

US Role In Asia Under A New World Order

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It has become too common to state that America's role in East Asia and the Pacific is in transition. Indeed, it is widely known that the underpinnings of past US policy in Asia and the Pacific, as in other parts of the world, are subject to significant change. The strangely reassuring bipolarity of the Cold War world has given way increasingly to a much less structured new world order, where sometimes conflicting trends of economic competition, military instability, and political turmoil intersect and complicate US foreign policymaking.

1. The views expressed here are those of the author and not necessarily of the Congressional Research Service.

Few argue anymore that the US can pull away from Asia and the Pacific. Our economies have become increasingly intertwined; US economic well-being is increasingly dependent on foreign economic interchange. Asia has half of the top ten US trading partners. In 1990, Japan had \$65 billion in direct investment in the US, while the latter had more than \$17 billion invested in Japan. Some \$100 billion in US government securities held by the Japanese people helped to finance a substantial portion of the US budget deficit.²

Much has been made of US leadership in the multinational alliance opposed to Iraq's invasion of Kuwait; but US leaders are among the first to acknowledge the importance of Japan's financial contribution in this effort. China also was important in the Gulf crisis because it held crucial veto power in the UN security council. Both Asian states have significant roles to play in the post-war situation in the gulf, as the US labors to help restore order, rebuild destroyed economies, and establish arms limitation and regimes designed to foster regional peace and stability.

Meanwhile, the steady increase of Asian-American personal, cultural, and other interaction has grown to a level that affects all major aspects of American society. Large scale Asian immigration to the US since the 1960s has made Asian-American communities important social, economic, and political forces in most American states, and in national affairs. Students from Asian countries represent the largest groups of foreign students seeking advanced training and greater intellectual opportunity in the US. US travel to Asia for business, education, and tourism has been a steadily growing feature of American life.

In the wake of the Second World War, it was clear that the US played the dominant role in Asia and the Pacific. It shouldered the leading security role, nurtured the economies of allied and associated states, and fostered, to some degree, greater political pluralism. For several decades, the US relied on its dominant military and economic power in order to achieve its goals and to secure its interests in the region. Today, that situation has changed, posing new challenges for US policy. The change is brought about because of several factors including:

- The East Asian countries are becoming more powerful economically, exerting greater political influence in Asian and world affairs, and, to some extent, registering greater importance in world military affairs.
- The decline in the threat posed by the Soviet Union, and the related threat of communist infiltration/insurgency, means that many East Asian countries that had looked to the US as a security guarantor have less obvious incentive to seek its support against this declining threat to stability and security.

2. These figures were used by the US State Department officials in explaining the interdependence of the US and Japan. For a background see Robert Worden and Roland Dolan (eds), *Japan: A Country Study* (Forthcoming).

- The US government has less economic power at its disposal for Asia and the Pacific. Budget constraints sharply limit its military presence and foreign assistance levels. There are major competing US budget priorities coming especially from the instability in the Middle East. US leaders are also constrained to focus resources on domestic needs.

- The US private sector also has limited resources. It must focus on domestic priorities as well as seek foreign opportunities in an increasingly economically competitive and interdependent world.

Thus, at present, the US can no longer play the dominant role in the East Asia-Pacific region as it did in the past. Indeed, playing such a dominant role in the past sometimes led to costly mistakes, notably the protracted US conflict in Indochina. The US cannot afford more costly mistakes and yet it needs to remain involved in order to preserve important interests. American leaders need to use resources -- political, economic, military, and cultural -- effectively so that they will have the knowledge and the ability to decide when and how to accommodate, confront, or otherwise deal with East Asian-Pacific countries in the interest of important policy goals. To assist the formulation of an effective US policy, American leaders and public opinion need to answer the following questions:

- What are US interests in the current changing East Asian-Pacific environment?
- What directions do the US want to encourage developments in the region? What are its goals?
- What strategies can the US use to achieve these goals?

