

The International Politics of the Asia-Pacific

Fourth and Revised Edition

Michael Yahuda

POLITICS IN ASIA



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The International Politics of the Asia-Pacific

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Michael Yahuda

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To my wife Ellen



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My first visit to the region was in the summer of 1968 during China's Cultural Revolution, when I arrived on a six-week visit to Hong Kong to the news of bodies floating to local shores from China's Pearl River. I have since visited the region and its many countries on average at least once every two years. Many of the senior officials and distinguished scholars that I have interviewed have become good friends and I do not wish to list their names, as many of them gave me privileged information and it would not be right to cause them difficulties or embarrassment.

Of course, I alone am responsible for any shortcomings the book may have.



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1 Introduction

This is the fourth edition of my book on the international politics of the Asia-Pacific. The third edition was published only a few years ago in 2011, yet such has been the pace of change in global international relations and in the Asia-Pacific region in particular, that a new edition is required if the book is to meet the need for a more up-to-date analysis of the region as a whole. Previous editions were divided into two sections with the first focused on the Cold War period and the second on the changes since then. Although the legacy of the Cold War is still evident in this region, it is no longer the dominant force in driving regional developments. In fact, it has begun to recede into the historical memory. Only those aged 50 and older will have experienced the tensions of that period when the axis of conflict between the two systems led by the United States and the Soviet Union divided the world. This edition, like the second halves of the previous two editions has required writing a completely new account of the period since the demise of the Soviet Union in December 1991, but it also has required a total restructuring of the book. It will start with a reflection on the legacy of the Cold War, before launching a discussion into why the “new world order” envisioned by the first President Bush in 1990 failed to materialize and how it culminated in great uncertainty epitomized by the Trump presidency.

An overview of the Asia-Pacific region

The legacy of Western colonialism and imperialism shaped many aspects of the countries of the region, but what accounted for the emergence of the Asia-Pacific as a recognizable region in international politics was postcolonial modernization. The region has no antecedent existence as a coherent entity that can be identified prior to the 20th century. Yet, it was the birthplace of civilizations of great antiquity, namely China and India. However, there was little direct contact between the two. Southeast Asia was at the heart of maritime trade routes linking East Asia to Europe and Africa, yet despite its long history, rich in terms of distinct cultures and separate kingdoms some of which wielded great power, there was not a sense of a shared identity that linked them together as a collectivity, separate from others. The geographical terms and names including ‘Asia’ itself, are European in origin and the peoples of what has been called Southeast Asia since World War

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It did not have an equivalent name in any of the local languages. That, however, should not obscure the existence, long before the advent of the Europeans, of distinct varieties of statehood and patterns of relations between states, as can be seen from histories of the region and the many archeological remains.¹ The imprints from the pre-European past are still evident in the present and, as will be argued later, they have presented barriers to the further integration of the region.

The Asia-Pacific could not have been conceived as a region before the different parts of the world were interconnected geopolitically, or before the different countries belonged to a system of states defined by sovereignty and territorial integrity, who shared various rules of conduct.² Its emergence as a distinctive region was a product of several developments associated with the modernization and globalization of economic, political and social life that involved the spread of what might be called industrialism, and the rapid technological changes to which it gave rise throughout the world. Derived from Europe and still bearing the marks of their origin, these great forces shaped and continue to shape what we understand to be the contemporary Asia-Pacific. At the same time, their implementation in this part of the world has involved accommodation and adaptation to prior non-European traditions and institutions.

Only when the great powers began to treat the diverse countries of the region as a distinct area of international politics and economics did it become possible to identify the region with some sense of coherence. It was first treated as a separate geographical region at the Washington Conference of 1921–22, when the great powers of the day formally agreed to fix the ratio of warships they would deploy in the Pacific. That was designed to limit the geographic and military challenge of Japan – the first state in the Asia-Pacific to adapt to modernizing imperatives. By the 1930s, the Japanese had not only repudiated the agreement designed to restrict their naval deployments, but they also sought to exclude the Western powers altogether from the region. In the Pacific War, beginning in December 1941 with the Japanese attack on Pearl Harbor, the Japanese sphere of military operations also defined the sphere of the allied response. Several agreements among the Western wartime allies, beginning with the Atlantic Charter of 1941, followed by the Quebec Conference of 1943, which set up the South East Asian Command (the first time Southeast Asia had been officially recognized as a distinct geographical area), continuing with the Cairo Declaration of 1943 and culminating in the Yalta and Potsdam agreements of 1945, helped to shape the post–World War II distribution of power. They also contributed to provide parts of the region with greater geopolitical coherence. But they also marked the last time in which the region would be defined by the great powers to suit their interests without even informing local representatives, let alone consulting them.

The endogenous origins of the region as a distinct entity may be traced to Asian nationalist attempts in the 1920s and 1930s to throw off Western colonial rule. The Japanese described the empire they were establishing by conquest in the 1930s and early 1940s as “the Greater East Asia Co-Prosperity Sphere.” Japan’s warfare left a legacy that transformed Asia in several ways. The memories of Japanese militarism and the magnitude of the atrocities committed by Japanese soldiers still

shape Japan's relations with several countries in the region and indeed the political identity of Japan itself. On perhaps a more positive note, the myth of Western racial superiority that was embedded in colonialism was irrevocably destroyed by Japan's military victories and its humiliating treatment of the Europeans it had captured. On the eve of its defeat, Japan encouraged independence movements, especially in SE Asia, where nascent armies and guerrilla fighters were trained. Some of these went on to lead armed struggles against Europeans seeking to re-establish colonial rule, notably in Indonesia and Burma.

From a geographical perspective, the region may be defined in a broad fashion so as to include the littoral states of the Pacific Ocean of North, Central and South America; the island states of the South Pacific; Australasia; Northeast, Southeast and South Asia. From an economic point of view, the region could be restricted to the 21 economies that are members of the Asia-Pacific Economic Cooperation (APEC) forum, including 17 from Asia and four from the Americas (Canada, Chile, Mexico and the United States). From a political perspective, the region might be confined to the 18 members of the East Asian Summit, which includes India even though it does not border on the Pacific. Due to technological and geopolitical changes in the 21st century, which deepened India's involvement in East Asian economic, maritime and political developments and China's even deeper involvement in South Asian and India Oceanic affairs, the region is increasingly called the 'Indo-Pacific.'

The complexities of the region

In order to keep this study manageable, the scope of the geopolitical coverage has been narrowed somewhat to include East Asia, the United States and India. An argument can be made for including Central Asia, but the sub-region is on the periphery of the Asia-Pacific, it lacks a maritime presence and it is a recipient of occasional interest by others, rather than an active initiator of ideas and issues that could shape the development of the region. The same could be said to a large extent of parts of South Asia or the Indian Ocean region other than India. Other components of what may legitimately be regarded as belonging to the Asia (or Indo) Pacific, namely Canada, parts of Latin America, Australia, New Zealand and the islands of the South Pacific will be included only when necessary to explain the international politics of others in the region.

Regional developments have been shaped largely by the three great powers: The United States, China and Japan. Their significance will be considered in separate major chapters. India, as the emergent great power, has yet to make its own independent major contributions to the development of the region as a whole. Its importance in the region will be addressed in the other chapters in a more piecemeal fashion. Russia is often said to be a resurgent power, but that may apply to the roles it plays in Europe, Eurasia and perhaps in the Middle East. Its role in this region is limited and it will be treated in the other chapters as appropriate.

The geographic character of the region encompasses much variety and complexity from the near Arctic conditions in the far north to the tropical monsoon

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conditions near the equator and from the coastal plains of much of East Asia to the deserts of Central Asia and the high mountains of the Himalayas, the Pamir and the Mountains of Heaven. The differences between the resident states vary from, at one extreme, China, with a territory of more than 9,561,000 square kilometers and a population of 1,378,000,000 to the other extreme, Singapore, with a territory of only 625 square kilometers and a population of 5.6 million. The two countries also serve to point up further disparities in terms of the economies: With a GDP of US\$11.199 trillion, China ranks second in size only to the United States, and it is more than 37 times larger than that of Singapore's US\$297 billion; but in per capita terms China's GDP is US\$8,123 compared to Singapore's \$52,961.³ As can be seen from these World Bank (WB) figures, China has just reached what the WB classifies as an upper middle income country (US\$7,937), whereas Singapore is very much in the WB's high income range (US\$40,677).⁴ The economic disparities of the region would loom even larger if Japan were to be compared with Vietnam or Burma/Myanmar.

Geographic differences within and between countries can also have profound implications, some of which may have been obscured by advances in technology, especially those of transport and communications. For example, until the modern era, the Himalayan Mountains and the Tibetan plateau effectively separated the great civilizations of India and China for thousands of years, except for a few intrepid monks and merchants. That did not stop the transfer of Buddhism and ideas, but it was only with the advent of modern technology that mutual relations opened up. Even so, the high mountains still remain a formidable, if no longer an insurmountable, barrier. Other geographical features have influenced communications, cultural outlooks and economic and political relationships. These include maritime locations, effects of climate, the location of arable land and its proportion to the total land area of the country, and so on. Consider, for example maritime issues: As an island country, Japan was on the periphery of the Sinitic world and, although heavily influenced by Chinese culture, its traditional political system was feudalistic (as in Europe) rather than bureaucratic (as in China, Korea and Vietnam). In the contemporary era, Japan has the option of drawing attention to its maritime identity with an orientation of itself towards the Pacific Ocean as well with its cultural and historical common heritage with continental East Asia, or at least of finding a congenial balance between them.⁵ Taiwan's continued separation from the Chinese mainland has only been possible because it is an island about 100 miles away from China. Another example is the often-noted differences between continental and maritime Southeast Asia. Among these differences are the former's closer links with China, from ancient times to the present, and the latter's trading antecedents, which orient them more easily to regarding their positions as a bridge between the Pacific and Indian Oceans.

In addition to these geographic and economic factors, the region is characterized by great variations in cultures, religions, historical associations, social traditions, language, ethnicity and political systems. Many of these divisions can occur within the same country and often cut across state boundaries. These make for tensions between states in the region, exacerbate the problems of nation building



Map 1.1 The Asia-Pacific Region

Comment: In the premodern period the geopolitics of the region were focused primarily on the Asian land continent. In the modern and contemporary periods, the focus has shifted increasingly to the maritime domain.

Source: ©iStock

and the consolidation of state power from within. This is particularly true of the states of Southeast Asia, where the colonial experience promoted links with the metropolitan power in distant Europe rather than with Asian neighbors. The Indo-Chinese states were tied to France; Burma, as part of the British Raj, was oriented to Britain, as were Malaya and Singapore (separately from India); Indonesia,

however, was attached to Holland (with the island of Borneo divided between the Dutch and the British). The Philippines was under Spanish rule until 1898, when it was taken over by the United States, which attempted to remake it in the American image. Some of the states were actually creations of the colonial powers, with their boundaries reflecting colonial interests and the character of relations between them, without taking into account local views and realities.

Indonesia and Malaysia, for example, in their present forms, do not have precise antecedents, although their nationalist elites draw on pre-colonial traditions. At the same time, the borders, which all Southeast Asian states inherited from the colonial era have left most of them with territorial disputes with neighbors. The colonial legacy has also given rise to highly complex domestic communal problems, highlighted, for example, by the ethnic Chinese. Many came as indentured laborers or as economic migrants to benefit from working or trading under what they regarded as beneficial colonial conditions, but after their resident states gained independence they often found new difficulties in being accepted as loyal trustworthy citizens. There were other groups who were located in countries where they were conspicuously different from the ethnic majority and also had different religious beliefs. Such was the case, for example, with the Muslim Malays in the three southern provinces of Buddhist Thailand, which bordered Malaya.

New states have found that their historical legacies from both the pre-colonial eras and the colonial period are complex and subject to much dispute as they necessarily involve questions of defining modern national identities, for which there are few antecedents. Even where states can claim a premodern existence, the character of statehood has changed beyond recognition. That has given rise to debates about relating contemporary political concepts and structures to those of the past, with practical consequences for the conduct of domestic politics and for relations with neighbors. The advent of the Europeans introduced concepts of sovereignty, territorial integrity, citizenship, international law, legal equality between sovereign states and so on, which have all become incorporated into the structures and operations of the states of the region. The states of the region are either new or created afresh on older forms. Many do not take their independence or the continued existence of their forms of government for granted and their apparent self-confidence often conceals a sense of vulnerability.

The erosion of the liberal international order

The main argument of this fourth edition is that the international structure based on American predominance in the early post-Cold War years has gradually eroded without being replaced by an effective alternative, which is currently characterized by disorder and uncertainty. Seven years ago, I had argued that despite remaining the sole superpower, the United States had been “unable to reshape the world in accordance with its vision of free markets and democratization.” Today, as the year 2018 draws to a close, the situation is much worse: There is neither order nor agreement among the major powers as to how a new order might be structured or how the old liberal one might be revived, or indeed whether it should

be revived. The main pillars of the old liberal international system, the European Union and the United States, are deeply divided and challenged by new populist and nationalist political parties. Externally, they confront a new wave of autocracy headed by the two great powers, China and Russia, who seek to revise the old order by undermining its values and by expanding their power and influence. In practice, the two dictatorships observe only those international norms and rules which suit their interests, and ignore, revise or oppose those which stand in their way. The advent of the Trump presidency in the United States comports with current nationalist and populist trends elsewhere. The kind of international relationships he has envisioned would be based on unilateralism and bilateral arrangements, as opposed to multilateral agreements. Trump declared his credo to the annual summit meeting of the 21 members of APEC in November 2017: “I am always going to put America first, the same way I expect all of you in this room to put your countries first.”

