

CURRENT HISTORY

September 2005

Vol. 104, No. 683

CONTENTS

- 243 America's Bismarckian Asia Policy** *Eric Heginbotham and Christopher P. Twomey*
Realpolitik has its virtues. But not when it surrenders leadership of Asia's regional integration to China while exacerbating the rise of nationalist tensions.
- 251 Chinese Nationalism: Challenging the State?** *Peter Hays Gries*
Beijing only wishes it could control the public's nationalist passions, stoked increasingly—as in this spring's anti-Japan protests—through the Internet and cell phone.
- 257 Corruption, Growth, and Reform: The Chinese Enigma.** *Yan Sun*
How has China sustained record growth in the face of widespread corruption? It turns out that not all corruptions are alike. *First in a series.*
- 264 China's New Exchange Rate Regime.** *Barry Eichengreen*
Rebalancing the global economy will require a far more flexible currency than Beijing accepted with its modest rate adjustment in July.
- 268 Repairing China's Social Safety Net** *Athar Hussain*
The government is looking for ways to extend social security to rural residents, the new urban poor, and a growing elderly population.
- 272 Made in the P.R.C.: China's Consumer Revolution** *Amy Hanser*
With the emergence of free markets and consumer rights, consumption has become a mark of membership in—or exclusion from—Chinese society.
- 278 China's Environmental Challenge** *Elizabeth Economy*
Environmental woes imperil the country's vaunted economic growth. Will they also threaten the regime's hold on power?
- 284 Viva Macao?** *Joshua Kurlantzick*
Under communist rule, new casinos are transforming the former Portuguese colony into the gambling capital of the world.
- 289 The Fallout of a Nuclear North Korea** *Andrew Scobell and Michael R. Chambers*
Assuming that talks fail to separate North Korea from its nuclear weapons, the question then is: What will the neighbors think—and do?
- 295 Red Star over the Himalayas** *Chitra Tiwari*
Fragile Nepal's destiny lies in the hands of a fallible God-king, corrupt reformers, and Maoists who insist they are democrats.
- 300 Four Months in Review**
An international chronology, country by country, day by day, of events from April through July 2005.

CURRENT HISTORY

September 2005

“US policy is not achieving the goals set out for it. It is ceding regional leadership while seeding regional rivalry. It is missing opportunities to help shape the development of a new security environment through regional institutions and instead acting to exacerbate the rise of nationalism. . . .”

America's Bismarckian Asia Policy

ERIC HEGINBOTHAM AND CHRISTOPHER P. TWOMEY

America's policy in Asia is evolving from its twentieth-century, cold war past to something resembling not so much a new approach as one that would be familiar to any nineteenth-century statesman. It remains, as it was during the cold war, fundamentally “realist,” oriented around the maintenance of a balance of power. However, US policy has become less rigid than it was during the cold war and places a greater emphasis on maintaining maximum flexibility. Transitory partners, security relationships, and so-called coalitions of the willing have replaced allies as the principal units of action. Multilateral organizations, and to some extent formal alliances, are regarded as structures that inhibit the full exercise of American power.

While perhaps offering advantages in the pursuit of some short-term goals, America's focus on military tools and its instinctive suspicion of multilateral institutions are out of step with politics in Asia today and contrary to long-term US interests in the region. However “realist” in theory, this approach suffers from two critical weaknesses: it abdicates American leadership in shaping Asia's security environment, and its application enables nationalist agitation and contributes to regional tensions.

THE SEDUCTION OF POWER POLITICS

American policy makers have long been likely to identify themselves as “realists.” Senior members of the current administration are, however, realists of a more assertive character. For some, including President George W. Bush, the realpolitik practiced in the

late 1800s by the first chancellor of the German Empire, Otto von Bismarck, represents a positive model. Many view Asia, in particular, as having a variety of characteristics in common with Europe in the nineteenth century: underdeveloped international institutions, mixed domestic orders, rising nationalism, high but differential growth rates, and bitter, emotional rivalries between insecure neighbors.

