

**GEORGE W. BUSH AND ASIA:
A MIDTERM ASSESSMENT**

Edited by

Robert M. Hathaway

and

Wilson Lee



**Woodrow Wilson
International
Center
for Scholars**

Asia Program

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Essays by:

**Andrew J. Bacevich
Kurt M. Campbell
Nayan Chanda
Catharin E. Dalpino
Harry Harding
Frank S. Jannuzi
James A. Kelly
Henry R. Nau
Janne E. Nolan
Jonathan D. Pollack
Hilton L. Root**

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INTRODUCTION

ROBERT M. HATHAWAY

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Robert M. Hathaway is director of the Asia Program at the Woodrow Wilson Center. Prior to assuming his current position, he served for twelve years on the professional staff of the International Relations Committee of the U.S. House of Representatives, where he specialized in American foreign policy toward Asia. Dr. Hathaway has authored three books and numerous articles on U.S. foreign policy since 1933.

The United States increasingly looks westward, across the Pacific, toward the vastness of Asia. American goods and capital flow west, creating jobs for U.S. workers and profits for U.S. firms. The eastward flood of commerce from Asia is more impressive still; U.S. consumers seem unable to get enough of the automobiles, computers, toys, and T-shirts churned out by Asian factories. One hundred thousand American troops are based in Asia, keeping a wary eye on three of the spots usually described as among the world's most dangerous flashpoints—the Taiwan Strait, the Korean peninsula, and the Indo-Pakistani border. Asian students study in American colleges and universities in ever larger numbers, with many settling in the United States after graduation. What was once a trickle of Asian emigration to American shores has become a floodtide, as refugees from political repression and economic hardship alike look to America for new opportunities and a fresh start. To a degree unimaginable two generations ago, the United States has become a Pacific, even an Asian, country.

The midpoint of George W. Bush's presidential term offers an opportune moment to take stock of the administration's Asia policy.

- What is the administration's vision of Asia?
- How does it conceptualize American interests in the region and the U.S. role in Asia?

- What have been the defining characteristics of the administration's policy toward Asia?
- Its principal achievements? Its shortcomings?
- To what extent have the events of September 11, 2001, shaped, dominated, or skewed the administration's approach to the region?
- Has the Bush administration correctly identified the most important issues on America's Asian agenda?
- Are there important gaps in the administration's view of Asia?
- To what extent does its vision of Asia parallel the vision held by the peoples and governments of the region?

The Woodrow Wilson International Center for Scholars hosted a day-long symposium on December 11, 2002, to explore these and similar questions. Administration officials, former policymakers, scholars, and analysts sought to step back from the debates of the moment and begin the task of placing the administration's policies into broader perspective. This volume represents an effort to share with the larger community of Asia-watchers some of the conclusions offered at the Wilson Center conference.

For the purposes of both the symposium and this report, "Asia" means East and Southeast Asia. This is an artificial and rather arbitrary definition, of course, and indeed, the Wilson Center has devoted considerable effort in recent years to encouraging scholars to study connections and interactions among all the regions of Asia. Nonetheless, any proper consideration of U.S. policy toward South and Central Asia over the past two years would inevitably introduce a set of issues that are different from, and in some instances peripheral to, the issues that have been most central to the administration's approach to East and Southeast Asia. Rather than risk an analysis that becomes diffuse and unwieldy, we have opted for a more limited geographical focus, while acknowledging the incompleteness of the picture that emerges.

UNANTICIPATED CONTINUITIES

In looking at the Asia policies of George W. Bush over the past two years, what is perhaps most striking—as a number of the essays here make clear—is the extent to which neither the expectations of Bush's support-

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ers nor the fears of his detractors have been met. Recall, if you will, what Candidate Bush and his closest associates during the 2000 presidential campaign had to say about Bill Clinton's Asia policy, and how a President Bush would reorient the American approach toward Asia. For better or for worse, it has not worked out that way.

A President Bush, the American voter in 2000 was told, would restore balance to America's Asia policy by shifting away from Clinton's China-centric approach. A Bush administration would revitalize the U.S.-Japan alliance and return it to its proper place as the cornerstone of American policy in the region. Taiwan would be restored to its rightful status as a friend and sister democracy, and Clinton's shameful coddling of the communists in Beijing would be summarily halted. A Bush administration would quit appeasing North Korea with ill-advised agreements such as the 1994 Agreed Framework. Instead of rewarding bad behavior with further concessions, as the Clinton administration was said to have done, Washington would use the leverage of its great power to compel North Korean good behavior. And just to hedge its bets, a Bush administration would push ahead on ballistic missile defense far more vigorously than Clinton had done.

Now, two years later, where are we? The U.S.-Japan alliance is not noticeably more robust today than it was in November 2000, nor the U.S.-China relationship more adversarial. Bush hosted the Chinese leader, not the Japanese prime minister, at his Texas ranch. After a shaky start, the tone and content of U.S.-China relations is not all that different from Clinton's final years in office. Note, for instance, the assertion in the president's September 2002 *National Security Strategy* that "We welcome the emergence of a strong, peaceful, and prosperous China. . . . The United States seeks a constructive relationship with a changing China."¹ How, one might reasonably ask, does this differ from the Clintonian assumption that trade and engagement would encourage China's liberalizing tendencies and promote freedom and democracy? The two nations have recently reestablished military contacts, which were suspended at the time of the EP-3 crisis in the spring of 2001. Neither the White House's decision to speed up deployment of ballistic missile defenses nor its continual pushing of the envelope on Taiwan has drawn more than perfunctory protests from Beijing, notwithstanding earlier warnings from many Asian experts that either step would greatly complicate ties with China.

Until this past October, when Assistant Secretary of State James A. Kelly informed the North Koreans that Washington possessed hard evidence of Pyongyang's secret enriched uranium program, the administration's handling of North Korea had—for all the rhetorical differences captured in the “axis of evil” phrase—retained many of the underpinnings of Clinton's policy. Engagement with the North, not containment or isolation, was the stated objective of the Bush approach. Diplomacy and negotiations, not a military solution, were the preferred means of dealing with North Korea. U.S. food assistance flowed as before. Even the Agreed Framework, so roundly condemned by Republicans during the Clinton years, was maintained, along with U.S. shipments to North Korea of heavy fuel oil as required by the accord.

North Korean developments during the final three months of 2002, however, have led to a series of major policy shifts in both Pyongyang and Washington, and anxieties about the direction of events on the Korean peninsula stand in stark contrast to the hopes of two years ago. We now understand, of course, that those optimistic expectations were founded on a lie—that North Korea had abandoned its efforts to obtain a nuclear weapons arsenal. But as the year 2002 came to a close, administration spokespersons remained remarkably low-key in their descriptions of worrying developments on the peninsula—refusing, for instance, to use the term “crisis” (and provoking conservative columnist Charles Krauthammer's retort that “when the secretary of state goes on five Sunday morning talk shows to deny that something is a crisis, it is a crisis”).²

As the year ended, North Korea consciously escalated tensions by asserting its right to possess nuclear weapons, expelling International Atomic Energy Agency inspectors from its Yongbyon nuclear facilities, breaking the IAEA seals on its existing reactor, and threatening to withdraw from the Nuclear Non-Proliferation Treaty. Only direct talks with the United States, Pyongyang insisted, would keep it from moving forward with all possible speed to produce the plutonium that could, in a matter of months, provide North Korea with a small nuclear arsenal. The Bush administration, on the other hand, maintained it would not reward bad behavior by negotiating with the North Koreans. As Assistant Secretary **James Kelly** told his Wilson Center audience on December 11, “we have no intention of bargaining with North Korea or offering inducements to convince the regime to live up to the international

treaties and agreements it has already signed.” Such a stance, Senate staffer **Frank Jannuzi** argues, while appearing reasonable, does not constitute an adequate policy for “the only place on Earth where the United States might go to war tonight.”

IMPACT OF 9/11

As George W. Bush reaches the halfway point of his presidential term, Americans remain preoccupied with the unfinished business of bringing to justice those responsible for the tragedies of September 11, 2001. This task as well has drawn American attention to Asia. It was southwest Asia, where medieval clerics had imposed a rule of theological obscurantism on the people of Afghanistan, that offered hospitality and encouragement to the authors of the September 11 attacks. More recently, Southeast Asia has assumed the dubious distinction as the second front in the war against terrorism, a label tragically justified by the October 2002 bombings in Bali.

A year after the suicide attacks on the World Trade Center and the Pentagon, analysts were still describing September 11, 2001, as “one of the great and awful hinge moments of history.”³ But was 9/11 a transforming event for U.S. policy in Asia? The essays offered here do not agree. **Andrew Bacevich**, struck by the continuity in policy from Clinton to Bush, contends that September 11 simply reinforced the administration’s “preference for the status quo in Asia. . . . the day said to have changed everything left much intact.” Similarly, Jannuzi writes that 9/11 merely strengthened administration officials dealing with North Korea in their resolve not to be flexible.

The majority of the scholars presented in these pages, however, find that the events of 9/11 had a transforming impact on U.S. Asian policies. The September 11 attacks constitute a “dividing line,” **Jonathan Pollack** writes. “The administration’s long-term Asian agenda has been subordinated to America’s multiple, overlapping campaigns against international terrorism, the looming possibilities of war with Iraq, and mounting concerns over the proliferation of destabilizing technologies and materials.” Nor is it only U.S. policy that 9/11 has recast. September 11 shook up old alignments and relationships throughout Asia, as each of the region’s countries was forced to rethink its ties to an angry and assertive American

nation intent upon defeating the scourge of terrorism. As the *National Security Strategy* observed, “the attacks of September 11 energized America’s Asian alliances.”⁴ Japan, Australia, Thailand, and the Philippines, all formal alliance partners, have experienced new levels of consultation and cooperation with Washington in the aftermath of 9/11, as have Singapore, Indonesia, Malaysia, and other Asian countries not formally allied with the United States.

Put baldly, September 11 and the resultant war against terrorism has come to overshadow all other aspects of American policy in Asia. This absorption with counterterrorism is reflected in the new stability, even warmth, in Sino-American relations, although there had been movement in this direction prior to 9/11. September 11 brought an end to the sterile debate on whether China should be seen as a “strategic partner” or a “strategic competitor.” One now rarely hears the China-bashing that was a staple of the rhetoric used by Bush administration officials in the years before they assumed office. Instead, the United States fulfilled a long-standing Chinese wish by labeling the East Turkestan Islamic Movement a terrorist organization, despite doubts voiced by European governments and human rights activists as to the existence of meaningful links between the Uighur separatists and Al Qaeda—and notwithstanding Bush’s own warning, during the 2001 Asia-Pacific Economic Cooperation (APEC) meeting in Shanghai, against using the war on terrorism as a pretense for cracking down on political dissenters.

This same preoccupation with terrorism best explains Bush’s handling of Indonesia as well. The administration has not tried to mask its keen desire to re-engage with the Indonesian military, despite the latter’s dubious human rights record. Critics, including several writing here, charge that the administration has abandoned any real effort to balance American strategic interests in Indonesia with a concern for promoting democracy and the observance of human rights. On the other hand, **Nayan Chanda** points out that Washington’s emphasis on fighting terrorism and the threat of being placed on the U.S. terrorist list provided the shove the separatists in Aceh needed to enter into serious negotiations with Jakarta, and led to the peace accord negotiated in December 2002. While it is too early to judge whether the agreement will hold, it does represent the most promising hope for peace in Indonesia’s troubled westernmost province in several decades.

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More generally, in its single-minded focus on terrorism, the administration has sometimes been in danger of subordinating other aspects of America's traditional Asian agenda, in addition to the democracy and human rights concerns voiced by opponents of Bush's policies toward China, Indonesia, and Malaysia. The administration has, for instance, paid inadequate attention to the continuing economic difficulties of the region, even when a case can be made that a linkage exists between economic hardship and political instability. It has given short shrift to working with existing regional institutions and multilateral mechanisms to promote sustainable development, the rule of law, accountability, transparency, and civil society. It has neglected pressing transnational challenges associated with environmental degradation. And it has continued a longstanding American habit of ignoring countries, such as Burma, Cambodia, and Laos, that do not fit into whatever happens to constitute the Washington preoccupation of the moment.

Two other aspects of Bush's Asia policy also merit notice. Somewhat surprisingly, the administration's economic and financial policies for Asia are in important respects still haphazard and ad hoc. The White House has capitulated to domestic economic interests by raising tariffs, thereby dismaying its trade partners and undercutting its free trade agenda. It has acquiesced in Japan's unwillingness to address the serious economic and financial issues that erode the stabilizing influence the world's second largest economy can play in the region. It has not been sufficiently forceful in urging other key regional players, such as China and Indonesia, to deal seriously with their own structural difficulties. It has displayed minimal interest in working with the Asian Development Bank and other regional institutions with an economic or developmental focus. As Bush appointee **Hilton Root** asserts, on matters involving the international financial institutions, the multilateral development banks, and Paris Club procedures for indebted nations, "the Treasury Department was on automatic pilot." With Japan missing in action and the United States distracted by the war on terrorism, Root warns, China is filling the "leadership gap" on regional economic issues.

The stability of several of America's most important Asian alliances is also questionable, but the past two years have seen successes as well as setbacks in alliance management. Thanks to their shared interest in combating terrorism, relations between Washington and Manila are closer today

than anytime in the past decade. And as former Clinton State Department official **Catharin Dalpino** ruefully concedes, Bush's policies for Southeast Asia have won more support in the region than Clinton's. Since this favorable opinion reflects Washington's diminished interest in actively pushing democracy and human rights agendas, however, not everyone will find this an occasion for celebration.

The administration's hopes of forging a revitalized partnership with Japan, on the other hand, have largely been disappointed, a failure vividly underscored by Prime Minister Koizumi's path-breaking trip to Pyongyang hard on the heels of a Bush administration spokesman's description of North Korea as a country "you do not want to be associated with."⁵ September 11, writes **Henry Nau**, has served to reinforce existing "go-it-alone" tendencies in the administration and underscored the asymmetrical and ultimately unhealthy character of the U.S.-Japanese alliance. What is needed for all Washington's Asian alliances, Nau argues, is "a new approach based on the strategic concept of a democratic security community."

But it is the gaping—and growing—gulf separating Washington and Seoul that is most worrisome. **Kurt Campbell** (who was a high-ranking Pentagon official under Clinton) warns that the current anti-American feeling in Korea threatens vital U.S. interests far more than the anger that convulsed Okinawa in the mid-1990s, following the brutal rape of a Japanese schoolgirl by two American GIs. Nor will U.S.-Korean ties be helped by the widely held perception that the Bush administration clearly preferred the losing candidate in Korea's recent presidential election. One of the most pressing items on the Bush agenda for the early months of 2003 is to begin the tasks of repairing the breach in relations with Seoul and fashioning a relationship of trust with the new South Korean president, who in the recent past has boasted of his suspicions of the United States.

GEORGE BUSH AS STATESMAN

George Bush the statesman remains an indistinct figure in these essays, as perhaps fits a chief executive widely described even by friends as not one to immerse himself in detail. There is no reason to doubt, however, that his administration's Asia policies reflect his own preferences and preju-

dices. But few of the authors here find specific linkages between the president himself and particular policies—with the major exception of North Korea. In this case, Bush’s widely noted declaration of loathing for North Korean leader Kim Jong Il and his employment of the “axis of evil” phrase—a formulation that, whatever its putative merits, was diplomatically inept—have augmented North Korea’s already considerable paranoia and complicated the administration’s task of dealing with Pyongyang.

Nor do the domestic compulsions and interests driving the administration’s Asian policies receive much attention in these papers, with the exception of that by **Janne Nolan**. If George Bush’s business friends and Texas tycoons have much influence on the White House, one would not glean this from these essays. If the Religious Right, or human rights or anti-abortion groups, or ethnic blocs drive policy toward China, one would not learn of it here. In fact, one suspects that the silence on these matters simply reflects the fact that on the major Asia-related issues facing the administration, policy is more the result of internalized ideologies than external pressures. Only the references by several of the authors to the ABC (Anything But Clinton) factor suggest that the administration’s Asia policies may spring in part from domestic considerations.

Bush clearly enjoys more political space in which to operate than did his predecessor. Suppose it had been Bill Clinton who told the Chinese he was “very sorry” for the midair collision of an American surveillance plane with an overly aggressive Chinese fighter pilot. Imagine the Republican outcry had Clinton, following a Pyongyang acknowledgment of a clandestine nuclear weapons program, permitted another shipment of heavy fuel oil to the North. Would congressional Republicans have been so quiescent had it been Clinton who, having intercepted North Korean Scud missiles en route to Yemen, released the intercepted ship and permitted delivery of the missiles? To the contrary, each of these actions would have, at a minimum, drawn outraged cries of indignation from the opposition.

But as Kurt Campbell points out, the Democrats have largely ceded the field in the realm of Asia policy. The most interesting and meaningful debates, Campbell asserts, are within the administration, pitting hardliners in the White House and the Pentagon against a less hawkish State Department. These two camps have battled over policy toward China,

Taiwan, North Korea, missile defense, and other issues. That the hardliners have frequently prevailed in these intramural disputes has been both facilitated and confirmed by their success in easing out of government career nonproliferation and regional experts of moderate or no-longer-acceptable views.

Reflecting this ascendancy of the hardliners, several of the authors here regret that the Bush administration seems to have forgotten Candidate Bush's call for "humility" in the exercise of American power, and wonder whether the unrestrained manner in which the administration throws its weight around might not ultimately create new problems for the United States.

The undisguised relish with which Bush has sabotaged, among other international agreements, the Kyoto global climate protocol, the landmine treaty, the Comprehensive Test Ban Treaty, and the international criminal court—all widely supported in Asia—has served to magnify Asian anxieties already heightened by the existence of so much unchecked American might. The administration's insistence on pushing language at a UN population conference in December 2002 that was eventually rejected by votes of 31 to 1 and 32 to 1 suggests just how far out of step with its friends Washington has become.

On the other hand, perhaps it is equally plausible that—in an updated version of the "madman theory" used to describe Richard Nixon's diplomatic tactics—Bush's bombastic, axis-of-evil style may actually have deterred potential troublemakers. Certainly China has been unusually quiescent at a time, particularly since 9/11, when its strategic environment has markedly deteriorated. Even North Korea—with the very important exception of Pyongyang's enriched uranium program, which, however, the North believed was hidden from view—demonstrated, until the past few months, an uncharacteristic patience and restraint in the face of Bush's reluctance to pick up where Clinton had left off. Was this caution prompted by Bush's hard-nosed policies and in-your-face rhetoric? Or did it occur in spite of American provocations? Did the axis-of-evil approach frighten Kim Jong Il into reaching out to South Korea, Japan, and Europe, or simply impede progress that otherwise would have been even greater? And is the angst of U.S. friends a small enough price to pay for the docility of American adversaries? These are important questions, with immediate policy relevance, whose answers are presently unknowable.⁶

THE ROAD AHEAD

Virtually all the authors here agree that the image of a threatening China has receded dramatically in official Washington over the past two years. **Harry Harding** persuasively parses two formal policy statements, one written before 9/11, the other after, to document this evolution in the administration's thinking about China. Yet, for all the apparent harmony in U.S.-China relations, one does not need to delve very far beneath the surface to conclude that none of the fundamental differences between the two countries has been resolved. Taiwan . . . human rights . . . nonproliferation . . . the arms build-up . . . religious freedom . . . Tibet . . . ballistic missile defense . . . the list of problem issues and potential sources of conflict in the bilateral relationship remains a lengthy one. Even the war on terrorism, which seems to have momentarily united Washington and Beijing in partnership against a common enemy, may contain the seeds for future disagreements. It seems unlikely that the assumptions and anxieties that senior administration officials developed over decades have magically disappeared. More probably, these fears and suspicions have only been pushed aside by the exigencies of the moment. If the current relatively cordial tone to the U.S.-China relationship is to survive the inevitable appearance of new difficulties, ways to institutionalize this cooperation must be found. And here the administration has barely begun.

It appears, moreover, that the United States is about to initiate military operations against Iraq. It seems doubtful that the Bush administration will find the same understanding and support for this phase of the war against terrorism that it received from most of America's Asian friends in the immediate aftermath of 9/11. To the contrary, it appears likely that many in Asia, and not just in majority Muslim countries, will see a U.S. war with Iraq as a conflict brought about by an aggressive, arrogant America. Even should Bush succeed in securing the political cover offered by a Security Council authorization, much of Asia will find this an unnecessary and self-interested war on America's part.

Iraq aside, the unilateralism attributed to this administration will also continue to cause uneasiness on the part of many of Washington's Asian friends. In addition, the new emphasis on preemption as a legitimate means of protecting American national interests will create further anxi-

eties in the region, even if, as would seem likely, the claimed right of pre-emption will be used most sparingly.

THEMES AND PATTERNS

Bush's Asia policy is still very much a work in progress. Nonetheless, most of the essays in this volume identify themes and patterns and distinguishing traits that enable us to begin to characterize George W. Bush's Asian policies:

- After two years in office, the administration has not yet articulated a fully developed vision of Asia or of American interests in the region. The needs of the moment—most notably, the requirements of combating terrorism—have pushed into the background the effort to fashion an overall strategic framework for advancing American interests in Asia.
- The stark neo-realist analysis characteristic of Bush's first months in office has, in the post-9/11 era, been significantly modified by an emphasis on common values drawing the major powers of Asia together. In some instances this has had the effect of accenting the continuities between Bush's policies and those of President Clinton.
- Counterterrorism has provided the organizing concept guiding much of the administration's policy toward Asia since the September 11 attacks. On balance, the administration has done a good job of persuading Asian governments to enlist in the war against terrorism. Nonetheless, this single-minded focus on terrorism has led to the downplaying of other agenda items, which ultimately may make the achievement of even U.S. counterterrorism objectives more difficult.
- The administration's Asia policies have suffered from an imbalance, with security concerns crowding out economic issues. As a consequence, neither the United States nor the region is prepared to weather another regional financial crisis comparable to that which struck in 1997. Nor has either taken steps to make such a crisis less likely.
- The September 11 terror attacks did not substantially alter the administration's earlier belief that American security interests in Asia are best guaranteed by U.S. military might, acting in concert with like-minded partners, rather than by multilateral cooperative security groupings.

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- Despite its stated intention to strengthen its major Asian alliances, the administration has only partially succeeded in this task. This is a matter of some urgency with respect to the highly troubled relationship with South Korea.
- U.S.-China relations today enjoy a stability and even a degree of collegiality that bear little resemblance to the paradigm of China as a “strategic competitor” articulated during the 2000 presidential campaign, and the administration deserves high marks for handling this difficult relationship with adroitness. Nonetheless, fundamental differences between Washington and Beijing lie just below the surface of this apparent commonality of interests, and it will probably not require much provocation to see a resurgence of the “China as potential threat” viewpoint formerly advocated by many of the administration’s senior officials.
- North Korea stands as both the administration’s most glaring failure in Asia and its most pressing concern in the months ahead. The administration’s approach to the North Korea problem has been marked by confusion, mixed messages, and an absence of strategic thinking, a failure that has left it ill-prepared to deal with the crisis occasioned by the discovery of Pyongyang’s clandestine enriched uranium program.
- Bush enjoys a relatively free hand in conducting policy toward Asia. Few serious domestic constituencies hem him in. In the post-9/11 environment, he has the luxury of a relatively unconstrained budget. But deep divisions within the administration have hampered the formulation and implementation of a coherent long-term strategic approach to Asia, Korea being the most prominent example.

The United States today has a very different Asia policy than most people two years ago anticipated. At the time of George W. Bush’s election in 2000, it was widely assumed that the focus of U.S. foreign and national security policy would shift to Asia. So, too, would the attention and policy concerns of senior U.S. officials. But it has not turned out that way; September 11 served to disrupt this process. This has led some of President Bush’s critics to complain that his Asia policy has been reactive rather than proactive, that after two years the administration’s approach to the region is still without a larger strategic vision or framework. U.S. policy for the region is, in Campbell’s words, “unformed.”

Whether they agree with this judgment or not, administration officials now have two years of hard experience in guiding U.S. policy and safeguarding American interests in Asia. Their record is a mixed, but not a discreditable, one. They have met with success as well as failure. They have, one hopes, learned from the latter as well as the former, for the importance of getting it right is enormous, and the margin of error slimmer than we might like.

ENDNOTES

1. *The National Security Strategy of the United States of America*, September 2002, 27.
2. “The Japan Card,” *Washington Post*, January 3, 2003, A19.
3. Michael Kelly, “The President’s Slipping Grip,” *Washington Post*, August 21, 2002, A17.
4. *National Security Strategy*, 26.
5. *Far Eastern Economic Review*, September 5, 2002, 10.
6. The French apparently believe that China chose Boeing over Airbus in a large 2001 aircraft purchase because Beijing was so unsettled by the prospect of dealing for the next four years with the new hardline president.

U.S.-EAST ASIA POLICY: THREE ASPECTS

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Before beginning our discussion on U.S. policy in East Asia—our “Asiaview”—I would like to thank Bob Hathaway, whose leadership of the Asia Program has made the Wilson Center an important part of the East Asian affairs community in Washington. I had the opportunity to speak to a similar gathering here at the Wilson Center last March following the President’s Asia trip and I am very pleased to be invited back again.

The Wilson Center’s review of U.S. policy in Asia is timely, coming almost two years into the Bush administration and just preceding the new session of Congress. Incidentally, the 108th Congress will return the steady and experienced leadership of Senator Lugar to the Foreign Relations Committee, and we very much look forward to working with him and his colleagues on Asian issues.

In the past two years, there have been major, even momentous, changes in East Asia, just as in the rest of the world. The terms EP-3 reconnaissance aircraft, Hainan Island, 9/11, Al Qaeda, axis of evil, homeland security, Abu Sayyaf, Jemmah Islamiah, and the Korean Peninsula Energy Development Organization (KEDO) have entered the

public lexicon of our foreign policy and domestic politics. These new ingredients intertwine with our traditional policy priorities of regional security, stability, democratization, free markets, and human rights, presenting us with a dynamic and challenging policy matrix.

In these two years, the world has become more complex and multivariate, rendering foreign policymaking increasingly difficult. We are reorganizing to meet the challenge, creating a Department of Homeland Security and exercising a new determination to lead abroad—in Asia and throughout the world.

I regret that there isn't time for the kind of extensive *tour d'horizon* the important East Asian region deserves, but I would at least like to focus on three salient issues: terrorism, the Korean peninsula, and the Association of Southeast Asian Nations (ASEAN).

COUNTERTERRORISM

We are receiving excellent cooperation in East Asia on the global war on terrorism. Long a preeminent policy concern, counterterrorism—or “CT” as we now refer to it—leaped to the top of the list of policy priorities after 9/11. The cooperation of East Asian countries has buttressed U.S. efforts to confront the many guises of terrorism and resulted in a stronger and more comprehensive international coalition against terrorism.

Asian countries know only too well the challenges of international terrorism. Even before the vicious bombing that destroyed almost 200 lives in Bali, the threat of terrorism was a reality in East Asia. The resolve of most Southeast Asian countries to confront terrorism head-on has been magnificent and has already prevented a number of planned terrorist attacks.

ASEAN and its members have been on the front line of the global war on terrorism. Singapore, Malaysia and the Philippines moved quickly after 9/11, interdicting a number of planned terrorist attacks and disrupting the operations of Jemmah Islamiah and other Al Qaeda-related organizations in the region. ASEAN has mobilized its member nations to deal with all aspects of the terrorist threat, including finance, customs, immigration, law enforcement and military cooperation. The U.S.-ASEAN Joint Declaration on Combatting Terrorism, signed by Secretary Powell and ASEAN in Brunei on August 1, provides an umbrella under which a

broad range of cooperative CT activities are being organized. In late July, each ASEAN government, acting this time in concert with the U.S. and other members of the ASEAN Regional Forum, agreed to extensive actions to combat financial terrorism.

Japan, our linchpin ally in Asia, continues to make extraordinary contributions to the global war on terrorism. Last month, the Japanese government extended for an additional six months its “Basic Plan” to support Operation Enduring Freedom, including providing valuable refueling services to U.S. and U.K. ships, and to date has disbursed a remarkable \$375 million in contributions to humanitarian and refugee relief to Afghanistan. The December 16 (next Monday) U.S.-Japan 2+2 meeting will bring Secretaries Powell and Rumsfeld together with their Japanese counterparts for an in-depth discussion on CT cooperation.

Close cooperation is an invaluable weapon in the war on terrorism. We are not only consulting with the Japanese, the Australians, and Southeast Asian countries on counterterrorism, but we are coordinating policy and action. On the Korean peninsula, Japan and the Republic of Korea (ROK) are our partners as we weigh options for dealing with the threat from the North.

With China, we are greatly encouraged by the increasingly close counterterrorism cooperation we have established. We are sharing CT information to an unprecedented extent, but making judgments independently. After a thorough review last summer, we designated the East Turkistan Islamic Movement (ETIM) to be a terrorist group under U.S. law. We took this step, not as a concession to the People’s Republic of China (PRC), but based on independent evidence that ETIM is linked to Al Qaeda and has engaged in deliberate acts of violence against unarmed civilians.

We are also hopeful that Vice President Cheney’s visit to China—probably next spring—will lead to additional opportunities to strengthen our relationship, to identify common ground, and to find new avenues for cooperation.

KOREA

On the Korean peninsula, we face diametric extremes in the war on terrorism. The ROK has been among the most helpful allies in the war on

terrorism; North Korea poses the greatest threat to the region—due, among other things, to its proliferation of weapons of mass destruction.

Before going further, let me underline the sense of sorrow and responsibility that the U.S. government—and I personally—feel for the tragic deaths of two schoolgirls in June due to a traffic accident involving U.S. forces in Korea. As President Bush said in expressing his own sadness and regret not many days ago, the United States is committed to working closely with the government of the Republic of Korea to help prevent such accidents. Policymakers in the U.S. and the Republic of Korea have no doubt about the importance of the alliance to our countries, now and in the future, but, as Secretary Rumsfeld and Defense Minister Lee said last week, we need to do a better job of communicating the value of the alliance to the people of both countries.

Our North Korea policy is an example of how we have adjusted policy midstream in response to new information and a new calculation of the threat from North Korea.

Many of you know that during my visit to North Korea on October 3–5, top North Korean officials acknowledged the existence of a covert uranium enrichment program. Ironically, the North Koreans sought to blame their own misbehavior, which constitutes a fundamental violation of the Agreed Framework’s goal of a non-nuclear Korean peninsula, on the alleged “hostility” of the U.S. government. When I pointed out, however, that we had recently learned that the North Koreans had been pursuing a highly enriched uranium (HEU) program for more than two years, even as very senior U.S. officials were holding talks with Kim Jong Il personally, the North Koreans had no response. The North Koreans concluded by telling me that they regarded the Agreed Framework as “nullified.” Given their actions, that is one North Korean statement that stands on its own.

How did we get to this stage? It’s instructive to put this development into the perspective of the last two years of our relations with the Democratic People’s Republic of Korea (DPRK).

When the Bush administration began in January 2001, we instituted a comprehensive review of our foreign policy toward East Asia, including North Korea. At the conclusion of this review in June 2001, we agreed to speak to the North Koreans “any time, any place, without preconditions.”

It was not until almost a year later that North Korea evinced any interest in a dialogue with us. But talks planned for July 2002 had to be post-

poned due to a North Korean attack on South Korean naval vessels that resulted in the death of South Korean sailors.

In the meantime, last summer we received conclusive information that North Korea was pursuing at a substantial level an HEU program to manufacture nuclear arms in spite of its commitment under the terms of the 1994 Agreed Framework. We now had a precondition.

Thus, in my initial meeting with Vice Foreign Minister Kim Gye Gwan on October 3 in Pyongyang, I stated that the United States now had a precondition to further engagement—that the DPRK’s uranium enrichment program be dismantled immediately. I told the North Koreans that we had been prepared to present a “bold approach” to improve bilateral relations. This was a policy that President Bush had developed in consultation with our allies. We had been ready to take significant economic and diplomatic steps to improve the lives of the North Korean people if North Korea altered its behavior on a range of important issues. But given the fresh information of nuclear weapon development efforts, I told my North Korean interlocutors that this approach was no longer possible without action on their part.

I did not confront the vice foreign minister with specific evidence of their uranium enrichment program, but I was emphatic that the U.S. knew the program was being aggressively implemented and it was a serious violation of international agreements. I asked the North Korean government to weigh its response carefully.

At first, my counterpart angrily denied that the DPRK had an HEU program. He dismissed my statement, claiming it was a fabrication, but later, of course, the North Koreans took another line.

My last meeting in Pyongyang was with First Vice Foreign Minister Kang Sok Ju, who surprised me by making it quite clear, even before I was able to make my presentation, that North Korea was proceeding with an HEU program and that it considered the Agreed Framework to be “nullified.” As I mentioned, he tried to blame this situation on U.S. policy under the current U.S. administration, but made no response when I pointed out that the HEU program began well before the current administration.

I want to be clear that North Korea’s covert nuclear arms program violates its explicit written commitments. These are contained not only in the Agreed Framework, but also in the Nonproliferation Treaty, North

Korea's safeguards agreement with the International Atomic Energy Agency, and the Joint North-South Declaration on Denuclearization of the Korean peninsula.

Since my visit to Pyongyang, we have been engaged in extensive consultations with our friends and allies to bring maximum diplomatic pressure on the North to abandon its nuclear ambitions. Our consultations have borne fruit with a series of strongly supportive international statements calling on the DPRK to eliminate its HEU program immediately and verifiably:

- On October 25, a statement issued by President Bush and President Jiang Zemin of China at Crawford, Texas;
- On October 26, a trilateral statement issued by President Bush, President Kim Dae Jung, and Prime Minister Koizumi at the APEC meeting in Mexico;
- On November 14, a statement issued from the Executive Board of the Korean Peninsula Energy Development Organization, which consists of representatives of the EU, Japan, South Korea, and the United States;
- On November 19, an EU Council statement;
- On November 29, an International Atomic Energy Agency resolution on the implementation of safeguards in the DPRK; and
- On December 2, a declaration issued by Presidents Putin of Russia and Jiang Zemin of China.

These are only some of the many statements that the international community has made on the issue. Clearly, diplomatic pressure is building for North Korea to change course. We hope that North Korea will respond positively. But we are not advocating a return to the status quo ante. At the same time, we have no intention of bargaining with North Korea or offering inducements to convince the regime to live up to the international treaties and agreements it has already signed.

However, if Pyongyang dismantles its nuclear program immediately and verifiably, a better U.S. relationship with North Korea might become possible. As the president said recently, we hope for a different relationship with North Korea. We want this situation to be resolved peacefully and ultimately we seek friendship with the people of North Korea. To reach this goal, the DPRK must take the first step.

ASEAN

Let me turn now, if I may, from the Korean peninsula to Southeast Asia. Over the past two years, the administration has been examining ways to strengthen our relations with Southeast Asia, a region of great importance to the United States—our fourth largest regional trading partner and a region that is pivotal for the peace and security of East Asia.

Southeast Asia is particularly vulnerable to a range of transnational threats. The high incidence of illicit narcotics trade, crime, trafficking in persons, HIV/AIDS and other infectious diseases, and environmental degradation, in addition to the serious potential for terrorism, represent a clear and present danger for the people and governments of Southeast Asia.

These transnational threats are present worldwide. They recognize no borders. They jeopardize political and social stability and prevent a region from growing and maturing into an identity that is uniquely its own.

We have a two-track program for strengthening U.S. cooperation with and assistance to Southeast Asia, a commitment only reinforced by September 11. First, we want to enhance engagement with the region's flagship organization, the Association of Southeast Asian Nations. Second, we want to expand trade with ASEAN countries, including offering the prospect of bilateral free trade agreements to ASEAN countries that are committed to economic reform and transparency.

