



STRATEGIC REVIEW



SCHOOL OF GOVERNMENT
&
PUBLIC POLICY
INDONESIA

The Indonesian Journal of
Leadership, Policy and World Affairs

OCTOBER-DECEMBER 2017/VOLUME 7/NUMBER 4
www.sr-indonesia.com

Indonesia and the future of Islam

BERNARD ADENEY-RISAKOTTA



Brexit

FREGA FERDINAND
WENAS INKIRIWANG

**Liberal economic
reforms**

STEVE H HANKE

**The politics
of identity**

SITI RUHAINI
DZUHAYATIN



Rp125.000



Preparing Indonesia for a Changing World

At School of Government and Public Policy-Indonesia, we are training a new brand of policymakers who understand the international ramifications of policies. We are the first graduate school of public policy in Indonesia to deliver full-time master's programs taught in English, aligned with high international standards and practices.

Distinguished faculty includes:

Hassan Wirajuda, SH, MALD, LL.M., SJD (former Indonesian foreign minister); **Lt. Gen. (Ret.) Agus Widjojo, MMAS, MPA** (former Vice Chairman of the Indonesian People's Consultative Assembly); **Gita Wirjawan** (former Indonesian trade minister); **Prof. Dr. Martani Huseini** (public-administration expert).

www.sgpp.ac.id

 facebook.com/sgppid   [@sgppindonesia](https://twitter.com/sgppindonesia)



**SCHOOL OF GOVERNMENT
&
PUBLIC POLICY**
INDONESIA

From the Editor-in-Chief



‘As the clock keeps ticking’

Is it that time of year already? Time seems to fly by when you are analyzing and debating issues that are of critical importance to Indonesia and the world. Yet again, we are approaching the end of a year, but 2017 certainly has enough time left in it to continue our endless journey of discovery.

We begin by looking at a familiar yet important issue that has been written about in this journal over the years: Indonesia’s unique version of Islam. Our country is undergoing change and whatever the outcome is will impact the religion around the world, our cover story contributor argues.

Staying at home, we look at how Indonesia will be impacted by increasing turbulence in East Asia, ranging from the US-North Korea nuclear spat to the intractable South China Sea disputes.

We also take a unique look at Indonesia’s economy and the need to embrace liberal economic reforms, lest it be unable to compete with other nations in Southeast Asia and around the world.

Looking abroad, we have a wide selection of essays from our contributors, starting with the potential ramifications for Asia of Thailand and India’s increasingly friendly relationship. We then examine the negative impacts of “fake news” on Asian nations and explore China’s growing prominence in philanthropy. Finally, we look across the world at the United States, where the Trump administration is facing numerous foreign policy challenges in Europe, the Middle East and, of course, Asia.

We welcome you to enjoy our final edition of the year as our team prepares for 2018, which promises more opportunities for critical analysis and debate.

Best regards,

Dr Hassan Wirajuda

CONTENTS

FROM THE EDITOR-IN-CHIEF

'As the clock keeps ticking'

Dr Hassan Wirajuda 1

POINT OF VIEW

Our changing environment and the fate of national defense

Nicolas Regaud 6

The end of a supraregional entity?

Frega Ferdinand Wenas Inkiriwang 12

COVER STORY

Indonesia and the future of Islam

Bernard Adeney-Risakotta 18

INDONESIA 360

Neighborhood insecurity

Keith Loveard 32

Why Indonesia must embrace liberal economic reforms

Steve H Hanke 38

Contesting the politics of identity

Siti Ruhaini Dzuhayatin 50

PHOTO ESSAY**Teaching peaceful Islam**

Rony Zakaria 56

BOOK REVIEWS**By More Than Providence**

Reviewed by John Delury 102

GLOBAL PERSPECTIVES**Looking East? Time to renew
Thai-India relations**

Pavin Chachavalpongpun 74

A Chinese heart in philanthropy

Li Xiaolin 84

**Post-truth politics
and fake news in Asia**

Andy Yee 90

**US foreign policy:
A perfect storm is brewing**

Reva Goujon 96

The Indonesian Journal of Leadership, Policy and World Affairs



STRATEGIC REVIEW

EDITORIAL STAFF

Dr Hassan Wirajuda • Editor-in-Chief

Sati Rasuanto • Managing Editor

Ony Avrianto Jamhari • Communications Manager

Joe Cochrane • Editorial Adviser

Paul Goddard • Editorial Adviser

Jimmy Kuntoro • Creative Director

Nisa Hadid • Assistant Communications Manager

ADVISORY BOARD

Gita Wirjawan, Advisory Board Chairman

Former Minister of Trade, Republic of Indonesia

Juwono Sudarsono

Former Minister of Defense, Republic of Indonesia

Agus Widjojo

Member, Advisory Board of the Institute of Peace and Democracy

John Thomas

Harvard Kennedy School of Government, USA

Arne Westad

London School of Economics, UK

A Note to Readers: The views expressed in articles are solely those of the authors and not necessarily those of Strategic Review's employees or shareholders. While every reasonable effort has been made to ensure its accuracy, neither Strategic Review, its partners, nor any contributor accept any responsibility or liability for the accuracy of any part of the content of this publication. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without written permission.

POINT OF VIEW



Our changing environment and the fate of national defense

Nicolas Regaud

Climate change is also a major defense issue for nations. Research and cooperation are crucial to mitigating both environmental and security challenges.

The end of a supraregional entity?

Frega Ferdinand Wenas Inkiriwang

The Brexit vote sent shockwaves around the world, which will continue as Britain prepares for its departure from the European Union. Indonesia and Asean should take note.



Our changing environment and the fate of national defense

Nicolas Regaud

is special representative to the Indo-Asia Pacific of the director general for international relations and strategy, at the French Ministry of the Armed Forces.

This essay was adapted from his presentation at the inaugural Jakarta Geopolitical Forum in May.

Climate change is indeed a challenge to global peace and security. It does not just affect the environment and societies. While a large number of countries are already suffering from food insecurity, insufficient water resources, desertification and the disappearance of arable land, in a context of demographic growth and often bad governance, climate change amplifies the effects of these structural weaknesses. It is now very clear that climate change is a risk amplifier and one of the main strategic challenges of this century.

By worsening food insecurity and increasing pressure on vital resources, in particular water, climate change contributes to the displacement of populations, bringing already densely populated cities to saturation, while poverty creates fertile ground for organized

crime, violence and sometimes terrorism. The displacement of populations often transcends national frameworks, and we are already witnessing large-scale migratory movements at the regional and international levels that are likely to be even greater in the coming years, and the destabilizing power of these movements is naturally a cause for concern.

But my purpose in this essay is not to depict all the miseries and troubles that climate change could bring. I will instead attempt to answer the three following questions:

- In what respect is climate change of particular concern to national defense institutions?
- What can countries do at the national level?
- What are the possible responses at the international and regional levels?

While diplomatic, development and environmental institutions played a crucial role in negotiating an ambitious global agreement in Paris in December 2015, and are now engaged in preventive action, defense institutions have a specific role to play in the field of peace and security. They must prepare for new risks and challenges, and may also contribute to sustainable development policies.

I will give a few examples of why the French Ministry of Defense is particularly concerned and now takes a very active role in this domain. As French territories are widespread around the world and mostly located in tropical areas prone to extreme climate events, French forces could be called upon more often to support civil authorities in providing humanitarian assistance and disaster relief.

It is particularly concerning in the

Caribbean, the Indian Ocean and Asia-Pacific, where almost three million French citizens live. Regionally based French naval, ground and air capabilities are frequently mobilized to assist in humanitarian and disaster relief operations in countries in need, in close cooperation with our regional partners, in particular Australia and New Zealand through coordinated assistance to Pacific Island countries. But the

Extreme climate events and rising sea levels could pose a threat to the military infrastructure necessary for defense operations and to critical civilian infrastructure usable by militaries.

French Armed Forces are also supporting civil security forces in Metropolitan France in responding to forest fires, major flooding and other disasters. Thus, as climate change increases the number and intensity of extreme climate events, the French Armed Forces must consider the impact on their missions and the mobilization of assets.

Second, as climate change has consequences on ocean temperatures and acidification, it may have an impact on fish resources and kindle the greed of countries that suffer from depleted natural resources. In some countries, including France, naval forces play a critical role in monitoring their 200-nautical-mile exclusive

economic zone, and carry out missions to police fishing activities, which means that climate change could increase the need for robust maritime surveillance capabilities.

Third, extreme climate events and rising sea levels could pose a threat to the military infrastructure necessary for defense operations and to critical civilian infrastructure usable by militaries. Thus, there is a need to anticipate possible impacts of climate change in the long run on critical infrastructure being built or maintained.

Until recently, the French Ministry of Defense has only approached the climate issue from the angle of its contribution to sustainable development policies. Military implications and international security were not considered. Consequently, the French Ministry of Defense has become especially committed to contributing as best it can to preserving nature and reducing its ecological footprint.

As such, in 2012 a defense sustainable development strategy was drawn up. It was updated in 2016. The aim of this strategy is primarily to reconcile the preservation of biodiversity with operational activities, and to determine measures that can be taken for energy conservation and the development of renewable energy and recyclable equipment, both domestically and in overseas operations.

For instance, since 2008 all French armament programs must follow an eco-design process beginning with the first technical specifications. The new FREMM multi-mission naval frigates are a convincing example: the technologies used for managing

waste produced at sea, for instance, anticipated changes in regulations that occurred throughout the ship's design phase. And the electric propulsion and complex hybrid structure meant that fuel consumption was reduced by 20 percent compared to the previous class warships.

Reducing energy consumption is a major challenge for our defense department. Our consumption profile is atypical and imbalanced: 70 percent for operations fuel, compared to 30 percent for the rest. We therefore have very little room to maneuver, as we cannot envisage hampering our operational capacity. But through various energy-saving and renewable energy development measures, the French Ministry of Defense has already reduced its energy consumption by 17 percent in the last five years, and is committed to reducing it by 20 percent between now and 2020, excluding operational activities.

But if "green defense" is important, it is just one part of what needs to be done. For us, the 2015 United Nations Climate Change Conference in Paris, or COP21, has been a catalyst to go beyond and deepen our reflection on the various strategic challenges of climate change for defense, with the objective of drawing up a roadmap to be implemented at the national and international levels. At the national level, it is essential to expand the scope of our reflection in order to examine the consequences of climate change on armed forces operations that engage the five strategic functions identified by our white paper on defense and national security: knowledge and anticipation; deterrence; protection; prevention; and military operations.

To illustrate, let me give a few examples. First, in terms of knowledge and anticipation, we must develop a new risk mapping linked to climate change at the regional and international levels, and encourage research

comprehensive approach. In particular, this means studying the vulnerability of our major technical infrastructure for transportation, energy and communications to large-scale climate events and rising sea levels, and



AFP PHOTO/BORIS HORVAT

centers specializing in environmental matters to contribute their expertise to the French Ministry of Defense's strategic foresight exercises.

Second, prevention and protection involves examining the possibilities of strengthening interdepartmental synergy in terms of risk analysis and foresight, so that assistance and cooperation policies are integrated within a

anticipating the impact of a rise in the number and intensity of natural disasters on our human and material resources. As a recent example of interdepartmental cooperation, I will mention a project supported by the French Ministry of Defense, in cooperation with the Natural History Museum and the Department of the Environment, for analyzing trans-Pacific migratory bird behavior, which

is likely to bring vital pieces of information complementary to satellite data, thus contributing early warning tools against cyclones.

To help reach all of these objectives, the French Ministry of Defense is supporting a four-year, approximately \$1.5 million study program involving two dozen climate scientists and experts on regional and defense issues. All information will be shared publicly online and with other French government agencies.

Combating climate change and its security consequences cannot be carried out in isolation in each individual country. That is why regional and international cooperation is of the utmost importance. During the past decade, the international community has increasingly explored links between climate change and international security. The UN Security Council, the European Union and the Organization for Security and Cooperation in Europe have taken this issue up, as well as the Association of Southeast Asian Nations Regional Forum, the African Union and the G7, among others.

But the climate issue has mostly been approached by these organizations from the angle of human-security, diplomacy and development – rarely touching upon defense. Regional defense organizations such as NATO and the European Defense Agency have developed a more defense-oriented approach, but their work has been essentially focused on the dimension of “green defense”: energy security, alternative fuels, eco-designed equipment and so forth.

A third dimension lies in the development

of exchanges and cooperation within subregional defense forums and among militaries. This in particular is important in the Asia-Pacific, through workshops and seminars organized under the framework of the Asean Regional Forum, by the US Pacific Command and also by France recently. In

During the past decade, the international community has increasingly explored links between climate change and international security.

June 2016, the French command in French Polynesia organized a seminar in Papeete on climate change implications for defense, with participants coming from almost all the Western Pacific countries. Another seminar was organized in Paris that November for senior civilian officials and military officers from the Indo-Asia-Pacific region, and a conference on environmental security was organized in April in Ho Chi Minh City with senior officials from Vietnam, Asean, the European Union and France.

During the third South Pacific Defense Ministers Meeting, which gathers Australia, Chile, Fiji, France, New Zealand, Papua New Guinea and Tonga, in Auckland on April 6, the ministers “welcomed the proposal by France to lead a coordinated study on climate change’s impact on defense cooperation in the South

Pacific and the work of our armed forces." The results and recommendations of this coordinated study should be released during an international conference hosted by France prior to the 2019 ministers meeting.

In my view, such subregional defense initiatives for developing exchanges of experience and cooperation are very promising, and the right way to work in the future.

As the international community, and particularly France, was mobilized around the climate issue in the run-up to COP21, French Defense Minister Jean-Yves Le Drian suggested an international conference gathering defense ministers and senior government officials from around the world to create a dynamic of dialogue and cooperation among defense institutions on climate change and its strategic implications. It took place in Paris in October 2015.

This conference marked a new stage, considering it was the first international meeting of its kind, with a large audience composed of 14 defense ministers and more than 600 representatives of defense institutions, national and international administrations and the academic, nonprofit and private sector communities. There were 36 delegations from around the world, including 15 government department representatives from the Indo-Asia-Pacific region.

In a nutshell, three key ideas were put forward during this conference:

- Encourage strategic research on climate change and cooperation among research centers associated with defense ministries.
- Encourage subregional defense forums to launch studies on climate change implications for nations' armed forces and for regional cooperation.
- Support the continuation of high-level conferences to establish yearly meetings, including newly participating countries, coupled with the COP's conferences. Participants recognized their importance in exchanging views and good practices at the political level, for promoting new ideas and encouraging international cooperation on an increasingly worrying global strategic challenge.

The good news is that Morocco, the chair and host of the COP22 in November 2016, organized a second such gathering that took place in Skhirat two months beforehand. That meeting brought together delegations from 26 countries, including a dozen defense ministers and vice ministers. It is our hope that a third edition will be organized during the COP23 period, to be chaired by Fiji and which will run until November 2018, as we want this new cycle of international meetings dedicated to climate change, defense and security to be a lasting success, thus contributing to international resilience and cooperation among countries around the world. 🌍



AFP PHOTO/CHRIS J. RATCLIFFE

The end of a supraregional entity?

*Frega Ferdinand
Wenas Inkiriwang*

is a lecturer at the Indonesian Defense University and a doctoral candidate at the London School of Economics and Political Science, sponsored by the Indonesia Endowment Fund for Education.

British voters' decision to exit from the European Union, better known as "Brexit," in a June 2016 referendum, was, in short, a massive shock, not only for the British public but also the world. It not only ruptured domestic politics by forcing the resignation of David Cameron as prime minister, who has been replaced by Theresa May, but rattled international markets and leaves the future of Europe under a cloud of uncertainty.

It was in another referendum only 42 years ago, in 1975, that 67 percent of British voters overwhelmingly supported moves to create a formal community of European nations. This time it was much different. While the vote was close, Britons showed a unique yet controversial desire to walk away from one of the world's most solid supranational organizations, the EU.

The Brexit option was initially believed to only have support among

a minority of the British population. Thus, Cameron confidently pushed forward with the 2016 referendum. He was sure that by giving people the opportunity to vote, they would choose to stay in the EU and the matter would be settled. Nonetheless, a few days prior to the big day, surveys indicated that there had been a substantial change in public opinion in favor of the leave option, including among older citizens from the “baby boomer” generation. And the final result, 52 percent to 48 percent for Brexit, bore that out.

There are a number of reasons Britain took the Brexit option. First, citizens perceived that membership in the EU limited the country’s sovereignty. Second, EU membership prevented the private sector from operating efficiently due to a myriad of EU regulations to be adopted by member countries. And third, the immigration problem in Britain has been significantly affected by the EU’s immigration regulations. Britain intends to restrict the flow of immigrants, but its EU membership hindered the country from enacting new policies.

Having observed firsthand developments in Britain after the Brexit referendum, I believe it is likely the decision could create a domestic and regional “domino effect.” Prime Minister May signed an official letter in late March regarding Britain’s departure from the EU, worsening relations between the two. In response to May’s actions, Nicola Sturgeon, the first minister of Scotland, called for another independence referendum from Britain, but has since temporarily shelved the idea.

Additionally, there are fears of other EU

members following Britain’s path. Among them is Sweden and the idea of “Swexit,” while groups in Denmark and Norway have also contemplated leaving the EU. Similarly, French

Indonesia relies on the unity of its regional partners, which is manifested through Asean.

and Dutch groups are promoting “Frexit” and “Nexit,” despite their governments officially regretting the decision by British voters. Could this trigger internal instability within Europe and the EU grouping? Brexit has certainly initiated a new chapter of mistrust of supranational organizations such as the EU.

For decades, the EU was acknowledged as the most solid supranational organization in the world. Today, there are fears the grouping may break up. If this occurs, then one may wonder what might happen to other supranational organizations such as the African Union (AU) and the Association of Southeast Asian Nations (Asean).

For Indonesia, Asean is very important. It has been the cornerstone of Indonesia’s foreign policy since the early stages of the Soeharto regime. In dealing with its Asean neighbors, Indonesia implements both bilateral and multilateral approaches. There are four considerations that embolden the country to engage with Southeast Asia’s supranational



AFP PHOTO/ TED ALJIBE

entity. First is the introduction of a new chapter of regional structure in the region. Second, the conducive relations among member countries during the past two decades. (This facilitates peace and stability.) Third, the common interest in the mutual policy of “anti-communist and Western-oriented.” And fourth, continuous, cooperative relations within Asean over the decades have established a sound footing for future success.

In the wake of Brexit, Asean to some extent may face greater challenges to its own relevance. Sustaining Asean as a supranational organization will likely be difficult should any member withdraw, triggering a “worst-case” scenario of a potential breakup. Indonesia relies on the unity of its regional partners,

which is manifested through Asean. As a neutral country, having friends and strategic partnerships will help Indonesia maintain its international role and safeguard its national interests. Asean also serves as a critical buffer for Indonesia. As one of the founding members of this supranational organization, Indonesia has demonstrated its influence through Asean. Jakarta has used the grouping to address numerous bilateral issues and ease regional tensions. This includes the establishment of the Asean Defense Ministers Meeting Plus, which includes non-Asean countries such as the United States, China and India. Additionally, Asean has pushed the strategy of dealing with the South China Sea issue through a code of conduct.

Brexit has shown that national interests play the more important role in driving a country's policy. It has also shown that there is no eternal and lasting collective interest on the European continent. For Asean, the Brexit phenomenon may possibly pose a challenge. With the current battle between the United States and China in Asia, Asean has its common hedging strategy, engaging with

Any move by one member to withdraw from Asean could trigger others to do so.

both Washington and Beijing. In other words, being friends with both sides. This complex environment could entrap Asean, however, and could impact every member state including Indonesia.

Any move by one member to withdraw from Asean could trigger others to do so. If improperly managed, this could create disorder

in the region. Trade, diplomatic relations and other field of cooperation could suffer amid the turbulence.

For Asean, Brexit could serve as a good lesson and as a test of its unity and cohesion. As one of Asean's founding fathers and largest members, Indonesia must lead in maintaining the grouping's integrity and solidarity. Despite criticism of Asean's policy of nonintervention in the internal affairs of its members, the grouping has helped facilitate the mutual and common interests of its members, including Indonesia, and their extraregional partners. However, the big question is how Indonesia and other Asean members cushion themselves from any fallout from Brexit. This could require a concrete plan.

Asean celebrated its 50th anniversary in August and Indonesia's continued belief in Asean will drive how the organization moves forward. Any miscalculation at the strategic level in interacting with Asean may backfire or even threaten Jakarta's own interests. Thus, Jakarta should be a leader to facilitate the smooth continuation of a Southeast Asian supraregional organization that has served Indonesia's interests since its establishment in 1967. 🌐

We Help Asia Speak to the World and the World Speak to Asia.

Inside our
latest issue:

Exploring China's Silk Road Initiatives

Find out more and
subscribe to our print
or online editions at
www.globalasia.org



Have you tried our digital edition yet?
Read *Global Asia* on any device with our
digital edition by Magzter. Issues just \$5.99
or \$19.99 per year. Download Magzter's
free app or go to www.magzter.com

Cover Story



Indonesia and the future of Islam

Bernard Adeney-Risakotta

The world's most populous Muslim-majority nation is facing its own "clash of civilizations" – not with other faiths but among its own communities.



Indonesia and the future of Islam

Bernard Adeney-Risakotta

is a professor of religion and social science at the Indonesian Consortium for Religious Studies, at Gadjah Mada University in Yogyakarta, Central Java. This essay is adapted from his forthcoming book, “Living in a Sacred Cosmos: Indonesia and the Future of Islam.”

Everything we see hides another thing.

We always want to see what is hidden by what we see.

– René Magritte, Belgian surrealist artist

The center of Islam in the world today is neither Saudi Arabia nor the Middle East. Rather, it is Indonesia. Indonesia is the most important country in the world about which most people know practically nothing. Just as the center of Christianity is no longer in Europe or North America, but has shifted to the Southern Hemisphere (Jenkins, 2012), so the center of Islamicate civilization has shifted from the Middle East to Asia.