For American policy makers, as for Bismarck, this environment offers fertile ground for the raw exercise of power politics: a heavy emphasis on the military tools of statecraft and fluid and rapidly shifting patterns of alignment emanating from the core state. In practice, US policy emphasizes cultivating partners to balance China, a country some American policy makers see as having parallels to Wilhelmine Germany. Ironically, it is Washington's present realpolitik policy that is more Prussian in nature.

America's Bismarckian approach is misguided. Even in the nineteenth century that approach led to decidedly mixed results. It temporarily strengthened Germany's position in Europe, but in the hands of later, less adept practitioners it led to the isolation and encirclement of Germany. This approach also contributed to the rise in nationalist sentiment that helped spark World War I. Not only does American policy risk producing similar results in Asia, it neglects two important aspects of the contemporary regional landscape.

First, Asian leaders are organizing and building new regional institutions to avoid precisely the sort of power politics that America is practicing. Progress has been tenuous but real, and most regional leaders are cautiously optimistic about Asia's future. As long as this remains true, American emphasis on balance-of-power politics will continue to meet with only limited success. Indeed, this

ERIC HEGINBOTHAM is a senior fellow at the Council on Foreign Relations. CHRISTOPHER P. TWOMEY is an assistant professor of national security affairs at the Naval Postgraduate School. The views expressed here are the authors' alone.

approach is likely to be undermined by regional players who are more interested in participating in economic integration and building regional communities than in divisive balancing behavior. Most troubling, it will also cede America's leadership role in Asia and limit America's ability to influence the future shape of regional institutions.

Second, US leaders do not appreciate the rising dangers of manipulated nationalism in East Asia. Increasingly over the past decade, political leaders have played nationalist cards and exploited local disputes to solidify their rule. This phenomenon does not revolve narrowly around China's rise and great power rivalry; Asian democracies have been as culpable as nondemocracies, and in both cases domestic political causes are often evident. Although the interests at stake are often more symbolic than critical, nationalism can shape the long-term development of threat perceptions. Unfortunately, US efforts to encourage more military activism on the part of some allies have the potential to exacerbate this problem.

In making this critique, we are not suggesting that US policy in Asia today is entirely characterized by realpolitik or that power politics and military calculations should play no part in future US policy. We recognize the countercurrents within the mainstream of American policy and also share an appreciation of the dangers that face the region. However, we are worried that US policy is not achieving the goals set out for it. The United States is ceding regional leadership while seeding regional rivalry. It is missing opportunities to help shape the development of a new security environment through regional institutions and instead acting to exacerbate the rise of nationalism in important regional states. The United States need not give up power politics entirely. But to remain effective, it must also participate in regional institutions, rein in nationalist agitation (even in allied nations), and reemphasize the nonmilitary aspects of international diplomacy.

ADDICTED TO BILATERALISM

While certainly not static, American policy toward East Asia remains powerfully shaped by the legacies of the cold war. The hub-and-spoke structure of bilateral alliances and loose economic institutionalism continue to provide the foundation for Washington's policy today. This approach has seen modifications since the 9-11 terrorist attacks on America, but these changes have further accentuated

the realpolitik aspects of US policy and dampened some of the internationalism of the earlier period.

Most centrally, the US approach is structured around bilateral relationships. As it has for decades, Washington has continued to coax allies to do more. Departing from business as usual, it has also varied its treatment of allies, sought to add informal allies to its roster, and adjusted its military deployments in the region. But these measures amount to adjustments at the margins of America's core hub-and-spoke model for its engagement in East Asia.

US dealings with Japan illustrate Washington's efforts to encourage a more active role from its allies. At Washington's urging, Tokyo has gradually shifted away from dealing with the defense of its home islands to other common regional and even global security concerns. In February 2005, a joint statement by Washington and Tokyo explicitly linked for the first time the alliance's interests with peace in the Taiwan Strait. Today, Japan is a regular partner in US military operations in the Middle East and is heavily

involved in the co-development of military technology.