When looking at broad trends in US interaction with Asia, analysts see three overarching goals.³ First, the United States has remained concerned with maintaining a balance of power in the region that is favorable to American interests. This implies that US policy continues to oppose efforts at domination of the region by a power or group of powers hostile to the United States. Secondly, the United States has endeavored to advance its economic interests in the region through involvement in economic development and expanded US trade and investment. A third major goal has centered on American culture and values. It has involved efforts to foster democracy, human rights, and other trends deemed culturally progressive by Americans.

The degree of emphasis placed on these goals by US leaders has varied over time, as has the ability of US leaders to set priorities and organize objectives as part of a coherent national approach serving US interests.

Historians remind us that the roots of American policy in Asia go well

3. This analysis was strongly influenced by the work of Akira Iriye, especially a presentation he made on September 26, 1990, at the Woodrow Wilson Center for Scholars, Washington, D.C. on the issue of US-East Asian Relations.

back in time. During much of the 19th century, American-East Asian relations were characterized more by informal economic and cultural activities (e.g., trade, tourism, and missionary endeavors) than by formal geopolitical arrangements. The Spanish-American War saw US naval expansion and acquisition of Pacific possessions. American economic and military power grew as the US was transformed into a major world actor by the time of the First World War. The American experience in Asia had become as much military and economic as it was cultural. What was missing from US policy at this time was a sense of order among the various aspects of American-Asian relations. US actions in support of balance of power politics, trade, and political reform movements all went on together, but without a clear sense of priority or interrelationships.

President Wilson endeavored to provide a comprehensive vision of international affairs in which military, economic, and cultural aspects were integrated in order to establish a better world order. International peace would be maintained by a system of collective security, economic interdependence, and cultural change in order to promote democracy and human rights. To carry out such a foreign policy, the US would have to be willing to play a military role in cooperation with other nations. Economically, the US would make its resources available to open up world markets, to help other countries with loans, investment, and technology transfer, and to collaborate with other advanced nations for the development of less developed regions. Culturally, Wilson envisaged making use of US universalistic values and reformist ideas in order to transform world conditions.

The 1920s in many respects saw considerable progress toward fulfilling Wilson's goals in Asia, but the 1930s offered a stark reversal. Japan moved toward an autarchic military-backed development strategy for Asia, challenging basic US development and cultural ideals and threatening American security and economic interests. Japan's search for autarchy was related to the world economic crisis which undermined the Wilsonian system of global interdependence.

At first, Americans seemed to respond to the challenge of Japan, Nazi Germany, and others to the Wilsonian world order by a reversion to a traditional isolationist posture. Over time, however, President Franklin Roosevelt formulated what some viewed as a "new Wilsonianism." His approach recalled Wilson's commitment to an integrated world order, militarily, economically, and culturally. It averred that the US would be more willing to become militarily involved to preserve world order and balance. Economically, it would play a more direct role in emphasizing the open door policy and interdependence. Culturally, Roosevelt's "four freedoms" speech of January 1941, contained Wilsonian principles like human rights and self-determination. Significantly, it added such newly prominent values as social justice and racial equality.

The complications of the post-Second World War international situation and the start of the Cold War severely undermined Roosevelt's vision. Principles of economic interdependence, human rights, and democratization

remained American goals. But these were now subordinated to an overall strategic concept in which military confrontation between the US and the Soviet Union became the overriding framework for American policy. Asia became part of a global anti-Soviet coalition. American troops and bases were maintained in Japan, Korea, Philippines, and eventually Taiwan. Japan was encouraged to re-arm. Defense alliances were established with these countries and with Australia and New Zealand. The People's Republic of China was "contained," denied recognition and trade.

