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ASIA RISING

WHY AMERICA WILL
PROSPER AS ASIA'S ECONOMIES BOOM

JIM ROHWER

ASIA RISING

A Touchstone Book
Published by SIMON & SCHUSTER



TOUCHSTONE
Rockefeller Center
1230 Avenue of the Americas
New York, NY 10020

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First Touchstone Edition 1996

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Designed by Irving Perkins Associates

Manufactured in the United States of America

10 9 8 7 6 5 4 3 2 1

The Library of Congress has cataloged the Simon & Schuster edition as follows:
Rohwer, Jim.

Asia rising / Jim Rohwer.

p. cm.

Includes bibliographical references and index.

1. East Asia—Economic conditions. 2. Asia, Southeastern—Economic
conditions. 3. South Asia—Economic conditions. 4. Economic history—
1945– I. Title.

HC460.5.R64 1995

330.95—dc20

95-38488

CIP

ISBN 0-684-80752-1

ISBN 0-684-82548-1 (Pbk)

Some passages of this book appeared in different form in articles the author
wrote for *The Economist* between 1990 and 1994. The interview of Lee Kuan Yew
on pages 329–331 is reprinted in its entirety from *The Economist* of June 29, 1991.
The Economist's permission to reprint these passages is gratefully acknowledged.

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*For my mother
and the memory of my father*



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PROLOGUE:

HONG KONG, 1995

I can now permit myself a cigar, and a more leisurely look than I have given in a long time to the view of Hong Kong's teeming harbor that I have from my balcony. I came to Hong Kong only four years ago, but the view has already changed enormously. Thirty or forty apartment buildings have been put up along a mile-long stretch of the road just below mine. A gigantic suspension bridge is going up to the west; it will link Hong Kong's new airport to the city and to the Chinese mainland. Late at night the collection of ships in the harbor, their lights twinkling, still look like varieties of insects skimming swiftly or trundling solemnly across the black water. Yet even I can see that the insects now have far less water to move in: Land reclamation has already reduced the width of the harbor substantially and—who knows?—may one day come close to eliminating it. This is how fast Asia changes. Even now it surprises and excites me. It is going to change the world.

Anybody coming to the nerve center of Asia in, say, 2020 (thirty years after I did) would go not to Hong Kong but to Shanghai. By then Shanghai will be a city of 27 million people, richer than half of Europe's cities and many of America's. It will be the great cultural and industrial center of the Chinese world. It will also be the financial capital of East Asia. Sometime in the first decade of the twenty-first century it will displace Hong Kong as China's main financial-service center and shortly after that surpass Tokyo as the most sophisticated and open financial market in the East Asian time

zone—and thus join the old-timers of London and New York as one of the indispensable big three of world finance.

Naturally, with Asia as huge as it is in size and population and as rich as it will then be, the continent will have no one “center”: Asia’s economic landscape in 2020 will be dominated by a couple of dozen megacities that will act as the cultural, financial, and industrial cores of often vast hinterlands. China itself will claim ten of these, including Taipei, in Taiwan, and Hong Kong, which will still serve as the banker of southern China and the biggest single intermediary between the overseas Chinese businessmen of Southeast Asia and China itself.

Northeast Asia will boast several non-Chinese megacities as well. Seoul, long since the capital of a united Korea, and Vladivostok, the capital of the Russian Far East, will vie and sometimes cooperate in the exploitation of Siberia’s immense natural wealth, in the industrialization of the region where China, Russia, and Korea meet, and in the heady, early “Californization” of Russia’s Pacific coast.

Japan will still have its great conurbations of Tokyo and Osaka, though by then they will act less as manufacturing centers than as service nodes linked to and in charge of a huge Japanese network of manufacturing ventures stretching all the way through East Asia and Southeast Asia and into the Indian subcontinent. Along the way this network will pass through the eight or so big urban centers of Southeast Asia (Manila, Jakarta, Surabaya, Saigon, Bangkok, Kuala Lumpur, Singapore, and Rangoon) and into India itself, where Bombay—the financial capital of the whole of South and Central Asia—will be the first among a half-dozen large cities that dominate the fast-growing subcontinent.

Not only Asian cities will have been transformed: In fact, it is the gradual but relentless lifting of 2 billion rural Asians out of poverty over the years 1980–2020 that will make possible the extraordinary boom in consumption and urbanization that has already begun radically to reshape the world economy. The result of this process in Asia will not be, as it was in America, the creation of an efficient capital-intensive farm economy in the countryside. Instead, Asia’s countryside will become prized for the recreation it can offer the well-off—in the same way Western Europe’s countryside is valued now, only more so because Asia is even more crowded.

The best example is Bali, the mystical Indonesian island whose lush volcanic landscape and ancient mix of cultures and religions