

LECTURE

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Conserving the Promise of Freedom in Asia

The Honorable Jim DeMint

Abstract

America's leadership role in Asia, like its global role, starts with an understanding of America itself. The values of our founding and their universal application, not geography or geopolitics or business opportunities, are what inspire Americans to global leadership. The most important thing Americans can do for economic freedom around the world is to get our own house in order and rededicate ourselves to a proper relationship between government and the people. In addition, a rededication to economic freedom means a greater opening of our own markets and expanding international trade. Most important, the U.S. needs to maintain its military advantage over those who would disrupt the peace. If the U.S. is not strong, our allies will be much less willing to follow our leadership.

Let me start by thanking the Sasakawa Peace Foundation, and Mr. Takagi in particular, for inviting me to Tokyo. I am very pleased to be here. As was mentioned, this is my first trip.

It is my purpose today to offer you an American conservative vision of the values of free markets and free peoples that bind the U.S. and our allies and how these values shape American leadership. I want to share with you my perspective on the threats to these values. Finally, I will offer ideas on the policies that can help us overcome these threats and conserve the promise of freedom in Asia.

Leadership and American Ideals

America's leadership role in Asia, like its global role, has to start with an understanding of America itself. Many of you here are

KEY POINTS

- The U.S. cannot impose its principles on others. What we must do for the cause of political liberty is to set the right example by how we govern ourselves at home.
- A Trans-Pacific Partnership should not impose new regulatory burdens on American businesses or include too many protectionist carve-outs or weak intellectual property protections.
- Our commitments to our treaty allies are strong, but if we are ever required to honor our treaty commitments, our men and women in uniform should have the best equipment and training possible.
- To correct the effect of massive cuts in America's defense budgets will require a broader restructuring of federal spending in a way that fully supports the government's constitutionally mandated responsibility to provide for the common defense and reforms programs that drain that support.

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knowledgeable on this topic already, but maybe I can help round out your understanding.

British writer and philosopher G. K. Chesterton famously said that “America is the only nation in the world that is founded on a creed. That creed is set forth in the Declaration of Independence; perhaps the only piece of practical politics that is also great literature.”

I am inclined to agree with him.

This creed does not rise from our soil. It does not rise from a common blood, for our land is home to every race of people. The Declaration of Independence says “*all men* are created equal” and “endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness....” The Founders of America were, in other words, no longer just proclaiming the ancient rights of Englishmen, but the rights of all mankind. This is our national creed.

Aside from religious liberty, economic freedom is probably the most important, for it is through economic freedom that individuals find the wherewithal to exercise most of their other freedoms.

The values of our founding and their universal application are what inspire Americans to global leadership. It is not geography or geopolitics or business opportunities. Values and leadership go together in the U.S. Whether it’s domestic policy or foreign policy, you don’t get one without the other.

The Importance of Economic Freedom

Let’s look at economic freedom. Aside from religious liberty, which I consider the most fundamental freedom of all, economic freedom is probably the most important, for it is through economic freedom that individuals find the wherewithal to exercise most of their other freedoms.

You may be familiar with the *Index of Economic Freedom* that The Heritage Foundation publishes every year in partnership with *The Wall Street Journal*. The research that has gone into that report for the last 20 years demonstrates a direct correlation between economic freedom and prosperity. Con-

versely, periods of economic stagnation—like the U.S. finds itself in now—are attributable to a stifling underappreciation of the value of economic freedom.

This is a lesson our own government seems to be forgetting. In fact, several countries in this area of the world are better at economic freedom than America is. Hong Kong, where I will be next week, has been number one in the *Index of Economic Freedom* for 20 years. Singapore has been number two over that same period.

Australia and New Zealand also perform better than the United States. Australia has been without a recession for more than 20 years!

At home in the U.S., I’ve also seen economic freedom at work on a micro level. The people who embrace economic opportunity, who make the most of it for their own advancement and the well-being of their families, local communities, and nation come to America from every place on Earth. Many of them are Americans whose ancestors came from this part of the world, and Japanese Americans, as you no doubt know, are among our most successful, best-educated citizens.

But of course, they are not the only success stories. The Prime Minister of Singapore recently pointed out that all eight ethnic Chinese winners of the Nobel Prize in science were—or later became—American citizens. Korean Americans are another hugely successful immigrant group in America.

I would submit to you that this success is attributable in large measure to America’s traditional commitment to economic freedom, even though that commitment is currently threatened by the politics of our own government.

I did not come here to tell you what you should do in Japan. In fact, as I mentioned at the outset, we share a belief in free markets. In our *Index*, Japan ranks number 25, while China is only number 137! I do suggest, however, that you look into the numbers and the trends yourselves and see what lessons they might hold for you.

Threats to Our Values

There are serious challenges to the bonds of principle that the U.S. has forged with Japan and our other allies in Asia.