Three days after taking office on January 20, 2017, President Trump turned his back on the old liberal multilateral order by abruptly announcing his country’s withdrawal from the TPP (the Trans-Pacific Partnership). This was a multilateral trade agreement among 12 countries designed not only to reduce tariffs but also to overcome non-tariff barriers and ensure fair competition. Trump regarded such multilateral trade agreements as highly damaging, declaring to the 21-member states of APEC in November 2017, “they tie our hands, surrender our sovereignty and make meaningful enforcement practically impossible.” He continued, “I will make bilateral trade agreements with any Indo-Pacific nation that wants to be our partner and that will abide by the principles of fair and reciprocal trade.” His mercurial temper and unpredictability are such that just over a year later he indicated that he was considering rejoining the TPP.⁶

Trump envisioned a protectionist world of mercantilist states, in which trade was a zero-sum game. At the time of writing in late 2018, he has initiated a trade war with China. Although many American and European businesses that trade with China agree with him on the need to address China’s unfair trade practices, they disagree with his unilateral approach of imposing higher tariffs on Chinese imports, without working together with the EU and Japan, who also object to China’s discriminatory and illegal trade practices. In particular, their business firms all object to being forced to transfer technological and trade secrets as a condition for entry to the Chinese market; they also object to various economic sectors being closed to foreign trade and investment. They especially complain that these practices are one-sided and they demand of their governments to enforce strict reciprocity. They also want their governments to protect them better from Chinese theft of their intellectual property by what has been called cyber warfare. They fear that Trump’s trade war will achieve little and may end up being counterproductive because of Chinese countermeasures that may hurt important sectors of the economies of Western countries and even cause the loss of jobs, which could have destabilizing political consequences. In fact, they have already played a part, along with technological advances, in destroying jobs in established industries in Western countries. At this point it is too early in the process to see how Trump’s

policies will fare, especially as he has a poor reputation for consistency and for following through with his policies and even with his policy pronouncements.

Instead, I shall try to explain how the “new international order” envisioned by President H.G. Bush (the elder) at the end of the first Gulf War and at the dissolution of the Soviet Union in 1991, fared so badly and eroded altogether by the advent of the Trump presidency nearly three decades later.

Very briefly, the explanation centers on the failings of successive presidencies. Although the Clinton administration declared that it would extend democracy and the market, little thought had been given to how that could be done. In the end, his erratic foreign policy had mixed results. But the greatest damage to American interests and to its international standing was brought about by the Bush administration’s disastrous wars in the greater Middle East.

The shock to the country of the suicidal civil airline crashes in New York and Washington, DC, on 9/11/2001 cannot be underestimated. It undermined the American sense of security as a country protected by two vast oceans and bordered by only Canada and Mexico. It elevated the threat of Middle East terrorism to become the greatest threat to the security and the life of its citizens – at least in the American imagination. Fifteen years later, terrorism was described by a major American newspaper as a “phantom threat,” noting that in 2014 more than 30,000 Americans were killed by fire arms and the same number in car crashes, while only 32 people were killed by terrorism.⁷ In November 2001, only two months after 9/11, American forces, with universal support, invaded Afghanistan to root out the Taliban regime, which had protected Al Qaeda, the terrorist organization responsible for 9/11. But after initial success in chasing Al Qaeda and the Taliban into the border areas of adjoining Pakistan, the war was then pursued only half-heartedly. That allowed the leaders and the remaining forces of the Taliban and Al Qaeda to escape to join-up with their tribal supporters in Pakistan, where in time they regrouped to conduct a long-lasting insurgency in Afghanistan.

The Bush administration turned from the incomplete war in Afghanistan in order to allow for a war to be launched against Iraq in the summer of 2003. Unlike the first war, the second divided America’s allies and the administration’s justifications for the war turned out to be false. Both wars dragged on and on with the Afghan War becoming America’s longest. American war crimes in Iraq damaged American prestige. Both wars were calculated to have cost the US federal government \$4.79 trillion by the end of 2016.⁸ The damaging legacy of the Bush administration was compounded by his financing of the wars by borrowing (the first time major wars were financed in this way). At the same time, Bush actually increased the national debt by reducing taxation. Perhaps it should not have been surprising that the administration’s cavalier attitude towards the nation’s finances should end in 2007 with the greatest financial crisis since 1929.

The ensuing Obama administration’s emphasis on economic recovery at home and on multilateralism abroad, and on its reaching out to foreign adversaries, in response to what was perceived to be a new era, did not result in a framework within which the old order could be rebuilt or a new one begun. Although the Obama administration was able to lead an economic recovery from the immense

financial crisis of 2007–08, the recovery was slow. Moreover, the recovery did not address the growing social discontent with the consequences of globalization in the Western world, from which the vast majority of the people benefited very little, if at all, as the top 10% got richer and the very top of less than 1% became unimaginably rich, to the extent that, especially in America, they were able to use their wealth to rig the domestic political system even further in their favor. The impact of these developments in the Western world weakened public trust in established institutions and contributed to the uncertainties that led the British to vote to leave the European Union and the Americans to vote for Donald Trump to become president. These developments in domestic politics were paralleled by the failings of the liberal inter-state system.

Some of these failings became evident in the Asia-Pacific region, especially as the difficulties of the Obama administration in determining the priorities of the United States in the region were followed by the chaos of the Trump administration and Trump's idiosyncratic approach to trade and strategy. Yet the region continued to prosper economically, notwithstanding the financial crisis and the ensuing economic and political troubles of the West. That success was largely due to the continuing rapid growth of the Chinese economy and the relative isolation of its financial system from the integrated international one. The region also benefited from the rise of India and the continuing interdependencies associated with the chains of production increasingly focused on East Asia.⁹

The rise of China

Two main related developments since the beginning of the 21st century have changed the character of the region: The first, has been the rapid economic development of China, which has become an economic power of global significance. The second, has been America's relative decline.

Beginning with its 'Go Out' policy in 2001, China has become a major global economic player. It is the leading trading partner of the US, the EU, Japan and nearly all its neighbors, and the Chinese economy has become interdependent with all of these countries. It has also become a key economic partner with most of the countries of Africa and Latin America. China's foreign economic relations are not without problems arising from forced transfers of high-technology, theft of intellectual property and the dumping of manufactured goods caused by overproduction at home, all of which adversely affect highly developed countries. Many of the less-developed countries benefited from the economic exchanges with China, but there were also adverse currents arising in the past from China's manipulation of its currency relations and the continuing dumping of goods due to overproduction in China. Other problems that remain to be addressed include an exclusive Chinese focus on dealing with political elites without consulting, still less compensating adversely affected local communities, and, relatedly, by a failure to employ and train locals because of the use of labor from China. There are also complaints in less-developed countries about the secrecy of agreements with China, the suspicion of bribery and the high costs of Chinese loans, which have

sometimes proved beyond the capacity of the relevant country to repay, leading to the transfer of ownership of the project to the Chinese. Nevertheless, China's economic outreach has been broadly welcomed and its growth has become one of the drivers of the world economy.

China's economic growth has not only been rapid, with an increase in the value of its GDP from \$214 billion in 1978 to \$11.2 trillion in 2016, the process, the economy has been transformed from primarily an agrarian to an industrial one with growing high-tech features. That has enabled not only the expenditure on its military to expand greatly, but it has also brought about a transformation of the military from a land-based army focused on continental defense to a fully fledged, all-round modern armed force with an ocean-going navy backed by a highly modern air force and a range of ballistic missiles all coordinated by satellite-linked, high-tech command systems. As a consequence, China has acquired sufficient military power to challenge American strategic dominance of the Asia-Pacific region, especially as the latter has continued to be constrained by its military conflicts in the greater Middle East and by economic and political troubles at home. Seeing the financial crisis of 2007–08 as evidence of America's relative decline, China adopted more openly coercive diplomacy in pursuing its territorial and maritime claims in the South China Sea (SCS). It was careful to do so in a series of small steps, which individually would not have provoked the US in particular to feel that it had to make a military response. The net result was that China had incrementally changed the status quo in its favor, without being challenged by America's stronger navy. Starting in 2012, when Xi Jinping became leader, China began to dredge huge amounts of sand to dump on the seven or so reefs and atolls it occupied and transformed them to islands sufficiently extensive to build long runways, deep water ports and various military facilities. Four years later, in 2016, China rejected the legitimacy of The Tribunal in The Hague and its verdict, which had rejected China's maritime claims in the South China Sea.

The Obama administration recognized the importance of the Asia-Pacific region for American national interests, and in 2011 Obama declared his intention to 'pivot' there. However, he soon found that he lacked the full range of resources to do so effectively. He appreciated that America's capacity to act unilaterally had been diminished by the continuing warfare in the greater Middle East and by the slow economic recovery from the financial crisis. In addition, America was constrained by the resurgence of other powers, notably China. Consequently, he argued that American foreign policy had to change by embracing multilateralism as the only means of addressing urgent issues, such as limiting the extent of climate change and curtailing the Iranian attempt to acquire nuclear power. This meant that he required the active cooperation of China (among others) regarding both issues. As for the Asia-Pacific, Obama vigorously participated in all the multilateral groupings and reinvigorated America's relations with allies and partners in the region. But Japan was the only ally to whose administered territory (the Senkaku or Diaoyu Islands) he offered personal confirmation of his treaty obligation to defend (from possible Chinese military attack).

By the time Obama left office, China had not only established its dominance of the SCS, but it had also begun to carry out elements of its ambitious long-term ‘Bridge and Road Initiative’ (BRI), which aimed at transforming China into a hub of a series of connectivities, linking it to the Middle East, Europe, Africa and beyond.¹⁰ If BRI were to be even moderately successful in overcoming all the formidable barriers in its way, it would transform the world order as we have known it since the Second World War, with the United States left on the sidelines. However, China’s pursuit of its narrowly conceived national interests, combined with Trump’s declared intention of doing the same for America, have not only disrupted much of what remained of the old order, but they portend the emergence of a new era of uncertainty and even disorder. As we shall see in the concluding chapter, that is but one of the possible paths for the future.

The organization of the book

In order to ensure that the book should not become too long and unwieldy, while also providing adequate coverage of the expanded subject matter, the format has been changed from previous editions. Instead of the detailed account of the evolution of the Cold War in Asia, the focus here will be more on the key developments of the last two to three decades since the dissolution of the Soviet Union (1991–2018). The first chapter will still address Cold War issues, but only in order to understand better the foundation for much of the structures of politics and potential military conflicts (including among others, notably Korea, Taiwan and the South China Sea in the post–Cold War [PCW] period). Rather than trace and analyze developments of the Cold War in Asia, the intention here is to identify the legacy of the Cold War for subsequent developments in the Asia-Pacific.

The main purpose of the second chapter is to trace and explain how the post–Cold War order eroded. It will first focus on how unipolarity, i.e., American predominance, was weakened under successive presidencies, culminating in Trump’s withdrawal from the liberal international order established by the United States at the end of World War II. It then examines the effects of the loosening of that order, before considering the repositioning of the major powers in the region in a less-structured international environment; it considers the attempts of various countries to establish new identities. It concludes with a consideration of the regional implications of the emergence of a new order of uncertainty. The next three chapters analyze, respectively, the transformation of America in the PCW period; China’s ascent to exercising global, economic, political and military influence; and Japan’s decline and resurgence.

That is followed by separate chapters on the two Koreas, Taiwan and Southeast Asia. The latter will also discuss the real but limited significance of terrorism in the region.

The book concludes with a discussion of possible future developments.

Notes

- 1 See for example, Milton Osborne, *South East Asia: An Introductory History* (Crows Nest, NSW: Allen and Unwin, 12th Edition, 2016).
- 2 Hedley Bull and Adam Watson (eds.), *The Expansion of International Society* (Oxford: Oxford University Press, 1984).
- 3 According to World Bank 2016 data (current US\$) “country profiles.”
- 4 World Bank GDP per capita (current US\$) data for 2016.
- 5 The author, on a visit in November 2016, saw a series of maps displayed in the office of a senior official in the Ministry of Foreign Affairs, which portrayed Japan as an oceanic country. Neither China nor the Korean Peninsula were shown on the maps.
- 6 Lawrence Kudlow, the newly appointed director of the White House National Economic Council, said that Trump had “tasked him with revisiting U.S. participation in the TPP.” See, Nick Timiraos and Michael C. Bender, “Trump Adviser Kudlow Says ‘Calmer Heads’ Can Prevail in China Trade Dispute.” *Wall Street Journal* (April 14, 2018).
- 7 “*The Boston Globe*, editorial (February 2, 2017)”.
- 8 Neta C. Crawford, “U.S. Budgetary Costs of Wars Through 2016: \$4.79 Trillion and Counting.” Watson Institute, Brown University, RI: Costs of Wars through 2016, final v2 pdf.
- 9 For a good recent account of how East Asian economies successfully modernized, see Joe Studwell, *How Asia Works* (London: Profile Books, 2013).
- 10 For an account of the development and the problems associated with the BRI, see Tom Miller, *China’s Asian Dream: Empire Building Along the New Silk Road* (London: Zed Books, 2017).

2 The impact of the Cold War on the Asia-Pacific

The post–World War II (WWII) settlements combined with the Cold War, which grew out of them, set the framework for the economic and political divide between the Western and communist world orders for the following 45 years, until the sudden and unexpected end of the Cold War in 1989–91. Unlike the lead-up to the end of the Second World War, there was no preparation, let alone planning, for the aftermath of the Cold War. For example, the liberal economic order (of the non-communist world) and its key international institutions, such as the World Bank and the International Monetary Fund, emerged from the discussions and negotiations from 1942 to 1944, which were concluded at Bretton Woods in the US, even before the actual end of the war. Hence that economic and financial order has been frequently called the ‘Bretton Woods System.’ By contrast, when President H.W. Bush first spoke of a ‘new world order’ in 1990, the first Gulf War was coming to an end, and Bush was expecting that the partnership he had recently formed with the Soviet leader, Gorbachev, would lead to a new era of “prosperity and harmony” based on “justice and the rule of law,” with no indication as to how that would be brought about.¹ Despite the triumphalism displayed by the Clinton administration, which took over in January 1992, after the disintegration of the Soviet Union the previous month, no preparations had been made for how its agenda of extending democracy and the free market was to be carried out.

The Cold War was, at its core, a division between two rival camps led by the Soviet Union on the one side and the United States on the other. It began in Europe almost immediately at the end of the Second World War, extended to the Asia-Pacific in the late 1940s and early 1950s, before spreading to the rest of the world in the 1960s and 1970s, transforming the world order into a global bipolar system. At its heart in Europe, the Cold War consisted of two opposing military alliances. On the American side were democratic states, with liberal market-based economies, subject to the rule of law; and on the Soviet side, states were ruled by totalitarian communist parties under the control of the Soviet Union, with socialist command–style economies and an imposed communist-type ideology. A rigid military-supervised border kept the two sides separate in Europe.

