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BOOK CLUB SYNOPSIS

The Future Is Asian: Commerce, Conflict, and Culture in the 21st Century
Parag Khanna

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CONTENTS

INTRODUCTION

ASIA FIRST

The book opens with author Parag Khanna introducing what he calls "the Asian century" or the Asianization of the world, which began in 2017 with the first Belt and Road Initiative summit. He also provides a definition of Asia and establishes the continent's place in the global order.

"The Asian century will thus begin when Asia crystallizes into a whole greater than the sum of its many parts. That process is now underway."

The Asian-led world order started in 2017 at the first Belt and Road Initiative (BRI) summit. Marking a "new Silk Road era," 68 countries—representing two-thirds of the world's population and half of its GDP—came together to launch a massive infrastructure investment plan. What sets the BRI apart from previous global projects, such as the founding of the United Nations or the World Bank, is that it "was conceived in Asia and launched in Asia and will be led by Asians."

But rather than being entirely new, this Asian-led world order is actually a return to what once was: "The view from Asia is that history has not ended but returned." Asian economies were more powerful than those of many European countries and the U.S. until the 1800s, and the Western order only emerged after the end of World War II. The West's liberal, democratic, capitalist system also became the standard only after the Cold War ended.

With Western dominance receding as a result of various factors, including failed international interventions in Afghanistan and Iraq, economic crises and the rise of populism, the current period will come to be known as one of Asian ascendance. The Asian economic zone represents 50 percent of global GDP and two-thirds of global economic growth. Asians represent 60 percent of the global population, and Asia produces, consumes, exports and imports more goods than any other region.

Khanna acknowledges that Asians themselves often struggle to define Asia and sometimes have contrasting views about the megaregion's parameters, which stretch from the Sea of Japan to the Red Sea. Despite its existence as "the most heterogeneous region of the world," there do exist similarities that set Asia apart from other regions of the world: "[T]here is a growing coherence in its dizzying diversity: some psychological underpinning, some aesthetic familiarity, some cultural thread that permeates Asia and differentiates it from other regions." It is because of these similarities that Khanna adopts a geographic definition of Asia that includes countries from the Arabian Peninsula and Turkey to Australia and New Zealand, as well as countries typically found under the umbrellas of Far East and South and Southeast Asia.

While Khanna's definition of Asia spans a vast distance and includes a variety of cultures, he argues that its countries are moving toward economic interdependence and strategic coordination through bodies and institutions such as the Asian Development Bank and the ASEAN Regional Forum. As these Asian nations look forward, they will increasingly take an "Asia first" view, prioritizing global rules that suit their needs as opposed to continuing to rely on those previously imposed by the West.

But this process will not be entirely devoid of conflict. Khanna argues that regional conflict is part and parcel of systemic development: "Friction is evidence of just how important a system's members are to each other." To illustrate his point, he notes that the European Union was only created in the aftermath of World War II. Despite this example, he does not expect to see an "Asian Union." Rather than a supranational political system, Asian integration will focus on "building complementarities and deferring dangerous issues."

Above all, he argues that Asians aspire to “a high degree of autarky,” or economic independence, something which North Americans already enjoy. Currently, Asians view the U.S. “not as a hegemon but as a service provider” of weapons, capital, oil and technology throughout a global marketplace. “The United States is a vendor, and Asia has become its largest customer and competitor at the same time.”

Asianization is already happening. But it will not lead to a country like China replacing the U.S. as the global superpower; instead, the emerging global order will be “multicivilizational,” marking the end of unipolarity. Within Asia, the future will bring “a multipolar region with numerous confident civilizations evolving largely independent of Western policies but constructively coexisting with one another.”

The outcome of this process is still uncertain, but one thing is clear: The Western world needs a better understanding of Asia, not least by overcoming its “overly China-centric” view of the region.

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CHAPTER ONE

A HISTORY OF THE WORLD: AN ASIAN VIEW

Due to the world's understanding of history through a primarily Eurocentric lens, Khanna presents the Asian view of history in this chapter, summarizing key moments from the birth of civilization through the present day.

The version of global history that is often taught in textbooks tends to be Eurocentric in that it de-emphasizes the impact of colonialism and diminishes the mutual influence that diverse cultures have had on one another throughout the centuries. Yet, as Khanna explains, "As Asia's ascendancy continues, the biggest gap in Western historical knowledge will be filled by Asians in their own words." Although typically "the history of today and the rules for tomorrow are written by the winners," he says, "Asia is gaining ground."

In the hope of offering a more balanced account of world events, Khanna provides an overview of Asian history, starting with the birth of civilization in Mesopotamia and looking at cultures ranging from the early Chinese dynasties to the ancient kingdoms of India.

While the region is geographically vast and culturally diverse, Asia has historically shared Buddhism as one of the primary features of many of its civilizations. Maritime routes brought distant areas together, spurring an exchange of religious beliefs, language and even developments in medicine. Even as far back as 3,000 years ago, "the forces of commerce, conflict, and culture ebbed and flowed across the vast expanse from the Mediterranean to China in increasingly intense patterns of exchange." During this time, migration increased between India and China, as well as among China, Korea and Japan. Despite disputes over territory, migration established ancient Asia as "a rich cultural zone" and "a richly diverse milieu of civilization" united by common systems of commerce and cross-cultural learning.

By the late 16th century, Europeans increased trade among all of the continents, relying on new technology in shipbuilding and weaponry. Several Asian powers were simultaneously in decline, leading to the ascendance of small European nations that "outmaneuvered them to achieve global dominion."

Colonialism in the 19th century served to further drive Asian intermingling, facilitating migration and trade. But by 1914, war broke out between European powers and their colonies. While China sided with the Allies in the hope of having certain territories returned to them, the tide turned at the 1919 Paris Peace Conference when the Allies gave the Shandong province to Japan. In light of this betrayal, China turned inward, and Chinese nationalism surged. Shortly thereafter, World War II devastated both Europe and Asia, leading to the death, displacement and enslavement of millions of Chinese, Korean and Japanese citizens.

The postwar years saw many countries across Asia gain independence, including India, Pakistan, Indonesia and Malaysia, and the declaration of the state of Israel. But border skirmishes, as well as many countries' involvement in the Cold War, continued a period of strife across the region. In many cases, the U.S. filled the power vacuum, adopting a "hub-and-spoke" alliance system that became the backbone of the Asian order.

