



# Financial Crisis Report

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## Advancing in a Time of Crisis

### ASIAN AMERICANS AND THE U.S. MILITARY

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Except for the Great Depression, we are experiencing the most economically unstable period in the history of the modern world. This period will be marked with extreme fluctuations in the stock, commodity and currency markets accompanied by severe and sometimes violent social disruptions. As is typical of such times, many fortunes will be made and lost during this period. After talking with many business owners, executives, professionals and government officials from around the world, the writer believes that for the financially astute investor, this is a time of unprecedented opportunity given the global trade unbalances and distortions in the commodity and currency markets. The *Financial Crisis Report* is a free compilation of the opinions of David Miyoshi as well as of those advisors he himself subscribes to (with appropriate credits given) on how to benefit during this time of crisis. The writer receives no compensation of any kind from any advisors whose articles or ideas may appear in this report. The reader is welcomed to check on all sources of information mentioned herein. Because the opinions and observations of this writer and other advisors are provided herein without charge, the reader is asked to make his/her own judgment on the contents.

The other day I was invited by my good friend Gary Yamauchi, Mayor of Alhambra, California to attend a gala affair given by the Board of Directors of the Go For Broke National Education Center in honor of a prominent Asian American restaurateur. At the event I was engaged in conversation about the future of Asian Americans in the U.S. Military. I thought about the heroic legacy of the famed 442nd Regimental Combat Team, the 100th Infantry Battalion and the Military Intelligence Service and the unprecedented record of valor they compiled within the annals of U.S. Military history and I wondered what roles Asian Americans can assume in the footsteps of such incomparable accomplishments.

I thought of my limited contribution to the U.S. Military war effort in Vietnam and it brought back memories of that balmy evening in August 1969 when I was taking inventory of the damage sustained after an attack on our village outside of Danang. After checking on the injuries to my troops and me, which fortunately were light, I turned to the task of writing an After Action Report of the incident. After so many of these attacks, I remember wondering why I was there.

I was a commander in charge of a platoon of Marines who were teamed with an older Vietnamese militia platoon in a small hamlet called "Dogpatch." near Danang. Under the Marine Corps operational initiative implemented in the Vietnam War as a tool of counterinsurgency, our joint unit was part of the newly instituted Combined Action Program (CAP). Our mission was essentially "to win the hearts and minds of the people."

As background, in those days the Marines and the U.S. Military Assistance Command, Vietnam, disagreed on war strategies. U.S. Army leaders (other than Special Forces) wanted to search and destroy the communists in the rural and less-populated areas of South Vietnam; the Marines wanted to clear and hold the populated areas. CAP was a manifestation of the strategy the Marines felt best suited the conditions in Vietnam. With U.S. Marines living and fighting side-by-side with the Vietnamese people, CAP seemed to represent an effective, long-term, around-the-clock commitment to combating the Vietnamese communists at the grassroots level. CAP worked well in some locations; elsewhere, its results were transitory at best – with villagers becoming over-reliant on the Marines for security. However, the overall effectiveness of the CAP units seemed evident. Of the 209 villages protected by CAP units, not one ever reverted to Viet Cong control. That in and of itself spoke volumes of the general value of the program.

But getting back to the question of why was I there in charge of a CAP unit in Dogpatch. The answer was that my commanding officer back at headquarters Danang thought I would be the best "fit" for the job. He told me "Lieutenant Miyoshi, I think the villagers and the militia will trust you because you look like them. From that trust, their hearts and minds will follow." Frankly, at that time I took a more cynical perspective and thought to myself, their hearts and minds will follow not so much trust but perhaps more the gun or the purse. But in a more profound way, my commanding officer appeared to be on the right track. The way I physically looked gave me a marked advantage over my fellow comrades-in-arms in dealing with the Vietnamese because people gravitate toward those who look like them. This is an apparent reality in all societies and civiliza-



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tions. An interesting study was conducted a few years ago in the U. K. where it was found that subconsciously people are more likely to trust those with similar facial features to their own, but less likely to be physically attracted to them. That appears to support the notion that an Asian could be more effective leading a U.S. Marine CAP unit in Vietnam while a Vietnamese woman would be more attracted to a Caucasian U.S. Marine officer.