ACP

Secretary Powell chose a prestigious stage—the ASEAN Post-Ministerial Conference in Brunei in August 2002—on which to announce our ASEAN Cooperation Plan (ACP). The plan seeks to enhance U.S. engagement with ASEAN and to support a healthy and more integrated ASEAN.

I think it's fair to say that ASEAN is not now living up to its potential. A wide gap separates its new and old members and erodes ASEAN'S ability to function well. The older members are more developed economically and are internationally competitive. The newer members have not yet awakened economically. We would like to support ASEAN's own efforts to "integrate" the region by reducing the development gap between the new and old members.

To this end, we will seek ways to expand our cooperation with and assistance to ASEAN. We want to support ASEAN's own efforts at "integration," a code word for helping the newer and poorer members—Laos, Cambodia, Vietnam, and Burma—develop politically and economically in order to close the "development gap" that divides and weakens ASEAN. We want to work with ASEAN in the areas of good governance, rule of law, investment and development policies, democratization, and civil society, on the belief that these values are the foundation of a modern, pluralistic society.

We are also taking a regional approach on transnational threats. We are encouraging Southeast Asian nations to share information on terrorism, to develop better mechanisms to identify and cut terrorism's financial tentacles in the region, and to tighten border controls. We have begun to pursue with ASEAN and others measures to enhance maritime security, not only against the growing problem of piracy but also against potential terrorist attacks. On HIV/AIDS, we would like to integrate our already extensive prevention programs and knit them into a regional approach. Trafficking in persons frequently takes place across borders, so we are planning a regional response to that problem as well, using our assistance funds to encourage regional cooperation.

Finally, we are also working with Cambodia, as the current ASEAN chair, and the ASEAN secretariat to build the capacity of the secretariat to serve ASEAN by providing technical expertise and training mid-level managers. We would like to further regionalize our cooperation and assistance programs in the region by channeling them through the ASEAN secretariat, as its capacities increase.

EAI

President Bush announced the second component of our ASEAN initiative at the APEC meeting in Los Cabos, Mexico in late October. Known as the Enterprise for ASEAN Initiative (EAI) it is intended to enhance our already close commercial relationship with ASEAN, with which the U.S. had two-way trade of nearly \$120 billion in 2001.

EAI will support the efforts of ASEAN countries to increase their competitiveness, attract investment, generate economic growth, and strengthen ties to the United States. Quite simply, EAI provides a

roadmap for closer trade relations, offering the prospect of bilateral free trade agreements, or “FTAs,” to ASEAN countries that are WTO members and have concluded umbrella Trade and Investment Framework Agreements with us.

For those countries that qualify, we would consult on trade and investment issues, seeking to resolve any potential obstacles and to prepare for possible FTA negotiations. We agreed on the core elements of the U.S.-Singapore FTA on November 19 and we have proposed that future FTAs with other ASEAN countries follow the same high standards of the U.S.-Singapore FTA.

Our goal throughout this process is to create a network of bilateral free trade agreements between the United States and ASEAN countries and a common and prosperous future. For ASEAN, this initiative will boost trade and direct investment into the ASEAN region. For the U.S., it will stimulate greater exports, particularly in agriculture, and increase the number of U.S. jobs—estimated to be about 800,000 already—supporting U.S. exports to ASEAN.

A PERFECT MARRIAGE

I am excited about our efforts to engage ASEAN both collectively and through its individual members. Such an effort is the perfect marriage of creative policy response to challenging, competitive situation. As I mentioned earlier, foreign policymaking these days is a demanding process. Ideally, we look ahead with enough vision that we can make change happen for the better.

That is what we are trying to do with ASEAN. We also need to be prepared to respond to unexpected developments, even if that means imposing new conditions on our policy, as we have been forced to do with North Korea. In both cases, we are proceeding deliberately, consulting closely with our friends and allies. I am reminded that one of Secretary Powell’s favorite phrases is that “optimism is a force multiplier.” That is a part of our strategy, too.

BUSH AND ASIA: CONTINUITY OR CHANGE?

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Halfway through President George W. Bush's first term in office, the theme characterizing his administration's policies toward Asia is one of continuity rather than change.

It wasn't supposed to be that way. Indeed, according to Bush's supporters, the return of the Republicans to power was supposed to trigger a pronounced shift in U.S. policy in the Far East, judged during the Clinton years to have been flaccid, if not downright timorous.

Recall the way that then-Governor Bush attempted to play the Asia card to his advantage in the run-up to the 2000 election.

Of course, as a factor determining the outcome of that election, foreign policy as such barely registered. Neither candidate devoted more than passing attention to the subject, although each ventured into the electoral arena armed with his own carefully tailored set of sound bites.

Thus, when the moderator of the second of the three presidential debates asked the candidates to identify the "guiding principles" of U. S. foreign policy, he cued them to perform. Bush, coached to play the role of hardheaded realist, duly recited: "The first question is what's in the best interests of the United States." Vice-President Al Gore, eager to affirm his

credentials as an enlightened progressive, demurred: “I see it as a question of values.”¹

In truth, measuring the substantive differences between the two candidates’ professed views on foreign policy required the use of a micrometer. To the extent that Bush’s emphasis on “interests” meant anything at all, its significance appeared to be chiefly negative, the aim being to suggest ways in which a Bush-Cheney administration would avoid the putative missteps of Clinton-Gore. Thus, as a realist, Bush wasn’t going to truckle to the so-called international community. He wasn’t going to let slick foreigners play Uncle Sam for a sucker. He wasn’t going to play footsie with nations or regimes wishing America ill—there would be no Bush appointees found in attendance at Stalinist rallies in Pyongyang, for example. And he would neither trade away America’s identity or its sovereignty for the bag of lucre labeled “globalization,” nor indulge in the patronizing bombast for which Bill Clinton and his secretary of state Madeleine Albright had demonstrated a special affinity. The hallmarks of what Bush called his “distinctly American internationalism” would be diffidence, modesty, and humility.²

What, if anything, did these campaign bromides actually mean when it came to the Far East? Hints emanating from within the Bush camp—particularly from the so-called Vulcans assigned the task of tutoring Governor Bush in the rudiments of grand strategy—suggested that they meant a lot.

During the 1990s, leading Republicans had evolved a preliminary consensus on the need to radically overhaul U.S. policy toward Asia. Whereas for much of the 20th century Europe had all but automatically ranked as the paramount U.S. strategic priority, the conservative wing of the American foreign policy establishment had concluded that with the end of the Cold War putting Europe first no longer made sense. In the 21st century, the nexus of great power politics would shift to Asia. America’s preeminence in that region, earned through great exertions over the course of many decades, was likely come under challenge. Sustaining America’s status as Asia’s dominant power would thus require a reordering of Washington’s priorities and a redistribution and reconfiguration of America’s resources, above all its military resources. The essence of the GOP’s critique of Clinton’s Asia policy was that the Democrats had failed to initiate this shift—indeed, had failed even to recognize the requirement.

One factor above all others accounted for this modified perspective on Asia: a changing perception of China. In the early 1970s, Republicans had led the way in transforming U.S. relations with Beijing, ending more than two decades of estrangement. “Engaging” China had paid off handsomely, at first strategically and subsequently economically. America’s commitment to China quickly came to command broad bipartisan support. Thus, although as a candidate in 1992, Bill Clinton had found it politically expedient to attack the elder George Bush for being soft on the “butchers of Beijing,” once in office he too, like his predecessors, quickly succumbed to the allure of the China market. Over the course of his two terms, Clinton had with his typical energy devoted himself to expanding opportunities for trade and investment in the People’s Republic, going so far as to anoint the government in Beijing a “strategic partner.”

Clinton’s critics on the Right accused him of trading long-term U. S. security in exchange for short-term economic gain, more often than not benefiting corporations distinguished by their generosity to the Democratic Party. With policy analysts of a conservative persuasion warning of a “coming war with China,” Republicans professed to be deeply troubled by Beijing’s apparent determination to claim the prerogatives of a genuine great power. Among other things, China’s expanding power projection capabilities posed a direct threat to Taiwan—which the Democrats were accused of doing too little to support—and within a matter of years would enable Beijing to challenge U. S. military dominance in the region. The People’s Republic was emerging as a “peer competitor”—the most likely challenger to America’s status as sole superpower.³

In the 2000 presidential race, this strategic analysis insinuated itself into campaign posturing. Karl Rove was hardly the first political adviser to conclude that after the Soviet Empire had collapsed, beating up on China offered a sure-fire way for the office-seeker innocent of any real foreign policy experience to strut his bona fides as a no-nonsense statesman. So candidate Bush in 2000 dusted off the critique that Clinton had employed eight years earlier. Now it was the Democrats’ turn to fend off accusations of having been too soft on Beijing. Taking direct aim at Clinton’s benign view of the People’s Republic, candidate Bush begged to differ: “China is a competitor, not a strategic partner,” he declared—hence, the need to reorient U.S. policy in East Asia, thereby enabling the United States to compete effectively and win.

Nor would a Bush administration confine this greater assertiveness to China alone. As a corollary, the Bush campaign also suggested that it would take a tougher stance toward North Korea—in Republican eyes an even more egregious example of Clinton’s penchant for coddling dictators and putting both U. S. and regional security at risk. As GOP foreign policy experts saw it, the centerpiece of Clinton’s policy toward Pyongyang—the so-called Agreed Framework—amounted to giving in to extortion. A Bush team would never engage in such abject appeasement.

CLINTON REDUX?

Midway through Bush’s first term in office, what is most striking is how little came of all this. Indeed, indications that Republicans would hew far more closely than advertised to the azimuth that Clinton had followed in Asia emerged during Bush’s very first months in power.

Offered during the EP-3 crisis the chance to strike a more confrontational posture toward Beijing, the new Bush administration chose instead to defuse the situation by rendering the necessary apologies. Similarly, when the government of Taiwan sent the White House a shopping list of weapons that it wished to purchase, no doubt expecting a sympathetic reception, it came away disappointed. The U.S. offered a motley collection of used and second-line hardware, in essence telling Taipei that it could not be trusted with the really fancy stuff. Observers concluded that the new administration’s commitment to bolstering the ability of that small Asian democracy to defend itself fell well short of being unequivocal. For his part, Bush’s secretary of state made it clear from the very outset that when it came to North Korea, the new administration intended to honor the terms of the Agreed Framework. In March 2001, Colin Powell announced that the new administration would “pick up where President Clinton and his administration left off.”⁴ Washington stood ready to resume talks with Pyongyang, without preconditions.

The effect of September 11 was, if anything, to reinforce this preference for the status quo in Asia. In this regard as in so many others, the day said to have changed everything left much intact.

“We are a Pacific power,” proclaimed Secretary Powell earlier this year. “We will not yield our strategic position in Asia.”⁵ But the principles to which Powell and his colleagues adhere as they endeavor to preserve that

position are readily familiar to even the casual student of U. S. foreign policy since the end of World War II. In short, the Bush administration's Asian policies continue to bear far more than a passing resemblance to the policies that Republicans had denounced when pursued by Bill Clinton.

As the very foundation of the U. S. strategic position in Asia, Bush like Clinton is committed to maintaining the terms of Washington's long-standing alliance with Tokyo. According to that partnership, Japan is permitted the advantages that derive from being an economic colossus (albeit one that of late has suffered a bout of anemia) in return for accepting its status as a political and military eunuch. In the delicate formulation of Deputy Secretary of Defense Paul Wolfowitz, the terms of this arrangement enable "that great Asian democracy to achieve its security objectives without arousing the fears and antagonisms of past history."⁶ On occasion, officials in the Bush administration, like those in the Clinton administration before it, make noises suggesting an interest in having Japan "punch its weight" and play a more expansive and active role in regional security affairs.⁷ But in reality Washington is determined to maintain Tokyo's peculiar status just as it is. America achieved dominion in the Asia-Pacific by forcing Japan into submission. Neither this administration nor any other has any intention of revising the basic geopolitical reality to which Japan's unconditional surrender in 1945 gave birth.⁸

With just that consideration in mind, therefore, Bush like Clinton is committed to maintaining 100,000 troops in East Asia, with U.S. forces stationed as they have been for decades in Japan and South Korea. Since the Republicans returned to power, there has been no substantial change in the size and composition of the U. S. garrison in the region. None should be expected. To the extent that the Bush administration has set in motion a shuffling of U. S. military assets, Central Asia and the Persian Gulf rather than East Asia have been the focus of attention.

Since 9/11, events have confirmed the early suspicion that Bush's tough talk about treating China like a "strategic competitor" had been just that: talk. Indeed, the administration has made little or no effort to disguise its determination to avoid any deterioration in U.S.-Chinese relations. Administration officials routinely praise Beijing for its support in the war on terror. High-level military-to-military contacts have been restored. Determined to ease any resentment left over from the EP-3 incident, George W. Bush himself has avidly courted Chinese leaders. In this

regard, Jiang Zemin's visit to the presidential ranch at Crawford in October 2002 stands out as a particular highlight.

During his own trip to China, Bush went out of his way to emphasize that he has no intention of tampering with the fundamentals underlying U.S.-Chinese relations. Regarding the One China policy, for example, he assured a student audience at Tsinghua University that, it has "been my government's policy for a long period of time, and I haven't changed it." Certainly, the eagerness with which U.S.-based companies deepen their economic engagement with China shows no signs of abating. With a certainty reminiscent of Clinton and Albright at their most expansive, Bush has even embraced the view that the evolution of the People's Republic into a bastion of liberal democratic capitalism is all but a foregone conclusion. "Chinese leaders are discovering that economic freedom is the only source of national wealth," he writes approvingly in his introduction to the recently published U. S. *National Security Strategy*.¹⁰ "In time, they will find that social and political freedom is the only source of national greatness." (The prominence of the word "only" in that passage hints at how far Bush has strayed from his promise of an approach to statecraft characterized by humility).

Although after 9/11 North Korea earned admission into the famous "axis of evil," the president's declaration of a global war on terror actually left U.S. policy toward Pyongyang pretty much unchanged. As a practical matter, in the aftermath of 9/11, the administration had its hands full in Central Asia and other parts of the world where the threat posed by violent Islamic radicalism loomed large. As a result, it has shown little or no appetite for picking a fight on the Korean peninsula, no matter how evil (or unbalanced) Kim Jong Il might be. Better to pursue a "soft landing" for Kim's bankrupt and doomed regime.

So here too, a penchant for "steady as she goes" has prevailed—meaning an emphasis on conciliation rather than confrontation. As a result, after 9/11, Bush administration officials discovered hitherto undetected virtues in the policies of South Korean president Kim Dae Jung. "[W]e wholeheartedly support South Korea's sunshine policy," Secretary Powell avowed in June 2002.¹¹ Assistant Secretary of State James A. Kelly offered an even more enthusiastic endorsement, describing the sunshine policy as "the best hope for family reunification, for stability on the peninsula, and for peace in Northeast Asia."¹² As for the previously much abused Agreed

Framework, it stayed. “We are honoring the Agreed Framework,” declared Kelly in April 2002, and “we are convinced of the correctness of our approach.”¹³

Even Pyongyang’s startling admission in October 2002 that it had been violating the terms of that framework—the North Korean regime may be evil but it appears to be refreshingly candid—did not budge the Bush administration from its determination to avoid a showdown. Once U. S. officials finished with the ritual denunciations of North Korean double-dealing, the administration turned to the task of figuring out how to salvage the Clinton policy.¹⁴

Sustaining the longstanding U. S. strategic partnership with Japan; preserving the pre-existing American troop presence in the region; adhering scrupulously to the terms of the One China policy while pursuing a cooperative relationship with the People’s Republic based above all on common economic interests; avoiding a showdown with North Korea: these form the fundamentals of the Bush administration’s policy toward East Asia. They differ little if at all from the fundamentals of the Clinton administration’s Asian policy.

THE DIMINUTION OF ASIA

The Bush administration’s defenders, eager to sustain claims that the president and his erstwhile Vulcans possess great powers of strategic perception, might argue that 9/11 hijacked the administration’s intended Asian agenda—that were it not for the war on terror we would today see greater evidence of movement.

A more accurate assessment would be that 9/11 showed that the architects of Republican foreign policy managed to get the twenty-first century wrong.¹⁵ Since George W. Bush entered the White House, the center of gravity of U.S. grand strategy has indeed shifted, suddenly and dramatically. But the shift was not in the direction of Asia. Rather than the rise of a new “peer competitor” threatening American security—China assuming the role that Germany had played in the first half and the Soviet Union in the second half of the twentieth century—violent Islamic radicalism has emerged as the paramount threat.

This fundamental misreading of strategic trends—unacknowledged by Bush and his inner circle—remains unrecognized even by the administra-

tion's critics. Having gotten the big issue of the day wrong, the Bush team has been scrambling ever since to formulate a coherent response to a threat that U. S. officials cannot call by its rightful name. Given the magnitude of that task, it is perhaps not surprising that when it came to Asia, Bush and his advisers opted to stick with existing priorities and arrangements. Between the Horn of Africa and the Persian Gulf and Central Asia, they have their hands full.

Only to the extent that East Asia claims attention as a secondary theatre in the war against Islamic radicalism is there evidence of change. But even these new wrinkles have a certain back-to-the-future quality about them. Thus, neither the restoration of an active U.S. military presence in the Philippines nor the ongoing efforts to renew the Pentagon's ties with the Indonesian army qualify as a fundamental break from the past.

Thus has the Bush administration kept faith with the grand strategic enterprise developed by administrations that preceded it. To open the world to American enterprise, to foster stability and adherence to norms of behavior essential to American prosperity, to maintain military preeminence with forces held in readiness to restore order where it breaks down—these remain the mainstays of U. S. grand strategy, both in Asia and around the world.

Since 9/11, the paramount threat to this strategy of openness has been apparent to all. It is not Asia. As the Bush administration girds itself for an effort to open up the Islamic world—an effort that some aptly compare to another world war—relegating Asian concerns to a second tier only makes sense. Bringing the world of Islam into conformity with values that Bush like Clinton before him insists are not only American but universal will consume the bulk of our attention for decades to come.

ENDNOTES

1. "Vice President Gore and Governor Bush Participate in Second Presidential Debate Sponsored by the Presidential Debate Commission," October 11, 2000, FDCH Political Transcripts, accessed on LexisNexis, August 6, 2001. All of this is posturing. After the campaign ends, the posturing continues but the purpose changes: the intent is no longer to emphasize difference but to blur it. Thus, once safely elected, but even before his inauguration, Bush was declaring his conviction that "American values always are at the center of our foreign policy." "Excerpted remarks of Bush, Powell," *Boston Globe*, December 17, 2000, A53.

Bush and Asia: Continuity or Change?

2. "I'm not sure the role of the United States is to go around the world and say this is the way it's got to be. . . . I just don't think it's the role of the United States to walk into a country and say, We do it this way, so should you. . . . I think the United States . . . must be humble in how we treat nations that are figuring how to chart their own course." George W. Bush, second presidential debate, October 11, 2000.

3. See, for example, the assessment of Condoleezza Rice, a Bush surrogate, "Promoting the National Interest," *Foreign Affairs* 79, no. 1 (January/February 2000), 45 ff.

4. Quoted in David R. Sands, "Mixed Signals Sent on Evolving Bush Foreign Policy," *Washington Times*, March 9, 2001. A1. See also Colin L. Powell, "Remarks with Minister of Foreign Affairs and Trade Han Seung Soo," Seoul, Korea, July 27, 2001.

5. Colin L. Powell, "Remarks at Asia Society Annual Dinner," June 10, 2002.

6. Paul Wolfowitz, "The Gathering Storm: The Threat of Global Terror and Asia/Pacific Security," International Institute for Strategic Studies, June 1, 2002.

7. See for example, James A. Kelly, "President Bush's Trip to Asia: Outlook and Policy Prospects," March 18, 2002.

8. The only way that the U.S. wants Japan to "punch its weight" is in footing the bill when it comes to paying for the world's broken crockery—for example, helping to bankroll Plan Colombia or reconstruct Afghanistan. On this point, see, for example, James A. Kelly, "U. S.—East Asian Relations," Statement before the House International Relations Committee, February 14, 2002.

9. George W. Bush, "President Bush Speaks at Tsinghua University," February 22, 2002.

10. George W. Bush, "Introduction," *The National Security Strategy of the United States of America* (September 2002).

11. Colin L. Powell, "Remarks at Asia Society Annual Dinner," June 10, 2002.

12. James A. Kelly, "President Bush's Trip to Asia: Outlook and Policy Prospects," Woodrow Wilson International Center for Scholars, March 18, 2002.

13. James A. Kelly, "Issues in U. S.—East Asia Policies," Remarks before the Asia Society, April 4, 2002.

14. See, for example, David E. Sanger, "U. S. Criticizes North Korea for Rejecting Inspections," *New York Times*, December 5, 2002, A24.

15. This is not to suggest that the views of the foreign policy establishment's Democratic wing was any more prescient. The failure of September 11 was very much a bipartisan affair.

AMERICAN POLICY IN NORTHEAST ASIA: AN EMERGING BUSH LEGACY?

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American policy towards Northeast Asia is in many respects a microcosm of the George W. Bush administration's global security strategy. As a region marked by flashpoints and enduring security dilemmas, Asia has served as one of the key focal points for the administration's efforts to articulate new directions for American security, as well as to highlight its disassociation from the policies of the preceding administration. Among the most contentious policy departures whose adverse effects persist are the administration's early and very fractious repudiation of President Clinton's strategy of negotiations and cooperative inducements to encourage North Korean denuclearization, and, more recently, the highly publicized emphasis placed on preemptive military options articulated in the September 2002 document, *National Security Strategy of the United States*.

If there is an identifiable "Bush II" doctrine for Asia, it necessarily derives from the broader context of shifting security rationales embraced since the events of September 11—the effects of which have come to dominate all other priorities. The administration's core objective is, above all, the global war on terrorism (covert and overt). Other elements of the

Bush strategy include an emphasis on counterproliferation as a cornerstone of U.S. military and intelligence strategy, an explicit commitment to a transformation of American defense capabilities—which brings with it an emphasis on American latitude to use force unilaterally—and the gradual realignment of American strategic policy away from traditional concepts of deterrence, arms control, and other forms of diplomatic instruments. Each of these poses implications for security in Asia, but none were conceived with specifically Asian interests in mind.

Policy debates about Northeast Asia also reflect the Bush administration's proclivity for generating glaring disparities between official rhetoric and the substance of actual policy. The Bush team has been soundly criticized at home and abroad for its seemingly chronic need to realign and even reverse previously stated objectives. Indeed, it is a signal characteristic of the Bush administration to find itself mired in conflicts between its "sound bite" policy pronouncements and the demands of statecraft.

Administration rhetoric has outstripped practical policy on several important occasions, including the president's virulent attack on North Korea, Iran and Iraq as an "axis of evil" in January of 2002 (along with a pledge to wage war against these countries should they threaten to use weapons of mass destruction), statements casting doubt on the legitimacy and effectiveness of international bodies and agreements (the United Nations and the Agreed Framework, among other examples), and the emphasis placed on American technological and military power as the only reliable instrument of American influence (from national missile defenses to preemptive military operations).

By all accounts, the president is the final arbiter of significant policy decisions. But it has sometimes proven difficult to reconcile the fervor of some Bush officials' speeches with the more prosaic and temperate policies that eventually materialize. The pattern of mixed messages is often explained as the symptom of a "divided government," the result of acrimonious disputes among key Bush advisers that frequently get aired publicly. This phenomenon has sparked an industry of intense speculation among Washington policy commentators about which of Bush's advisers wield decisive influence.

In the endless game of guessing who is up or down on the policy food chain, some pundits are persuaded that Secretary of State Colin Powell is consistently silenced by his more tough-minded peers. Secretary Powell's

public statements have certainly never embraced the unilateralist tone which the president and some other Cabinet officials are inclined to do.¹ The repeated if unheralded successes of Secretary Powell and his deputy, Richard Armitage, in persuading the president to choose engagement and multilateral approaches over go-it-alone and potentially provocative options highlight another divergence between public perceptions and the realities of decisionmaking.

Currently, there is particular recrimination among Bush critics in the United States and abroad over the termination of negotiations with North Korea in 2001, a decision which has now been urgently reversed in the face of nuclear saber-rattling by North Korean leader Kim Jong Il. After almost two years of harsh rhetoric and minimal dialogue, Pyongyang successfully resorted to its old tactics of veiled threats and brinkmanship to force the United States back to the negotiating table. Administration officials who denounced the Agreed Framework are being forced to reconsider. For all of its limitations, the 1994 agreement did provide a mechanism for engagement, stalling North Korea's nuclear program for some time while establishing a process to ensure that Pyongyang would face concerted international pressure if it refused to comply with international strictures. This is to say nothing of averting a war on the Korean peninsula. Despite administration proclamations to the contrary, the resumption of dialogue with North Korea, spearheaded by Assistant Secretary of State James A. Kelly, will build on and be informed by initiatives undertaken by the Clinton administration.²

It is of course an established reflex of new administrations to enter office determined to repudiate the policies of their predecessors, only to then gradually move closer to similar policies over time. And it is understood that rhetorical excesses during a campaign can weigh heavily on a new president as he adjusts to the realities of incumbency. It has been said that the exercise of executive authority in Washington is like sleeping on an old mattress: whichever side one starts on, eventually there is an inexorable shift to the middle.

But after two years, President Bush has not given any indication that he intends to curb strident pronouncements from the White House or the Pentagon, whether or not these coincide with practical policy options. The approach that the president continues to apply in Asia and elsewhere suggests that there is at least an element of deliberate strategy involved.

The administration relies on an unprecedented degree of domestic political calculation in determining the content and timing of its foreign policy pronouncements. Domestic objectives—such as appeals to various constituencies on Capitol Hill or the reassurance of party leaders—are an integral element of the administration’s public diplomacy. Despite the repeated instances in which the administration has had to amend its statements to allay international outcry, this president clearly finds political advantages in using tough national security rhetoric—to defuse hardline congressional opposition, to help secure Republican dominance on Capitol Hill, and to shore up Republican support in key electoral states as the nation moves closer to the presidential election cycle.

In fairness, the growing influence of domestic considerations in foreign and security policy is certainly not new or unique to this administration. Particularly after the demise of the Cold War consensus, persuading Americans to support international engagement has become far more exacting. In the Clinton administration, for example, eliciting congressional support for Chinese membership in the World Trade Organization involved a protracted national political campaign. This included a 24/7 “operations center” lodged in the White House and a team of operatives who tapped into every relevant constituency, devising elaborate inducements to persuade senators of the political pay-off of a positive vote. This may be an extreme case, but it is likely also a harbinger of the kind of political tactics which may be needed to win support for major international undertakings.

That said, it has become increasingly difficult to explain to other governments that there is more noise than content in certain official statements. Other governments take presidential pronouncements, in particular, very seriously. Efforts to explain that American foreign policy can emerge from interagency rivalry or personal posturing typically are met with confusion and skepticism by foreign officials.

Has this dynamic affected American effectiveness and credibility in Asia? Controversy over what appears internationally to be radical policy departures has dominated the public debate and fueled dramatic headlines in the media both here and abroad. The preponderance of Bush policies being pursued with Asian allies, some with potentially longer-term consequences for regional and global stability, receive far less attention. These include, *inter alia*, efforts to promote bilateral trade and economic cooper-

ation in the region, a sophisticated strategy for managing relations with Beijing and Taipei (with which both parties are currently satisfied), and the demonstrated ability to defuse potentially catastrophic crises, as evidenced in an early challenge to the administration involving a mid-air collision of a Chinese jet fighter with a U.S. reconnaissance plane operating over the South China Sea.

Northeast Asia has proven to be a critical testing ground for the Bush administration's evolving security strategy, while the need to interact with key allies has received the sustained attention of senior Bush officials. Headline-grabbing fights over policies advocated by rival advisers has tended to be far more significant in Washington and within the administration than in what has materialized in the practical implementation of diplomatic and military initiatives.

The policymaking process may appear highly contentious, but there is more continuity than change in the administration's Asia policies, far more so than is commonly recognized. In part this is due to the enduring bipartisan consensus about the majority of security issues in the region, including the commitment to sustain U.S. alliances, general support for maintaining the U.S. military presence regionally, and the interest in expanding trade opportunities that are advantageous to the West. The severity of criticism against the administration's handling of key regional security challenges in its first two years is not without merit, but it over-shadows much of the day-to-day U.S.-Asian agenda.

Paradoxically, President Bush appointed more seasoned professionals and Asia experts to key posts than any recent administration. At the highest level, this includes Deputy Secretary of Defense Paul Wolfowitz, Deputy Secretary of State Armitage, and Assistant Secretary of State James A. Kelly. This line-up would suggest that the Bush administration prepared itself to exercise policy towards Asia in a cooperative, moderate, and evolutionary manner. Each of these individuals, along with numerous others in subordinate positions, has extensive expertise on U.S.-Asian security relations. Each has prior government experience and knows how to navigate the complex political landscapes of this heterogeneous region. Capitalizing on long-standing relationships with Asian leaders, this team is well qualified to communicate American concerns to key allies in a manner which takes individual government's particular circumstances into account, and thereby to foster common interests.

But has the President's war on terrorism and the impending conflict with Iraq hobbled the ability of these professionals to carry out U.S. policy in Asia? There is no question that the pace and scope of American engagement in Asia has been influenced by the administration's quest for support for counterterrorism and for waging war against an outlying nation in the Persian Gulf. But this does not necessarily mean that dialogue about Asian regional security issues has been entirely supplanted, far from it. Active diplomacy to elicit the participation of new nations in countering the twin risks of technology proliferation and the spread of terrorist movements, including in Southeast Asia, has resulted in wide-ranging bilateral and multilateral discussions in the region, particularly involving Secretary Powell and Deputy Secretary Armitage.³

Conveying the concerns of Asian allies to the president and the other principals in the administration, in turn, gradually has infused the internal administration debate with a better appreciation for the character of the challenges they are facing. Making a case for the vital importance of diplomatic and military instruments that are specifically tailored to the region has been helped immeasurably by the fact that Deputy Secretary Armitage is genuinely an expert.⁴ The president, the vice-president, Secretary of Defense Donald Rumsfeld, and national security adviser Condoleezza Rice are not.

But the president has yet to articulate a coherent vision for Asia. Even the *National Security Strategy* makes scant reference to the countries in this region except to highlight the need for stronger military measures against outlier states. Caught up in the global campaign to combat terrorism, the president has tended to weigh the importance of Asian governments according to the limited criteria of the support they express for his agenda. The president has given scant attention to regional institutional building or other cooperative measures. The emphasis on soliciting urgent cooperation for near-term military operations has crowded out presidential leadership on behalf of potentially more enduring enhancements of security. Even China—whose cooperation is critical to American success globally—has been given very mixed messages. Chinese leaders have had serious discussions of mutual interests with Secretary Powell and Deputy Secretary Armitage. This kind of reassurance, however, has been accompanied by the revelation that China is now a central target of American plans for the use of nuclear and precision strike forces, as spelled out in the 2001 Nuclear Posture Review, and of a stated American strategy of

“space dominance,” designed to allow the United States to deny space access to non-allies.

President Bush once characterized his administration’s foreign policy strategy as founded on “consistency, patience, and principle.” The White House record after two years does not do justice to this description. Developments in North Korea have dealt a fatal blow to the president’s depiction of an “axis of evil” or any similar conception of a packaged threat. Forced by circumstances to pursue wholly different approaches in Korea and Iraq, the president is now hoisted on his own rhetorical petard. Why, many ask, would the United States negotiate with a hostile, nuclear-armed state while staging a military invasion of a country that only aspires to nuclear status? These are questions that will have to be addressed persuasively at both the international and domestic level if the United States is to retain its leadership and credibility.

The future of U.S.-Asian relations will depend in part on whether the administration continues to inflict injury on its own interests with its ill-considered rhetoric, and whether the adverse effects of such episodes permanently harm relationships with countries whose cooperation is vital. Which part of the administration can be expected to be ascendant—its ability for sophisticated diplomacy or the urge to issue bombastic threats which are largely driven by domestic ideology? With a war looming in Iraq and the deepening determination of the North Korean regime to dispense with restrictions on its nuclear ambitions, the stakes have risen dramatically. It is now past the time for learning curves.

ENDNOTES

1. As Secretary Powell stated during his Senate confirmation hearing, January 17, 2001, “To our west, across the Pacific, a bedrock exists. It is our strong relationships with our Asia-Pacific allies and friends, and particularly Japan. Weaken those relationships and we weaken ourselves.”

2. The involvement of the former secretary of energy, Democratic governor of New Mexico Bill Richardson, in a dialogue with the DPRK in January 2003 is undoubtedly an unwelcome reminder of this constraint.

3. Both individuals traveled throughout the region, including Southeast Asia, over the last two years. Secretary Powell has paid particular attention to the ASEAN countries, emphasizing continued American interest in the region’s security as well as the need to shore up its ability to fight terrorism.

4. Just prior to his current appointment, Armitage spearheaded a study focussed on the United States and Japan (“The United States and Japan: Advancing Toward a Mature Relationship”) that was widely acclaimed. It emphasized the need to uphold cooperative approaches and lend consistent support to America’s key Asian allies.

ASIA IN AMERICAN GRAND STRATEGY: THE QUADRENNIAL DEFENSE REVIEW AND THE NATIONAL SECURITY STRATEGY

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It is risky to assess any country's foreign policy solely on the basis of documents. There is often a significant gap between words and deeds, between policy and practice. Still, sometimes this traditional kind of documentary analysis is valuable. Major policy documents may give some insight into the conceptual framework that decision makers bring to the conduct of their foreign policy. They shed light on a government's basic values and interests, its assumptions about the structure of the international order, and its grand strategy.

This type of analysis may be especially worthwhile when it comes to Asia policy. Asians take rhetoric seriously, seeing it as a way of assessing a foreign government's intentions. They will therefore be analyzing U.S. policy statements with particular care, perhaps assigning them more weight than their American counterparts do.

Thus far, the Bush administration has issued few if any statements that outline, in a comprehensive and systematic way, a longer-term strategy

toward Asia. Most of its statements and speeches on Asia deal with immediate issues, or with particular bilateral relationships, without weaving them into a broader pattern. But it has issued two major documents on global grand strategy, which are relevant to an analysis of its long-range policy toward Asia. The first is the Quadrennial Defense Review (QDR), written before September 11, 2001, but revised and published just afterward.¹ The second is the *National Security Strategy* of the United States (NSS), issued in September 2002.²

The two documents are quite different in authorship and purpose. The QDR was written by the Department of Defense, and focuses quite specifically on issues of national defense and national security. The NSS, despite its title, deals with a far wider range of American foreign policy concerns—security, economics, diplomacy, and even international environmental issues. It was published by the White House, on the basis of input from many different agencies. But the main difference is that the QDR is largely a pre-9/11 document, whereas the NSS was drafted and published after the terrorist attacks.

Although both documents shed substantial light on the way in which the Bush administration looks at Asia, few analysts have examined them from this perspective. They have looked at the QDR for implications of the shift from “threat-based” to “capabilities-based” planning for the restructuring of America’s armed forces. And, in analyzing the NSS, they have focused on the passages that lay out the doctrine of preventive war and that state America’s interest in preserving a dominant international position. They have not adequately analyzed the passages in either report that suggest the Bush administration’s policy toward Asia.

The purpose of this paper, then, is to examine what these two documents tell us about American policy toward Asia, and to see how policy has evolved since the Bush administration took office in early 2001. The two documents show the profound impact of 9/11 on American foreign policy in general, and on American policy toward Asia in particular. Despite some references to homeland security, most likely added just after the terrorist attacks of September 11, the QDR is still focused primarily on the issue of “defeating attacks” and “punishing aggression” by traditional adversaries. In contrast, despite some references to the need to deter traditional aggression and to manage regional conflicts, the NSS is focused primarily on the problem of countering terrorism.