The Americans, Soviets and Chinese competed for influence across the region along Communist/anti-Communist lines. In turn, much of their involvement encouraged the rise of authoritarian dictatorships in Southeast Asia. Nevertheless, some strong Asian countries refused to be "Cold War pawns," leading to the creation of the Non-Aligned Movement, which sought to create collective security for its member countries without taking sides with either the U.S. or the Soviet Union.

By the mid-1970s, Northeast Asia attained stability, leading to a period of economic modernization. Japan became the world's second-largest economy, and the "Four Asian Tigers"—South Korea, Taiwan, Hong Kong and Singapore—all saw rapid economic growth. China and India, on the other hand, "remained stuck or went backward," and instability overcame much of West Asia.

In 1991, the Soviet Union splintered into 15 independent countries, and the end of the Cold War led to "geopolitical and ideological realignments favorable to Asia's return to center stage in the global order." After the end of the Cold War, many countries pivoted toward democratization, particularly in East Asia.

Migration ballooned in the early 2000s, during which time South Asians increasingly went to work in the petro-monarchies of the Gulf, as China looked westward and expanded infrastructure projects across Central Asia. While the 2010s were frequently marked by political stability and economic growth for South and East Asia, West Asia was ravaged by a series of uprisings, devolving into civil war in Syria and the rise of radical groups such as the Islamic State.

Despite geopolitical tensions, pan-Asian integration has nevertheless pushed forward in recent years. Almost all of the countries in Asia joined the Asian Infrastructure Investment Bank (AIIB), following its founding by China in 2014, and participated in the 2017 BRI summit.

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CHAPTER TWO

LESSONS OF ASIAN HISTORY— FOR ASIA AND THE WORLD

This chapter builds upon the historical overview provided in the previous chapter and analyzes the legacies of Asia and Europe, as well as the ways in which these two histories have intertwined and influenced one another.

Khanna explains that the "Asian view" of history found in the preceding chapter will be unfamiliar to most readers because of "the Eurocentric nature of Western historical narratives" and because of the long-time fragmentation of much of Asia. Such a view of history also serves to re-establish "Asia's central role in global history: European empires became wealthy global powers because they subjugated Asia, and the United States' global influence today hinges on its relevance in Asia."

To provide additional context, Khanna outlines a number of modifications to the accepted European view of history. For example, he notes that trade across long distances along the Silk Road predated the 15th-century voyages of Europeans such as Christopher Columbus. Additionally, Africa was not an "undiscovered continent" before European colonialism; the continent was a key part of the Afroeurasian trading system for centuries.

"Asia's linkages have been continuously propelled through commerce, conflict, and culture." Across the region, there are ties and commonalities between languages, and several countries are ethnically mixed, leading Khanna to describe Asian identity as "more syncretic than ethnic." Asia is home to a number of religions that coexist rather peacefully, and the region has also demonstrated a "rich history of precolonial connectivity."

According to Khanna, Asians don't see the success of European colonialism as the result of ingenuity, but rather of luck, and thus, they perceive the colonial era as one of "complacency, not inferiority." He points, in particular, to the fact that despite colonialism, Europeans were unable to rid Asia of its "cultural, religious, and linguistic systems."

Asia has proven to be more capable of coexistence than Europe has, tolerating differences and allowing for multipolarity. "And whereas European history teaches that wars occur when there is a *convergence* in power among rivals, in Asia, wars occur when there is a perception of significant *advantage* over rivals," meaning that the more power equalizes among countries, the less likely there is to be conflict.

There are a few areas in which the influences of colonialism have remained part of the region's fabric: "state sovereignty over fluid borders, religious and ethnic national divisions over multiethnic identities, consumerism and materialism over clan and kinship." But Khanna does not believe these influences are insurmountable, arguing that it is up to Asians to decide whether to maintain them or recover elements of Asian history.

The one pernicious, lasting legacy is the tension among the various nations—especially with regard to how to demarcate territory, such as in Kashmir and with Israel and Palestine. But Khanna argues that "Asians, not Westerners, will suffer the most from fighting over terrain they have long shared," adding that due to the diversity of the region, no one country will emerge a dominant power. "The principal lesson from Asia's geopolitical history is that no one power's dominance has lasted for very long before meeting sufficient resistance—internally, from neighbors, or both," thereby dashing any hope of eternal hegemony.

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CHAPTER THREE

THE RETURN OF GREATER ASIA

This chapter establishes how and when the countries that compose "greater Asia"—such as Russia, Turkey, Israel and much of the Gulf—have turned their gaze eastward in recent decades, serving to further the global Asianization we are beginning to see today. It also provides an overview of Asian geopolitics and security systems.

"After centuries of colonialism and Cold War division, coherence is returning to Asia."

Khanna starts with Russia, pointing to the way the country has maintained Asian interests for a long time and began its "pivot to the East" before the Obama administration announced its own pivot to Asia. Russia is increasingly exporting its oil to the rest of the Asian continent, has increased its strategic relationship with China, has become the region's access point to the Arctic and is increasing trade with countries across Asia. But the growing ties between Russia and the rest of Asia are "less about cultural affinity than economic complementarity and strategic necessity."

According to Khanna, climate change will only serve to accelerate Russia's Asianization, not least because of the country's growing wheat harvests and grain exports. As such, it will soon become what Khanna dubs "Asia's twenty-first-century breadbasket."

While Turkey looked west toward Europe through the 20th century, this has begun to change. Under President Recep Tayyip Erdogan, the country has Islamicized and has further isolated itself from Europe. Turkey's move eastward will be spurred by investment and a desire to set its own political agenda.

The Middle East is mired in civil war, leading to the world's worst refugee crisis. Looking forward, "Turkey, Saudi Arabia and Iran are the three most significant powers reorganizing the West Asian zone they anchor." Khanna suggests that over the last 25 years, the Arab world was "the West's problem, with Asians free riding on Western military involvement and financial contributions," but this is changing due to increased ties between Arab and Asian powers. The role of the U.S., he posits, "will be far less decisive"—whereas Asian powers are putting economic infrastructure in place to ensure that the Arab world "will be far more tied to the East than to the West."