Now to the point of this article. We all know that today East Asia is the most economically dynamic in the world. China, a major nuclear power and possessing the largest army in the region, is experiencing explosive economic growth coupled with an increase in military modernization which is causing concern among her neighbors. Accordingly, there is rising tension between China and Taiwan; increasing militarism in the South China Sea; ongoing hostilities between North and South Korea and anxiety over North Korea's stability and its nuclear capability.

The rise of China presents a myriad of challenges for the East Asian region and particularly to the United States. At present China only constitutes a limited security threat, although its great power ambitions and ever-improving capabilities merit close monitoring. The most serious potential flashpoint involving China is the Taiwan Strait, while the Asia-Pacific flashpoint of greatest relevance to the U.S. Military today remains the Korean Peninsula.

It should be noted at this time, eight of the world's 10 largest armies are in Asia as well as three major flashpoints—Korea, Taiwan and Kashmir—and major centers for terrorism, drug trafficking and piracy. So too in this area, there are also large strategic oil deposits, shipping lanes and important economic and industrial centers to be concerned about.

In February 2012, Reuters reported: "Asian military spending will top that of Europe in 2012 for the first time in centuries." pointing to high regional economic growth and an increasingly ambitious China. With China's military spending - an estimated \$89 billion in 2011 - roughly doubling every five years, other growing Asian states were also funneling money into their military programs. Australia, Indonesia, Vietnam, Singapore, Thailand, India and other nations in the region are also increasing their forces, particularly naval craft.

"There's no doubt we are seeing a major shift," said General John Chipman. "What we see in Asia is just about every kind of strategic challenge - from 19th century style territorial disputes to economic rivalry and potential new nuclear weapons states ... We need to manage that. Diplomatic effort and confidence-building measures were necessary to stop disputes between a variety of

Asian powers in the South China Sea and elsewhere - together with other regional and economic rivalries - from escalating," he said.

All of this presages the probable multiplicity of conflicts involving the U.S. Military and East Asian forces, both friend and foe. With all of these possible engagements, it's strategically imperative for the U.S. Military to recruit Asian Americans who can provide linguistic and cultural translation for military operations and projects in the area. We have all heard of the accomplishments of the Japanese American Military Intelligence Service in WWII. In the future, similar foreign language and cultural interpretation capabilities will be needed in support of U.S. operations in Korea, China and other countries in East and Middle Asia.

As Afghanistan is revealing to us, large unit operations is largely ineffective at best and irrelevant at worst. At a tribal level, for an effective military campaign we need pacification which depends more on the interrelated functions of providing physical security, destroying the enemy apparatus, motivating the people to cooperate and establish responsive local government. Basically, in conflicts in these areas of the world where cultural affinities run deep, we need CAP units to wage an effective combat campaign. And in Asia, Asian Americans would, as my former commanding officer told me, best "fit" as leaders and members of CAP units.

Essentially, in Asia, the U.S. Military needs the capabilities, skills and talents of Asian Americans to wage effective campaigns in the coming conflicts, especially given the evolving nature of warfare.

The battlefield of the future is likely to include the whole of the enemy's society. Dispersion, coupled with what seems likely to be increased importance for actions by very small groups of combatants, will require even the lowest level to operate flexibly on the basis of the commander's intent. This dispersion, coupled with increased value placed on tempo, will require a high degree of ability to live off the land and the enemy. Also, mass, of men or fire power, will no longer be an overwhelming factor. In fact, mass may become a disadvantage as it will be easy to target.

