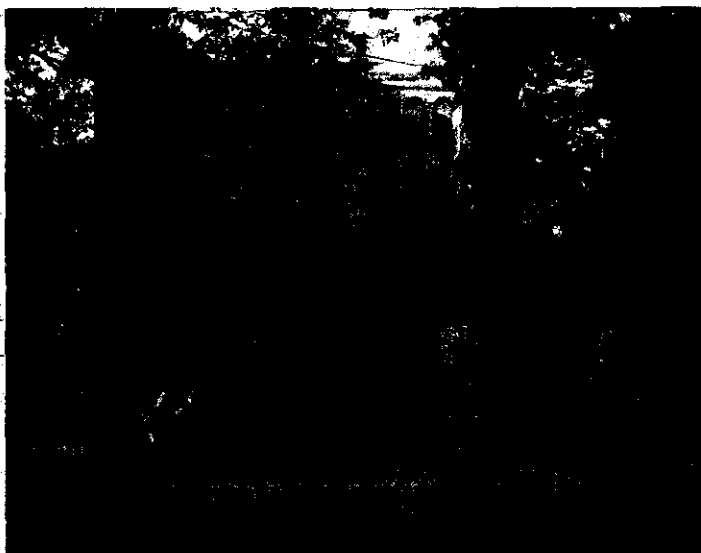
This summer, Singh went further by removing India from the camp of global-warming denialists. India had long rejected the scientific evidence

suggesting that an average global temperature rise beyond 2 degrees Celsius would be catastrophic. At the Major Economies Forum meeting in Italy, Singh signed a joint declaration stating that the world should attempt to limit the average rise to 2 degrees above preindustrial levels—and that each nation would take on its own carbon-mitigation efforts. Then, at the September summit on climate change in New York, Jairam Ramesh, Singh's environment minister, dropped another pillar of Indian obstructionism: its insistence that developing countries would not take on significant efforts to reduce greenhouse-gas emissions unless the industrialized world pays for them.

India, Ramesh declared, would voluntarily curtail its future emissions, even without a global pact or a pledge of financial support from the West. By 2011, he said, the country would introduce a fuel-efficiency cap on cars and trucks. A year later it would implement an energy-efficient building code, and it would mandate that 20 percent of its energy come from renewable sources by 2020, the same target to which the EU has committed itself. What's more, he promised that when the world sat down to hammer out a new treaty to combat climate change in Copenhagen this

December, India would "be a deal maker, not a deal breaker." Senior Western diplomats, accustomed to Indian recalcitrance, welcomed Ramesh's remarks as a potential turning point.

This new internationalism was less well received at home. The powerful old guard of Singh's Congress party remains wary of the West and uncomfortable with India abandoning its historic role as champion of the poor nations. They believe that the party's future electoral prospects hinge upon delivering on promises of development—especially to India's rural areas—and they are loath to do anything that could be painted as sacrificing that goal on the altar of a climate-change pact. They got their chance to fight back last month, when the press published a leaked version of a confidential letter from Ramesh to Singh in which he urged India to "listen more and speak less," to "be pragmatic and constructive, not argumentative and polemical." Ramesh said that in trade and climate talks India should abandon the G77 group of developing nations for the G20, in part because fighting greenhouse-gas limits "takes away from India's aspirations for permanent membership on the Security Council." Critics pounced, accusing Ramesh of caving to the West



and betraying the developing world.

The toughest attacks came from inside Congress. Finance Minister Pranab Mukherjee and External Affairs Minister S. M. Krishna reportedly thought Ramesh had overstepped his mandate. India's senior climate negotiators, Shyam Saran and Chandrashekhar Dasgupta, were furious at Ramesh's criticism of the tough, anti-Western stand they represent, and of their aggressive negotiating style. Ramesh was forced to beat a hasty and embarrassing public retreat, issuing a statement that he had not sought to shift India's negotiating stance. Singh, for his part, issued a statement downplaying Ramesh's letter as a "note for discussion," but it was clearly more than that. Singh had personally approved the new Indian efforts to reduce carbon emissions that Ramesh highlighted in New York. The vow that India would be a "deal maker, not a deal breaker" in Copenhagen was identical to one Singh made in his August talk in New Delhi. The only real difference between Ramesh's letter and Singh's strategy was the letter's bluntness, in rejecting old allies, and its crassness, in coveting the Security Council seat too plainly.