This chapter first sketches out the main characteristics of the Cold War as they developed differently in the Asia-Pacific region in the context of the Korean War (1950–53) as compared to Europe. It will also point out that less was at stake

for the two superpowers, the United States and the Soviet Union, in this region than in Europe, which may explain why the two major wars of the Cold War were fought in this region, while a 'cold peace' prevailed in Europe. An overview is presented of the impact on the region of the anti-colonial movement and the complex issues that arose from the emergence of newly independent states and regimes after WWII. The interactions between the advent of the Cold War and the anti-colonial movement were to shape the political economy of the region and beyond for several decades. Hence, this chapter also outlines the emergence of the Third World and the related Non-Alignment Movement (NAM) and considers their regional significance in the Cold War. It was in the Cold War era that the rapid economic growth of Japan, followed by other states in the region, began to elevate the weight of the trans-Pacific economic interactions above those of the Atlantic, which had implications for longer-term changes in the balance of power in the region and beyond. The chapter then assesses the impact of the three Indo-Chinese wars, the regional repercussions of the Sino-American rapprochement of 1971–72 and the breakdown of Sino-Soviet relations in the lead-up to the end of the Cold War, which was alleviated in the region by Gorbachev's visit to Beijing in May 1989, just before the disintegration of the Soviet Union in December 1991.

The emergence of the Cold War

Building on the Atlantic Charter as signed by Roosevelt and Churchill in the summer of 1941, Roosevelt and his advisers, including experts from West European allies, in the ensuing two to three years, prepared a postwar settlement that would avoid the mistakes of the peace agreement at the end of World War I, which they believed sowed the seeds of WWII. Their negotiations resulted in the establishment of international economic institutions, including what came to be called the World Bank and the International Monetary Fund, designed to aid the recovery along liberal lines of the economies devastated by the war. Roosevelt was also instrumental in establishing the United Nations as the successor to Woodrow Wilson's ill-starred League of Nations. The main difference between the two global institutions was the recognition underpinning the United Nations that no global institution claiming responsibility for international security could endure if it ignored the significance of the interests and responsibilities of the great powers. That is why the five main victorious allies in 1945 were given the power to veto resolutions in the UN Security Council – the unit responsible for determining the use of force. Given the significance of the all-important veto, Stalin was prepared to allow the Soviet Union and in due course other communist party-ruled states to participate in the United Nations, safe in the knowledge that Western capitalist democracies would not be allowed to interfere in the domestic affairs of those states. Meanwhile, leaders of the United States, Britain and the Soviet Union had held several meetings before the end of the war, which in effect determined their respective postwar spheres of influence. At the end of WWII, Stalin closed off to the West those countries (mainly in Eastern and Central Europe) which had been occupied by the Soviet Red Army, and he ensured communist party victories in

‘democratic elections’ in those countries, such as Czechoslovakia, Hungary and Poland, where he was committed by previous agreements with Roosevelt and Churchill to conduct elections. Stalin also sought to expand Soviet influence in Greece and Turkey and refused all offers of economic assistance to recover from the war, including Marshall aid, despite the interest displayed in at least two of the East European states. Instead, he determined that the communist party states follow the Soviet economic model of a socialist command economy. In a speech delivered in President Truman’s home state in Fulton, Missouri, in March 1946, Winston Churchill declared that “an iron curtain has descended across the [European] continent.” He was much criticized at the time for antagonizing the good wartime ally ‘Uncle Joe,’ but he was later celebrated for the accuracy of the speech. Unbeknown to him, Washington had only just received from George Kennan the famous ‘long telegram,’ which echoed the tenor of the speech and which later became the impetus for the strategy of containment. The American response to the end of the war was initially focused on rebuilding at home, as it rapidly demobilized from a military of over 12 million in 1945 to one of barely 1.5 million in 1947. But in response to Soviet and communist activism, Truman declared in March 1947 the principle that the US should give support to countries or peoples threatened by Soviet forces or communist insurrections. Known as the Truman Doctrine, the doctrine was seen by Stalin on the communist side, which had not demobilized, as the open declaration of the Cold War.

Europe was at the heart of the Cold War; it was at the center of the main strategic conflict between the two superpowers, who led two different systems of states which were separated by impenetrable borders. They differed in their political and economic systems: The American side (or “the West”) was composed of political democracies with liberal market-based economies. The Soviet side (or “the East”) consisted of Soviet-controlled communist party dictatorships with socialist command economies modeled on the Soviet Union. The two sides were ideological and military rivals, and the two superpowers led multilateral security alliances which deterred military attacks from the other side by the nuclear system of mutual assured destruction (MAD). It led to an uneasy pattern of coexistence between the two sides, which came to be known as the “cold peace.” Both alliance systems experienced various problems; the West’s consisted of several, including a standard one, such as the question of trust between the stronger ally (the US) and its weaker allies, as to whether the stronger, with its wider sets of interests, would risk the consequences of fighting on behalf of the weaker, especially in the nuclear age. Consequently, the US leadership was alert to the problem of ensuring that its weaker European allies would not act against American interests by seeking to restore their colonial authority over the newly independent countries of Africa and Asia. Initially, in Asia, as we shall see, America’s long-standing sympathy for countries seeking independence from European colonial powers had to be balanced against its strategic interest in ensuring the security and stability of those same powers back in Europe, where their weak recovery from WWII made them vulnerable to communism. At the same time, Washington sought to prevent what it saw as international communism’s aggression in Korea and looming success in

Vietnam against France from paving the way to further victories in Southeast Asia (i.e., the infamous 'domino theory'). As the stronger ally, the US found it necessary to prevent the anti-communist dictators Syngman Rhee of South Korea and Chiang Kai-shek from carrying out provocative military incidents against their communist civil war adversaries, North Korea and China respectively, in the hope of drawing the US into an all-out war to defeat the communists.²

Another problem inherent in the American alliances was that some of the weaker allies feared being entrapped by the US by its requirement that they participate in military conflicts beyond their areas of interest in order to demonstrate loyalty. For example, Australia participated militarily in nearly all America's wars whether or not they involved Australian security. Since most of America's allies were genuine democracies, they could not send their forces to fight on behalf of the US if doing so met with significant domestic opposition. In the case of Australia, the intensity of the domestic opposition to participating in the Vietnam War created considerable difficulties for the incumbent government as public opinion began to swing against it in 1967, leading to a major change in the political mood in the country, which contributed to the establishment of a Labor Party government in 1972 after 23 years of successive conservative governments. A different problem in the nuclear age was how could an ally without nuclear weapons be sure of the credibility of its stronger partner in its promise to use its nuclear deterrent on behalf of the non-nuclear ally, even if such action would expose the US homeland to nuclear retaliation. That was the main reason for the acquisition in the early 1960s by France, under the leadership of General de Gaulle, of an independent nuclear deterrent (*Force de Frappe*). The significance of America's nuclear umbrella (or extended deterrence) for its allies was intensified by their general adherence to the treaty against nonproliferation. With the exception of Israel (which has yet to admit to possessing nuclear weapons and is not bound by a formal treaty of alliance), no other ally followed France in acquiring nuclear weapons. That only elevated the importance of the credibility of the American nuclear umbrella – especially as the US stopped the nuclear programs of Taiwan and South Korea in 1966 and 1976–78, respectively.

At issue also was the 'free rider' problem as to whether all the allies would fulfill their obligations for contributing their agreed shares towards the costs of the alliance and to their making adequate defense preparations. In the Asia-Pacific where a series of bilateral alliances differed from the collective military alliance of NATO (the North Atlantic Treaty Organization), the defense expenditure was negotiated separately with each of America's allies to include contributions to the US costs of maintaining bases, military equipment, personnel, etc. During the Cold War, however, none of the Asian allies questioned the American nuclear umbrella.

Unlike the voluntary basis for membership of the Western alliance, membership of the East's alliance was compulsory, as was the total subordination of the weaker allies to the military leadership of the Soviet Union. It was perhaps the insistence on communist unity that caused the Soviet Union to intervene on at least three occasions to put down by force demonstrations and upheavals in

Warsaw Pact allied countries that were perceived to threaten communist party rule and even to defect from the alliance (East Germany, 1953; Hungary, 1956; and Czechoslovakia, 1968). The Soviet attacks upon its allies posed dilemmas to the West and especially to the United States as to whether they should intervene to support the popular revolts, which they may even have instigated and which enjoyed western political support. It was also argued by some at the time that the West had a moral obligation to intervene, due to its having instigated the uprisings, if only by drawing attention to the existence of successful prosperous democracies on the other side of the iron curtain, as part of what the Chinese were to call the policy of undermining communists systems by “peaceful evolution.” In the end prudence prevailed in the West and no counter attacks took place. However, prudence required the avoidance of instigating the peoples of the East to resist the controls of their respective communist parties lest they arouse expectations of some kind of military support from the West, which would not be forthcoming. The United States developed a policy of “containment” towards what was called the “communist bloc,” according to which its members were to be isolated as much as possible, they were to be subject to a strict economic embargo and any tendency of the bloc to expand was to be stopped by military means if necessary. The first test of the strategy was the successful air-lift of supplies to the enclave of West Berlin in 1948, when the Soviet Union blocked rail and road access. In the Asia-Pacific, however, the only formal communist defense treaty was between China and the Soviet Union; however, as the development of the alliance in the 1950s, its ending in the 1960s and its replacement by the politics of strategic tri-polarity (i.e., the two plus the US) until the end of the Cold War, are highly complex and cannot be treated at this point here. They are addressed later. The alliances, formal and informal, as well as the breakdowns, involving North Korea, North Vietnam and a united Vietnam are also addressed later.

The extension of the Cold War to Asia and the Korean War

The advent of the Cold War in the Asia-Pacific was first indicated by the victory of the Chinese Communist Party (CCP) in 1949 under the leadership of Mao Zedong in the civil war against the Nationalist Party (KMT) led by Chiang Kai-shek, who fled with a million or so remnants of his defeated party and military to the island province of Taiwan. Mao proclaimed the establishment of the Peoples Republic of China (PRC) on October 1, 1949, having a few days earlier marked his victory by declaring in nationalist rather than communist terminology, “the Chinese people have stood-up! Never again will they be humiliated!” Nevertheless, Mao placed the revolution of the CCP very much within the framework of the international communist movement.³ The American government, which had only recently stopped supporting Chiang with military and other aid, entertained some hope that it may have been possible to detach China from the Soviet Union, or at least to drive a wedge between them. But Soviet archives and those from China that became available after the end of the Cold War, show that the two communist parties and their leaders were too close at that time, especially as Mao

and his colleagues sought to model their new state administration and economic development on that of the Soviet Union, from whom they expected training and assistance. Nevertheless, there were some differences between Mao and Stalin. Stalin, who had triumphed in WWII in the name of Russian patriotism, sought to restore the territories and extraterritorial rights lost since Tsarist times, which had been granted to him by the US and UK leaders at the end of war agreements at Yalta and Potsdam. His claims on China, including those in Manchuria and his demand for the recognition of the independent statehood of the former Outer Mongolia, were all accepted and confirmed in his 1945 treaty with Chiang Kai-shek. When Mao visited Moscow for two months from mid-December 1949 to mid-February 1950 to negotiate an alliance and economic assistance, the Stalin he met was at the height of his power and prestige; being more than the victorious Russian war leader, he was also the uncontested leader of the international communist movement, without whose help Mao's revolution would not have succeeded.⁴ Mao, too, was not without prestige as the victorious leader of the Chinese revolution, who was also both a patriot and a revolutionary, and he was somewhat taken aback by the scale of the concessions Stalin again demanded from China. Mao was also displeased by the less than courteous way in which he was treated by Stalin. He was left for days in a rather plain dacha, where he later complained there was nothing to do but "eat, shit and sleep." For his part, the ever-wary Stalin was not at ease with Mao, who had already shown various signs of independence, notably by ordering his forces to cross the Yangtze River in April 1949 in complete disregard of Stalin's advice to stop at the northern bank. Stalin had been told by the veteran Bolshevik, Molotov, whom he sent to see Mao at his dacha in late December 1949, that the Chinese leader was not a "real Marxist." Furthermore, while Mao was still in Moscow, Stalin was informed by emissaries in Beijing that Zhou Enlai and other CCP leaders were interested in using the US as a balance against Moscow. Mao later complained that Stalin did not trust him, as he thought that Mao might be another Tito, whose break with Stalin began with Tito's approach to the US and the UK and ended with Yugoslavia's expulsion from the communist bloc in 1948.⁵ Mao was careful to treat Stalin with respect, and, after Mao won some concessions, the Sino-Soviet Treaty of Alliance and Mutual Assistance was duly signed on February 14, 1950.

It was, however, the outbreak of the Korean War in June 1950 that cemented the Sino-Soviet alliance, finally bringing the Cold War into Asia and shaping its future development. Ironically, the Korean peninsula had not been regarded by either the American or the Soviet leaders as an important strategic asset in 1945.⁶ The Truman administration, which in January 1950 had not specifically included Korea among the list of countries it was specifically committed to defend, immediately perceived the sudden attack by North Korea on the South on June 25, 1950, as evidence of the expansionism of "international communism," directed from Moscow. The view in Washington was that having been thwarted in the attempt to take over West Berlin, Moscow, as the leader of this expansionist body, had turned its attention to Asia and it had to be stopped. Soviet archives, which have since become available in the 1990s, show that the main impetus for the

invasion came from Kim Il Sung, but the attack did require Stalin's authorization. Truman's immediate response was to try to thwart the military advance of the North with American forces aided by contingents from 15 other countries, all under UN auspices, and to order on June 27 the dispatch of the Seventh Fleet into the Strait of Taiwan to prevent any attack on the island, or attacks from Taiwan onto the Chinese mainland. It should be noted that the defense of Taiwan (aka Republic of China) also was not included by name specifically among the earlier American-declared commitments to defend. Stalin had earlier turned down Mao's request for planes and ships to complete the civil war and the unification of China by defeating Chiang Kai-shek and his remnant forces in Taiwan. Stalin had also withheld from supporting Kim Il Sung in his pleas to unify Korea by force until January of 1950. By then, the Truman administration had publicly restricted itself to an offshore defensive strategy in East Asia. Doubtless, Stalin also calculated America would not intervene given that it had demobilized its armed forces, that it was war weary and that it was neither economically nor militarily invested in Korea. In addition, the Soviet military commanders considered that the military supplies and training they had given the North Korean forces would enable them to gain a rapid victory before an intervention could take place. Stalin had also contrived to obtain Mao's consent for the planned invasion. In the absence of documentary evidence of Stalin's further strategic calculations, it would have been consistent with his previous positions that in the event of a Kim victory he would have access to ice-free ports in Korea, after the concessions he had made to Mao in their treaty limiting his access to the equivalent in Manchuria. Furthermore, the devious Stalin doubtless calculated that Mao would become more closely tied to him regardless of the outcome of the war.⁷ If Kim were to succeed in his war aim of reunifying Korea, the Soviet navy would have access to the ice-free ports of the peninsula without needing Mao's permission to use those in Manchuria, and Mao would be too hemmed in to be able to reach out to the Americans. However, if the Americans were to intervene, the Chinese would have to carry out a counter-intervention, which would also create obstacles to their working together to balance Soviet power. In the event the war did go badly for the North, and China intervened and successfully drove the American forces south even of Seoul. But the Chinese had become over-extended and had to draw back, leading in 1951 to the reaching of a stalemate between the two sets of armed forces around the original dividing line of the 38th parallel. Stalin was able to prevent agreement on a ceasefire and an armistice. Doubtless he saw an advantage in prolonging the fighting between the United States and China. It was only after his death on March 5, 1953, that his anxious successors issued a statement two weeks later in the name of their Council of Ministers on March 19, indicating that they wanted the war to be stopped.⁸ Since the other three protagonists had long since sought that too, an armistice was finally agreed in July 1953. The number of casualties on both sides were staggering. North Korea was bombed to such an extent that at one point the US Air Force claimed that there were no targets left worth bombing and 20% to 30% of the population (i.e., two to three million) had been killed. The military death toll was estimated at about half a million for South