Military-strategic considerations of the Cold War provided the key to Asian international affairs and American-East Asian relations for at least two decades, from the 1950s to the 1960s. As the richest country on earth accounting for 50 percent of the world's income and industrial production at the end of the war, the US would spend billions of dollars and tens of thousands of lives to uphold the arrangement. One of the consequences of America's Cold War strategy was the economic growth of Japan, and later, the other newly industrializing countries (NICs) in Asia. American leaders thought that an economically healthy Japan would be the best guarantee against its falling under Soviet or Chinese influence. Washington helped Japan's re-entry into the international economic arena through membership in such organizations as the General Agreement on Trade and Tariffs and the International Monetary Fund. And the United States tolerated trade between Japan and China. While small in comparison with Japanese trade with the United States or Southeast Asia, trade with Japan steadily grew in importance for China because of the latter's increasing alienation from the Soviet Union. In retrospect, it seems remarkable that America was so supportive of Japanese economic interests.

In part, this was because the 1950s and the 1960s were periods of high US economic growth. Until at least the late 1960s, the US government seemed to judge that it could afford to engage in a costly military containment in Asia and elsewhere and to remain calm even as Japan and the European nations expanded their trade and industrial production and eventually came to challenge American economic supremacy.

The US withdrawal from Indochina, the US-China rapprochement, the US-Soviet detente in nuclear matters, and the oil shocks of the 1970s shook the foundation of the Cold War system in Asia. The United States incorporated mainland China into the Asian security system and turned to the Asian countries to contribute to their own defence. It expected Japan as well as the European countries to do more to help to restabilize international economic conditions. As the world entered a period of zero or minus growth combined with double-digit inflation, the US could no longer function as the hegemonic promoter of international economic transactions. Instead, it became much more concerned with safeguarding its own more narrow interests.

Significant gaps developed between the security and economic aspects of US relations with its allies especially Japan. As trade disputes grew, voices began to be heard within the US as to whether Japan was not taking advantage of American protection to get a free ride on its defense, and whether it should not contribute more to regional security. The policy of devoting no more than

one percent of the GNP on defense, and the 1976 "general guidelines for defense policy," the first formal enunciation on security matters by a Japanese Cabinet, reiterated Japan's commitment to a small-scale military force for purely defensive purposes. Some American officials began considering China as a more reliable potential ally.

The 1980s generally saw the US successfully adjust to and promote the political-military balance in Asia and the Pacific. American interests in democracy and human rights made surprising gains; and the US developed increasingly important economic relations with the dynamic East Asian economies. But the national indebtedness and a perceived decline in its economic competitiveness relative to the dynamic growth of Japan and other East Asian economies posed a host of economic policy problems for American leaders as they sought to adjust US relations with countries in the region.

Militarily, the success of the US armed forces buildup begun by President Carter and accelerated by President Reagan was of major importance. Taken together with the development of a closely collaborative US-Japanese security relationship during the tenure of Prime Minister Nakasone (1982-1987), the buildup allowed US officials greater leeway and assurance in dealing with security issues. In particular, the US established a policy consensus that lowered its past dependence on China in the strategic calculus and thereby reduced the incentive to make concessions on Taiwan and on other issues for the sake of keeping China supportive of US interests vis-a-vis the USSR.

The stability of the balance of power in Asia was reinforced by the more moderate Soviet foreign policy in the region following the coming to power of Mikhail Gorbachev in 1985. At a minimum, Moscow now seemed sincerely interested in easing tensions around its periphery, thereby gaining at least a temporary "breathing space" in which to revive the ailing Soviet economy.

Economically, the 1980s were truly remarkable for Asian countries. Starting the decade with barely 10 percent of the world's output, the Asian nations -- including Japan, China, the NICs, and the Association of Southeast Asian Nations (ASEAN) countries -- by the late 1980s accounted for close to 20 percent. Their combined export trade expanded rapidly, increasing from 15 percent of the world's total to 25 percent by 1988, and they recorded huge surpluses with the US (\$27 billion in 1981, \$105 billion in 1987). American trade with these countries far surpassed that with the Europeans. The Asian economies grew more rapidly than those of other parts of the world, and their funds began to pour into the US to finance part of its deficits. America and Asia, in other words, were economically more interdependent than ever.