Evidence for this change is found in population statistics. Currently, 62 percent of Muslims live in Asia. Another 32 percent live in Africa. Relatively few of the world’s Muslims actually live in the Middle East. Indonesia is by far the most populous Muslim-majority country on

earth; its 202 million Muslims are more than the entire Middle East combined.

Population is not the whole story, however. Indonesia is also the world's most dynamic Muslim-majority country, with incredible diversity among different streams of Islam, different ethnic groups and different religious communities, which for the most part live side by side in harmony. Indonesia legally protects the right to different interpretations and practices of Islam. This creates space in which diverse streams and interpretations can grow.

If the center of Islam has moved to Asia, that doesn't imply that Muslims in Asia are more peaceful and tolerant than Muslims in the Middle East. Many Middle Eastern Muslims are peaceful and tolerant and many Asian Muslims are not. Pakistan is not exactly a model of peaceful tolerance. Indonesia is suffering a sustained attack by a minority of radicals who oppose openness to diverse ideas, and some fear that intolerant forms of Islam are growing in the country.

Nevertheless, Indonesia has an ancient history of religious tolerance that is far more peaceful than the history of religions in Europe or the Middle East (cf, Reid in B Adeney-Risakotta, ed 2014). Over many centuries, Indonesia developed impressive social capital for dealing with religious diversity, based on a social imagination of reality that is distinctively different from the West or the Middle East. Absolutist assertions that everyone must submit to the one and only "Truth" feel foreign to most Indonesians.

There is also a dark side to Indonesia. Indonesians have not always dealt

with diversity in peaceful ways. The early exile of Hindus to the island of Bali; wars between different kingdoms; the brutal killings of 1965-66; the long, authoritarian rule of President Soeharto, and mass violence following his fall in 1998; and the growth of Islamic conservatism and radicalism lead many to question whether the admirable "tolerance of the Javanese" is only a peaceful facade over darker currents (Anderson, 1965; cf, Colombijn and Lindblad, ed 2002). Minority groups such as the Shiites, Ahmadis, Christians, Hindus, Buddhists, Confucianists and followers of tribal religions sometimes experience oppression and violence. Racism against ethnic Chinese and Papuans is a serious problem.

The growing influence of Indonesia in the Muslim world is ignored by many scholars. Many Arab Muslims and Orientalist scholars consider Indonesia a kind of backwater that practices an inferior form of Islam mixed with animistic beliefs. Both groups essentialize Islam, distinguishing "pure" (ie, Arab) Islam from debased or folk Islam. From this perspective, Arabic language and culture are the normative measuring stick of authentic Islam. Many Indonesian Muslims agree (cf, Gade, 2004). But Arabic language and culture are not necessarily the best measures of a successful Islamicate culture. According to many Indonesians, creating a community of justice, safety and peace is closer to the teaching of the Koran than the purity of Arabic culture.

Indonesia has experienced a dramatic renaissance in Islamicate civilization, which has largely gone unnoticed outside of the country.

A dramatic flowering of Islamic ideas, art, architecture, literature, political and economic structures, and civil society organizations is transforming the face of Indonesia. Most of the world remains ignorant of the thousands of books published every year in Indonesia, as they are in Indonesian, not English or Arabic. Indonesia is neither uniform nor static. It is changing at a dizzying speed. Like all large countries, it faces many intractable problems. No one knows what the future will bring, but whatever happens in Indonesia will affect the future of Islam in the modern world.

Approximately 23 percent of the world's population are followers of Islam. Demographics suggest that this proportion will grow considerably larger in the coming years. Currently there are 1.7 billion Muslims, which is double the combined populations of Europe and the United States, and equal to the combined populations of China and the United States. By 2050, according to the Pew Foundation, almost 30 percent of the world (2.8 billion people) will be Muslim. The future of the world is deeply connected with the future of Islam in the modern world.

Indonesia is creating a unique kind of modernity that synthesizes mimetic, mythic, ethical and theoretic imaginations of reality with modern institutions and values. The importance of Indonesia lies not in its similarity to the West (for example, democratic institutions), but rather in its creation of a unique modernity forged out of thousands of years of interaction with the axial civilizations of China, India, the Middle East and Europe (cf, Bellah, 2011). Indonesia is a thoroughly religious, traditional and modern society that

is not following the expected paths of Western modernity or Arabic religion.

A key to understanding the importance of Indonesia lies in its distinctive social imaginaries (Taylor, 2007). Social imaginaries include theories that shape our understanding of society, but they are not limited to ideas. They include common feelings, symbols and practices that determine how a society imagines what is real. Social imaginaries make common practices possible. Indonesian social imaginaries are in a dialectical tension between

No one knows what the future will bring, but whatever happens in Indonesia will affect the future of Islam in the modern world.

contrasting visions of reality. The outcome of this struggle is not clear, predetermined or uniform.

The growth of conservative Islam

The dramatic growth of orthodox Islamic piety in Indonesia is apparent. Several fine studies have convincingly documented an accelerating process of "Islamization" in Java (eg, Hefner, 2000; Beatty, 2009; Ricklefs, 2012). Java is not alone. Islamization has a profound impact on all parts of Indonesia; indeed, it is part of a global phenomenon.

Indonesia is not only the most populous

Muslim-majority nation in the world, it is also a country in which Islam is becoming more and more dominant in all areas of life. MC Ricklefs' masterful three-volume history of religion in Java proposes three stages in the development of Islam in Java. From the 15th century until about 1830, the Muslims of Java achieved a "mystic synthesis" in which most Javanese saw no contradiction between Islam and their pre-Islamic beliefs (Ricklefs, 2006). From about 1830 to 1965, Muslims were increasingly polarized between the *abangan* (peasant, syncretist Muslims) and the *santri* (observant, conservative Muslims) (Ricklefs, 2007). According to Ricklefs, since 1965 the institutions that supported the *abangan* have collapsed and the *abangan* way of life is rapidly disappearing, replaced by the Islamization of life (Ricklefs, 2012).

For many non-Muslim observers, this is an alarming development, captured dramatically in the title of Andrew Beatty's 2009 book, "A Shadow Falls: In the Heart of Java." In colonial times, some Europeans feared the Islamic side of Indonesia and mythologized the tolerant, Hindu-Buddhist heritage of ancient Java and Bali (cf Anderson, 1965). American historian Nancy Florida shows how Western scholarship on ancient Javanese literature was distorted by ignoring abundant Islamic Javanese texts in favor of Hindu-Buddhist or mystical texts. What they saw, the heritage of a rich Hindu-Buddhist civilization, clouded their vision of the deep impact of Islam on this civilization. Since the beginning of Indonesia's reform era in 1998, some observers have been torn between admiration of the process of democratization and alarm at the dramatic growth of Islamic

piety. On the one hand, they denounce the authoritarian government of the late President Soeharto, while tacitly being grateful for his suppression of militant Islam. On the other hand, they praise the growth of democracy, while lamenting the rapid growth of pietistic Islam.

Categories and classifications

What we see is often determined by predetermined categories that we hold in our minds. No single person has influenced how religion is viewed in Indonesia as much as Clifford Geertz. Geertz, the late American anthropologist, is well known for his division of Javanese Islam into syncretistic Muslim *abangan* (peasants), orthodox Muslim *santri* (pious, conservative traders) and mystic Muslim *priyai* (aristocrats). Geertz suggested that the *abangan* and *priyai*, who included the great majority of Javanese Muslims in the 1950s, were only Muslims on the surface. Underneath their superficial Muslim forms lay a Javanese civilization shaped by centuries of Hindu and Buddhist influence.

This typology continues to exercise enormous influence on ideas about Islam in Java. The categories do not describe the sociopolitical, cultural, economic and religious realities of today, but they are still shaping assumptions, especially among those who regret the apparent collapse of *abangan* and *priyai* forms of Islam. The current situation in Indonesia is interpreted as a process of loss: the loss of a unique and rich cultural heritage that was shaped by Hinduism and Buddhism.

There are at least three ways to respond



AFP PHOTO/AGOES INDIA/INTO/NUBP/PHOTO

to Geertz. First, some scholars argue that Geertz was simply wrong. His analytic categories were overly ambitious as he tried to create one overarching system of comparison that combined religion, class, economics, politics and culture. As a result, he ignored the complex ways in which these categories overlap. It is possible for the same person to be a *priyai* by class and political role, a *santri* by religious practice and economic activities, and an *abangan* in terms of animist beliefs and cultural lifestyle. Many Javanese combine aspects of all three types. The same person may be a *santri* on Fridays and during Ramadan, an *abangan* on Saturday night or when enjoying Javanese art forms and a *priyai* in following certain mystical disciplines. Besides oversimplifying Javanese religious life, Geertz

was insufficiently aware of the rich diversity within Islam. Influences that he attributed to pre-Islamic Hinduism and Buddhism might just as well be traced to Sufism or other streams within Islam (Woodward, 1989).

Such criticisms include many valid observations, but miss the point of the power and usefulness of Geertz's typology. Ideal types are not descriptions, but rather analytic categories for examining complex reality. Geertz never claimed that everyone in Java fits neatly into one of the three streams (*aliran*). Rather, he provided tools with which to analyze these three broad currents in what is essentially a single river that includes thousands of smaller subcurrents. Even if Javanese Muslim practices can be traced to Islamic sources from China, India, Persia and

the Middle East, it does not necessarily mean these sources were untouched by ideas that were consonant with Hinduism and Buddhism. The concept of “circulatory history” suggests that different civilizations have been influencing each other for millennia (Duara, 2015). It is futile to argue about the original source of influential ideas and practices. The power of Geertz’s typology continues to be seen, even in the writings of his severest critics. They still use his categories even as they deny their relevance.

A second response to Geertz is to suggest that his three categories were accurate descriptions of divisions within Javanese society at the time when he was doing his research in the 1950s, in the village of Pare, East Java Province. Following Ricklefs, we may view Geertz’s categories as helpful analytic categories up to the present, even though the *abangan* and *priyai* variants have declined in influence. One of the many virtues of Ricklefs’ nuanced history is that he puts to rest the notion of an essential, unchanging Javanese civilization. Java was not always polarized between *santri* and *abangan*. In fact, the term *abangan* did not even exist until the late 19th century. Most Javanese Muslims combined Islamic piety with a mystical acceptance of local beliefs and practices.

Later, in the 1950s, the *abangan* stream was so strong that Geertz suggested it would be difficult for a Javanese to become a true Muslim because Javanese civilization was so much at odds with Islamic civilization. But by the 21st century, according to Ricklefs, the *abangan* way of life has been so undermined that, “There is now no significant opposition

Most Javanese Muslims combined Islamic piety with a mystical acceptance of local beliefs and practices.

to the deeper Islamization of Javanese society” (Ricklefs, 2012). The *abangan* and *priyai* have been swallowed up by the *santri*.

This is certainly one way to interpret this history, but it tends to reify the types, treating *abangan* and *santri* as if they are mutually exclusive social groups. Ricklefs’ three-volume history is so rich in empirical detail that the reader is continually reminded of the complexity of the dialectical overlap between the *abangan* and the *santri*. Still, the narrative of polarization, conflict and the increasing defeat of one “type” by the other is in danger of being reified as a fact, rather than recognized as a theory of the meaning of this history. Long before the term *abangan* came into common usage, there were polarized conflicts between more and less strict interpretations of Islam, such as the Padri War (1803-37). Even after the apparent eclipse of *abangan* institutions, *santri* institutions are still deeply influenced by *abangan* practices and beliefs.

A third response to Geertz’s three types is to emphasize that they are heuristic tools that bring some things into focus and obscure others. Even in the 1950s, there was no such thing in reality as a pure *abangan*, *priyai* or *santri*. They were ideal types, not real people. Geertz’s typology was not the only way to categorize religious currents

among the Javanese in the 1950s. An astute observer could have made five types, 10 types or only two types. President Soekarno employed three different types: nationalists, religionists (Islamists) and communists. Others used categories such as modernists, traditionalists and Islamists, or scripturalist versus substantialist Islam (eg, Effendy, 1998). Human beings and groupings are always more complex than any type.

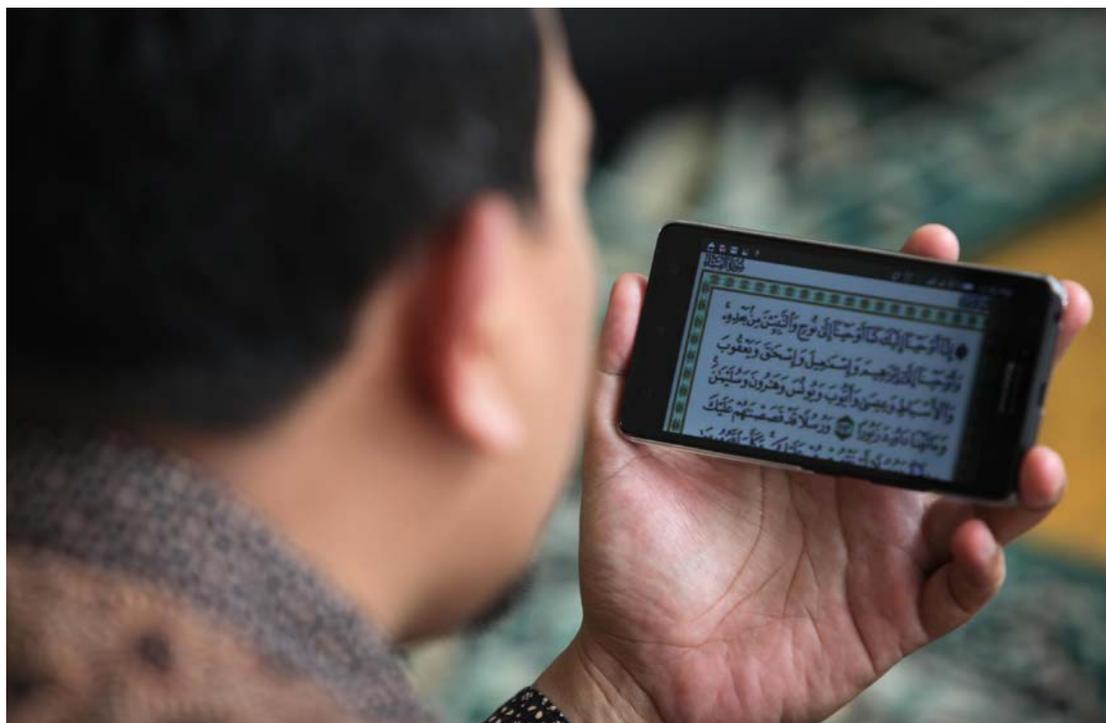
Geertz's three types were extraordinarily useful constructs that helped us to see certain things to which we would otherwise be blind. The types are still valuable, as shown in Ricklefs' narrative, as categories to help us understand cultural change, even though they no longer describe the major divisions in Indonesian society. A bigger problem is that the types distract us from seeing other things that may be more important. Other categories open up different kinds of insights.

Geertz's characterization of *abangan* Muslims as fundamentally Buddhist-Hindus for whom Islam was no more than a superficial veneer has been widely discredited in light of more recent developments (eg, Woodward, 1989; Florida, 1995). Geertz was certainly mistaken about the superficiality of Islam in Java. But in the haste to correct the master, we may forget his more basic insight, later elaborated by Denys Lombard, the French expert on Asia, that Indonesians are made up of many layers of ancient civilizations (Lombard, 1996 [1990]). Indonesians are part of a global, historical circulation of rituals, stories, laws and theories from many different interacting sources. Indonesian Islam is shaped by an ongoing, centuries-old process of the

circulation of mimetic, mythic, ethical and theoretic imaginations of reality. Indonesian Islam is a product of its own prehistoric ethnic cultures, as well as Confucianism, Taoism, Hinduism, Buddhism, Islam and Christianity. When discussing human evolution, the late American sociologist Robert N Bellah often said, "Nothing is ever lost." That which came before is still a part of us: in Indonesia, influences from China, India, the Middle East and Europe are deeply rooted in the imaginations of most Indonesians to this day.

The resurgence of public Islamic piety in Indonesia is undeniable. For some Western observers, there is something close to panic that what they love about Indonesia may be passing away. I am not competent to judge whether the kind of Islamization that is happening in Indonesia is a positive or negative trend. How we name things carries normative weight. Instead of naming it "Islamization" or "resurgence of Islam," we might call it a "renaissance of Islam" in Indonesia, to call attention to the flowering of Islamic art, architecture, intellectual discourse, literature, philosophy, social science, theology, music and so forth. While there has been a decrease in some *abangan* and *priyai* practices, this does not mean that Indonesian Islam has become more narrow and uniform. In fact, the Muslim community in Indonesia is more diverse today than it has ever been. Education and the global circulation of ideas (including radical ideas) have led to far greater diversity in the understanding and practice of Islam in Indonesia than ever before.

As René Magritte, a Belgium surrealist artist, wrote: "Everything we see hides another



AFP PHOTO/AGEOS RUJDIANTO/INURPHOTO

thing. We always want to see what is hidden by what we see.” The dramatic growth of Islamic piety is an important reality we can see. But it also hides some things. Dramatic religious, political, economic and cultural changes may hide from view the continuities in Indonesian society that are the product of centuries. The so-called *abangan* and the *santris* may be more alike than we thought. Even Indonesian Muslims and Christians may be more alike than some would imagine. My broader research focuses on how social imaginaries in Indonesia shape an “enchanted” perspective on reality that transcends different streams of religions in Indonesia. By shifting the categories to social imaginaries, rather than different categories of Muslims, new questions emerge. Different questions result in different insights regarding

the interaction between religion, imagination and modernity in Indonesia.

Styles of cognition

Robert Bellah’s monumental book on religion in human evolution is premised on Canadian psychologist Merlin Donald’s theory of cognitive evolution from mimetic to mythic to theoretic cognition. According to Bellah, the great axial civilizations of China, India, Israel and Greece gave birth to new powers of scientific, universalizing, analytic, critical, abstract and theoretic thought. Theoretic cognition gave birth to the modern world. It also changed the role of religion in the world.

A theory of axial civilizations was first



AFP PHOTO/ADEK BERRY

proposed by the German-Swiss psychiatrist Karl Jaspers at the end of World War II. Jaspers had an ethical agenda and opposed the common Western assumption that the modern world was a Western invention, rooted in Greek thought and Christian theology. He disagreed with German philosopher Georg Hegel's thesis that the axis of history was the life of Jesus Christ. According to Hegel (and Max Weber), modernity is a Christian, Western invention. On the contrary, Jaspers suggested that modernity came from multiple sources.

Bellaah took up Jasper's theory that human evolution was working in similar ways in different places, most notably between 800-200 BCE, to make possible the modern world.

There were similar cognitive breakthroughs during the Axial Age when China (Confucius, Lao Tze), India (Vedas, Upanishads, Buddha), the Middle East (Isaiah, Jeremiah, Amos) and Greece (Socrates, Plato, Aristotle) all gave birth to theoretic culture. If there are multiple axial civilizations that may help explain why there are multiple modernities. The development of theoretic cognition gave rise to different philosophies, practices and religions in China, India, the Middle East and Greece. There is more than one path to modernity.

Prominent theologian José Casanova suggests that "pre-axial" religions were premised on a single, unified cosmos of meaning with two parts: the sacred and the

profane. Pre-axial, mimetic religions are focused on rituals, which imitate (mimic) or reproduce the sacred order (cf, Durkheim, 1915). Since these rituals are located in sacred time and space, they enable the practitioners to reconnect the sacred and the profane and find their proper place within one cosmos.

Pre-axial, mimetic consciousness founded on experience of a unified cosmos is a part of Indonesian practices of Islam, as well as of other religions. The call to prayer (*sholat*) five times a day is a mimetic ritual that intends to reproduce a proper order between humankind and God, between the creature and the Creator, between the micro-cosmos and the macro-cosmos. It recreates order through sacred space in the midst of the disorder of everyday (profane) life.

According to Donald's theory of cognitive evolution, mimetic cognition led to mythic cognition. Mythic cognition also began in the pre-axial age and shaped consciousness of reality through narratives, which explored depths of meaning that were not available through mimetic rituals. Myth did not eliminate mimetic consciousness (sacred rituals), but carried it forward into the Axial Age. Stories are still the primary means of making sense of reality in Indonesia. Whether it is ancient Indian stories (Ramayana, Mahabharata) used in the all-night shadow puppet plays (*wayang kulit*), nationalist narratives of Majapahit glory, sacred stories of the trials of the Prophet, tragic tales of modern Indonesian film, New Order myths of progress and development, or postmodern novels about changing sexual identities in an urban jungle, Indonesians make sense of their lives by stories.

The Axial Age breakthrough was the discovery of the transcendent realm and the ability of human beings to distance themselves from mundane existence. The Axial Age broke the unity of a single cosmos and posited a transcendent realm of the gods or God, which was greater than the everyday world. No longer was the primary duality between the sacred and the profane within a single cosmos. Rather, reality was divided into two: the mundane realm of everyday life and the transcendent realm of God, Heaven, Nirvana or the gods.

Islam is an axial religion par excellence. In Islam, the transcendence of God is unrivaled, and God is far above the foolishness of puny human beings. Some of my Indonesian Muslim friends have permanent black bruises on their foreheads. It is because five times a day, they bang their head on ceramic tile, acknowledging the greatness of God and their own unworthiness. For the most part, the ones I know are gentle, humble people who would no more likely take up a gun to kill an "infidel" than they would kill their own mother.

Dividing the transcendent from the mundane did not eliminate mythical cognition, but rather gave it a whole new realm above earth about which to tell stories. Nevertheless, mythical cognition gradually gave birth to theoretic, abstract, universalizing thought. The idea of transcendence gave rise to self-critical distancing and reflection about mundane life in the light of universal, transcendent truths. Not only stories, but also principles, laws, formulae, theories and models added a huge new repertoire of meaning systems to explain what had been previously thought of as mystery. Two streams of theoretic thought

can be distinguished: the ethical and the empiric. The ethical appealed to transcendent revelation and reason to distinguish what is good, just and right from what is evil, unjust and wrong. The empiric drew on reason and empirical evidence to create theories that explain causation within the universe.