Korea, 150,000 for China (and 900,000 other casualties) and just under 37,000 (and over 100,000 wounded) for the United States.⁹

The immediate aftermath of the war

The conduct and the lessons of the war were highly consequential for the development of strategic relations between the two superpowers, as well as for shaping the evolution of the Cold War in the Asia-Pacific. From the outset of the war, Stalin, who thought that a third world war would take place sooner or later, was anxious to avoid direct military conflict with America at this time. The American leaders, too, were conscious of that danger and, as we shall see, they took steps to prevent an escalation of the conflict that could lead to a third world war. Stalin did not allow his forces to take a direct part in the fighting, and he even reneged on his promise to provide air cover for the Chinese forces on their entry into North Korea. Even the Soviet military advisers to Kim's armies were instructed to keep back from the frontlines lest they be captured. In the event, beginning in April 1951, Soviet pilots flew in combat in the early stages of the war, until they could be replaced by newly trained North Korean or Chinese equivalents. The Soviet pilots were restricted to flying only along the North Korean border and only in planes with Korean or Chinese markings. The American side also took steps to keep the war limited. An official account of the operation of American air forces during the war stated: "Never during the war were American fliers authorized to enter Chinese or Soviet air space."¹⁰ American pilots reported to their superiors that they had heard radio exchanges in Russian by pilots, who even looked Russian, flying planes with Korean or Chinese markings. At the time, the American authorities went to great lengths to prevent these reports from being made public. The American and Soviet leadership were careful to avoid the use or even the threat to use weapons of mass destruction, including nuclear weapons. The available evidence does not support the claim that it was Eisenhower's reported threat to use nuclear weapons against the Chinese that compelled them to negotiate an end to the war. But, although he secretly planned with his advisers to use them to break the stalemate on the battlefield and push north, he never disclosed this to the enemy. Dulles later claimed (falsely) that it was Eisenhower's nuclear threat, conveyed in May, that led to the negotiated armistice. As noted in the previous paragraph, Stalin's successors had already indicated two months earlier their intention to end the war and conveyed that message to Zhou Enlai on the occasion of Stalin's funeral ten days earlier. In fact, in April, the Chinese had already begun to make the concessions that led to the agreed armistice.¹¹ The most important development in the evolution of the Korean War that affected the strategic relationship between the United States and the Soviet Union, subsequently, was not Eisenhower's contemplation of his possible use of nuclear weapons, but, to the contrary, it was the careful way in which the two great Cold War protagonists avoided open attacks upon each other. In other words, the origins of the mutual deterrence between Moscow and Washington are to be found in their mutual restraint in the conduct of the Korean War.

The Korean War also marked China's rise to great power status on its own merit, when for the first time in modern history, China almost defeated not just any Western forces in Korea, but it was those of the United States – the most powerful military country in the world. China's new-found status could no longer be seen as having been granted as a favor by the United States, as in 1945 when it was nominated by an American president (Roosevelt) to be a permanent member of the UN Security Council at a time when the country was in chaos and its own government was unable to act effectively either at home or abroad. After the end of the Korean War, China became a significant independent participant in the multilateral Geneva Conference of 1954 and also in the Afro-Asian Conference in Bandung. It deliberately initiated two crises with the United States in 1954 and 1958 over islands off the Chinese coast occupied by Chiang Kai-shek's forces, and it was Mao who effectively determined their temporary settlement. China also played an important role in the management of the troubles in the communist bloc following Khrushchev's speech denouncing Stalin in February 1956. However, the immediate result of the Korean War in framing the character of the Cold War in the Asia-Pacific was in sharpening the divide between China and the United States. In pursuing the policy of containment in Asia, the US imposed an economic embargo on China that was regarded as even more severe than that imposed on the Soviet bloc in Europe. As will be discussed later, the US signed a series of security treaties with a number of important countries in the Asia-Pacific, nominally designed for defense against Chinese communist aggression, which in practice had the effect of minimizing their relations with China and contributing to its diplomatic isolation. For its part, China maintained the stance of a revolutionary country that was challenging the American attempt to establish a regional order to its liking. Apart from the wars in Korea and Vietnam, Beijing's support for communist-led insurgencies in SE Asia tended to be limited, and it was careful not to assume control over the uprisings or to try to determine their actual outcomes. China's support tended to be limited to broadcasting propaganda, training guerrillas, supplying light weapons and providing shelter to leaders when necessary. However, the support was sufficient also to remind established governments in the region of Beijing's ability to create trouble for them by its sheer presence as the great historical power that has traditionally been able to exert its influence in the region. Before its victory in 1949, the CCP had ties with its equivalents in other Asian countries, especially with those of Korea and Vietnam, which proved to be mutually useful. Several thousand Korean communist military units fought in the Chinese civil war and were then transferred to North Korea where they played an important part in the early stages of the war. Once the Chinese communist army reached the border with Vietnam in November 1949, it began to offer considerable assistance to the Vietminh in the war for independence from France, and its supply of heavy artillery was crucial for the victory of Dien Bien Phu on May 7, 1954, which effectively brought to an end French colonial presence and influence not just in Vietnam but in Indo-China as a whole. As will be discussed later, China's military aid to Vietnam was important in its war with the United States, despite the complications that arose from the Sino-Soviet estrangement

in the 1960s and 1970s and later from the Sino-American rapprochement. Yet, despite the closeness of some inter-communist party relations in the region, their relationships were also subject to degrees of distrust arising from China's long history of demanding deference from its neighbors and from the use of force to impose its will upon them from time to time. The fact that modern and contemporary Chinese official versions of that history present China in a positive and peaceful light does not sit well with many neighbors, especially in the contemporary nationalistic era.

Diffused bipolarity in Asia

The bipolar system was more complicated in the Asia-Pacific than in Europe. There was no rigid line between the two sides, such as the iron curtain in Europe. Nor can it be said that the divide was between dictatorships and democracies. Apart from Japan and India, there was not a single Asian country that could have qualified as a genuine member of the 'Free World' with a relatively stable democracy and a market-based economy before the late 1970s or early 1980s. In the American Cold War lexicon, it was sufficient for the government to be seen to be anti-communist for the country to be called 'free.' Even the harsh dictatorships of Syngman Rhee and Chiang Kai-shek did not prevent the ROK and ROC, respectively, from being labeled 'Free Korea' and 'Free China.' Of even greater significance was the strategic distrust between many of the Asian states in the postcolonial era, as well as residual animosity towards Japan stemming from the Second World War, that prevented the formation of a NATO-like collective security alliance. In the early 1950s, the United States had to settle for a series of bilateral alliances with anti-communist governments, i.e., the so-called hub and spokes system. These included ANZUS (Australia and New Zealand, 1951), the Philippines (1951), Japan (1951 and 1960), South Korea (1953), Taiwan (Republic of China, 1954) and Thailand (1954). It is true that a collective security organization called the South East Asia Treaty Organization (SEATO) was set up in September 1954 and signed by representatives of seven states, but it included only three Asian states – Pakistan, the Philippines and Thailand – of which only the last two were located in SE Asia. The terms for undertaking collective action were so loosely defined that no military defensive activities were undertaken in its name, but it was used to provide a legal framework for America's participation in the war in Vietnam. Its more enduring impact was its provision of a security treaty between the US and Thailand in the form of its other name, 'the Manila Pact.' SEATO was dissolved in 1977, (i.e., after the end of what the Vietnamese call 'the American War'). Despite the absence of mechanisms for collective consultation and decision making to address security for the region as a whole, it can be argued that the bilateral alliances in Asia of the 'hub and spokes' character actually served American interests in practice better than the multilateral NATO alliance. This was because it was the dominant leader in each of its bilateral alliances, and also, as the more powerful state by far of its Asian allies and partners collectively, the United States was the only power responsible for the security of the region as a

whole and it had the role of the key decision maker and actor in addressing such regional security issues as may have arisen. However, unlike most of the American allies in Asia, those in Europe were genuine and enduring democracies, whose peoples could not be made to participate in military conflicts without their democratic consent. Moreover, in Asia the United States could more easily get its way in dealing with a single weaker ally than with a collectivity of allies, especially as each of those allies had its own separate security interests and would have had to be addressed differently in accordance with its degree of democratic governance. A further consideration was that these separate alliances could more easily prevent the US from being entrapped by an ally eager to involve the US in conflicts that were not necessarily in America's interest. As already noted, this applied in particular to Syngman Rhee of South Korea and Chiang Kai-shek.

Nevertheless, it could still be argued that despite the huge disparity in strength available to President Eisenhower of the US as opposed to Chiang Kai-shek in his Taiwan redoubt, Chiang was able to leverage his tacit understanding with Mao to prevent Eisenhower from abandoning the US commitment to defend the offshore islands. Located about two kilometers (1.2 miles) from the shore of Fujian Province, Jinmen (or Quemoy) and Mazu (or Masu) had always been part of that province and were the last remaining territory of mainland China occupied by the forces of Chiang's Republic of China. Both Mao and he understood that if the Americans were to exclude these islands from their defense treaty for being indefensible, Chiang's ROC would lose its last territorial claim to a piece of the Chinese mainland, which would facilitate the formal separation of the island of Taiwan from the Chinese mainland and allow for the creation of either "two Chinas" or "One China and One Taiwan." But the legitimacy of both Mao and Chiang required of each to claim separately that he was the only true representative of the Chinese state and people. Were the ROC (i.e., Taiwan) to have abandoned those islands, as desired by Eisenhower in the 1950s, when the US militarily still was able to defend it from any challenge by the mainland for the foreseeable future, it would have greatly eased the American commitment to defend Taiwan and to carry out its strategic commitments in East Asia. Instead Chiang was able to leverage the Eisenhower administration into a position, where on the grounds of not yielding territory to communist China, the US was committed to help Chiang defend islands within reach of China's artillery. The resulting commitment of the US to maintain the status quo on these islands was to cause the United States no end of trouble in the longer term. Mao described the American commitment to the defense of the offshore islands as a "noose" around America's neck that he could pull at any time.¹²

Much to the annoyance of successive American governments, democratic India preferred to be non-aligned – a position that appealed to many other developing countries who also followed India in establishing the Non-Aligned Movement in 1961 in Belgrade, Yugoslavia. The United States chose to establish a formal anti-communist defense treaty with India's archenemy Pakistan in May 1954. Another difficulty that the US encountered in establishing formal alliances in Asia (as opposed to Europe) was that many Asian states did not wish to appear to take sides in the hot wars that broke out in Asia. These included the Korean

War (1950–53), which involved principally American and Chinese forces, and the Vietnam wars against France (1946–54) and then the US-Vietnam War (1965–73). Nor did they seek to partake in alliances formally targeted at China. China was seen as a huge permanent geopolitical presence in their region, with a long history of engagement with the antecedents of its current states. Furthermore, most of these states contained significant resident ethnic Chinese communities, many of whom had retained social and cultural ties to their old homeland. From time to time communal riots had broken out between them and resident Malays, Indonesians, Filipinos and Vietnamese, and SE Asian governments had to keep a wary eye on the reactions in the PRC. Even as the resident governments were aware of Beijing's support for local communist party insurgencies during the Cold War, they were careful not to antagonize China unduly. The mutual distrust, the divergent security interests, territorial and maritime disputes, ethnic and religious antipathies within and between nearly all the states of East Asia, most of whose governments and societies were prone to instability, did not provide conditions for the development of multilateral security organizations in which rules and resolutions would be binding on their members, such as NATO or the European Union.

