Prepare for the Water Wars

From the Kuriles to the South China Sea, maritime conflict has resurfaced with a vengeance across Asia, but Brahma Chellaney’s masterful, pioneering study argues that oceanic territorial disputes are just a tiny tip of the iceberg. Freshwater is fast emerging as Asia’s new battlefield, and strategists, economists, diplomats and generals had best prepare for it now.

Chellaney superbly combines a panoramic picture of Asia as a “global water crisis hub” with detailed case studies of potential water wars. He locates Ground Zero of Asia’s brewing conflict 4,000 meters high on the Tibetan Plateau, where “intrastate” conflict between ethnic Tibetans and Beijing dangerously overlaps with “intercountry” ones—Tibet’s melting glaciers are the source water for a billion Asians living by the banks of the Indus, Ganges, Brahmaputra, Irrawaddy, Salween and Mekong rivers. Chellaney pleads for a co-operative regional approach as the only hope for navigating increasing conflicts as Asia’s rivers first flood then run dry. But he notes that so far the key player, China, has studiously avoided multilateral initiatives on regional water policy, while smaller states are locked in countless disputes of their own. The reader is left with Carl von Clausewitz’s sobering observation that war is politics by other means, and that unless the politics of water in Asia improve, other means are inevitable.

Reviewed by John Delury.
A kind of economic companion volume to political scientist Susan Shirk’s *China: Fragile Superpower*, this book by practicing capitalists Carl Walter and Fraser Howie sets out to explain “the financial side of the story behind a 30-year boom that changed the lives of one billion people.” More than that, it tells the inside story of how the leadership of the Chinese communist party created a unique set of “institutional arrangements” to move capital about without removing the party from power.

What the authors find is that China’s financial system is the state banks, and is built like a “fortress” to maintain party/state control of private domestic capital as well as international capital. The system’s impregnability explains how China survived the 2008 global financial crisis (and the Asian crisis of 1997-1998). But the closed-off, state-controlled nature of this bank-based financial system is also the Chinese economy’s Achilles heel, the authors argue. For under the surface, bad loans, corruption and inequality are growing as fast as GDP. Particularly since 2005, vested interests, intoxicated by relentless growth and dazzling wealth, have frozen efforts to make the system more open and transparent. The 2008 financial crisis perversely sanctioned that decision.

Walter and Howie are not optimistic: “China’s banks look strong, but are fragile; in this, they are emblematic of the country itself.” Given the recent stream of bearish reports on the still-booming Chinese economy, investors might want to give Walter and Howie a read, and decide whether Chinese capitalism is in the red or in the black.

Reviewed by John Delury.
It is conventional wisdom to say that if Asians were to consume like Americans, our planet would be pushed beyond the breaking point. And yet, particularly now with the euro zone teetering on the brink, the whole world is rooting for Asia to grow, grow, grow, and everyone is talking about how China needs to shift to a consumer-driven growth model.

Independent think tanker and social entrepreneur Chandran Nair tackles this contradiction head on in *Consumptionomics*. The problem is an intellectual one, rooted in the global dominion of the “Harvard Business School model of supply-chain management” — that is, Western capitalism as we know it. Nair argues that it is up to Asian political leaders to change this perilous economic paradigm so that the hidden costs of poverty, inequality and pollution are no longer counted as “externalities,” in the quaint economists’ term.

If Asian governments really want to benefit consumers, they must slow growth.

Fast, consumption-based growth benefits businesses and (Western) capitalists; if Asian governments really want to benefit consumers, they must slow growth and make it sustainable in terms of ecology and equity. The West is no longer to be envied or copied, but a model to be avoided. Nair is better at framing problems in a provocative way than offering practical solutions, but *Consumptionomics* offers inconvenient truths worth pondering.

Reviewed by John Delury, a book review editor for *Global Asia*. 
How has Asia ascended from centuries of stagnation to become the rising force of the global economy? How did the Asian economic miracle happen? Not content with the existing cultural, statist and market-oriented answers, Michael Schuman, a Time magazine correspondent and former reporter for The Wall Street Journal, tries to complete the puzzle by focusing on the political and economic leaders from the region who played key roles in that growth — some 60 of whom are listed at the start of the book.

What did they do to accomplish the miracle? The author pinpoints a sequence of policy choices and their implementation — from adopting an export-oriented growth strategy to mimicking successful policies in early movers (Japan, South Korea, Taiwan) by such late movers as China, India and Malaysia.

He also highlights how political leaders created conditions that nurtured entrepreneurial ingenuity in the private sector. In this way, the Asian economic miracle had a self-sustaining quality. In probing whether that miracle will extend in a sustainable way into the future, Schuman does not neglect to consider the pitfalls of Asian economies contained in their own spectacular success — overdependence on trade, and thus a failure to exploit other potential sources of growth in their domestic economies.

Without using complex models or abstract concepts, Schuman vividly depicts the history of the Asian miracle through the stories of the significant individuals whose leadership enabled it to happen. This book thus provides the reader with a new way of understanding the Asian model of economic growth.

Reviewed by Taehwan Kim.
“Why and how did the West come to dominate the rest of the world after around 1500?” Using this provocative question as a starting point, renowned British economic historian and bestselling author Niall Ferguson argues in this book that six “killer applications” propelled the West to a position of global predominance: competition, science, property rights, medicine, a consumer society and the work ethic. He dedicates a chapter to each of these characteristics of Western civilization to produce an encompassing, very readable sweep of world history, replete with a rich abundance of stories and anecdotes.

No less interesting is his account of the moment when the Western monopoly on these killer apps began to unravel as “the Rest” of the book’s title began to adopt them, and “the relative decline of the West became unstoppable.” Asia, mimicking the West’s path of industrialization and modernization in the latter half of the 20th century, did, however, devise distinctive versions of capitalism combined with different types of governance regimes.

When Ferguson argues, however, that the West still has more institutional advantages than the Rest because the latter have only selectively downloaded the killer apps, he seems to overlook, in his bias toward Western concepts of modernity over the past 500 years, the possibility that Asia might yet devise its own killer apps that are distinctive from the West, intrinsic to Asian civilization, and capable of being the source of global predominance in the coming centuries.

Reviewed by Taehwan Kim.
This book is the latest addition to the more than a century-old great debate on the relations between the state and the market as determining factors of economic performance. British sociologist and political economist Jeffrey Henderson clearly sides with the “state school” faction. Focusing on the post-World War II rise of East Asian economies, he sees the guiding and intervening role of the state as key, citing the experiences of South Korea, Taiwan, Hong Kong, Singapore, Malaysia and even China. What is notable is how Henderson breathes new life into the notion of an East Asian Model of economic growth. This contrasts sharply with the widespread belief following the 1997-1998 Asian financial crisis and Japan’s ongoing, prolonged stagnation that East Asia’s path to growth was based somehow on a flawed model.

Henderson argues that East Asia’s model might transform the prevailing “neo-liberal globalization” into a “Global-Asian Era” with a new global political and economic order. He calls China the initial driving force and projects that the logic of globalization in this new era could be dramatically different from its earlier phases due to the peculiarities of China’s political economy and social formation.

Reviewed by Taehwan Kim, Director of the Public Diplomacy Department at the Korea Foundation and a book review editor for Global Asia.

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