In addition, the two documents differ in the way in which they analyze other major powers. The QDR takes a classic realist approach to great power competition, assessing the prospects that any other state might become a “peer competitor” of the United States, and considering ways by which such a development might be discouraged. The NSS, in contrast, takes a considerably different approach by adding values to its analysis. Arguing that the major powers increasingly share core values, it sees much more likelihood of cooperative relations between the United States and all the other major powers, including not just traditional allies such as Japan and Europe, but also nations not allied with the United States, such as Russia and China.

Policy toward China, in particular, has been strongly affected by the change in analytic framework between 2001 and 2002. Described indirectly as a prospective “military competitor” in the QDR, China is redefined in the NSS as a prospective American partner in coalitions to advance common interests. Since policy toward China lies at the heart of U.S. policy toward Asia, the changing portrayal of China from the QDR to the NSS is of fundamental significance.

THE QUADRENNIAL DEFENSE REVIEW (2001)

The Bush administration did not enter office with a fully articulated policy toward Asia. But it did see itself as following a neo-realist approach to international affairs—concerned primarily with maintaining favorable balances of power, in part through working closely with long-standing allies. During the presidential election campaign of 2000, it had implied that it would be less sanguine than liberals in dealing with potential rivals and adversaries, less naive about the prospects for building effective international regimes and institutions, but simultaneously less imperious in promoting human rights and exporting American values.

As applied to Asia, this new policy framework had a number of significant implications, several of which had been spelled out in statements during the election campaign of 2000:

- The U.S. would maintain its closest relationships with its allies in the region, such as Japan and South Korea, and would also develop a fuller relationship with India.

- China would be regarded as a “strategic competitor” of the United States, not as a potential “strategic partner.”
- The U.S. would be far more skeptical about the possibility of reducing tensions with North Korea and about North Korea’s compliance with the Nuclear Agreed Framework of 1994, and therefore about the desirability of American implementation of that same agreement.
- The U.S. would be more sympathetic to the political and security interests of Taiwan.
- The new administration would be “less arrogant” in its approach to the region—a remark widely understood as meaning that it would devote less attention to human rights than the Clinton administration had done in its early months.
- And it would be relatively unenthusiastic about cooperative security measures in Asia, such as the ASEAN Regional Forum, seeing them as relatively ineffective ways of enhancing regional security and stability.

Many of these concerns were reflected in the QDR, published nine months after the Bush administration came into office. The document was explicitly described as representing a “top-down” review of national security policy. Not only was this phrase intended as a contrast to the “bottom-up” reviews conducted by the Clinton administration, but it also was meant to suggest that the document was drafted by a circle of advisers close to the secretary of defense, without necessarily representing a consensus of the uniformed military.

Despite some editorial additions clearly occasioned by the terrorist attacks of September 11, the QDR primarily focused on traditional security concerns: dissuading other powers from engaging in “military competition” with the United States, deterring “aggression and coercion” by other powers, and “decisively defeating any adversary” if deterrence should fail. It also identified, as its geopolitical objectives, the preservation of “peace and stability” in the Western Hemisphere (which most likely implied continued American dominance of that region), and the preclusion of the “hostile domination” of other critical areas by any other power. These objectives have been at the heart of traditional geopolitical analysis of U.S. foreign policy for decades.

The QDR’s approach to bilateral or multilateral security cooperation was very much in keeping with classic realist analysis of American foreign

policy. The way to prevent military competition with other great powers was not to enter formal arms control agreements with them, but rather to persuade them that they would have no hope of prevailing in an arms race with the United States. Similarly, when the phrase “security cooperation” was used, it clearly referred to stronger relationships with American allies and “partners”; it did not allude to multilateral cooperative security arrangements with universal or near-universal membership, such as the Organization for Security and Cooperation in Europe or the ASEAN Regional Forum.

Analysts of U.S. foreign policy were quick to note the new general emphases in the QDR: the focus on “capabilities-based” planning, the desire to maintain a dominant global position, and the idea of dissuading potential rivals from challenging the American position. But they did not look specifically at what the document said about Asia. The region was, in fact, a major focus of the document—both in discussions of the “critical areas” where the United States had long-term security interests, and in analyses of the “potential adversaries” that could engage in “military competition” with the United States.

On the first point, the QDR identified both Northeast Asia and the “East Asian littoral” (defined as “the region stretching from south of Japan through Australia and into the Bay of Bengal”) as “critical areas,” along with Europe, the Middle East, and Southwest Asia. It said that precluding “hostile domination” of such “critical areas” was an “enduring national interest.”

The QDR implied that the United States would face particular problems in Asia. It warned that Northeast Asia and the East Asian littoral (along with the Middle East and Southwest Asia) were part of a “broad arc of instability that stretches from the Middle East to Northeast Asia.” It was characterized by “a volatile mix of rising and declining regional powers,” states vulnerable to “overthrow by radical or extremist internal political forces and movements,” and states with significant military capabilities, including weapons of mass destruction.

The QDR asserted that these risks would be particularly great along the East Asian littoral, because the United States has fewer bases, less “en route infrastructure,” and less secure access to facilities there, and because distances in the region are vast. However, in keeping with its orientation toward “capabilities-based” analysis rather than “threat-based” analysis,

the QDR did not specifically identify which particular parts of the East Asian littoral might be the flashpoints. One candidate would be the South China Sea, with its territorial disputes among China, Taiwan, and several Southeast Asian nations. An even more likely possibility would be the Taiwan Strait, and yet the concerns expressed in the QDR about distance from American shores and from American bases do not seem to apply with particular weight to Taiwan, given in particular its proximity to American bases in Guam and Japan.

With regard to the main security challenge identified in the body of the QDR—the rise of new major powers—the focus again was on Asia. In an unmistakable reference to China, the QDR warned that the U.S. faced the “possibility” (although not the certainty) that “a military competitor with a formidable resource base will emerge in the region.” This brief discussion of China differed significantly from the way in which the QDR treated Russia. The report declared that “an opportunity for cooperation exists with Russia,” and asserted that Russia “does not pose a large-scale conventional military threat to Asia. Russia, in other words, was treated as a potential strategic partner; China, as a prospective strategic competitor.

Finally, the QDR called for several new military deployments to bolster the American strategic position in Asia, and particularly along the East Asian littoral:

- Developing additional bases, and ensuring temporary access to other facilities, in regions outside Northeast Asia, including the East Asian littoral.
- Increasing aircraft battlegroup presence in the Western Pacific, and “explor[ing] options” for homeporting more surface combatants and guided cruise missile submarines in the region.
- Increasing “contingency basing” for the Air Force in the Pacific Ocean
- Exploring the feasibility of conducting training for the Marine Corps for “littoral warfare” in the Western Pacific.
- Developing missile defenses to protect forward deployed forces and American friends and allies, as well as for the United States itself.

However, although the report identified the East Asian littoral as a particular strategic problem for the U.S. over the longer term, and although it

anticipated some redeployment of American military forces toward East Asia, it envisioned even greater shifts of military force toward Southwest Asia and the Middle East, where the immediate threats were already higher.

Moreover, the QDR was published at a time when the focus of American security policy was shifting from countering the power of nation-states to addressing the problem of terrorism. Therefore, although the QDR referred indirectly to a potential military threat from China as a conventional rising power, American officials were already stating that they did not regard conflict (or even strategic competition) with China as inevitable, and that they preferred to build a “cooperative and constructive” relationship with Beijing. That part of the QDR may therefore have been outdated even before it was published.

THE NATIONAL SECURITY STRATEGY (2002)

The shift in focus occasioned by 9/11 was even clearer in the *National Security Strategy*, published one year later in September 2002. To be sure, the NSS repeated the main strategic objectives of the QDR: to “maintain our defenses beyond challenge,” to “assure our friends and allies,” to “dissuade future military competition,” to “deter threats against U.S. interests, allies, and friends,” and to “decisively defeat any adversary if deterrence fails.” But despite this analytic continuity, the NSS differed from the QDR in its treatment of the security challenges facing the United States in the post-Cold War world.

The NSS significantly redefined America’s principal security problem. The main security challenge that had been addressed in the QDR—major states with “great armies and great industrial capabilities”—was now described as the challenge of the past. In its place, the NSS identified two new security challenges of the present and future. The first was the challenge of terrorism—the “shadowy networks of individuals” and the “rogue nations” that harbored and supported them. The second was the more familiar issue of regional disputes that could not only involve military conflict and human suffering in themselves, but could also “strain our alliances” and “rekindle rivalries among the major powers.”

Moreover, the NSS envisioned the possibility of forging constructive relationships among all the great powers. While the NSS echoed the QDR in stating that the U.S. might still face the problem of “aggression

from other great powers” and that it would “strongly resist” such aggression if it occurred, it placed far greater emphasis on what it described as an unparalleled opportunity to build a security community with them. It argued that the great powers are “increasingly united by common values,” that they are “increasingly on the same side—united by common dangers of terrorist violence and chaos,” and thus that there is “the best chance since the rise of the nation-state in the seventeenth century to build a world where great powers compete in peace instead of continually prepare for war.” The stark neo-realist analysis of the QDR had now, in the post-9/11 era, been significantly modified by the addition of common values to the analysis of great power relationships.

However, this optimistic vision of a prospective concert of powers still did not place a high priority on the creation of multilateral security institutions with universal membership. The emphasis was placed instead on a “balance of power for freedom,” in which the United States would play the leading role. Coalitions and alliances among the like-minded, rather than universal organizations incorporating the outliers, were the main building blocks of the new post-Cold War world.

The most widely cited and analyzed passages in the NSS, of course, are those dealing with the doctrine of preventive war against rogue states that develop weapons of mass destruction. Admittedly, prevention was not depicted as the only strategy against this threat; non-proliferation, “counterproliferation” (e.g., missile defense and counterforce capabilities), and “consequence management” (i.e., response to the actual use of WMD against either the United States or its allies) were also described as important. But the NSS emphasized that the United States “can no longer solely rely on a reactive posture as we have in the past.” Preventive attacks might also be necessary, especially in situations where traditional deterrent measures would not be reliable.

HOW DID THE NSS APPLY THESE GENERAL PRINCIPLES TO ASIA?

First, the NSS saw Asia as an important locus of the terrorist threat to the United States. Any notion that Asia might be immune from terrorism—perhaps because of the more moderate or secular version of Islam that had been officially promoted in both Indonesia and Malaysia—received no

endorsement in the document. Instead, the NSS asserted that terrorist cells existed “across Asia,” as well in most other parts of the world.

But in dealing with the other aspect of the new security threat to the United States—the existence of rogue states that could provide either sanctuary or weaponry to transnational terrorist movements—the NSS was remarkably terse when it came to Asia. It said virtually nothing about North Korea—the one East Asian country that had been identified in the State of the Union address as being part of the “axis of evil,” and that was accused of supporting terrorist organizations and developing weapons of mass destruction. The document’s section on rogue states mentioned North Korea briefly, as well as Iraq, but did not provide a specific strategy for dealing with Pyongyang’s WMD program. It implied that, like all rogue states, North Korea might be subject to a preemptive attack, although it added that “the United States will not use force in all cases to preempt emerging threats.” Given the Bush administration’s subsequent uncertainty about how to deal with North Korea’s nuclear weapons program, this lack of clarity about strategy toward Pyongyang is particularly revealing.

With regard to regional disputes, the NSS was again highly selective in its treatment of Asia. The regional conflicts of South Asia received a paragraph, stressing the need for India and Pakistan to resolve their dispute, but noting that improvements in American relations with both countries made it possible for the U.S. to “play a constructive role” in managing tensions or promoting dialogue. The domestic troubles of Indonesia also warranted a paragraph in the section on regional disputes.

However, the NSS said virtually nothing about the other long-standing disputes in the region. Just as it had said virtually nothing about how the United States would deal with North Korea as a “rogue state,” the NSS had little to say about how Washington would address the broader issue of security on the Korean peninsula. It merely warned Seoul to “maintain vigilance” towards the North—perhaps an implicit criticism of the “sunshine policy” of the South Korean government, but not an explicit one.

Nor did the NSS address the situation in the Taiwan Strait in any detail. Taiwan was frequently mentioned as a positive example of the spread of democratic values and institutions. But the document did not contain any further security commitments to the island, nor mention the

Bush administration's expanded program of arms sales to the island. Indeed, by describing the U.S. obligation under the Taiwan Relations Act as a "commitment to the self-defense of Taiwan," the NSS reintroduced considerable uncertainty as to whether Washington would actually directly come to Taiwan's defense were it attacked. Nor did the document mention Taiwan as a potential partner in a bilateral free trade agreement with the United States.

Thus, the NSS perpetuated one of the major ambiguities of the QDR. The earlier document had identified the "East Asian littoral," as well as Northeast Asia, as regions of critical importance to the United States, and where conflict could break out. And yet, it did not specify the particular disputes in Asia that were of interest to the United States. That lacuna was perhaps understandable in the QDR, since it explicitly sought to refrain from the kind of threat-based analysis that, in its words, focused on "who the adversary might be or where the war might occur." But in the NSS, which devoted an entire section to specific regional disputes, and addressed several of them in some detail, the absence of any discussion of either the Korean peninsula or the Taiwan Strait suggests that the Bush administration had not decided what it wanted to say about either potential conflict.

Turning to great power relations, the NSS spoke with predictable enthusiasm about America's allies in Asia. Australia, Japan, Korea, Thailand, and the Philippines were all lauded for their contributions to the struggle against terrorism. New Zealand, although carefully described as a "close friend" rather than an "alliance partner," was also singled out for praise, in the same category as Singapore. This represented a considerable departure from previous administrations that, in response to New Zealand's refusal to welcome nuclear-powered U.S. Navy ships to make port calls in the country, had viewed Wellington as an unreliable and wayward ally. The NSS echoed the QDR in calling for the maintenance of adequate forces in the region, but did not repeat any of the measures that the QDR had said would be implemented or considered.

Where the NSS differed most dramatically from the QDR was in its treatment of China. It no longer referred to Beijing as a potential rival or competitor of the United States. Instead, it spoke of the possibility of "cooperative action" with China, as with the "other main centers of global power." The NSS noted that the U.S. and China were already cooperating on such issues as counterterrorism, the Korean peninsula,

health and environmental threats, and the reconstruction of Afghanistan. Perhaps most important from Beijing's perspective, the document not only said that the U.S. sought a cooperative relationship with China, but also resurrected familiar language from previous administrations about the United States' interest in a China that was "peaceful, prosperous, and strong"—hardly the language that would be used to describe the ideal future for a strategic rival.

But the NSS conditioned the prospects for a cooperative relationship with China in two significant ways. First, it urged China to act responsibly in its own security policy. Specifically, it encouraged Beijing to forswear the "pursuit of advanced military capabilities that can threaten its neighbors in the Asia-Pacific region," and "adhere to its nonproliferation commitments." And second, since cooperation among major powers was said to depend on shared values, the NSS also admonished China to engage in "democratic development." However, it presented the promotion of freedom and democracy as a choice that China's own leaders would have to make. And it specifically said that even "profound disagreements" over such issues as human rights would not "preclude cooperation where we agree."

Finally, the NSS presented a view of regional economic and security architecture in Asia that was fully in keeping with the Bush administration's preference for "bottom-up" coalitions of the like-minded, rather than "top-down" assemblages of all the nations in the region. In the economic realm, APEC was not mentioned as one of the regional initiatives the United States would utilize to promote free trade. (Instead, this section of the NSS focused on the Free Trade Area of the Americas, and the African Growth and Opportunity Act.) The emphasis was placed on bilateral free trade agreements with selected Asian countries, including Singapore and Australia but not, as noted above, Taiwan.

It was, paradoxically, in the NSS's discussion of regional security cooperation that APEC found its place. There APEC was treated as a political institution that might provide a mechanism to "manage change" in the region. (This may have reflected the fact that the APEC leaders' meeting in Shanghai in the fall of 2001 had focused heavily on the issue of terrorism, despite earlier resistance by ASEAN leaders to having APEC deal with security matters.) Conversely, the ASEAN Regional Forum—the prototypical cooperative security organization in Asia—was not even mentioned.

CONCLUSION

The Bush administration's Asia policy has evolved considerably over the last two years. In some ways, its policy now resembles that of its predecessor's, particularly with regard to China. But in others, it still shows evidence of its neo-realist heritage.

Where the Bush administration has changed most dramatically is in its stated policy toward China. The country that was once portrayed in the QDR as a potential military competitor of the United States is described in the NSS as a potential partner. In everything but name, the Bush administration has returned to the Clinton administration's concept of building toward a "constructive strategic partnership" with Beijing. The war against terrorism is the justification for this reconceptualization, but other common interests shared by the two countries are also seen as promoting a cooperative relationship.

As noted above, this cooperative relationship is described conditionally. The possibility of such a relationship is predicated on the notion of a "changing China"; its fruition is conditioned on China's becoming more democratic, peaceful, and accommodating. The Clinton administration had also presented its vision of a constructive strategic partnership with Beijing as a future possibility, not a present-day reality, but it had not so explicitly indicated what China would have to do to bring such a relationship to fruition.

The changing approach to China in the QDR is part of a broader shift from a neo-realist to a neo-liberal view of international affairs. The QDR's vision of international politics was a profoundly realist one. It portrayed the main dynamic of international affairs as the competition among major powers, and argued that the best way for America to maintain its dominant position in the post-Cold War era was to dissuade any other potential rival from engaging in military competition with the United States. The NSS's vision of international politics, in contrast, saw common values as significantly moderating great power rivalry. It argued that the best way for America to maintain its dominant position would be to persuade potential rivals, like China, to adopt such common values and institutions as "freedom, democracy, and free enterprise."

What remains unchanged from 2001 to 2002 is the Bush administration's skepticism about international organizations with universal mem-

bership. Although the NSS now envisions a concert of the major powers, based on common values, there is no more talk about a “new Pacific Community” that informed much of the Clinton administration’s Asia policy. There is little room for APEC and ARF in the Bush administration’s vision of Asia. Instead, free trade is to be built out of bilateral agreements, and security cooperation is to be fashioned out of America’s alliances.

Interestingly, too, the Bush administration remains—at least in its rhetoric—committed to what it regards as a less “arrogant” approach to the promotion of democracy and human rights. Its policy, including toward China, emphasizes criticism rather than sanctions. It offers targeted aid to those countries that are moving in the right direction. Above all, it assumes that most countries will eventually respond to the “non-negotiable demands” of their people for the “single sustainable model for national success: freedom, democracy, and free enterprise.” Over time, national leaders—in China and elsewhere—will realize that only those nations that adopt that model will be able to “unleash the potential of their people and assure their future prosperity.”

Finally, both documents are noteworthy for what was not said, as well as what was. Neither document said much about either of the two major regional disputes of East Asia: the Taiwan Strait or the Korean peninsula. The silence on these two points is in some ways stunning. On the question of Taiwan, it is surprising because the Bush administration came into office criticizing its predecessor’s policy of “strategic ambiguity” with regard to Taiwan. And yet, its two major policy statements say virtually nothing about the degree of American commitment to Taiwan’s defense. On the question of Korea, the administration’s reticence is surprising because of the President’s inclusion of North Korea as a member of the “axis of evil” in his State of the Union message in 2002. And yet, the NSS says nothing about how the United States will address either the problem of proliferation in North Korea, or the broader question of promoting peace and stability on the Korean peninsula.

Asians will view the Bush administration’s regional policy, especially as reflected in the NSS, with a mixture of relief and concern. They will be relieved that the Bush administration has abandoned its earlier assumption that China was a strategic competitor of the United States, and will welcome its subsequent commitment to build a more cooperative relation-

ship with China. They will also welcome the American appeal to China not to develop “advanced military capabilities that can threaten its neighbors” in the region.

They may be more concerned, however, about the uncertainties surrounding American policy toward North Korea and Taiwan. They may take some comfort in the fact that the NSS does not pledge the United States to the unconditional defense of Taiwan, or to a policy of preempting, by force, North Korea’s WMD program. But the studied refusal to provide any details about U.S. policy toward these two regional disputes will be regarded as troubling.

Above all, Asians will view the core vision of these two documents with some concern. The idea of a unipolar world dominated by the United States, and of a world organized around American-led alliances and coalitions, will not be welcomed by those who were more attracted to visions of a multipolar world, organized into multilateral institutions. The issue is whether Asians will countenance this aspect of American policy— either because they come to accept it, or because they have no choice than to tolerate it—or whether they will gradually come together to resist it.

ENDNOTES

1. Available at www.defenselink.mil/pubs/qdr2001.pdf.
2. Available at www.whitehouse.gov/nsc/nss.html.

LEARNING BY DOING: THE BUSH ADMINISTRATION IN EAST ASIA

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The opinions expressed in this paper are my own, and should not be attributed to the Naval War College or the U.S. government.

As the Bush administration passes the midpoint of the presidential term, its East Asia strategy looks appreciably different from where the administration began. Like many incoming presidential leaderships, the Bush team initially sought to redirect, attenuate, or reverse its predecessor's policies. The administration entered office openly critical of President Clinton's Asia policies, which it viewed as overly beholden to China, inattentive to Japan and to other long-standing U.S. allies, far too solicitous of North Korea, and unduly enamored of the benefits of globalization. Senior administration officials argued for a vigorous reassertion of American political-military leadership focused on U.S. regional alliances, a heightened emphasis on Asia's centrality in American national security strategy, and a longer term redirection of America's conventional and nuclear forces.

Two years later, the administration's strategic aspirations in Asia remain undiminished, but its preoccupations are now far more immediate, if hardly prosaic. September 11 furnished the principal dividing line. The administration's long-term Asian agenda has been subordinated to America's multiple, overlapping campaigns against international terrorism, the looming possibilities of war with Iraq, and mounting concerns over the proliferation of destabilizing technologies and materials. The abrupt unraveling of the U.S.-DPRK Agreed Framework during the waning months of 2002 has also posed a major, unexpected headache for the United States. Administration officials continue to scramble to devise a sustainable, coordinated strategy for addressing this unanticipated and very serious challenge to global nonproliferation policy and in regional security.

At the same time, the anticipated alliance rejuvenation with Japan has been slower to materialize than many assumed at the outset of the administration, and the tensions in the U.S.-ROK alliance are palpable and increasingly worrisome. By contrast, initial expectations of a more distant and more competitive Sino-American relationship have diminished, supplanted by policies that (with the notable exceptions of increased security ties with Taiwan and the administration's accelerated pursuit of ballistic missile defense) do not seem appreciably divergent from the policies of the latter years of the Clinton administration.

With terrorist threats, homeland security, and the looming crisis with Iraq deemed pivotal to U.S. national security priorities, the administration has sought to defer more immediate policy preoccupations in the region. North Korea's outright defiance of its declared nonproliferation commitments and its reactivation of nuclear facilities mothballed under the Agreed Framework constitute an abrupt and worrisome policy reversal, but the administration remains intent on avoiding either direct negotiations or a major confrontation with Pyongyang. The United States has sought to enlist others (notably including China and Russia) in reversing North Korea's renewed nuclear activities, but Pyongyang's actions have repeatedly confounded the administration's efforts to set relations with North Korea to one side. By contrast, a surge in radical Islamic activity in Southeast Asia, including the October 2002 bombing in Bali, triggered serious U.S. efforts to generate a more determined response by regional leaders, especially by Indonesia, which the administration deemed both

laggard and skittish in the face of mounting threats. But American leverage in such circumstances remained limited, driven more by events than by a capacity to convince others to join in common cause.

Despite these political constraints, U.S. declaratory policy (as embodied in the new national security strategy released in September 2002) remains extraordinarily ambitious in scope. Yet the administration has been far less sweeping in converting such precepts into practice. The new leadership team is widely faulted for its unilateralist goals and impulses, but the day-to-day realities in East Asia belie such criticisms. In coalition building, diplomacy, trade policy, export control, intelligence ties and security collaboration, engagement and consultation have proven the norm rather than the exception.

The United States insists that it will not mortgage its core strategic interests to the vicissitudes of international opinion or to the policy needs of other leaderships. But the administration—and the president personally—have recognized the imperative need for consultation and (with the conspicuous exception of North Korea) for negotiation. These developments have created the possibility of new strategic understandings between the United States and the region that move well beyond the established contours of past policy.

However, widespread unease persists within the region that the administration is animated primarily by immediate U.S. policy needs and threat perceptions, not a deeper commitment to a new political or strategic framework. Numerous leaders express doubts that opposition to terrorism (especially if extended to regime change in Iraq and potentially elsewhere) will provide a durable basis for common cause between America and Asia. In this more cautionary view, the prospect of a longer term rivalry with China has been deferred, not supplanted. In addition, North Korea's mounting challenge to nuclear nonproliferation looms as an even more immediate, urgent policy item. With the United States increasingly preoccupied by new, unanticipated security imperatives, some long-standing U.S. allies are also voicing quiet but growing concern about their future relevance and role.

Few Asian states, however, seem inclined to directly challenge the administration's stated policy goals, even less to contest America's political-military advantage. All regional actors must decide how to adapt to American strategic predominance and the administration's ambitious,

multi-front activism. Most are giving the United States a very wide berth. So construed, the Bush administration has succeeded where most of its predecessors failed: nearly all regional states have decided to accommodate the vigorous, unapologetic assertion of American leadership. But this seeming support for U.S. policy reflects prudence, risk aversion, and the more immediate internal preoccupations of regional actors, not a more durable congruence of national interests with those of the United States.

In addition, substantial issues in American policy remain unresolved. The exceptional sweep of the administration's national security strategy document, including its articulation of imminent threat as a justification for unilateral preemptive military actions and its commitment to sustaining America's paramount power, have yet to be tested in Asia, or elsewhere. Policy coordination across the triumvirate of diplomacy, trade, and defense has also proven contentious and complicating, with integration and autonomy representing distinct, competing approaches to U.S. strategy. Inherent tensions in policymaking, most fully manifest between the State Department and the Department of Defense, also seem unlikely to dissipate anytime soon.

Thus, the road ahead seems strewn with unfinished business, alternative policy agendas, and (very possibly) enduring disagreements on how U.S. regional interests can be best advanced in future years. To consider these issues further, this paper will assess three principal issues: (1) Bush administration policies before September 11; (2) the consequences of September 11 for U.S. policy in East Asia; and (3) some of the uncertainties and looming policy challenges likely to confront the administration in the latter half of the presidential term.

ADMINISTRATION STRATEGY BEFORE SEPTEMBER 11

During the administration's earliest months in office, the dividing lines that stymied the development of a coherent approach to Asia policy were quickly evident. The State Department, charged with the day-to-day management of foreign policy, did not issue any comprehensive statements on Asia policy, focusing instead on an "issue by issue" approach that entailed ample continuities with previous U.S. policy. By contrast, the Department of Defense presented a more ambitious long-term strategy,

proffering an “Asia based” concept driven predominantly by prospective threats and vulnerabilities posed to U.S. forces.

Less remarked upon, however, was the presumed shift in American strategic attention away from traditional security concerns in Northeast Asia, and more toward the Southeast Asian littoral, Taiwan, and the South China Sea. The DoD leadership argued that the United States needed to plan and prepare for an array of potential future crises that bore little relationship to existing forces, deployments, and strategies. Such assertions did not invalidate the relevance of long standing policies (notably, deterrence and defense in Korea) but in relative terms new concerns diminished the centrality of an older agenda in U.S. defense planning.

This focus appeared to posit an inevitable Chinese challenge to U.S. primacy in the region. Despite DoD’s claim that it would now employ capabilities-based planning, China’s identity seems thinly disguised in the administration’s initial strategic pronouncements. The September 2001 *Quadrennial Defense Review’s* reference to the prospective emergence of “an [Asian] military competitor with a formidable resource base” implicitly characterized China as America’s primary prospective threat in the 21st century; no other state remotely matched this profile. President Bush’s campaign description of China as a “strategic competitor” rather than a presumptive “strategic partner” further reinforced this conclusion. The simultaneous reference in the defense document to Asia’s “volatile mix of rising and declining regional powers” also prefigured the administration’s increasing focus on failing states and radical movements affiliated with them. Thus, the United States seemed intent on concentrating its attention and resources on two alternative regional futures in Asia, both of which implied major departures from long-standing strategy.

However, a China-centered approach to future U.S. regional strategy has not materialized. DoD’s concern about “anti-access” strategies directed against forward deployed U.S. forces remained elastic rather than case specific; it applied equally to the *USS Cole* or to a hypothetical threat to a carrier battle group near Taiwan. To be sure, the EP-3 incident of April 2001 froze U.S.-Chinese military-to-military relations, further accelerated U.S. attention to Taiwan’s defense requirements, and contributed to an initial distancing in U.S.-China relations. But the administration recognized the risks of a larger Sino-American estrangement and a degrading of bilateral ties. President Bush also reiterated his determination to

advance China's integration into the global trading system. Secretary of State Powell's first visit to Beijing in July 2001 helped lay the groundwork for the president's attendance at the APEC summit in October.

The Chinese leadership also seemed highly circumspect in reacting to shifts in U.S. defense policy, and did not launch an early or frontal challenge to the new administration. To some Chinese, the ever-larger scope of Sino-American trade and investment provided substantial ballast for an otherwise unsteady bilateral relationship. At the same time, the Chinese had ample experience with previous incoming administrations that entered office pledging to undertake major shifts in relations with China, only to revert more to the center, as the costs and risks to American interests became clearer. Indeed, this adjustment process unfolded much more rapidly under President Bush than it had under President Clinton, though defense ties continued to lag behind other major components of the bilateral relationship.

Defense and State did share a belief in the primacy of Japan in American regional strategy, arguing that Tokyo's elevation to a more pivotal role in a U.S.-led Asian maritime coalition was long overdue. The new defense and foreign policy leadership believed that the Clinton administration had alternately hectored and trivialized Japan, and it was determined to chart a different course. This included strong encouragement from senior American policymakers for constitutional change and/or reinterpretation that would allow for a far less equivocal Japanese security role.

The administration clearly hoped that the new prime minister, Junichiro Koizumi, could jump-start policy debate in Japan. But any redefinition of the U.S.-Japan alliance had to overcome protracted immobility within the Japanese political system, and a decade-long slide in the Japanese economy. At the same time, even as leaders in Tokyo sought to ensure Japan's pride of place in American strategic calculations, there was a deep wariness and continued division in Tokyo over Japan's potential involvement in future contingencies in Korea, in the Taiwan Strait, or in "out of area" operations. Thus, implementing a larger strategic design for future U.S.-Japan relations was much easier to put forward in concept than in practice. Japan's domestic woes did not help. An incapacitated political leadership did not comport with the goal of Japan becoming "the England of Asia," the characterization in an influential pre-election

study group report chaired by Deputy Secretary of State Richard Armitage.

Other U.S. regional security partners expressed continued disquiet on the ultimate purposes of a major augmentation of the U.S.-Japan alliance, and how it might in turn affect the larger pattern of U.S. regional security policies. Any major initiatives toward Tokyo also had to address Japanese expectations of a redefined alliance, rather than Washington assuming unquestioned Japanese subordination to U.S. policy interests and needs. Effecting major policy change between Japan and the United States would require sustained effort, resources, and leadership attention on both sides of the Pacific. All three commodities remained in very short supply.

Alliance ties with the ROK posed an even larger challenge. Nearly all senior Bush administration officials expressed deep disaffection with the Clinton administration's policies toward North Korea and an equivalent discomfort with President Kim Dae Jung's pursuit of a "sunshine policy" toward Pyongyang. When President Bush met with President Kim in March 2001, the American president's distaste for and distrust of North Korean leader Kim Jong Il was palpable, to the consternation of the visiting ROK president.

Following completion of a Korea policy review in June 2001, the administration reaffirmed its commitment to the Agreed Framework and the KEDO process, while also asserting that it was prepared to pursue "comprehensive engagement" with the North. Such a policy, however, was premised on Pyongyang's readiness to undertake verifiable constraints on further missile development, a ban on missile exports, reductions in forward-deployed conventional forces, and fuller disclosure on the disposition of its plutonium inventory, as mandated under the Agreed Framework. Secretary of State Powell further asserted that the United States had "no preconditions" to resumed discussions with the North. But the bar had been set very high: the full-scale engagement strategy pursued by the Clinton administration had come to an end.

Though these policy shifts were disquieting to the leadership in Seoul, the United States had made its priorities known, irrespective of the implications for U.S.-ROK alliance ties. At the same time, a far more circumscribed policy toward Pyongyang meshed with the administration's accelerated pursuit of missile defense, given that North Korea was much farther

advanced in long-range missile development than any of the other identified “rogue states.” The Bush administration, seeing no need to invest major time and effort in conciliating the North, opted for a waiting game.

The United States, therefore, was not prepared to defer to the preferences of a major regional ally if these policies were deemed prejudicial to larger American interests. In few areas was the contrast between the Clinton and Bush policies in Asia more evident. The larger unanswered question, however, was whether the administration’s actions were injecting needless friction in America’s regional ties that could undermine America’s predominant influence across the region.

THE AFTERMATH OF SEPTEMBER 11

September 11 and the U.S. response to international terrorism sharply reconfigured numerous American foreign and defense policy goals. A cascading set of consequences followed the terrorist attacks, redefining American policy choices for the indefinite future. In central Asia, American military deployments injected U.S. power and influence into the Asian heartland in ways that would have previously been unimaginable. The American military presence directly affected Russian and Chinese strategic equities, requiring greatly heightened U.S. attentiveness to relations with Moscow as well as Beijing.

September 11 also had a profound clarifying effect on American national security strategy, most prominently captured in President Bush’s January 2002 State of the Union address, his June 2002 speech at the U.S. Military Academy, and the September 2002 publication of *The National Security Strategy of the United States of America*. In addition, September 11 released the Department of Defense from the budgetary strictures that had circumscribed Secretary of Defense Rumsfeld’s plans to redesign and reequip American military forces for the new century.

The sharp turn in U.S. strategy also compelled states throughout East Asia to revisit their prevailing assessments of American policy. September 11 reinforced prior incentives to accommodate to American power, especially as the United States embarked on a worldwide campaign to root out terrorist forces. For some states (including Russia and China), it opened new opportunities with the United States. The early condemnation of the terrorist attacks by Moscow and Beijing and their respective calls for height-

ened collaboration with the United States evoked an early and positive response from the administration. President Bush's decision to proceed with his truncated but symbolically important October 2001 visit to Shanghai for the APEC summit—the president's first overseas trip following September 11—paid substantial political dividends for both leaderships.

The Bush visit to Shanghai solidified an emergent Sino-American accommodation that has broadened ever since. Having entered the White House wary of an unduly enveloping relationship with Beijing, President Bush held three separate meetings with Jiang Zemin within the space of twelve months, and ancillary policy developments and interactions have placed bilateral relations on a far more solid footing, at least for the near to midterm. Having decided not to overreact to early administration decisions deemed inimical to Chinese interests (in particular related to Taiwan), Chinese officials could derive ironic validation from the events of September 11. After a decade of uncertainty and policy debate in the United States, international terrorism, not China, was deemed America's new global adversary.

September 11 also enabled Prime Minister Koizumi to effect important changes in domestic legislation. These actions permitted Japan to quickly provide logistics support for military operations in the Indian Ocean, thereby avoiding any prospective repeat of the sharp criticisms directed against Tokyo by senior American officials during the Persian Gulf crisis of 1990. Japan also assumed a highly visible role in planning for the postwar reconstruction of Afghanistan. But Tokyo was not inclined to provide a blank check for U.S. strategy towards Iraq. It sought to reserve its options in light of subsequent efforts to assemble and legitimate a larger international coalition, in particular through Security Council sanction for prospective military actions.

In addition, Tokyo seemed intent on advancing relations with Pyongyang even as Washington sought to place relations with North Korea on the back burner. In late August 2002, senior Japanese officials disclosed Prime Minister Koizumi's plans for a visit to Pyongyang to American counterparts, only three days in advance of its public announcement. Though officials at the Ministry of Foreign Affairs argued that planning for the prime minister's mission required utmost secrecy, such arguments belied mutual claims of an increasingly intimate alliance relationship.