First, there are domestic issues. No nation is going to abandon the principle of self-governance except under pressures that have nothing to do with democracy. Corruption, favoritism, and other unfair

practices undermine democracy. A government too deeply involved in the economic activity of its citizens hurts economic freedom, and when the government favors one group or well-connected people over another—which inevitably happens when government becomes extensively involved in the economy—it also becomes a political issue. To one degree or another, all democracies struggle with this.

There are other differences that divide nations internally. I've just come from Taiwan, which, as you know, recently experienced some of its own political turmoil. We at The Heritage Foundation take no side in Taiwan's politics.

I admit to certain discomfort with crowds occupying legislatures and other government buildings to press their concerns. The rule of law imposes constraints on the way governments treat their citizens, but it seems to me that in a democracy, dissent should also respect the rule of law.

Corruption, favoritism, and other unfair practices undermine democracy. A government too deeply involved in the economic activity of its citizens hurts economic freedom.

But tactics aside, in Taiwan, I see a country trying to work through their differences—very deep differences—peacefully and in a democratic spirit. That commitment is critical, in my opinion. We all could do with some reforms of our respective institutions, but we have to face the challenge of reform in the spirit of liberty and self-government.

Second, there are problems in the region with China. I'm often told that China is no longer Marxist, that when it comes from an American, calling the Chinese government "Communist" is an insult. I'm told that today, Communism is all about power, not ideology or principle.

With all due respect to the experts, I think that's wrong. Communism has *always* been about power. Its ideology has always been contrary to the principles of liberty. Communism is about a powerful, authoritarian party whose interests take precedence over individuals, over families, and over communities.

Yes, China has made a remarkable economic transformation since the days of Mao. The Commu-

nist Party is no longer fomenting revolutions around the region. The party does, however, seek to organize a fifth of mankind according to its vision and material advantage.

If dividing America from our allies and dividing our allies from one another helps it secure dominance at home, China will do it. You can see it in the news headlines every day. China is testing the limits of American commitments to Japan, to Taiwan, to the Philippines, to Australia. I think it's fair to say the Chinese may sense weakness in America's resolve.

I cannot take the Chinese government's stated concerns about Japan very seriously. They are not consistent with the interactions I've had with the Japanese people. But more important, unlike South Korea, the Chinese government does not respect the views of its own people in any real, democratic sense. I want to assure you, however, that I do take China's actions seriously.

Third, the region is still coming to terms with history. There are divisions among America's two best allies in Asia, Japan and South Korea. I don't need to go over what these are, except to say that they involve traumatic events of the past. These differences pull at the values that ought to bind our three countries together.

Since I've been at Heritage—and before, as a Congressman and then a Senator—I have heard from both sides of these issues. I know how emotional they are. I would never ask that our South Korean friends forget them or feel any differently. What I will be doing on my visit to Seoul is suggesting that for the sake of their interests and ours, they find ways to overcome their history and work with Japan on common priorities.

While I'm here in Japan, I am conveying to friends here how very sincere South Koreans are about these issues and how strongly their concerns resonate in the U.S. In both, I am suggesting they develop a reconciliation process and an understanding of crisis management that will prevent these tensions from unintentionally developing into actual conflict and enable us to focus on the real threats at hand. We must never forget that our enemies—and potential enemies—delight when we fight with our friends.

So what are the policy implications for the values and the threats to those values that I have been talking about?

Setting an Example

On matters of political freedom, I am of the firm opinion that the U.S. cannot impose our principles on others, no matter how universal we believe them to be. We should highlight abuses of these values abroad. We should prevent our tax dollars from supporting despotic regimes. We may even want to temper the way we relate to such regimes, including using sanctions. But what we must do for the cause of political liberty is to set the right example by how we govern ourselves at home.

The most important thing we as Americans can do for economic freedom around the world is to get our own house in order and rededicate ourselves to a proper relationship between government and the people. The level of debt the U.S. is accumulating is simply unsustainable. The level of government interference in our economy, from energy policy to health care policy to financial regulation, is unacceptable. The longer it takes us to address these fundamental imbalances, the worse our economic stagnation will become.

The Sasakawa Peace Foundation will have other American speakers here who talk about these economic issues in the context of power and geopolitics. American conservatives, or what most of the world calls “classical liberals,” understand the dangers that come from the confusion of markets and national power. It results in government interference with the market’s allocation of assets, the government picking winners and losers, and, finally, corruption. In the worst case, it can even lead to conflict.

I want to make America freer as a matter of principle and because freedom works for all people. It will also aid us in achieving our national security goals.

Supporting Free Trade

In addition to domestic reform, a rededication to economic freedom means a greater opening of our own markets and expanding international trade.

I support the idea of the Trans-Pacific Partnership. The Heritage Foundation has supported every free trade agreement the U.S. has concluded, beginning with NAFTA, and I voted for every one when I was in Congress. None of those trade agreements were perfect, but I am concerned that over time, our “free trade agreements” are moving ever closer to trying to achieve regulatory parity rather than freer trade.