Israel, like Turkey and Russia, is increasingly being pushed away from Europe and looking east, "becoming ever more a part of the Asian system." The Gulf, too, has growing ties with the East; the region now represents the largest market for the Gulf's oil and gas exports. Several Gulf countries have also developed strong military relationships and increased weapons trade with East Asia. Overall, the countries of the Gulf Cooperation Council (GCC) are increasing trade with the rest of Asia and decreasing trade with the U.S.

As GCC countries seek to move away from their reliance on oil and diversify their economies, support from East Asia will be critical, Khanna argues. These growing ties are already evidenced, for example, by an increasing number of infrastructure projects. Partnerships across the region look different than they have in the past: "the Arabs detest Israel but increasingly partner with it for their own security and to deter Iran; Saudi Arabia lavishes aid on Pakistan but courts India as an energy market and relies on the nearly 3 million Indians in its labor force."

Even Iran, which for decades stood isolated, is looking to the East. And many Asian countries are increasing investment there, particularly as sanctions prevent many Western countries from dealing with Iran.

Central Asian countries have eagerly joined the BRI, as it will provide “a new crossroads for Eurasia” and help them pursue their own commercial interests. Nevertheless, growing debt in the region will force many of these countries to radically restructure their economies—something that Kazakhstan has already started doing, seeking to become the “hinge nation” between Europe and Asia.

Meanwhile, Pakistan is working to set itself up as a conduit between Central Asia and the Arabian Sea. Increasingly frustrated with the U.S., the country is more fully embracing Asianization, in Khanna’s view. It established an “all-weather strategic partnership” with China in 2015 and has seen increased investment from Saudi Arabia.

Additionally, Afghanistan is gaining strategic importance in Asia, and China has become its biggest investor. As a result, India has largely been left behind. To maintain relevance, India has sought to further strengthen its influence in Afghanistan, where it is second only to China in investing. But China’s influence goes beyond Pakistan and Afghanistan. It has been at the forefront of projects in countries such as Bangladesh and Myanmar, forcing both India and Japan “to invest in cross-regional integration” as well or languish.

While much of the West perceives this competition between India, China and Japan in zero-sum terms, Khanna argues, “In reality, they reveal a complementary division of labor.” China is simply “kick-starting the process” that will ultimately serve to bolster Asian connectivity. “Geopolitical rivalries will only speed the Asianization of Asia.”

The greatest cross-border integration and stability can be found in Southeast Asia. Despite this area’s ethnic, religious and linguistic diversity, its nations have succeeded in integrating over the last several decades, starting with the founding of ASEAN in 1967.

By 2025, ASEAN's members plan to streamline standards for banking, telecoms and e-commerce, and they are even considering aligning their time zones. Some of the countries—such as the Philippines—have strong ties to China, while others—such as Vietnam and Indonesia—have stood up to Chinese pressure. Singapore is perhaps the most neutral of the region, helped in no small part by its geographic location and financial wealth.

Australia has long seen itself as the "Great Britain of Asia," but according to Khanna, if it doesn't want to face the same fate as the U.K. in the aftermath of Brexit, "it needs to swallow the hard truth that it is not the center of Asia's solar system but merely a moon—one made of iron ore." Chinese investment, for example, is critical to the Australian economy, and much of its tourism industry is bolstered by travelers from East Asia. Beyond economic considerations, the country is becoming less white, with more Asians than Europeans migrating to Australia in recent years.

Japan, despite facing "economic stagnation and demographic decline," is simultaneously one of the most technologically advanced countries and "should not be counted out," according to Khanna. "Contrary to much of the prevailing pessimism," he observes that global competition and opportunities "are yanking Japanese companies out of complacency." Companies are increasingly looking beyond Japanese borders for opportunities and strengthening public-private alliances in numerous high-tech areas. One such example is SoftBank, whose Vision Fund is the world's largest technology portfolio. Japan is also at the forefront of automation and is spreading its many technological innovations across the region.

No single Asian country will emerge as the leader of the future Asian geopolitical order, and none will bandwagon with China or the U.S., Khanna argues. They are all striving for "greater strategic autonomy," while simultaneously "forging new geometries of cooperation."

But the picture of geopolitical alliances will not be straightforward, either. “Those who are looking for either rigid lines of alliance or moral clarity among Asia’s shifting partnerships will find themselves in an Escher painting.” Many countries willingly harbor militant groups of their neighbors, such as Hamas cells in Turkey. Ultimately, however, all the countries agree that the best long-term solution to the region’s security dilemmas is “regional cooperation” and a move away from relying on foreign countries. As such, they are already taking steps toward sharing territory and resources.

So, what does this mean for the U.S.? “Asians still hold the United States to be important but also feel that it is unpredictable and even incompetent.” Nevertheless, Khanna notes that while the financial position of the U.S. is declining in the region, its energy and technology positions continue to grow. Its economic dependence on the region is therefore increasing, leading him to posit, “In the age of Asianization, Asia will shape the United States more than the reverse.”

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CHAPTER FOUR

ASIA-NOMICS

This chapter describes the "third wave" of economic growth in Asia, as well as the regional and international role of these Asian economies. It also discusses the emergence of a uniquely Asian form of capitalism and how it has ultimately provided a "second-mover advantage" for many developing countries in the region.

Economically, the rise of China is not independent from that of the rest of Asia—China is embedded in the Asian economic system, and dependence goes both ways.

Khanna suggests that modern Asia is entering the "third wave" of economic growth, which started with Japan and South Korea in the postwar years, followed by greater China, including Taiwan and Hong Kong. The third wave is now taking place in South and Southeast Asia.

Southeast Asia is becoming the "factory of the world," while Japan, Singapore, South Korea and China are the most important capital exporters of the region, facilitating the development of countries in the area through infrastructure, industry and technology. Numerous economies in the area are "climbing fast thanks to aging Asia investing in young Asia: South and Southeast Asian countries whose median age is under thirty."

Now more than ever before, Asians are moving toward buying with their own currencies rather than U.S. dollars or euros, and they are striving for upward social mobility, high employment, affordable cost of living and access to basic services, all of which Khanna calls "quality growth."