American officials had concluded the previous month that North Korea was embarked on a covert uranium enrichment program that sought to circumvent Pyongyang's declared obligations under the Agreed Framework. It is not clear whether the administration counseled a postponement or reconsideration of the prime minister's visit, but senior American officials expected that Koizumi would broach the nuclear issue during his mid-September foray to Pyongyang. However, senior U.S. officials were clearly troubled by the outcome of Koizumi's discussions with North Korean leader Kim Jong Il. Kim made clear to the prime minister that nuclear issues were not on the table with Japan; these were matters he was prepared to discuss only with the United States. But American policymakers recognized that the joint declaration opened the door to an early normalization of Japanese-North Korean relations, even as the North was violating its nonproliferation commitments.

The Koizumi visit in all likelihood accelerated plans for the long-deferred visit of Assistant Secretary of State James Kelly to Pyongyang. During his early October mission, Kelly informed North Korean officials that the United States had evidence of a covert enrichment program in the North. He further stated that Washington was unprepared to present its proposals for improved U.S.-North Korean ties under these circumstances. The existence of the enrichment program, he asserted, had created a precondition to the resumption of bilateral discussions with Pyongyang. North Korea would therefore need to undertake the verifiable dismantlement of its enrichment activities before the United States would pursue improved relations in earnest.

The details of what Deputy Minister of Foreign Affairs Kang Sok-ju admitted to Assistant Secretary Kelly during the latter's visit to Pyongyang still remain obscure. Ever since the U.S. disclosures of mid-October, Pyongyang has declined to confirm or deny the existence of an active nuclear weapons program, although it does assert the right to have one. But the tacit North Korean acknowledgment of its enrichment activities presaged the unraveling of prior understandings between Washington and Pyongyang, with the United States deciding it was no longer obligated to uphold commitments negotiated under President Clinton. The end of the Agreed Framework and the administration's refusal to deal directly with the North also engendered the severest of strains in the U.S.-Korean alliance.

The administration's senior leadership (with the notable exception of Secretary of State Powell) had never been enamored of its predecessor's efforts at engaging and compensating the North. But declaring the Agreed Framework null and void ran substantial risks. The 1994 agreement had capped North Korean plutonium production at a very low level, and obligated Pyongyang (at least on paper) to a full accounting of its prior nuclear activity. Walking away from extant commitments could therefore reopen proliferation concerns that had been sharply curtailed, if not definitively eliminated, by the earlier agreement, and also create major sources of tension between Washington and Seoul.

However, the administration did not immediately disclose the outcome of the Kelly mission, instead weighing its options while it sought to focus on its more immediate preoccupations with Iraq. Twelve days after Kelly's departure from Pyongyang and immediately following passage of the congressional resolution in support of President Bush's policies in Iraq, the State Department finally revealed the results of the assistant secretary's visit. The United States insisted that it was not seeking a larger regional crisis and preferred a diplomatic solution, but it immediately forswore any interest in direct negotiations with Pyongyang.

Senior officials, including President Bush, contended that North Korea's neighbors were more capable of influencing Pyongyang than Washington. North Korea argued that U.S. concerns could only be resolved by negotiations between Washington and Pyongyang, with the North insisting on explicit security assurances from the United States. The administration made clear that it was unwilling to entertain such possibilities in view of North Korea's renewed nuclear activities; in its view, Pyongyang had to undo its covert program before the United States would demonstrate any interest in renewed high level contact.

Senior officials in Washington may well have believed that time and circumstances would vindicate their refusal to deal directly with Pyongyang. Even though North Korean missile exports, nuclear activities, and chemical and biological weapons capabilities made it a far more immediate danger than Iraq, the administration could ill afford a major crisis in Northeast Asia that diverted attention from the prospect of war with Baghdad. Moreover, the United States believed that North Korea's evermore parlous economic conditions and dependence on external assistance gave various aid donors leverage over Pyongyang's actions. U.S.

intelligence estimates also suggested that North Korea was still some years away from achieving an operational enrichment capability, and that production of fissile material under such a program would remain limited. With North Korea's plutonium program still frozen under the Agreed Framework, the United States saw no need to respond to Pyongyang's statements and dire warnings.

Despite immediate consultations undertaken by senior U.S. officials on visits to Seoul, Tokyo, Beijing, Moscow, and Brussels in subsequent weeks, events quickly went from bad to worse. In mid-November, the United States decided that it would cease its monthly deliveries of heavy fuel oil to the North as stipulated under the Agreed Framework, with South Korea and Japan concurring in the decision. This decision proved fateful. A month later, Pyongyang declared that it would no longer uphold its principal commitments under the Agreed Framework. In rapid succession during late December, North Korea removed International Atomic Energy Agency (IAEA) seals and disabled the monitoring equipment at the Yongbyon nuclear complex where 8,000 spent fuel rods had remained under active surveillance; expelled the IAEA inspectors; and began to refuel the 5 megawatt reactor, with the expectation that reactor operations could resume within several months. Capping this series of unilateral actions, the DPRK on January 10, 2003 announced its immediate withdrawal from the Nonproliferation Treaty, the first nation ever to do so. The North also intimated that it might resume testing of longer range ballistic missiles that it had suspended in 1999.

It seems doubtful that the administration fully anticipated the speed and decisiveness with which the North Koreans sought to alter facts on the ground. Pyongyang's actions in December suggested a deliberate action plan that it did not intend to halt, at least in the near term. This succession of events left the arrangements negotiated under the Clinton administration in utter shambles, without the administration successfully devising a course of action that could halt the North's renewed nuclear defiance. The United States still appears to believe that the ROK, Japan, Russia, and China will be able to induce the North to relent from its current actions, with the United States prepared only to "talk," but not to "negotiate" with the DPRK. To varying degrees, all four regional states dissent from the administration's insistence that it is unprepared to pursue understandings with North Korea, with Washington arguing that

Pyongyang must verifiably dismantle all its nuclear weapons activities before the United States enters into meaningful negotiations. It remains to be seen whether the administration's stance will prove sustainable over the longer run.

The administration's decision triggered a range of negative consequences and reactions. With the unsealing of the reactor and renewed North Korean access to its plutonium reprocessing facility at Yongbyon, the prospect of North Korean separating sufficient plutonium for as many as a half dozen nuclear weapons over the next year is neither hypothetical nor remote. However, the pronounced disparity between the seeming equanimity in U.S. reactions to Pyongyang's flouting its extant non proliferation obligations and the far more determined focus on Iraqi weapons activity persists. At the same time, the administration's evident effort to defer major attention to North Korea's violation of its nonproliferation commitments belies the declaratory intentions in the new U.S. national security strategy.

The more immediate consequences for the United States concern the future of the U.S.-Korean alliance. The unraveling of the nuclear accords coincided with a surge in anti-American sentiment in South Korea prompted principally by the acquittal in a U.S. military tribunal of two U.S. military personnel for the accidental deaths of two Korean school-girls. These sentiments culminated in the December 2002 election of Roh Moo Hyun as the new South Korean president, who by experience and temperament seems minimally identified with the US-ROK alliance.

Thus, abruptly and unexpectedly, the United States confronts the need for alliance reaffirmation and for a larger strategy that prevents either a larger North Korean breakout from the nonproliferation regime or the prospect of a severe and potentially very dangerous regional confrontation. There is no realistic possibility for achieving this goal unilaterally. The administration must repair relations with an inexperienced incoming president propelled into office on nationalistic grounds, while not allowing the North's nuclear defiance to distract it from a more immediate focus on Iraq. It must also continue to encourage Beijing and Moscow to restrain Pyongyang, while recognizing that neither China nor Russia assents to prevailing U.S. policy toward North Korea. It is not at all certain that these multiple circles can be squared. In addition, Pyongyang will almost certainly seek to exploit American preoccupations on other fronts,

as well as endeavor to take advantage of the increased frictions between Washington and Seoul.

The renewed crisis on the peninsula has thus diverted America's post-September 11 focus in East Asia from perceived terrorist threats and seeking regional concurrence for potential actions against Iraq. As the midpoint of President Bush's presidential term approached, no immediate solution was in sight.

THE ROAD AHEAD

U.S. policy in East Asia over the next two years seems certain to prove very challenging. It is simply not realistic to expect issues such as North Korea to remain dormant while more immediate American policy priorities in other regions are pursued in earnest. An inability to manage the looming uncertainties and dangers on the peninsula would be fraught with the severest of consequences for the region and for U.S. interests throughout East Asia. At the same time, the outcome of "out of area" issues such as the prospective war in Iraq and the political, economic, social, and energy consequences that could result from it are bound to have substantial repercussions in East Asia. Should there also be a major terrorist incident within the region, or if the United States should suffer an additional attack from radical Islamic forces, the consequences could be equally profound, very likely overcoming the reluctance in some East Asian states to collaborate more actively in a larger U.S. counterterrorist strategy.

However, building and sustaining a viable American regional strategy must also encompass major power relations, most prominently long-term U.S.-China relations. At present, Beijing and Washington both appear to recognize their mutual incentives to collaborate across a range of critical international issues. Over the longer run, it is far from certain that the two countries share a sufficient congruence of interests encompassing a common strategic understanding as Chinese power grows and as the United States seeks to ensure the legitimacy of its regional role. Issues related to Taiwan's future also have a latent incendiary quality that neither state can afford to ignore. Sentiment in Japan for a redefinition of the U.S.-Japan alliance could also grow, with leaders in Tokyo over time intent on defining a regional role that may depend less immediately and less intimately

on ties to the United States. Depending on how such transitions are managed, they could either strengthen regional stability or seriously undermine it. Neither outcome is foreordained, underscoring the need for focused U.S. attention in the years to come.

Viewed more broadly, the Bush administration will need to confront the larger challenge of defining a viable regional strategy. Does the United States have a sustainable strategy in East Asia for the longer term? Or is the United States so preoccupied with immediate risks and dangers on other fronts that the principal U.S. goal in the region will be to hold matters constant and buy time? Could this lead states in Asia (notwithstanding their inherent incentives for good relations with the United States) to increasingly go their own way, while the United States remains consumed by pressing dangers elsewhere? These are not idle questions. Events have conspired in a way to move the United States well beyond the traditional framework that has long governed its ties to the region, without a new framework yet in place to supplant it. Even as the administration seeks to manage the conflicts and crises that could still emerge in East Asia, building new institutions and relationships remains an inescapable challenge for the longer term.

NORTH KOREA: BACK TO THE BRINK?

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The views expressed herein are those of the author, and do not necessarily reflect the views of the members or staff of the Senate Foreign Relations Committee.

North Korea's confession that it has a secret nuclear arms program in breach of its international commitments returns the Korean peninsula to the precipice it approached in 1994, when a United States preemptive strike against the North's nuclear facilities was a real possibility. Although today's crisis has not yet escalated to the point where hostilities between the United States and the Democratic People's Republic of Korea (DPRK) are likely, as Desaix Anderson has written, "Korea is the only place on Earth where the United States might go to war tonight."

Today, as in 1994, some are calling for preemptive military strikes to eliminate the North's nuclear weapons capacity. Today, as in 1994, diplomatic options are few, and the likelihood that they will succeed in defusing the situation remote.

Congressional support for brinkmanship may actually be greater today than it was in 1994, especially given the antiseptic quality of recent U.S. military actions. Ignoring history and tempting fate, many Americans, including not a few members of Congress, have embraced a view of war as nearly bloodless, inexpensive, and swift.

We must purge ourselves of such anodyne notions in the case of the Korean peninsula. War on the peninsula will not be characterized by neat explosions viewed through the gun camera of an F-15 Strike Eagle as rebroadcast on CNN. American and South Korean forces on the demilitarized zone (DMZ) face two-thirds of the 1.1 million man Korean People's Army (KPA). The KPA, although antiquated and depleted by resource shortages and low training standards, nonetheless has more than 10,000 artillery pieces arrayed along the border, many of them able to reach Seoul from fortified firing positions. The DPRK is presumed by U.S. Forces Korea to possess the full suite of chemical, biological, and nuclear weapons capability, possibly mounted on SCUD or Nodong ballistic missiles that could reach U.S. bases in Japan.

The ground realities on the Korean peninsula and competing priorities appear to have dissuaded the Bush administration from trying to bomb away the North's nuclear weapons ambitions. The administration's initial response to Pyongyang's latest provocations has been measured and cautious, emphasizing that Washington seeks a "peaceful resolution of the situation" while calling on the DPRK to "eliminate its nuclear weapons program in a verifiable manner."

The stakes are high, and options few. U.S. allies South Korea and Japan understandably oppose any attempt to use military force to compel North Korea's nuclear disarmament. Unilateral United States action would not only jeopardize those alliances, but also greatly antagonize relations with China and Russia. Wise handling of this evolving North Korean challenge must therefore rely on diplomacy, and those initiatives will prove impossible without the active support of friends and allies.

DÉJÀ VU ALL OVER AGAIN

Korea watchers can be forgiven the feeling that they have been here before, more than once. The 1994 Agreed Framework (AF) grew out of U.S. suspicions that the DPRK was violating its Nuclear Nonproliferation

Treaty (NPT) requirements. When confronted with compelling satellite evidence, the North initially denied all, then threatened to withdraw from the NPT, and eventually responded favorably to high-level diplomacy that appeared to accord the DPRK the stature it so desperately craves.

The AF has greatly reduced tension on the peninsula and helped the United States to manage the risks inherent to the situation there. Opponents of the AF have jumped on the current crisis as proof that the agreement was both unwise and immoral in the first place, and have cited the failure of the agreement as proof that Pyongyang will never abide by any deal with the United States. This misstates the premise of the AF and understates its accomplishments. The AF was never based on trust. In fact, it was based on a profound mutual mistrust of each other. The AF did not contain any explicit verification procedures, but both sides understood that each would be verifying the actions of the other, and that any substantive breach of the agreement would jeopardize the accord. And although it is true the agreement itself did not end Pyongyang's ambitions to acquire weapons of mass destruction (WMD)—despite grandiose claims by some senior Clinton administration officials—it did cap the DPRK's ability to produce plutonium, and therefore limited its nuclear arsenal to one or two weapons.

Now that the AF is in tatters, the situation immediately becomes less stable and more dangerous. Already there is evidence that the North may be seeking to acquire chemicals necessary to reprocess the spent fuel from its research reactor—enough plutonium to manufacture several more nuclear bombs. Some new ways to manage the risks on the peninsula must be found, and found quickly.

IS THE AGREED FRAMEWORK A SUCCESS?

As we search for the right tools, we should not draw the wrong lessons from the inadequacies and disappointments of the Agreed Framework. Nor should we abandon useful elements of the AF. The agreement has actually proved remarkably resilient, and may yet, like Michael Jordan, return in some form. It is worth remembering that today's crisis is not the first to confront the framework, although it is certainly the most serious.

In 1998 the AF verged on collapse. The North attributed the crisis to United States hostility. The United States had not lifted sanctions or

declared a no first-use policy on nuclear weapons, as called for under the AF. Moreover, construction of the two light water reactors (LWRs) called for in the agreement was years behind schedule, and fuel oil deliveries were chronically late.

But the real cause of the crisis was actually quite concrete. U.S. intelligence agencies had concluded that a secret underground facility under construction at Kumchang-ri was most likely a nuclear facility prohibited under the AF. The Clinton administration was so certain of its assessment that it was ready to walk away from the AF if the North failed to address U.S. concerns promptly and satisfactorily. The United States called for immediate inspections of Kumchang-ri. Some members of Congress clamored for tougher action, including abrogation of the AF; others, including Senator John McCain, advocated prompt military action against the DPRK. U.S. envoy Charles Kartman eventually negotiated intrusive U.S. inspections of Kumchang-ri, and the inspectors established beyond doubt that the facility was not what U.S. officials had feared, and did not constitute a breach of the AF. The exact intended purpose of the Kumchang-ri facility remains in doubt to this day.

Although a crisis was averted, confidence in Clinton's Korea policy, already low, had been gravely undermined by the serious doubts about North Korea's intentions. To rally congressional and allied support, President Clinton named former defense secretary William Perry to review North Korea policy and come up with a new approach. The Perry initiative called for intense negotiations with the DPRK to energize the AF and transform the political and military realities on the peninsula. As the DPRK met U.S. concerns in the areas of nonproliferation, missile exports, terrorism, and conventional force posture, the U.S. would move steadily to normalize relations, lift sanctions, regularize high-level diplomatic contacts, and clear the way for lending by international financial institutions. In short, the United States offered to grant the DPRK what it most coveted—legitimacy and a U.S. security guarantee.

Over the next year, Secretary Perry convinced the North's leadership that Washington was prepared to follow through on a road map toward normalization, but only if the North convincingly demonstrated a willingness to abide by international norms. In October 2000, Pyongyang formally accepted the Perry initiative. By the end of the Clinton administration, a deal curtailing the North's development and export of long

range ballistic missiles was clearly within reach, and was scuttled as much by the uncertain results of the November election and the President's last ditch effort to negotiate a Middle East peace agreement as by traditional DPRK truculence.

CRISIS MANAGEMENT ON THE PENINSULA

Which brings us back to the future. Can the Bush administration use the Kumchang-ri model to resolve the current impasse? That hardly seems likely, as in this case the North is in open defiance of its requirements under both the NPT and the AF. Moreover, the price tag associated with gaining access to Kumchang-ri—100,000 tons of potatoes—would never suffice under the current circumstances, even if the Bush administration were inclined to enter into such a barter arrangement with the North. But before declaring the situation hopeless, it is worth briefly examining the evolution of the Bush administration's policy toward North Korea, an analysis that may provide clues for where we are headed.

BUSH'S INITIAL APPROACH TO NORTH KOREA POLICY: STATUS QUO PLUS

The Bush administration came into office understanding that it could not easily eliminate the North Korean threat, but was confident that the United States, in concert with its allies, could manage and limit that threat. This sober assessment, the conclusion reached in October, 2000, by a bipartisan North Korea policy working group chaired by Richard Armitage and working under the auspices of the National Defense University, informs much of what the administration has tried to do on the Korean peninsula. It also explains, in part, what it has not tried to accomplish.

It is important to note that the Armitage group did not recommend acquiescing to the North's nuclear ambitions. To the contrary, Armitage *et al* embraced fulsome dialogue and engagement with North Korea in a last ditch effort to persuade Pyongyang to abandon the path toward nuclear arms. The Armitage group endorsed dialogue not because it trusted the North, but precisely because it was unsure of the North's commitment to the path of peace. Moreover, the working group strongly endorsed

strengthening, not weakening, the United States' deterrence posture, and called for closer, not weaker, coordination with our allies. Armitage took as a given that South Korea and Japan would play a large role in any crisis on the peninsula, and he was keenly aware of the inability of the United States to achieve its policy goals on the peninsula without help.

ABOUT FACE: UNILATERALISM AND NMD

Unfortunately, the Bush administration did not keep the window for engagement with the DPRK open for long, if indeed it were ever open. The DPRK must accept the lion's share of the blame for the failure of the Agreed Framework, but they can be forgiven for being leery of an administration that came into office voicing hostility toward the DPRK and deep skepticism toward the Clinton administration's handling of the North.

The prospects for a diplomatic breakthrough with North Korea were not helped by the White House's irrational exuberance for the pursuit of national missile defense (NMD). Korea specialists within the administration stressed the intricacies of negotiating with the Hermit Kingdom and counseled patience, but missile defense theologians held the upper hand. NMD was deemed to be both strategically sound and morally superior to a posture which relied upon "appeasing tyrants" or the threat of massive United States nuclear retaliation to keep the forces of evil at bay.

Privately, the administration acknowledged that in the end, missile shields would be imperfect, and that it would continue to rely upon the threat of the overwhelming United States nuclear arsenal to keep bad actors in check. But publicly, a new day was dawning. Ronald Reagan's dream of an impenetrable space shield could be realized through the application of 21st century technology. In this ideal world, threats such as that posed by North Korea could be neutralized without the need either for blackmail payments or preemptive military strikes.

As for the call by Armitage and others to engage North Korea, if only to secure the support of South Korea and Japan should engagement fail later, that admonition apparently fell on deaf ears. Moreover, the early foreign policy steps taken by the Bush administration did nothing to lay the groundwork for future collective action on the North Korea problem. The administration's decisions to withdraw from the Comprehensive Test

Ban Treaty, spew coal dust on the Kyoto Protocol, disbar the International Criminal Court, and walk away from the Anti-Ballistic Missile Treaty caused even our closest allies to begin to doubt our commitment to multilateralism.

WE HOLD ALL THE CARDS, OR “LET THEM EAT DIRT!”

It is through this prism that many in the Bush administration came to view the North Korean challenge. To avoid precipitating a crisis and distracting the administration from its core foreign policy objective—NMD—President Bush decided to stick with the Agreed Framework, a key pillar of the South’s engagement strategy. And yet almost from the moment of his inauguration, but certainly by the end of the disastrous March 2001 summit meeting with South Korean President Kim Dae Jung in Washington, President Bush and many of his senior advisers began to signal their lack of faith in the South’s approach. Engagement, Kim Dae Jung’s purifying elixir of sunshine backed by deterrence that would eventually rid the peninsula of the North Korean mold, was viewed with distaste bordering on contempt by the neo-conservative and nonproliferation theologians to be found sprinkled liberally throughout the Pentagon, the National Security Council, and the State Department. These officials set about undermining the carefully planned engagement approach favored by Secretary Powell, who had vowed, now infamously, on the eve of President Kim’s arrival in Washington to “pick up where the Clinton administration left off” on engagement with the North.

Jettisoning the optimistic, expansive Clinton administration vision of a peaceful, denuclearized Korean peninsula, President Bush told President Kim that he didn’t trust “that little guy” up there in Pyongyang, and began to lay the groundwork for a tougher policy more in line with the rest of his foreign policy. I am not suggesting, as have some cynics, that President Bush wanted to leave the Korean peninsula dangerous to justify his fixation on constructing NMD. But it is increasingly clear that on the administration’s foreign policy checklist, the instruction “Deploy national and theater missile defenses” appears after the question, “What the heck do we do about those ornery North Korean bastards?”

One cannot blame President Bush for wanting to avoid the messiness and uncertainty certain to accompany any attempt to negotiate an end to

the North's nuclear ambitions and its bid to develop and export long-range ballistic missiles. And it is understandable that President Bush was loathe to strike any "bargains" with a despotic DPRK regime. United States power is at its zenith. North Korea's strength is at a nadir. Why soil ourselves by sitting down for tea with a regime that prefers to see its people starve rather than to trim spending on regime palaces and lavish birthday parties?

But such is the dirty business of securing America's interests in a world full of unsavory people and countries. We don't elect presidents to stay pristine by avoiding contact with the likes of Saddam Hussein or Pervez Musharraf, or, for that matter, Jiang Zemin or Putin. Yet even before 9/11, the Bush administration sought refuge in the neatness and clarity and false certainty of NMD and Theater Missile Defense (TMD), the miracle drugs that would cure the North Korean flu and a host of other ills. By the fall of 2001, a new policy of muscular containment of North Korea—I call it malign neglect—was in the offing, although it still has not been fully articulated either to Congress or, more tellingly, to U.S. allies.

So, while keeping up appearances on engagement—a supposed willingness to talk "anytime, anywhere, without preconditions"—the administration quietly began to prepare for political transition in South Korea and the day when, Bush hoped, a more "realistic" South Korean policy would emerge. The Bush administration would sustain just enough engagement to keep our allies mollified and to provide hope, however fleeting, to the crew at Foggy Bottom that dialogue with the DPRK might be possible. In reality, it was becoming obvious that the Bush administration might never allow the diplomats to bring anything more to the bargaining table than demands for the North's surrender.

9/11 AS CATALYST

The administration's reluctance to deal with the DPRK before 9/11 was only hardened by that tragedy. The president emphatically abandoned Kim Dae Jung's path and denigrated Perry's achievements by including the DPRK in his "axis of evil" in his State of the Union address. The United States would not let the world's most dangerous regimes threaten us with the world's most dangerous weapons.

This rhetoric neatly avoided the facts of the matter—namely that the DPRK was not threatening the United States and that it had no connec-

tion whatsoever to 9/11. President Bush repeated his open hostility toward the North when visiting Seoul later in the spring of 2002. Finally, this fall, the President articulated a national security doctrine of preemption. And although the security strategy did not explicitly name the DPRK as a target for preemptive military action, the circumstances under which the Bush administration evidently considers preemptive military action appropriate fit the DPRK perfectly.

The Bush administration's polarized view of the world—good versus evil, “with us” or “against us”—puts it in a bit of a bind as it confronts the truth of Perry's warning: containment alone will not serve U.S. interests on the Korean peninsula. There is hope, however, that the administration does not feel particularly bound by its own rhetoric, and may prove more adept at resolving this crisis through diplomacy than many of its critics—on the right as well as the left—anticipate. There is also the possibility that the North, which has rarely missed an opportunity to shoot itself in the foot, might somehow, with guidance from Beijing, take the appropriate steps to diffuse the situation.

THE VIEW FROM PYONGYANG

We have time, but not much of it. U.S. intelligence agencies concluded last summer that the DPRK was developing covert uranium enrichment facilities. Assistant Secretary of State Kelly confronted the DPRK with the accusation on October 3. The North Koreans initially denied the allegation, but then apparently confirmed the guts of Kelly's charge and described the AF as effectively null and void. Although the DPRK representatives claimed that uranium enrichment facilities are not yet in operation, construction of the facilities clearly violates the Nuclear Nonproliferation Treaty (NPT) and the 1991 North-South Denuclearization Agreement. The Agreed Framework obligates both North and South Korea to implement the North-South Denuclearization Agreement.

Why did North Korea launch its highly enriched uranium (HEU) program? We can't be certain. Nuclear weapons are the ultimate guarantee of the survival of the North Korean regime. In 1994, the North may have hoped that peace on the peninsula would obviate the need for nuclear weapons, but by the late 1990s, even before President Bush was elected,

the North apparently concluded that genuine peace and all it implies was not near at hand.

Why did the DPRK confess when confronted? Again, it is hard to say. The North's pattern until recently has been to deny all charges of wrongdoing. But the DPRK is changing. Two cases in point:

- 1) Last June, North Korean naval vessels clashed with South Korean patrol boats in a dispute over fishing rights off the west coast of Korea. Less than a month after the incident, the DPRK took responsibility for it and apologized, the first time it had done so following a deadly clash on the peninsula. The apology cleared the way for resumption of North-South ministerial talks.
- 2) Pyongyang long denied Japanese allegations that the DPRK had kidnapped Japanese citizens in the 1970s and 1980s, but during Prime Minister Junichiro Koizumi's September visit to Pyongyang, Chairman Kim Jong Il told Koizumi 13 Japanese had been kidnapped by "rogue" North Korean intelligence elements. He apologized and promised to punish those responsible. That paved the way for normalization talks. Kim Jong Il understood that only by tackling this tough issue head on could he convince Japan to move forward.

When caught red-handed by U.S. intelligence, Kim Jong Il apparently decided to raise the stakes in an already high stakes negotiation. He probably hoped to force the United States to undertake negotiations toward a comprehensive settlement of the Korean War. The United States had privately expressed a willingness to move in that direction. There is no evidence that the DPRK is unwilling to negotiate. To the contrary, there is substantial evidence that the North hopes its nuclear and ballistic missile programs will give it leverage as it seeks to integrate itself into the world community while avoiding the fate of Romania. Kim Jong Il knows that only a comprehensive settlement of its differences with the United States can set the stage for normalization with Japan. And Japan holds the key to generous war reparations that could total more than \$10 billion in aid, grants, and loans.

The North's strategy is risky, and it has devastated what little credibility the DPRK had accumulated over the course of the past decade of engagement. But Kim's candor has cleared the decks with both Japan and

the United States. There are no more illusions. He may hope that the United States is so preoccupied with Al Qaeda and Iraq that it will not even contemplate an attack on the North's nuclear facilities. He may also calculate that South Korea, Japan, the European Union, China, and Russia will all urge negotiations to resolve the current impasse.

The North's talking points for the first day of meetings with Assistant Secretary Kelly—talking points the administration refuses to share with Congress—reportedly are consistent with this view of an insecure North Korean regime seeking a way in from the cold. The North reportedly laid out a position marked by flexibility on four key issues of concern to the United States:

- 1) the timing of IAEA scope safeguards inspections
- 2) the Bush administration's preference for conventional power plants, rather than LWRs, as provided for under the Agreed Framework;
- 3) the future of U.S. forces on the Korean peninsula; and
- 4) the North's development and export of ballistic missiles.

In all of these areas, Kim Gye Kwan's message to Assistant Secretary Kelly reportedly was, "let's make a deal." But what kind of a deal is possible with a regime that flaunts its treaty obligations and then expects the United States to make the first move back to the negotiating table?

WHERE DO WE GO FROM HERE?

The Bush administration deserves praise for its restraint and emphasis on diplomacy in the wake of the North's startling admission. It has won strong statements from China, Japan, South Korea, Russia, the European Union, and the IAEA condemning the DPRK's nuclear program. But at the end of the day, only the United States can truly resolve this issue. North Korea will not disarm in the face of international pressure. Pyongyang will disarm, if at all, only when its relationship with the United States is transformed from adversarial to benign. Only the United States can provide the respect and the positive security assurances the North must have if it is to abandon its nuclear ambitions.

The question is whether this administration can adroitly negotiate with Kim Jong Il. There are deep divisions within the administration on North

Korea policy and the serious political constraints imposed by Congress. The administration remains distracted by Iraq and the war on terrorism. To date, there are few indications that the administration is planning to engage the DPRK in direct negotiations.

Assuming the administration did decide to mount and sustain a diplomatic effort to disarm the DPRK, however, how much time do we have to reach a deal, and what might the negotiations look like?

Heavy fuel oil (HFO) shipments under the AF were suspended after the November allotment. Work on the LWRs continues for now, but will likely halt soon, pending only formal decision by the Korean Peninsula Energy Development Organization's (KEDO) board of directors. Stronger measures to penalize the North for its violations may follow. Aid cutoffs or reductions are likely—although they will be disguised to avoid the ugly stench of using food as a weapon. The intent to turn the screws on the North is there, at least on the part of some senior administration and congressional officials. Deputy Secretary Wolfowitz has privately called for a policy of destabilizing the DPRK, to include cutting humanitarian aid and encouraging refugee flows into China, in order to effect regime change. Senators Helms, Kyl, and Smith, joined by Representatives Chris Cox and Ed Markey, have written to the president calling for sanctions on the DPRK and an immediate end to all aspects of the AF. They also advocate regime change as the only appropriate goal, a posture that will, if adopted, preclude a diplomatic solution.

The next real decision facing the administration is whether to dismantle all aspects of the AF. Specifically, should we pull our inspectors out of the Yongbyon nuclear facility? Should we end funding for KEDO's organization in New York? Should construction of the two light water nuclear reactors be terminated, or only suspended?

Terminating the AF, rather than suspending it, would be dangerous and counterproductive. There is no reason for us to proclaim our intention never to complete the LWRs or never to resume HFO shipments, particularly while the spent fuel from the North's research reactor remains in the DPRK and subject to reprocessing. The AF may indeed be dead, but the priest has not said the last rites. The body still has organs that are worth harvesting and perhaps transplanting into a new body. Similarly, sanctions are unlikely to have any positive effect. There is little left to

sanction, and the North is quite adept at hunkering down in the face of international pressure. It has been hunkering for 50 years.

As the administration ponders its next moves, it would be nice to imagine that North Korea will just sit around patiently, but that would be contrary to the DPRK's diplomatic history. Pyongyang has many options available to try to drag us to the negotiating table. North Korea controls thousands of canned fuel rods with plutonium that could fuel several more nuclear weapons. It has an unfinished heavy water reactor that could produce dozens of weapons worth of plutonium a year if made operational. The North could resume missile testing, or step up efforts to export missile technology to particularly unpleasant end users. In short, despite the DPRK's clear violation of the AF, it has not yet begun to really yank our chain. When it does, it could set in motion a downward spiral of action and reaction. In the worst case, the North will expel all IAEA monitors and begin to reprocess the spent fuel from its reactor. If that happens, the Bush administration will have about six months before the North goes from one or two nuclear weapons to having enough fissile material for 3-10 bombs.

THE BOTTOM LINE FOR THE DPRK: R-E-S-P-E-C-T

Pyongyang has offered to resolve all of the United States' security concerns, including the "nuclear issue," if the United States legally assures the DPRK of nonaggression, including the non-use of nuclear weapons. Is this price too high? Can the North be counted on to fulfill its side of the bargain?

Prior to his departure for Pyongyang in 1994, President Carter was briefed by the State Department on the current situation in North Korea—its economy, military capabilities, diplomatic initiatives. He kept coming back to one question, "What does North Korea want?" He answered the question himself with one word: respect. The underlying cause of the 1994 crisis, the near collapse of the AF in 1998, and the current exigency with Pyongyang all stem from the same root. North Korea is weak, isolated, and incapable of rescuing itself. Largely cut off from Chinese and Russian support, the DPRK is profoundly insecure. South Korea's economy has made possible a revolution in military affairs, and U.S. military prowess has been proved repeatedly in the Gulf, the Balkans,

and most recently in Afghanistan. The North is confronted by hostile rhetoric from the Bush administration, and is witnessing a military buildup designed to oust Saddam Hussein from power. The message to Pyongyang is this: “Be scared. Be very scared.”

Fine. Deterrence works, up to a point. But only comprehensive negotiations ending all hostility have a chance to move Pyongyang back from the precipice it is approaching. Economic pressure from neighbors will further impoverish the DPRK, but is unlikely to cause the regime’s collapse. Military attack against the DPRK should be unthinkable. Either sanctions or a limited military strike could easily escalate to a full-blown war that could cause half a million American and South Korean casualties, a devastated South Korean economy, and millions of North Koreans either dead or seeking survival in South Korea and China.

As Desaix Andersen has counseled, the administration should overcome its ideological distaste for dealing with Kim Jong Il, and engage the North in serious discussions to end the North’s nuclear program and deal with the root cause of the DPRK’s insecurity, namely the threat it perceives from the United States. Demanding that Pyongyang surrender before the United States will engage the DPRK in dialogue ignores reality.

One possible outline of a deal goes as follows. After receiving quiet assurances from the United States of its peaceful intent through intermediaries, North Korea would visibly and verifiably begin to dismantle its HEU program, destroying or exporting its centrifuges under the careful eye of IAEA monitors. In exchange, the United States would agree immediately to launch high level negotiations to address a range of concerns—the collapse of the Agreed Framework, the North’s missile exports, its past support for terrorism, the North’s economic crisis, food aid—in the context of an overall peace agreement on the peninsula. HFO shipments would resume immediately and be sustained during the course of the negotiations provided the North maintained its nuclear freeze. Work on the LWRs would remain suspended, however, until such time as a comprehensive settlement was reached. That settlement would not involve any financial payouts from the United States, although separate arrangements by Japan and South Korea—aid, investment, grants, and loans—would be negotiated bilaterally as talks with the United States proceeded.

The U.S. near-term goals would be the dismantlement of the HEU program, the exportation of all of the spent fuel from the Yongbyon research reactor, and the cessation of ballistic missile exports. The “missing” spent fuel from Yongbyon would remain unaccounted for until such time as the IAEA was able to secure the special inspections necessary to bring the North into full compliance with its Nuclear Nonproliferation Treaty obligations. It would be nice to resolve our uncertainty about that missing fuel as part of a comprehensive settlement, but today, as in 1994, the North is unlikely to produce its missing plutonium until it has much greater confidence in its security. We must face the fact that we will likely have to live with doubts about the North’s nuclear status for some time to come. There simply is no quick or easy way to resolve that part of the North Korean conundrum.