The bottom line is that if the Trans-Pacific Partnership imposes new regulatory burdens on Ameri-

can businesses, or has too many protectionist carve-outs (for either side) or weak intellectual property protections, it will not pass muster with real free traders in Washington, and as a consequence, it will not pass Congress.

To be clear, I said I supported the Trans-Pacific Partnership in concept. As for the agreement itself, we at Heritage are withholding judgment until we see what’s in it. We are waiting until we can judge for ourselves how “free” it actually is.

The confusion of markets and national power results in government interference with the market’s allocation of assets, the government picking winners and losers, and, finally, corruption.

In the meantime, at The Heritage Foundation, we have proposed another approach. In addition to, or even instead of, a truly liberalizing Trans-Pacific Partnership, Heritage has suggested the U.S. could unilaterally eliminate tariffs on intermediate goods—that is, the imported goods that are used by American manufacturers. By giving American manufacturers unfettered access to global value chains, we can enable business to increase productivity and lower costs. This is what globalization is about; it should not be about each country bankrolling its own industry in pursuit of artificial competitive advantages.

Another thing the U.S. can do—that I know interests many of you here—is to fully develop our energy resources and allow the export of natural gas to Japan and other countries around the world who want to buy it.

Supporting and Defending the Borders of Freedom

Setting the right example is the best way to expand the borders of freedom, but once established, we must also support and defend them.

Our allies and friends in this region are under pressure from a foreign power. The foreign power has a name: China. The U.S. and Japan must stand together in the face of China’s challenges to the territorial status quo and regional order. I commend

President Obama for reaffirming our treaty commitment to defend Japan on his recent visit here. I hope he will remain so steadfast. In the past, I think the Administration has sent mixed signals.

I also think there is more that the U.S. can do to support Taiwan in this, the 35th anniversary of America's Taiwan Relations Act. I was very pleased to see the Obama Administration dispatch a Cabinet secretary to Taiwan last month. It is something Heritage and many others in Washington have long been calling for.

But Taiwan desperately needs more support. It needs to be more deeply integrated into the broader regional economy. The restrictions imposed from the outside on Taiwan's international relationships have left it disproportionately dependent on China for its economic well-being.

The U.S. and Japan should help Taiwan get into a truly trade-liberalizing Trans-Pacific Partnership. If this cannot be achieved, the U.S. should negotiate a bilateral free trade agreement with Taiwan.

To address this imbalance, the U.S. and Japan should make a joint commitment to helping Taiwan get into a truly trade-liberalizing Trans-Pacific Partnership. If this cannot be achieved, I believe the U.S. should negotiate a bilateral free trade agreement with Taiwan. My colleagues at Heritage and my predecessor, Ed Feulner, have advocated this for more than 20 years. Japan might look at a similar deepening of its bilateral economic relationship with Taiwan.

Most important, the U.S. needs to maintain its military advantage over those who would disrupt the peace. If the U.S. is not strong, I am afraid that despite our shared values, our allies will be much less willing to follow our leadership.

On this front, there are very worrying trends in Washington. The massive cuts to our defense budgets over the last few years have had a major impact on the capability and readiness of our forces. To cor-

rect this will require a broader restructuring of federal spending in a way that fully supports the government's constitutionally mandated responsibility to provide for the common defense and reforms programs that drain that support. Our commitments to our treaty allies are strong, but if we are ever required to honor our treaty commitments, our men and women in uniform should have the best equipment and training possible.

The U.S. also needs to stay forward deployed. Our forces in the Western Pacific, many of which Japan graciously hosts, serve as a symbol of our commitment to peace and to the defense of our allies. They are a proven, cost-effective deterrent.

Conclusion

Today, you have heard from the other side of the political divide in Washington. The truth is that The Heritage Foundation is actively opposing many of President Obama's policies. I make no secret of that here.

I bear the President no ill will. We simply represent two diametrically opposed American traditions—his of much more recent vintage than mine. I believe his “progressivism” is changing America in ways contrary to the intention of our founders and in ways that fundamentally weaken it. The stakes for our allies are too high for me not to be forthright and candid.

That said, I am well aware and supportive of the time-honored bipartisan nature of America's foreign policy commitment to Asia. What I have sought to do here today is help you understand an alternative perspective on how we maintain that commitment in a way that best conserves the promise of freedom in Asia.

Let me conclude by observing that Ed Feulner and The Heritage Foundation have had a long history of engagement in Asia. I'm proud to now be a part of it and, indeed, to lead it into a new era. I do so equipped with principles I've held throughout my career—universal principles, principles that I have seen work not only in America, but around the world.

—*The Honorable Jim DeMint is President of The Heritage Foundation. He delivered these remarks at a meeting of the Sasakawa Peace Foundation in Tokyo, Japan.*