With robust intra-Asian trade, most of the countries across the region were insulated from the Western financial crisis of 2007-2008—as Khanna notes, "The 'global financial crisis' was not actually global." The economies of the region are diverse enough that they have been able to move away from economic dependence on the West, and at the same time, intra-Asian trade has grown faster on average than global trade.

Japan, South Korea and China, for example, are highly integrated with huge trade volumes. They are also exporting far more to the rest of Asia than to the West. These countries have begun outsourcing to ASEAN countries at a higher rate as well, and more than 60 percent of ASEAN's trade is now within Asia. India has also latched onto this East Asian success story, increasing trade with China, South Korea, Japan and ASEAN.

Regional connectivity has accelerated with the help of modernizing cities that in turn tie together citizens across countries. Since 2001, more than half of Asia's foreign investment has come from another country in the region. And with a strong U.S. dollar, Asian countries are incentivized to trade in local currencies.

Despite the strengthening trade and ensuing prosperity, Asian countries are pursuing what Khanna calls "open regionalism" and globalization, but not free trade. Many are taking a page from China's book, experimenting with the country's state-capitalist, investment-led growth. As such, there are still strong ties—and even "collusion"—between business and government.

The experiment appears to be working: Asia has 30 percent of the world's billionaires and a burgeoning middle class. But Khanna concedes that the market faces vast corruption, which is being met with anti-corruption efforts.

By contrast, Asian countries do not believe that banks and tech companies should be "allowed free rein to exploit consumers," says Khanna. "Rather, they should be subservient to the state and serve broader societal needs, whether fiscal stability, job creation, infrastructure upgrading, skills training, or other objectives."

During the first and second waves of East Asian growth, foreign capital underpinned the countries' ascension. Later, Asian capital helped drive the U.S. dollar's stability, but now Asians are increasingly investing in Asia and Europe and moving away from the U.S. In fact, some Asian governments are even beginning to issue sovereign debt in their own currencies rather than in U.S. dollars. The region is also seeing more financial integration, with countries aligning financial regulations and banks gaining access to one another's markets. In the near future, Khanna expects to see Asian savings flowing "far more into Asian investments than into Western ones."

Such investment and integration are expected to lead to impressive growth. Forecasters predict that Asian stock exchanges will grow the most in the next 10 years, and Asian companies are already becoming some of the world's biggest. Alibaba's 2014 IPO, for example, was the largest in history, and China is catching up to the U.S. in terms of number of unicorn companies. China now has more than 50 companies with billion-dollar-plus valuations.

But such growth is not limited just to China. Several emerging and frontier markets in the region have seen a jump in trading volume, and Khanna argues that "Asia is underpriced given rising demand and lower-than-perceived risk." That being said, he warns that with rapid growth and only recently implemented regulations, Asia could be the next to experience a widespread financial crisis.

Many governments across the region are privatizing state-owned companies as a means to increase investment in Asian assets. Such a move has the added effect of improving corporate governance, which is similarly being seen even in state-capitalist systems that are moving toward "Singapore-style government-linked companies." As far as sales are concerned, the fastest growing are between

Asians, meaning that Asians are increasingly buying goods from their neighbors rather than from the West. This doesn't bode well for Western companies, but it has created an opportunity for venture capital firms that are investing more in the Asian market.

Khanna suggests that the Western view that Asia is finally catching up with the West may be erroneous; Asia could, in fact, be leapfrogging it. "Asians are focused on finding Asian solutions to Asian problems," and they are beginning to learn from one another as much as or more than from the West.

"Autarky, not conquest, is the holy grail of geopolitics," says Khanna, and as Asian economies integrate, the more easily they will be able to pursue autarky. Energy was once a source of instability for much of the region, but with more alternatives and the increasing affordability of renewables, the risk has subsided significantly.

The region is far from being an entirely green-energy landscape, but many countries are taking steps to reduce environmental degradation. China is spending billions on renewable energy and is implementing a cap-and-trade scheme similar to those found in Europe. India, too, is increasing its reliance on renewable energy. Even oil-rich countries such as Saudi Arabia and the United Arab Emirates are investing in renewables. Cities throughout Asia are "making their way toward the virtuous circle of public-private financing for clean energy and transport, lower electricity costs and reduced government subsidization, and job creation in erecting eco-efficient buildings and deploying smart sensors and meters."

Agricultural modernization will also become important for Asia. The region is the world's largest in food production and food consumption, but it lags behind in technology. Many of the region's largest cities face water shortages, while others are vulnerable to natural disasters such as coastal flooding. To avoid future ecological catastrophes throughout the region, it must collectively acquire more environmental knowledge.

While inequality is rampant, poverty remains a larger concern across Asia. Therefore, rather than focusing on "lowering the ceiling for the wealthy," Asians are striving to raise "the floor for the masses." But the region's late development offers it the "second-mover advantage," providing an opportunity to leapfrog over older technology such as desktop computers and traditional banking and instead embracing the newest standards. The region has rapidly adopted mobile phones, social media, digital payments and e-commerce, as a few examples.

Rural-to-urban migration is ballooning in Asia, with vast urbanization taking place, and more and more farmers moving into cities across the region. Khanna argues that the race for urbanization is also helping Asian cities avoid "the dreaded 'oil curse,' the historical phenomenon by which resource-rich countries stagnate politically and economically because they fail to invest outside their energy sectors." Additionally, industry continues to grow, propelling more and more into the middle class.

Automation is the greatest threat to employment in the region, more so than U.S. tariffs and nearshoring. Nevertheless, Asian countries are investing in their own innovation to remain competitive with each other and with the rest of the world.

This innovation has pushed Asia ahead of Europe and the U.S., with technology flowing from east to west. But, Khanna points out, innovation is not simply about invention but also about successful scaling and adaptation, and he argues that, here, Asians have an advantage. "From sensors embedded everywhere to bioenhancement, Asians are investing in the future without fearing that it will destroy them." Investment in research and development is therefore "translating into home market dominance as well as success abroad."