Long term, the LWR project would ideally be scrapped in favor of coal-fired power plants paid for by South Korea and Japan. The United States would assist in converting the North’s ballistic missile plants for civilian uses, or, as seems likely, simply dismantle them while providing a Nunn-Lugar style program designed to find new employment for those engineers and workers displaced by the shutdown. This Nunn-Lugar style initiative might eventually be expanded to encompass the North’s chemical and biological weapons programs.

BROADER LESSONS LEARNED, OR IGNORED?

The Bush administration entered office with a fixation on deploying national missile defenses that overlooked the true threat to United States security: radical Islamic terrorists armed with unconventional weapons, including biological toxins. This obsession distanced us from our key allies in East Asia, complicated relations with China, and put the North Koreans on notice that they had better start preparing for the worst. Although the administration made a point of articulating the goal of strengthening key alliances, it simultaneously made accomplishing that objective difficult by demonstrating disdain for the treaties and institutions in which those allies had placed their faith. As previously mentioned, President Bush earned his “unilateralist” moniker by trashing the Kyoto Protocol, withdrawing from the Comprehensive Test Ban Treaty, undermining the International Criminal Court, and walking away from the Anti-Ballistic Missile Treaty.

September 11 served as a wake-up call. Suddenly, America needed allies in the war on terrorism. Missile defenses were briefly put on the back burner. The administration proved flexible in repairing relations with China, and moved swiftly to expand cooperation with Singapore, the Philippines, Indonesia, and Malaysia to combat Islamic extremism. But 9/11 also hardened the administration's inclination to view the world in black and white; "with us," or "against us." And it increased Washington's impatience with allies who persist in viewing the world in shades of gray. Strains in our relations with Germany and South Korea are illustrative of the difficulties President Bush will encounter if he insists not only on identifying the threats to global civilization, but also on dictating the remedies to those threats.

The Bush administration's handling of the North Korean challenge is a case in point. It reveals the flaw of an "essentialist" world view, in which interests are influenced by looking into a leader's "soul" or by gazing across the DMZ and smirking, "No wonder I think they're evil." United States interests should reside more firmly in the temporal world.

Even more troubling, the administration's inability to reach consensus on North Korea policy suggests there is no unanimity on what lessons should have been learned in the wake of 9/11. Proponents of engagement, mostly in the State Department, believe only dialogue can convince North Korea not only of the dangers of reprocessing spent fuel, but also of the opportunities available if the North behaves responsibly. They attribute North Korea's actions not to an innate "evil" character, but to a twisted North Korean perception of its own national interests. For the "engagers," 9/11 reinforces the need for rapprochement with North Korea, since the "real threats" lie elsewhere. But "hardliners," particularly at the Pentagon and in the White House, have made it nearly impossible for proponents of multilateral engagement to put forward a coherent road map to North Korea, labeling all such efforts "appeasement." These same hardliners apparently judge that North Korea's brinkmanship is actually a blessing of sorts, providing convincing evidence that "regime change" in Pyongyang must be our objective, once Iraq is taken care of, and underscoring the need for national missile defenses.

By articulating a goal of ridding the world of "evil doers," President Bush has taken on a Herculean task well beyond the capability of even the world's last remaining superpower. A strategy of perpetual war against evil

is not only unsustainable, its entire premise is flawed. How are we to view Pakistan? Islamabad is our reluctant ally in the war against the Taliban and Osama bin Laden, but it is also the supplier of uranium enrichment technology to North Korea. Good, or evil? With us, or against us?

The Bush administration would be better advised to scale back its objectives in East Asia, acting with the “humility” it promised and with genuine sensitivity to the interests and sentiments of our key regional partners. Success on the Korean peninsula and elsewhere is attainable if our diplomacy is flexible and developed in concert with our allies. It cannot be found if we refuse to talk to North Korea and alienate friends who, in the end, have even more at stake in preserving peace and stability in East Asia than do we.

BUSH ADMINISTRATION FINANCIAL POLICIES IN ASIA

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World events, personal proclivities and political convictions all produced a dramatic shift in U.S. financial priorities since the current Bush administration has taken office. During the Clinton administration, under the leadership of Larry Summers and Robert Rubin, the emphasis of U.S. financial policy was the transformation of the world economy, made possible by the transition from socialism in the former Soviet Union. Sweeping, global, ambitious and transforming, the nineties were heady times for the U.S. Treasury Department. The department was often the lead agency for international financial decision-making. Agency stature and influence was at an all-time high. Building market economies where none had existed before, then global financial contagion all required big ideas. Economics led policy. Discussions about operational priorities referred to first principles. Economics was in the driver's seat and business had to follow.

The Bush team reversed the order. Realism over idealism, business triumphed over ideas, management over policy. No big risks or excessive

enthusiasm for uncertain countries like China whose geopolitical leanings were not predictable. Allies first, Japan before China, and Mexico before exotic and uncertain Asia. In development policy emphasis shifted from structural transformation, privatization and liberalization to basic needs: clean water, sanitation, health care and adult literacy. Instead of grand principles such as participation, inclusion or governance, measured results and tangible outcomes were the order of the day. Instead of grand history-shaping transitions, Bush financial officials want to show measurable improvements in the living standards of the world's poor.

MULTILATERALISM IN ASIA

Bush appointees suspected that their predecessors liked multilateralism for its own sake. Treasury Secretary Paul O'Neill suggested that too much time was spent in international meetings in which too little was accomplished. The agency budget for non-essential travel disappeared, making high-level engagement in regional forums difficult. Overseas positions like the Treasury envoy to China became too expensive to fill. Delays in key international appointments became common. A deputy assistant secretary for Asia still had not been appointed as of the winter of 2002-03. Political appointees installed by the previous administration were scattered throughout the department. Thus there were few people at Treasury headquarters trusted by Bush's political appointees. This was hardly a conducive environment in which to forge a new consensus about how to manage the global financial system.

For our allies, the leadership gap at Treasury was an opportunity to grab a larger piece of the multilateral action. Japan was quick to act, imposing a reorganized structure on the Asian Development Bank (ADB). Tadao Chino, the president of the ADB, initiated the reorganization, which consolidated management control at the expense of accountability to the board. Reorganization is one of those rare, once-in-a-decade opportunities to shape the future conduct of Bank business.

The Asian Development Bank is the region's most comprehensive regional forum for cooperation on financial issues. It has 56 member nations; both China and Taiwan are members. Reorganization was intended to help the ADB expand its essential role in the growing economy of the region, and to help the Bank better serve the region's poor and

disenfranchised. Unfortunately, the proposals put forward by President Chino fell short of the expectations the Bank's friends had for better enabling the organization to carry out its mission. The proposals were criticized both inside and outside the Bank. The proposal centralized power, facilitating a personnel rearrangement that could more easily reward loyalty to the Bank's chief executive.

The Bank's original proposal did not have core functions—including budget and personnel, and strategy and policy—report to a vice president, thereby weakening accountability of the Bank to shareholders. The reorganization that was finally approved without U.S. endorsement was deficient in a number of areas:

1. Checks and balances were inadequate to ensure that development impact determined expenditure targets.
2. Disbursement was not separate from inspection, evaluation and compliance. Ideally, inspection and oversight functions should have equal status and be independent of disbursement activities. Private as well as public financial institutions typically ensure an independent inspector general. A conflict of interest exists when inspection officers report to disbursement authorities.
3. The proposed arrangement put performance and progress review at the control of regional directors chosen by the president. Shareholders would be better served if these functions were supervised by an entity that reported directly to the Board. Breaking up project review into separate jurisdictions would have provided a better balance of oversight and accountability.
4. An administrative layer is needed between the president and the regional directors to ensure that directors are in compliance with Board-approved policy mandates. The impression of many Bank staff is that the role of the regional directors has been strengthened at the expense of the vice presidents, thereby weakening Board oversight.
5. Communication across departments must be improved. The reorganization did not do enough to stimulate horizontal dialogue and collaboration within the Bank. The strong imprint of vertical authority at the Bank is believed to inhibit the horizontal distribution of knowledge. The centralized command and control structure inhibits the cross-fertilization of ideas.

6. More attention must be given to quality control in specialist and cross-cutting work. More channels for dialogue across country specializations are needed. Technical views of project integrity must be expressed independently. Technical departments do not have adequate powers to achieve their oversight and monitoring mandates. Technical expertise needs to be given a larger and more independent role so that projects can be assessed on their technical merits.

Reorganization of the Bank did not achieve Treasury Secretary Paul O'Neill's goals, laid out in his testimony on development banks of May 15, 2001, when he asserted that "Internal Multilateral Development Bank (MDB) governance should maximize transparency and ensure compliance with approved policies. We must achieve stronger internal oversight mechanisms to oversee compliance with internal policies and broader information disclosure practices to enhance accountability." The reorganization was vague on assigning responsibility for monitoring outputs and achieving project milestones. No agreement within the Bank exists on how results will be identified or on their formal adoption into performance obligations and subsequent measures of achievement.

To correct the shortcomings of the reorganization, a number of measures are needed. First, a management council, chaired by the president with its own executive VP, should be created. Such a council would be designed to ensure that Bank activities are consistent with Bank policy and strategic objectives. The goal of the management council should be to improve accountability by providing a clearly formulated vision of the Bank's future direction, which is then fully communicated as part of an improved policy process. Second, there should be three VPs: one for operations concerned with disbursement; one for evaluation, compliance and inspection, including corruption and governance; and one for budget and personnel. The VP for evaluation, compliance and inspection should be able to provide independent project reviews of the various stages of project development, with the goal of evaluating project performance among various countries so the Bank-wide benchmarks can be established. Third, the vice presidents should have clearly articulated executive authority. Below the VPs, there should be clearly defined delegation between the various levels of management. Once their functions are clearly distinguished, the recruitment process for VPs should be

altered accordingly, so that they can be selected on their technical merits as well as their ability to represent the interests of donors and borrowers.

Those who believe in the Bank's mission ought to push for changes that will enable the Bank to better serve Asia's poor and safeguard the integrity of Bank-sponsored projects. Adequate diagnostics should be conducted and donors should be offered a meaningful way to participate in the process. Adequate time and resources to conduct proper assessment would have been a basis for confidence building.

With a weak capacity for evaluation, the Bank is poorly equipped to implement the development policies of the current administration, which includes more emphasis on evaluation, inspection and measurement. Instead of trying to work with the Bank to strengthen its commitment to measured results, the United States has launched its own development initiative known as the Millennium Challenge Account. It remains to be seen if this will divert resources from the ADB, which will be seeking a significant capital replenishment in the near future. The request for a capital replenishment should be an opportunity to raise issues about the structure of the Bank. In the past the only meaningful opportunities for influencing the Bank's agenda came during replenishment.

U.S. influence in the ADB is on the wane because the Bank's recruitment policies make it difficult for highly qualified Americans to find suitable positions at the Bank. Although recruitment is close to U.S. quota, there are currently very few Americans in senior decision-making positions at the Bank. This reflects the fact that most recruitment is from the inside and requires that staff spend their entire careers at the Bank. This is unrealistic for American staff, who are generally mobile, passing through several organizations in the course of a career. Loyalty is prioritized above innovation and creativity, which strongly discourages staff from being open to outside influences.

The loss of initiative at ADB is matched by a diminished American role in the two other significant regional forums, ASEAN and APEC. ASEAN serves primarily geo-political objectives with security in the forefront. APEC has undergone reorientation away from a trade and investment focus towards security. Terrorism and North Korea's nuclear ambitions have shifted the priorities so that commerce and investment no longer get top billing, especially in the bilateral get-togethers among member heads of state.

The general consensus is that without attention to strengthening Asian institutions, the role of the World Bank and International Monetary Fund will remain paramount in the region.

THE WAR AGAINST TERRORIST FINANCING

The events of 9/11 shaped an agenda where none previously existed. The new agenda, with its emphasis on security cooperation, has clouded trade relations between the United States and the region, especially in Southeast Asia. American businesses are postponing business expansion into Southeast Asia and in some cases are diverting import orders to China.

In bilateral discussions the U.S. emphasizes co-operation in the fight against terrorist financing and money laundering in general. This includes emphasis on eliminating loopholes in financial regulations. Effective co-operation entails a checklist of highly intrusive regulations governing financial institutions: background checks of managers and owners, improved customer identification, removal of secrecy provisions considered excessive, and the installation of an efficient transaction reporting system. The United States has also advocated stronger commercial law requirements for registration of business and commercial legal entities, identification of asset owners, and improved cooperation by administrative authorities. Several Southeast Asian partners have been cited for inadequate co-operation. Their administrative and judicial authorities lack adequate resources to prevent and detect money laundering. The Bush administration has also called for a financial intelligence unit or equivalent mechanism that could interact with international authorities.

After a U.S. review of anti-money laundering laws and other regulations and practices, many Southeast Asian nations, it was determined, met only some of the criteria. Even when legislation, rules and regulations are introduced, doubts linger about enforcement. In Indonesia, the Philippines and Thailand, loopholes in financial regulations are rampant. Along with inadequate regulations and supervision, attention to existing legislation is inadequate. The courts in all three countries cannot be counted upon to enforce legislation.

Washington has emphasized the need for Indonesia to issue blocking orders based on the eight terrorist lists released by the U.S. government.

Indonesian authorities cooperated by circulating lists to banks asking for identification of possible accounts, but Washington prefers pre-emptive blocking orders based on the lists, so that new or existing accounts can be blocked immediately. No suspect accounts have been identified so far.

There is little enthusiasm for rigor for the improvement of financial reporting in regional parliaments. Even the monetary authorities of Singapore indicated they do not want to know who their banking system's clients are. Many of their clients are Indonesian military officials or Indonesian Chinese business owners who do not want to be identified for fear of persecution at home. The lack of enthusiasm for the program in the region results in a lack of effectiveness. But most importantly, with the exception of Singapore and Malaysia, regional courts are hardly able to support the existing legal framework.

If a distinguished visitor came to the U.S. Treasury Department in the six months after the 9/11 terrorist attacks on New York's World Trade Center, he or she would be shown the "War Room," designed to trace terrorist financing all over the globe. Pattern sensitive computer software and a room of computer monitors allowed Treasury staff to fix their attention on any irregularity of money moving through the world's formal banking systems. The anomalies they hoped to identify would reveal the money trail leading them to the source of Al Qaeda funding. The assumption behind this strategy—that by shutting off the money, they could contain terrorism—was an expression of optimism and naiveté. Unfortunately, the money to support the terrorists rarely flowed through the formal system. Significant alternative channels existed.

One year after the 9/11 attacks, the *Washington Post* ran a story that "a consensus has grown among officials in Germany, France, Italy and Liechtenstein—all major banking states—that the finances of Osama bin Laden's group are still intact... there is a lot of money not yet found."¹ What happened to the massive investment of time and computers in the Treasury Department's famous War Room? It was circumvented by informal networks that are global and capable of moving large sums of money, especially gold, without leaving a trace for the computers to find. In the Islamic world, this system is sometimes referred to as *hawala*, a network of interlocking moneychangers, which has operated for centuries and handles large or small sums on a handshake. Funds are transferred through the *hawala* without financial or governmental scrutiny. Pakistani bankers esti-

mate that the *hawala* system accounts for \$2.5-3 billion dollars entering the country each year, compared to only \$1 billion via the formal banking system. In Pakistan, over 1,000 *hawaladars* operate, moving deals of \$10 million in a single transaction.²

President Bush's campaign to cut off terrorist finances at the source ran into the same pitfalls as the less ambitious program of President Clinton, who announced the same objective following the bombing of U.S. embassies in Africa. Attempts by the United States to go after bin Laden's assets have been ineffective, feel-good measures because they did not recognize the social capabilities and independence from formal banking channels of the system that they were dealing with. In fact, in countries like Saudi Arabia the government is so intrusive that citizens do not trust the formal banks as much as they do private money pushers.

The finance minister of Pakistan went on record several days before 9/11 to say that money laundering was a rich country's problem. Shortly after 9/11, he appeared in Washington to brief U.S. Treasury staff about how the *hawala* system worked. He even visited *hawala* traders in New York to successfully transfer his own money to relatives back home. He reported that the system worked reliably and there was nothing his government could do to shut it down. The U.S. Agency for International Development ran workshops on terrorist financing and informal networks that reached the same conclusions as the Pakistani minister. On the basis of a handshake, informal networks that span the entire globe move large amounts of money without ever passing through the formal system where computers can trace their origin and destination.

LOOSE ENDS THAT NEED FIXING

When it came to issues like international financial institutions, loan approval processes for the multilateral development banks and Paris Club procedures, the Treasury Department was on automatic pilot. While critical of the shortsighted and inconclusive outcomes characteristic of the Paris Club process, the secretary offered no proposals to encourage a longer-term perspective on a debtor country's overall well-being and strategy for development. The process itself made it possible to reschedule rather than settle debts once and for all so that countries could start anew. At the typical Paris Club meeting, what a country like Indonesia or

Pakistan can do to eventually be free of unsustainable debts is never broached. Yet under no feasible or foreseeable scenario of economic growth can either of these countries ever hope to grow out of their debts. As a consequence, the government's fiscal position is hopelessly compromised. High government borrowing ends up crowding the private sector out of capital markets, making sustainable private sector growth a chimera.

Vietnam persistently fails to gain recognition of its transition efforts and was denied access to IMF loan facilities on account of its failure to commercialize its banking sector. Lacking adequate financial skills to draw upon, that process was particularly difficult for Hanoi to initiate. The absence of U.S. support for an extended IMF program was a blow to Vietnam's reform momentum that will have the inevitable impact of delaying WTO entrance for Vietnam.

Prioritizing the anti-terrorist theme was inevitable and unavoidable after 9/11. One unwitting effect, however, was to leave the structural issues for the region to resolve without a strengthened multilateral framework for finance and trade.

RETHINKING CHINA'S ROLE

A uni-dimensional anti-terrorist theme ignores the special accomplishments and historical character of the region. China was highly responsive to the anti-terrorist theme but found it was repelled from cooperation by U.S. immigration policies, specifically a pattern of granting asylum to visiting Chinese officials on official government business in the United States. China has also protested against the use of its one-child policy as grounds for consideration of an asylum request. U.S. policies on female reproductive rights significantly reduced potential cooperation with China on other development frontiers as well.

East Asian leaders did not sacrifice their nations' well-being to pursue geopolitical agendas. Instead they have grounded their political legitimacy on their ability to deliver economic success. Governments in the region are pursuing difficult structural changes to ensure healthy growth-including steps to open labor markets, protect intellectual rights, contain corruption, improve bidding and contract terms on infrastructure projects, and attract new investment in high value-added industries.

To regional leaders like Singapore's Lee Kuan Yew, China's growth is critical for future regional prosperity and stability and creates new opportunities for the region's economies to expand. The fact that China's leaders must find employment for 15 million job entrants a year keeps their focus on growth and on taking steps to ensure regional economic stability.

U.S. hopes to strengthen Japanese leadership in the region are continually being frustrated. The problem is that Japan is more focused on projects and contracts for Japanese businesses than on good policy for the region. Note, for instance, the lukewarm support that Japan officially expresses for regional democracy and institution building.

A deeply troubled and introspective Japan that cannot solve its own problems and that is unwilling to apologize for World War II atrocities is an unlikely leader of others. East Asian neighbors recall that Japanese banks exacerbated the 1997 financial crisis by withdrawing capital from the region to cover their weakened position at home. Tokyo concedes that if necessary, it will defend Japanese economic interests before addressing regional needs. Japan still seems committed to a "beggar thy neighbor" export-led growth strategy that puts it in conflict with its neighbors. China by contrast offers the hope of a large domestic market that will create opportunities for trade and investment by its neighbors.

With U.S. attention distracted from economic policy reform by international security concerns, China has begun to play a larger role in regional economic arenas. China is gaining the admiration of its neighbors and is filling a leadership gap left open by the diversion of U.S. interests and the failure of Japan to solve its own problems. As a sponsor of regional free trade talks, China is seen as seizing the initiative, exhibiting leadership that the region needs. China's accession to the World Trade Organization will enhance its share of interregional trade, making the region more integrated and dependent on cooperation with China. Where the United States has been concerned about China's presumed territorial ambitions, the region's business leaders believe China needs growth and therefore stable political relations with its neighbors.

The percentage of the region's trade with Japan is stable while China's share is increasing. Chinese investments are turning outward, for example to the natural resource sector in Indonesia, and to Taiwan's semiconductor industry. Japan by contrast is economically more integrated with the G-7 than with its neighbors in Asia. Japan's cumulative foreign investment

focuses more on North America and Europe than on Asia. Its share of ASEAN exports is smaller than that of the United States, and its overseas production ratios are smaller than those of either the U.S. or Germany. In short, Washington must begin to think of Japan and China in new terms.

The most important change must be to focus on helping China become a more responsible partner in supporting global economic stability. China is moving towards the sort of market economy that depends on capital markets rather than banks (like Japan) for investment capital. This means that China will require corporate governance and shareholder rights. Overall, China's industrial structure seems to be evolving in a more open direction than is Japan.

Forging a constructive relationship with China while recognizing its growing ascendancy in the region will require great sensitivity and statesmanship from the United States. U.S. policies must encourage Chinese leaders to believe that their own economic well-being involves smooth integration into the global trading system. A U.S. commitment to greater Chinese visibility in the system will make a positive contribution towards encouraging such a change. A responsible China committed to and benefiting from strong international economic stability must be the objective. This means giving China a larger stake in the durability of that system through steps like considering a vice presidency for China in the ADB.

The greatest contribution U.S. policy can make to regional economic prosperity will come from the development of a firm framework for trilateral cooperation with both China and Japan. This can start informally. Many opportunities exist to discuss the parameters of such cooperation. Much can be done without abandoning Japan for China.

The U.S. will have to accept that China's economic success is in China's hands. China's rate of economic growth depends largely on the appetite of its leadership for faster liberalization and more competitive domestic markets. The U.S. can help nurture that appetite by ensuring a secure international environment for trade and development.

ENDNOTES

1. "Al Qaeda's Wealth Still Intact, says Swiss Official: Sudan, Iran Deny Report About Gold" *Washington Post*, September 5, 2002, A24.
2. Ghulam Hasnain, "Money on the Run," Newline, August 1998.

THE BUSH ADMINISTRATION IN SOUTHEAST ASIA: TWO REGIONS? TWO POLICIES?

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During the Clinton administration, Southeast Asian governments frequently described U.S. policy in the region as a loose array of bilateral relations, often fueled by feuds. Washington would not deal with Southeast Asia in the aggregate, they complained, and when high-level attention came it was most often in the form of criticism. Vice President Al Gore's castigation of Prime Minister Mohammed Mahathir's administration at the 1998 Asia Pacific Economic Conference (APEC) summit and Secretary of State Madeleine Albright's close relationship with Burmese National League for Democracy leader Aung San Suu Kyi are still cited as symbols of Clinton administration policy in the region. Yet other, more positive markers are equally potent, such as President Bill Clinton's historic trip to Vietnam and the normalization of relations that preceded it. Moreover, a policy described in snapshots does not do justice to trends, such as the administration's sustained attention to Indonesia in the late 1990's and beyond.

If there is some truth to the criticism, there is also context. The Clinton years may be broadly defined as a search for a post-Cold War world order. At times, moving out of the Cold War was ironically more beneficial for former enemies than for allies in Southeast Asia. U.S. relations with Vietnam improved markedly, but Thailand was bitterly disappointed that Washington did not offer bilateral support in the 1997-98 economic crisis. In the latter case, the Clinton administration's *modus operandi*—of providing assistance through the International Monetary Fund—might have been misguided multilateralism. But it was also an attempt to strengthen an international economic regime that would, in the theoretical long-term, benefit a broad spectrum of nations.

The Clinton administration took no less universal an approach to issues of democracy and human rights, seeking resolutions against human rights abusers in the United Nations—most notably China—and launching the intergovernmental Community of Democracies. Beyond an increase in scrutiny of the human rights practices of individual Southeast Asian nations, Washington also expected Southeast Asian nations to join U.S. efforts to influence political change in neighboring countries. This was an indirect assault on the “ASEAN way,” which stresses non-interference in the internal affairs of member states and is often extended to Asian nations as a whole. U.S. and Southeast Asian differences in this regard were most apparent in the schism between the U.S. and ASEAN over Burma policy. Some Southeast Asian governments—primarily Singapore and Malaysia—formalized their discontent through the “Asian values” debate.

Southeast Asians were fundamentally correct in their assertion that the Clinton administration operated most comfortably either on the bilateral or the global level, rather than on the regional plane. However, another dimension of Southeast Asian discontent was found in the administration's tendency to focus policy attention on Northeast Asia, and to view Southeast Asia as that region's less significant southern shore. In this sense, the Clinton administration was following the lead of virtually all of its predecessors after 1973 and the end of U.S. involvement in the Vietnam War. This diminution of attention to Southeast Asia coincided with the normalization of relations with China and that country's rise as an economic power, in Asia and in the broader international economy. Concern spiked when China entered the World Trade Organization and Southeast

Asian countries feared that a significant portion of their foreign investment and trade would go north to Greater China.

In this regard, Southeast Asians were clearly conflicted. In *America's Role in Asia: Asian Views*, released in 2000 by The Asia Foundation, Southeast Asians complained of “indifference” and “benign neglect” from the United States. However, they also maintained that one of the most important measures the U.S. could take to guarantee Southeast Asian well-being was to ensure that the U.S. and China avoided major conflict, military or political. The fall-out from such conflict would inevitably, they believed, be felt in Southeast Asia. More ominously, Southeast Asians also warned that the U.S. paid insufficient heed to “new” security threats in the region: ethnic and communal conflict, transnational crime, and terrorism.

FROM SUBTLE SHIFTS TO MAJOR MOVES

Like all incoming administrations, particularly when power has shifted between parties, the Bush administration was determined to distinguish and distance itself from its immediate predecessor. Policy toward Southeast Asia did not figure heavily in the 2000 campaign, if indeed at all, but Southeast Asians drew inference from broad statements of intention by the Bush campaign. Bush promised to reinvigorate relations with traditional allies, and the media in the Philippines and Thailand speculated hopefully on a renaissance in relations with the United States. When then-campaign advisor Condoleezza Rice announced at the Republican National Convention that the U.S. “would no longer be the world’s 911 call,” those Southeast Asians who feared further international intervention in the region after East Timor were reassured. The underlying message on a likely Bush policy was of a return to more conventional security concerns, a more pragmatic approach and, in Bush’s own words, a more “humble” foreign policy.

In the early months of the administration’s first year, however, mixed signals were received in Asia and elsewhere. The discordant visit to Washington of South Korean President Kim Dae Jung in March 2001 raised doubts about automatic allegiance to old allies. Secretary of State Colin Powell’s trip to Hanoi for the ASEAN Regional Forum (ARF) meeting that summer was viewed as encouraging, all the more so because he was a veteran of the Vietnam War, but obviously less salutary than the Clinton

trip. As might be expected, some administration policies were clearly built upon Clinton era efforts, such as the successful conclusion of the U.S.-Vietnam Bilateral Trade Agreement. Others were old wine poured into new bottles. Both the Clinton and Bush administrations aimed to re-establish ties with the Indonesian armed forces, based on the assumption that the military is a critical factor in Indonesia's democratization process. In the first half of 2001, the Bush administration adopted the Clinton road map that had been proposed to Jakarta (and to the U.S. Congress) for that purpose, with one significant change. The administration sought to remove links between human rights improvements and closer military ties, leaning more toward the "osmosis theory" favored by U.S. policymakers during the cold war: that military modernization and professionalization would inevitably produce more democratic civil-military relations.

The Bush administration's halting, if arguably normal, process of policy redefinition was greatly altered and accelerated by the events of September 11, 2001. The terrorist attacks boosted Southeast Asia's significance to U.S. policy, by virtue of its Muslim populations in Indonesia, Malaysia, the Philippines, Thailand and Singapore. Support from these countries for U.S. actions in Afghanistan in the wake of the September 11 attack was important. A tacit endorsement of the 1991 Gulf War from Indonesia, the world's largest Muslim-majority country, had been seen as instrumental in gathering moderate Muslim support for U.S. actions there. After September 11, Washington would not only need political support from Southeast Asian leaders for U.S. counterterrorism policy in Afghanistan and elsewhere, but also their forbearance in the face of potential opposition to U.S. policy from their domestic populations, particularly from Muslim communities. More important, it would need their cooperation in addressing Southeast Asia's own pockets of extremism and other conditions that made the region itself vulnerable to terrorism.

A series of Washington summits with Southeast Asian heads of state followed in rapid order, with leaders expressing unanimous support for Bush administration policies. By happenstance, the newly inaugurated president of Indonesia, Megawati Sukarnoputri, became the first leader of a Muslim-majority nation to visit Washington after the attacks, the summit having been planned in advance of September 11. She was followed shortly by President Gloria Macapagal-Arroyo of the Philippines and Thai Prime Minister Thaksin Shinawatra and, some months later, by Prime Minister

Mahathir of Malaysia. Southeast Asian leaders also had higher than usual profiles at the APEC meeting in Shanghai in October 2001. September 11 had served to give many of them more access to top policy levels in the United States and to change the tone of discourse with the United States.

But by the time of the APEC meeting, the U.S. bombing in Afghanistan had forced Southeast Asian governments into more qualified positions of support in the face of sharp protests in their countries. The first public dissent from the leadership appeared when Mahathir attempted to move forward a resolution at the APEC meeting condemning the bombing. However, although the bombing still rankles in some Muslim quarters in the region, large-scale demonstrations died down quickly after the Taliban's surrender. If the U.S. intervention appeared to be heavy-handed to some in the region, there was widespread acknowledgment that it was linked directly to U.S. security. In addition, there had never been support for Talibanism in Southeast Asia. More to the point, a concern closer to home was on the horizon. As the war in Afghanistan began to wind down in late 2001, the Bush administration turned its attention to possible second fronts in the global campaign.

SECOND FRONT, SECOND TIME

The Bush administration identified multiple “second fronts” in the war on terrorism, Southeast Asia among them. A surge in political Islam in Indonesia and Malaysia in recent years, relatively modest but still notable, suggested that the region could be a breeding ground for extremism. Uneven law enforcement and lax border controls could facilitate terrorism. Indeed, evidence of Al Qaeda links to local groups had been uncovered in the mid-1990's, as well as plots to assassinate President Clinton and the pope and to blow up American airlines operating in Asia. On the positive side, anti-terrorism goals for the region were presumed to be modest and attainable. Despite a fundamentalist revival, moderation remains the prevailing trend in the Southeast Asia Muslim community, particularly in comparison to the Middle East and South Asia. There is little prospect of state-sponsored terrorism against the West and therefore no issue of forcing a regime change, as there had been in Afghanistan. From a post-September 11 perspective, Southeast Asia was more dangerous than previously thought, but the region was also the best candidate for a counterterrorism success story.

Although Southeast Asian leaders have consistently given rhetorical support over the past year to the need for stronger counterterrorism measures in the region, their embrace of U.S. policy has been uneven. They have attempted to soften the single-minded focus on terrorism the U.S. has demonstrated on occasion, by reminding Washington of the need to address the root causes of extremism. These they identify as deficiencies and discrepancies in economic development, which create resentment, disenfranchisement and disillusion. Most likely, Southeast Asians are operating out of their own regional paradigm—of recovery from the 1997-98 economic crisis—as well as the Washington paradigm of counterterrorism. Thus, in the early months after September 11, Arroyo proposed a “Marshall Plan” which could address economic needs on a larger scale. However, in broad strokes the Bush administration’s budget request to Congress for FY 2003 revealed a different ranking of priorities. The administration proposed a \$46 billion increase in the defense budget—the largest real spending increase since the Vietnam War—while raising foreign aid by only \$300 million, or less than one percent of the defense spending increase. Nevertheless, the administration recognized an inherent *quid pro quo* in counterterrorism cooperation. The Philippines, for example, received a bump up in its assistance program.

There have been significant differences in style as well. Although President Megawati has recently been emboldened by the Bali bombings to speak out against extremist groups in Indonesia, the U.S. has often been critical of her seeming lack of resolve in the war against terrorism. Here a singular American focus does not capture the complexity of Islamic politics in Indonesia, or Megawati’s perilous position in that regard. Mindful that more hardline Islamic parties had maneuvered her out of the presidency in 1998, she must consider every gesture or policy for its potential impact on the 2004 national elections. Even Southeast Asian leaders in countries with Muslim minority populations, have felt the need to request that Washington soften its approach at times. President Arroyo was clearly happy to have the U.S. declare the National People’s Army a terrorist organization, but she took pains to persuade Washington to walk back its intention to do the same for the Moro Islamic Liberation Front (MILF). Manila has signed a ceasefire with the MILF but has not as yet secured peace accords with the separatist group, and Arroyo feared that the terrorist designation from the U.S. could slow or even scuttle negotiations.

The Bush Administration in Southeast Asia

As it is evolving, U.S. counterterrorism policy in Southeast Asia has four declared elements: military cooperation; technical and other assistance to strengthen legal and administrative procedures; support for regional cooperation on counterterrorism; and a “hearts and minds” campaign—part of a worldwide effort to strengthen support for the U.S. in the Muslim community. Of these four, the military option may prove to be least applicable to fighting terrorism.

Southeast Asia’s designation as a “second front” after the Afghanistan intervention was intended in part to provide a segue from the Afghan military campaign to other regions. A military dimension to the war against terrorism was therefore compulsory. Moreover, to many Americans foreign policy is an action memo. They are uncomfortable with abstractions in foreign relations and suspicious of policies that do not draw a short, straight line between goals and implementation. Military action is often the reflexive response.

Thus the inaugural feature of U.S. counterterrorism policy in Southeast Asia after September 11 was a military mission, albeit a modest one, the U.S.-Philippine joint “training exercise,” to help Manila eradicate the Abu Sayyaf. Since the U.S. withdrawal from Vietnam and closure of American bases in Thailand and the Philippines (in the mid-1970s and early 1990s respectively), the primary medium for U.S.-Southeast Asian military cooperation has been the joint training exercise. (The most prominent of these has been the Cobra Gold exercises with Thailand, which are in the process of expansion. After September 11, Singapore was added as a participant, and the Bush administration has recently announced that the Philippines and Malaysia will join the exercises next year.) Although the U.S. and the Philippines are treaty allies, and the campaign against the Abu Sayyaf could be loosely construed as acting in the defense of both countries, Washington and Manila were careful to couch it as an extension of the joint training model. Even this cautious interpretation raised nationalist hackles with the Philippine legislature, although polls showed that a majority of Filipinos approved of U.S. help to eliminate a group whose kidnappings for ransom damaged the Philippines’ image in the international community. Although results of the exercise were mixed, the U.S. and the Philippines have agreed to a second round in Central Luzon next year.

As a flagship activity, the joint exercises showed both the limitations of the military option in a war against terrorism and the degree to which

U.S. military relations in Southeast Asia still reflect the cold war framework of military alliances. To many, the Abu Sayyaf was a peculiar choice of target. Although it continues to destabilize the southern Philippine province of Mindanao, it is no longer viewed as the separatist group with foreign extremist ties it had been a decade ago. It now more closely resembles a criminal gang concerned only with its own survival, and the potential impact of its elimination on terrorism in Southeast Asia is therefore questionable. In all likelihood, the Bush administration chose the exercise against the Abu Sayyaf because it was the only door open for joint military action of this kind in the region. Thailand, the other Cold War (and treaty) ally, had no equivalent internal threat, and it is likely that the U.S. would have met with even greater public resistance to similar maneuvers there, the Cobra Gold exercises notwithstanding.