The Bush administration has shown a greater willingness than

many past administrations to reward and punish even close allies for the degree of their support for current and rapidly evolving American policies. For example, while the United States remains committed to the defense of South Korea, President Roh Moo-hyun's disagreements with President Bush over North Korea strategy have taken a toll on the relationship, as have Seoul's deepening ties with China. While Japanese Prime Minister Junichiro Koizumi spends days at the Bush ranch during his visits to the United States, Roh was given only 45 minutes with the US president during his June 2005 visit. Canberra's stock in Washington, on the other hand, has risen as Australia has become a junior partner to the United States in Asia and beyond. Viewed from the region, US treatment of allies often appears arrogant and unpredictable.

US relations with Singapore and India, though not blessed with the holy water of formal treaty, have nevertheless taken on trappings of an alliance. Singapore is increasingly important to the American military presence in Southeast Asia. Changi Naval Base serves as a valuable logistics hub and waypoint for forces flowing through the region and has hosted American warships, including aircraft carriers, since 2001. In July 2005, Washington and Singapore deepened this relationship by signing a

US policy contributes, in the longer term, to precisely the instability that it seeks to manage.

security framework agreement with provisions for annual strategic talks, joint military exercises, and cooperation in military research and development.

Washington is also attempting to develop a proto-alliance with New Delhi. Some view India's bulk and posture as a counterweight to China. The appointment of Robert Blackwill, an advocate of an "Asian NATO," as ambassador to New Delhi in July 2001 marked one attempt to capitalize on this potential, as did the recent signing of the "New Framework for the US-India Defense Relationship." Thus far, the benefits to India from this outreach are clearer than New Delhi's willingness to play the role imagined for it in Washington. Material efforts to consummate the relationship with India have included offers by Washington to license co-production of advanced F-16 aircraft and to sell and cooperate in the further development of missile defense systems, as well as completed sales of counter-battery radars. Most recently, the Bush administration has agreed to provide advanced technical support for India's civilian nuclear program—never mind India's nuclear weapon tests in 1998. The offer marks a dramatic reversal of previous policy, under which Washington did not provide such assistance to states that are not part of the nuclear Non-Proliferation Treaty regime.

CASUAL COALITIONS

In addition to these bilateral initiatives, Washington has sought to organize ad hoc purpose-built "coalitions of the willing." In doing so, however, it has assiduously avoided the full institutionalization of these groupings. Perhaps the best example is the so-called six-party talks designed explicitly and solely for the purpose of addressing the North Korean nuclear issue. In addition to the United States and North Korea, the group includes North Korea's most important sources of aid and trade: South Korea, Japan, China, and Russia. Needless to say, this assemblage is not restricted to formal allies. Its meetings are irregular. There has been much talk of institutionalizing some variant of it (presumably minus North Korea) as a regional forum that would stand beyond the resolution of the nuclear crisis. However, the idea has had little apparent support inside the administration, especially since the departure of Secretary of State Colin Powell and his deputies from the State Department.

Another example is the Proliferation Security Initiative (PSI). Ostensibly, the PSI's purpose is to strengthen the enforcement of existing laws on air and, especially, maritime traffic to impede the proliferation of weapons of mass destruction. Many regard it as primarily a vehicle aimed at North

Korea. What is most notable about the PSI is its very lack of formality. Originally based on a statement of principles by a handful of nations in September 2003, the PSI is often referred to as "an activity, not an organization." Under its rubric, nations participate in various exercises or operations essentially on an *à la carte* basis. Notably, despite its present focus on North Korea, currently neither South Korea nor China actively takes part.

Other coalitions of the willing have been organized for the tsunami relief effort at the end of 2004 and the war on terror in Southeast Asia. Shortly after last year's tsunami, Washington quickly organized a "core group" of nations most capable of providing humanitarian assistance outside of the usual institutional channels of the United Nations. For more than a week, this core group essentially served as the sole coordinating body for relief efforts. Only later was that mission turned over to the UN. In the case of the war on terror, Washington originally funded a Regional Center for Counterterrorism, established in Kuala Lumpur in 2003, but it no longer participates in it. Because of the extreme sensitivity of Southeast Asian governments to American involvement in the global war on terror, most of Washington's coordination has instead been undertaken through relatively quiet, bilateral engagement with individual governments, or, in the case of port and airport security, through the Asia-Pacific Economic Cooperation forum (APEC).