Another area in which Asian countries have flourished is biotech, particularly in China, where, among other advancements, CRISPR gene-editing technology has been tested on humans. Awareness about healthy lifestyles and increased access to biomedical tech and strong health care has already increased life expectancies and improved health for Asians throughout the region. With regard to human capital, Asian nations are more heavily investing in education to convert their vast populations into a highly productive workforce. Higher levels of education will, in turn, improve the employability of Asian citizens in the formal economy.

As Asia continues to grow independently of the West, the West will need to produce both for and in Asia. The American workforce in particular has growing ties to Asia and has also benefited from the rise of Asia. The region has driven price competitiveness and revenue prospects for American consumer-goods companies, and American tech companies are expanding in Asia. Additionally, much of Asia needs capital stock to increase productivity, which in turn creates opportunities to export industrial and technological goods to the region.

The economic prospects in Asia mean that while "Washington looks askance at the Belt and Road Initiative," U.S. banks perceive it as essential to their Asian positioning. American companies, too, are increasingly buying undervalued Asian companies, and more Americans are traveling to Asia as well.

"The more Westerners and Asians mingle, the more they will learn to adapt to each other's preferences."

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CHAPTER FIVE

ASIANS IN THE AMERICAS AND AMERICANS IN ASIA

This chapter discusses the changing face and relationship of Asians in North America, as well as the growing popularity of Asia for North American individuals and businesses.

In the U.S., Asians now constitute the largest source of new immigrants, and Indians are the fastest-growing group of illegal immigrants. Currently, 21 million U.S. residents have Asian heritage, and approximately 3 million are of Arab descent. Almost half of Asians living in the U.S. are clustered in the West, with one-third living in California alone.

Asians have the highest rate of intermarriage in the country. By 2050, Asians, not Hispanics, will be the largest immigrant group in the U.S.—but Latinos will still compose a larger share of the overall population. Asians have a median income approximately $19,000 higher than white Americans, and a quarter of U.S. businesses are Asian-owned.

Asians in the U.S. contribute to the country's academic achievements and technological advancements, and they participate in everything from sports to politics. Such involvement has increased Asianization in the U.S., according to Khanna, which is also furthered by American interest in Asian belief systems and spirituality, such as Buddhism and meditation.

In Canada, meanwhile, Asians are even more embedded in the country's culture. Additionally, foreigners who study in Canada qualify for a direct path to citizenship from the time they begin their studies. As such, nearly one in seven Canadians is now of Asian heritage.

Students represent the largest group of Asians flowing into the U.S., led by Chinese and followed by Indians, South Koreans and Saudis. With such a high number of Asian students, their assimilation is "itself a new cultural economy." But this trend is starting to change its course, as American universities increase tuition and fewer visas are issued to foreign students. And for those who do study in the U.S. or elsewhere abroad, more and more of them are returning home rather than staying in the U.S. after completing their education.

Khanna calls these Asian students "opportunists" rather than new "anchors," as they are "taking the best of American academic expertise and entrepreneurial culture back to their homelands, where they can be among extended family and make a greater difference to their national futures."

Americans are also working for Asian companies in growing numbers and consuming Asian goods. Traveling, studying and living in Asia are becoming common for Americans of all ages, while some start their children's language exposure young with Chinese immersion programs. China has become the third most popular destination for studying abroad.

Now Americans and Asians alike can pursue an American higher education in Asia, with many top U.S. universities maintaining campuses in cities across the region. "For the West's educated, professional, and mobile class," Khanna argues, "no region is better placed than Asia to capitalize on Brexit, opposition to Trump, and Western elites' revulsion with their own politics." As such, the number of American expats in Asia has grown considerably during the past 20 years.

The growing number of Americans in Asia is mutually beneficial: Asian countries benefit from outside perspectives to help stimulate innovation, while these individuals are attracted by “entrepreneur visa schemes” in the region. “Almost every Asian country is doing the opposite of the West: opening its arms to attract talent from far and wide.”

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CHAPTER SIX

WHY EUROPE LOVES ASIA BUT NOT (YET) ASIANS

Similar to the previous chapter, this chapter discusses the nature of Asian-European relations; however, Khanna argues that unlike the Asian-American relationship, Europeans are quicker to embrace the opportunities Asia presents—but not its people.

Asian-European relations are deeply rooted in history. Khanna argues that "the declining United States and its failed Asia policy have put Euro-Asian convergence front and center." Political developments in the U.S. have made it such that Asia is becoming a more attractive region for Europeans than the U.S.—and Europeans have made the pivot east more successfully than have their American counterparts.

Europeans and Asians share a common priority in connecting the globe's two major bodies of water: the Pacific and the Atlantic. And steps to meet this objective are already underway; China is now a greater trading partner for Germany than the U.S., and European leaders increasingly travel east rather than west. Many European countries have also shown their commitment to Asia by joining the Asian Infrastructure Investment Bank (AIIB). Furthermore, the EU—not the U.S.—is China's largest trading partner. Trade has increased considerably, despite a lack of formal trade agreements and the need for long-distance shipping, but much of this trade will soon be facilitated by the growth of trans-European railways.

One of the biggest European exports is "its model of sustainable cities to Asia's teeming megacities," and European banks are also operating more often in Asian markets, facilitating regional networks that Asian banks have yet to build. Asian countries are also investing significantly more in Europe than in the U.S. In particular, China is buying up agricultural land in Eastern Europe to meet growing food demand and building transportation routes to carry these products back to Asia. It even created its own diplomatic group called 16+1, which coordinates Chinese investments in Eastern Europe.

Europe, like the U.S., remains particularly wary of China when it comes to sensitive technologies with potential military applications. Dissimilar to the tensions between the U.S. and China, however, the conflicts between Europe and China are what Khanna calls "competitive friction," in which European regulations come up against China's loose approach to intellectual property.

The EU is Southeast Asia's largest investor and already has free trade agreements with South Korea and Japan. India is poised to be next. Europe has also built partnerships with many Arab Gulf countries and has loosened restrictions with Iran. As time moves on, Europe is increasingly treating the countries of Asia as trading partners as opposed to former colonies.

Asians have already settled in large numbers across Europe, with millions of Indians and Pakistanis in the U.K., for example, and a growing Turkish population in Germany. While they were once guest workers or refugees, they are now "climbing the political and corporate ladders." Asian tourists, too, are traveling to Europe more and more, with each nationality tending to favor particular countries throughout the continent.