Another indication of the difference between Europe and Asia was that the alliance pattern of the Asian communist party-led states was also bilateral in character. This was not only true of the Sino-Soviet alliance but also of those between each of the other Asian communist party states and the two giants China and the Soviet Union. Moreover, unlike their European brethren (except for Yugoslavia), they were not established as communist states under the aegis of the Soviet army. Even the Peoples Republic of Mongolia, the former Outer Mongolia, which had become in effect a Soviet protectorate or satellite, and whose independence from China was confirmed by Stalin's treaties, first with Chiang Kai-shek (1945) and then with Mao Zedong (1950), had initially separated from China by its own efforts in 1912 after the fall of the Qing (Manchu) Dynasty in 1911. It then finally separated again with Russian and Soviet help in the years 1921 to 1925.¹³ Although the communist parties of China and Vietnam received considerable Soviet assistance in their struggles to win power and independence for their countries, they were highly nationalistic as well as convinced communists and Marxist-Leninist revolutionaries until the unraveling of the Cold War in the 1980s and the effective demise of communism in the early 1990s. But their ideological affinity was qualified by historic antagonism caused by Chinese invasions and demands for deference. The last invasion was the limited one of 1979, followed by a long war along Vietnam's western border through most of the 1980s.¹⁴ That arose from Vietnam's invasion of the China-supported Cambodia under the Khmer Rouge, which the Chinese leadership perceived as serving the Soviet strategic objective of encircling China. The Chinese "punishment" of Vietnam only came to an end when the Soviet Union and its European allies could no longer afford to send supplies to Vietnam, compelling the Vietnamese to withdraw from Cambodia in 1989 and reach a settlement with China. North Korea may well have owed its initial existence to Soviet assistance and control, but its leadership was intensely nationalistic and after the war of 1950–53 it soon made its independence clear to

its great power protectors, the Soviet Union and China. Those leading members of the Korean Workers' Party (i.e., communist party) judged by Kim Il Sung to favor either Beijing or Moscow were summarily purged. By the late 1950s "only two of the ten members of the 1949 Politburo were killed by their enemies rather than by their comrades."¹⁵ In 1955, Kim bolstered his personal dictatorship by propagating his ideology of *Juche*, which is usually translated as 'self-reliance.' But that only identifies one aspect of its meaning for Koreans who have traditionally thought of their relations to the surrounding great powers as "shrimps among whales." *Juche* connotes the idea of a fierce sense of independence in refusing to defer or to serve, like a flunkey, an entity more powerful than oneself. Kim Il Sung's real turning point in his assertion of independence came in the course of the repercussions of the liberalizing tendencies in the communist world following Khrushchev's speech to the Soviet Party Congress in February 1956, which denounced Stalin. It led to a near revolt in Poland and a rebellion in Hungary in which a new leader threatened to leave the Soviet-dominated alliance of communist parties. That caused a Soviet-led invasion in November 1956, which was encouraged and supported by Mao. It so happened that just before the invasion of Hungary, two high-level figures from Beijing, Peng Dehuai, who led the Chinese forces in the Korean War, and, from Moscow, Anastas Mikoyan, a long-time Bolshevik leader since the time of Lenin, who happened to be in Beijing at that time, visited Pyongyang with the objective of curbing the tyrannical rule of Kim Il Sung. Kim had purged the so-called Soviet faction in his party in December 1955, and in August 1956 Kim expunged his 'pro-Chinese' critics. Although Mao agreed with Mikoyan that Kim's brutal purges were excessive, Kim suspected the Soviet leaders sought to depose him, particularly because they were dismayed by his defiance, in view of the fact that it was they who had made him the leader of North Korea just ten years before. Mao feared that he might yet face the same treatment by Moscow, particularly as he had begun to challenge the authority of the Soviet leadership within the international communist movement. In any event, the invasion of Hungary by the Soviet forces and their East European allies brought to an end the tendency to carry out political reforms in ruling communist parties – at least for the time being.¹⁶ Thereafter, Kim Il Sung suspected Moscow of continuing to harbor reformist tendencies, for example in foreign affairs by the pursuit of *détente* with Washington and in the domestic sphere by the encouragement of social, cultural and economic reforms. Thereafter, he tended to lean towards the side of Beijing in the Sino-Soviet dispute. However, Kim told the Soviet ambassador in 1967 that he was "alarmed" by the possible impact of the Cultural Revolution on his country. Kim was the subject of personal insults, and in 1969 military incidents took place on their border. In 1970, however, relations improved as China's leaders apologized for the previous misdemeanors.¹⁷

The advent of American power in SE Asia coincided with the beginning of the Cold War, and, as a result, American policies towards Asian struggles for independence from the European colonial powers were shaped by a complex set of considerations. American long-standing opposition to imperialism, derived from its own Revolution and its struggles for independence from Britain in the 18th

century, may not have consistently shaped Washington's policies in Asia after 1945, but it inclined Americans initially to favor Asian aspirations for independence from their European colonial masters. But in the broader Cold War context American leaders had to weigh the relative significance of the growth of communism in Western Europe against the prospects of nationalist movements in Asia coming under the control of a communist. The issue became acute in the case of Indonesia. The suppression of the communist party-led revolt in Madiun in 1948 by the forces of the 'revolutionary government of the Republic of Indonesia' was well received in Washington. At the behest of the nationalists, the US government pressed the Dutch government to cede independence to Indonesia in 1949. However, the US did little to prevent the Dutch from imposing overbearing economic demands as a condition for granting independence. We shall see later that the Americans had done the same when granting the Philippines independence a few years earlier in 1946. In effect, the Dutch left the economically underdeveloped nascent Indonesian state of 18,000 islands stretching over 5,000 kilometers (3,575 miles) from the Atlantic to the Indian Oceans crippled from the outset. The unsettled parliamentary politics of the early years combined with the effects of the previous neglect by the Dutch colonial authorities to educate and train a local civil service cadre increased the sense of disarray. In 1958 the chaotic parliamentary system was replaced by a presidential system of 'guided democracy' under Sukarno. The central military authorities then overcame a rebellion by the local military in a few of the outer islands, despite their having received some assistance from the CIA. In the early 1960s, Washington, in order to prevent the left-leaning President Sukarno from inclining even further towards China, again pressed the Dutch to cede Eastern New Guinea or Irian Jaya to Indonesia in 1962. However, in 1963–65 the US government refused to respond favorably to Sukarno's request that it repeat its pressure on a European ally to concede to his additional territorial demands. On this occasion he demanded support for his confrontation against the newly formed Federation of Malaysia, backed by Britain. Clearly, American calculations of their interests had changed and they were not prepared to support Sukarno, who had become even more anti-Western, in his endeavors to break up a pro-Western state newly formed with British assistance. Sukarno was dislodged following the failed 1965 coup, which had been instigated by a group of radical young officers against army leaders, but which was blamed by the military establishment on the Chinese-supported Indonesian Communist Party (PKI – at that time, the world's third largest).¹⁸ The armed forces then led a horrendous massacre of hundreds of thousands of alleged communists and ethnic Chinese supporters. The US government, as confirmed by diplomatic cables declassified in 2017, had lent its support to these events and to the anti-communist General Suharto who took over as the new president of Indonesia in 1966.¹⁹ By contrast, the US took a different view towards the French fighting against the Vietnamese communists in Indo-China. According to the Pentagon Papers, the US government withheld direct military aid and regarded the warfare from 1946 to 1949 between France and the Vietminh as essentially a colonial war, and it was only after the communist victory in China, which brought Chinese

communist troops to the border with Vietnam in November 1949 that the US government determined that what it had regarded as a colonial war had become a war against “international communist expansionism.” It was at this time that the domino theory was formally applied by the US military to Indo-China.²⁰ That then became the rationale for the subsequent American military intervention and invasion of Vietnam.

Anti-colonialism and the struggles for independence

The anti-colonial struggles for independence in the region probably would have taken place independently of the Cold War, but they were heavily influenced by it. WWII also contributed greatly to shaping the development of anti-colonialism in the region. The colonial power in NE Asia had been Japan, whereas in South and Southeast Asia the struggle against colonialism was against West Europeans. To be sure the Japanese had overrun much of SE Asia and had even posed a threat to India, but as the defeated power they were no longer an active presence after 1945. As it turned out, far from having been the objects of anti-colonial struggles in SE Asia, the Japanese had actually contributed greatly to the anti-colonial drive, first by undermining the myth of the superiority of the white Europeans by inflicting humiliating defeats on the European forces in the region and second by encouraging and training local nationalists to fight against the returning Europeans. Although movements for independence had begun in some Asian countries before the war, they intensified and accelerated in its immediate aftermath. Local elites in the colonies, many having been educated in Europe, had absorbed the concepts of nationalism and democracy and were eager to overcome alien rule. Links between the colonies and the home countries had weakened during the war. The Europeans with colonial empires in Asia no longer had the resources nor the will to pay the costs of imposing their rule on newly resistant former subjects. Moreover, the United States was opposed to old-style colonialism and the West European countries, Britain, France and the Netherlands, had become hugely dependent on the US for reviving their economies as well as for their political and military security. Moreover, in their attempts to return to their Asian colonies, the Europeans did not find that they were as welcome as before. Having witnessed their humiliation by the Japanese, SE Asians never again treated the Europeans with the same deference. In addition, there were Asian nationalists who had sided with Japan and, despite European objections, they were not treated as collaborators by their fellow countrymen, at least two of whom became leaders, respectively, of an independent Burma (Aung San) and of independent Indonesia (Sukarno). In other words, there was no disguising the fact the Europeans had begun a process of retreat from their Asian colonies and the attempts by the Dutch and the French to defeat the nationalists in battle failed. Under American pressure, the Dutch conceded independence to Indonesia in 1949, and, despite American assistance, the French, after military struggles over eight years, finally granted independence to the three states of Indo-China, Cambodia (1953), Laos and Vietnam (1954). By the 1960s most of the Asian states had gained independence.

However, the American Vietnam War (1965–73) meant that the independence of a unified Vietnam did not take place until 1975.

The Philippines was granted independence in 1946, becoming the first SE Asian country to gain independence. Ironically, for a country which has prided itself on its opposition to imperialism and its support for the rights of self-determination of nations, the United States imposed economic conditions on the granting of Filipino independence, which denied the new state full sovereignty and economic autonomy at least for the first decade. Thereafter, the Philippines remained almost a client state of the US until the end of the Cold War. Otherwise the process of decolonization varied mainly between peaceful transfers of power and others (principally Vietnam and Indonesia) whose independence was the product of armed struggle. The conditions under which states gained independence had a profound effect on their political developments at home and on the conduct of relations with neighbors and the wider world. The borders of nearly all the newly independent states had been inherited from the previous colonial administrations whose boundaries with other colonies had been drawn to suit colonial interests as defined in Europe capitals. Frequently, little regard was taken of whether those borders cut across peoples of shared or different ethnicity. Similarly, little attention was paid to the effect of state boundaries on how they may affect resident peoples who defined themselves by religion and who differentiated themselves from others on that basis. Hindu and Moslem subjects of the former British Raj can attest to the terrible sufferings they have endured as a result. These problems have been accentuated by the impact of nationalism on the newly independent states, whose governments sought to build up their legitimacy and consolidate state independence by deepening a sense of nationhood and by strengthening ties between state and nation. Due to the distinctive character of modern states, which were based on European legal concepts of sovereignty, territorial integrity and non-interference, even the oldest of premodern states, such as China and Japan, had to define themselves afresh not only in those Westphalian terms but also on questions of identity and citizenship. Both states had difficulties in distinguishing between ethnicity and citizenship, with the result that ethnic minorities in both countries suffered from social discrimination and, in China, at times, even persecution. In the more recent period, official intolerance of diversity and the corresponding pressure on national minorities to assimilate have increased. At the same time Chinese authorities appear to claim that ethnic Chinese residing in other countries owe some kind of allegiance to the Chinese government, even though they may be citizens of other states. In SE Asia many of the difficulties experienced between neighboring states are related to problems of ethnicity, religion and borders (including maritime ones) in which domestic and external issues are closely interrelated.

Decolonization in the Indo-Pacific took place largely in the 1940s and 1950s, before the main retreat of colonialism in the Middle East and Africa. As a result, by holding the Afro-Asian Conference in Bandung (Indonesia) in 1955, the region was the first to articulate an international identity to its members as developing countries. They sought to separate themselves from the bipolar Cold War divisions, even though some members, notably China, belonged to the communist

camp and others, for example Pakistan, were allied to the United States. Yet the two sets of leaders enjoyed amicable relations at the 1955 conference, and in 1956 they signed a friendship treaty. In fact, the two governments had various objectives in their foreign relations that were not narrowly confined to the bipolar divide. Both sought to extricate themselves from their relative international isolation and each sought international support for its territorial claims against its main adversary that at the time enjoyed wider diplomatic support. If China wanted to increase the number of countries to support its claims against America over the Taiwan question, Pakistan also looked for more support for its position on Kashmir as against India. The divergent and sometimes conflicting foreign policy interests of the Afro-Asian states, in addition to the differences between the more radical and moderate states, prevented their movement from developing much further. An attempt to hold a second Afro-Asian conference in Algeria failed in 1963 and again in 1965 because of the ramifications of the Sino-Soviet conflict rather than because of differences between the Western and postcolonial states. By this stage, the more moderate Non-Aligned Movement founded in 1961, whose members were supposed to avoid being aligned with or against either of the Cold War camps, managed to survive, despite the divisions between member states. The survival of NAM may be ascribed to its transformation from an overt international organization opposed to the existing international order into more of a lobbying group on behalf of less economically developed groups in the UN General Assembly and in international economic institutions. It was the Bandung Conference of 1955 that initiated the movement of what came to be called Third World that helped to add new dimensions to the international agenda of political and economic development. As the newly independent states grew in number, they changed the character of the United Nations from a more pro-Western body into one that was favorably inclined to the less-developed countries. However, despite the heated rhetoric of the various movements of the less developed countries, the sources for economic change in world affairs and indeed for Third World countries came from developments in the Asia-Pacific as promoted by the United States.

The economic miracle of the Asia-Pacific: Northeast Asia

Alongside and separate from those Third World issues, the rapid economic growth of the Asia-Pacific later in the Cold War era changed the geopolitical economic balance between the Atlantic and the Pacific regions in favor of the latter. The role played by the United States as the promoter and facilitator of the economic transformation of this profound rebalancing of the world economy can hardly be exaggerated. First, the US provided the public goods of ensuring the flow of free trade across the Pacific Ocean and the seas of the region, second it ensured the military security for the countries conducting the trade and last, but not least, it provided favorable terms for the transfers of technology, investment, training and, above all, access to American markets on favorable terms without demanding reciprocity. To be sure, such generosity served American interests in helping to stabilize the societies of these countries and increase the growth of their middle

classes, thereby making them less vulnerable to what was regarded as communist subversion. In due course, it was expected that they would also provide significant markets for American exports. The rapid economic growth of most of the East Asian economies led to the deepening of the economic interdependence across the whole of the Asia-Pacific sowing the seeds of the expansive globalized world that was to flourish after the end of the Cold War. In addition to helping lift hundreds of millions of Asians out of dire poverty, it also led to the damaging Asian financial crisis of 1997, the effects of which resulted in global economic balances that are still apparent 25 years later. That, however, is discussed in the section on the post-Cold War era.