Indonesia and Malaysia, the two countries in Southeast Asia with Muslim majority populations—and which might therefore be considered of greater significance—were political rather than military allies of the U.S. during the Cold War. Even without the constraints on cooperation with Indonesia imposed by the Leahy amendment in the 1990s, it is doubtful that Indonesian sensitivities would permit quasi-combat bilateral exercises along the lines of the Philippines model in its internal conflicts. Malaysia has no equivalent local conflicts at this time, but it would be unlikely to welcome U.S. troops on its territory if it did. Short of these boundaries, however, increased military cooperation is possible. The Bush administration has initiated a counterterrorism training program with Indonesia, having secured \$50 million from Congress for this purpose. Forty-seven million U.S. dollars will be used to upgrade police training, with the remainder for military training. In addition, both the House and Senate appropriations committees approved spending bills that would restore International Military Education and Training (IMET) to Indonesia, although the continuing resolution on the budget leaves the Leahy amendment in force for the time being.

However, just days after the Bush administration announced the Philippines exercises, in January 2002, a more lethal terrorist threat to Southeast Asia was uncovered. Through a combination of intelligence and police work, the Singapore government arrested over a dozen operatives of the Jemmah Islamiah (JI), a regional network of extremists with links to Al Qaeda, and thwarted JI plans to attack prominent landmarks and

institutions in the region, including some U.S. diplomatic missions. Beyond its enmity with the West, the JI also nurtures the unlikely aim of forging a fundamentalist Islamic state in Southeast Asia, comprised of Aceh in Indonesia; parts of Malaysia; and Mindanao in the Philippines.

The arrests underscored the fundamental differences between an extremist threat and a conventional military one. Police and intelligence officials, rather than combat troops, form the frontline, and the only possible victory is in preventing rather than punishing an attack. Accordingly, the Bush administration has increased cooperation with some Southeast Asian countries on intelligence sharing, and provided training and other assistance to strengthen controls of borders and money flows. In this new kind of warfare, cooperation with Thailand, Malaysia, Indonesia and the Philippines has increased, but the closest U.S. ally has been Singapore. For example, Singapore is the only Southeast Asian country to have joined the Container Security Initiative, which places U.S. Customs inspectors in foreign ports to screen U.S.-bound cargo before it is shipped. As yet, the U.S. has not entered into such an agreement with any other Southeast Asian nation.

CREEPING MULTILATERALISM

Terrorism is clearly a fungible problem, and requires a regional approach to counter it. Although bilateral cooperation between the U.S. and Southeast Asia is stronger at present than multilateral, the U.S. has acceded to pressure from Southeast Asian leaders to formulate a regional policy as well. The most visible product to date has been the U.S.-ASEAN Joint Declaration for Cooperation to Combat International Terrorism, signed at the ASEAN Ministerial in Brunei last summer. This is intended to build upon a 2001 ASEAN Declaration on Joint Action to Counter Terrorism. Like most documents of its kind, the U.S.-ASEAN declaration is a statement of solidarity and intent, rather than an action plan. Even in this very general document, however, the customary ASEAN emphasis on consultations, seminars and conferences is evident. More concrete is the U.S. proposal to fund a regional training center for counterterrorism, which Malaysia has tentatively agreed to host. The center would complement the international law enforcement academy in Bangkok, also established with U.S. funds, which had been launched to fight narcotics production and trafficking in the region. Apart from these initiatives, broad

U.S.-ASEAN cooperation on counterterrorism lies largely in the realm of the hypothetical.

As a companion policy, in October the Bush administration announced the establishment of the U.S. Enterprise for ASEAN Initiative (EAI), intended to give Southeast Asian countries the opportunity to forge free trade agreements with the U.S. in a three-tiered process. In this case, the goal of the initiative is not to craft a regional U.S.-ASEAN FTA, but a series of free trade agreements resembling a hub-and-spokes, not unlike U.S. security relations in the region. Southeast Asian nations must first be WTO members, and then must negotiate Trade and Investment Framework Agreements (TIFAs) with the U.S. before entering into discussions on an FTA. In view of the discrepancy of levels of economic development in the region, a detached approach, which does not wait on less-developed economies, is sensible, although it risks exacerbating these gaps. The Bush administration's motives for offering such a plan were likely three-fold: to give additional inducement to counterterrorism cooperation; to act upon the administration's free trade ideology; and to match (if not pre-empt) similar agreements being offered to ASEAN by other regional powers: China, Japan and even India.

Progress on this initiative will not be brisk. Not surprisingly, Singapore is highest on the EAI ladder, close to concluding an FTA with the United States. At present, agreement still awaits resolution on the issue of control of currency flows. Indonesia, the Philippines and Thailand have signed TIFAs with the United States. Thailand and the Philippines have expressed interest in opening discussions on an FTA. Vietnam, Cambodia and Laos have yet to reach the first rung of the ladder, entry into the WTO, although Cambodia may enter as early as next year.

Despite some encouraging starts, the Bush administration's regional approach to Southeast Asia has some obvious blind spots. A notable one is the lack of a regional window on human rights in U.S. policy. For the "September 11 countries" in the region, democracy is not as much of an issue. Thailand and the Philippines have been able to keep their new democracies on keel, despite some backsliding, and Indonesia continues to democratize under less than ideal circumstances. Singapore and Malaysia have been resolutely semi-authoritarian (or semi-democratic) for three decades, and are not likely to liberalize further while their internal security is under siege by extremism (or fear of it).

The protection of human rights, however, will be of increasing concern in the region as counterterrorism is strengthened. As in the United States, human rights groups have observed a constriction of civil liberties and a greater willingness by governments to employ internal security provisions in a wide range of situations. In contrast to the Clinton administration, when the U.S. was outspoken on rights issues in the region, the Bush administration may well become associated with these crackdowns in the eyes of many Southeast Asians as it allies itself closer to Southeast Asian governments to fight terrorism. The administration should anticipate this and search for regional mechanisms to improve human rights protection. For example, it should consider helping to revive the flagging ASEAN Human Rights Working Group, which had been charged with formulating a regional code of conduct on human rights, as well as to support regional non-governmental human rights networks.

ENGAGING SOUTHEAST ASIA'S MUSLIMS

As the Bush administration takes its case to the world's Muslims, two premises are evident, both of them based on notions of "the Arab street." The first is that Muslims are inherently, or potentially, extremist and must therefore be coaxed into more moderate positions. The second is that Muslims have a basic dislike of the United States for its political and economic liberties. If Muslims better knew the United States, the reasoning goes, they would not resent it. As a result, recent attempts in U.S. public diplomacy have sought to portray Muslim Americans as happy, assimilated citizens, on the assumption that Muslims abroad will conclude that they too would approve of the United States if they understood it as well.

Neither of these premises applies to Southeast Asia, and the administration risks alienating a significant portion of the region's people without a mid-course correction. Promoting moderate Islam in Southeast Asia is essentially pushing on an open door, some recent surges in extremism notwithstanding. For centuries, religious communities in the region—Muslim, Buddhist, Hindu and Confucian—accommodated each other because no single group was able to maintain dominance. This has inclined the great majority of the region's Muslims toward moderation. However, U.S. engagement with this broad moderate swath has flagged in recent years. In reaction to the hunt for extremists in the post-September

11 period, radical voices have come to dominate the media in some Southeast Asian countries with significant Muslim populations, causing the moderate majority to withdraw from public debate. The U.S. should consider policy measures to strengthen their voice, ranging from support for moderate Islamic education in the *pesantren* (Muslim boarding schools) to assistance to moderate Muslim social scientists in the region.

Nor do Southeast Asian Muslims necessarily suffer from lack of knowledge about the United States, or have an inherently anti-Western view. On the contrary, unlike some groups in the Middle East and South Asia with avowed anti-Western platforms, most Southeast Asian Muslims see no contradiction between Islam and modernization, or Islam and capitalism. Indeed, a recent worldwide media survey revealed that the largest audience for the music cable channel MTV was Indonesia. In Southeast Asia, the debate over Islam is not with the United States; instead, it is within the Southeast Asian Muslim community itself. Thus, a recent administration initiative to train the heads of Indonesian *pesantren* in a Massachusetts facility is well-intentioned but off the mark. A “hearts and minds” campaign for Southeast Asian Muslims should be about them, not about us.

In its discourse with Southeast Asia, the Bush administration should also look inward at some dangerous disconnects in its foreign policy. Southeast Asian leaders visiting Washington in recent months have warned that a unilateral strike against Iraq would not only undercut support for the U.S. in the region, but could even radicalize elements of the moderate Muslim community. And although they are not as vocal on the issue as their co-religionists in the Middle East, U.S. policy in the Israeli-Palestinian conflict does resonate unfavorably with many Muslims in Southeast Asia. In this regard, some observers have commented that the U.S. and Southeast Asia view one another through different ends of the telescope. Many Southeast Asians judge U.S. policy on a global basis, and locate relations with their own country on that plane. Americans, on the other hand, are inclined to regard relations with Southeast Asian countries as a function of bilateralism, and to believe that repercussions from other countries or regions can be easily ironed out. In this way, the Bush administration may resemble the Clinton one more closely than it realizes, or than it intends.

THE “OTHER” SOUTHEAST ASIA

Missing from much of the Bush administration’s policy for Southeast Asia are new initiatives for the countries left out of the counterterrorism calculus: Vietnam, Cambodia, Laos and Burma. Unable to include them in its new vision of the region, the Bush administration has fallen back on the Clinton practice of excessive bilateralism. Indeed, in some ways the administration has outdone Clinton by allowing special interests to take an increasing hold on relations. This is less a result of disagreement within the administration than within the Republican party. While the administration applies a *realpolitik* approach to the Southeast Asian countries of greatest concern for counterterrorism, the conservative right in Congress increasingly influences policy toward the “other” Southeast Asia. For example, conservative politicians are publicly urging that the United States abandon its non-partisan approach to Cambodian politics and make it official U.S. policy to ensure the election of the country’s main opposition leader in the 2003 national elections.

In the long-term, this relative neglect will not only damage relations with these countries, but will also affect U.S. efforts to foster stronger regional institutions, since all four countries are now full members of ASEAN. In tacit acknowledgement of this, the administration has announced it will work with the ASEAN Secretariat to provide training for the four, to help them pull even with the more developed, original ASEAN nations. However, this initiative has an element of evasion. A first measure to help development in these countries should be to normalize relations with them more fully. Of the four, the complete range of policy and assistance measures is available only to Vietnam at this time. Since 1997, U.S. funds have been prohibited to the Cambodian government (with exceptions made for the Ministries of Health and Women’s Affairs). Assistance to Laos is largely restricted to areas which address U.S. needs—POW/MIA recovery and narcotics interdiction—rather than Laotian development. Moreover, the U.S. has not yet granted Normal Trade Relations status to Laos, although it has done so for Vietnam and Cambodia. The U.S. lacks full diplomatic relations with Burma and provides no official assistance to the government. There may be a case for continuing restrictions in Burma, given the ongoing political stalemate, but it is more difficult to understand delays in the case of Laos, for exam-

ple. To be sure, most of these restrictions originate from and are based in Congress. However, U.S. relations with these countries are not likely to change for the better until the administration engages the legislature in dialogue on new policies.

HALFWAY TO A NEW POLICY

The events of September 11 have spurred the Bush administration into a more extensive and deeper engagement in Southeast Asia than that of the Clinton administration. Optimally, beyond reducing the terrorist threat in the region, this could produce collateral benefits, such as stronger regional institutions and more effective governance. Counterterrorism has provided the U.S. with a central organizing principle in its Southeast Asia policy, a coherence that has been lacking since the cold war.

But central organizing principles invariably have built-in blinders, and two such shortcomings are obvious at this point. First, the administration's counterterrorism policy has not yet been sufficiently tailored to the Southeast Asia of today. It relies too heavily upon assumptions and paradigms from U.S. policy in other regions, or from outdated concepts of U.S.-Southeast Asian relations. It reflects U.S. concerns at this time, but does not capture some of those which are central to Southeast Asians, such as political and economic development for its own sake. Second, counterterrorism is a blanket which fails to cover significant portions of Southeast Asia and bifurcates U.S. policy in the region as a result. This dual approach poorly serves long-term U.S. interests in Southeast Asia. Moreover, it may ironically impede the cause of counterterrorism, by undermining regional approaches to common problems and threats.

In its new awareness of the dangers that terrorism and extremism have brought to the world, the Bush administration has introduced a series of stopgap measures in its Southeast Asia policy as it operates in a threat environment which is only beginning to be clear. Some of these measures are seeming improvements over recent U.S. policies in the region. Their ultimate effectiveness, however, will depend upon the administration's ability to address the inherent shortcomings of this approach, and to forge a more comprehensive and durable policy in its relations with Southeast Asia.

SOUTHEAST ASIA AFTER SEPTEMBER 11

NAYAN CHANDA

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America's relationship with Southeast Asia has come full circle with the terrorist attacks of September 11. Nearly fifty years ago some of the newly emerging nations of Southeast Asia were brought into an American security alliance—the Southeast Asian Treaty Organization (SEATO)—to stem the advance of communism heralded by Mao Zedong and Ho Chi Minh's victories in China and Vietnam. The signing of an anti-terrorist treaty last August between the U.S. and ten member states of ASEAN—although vastly different in scope—can be seen as rounding the circle.

That Cold War alliance with Southeast Asia, which informally extended to non-SEATO countries, dissipated in the years following the normalization of Sino-American relations and the demise of the Soviet Union. Trade and investment took center stage in the eighties when Washington applauded the Asian miracle and proudly paraded the economic success of its Cold War allies as a vindication of its policies. Then came the financial crisis of 1997, transforming the region overnight, in the words of Ambassador Ronald Palmer, from the godchild to the stepchild of the United States. The benign neglect of Southeast Asia that

marked the Clinton administration continued well into the Bush administration until the shock of September 11 jolted relations back onto a security track. The fear that the Al Qaeda terrorist network extended its tentacles into Southeast Asia, making it a potential “second front” in the new war on terror, dramatically altered the nature of the region’s relations with Washington.

The response of various Southeast Asian countries to the September 11 attacks and to the U.S.-led war on terror that followed have been different, depending on the nature of each government and the relative importance of Islam in each country’s domestic political equation. Some worry, however, that as in the Cold War, when the overarching purpose of the relationship was to fight Communism, the present arrangement may be based on too narrow a foundation. There is concern in some quarters that the single-minded focus on defeating communism, which allowed the rise of military dictatorship and authoritarian rule in Southeast Asia, may now be replaced by an obsessive focus on terrorism and may distort government policies. Many long-standing grievances and historical conflicts that regional governments have been trying to battle with a variety of means may now be subsumed under the broad category of terrorism leading to unwelcome consequences. Not only is there a concern about erosion of the democratic gains made by Southeast Asian countries in the past decade, many fear that urgent economic and political reforms may now be downgraded and divisions within societies and between countries may be widened. However, a repetition of history is not pre-ordained. Such concerns have been aired early, and the regional governments and the United States have publicly stated that the war on terror has to be extended to its root cause—by eradicating poverty and injustice.

With the exception of the October 12 Bali bombing, the changes that have come in Southeast Asia in the wake of September 11 do not indicate a fundamental shift in the region. But old problems are being viewed in a new way, and the region’s view of the U.S. has undergone a significant transformation. Though the Southeast Asian response to September 11 and the aftermath was varied, it can be broadly seen as having gone through four phases of change in its reaction. The first phase of shock and sympathy was followed swiftly by concern and anger at the American war in Afghanistan launched on October 8. The third phase began with the discovery of a major bomb plot in Singapore (January 2002) involving

terrorists in neighboring countries and culminated in the signing of the U.S.-ASEAN anti-terrorist treaty in August. Then the October Bali bombing—the worst terrorist act in the region’s history—killing nearly 200 tourists and placing the war on terror on the region’s front burner. The Bali tragedy heralded an unprecedented cooperation among local and foreign law-enforcement agencies in Southeast Asia.

Despite the obvious parallel with the early 1950’s, the nature of the terrorist threat today is different from the threat posed by the Cold War. First, instead of the threat of a heavily armed state, today the threat is from transnational individuals who endanger an entire region or global institutions. Second, unlike during the Cold War, China is on the side of the U.S. in fighting terror, as Beijing sees itself threatened by a similar scourge. Finally, the economic impact of a terrorist threat is immediate and direct and it does not leave governments much option but to tackle terrorism on a priority basis. It is thus not surprising that Southeast Asia became fully engaged in the war on terror only after the Bali blast drove home the devastating consequences of ignoring the threat.

BENIGN NEGLECT TO URGENT CONCERN

This transformation of the region is all the more remarkable against the backdrop of very different types of concerns that Southeast Asia had regarding the United States. At the end of 2000 when the electoral confusion of Florida consumed the U.S., many in Asia wondered if the U.S. would recover from the acrimonious political battle at home to take note of a region still nursing the wounds suffered during the 1997 economic crisis. The region’s venerable weekly *Far Eastern Economic Review* even carried a cover story in late 2000 about a diminished United States in Asia. In the context of hobbled American politics, the *Review* said, the danger potential in the region would rise. Although that was not a view widely shared in the region, the governments were nonetheless worried about being forgotten or worse, being forced to take sides in a developing crisis between Washington and Beijing, which was now termed America’s “strategic competitor.” The region watched with concern the strong anti-China rhetoric of the Bush campaign and hoped that it would be attenuated once the task of managing relationships fell in his hands. It was thus with consternation that the region watched the unfolding crisis over an

American surveillance plane's collision with a Chinese fighter jet. Then came President Bush's startling comment on television about American determination to defend Taiwan with "whatever it takes," further raising fears about a spiraling Sino-American crisis.

The quietly rising concern in Southeast Asian capitals was reflected in the press of the region. In April 2001 Malaysian commentator Karim Raslan noted that the growing tension with China, the U.S. refusal to ratify the Kyoto Protocol, the signs of a slowdown of the American economy, and the administration's unilateral moves had angered Washington's allies both in the Asia-Pacific region and Europe without exception. He wrote, "The new administration must extend its attentions to Southeast Asia," which, he noted, is "well ahead of the Chinese in terms of our political stability and maturity... culturally more open and diverse than China. If the U.S. is serious about its role in the Asia-Pacific, it must invest time, energy and money in Southeast Asia." There was increasing worry about Washington's neglect of Indonesia and its refusal to cooperate with the military. In June, the *Bangkok Post* wrote: "Six months into his presidency, George W. Bush and his administration still have Thailand guessing on their direction in Asia, where security threats to American interests are subsiding but economic links remain vital."

The same month Singapore's Prime Minister Goh Chok Tong traveled to Washington to plead for America's attention. Addressing a business gathering in Washington, he said: "Given the strategic weight that America deploys, if the U.S. regards ASEAN less seriously, it could become a self-fulfilling prophecy." Goh urged the U.S. to help Indonesia regain international confidence. He said "the facts of geography have not changed: Indonesia, a vast archipelago, still sits astride vital sea lanes. An unstable Indonesia will not be just an East Asian but a global problem. Contagion did not really end in 1998, it merely changed form."

The contagion Premier Goh was referring to, of course, was of the economic kind, resulting from the 1997 financial crisis. Yet within three months the phase of benign neglect that Goh and others worried about gave way to a phase of great alarm. The shock of September 11 reverberated in Southeast Asia. While the region as a whole reacted with horror at the carnage and felt deep sympathy for the victims, political leaders were not slow to recognize the opportunity it offered to develop closer ties with the United States. Philippines president Gloria Macapagal-Arroyo

was the first to send a message of condolence to President Bush. She wrote: “All humanity must now join hands to defend decency and defeat the insanity that has invaded our age” and offered open-ended support. “We will help in whatever way we can to strengthen the global effort to crush those responsible for this barbaric act.” Messages of sympathy poured in from other countries in the region. Megawati Sukarnoputri, who had taken over as president of Indonesia barely a month earlier, maintained her previously arranged visit to Washington. She defied pressure from hard line Muslim groups, including her coalition partners, to show support for the United States.

But those who wanted otherwise did not opt to obediently following her lead. Indonesia’s vice president and leader of the radical United Development Party (PPP), Hamzah Haz, laced his expression of sympathy for the victims of September 11 with a tart reminder that the violence might help the United States “expiate its sins,” presumably of its support for Israel. A few days later the government-sponsored Council of Indonesian Islamic Scholars (Majelis Ulama Indonesia, or MUI) declared that were the U.S. to attack Afghanistan, all Muslims were obliged to join the *jihad* against the United States.

That call for *jihad* was more of a rhetorical excess than a serious call to arms. But nevertheless in the initial weeks after September 11 emotions ran high in Jakarta. With over a thousand demonstrators burning the American flag outside the U.S. embassy, American diplomats and family members began preparations to leave. The preparation turned out to be more to pressure the Megawati government to act against militants rather to seriously reduce the embassy staff. In the end demonstrations petered out and there was no need to consider evacuation until new threats arose a year later. To domestic observers it was obvious that the demonstrators were more home-made radicals, often with military connections rather than inspired by foreign organizations. In fact, during the later years of his thirty year rule, Suharto had increasingly relied on radical Islamic elements in the country. Radical paramilitary groups with Suharto’s backing played a key role in organizing anti-Chinese riots and spreading anti-Christian, anti-U.S. propaganda in the last days of his rule. Such groups did threaten to weed out American and British tourists from hotels in Java and Sumatra, but nothing actually came of them. Militant Laskar Jihad, which initially supported Osama bin Laden, distanced itself from him by

calling him a Kharijite, or a religiously deviationist rebel. Some close observers of Indonesia such as Robert Hefner believe that the moderation, at least in public, shown by MUI and later by the military-linked Laskar Jihad group are indicative of the moderating effect of the military, who are aware of the risk of courting U.S. hostility by such actions.

One should also remember that the followers of radical Islam constitute a small minority (probably numbering in the thousands) of Indonesia's Muslims as opposed to the 32 million-strong Nahdlatul Ulama and the 29 million members of the Muhammadiyah, both of which are of moderate persuasion.

SYMPATHY TURNS TO FEAR

However, the prospect of a long-drawn out war against a shadowy enemy left Southeast Asians worried, and divisions soon emerged as the bombing of Afghanistan began. A report in Singapore's *Straits Times* polling over a dozen specialists in the region concluded that extended military action would only aggravate violence. Asians feared an unending cycle of attacks which would harm many innocent people and result in danger to everyone. When the war started, the images shown on television of U.S. aerial bombings in Afghanistan and the attendant civilian casualties, as well as violent retribution on Taliban fighters did raise emotional reaction in the region, home of over 240 million Muslims—nearly half of the region's population. Especially in countries like Malaysia and Indonesia, with majority Islamic populations, governments could not ignore the political cost of backing the American war.

By coincidence Indonesian president Megawati became the first head of state to visit Washington after September 11. She offered cooperation on fighting terrorism, and Bush offered to extend military training assistance. However, back home, Megawati tried to distance herself from the approaching war in Afghanistan. "No individual, group or government has the right to look for terrorists by attacking another country's territory," she said in a speech at a mosque. The day after the beginning of the war Malaysian prime minister Mahathir Mohamed said: "We should really not participate in war. If we do, we will only help to escalate the problems because an all-out war is the wrong solution, because many innocent people are going to be killed."

A month after the beginning of war in Afghanistan, Mahathir tried, unsuccessfully, to get the annual ASEAN summit to call for a bombing halt—a move that highlighted the difference within the group. Singapore, which was among those rejecting the move said: “Our position is that we are against terrorism. We are supporting the U.S. . . . Afghanistan has sheltered the terrorists and we recognize the right of the U.S. to defend itself.” The summit ended simply by issuing a declaration against terrorism. The chairman of the ASEAN meeting, the Sultan of Brunei, offered an oblique criticism of the U.S. war effort in his personal remarks. Perhaps yielding to critical public opinion at home, the leaders avoided giving any details of the joint anti-terrorist operation they discussed. Only the U.S. commander of the U.S. Pacific forces, Admiral Dennis Blair, revealed that the U.S. was talking with the group to find ways to support the planned joint exercise.

In contrast President Arroyo said the U.S. attack was “a just offensive, whose objective is to rid mankind of the most ruthless and most brutal terrorist organization in modern times.” She not only offered overflight and refueling facilities to the U.S., but even offered the use of its former bases at Clark and Subic Bay if needed. It was not all altruistic. Manila swiftly turned its offer of cooperation into an appeal for help to fight its own terrorists. The fact that 16 Filipino and two Americans were being held hostage by the extremist Abu Sayyaf gang at the time and the Philippines armed forces were unable to rescue them provided a perfect occasion to call for U.S. help.

President George Bush has promised to eliminate “every terrorist group of global reach,” and while the kidnap gang Abu Sayyaf may not fit that definition, it was a cooperation that helped to cement newly revitalized U.S.-Philippines military ties. Philippines National Security Adviser Roilo Golez noted that when the U.S. bases were operational, American military assistance averaged US\$200 million a year. The amount had dropped to US\$1.9 million in 2000. “Now we expect it to be raised to US\$19 million,” he said a few weeks after the September 11 attack. The actual assistance surpassed that expectation. On November 20, 2001, Arroyo sealed the new alliance with a visit to the White House, where Bush praised her “uncompromising leadership in the global campaign against terror” and for “the moral support and assistance her government has provided the United States in its time of need.” The U.S. pledged \$100

million in security assistance, including military hardware and training. Bush also agreed to ask Congress for \$1 billion in assistance, including greater access to U.S. markets for some Filipino products. In mid-January, 2002, the first of a scheduled 650 American Special Forces troops arrived in the Philippines to train with and advise Philippine forces in their campaign against Abu Sayyaf.

China clearly was not thrilled to see a new higher profile for the U.S. military in Asia, and especially the beginning of U.S. Special Forces joint exercises with the Philippines. The withdrawal of the U.S. bases from the Philippines in 1992 had created the vacuum that allowed China's military push into the Spratlys in 1995. The Chinese media dourly noted that the war on terror had given the Americans the pretext to extend their military presence from Central Asia to the Philippines. That unhappiness notwithstanding, China too grabbed the opportunity offered by September 11 to patch up its relations with the U.S. and push under the carpet the unpleasant memory of the spy plane crisis. The reconciliation was formalized in November when George W. Bush arrived in Shanghai for the APEC summit and declared that the Chinese government stood "side by side with the American people as we fight this evil force." The Southeast Asian concern at the beginning of 2001 that the U.S. was headed for a conflict with China, dragging the region, with it was laid to rest.

UNEARTHING THE TERROR NETWORK

As the year 2001 came to an end, the war in Afghanistan was winding down and with it the fear of widespread carnage of innocents from American bombs. Instead there were television images of people rejoicing at the end of the Taliban regime and girls going to school again. The destruction of the Taliban infrastructure and terrorist training camps in Afghanistan brought startling fresh evidence that the roots of Al Qaeda had spread to the urban centers of bustling Southeast Asia. The emerging evidence of the September 11 hijackers meeting in Malaysia and the extent of radical connections to Afghanistan and Al Qaeda surprised even Malaysian and Singaporean governments who had been watchful of their Islamic militants. A training video tape found in Afghanistan led investigators to a bombing plot that ended the innocence of the region about the threat it faced from the radicals in its midst. By early January 2002 it was

revealed that some 70 suspected terrorists have been arrested in Malaysia and Singapore for plotting major bomb attacks on U.S. and Israeli embassies and other military installations in Singapore.

The investigation of the bomb plot revealed links between Islamic radicals in the region that were suspected but never brought to light. In the new atmosphere of heightened concern about terrorist threats the regional governments felt less constrained to point fingers at their neighbors, or even admit their own citizens' role in other countries. Malaysian police announced that the arrested Malaysian individuals belonged to a wing of the *Kumpulan Militan Malaysia* (KMM) that aimed at creating a pan-Islamic state across Malaysia, Indonesia and the southern Philippines. Malaysia said that the group was influenced by Indonesian leaders of the *Majelis Mujahideen Indonesia*, including its chief Abu Bakar Baasir, and Riduan Isamuddin, aka Hambali, who had once lived in Malaysia. In a January interview with Japanese monthly magazine *Chuokoron*, Mahathir revealed that Bin Laden's Al Qaeda terrorist network had recruited about 50 Malaysian operatives who were trained in Afghanistan. In the absence of public evidence these claims were viewed with some skepticism. The fact that some of those arrested since August 2001 under the preventive detention law but not yet brought to trial are members of Malaysia's largest opposition party, the fundamentalist Pan-Malaysian Islamic Party, led to charges that the antiterrorism campaign was simply a guise to justify a crack down on political opponents. Senior U.S. officials say that they are satisfied that the arrested PAS members are indeed implicated with international terrorist groups. The arrests in Singapore and Malaysia and the finger pointed by both governments to Indonesia, where Abu Bakar Baasir lives, made their relations more uncomfortable.

Amid the growing fear about the seriousness of terrorist threats to the region, the U.S. and ASEAN signed on August 1, 2002, the Anti-Terror Treaty to boost police cooperation and plug legal loopholes that extremists could exploit. Under the treaty, the U.S. would increase technical and logistical aid to the countries to "prevent, disrupt and combat" international terrorism. While pledging to develop a more intimate relationship, U.S. officials were careful to underline the limited nature of the cooperation. Given the highly sensitive nationalism in countries like the Philippines and Indonesia, Washington was eager to show it was not a throwback to the Cold War-era military alliance. After the signing,

Secretary of State Colin Powell assured his Asian audience that “We are not looking for bases or places to send U.S. troops.” On a visit to Indonesia, Powell announced plans to give \$50 million in aid for Indonesia’s anti-terrorism struggle.

Public denials notwithstanding, suspicion persists in the Philippines, where the U.S. has a long history of overt and covert collaboration. When on November 11 the U.S. and the Philippines finalized a five-year military logistics agreement to formally permit the U.S. military to refuel in the Philippines, Manila coffee houses were abuzz with speculation about an American return to the bases. It was, however, with such criticism in mind that the agreement specified that no U.S. military base, facility or permanent structure will be allowed. This is not the end of the story. Bush administration officials are not satisfied with the results of the U.S. military training provided since cooperation began after September 11. Once the U.S. Congress approves the funding, American military instructors will return to the Philippines, and their training will be extended to cover all kinds of terrorists, including the communist New People’s Army, which has just been listed as a terrorist organization. Observers of the Philippines are concerned that an expansion of U.S. military cooperation will only exacerbate Manila’s problem with the Moro National Liberation Front and the Moro Islamic Liberation Front. American officials, however, say that military operations are only one of the tools to deal with terrorists. They point to the fact that half of the American economic assistance is being channeled to Muslim Mindanao to improve the life of those who may be attracted to Islamic liberation movements.

THE END OF INNOCENCE

The October 12 bombing in Bali that took nearly 200 lives, mostly of foreign tourists, came as a huge shock. Up until then, assertions by U.S. and other regional intelligence agencies about Indonesian militants’ involvement in terrorism were disregarded as exaggeration or an over-active imagination. It was also politically difficult for the Megawati government to follow up these charges for fear of being labeled a U.S. puppet. While Indonesians were no strangers to bombing and violence, the scale of the attack and especially the death of so many foreigners brought them a sense of national shame and disbelief. Opinion polls conducted

after the incident showed 80 percent of respondents considered the attack the handiwork of the Central Intelligence Agency. This is a reflection as much of Indonesian self-perception as of the dark history of American involvement in past tragedies such as the 1965 killings of suspected communists. It took the arrest of several top Indonesian plotters and their televised interrogation to convince a skeptical public that there was no dark foreign hand behind the blast. One of the detained suspects regretted that there were not more Americans among the dead and another claimed that one Indonesian actually was a suicide bomber. If proved true, that would mark a dramatic shift in an Indonesia known for its tolerant stream of Islam. Anyhow, the wake-up call that came in Bali allowed Megawati to do what Singapore and Malaysia, both of which had inherited the British era Internal Security Act, have been urging her to do. She issued decrees allowing the detention of those suspected of perpetrating violence, and approved a coordinated investigation of the incident among Indonesian and foreign security agencies. Indonesia also supported the U.S. declaration of Jemmah Islamiah (JI) as a terrorist organization and pledged to help Washington uncover JI assets. After months of inaction, despite urging by the neighbors, JI leader Abu Bakar Baasir was finally brought in for questioning under the new decree.

In the wake of closer self-examinations that followed the Bali bombing new information was released and old events were reviewed in a new light. Indonesian national intelligence chief Abdullah Hendropriyono said that fighters linked to the Al Qaeda network had trained near Poso in Sulawesi some two years before, but that their camps had been long abandoned. The revelations that followed in the post-Bali investigation, however, created a whole new and a long-term problem for the Southeast Asian countries. A succession of travel advisories issued by Western governments and closure of international schools in Jakarta and some Western embassies in Manila had the combined effect of scaring away tourists—an industry that accounted for 4 percent of the Gross Domestic Product (GDP). Moreover, the climate of fear could not help reverse the trend of foreign direct investment outflow from Indonesia in recent years. According to a consensus estimate by the World Bank, the Asian Development Bank and the State Department, the impact of the Bali bombing would take 1-1.5 per cent of GDP growth from Indonesia in 2002.

A November 21 advisory by the U.S. State Department warning against a Bali-style attack in Malaysia brought sharp response from the government. Mahathir called the U.S. travel advisory unfair and hypocritical. “I think Australia is unsafe,” Mahathir was quoted as saying. “America is a very dangerous place. You shouldn’t be on a high building in America.” Malaysia’s Tourism Minister Abdul Kadir Sheikh Fadzir complained that after the issuance of travel advisories there has been a monthly drop in arrivals of between 100,000 and 300,000 tourists. As tourism is Malaysia’s second-largest foreign exchange earner (\$6.8 billion in 2001), these warnings added to the country’s economic woes resulting from recession in its principal export market—the United States.

In the midst of the gloom that has descended in Southeast Asia a ray of hope has come from a troubled corner of Indonesia—Aceh. The long-running insurgency by the Acehese independence movement (GAM), which has cost over 12,000 lives in the past decade, has finally ended in a compromise that gives Aceh sweeping autonomy. A combination of creative diplomatic initiatives by a group of “wise men”—Asian, European and U.S. public figures—and the subtle U.S. threat of listing GAM as a terrorist organization (which, among other things, would have seriously hampered the group’s international operations) has brought about a peace agreement. If successfully implemented, the disarming of GAM would help to reduce the scope of terrorist cooperation in the area as well as remove a major obstacle to the economic development of the region.

IMPACT OF THE WAR ON TERROR

The peace accord on Aceh is perhaps the most important political consequence of the war on terror but not the only one. The war on terror also brought about the rehabilitation of Prime Minister Mahathir in Washington. U.S.-Malaysia relations were seriously strained by U.S. criticism of Mahathir’s human rights record and especially his treatment of his deputy Anwar Ibrahim. But in the aftermath of September 11, the U.S. too began detaining suspects without trial—something that it had criticized Malaysia for doing. The reconciliation was formalized in May with Mahathir’s visit to the White House, where President Bush publicly thanked the prime minister for his “strong support in the war against terror.” In an interview with the Malaysian national news agency, Mahathir

wryly noted: “it is clear that it is very easy to criticize others for allegedly not adopting good practices until something happened to them, and only then did they realize that they had to use the same approach.” Bush, he said, “may better understand what was done by Malaysia because he is also facing the same problem.”

Another consequence of the war on terror was a fear of a rise in discrimination against the Muslims. Former Singapore ambassador and regional expert Barry Desker noted that the identification of radical fundamentalist Islam with terrorism risks perpetuating the erroneous perception that Islam is the cause of regional terrorism, especially in states where Muslims are minorities such as in Singapore, the Philippines and Thailand. On the other hand, many of the region’s 240 million Muslims may agree with Mahathir when he said, “We hate to say it, but it is beginning to look more and more like a war against Muslims.” U.S. immigration regulations that require stricter scrutiny of youth from Muslim countries led to a huge bottleneck for student visa applicants in places like Jakarta and Kuala Lumpur, causing additional resentment.