One area of American policy that traditionally has not been organized around bilateral relationships has been its multilateral and global promotion of economic openness. But for a variety of reasons, this penchant has fewer outlets and receives less attention today than it did during the cold war. The Doha round of World Trade Organization talks has bogged down despite America's best efforts. Meanwhile, APEC, the primary American vehicle for promoting regional openness, no longer enjoys substantial support in the region. This is a result in part of Washington's pressure on the group to focus more on security issues. But it also is a consequence of APEC's expansion to Latin America—a move pushed by Washington but unpopular in Asia—and the development of indigenous institutions in Asia. These shifts have undermined the major element of American policy that used to fall outside of the traditional balance-of-power approach.

CEDING LEADERSHIP

In theory, America's Bismarckian Asia policy, with its emphasis on flexibility and power, has merit. It seems reasonably well suited to address some of the

challenges posed by North Korea's nuclear ambitions and Chinese policy toward Taiwan. However, in practice, America's reluctance to engage actively with multilateral institutions and its narrow military focus ignore new opportunities and dangers in the Asian environment and, as a consequence, are self-defeating. Opposition to America's balance-of-power approach to regional problems—and to the rise of China in particular—has limited US influence. Indeed, the American approach in Asia has created a leadership vacuum into which China can and has adroitly stepped.

One of the most important trends in Asia today is the rise of regional institutions. Foremost among these are progeny of the Association of Southeast Asian Nations (ASEAN): the ASEAN Regional Forum (with 24 countries, the principal forum for security dialogue in the Asia Pacific region); ASEAN+3 (ASEAN member states plus China, Japan, and South Korea); and the embryonic East Asian Summit (the potential next step in the evolution of ASEAN+3).

These institutions are in various stages of development, but taken together they enhance transparency, constrain or at least define acceptable norms of behavior, and address transnational problems. They are also beginning to consider the domestic political behavior of member states. More important, they are the locus of regional efforts for economic integration. Regional institutions and economic integration were central to the European Union's political development over the past 50 years, and many Asians hope for similar effects in their region over the next 50.

The United States is not entirely outside of this network of Asian multilateral institutions. It remains the driving force within APEC. Indeed, perhaps nothing symbolizes America's preoccupation with military security, especially its own, more than Washington's push to shift APEC's focus from economic issues to counterterrorism. Nevertheless, the charge of "American distraction" resonates widely in Asia. For instance, President Bush spent less than 24 hours in Australia during his first visit to that country in October 2003 and was heckled in parliament. Chinese President Hu Jintao, arriving shortly after the American president, spent two weeks touring the country, signed a number of economic agreements, and was fêted by a wide variety of groups. An almost identical sequence of events transpired during the 2004 APEC meeting in

Santiago, Chile. Most recently, Secretary of State Condoleezza Rice failed to attend the July 2005 ASEAN Regional Forum, prompting a chorus of regional complaints.

In contrast, China has actively embraced regional institutions, and thus enhanced its reputation and influence. In 1995, it initiated a dialogue among the so-called Shanghai Five (China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan), which met to discuss confidence-building measures and later evolved into the Shanghai Cooperation Organization. Beijing has been one of the most enthusiastic members of ASEAN+3. In late 2000, China began discussing a free trade agreement with ASEAN. To secure the success of those negotiations, in November 2002 it also signed a "declaration of conduct" with ASEAN covering activities in the South China Sea. In addition, it has taken a more active role in the Asian Development Bank and was the prime mover in the establishment of the

Boao Forum, Asia's answer to Davos. All of these initiatives can be grouped under the rubric of China's "new security con-

cept," which emphasizes cooperative (win-win) security, confidence building, and multilateral engagement.

The popularity China has garnered from these activities is no doubt also enhanced by the economic opportunities it presents to regional states. Over the past five years, Chinese trade has grown by an annual average of 27 percent. In the past two years, Japan and South Korea have reached symbolic crossover points: for each, trade with China now exceeds trade with the United States. China's trade with ASEAN is on course to do the same over the next year or two. Yet, without China's active engagement of multilateral institutions, its growing bulk might provoke more fear than admiration, much as it did during the early and mid-1990s. Beijing's multilateral engagement has enabled it to improve its material position and its image simultaneously. The fact that this engagement furthers Chinese interests does not make it any less welcome in the region.