Singh's strategy, by contrast, seems to be to move India incrementally, all the while insisting nothing has changed,

until eventually a difference of degree—of style—becomes a difference in kind. In this way, Singh has been nudging India to go beyond "no" on a host of other global issues. For instance, Western negotiators had blamed India for scuppering the Doha round of trade talks because of a dispute over agricultural tariffs. But this summer, India made a surprise offer to host informal discussions in New Delhi in September. While the outcome of those talks was modest, India has been unilaterally moving to lower trade barriers and drop previous demands. India's new commerce minister, Anand Sharma, who is responsible for trade negotiations, is (like Ramesh) drawn from the younger generation of progressive Congress leaders. Rajiv Kumar, the director of the Indian Council for Research on International Economic Relations in New Delhi, says he does not see India walking away from a new global trade agreement again.

Singh will arrive at the White House on Nov. 24 with the political momentum to push India deeper into the American camp. Congress won a surprisingly strong mandate in May's parliamentary elections and returned to power unencumbered by the fragile coalition politics that hobbled it throughout its first term. And Singh, the first Indian prime

minister to serve two consecutive terms since Jawaharlal Nehru, seems firm in his conviction that whether the issue is liberalizing world trade, building a more stable global financial architecture, reducing global warming, or reining in nuclear proliferation, Indian leadership is required. He and Obama are expected to agree to deeper cooperation on counterterrorism and defense issues. They will also discuss a bilateral agreement on combating global warming.

Perhaps the bigger test for India will come two weeks later at the climate talks in Copenhagen. The world can only hope that Singh succeeds in overcoming the resistance within his own party to a deal. India is too big a country, too large an economy to simply opt out of global discussions.

If it continues the politics of "no," it risks being left behind as leaders of other nations—competitors, rivals, and allies alike—attempt to find their own solutions to the world's problems. While it has become a cliché to say that the fate of the world will hang in the balance at Copenhagen, for India, the stakes include its own standing in the world.

#### NEXT ►

##### LESSONS FROM VIETNAM

How to avoid making the same mistakes.

BY EVAN THOMAS AND JOHN BARRY

WORLD

# A Rivalry on the Roof of the World

In the Himalayas, India and China are needling each other. Welcome to what may be the century's most important contest

BY JYOTI THOTTAM/NEW DELHI

**E**VERY COLD WAR HAS ITS PROXIES. In a swath of Himalayan mountains wedged between the northeast Indian state of Arunachal Pradesh and China, they can take the shape of things as mundane as the empty beer bottles and cigarette butts left behind by soldiers on patrol. Up in the mountains, the Indian and Chinese armies monitor a boundary whose line the two countries don't agree on. In certain parts of that murky borderland, the soldiers on night patrols often leave behind evidence of their presence. When relations between the two countries are good, it's litter; when the situation is tense, the detritus is marked in the official record as evidence of "aggressive border-patrolling." Without any direct military confrontation, the tension between Asia's two aspiring superpowers is ratcheting up.

India and China have never been close, but of late they have become engaged in increasingly sharp rounds of diplomatic thrust and parry. In September, India signaled its approval of a planned visit by the Dalai Lama to the border town of Tawang, the site of a famous Tibetan Buddhist monastery—a move that China interpreted as a provocation. Beijing then objected to a visit by Manmohan Singh, the Indian Prime Minister, to Arunachal Pradesh, claiming it was part of Tibet, which belongs to China. Outraged that China presumed to tell an Indian leader not to go to territory legally recognized as India's, New Delhi then objected to a new power plant that China is building in Pakistani-controlled Kashmir, territory that India claims. Almost no one expects this year's harsh words to escalate into military action, but the hostility is real. "China is trying to see how far India can be pushed," says Pushpita Das of the Institute for Defense Studies & Security Analyses in New Delhi.