According to Donald, theoretic cognition led to the post-axial, secular age of the modern world. In the post-axial age of theoretic cognition, the primary dichotomy is no longer between sacred and profane (pre-axial), transcendent and mundane (axial), but rather between the religious and the secular (post-axial) (cf, Bellah and Joas, eds, 2012). At least in the West, science, verifiable knowledge, public discourse, the marketplace and government all take place in the sphere of the secular, whereas religious beliefs and ethical practices are in the sphere of individual, private beliefs and practices.

Although Bellah believed that the theoretic civilizations of modernity were far more complex than the mimetic and mythic civilizations of the past, he did not believe that made them better morally. Complexity is not a normative category. Complex theoretic systems make possible far greater assimilation and sharing of knowledge, but they are not morally better. In fact, Bellah feared that theoretic modern civilizations were leading toward human extinction. The most alarming evidence of this is the ecological crisis.

Bellah argued that “nothing is ever lost.” His theory of human evolution suggests that what we are now contains everything that went before us. Bellah stressed that theoretic cognition did not supersede or replace mythic

and mimetic culture. In fact, the polarization of theoretic thinking from ethics has led to a profound crisis in modern life that threatens our existence. In the modern Western world, theoretic cognition has become so dominant over mythic and mimetic ways of thinking that we have lost hold of the meaning of our lives. Meaning is grounded in narratives, stories, myths, rituals and art, which cannot be reduced to theoretic propositions.

Indonesia is different from the West, not primarily because Indonesia is still dominated by pre-axial, mimetic cosmic rituals and axial myths. Western cultures are also saturated with rituals and myths. Even the most technologically advanced societies cannot live without mimetic rituals and mythical narratives. Indonesia is different because of how the country fuses pre-axial cosmic traditions and rituals with religious experiences of transcendence and modern ideas, institutions and structures. Bellah’s book suggests that Indonesia is simultaneously pre-axial, axial and post-axial. Unlike most people in the West, who imagine that they are a speck in the universe, most Indonesians still imagine that they live in a sacred cosmos. In the West, religion and ethics are (ideally) separated from the public sphere. Not so in Indonesia.

Modernity without the secular

Most Indonesian Muslims are deeply suspicious of the secular. They associate secularism with atheism, the decline of religion and the banishing of religion to the private sphere. They are quick to point out that Indonesia is neither an Islamic state

nor a secular state. The first principle upon which the Republic of Indonesia is founded is the Great Unity of Deity (*Ketuhanan yang Maha Esa.*). There is only One God over all Indonesians, no matter what their religion. The unity of God is the basis for affirming the unity of humanity and the unity of many different ethnic groups and religions in one nation. The state officially recognizes six

Unlike most people in the West, who imagine that they are a speck in the universe, most Indonesians still imagine that they live in a sacred cosmos.

religions: Islam, Protestantism, Catholicism, Hinduism, Buddhism and Confucianism. All Indonesians are encouraged to adopt one of these religions. All “world religions” are considered good. Indonesia is a multireligious, monotheistic nation-state, which rejects both of the classic choices between a monoreligious or secular state.

In Indonesia, religions are not meant to be relegated to the private sphere, as if they had no relevance to politics, economics, social relations or law. Most Indonesian Muslims believe that religion is the basis not only for private morality, but for public morality as well. Even in the hard sciences, many Muslims have an *a priori* conviction that true religion will never come into conflict with

the findings of science. Religion should be part of all serious thinking about anything and everything. Public national universities are not described as secular, but rather as multireligious or religiously neutral.

A leading Indonesian Muslim intellectual, Dr Nurcholish Madjid, became famous in 1970 when he published an article defending “secularism” as an important principle for politics. His article caused such a storm of criticism that he later disavowed his use of the term “secularism,” although he did not withdraw his basic argument. Madjid did not use an argument from human rights, political theory or the autonomy of science to back up his defense of the secular. Rather, he used a theological argument. He suggested that Muslim political parties that claimed to represent Islam were actually idolatrous because they equated their limited political interests with the will of God. This violates the foundational doctrine of Islam, ie, *Tauhid*. According to *Tauhid*, nothing should be equated with or joined to God. God is alone, above all human interests or understanding. Anyone who equates their human interests with God’s will is idolatrous (elevating something human to the level of God).

Madjid argued that Muslim political parties implicitly claim divine warrant for their parochial interests. This deceives people into confusing the will of God with a human agenda for gaining power. According to Madjid, this violates *Tauhid* by joining a human organization to God (Madjid in Davies, ed, 1978). Madjid’s famous slogan, “Islam, Yes. Islamic Politics, No,” is still debated today in Indonesia. Madjid later retracted the term

Most of the world, including the United States, is more religious now than it was 100 years ago.

“secularism,” not only to dampen political criticism, but also because he did not mean to imply that religion should be separated from politics, as in the Western ideal (separation of church and state), but only that no political party should claim divine warrant for a human agenda. Like most Indonesians, Madjid opposed Indonesia becoming an “Islamic State.” Also similar to most Indonesians, Madjid believed Islamic values and practices should inform every area of Indonesian life.

Secularization and disenchantment

Few scholars still defend the theory that secularization is an inevitable partner of increasing rationality and modernity (cf, Berger, ed, 1999). Most of the world, including the United States, is more religious now than it was 100 years ago. Indeed, there is some evidence that religion is one of the most powerful agents of rationalization and modernization. Less obvious is the question of whether or not increasing rationalization and modernization, while not leading to a decline in religion, does lead to the progressive “disenchantment” (Weber) of the world.

In an enchanted world, human beings are surrounded by unseen powers. Does rapid social, political, economic and technological change, along with higher education, weaken belief in magic and a unified moral cosmos? In most Western countries, magic is consigned to

fantasy and superstition. Is that also happening in Indonesia? My research suggests that most Indonesians still live in a sacred cosmos and experience an unseen world of spirits and powers.

An “enchanted” Islamic social imagination shapes different kinds of modernity than were constructed in the West. Indonesian Muslims, Christians, Hindus and Buddhists integrate mimetic, mythic, ethical and theoretic styles of cognition to structure their modern lives. Wilfred Cantwell Smith, the late Canadian professor of comparative religion, commented that if you only know one religion, you don’t know any religion. If you learn about other religions, you will end up understanding your own religion much better. The same is true of Western modernity.

Why is modernity in Indonesia so different from modernity in the West, the Middle East, India and China? Is it possible to live in a pre-axial sacred cosmos while following an axial religion and living within post-axial modern institutional structures? How might Islamicate culture in Indonesia contribute to a more just and peaceful world order in the years ahead? There is indeed a “clash of civilizations” in Indonesia, but it is not between Muslims and the West. Nor is it between Muslims and non-Muslims. Rather, it is between different imaginations of reality that occur within different communities and, as often as not, also within a single human heart. 🌍

Indonesia 360



Neighborhood insecurity

Keith Loveard

East Asia is facing a turbulent time given tensions among the United States, North Korea and China. It's not going to get better anytime soon.

Why Indonesia must embrace liberal economic reforms

Steve H Hanke

Having made progress in World Bank indexes, Jakarta still has a long way to go and many hurdles to clear to compete with other nations.

Contesting the politics of identity

Siti Ruhaini Dzuhayatin

Pluralism is a nice buzzword. But actually putting it into practice in Indonesia and other nations is another matter.



AFP PHOTO/SAUL LOEB

Neighborhood insecurity

Keith Loveard

is a senior analyst at Concord Consulting in Jakarta.

As the underpinning arc that forms the southeastern boundary of the continent of Asia, Indonesia cannot help but be affected by current tensions in the region, not least between the United States and China. An aggressive posture by US President Donald Trump threatens to collide head-on with China's aspirations to become a leading superpower, in particular in Asia. Into this problematic equation comes a blustering North Korea, threatening to create a moment like the assassination of Austrian Archduke Franz Ferdinand in Sarajevo in 1914, plunging the world into war.

Increasingly, foreign policy analysts see the emergence of a Thucydides Trap situation, in which the contest for primacy among superpowers has the potential to turn chaotic with the smallest spark.

Caught in the middle

What happens between the United States and China will directly impact Indonesia. Beijing's insistence that it "owns" the South China Sea has created alarm in the wider region, and the recent threat of nuclear war sparked by North Korea has added to the tensions, as the hermit state feels itself increasingly under threat from American efforts to contain its nuclear ambitions. To North Korea, nuclear weapons represent a powerful addition to its arsenal and a means of protecting its independence and the continuation of its dynastic autocracy. In fact, it has few other resources at its disposal. For China, North Korea is an essential buffer state that shields it from direct contact with South Korea and the presence of US forces.

The arrival of US President Donald Trump on the scene has raised the stakes in East Asia. In a reported telephone call between Trump and his Philippine counterpart, Rodrigo Duterte, Trump stated: "I hope China solves the problem. They really have the means because a great degree of their (North Korea's) stuff comes through China. But if China doesn't do it, we will do it." The heightened rhetoric from Trump is predictably producing a stronger stance from North Korea, potentially pushing the region toward conflagration. The picture is not much better further west, where the Middle East remains in turmoil. The United States continues to adopt a hostile approach to Iran, ignoring the recent election in which moderate President Hassan Rouhani won a solid victory against hard-line rivals.

As debate rages on how to avoid a

widespread war that would destroy the region's hopes of economic growth, defense analysts have reminded the world of the dangers of the Thucydides Trap. First coined by American political scientist Graham Tillet Allison, Jr, a professor at the John F. Kennedy School of Government at Harvard University, the term refers to a comment by the ancient Greek historian Thucydides that the growth

What happens between the United States and China will directly impact Indonesia.

of Athenian power made a confrontation inevitable with the ruling power of the day, Sparta.

In promoting his new book, "Destined for War," Allison states: "When a rising power threatens to displace a ruling one, the most likely outcome is war. Twelve of 16 cases in which this occurred in the past 500 years ended violently." And, adds the promotional material, "Today, an irresistible rising China is on course to collide with an immovable America." Allison, in an article in *The Atlantic* in September 2015, reminds that Europe in 1914 fell into such a Thucydides Trap. The murder of Archduke Ferdinand provided the spark that set off the conflagration that pitted two old enemy alliances and ended with the deaths of millions.

Emotion in foreign policy

The tendency of nations to allow emotional factors to guide their policies is well known. Studies of World War I have noted that many in Europe at the time believed that war was an ennobling force. The nations of Europe were in many a sense primed for an outbreak of war at the slightest excuse, albeit on the misplaced assumption that any such war would be swift.

Leon Whyte, at the time a master's candidate at the Fletcher School of Law and Diplomacy at Tufts University, in Massachusetts, the United States, noted in a May 2015 article in *The Diplomat* that emotion and a high regard for national honor far too often cloud the thinking of critical figures, even today: "Prominent Chinese scholar Ye Zicheng expressed this sense of honor when he wrote, 'If China does not become a world power, the rejuvenation of the Chinese nation will be incomplete. Only when it becomes a world power can we say that the total rejuvenation of the Chinese nation has been achieved.'" Whyte added: "American exceptionalism, the conviction that the United States holds a unique place and role in human history, provides a counterpart to Chinese nationalism, and is widespread enough to be a central plank of the Republican Party's platform."

A minor player, a major threat

China and the United States are the major players in the struggle to remake the map of global power, but North Korea is the "pawn"

– the potential Sarajevo moment – that could prompt a serious conflagration. Its assiduous testing of increasingly long-range missiles that commentators believe have the capacity to carry a nuclear warhead, as well as its sixth and largest nuclear test in September, is a genuine threat to peace. So far, the response from Beijing has been reassuring. It has publicly decried the aggressive North Korean moves, and Trump and Chinese President Xi Jinping appear to have developed a reasonable personal relationship that should allow quick consultations at any future critical point.

Hopes for cordial relations have grown with the agreement of China to discuss the framework of a code of conduct in the South China Sea. While few expect that minor step

The situation in the South China Sea provides for an uneasy truce in the battle for supremacy between the United States and China, but one that is unlikely to be long-lived.

to actually lead to a code of conduct, China has at least indicated that it does not want confrontation over its claim, at least at this stage. While there will continue to be fiery statements every time a US warship or that of one of its allies sails close to one of China's

artificial islands in the South China Sea, there is unlikely to be much in the way of an aggressive response. The United States may be able to turn out a dozen aircraft carriers for China's one, but that does not alter the equation of power close to China's shore.

At the same time, China is actively pursuing soft power initiatives globally – albeit tainted by heavy-handed attempts to interfere in the domestic affairs of other nations. Its “Belt and Road” initiative, while confused, is a major effort to win friends. Most recently, it has realized that the United States withdrawal from the Paris climate accord offers it the opportunity to become a leader in the global carbon emission reduction drive, providing it with credibility it cannot achieve by pushing its weight around.

While the United States and China may be long-term rivals for global power, it does mean that either will benefit from rogue actions by a state such as North Korea. The problem for both is how to contain North Korea's provocations. At the inaugural Jakarta Geopolitical Forum, a two-day conference hosted by Indonesia's National Resilience Institute in May, Dr. Oleg Barabanov, a professor at the Moscow State Institute of International Relations, warned that it was important not to make provocative moves toward North Korea in the current climate. He argued, effectively, that the regime in Pyongyang is like a wild dog that should not be disturbed.

China, meanwhile, faces the problem that, as Ye Zicheng notes, it has to operate in a domestic environment fired up by strident nationalist sentiment, the result of decades

of education about the rights of the Chinese people. Any perceived weakness will see the authority of the Communist Party come into question.

For instance, a retreat by Beijing in the South China Sea, which an entire generation of Chinese has been taught is an integral part of the nation, would cause problems. That means that having decided to occupy the region and build bases on the atolls in the South China Sea, there is no turning back, whatever the United States or its allies might think about it. Beijing is, however, in the fortunate position that it no longer needs to turn back: it has established *de facto* control of the region and now only needs to maintain a presence.

North Korea presents a more nuanced problem. As well as needing its existence as a convenient buffer state, to the Chinese people the United States is the archetypal enemy, and the dictum “my enemy's enemy is my friend” means that any aggressive US moves toward the North will need a tough response from Beijing.

The cusp of great change

The situation in the South China Sea provides for an uneasy truce in the battle for supremacy between the United States and China, but one that is unlikely to be long-lived. According to another speaker at the Jakarta conference, Australian security expert Alan Dupont, the rest of the region and indeed the world will have to come to live with a situation in which China will be the major cause of volatility in foreign relations for at least the next two decades.

Dupont, chief executive officer of the

Sydney-based Cognoscenti Group and an adviser to successive Australian governments on strategic defense issues, believes the world is on the cusp of a great change. China will not replace the United States as the world's superpower, he stated at the conference, but it will play a role in a new multipolar strategic environment. In a 2016 article, he wrote that "China's game-changing and system-challenging actions have been at the expense of regional stability, the sovereignty of other states, established norms, the maritime commons and the environmental health of the world's most important sea." He recommended a solid response but not a hysterical one. "As a soldier-citizen of the world's first known democracy, Thucydides well understood that to avoid his trap and ensure a just system, the strong must not be allowed to do as they please," Dupont said.

The wild card

In this wider situation of tensions over China's challenge to the United States as the world's arbiter of power, North Korea represents a wild card for everyone involved. China is in a conflicted situation. It does not want to be dragged into a nuclear confrontation by the upstart Kim Jong-un, but it cannot afford to be seen to be too soft on the United States. It is urging dialogue, but Pyongyang does not appear to be listening.

The current level of danger is extremely high. Phar Kim Beng, a visiting scholar at Waseda University in Tokyo, notes that the young Kim's approach to leadership is totally different from the controlled, reserved poise

of his father. "Images of wild celebrations, of fists pumps and bear hugs, are beamed across the dour country in an effort to get all citizens to partake in the joy of acquiring a potential nuclear deterrent. In other words, while Pyongyang's missile program may once have been aimed chiefly at improving its defenses, it has since morphed into a 'high,' or a habit that Kim can no longer kick," he says. Of the possible avenues for defusing current tensions, only one seems feasible, says Phar: "China and Russia need to work hand in hand



in persuading Kim to cease and desist on all nuclear and missile programs, with the US providing a guarantee that it would recognize North Korea as a state under China and Russia's responsibility."

Unfortunately, there is more than one wild card in the current situation. The United States under Trump is another. No one knows how he will act in any given situation, a problem compounded by his own extreme ignorance of the complexities of international relations. One former US foreign policy official contacted by Concord, who requested anonymity, said that while there is a view that Trump is increasingly

under the control of wiser minds, the degree to which that control is effective is an unknown quantity. The source said: “What influence do the putative adults have with Trump?”

What can Indonesia and the Association of Southeast Asian Nations do? Very little.

It’s uneven, isn’t it? The great white hope theories don’t seem credible to me in a White House that has, for the past two presidencies, become increasingly insular. There are very few people he trusts and crisis will draw that circle smaller. He’s given [US Secretary of Defense James] Mattis huge room on defense issues. But look at Trump’s decision-making style. Does Mattis always get to decide? The lack of process integrity is among the most worrisome features.” The source also played down any positive influence that US Secretary of State Rex Tillerson might be able to bring to bear on the situation, noting that he has not even been able to protect his own department from drastic budget cuts. But, says the source, North Korea represents a game changer. “No American president can allow North Korea to continue on course with its long-range missile and nuclear programs,” the source said. “Trump

has no good options. He believes Beijing will solve the problem, but the overlap of Chinese and US interests is a very small space – even though closer now than ever.”

What can Indonesia and the Association of Southeast Asian Nations do?

Very little. While Indonesia has boasted in the past that it has historic leverage with Pyongyang through former President Megawati Soekarnoputri, there is no evidence to suggest that Kim Jong-un pays any attention to what other leaders might say, including China’s Xi Jinping. That leaves Indonesia with no access and no influence.

Asean is equally powerless. It has failed to agree on issues of far more immediate relevance, most importantly its position regarding China. Cambodia has long insisted on supporting Beijing, its major donor, and now Duterte is conveniently forgetting Chinese breaches of the Philippines’ claims to sovereignty and instead abusing his country’s former great ally, the United States. There is zero chance that it can emerge as a voice of reason and moderating influence.

The watchword, then, has to be caution. As Dupont argues, global and regional geopolitics are likely to be volatile for years to come. For business, hopes that reason may prevail, that East Asia will continue to be the world’s main driver of growth and that investments will not be disturbed, may prove to be wishful thinking. 🌐



AFP PHOTO/BAY ISMOTO

Why Indonesia must embrace liberal economic reforms

Steve H Hanke

is professor of applied economics at Johns Hopkins University in Baltimore, Maryland, and a senior fellow at the Cato Institute in Washington. He served as chief economic adviser to President Soeharto during the Asian Financial Crisis in 1998.

Maximizing productivity is the gateway for economic growth. An increase in productivity allows businesses to produce greater output for the same level of input, earn higher revenues and ultimately generate higher gross domestic product, resulting in better standards of living. However, productivity in many countries continues to remain stagnant or, worse, move in the opposite direction.

The World Bank has been rigorously measuring the ease of doing business (DB) of many countries for more than 15 years, producing a treasure trove of empirical evidence. The basic intuition behind the DB project is that by breaking down and quantifying the various aspects of business regulation within a country's economy, the country is able to isolate the individual factors that are inhibiting business growth. The

goal for each country is to reach the frontier – the aggregate of the best performance observed in each of the 10 categories – by adjusting their rules and regulations to allow their private sectors to thrive. By providing a healthy regulatory environment, the countries will be able to increase their productivity, and subsequently their standard of living. The World Bank’s research has produced an abundance of empirical evidence that examines the different aspects of an economy’s regulatory environment. The DB project provides 10 quantitative indicators that capture the important dimensions of the countries’ regulatory environments. Every year since 2002 the World Bank has published these DB scores and their breakdowns in a volume titled “Doing Business.”

Table 1: What Doing Business Measures

10 Indicators of Business Regulation

Indicator set	What is measured
Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders’ rights in related-party transactions and in corporate governance
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency

Source: Doing Business 2017
Compiled by Prof. Steve H Hanke, The Johns Hopkins University

Methodology review of doing business

Table 1 defines each of the 10 quantitative indicators provided by the World Bank. These are measured by using standardized procedures that ensure comparability and replicability across the 190 countries studied. For each indicator, the scores range from a potential low of 0 to a high of 100.

Each of the 10 indicators consists of a set of sub-indicators that quantify important dimensions of the indicator. Table 2 identifies these sub-indicators and lists the best and worst performances observed in each sub-indicator. The “frontier” represents the combination of each sub-indicator with the best observed performance across all economies in the Doing Business sample. To emphasize, a

country would set the frontier value with the best performance in a sub-indicator, *not* an indicator and *not* overall. For example, New Zealand is ranked number one in the Starting a Business indicator with a DB score of 99.96, not 100, because the country received a distance to frontier (DTF) value of 100 (by performing the best and setting the frontier) for the sub-indicators Procedures

and Time. But New Zealand did not receive 100 for Cost and Minimum Capital, as Slovenia and Australia/Columbia performed better in those areas. The “frontier” is an ideal amalgamation of all the best practices in each sub-indicator, and therefore is a perfect 100 DB score in all sub-indicators, and therefore indicators and overall. A perfect score of 100 would mean a country was the best performer in every single sub-indicator, not just in each indicator.

Initially, the distance to frontier for each sub-indicator is calculated as:

$$= \frac{(\text{worst score by a country}) - (\text{score of country of interest})}{(\text{worst score by a country}) - (\text{best score by a country aka the frontier value})} \times 100$$

For example, the DTF value for procedures for starting a business in Indonesia, which requires 11 procedures, would be $[(20 - 11) / (20 - 1)] * 100 = 47.37$ out of a maximum value of 100.

Notice that if the score of the country of interest is equivalent to the frontier value, then the distance to frontier value (aka, the Doing Business score) would be the maximum 100 for the indicator. The best historical score by a country (also known as frontier value) and worst score for all sub-indicators are shown in Table 2.

The Doing Business score for each indicator (for example, Starting a Business) is calculated by assuming that every sub-indicator is of equal weight/importance:

$$= \text{AVERAGE (DTF values for all sub-indicators of the indicator)}$$

For example, the distance to frontier, in other words, the Doing Business score, for Starting a Business in Ecuador would be the average of the distance to frontier score for Number of Procedures (35.3), Time (49.74), Cost (88.98) and for Paid-In Capital (100), which is roughly 68.5 out of a maximum score of 100.