REPUTATION MATTERS

In light of China's evolving international posture, America's balance-of-power politics has limited and arguably diminishing appeal. True, Japan has availed itself of the opportunity to move closer to the United States, and most regional capitals hedge their bets against future uncertainty by maintaining defense relations with Washington. However, most are reluctant to adopt rhetoric or take actions that

*us leaders do not appreciate the rising dangers
of manipulated nationalism in East Asia.*

hint at anti-Chinese intent. Even Australia, having recently sealed lucrative resource deals with China, is averse to offend its new partner. Canberra was cool to the idea of an Asian NATO as far back as 2001. More recently, Australian Foreign Minister Alexander Downer publicly demurred on whether a Sino-American conflict over Taiwan would require Australia to go to war in support of the United States. Southeast Asian leaders have been even less comfortable with efforts aimed too evidently at China. India also has hedged, signing a “strategic partnership” with China, even as it acquires advanced weapons from the United States.

More broadly, the contrast between American power politics and Chinese multilateral engagement has helped shift world and regional perceptions of both states. Globally, two recent surveys show that Beijing is regarded as a more constructive member of international society than Washington. Similarly, many among the South Korean elites inside and outside of government talk openly of China as a leader, and sometimes the most important leader, in Asia. These warm feelings toward China peaked in August 2004 when fully 80 percent of Korean lawmakers ranked China ahead of the United States as Seoul's most important trade and business partner. A 2005 survey by the Lowry Institute of International Affairs shows that, although 72 percent of Australians support the alliance with the United States, more of them view China favorably than the United States.

The American-led tsunami relief effort in 2004 provides a glimpse of an alternative way forward. It is the exception that proves the rule. In this case, the United States addressed a pressing local need and benefited massively in terms of goodwill gained. The United States proved that—in a real world crisis—the resources it could bring to bear were far greater than those of China or anyone else. American government aid was 10 times that of China, and almost twice that of Japan. The disparity is even wider if private contributions are considered. As a result, the 2005 Pew Global Attitudes Survey reports that 79 percent of Indonesians viewed the United States “more favorably” after the tsunami relief effort.

Two points make this case stand out. First, military assets were used for political-economic purposes instead of the reverse. Second, and perhaps more important, the United States did not capitalize fully on its success. Had an attempt been made to institutionalize the very effective cooperation led by the United States, Japan, India, and others, Washington would have been seen to be shaping future international relations, rather than simply responding to the weather.

Granted, US policy should not be geared primarily to appease mass audiences in Asia. American policy must serve American interests. However, policies that unnecessarily alienate potential partners and undermine America's ability to secure cooperation damage US interests. Public opinion matters. A decade ago, it forced the United States to abandon its bases in the Philippines. Today public sentiment in South Korea threatens to unravel its alliance with America.

Nowhere is public opinion more important currently than in America's relations with the Islamic world, including the Muslim nations of Asia. Indonesian President Susilo Bambang Yudhoyono had sought ways to improve ties with the United States, but had been limited by the Indonesian public's suspicion of US motives. In the wake of America's tsunami relief efforts, Yudhoyono pledged deeper cooperation on terrorism and has moved to arrest additional terrorism suspects.

AROUSING PASSIONS

There is, of course, no inevitability in the development of East Asian solidarity. Another possible path for the region is intensified competition. Perhaps the biggest drawback to America's Asia policy is that it fails to do much to lessen intraregional tensions and, at times, exacerbates them.

Although it has received considerably less analytical attention than regional integration, the rising incidence of manipulated nationalism by regional leaders represents a second, less propitious Asian trend. The US media have been quickest to highlight Chinese misbehavior in this regard, but it has also been evident in the actions of Taiwanese, South Korean, and Japanese politicians. Despite differences in historical circumstances and contemporary stakes, two important commonalities are evident. First, although national interests are usually at issue, they are often of a secondary or symbolic nature. Second, domestic political and social considerations appear to loom large in the motivation of key actors to engage in such rabble-rousing.