Nevertheless, recent political events—including terrorist attacks, anti-immigrant policies and anti-Muslim sentiment—point to bubbling tensions between the once homogenous European countries and their growing immigrant populations. While Europeans debate migration restrictions, Khanna estimates that Muslims will only constitute up to 7 or 8 percent of the European population by 2050, which suggests that the “Asian demographic challenge for Europe thus remains much more cultural than numerical.” But Khanna argues that with severe labor shortages across much of Europe, these nations will come to see that they need more Asians—not fewer.

07

CHAPTER SEVEN

THE RETURN OF AFROEURASIA

This chapter discusses Asia's growing role on the African continent, as led by China.

The pivot to Asia is not limited to the vast continent's neighbors. Africa is also turning toward Asia, and today, more than half of the continent's trade is with Asia. The interest is reciprocal, as Asia has also increasingly invested in Africa.

China is leading this investment. In Kenya, for instance, it owns more than half of the country's external debt. In some cases, it has converted the debt into equity in other areas and has used its position as a means to leverage an increased military presence on the African continent.

But China has also opened the door for other Asian countries to stream in as well. India has increased its trade with Africa, and more and more of its citizens have migrated to the continent. Malaysian, Korean and Singaporean businesses are also investing in a wide range of areas and industries in Africa.

Unlike their colonial predecessors, however, these Asian countries are actually enabling African development and productivity through their investments in infrastructure projects, such as the East African Railway. Additionally, Khanna says, "Whatever African countries' role models are for governance, they are all Asian."

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CHAPTER EIGHT

THE NEW PACIFIC PARTNERSHIP

Khanna likens Asia's ties with Latin America to its ties with Africa discussed in the previous chapter, as both have enabled these vast continents to emerge from their historical reliance on traditional Western power centers.

The connection between Latin America and Asia has also grown significantly. "Commodities flow in one direction; investments in infrastructure, utilities, and industry in the other." But this is a relatively new phenomenon, due both to the vast distance across the Pacific Ocean and the historical dominance of the U.S. in Latin America.

Asia is one of the most popular destinations for Latin American exports today, and many Latin American countries have consequently pursued trade with Asia. Chile and Peru, for example, have nearly 20 free trade agreements with various Asian countries.

Mexico and Canada are also seeking freer trade with China. The U.S., on the other hand, is now at a disadvantage after deciding not to join the Trans-Pacific Partnership (TPP). The Peterson Institute for International Economics estimates that not joining the TPP will cost the U.S. more than $130 billion in lost trade and investment over the next 12 years. Countries such as Canada and Australia will take the place of the U.S. in agricultural sales, while

Singapore and Australia will diminish its position in finance, consulting and communications.

Asia's investment in Latin America is growing, and China once again leads the way. But some manufacturers in Latin America are not pleased, viewing Asian companies as "unfair competitors" and resenting the "informal barriers to entry in the Chinese market." Many Latin American countries have increasingly turned to India, which has surpassed China as the fastest-growing export destination.

Cultural ties between Asia and Latin America are not entirely new, however. "Asians actually have a long history of assimilation in Latin America that is promising for future ties." For example, hundreds of thousands of Chinese were taken to Cuba and Peru in the mid-19th century, Japanese migrated to Brazil in the thousands, Indians were sent as indentured workers to the East Indies, and Arabs—particularly Lebanese—have migrated in large numbers to Mexico, Colombia and Brazil.

09

CHAPTER NINE

ASIA'S TECHNOCRATIC FUTURE

This chapter focuses on the political makeup of Asia, looking in particular at the different faces of democracy and the ascendance of the Singaporean technocratic model as an example for many developing countries.

While widespread in Asia, democracy has a different face across the various countries of the region, ranging from "those ranked higher than the United States in their democratic quality to those that give the term a bad name."

Many of these countries are pragmatic in their political goals, seeking to "balance the progressive ambitions of stronger governments with the potential abuses of stronger leaders. They want to be more inclusive, but not at the price of effectiveness."

Some of the democracies of Asia—such as China, India and Singapore—are listed among those that analysts and commentators point to as having vision and strategy for the future. The American system is weakening, and fewer and fewer Americans are satisfied with their government's performance and even with the system of government itself. Khanna suggests that the U.S. "has reached the perverse state of democracy without governance and rights without democracy." Gerrymandering has served to exacerbate this, as it has allowed the politician to choose the voter rather than the other way around.

Across the U.S. and Europe, countries are devolving into populism, and the U.S. is at the forefront of a weakening political system with falling standards of living, education, public safety, health care systems and more. The U.S. may have monetary stability, but it faces significant inequalities with no recourse in sight.

Now, more and more people appear to be echoing what was once a predominantly Chinese sentiment: They want “material stability” over “democratic instability.” In other words, they don’t want “democracy at the price of corruption and incompetence.” Khanna argues that people care less about how democratic their country is and care far more about their quality of life.

A model that has, in Khanna’s view, proven superior to traditional democracy is that of technocracy, as exemplified by Singapore. He defines a technocratic government as one “built around expert analysis and long-term planning rather than narrow-minded, short-term populist whims or private interests.” Technocracy is also meritocratic and utilitarian, placing more importance on a leader’s skill and competence than on popularity.

According to Khanna, even the greatest era in the U.S. was driven by 20th-century technocratic interventions. As an example, he says that Silicon Valley did not become “the epicenter of innovation” by accident but rather with the Pentagon’s strategic support to develop new technologies such as radar, semiconductors and the internet. “If there is anything about the United States today that Asians want to emulate, it is not Washington’s politics but Silicon Valley’s story of ‘managed innovation.’”

He proceeds to provide an overview of Singapore’s government model, noting that Asians both admire it and can relate to it. As Singapore did, many countries across Asia inherited a parliamentary system and had a strong postcolonial leader. But Singapore’s Lee Kuan Yew—with his great charisma and efficacy—turned the country into one of the safest in the world, with great wealth and education and an incredibly effective government. While Khanna acknowledges that the country was not fully democratic in its early days, he argues that Singapore’s government today “tries to marry the virtues of democratic inclusiveness with the effectiveness of technocratic management." He further suggests that in its ideal form, a technocracy is superior to other forms of governments in its flexibility and openness to change.