The overall Doing Business score for a country is calculated by assuming that every indicator is of equal weight/importance:

$$= \text{AVERAGE (DB scores for all indicators)}$$

Ease of doing business and relevant trends

Using the DB scores, we can determine whether there is a relationship between a freer regulatory environment (a high DB score) and prosperity, as measured by GDP per capita. The DB score for every country is plotted with their respective GDP per capita from the World Economic Outlook (WEO) database to estimate the affluence the frontier would generate in terms of GDP per capita. This is done by fitting an exponential trend line to the plots and inputting the “frontier” score of 100 (or any other score of interest) into the equation of the trend line to estimate the generated income/capita. For the year 2016, the GDP per capita is modeled as approximately equal to $44.691 * e^{(0.0773 * (\text{DB Score}))}$.

The semi-log plot of GDP per capita versus Doing Business scores shows that

Topic and indicator	Who set the frontier	Frontier	Worst performance
Starting a business			
Procedures (number)	New Zealand	1	18 ^a
Time (days)	New Zealand	0.5	100 ^a
Cost (% of income per capita)	Slovenia	0.0	200.0 ^b
Minimum capital (% of income per capita)	Australia; Colombia ^c	0.0	400.0 ^b
Dealing with construction permits			
Procedures (number)	No economy was at the frontier as of June 1, 2016.	5	30 ^a
Time (days)	Singapore	26	373 ^b
Cost (% of warehouse value)	No economy was at the frontier as of June 1, 2016.	0.0	20.0 ^b
Building quality control index (0–15)	Luxembourg; New Zealand	15	0 ^c
Getting electricity			
Procedures (number)	Germany; Republic of Korea ^d	3	9 ^a
Time (days)	Republic of Korea; St. Kitts and Nevis	18	248 ^b
Cost (% of income per capita)	Japan	0.0	8,100.0 ^b
Reliability of supply and transparency of tariffs index (0–8)	Belgium; Ireland; Malaysia ^d	8	0 ^c
Registering property			
Procedures (number)	Georgia; Norway; Portugal; Sweden	1	13 ^a
Time (days)	Georgia; New Zealand; Portugal	1	210 ^b
Cost (% of property value)	Saudi Arabia	0.0	15.0 ^b
Quality of land administration index (0–30)	No economy has attained the frontier yet.	30	0 ^c
Getting credit			
Strength of legal rights index (0–12)	Colombia; Montenegro; New Zealand	12	0 ^c
Depth of credit information index (0–8)	Ecuador; United Kingdom ^d	8	0 ^c
Protecting minority investors			
Extent of disclosure index (0–10)	China; Malaysia ^a	10	0 ^c
Extent of director liability index (0–10)	Cambodia	10	0 ^c
Ease of shareholder suits index (0–10)	No economy has attained the frontier yet.	10	0 ^c
Extent of shareholder rights index (0–10)	Chile; India ^a	10	0 ^c
Extent of ownership and control index (0–10)	No economy has attained the frontier yet.	10	0 ^c
Extent of corporate transparency index (0–10)	No economy has attained the frontier yet.	10	0 ^c
Paying taxes			
Payments (number per year)	Hong Kong SAR, China; Saudi Arabia	3	63 ^b
Time (hours per year)	Singapore	49	696 ^b
Total tax rate (% of profit)	Singapore ^a	26.1 ^a	84.0 ^b
Postfiling index (0–100)	No economy has attained the frontier yet.	100	0
Time to comply with VAT refund (hours)	Croatia; Netherlands ^a	0	50 ^b
Time to obtain VAT refund (weeks)	Austria	3.2	55 ^b
Time to comply with corporate income tax audit (hours)	Lithuania; Portugal ^a	1.5	56 ^b
Time to complete a corporate income tax audit (weeks)	Sweden; United States ^b	0	32 ^b
Trading across borders			
<i>Time to export</i>			
Documentary compliance (hours)	Canada; Poland; Spain ^b	1 ^a	170 ^b
Border compliance (hours)	Austria; Belgium; Denmark ^c	1 ^a	160 ^b
<i>Cost to export</i>			
Documentary compliance (US\$)	Hungary; Luxembourg; Norway ^a	0	400 ^b
Border compliance (US\$)	France; Netherlands; Portugal ^a	0	1,060 ^b
<i>Time to import</i>			
Documentary compliance (hours)	Republic of Korea; Latvia; New Zealand ^d	1 ^a	240 ^b
Border compliance (hours)	Estonia; France; Germany ^a	1 ^a	280 ^b
<i>Cost to import</i>			
Documentary compliance (US\$)	Iceland; Latvia; United Kingdom ^a	0	700 ^b
Border compliance (US\$)	Belgium; Denmark; Estonia ^a	0	1,200 ^b
Enforcing contracts			
Time (days)	Singapore	120	1,340 ^b
Cost (% of claim)	Bhutan	0.1	89.0 ^b
Quality of judicial processes index (0–18)	No economy has attained the frontier yet.	18	0 ^c
Resolving insolvency			
Recovery rate (cents on the dollar)	Norway	92.9	0 ^c
Strength of insolvency framework index (0–16)	No economy has attained the frontier yet.	16	0 ^c

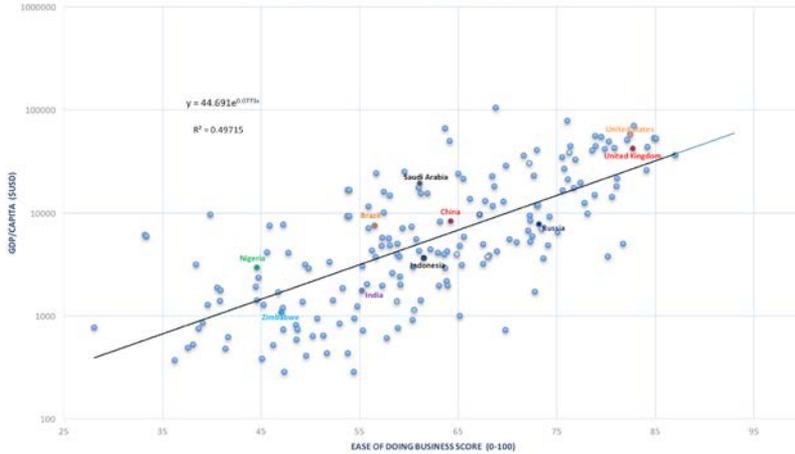
◀ Table 2:
What is the Frontier
in Regulatory Practice?

Source: Doing Business 2017

there is a strong, positive relationship between DB scores and prosperity. A logarithmic scale is used on GDP per capita to respond to skewness toward large values caused by the exponential trend in data.

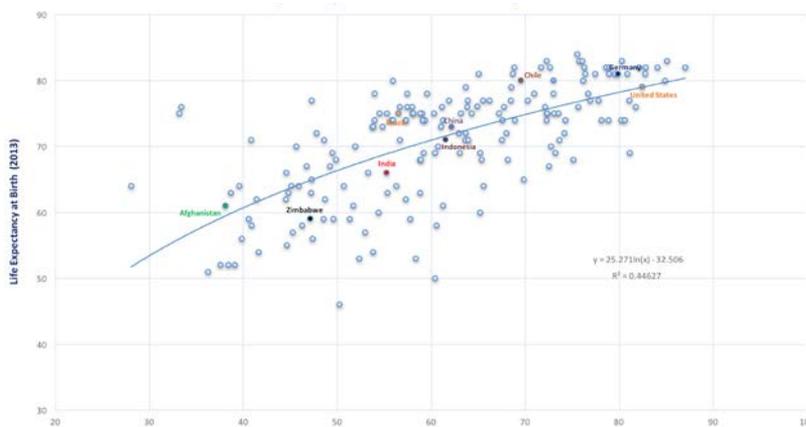
In addition to the strong, positive relationship between regulatory freedom (ease of doing business) and prosperity (GDP per capita), deregulation yields increasing returns. Each incremental increase in the DB score yields larger and larger gains in GDP per capita. Using the DB scores, we can also explore whether there is a relationship

Figure 1: GDP/Capita vs. Ease of Doing Business Score



Source: Doing Business 2017, and World Economic Outlook Database
 Compiled by Prof. Steve H Hanke, The Johns Hopkins University

Figure 2: Life Expectancy at Birth vs. Ease of Doing Business Score



Source: Doing Business 2017, and World Health Organization
 Compiled by Prof. Steve H Hanke, The Johns Hopkins University

between a freer regulatory environment (a high DB score) and life expectancy in each country. Similar to the previous analysis, the DB score of each country is plotted with their respective life expectancy score from the World Health Organization. We then fit an exponential

trend line to the plots to examine the life expectancy score that the “frontier” (or any DB value of interest) would generate. The resulting plot shows a strong and positive relationship between DB scores and life expectancy, albeit one characterized by diminishing returns (given additional increments in DB scores yield smaller and smaller gains in life expectancy).

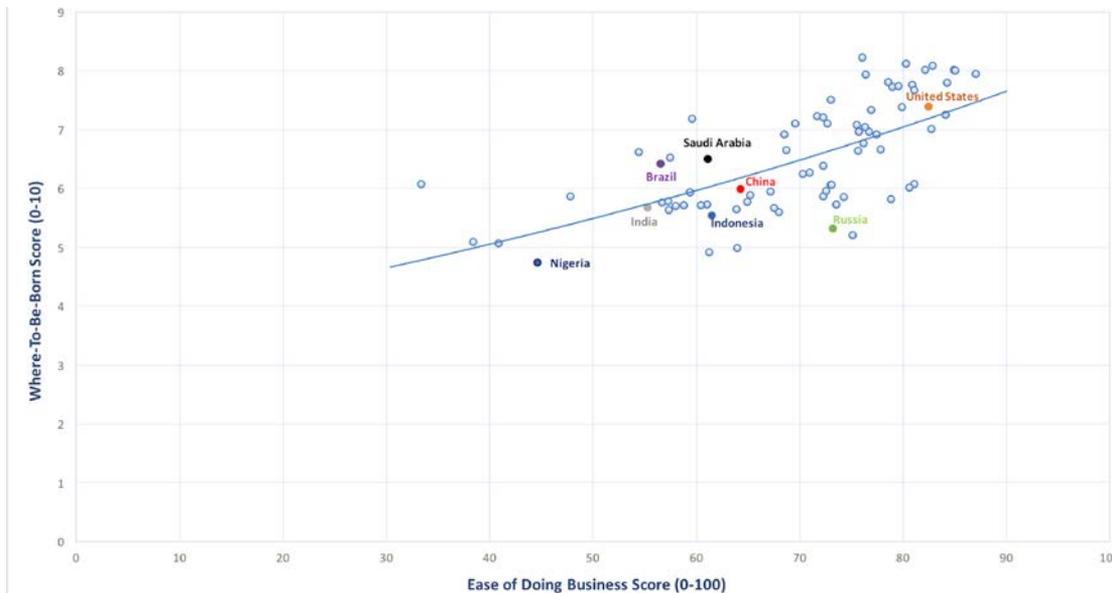
We continue our analysis by examining the relationship between DB scores and living standards observed in each country. The “where-to-be born” index, prepared by the Economist Intelligence Unit, measures which countries offer the best living

standards to their citizens. It is based on subjective life-satisfaction surveys as well as objective variables such as life expectancy, political freedoms, job security, governance and gender equality across 80 countries. Graphing regulatory freedom against where-

to-be-born scores yields a positive exponential relationship, revealing a close correlation between regulatory freedom and quality of life.

increases in doing business scores also lead to immense improvements in individual well-being and prosperity.

Figure 3: Where-to-be-Born vs. Ease of Doing Business Score



Source: Doing Business 2017, and the Economist Intelligence Unit
Compiled by Prof. Steve H Hanke, The Johns Hopkins University

Economic prosperity affects life expectancy and quality of life through many channels: higher individual and national incomes produce favorable effects on nutrition, on standards of housing and sanitation, and on health and education expenditures. Since a freer regulatory environment is associated with higher levels of GDP per capita, we should observe that a freer regulatory environment (a higher DB score) is associated with higher life expectancies and better living standards. While Figure 3 demonstrates that a freer regulatory environment results in greater economic prosperity, Figures 4 and 5 take this analysis a step further, showing that incremental

Doing business in Indonesia

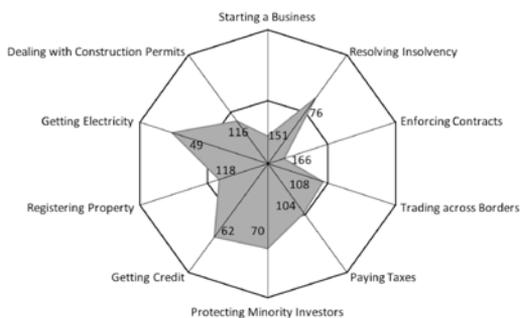
Table 3 displays the ranks and scores for Indonesia’s 10 indicators of business regulation. Each year’s report analyzes the previous year, so the 2017 Ease of Doing Business report analyzes Indonesia’s business environment for the year 2016. The score for each indicator ranges from a potential low of 0 to a high of 100. It is important to note both rank and score because a country’s rank for an indicator among the countries studied might change, even though its score does not. In 2017, Indonesia ranked 91 among the 190 countries studied, with an Ease of Doing Business score of 61.52.

Table 3: Ease of Doing Business Scores and Rank for 2017 (Indonesia)

Indicators	Doing Business Score - DTP%	Rank	Country with Best Performance
Overall	61.52	91	New Zealand - 87.01
Starting a Business	76.43	151	New Zealand - 99.96
Dealing with Construction Permits	65.73	116	New Zealand - 87.40
Getting Electricity	80.92	49	Korea, Rep - 99.88
Registering Property	55.72	118	New Zealand - 94.46
Getting Credit	60.00	62	New Zealand - 100
Protecting Minority Investors	56.67	70	New Zealand - 83.33
Paying Taxes	69.25	104	Qatar - 99.44
Trading Across Borders	65.87	108	Austria - 100
Enforcing Contracts	38.15	166	Korea, Rep - 84.15
Resolving Insolvency	46.46	76	Finland - 93.89

Source: Doing Business 2017
Prepared by Prof. Steve H Hanke, The Johns Hopkins University

Figure 4: Indonesia's Ease of Doing Business Rankings

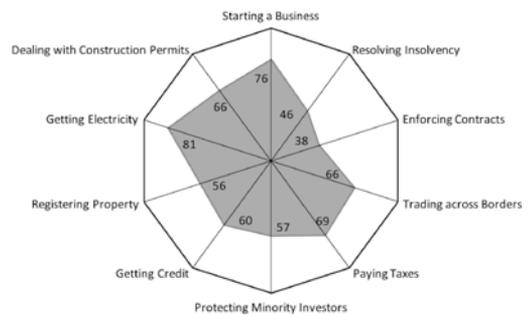


Source: Doing Business 2017. Prepared by Prof. Steve H Hanke, The Johns Hopkins University; Scale: 190 center, Rank 1 outer edge

Figure 4 is a spider chart that displays Indonesia's rankings among the other 189 countries for the World Bank's 10 indicators of business regulation. The chart clearly visualizes

Indonesia's strengths and weaknesses, divided by indicator. The edges represent the frontier, or the aggregate of "best practices" realized among the 190 countries studied. Therefore, the larger the shaded area, the closer that

Figure 5: Indonesia's Ease of Doing Business Scores

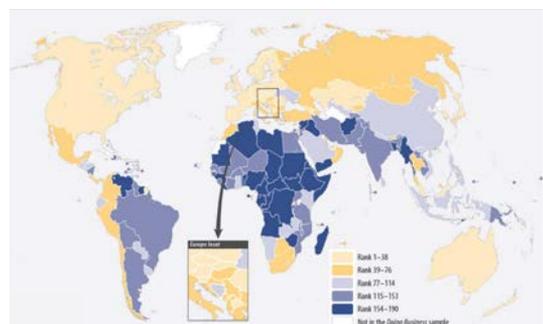


Source: Doing Business 2017. Prepared by Prof. Steve H Hanke, The Johns Hopkins University; Scale: 0 center, Score 100 outer edge

country is to reaching the "frontier."

Figure 5 is a spider chart that displays Indonesia's Doing Business performance by score rather than its ranking among the other 189 countries. Again, a larger shaded region

Figure 6: Indonesia vs The World Map

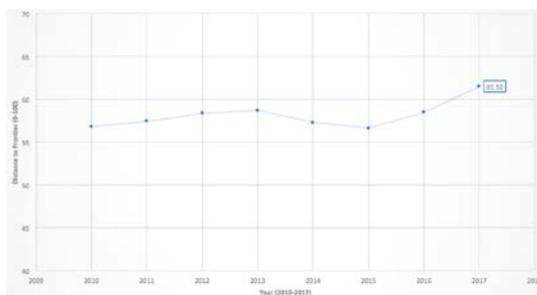


Source: Doing Business Database

implies a better overall business environment. The edges in this case, however, represent the maximum potential score of 100.

Figure 6 shows how Indonesia’s DB ranking compares to those of other East Asia and Pacific countries, and to the rest of the world. According to the Doing Business Report 2017, Indonesia ranked in the middle range, between 77 and 114, with a ranking of 91. The chart below depicts the changes in Indonesia’s Ease of Doing Business Score since 2010. From 2010 to 2013, Indonesia improved its DB score modestly yet steadily. This progress was offset by a subsequent period of decline until 2015. Around this time, however, Indonesia’s DB score picked up and climbed considerably,

Figure 7: Doing Business in Indonesia since 2010



Source: World Bank Doing Business Historical Data
Prepared by Prof. Steve H Hanke, The Johns Hopkins University

exceeding 60 percent for the first time in 2017.

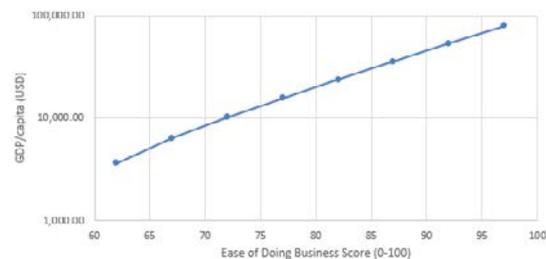
‘Frontier’ analysis of Indonesia

To reiterate, for the year 2017, GDP per capita is modeled as approximately equal to $44.691 * e^{(0.0773 * (DB \text{ Score}))}$. This

model was generated by fitting an exponential trend line to the plot of the 2017 Doing Business score and 2016 GDP per capita of all the countries, which is shown in Figure 1. Hence, this model equation is based on a data sample of 190 countries. With a DB score of 61.52, Indonesia is expected to generate approximately \$5,194 based on this model. In actuality, Indonesia falls short of this estimation with a reported GDP per capita of \$3,620.36, according to the WEO database. This difference is also visually observed in Figure 1, with the distance from the trend line to the labeled data point for Indonesia in the semi-log plot.

In order to perform an analysis of an individual country, we will shift this trend line to reduce the error of the model equation and to give more significance for the country of interest. The shift differs with countries because it is equal to the amount of discrepancy between the reported data from the WEO and the model estimate for each country. For Indonesia, the shift will be -1,573.4, and the new accurate model equation is $44.691 * e^{(0.0773 * (DB \text{ Score}))} - 1,573.40$.

Figure 8: Frontier Analysis for Indonesia



Source: Doing Business 2017
Compiled by Prof. Steve H Hanke, The Johns Hopkins University

This equation is then used to project the additional prosperity Indonesia would generate if it were to improve its DB score by improving the ease of doing business. Figure 8 and Table 4 illustrate this additional prosperity.

Elasticity is a measure of a variable's sensitivity to a change in another variable. In this case, we are interested in measuring the change in GDP per capita in relation to DB movements. The following chart shows an incremental analysis and elasticity measurement on Indonesia's path to achieving the frontier (a DB score of 100). Calculations show that prosperity becomes more elastic with incremental changes in DB scores. In other words, with a DB score of 61.52 and GDP per capita of \$3,620.36, Indonesia still has so much exponential potential for returns (prosperity) by simplifying procedures and slashing regulations.

Table 4: Incremental Analysis of Indonesia

Ease of Doing Business Score for 2017	GDP/Capita (\$)	Increase in GDP/Capita (\$)	Elasticity ($\Delta\% \text{ GDP/Capita} / \Delta\% \text{ DB}$)
62	3,620.36	--	
67	6,359.99	2,739.63	9.38
72	10,103.27	3,743.27	7.89
77	15,612.69	5,509.42	7.85
82	23,721.57	8,108.88	8.00
87	35,656.39	11,934.82	8.25
92	53,222.30	17,565.91	8.57
97	79,076.16	25,853.86	8.94

Source: Doing Business 2017
Prepared by Prof. Steve H Hanke, The Johns Hopkins University

Commentary

The 2017 "frontier" (Doing Business score of 100) generates GDP per person of ~\$100,000, which is 27.6 times better than the GDP per person generated by Indonesia (GDP per person: \$3,620.36). In other words, Indonesia's economy would have to grow at an annual rate of 14.2 percent for 25 years to reach the "frontier."

In 2017, Indonesia improved in Ease of Doing Business ranking by 15 spots, moving up from 106 to 91. Greatest improvements took place in Starting a Business, Getting Electricity and Paying Taxes, with each category ranking 151, 49 and 104, respectively. Among the 190 economies, Indonesia's worst-performing categories were Enforcing Contracts, Starting a Business and Registering Property, with each category ranking at 166, 151, and 118, respectively.

For Getting Electricity, Indonesia moved up 12 spots relative to last year, ranking 49 with a score of 80.92. Over the past few years, Indonesia implemented several reforms that culminated in this progress. Notably, just this year it made the process for getting electricity faster by reducing the time for contractors to perform external work, which was made possible by a countrywide increase in the stock of electrical material supplied by the public utility. Equally important, Perusahaan Listrik Negara (PLN), Indonesia's public electricity distributor, made getting electricity easier by eliminating the need for electrical contractors to obtain multiple certificates guaranteeing the safety of internal installations. Additionally, in 2013, Indonesia did away with the requirement

for new customers applying for an electricity connection to show a neighbor's electricity bill.