But this economic interdependence was seen by many as exacerbating a perceived decline in US power -- a source of concern to many Americans. America's ability to counter Soviet power and promote economic growth and political stability abroad was based heavily upon US economic strength and its willingness to make economic "sacrifices" to achieve military and

political goals. A large if fluctuating military budget, a substantial foreign aid program, and a willingness to allow the exports of other countries greater access to its market were regarded as prices that could be paid without undue sacrifice by most Americans. US economic dominance eroded somewhat in the 1970s, and in the 1980s America's economic position was seen by some to be so seriously weakened that its long-term ability to sustain its role in the world was cast into doubt.

These adverse economic trends occurred for many reasons. Economic progress abroad, especially in East Asia, intensified competitive pressures to a level America had not experienced since before the Second World War, when foreign trade had a much smaller impact on the US economy. But many of the causes were homegrown. Educational standards had declined, as had product quality, and businessmen gave increasing priority to short-term profits and financial mergers. Investment levels were inadequate for a more competitive international environment, and America's already low levels of savings declined, especially as a result of the rising federal budget deficits. The dollar soared, and with it the trade deficit, greatly increasing the pressures for protectionism.

The rapid economic growth of Asia provided a basis for ever increasing cultural and other informal US-East Asian interchange. Many in Asia were impressed by the representative, pluralistic political decision-making process used in the West, and they pressed for similar political reforms in several heretofore authoritarian Asian states. The widely perceived failure of communism to bring substantial material gains added to the anti-authoritarian trends in several countries. Major political liberalization took place in the 1980s in the Philippines, Korea, Taiwan, and Mongolia. Upsurges of demands for democratic reform also swept China and Burma, but were suppressed by force.

The collapse of communism in Eastern Europe, the thaw in US-Soviet relations, and the progress toward democracy and political reform in several East Asian and other states reinforced American interest in pursuing closer interaction with reforming Asian countries. It made cultural elements a more important consideration in the making of American foreign policy. A case in point was seen in the US reaction to the Chinese government's crackdown on the Tiananmen demonstrations in June 1989.⁴ Determined to remain constructively engaged with the Chinese leaders despite his condemnation of their crackdown, President Bush attempted to hold policy in his own hands and resorted to secret diplomacy, special treatment, and other exceptions from a more normal pluralistic US decision-making process.

In contrast, the American people, media, interest groups, and, to a considerable degree, US legislators traditionally place a strong emphasis on morality or values as well as realpolitik or "national interest" in American foreign policy. The Tiananmen massacre sharply changed American views

4. See among others, *Current History*, September 1990.

about China. Instead of pursuing policies of political and economic reform, the leaders in Beijing were now widely seen as following policies antithetical to American values and therefore as unworthy of American support. Rapidly changing US-Soviet relations also meant that there was no longer a realpolitik or national security rationale of sufficient weight to offset the new revulsion with Beijing's leaders and their repressive policies.

The other side of the world, meanwhile, saw political, economic, and security changes that attracted wide and generally positive attention from the American people, media, interest groups, and legislators. Eastern Europe and the Soviet Union were increasingly following policies of reform in their government structures and economies that seemed to be based on values of individual freedom, political democracy, and free enterprise cherished in the US. As a result, American groups tended at times to push their government decision-makers to be more forthcoming in negotiations and interaction with their East European and Soviet counterparts involving arms control, trade, foreign assistance, and other matters.

The importance of this shift in domestic US opinion regarding China and the Soviet bloc countries appeared to be of greater significance than it might have been in the past in determining the course of US foreign policy. Since the start of the Cold War, the executive branch had been able to argue, at times quite persuasively, that such domestic US concerns with common values should not be permitted to override or seriously complicate realpolitik US interests in the protracted struggle and rivalry with the USSR. Now that it is widely seen that the Cold War is ending and the threat from the USSR is greatly reduced, the ability of the executive branch to control the course of US foreign policy appears somewhat less. The administration could no longer argue that the dangers of Cold War contention and confrontation required a tightly controlled foreign policy.