In the immediate aftermath of WWII, Japan was the first Asia-Pacific country to benefit from the American planning for the post-WWII economic recovery from the wartime devastation, which in Japan's case was terrifying and overwhelming. The plans included nothing less than the transformation of Japan from its recent brutal militarist system into a peaceful, democratic and industrial pillar at the eastern end of the Eurasian landmass. As noted earlier, the initial aim of the American occupation policies was to extirpate the legacy of the pervasive militarism by encouraging the re-emergence of trade unions and leftist influences, as was reflected in the 1947 constitution written by the American occupation administration (known as SCAP – Supreme Command of Asia and the Pacific), which included the famous peace Article 9. It committed Japan to forsake war or the threat of war and to forswear having an army, a navy, or an air force. But the advent of the Cold War caused the emphasis of the American occupation to shift towards the rebuilding of the economy by empowering once again the major conglomerates which had served the wartime economy, by recalling effective managers (regardless of the roles they played in the war) and by encouraging moderate conservative politicians. Although the more right-wing politicians and intellectuals argued for the restoration of a more nationalistic, independent Japan, the majority of Japanese were happy to accept the country's new identity as a state uniquely focused on peace in accordance with its post-WWII constitution. In effect, until the end of the Cold War, Japan was confined to carrying out a foreign policy based on economic relationships, leaving security questions to the exclusive provenance of the United States. Ironically, it was the American progenitors of the constitution and of the Japanese adherence to peace, who were the first to chafe against the consequential difficulties in gaining more active support from Japan in the Korean War. The Japanese economy, however, benefited greatly as the hub for supplying the enormous demands of the American war machine, and that also provided the initial stimulus for the growth of Japanese manufacturing. The Japanese economic model involved a large role for the government, especially in the early stages of development, when it was the recipient of at least \$2.3 billion from the US. By the terms of the San Francisco Peace settlement of 1952, Japan was obliged to dispense war reparations primarily to SE Asian countries. These also contributed to Japan's economic growth: According to an official account,

Japan's reparations and extension of yen loans in the 1950s and 1960s had the objectives of expanding export markets for Japan and securing imports

of important raw materials, and there were high expectations of a beneficial effect from these actions for the Japanese economy. This stance was also reflected in the tied aid rate, which was almost 100% until the end of the 1960s.²¹

As part of its program of democratizing the country, SCAP carried out a massive land reform favoring tenant farmers at the expense of absentee landowners. This had the effect of enhancing agricultural productivity and rural incomes, which facilitated the development of rural industries and the migration of surplus rural labor to work in factories whose manufactures did not require high levels of skill. Government subsidies for exports and government-supported investment in key economic sectors favored conglomerates, who also benefited from being able to export behind high tariff walls. These policies enabled them to compete on the world markets in terms of price and then in terms of quality. They enjoyed easy access to the huge American market on a nonreciprocal basis, which helped create a thriving middle class, that in turn consolidated Japanese democracy and served the long-standing Cold War objective of the United States of building up Japan as its East Asian pillar. The success of Japan transformed it into the economic hub of East Asia, as it became the main trading partner and the principal source of investment for many of the countries of the region. The trouble was that such were the consistent high growth rates of the Japanese economy and its capacity for high quality technological innovation that by the 1980s American businesspeople successfully pressed Washington to change the unfair terms of trade. There was a tendency to view America as being in decline and on the point of being overtaken by Japan. By the mid 1980s, the United States agreed to devalue its currency by up to 50% to address the huge economic imbalances that it had developed with Japan and its European allies. By the terms of the 'Plaza Accord' of September 1985, the value of the Japanese yen rose from US\$242 to US\$153 the following year. That benefited American manufacturers, but at the same time it led to substantial increases in Japanese foreign direct investment (FDI) to fast-growing emerging Asian economies as well as to vastly increased Japanese investment in real estate at home and abroad that was to lead to the bursting of Japan's financial bubble in 1991–92 and to the relative stagnation of its economy over the next two decades.

Not surprisingly, the development of the Japanese economy became a model for others in East Asia. In particular, the military dictator Park Chung Hee was able to use the deployment of 320,000 South Korean troops to help the American forces in the Vietnam War in the eight years, 1965–72, to extract at least \$5 billion from the Johnson and Nixon administrations, which he used as capital investment to promote industrialization and rapid economic growth. His government also established diplomatic relations with Japan in 1965, despite deep-seated popular opposition to the former colonizer. But in return he received reparations of \$800 million, of which some went to the families of people killed by the Japanese and as compensation for destroyed properties, with the rest treated as seed money for the construction of an advanced steel mill and an expressway linking Seoul and Pusan. In consciously following the Japanese model of export-oriented economic industrialization with favored conglomerates benefiting from subsidized

loans, price controls, tax reductions and import quotas, the GDP of South Korea, which was valued at about half of that of the North in 1961, quadrupled in value between 1963 and 1973. Thereafter, its rapid economic growth continued and its so-called 'economic miracle on the Han [River]' resulted in a GDP estimated at \$1.4 trillion in 2017. By comparison the North's was only \$40 billion. South Korea became a member of the OECD in 1997 and is now regarded as a middle power and is one of the largest investors, traders and aid givers in Asia. Like Japan, it possesses a thriving middle class with a successful democratic system in which governments change hands on a regular basis by regular peaceful elections, but that did not occur before the end of the Cold War. However, the continued economic growth and the democratization of the country was clearly the result of the previous transformation.

Taiwan was perhaps even more orientated towards exports than South Korea. Its relatively small population of under 10 million in 1955 meant that it lacked a sufficiently large market to protect its domestic industries as long as South Korea at the same stage of its economic development (nearly 30 million in 1965).²² It was in Taiwan's favor that it, too, was a beneficiary of Japanese influence, but in a more advantageous way than South Korea. For one thing, the legacy of being a colony of Japan could not have been more different. In contrast to the bitterness, hatred and social divisions the Japanese occupiers left behind in Korea, the Taiwan experience was beneficial on the whole, despite the arrogance of many of the Japanese occupiers. The Japanese left behind an agricultural infrastructure, including irrigation systems, roads, rural research and experimental centers and an organization of farmers associations. To be sure, all of that was designed to serve the colonial interest of supplying Japan with subtropical agricultural products unavailable in Japan. But they provided the basis for developing more productive agriculture and for rural manufacturing in postwar Taiwan, and, as in Japan after land reform, that provided the framework for moving to the early stages of industrialization. Beginning with food processing, whose products were exported, the Taiwanese went on to exporting labor-intensive industrial products such as textiles, assembling electronic products and so on. The state played a role by implementing a policy of import substitution to protect infant industries from 1952 to 1960, after which it was recognized that the main goal for state institutions was to increase the competitiveness of Taiwan's companies, many of which were relatively small or of medium size, that emerged out of the experience of rural manufacturing. American economic aid helped to upgrade the technological level of the economy. Different sectors of the economy continued to be partially protected from foreign competition until the late 1980s and early 1990s, by which time the state focused on the promotion of Research and Development (R&D) in electronics, the information sciences and high-tech intensive developments. By this stage, labor-intensive manufacturing and other forms of light industry were transferred to China. By the end of the Cold War, Taiwan had become a major Asian trading center and one of the major investors in China. Its GDP ranked 15th in the world, and it ranked 11th in terms of ease in doing business.

All three are prime examples of what have been called developmental states, which have shared a number of what might otherwise be considered disadvantages at the outset of their respective rapid economic developments: None was endowed with abundant natural resources of either the mineral or vegetable varieties. None has been endowed with energy resources such as oil, coal or sufficient water supplies to generate hydroelectricity or minerals such as iron, copper or diamonds. Similarly, none produced food such as grain, market crops, etc., in sufficient quantities to be regarded as major commodities for export. In addition, each country has had to start afresh after having been devastated by war and/or having been organized to supply the special needs of an occupying colonial power. They have had to rely on their own human resources and on being able to take advantage of the opportunities provided by starting from scratch without being burdened by long-established customs, or by having to overcome institutionalized special interests. At the same time, each was able to utilize experienced administrators, managers, engineers from the previous regimes and to attract qualified or experienced people from their diasporas. They also were able to begin the process with autocratic, or semi-autocratic, nationalistic leaders eager to rebuild their countries, who were able to recruit nationalist-minded technocrats to administer their governments. To be sure, the United States provided the aforementioned economic aid, the public goods and privileged access to its domestic market on a nonreciprocal basis. Those were available to other Asian states, too, but without registering the same results. The key to the successful rapid development of their economies was domestic in their being willing and able to follow the stages of development starting with household-based farming, moving on to small-scale manufacturing to meet rural needs and then proceeding to low-skill, labor-intensive textile manufacturing and assembly line production for export. Only then did they move up to the next economic level of development of industrial production. Supported by government industrial policies, foreign access to their domestic markets was restricted so as to protect the nascent industries on a temporary basis with the aim of enabling them to improve their products so that they could be exported in order to increase the competitiveness of their manufacture and raise quality. That required maintaining a system of banking and financial investment with loans geared towards the goals of long-term development rather than short-term profitability. That in turn necessitated a continuation of capital controls to prevent money from being sent abroad in search of better returns. Such financial and monetary policies went against the policy of the International Monetary Fund (IMF) and other international economic institutions in the West, which favored the free exchange of currencies alongside the free market in goods and services regardless as to whether countries had the financial capacity to manage them. That would have to wait until the developing countries found that the returns on industrial development were getting too low and before interests vested in the existing system became strong enough to prevent change. Developing countries would then need to carry out fundamental changes to their economic system, by placing consumer demand as the main driver of economic growth. Otherwise, they would

face the danger of falling into the so-called middle-income trap and be unable to reach the high standard of developed economies such as those of the West.²³

Economic progress in Southeast Asia

Hong Kong and Singapore and even Macau are often included among the Asian list of “miracle economies.” But as little more than offshore cities, they cannot be placed in the same category as countries in the region with relatively large territories, dispersed populations, significant agricultural produce as well as several major urban centers. The cases of Hong Kong and Macau are irrelevant for the purpose of evaluating the effect of the transformation of the East Asian economies on the geopolitics of the region and beyond. Only Singapore has been sufficiently independent so as to determine its own strategies for economic development and its foreign and defense policies. As a result, Singapore has made its own mark on the development of the region since its separation from Malaysia as an independent state in 1965. Like Japan, South Korea and Taiwan, Singapore was not blessed with natural resources when it began the transition from “the Third to the First World,” to quote its formidable first Prime Minister, Lee Kuan Yew.²⁴ It’s possession of a fairly modern deep-water port at the entrance to the Strait of Malacca may be seen as a major asset, but the port was largely in the hands of the British military until their withdrawal in 1971, and the port required foreign investment to make it fully competitive with others in the region. In its early years, Singapore faced acute economic and even existential problems. The unemployment rate was high amid social instability that discouraged foreign investment. There had been race riots that led to several deaths in 1964, just a year before independence. As a city-state populated mainly by ethnic Chinese (75%), with Malays, Indians and others accounting for less than 25% of a total of just under two million people in 1965, Singapore was bordered in the north by Malaysia and to the west by Indonesia, with respective populations at that time of about 10 million and 100 million, respectively. At the time of Singapore’s independence, ethnic Chinese accounted for about 35% and Malays 53% in Malaysia, and in Indonesia (where discrimination and assimilation made assessment difficult) ethnic Chinese accounted for between 1.2% and 7%. Malaysia’s New Economic Policy, which institutionalized discrimination in favor of Malays led to new rioting in 1969. Indonesia’s Konfrontasi increased instability in Singapore until it ended in 1966. However, Indonesian killings of ethnic Chinese (as allegedly communist sympathizers) after the 1965 aborted coup followed by anti-Chinese legislation in 1966, increased the security pressures on Singapore, which were only partially alleviated by the formation of the Association of South East Asian Nations in 1967, with Singapore as one of the five founding members. It was only in that year that it received full diplomatic recognition from Indonesia and the Philippines. Later, Lee noted that the years following independence were a struggle “filled with anxiety”; it was “only after we weathered the international oil crisis in 1973 . . . were we confident that we could make it on our own.”²⁵ Having struggled to overcome domestic communists within the united front in the late 1950s and early 1960s and into the

1970s, Lee's Singapore sided firmly with the West in the Cold War, when many other Asians, including some in ASEAN did not. Understandably, not wishing to be confined to reliance on neighbors whose goodwill was not always assured, Lee and his successors always favored security arrangements for Southeast Asia that included the great external powers, rather than seeking to exclude them, as sometimes sought by other leaders in the neighborhood. Lee was careful to cultivate and to learn from Japan's economic recovery, despite his deeply felt memories of their brutal wartime occupation and his disapproval of the failure of their conservative leaders to go beyond expressions of 'regret' to voice actual apologies for the wartime behavior of their armies. Lee's insistence on impressing on Singaporeans their multiethnic identity not only helped create a degree of racial harmony in Singapore that was not to be found among its neighbors, but it also helped to define its regional identity. Singapore has been insistent that it should not be mistakenly thought of as a "third China" in Asia, and its leaders have always refused to meet the expectations of Beijing for deference or for its claims to special consideration for Chinese interests. As if to drive home the point, Singapore's top leaders, beginning with Lee Kuan Yew, have always insisted in speaking to Chinese leaders in English, despite their known proficiency in Chinese. Singapore's contribution to the Asian economic miracle came in the form of the provision of services of high international quality, such as banking and finance and others related to the integrity of its rule of law, and the absence of corruption in its public administration (greatly helped by the high salaries of civil servants), as well as those related to its advantageous geography, with an advanced deep-water port by the Straits of Malacca, making it attractive to locating refineries by the big oil companies, and as a naval base, the use of which was extended to Australian, New Zealand and other Commonwealth countries after the main British withdrawal in 1971.²⁶

The other four founding members of ASEAN – Indonesia, Malaysia, the Philippines and Thailand –, which enjoyed relatively high economic growth rates in the late 1980s and early 1990s, are sometimes included in the list of participants in the East Asian "economic miracle," but their relative economic success turned out to be less solidly grounded. Their vulnerabilities were more sharply exposed in the Asian financial crisis of 1997, and although that took place after the end of the Cold War, the sources and indeed the causes of their frailties in comparison with the NE Asian economies go back to the character of their economic development in the years of the Cold War. Each of the four was relatively better endowed with resources than the NE Asian countries. The Philippines in the late 1940s was seen as the richest of the SE Asian countries and was thought to be best positioned to develop economically. But it became the poorest of the four ASEAN economies. This is due partly to the failure to carry out a proper land reform, leaving the major landholding families (such as former President Cory Aquino, the author of a land reform policy) in place; partly to protectionist industrial policies; and partly to the plundering of the national economy by former President Marcos and his cronies. Indonesia, Thailand and Malaysia also mismanaged their respective land reform programs, but not to the same degree. Their industrial policies suffered from excessive protectionism and their financial systems did not focus on

promoting economic development; instead they were deregulated on the advice of Western institutions, without having the necessary financial infrastructure in place. In other words, by following the 'Washington consensus' prematurely, they increased the vulnerabilities of their economies and sought short-term profits at the expense of their longer-term economic development. Consequently, not only did they suffer from the Asian financial crisis of 1997, but unlike South Korea, whose economy was also hit by the crisis, they took longer to recover and remain technologically dependent on multinational companies towards the lower end of the regional chains of production. Unlike the Northeast Asia economies, those of Southeast Asia paid a significant price for the intensity of their social, ethnic and religious divisions, which have troubled their states since becoming independent not long after WWII. These will be considered in a later section. However, to return to the issue of the Cold War, the countries of non-communist SE Asia benefited from the respite from external great power rivalry provided by what is sometimes called 'the second Indo-China war,' or what in Vietnam is called 'the American War' (1965–75). It was in this period that ASEAN was established (1967), which had the effect of impressing on its members consideration of regional interests, even as they pursued their separate national interests. Despite its loose structure by Western standards, and the different security interests of member states, no wars have broken out between them in the more than 50 years since the association was founded. And Southeast Asia, it should be noted, was described by one of the leading historians and experts on the politics of the region in his 1970 book as *Region in Revolt*.²⁷

This account of the economic rise of the East Asian states so far has not considered the significance of the role played by China. This is because China did not begin to play much of an active role in the international economy before the 1980s, when the Cold War was beginning to unravel. China's realignment in the early 1970s should be regarded as an important contributor to the disintegration of the Soviet Union two decades later. But to return to the economic dimension, the most significant changes in China in the 1980s may be regarded as having laid down the basis for the transformative changes that led to the Chinese economic miracles which were unleashed from the early 1990s onwards. After Mao's death in 1976, the veteran leaders headed by Deng Xiaoping who returned to effective power in late 1978 recognized how far China had fallen behind the other East Asian economies and were determined to catch up. Deng, especially, appreciated that China had to open itself not only to trade and the importing of modern machinery, but the Chinese had to learn how best to master advanced technology, what were best management practices and indeed how to carry out market reforms in the process of development. To meet these goals, he first turned to Japan. However, the best first steps towards reform took place at home in the agricultural sector, where the locus of economic activity shifted from the collective to the household. The initiative for the radical reform came from peasants themselves in 1978, supported by reformist local leaders, and then endorsed by Deng Xiaoping, after the return to family farming had demonstrated its superiority to the collectives in raising production and productivity. The profits acquired by rural families

in turn facilitated the development of local rural industries. Southern coastal China benefited from its geographical proximity to Hong Kong and thence to the entrepreneurial Overseas Chinese, many of whom had originally hailed from the provinces of Guangdong and Fujian. The social ties between the two sets of communities facilitated the transfer of labor-intensive factories to these two provinces in particular, parts of which were soon to be designated as Special Economic Zones, where they attracted young surplus rural labor.