Still, getting electricity in Indonesia requires five procedures that take 59 days, at 357 percent of income per capita. Indonesia's time score of 59 days is ahead of the East Asia and Pacific and the Organization for Economic Cooperation and Development (OECD) high-income averages of 72.9 and 76.2 days, respectively. Yet, Indonesia's electricity cost of 357 percent (of income per capita) alarmingly lags behind the OECD high-income average of 62.5 percent, indicating a need for more cost efficiency in its electricity provision. Indonesia received 6 out of 8 on the reliability of supply and transparency of tariff index. If Indonesia were to implement financial deterrents aimed at limiting outages the improvement in the reliability of electricity for businesses would help it reduce electricity costs. Furthermore, PLN, the Indonesian public utility, currently operates as the only electricity distributor. If Indonesia were to privatize PLN and encourage competition in the industry, the resulting gains in efficiency would undoubtedly mitigate electricity distribution costs and help Indonesia further improve its DB score in this category.

Another category where Indonesia demonstrated considerable progress was Paying Taxes, where it moved up 11 spots relative to last year, ranking 115 with a score of 69.25. Notable reforms in recent years leading up to this progress include the introduction of an online system for filing and paying health contributions; an online system for paying social security contributions along

with reductions of the rate paid by employers and the ceiling for contributions; tax cuts on employer's health insurance contribution rate; and a reduction of the corporate income tax rate.

Notwithstanding these reforms, Indonesia's score of 69.25 in this category is still noticeably behind the East Asia and Pacific average of 72.16 and the OECD high-income average of 83.07, indicating room for more progress. In Indonesia, paying taxes requires 43 payments that take 221 hours to file per year, and at a 30.6 percent rate of total profit. In contrast, East Asia and Pacific averages for the same year are 22.9 payments taking 198 hours, and at a 33.9 percent rate of total profit. To further improve DB scores, Indonesia should make taxes easier to file by consolidating different taxes and simplifying the filing process. For instance, the Jakarta government could opt to consolidate social security contributions and health insurance contributions under a single online payment.

Additionally, it should also cut down on the number of payments and the payment time associated with corporate income tax and the value added tax (VAT), which are currently at 13 payments taking 75 hours and 12 payments taking 90 hours per year, respectively. An easy way for Indonesia to do this would be to establish online payments for these taxes, just like it recently did for health and social security contributions. Along the same lines, Indonesia should also strive to further relieve its corporate income tax rate, which currently claims 16.9 percent of total profit, the highest among all its tax rates. Another way Indonesia could improve scores is to speed up its post-

filing procedures. While Indonesia received a near perfect score of 95.4 percent for corporate income tax audits, it received a poor score on the VAT refunds index (64 percent) due to a long time of compliance with VAT refund (18 hours) and time to obtain a VAT refund (30.9 weeks).

Expediting these post-filing processes would help Indonesia strengthen its DB score in this category. For Starting a Business, Indonesia scored 76.43, ranking 151 among 190 economies – moving up 16 spots last year alone. Starting a business in Indonesia requires 11 procedures that take 22 days to complete. In contrast, the average number of procedures in East Asia and Pacific is seven and the average number of days is 23.9. To start a business in Indonesia, a company must obtain clearance for the company's name at the Ministry of Law and Human Rights (three days); apply for the certificate of company domicile (two days); pay the nontax state revenue fees for legal services at a bank; apply at the Ministry of Trade for the permanent business trading license (seven days); and apply for the workers social security program (seven days). In contrast, in the "frontier," the only process required in New Zealand for starting a business is applying for registration with the Companies Office online, which takes less than one day.

To improve DB scores, Indonesia should cut down on the number of procedures required, in addition to speeding each one up. An easy way to do this would be to consolidate applications for health care insurance and workers' social security. Most recently, in 2016, Indonesia made starting a business easier by creating a single form to apply for the

company registration certificate and trading license. Additionally, Indonesia abolished the minimum capital requirement for small and medium enterprises and encouraged the use of an online system to reserve company names. For Registering Property, Indonesia scored 55.72, giving it a rank of 118 out of 190. While its five procedures, taking 25 days, did not lag much behind the OECD's high-income average of 4.7 procedures taking 22.4 days, Indonesia was primarily lacking in its quality of land administration index, scoring 12.5 out of 30 as opposed to OECD's high income of 22.7. It received zero points for geographic coverage and equal access to property rights. Not all privately held land plots in the economy, nor in the largest business city, are formally registered at the immovable property registry, nor are all privately held land plots in the economy and largest business city mapped. Additionally, men and women do not have equal ownership rights to property. Indonesia can increase scores by setting up an electronic database for checking for encumbrances (liens, mortgages, etc). In 2016, Indonesia made registering property easier by digitizing its cadastral records and setting up a geographic information system.

Enforcing contracts in Indonesia takes 460 days and costs 118 percent of claim, as opposed to the OECD's high income of 553 days at a 21 percent cost. The high costs are mostly due to attorney fees costing 90 percent of the claim, in addition to enforcement fees costing 25 percent. Possible improvements that could raise Indonesia's quality of judicial processes index score of 8/18 would be increased court automation and improved case management.

This would include having initial complaints filed electronically through a dedicated platform within the competent court, carrying out service of process electronically and allowing fees to be processed electronically. Additionally, DB scores could be raised by having laws that regulate the maximum

number of adjournments that can be granted and limiting adjournments to unforeseen and exceptional circumstances. Indonesia did, however, make enforcing contracts easier in 2016 by introducing a dedicated procedure for small claims that allows for parties' self-representation. 🌐



Contesting the politics of identity

*Siti Rubaini
Dzuhayatin*

is director of the Sunan Kalijaga Institute for Justice in Yogyakarta, Central Java.

The modern world is marked by its plural and multicultural social realm, due to the rapid and massive cross-border mobility of people dating back to the Industrial Revolution, and its global expansion to the East, including into Southeast Asia. Today, no country is entirely homogeneous or exclusively isolated as an ethno-religious entity. Economic development has enticed people to move from their homelands to new ones. They have to adjust to neighborhoods where people share different races, ethnicities, faiths and classes, but also demand equal basic rights. Multiculturalism and pluralism come along with the concept of citizenship in how cities are managed, based on their diversity and the tolerance of the majority.

As many countries are still struggling to define and redefine their multicultural and pluralistic politics, the world today faces the challenge of globalization in a century where countries and nations are turning into a global village, through the unprecedented revolution of

telecommunications and digital technologies. They have substantially transformed social relations from the traditional concept of “locality-based collectivity” such as villages, cities and countries into “social networks” where people gain “sociable and supportive community ties” through affordable smartphones, electronic messages and videos to connect with their relatives and friends. More obviously, people are more exposed to broader diversities and differences without corporal contexts. They can even expand their memberships to various “virtual” communities based on hobbies, politics, ideologies, religions and other personal interests. Globalization is adding to the creation of multiple identities that are a manifestation of multiculturalism and pluralism (Barry Wellman, 1990).

In fact, the East has been multicultural and plural in a descriptive sense since the beginning of the 6th century, through the amalgamation of China, India and Arabia with the rest of Asia. The expedition of Gajah Mada (1290-1364) to eastern Asia and the voyage of Cheng Ho (1403-24) from China to Southeast Asia, Africa and the Middle East provide historical evidence of those encounters. The great works of Moroccan scholar Ibn Battuta (1304-69) confirmed the multicultural nature of this region. This historical heritage provides ample evidence of how different religions and cultures lived side by side in harmony in Indonesia, India and China. It was the result of smooth and peaceful cultural exchanges among Hinduism, Buddhism and Islam that eventually shaped the multicultural and pluralistic features of Asia.

It is surprising today that the contestation of

the politics of identity is alarming, albeit there is the promise of democracy and the modern state in ensuring equality and justice. Many groups are reclaiming their authentic identities, be they about ethnicity or religion. Political theorist Bhikhu Parekh has asserted that an authentic and fixed identity is unattainable because identity is in a “state of constant change,” depending upon interests and benefits entailed in power struggles and contestations where identity is recognized, marginalized or deemed as inferior. Multiculturalism and pluralism promote multiple identities that enable individuals to exercise identities flexibly, depending upon mutual benefits in different contexts. When identity is contested against multiculturalism and pluralism, it appears to be the failure of the state in managing differences, where certain groups suffer from being singled out, discriminated against, marginalized or, at least, being denied justice. A modern state is declarative and constitutive, where political legitimacy is based on a national consensus among different groups and parties in declaring a national and political identity. Multiculturalism and pluralism will survive best where a national identity embraces other identities in harmonious and meaningful ways. The politics of identity becomes contentious, particularly in a nation-state where cultural diversity is a geographically given. The more diverse a nation, the bigger the challenge to its political identity.

Thus, the politics of identity are about managing mutual trust and interdependency among identity holders. For some people, national identity is considered an “achieved identity” that is constantly being contested by

the “ascribed identities” acquired by religion, race and ethnicity. Religious communities, particularly Muslims in Indonesia, are largely in a constant exertion of negotiating between their religious and national identities. For

The more diverse a nation, the bigger the challenge to its political identity.

conservative groups, religion is the utmost identity, overriding a national identity. Quite often, a national identity as an achieved identity is more volatile and unstable than the ascribed ones of religion and ethnicity. It, therefore, requires perpetual consensus and compromise among different groups to uphold national identity to contain other identities.

Before going further in talking about the politics of identity, it is worth exploring how identity is constructed and to identify the basis for such a construction. Identity is an assertion of a specific feature that defines something which is distinguished from others. Human beings have the ability to cultivate a “self-consciousness and self-determining agency to reflect who they are and decide what they wish to make themselves” (Parekh, 2008). Identity is constructed on the basis of diversity and differences, largely assumed synonymous and identical, although both have their own roots and implications in social relations. Diversity

and differences are interrelated but operate in different ways: diversity reflects the richness of human beings in terms of race, religion, ethnicity, gender, ideology and political and other social affiliations. These dimensions constitute cultural diversity, which is essential in preserving the survival of humanity. In a favorable manner, cultural diversity can create multiculturalism, which is defined as an ideology and a consciousness that equally respects different cultures within a country.

Intolerance and the politics of identity

People are pressed to assert their identity when insecurity or other threats affect their very existence. Social insecurity might trigger battles over political, economic and other collective resources. Traditional communities might be more responsive and reactive to a collective identity than would be modern society. Modern society is based on organic solidarity, where individuals submit to solidarity in a contractual manner whenever it fulfills their interests. The sentiment to identity is becoming more fluid and flexible, depending upon how individuals utilize their identities for their pragmatic goals and interests. In the latter context, identity might be less imposed so long as individual interests are fulfilled. There has been a significant shift from mechanic to organic solidarity in modern life, although the process is not solely linear, but dynamic, often lapsing into a backlash.

Recently, the world has been swept up by a new form of identity politics. Communalism, or populism, has frequently surfaced in the form of racism and homophobia. The

prevailing manifestation of homophobia is intolerance and incitement to violence against unacceptable individuals or groups because of their different faiths, cultures and lifestyles. The West has lately suffered from rising populism, emanating from the communal sentiment of the “nation-state.” The “America First” policy of US President Donald J Trump is ample evidence of modern populism, which could potentially undermine the basic principle of democracy on which America’s identity rests.

Amnesty International says that 2016 saw the biggest rollback of human rights protection since the global initiative of the Universal Declaration of Human Right in 1948. Elites tend to manipulate political rhetoric to push communal sentiments of faith, ethnicity and nationalism beyond the “limits of what is acceptable” to democracy (Leicer, 2017). At the same time, protectionist sentiment hit the European Union when Britain surprisingly decided to leave last year to protect its national interests and national identity from the inflow of immigrants. Populism and protectionism are becoming the new forms of identity politics, and the main threat to the future of democracy.

Democracy, pluralism and religious harmony

Winston Churchill once asserted that while democracy might not be perfect, compared to other political systems, it might be the best system for delivering justice in a nation-state. Democratic principles that pledge equality, the rule of law and the protection of human rights allow individuals with different backgrounds to have equal access to and participation in

– and benefit from – welfare and prosperity. However, to attain these ideal principles, people must accept individuals with different backgrounds in an equal manner. In other words, justice can survive only if the individual entitlements to basic rights, liberty and dignity are respected and administered equally before the law (David Held, 1987). The major challenge to new nation-states is transforming traditional sentiment into modern citizenship, based on a contractual and consensual basis. Within this context, democracy is useful in fostering mutual respect among differences, recognition of equality before the law, equal access to and participation in public life, which are the prerequisites to establishing public trust as a foundation of civil society (Alexis de Tocqueville in Henry Reeve, 2002).

In this process, democracy provides a corrective mechanism for managing tensions and conflicts by preventing major groups, be

Populism and protectionism are becoming the new forms of identity politics, and the main threat to the future of democracy.

they demographic, economic or religious, from dominating others. Democracy is also expected to ensure equality as the foundation for maintaining unity in diversity, which is something to do with the politics of respecting



AFP PHOTO/SENGIO PITAMITZ/ROBERT HARDING PREMIUM

rights and delivering justice. In this manner, democracy allows civil society to function as a check and balance to the state in its exercising power for the people.

Public trust cannot be achieved merely by understanding diversity as cognitively plural. It requires stronger engagement by people to create a desirable society. Constructive and empowering engagement is the key to so-called workable pluralism. While “diversity” might be a given, pluralism is an achievement that should constantly be nurtured to maintain equilibrium and stability. In “workable” pluralism, religious identity recurrently prompts social tensions

and conflicts, but is not necessarily the main root cause of intolerance. All social dimensions equally contribute to soaring prejudice and intolerance, which impedes pluralism.

Intolerance is heavily connected to religious fanaticism, due to poor instruction in religion, which is assumed to be incompatible with modernization and development. Many states have been vigorously modernizing religious education from basic to higher education. Eradicating intolerance, meanwhile, has mainly been for security reasons to prevent chaos and conflict, rather than dealing with the multifaceted causes of inequality and injustice. Taking a security approach has proved to be vulnerable because, in the absence of political

The major challenge to new nation-states is transforming traditional sentiment into modern citizenship, based on a contractual and consensual basis.

dominance, conflicts can easily break out. This has happened in Indonesia.

On the ground, nations such as Indonesia have failed to foster pluralism and religious harmony simply because they perceive democracy as a procedure for gaining political power, without a strong commitment to deliver substantive democracy by providing equal access to justice. Democracy has been normally understood as a political mechanism through political parties, general elections and the existence of legislative, executive and judicial bodies. The substantive values of democracy – tolerance, justice, equal access, meritocracy, dignity, freedom of movement, physical safety and psychological contentment – tend to be neglected and overridden by political dominance and elite interests.

Justice can be assessed through access to basic needs such as food, water, housing, health

care and education. In contrast, the absence of those needs leads to social insecurity and grievances against the “others.” In such a circumstance, religion seems to be the most volatile sentiment to exploit and trigger unrest, although the real problems are likely more associated with political domination, economic gaps and social prejudice, rather than religion itself.

In conclusion, workable pluralism is not solely the responsibility of religious figures to shoulder, but requires the engagement of everyone as active agents and activists for peace, along with government and the private sector. If intolerance is embraced and provoked, people are exposed to it. Tolerance, on the other hand, will guide people to celebrate diversity and empower them to build a strong civil society that can solve its own problems in a civil manner. 🌍

Photo Essay

TEACHING PEACEFUL ISLAM

Photos and text by Rony Zakaria

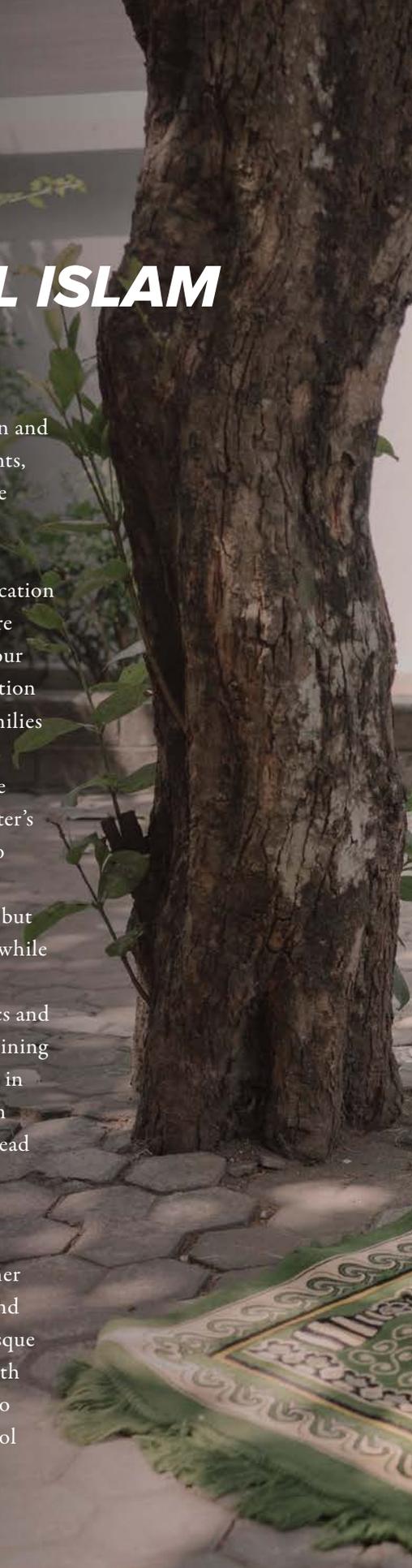
Indonesia is the world's most populous Muslim-majority nation and Islamic education is common among young Indonesian students, whether it be in public or private schools. In fact, religion, like math, science, history and other subjects, is part of the national curriculum.

One of the most crucial foundations of Indonesia's national education system are Islamic boarding schools, known as pesantrens. There are more than 27,000 such schools across Indonesia, teaching nearly four million children and young men and women. The pesantren education system, which is low-cost, is especially vital to poor Indonesian families who otherwise would not have the money to send their children to school at all, or properly feed them at home. Many decades ago, the system required students, known as santri, to work in the headmaster's rice fields in exchange for food, shelter and education, according to Wikipedia.

Also at that time, most pesantrens only taught religious studies, but over the last 70 years they have shifted to include secular subjects, while still putting more focus on Islam than public schools do.

Many boarding schools are run by prominent local Islamic clerics and their families. There are many famed pesantrens, and one that is gaining wider notoriety in Indonesia is Pondok Pesantren Lirboyo, located in the city of Kediri, in East Java Province. The school was founded in 1910 by Kyai Haji Abdul Karim, who had moved to the area to spread Islam and educate locals in Lirboyo village, which at that time was notorious for its high crime rate.

Pondok Pesantren Lirboyo is viewed as teaching a more liberal, mainstream form of Islamic studies, and among its alumni are former national government officials, the heads of Islamic organizations and highly respected clerics. What began as a single building and a mosque more than a century ago is today a sprawling 19-hectare campus with more than 17,000 students ranging from age 5 to young adults, who either live in school dorms or in nearby boarding houses. The school also has a separate campus for female students.





Praying in solitude.



TOP LEFT

Preparing for evening prayers as the laundry dries.

BOTTOM LEFT

Students recite Islamic scriptures twice a day.

TOP RIGHT

Learning Arabic.

BOTTOM RIGHT

An evening classroom session.









The pesantren was founded 107 years ago.





ABOVE
Studying by candlelight.

TOP LEFT
Disciplined for having long hair.

BOTTOM LEFT
Students cleanse themselves before praying.



LEFT

Napping during the noontime class break.

RIGHT

Wash your feet before entering.



TOP

*Reading the Koran in
the school's ancestral
graveyard.*

BOTTOM

*Ahmad Baihaqi, 23, a
Malaysian student.*





TOP
*Abmad Naufal Salim, 17,
a Malaysian student.*

BOTTOM
*Casual attire for no-school
Fridays.*

TOP

Posters of the school's founders – and historic Muslim clerics.

BOTTOM

Relaxing after prayers.





TOP
A classroom lesson.

BOTTOM
Finishing the Friday call to prayer.



TOP

Late to class? Push-ups.

BOTTOM

Santri "relaxing" in their dormitory.





TOP
In the presence of Islamic clerics.

BOTTOM
Daily life on campus.



TOP
Nighttime recitations.

BOTTOM
Rooftop relaxing.



Global Perspectives



Looking East? Time to renew Thai-India relations

Pavin Chachavalpongpun

India wants to become better friends with Thailand. Great – but what does that mean for the regional balance with China?

A Chinese heart in philanthropy

Li Xiaolin

Helping others is deeply enshrined in Chinese history. In the 21st century, new tools have emerged to enable China to work with its neighbors for a greater cause.

Post-truth politics and fake news in Asia

Andy Yee

With the digital world generating ever more information, ever faster and ever more available through social media, Asia is not immune to the problem of “fake news.” The region’s challenge is to avoid draconian solutions while addressing the underlying issues of social and political polarization that fuel misinformation.

US foreign policy: A perfect storm is brewing

Reva Goujon

From South America to the Middle East, Eastern Europe and Asia, the Trump administration faces a series of intractable problems. And instability is coming sooner rather than later.



Thai Prime Minister Prayuth Chan-Ocha, left, and Indian Prime Minister Narendra Modi in New Delhi.

Looking East? Time to renew Thai-India relations

*Pavin
Chachavalpongpun*

is an associate professor at the Center for Southeast Asian Studies at Kyoto University in Japan.

Relations between Thailand and India have blossomed steadily since the end of the Cold War. The inevitable shift in the international order required the countries to readjust their respective foreign policies to cope with the changing environment, as well as to tilt toward one another so as to reap the benefits from such change.

Accordingly, in 1991 Indian Prime Minister PV Narasimha Rao took a bold diplomatic step by initiating what was considered a watershed in his country's foreign affairs: the "Look East" policy. Although this policy encompasses the larger Asia-Pacific region, there can be

no question that Southeast Asia, in which Thailand is located, constitutes a significant aspect of it. During the Cold War, India was perceived by some of its Southeast Asian neighbors as a threat because of its intimate association with the Soviet Union and the build-up of its military, propelled by an ambition to become the region's naval power. With a new political landscape in which Southeast Asia emerged as an economically dynamic region, Rao redirected his country eastward and was eager, albeit in a subtle manner, to enter into competition with other great powers to gain Southeast Asia's attention. This represented the basis of India's Look East policy.