Khanna continues to describe facets of the Singaporean state, noting that it is both freewheeling and a nanny state; it favors both big government and lean government. He also highlights its problem-solving approach to governance. Closely monitored key performance indicators (KPIs) enable Singapore to track its progress. The country has the culture of a strong democracy despite there being limited democratic choice in reality; the state is transparent and inclusive, but its leaders are equally able to make autonomous decisions that its citizens trust.

One of the most critical elements of a technocratic government is an efficient and effective civil service; Khanna describes Singapore's as being "run like a spiral staircase: with each rung a civil servant learns to manage a different portfolio, gaining firsthand experience and building a broad knowledge base." He contrasts this with that of the U.S., which is "like an elevator: one can get in on the bottom floor and go straight to the top, missing all the learning in between."

But it's not just about the knowledge of the civil servants: The way the civil service as a body is run in Singapore leads to its strength as well. In addition to embedding scenario planners in each ministry, the civil service recruits experts from different functional areas and has them work together on teams. Khanna points to these "horizontal mechanisms" in the civil service, which, unlike "vertical bureaucracies," are able to draw on resources from various areas and apply them to solve functional challenges. Rooting out corruption is also critical to the effective functioning of the Singaporean government, and this is partially enabled through the generous salaries of government employees.

Khanna contrasts the notion of meritocracy in Singapore with that of electability in the U.S. While meritocracy necessitates skill, intelligence and experience, electability is simply one's ability to win an election. Another factor that sets Singapore apart from many of its Western counterparts is its approach to setting policy agendas. In Western countries, voting ostensibly represents popular sentiment. But Khanna argues that "elections are retroactive," suggesting that "they often punish rather than prescribe." Therefore, data is a better means to understand ongoing popular sentiment, and, as such, the Singaporean government uses data to help guide its policy decisions.

There is one area of Singapore that is outdated and one which the government itself is beginning to re-evaluate: its strict approach to law and order. "Singapore is coming to terms with harsh laws that have their origins in expired conditions and outdated norms." Khanna explains that there are active debates about issues such as limiting preventive detention, decriminalizing homosexuality and abolishing the use of caning as a form of punishment.

Technocracy "should be civil rather than military, inclusive rather than a clique, data driven rather than dogmatic, and transparent rather than opaque." But technocrats also must combine "democracy and data" with "foresight and feeling." Khanna says, "They must learn to lead not just with the 'head' (aptitude) but also with the 'heart' (compassion) and 'hands' (experience)." A good technocracy should also be utilitarian, seeking to maximize social mobility and public benefit. He argues that both Europe and the U.S. are deficient in this utilitarian approach to governance, and consequently, "Singapore's model has become its own best export."

China is having its own version of a technocratic evolution. It has imported best practices from other countries, and it has adapted and self-corrected to create a system that works to its own benefit—a system one scholar calls "consultative authoritarianism." China has maintained order while experimenting and has relied on meritocracy and decisiveness to help it modernize in ways that may not have been possible under democracy. The result? Chinese citizens respect their government.

Democracy has not really worked in many countries in Asia. Khanna points to the example of India, which for years Western intellectuals called "the world's largest democracy," but was in reality "mafia politics" that "masqueraded as democracy." Many of these countries are now electing leaders who approach governing in a way more closely resembling the characteristics of technocracy than democracy. "Technocracy becomes a form of salvation after societies realize that democracy doesn't guarantee national success."

Khanna concedes that many of these technocratic leaders have "illiberal strains," such as Joko Widodo in Indonesia and Rodrigo Duterte in the Philippines, but he argues that the country's citizens support such policies. These leaders are focused on boosting state capacity, and their citizens expect quality governance. None of the countries may fit the definition of a fully free democracy, but they are all seeking to strike a balance between openness and achieving goals. He notes that numerous "Asian governments have been shamefully brutal toward minority populations." But, even these states that are guilty of ethnic cleansing or victimizing particular subgroups are making steps toward greater political rights and civil liberties. These so-called "hybrid regimes"—which are "mixing democracy with strong executives"—are simultaneously granting greater social and economic freedom while maintaining a firm grip on politics to ensure stability.

Great changes are taking place across Asia as a result of what Khanna calls "[t]he oxymoronic notion of 'top-down revolution.'" Leaders are held accountable, and the people trust their governments. But a distinction must be made between some countries that are simply transition technocracies, others that have more firmly established a technocratic system, and those that have hit rock bottom.

On the social side of governance, civil society in Asia is not the same as that of the West: It is less independent and less politically vocal. Demonstrations are often risky, and media censorship remains common. But the younger generation has proven to be more willing to share its views, particularly online and through social media.

In terms of women's rights, Asia also remains more conservative, but social norms are beginning to change. Women have been elected heads of state in several Asian countries, honor killings have been criminalized in others, and more and more women are running their own startups. Eventually, Khanna predicts, the governments of these countries will catch up to the more progressive ideals, as they "know that suppression is not the way to make their countries worth living in."

Another area of change is charitable giving. Charity has become more formalized and visible in the region, with education proving to be a primary focus of many philanthropists, while others are increasingly involved in impact investment.

With governments increasing their attention to areas such as data, AI and blockchain, technology is playing a greater role in societal governance. China, in particular, is at the forefront of using big data. The country's new social credit system draws on data from numerous platforms to assess the reputations of its citizens as well as its commercial entities. Those who have done something deemed dishonorable are met with penalties, such as being prevented from traveling abroad. While Khanna acknowledges some might perceive such a system as Orwellian, he asserts that "Asian countries are simply doing first what Western governments would do more of if they were allowed to deploy such technologies without being outed by whistle-blowers."

"Asia's rise is also rebalancing the narrative of global governance." Asia has now become more of a leader than a follower in shaping norms and providing public goods—a fact that Khanna argues the West is not pleased about. But in a multipolar world, the provision of public goods is also not limited to a single power. "Asia's great-power stability is the region's biggest contribution to global governance," but several Asian countries also lead in other areas. China, for example, is now one of the world's largest builders of ships, and Japan one of the biggest donors of foreign aid.