As was evident in Vietnam, small, highly maneuverable, agile forces will tend to dominate. Finally, the essential goal will be collapsing the enemy internally rather than physically destroying him. Targets will include such things as the population's support for the war and the enemy's culture. Correct identification of enemy strategic centers of gravity will be highly important. The distinction between "civilian" and "military" may disappear. Major military facilities, such as airfields, fixed communications sites,





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and large headquarters will become rarities because of their vulnerability; the same may be true of civilian equivalents, such as seats of government, power plants, and industrial sites (including knowledge as well as manufacturing industries). Success will depend heavily on effectiveness in joint operations as lines between responsibility and mission become very blurred.

Small, highly mobile elements composed of very intelligent soldiers armed with high technology weapons may range over wide areas seeking critical targets. Targets may be more in the civilian than the military sector. Front-rear terms will be replaced with targeted-untargeted. This may in turn radically alter the way in which military services are organized and structured.

Part of the responsibilities in our CAP unit in Vietnam was the conduct of local reconnaissance. In the future, units may combine reconnaissance and strike functions. Also, the tactical and strategic levels will likely blend as the opponent's political infrastructure and civilian society become battlefield targets.

The leaders of our future military forces will need to be masters of both the art of war and technology, a difficult combination as two different mindsets are involved. Primary challenges facing commanders at all levels will include target selection (which will be a political and cultural, not just a military decision), the ability to concentrate suddenly from very wide dispersion, and selection of subordinates who can manage the challenge of minimal or no supervision in a rapidly changing environment. A major challenge will be handling the tremendous potential information overload without losing sight of the operational and strategic objectives.

At a very basic level, our CAP unit had the task of leaking demoralizing messages that ongoing resistance to our campaign was futile. In a technologically advancing world, this presages the possibility that psychological operations will become the dominant operational and strategic weapon in the form of media/information intervention. Logic bombs and computer viruses, including latent viruses, may be used to disrupt civilian as well as military operations. Our future adversaries will likely be adept at manipulating the media to alter domestic and world opinion to the point where skillful use of psychological operations will sometimes preclude the commitment of combat forces. Accordingly, a major target will be the enemy population's support of its government and the war. Television news may become a more powerful operational weapon than armored divisions.

All in all, the tasks outlined above are in rudimentary ways the functions that were carried out by the basic CAP unit in Vietnam. As such, the CAP unit was a harbinger of the way wars

will be waged in the future. The battlefield of the future will be disbursed and all-encompassing. In such settings we will need to garner the support and allegiance of the local populace to prevail and the CAP unit or something similar in function will be needed to gain this advantage for our military forces and our country.

As future conflicts are expected to arise in Asia, U.S. Military CAP units composed of dedicated Asian Americans will be called to the fore. The honored legacy of the 442/100/MIS will expect no less.

D. Miyoshi

## Obama's Bluff ?

Soon the U.S. will make a move in Syria,.....progressing either forward or backward. This all began when images of multiple dead bodies emerged from Syria a few weeks ago. It was asserted that poison gas killed the victims, who according to some numbered in the hundreds. Others claimed the photos were faked while others said the rebels were at fault. The dominant view, however, maintains that the al Assad regime carried out the attack.

The United States has so far avoided involvement in Syria's civil war. This is not to say Washington has any love for the al Assad regime. Damascus' close ties to Iran and Russia give the United States reason to be hostile toward Syria, and Washington participated in the campaign to force Syrian troops out of Lebanon. Still, the United States has learned to be concerned not just with unfriendly regimes, but also with what could follow such regimes. Afghanistan, Iraq and Libya have driven home the principle that deposing one regime means living with an imperfect successor. In those cases, changing the regime wound up rapidly entangling the United States in civil wars, the outcomes of which have not been worth the price. In the case of Syria, the insurgents are Sunni Muslims whose best-organized factions have ties to al Qaeda.

Still, as frequently happens, many in the United States and Europe are appalled at the horrors of the civil war, some of whom have called on the United States to do something. The United States has been reluctant to heed these calls. As mentioned, Washington does not have a direct interest in the outcome, since all possible outcomes are bad from its perspective. Moreover, the people who are most emphatic that something be done to stop the killings will be the first to condemn the United States when it starts killing people to stop the killings. People would die in any such intervention, since there are simply no clean ways to end a civil war.