This essay discusses the evolving relations between Thailand and India. It tackles three points. First, we will examine Thailand's domestic crisis, its effect on foreign policy and the Thai perception toward the changing strategic landscape in the region. Second, we will analyze bilateral ties between Thailand and India at the political, economic and regional levels. And third, we shall investigate the challenges India faces in strengthening its relations with Thailand, both now and in the future.

Here, the essay asks: Is it now time for New Delhi to renew its Look East policy toward Bangkok? This essay supports an argument that India has been compelled to respond to regional realities that urgently call upon it to further increase its presence in Thailand and the Southeast Asian region in the face of China's rise. While India is currently not a major strategic partner of Thailand, the growing recognition of India's emergence as

a new regional power among Thai political leaders, particularly now that Thailand is ruled by a military regime, has significantly contributed to a rapid development in their relationship. Such an amicable atmosphere opens the door for India to play an assertive role in its relations with Thailand, as a prerequisite to its other aspiration to maintain the region's balance of power. Thailand itself has long embarked on a "Look West" policy toward India as a new source of political and economic interests, as well as regional security, partly in counterbalancing the continuing ascent of China. Today, Thailand needs India more than ever to get the latter's endorsement of the military regime in Bangkok. This essay, in the concluding sections, offers policy recommendations for India in forging closer ties with Thailand.

Thailand's domestic foreign policy nexus

To examine Thai-Indian relations, it is imperative to understand the Thai political context, which has significantly shaped the country's foreign policy. Within the period of eight years, the Thai Army staged two military coups, first overthrowing the elected government of Thaksin Shinawatra in 2006, and second, that of his sister, Yingluck, in 2014. That decade was significantly marked by relentless political turmoil, which came to redefine the Thai political landscape and indeed the state of foreign relations with its immediate neighbors and superpowers from afar.

Arguably, the coup of 2014 represented a watershed in Thailand's political history. It

was initiated as a crucial plot by the military and its supporters in the old establishment in managing the imminent royal succession. The late King Bhumibol Adulyadej, or Rama IX, had had a long and authoritative reign. His departure would therefore leave a gigantic gap to be filled with uncertainties. The military was anxious that the remaining influence of the Shinawatrads could rise to dominate the post-Bhumibol political domain, which is now under the reign of King Vajiralongkorn, Bhumibol's son. Occupied by such anxiety, the military turned to its usual trick of eliminating political enemies – the coup, which was popularly supported by Bangkok's middle-class residents. The two events, the coup of 2014 and then the royal succession, unveiled the vulnerabilities of the Thai political system and, in many ways, the realm of foreign affairs.

Thailand has been famously recognized for its masterful conduct of diplomacy. Dubbed “bamboo diplomacy,” because it only bends according to the direction of the wind, Thai foreign policy has been celebrated as an art employed to preserve the country's independence during tumultuous times in history, from the colonial period to the Cold War era. From this perspective, Thai foreign policy is traditionally shaped by the changing international environment. The arrival of colonialism in Southeast Asia, for example, was a determining factor affecting Siam's diplomacy (Siam is a former name of Thailand). Similarly, the Cold War of ideological conflict between the free world, led by the United States, and the communist bloc directly influenced the country's foreign policy throughout the latter half of the 20th century. The coup of 2014

has exacerbated the political conflict in Thai society and powerfully prescribed the way in which the country pursues its relations with the outside world.

Facing sanctions from its allies in the West, Thailand has been forced to search for support from other powers in the region. As the United States has punished Thailand for abandoning democracy, China has stepped in to offer much-needed legitimacy to the military government. In other words, while the United States prefers to use the interventionist approach to interfere in Thailand, China has chosen to deal with the Thai situation on the basis of pragmatism. It is the latter approach that has drawn Thailand closer to the Chinese orbit. It is evident that the Thai military

While the United States prefers to use the interventionist approach to interfere in Thailand, China has chosen to deal with the Thai situation on the basis of pragmatism.

regime has taken advantage of the growing competition between the United States and China. In the past decade, Sino-US relations have been strained by a list of irritants, from the economic threat of China as a result of its rapid rise to disagreements on a number of

strategic issues, such as conflicts in the Middle East and (in)security on the Korean peninsula.

The illness in Sino-US relations reflects the deep power struggle between the two powers, one that has maintained its status as the world's sole superpower and the other that has emerged as a new challenger to the current international order.

How India could come to play a role amid the rivalry between the two powers while entrenching its foothold in Thailand is worth discussing. As for Thailand, reaching out to India has been considered strategic, as part of the Thai attempt to diversify its foreign policy options, instead of having to rely on either the United States or China alone.

Thai-India relations

In response to India's Look East policy, Thailand in 1996 announced its own Look West policy to cash in on the new regional context. It aimed primarily at engaging, mostly economically, India and other countries in the subcontinent. This policy brought about the establishment of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation and the Mekong-Ganga Cooperation as regional mechanisms that bind countries in the region together.

The countries have already participated in the framework of the Association of Southeast Asian Nations. In fact, the success of Thailand's Look West policy was clearly seen in the conclusion of a bilateral free trade agreement in 2003, the first between India and an Asean country, which served to slash tariffs to zero by 2010. Bilateral relations are, nonetheless, not

limited to trade. Between 2001 and 2005, Thai Prime Minister Thaksin Shinawatra intensified Thailand's security cooperation with India through joint efforts against terrorism and narcotics trafficking, and joint naval patrols against narcotics and piracy. In addition, Thaksin offered to be a gateway for India in its venture into Southeast Asia, and Asean in particular. Generally, bilateral ties seem to be unequivocally positive in all aspects. India also engaged actively in the Thaksin-initiated Asia Cooperation Dialogue, which was established in 2002 to promote regionwide cooperation.

Throughout the past decades, it is fair to conclude that bilateral relations have been amicable and all encompassing. Exchanges of high-level visits take place regularly. The link between the Indian leadership and the Thai monarchy has been strong. For example, during Indian Vice President Shri M Hamid Ansari's visit to Thailand in February 2016, he had an audience with Princess Maha Chakri Sirindhorn. Again, in June 2015, when Sushma Swaraj, the Indian minister of external affairs, visited, she also called on Princess Sirindhorn. These visits underscored the importance of the Thai monarchy in its role to help solidify ties with India.

Meanwhile, the existing bilateral institutional mechanisms have functioned well to fulfill objectives in various fields, namely the Joint Commission Meeting (at the foreign ministers level), Foreign Office Consultations (at the Permanent Secretary of the Foreign Ministries level) and the Defense Dialogue (a dialogue between the two countries' defense ministers). On the economic front, according to the Indian Department of Commerce, the last

five years have seen rapid growth in bilateral trade. Two-way trade in 2016 totaled \$7.72 billion, with \$5.15 billion in Thai exports to India and \$2.57 billion in Indian exports to Thailand. Within the Asean region, Thailand ranks as India's 4th-largest trading partner, after Singapore, Indonesia and Malaysia.

The table below shows the total inflow of Thai exports to and imports from India.

Bilateral Trade Growth
Inflow of Thai exports to and imports from India

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Thai Exports	2.70	2.93	4.27	4.89	4.91	4.50	4.48	3.81
Thai Imports	1.94	1.74	2.27	3.06	3.00	3.14	3.10	2.62
Total Trade	4.64	4.67	6.54	8.24	9.08	9.04	9.33	8.52

Source: Department of Commerce, India

In addition, Thailand and India have over the years entered into several agreements designed to enhance cooperation in culture and education. Today, there are an increasing number of Indian studies centers in operation in prestigious Thai universities, such as Chulalongkorn University, Thammasat University and Mahidol University. Indian dance troupes have been organized in Thailand, as well as Indian film and food festivals. In 2015, the Indian government offered 130 scholarships to Thai youths to study in India. In 2008, India also contributed \$300,000 toward the construction of the Sanskrit Building Center at Thailand's Silpakorn University.

Since Thailand plunged into political crisis, India has remained watchful of the

These visits underscored the importance of the Thai monarchy in its role to help solidify ties with India.

precarious situation there. Recognizing the persistent tug of war played out by the United States and China in their attempts to win over Thailand, India has enthusiastically provided the Thai military leaders "diplomatic breathing space." Following the coup of 2014, India made it known that it was ready to accept the legitimacy of the military government and was willing to separate the lack of democracy in Thailand from India's economic interests in the country. Accordingly, India rolled out the red carpet in June 2016 in welcoming Thai Prime Minister Gen Prayuth Chan-ocha, who was also a coup leader. This was the first visit to India by a Thai prime minister in the post-coup period. Prayuth met with his counterpart, Prime Minister Narendra Modi, along with Sushma Swaraj, the external affairs minister. The two sides discussed a myriad of issues, from political and economic cooperation to regional integration.

The press release from the Indian government stated that Prayuth's visit was a high point in the top-level political exchanges between the two countries. It also carefully used words that reflected the deep-rooted Thai-Indian friendship. It said, "Thailand is a trusted and valued friend, and one of our closest partners in Southeast Asia." Retrospectively, Thailand did not wait too long to reconnect

with India in the aftermath of the coup. As early as June 2014, only a month after the Thai coup, Gen Thanasak Patimaprakorn, chief of the defense forces of Thailand, met in New Delhi with his Indian counterpart, Arun Jaitley, the Indian defense minister, to discuss security matters, as well as to seek India's recognition of the Thai military regime.

During the Asean summit in Naypyidaw, Myanmar, in November of that year, it was the first time the top leaders of Thailand and India, Prayuth and Modi, met and exchanged views on bilateral issues. In March 2015, Thanasak, now as deputy prime minister and foreign minister, was invited by India to attend the Delhi Dialogue VII, a forum for the promotion of India's ties with Asean. And in early 2016, Thanasak returned to India, this time in charge of promoting culture and tourism in Mumbai. About a week later, Gen Prawit Wongsuwan, deputy prime minister and minister of defense of Thailand, visited India to hold talks with Indian Defense Minister Manohar Parrikar and the national security adviser, Ajit Doval. It was Prawit's trip that paved the way for Prayuth's first official visit to India as prime minister.

On the surface, Prayuth claimed to have reached an even higher level of cooperation with India. In the political arena, Thailand and India agreed to increase maritime security cooperation in the Indian Ocean, to work on irregular migration, as well as to contain the spread of terrorism and radical ideology. As for economic cooperation, a plan to promote connectivity projects between Thailand and India was widely discussed. The two countries prioritized the completion of the



AFP PHOTO/PETER BOYLE/CITIZENSHIDE

India-Myanmar-Thailand Trilateral Highway and early conclusion of the Motor Vehicles Agreement between the three nations, as part of constructing road links, which could be seen as a competition with China's One Belt, One Road initiative.

Prime Minister Modi expressed his interest in helping to strengthen financial institutions with Thailand. Hence, the two leaders entered an agreement that will create a platform for partnership development in various aspects of interbanking cooperation and facilitate joint projects and trade flows between the two countries. Modi and Prayuth witnessed the signing of a memorandum of understanding between India's Axis Bank and Thailand's Kasikornbank. Prayuth reciprocated with his interest in Indian initiatives such as Made in India and Smart Cities, hoping to tap into growing manufacturing businesses in India. Meanwhile, to boost Indian tourism, the Indian government announced that double entry e-tourist visas for Thai tourists would be implemented soon. Lastly, in the cultural arena, the two leaders witnessed the signing of two memorandums on education, between Nagaland University and Chiang Mai

University. The cooperation in the education field reiterated the seriousness on the part of India to exercise its soft power in reaching out to Thailand's younger generation to help them better understand the role and place of India in modern times.

On a deeper level, however, numerous visits from the Thai side, particularly in the post-coup period, point to the eagerness of the Thai junta to exploit its Indian connection to legitimize its regime. It aspired to use India as leverage against the increasing clout of China in its own country. Thailand's aspirations were met with a favorable response by India. Nehginpao Kipgen, a US-based political scientist and executive director of the Center for Southeast Asian Studies at the Jindal School of International Affairs, argues that since the military junta came to power in Thailand, India has lost ground due to Prayuth's tilt toward Beijing. He said: "As far as China's role is concerned, if the two sides share a mutual desire to improve bilateral ties between New Delhi and Bangkok, the role of Beijing will be insignificant and will not be a hindrance." Here, the role of China needs to be taken into account as one looks at Thai-Indian relations.

Challenges in India

India has continued to implement the Look East policy as a mechanism to engage with Thailand. The essential philosophy of this policy is that India's future and economic interests are best served by greater integration with the Southeast Asian states. To achieve better economic gains, India has expanded its

economic networks with Thailand, as evident in the statistics above.

The question is how one should assess the success of the Look East policy. India is still not considered a major strategic partner of Thailand. Amitendu Palit, of the National University of Singapore, has argued that India has not played a role in Southeast Asia that is commensurate with its new status as a rising power. Thus, the first challenge for India is to defend its interests in Thailand at a time when China is adopting an assertive diplomacy in that country.

Elephant versus dragon

To erase the impression of simmering tensions with China, Manmohan Singh, the Indian prime minister at the time, said: "Are India and China in competition? I sincerely believe that there are enormous possibilities for our two countries to work together. I look upon the world as a large enough place to accommodate the growth and ambitions of both India and China, and it is in that sense that we approach India-China relations." Putting aside such flowery diplomatic language, it is undeniable that India, consciously or otherwise, has entered the game of power politics in Thailand. In recalculating its domestic political situation and strategic position, Thailand has responded by moving toward India for closer collaboration. But the main challenge for India is how to play down its role as a competitor of China. The problem has been aggravated, partly, by certain perceptions that prevail inside India. While some Indian policy makers are optimistic that India can work with China

so that they can mutually enjoy healthy ties with Southeast Asia, some continue to view China as a threat. For the latter, history brings to mind inimical images of China, ranging from disputes over overlapping borders, China's intimacy with Pakistan, the Sino-Soviet split during the Cold War and China's uneasiness about India's nuclear program. The negative portrayal of China among some Indians provides a context of rivalry between the two countries in Southeast Asia.

While it is apparent that India still lags behind China in terms of developing a strategic partnership with Thailand, this has not prevented the Chinese leaders from portraying India as a sort of competitor and potential threat to their sphere of influence in

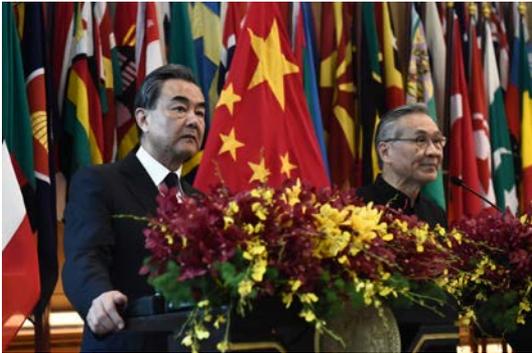
Some Indian policy makers are optimistic that India can work with China so they can mutually enjoy their healthy ties with Southeast Asia.

the region. For example, during Singh's visit to Malaysia, Vietnam and Japan in October 2010, China's state-sponsored *The People's Daily* reacted with disdain, criticizing India's Look East policy as a failure of its policy of nonalignment. It also attacked Singh's visit as an attempt to form a regional counterbalance to China, particularly to China's military

assertiveness in the South China Sea and the Indian Ocean. The Chinese media concluded by saying that the Indian leadership would do well to remember that China is India's largest trading partner in Asia with an estimated \$60 billion in total trade. In fact, the Chinese leaders closely monitored the visit of Prayuth to India in 2016 amid rising tensions between China and other Southeast Asian nations over the conflicts in the South China Sea.

One of Beijing's real concerns is the possibility of India cooperating with the United States in weakening China's influence in Thailand. US President Barack Obama visited India at the beginning of November 2010, a move that was closely watched by the Chinese leadership. Indeed, Obama's trip could be interpreted as part of growing coordination between the United States and India on Asian affairs. It was reported that Obama encouraged India not just to "look East" but also to "engage East." Furthermore, the United States then supported India's bid to become a permanent member of the United Nations Security Council. Washington also assisted India in its civilian nuclear energy program.

In spite of this, the current Indian government wishes to retain its independent strategic identity and limit the potential costs of being identified too closely with the United States in Southeast Asia. Prime Minister Singh said in June 2008 that there was a need to develop closer relations with America, but without sacrificing India's independent foreign policy. The two sides welcomed all efforts conducive to peace, stability and development in the region. They supported the efforts of Afghanistan and Pakistan to fight terrorism,



Chinese Foreign Minister Wang Yi, left, and Thai Foreign Minister Don Pramudwinai, in Bangkok.

and to maintain domestic stability and achieve sustainable economic and social development in India. The two sides strove to strengthen communication, dialogue and cooperation on issues related to South Asia and work together to promote peace, stability and development in that region. In 2015, Obama visited India again. Prime Minister Modi said: “This is a natural global partnership. It has become even more relevant in the digital age. It is needed even more in our world for far-reaching changes and widespread turmoil. The success of this partnership is important for our progress and for advancing peace, stability and prosperity around the world.”

On this note, the challenge here for India is how to engage with Thailand without having to define China as its rival. Regional politics has in the past decade compelled countries in the region to cast suspicion on the rise of China, but painting China as a threat is unhealthy for the region. How India overcomes this image of China will dictate its success or

failure in its foreign policy toward Thailand.

Human dimensions in relationships

While Thailand and India have strengthened key areas of cooperation, especially in the political, economic and regional integration domains, little attention has been paid to the development of their human dimensions. Leaders tend to take the human dimension for granted, assuming that the people of their respective countries are already familiar with each other’s cultures and customs. As Prashanth Parameswaran, associate editor at *The Diplomat* magazine, puts it, “Bolstering the human dimension of the relationship will provide a firmer foundation critical for the development [of the relationship] in the long run.” Some Indian policy makers and scholars have already announced a second phase of the Look East policy, which encourages more intensive economic and defense contacts through tailor-made programs.

Emerging nontraditional security challenges such as natural disasters and pandemics can lead the way for better cooperation between the two countries. More importantly, Myanmar scholar Nehginpao Kipgen has suggested that as the largest democracy and a regional power, “India can use the opportunity to highlight its concerns on human rights and the country’s need to restore democracy.” The question here is whether India will be prepared to intervene in the Thai crisis, imitating the American approach of intervention, but it could jeopardize its interest in the kingdom.

Policy recommendations

The Indian leadership should rethink its foreign policy approach toward Thailand by renewing its Look East policy. Bilaterally, India has entered into a number of cooperative pacts with Thailand, but their implementation has been slow compared with those between Thailand and China. Seriously implementing those pacts would project an image of India as a credible partner of Thailand. Moreover, the Look East policy could be further extended to new areas, such as human resource development and non-traditional security, where India has a comparative advantage over Asian powers.

But India must stand out in the midst of the power politics dominating Thailand. The need to maintain close ties with Thailand is imperative, but it has to be done in an appropriate proportion to reflect some principles on the part of India. Thailand is under military rule. Democracy must return to the country soon to ensure long-term stability. Ultimately, the Look East policy should reinforce and demonstrate India's commitment to democracy in Thailand.

Meanwhile, the rise of China and its resulting influence in Thailand should not deter India from adopting a more assertive policy vis-à-vis Thailand. Their seeming competition in the region should not be interpreted as some kind of zero-sum game. Furthermore, there are numerous areas in which India can cooperate with China. India can make use of available multilateral forums such as Asean to achieve its interests in Thailand while working with China to ensure a smooth process of Asian integration.

The rise of China and its resulting influence in Thailand should not deter India from adopting a more assertive policy vis-à-vis Thailand.

Successful integration will benefit all parties and complement India's rise as a new power in this part of the world.

That said, Sino-India relations in the Thai context are not always competitive rivalries. Defining India's and China's efforts to increase their economic and strategic presence in Thailand as such unnecessarily creates an atmosphere of distrust between the Asian powers. Competition in certain realms does not preclude cooperation in other areas. Ultimately, New Delhi and Beijing must be careful not to be seen as provoking a game of rivalry in the region. Both Chinese and Indian leaders need to refrain from using terms such as "competition," "rivalry" or "hostility" in reference to each other, particularly as they interact with Thailand.

Policy makers in India should be conscious of their country's limitations in Thailand. Shyam Saran, a former foreign secretary of India, once called his country a "premature power," given the existing imbalance between its role as a global actor and its inability to deliver basic development needs to millions of its citizens. Thus, Indian leaders may find it necessary to adjust their aim to expand India's strategic weight in Thailand and not to enter into rivalry with China. 🌐



AFP PHOTO/WU JIBIN/XINHUA

A Chinese heart in philanthropy

Li Xiaolin

is president of the Chinese People's Association for Friendship with Foreign Countries and a member of the High-Level Steering Group for Every Woman Every Child.

In a post-Millennium Development Goals (MDGs) era, it is our shared aspiration and mission to create a harmonious world of lasting peace and common prosperity, in line with the 2030 Agenda for Sustainable Development. However, with complex development challenges, the large gap between the poor and rich, the South and the North, still exists. While there has been tremendous progress in recent years, many developing countries are beset with hunger, disease and social conflicts that threaten the well-being of their populations and the growth of their markets. Indeed, global economic recovery remains weighted down by a lack of growth drivers.

Philanthropy, as an important part of social governance, committed to promoting social harmony and common development, is a key driving force for the building of a better world. China's charity culture has a long history, and its modern philanthropy has developed rapidly in recent

years. Through modern practices, China's traditional charity culture has gained broader opportunity to build on progress under the MDGs and advance the 2030 Agenda for Sustainable Development, including its 17 Sustainable Development Goals (SDGs), endorsed by the 194 member states of the United Nations in 2015. China's philanthropic efforts also push forward Chinese initiatives such as the Building the Community of Common Destiny of Mankind and the One Belt, One Road initiatives, and promoting South-South cooperation. This modern view of philanthropy will play a greater role in promoting the further development of the philanthropy sector in China, as well as around the world, and in the achievement of a global vision for win-win cooperation and common development.