Indeed, the Western-led bodies and systems that have existed for decades are becoming irrelevant to Asian countries and must adapt to this increasingly multipolar world in which Asia is playing a larger role; however, Khanna says, “Rising powers both shape global norms and selectively ignore and undermine them,” as exemplified by the U.S. and increasingly by Asian countries as they become more involved in global governance. He suggests that global regulation in the future must therefore be a “hybrid of conventional Western rules and Asian practices.”

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CHAPTER TEN

ASIA GOES GLOBAL: THE FUSION OF CIVILIZATIONS

This chapter describes how Asian countries are marketing themselves to one another and the rest of the world, furthering Asianization globally.

Westerners and Asians alike have divergent views of what it means to be Asian, and more often than not, Asians identify themselves by their countries of origin. But this is beginning to change as individuals from various Asian countries intermingle and intermarry, and as they come to recognize similarities between one another. According to Khanna, “Asians are finding that their preferences for technocratic governance, social order, and conservative justice bind them together in an era when Western societies no longer serve as role models for their future.”

Asian countries are taking different approaches to marketing themselves to the rest of the world. Some—such as Russia, China and Qatar—have launched English-language news channels, while others have increased their foreign aid or paid for lobbying firms abroad. One country that has lagged behind, in Khanna’s view, is India. But he argues that its “passive approach” is working. And while the likelihood of a cultural convergence across Asia is slim due to its diversity, Asians are nevertheless beginning to favor their neighbors over the West for cultural excursions.

Asians favoring Asians applies to numerous areas. The scale of Asia's pattern of migration, intermarriage and demographic blending leads Khanna to believe that "Asia's own Asianization may be the most significant demographic megatrend of the twenty-first century." Statistics show that Asia is both the primary source and destination of international migrants.

There is a massive Chinese diaspora across Southeast Asia, while Indians can be found in the countries immediately surrounding it, and the South Asian population has ballooned in the Gulf in recent decades. With a huge discrepancy in the average age of Asian countries, the young will tend to migrate to nations with aging populations in order to meet labor demands. This even applies to countries such as Japan and South Korea, which for years were hostile to foreigners.

A huge number of Asians are also migrating to China; the official number of foreigners in the country has increased since 2000 by 10 percent per year. Nevertheless, Khanna posits that China will never become a true melting pot due to the immense size of the Chinese population. Instead, it will become more like a "salad bowl in which foreigners are a sprinkling of pepper."

But it's not just migration driven by labor demand that is spurring the emergence of an increasingly pan-Asian identity. More and more Asians are traveling to neighboring countries to pursue higher education or simply for tourism. The most visited cities in the world today are all found in Asia, with London, U.K., being the only exception—primarily because the majority of tourists themselves are Asian.

Despite the growing Asianization of Asia, English remains a lingua franca that has been used to bridge the divides separating Asian countries. Culturally, however, Asians are rediscovering what is wholly their own: from martial arts to the visual arts, music and food. Several Asian cities are investing in this resurgence, seeking to become cultural hubs for the region.

It's not just Asians who are interested in Asian cultural outputs, though. For example, South Korean rapper Psy had the first video to reach 1 billion views on YouTube with his hit song "Gangnam Style," while Asian cuisine has been exported to and influenced all corners of the globe. In fact, more people in England are employed in Indian curry houses than in the iron, steel, coal and shipbuilding industries combined. Asian fashion has grown in regional and international appeal, as have Asian fashion models.

In the world of film, Asian markets have become more voracious consumers of Western media, while also financing more Hollywood films—particularly in the case of China—and exporting more of their own to the West. Cross-Asian collaboration is also becoming more common. Bollywood, in particular, is huge and gaining a larger fan base outside of India. Many governments are even offering tax rebates to Indian film studios to shoot in their countries.

"Asians are rediscovering their intellectual synergies and composing narratives that seriously challenge the West's uncritical self-appraisal and tenants of modern Western political history and thought." Asians—even those educated in the West—do not aspire to be like the West or to create a "United States of Asia." They want to create "a more humble yet productive commonwealth of commerce and learning." In order for this to be successful, however, Khanna argues that Asians still have more to learn from one another to encourage pan-Asian ideas.

EPILOGUE

ASIA'S GLOBAL FUTURE

Largely serving to sum up the arguments presented throughout the book, the epilogue highlights how Western dominance is now a thing of the past. The future will be more multipolar, with Asia playing a greater role in the global order.

"Asia dominated the Old World, while the West led the New World—and now we are coming to a truly global world. There is no turning back from today's multipolar, multicivilizational order."

The era of Western dominance has passed, and the future will be more successful if everyone aspires to inclusivity and stability. The success of each country will hinge upon learning from one another in order to build a common order.

Globalization cannot solely rely on the point of view of the "most unrepresentative group: Western Educated Industrial Rich Democracies (WEIRD)." There are distinct differences between the perspectives of these WEIRD countries and Asians, particularly East Asians, and global thought requires learning about one another's worldviews in the hope of synthesizing them all. Khanna believes there is already evidence that this is taking place—demonstrated, for example, by Pope Francis having opened dialogues with the Islamic world and the Chinese government.

"Global order," Khanna writes, "is not passed down by divine mandate; it is a complex, ever evolving process." Asia is gaining renewed confidence in its values and knowledge. "The relations among the world's centers of gravity involve recycling capital, refining ideas, and adopting technologies in ways that have enriched them all." Europe gained power and profit by colonizing Asia; Asia has grown significantly due to European and American outsourcing, and now the U.S. and Europe are supported by talent and investment from Asia. Khanna concludes, "This, not multipolar competition, is the true nature of a global system."

But the process is far from complete. Asianization is in its early stages, and every continent will play a role in the future of our shared global history.

About the author
Global strategist Parag Khanna is the author of the international best-sellers *The Second World: Empires and Influence in the New Global Order* (2008); *How to Run the World: Charting a Course to the Next Renaissance* (2011); and *Hybrid Reality: Thriving in the Emerging Human-Technology Civilization* (2012). Khanna is a CNN global contributor and a senior research fellow in the Center on Asia and Globalization at the Lee Kuan Yew School of Public Policy at the National University of Singapore. He holds a Ph.D. in international relations from the London School of Economics and bachelor's and master's degrees from the School of Foreign Service at Georgetown University.

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