Obama's Red Lines







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U.S. President Barack Obama therefore adopted an extremely cautious strategy. He said that the United States would not get directly involved in Syria unless the al Assad regime used chemical weapons, stating with a high degree of confidence that he would not have to intervene. After all, Syrian President Bashar al Assad has now survived two years of civil war, and he is far from defeated. The one thing that could defeat him is foreign intervention, particularly by the United States. It was therefore assumed he wouldn't do the one thing Obama said would trigger U.S. action.

Al Assad is a ruthless man: He would not hesitate to use chemical weapons if he had to. He is also a very rational man: He would use chemical weapons only if that were his sole option. At the moment, it is difficult to see what desperate situation would have caused him to use chemical weapons and risk the worst. His opponents are equally ruthless, and we can imagine them using chemical weapons to force the United States to intervene and depose al Assad. But their ability to access chemical weapons is unclear, and if found out, the maneuver could cost them all Western support. It is possible that lower-ranking officers in al Assad's military used chemical weapons without his knowledge and perhaps against his wishes. It is possible that the casualties were far less than claimed. And it is possible that some of the pictures were faked.

All of these things are possible, but we simply don't know which is true. More important is that major governments, including the British and French, are claiming knowledge that al Assad carried out the attack, albeit the British are now balking on supporting an attack. U.S. Secretary of State John Kerry made a speech Aug. 26 clearly building the case for a military response, and referring to the regime attack as "undeniable" and the U.S. assessment so far as "grounded in facts." Al Assad meanwhile has agreed to allow U.N. inspectors to examine the evidence onsite. In the end, those who oppose al Assad will claim his supporters concealed his guilt, and the insurgents will say the same thing if they are blamed or if the inspectors determine there is no conclusive evidence of attacks.

The truth here has been politicized, and whoever claims to have found the truth, whatever it actually is, will be charged with lying. Nevertheless, the dominant emerging story is that al Assad carried out the attack, killing hundreds of men, women and children and crossing the red line Obama set with impunity. The U.S. president is backed into a corner.

The United States has chosen to take the matter to the United Nations. Obama will make an effort to show he is acting with U.N. support. But he knows he won't get U.N. support. The Russians, allies of al Assad and opponents of U.N.-based military interventions, will veto any proposed intervention. The Chinese -- who are not close to al Assad, but also oppose the U.N.-sanctioned interventions -- will probably join them. Regardless of whether the charges against al Assad are true, the Russians will dispute them and veto any action. Going to the United Nations therefore only buys time. Interestingly, the United States declared on Sunday that it is too late for Syria to authorize inspections. Dismissing that possibility makes

the United States look tough, and actually creates a situation where it has to be tough.

### Consequences in Syria and Beyond

This is no longer simply about Syria. The United States has stated a condition that commits it to an intervention. If it does not act when there is a clear violation of the condition, Obama increases the chance of war with other countries like North Korea and Iran. One of the tools the United States can use to shape the behavior of countries like these without going to war is stating conditions that will cause intervention, allowing the other side to avoid crossing the line. If these countries come to believe that the United States is actually bluffing, then the possibility of miscalculation soars. Washington could issue a red line whose violation it could not tolerate, like a North Korean nuclear-armed missile, but the other side could decide this was just another Syria and cross that line. Washington would have to attack, an attack that might not have been necessary had it not had its Syria bluff called.

There are also the Russian and Iranian questions. Both have invested a great deal in supporting al Assad. They might both retaliate were someone to attack the Syrian regime. There are already rumors in Beirut that Iran has told Hezbollah to begin taking Americans hostage if the United States attacks Syria. Russia meanwhile has shown in the Snowden affair what Obama clearly regards as a hostile intent. If he strikes, he thus must prepare for Russian counters. If he doesn't strike, he must assume the Russians and Iranians will read this as weakness.