The revelation that the terrorists from ASEAN countries traveled freely among ASEAN member states, slipping in and out at will, and even sent bomb-making material bought in one country for storage in another, led some ASEAN diplomats to wonder about visa-free travel and freer trade that the organization had promoted so far. The other hallowed ASEAN principle of non-intervention in each other’s affairs that was strongly upheld by members like Malaysia and Indonesia also looks less tenable now as terrorists are revealed as plotting the overthrow of these regimes in order to create a pan-Islamic state.

Amidst talk of increasing military and police budgets to face the terrorist threat, there is a danger that unglamorous but longer-term economic solutions to the problem will be neglected. As has happened frequently in the past, military aid might go to strengthen the security forces in their ability to repress people rather than to fight terrorism. Human rights may again recede before the immediate need of apprehending or eliminating terrorists, and political opposition may be suppressed in the name of the anti-terrorist fight. Judging by the public statements of U.S. officials, they are aware of the danger. “If we’re going to defeat the terrorists, then we have to attack them from the highest moral plane,” Powell said while signing the anti-terrorist treaty. “Human rights have to be protected.” In their

joint statement, Presidents Bush and Arroyo said that “the war against terrorism should be fought in parallel with the war against poverty.” Powell and other senior officials repeatedly stress the importance of removing poverty as key to fighting terror. How these good intentions are translated in reality will determine the success of the war on terror. It will also demonstrate which lessons, if any, have been learned from the previous period of American alliance with Asia, when security was achieved at the expense of democratic freedoms and human rights.

ALLIANCES OR SECURITY COMMUNITY IN ASIA: WHICH WAY IS BUSH HEADING?

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U.S. policy in Asia springs from conflicting approaches. Clinton's Asian policies ranged from mercantilist, balance of power politics toward Japan to a strategic or collective security partnership with China. In his first term, at least, Clinton largely ignored U.S. security alliances with Japan and South Korea. Bush's policies, by contrast, focused initially on strengthening U.S. alliances, but 9/11 and now a renewed nuclear threat from North Korea precipitated stronger unilateralist reactions and unexpected strategic cooperation with China. Alliance relations have suffered, particularly with South Korea. How can the Bush administration manage these conflicting strategic impulses? This paper calls for a new approach based on the strategic concept of a democratic security community. This concept better integrates the conflicting pressures of American dominance, stronger democratic alliances and collective security initiatives in U.S. policy toward Asia.

BUSH POLICIES

George W. Bush came into office with the following priorities for Asia: 1) upgrade U.S. alliances with Japan and South Korea, 2) recognize that China seeks to alter the status quo in Asia (specifically in Taiwan and the South China Sea) and is therefore more of a strategic competitor than strategic partner, 3) reaffirm the one-China policy but also reassure Taiwan about its defense needs, 4) integrate China into the global economy supporting the liberal forces in that country that may (no guarantee) contribute to political liberalization and greater acceptance of the status quo by Chinese foreign policy, 5) toughen negotiations with North Korea, insisting on full compliance with the 1994 Framework Agreement and reduction of conventional forces along the 38th parallel as part of the rapprochement process, 6) soften the economic mercantilism of the previous administration, especially toward Japan, and launch a new round of trade negotiations to integrate bilateral and regional trade agreements, and 7) pay more attention to India as another looming but in this case democratic and friendly power in Asia.

Terrorist attacks on 9/11 both added to and altered these priorities. The biggest addition was strategic cooperation with China to confront global terrorism and fight the Taliban government and Al Qaeda militants in Afghanistan. Bush visited four times after 9/11 with China's top leaders, Jiang Zemin and, after the current transition, Hu Jintao. This cooperation with China, however, sits uneasily on top of continuing differences over Taiwan, proliferation of weapons technology, and human rights. And it meets a new test in the fall and winter of 2002 over how to deal with North Korea's declared nuclear weapons program.

A second change was to divert attention from alliance ties with Japan and South Korea to a more pervasive American unilateralism. This unilateralism was evident already before 9/11 in the Bush administration's policies toward North Korea, the Kyoto protocol, the ABM Treaty and the like, but it was now accentuated by a vigorous campaign to counter terrorism in Afghanistan, Iraq and elsewhere. The reflex to go-it-alone policies reinforced America's traditional posture in Asia in which the United States dominates unequal alliances with Japan and other countries. This inequality is a consequence both of American preference and allied internal constraints, especially in Japan. Despite broadening some military

commitments over the past ten years, including the dispatch of military ships to the war zone in Afghanistan, Japan still officially resists collective (i.e., joint or co-equal) defense commitments in its alliance ties with the United States.

Thus, after 9/11 the administration's Asia policy stretched across a broad array of strategic approaches from an assertive American unilateralism at one end to economic and strategic cooperation with China at the other end. The contradictions in such a policy are obvious. Even before 9/11, efforts to toughen negotiations with North Korea strained closer alliance cooperation with South Korea and Japan. After 9/11, American unilateralism and strategic cooperation with China threatened to go over the heads of the alliances. Throughout, it was unclear whether economic engagement with China served alliance purposes or merely contributed to the possibility of a more powerful adversary that the alliances would have to contain.

SORTING OUT STRATEGIC OPTIONS

Can such a policy be sustained? Or will the contradictions force choices between American unilateralism, strengthened alliances, and strategic cooperation with China?

To sort out and evaluate the conflicting elements of U.S. Asian policy, it helps to distinguish among a range of traditional strategic options that guide foreign policymaking in general. As the accompanying list (P.135) suggests, these options range from balance of power politics through traditional alliance ties to collective security arrangements. Balance of power politics is based on national rather than common interests and involves flexible and temporary alliances to maintain an equilibrium of power. Unilateralist or hegemonic politics involves unequal power. A dominant power defines the common interest and controls alliance politics. More traditional (that is, equal) bilateral and multilateral (trilateral) alliances involve reciprocal commitments and operate in response to common and potentially more enduring threats (as the informal U.S.-United Kingdom relationship has done over the past century or NATO did during the Cold War in Europe). Finally, collective security arrangements operate on the basis of common (not national) interests and institutions and involve a commitment to treat an

attack against one state as an attack against all states (the League of Nations and United Nations model).

Since World War II, the United States has eschewed pure great power, balance of power politics in Asia in which all potential great powers—China, Russia (former Soviet Union), Japan and the United States—compete equally through temporary, flexible alliances to stabilize the region (The one classic balance of power alliance was with China against the Soviet Union). Instead, the United States has opted for standing alliances to contain external threats from the Soviet Union, North Korea and potentially China. These alliances with Japan, South Korea, the Philippines, Thailand and Australia were strictly bilateral arrangements. In the case of Japan and South Korea, they were also unequal arrangements, involving U.S. commitments to defend these allies but no reciprocal commitments by Japan and South Korea to defend the United States or its interest in Asia. At the outset, the Bush administration gave clear indications that it favored stronger, more equal alliances, particularly with Japan, and there were hints that bilateral alliances with Japan and South Korea should be better coordinated and multilateralized.¹ As noted earlier, there was a strong predisposition to downplay strategic cooperation with China. In terms of approach, therefore, Bush administration policy before 9/11 fit firmly in the middle of the options outlined in the list.

CLINTON POLICIES

This positioning of Bush administration Asia policy contrasted with that of its predecessor. Instead of focusing on alliances and the mid-point of the strategic options list, Bill Clinton's policies moved toward opposite ends of the list. He began his administration focused on national economic security and launched a campaign to balance trade and economic power more aggressively against the new rising powers of Japan in Asia and Germany in Europe. While stopping short of a reversion to pre-war, great power, balance of power politics, Clinton's policies nevertheless weakened the U.S.-Japan alliance. At the height of the trade wars with Japan in 1993-95, administration officials suggested that the security alliance might be at stake.² This questioning of alliance ties occurred at the moment of greatest peril to U.S. national military security in the region—the threat by North Korea to bolt the nonproliferation regime and devel-

List of Traditional Strategic Options for U.S. Policy in Asia

Balance of Power Politics (National interests and flexible alliances)

- Strategic Quadrangle (US/J/C/R)
- Triangular Politics (US/J/C)
- ASEAN and Korea? Pawns in power struggle?

Status quo—Unilateralist or Unequal Alliances (Common foreign policy interests against actual threats)

- Postwar U.S. alliances in Asia

Traditional Bilateral Equal Alliances (Collective defense against actual, perhaps sequential, threats—US/UK model?)

- Recommendation of Armitage/Nye report

Trilateral or Multilateral Alliances (NATO against actual Soviet threat)

- Nucleus in Trilateral Coordination and Oversight Group
- TCOG and trilateral defense exercises
- As alliances, imply some actual threat -containment of China?

Collective Security (Common interests and international institutions—League of Nations and UN model)

- No actual or pre-designated threat—attack on one, attack on all
- Japan gets seat on UNSC?
- Could degenerate into balance of power system, if great powers conflict (as happened in UN in 1940s)

op an independent nuclear weapons program. It also occurred just as the Japanese government was taking another step forward toward democratic maturity, transferring power for the first time in 40 years between opposing parties. The United States threatened military action against North Korea at the time, but Pyongyang might well have doubted U.S. resolve, given the fact that the United States was threatening to go to war in Asia while engaged in a bitter trade dispute with its most advanced democratic ally in the region. Clinton administration officials themselves became alarmed and initiated a two-year effort to salvage and reaffirm U.S.-Japan alliance relations. The so-called Nye initiative resulted in the drafting of a new set of guidelines for the U.S.-Japan Security Treaty (revision of guidelines agreed in 1978). Clinton initiated this revision on a visit to Tokyo in 1996, and the Japanese Diet ratified the new guidelines in 1999. The guidelines committed Japan for the first time to assist the United States in dealing with common problems in “areas surrounding Japan,” a vague reference to possible conflicts on the Korean peninsula and perhaps in the Taiwan Strait.

While Clinton policies threatened to move U.S.-Japan relations toward the balance of power end of the strategic options list, his China policies threatened to move U.S. Asian policy toward the other end, a collective security regime with China. Clinton visited Beijing in 1998 without stopping in Tokyo and for the first time used China’s formulation of the “three no’s” policy toward Taiwan. Along with his Japan policy, Clinton’s Beijing visit hinted at a U.S.-China condominium over the heads of U.S. allies in Asia. The impression, if not the reality, of Clinton policies (especially in his first term) was that U.S. ties in Asia had moved beyond alliances and involved more equal and mixed (competitive and cooperative) relations with all great powers (including Russia). This was a move intended perhaps to inaugurate a gradual shift to a new collective security regime in Asia, comparable to that emerging with Russia in Europe. But there was no NATO in Asia and the move was fraught with the perils, if collective security failed, of a return to pure, great power balance of power politics. Such was the history of earlier premature collective security venture—the Concert of Europe, the League of Nations, and the United Nations.

TOWARD A DEMOCRATIC SECURITY COMMUNITY

Since 9/11, as noted earlier, Bush's policies have shown Clintonite tendencies to move away from strengthened alliances toward unilateralist and collective security initiatives to deal with terrorism. Will the Bush administration be any better at balancing these contending impulses? It may, both because it starts with a stronger commitment to alliances and softening mercantilist rivalries with Japan and South Korea, and because it faces a real, ongoing threat from terrorism, not only in Southwest Asia and the Middle East but also in Southeast Asia (the bombing in Bali). Moreover, unilateralism is not necessarily incompatible with stronger alliances and great power strategic cooperation. In fact, unilateral initiatives may be necessary to galvanize multilateral action, as U.S. policy has demonstrated toward Iraq in the UN. On the other hand, the administration may be faulted in both Asia and Europe for failing to use and strengthen alliances in the war against terror. After ignoring a NATO offer to help in fall 2001, the administration proposed belatedly at the NATO summit in Prague in November 2002 a NATO Response Force to be ready to deploy anywhere in the world by October 2004. The administration has yet to take a similar initiative to reinforce the U.S.-Japan alliance and affirm the move by Japan to send its self-defense forces for the first time into a war zone in the Indian Ocean. Nor have Bush officials moved decisively to multilateralize defense cooperation among the democratic states of Asia. Such an initiative may be more urgent than ever because North Korea's declaration of a secret nuclear weapons program is likely to test U.S. alliances in Asia once again.

The administration needs a new conceptual framework to integrate the various elements of its Asian policy. Traditional frameworks pose policies as alternatives—for example, containment or engagement. The framework of a democratic security community integrates alternatives. Unlike traditional concepts, a democratic security community operates on the basis of common domestic values, not just common foreign policy interests (alliances) or common international institutions (collective security arrangements).³ This community distinguishes clearly between America's democratic allies in Asia, such as Japan, South Korea, Australia, New Zealand and India (and indirectly Taiwan), and its more conventional, perhaps temporary allies or collective security partners in the war against

terror, such as China and Russia. Mature democratic countries do not use or threaten to use force in their disputes with one another. This fact, even if we do not understand all the reasons for it, creates a major difference between U.S. foreign policy relations with these countries and other countries in the region. By all available measures, Japan, the United States, Australia and New Zealand qualify as mature democracies, even though Japan's democratic political institutions operate in a different cultural environment than Anglo-Saxon countries. South Korea and Taiwan are moving convincingly in a democratic direction. South Korea and Taiwan have both experienced a peaceful transfer of power between opposing parties. Thailand and the Philippines also have evolving, though weaker, democratic regimes. Other countries in Asia are decidedly non-democratic. China falls at the far end of the nondemocratic scale, undergoing at the moment a fourth succession of leadership that remains largely opaque to its own people as well as to the outside world.

The strategic option of a democratic security community thus anchors U.S. foreign policy tightly to Japan and other mature and maturing democracies in Asia. It avoids the possible drift of American policy either toward a premature collective security arrangement with China or toward classic balance of power politics in the region in which the U.S. treats all great powers—Japan, China, and Russia—evenhandedly.⁴ At the same time, however, it does not close off cooperative relations with nondemocratic countries. A security community, unlike traditional alliances, does not need an adversary or actual threat to survive. It can persist and strengthen without an external threat. It does so on the basis of common internal values and institutions, as NATO has persisted in Europe beyond the end of the Cold War. What is more, a democratic security community is by its very nature open and accessible to nonmember countries. Democracies give full play to free, competitive commercial relations not only with one another but also with outside countries. And democracies, by virtue of divided and decentralized institutions, offer multiple points of access and transparency for outside countries to influence the foreign policy of the security community.

Hence, this strategic orientation for U.S. policy in Asia does not preclude, indeed it encourages, extensive economic and even strategic cooperation with China, Russia or, for that matter, if Pyongyang reforms, North Korea. A key element of U.S. policy toward China that has contin-

ued under both Clinton and Bush has been to integrate China and now Russia into the global economy and World Trade Organization. This policy is crucial to encouraging China and Russia to develop a stake in the status quo and alter at least the external elements of their national identity. China may conclude, as Russia has done, that it can achieve its national interest within the existing (and evolving) regional and global political systems, even as these systems reflect the characteristics of dominant democratic powers. On the other hand, economic integration does not guarantee that China will democratize or alter its internal national identity.⁵ Indeed, it may simply grow stronger and remain or become more adversarial toward dominant democratic powers, especially the United States. China persists in criticizing and challenging American hegemonism in Asia, enlisting at times Russia and central Asian states in this cause (the Shanghai Cooperation Organization). What does the United States do to safeguard against a stronger but still adversarial China?

The final advantage of a democratic security community strategy is that it allows for the maintenance and strengthening of alliances to meet potential threats. Although China is not an immediate threat, it may become one. Thus, within the broader framework of economic and strategic cooperation with China, the United States can work to make U.S. alliances with Japan and South Korea more reciprocal and multilateral (increasingly including Australia and perhaps even India as well). China may not like this development, especially if it includes theater missile defenses, and may see it as a kind of encirclement or containment. But this perception will be offset, if not falsified, by the intensive economic engagement and mutual strategic interests which China shares with the United States and other democratic powers in Asia and the rest of the world. A democratic security community, because it is based on internal political commonalities, not external threat, and is open externally for economic and strategic cooperation, is not as threatening militarily to outside powers as traditional alliances.

CONCLUSION

U.S. policy in Asia wavers precariously between unilateralist pretensions and collective security aspirations, often overriding alliance ties with mature and maturing democracies. Clinton's policies swung noticeably

from unilateralist and even balance of power politics with Japan on trade and other issues in his first term, to collective security initiatives with China in his second term. In the meantime, strategic threats from China and North Korea compelled the United States to revitalize its alliances. Bush's policies initially reinforced this alliance focus but were diverted by 9/11 toward unilateralist and collective security initiatives. The war against terrorism and the effort to deal with North Korea's declared nuclear program may exacerbate these tendencies. The United States is likely to take a harder line toward Pyongyang than South Korea or Japan and to see China as the key to disarming North Korea. Primary strategic reliance on China, however, weakens U.S. positions on areas of continuing difference with China, such as human rights and Taiwan.

The United States needs a new roadmap to balance and integrate the various strategic impulses of its policies in Asia. A democratic security community seems to offer this roadmap. It organizes U.S. policy in concentric circles.⁶ An initial core circle nurtures democratic solidarity and military alliances with Japan, South Korea and other maturing democracies in Asia. A second circle opens this community to new members, as countries such as Thailand and the Philippines develop and demonstrate their democratic credentials. A third circle reaches out to nondemocratic members through open economic markets and strategic cooperation, maximizing opportunities to draw potential adversaries into an accommodating and prosperous status quo. This last circle involves security and confidence-building initiatives with China and other potential adversaries to fight terrorism, makes military planning and activities more transparent (ASEAN Regional Forum), and thickens nongovernmental and Track II discussions and interactions. Altogether, this strategy of concentric multilateralism offers the best chance to preserve and build on a growing democratic security community in Asia, an oasis of countries, as in Europe, that no longer compete with one another for military supremacy.

ENDNOTES

1. See, for example, the Armitage Report: "The United States and Japan: Advancing Toward a Mature Partnership," report of a study group chaired by Richard L. Armitage and Joseph S. Nye, Jr., published in *INSS Special Report*, Institute for National Strategic Studies, National Defense University, October 11, 2000. On trilateral defense and foreign policy coop-

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eration, see Ralph A. Cossa, ed., *U.S.-Korea-Japan Relations: Building toward a "Virtual Alliance"* (Washington: Center for Strategic and International Studies Press, 1999); and Victor D. Cha, *Alignment despite Antagonism: The United States-Korea-Japan Security Triangle* (Stanford: Stanford University Press, 1999).

2. See my *Trade and Security: U.S. Policies at Cross Purposes* (Washington: American Enterprise Institute Press, 1995)

3. On the concept of a security community, see Karl Deutsch, *Political Community and the North Atlantic Area* (Princeton: Princeton University Press, 1957); and Emanuel Adler and Michael Barrett, eds., *Security Communities* (Cambridge: Cambridge University Press, 1998). The Bush administration's *National Security Strategy*, although saying little about U.S.-Japan relations, did emphasize the "common values" the two countries share. See *The National Security Strategy of the United States of America*, White House, September 2002.

4. Henry Kissinger advocates such a balance of power approach to U.S. policy in Asia. See *Diplomacy* (New York: Simon and Schuster, 1994), 826 ff.

5. On the concept of national identity and distinctions between internal and external identity, see my *At Home Abroad: Identity and Power in American Foreign Policy*, (Ithaca: Cornell University Press, 2002), especially chapter 1.

6. For a full elaboration of a new strategy of concentric multilateralism based on a democratic security community, see my *At Home Abroad*, chapter 6.

STILL SEARCHING FOR A VISION

KURT M. CAMPBELL

Center for Strategic and International Studies



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We are approaching a time when it is appropriate to think about midterm grades for the Bush administration. When I was invited to speak at this Wilson Center conference, I was astonished thinking, “It can’t be that time already!” As I tried to figure out what informed that view, I think part of it is how quickly time has gone by and certainly how much we have been swept away with the issues associated with the war on terrorism.

But I would argue it is something more than that; there is something still unformed about United States policy and priorities vis-à-vis Asia. From my perspective, at least part of it was influenced by the fact that I personally knew many of those people who came to power in the new administration, and I expected very substantial, profound departures in new arenas, new thinking and new approaches. Indeed, I have not seen as much of that as had been intended or as I had anticipated. In fact, I have seen more of a reactive approach to a variety of things, not just globally but also in the region. Some of the reaction has been first-rate, and some

of the tactical maneuvering has been very impressive. But at some level there is something missing—is it the “vision thing”? Is there really a sense of “here’s where we want to go, and here’s what we want to accomplish?” I think there is only a little bit of that. What is more, I think there has not been as much of a strategic perspective as I would have anticipated.

ELEMENTS OF CONTINUITY

In critiquing the administration’s Asia policy, it is difficult to give a grade on what is still incomplete, or has not begun, or is just getting started. Indeed, it is really hard to change the course of the aircraft carrier, i.e., American foreign policy at large. I remember talking privately to many friends who came into the administration about the stylistic changes that they wanted to see going forward. For example, they hoped for no cancellation of trips—they were very unhappy with how often senior officials in the previous administration cancelled trips to the region. I think one realizes that it is very hard to follow through on those commandments. Not surprisingly, we have seen the same sort of last-minute cancellations, particularly to Asia, that we saw in the previous administration.

There was also a desire to change what was thought of as frivolous undertakings. I participated in several of the so-called ASEAN Regional Forum “dinner performances.” There was a sense that they were detracting attention from the important issues. Lengthy discussions were held about what the performances were going to be and what costumes participants were going to wear. These frivolous discussions ended up taking much time for what should have been a very important engagement. I remember hearing that one of the first things the new administration was going to do was to put an end to these performances and go back to the real work of the meetings. I would just note that, by wide acclaim, Secretary Powell’s performance at the ARF was very good this year. Clearly, it is difficult to change these long established habits and traditions.

It is important to offer context about how challenging and hard it is to make Asia policy right now. One of the things that must be taken into account as you consider how we move forward is that there really is not a regional policy in any respect vis-à-vis Asia. The administration has a globalist policy with some Asian characteristics occasionally applied, but no specific statement or speech laying out a regional vision vis-à-vis Asia. This is a

little bit surprising because one of the things we anticipated before the horror of September 11th was that U.S. foreign policy and security challenges were inexorably moving from Europe to Asia. This new policy would have underscored the recognition that every major challenge to peace and stability today is found in Asia, rather than Europe. It is virtually impossible to come up with a scenario that could trigger a global war in Europe, which is really the first time in modern European history in which this is the case. In Asia there are at least three situations in which the United States could be thrown into a global crisis overnight. Obviously the situation on the Korean peninsula is still extraordinarily tense with frequent worrisome developments. The increasingly delicate situation across the Taiwan Strait continues. And of course the Pakistani-Indian nuclear rivalry remains. Before September 11, there was a sense that, in foreign policy and security terms, Asia was where the action was going to be in the future.

It was additionally expected that the administration would start shifting the focus of strategic thinking toward Asia. This would be a stark contrast from the 1990s where the vast majority of American strategic interests and time was spent on Europe—either picking up the pieces in the Balkans, trying to secure peace and stability with the decline of the Warsaw Pact and the fall of the former Soviet Union, broader European integration, and NATO expansion issues. The idea was that the new decade, and those to come, would be focused on Asia. This, however, has not been the case, largely as a result of September 11th. Therefore, the first thing to keep in mind is that we have been somewhat preoccupied away from Asia, which is one of the biggest surprises.

It would also be fair to say that at a bureaucratic level, the Bush administration is much like the Clinton administration—the most senior officials, as well as the president, do not appear to be as interested in or as focused on Asia as anticipated. Nonetheless, having the deputies focused on Asia, such as Paul Wolfowitz and Richard Armitage, is a very significant development. These officials have helped us not only in Northeast Asia, but in Southeast Asia as well—an arena where we have not devoted much strategic attention in the past.

In addition, it would be fair to say that on various foreign policy and security issues this is one of the most divided administrations in modern history. The most interesting debates are no longer between the Republicans and the Democrats. The Democrats, for all practical purpos-

es, have just ceded the field. They didn't suit up, they didn't come to the game, they didn't train, they're not in the weight room, they're just not playing. The interesting debates, instead, are within the Republican Party. I actually overheard someone the other day declaring how terrific it must be for the Republicans to have recaptured the Senate in November. A White House official then remarked that while this was true, "the reality is... having Democrats in all these positions did not impede us very much over the last several months. It was really not that hard to get many aspects of our agenda through." In a sense, the debates inside the administration have played out in Asia just as they have played out in the Middle East and elsewhere.

The last issue I think is important to note in Asia is that we have an enormous gap between the domestic popularity of President Bush and what we might call international misgivings about the administration and the United States. While in Asia the gap is less than the Pacific Ocean-size chasm that one finds in Europe, it still creates very different political contexts from which to make policy. Looking at the Pew polls, what struck me is that some of the most worrisome negative sentiments actually came from Asia, not Europe, even though Europe has received the lion's share of attention. There has been enormous sympathy and support from Asia on the war on terrorism, more so than many would have anticipated. But all told, I think that if privately asked, Asians would say the United States is a little too preoccupied on issues outside of the Asian arena.

SUCCESSSES

What about successes? Two years in, what can we point to as being the major accomplishments of the administration thus far? I think the first, and far and away the most important and the most challenging is that for the time being the president and his senior advisors have settled the grand debate, again primarily within the Republican Party, about U.S. policy towards China. That settlement is not a permanent one—it is not going to last long into the future. But at least for the next several years, there is a sense that U.S.-China relations are going to be on relatively stable footing. It is expected that the United States and China are going to cooperate together on a variety of international issues, primarily associated with the war on terrorism.

I recently went with William Perry and Brent Scowcroft to see the new Chinese leadership. What was striking was that Jiang Zemin is still very much in control and in power; it was very “un-Chinese” how clear he was about his role. But what was interesting is that I have never experienced such a “nice offensive” from the Chinese. It was astonishing. It was, “things couldn’t be better. Obviously you have to deepen the cooperation and institutionalize it, but, you know, this is great.” Of course there are a lot of strategic reasons why we’re working well together. But an inescapable conclusion at some very basic political level is if you treat these guys like crap, they’ll come around. And I think this probably in some way invalidated certain aspects of the Clinton approach: “We’re your partner, let’s work together. What do you want? Let’s work together.” The Bush approach has been very different from that, substantially different. And I received a real sense from China that they don’t want to be left out of the game and that they like what it feels like to be a great power.

But the settling of that debate and associated with that, the very clear but very subtle placing of limits on certain aspects of U.S. policy vis-à-vis Taiwan—these are important changes. The administration would be the first to deny this up and down, but let me tell you, both in Taiwan and China, the message has not been lost.

Second, there has emerged very substantial and robust strategic political cooperation with Japan, which is clearly one of Jim Kelly’s accomplishments, working with Torkel Patterson, Mike Green, Rich Armitage and others. A major accomplishment on their global intellectual check list was to get Japan’s support in Afghanistan in a variety of different ways. That’s important and I think Japan’s increasing global responsibilities is something the United States should support and be proud of.

Third, I think the ability to get actual intelligence and other cooperation on the war on terrorism has been an important and enduring quality and characteristic of U.S. policy in Asia. There have been important exceptions but over all, the administration has really made some strides in trying to make clear to Asian friends that you’ve got to help us on this, that this is not a short term issue, and that it’s something that’s in your interests. After September 11th, although many Asians mouthed the right words, like “this is our fight, we’re with you,” I think on some level many Asian friends thought that this was primarily an American fight and that the battleground for those horrible terror attacks would be in the United

States. Experience has proved that to be quite wrong. What we've seen, in fact, is that one of the major playing grounds of this horrible war on terrorism is actually Southeast Asia. Countries like Singapore were unbelievably surprised at the depth of the financial interaction, the back and forth, the designation of Singapore as a place for attacks, as well as obviously the Philippines, Indonesia and Malaysia. So the extent to which the Bush administration has tried to make clear that this is also your fight as well, has been another success.

It's also important to note that these are guys who are very good at crisis management. We forget the horrible sinking of the Japanese research ship near Hawaii. The immediate attention to that inside government was as good as could be done. Clearly the EP-3 incident was a classic example of working under duress. This is a team that knows how to interact and deal with the Chinese and others in Asia to avoid problems.

I would give less high marks for the recent handling of the two GIs in South Korea. I don't think people really thought ahead about the potential for this receiving as much negative attention as it did, even though there were many signs that should have been heeded.

Clearly the most important strategic embrace in the region has been in India—the sense that India is the new rising democratic state. This is very reminiscent, by the way, of the sort of engagement we had vis-à-vis China in 1997, 1998, although of a different and, in India's case, a more sustaining quality. I think that's a significant, and likely to be an enduring aspect of American international diplomacy in the region.

In terms of the other countries, probably the biggest to step up is the country that has managed to fight and punch ridiculously above its weight in the international arena—Australia. Australia has entered that very small tier of countries—Britain, Canada, a couple of others—that are the first to be called. They are on the A-list of everything. And that's a major achievement. And even though some Australians have some deep misgivings about “where's this taking us? Are we now as a result a potential target in the war on terrorism?” at a political level, they like the attention. There's also a greater sense of engagement with the Philippines, something that's long over due. It's challenging, it's difficult, given the very complex political dynamic in the Philippines, but it's an important initiative.

So all together, that's a pretty good series of successes. And I think those underscore both some initiatives, some responses to developments

on the ground (or in the water) and frankly some reactions to developments that were already under way in the previous administration.

CHALLENGES

Now what are the challenges—“challenges” being another word for “failures.” I think the first and most worrisome thing beyond a lack of a larger vision is that there is really no discernable economic policy and no discernable economic team. The latter has been revealed in recent weeks with the resignations of both the secretary of the treasury and head of the National Economic Council. It was an open secret how little coordination and how little vision the administration had vis-à-vis both the global economic conditions, and Asia in particular. Some of the steps we’ve seen that have affected Asia have been peculiarly interventionist and protectionist, particularly for a Republican administration, reminding us that politics plays in all environments. The United States has focused major attention through Bob Zoellick on narrow bilateral trade agreements, which are useful and interesting, but really do not help at a strategic level to provide a vision for breaking down trade barriers, macroeconomic stabilization, and other things associated particularly with the Doha Round in terms of the next phases of trade and investment in Asia. From my perspective, that is a major failure. You want to see a stronger economic vision and broader engagement, which we do not see in Asia policy today.

I would also suggest that we have not seen a degree of clarity in terms of U.S. policy towards North Korea. I have not always agreed with how that country has been handled, even though I know the administration is more focused on developments in Iraq. I think some of the administration’s actions in North Korea have been overly aggressive, which, I believe, reflects the divisions within the administration. Just as the moderates within the administration have prevailed on China policy, the hardliners inside the administration have usually triumphed on North Korea, with, of course, excellent assistance from Pyongyang. At every turn when you need a little nudge to get a victory, you can always count on the North Koreans either to declare they have nuclear weapons or to send missiles somewhere. They’re the best allies the hardliners could ever want, as they are antithetical to their own interests.

The real problem here is that coming into office the administration made such a powerful argument regarding working with allies. The South

Korean relationship has been handled quite clumsily. The perception of our involvement in their domestic politics, the way we've dealt with President Kim, and with some of the issues associated with these horrible and inevitable tragedies—these things are going to have longer-term consequences. So the relationship I'm most worried about right now is the relationship with South Korea.

Tension in U.S.–South Korean relations is the product of twenty years of dealings between Seoul and Washington, and it is tempting to dismiss current problems as just part of longer running tensions that will subside and return to normal. I'm not sure that is the case. I see some things occurring today in South Korea that are much more worrisome than things in the past. I was very involved in Okinawa issues after the tragic rape in 1995, and from my own perspective, the current situation is much worse. At a very basic level many of our political friends in the Japanese government were conspiring privately “how do we work together to get out of this?” However, the quality of the dialogue between the United States and Seoul right now is very different. There isn't a sense of “how do we get out of it”; it is more “you guys are giving us enormous heartburn.”

FUTURE CHALLENGES

Of the major possible challenges over the next couple of years, the first and foremost would be if the U.S. economy starts to falter even further. We are still the only global engine of growth, although there are some signs that China might play a little bit of that role. I see remarkably little sign of optimism in Asia on the economic front. What's interesting, although people unfairly single out Japan for the lost decade, there are many who could claim the mantle or at least part of the mantle of the lost decade. I think the 1990s was, for ASEAN, almost a complete failure. Many institutions and many countries—Taiwan, Singapore, Hong Kong, Malaysia—are going to face enormous challenges in the years ahead. So stand by for another round, probably not as wrenching as 1997 or 1998, but another round of some real economic heartaches in Asia. I'd put that at the top of my list of challenges for the future.

The second is going to be the difficulty of institutionalizing cooperation with China. We all agree that there has been an important improvement in relations, owing to a variety of domestic situations in each coun-

try as well as international realities. Institutionalizing cooperation is a lot harder than people recognize. While we've seen much on the intelligence side, I don't think our Chinese friends fully buy into an American campaign in Iraq, though they support it publicly. I also think there are some concerns about our desire to prevent, at all costs, the proliferation of weapons of mass destruction globally. I don't think they have the same zeal we currently have in Washington on those issues.

In addition, I think the very pattern of cooperation with China has changed. One of the hallmarks of the 1990s was that you would go into China with a full, comprehensive set of suggestions about how to conduct business (primarily with the PLA) and say "here are the nine things we want to do," and they would listen passively and say "well, thank you, we'll take a look at this on a case-by-case basis." It was almost impossible to build momentum or to institutionalize interaction. The kind of engagement we got from China is what I would call "shallow engagement."

I got a wonderful offline brief from a friend who was sitting in the recent defense consultative talks with China, which people said were a little uncomfortable. Many American friends had been urging China to step up, come with an agenda, suggestions that they want to implement together, and act like a great power. Well, they did it. They came in and said "here are things that we'd like to do." And from what I understand, the United States came back and said "thank you very much, we'll take a look at this on a case-by-case basis." Realizing that this is a unique moment in history is something to keep in mind. I think we may be losing opportunities to try to sustain and deepen cooperation with Beijing.

Secondly, everyone says, "Oh gee, it's easy to renegotiate these Status of Forces agreements (SOFA)," which are the mechanisms by which U.S. force presence is maintained in foreign countries. Let me tell you, that is not the case. There is nothing more challenging than trying to sustain our SOFA agreements. Understanding the forgotten legal history associated with these agreements is extraordinarily important. They are basically mechanisms that provide very real legal extraterritorial protections to our troops. Without them you will not get the support of the Pentagon to send folks abroad; it is as simple as that. And to adjust these documents is inordinately difficult. The colliding bureaucracies from various countries, the South Koreans and the legal advisory groups of the Department of Defense are such that making even minor adjustments is extraordinarily

difficult, and is fraught politically. We're going to see that process play out in the next couple of months in South Korea. This is our third attempt in about four years to renegotiate the SOFA. In addition to that, there's almost an inevitable process where this gets picked up in Okinawa and elsewhere, becoming a horrible burden in terms of time and preoccupations. It is undermining and eating away at the public support of the alliances in Asia.

With all the talk of transformation and new kinds of deployments and arsenal ships, people don't recognize that when Asians think about U.S. forward deployment, they do not think about transformed militaries and how U.S. military power has grown. When the time comes and the United States starts to reduce the number of its people on the ground, for whatever reason, it will be interpreted in Asia as a sign of U.S. retreat and disengagement. This view, of course, is wrong, given the incredible potential for power projection the United States has. Preparing the way for this inevitability is among the most important and difficult challenges that we have in terms of American foreign policy in Asia. To do it well, there must be hand-in-glove cooperation between the State Department and the Department of Defense. I can imagine a lot of things happening in Asia, or in the world, throughout the next several months. But I really can't imagine that level of cooperation, given what is going on between the Pentagon and the State Department right now.