Both of these elements were on display in this year's surge in tensions between South Korea and Japan over the ownership of the Dokdo Islands (Japan refers to them as the Takeshima). Ownership of these 0.2 square kilometers of land does confer territorial fishing and mineral rights so the islands do have some material significance, but for the two industrialized nations involved, the relative economic stakes are paltry. Acquired by Japan at the conclusion of the Russo-Japanese War, the status of the islands was left unsettled by the San Francisco Peace Treaty

following World War II. In 1954, South Korea occupied the islands, but Japan has since continued to assert its sovereignty. Fast forward to March 2005: Japan's Shimane Prefecture Council passed an ordinance declaring February 22 as "Takeshima Day." South Korea's President Roh responded by vowing "a tough diplomatic war with Japan," and protesters tried to fire flaming arrows into the Japanese ambassador's home. In Korean politics, a tough stance toward Japan almost always plays well, and Roh's numbers rose after his declaration of diplomatic war. South Korea dispatched additional naval units to the islands, and Japan likewise sent heavily armed Coast Guard vessels to the area. In July, the South Korean navy christened its first amphibious transport—an 18,000-ton vessel with a flat helicopter landing deck that bears a striking resemblance to a light aircraft carrier—the *Dokdo*.

The *Dokdo* case is far from isolated. Japan is a participant in bitter disputes over no fewer than four groups of islands with three of its neighbors (South Korea, China, and Russia). The Senkaku Islands dispute (Diaoyu Islands for the Chinese) is similar in many respects to the *Dokdo* problem, with the added complication that activists from Hong Kong and Taiwan are involved along with nationalists from mainland China and Japan. Following the Japanese arrest of Taiwanese fishermen in disputed waters in June 2005, the Taiwanese defense minister and speaker of parliament boarded naval frigates for a protest cruise off the islands. Japan's Prime Minister Koizumi staged a similar photo opportunity in September 2004, embarking on a coast guard vessel and sailing near northern islands controlled by Russia but claimed by Tokyo.

In the familiar Sino-Japanese conflict regarding grievances from the past century, neither side is entirely blameless. Certainly Japan's treatment of its appalling imperialism in the 1930s and 1940s has been grossly inaccurate, and Tokyo deserves the blame for repeatedly aggravating the issue through official visits to the Yasukuni Shrine to Japan's war dead. However, China, too, manipulates nationalism, celebrating a mythological struggle by the Communist Party against Japan in World War II and changing its own textbooks in the late 1980s to stress Japanese atrocities, as well as to downplay both Japan's postwar democracy and its aid to China after 1972. Chinese media coverage appears to inflame deliberately the passions of the populace

against Japan and selectively exploits contemporary disputes to buttress the regime's legitimacy. "Rally 'round the flag" effects are useful to political officials in authoritarian countries as well as democracies.

SEEDING RIVALRY

The manipulation of nationalist sentiment by regional leaders and the various disputes it has driven impinge on US interests. Already, these grievances distract from critical issues. There is no question that, at key points over the past year, China, South Korea, and Japan have all been focused as much on their disputes with one another as they have been on resolving the nuclear crisis in North Korea. When Taiwanese President Chen Shui-bian's exploitation of identity politics and the island's sovereignty issue precipitated a storm across the Taiwan Strait in 2004, managing the crisis demanded intensive top-level attention by US officials when they might otherwise have been focused on North Korea or the Middle East. And South

Korea's disputes with Japan have pushed Seoul even closer to Beijing than economic interests or generational change alone would have done.

Washington's heavy emphasis on cultivating

security partners may, without the careful consideration and management of secondary effects, exacerbate the problem. Tokyo's more active military posture, for example, has been accompanied by increased historical revisionism and a rightward political tilt. At least two US government officials have publicly supported Japanese constitutional revision. Yet one set of draft amendments (sponsored by the ruling Liberal Democratic Party) includes language calling for government efforts to foster nationalist spirit. Even without an amendment, the Education Ministry has urged history textbook authors to tone down descriptions of Japan's wartime atrocities. Education Minister Nariaki Nakayama welcomed the demise of the term "comfort women" (that is, sex slaves) in these texts. Further, in a typical example of comments that undermine the perceived sincerity of Japanese apologies, Nakayama quoted a supporter's letter, in which the author suggested that sex slaves should be proud of having eased the unsettled minds of Japanese soldiers.