China and India share a border 2,175 miles (3,500 km) long. On the Indian side, it runs from states in the northeast that are plagued by insurgency to the glaciers of Ladakh, on the edge of Kashmir. On the



Chinese side, the region is just as troubled, encompassing Tibet and Xinjiang, home of the Uighurs, some of whom clashed violently with Chinese earlier this year. India and China fought a brief war in 1962, when China captured territory in—for India—a mortifyingly rapid incursion. They skirmished again in 1967, but since 1993 the two countries have coexisted more or less peacefully along an undemarcated border. What's at stake now isn't territory so much

**'It's a competition between two systems: chaotic, undergoverned India and orderly, overgoverned China.'**

—MOHAN GURUSWAMY, A CO-AUTHOR OF CHASING THE DRAGON



as influence and global status. China is an economic powerhouse, but ever since last year's signing of a civilian nuclear agreement between the U.S. and India, Beijing has become increasingly uneasy with India's growing clout. "It's a competition between two systems: chaotic, undergoverned India and orderly, overgoverned China," says Mohan Guruswamy, an Indian and a co-author of *Chasing the Dragon*, a new book about the two countries' eco-

nomic rivalry. That competition continues, with the U.S. trying to keep close ties to both sides in a difficult balancing act that may turn out to be the most important geopolitical challenge facing Washington this century.

The tiny Indian hill-station town of Tawang is the unlikely center of the current confrontation. It was there that Chinese troops entered India during the 1962 war, and ever since, Tawang has been the headquarters of an Indian-army brigade. The soldiers are hard to miss because they are so numerous—15,000 among a population of 80,000 in Tawang and the surrounding countryside. Chombay Kee, a youth activist in Tawang, says the army is a boon to local businesses. "When they go home on leave," he says, "they take back gifts from here."

Most of the time, the troops just busy themselves with field exercises in the local farms and orchards. But every so often, things heat up. This summer, China pressured the board of the Asian Development Bank to block a \$2.9 billion loan to India, arguing that part of the money would go to a flood-control project in Arunachal Pradesh. The governor of the state, a retired army general named J.J. Singh, then announced that India would deploy 50,000 more troops up there, though he tells *TIME* the additional troops were planned well before any hint of tension—and they haven't arrived yet. ("That's a future plan," Singh says.) With or without extra soldiers, India is watching the border. Singh says the Chinese army recently staged a massive training exercise in Tibet, with 50,000 personnel.

The military details obscure a more significant, if less glamorous, theater of conflict: infrastructure. It's telling that India has demanded that China cease work on the \$2 billion Kohala power plant in Pakistani Kashmir. (The 62-year dispute with Pakistan over Kashmir is as sensitive for India as Tibet is for China.) The plant is part of a systematic effort by China to assert its presence on the rim of the subcontinent, where India has long been the acknowledged superpower. In both Pakistan and Sri Lanka, the Chinese are funding new ports. The Chinese Foreign Minister visited Nepal last December to launch construction of a new highway connecting central Nepal to China, and soon after, China announced plans to extend a controversial railway to Tibet as far as the border with Nepal. India is countering: after Beijing agreed to develop a massive copper field in Afghanistan, New Delhi pledged more than \$1 billion in development aid to Kabul.

China's economy is more than twice the size of India's, and Indian officials are sensitive about the gap. When the two

armies hold twice-yearly meetings on the border in Arunachal, the Indian officers arrive in powerful four-wheel-drive vehicles, which are required for climbing the rough mountain roads on the Indian side of the border. Their Chinese counterparts cruise up the smooth highways on the other side in luxury sedans—a detail that Indian-army officers privately admit pains them. In 1962 it was China's superior roads and bridges that allowed its army to move into India so quickly, and the embarrassment continues to gnaw. Raji Nainwal, a student in 1962 and now a consultant on a hydro project in Uttarakhand—another border state—worries, "Our dams are in the Himalayas. If China [is] able to intrude and blast one of [them], then what would happen?"

Of course, the geopolitical game has changed since 1962. China is now intimately connected to the U.S. economy and the holder of \$797 billion in Treasury securities. President Barack Obama has tried to set a conciliatory tone with the leaders in Beijing, agreeing not to meet the Dalai Lama, whom they detest, before an expected visit to China next month. At the same time, the U.S. is forging much closer military ties to India. Thanks to a monitoring agreement reached this year, U.S. defense contractors can sell technology freely to India. "India is probably the most important country internationally for us," says Garrett Mikita, president of defense and space at Honeywell Aerospace, who went to New Delhi recently to court Indian officials. The company is one of two firms bidding to replace the engines in India's 300 Jaguar fighter jets, a contract worth as much as \$5 billion. The engines are aging and would need to be replaced anyway, but Mikita says the recent tension with China has sped up the lengthy procurement process. "The timing of this has gotten more aggressive," he says.