The other major change in the 1980s was political. The reaction to the social, economic and cultural devastation caused by Mao Zedong's Cultural Revolution undermined the country's faith in communist ideology. In response, Deng Xiaoping turned to 'patriotism,' or nationalism, as the vehicle for appealing to the people and for galvanizing their loyalty to the communist party. Nationalism had been built into the character of the CCP from its inception in the early 1920s, whose founders saw it as the driver for transforming Chinese society so that China could become prosperous at home and strong abroad. However, the change of ideological orientation raised new problems for the communist party itself and for the broader population. Although Maoist-type radicalism had lost its appeal within the CCP, there was still significant support for running the economy on the lines of a command system and opposition to introducing a free market. Outside the CCP, there were strong voices among the educated youth in particular which hankered after the freedoms they associated with liberal democracies. Gorbachev's emergence as the leader of the movement for reforming communist systems gave a huge boost to Chinese reformers in and out of the CCP. That culminated in huge peaceful demonstrations over seven weeks in many of China's cities until they came to an end on June 4, 1989, with a massacre of hundreds by the army in the surrounds of Tiananmen Square. Later that year, the European communist regimes fell and the Soviet Union, 'the socialist motherland,' disintegrated in December 1991. The CCP leadership blamed Deng and his reforms for China's political catastrophe and purged or demoted the leading reformers. The conservative communist leaders reverted to the traditional planned economy, but they were out-manuevered by the 87-year-old Deng Xiaoping, who had ordered the June 4 massacre, who then established by his famous 'southern tour' in the spring of 1992 the model on which China's rise to global great power status was to be built: Namely, economic reform and openness under unwavering CCP's monopoly of power.

To summarize briefly, the impact of the economic transformations in East Asia on the international politics of the Asia-Pacific during the Cold War era may be seen from several perspectives: First, in terms of trade, the fact that the value of trans-Pacific trade began to exceed that of the trans-Atlantic in the mid 1980s attests to the growing international significance of the region as a major economic center that in time would affect the well-being of economies and regions in other parts of the world. Its trade routes and maritime trade in general were becoming strategically more important. Second, the kind of economic development and the rate of economic growth of regional states were already affecting their political stability, intra-regional relations, defense capabilities and related strategies. Third, the

relative levels and speed of the economic development of regional states impacted their relations with external great powers and their interdependencies. Finally, the regional experience of the role of the United States in promoting economic development was mixed. On the one hand, America provided essential public goods through its provision of maritime security in general, of trade routes in particular, as well as through investment including the transfer of technology and by keeping its huge domestic market open to regional exports on very favorable terms. On the other hand, the actual *laissez-faire* economic programs it promoted did more harm than good, as they foisted, for example, financial and foreign exchange deregulation policies on the region before the developing countries had the institutional structures capable of implementing them. That led directly to the Asian financial crisis of 1997 and to a setback to American standing in the region.

The Vietnam war led to the end of the Cold War

It was the American failure in the Vietnam War that brought about the realignment of the great powers in the early 1970s, which changed the structure of international politics in the region and set in motion the events that were to lead to the end of the Cold War. The Sino-American rapprochement of 1971–72 arose from the conjunction of the militarization of the Sino-Soviet conflict, the perception of the decline of American power arising from its failure in Vietnam, alongside the rise of Japan as an economic power. Nixon and Kissinger, his National Security Adviser, initially envisioned the new alignment of great power relations in terms of a five-part configuration involving an emerging China, an aggressive Soviet Union, a relatively declining United States, a rising Japan and a united Europe on the point of realizing its potential.²⁸ But Nixon's actions and policies belied this analysis. They were directed towards taking advantage of the American position in a triangular structure of world politics by leaning to the side of the weaker power, China, against the more powerful Soviet Union in a context in which the United States could cultivate relations simultaneously with each of the two communist party states while they were divorced from each other. Neither Nixon nor Kissinger paid much attention to Japan or to the European community despite the apparent significance of the alliances with Japan and of NATO for the long-term security of the United States. Nixon's Washington saw global geopolitics in terms of tri-polarity, as apparently did Beijing and Moscow.

The years 1968 and 1969, in which all three powers encountered deep problems at home combined with critical changes in the international situation, culminating in the great power realignments of 1971–72. The February 1968 Tet offensive of the communist forces in South Vietnam may have failed in military terms, but it brought about the political upheavals in America to fever point, causing the incumbent President Johnson to recognize that the war in Vietnam could not be won, which caused him to give up the prospect of running for a second term as president and to begin the withdrawal of the over half a million troops America had deployed to South Vietnam. Later that year, Nixon was elected president on the promise that he would end the war, without the loss of American dignity. The

Soviet-led invasion of Czechoslovakia in August 1968 overthrew its reformist government led by Dubcek. The invasion was afterwards justified in the name of what was called the 'Brezhnev Doctrine,' according to which Moscow reserved the right to intervene in any communist-ruled state if it thought the system of government there was under threat. In the summer of 1968, a much weakened China, engulfed in the chaos of the Cultural Revolution had caused even Mao to change tack. The Red Guards were in the process of being sent to the countryside and the armed forces were called in to restore an order that was necessarily fragile. Mao and his remaining colleagues recognized that China could be a prime target for the 'Brezhnev Doctrine.'²⁹

The uncertainties caused by the invasion and the 'doctrine' continued well into the following year, when large numbers of Soviet forces were sent to confront China along their 4,380-kilometer (or 2,738-mile) border, leading to numerous clashes, which culminated in a Chinese ambush of a Soviet patrol on an island in the Ussuri (Wusuli) River in the Russian Far East on March 2, 1969, countered by a stronger Soviet military response two weeks later. Border skirmishes continued over the next months, with a major Soviet incursion taking place in China's far west on August 13. Their relations reached a crisis point towards the end of August, when the CIA informed the Western press that Soviet diplomats had asked European and American academics and diplomats about the probable response of their governments to a Soviet nuclear strike on China aimed at destroying its nuclear facilities.³⁰ After it was made public by the CIA, Mao and his colleagues took Moscow's threat seriously and ordered immediate preparations for war to be made. Civilians were enjoined to "dig tunnels deep and store grain everywhere."³¹ By September and October, the concern of Mao and his most senior colleagues reached panic proportions. The crisis seemed to have been diffused when the two premiers, Kosygin and Zhou, met at Beijing airport on September 11 as the former was returning home from Ho Chi Minh's funeral. But such was the level of Mao's distrust of the Soviet leaders that he was persuaded that a nuclear strike would take place on National Day, October 1, and he dispersed the CCP leaders to different parts of China. Although nothing happened, China's leaders proceeded to convince themselves that a 'sneak' nuclear attack would take place on the eve of October 20, when a Soviet delegation was due to arrive in Beijing for talks on the border. Tension began to decline in Beijing only after that expected attack did not take place.³²

The anxieties of China's leaders in 1969, which might be regarded as exaggerated, should be understood against the background of their experiences of the previous year. For them, too, 1968 was a year of domestic turmoil as well as the beginning of a turning point in external relations. Externally, the PRC had never been more isolated: Many third states were holding back their previous support for the PRC's membership of the United Nations; and governments which had been close to China over the years, such as Burma (or Myanmar) and North Korea, had distanced themselves from Beijing after being abused for their failure to abase themselves to 'Mao Zedong Thought.' Furthermore, it was at this juncture that Vietnam began its public tilt towards the Soviet Union by openly supporting its

invasion of Czechoslovakia. Against Mao's advice to focus on guerrilla warfare in the south, the North Vietnamese continued to use their regular armed forces. Their defiance at this time vexed Mao, particularly because the Soviet Union was in the process of moving large modern forces to the north and west of China (including Mongolia). The pro-Soviet position of Vietnam suggested that an encirclement of China by the Soviet Union had become a real possibility. He summoned four of his most famous marshals from internal exile and at his request they reported in August that Soviet power was increasing and China had become its main target, whereas America was in decline and its main target remained the USSR. But the Soviet leaders were constrained by the fear of having to fight a two-front war. Chen Yi, separately and explicitly advised Mao that China should use the US to counter the Soviet Union, which he regarded as China's greater threat.

The significance of Vietnam

Before proceeding to consider how the realignments of the three great powers changed the geopolitical structure of the Asia-Pacific and raised new issues for the region in the last two decades of the Cold War, it is first important to reflect on how Vietnam, a relatively small country even in terms of the Asia-Pacific region, came to play such a major role in shaping relations among the great powers. The first Vietnam war (1946–54) may be regarded as a war of independence in which nationalist forces eventually defeated the French colonial army. Hence the war was a major contributory factor to the ending of European colonial rule in East Asia and to the birth of the anti-colonial movement for independence more generally, as symbolized by the Afro-Asian meeting in Bandung in 1955. Although the Vietnamese struggle for independence may be historically significant, it does not explain the wider meaning it had for the great powers. The nationalist forces, however, also served the vision and interests of the communist party of Vietnam, which was a member of the internationalist communist movement. It was not just its communist character that made the Vietnam wars so important from a geopolitical perspective, but it was the timing in the context of the advent of the Cold War in the 1950s and in the context of the breakdown of relations between the two great communist powers, the Soviet Union and China, in the 1960s. The second (1964–73) and third (1978–89) wars, which directly involved the United States and China, respectively, and the Soviet Union, indirectly, necessarily had an impact on relations between the great powers. Vietnam's failure to complete its victory in Cambodia and the inability of the Soviet Union to continue to underwrite Vietnam's occupation of Cambodia were also instrumental in bringing the Cold War to an end in the Asia-Pacific.

The first Vietnam war in the 1940s was fought alongside the Chinese civil war and in the 1950s it overlapped with the Korean War. The turning point in this first war began in late 1949 when China's communist forces reached the border with Vietnam and were able to link up with the Vietminh. China's military assistance to the Vietminh, including heavy artillery, technicians and tactical advice, proved indispensable in defeating the French in their selected battleground of Dien Bien

Phu, which brought to an end the French colonial presence. The international conference that was held in Geneva in 1954 was convened initially to confirm formally the end of the Korean War, but it is remembered instead for having confirmed Vietnam's sovereignty, whose territory was divided between two states (it was hoped on a temporary basis). The wars in Korea and Vietnam marked the emergence and international recognition of China as a great power. Zhou Enlai, China's Premier and Foreign Minister, employed his renowned diplomatic skills to bring about an accord between rivals with competing interests. Zhou was able to persuade his potential adversaries, including Britain and France, to compromise, while bringing sufficient pressure to bear on his ally, North Vietnam, to make an unpalatable concession of withdrawing from the territory it had occupied south of the 17th Parallel, which became the border between the states of North and South Vietnam. Zhou's success was tempered, however, by his failure to win over the American side and by his adding to the grievances of the Vietnamese against their Chinese fellow comrades for making concessions at their expense.

Much of this was overlooked or misunderstood by the American participants in Geneva. Blame for the inability of the Chinese and American delegations to find common ground at the 1954 conference is usually attributed to the leader of the American side, John Foster Dulles. That may be unfair, as American diplomacy in general in the 1950s was wedded inflexibly to the view that the US faced a united communist bloc of countries under the control of Moscow. Neither the American political elite nor the senior ranks in the military appeared to know or care about the history of China's relations with its neighbors. Perhaps they took at face value the claims of Chiang Kai-shek and Mao Zedong and their adherents that in its imperial past, guided by its Confucian culture, China had never been aggressive, nor had it sought the territories of others. Instead it was magnanimous in its search for peace and harmony. But contrary to these assertions, nearly all of China's immediate neighbors had been subject to invasions at various times and by demands that they display the due deference to the emperor, 'the Son of Heaven.' Had American diplomats been aware of the resentment felt by communist Vietnamese towards the high-handed treatment meted out to them by their Chinese comrades, American policies towards Vietnam might well have been significantly different.

By the 1960s, Vietnam had become an important player in the communist world as the divide between Beijing and Moscow deepened. Khrushchev's removal from power in October 1964 led to a change of policy regarding the Vietnam War, and Moscow once again became an active participant. It began to supply Vietnam with more modern weaponry than available from China. The Vietnamese leadership readily responded to Soviet overtures partly as a reaction to the Chinese unspoken, but real, expectation of deference and air of cultural superiority and partly due to Sino-Vietnamese differences about the objectives of the war. The purpose of the war, as seen from Hanoi, was to unite the country under communist party rule and, if possible, to establish control over Laos and Cambodia, as envisioned in the Party's earlier manifestation as the communist party of Indo-China. China's leaders did not wish to see their Vietnamese comrades dominate Indo-China, and

still less see them exercise predominate influence in mainland Southeast Asia. In September 1967, the Chinese Premier Zhou Enlai convened a meeting on the war, with the Vietnamese being represented by two separate delegations: the DRV (of the north) and the NLF (of the south). This may be seen as reflecting the Chinese view that the war in the south should be fought along as a protracted guerrilla war, leaving city warfare to the final stage. The Vietnamese leaders opposed the Chinese view, as shown by the Tet offensive in February 1968, which involved attacks on 64 major urban centers.