Although a more assertive nationalism may serve some US goals with regard to Japan, it carries costs. Most immediately, it undermines Japan's leadership potential in the region. To the extent that the United

The American approach in Asia has created a leadership vacuum into which China can and has adroitly stepped.

States is seen as aiding and abetting or ignoring Japanese chauvinism, it raises questions about the purpose and balance of US policy. Although not as sensitive to historical issues as South Korea or China, even some Southeast Asian foreign policy elites are asking their American counterparts why the United States remains mute. In the end, US silence on this issue may damage US interests more directly. Once Japan has broken its legal and constitutional bonds, America's instrumental utility to the Japanese Defense Agency and establishment conservatives will decline. At that point, whether Tokyo continues to act in concert with Washington will depend, in large measure, on the degree to which Japan remains a vibrant democracy.

US cultivation of India as a military partner also carries potential risks, particularly in its implications for stability along the "line of control" in Kashmir. US-manufactured counter-battery radar may give India a decisive edge in the frequent artillery exchanges across the line of control, and advanced F-16 fighter aircraft increase Indian capabilities for strategic attacks on both China and Pakistan. The impact on military stability is unpredictable, but the freer rein these capabilities give to Hindu nationalists is problematic.

Although the immediate stakes in many of these disputes may appear trivial, in any of them the rise of nationalist sentiment could lead to escalatory spirals or security dilemmas, where even defensive measures are interpreted by neighbors as offensive. American policy should actively counteract such sentiment rather than tacitly permitting it to flourish.

A MORE BALANCED APPROACH

None of this is to suggest that the United States should not continue to develop military ties with regional states. Indeed, US policy has scored some important achievements in this regard. A number of states in Asia have become global military partners. South Korea and Japan have deployed troops to Iraq. Australian forces have engaged in combat operations in both Afghanistan and Iraq. New arrangements with Singapore have added substantially to American military agility and global reach. Within the region, robust partnerships provide a hedge against future trouble.

These successes notwithstanding, America's rigid and narrow focus in Asia on balance-of-power alignments and military security incurs significant costs. First, it limits the American role in the region to *only* a hedge against uncertainty, rather than making the United States a central player in ongoing efforts to shape the regional economic and political order. Sec-

ond, to the extent that US policy does not consider and address both the international and domestic by-products of military activism, it exacerbates regional tensions. It contributes, in the longer term, to precisely the instability that it seeks to manage. The problems with American policy toward Asia are not caused by inexorable changes in the structure of the international system, but rather are products of America's approach to the region.

The United States should make three adjustments to its Asia policy: supplement bilateral security relationships with active support for multilateral organizations; make a top priority of efforts to deepen liberal democracy in the region; and rebalance the overall approach to give the State Department an equal voice at the table with the Pentagon. Implementing each of these adjustments will require strong leadership to overcome bureaucratic inertia and entrenched ideologies.

First, the United States needs to take a much more active role in promoting (rather than subtly undermining or at best passively attending) the development of institutions in Asia. The deepening and hardening of ASEAN should be welcomed. Southeast Asia, the natural "Balkans of Asia," has proved to be the area most resistant to the pernicious trend of manipulated crisis and nationalism, and much of the credit must be given to ASEAN. US economic treaties should be offered to ASEAN as a whole, rather than negotiated piecemeal with its members. The United States should support the further development of the ASEAN Regional Forum and deepen security cooperation with ASEAN as a whole whenever possible. It should also work to develop more focused groupings that nevertheless include both key allies and China. The most obvious choices would be a more permanent and regular spin-off from the six-party talks on North Korea's nuclear program or an official version of the track-two (nongovernmental) Northeast Asian Cooperation Dialogue. These will not substitute for bilateral alliances in the region, but they will provide additional venues for American leadership.