Syria was not an issue that affected the U.S. national interest until Obama declared a red line. It escalated in importance at that point not because Syria is critical to the United States, but because the credibility of its stated limits are of vital importance. Obama's problem is that the majority of the American people oppose military intervention, Congress is not fully behind an intervention and those now rooting the United States on are not bearing the bulk of the military burden -- nor will they bear the criticism that will follow the inevitable civilian casualties, accidents and misdeeds that are part of war regardless of the purity of the intent.

The question therefore becomes what the United States and the new coalition of the willing will do if the red line has been crossed. The fantasy is that a series of airstrikes, destroying only chemical weapons, will be so perfectly executed that no one will be killed except those who deserve to die. But it is hard to distinguish a man's soul from 10,000 feet. There will be deaths, and the United States will be blamed for them.

The military dimension is hard to define because the mission is unclear. Logically, the goal should be the destruction of the chemical weapons and their deployment systems. This is reasonable, but the problem is determining the locations where all of the chemicals are stored. I would assume that most are underground, which poses a



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huge intelligence problem. If we assume that perfect intelligence is available and that decision-makers trust this intelligence, hitting buried targets is quite difficult. There is talk of a clean cruise missile strike. But it is not clear whether these carry enough explosives to penetrate even minimally hardened targets. Aircraft carry more substantial munitions, and it is possible for strategic bombers to stand off and strike the targets.

Even so, battle damage assessments are hard. How do you know that you have destroyed the chemicals - that they were actually there and you destroyed the facility containing them? Moreover, there are lots of facilities and many will be close to civilian targets and many munitions will go astray. The attacks could prove deadlier than the chemicals did. And finally, attacking means al Assad loses all incentive to hold back on using chemical weapons. If he is paying the price of using them, he may as well use them. The gloves will come off on both sides as al Assad seeks to use his chemical weapons before they are destroyed.

A war on chemical weapons has a built-in insanity to it. The problem is not chemical weapons, which probably can't be eradicated from the air. The problem under the definition of this war would be the existence of a regime that uses chemical weapons. It is hard to imagine how an attack on chemical weapons can avoid an attack on the regime -- and regimes are not destroyed from the air. Doing so requires troops. Moreover, regimes that are destroyed must be replaced, and one cannot assume that the regime that succeeds al Assad will be grateful to those who deposed him. One must only recall the Shia in Iraq who celebrated Saddam's fall and then armed to fight the Americans.

Arming the insurgents would keep an air campaign off the table, and so appears to be lower risk. The problem is that Obama has already said he would arm the rebels, so announcing this as his response would still allow al Assad to avoid the consequences

of crossing the red line. Arming the rebels also increases the chances of empowering the jihadists in Syria.

When Obama proclaimed his red line on Syria and chemical weapons, he assumed the issue would not come up. He made a gesture to those in his administration who believe that the United States has a moral obligation to put an end to brutality. He also made a gesture to those who don't want to go to war again. It was one of those smart moves that can blow up in a president's face when it turns out his assumption was wrong. Whether al Assad did launch the attacks, whether the insurgents did, or whether someone faked them doesn't matter. Unless Obama can get overwhelming, indisputable proof that al Assad did not -- and that isn't going to happen -- Obama will either have to act on the red line principle or be shown to be one who bluffs. The incredible complexity of intervening in a civil war without becoming bogged down makes the process even more baffling.

Obama now faces the second time in his presidency when war was an option. The first was Libya. The tyrant is now dead, and what followed is not pretty. And Libya was easy compared to Syria. Now, the president must intervene to maintain his credibility. But there is no political support in the United States for intervention. He must take military action, but not one that would cause the United States to appear brutish. He must depose al Assad, but not replace him with his opponents. He never thought al Assad would be so reckless. Despite whether al Assad actually was, the consensus is that he was. That's the hand the president has to play, so it's hard to see how he avoids military action and retains credibility. It is also hard to see how he takes military action without a political revolt against him if it goes wrong, which it usually does. Soon, we shall see.

(some comments herein were taken from an article by George Friedman of Stratfor)

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Past issues of the *Financial Crisis Report* can be found at the company website [www.miyoshicapital.com](http://www.miyoshicapital.com)



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