Philanthropy in culture and development

Since ancient times, charitable ideas grew in the minds and hearts of the Chinese. As a country, China boasts the most books and records about philanthropy in the world. Chinese traditional culture advocated benevolence, righteousness, loyalty and fidelity, and the Chinese believe that one must have an unswerving joy in these good virtues. The ancient Chinese text "Book of Changes" pronounced that "families doing good are blessed." More than 2,000 years ago, the ancient Chinese thinker Confucius proposed that "to achieve success, one should let others succeed as well." These ideas have been passed down for thousands of years and have been deeply embedded in the minds of the Chinese

people.

For various historical reasons, China's modern philanthropy has had a rather late start. However, based on its profound charity culture, with the support of the government and the development of China's social and economic system, China's philanthropic efforts have made much progress in recent years. At present, China has nearly 700,000 nonprofit organizations, all within the broader sphere of charity. The number of Chinese volunteers is growing quickly. According to research done by the Chinese Academy of Social Sciences, the number of registered volunteers in the country has reached more than 100 million. The number of volunteers and the donation rate are generally increasing year by year, while the amount of time volunteers are donating and its value are increasing more significantly each year.

As philanthropic efforts and interest in philanthropy have grown, research institutions have also become more active in the area and relevant disciplines have been set up in colleges and universities. These have given fresh impetus to the development of research on Chinese philanthropy and personnel training. In 2016, through the joint efforts of the state and society, the Charity Law of the People's Republic of China was formally implemented, and Sept. 5 was officially designated as Charity Day in China. Together, these have helped Chinese charity gain extensive attention from society and created new opportunities for development. With the steady growth of China's economy and of Chinese enterprises, philanthropy has become a criterion for corporate citizens. More and

more Chinese enterprises, entrepreneurs and members of the private sector are engaging in corporate social responsibility, participating in China's poverty alleviation efforts and international philanthropy work. China is actively implementing the 2030 Agenda for Sustainable Development, working to achieve its SDGs, bringing more than 600 million people out of poverty in China and striving to help more than 70 million people shake off poverty by 2020. China became the world's first developing nation to achieve the poverty reduction goal of the MDGs and has made a significant contribution to global poverty alleviation. Through the implementation of precision poverty alleviation, China has gained valuable experience in poverty relief and philanthropy.

Only common and sustainable development in all countries brings real development to human society. China hopes other developing nations can also develop with it to achieve win-win cooperation. Chinese philanthropy actively participates in international cooperation, learning from the experiences, concepts and resources of others to foster the expansion of philanthropy in China and other countries for the world's common development. International cooperation promotes the development of Chinese philanthropy. International exchanges also enable Chinese organizations to spread to other countries their ideas, traditions, successful models and technology, such as China's poverty alleviation model, its poverty reduction through education model (China's Hope Project has been extended to Africa), its poverty reduction through medical support model

and so forth. Groups of Chinese organizations and companies go abroad to join in high-level forums on global issues, set up overseas platforms, make donations to other countries and participate in international rescue, disaster

Through the implementation of precision poverty alleviation, China has gained valuable experience in poverty relief and philanthropy.

relief and poverty reduction efforts, and take part in international authentication and award presentation events, to make their contribution to global philanthropy.

There are also many opportunities for China to learn from other countries that have been engaged in modern philanthropy for much longer. Through experience sharing and international cooperation, China and the rest of the world are learning from each other and exploring how to ensure philanthropy fulfills its obligations in a better way, achieves more practical results and builds more effective cooperation mechanisms and platforms, and motivates more people to participate, as well as exploring how to finance philanthropy. All of this will lead to further innovation and the development of philanthropy.

Exploring a new path

My organization, the Chinese People's Association for Friendship with Foreign Countries (CPAFFC), is one of the first national people's organizations to engage in people-to-people diplomacy. We were also one of the first nongovernmental organizations in China to participate in philanthropic work. In recent years, CPAFFC has given full play to its advantages and used its high-quality cooperation platform at home and abroad. With strong support from all sectors of society, we have created a number of brand projects and have actively promoted international exchanges in the field of philanthropy.

We vigorously take part in achieving China's poverty relief goals. For instance, we carry out the Rainbow Bridge Project to deliver expertise and skill training to local people in my country's old revolutionary areas. We draw on international practices and resources to help build schools and laboratories, and to offer vocational training, including for English teachers, as well as provide cultural and art training for mentally challenged students. We provide assistance to the earthquake-stricken area of Wenchuan, Sichuan Province, and help build cisterns in rural areas. We have also conducted medical and health welfare activities in Asian and African countries, including Vision Recovery Action, which sent doctors to perform free cataract surgeries in local communities, and Book and Love Action, which cooperated with Chinese enterprises to donate books and stationery to African communities. We have organized programs for children's health, such as the Vision Eye

Alliance, which is a long-term international project aimed at protecting infant eyesight and children from poor areas, established special funds to support international exchanges to help hearing-impaired children and participated in high-level dialogue on the role of Chinese networks to help support the improvement of child health around the world. In April 2016, after a 7.8-magnitude earthquake shook Ecuador, CPAFFC promptly sent rescue teams formed by Chinese nongovernmental organizations to affected areas. Together with the China Poverty Alleviation Foundation, CPAFFC later held a seminar to sum up the experiences and lessons learned from this effort and explore the further development of an overseas rescue model for nongovernmental organizations.

After years of practice, we have realized the significant role that an international



cooperation platform and network can play in promoting the innovation and development of philanthropy. We have made some efforts in building such platforms and networks, and have seen good results. For example,

we actively participate in the Every Woman Every Child movement, which was personally launched by then-United Nations Secretary General Ban Ki-moon in 2010. As the leading partner of the Every Woman Every Child movement in China, CPAFFC has established the United Nations Every Woman Every Child China Partnership Network in order to gather resources across various sectors at home and abroad, to promote the health and well-being of women, children and adolescents as critical drivers for the achievement of the SDGs. Since

With the advancement of modernization and network technology, the future development of philanthropic organizations will be broader and more diversified.

the founding of the network, many network members, including foundations, companies and institutions, have made commitments to improve the health and well-being of women, children and adolescents through various projects, including providing free medical examinations to 100,000 underprivileged children; offering eye treatments to children from impoverished families; giving aid to infants with birth defects; conducting physical training programs for children; implementing

cervical cancer screening and prevention programs for women in Zanzibar; taking action to prevent birth defects in Mekong River countries; giving financial and psychological support to orphans; carrying out actions against violence toward women and children; and making plans for medical and emergency aid for children.

Promoting philanthropy

To promote international exchanges of charity, CPAFFC hosted the first World Philanthropy Forum in 2016, inviting leaders of charity organizations in China and abroad, and scholars, enterprises, organizations and individuals in the field of philanthropy to engage in comprehensive exchanges and discussions. The forum put forward four proposals for the development of philanthropy: total participation, government support, societal tolerance and self-discipline among organizations. During its inaugural meeting, participants agreed to hold the forum annually. The second forum will take place in Beijing in November, with high-level Chinese government and UN officials, senior representatives of nongovernmental organizations, private sector companies, research institutions from China and international guests attending. The topics will include the roles philanthropy can play in today's world, including within the context of an evolving sustainable development landscape, poverty relief, environmental protection, children and women's development, education and special initiatives such as the One Belt, One Road initiative. We hope the forum will

continue to encourage greater promotion of philanthropy for development, both in China and around the world.

New opportunities for philanthropy

In today's world, nations are interdependent and interconnected. China has proposed many initiatives to create a global platform for cooperation and integrate the Chinese dream with the world dream. China has vigorously promoted the construction of new institutions such as the Asian Infrastructure Investment Bank and the BRICS New Development Bank to achieve common growth and prosperity with other countries. These initiatives and ideas are both the inheritance and innovation of the essence of Chinese traditional culture and a representation of China's aspiration to promote win-win cooperation with the rest of the world.

As a developing country, China sticks to combining its own interests with the benefits of others to jointly achieve common prosperity. At the High-Level Roundtable on South-South Cooperation, Chinese President Xi Jinping announced that in order to help other developing countries grow, China would carry out the "Six 100s" initiative. It will in the next five years make available to other developing countries 100 poverty reduction programs; 100 agricultural cooperation projects; 100 trade promotion and aid programs; 100 environmental protection and climate change programs; 100 hospitals and clinics; and 100

schools and vocational training centers. At the Belt and Road Forum for International Cooperation in May, Xi said that in the coming three years, China would provide assistance worth RMB 60 billion (\$9.1 billion) to developing countries and international organizations participating in the initiative to launch more projects to improve people's well-being. China will further provide emergency food aid worth RMB 2 billion to developing countries along the Belt and Road and make additional contributions of \$1 billion to the Assistance Fund for South-South Cooperation.

All this will provide broad opportunities for international cooperation in Chinese philanthropy. With the advancement of modernization and network technology, the future development of philanthropic organizations will be broader and more diversified, the exchange and cooperation between organizations and the sharing of resources will greatly increase, and collaborative innovation will become the norm. CPAFFC will continue to seize opportunities with relevant parties at home and abroad to promote cooperation between governments and the private sector, across industries and among countries, to build more effective pragmatic cooperation mechanisms and communication channels, and to let China's traditional charity culture shine with new light in today's world, and make greater contributions to building a better world for us all. 🌍



AFP PHOTO/MICHAEL STOUKAKIN/URPHOTO

Post-truth politics and fake news in Asia

Andy Yee

is public policy director of Visa in greater China and previously worked for Google as an Asia-Pacific public policy analyst. This essay first appeared in *Global Asia*, a journal of the East Asia Foundation, with which *Strategic Review* has a content-sharing agreement.

American journalist Walter Lippmann's 1922 classic, "Public Opinion," opened with a long quotation from Plato's parable of the cave, the famous scene of cave dwellers who discern reality only as shadows flickering on the wall. As Lippmann wrote, we inhabit a cave of media misrepresentations and distortions of reality. Neither the press nor the public can discern the truth. Addressing the advent of mass media in the 20th century, this was one of the first expositions on the notion of fake news.

Fast-forward a century and our hyperconnected world faces an unprecedented scale and speed of information creation and transmission. The amount of data produced doubles almost every 12 months and is predicted soon to be doubling every 12 hours. In 2016, we produced as much information as in all of human history through to 2015. As

a result, the fake news problem has evolved exponentially. Not only is there an explosion in the amount of information, our ability to alter and fabricate it has also increased significantly as sophisticated digital devices and tools are now available to the average netizen.

In 2013, the World Economic Forum identified a global risk from “digital wildfires,” in which the viral spread of misleading information can result in serious real-world consequences. For instance, the spread of unverified content can damage the reputation of politicians, companies or institutions. It can even undermine social stability by causing panic over security threats or outbreaks of disease. In 2011, disorder and looting broke out in London and other towns across England due to the spread of rumors on social media. The following year, a prominent retired politician, Lord McAlpine, fell victim to false accusations of child sexual abuse on Twitter. With the fake news stories during the US presidential election and the blatant misinformation accompanying Britain’s vote to leave the European Union, fake news has become a major concern. “Post-truth” – the Oxford Dictionaries’ word of the year for 2016 – has been increasingly used to describe a politics in which feelings trump facts.

Post-truth politics aren’t confined to the West. Asia’s vast connected populations provide fertile ground for fake news. The social media and messaging apps that are popular in Asia tend to be “walled gardens” with closed networks. Information spread via these networks can especially resonate since receivers are more likely to trust their circles of like-minded people. These networks command

scale. On China’s WeChat, 4,112,500 articles are read every minute by its 864 million active users. LINE, an instant messaging app popular in Japan, Thailand and Taiwan, reached 100 million users within 18 months of its release in 2011. KakaoTalk has 170 million users and is used by 93 percent of smartphone users in South Korea. And Facebook has 629 million active users across the Asia-Pacific, its fastest-growing region in the world. According to research by the Reuters Institute, a quarter of online users in Singapore and Malaysia say social media is their main source of news. This is far higher than in Britain (8 percent) or the United States (15 percent).

Fake news in Asia

Indeed, rumors and disinformation have become part and parcel of social and political tensions in Asia. In the Philippines, President Rodrigo Duterte was elected in 2016 on the basis of a misleading depiction of the country as a “narco-state.” According to the United Nations Office on Drugs and Crime, the prevalence of drug use in the Philippines is actually lower than the global average. However, Duterte’s false narco-state message was used to justify more than 7,000 extrajudicial killings, earning him immense popularity – and notoriety. Social media is central to winning the hearts and minds of voters. An army of pro-Duterte online commentators, who include celebrities and popular bloggers, consistently argue that the mainstream media are biased and unfair to him. This is not unlike alternative news sites in the United States. Social media has taken over

the traditional media's agenda-setting power.

Fake news also aggravated an emotionally charged gubernatorial election in Jakarta this year when the incumbent, Basuki Tjahaja Purnama, better known as Ahok, was targeted for his race and religion. A Chinese-Indonesian Christian, Basuki fell victim to a doctored video in which he appeared to criticize those who use the Koran to denounce the role of non-Muslims in positions of leadership in the world's most populous Muslim-majority nation. In essence, 13 seconds of talking was

Social media has taken over the traditional media's agenda-setting power.

taken, out of context, from a 100-minute speech. He was charged with blasphemy and hundreds of thousands of protesters turned out on the streets of Jakarta in a series of protests to demand his ouster and arrest. Anti-Ahok campaigners also circulated a series of Internet memes linking Basuki to the threat of an invasion by China and a revival of communism in Indonesia. In this most social of countries, WhatsApp, Facebook and Twitter are the conduits for Indonesians to share misinformation that can inflame ethnic and religious tensions. In mid-April, Basuki lost his bid for re-election to a Muslim candidate, and in May he was convicted of blasphemy and sentenced to two years in prison.

Fake news is equally rampant on the Chinese Internet. In 2011, Beijing supermarkets ran out of salt after false rumors circulated that iodized salt can guard against radiation poisoning amid Japan's Fukushima nuclear emergency. Ironically, the current debate over fake news shows the foresight of China, which recognized problems with misinformation on social media early on. "China's crackdown on online rumors a few years ago was harshly condemned by the West," wrote the *Global Times*, an official government mouthpiece. "Things changed really quickly, as the anxiety over Internet management has been transferred to the US." In 2015, China arrested nearly 200 people for spreading false information about stock market turmoil and a massive explosion in the city of Tianjin. In July 2016, the Cyberspace Administration of China issued a statement saying that it was "forbidden to use hearsay to create news or use conjecture and imagination to distort the facts." While China claims that this is necessary for social order, it is really about nipping signs of unrest in the bud before they fester into a political movement.

Post-truth politics is possible through lack of trust in institutions and social safeguards. This is not unique to Asia, but is true across the world. In the years since the global financial crisis of 2008, the Edelman Trust Barometer has tracked a consistent decline of trust around the world in mainstream institutions such as the media and government. This can most obviously be seen in the election of Donald J Trump and Britain's Brexit vote. In 2017, 19 of the 28 countries surveyed are now classified as distrusting nations. To be

sure, media in Asia-Pacific countries are more trusted than their Western counterparts. This might be due to a different understanding of the role of media in Asia, where nation-building and consensus-forming are viewed as more important than free expression and checking government power. However, there is a limit to this. There are big drops in trust of the media in Singapore due to their muted coverage of public service failings. In Hong Kong, social media led the coverage and debate on pro-democracy protests because traditional media are seen as biased. This explains why the mainstream media are being circumvented by social media and why people prefer “authentic” politicians who seem genuine and approachable, but not necessarily truthful.

This is aggravated by the phenomenon in the online world known as the “filter bubble,” a concept popularized by Internet activist Eli Pariser, in which technology platforms

WhatsApp, Facebook and Twitter are the conduits for Indonesians to share misinformation that can inflame ethnic and religious tensions.

offer personalized content according to the preferences and behaviors of users. The result is that netizens gather in what amounts to echo chambers, so that one exchanges

information only to reinforce rather than debate viewpoints. As Lippmann observed nearly 100 years ago: “For the most part we do not first see, and then define, we define first and then see.” This results in the formation of groups that do not understand each other and find themselves in conflict based on misconceptions. This is the perfect medium for fake news and fringe beliefs to establish themselves and spread.

Tackling the problem

To address the fake news problem, Lippmann proposed creating a professional “intelligence bureau” of “expert reporters” who would present an accurate picture of reality. The modern-day equivalents are sophisticated digital tools to help people assess the reliability of information circulating online. Researchers have developed fact-checking software and browser extensions such as LazyTruth and Truthy. Facebook has recently partnered with independent organizations from the Poynter Institute’s International Fact-Checking Network to identify fast-spreading hoaxes and discourage users from sharing them. Many technology platforms also have self-correcting mechanisms that empower consumers of information to flag disputed content. Communities such as Facebook, Wikipedia and YouTube usually quickly correct errors or remove content that breaches community standards.

But technical solutions only go so far. They might work less well in Asia where institutional capacity is weak. Independent organizations are unlikely to have the ability to

act as verification intermediaries. Furthermore, these solutions rely on netizens having an ethos of responsibility and healthy skepticism toward information that might not be properly fact-checked. This is dependent on overcoming the barriers of awareness (the existence of misinformation) and digital literacy (the tools and skills needed to assess the reliability and biases of sources). There are opportunities for civil society, companies and other stakeholders

in the Philippines. On the other hand, attempts to stop fake news and online rumors could descend into censorship. This is especially relevant in the context of Asia, where democratic institutions are weak and immature. Freedom House, an American nongovernmental organization that advocates for democracy, says Internet freedom around the world has been on a declining trend and two-thirds of the world's Internet users live in



AFP PHOTO/SACHA STEINACH/DPA-ZENTRALBILD

to establish education programs to improve skills and awareness.

A bigger problem is that governments and politicians may have a vested interest in misinformation to hide the truth or push their own agendas. A case in point is Duterte as a key peddler of misinformation

countries where criticism of the government is subject to censorship.

In a new development, social media platforms, communication apps and their users face greater threats than before as these tools grow in influence. In Thailand, military courts issued decades-long sentences in 2015 in cases

Internet freedom around the world has been on a declining trend and two-thirds of the world's Internet users live in countries where criticism of the government is subject to censorship.

involving Facebook posts deemed critical of the monarchy. In the same year, Bangladesh blocked WhatsApp to prevent potential protests after the Supreme Court upheld death sentences handed down to two political leaders convicted of war crimes. To fight the spread of fake news, governments already have traditional law enforcement methods such as those against rumors and libel. But more regulations and oversight are coming. In a pioneering move, Germany is considering legislation that would subject social media firms to fines for “publishing” fake news unless it is deleted within 24 hours. Indonesia is also reportedly setting up a National Cyber Agency to improve interagency coordination and the prosecution of those who put out fake news. The Ministry of Communication and Information is also asking Facebook to help block fake news. In countries with imperfect legal regimes, new regulations and governance mechanisms to tackle fake news will inevitably be intertwined with rule of law and freedom of speech issues. This calls for appropriate checks

and balances to prevent abuse.

In the end, the fake news that we choose to believe in our respective digital bubbles may just be a reflection of our social and political divisions. Speaking after the social media-incited riots in England in 2011, Google chairman Eric Schmidt said: “It’s a mistake to look in the mirror and decide to break the mirror. The fact of the matter is ... whatever the underlying problem was, the Internet is a reflection of that problem, but turning on and off the Internet is not going to fix it.”

Ongoing globalization and technological advances have eroded public trust in institutions, which people believe have failed to protect them from the negative effects of these forces. In Asia, there is deep unease about issues related to income inequality, erosion of social values, immigration and the rapid pace of change. Ultimately, any attempts to reverse the proliferation of fake news will need to address social fragmentation and political polarization amid anxieties about social and economic well-being, religion and identity. 🌐



AFP PHOTO/MARK BALSTON

US foreign policy: A perfect storm is brewing

Reva Goujon

is vice president of global analysis at Stratfor, the US-based global intelligence firm, with which *Strategic Review* has a content-sharing agreement.

The White House's pledge to put "America First" in its policymaking implies that the president has a responsibility to prioritize his country's problems over the rest of the world's. But making good on that promise isn't as easy as it sounds. After all, the foreign policies of great powers are crafted, not imposed.

If we can assume that every nation follows its own interests, we can also expect the executor of its foreign policy to make sense of a complex geopolitical landscape by internalizing the imperatives and constraints shaping the behavior of itself and its peers. In part, this means identifying potential points of competition and collaboration,

giving priority to the issues that pose a strategic threat to the republic. It also means teasing out and testing implications, determining the most critical points of stress that demand attention. Excessive ambition, whether driven by egotism or romanticism, will inevitably seep into the foreign policy realm, but it can be tamed. And the greater the power, the more tools at its disposal to form a policy designed to subtly steer its adversaries and allies toward its desired course without any party losing face.

Of course, this approach doesn't preclude conflict. A successful foreign policy, however, will anticipate, manage and even harness clashes to ensure a balance of power that is ultimately intended to preserve the might of the republic. The unique collection of foreign policy challenges facing the United States today will require a particularly deft hand as Washington looks to parse the unavoidable disputes from the avoidable ones, and to prepare Americans for them. But the ongoing power struggle between the ideologues and professionals on the White House policy team seems certain to only intensify, leaving little room for strategic planning and ample room for error in some of the world's most pressing conflicts.

If it ain't broke, don't fix it

Consider Venezuela, where a government led by the narco-politicians largely responsible for the economy's self-destruction is using a constituent assembly to create a one-party state. Naturally, the United States doesn't want a failed Venezuelan state to destabilize its Caribbean sphere of influence. Unfettered

narco-states thrive on American drug consumption and create a robust market for arms traffickers, which in turn spawns violent crime and waves of migration. Even during the reign of Colombian drug kingpin Pablo Escobar, the United States managed to find institutional partners in Bogota with which to join forces and tackle the multidimensional threat posed by the narco-state. Imagine how difficult it will be to do the same in Caracas once narco-politicians have formalized their

Unfettered narco-states thrive on American drug consumption and create a robust market for arms traffickers, which in turn spawns violent crime and waves of migration.

position in power, all while persistent clashes between security forces and protesters give rise to humanitarian calls for an intervention.