Debate Over US Policy Today

There is little on the horizon to suggest that the recent series of changes affecting American policy toward Asia and the Pacific will halt soon. In particular, the movement away from a Cold War framework, in which security interests held first place, will likely continue. Considerations of economic competitiveness and political values and culture will have more importance in US policy.

What is very unclear, however, is how these different goals and objectives will affect US policy at any given moment. Sometimes, US policy will appear to give great emphasis to ideology -- as it did during the debate over sanctions against China in 1989. But the same US policymakers can appear quite pragmatic in the face of a perceived need to protect US security interests in a dangerous situation. Thus, there was little outcry about resumed high-level US-Chinese contacts in the fall of 1990, as observers recognized the US need to remain on reasonably good terms with China in order to secure

its support for UN Security Council resolutions against Iraq's invasion of Kuwait.

It also appears likely that US policymakers will have a difficult time formulating a new vision of Asian policy similar to those of Wilson and Roosevelt. US priorities will change depending on a number of key variables including the status of reform and cohesion in the Soviet Union; Japan's willingness to contribute to international efforts to promote stability and development; China's leadership and political crises; and US ability to come up with effective ways to prosper and develop in the increasingly competitive international economic environment.

Against this background of change and uncertainty, there exists today an important debate in the US over the appropriate approach to the emerging "New World Order." A wide range of opinion is voiced across a broad policy spectrum. At present, one can delineate two major poles of opinion on opposite sides of the spectrum.

On one side are leaders whom I will call "realists." They see a need for US policy toward Asia and the Pacific which calls for the US to work harder to preserve important interests but with fewer resources and less influence available to do that job. These leaders' review of recent developments causes them to expect further changes in world affairs, sometimes in unexpected ways. And they see relatively limited or declining US power and influence to deal with those changes.

They stress in particular several "realities" governing the current approach to Asia and the Pacific:

1.) US attention to Asia and the Pacific has been diverted by developments elsewhere in the world and by the need to focus on pressing domestic problems.

2.) US government decision-making will remain difficult because of the likelihood that the executive branch will remain in the control of one political party and the Congress in the control of another party.

3.) The US government and private sector have only limited financial resources to devote to domestic and foreign policy concerns.

4.) The priorities in US policy toward the region will remain unclear. Security, economic, and cultural-political issues will vary in receiving top priority.

5.) There remains no obvious international framework to deal with regional issues. US policy will use a mix of international, regional, and bilateral efforts to achieve policy goals.

Under these circumstances, the "realists" see a strong need for the US to work prudently and closely with traditional allies and associates in the region. Their cautious approach argues, for example, that it seems foolish and

inconsistent with US goals not to preserve the long-standing good relations with Japan and with friends and allies along the periphery of Asia and in Oceania. Their security policies and political-cultural orientations are generally seen as in accord with US interests.

Opinion surveys claim that the American public and some leaders see Japan as an economic "threat" to their well being, surpassing the military threat posed by the Soviet Union. But few support the argument that it is now in America's interest to focus its energies on the need to confront the Japanese economic threat, in a way that confrontation with the Soviet Union came to dominate US policy during the Cold War.

This is not to play down the difficulties the US leaders will face in forming an appropriately balanced policy toward Japan. The recent failure in US-Japanese relations during the Gulf crisis seems to have important lessons for US policy. Some have seen Japan's reaction to the Gulf crisis as proof that the Japanese political system is incapable of actions other than those narrowly designed to insure its economic dominance in world affairs. But others see a more complicated picture where American leaders held unrealistic expectations of Japan. They aver that future US-Japanese burden sharing arrangements over international issues could work to America's advantage, provided the US works closely and incrementally with the Japanese government.