Both sides will probably try to cool things down at the coming summit of Southeast Asian nations in Bangkok. Manmohan Singh and Chinese Premier Wen Jiabao are expected to meet on the margins of the meeting, although one conversation is unlikely to sort out their complicated history. Both countries are still absorbed in a game played in miniature: recently, for example, a Kashmiri student was given a Chinese visa that was stapled rather than pasted into his passport, an implicit questioning of Kashmir's status as a state of India. Indian authorities, Guruswamy says, then quietly suggested they might do the same for Tibetans. Sure, this is small stuff. But it could get bigger. And high in the Himalayas, soldiers continue their patrols. —WITH REPORTING BY P.P. SINGH/TAWANG ■

# Hatoyama's Challenge

Why Japan's new Prime Minister is finding it hard to manage the country's economic mess

AFTER JAPAN'S FRUSTRATED VOTERS handed power to the Democratic Party of Japan (DPJ) in the Aug. 30 parliamentary election, many had hopes that the country's new leaders would begin to solve some of the country's intractable economic problems. Among other popular proposals, the new government, led by Prime Minister Yukio Hatoyama, vowed to provide more government assistance for families to promote consumer spending while simultaneously taming the country's ballooning debt, which at nearly 200% of GDP is the highest among rich nations.

But the DPJ is finding it easier to make campaign promises than to keep them. Less than two months after taking over, Hatoyama's administration is being forced into a difficult balancing act between the need to prevent a double-dip recession and the desire to keep Japan's budget deficit from spinning out of control. The recession is knocking tax revenues so far below expectations that the deficit will rise to \$548 billion this year, an enormous 10% of GDP. Yet, despite Hatoyama's instructions to keep next year's spending no higher than this year's initial budget of \$970 billion, the country's ministries have submitted 2010 spending requests totaling \$1.04 trillion.

Thankfully, in the face of mounting bad news on the budget front, Hatoyama is not stubbornly clinging to pledges of fiscal austerity. Major spending cuts have been rendered unrealistic by the current economic climate. Falling real wages and low business investment mean Japan's recovery is fragile. A recent Nikkei newspaper survey showed that 38% of top Japanese executives rated the likelihood of another downturn next year as high or somewhat high. The

**Falling real wages and low business investment mean Japan's economic recovery is fragile**

biggest risk, cited by 69% of respondents, was "the effect of fiscal stimulus measures wearing off." Hatoyama appears to be willing to continue stimulus spending under the circumstances even if that means more red ink. He has learned a lesson from 1997, when Tokyo prolonged and deepened a recession by raising taxes prematurely.

Yet Hatoyama is not explaining this U-turn very well—nor is his message



**Facing reality** The new PM has promises to keep

consistent. For example, he has indicated that, in the interest of fiscal responsibility, he may toss overboard some of the \$77 billion in programs that the DPJ offered to increase household disposable income. The purpose of this spending is to help shift Japan from an export-led economic model to one led by consumption. During the country's 2002-07 recovery, fully one-third of GDP growth was attributable to a rising trade surplus. As the severity of Japan's current recession showed, this is not a sustainable path.

In an effort to make this vital structural change, the DPJ has recognized a simple fact long denied by predecessors: consumer spending is weak because household income is so low relative to GDP. Real wages per worker have fallen

every year but one since 2001. In response, the DPJ, in its policy manifesto used to win the election, came up with a series of programs that will not only put more money into the pockets of consumers but also ease the financial burdens of child-rearing. Programs would include a child allowance of \$3,000 per year per child, free medical care for children, free education through high school at public schools and a number of tax cuts.