Second, the United States should pursue a consistent democracy agenda in the region. In non-democratic states, it should support the development of civil society and legal reform, as well as pressing for elections. Washington should also hold its democratic allies to high standards of political and foreign policy behavior. It should not tolerate or encourage nationalist agitation, even if populist appeals would support the short-term goal of encouraging military activism. On the contrary, it is in Washington's broader interest to

encourage key nations (for example, Japan, South Korea, and China) to address their historic grievances regarding the legacies of World War II. Historical manipulation threatens the very sustainability of democracy in the countries that practice it, as well as international trust and stability. Given America's interests in Asia, it would likely get involved in any major war in the region, regardless of its cause. The United States should ensure that nationalism does not increase the probability of such conflict erupting.

Third, the United States should reemphasize non-military components of its foreign policy such as diplomatic, economic, cultural, and political tools. There are some indications that, with former US Trade Representative Robert Zoellick now serving as deputy secretary of state, US government engagement with Asia is broadening to include more attention to economic issues. Still much remains to be done to balance US policy. The 15-to-1 mismatch between military spending and financial support for all other aspects of foreign policy is enormous and counterproductive. More cultural exchange, economic openness (yes, even to investment from China), and social interchange would improve America's image and lessen popular opposition abroad to US leadership. Even deeper cuts in subsidies for primary industries could reinvigorate the promotion of global openness in World Trade Organization talks. Aid budgets should also be increased substantially. Finally, and perhaps most important, the State Department needs substantial increases in manpower and authority. American military commanders in many areas of the world act as pro-consuls. That befits a military imperialist power, not a nation that desires to lead more by example and "soft power" than by force.

None of these policies would be easy to implement, but the costs of continuing with Washington's outdated Bismarckian strategy are high. Western Europe has definitively transcended its nineteenth-century political order through institutionalized cooperation. Europe's enlightened policies produced economic integration, liberal domestic order in European Union states, and a sense of security and community. The United States has the wherewithal to help lead a similar process in Asia today. Can it wean itself from the seductive but destructive simplicity of anachronistic realpolitik-centered policies? ■

EAST ASIA IN FOCUS

China's Environment and the Challenge of Sustainable Development

Krishan A. Day, Ed.

"Filled with timely information and analysis... Highly recommended!"

—John L. Hokley,
President, National
Committee on
U.S.-China Relations

320 pages
0-7660-1470-7 Cloth \$78.95
0-7660-1471-6 Paper \$29.95

Chinese Foreign Policy Pragmatism and Strategic Behavior

Suifang Zhao, Ed.

"Skillfully elucidate[s] some of the pivotal policy dilemmas confronting China." —Jonathan Pollock,
U.S. Naval War College

328 pages
0-7660-1284-4 Cloth \$62.95
0-7660-1285-2 Paper \$28.95

At Cross Purposes U.S.-Taiwan Relations Since 1942

Ronald C. Birds

"Gives readers unique insights into the workings of U.S. relations with Taiwan" — Robert Sutler,
Georgetown University

304 pages
0-7660-1372-7 Cloth \$78.95
0-7660-1373-6 Paper \$27.95

Social Policy Reform in Hong Kong and Shanghai

A Tale of Two Cities

Linda Wang, Lynn T. White, and
Gai Shiran, Eds.

312 pages
0-7660-1311-6 Cloth \$68.95
0-7660-1312-4 Paper \$27.95



New

Korea at the Center Dynamics of Regionalism in Northeast Asia

Charles K. Anderson, Gillian Razoni, Samuel S. Kim, and
Stephen Kwon, Eds.

A fresh and stimulating appraisal of Korea as the key to the coalescence of a broad, open Northeast Asian regionalism in the twenty-first century.

362 pages
0-7660-1665-6 Cloth \$84.95

New

North Korea The Politics of Regime Survival

Young Woon Kim and
Hong Naek Kim, Eds.

A up-to-date analysis of the political context of Kim Jong-Il's regime maintenance, including both the domestic strategy for regime survival and North Korea's foreign relations.

312 pages
0-7660-1688-6 Cloth \$78.95

M.E. Sharpe

TO ORDER:

Call 800-541-6553

or 914-273-1800

Fax 914-273-2106