Though policy makers in Washington feel compelled to respond to this blatant power grab, the nature of their response matters tremendously. By all appearances, the Trump administration is preparing new hard-hitting sanctions that set Venezuela's all-important energy sector, in addition to specific individuals, in their cross hairs. The sanctions could target the state-run *Petroleos de Venezuela*, ban American light crude



AFP PHOTO/BASTIEN SLABBERS/INURPHOTO

exports to Venezuela and cut off Venezuelan oil imports. Such comprehensive measures would essentially accelerate the country's downward spiral. Depending on the sanctions' scope, dollars from Venezuela's vital oil trade will dry up, severe shortages in basic goods will become intolerable, unrest will intensify and splits within the ruling party, military or both will risk the government's collapse, creating a mess that no one player will be willing or able to clean up.

So, the United States will have to weigh its options. Does it make strategic sense to exacerbate the Venezuelan crisis, knowing that there are still other, larger foreign policy matters that need Washington's attention? Or should it avoid a premature

crash by incrementally increasing sanctions, undermining the most incorrigible elements in Caracas, and working with those desperate enough to strike a deal to create a softer landing for the Caribbean state?

Iran can be seen through a similar lens. The past week has brought to light a particularly raucous debate within the White House about whether the executive branch would consider Iran to be in compliance with the Joint Comprehensive Plan of Action. The deal's five other signatories, the International Atomic Energy Agency and foreign policy professionals within the Trump administration – Secretary of State Rex Tillerson, National Security Adviser HR McMaster and Defense Secretary James Mattis, to name a few –

Russia has devoted a considerable amount of energy to inserting itself into conflicts where the United States has a vested interest.

maintain that Tehran is abiding by the terms of the agreement. But President Trump and a group of like-minded staffers seem determined to make the case that Iran is not in compliance with the deal's stipulations, and they have raised the prospect of the United States unilaterally withdrawing from the deal when it reviews Iran's compliance in November.

Rather than basing this assessment on the deal's actual terms, the president and his allies have founded their position on America's other grievances with Iran, including its weapons testing and support of regional militant groups, as well as a general belief that Tehran should be treated as an axis of evil. But does it make strategic sense to abandon the Iran agreement, when doing so will renew the prospect of a military confrontation in the Persian Gulf, and when the United States lacks the European support needed to keep effective sanctions in place against Iran? Or will Washington take into account that the Iranian government will not be easily uprooted by force, is serious enough about keeping the nuclear deal in place and already has its hands full in competing with its neighbors for influence? If the United States' goal is to avoid further destabilizing the Middle East while it has so many other foreign policy conundrums to grapple with, then relying on the more subtle tools of covert

intelligence to maintain oversight of Iran's nuclear program, while playing off existing tensions between Iran and the Middle East's major Sunni powers, may be a more effective way to keep Tehran's ambitions in check than single-handedly reigniting a nuclear crisis that could easily consume America's military capacity.

On Russia, proceed with caution

Meanwhile, for all the recent drama surrounding the US-Russia relationship, Washington's policy toward Moscow is fairly straightforward. Aware of the internal issues it faces in the coming years, the Kremlin is trying to reach an understanding with the United States and the West at large that recognizes Russia's sphere of influence in the former Soviet Union. For instance, by trying to draw the line at NATO's expansion and persuade the West to lift its sanctions, Moscow hopes to insulate itself from the United States and its allies while it is still powerful enough to do so.

To this end, Russia has devoted a considerable amount of energy to inserting itself into conflicts where the United States has a vested interest. There, Moscow believes, it can build a collection of carrots and sticks that it can use to steer Washington toward more fruitful negotiations. The United States isn't pitted against Russia in an ideological war, as it was during the Cold War, and there is certainly room for cooperation between them in some areas of mutual interest. But Russian concessions, even on tactical matters, often come with hefty price tags attached, and selling out European allies on Moscow's

Pyongyang and Washington have passed the point of viable negotiation.

doorstep is simply too steep a cost for Washington to pay. Even without the immense complications created by Russia's information operations against the US administration and by Congress' growing compulsion to check the president's influence over Washington's Russia policy, Moscow and Washington will remain fundamentally at odds with each other on several fronts. Nevertheless, the United States will need to stay alert to areas of emerging conflict where Russia will attempt to throw a wrench in Washington's plans – not least of which is North Korea.

The real fight is in Asia

When it comes to Venezuela, Iran and Russia, the United States still has options in how it chooses to proceed. Depending on how carefully it weighs the implications of its own actions, it can either exacerbate or temper the threats stemming from each country. North Korea, on the other hand, leaves the United States with dangerously little room to maneuver.

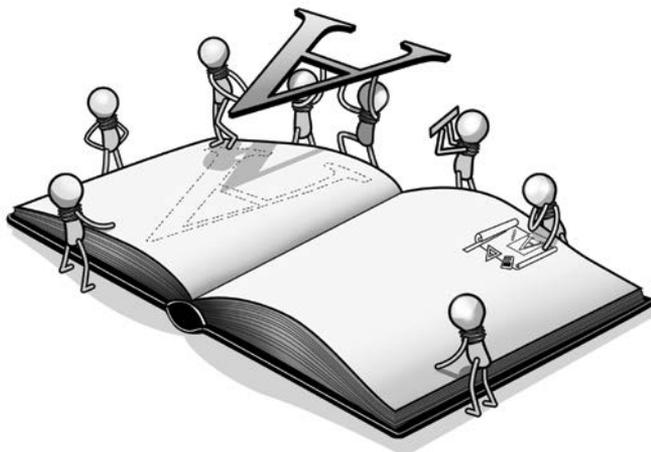
Pyongyang and Washington have passed the point of viable negotiation. North Korea is on track to develop a nuclear deterrent, and as it nears the point of possessing a reliable nuclear weapon and delivery system capable of striking the continental United States, Washington will be compelled to seriously consider military

action against it. That decision will fall to the Trump administration, perhaps within the next 18 months. In trying to forgo military action, the United States will be forced to rely on China and Russia's cooperation regarding sanctions or covert action intended to destabilize the North Korean government and thwart its nuclear ambitions. Yet even as Washington pursues this policy out of diplomatic necessity, it knows it is unlikely to bear fruit. Because as much as they dislike the idea of a nuclear North Korea on their doorstep, China and Russia do not want to face the broader repercussions of an unstable Korean peninsula or open the door to a bigger US military footprint in the region.

And so, the two states will try to get as much as they can out of negotiations with the United States as they try to push Washington toward inaction. Unable to rely on the clout of China and Russia to moderate North Korea's behavior, the United States will resist their demands to curb its military presence in the Asia-Pacific as North Korea's nuclear threat mounts. Washington's need to address the North Korean threat will thus clash with Beijing's own imperative to consolidate its maritime sphere of influence, raising the stakes in an increasingly complicated conflict zone.

The beat of the war drums in Northeast Asia is deafening compared with the low rumble emanating from Venezuela, Iran and Russia. But it is the confluence of these crises, some of which are more avoidable than others, that risks creating a foreign policy cacophony that even the political squabbles in Washington won't be able to drown out in the months to come. 🇺🇸

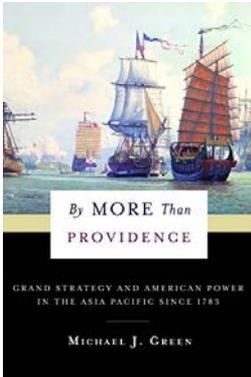
Book Reviews



By More Than Providence

Reviewed by John Delury

A monumental quest for America's heroes



By More Than Providence: Grand Strategy and American Power in the Asia Pacific Since 1783

By Michael J Green
(Columbia University Press,
2017, 760 pp)
Reviewed by John Delury

John Delury

is an associate professor at Yonsei University Graduate School of International Studies in Seoul and book review co-editor of *Global Asia*, a journal of the East Asia Foundation, with which *Strategic Review* has a content-sharing agreement.

Michael J Green, a prominent academic and think tank expert, spent the formative years of his career in government as senior director for Asian affairs on US President George W Bush's National Security Council. It was there, intensely frustrated by the historical shallowness of government briefings, that he got the inspiration to write this book, which he hopes will provide foundational historical knowledge for future generations of American policy makers working on Asia.

Taken together with Victor Cha's "Powerplay" (on the post-1945 formation of US alliances in Asia), one is tempted to say that these colleagues at Georgetown University and the Center for Strategic and International Studies are leading a renaissance in "historically informed grand strategy." This is a welcome development for American debates about the country's proper role in Asia.

There are, of course, many different ways to hold up what the Chinese like to call the "mirror of history." Friedrich Nietzsche, the German philosopher, famously delineated three dominant styles – antiquarian, critical and monumental:

- Antiquarian history is what we now – often dismissively – call "academic history," written by and for scholars interested purely in what happened, rather than in drawing larger lessons for the present.
- Monumental history is closer to today's "popular history": it targets a wide circle of readers and seeks to inspire them to action by recounting heroic tales of the past.
- Critical history – sometimes labeled "revisionist history" – is the antithesis of the monumental. It judges the deeds and values of bygone eras harshly, and asks the reader to do better than those who came before.

"By More Than Providence" fits neatly into the Nietzschean category of monumental history. The book is structured around the heroic thoughts and deeds of people who, collectively, designed a uniquely American approach to grand strategy in the Asia-Pacific that current

policy makers would do well to carry forward into the future. Green distills this strategic design into a single, iron law: “The US will not tolerate any other power establishing exclusive hegemonic control over Asia or the Pacific.” From extending the Monroe Doctrine into the Pacific and asserting the “Open Door Policy” for China, to defeating Japanese militarism in World War II and containing Soviet communism in the Cold War, right down to Barack Obama’s “Pivot to Asia,” these diplomatic landmarks and military campaigns defend what Green sees as a core principle of preventing any rising power from achieving hegemony. By stopping rival hegemonies in time, the United States ensures that the Pacific flows west, exporting American goods and values to Asia, rather than blowing east, preventing Asian powers from posing a threat to the American homeland.

Irony is not the strong suit of monumental historians, and Green fails to acknowledge the irony in his own thesis, namely that Americans tend to carve out one exception to the rule of zero tolerance for hegemonies, and that is the United States itself. Indeed, the current geopolitical tension in the Asia-Pacific boils down to whether the United States can settle for shared or partial hegemony, and whether Beijing can do the same. If not – if China adopts the American principle that no other power should have hegemonic control or if the United States insists on maintaining the status quo of its post-1945 hegemony – then we are sailing into the jaws of American political scientist Graham Allison’s so-called Thucydides Trap, where war between states becomes inevitable.

We will return later to Green’s treatment of China’s rise, but first, let’s look at how his monumental approach shapes the story of the preceding centuries.

Providence, design and contingency

The concept of “design” is central to Green’s argument, explaining the meaning behind the book’s poetic title. The United States did not merely stumble into its role as the pillar of security in Asia after victory in August 1945. Instead, Green argues that American predominance as a Pacific power is the fruit of centuries of deliberate strategic effort by key statesmen and their

By stopping rival hegemonies in time, the United States ensures that the Pacific flows west, exporting American goods and values to Asia, rather than blowing east, preventing Asian powers from posing a threat to the American homeland.

advisers. Great leaders and brilliant strategists are the prime movers of this story, the agents of a history that goes back to the earliest days of the Republic in the late 18th century.

This emphasis on “design” gives rise to

a danger inherent in monumental history: the temptation of teleology. Determined to find his grand design in the past so as to educate the present and future, Green runs the risk of reading history backward and distorting its true complexity. The alternative to “design,” after all, may be contingency, rather than providence. Life is messy, reality is complicated and international affairs do not play out according to strategic plans agreed upon in situation rooms and command centers. Common sense tells us this every day as we scroll through the news, but there is a temptation when looking back in hindsight to give things a greater sense of coherence than they deserve – whether thanks to providence (the laws of Karl Marx) or design (the great men of Thomas Carlyle). American historian Henry Adams put it well: “History is a tangled skein that one may take up at any point, and break when one has unraveled enough; but complexity precedes evolution.” In Green’s history, however, design obscures complexity.

Consider, for example, the overarching structure of the book. Green divides his chronology into a linear story of one rising power after another: the US (1784-1899); Japan (1900-1945); the Soviet Union (1945-1989); and China (1989- present). But was the United States really the rising power in the Asia-Pacific during the 19th century? The initial blow to Qing China’s hegemonic position in East Asia came in 1842 with a stunning defeat to the British in the First Opium War, and then with the eruption of the Taiping Civil War and defeat to Anglo-French forces in the Second Opium War, the Sino-centric order started to unravel. In

the second half of the 19th century, Britain fortified its positions in Shanghai and Hong Kong, France pried loose Indochina and most importantly, Japan expanded into a formidable Asian maritime power – incorporating the Northern Territories and Hokkaido, annexing the Ryukyu Kingdom (Okinawa), and challenging Qing suzerainty over Korea. Meiji Japan’s stunning naval victory over China in 1895 added Formosa (Taiwan) to the empire, planting the flag of the Rising Sun in the South China Sea.

Green’s account of how the United States acquired “steppingstones” across the Pacific – Midway, Hawaii, Guam, Manila – makes for good reading. But a linear 19th century narrative focused on the rise of America oversimplifies the tangled skein of “great powers” contending for pieces of the unraveling Sino-centric order. Japan in particular was keeping pace with the United States, even posing a latent challenge for control over Hawaii, as Meiji modernization took the form of maritime power projection and territorial expansion.

As we move into the 20th century, another interpretive bias inherent in monumental history – the search for heroes – comes to the fore. Green has a few clear favorites in the list of presidents and strategists, and taken together they embody his preferred American strategy as an Asia-Pacific power. But the reader is left wondering at times if we are learning from history, or if history is being used to tell us what we think we already know.

The first real dynamic duo in Green’s telling of the history of strategy are US President

Theodore Roosevelt and American strategist Alfred Thayer Mahan. If Green could be reborn in any time or place, one imagines it would be as a member of Teddy's National Security Council. He gives Roosevelt "perhaps the central place in establishing the core tenets that guide American strategy toward Asia today." Teddy foresaw the need for an American armada that could patrol the Pacific and the importance of promoting American values (albeit with "blatant hypocrisy," as Green acknowledges, in the case of the Philippines). Green pairs Roosevelt with his favorite strategic thinker, Mahan. Mahan's prophetic "Influence of Sea Power in History" (1890) was finally realized in Roosevelt's "Great White Fleet" that set off from Virginia in 1907 on a voyage of Pacific power projection that would take it all the way to Japan. It is an early apotheosis of what Green considers the ideal American strategy for the Asia-Pacific, although he faults Teddy for failing to appreciate the importance of free trade as part of that mix.

From Teddy Roosevelt, the mantle passes to Franklin D Roosevelt, who studied Mahan's work like it was the Bible and admired his elder cousin as though he were a messiah. FDR, Green informs us, was nearly a Mahan scholar, but chose to run for office rather than devote himself to producing a new edition of "Influence of Sea Power in History." FDR's great strategic challenge in the Far East was the unabated rise of Japan, and Green's account of the road to war is riveting, as one would expect given his expertise on Japan. As he recounts the argument over whether Japan's trade dependence on the United States

would prevent conflict or whether a "power transition" war was inevitable, the reader cannot help but think of America's current policy debate about China. Green criticizes the lack of "strategic conceptualization" in the approach to Japan during the 1920s and 1930s, when the US State Department maintained an open-door posture on trade policy but the War Department failed to maintain the naval predominance to backstop it.

Green argues that this incoherence – America's inability to integrate "all instruments of national power" in the service of an overarching grand strategy – stemmed from a disadvantage inherent in a democratic society competing against an autocracy. Fortunately, FDR guided the American people out of their isolationism, although it took the external shock of Pearl Harbor to unify the country behind the war effort. Green gives high marks to FDR's inner circle of military and political advisers – heirs to Mahan, as it were. "These men, operating under Roosevelt's giant shadow, would debate and conduct grand strategy from 1941 to 1945 with an organizational efficiency and focus that the country had never known before."

FDR's tragic mistake was that he "kept his geopolitical plans vague," leaving a void that Cold War leaders, starting with Harry Truman, scrambled to fill. Only with the advent of Richard Nixon and Henry Kissinger did a statesman-strategist duo on the intellectual order of Teddy Roosevelt and Mahan appear on the scene. But Kissinger, for all his tactical genius, belongs to the "continentalist" tradition, stretching back to Harold Mackinder, which overemphasizes the

role of China in America's Asia strategy. Green prefers the "Mahanist" maritime approach, anchored in Japan, and thus his favored Cold War strategist is American George Kennan. He argues, in fact, that the Nixon Doctrine was rooted in Kennan's offshore strategy of avoiding getting bogged down on the Asian continent. Nixon recognized that the balance of power in Asia was at a tipping point (the

and his secretary of state, George Schultz, as the next heroic duo who rose to meet this Soviet challenge. Reagan and Schultz fully articulate the three prongs of American strategy – promoting trade, defending democracy and spending on defense – used to stop a rival hegemon. Green is rather generous in his interpretation of Reagan as a champion of democracy in Asia, excusing his embrace

Green is rather generous in his interpretation of Reagan as a champion of democracy in Asia, excusing his embrace of South Korean dictator Chun Doo-hwan and playing down his fondness for Philippine dictator Ferdinand Marcos.

mark of a good strategic thinker), and made the proper adjustments, painful as they were.

Green frames the Cold War in terms of the rise of the Soviet Union, which, like defining the 19th century in terms of the rise of the United States, raises problematic historical questions that he never fully addresses. Soviet expansion into the Asia-Pacific is the central premise of the section, yet Green only briefly mentions Moscow's increased military spending in the late 1970s (by way of criticizing the Carter administration for defense spending cuts), and then in a single paragraph tallies increases in the Soviet Pacific Fleet under the leadership of Admiral Sergey Gorshkov.

Green heralds US President Ronald Reagan

of South Korean dictator Chun Doo-hwan and playing down his fondness for Philippine dictator Ferdinand Marcos. Instead, Green celebrates Reagan's "unbounded faith in the power of democratic values" and derides "critics on the left" who fail to explain how it would have been possible to stop communist expansion without backing strongmen.

The final section of the book is framed, uncontroversially enough, by the rise of China. The chapters on Presidents Bill Clinton and George W Bush do not leave as strong an impression, in the latter case perhaps as a result of the author's effort to write objectively about events in which he was directly involved. The narrative picks back up on President Barack

Obama, credited for being “the first president to endorse what was essentially an Asia-first policy.” But Obama does not make it onto the A-list of Asia strategists. His “pivot” to Asia signaled the correct strategic intent: a desire to shift America’s strategic center of gravity from the endless quagmires of the Middle East to the relentless dynamism of the Asia-Pacific. But, Green argues, the administration failed to deliver. “The conceptualization and implementation of the pivot were piecemeal, inconsistent, and poorly coordinated.”

In his quest for heroes from the days of Thomas Jefferson to Barack Obama, Green uses history to make the case that American strategy in the Asia-Pacific should be predicated on preventing the emergence of a hegemon. Ignoring the irony of America’s

own hegemony since 1945, this noble goal is to be achieved by means of a strong navy, security alliances, trade liberalization and the promotion of democracy. Did Green derive these principles from his study of the past, or is he using history to illustrate the validity of a conviction derived from his observation of the present? The danger in doing the latter is that, informative as it may be, we learn nothing new from history. We are not forced to rethink our assumptions and question our certitudes in confronting the complexity, disorderliness and strangeness of the past.

Despite these limitations, which are inherent in monumental history itself, this book is a fascinating reflection on American power, and should be read by any serious student of grand strategy in the Asia-Pacific. 🌐

WORKSHOP

Master Class on Oligarchic and Elite Theory: Insights into Indonesia Politics

6-10 November 2017
09:00 – 15:30

School of Government and Public Policy – Indonesia
Jalan Anyer, Citeureup, Sentul

Examining contemporary Indonesian politics through the lens of oligarchic and elite theories. These approaches are extremely helpful for understanding the roles of different major actors, relations among oligarchs and elites, and the implications for Indonesian democracy and governance. This course will be a combination of lectures-seminar discussions.



Speaker:

Professor Dr. Jeffrey A. Winters

Department of Political Science, Northwestern University and Director of the Equality Development and Globalization Studies Program. Author of the globally influential prize-winning book, *Oligarchy* (Cambridge University Press, 2011).

Register through email:
ony.jamhari@sgpp.ac.id

or call:
+62 21 2932 5345

Register before 20 October 2017 | Investment: IDR 8.000.000/person



SCHOOL OF GOVERNMENT
&
PUBLIC POLICY
INDONESIA

IN PARTNERSHIP WITH

Northwestern
University

OFFICIAL JOURNAL



The Indonesian Journal of Leadership, Policy and World Affairs
**STRATEGIC
REVIEW**



Join the Discussion.

FOLLOW, TWEET & INTERACT WITH OUR CONTRIBUTORS

➤ **@STRATEGICRID**

CURRENT EVENTS, EXCLUSIVE PHOTOS & MORE

f **FACEBOOK.COM/STRATEGICREVIEW**

The Indonesian Journal of Leadership, Policy and World Affairs



Strategic Review reflects the intellectual and policy fundamentals of Indonesia and its perceptions of the world at large. Covering Indonesia, the region and beyond, Strategic Review features leading academics, thinkers and officials plus probing interviews with world leaders.

Take the pulse of Southeast Asia.
Read Strategic Review.



Apply Now

Master of Public Policy Program 2017–2018

The School of Government & Public Policy Indonesia is accepting applications from qualified applicants who wish to pursue public policy education in an international learning environment.

Unique classrooms with young professionals from Southeast Asia and beyond located in Sentul, 40 minutes south of Jakarta

Implementation-oriented knowledge applicable in both public & private sectors

Respected faculty members from government, academic, and private sector

Field-based training for a more pragmatic policy making

To start your application, go to:
www.sgpp.ac.id/admissions

or call:
+62 21 2932 5345

www.sgpp.ac.id

 facebook.com/sgppid   [@sgppindonesia](https://twitter.com/sgppindonesia)



SCHOOL OF GOVERNMENT
&
PUBLIC POLICY
INDONESIA