Third, in addition to the very important strategic engagement with Japan at the political and military level, I'm very worried about a continuing and deepening malaise in Japan that is both societal and economic. This is now starting to have strategic implications. There has been, not a direct, but maybe a subtle sort of grand bargain between the United States and Japan. If Japan provides the United States with all the assistance we need on the global war on terrorism, which they have, then we will essentially sit rather quietly as Japan goes about destroying its economy. That is just not in our interest. I well recognize how hard it is going to be dealing with Japan on these issues, and that by providing the hard advice about tackling the bank issues, we will probably incur some substantial friction between the United States and Japan. Even so, I frankly worry that if this carries on much longer, we will find ourselves in a situation where that malaise become irreversible in Asia. I worry about what the consequences of that are politically in Japan.

I also think that, associated with point number two about a new relationship between the United States and China, it's hard to imagine how insecure Taiwan feels right now. No one would have imagined this just 20 months into the new Bush administration, with probably the most pro-Taiwan group ever to come to power or that ever will come to power in Washington. But the sense of anxiety in Taipei is very high right now. It's high on a variety of fronts. One, Taiwan's nasty internal politics has no tradition of politics stopping at the water's edge. I think some of the ways that opposition political parties have treated the DPP leadership in power are unconscionable. In addition, the inevitable rebalancing of relations between Washington and Beijing has left Taipei feeling a little disoriented. And the economic hollowing out that Taiwan faces adds up to systemic and fundamental insecurity and anxiety, which will become a problem for the United States going forward unless there is some sense of an embrace, though an unofficial one, suggesting that the United States is not going to abandon Taiwan—which I see no sign of, by the way. A lot of this is just dealing with the very real political realities inside Taiwan.

And finally, Indonesia. Again, there's been more attention and more focus on Indonesia in the last several months. We have remarkably bad choices and hard challenges ahead—with very few levers of power. We've been pressuring Megawati to do everything possible to clamp down on the fundamentalists inside her country. To do so, she very accurately understands and appreciates what it might mean for her role in her political coalition. At the same time, everything that I've seen about the rise of Islamic fundamentalism is that there's a real fear now that, even though the heart of Islamic thinking, Wahabbism, and support for Al Qaeda is focused on the Middle East, the real “hearts and minds” battle will be played out on the peripheries in places like Indonesia and Southeast Asia. I do not think we have a good strategy to deal with this. I'm not sure it is possible to come up with one, but there has not been enough attention to this problem as yet.

So, adding all this up, what does the administration get so far? Two years in, what is the grade? I am not going to give a letter grade. They get a passing grade—and better than a passing grade. But it is a passing grade that is not a “hard scrabble, Texas, up-from-the-bootstraps, work-my-way-through-college” passing grade. It is a “richest-guy-on-campus, entitled, privileged, Yale, beer kegs and fraternity” passing grade. Not working as hard and as focused as one might expect.

APPENDIX A

Conference Agenda

GEORGE W. BUSH AND ASIA: A MIDTERM ASSESSMENT

Woodrow Wilson International Center for Scholars, December 11, 2002

8:30 Coffee and Registration

9:00 Welcoming Remarks

Robert M. Hathaway, director, Asia Program, Woodrow Wilson Center

9:10 - 10:15 THE ADMINISTRATION'S "ASIAVIEW"

James A. Kelly, assistant secretary of state for East Asian and Pacific affairs

"U.S.-East Asia Policy: Three Aspects"

10:20 - 12:00 LOOKING FOR PATTERNS

Moderator: **Xiaoyuan Liu**, associate professor of history, Iowa State University, and current Asian Policy Studies Fellow at the Wilson Center and George Washington University

Catharin Dalpino, fellow, Foreign Policy Studies, Brookings Institution
"The Bush Administration in Southeast Asia: Two Regions? Two Policies?"

Jonathan Pollack, director, Strategic Research Department, U.S. Naval War College
"Learning by Doing: The Bush Administration in East Asia"

Harry Harding, dean, Elliott School of International Affairs, George Washington University
"Asia in American Grand Strategy: the QDR and the National Security Strategy"

Conference Agenda

12:00 - 1:30 Lunch

Luncheon Address: **Kurt Campbell**, director, International Security Program, Center for Strategic and International Studies
"The Bush Administration and Asia: A Progress Report"

1:45 - 3:15 HOTSPOTS AND PROBLEM AREAS

Moderator: **Katharine H.S. Moon**, associate professor of political science, Wellesley College, and current Asian Policy Studies Fellow at the Wilson Center and George Washington University

Hilton Root, senior fellow, Economic Strategy Institute
"The Bush Administration's Financial Policy in Asia"

Nayan Chanda, director of publications, Yale Center for the Study of Globalization, Yale University
"Southeast Asia after September 11"

Frank S. Jannuzi, professional staff member, Senate Foreign Relations Committee
"North Korea: Back to the Brink?"

3:30 - 5:00 THE PAST AS PROLOGUE?

Moderator: **Ming Wan**, associate professor of public and international affairs, George Mason University, and current Asian Policy Studies Fellow at the Wilson Center and George Washington University

Janne Nolan, Georgetown University
"Policy towards Northeast Asia in the Bush Administration"

Andrew Bacevich, professor of international relations, Boston University
"Bush in Asia: Continuity or Change"

Henry Nau, professor of political science, George Washington University
"Security Community or Alliances in Asia: Which Way is Bush Heading?"

APPENDIX B

Excerpts from the Republican Party Platform, 2000

A misguided policy toward China was exemplified by President Clinton's trip to Beijing that produced an embarrassing presidential kowtow and a public insult to our longstanding ally, Japan.

Ballistic missiles and weapons of mass destruction threaten the world's future. America is currently without defense against these threats. The administration's failure to guard America's nuclear secrets is allowing China to modernize its ballistic missile force, thereby increasing the threat to our country and to our allies. The theft of vital nuclear secrets by China represents one of the greatest security defeats in the history of the United States. The next Republican president will protect our nuclear secrets and aggressively implement a sweeping reorganization of our nuclear weapons program.

Over two dozen countries have ballistic missiles today. A number of them, including North Korea, will be capable of striking the United States within a few years, and with little warning. America is now unable to counter the rampant proliferation of nuclear, biological, and chemical weapons and their missile delivery systems around the world.

ACROSS THE PACIFIC

As in every region of the world, America's foreign policy in Asia starts with its allies: Japan, the Republic of Korea, Australia, Thailand, and the Philippines. Our allies are critical in building and expanding peace, secu-

rity, democracy, and prosperity in East Asia joined by long-standing American friends like Singapore, Indonesia, Taiwan, and New Zealand.

Republican priorities in the next administration will be clear. We will strengthen our alliance with Japan. We will help to deter aggression on the Korean peninsula. We will counter the regional proliferation of weapons of mass destruction and their delivery systems and deploy, in cooperation with our allies, effective theater missile defenses. We will promote peace in the Taiwan Strait. We will reconstitute our relations with the nations of Southeast Asia. We will obtain the fullest possible accounting for our POW/MIAs from the Pacific wars. And we will promote democracy, open markets, and human rights for the betterment of the people of Asia and the United States.

Japan is a key partner of the United States' and the U.S.-Japan alliance is an important foundation of peace, stability, security, and prosperity in Asia. America supports an economically vibrant and open Japan that can serve as engine of expanding prosperity and trade in the Asia-Pacific region.

The Republic of Korea is a valued democratic ally of the United States. North Korea, on the other hand, lies outside of the international system. Americans have shed their blood to stop North Korean aggression before. Fifty years after the outbreak of the Korean War, Republicans remember this "forgotten war." Americans should honor the sacrifices of the past and remain prepared to resist aggression today. Policies to protect the peace on the Korean peninsula will be developed in concert with America's allies, starting with South Korea and Japan. What must be clear is an American policy of decisive resolve. The United States will stand by its commitments and will take all necessary measures to thwart, deter, and defend itself and its allies against attack, including enemy use of weapons of mass destruction.

After fighting together in both world wars, the United States forged a formal alliance with Australia that has stood the test of fire in the Korean, Vietnam, and Persian Gulf conflicts. American partnership with Australia is just as relevant to the challenges of Asia's future, as exemplified by Australia's leadership in the East Timor crisis.

American ties to the Philippines have been close for more than a hundred years. We Republicans have supported the victory of Filipino democracy and cherish our continuing friendship with this great nation and its people who have been by our side in war as in peace.

Appendix B

America's key challenge in Asia is the People's Republic of China. China is not a free society. The Chinese government represses political expression at home and unsettles neighbors abroad. It stifles freedom of religion and proliferates weapons of mass destruction.

Yet China is a country in transition, all the more reason for the policies of the United States to be firm and steady. America will welcome the advent of a free and prosperous China. Conflict is not inevitable, and the United States offers no threat to China. Republicans support China's accession into the World Trade Organization, but this will not be a substitute for, or lessen the resolve of, our pursuit of improved human rights and an end to proliferation of dangerous technologies by China.

China is a strategic competitor of the United States, not a strategic partner. We will deal with China without ill will — but also without illusions. A new Republican government will understand the importance of China but not place China at the center of its Asia policy.

A Republican president will honor our promises to the people of Taiwan, a longstanding friend of the United States and a genuine democracy. Only months ago the people of Taiwan chose a new president in free and fair elections. Taiwan deserves America's strong support, including the timely sale of defensive arms to enhance Taiwan's security.

In recognition of its growing importance in the global economy, we support Taiwan's accession to the World Trade Organization, as well as its participation in the World Health Organization and other multilateral institutions.

America has acknowledged the view that there is one China. Our policy is based on the principle that there must be no use of force by China against Taiwan. We deny the right of Beijing to impose its rule on the free Taiwanese people. All issues regarding Taiwan's future must be resolved peacefully and must be agreeable to the people of Taiwan. If China violates these principles and attacks Taiwan, then the United States will respond appropriately in accordance with the Taiwan Relations Act. America will help Taiwan defend itself.

This country's relations with Vietnam are still overshadowed by two grave concerns. The first is uncertainty concerning the Americans who became prisoners of war or were missing in action. A Republican president will accelerate efforts in every honorable way to obtain the fullest possible accounting for those still missing and for the repatriation of the

Excerpts from the Republican Party Platform, 2000

remains of those who died in the cause of freedom. The second is continued retribution by the government of Vietnam against its ethnic minorities and others who fought alongside our forces there. The United States owes those individuals a debt of honor and will not be blind to their suffering.

The Republican party is committed to democracy in Burma, and to Nobel Laureate Aung San Suu Kyi and other democratic leaders whose election in 1990 was brutally suppressed and who have been arrested and imprisoned for their belief in freedom and democracy. We share with her the view that the basic principles of human freedom and dignity are universal. We are committed to working with our allies in Europe and Asia to maintain a firm and resolute opposition to the military junta in Rangoon.

Because of the strategic location and historical ties of the Pacific island nations to the United States, the next Republican administration will work closely with the countries of this region on a wide variety of issues of common concern.

Excerpts reprinted courtesy of the Republican National Committee.

APPENDIX C

Remarks at Asia Society Annual Dinner

SECRETARY COLIN L. POWELL

New York City

June 10, 2002

Before beginning my remarks, let me say a few words, not about East Asia and Pacific, but about another part of Asia, South Asia, that has captured so much of our attention in recent weeks. And that of course is the situation, the crisis that has existed, between India and Pakistan.

I am very pleased that in the last two or three days we have seen an improvement in the situation. For months we watched as both sides went up an escalatory ladder that looked like it might be leading to a conflict, a conflict that neither side wanted and would not be good obviously for the region or for the world.

And I am pleased that as a result of intensive diplomatic efforts on the part of a number of people, we have begun to see some relaxation in the tension. The Bush administration has been hard at work on this for a number of months—phone calls, emissaries, consultations with other world leaders, I think started to produce some results.

One lesson in all of this is how the international community can come together and recognize a danger and work together to avert the consequences of that danger. The United States has worked closely with the European Union, with the United Nations, specifically with Russia, with China, and especially with the United Kingdom, to say to both leaders that a way must be found to solve this crisis politically and without conflict. We have had a number of emissaries go to the region from the United Kingdom, from the United States. I was there earlier. My European colleagues have been there. And this past weekend my Deputy Secretary Richard Armitage, well known to many of you, was also in the region.

Two weeks ago, we got assurances from President Musharraf that he would cease infiltration activity across the line of control. We passed those

assurances on to the Indian side. And then Deputy Secretary Armitage over this past weekend got further assurances that that cessation of activity would be visible and would be permanent and would be followed by other activities that had to do with the dismantling of the camps that led to the capacity to conduct these kinds of operations.

I am very pleased that the Indians received this assurance from President Musharraf, and Prime Minister Vajpayee and other Indian leaders in recent days have used this assurance to start to take additional moves that relieve the tension that exists in the region. The announcement that India was opening up air traffic corridors again with Pakistan is a welcome one. We have also received indications that the Indian fleet is moving away from potential confrontation with Pakistan. I am pleased to note that the Indians have named their new High Commissioner to Pakistan, who of course will be accredited in due course.

In response, Pakistan has welcomed these moves, and I expect tomorrow that President Musharraf will give us further indications of how welcome these moves are.

This is a step down the ladder. There is more to do. We are still in a period of crisis. The situation is still very tense. We will remain engaged. That's why Secretary Don Rumsfeld, finishing a trip to NATO and the Persian Gulf, will head tomorrow into the region to continue our consultations with both India and Pakistan in order to bring this situation down to a point where serious de-escalation can start, where the mobilization of the Indian forces can now go in the other direction, as well as the mobilization of Pakistani forces.

And as we have said to both the Indian and the Pakistani leaders, the United States will remain engaged, working with the international coalition, to find a way forward, to find a way to begin discussions between the two sides, to begin dialogue.

I am pleased that all sides now see that infiltration across the line of control, attacks across the line of control, have changed in terms of intensity. And I've also noted today that the shelling, the rate of shelling across the line of control, has also abated somewhat.

And so we're pleased at this progress, but there is still a long way to go, and I can just assure you tonight that the United States will remain engaged. President Bush has given us a top priority and instructed us to do everything we can to find a way forward that will lead to stability and peace, and not to war.

As part of those de-escalatory steps, we have suggested other moves that we hope both sides will be making in the days ahead.

A few weeks ago, in a gilded hall in the Kremlin, President Bush and President Putin signed the Treaty of Moscow, an historic strategic arms reduction treaty, reducing by two-thirds the number of operationally deployed nuclear warheads that would be kept by either side. They also signed a political declaration that will deepen cooperation between our two countries. And then in Rome a few days later, the President joined our allies and President Putin in forming a NATO-Russia Council that will bring Russia closer to the Euro-Atlantic community and will bring the West closer to Russia. The new Council will enable all of us to work together from North America all the way across Europe and into Russia—also an Asian nation, as we know—to work on terrorism and other issues of mutual concern.

When I see events like this, when I participate in events like this—a treaty signing in the Kremlin or welcoming Russia into a relationship with NATO—I have a rush of memories. You’ve got to remember, I didn’t come out of the academic community. All of my adult life was spent as a soldier preparing for a war with the Soviet Union, a war that, thank God, never came. From the time I was a Second Lieutenant until becoming Chairman of the Joint Chiefs of Staff, I worried about the danger totalitarian states such as the Soviet Union posed to the rest of the world.

But my real war, my real war, is not in Europe. It was not getting ready to fight the Soviet Union or fighting the Soviet Union. My real war was Communist aggression in Asia. I arrived in Vietnam even before Dick Holbrooke. I arrived in Vietnam on Christmas Day, 1962, a young Captain sent to fight in what was to become America’s longest and only lost war. So my personal experience of Asia goes back to the days when everybody was talking about Communist take-overs, not economic take-offs.

I had another rush of memories last fall returning to Vietnam for the first time in 32 years. I was in a 757 this time, my own plane, the Secretary of State, flying into the capital of my former enemy. I was in the cockpit looking out the window, watching as the green vegetation got closer and closer as the pilot descended, watching as he went over the little hills, slowly, slowly, until finally we landed in Hanoi. It was a moving moment for me after 32 years. It was a very emotional moment for me to land in this place that I had spent two years of my life.

And I found in today's Vietnam a nation that had set itself on a course of fundamental market reform. I saw shopping malls and office complexes rising up, Internet cafes on streetcorners, cell phones in everyone's hands, and roads clogged with motorbikes and cars. My hosts wanted to talk about a bilateral trade agreement; they didn't want to swap old war stories with some old general who suddenly showed up as the Secretary of State. So maybe we didn't lose the war after all. Maybe we are now winning it. And so are the Vietnamese.

I see in Europe and in Asia the same worldwide phenomenon: a growing awareness that the 21st century holds extraordinary opportunities. Opportunities to work with allies, friends and former adversaries to resolve longstanding conflicts, as we are doing with Russia and China in the Middle East and South Asia. Opportunities to form coalitions against new global challenges, as in the worldwide campaign against terrorism. And opportunities to advance global well-being on an unprecedented scale by freeing ordinary people to pursue their hopes and their dreams.

It's just as President Bush put it in his recent commencement speech at West Point: "Today," he said, "the great powers are... increasingly united by common values, instead of divided by conflicting ideologies. The United States, Japan and our Pacific friends, and now all of Europe, share a deep commitment to human freedom... Even in China," he said, "leaders are discovering that economic reform is the only lasting source of national wealth. In time, they will find that social and political freedom is the only true source of national greatness."

Slowly, inexorably, nations one after another all over the world are learning freedom works like nothing else. Some nations are still afraid of it. Others are determined to control its progress. Some backslide. But the trend is real and it is in our interest to nurture it at every turn and in every region.

Therefore, our first goal and highest priority for Asia must be to help create the secure conditions under which freedom can flourish—economic freedom and political freedom.

And security, first and foremost, is essential to economic growth and political freedom. For fifty years, over 50 years, the United States has been the balance wheel of security in Asia. To this day, Asia's stability depends on our forward-deployed presence and our key alliances with Japan, South Korea, the Philippines, Thailand and Australia.

Appendix C

Our alliances convey strength, purpose, and confidence but not aggression, not hostility. Our allies have thrived on our stabilizing presence. Others in the region have also benefited, though they are sometimes reluctant to admit it.

For five decades, our presence on the Korean peninsula has provided the security that South Korea needed to grow its economy and democracy. Our 37,000 military men and women in Korea today have exactly same mission I had when I commanded an infantry battalion 30 years ago facing the DMZ: stop an attack from North Korea at all costs.

Our alliance with the Republic of Korea is strong and resilient and has withstood many difficult challenges. So strong and so resilient that it can even withstand the strain from the heart-stopping World Cup tie earlier this morning.

There can also be no doubt, my friends, that postwar Japan was able to recover and prosper by relying, by seeing, American military power. For that same past half century, our strength has made it possible for Japan to limit its defense expenditures and concentrate its enormous energy on economic growth, on democracy-building. And in recent years, our alliance with Japan has provided a framework within which Japan can contribute more to its own defense as well as to peace and security worldwide.

Last September, I participated in a moving ceremony marking the 50th anniversary of the United States-Japan alliance. It was held at the Presidio in San Francisco, overlooking a Pacific that was truly at peace. We hailed our living alliance and declared it capable of adapting to the 21st century environment.

Little did we know that three days later on September 11 our words would be put to the test.

We could not have asked for a more resolute response from Japan. Japan went out of its way to help, by first passing legislation that for the first time ever permits its Maritime Self Defense ships to participate far from Japan's shores in anti-terrorism efforts. Today, as part of Operation Enduring Freedom in Afghanistan, Japanese vessels provide fuel and logistical support to American ships plying the Indian Ocean and the Arabian Sea. And Japan has renewed this naval support for another six months.

Japan's superb leadership as co-sponsor of the Afghan Reconstruction Conference last January resulted in \$4.5 billion in pledges from sixty countries, \$296 million from the United States in this fiscal year alone.

Japan itself pledged over half a billion dollars to Afghan reconstruction over the next several years.

At the Tokyo Conference, I will never forget Hamid Karzai, the head of Afghanistan's Interim Authority, as he listened with quiet dignity as nation after nation pledged to help his people build a future, a future built on freedom and hope. As nation after nation pledged that they would never again abandon Afghanistan back to chaos and terror. And I guarantee you tonight that we will not. We will be there for Afghanistan.

In Afghanistan today, Australians fight shoulder-to-shoulder and wing-to-wing with us in the war against terrorism, just as the Australians have done in every war of the last century. Indeed, the first non-American serviceman to die in Operation Enduring Freedom was a sergeant in Australia's Special Air Service.

Troops from New Zealand also serve alongside us in Operation Enduring Freedom and in the International Security Assistance Force in Afghanistan. A South Korean medical unit cares for the ill and the injured. Thailand is now preparing to send peacekeepers, a military commitment that I hope others in Asia will make.

Beyond their efforts in Afghanistan, Asian nations are contributing to the global anti-terrorism campaign by tightening law enforcement, border controls and intelligence cooperation to make it harder for terrorists to move about, to communicate and to plot their evil deeds against us. We also deeply appreciate the efforts of a number of Asian countries to deny funds to terrorist groups that operate under the guise of legitimate businesses or charities.

In their own backyards, the governments of Malaysia, Thailand and Singapore are cracking terrorist cells, arresting terrorism suspects and uncovering new leads, cooperating fully with us in the campaign against terrorism.

The Armed Forces of the Philippines fight courageously against indigenous terrorist organizations that clearly have international ties. I am proud, so proud, that American forces are helping to train and equip their Philippine Army counterparts to combat groups such as Abu Sayyaf, a terrorist organization which regularly kidnaps, as you know too well, civilians for ransom.

Just last week, Philippine forces encountered the Abu Sayyaf holding two American missionaries, Martin and Gracia Burnham, and a Filipina

nurse Ediborah Yap. The Burnhams had been hostages for over a year. Tragically, despite the best efforts of the Government of the Philippines to secure a safe release of the hostages, Martin Burnham and Ms. Yap died in the firefight that followed and Gracia Burnham was wounded. Seven Philippine servicemen also were wounded. Mrs. Burnham is now back in her home in Kansas. And wonderful, gracious lady that she is, despite the loss of her husband, and despite what she must have gone through over the past year, she was gracious enough in her grief to express her appreciation and admiration for what the Philippine Government had done.

Vicious groups like Abu Sayyaf stop at nothing. They fear no one. The murderous example of Abu Sayyaf shows how right President Bush has been to lead a global campaign against all terrorists, all forms of terrorism, and not just against Al Qaeda.

We recognize the domestic concerns that exist that make some Asian states with large Muslim populations oft times reluctant to confront terrorism. They fear that taking action against terrorists will create martyrs. This fear stems from a popular misconception, fed by extremists, that the global campaign against terrorism is a war against Islam. Nothing could be further from the truth. It is not we who threaten Islam. It is the terrorists who murder, who murder men, women and children and violate Islam's fundamental precepts of tolerance and peace. They threaten Islam. They do a disservice to a proud and noble religion.

Far, far greater dangers come from ignoring the problem of terrorism and letting radical minorities drive domestic politics, rather than taking strong action against terrorists and their sympathizers.

Among the 3000 innocent souls murdered in the September 11 attacks were people from South Korea, China, Taiwan, the Philippines, Thailand, Malaysia, Indonesia, Australia, New Zealand and Japan. They were not the first Asians to die at the hands of terrorists, and, tragically, we know they won't be the last. We have only to remember the sarin gas attack in the Tokyo subway in 1995.

Terrorism, without doubt, is a worldwide problem that will continue to require a resolute response from nations of every continent and creed, every region and religion.

If the complexities of combating terrorism and other 21st century scourges make you pine for the simpler, Cold War days, the black-and-white days, North Korea will snap you to your senses. North Korea's dan-

generously deluded policies drag its people further and further into a hell of deprivation and oppression.

North Korea's rulers have strangled its economic development and squandered what few resources the country has left on maintaining a massive offensive military capacity. They grow missiles and weapons of mass destruction instead of food for their starving and destitute people.

Another generation of North Koreans should not have to live in fear, in hunger and in cold. A warming light can now shine where darkness quite literally prevails every day and night. We want the people of North Korea to be exposed to a whole wide world of ideas and we want them to join the growing community of free peoples. That is why we wholeheartedly support South Korea's sunshine policy.

And to move this process forward we believe that Pyongyang should quickly live up to the promises it made to Seoul. It should establish industrial zones. It should implement military confidence-building measures. It should reunite more separated families. Extend the rail link to the South. Earlier this year, President Bush stood at a gleaming new railroad station built by the South Koreans at Dorasan near the 38th parallel. The railroad track ends abruptly at the DMZ at this beautiful station. It ends up abruptly, waiting, waiting, waiting to be met by a rail line from the North. I hope that day comes soon.

Working with South Korea and Japan, the United States is prepared to take important steps to help North Korea move its relations with the US toward normalcy. We expect soon to have meetings with the North Koreans to explore these steps. However, progress between us will depend on Pyongyang's behavior on a number of key issues.

First, the North must get out of the proliferation business and eliminate long-range missiles that threaten other countries. It must take itself off the preferred-supplier list of rogue states.

Secondly, it must make a much more serious effort to provide for its suffering citizens. America continues to be the world's biggest donor of humanitarian assistance to North Korea. Just last week President Bush authorized a further donation of 102 thousand metric tons of food aid for North Korea. We will continue generously to support the World Food Program's operations there, but we want to see greatly improved monitoring and access so we can be sure the food actually gets into hungry mouths.

Third, the North needs to move toward a less threatening conventional military posture. We are watching closely to see if Pyongyang will live up to its past pledges to implement basic confidence-building measures with the South.

And finally, North Korea must come into full compliance with the International Atomic Energy Agency safeguards that it agreed to when it signed the Nuclear Non-proliferation Treaty. The United States remains committed to the Agreed Framework which freezes and ultimately dismantles North Korea's dangerous old nuclear reactors in exchange for safer light water reactors.

As President Bush made clear in Seoul this February, we hope for a peaceful transformation on the Korean peninsula. But no matter what the future holds, American forces remain prepared to defend with their lives the people and the democracy of South Korea. This is not just rhetoric to me, I have lived the experience and have seen the sacrifices that people make to keep South Korea free.

There should be no doubt in anyone's mind that America's commitment to Asia's security and stability is an enduring one, for Asia's sake and for our own. We are a Pacific power. We will not yield our strategic position in Asia. Though we will constantly review our posture and consider sensible adjustments, we will maintain our forward-deployed forces in the Asia-Pacific for the foreseeable future. We will continue to meet the security obligations that geography and history have thrust upon us.

We will also work to strengthen the various regional forums in which we participate. Though they are less numerous and cohesive than Europe's, Asia's regional organizations contribute to stability and we strongly support their continued institutional development. The ASEAN Regional Forum, Asia's only venue for regional security discussions, is tackling new threats ranging from terrorism and narcotics trafficking to human trafficking and HIV/AIDS. And I look forward to participating in the next ASEAN Forum in Brunei next month.

The American people have invested more than taxpayer money and military hardware in a stable, prosperous Asia. Our sons and daughters – many of them Asian-American — have shed blood for it. We will continue to provide the essential security that not only promotes growth in Asia but also the global growth upon which our own prosperity depends.

Under the protection of America's security umbrella, two-way trade between the United States and East Asia and the Pacific has risen to \$700 billion annually, larger than our trade with Europe. Between 1990 and 2000, exports of American products to Asia grew by over 80% and imports to the United States from Asia went up 150%. United States direct investment in Asia nearly tripled during the past decade to over \$200 billion, roughly equal to the amount Asians have invested in the United States.

Today, American teens buy Malaysian-made skirts at The Gap, drink coffee brewed from East Timor beans and email their friends with computers loaded with chips from Taiwan. Asian teens buy cookbooks from Amazon.com, see the latest Hollywood blockbuster on the same day it premiers in the United States and take vacations to Hawaii on American-built planes.

Asian consumers support American jobs. Asian competitors keep our firms efficient and healthy. Asian savers provide capital to American businesses. Asian companies generate employment for over a million American workers. Asian innovators contribute significantly to technological advances to the world. Without doubt, America has earned dramatic returns on its investment in the security and the prosperity of Asia.

The Asian financial crisis taught all of us, however, that balancing the books can be as important for regional stability as the balance of power. For this reason, we are working with our Asian trading partners and within regional and international institutions to promote financial restructuring and lay the foundation for a sustained recovery. The benefits of reform are clear. Korea carried out the most extensive financial reforms and has achieved the greatest progress: an average GDP growth of almost 9% in the past three years.

We also recognize the role of trade and investment in promoting growth. To this end, the United States is working globally, regionally and bilaterally to achieve greater liberalization of Asian economies. Globally, through the new World Trade Organization round. Regionally, through APEC. And bilaterally through efforts such as our free trade agreement negotiations with Singapore.

But there are still, notwithstanding all of this progress, some economic trouble spots. Japan in particular has been suffering through difficult economic times. We see high levels of government and private debt. There is

a large burden of non-performing corporate and financial sector assets. Rates of bankruptcy and unemployment remain at near record levels. Deflation has been protracted. If this economic deterioration continues, Japan's important leadership role could be undermined.

Our distinguished ambassador to Japan, our dear friend Senator Howard Baker, works these issues every single day. The Japanese government has declared that the recession finally has bottomed-out. We hope that is the case and that Prime Minister Koizumi can now accelerate implementation of the reforms that he has outlined to his people and that he has outlined to President Bush. That means letting markets function. Clearing bad loans from the banks. Restructuring corporations to make them more profitable. And deregulating the economy to create new business opportunities.

I am confident that the Japanese people will overcome these difficulties as they have so many others. As President Bush observed during his February speech to the Japanese Diet, Japan transformed itself into a modern economy during the Meiji Restoration at the end of the 19th century. In the post-war period of the last century it produced an economic miracle. And Japan will transform its economy again to ensure success in this new century.

In China, market dynamism clearly has replaced dogmatism. China is no longer in the throes of Cultural Revolution. It is no longer exporting Communism. It is no longer an enemy of capitalism.

Though China still has huge economic problems and other problems, it has become the world's fourth largest trading power, after the European Union, the United States and Japan. It is now a member of the World Trade Organization, accountable to a law-based international order.

Our bilateral relationship with China has come a long way in just a year. Last Spring, we were in the midst of the EP-3 crisis, the reconnaissance plane crisis. And some wondered if the Chinese had brought down not just the plane, but had brought down the hope of a productive relationship. This Spring, rather than our relationship being sunk by that incident, we are exploring new and promising new areas of cooperation with the Chinese, from counterterrorism to trade liberalization and stability in South Asia.

In the past year, I traveled to China three times, twice with President Bush. We saw how China's skylines have been transformed by the entre-

preneurial drive of its citizens and a flood of foreign investment, much of it American.

Expectations have risen with the skylines. People aspire to cars, not bicycles. American banks and insurance companies are rushing to provide Chinese consumers with everything from financial services to convenience stores. In turn, China's growing economy benefits American shoppers, workers, farmers and business owners.

I have no doubt, at the same time, that the Chinese military intends to use part of China's new wealth to modernize itself. As China trades with other countries and updates its military forces and equipment, it needs to work with us. It needs to work with us to show us and its neighbors transparency, to show us what they are doing, thereby building trust and reducing tensions.

We remain deeply concerned about continued Chinese involvement in the proliferation of missile technology and equipment. And there is a gap between China's promises and its fulfillment of those promises. President Bush made clear at the Beijing summit that China's fulfillment of its non-proliferation commitments would be crucial to determining the quality of the United States-China relationship.

An arms build-up, like those new missiles opposite Taiwan, only deepen tensions, deepen suspicion. Whether China chooses peace or coercion to resolve its differences with Taiwan will tell us a great deal about the kind of relationship China seeks not only with its neighbors, but with us.

The differences between China and Taiwan are fundamentally political. They cannot be solved by military means.

On the subject of Taiwan, America's position is clear and it will not change. We will uphold our "One China" policy and we continue to insist that the mainland solve its differences with Taiwan peacefully. Indeed a peaceful resolution is the foundation on which the breakthrough Sino-American communiques were built, and the United States takes our responsibilities under the Taiwan Relations Act very, very seriously.

People tend to refer to Taiwan as "The Taiwan Problem". I call Taiwan not a problem, but a success story. Taiwan has become a resilient economy, a vibrant democracy and a generous contributor to the international community.

The People's Republic of China and Taiwan are both evolving rapidly. The constant in their cross-strait relationship is a common, long-term interest in the bloodless resolution of their differences. We wish them well

as they work directly with one another to narrow those differences. They're doing pretty well. Taiwan has invested \$80-100 billion in the mainland. Several hundred thousand Taiwanese businesspeople and their families live and work in the greater Shanghai area. Over 500,000 telephone calls cross the Strait every day. The two sides are building a foundation for a peaceful, shared future, and we applaud that.

Ultimately, how China uses its increasing wealth at home and growing influence abroad are matters for China to decide.

The United States wants to work with China to make decisions and take actions befitting a global leader. We ask China to collaborate with us and with our allies and friends to promote stability and well-being worldwide. To pressure governments that sponsor or harbor terrorists. To bring peace to regions in crisis. To become a global partner against poverty and disease, environmental degradation and proliferation.

The experience of many other Asian countries suggests that as China continues to prosper and integrate itself into the international community, its citizens will demand ever-increasing personal and political freedom.

Some think China is different—that its culture, history and size mean that ordinary Chinese people do not care about human rights and that democracy cannot develop there. I disagree.

The desire for freedom is hard-wired into human beings. Freedom is not an optional piece of software, compatible with some cultures but not with others. No “Great Firewall of China” can separate the Chinese people from their God-given rights or keep them from joining an ever-growing community of democracies. The Chinese people want what all people want: respect for their fundamental human rights. A better life for themselves and their children. A real say in the future of their country.

Again and again in Asia, the development of large middle classes has generated growing demands for more accountability, pluralistic governance. This pattern has been repeated in places with very different cultural and religious make-ups—Confucian, Christian and Muslim.

Again and again we have seen authoritarian regimes give way to tides of democratic reform: the Philippines in 1986, Taiwan in 1987, South Korea in 1988, Thailand in 1990, Mongolia in 1992. In 1998, Indonesia embarked on a democratic path. And just this month, as Dick Holbrooke noted, East Timor celebrated its independence and swore in its first democratically-elected government.

What we have seen in East Asia and the Pacific over the past half century, then, is a region undergoing historic transformations, all of them interrelated.

A vast and varied region engulfed in hot and cold wars and rife with internecine conflict being transformed into one of new and unprecedented stability.

To be sure, peace has not come to the Korean peninsula. Many other disputes within the region have yet to find political settlement. And how China will choose to exercise its growing power remains an open question. Still and yet, the East Asia-Pacific is more pacific now than ever.

The change on the economic front has been just as dramatic. Some Asian economies got their start earlier, some later. But in just a few generations, Asian countries that have embraced the market have gone from near universal poverty to unprecedented new levels of prosperity. Indeed, Asia's economic transformation from dominoes to dynamos has become cliché.

However, the transformation is not complete. Asian countries must undertake the reforms needed to spur their recovery from the 1997 crisis and to ensure their sustained success.

Asia's transformation toward greater political freedom can be traced from Thailand to Taiwan, from Indonesia to South Korea.

This transformation, too, is incomplete. We see new cause for hope in Burma as Aung San Suu Kyi re-enters the political process. Cambodia is strengthening a fragile democracy through more free and fair elections and the consolidation of democratic institutions. China, Laos and Vietnam have opened their economies but have yet to open their political systems. North Korea remains the chronic outlier.

But I have no doubt, no doubt whatsoever, that Asia's great transformation from dominoes to dynamos, and from dynamos to democracies will only accelerate in this new century. There will be setbacks and dangers ahead for sure. I am equally sure that they will be surmounted by the determination and ingenuity of the peoples of Asia.

And as they build a future of peace, a future of prosperity, a future of freedom for themselves and their children, the men and women can count on the essential and enduring support of the United States. We are a Pacific nation. We are an Asian nation. And we will remain so. And under the leadership of President Bush, I guarantee that to you tonight.

Thank you very much.