Caution is in order in anticipating future US relations with other major regional actors-- the Soviet Union, China, and India. All three are preoccupied with internal political-development crises. None appears to be seeking to foment tensions or major instability in the region. All seek better ties and closer economic relations with the West and with the advancing economies of the region. In the view of the "realists," US policy would appear well advised to work closely with these governments wherever there is possible common ground on security, economic, or political issues.

For a time in the 1970s, it appeared that US policymakers had allowed the preoccupation in the Soviet threat to lead to the formulation of an Asian policy that relied heavily on close collaboration with China. But in the late 1980s, close US-Soviet relations, especially between Secretary of State Baker and Soviet Foreign Minister Shevardnadze, took on new salience in determining US policy toward the region. For the 1990s, the political and economic uncertainties surrounding both communist regimes make it imprudent for US policy to rely heavily on either Beijing or Moscow. A cautious *modus vivendi* and exploitation of mutually advantageous common ground seem to provide the best policy in dealing with both communist regimes in Asia in the period ahead. Meanwhile, the uncertainties surrounding the political future of the Indian government and the traditionally low level of US interest in the subcontinent argue for a low key posture in this area as well.

In considering assets available to influence trends in the region, "realists" call on US leaders to go slow in reducing US military presence in

the region. The economic savings of such a cutback would be small; the political costs could be high in as much as most countries in Asia have been encouraging the US to remain actively involved in the region to offset the growing power of Japan or the potential ambitions of China or others.

Meanwhile, on the other side of the admittedly quite fluid US policy debate are people whom I will call "idealists." This school of thought judges that US policy needs to more strongly and actively promote its political, military, and economic worldview; to press those countries that do not conform to its view of an appropriate world order; and to lead strongly in world affairs, attempting to avoid compromises and accommodations with others that would reduce the impact and strength of its leadership.

This school of thought has always been present in American politics. But it appears far stronger today than at any other time since at least the 1960s for several reasons:

- Impact of Reagan policies -- After a prolonged period of introspection and doubt following the Vietnam War, the oil shock and the Iran hostage crisis, US opinion became much more optimistic about the US and its future after the two terms of Ronald Reagan.⁵

- Victory in the Cold War -- This represented a great accomplishment for the US-backed system of collective security and for its political and economic values.

- Persian Gulf war -- US military doctrine, equipment, and performance were strong; its ability to lead in a world crisis also appeared strong.

- Economic developments -- Although the US is seen as facing still serious economic difficulties, many analysts are now more optimistic about its ability to recover.

- Values-culture -- The US is seen as better positioned than any other country to exert leadership in all major areas of cultural influences: ideas and values, political concepts, lifestyle, popular culture.

Further giving impetus to this school of thought is the perception of a power vacuum in the world, in which the US is more free to exert its influence. In particular, the Soviet Union, China, and India are seen likely to remain internally preoccupied for some time. Japan and Germany are economically powerful but politically uncertain as to how to use their new power. Moreover, these countries are not as culturally influential as the US.

In recent years, the idealists have been most vocal in pressing their concern for a strong US policy in support of democracy and human rights. In this regard, they have sometimes argued for a more active foreign policy, leading some countries to view US policy as illegitimate interference in their internal affairs. The idealists have also reinforced the strength and determination

5. Interview with Reagan administration pollster, Washington, D.C., September 1989.

of the US against economic or trading policies of other countries that harm it; and they have reinforced strongly the policy against the proliferation of weapons of mass destruction.

In looking to the future, it is hard to say whether US policies will tend more toward realistic or idealistic tendencies. The euphoria in the West over the failed August 1991 coup in the USSR almost certainly will strengthen those who call for a firmer stance in support of democracy and human rights. A reformed Soviet government could emerge as a powerful partner of the US in pursuing common political ideals, limiting arms proliferation, and other matters. But there remains much uncertainty in predicting future world events. There is considerable likelihood that US policy for some time to come will move, sometimes erratically, between the tendencies favored by realists and those favored by idealists.