By delaying or reducing these programs to hold down the deficit, and by repeatedly setting budget and spending targets that he is unable to keep, Hatoyama runs the risk of making it look as if he is being dragged along by events rather than taking charge of a difficult situation. He claims that this apparent waffling will not hurt the DPJ's popularity, saying recently that "the public is flexible about the [DPJ's] policy manifesto." Certainly it seems to have done no harm so far. In mid-October, the government's approval rating remained very high at 73%. But the honeymoon is unlikely to last forever.

Behind Hatoyama's flip-flops is contradictory advice from top aides. Some are telling him to stick to fiscal austerity to mollify voters' fear of ever-larger deficits—a public concern that could hurt the DPJ's chances of winning a majority in crucial July 2010 elections for the Diet's Upper House to accompany its newly won majority in the Lower House. But come next July, the DPJ would be hurt a lot worse at the polls by higher unemployment than a higher deficit. What Japan needs today is fiscal stimulus that stresses the DPJ program to shift Japan to consumer-led growth. Once the economy truly recovers, that will be time to focus on deficit reduction. If Hatoyama gets the order right, hopes that the DPJ's historic election victory might bring real change to Japan might be justified. ■

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ESSAY

# The India Model

If India can show that a democracy can provide rapid human development, the whole world will benefit

BY MICHAEL ELLIOTT

**T**HOSE ARRIVING IN NEW DELHI A DAY EARLY FOR the recent World Economic Forum India summit were greeted by a smog so dense, so noxious, that it seeped indoors, giving a brackish smell to hotel lobbies and making one wonder whether India's breakneck economic growth was going to be accompanied by the sort of pollution that made hellholes of old industrial cities such as Pittsburgh and Manchester. By the next day, thankfully, the smog had dispersed, and though that was probably because of a change in the weather, it was easy to believe that it had been blown away by the gale of optimism and self-confidence that India's leaders now routinely display. Though India's boom has been tempered by the global economic crisis, Prime Minister Manmohan Singh told the summit that he expected growth in fiscal year 2009-10 to reach 6.5%—hardly shabby—before recovering in the medium term to the 8% to 9% that was seen in the years before 2008.

But headline growth numbers are just the start. It is the sheer ambition of India's government that takes the breath away. At the World Economic Forum meeting, Kamal Nath, the Road Transport and Highways Minister, outlined a 12,500-mile (20,000 km) highway-construction program that will require India to build 12½ miles (20 km) of new roads a day—and that is only a part of a gobsmacking infrastructure program that will include more power generation, more air- and seaports, more irrigation projects. Singh stressed the importance of nationwide improvement in education and health, which will also involve huge amounts of public investment. And if that is not enough, the government is committed to increasing the living standards of the hundreds of millions of Indians in rural areas who live on less than \$2 a day, while ameliorating the state of the cities to which many of them are flocking, in a mass urbanization that in human history has been rivaled only by the one now under way in China.

These are extraordinary goals, and given India's population, ones of extraordinary reach. They would task the best-run nation in the world. But ask some Indian officials how the objectives are supposed to be achieved by a public sector that has not—let us put this charitably—always been known for its Prussian efficiency, and you will be told, in effect, “No problem.” Past performance (as the prospectuses of mutual funds say) is no guarantee of future returns. Just because

India's progress was for years strangled by red tape and corruption, there is no reason to think it always will be. Just because India's political system is noisy and disaggregated, with power dispersed between the central government and states, does not mean that it can't deliver. “I don't regard dissent and different views as a sign of dysfunctionality,” Montek Singh Ahluwalia, the influential deputy chairman of India's Planning Commission, told me.

There are two reasons to hope that he is right. The first, naturally, is that India's 1.1 billion people deserve to have better life chances than they have had. Its villagers deserve power and clean water, its girls deserve to be able to stay in school beyond the primary grades and

its sick deserve a functioning health care system. But second, the world could do with an example of rapid development on a massive scale that is not beholden to an autocratic, closed political system. China proves that such a system can provide better living standards for hundreds of millions, and that simple fact is immeasurably enhancing China's reputation and soft power in the developing world. Brazil and Indonesia are proving

that democracies can deliver too. But India's size and the measure of its challenges make it a special case. If India can translate raw figures of economic growth into widely shared prosperity, then it will not just be Indians who benefit. It will be the whole world, as democracy will be shown to be compatible with improvement in human development at a similar scale as China's.

How will India do it? The key to sustained 9% growth, says Rajat Nag, the managing director general of the Asian Development Bank, “is governance.” Behind that new buzzword lies a fundamental truth. The successful modernization of societies, it turns out, is not just a question of economics—of getting the macroeconomic fundamentals right and letting market forces and the private sector do the rest. It depends also on having effective, clean governments, at every level down to the village, which do not waste economic largesse or appropriate it for the use of their own politicians and officials. That has long been understood in true exemplars of development like Singapore. It now needs to be adopted, seriously and comprehensively, by India. If that happens, India really will be the shining success story that its leaders so manifestly believe it is going to be. India will be better for it. And so will the world. ■



**Crossing the divide** The emerging landscape in rural India

ASIA

# Aiming For Parity

By arming civilians in Thailand's troubled south, the state is creating a dangerous gun culture

BY HANNAH BEECH/PATTANI



**J**IRANAN PHEDSRI CONFESSES THAT SHE has "one true friend." The 51-year-old Thai housewife strokes the object of her affection, caressing its cool curves. The recipient of the devout Buddhist's ardor? A .38-caliber Smith & Wesson pistol Jiranan carries wherever she goes in Thailand's troubled deep south, where a Muslim insurgency has resulted in roughly 4,000 deaths since it gained momentum in 2004. The handgun, though, isn't Jiranan's only trusted companion. As a volunteer in the Iron Ladies, an all-female civilian militia designed to protect Buddhists from Islamic extremists, she received military training on how to wield rifles and machine guns. Jiranan is such a sure shot that she was chosen to show off her target practice for Thailand's Queen Sirikit, who has personally sponsored the Iron Ladies. "I am ready to die for my Queen and for my

country," says Jiranan, her fuchsia-painted lips breaking into a wide smile. "That's why I need my little friend."

Little more than 60 miles (100 km) from Thailand's fabled beaches lies another land that has far more in common with the barbed-wire disquiet of Iraq or Afghanistan than the sunny image projected in tourist brochures. Nearly every day, violence—motorcycle bombs, shootings, arson attacks, beheadings—claims another life in Thailand's three southernmost provinces of Yala, Pattani and Narathiwat, which, unlike the rest of the Buddhist-majority country, are 80% Muslim. The region was a Malay sultanate until the early 20th century when Thailand annexed it. While members of both faiths have been killed by Muslim militants, as a proportion of the population more Buddhists have perished. This year looks set to eclipse 2008 in terms of bloodshed. Victims

of the extremists, who generally decline to publicly articulate the reason for their terror campaign, range from rubber tappers and teachers to Buddhist monks and Muslim imams, as well as soldiers and police. Just a few years ago, neighbors of different religions used to mingle, but the carnage has frayed such bonds. "The communities have become alienated from each other," says Srisompob Jitpiromsri, who heads a think tank on the Thai south conflict at Prince of Songkla University in Pattani. "They both blame the other for being the real cause of the violence in the south."

## The Way of the Gun

TO TRY TO COMBAT THE SLAUGHTER, Thailand has unleashed a massive surge, sending nearly 70,000 security forces into a region populated by 1.7 million people. But the authorities have also encouraged

AGNES DIERREYS—VII MENTOR FOR TIME

## A High Toll. Key flash points of the Thai insurgency

JAN. 24, 2004

Militants raid an ammunition depot in Narathiwat province, killing four soldiers and plundering over 100 rifles

APRIL 28, 2004

Following coordinated attacks across the region by the militants, the Thai military kills over 30 Muslims holed up within the ancient and sacred Krue Se mosque

OCT. 25, 2004

At least 85 Muslims die when Thai troops crack down on a protest in Tak Bai district, many of suffocation after being detained

OCT. 16, 2005

Muslim extremists storm the Phromprasit temple, hacking a monk to death and killing two temple boys

JUNE 8, 2009

11 worshippers at a mosque in Narathiwat are shot dead. The authorities have implicated a Buddhist militiaman

**Fighting back** *The Iron Ladies training in a Buddhist temple's grounds*

local residents to arm themselves and form militias with fanciful names like the Iron Ladies, the Night Butterflies and the Eyes of a Pineapple. Around 100,000 civilians are now members of such armed groups, and they either receive free guns from the military or can buy them at deeply subsidized rates. The majority of militia members come from Buddhist ranks because the government feels they are most vulnerable to attack.

Is handing thousands of firearms to briefly trained and skittish citizens the best strategy? Lieutenant General Pichet Wisaijorn, the Fourth Army commander in charge of security in a region fortified by miles of razor wire and tons of sandbag bunkers, contends that there's no alternative to a weapons buildup. "If everyone threw away their guns, that would be wonderful," he says. "But if the insurgents

have guns and no one else does, that's not fair. We have to help people feel secure, and guns give them protection."

Critics of the arms proliferation are calling for the government to address the root causes of discontent in Thailand's south—on both sides of the sectarian divide. Buddhists complain that an environment where simply commuting to work exposes them to possible assassination is unacceptable. They feel that too few insurgents have been punished for their crimes and wonder why the Thai authorities have not done a better job infiltrating militant cells. In turn, Muslims resent what they see as an official attitude that regards members of their religion as potential terrorists who must be suppressed by draconian emergency laws. Perceived discrimination against Muslims has so penetrated large segments of the population that it is likely feeding the radicalization of a new generation of extremists.

### Trigger-Happy?

THERE'S NO QUESTION THAT THAILAND'S southern tip is increasingly awash in guns. The number of legally registered weapons in the three provinces has jumped 10% each year since 2004, and many more are owned illegally. The state readily distributes firearms to everyone from teachers to government officials. In Narathiwat's Tak Bai district, for instance, none of the 56 village chiefs owned a gun before 2004. Now all do. "Guns can't totally protect us against insurgents," says Yoon Yernporn, chief of Tak Bai's Buddhist Sai Khao village, where five locals have been killed over the past few years. "But at least we can try to shoot back."

Forty other Sai Khao citizens have banded together as a unit of a village militia called the Or Ror Bor. Nearly all of the 25,000-strong Or Ror Bor operating in the three provinces are Buddhist, and their corps was inspired by no less an authority than the Queen of Thailand. In late 2004, after three Buddhists were brutally beheaded by militants, Queen Sirikit gave an impassioned speech advising the military to teach villagers how to defend themselves with firearms. Facing the cameras, she announced that even she "would learn to shoot guns without my glasses on."

Local Muslims complain they have largely been left out of the government-sanctioned arms race, even if more than half of all deaths have come from their ranks. "If we carry guns, [the military] says we are insurgents," says one Muslim academic who declined to be named. "But if Buddhists do, then that's O.K. because

they're just protecting themselves." (Some ethnic Malays concede they are scared of joining state-sponsored militias because insurgents might see them as collaborators and target them.) Racial discrimination continues to fester in Thailand's deep south. An Amnesty International report released earlier this year documented systematic torture of Muslim detainees by Thai security forces. Business and civil-service activity in the south is dominated by Buddhists; the governors of all three provinces, for example, are from that faith.

As the guns proliferate, there are also worrisome signs that some Buddhists are straying from a defensive posture into vigilante justice. In June, 11 Muslims were shot dead by a posse of gunmen while praying at the al-Furqan mosque in Narathiwat province. Official speculation first centered on Muslim radicals turning against their own. Later, though, police issued an arrest

**'If everyone threw away their guns, that would be wonderful. But if the insurgents have guns and no one else does, that's not fair.'**

—LIEUTENANT GENERAL PICHET WISAIJORN, COMMANDER OF THE FOURTH ARMY REGION

warrant for a Buddhist militiaman from the neighboring village, where a rubber tapper had been killed the day before.

With the violence showing no signs of dissipating, Buddhist civilian militias patrol potentially dangerous street junctions or congregate in temple grounds where they peer through monsoon downpours with shotguns at the ready. One morning at the temple of Chang Hai Tok village in Pattani province, a batch of Iron Ladies, outfitted all in black, runs through military exercises. Surveying the training from behind a trio of Buddha statues, 60-year-old abbot Pracharoonkittisophon shrugs his shoulders when asked whether women twirling rifles, along with a shooting range behind his sleeping quarters, elicits any spiritual discomfort. "Guns are normal things in our world," he says. "I see them on TV all the time, and the types of guns used here are much safer than the big ones on TV." Until they kill. ■