From a military perspective, Tet ended in defeat, confirming the Chinese view, but from a political and a psychological perspective, it was a victory as it broke the American will to carry on fighting in pursuit of victory. It also opened the door to negotiating terms for an American withdrawal. Such an outcome would have suited the Soviet leaders, as they sought a *détente* with the US. But it would have been detrimental to Mao's declared revolutionary objective of uniting the Third World and true revolutionaries in a struggle against the United States. At the same time, Vietnam's communist leaders had no alternative but to try to balance their relations with the two great communist powers, whose support they needed during the course of the war, even as they began in the late 1960s to lean increasingly to the Soviet side. Similarly, Mao was bound to claim his support for his Vietnamese comrades in their war with America even if he disagreed with their conduct of the war. As a communist revolutionary, Mao had no alternative but to support the Vietnamese military struggle against what he still regarded as the world's greatest imperialist power, and as a Chinese nationalist, Mao had to promote China's national security interests, by keeping at bay its most powerful and (at that time) most hostile adversary, the United States. Beyond those more defense-minded goals, Mao had his own revolutionary agenda associated with the Cultural Revolution in which the Vietnam War served the purpose of mobilizing the Chinese people against an external enemy and making it easier for him to overcome his domestic opponents. Although unstated, Mao evidently hoped that the war would consolidate his claim to be the leader of the genuine (i.e., non-Soviet) international communist movement and it would elevate Mao to the leadership of the worldwide revolutionary peoples of Asia, Africa and Latin America. Unlike his erstwhile Vietnamese comrades, Mao opposed a negotiated settlement between Vietnam and the US that was mooted in 1968–69, as that would have negated his revolutionary expectations, and above all it would have increased Soviet influence over the North Vietnamese leaders.

The Sino-American rapprochement

A few months later, Mao's strategic views underwent a sea change. He began to regard the Soviet Union as China's main enemy and as a rising aggressive force seeking to use its military power to extend its illegitimate influence in order to become the dominant world power. From this perspective, he saw America as a declining power that was beginning to come to terms with the fact that its strength was on the wane. At that point, Mao began to think of reaching a deal with the Americans. So that

in November 1968, he withdrew his opposition to the Vietnamese proposed negotiations. That did not, however, resolve the major differences between the Chinese and Vietnamese leaders on global, regional or bilateral issues. Mao's rapprochement with Nixon in 1971–72 only widened the Sino-Vietnamese divide.

In the 1960s, the tide of American opinion about policy towards China had begun to change in favor of some kind of accommodation with China. But it was Richard Nixon's article in *Foreign Affairs* of October 1967, "Asia After Viet Nam," that drew the attention of Mao later that year and which began to break the ice in the relationship with China. After Nixon's election and before his inauguration, Zhou Enlai signaled China's readiness to resume the ambassadorial talks in Warsaw. That led to a series of complex signaling between the two sides that resulted in the secret visit of Kissinger, Nixon's National Security Adviser, to Beijing in July 1971 to have talks with Zhou Enlai and the famous meeting of Nixon with Mao in February 1972 that marked the rapprochement between the US and China. The domestic American reaction to the resumption of friendly contacts with China after a break of more than two decades was euphoric. But the reality of relations between the two governments and between each of them and their respective allies were very different. Moreover, neither Nixon nor Mao found his expectations fulfilled. Nevertheless, the longer-term repercussions of the rapprochement were profound. The new strategic triangle between Beijing, Moscow and Washington was to play an important role in bringing about an end to the structure of the Cold War.

The immediate impact of the transformation of Sino-American relations was more complex. Nixon had hoped that the opening to China would make the Soviet leadership more accommodating and that it would also lead China to press the Vietnamese to make concessions in the peace negotiations with the US. In the event, Brezhnev responded by speedily agreeing to the arms control treaty that had been long sought by the Americans, only to revert to his more assertive foreign policy once the limits of the Sino-US rapprochement became clear two or three years later. Meanwhile Sino-Vietnamese relations went from bad to worse. By the end of 1969, the Chinese had cut their aid by half, and by mid 1970, they had withdrawn their remaining support troops from northern Vietnam. Although the Chinese resumed aid at the height of the huge bombing raids on Hanoi and its main port, Haiphong, which Nixon had authorized in 1973, the Vietnamese regarded China's rapprochement with the US as a betrayal, which facilitated the extension of American bombing.

Mao, too, faced mixed outcomes from the new relationship with the US. China's defenses against the Soviet Union were strengthened through gaining higher levels of technology, including access to the best intelligence on the Soviet military and its deployments within reach of the Chinese borders. He gained concessions from Kissinger and Nixon on the question of Taiwan, which they were unable to deliver because of the impact of the domestic American political crisis arising from Watergate. But Mao's standing as a revolutionary leader of the international communist movement suffered, as did his relations with communist neighbors, including North Korea as well as Vietnam. In addition, the rapprochement with

the US did not prevent the dismemberment of Pakistan, when with Indian assistance (backed by a defense-related treaty with the USSR in August 1971) the new state of Bangladesh emerged in December 1971 after the resistance by the local Bengali population to the assaults by the largely Punjabi armed forces from West Pakistan. Hundreds of thousands of civilians had been killed and about ten million refugees had fled to India, when the Indian army intervened in early December. Nixon sent a naval task force headed by the USS Enterprise, the World's largest aircraft carrier, that entered the Bay of Bengal on December 15. East Pakistan surrendered the following day. Nixon claimed to have deterred India from proceeding to destroy West Pakistan. Beijing resisted Pakistani and American requests to intervene. New Delhi claimed that China had been deterred by a Soviet threat to invade Xinjiang. The net result was a decisive change in the balance of power in South Asia in favor of India aided by the Soviet Union. Nixon's much noted 'tilt' towards Pakistan to bolster the new rapprochement with China may have impressed Mao, but it did little for American geopolitical interests in South Asia.

However, China's diplomatic gains were considerable: Japan recognized the PRC as the sole legal government of China on September 29, 1971, severing official relations with the ROC, i.e., Taiwan. On October 25, 1971, the PRC replaced the ROC (Taiwan) as the representative government of China at the UN. Ironically, the resolution was sponsored by Albania, whose leader was opposed to Mao's rapprochement with Nixon as a betrayal of the cause of revolution. However, in 1971 and 1972, the PRC had been recognized by an additional 31 states. In January 1973, the United States and North Vietnam finally agreed to terms to end their war, which led to the withdrawal of a hundred thousand American troops from China's neighborhood.

At this juncture, the divergences between the interests of the Chinese and American leaderships came into play. When Mao received Kissinger on his visit to China in February 1973, he found that instead of the two countries "being in the same trench" of a "horizontal line" linking the US, Japan, China, Pakistan, Iran, Turkey and Europe in order to deal together with "the bastard"³³ (i.e., the Soviet Union), they were operating along different lines. The exchange of visits between Nixon and Brezhnev later that year showed that Washington had used Beijing and not the other way round. An angry Mao accused Kissinger of having "stood on China's shoulders" to reach Moscow. In 1974, the power of both sets of leaders in Beijing and Washington appeared to becoming more circumscribed if not actually on the wane, especially in comparison with the Soviet Union. The Watergate scandal forced Nixon's resignation and its ramifications afflicted the Ford administration, leaving Washington's policy-making capacities much enfeebled well into the late 1970s. The senility of China's leaders and the power struggles to succeed Mao damaged Chinese politics even more.

Mao's disappointments

The Soviet Union by contrast had become a more powerful and effective player of great power politics in the Asia-Pacific in the 1970s and early 1980s. It played

an important role in supporting India in the 1971 war that left its long-standing partner, India, as the dominant and unchallengeable power in South Asia, while a severely diminished Pakistan had been left virtually unsupported in the war itself by its erstwhile allies, China and America. In 1973, a pro-Soviet military coup overthrew the monarchy in Afghanistan to establish a proto-Soviet-style state. The Soviet Pacific Fleet had become a major force in the seas of East Asia and in the Indian Ocean. It also took over the operation of the former American naval base of Cam Ranh Bay in the late 1970s. Moscow was also exploring once again the prospects of persuading Japan to sign a treaty of friendship in lieu of a peace treaty, with the object of opening up the Russian Far East to Japanese investment. A peace treaty would have required Moscow to concede territory in the islands disputed with Japan in the aftermath of WWII.

But the Soviet Union had certain built-in weaknesses that tended to undermine its attempts to play a significant role in this region. It did not have a history of engagement in this region apart from in the north, where it had been active in the late 19th and early 20th centuries primarily as a military and imperialist power. It also lacked the economic capabilities to make a significant difference to Asian states seeking to develop their economies. It was therefore at a distinct disadvantage insofar it attempted to compete with China for forging better institutionalized relations with Japan. China, however, sought to gain Japanese support in its conflict with the Soviet Union so as to break what the new leader, Deng Xiaoping, saw as Moscow's chain of encirclement. Japan would have preferred a more balanced relationship between the two protagonists and a less confrontational external environment. It would also have preferred America to establish better relations with Vietnam rather than see it cement diplomatic ties with China and then tilt against Vietnam. For Japan, the issue turned on the question of the inclusion of the 'anti-hegemony' clause in the proposed treaty with China. Soviet diplomacy was too rigid and insensitive to Japanese sensibilities, whereas the Chinese displayed a more flexible approach. After three years of talks, the Treaty of Peace and Friendship was duly signed in August 1978. The key 'anti-hegemony' clause was balanced by another, which declared that relations with third countries would not be affected. That did not impress Moscow, which continued its opposition. Deng Xiaoping followed with a highly successful visit to Japan in October, which sparked the interest of the Japanese business community in the prospects of the Chinese market and of the expectations on the Chinese side for the enormous role that Japan could play in the modernization of the Chinese economy.

Sino-Vietnamese relations, however, continued their downward spiral in the 1970s. In January and February of 1974, their conflict was extended into a dispute over the sovereignty of reefs and atolls in the South China Sea. Following the victory of the Khmer Rouge in Cambodia on April 17, 1975, and of North Vietnam over the South two weeks later, the historical grievances of Cambodians against the Vietnamese were revived and became incorporated in what had become a Sino-Vietnamese conflict, behind which loomed the Cold War as carried out by the two superpowers. The Chinese, who had already lost much of their influence in Laos, feared what they saw as a long-standing aim of Vietnam to establish

dominion over the whole of Indo-China, which would have denied Chinese access to much of Southeast Asia and would have resulted in the tightening of the encirclement of China by the Soviet Union, Vietnam's partner. The Khmer Rouge leaders had received support and encouragement from the Chinese Cultural Revolution radicals in the early 1970s, but even as the radicals had lost power after Mao's death in September 1976, the more pragmatic Chinese leaders, including Deng, supported Pol Pot and his murderous colleagues because they were the only Cambodians effectively able to challenge the Vietnamese. Meanwhile the North Vietnamese, who had 'conquered' the South, sought to unify their country's political and economic systems by introducing socialism into the South. In particular, they took aim at the Overseas Chinese, who dominated commerce and key sectors of the economy. Their loyalty to Vietnam, which had long been suspect, was in deeper doubt because of the Chinese official appeal in January 1978 to Chinese communities in Southeast Asia to contribute to China's modernization because they were "part of the Chinese nation."³⁴ They were harshly treated by the Vietnamese authorities, their property was confiscated and they were 'encouraged' to leave. Over 250,000 fled, 170,000 north to China and the rest to sea by boat. Of an estimated population of 1.3 million ethnic Chinese in 1975, the 1979 census recorded 949,000.

In December 1978, Vietnam invaded Cambodia at a time when China's leaders were preoccupied with the maneuvering that consolidated Deng Xiaoping's power at home and with his program of modernization that was linked with establishing full diplomatic relations with the United States. Vietnam's battle-hardened forces quickly overran the Khmer Rouge armies who had spent much of the previous two years in raiding across the border and killing thousands of Vietnamese civilians. On reaching the Cambodian border with Thailand, the Vietnamese encountered a motley group of remnant Khmer Rouge troops still led by Pol Pot, Sihanouk supporters and others, all of whom enjoyed sanctuary on the Thai side of the border. The Khmer Rouge, as the most effective fighters, still benefited from Chinese support. Others were seen by the Thai military as a buffer against Vietnam. By this stage, the Chinese had taken matters into their own hands. On his return from a successful visit to the US, Deng Xiaoping, determined to "teach Vietnam a lesson," ordered the PLA to invade Vietnam on February 17, 1979, and after a month in which their superior numbers finally enabled them to secure control of about three northern provinces they withdrew on March 16. The Chinese armed forces had performed poorly and had been unable to cause the Vietnamese to use troops from Cambodia, let alone compel them to withdraw. But the Chinese had succeeded in demonstrating that the Soviet Union had not been able to protect its Vietnamese ally. In the aftermath of the war, the Chinese side continued to 'bleed' Vietnam by compelling it to fight against the use of heavy artillery and other weaponry in defense of its territory in the mountainous borderlands further to the west. The Vietnamese invasion of its Cambodian neighbor violated the key (unspoken) norm of ASEAN members, which opposed the invasion of one Southeast Asian state by a neighbor. That provided the opportunity for the ASEAN group to emerge as a diplomatic community, by

acting successfully to garner sufficient votes in the UN General Assembly to ensure the diplomatic isolation of Vietnam and support for the tripartite coalition of Cambodian resistance based on the Thai-Cambodian border. Unlike the case of the second Indo-China war (i.e., the American Vietnam War), Vietnam lacked general international support, even though the US and many of its Western allies were embarrassed by having to support the murderous Khmer Rouge as a member of the Cambodian resistance.

The Soviet Union, meanwhile, had been emboldened by the rise of its military power and the perception of the relative decline of American power in the wake of its failure in Vietnam and its domestic political turmoil for most of the 1970s. It began to intervene more actively in Africa by facilitating the transportation of Cuban military forces to assist national liberation movements, notably in Angola and Ethiopia, in their struggles against remnant colonial forces and local rivals.

In Afghanistan, the Soviet leadership seized the opportunity in 1973 to encourage sympathetic elements to support the July 17 coup of Daoud Khan to overthrow the king, his cousin, and establish a republic. Daoud, who was then the commander of the small Afghan army and a former prime minister (1953–63), was known to favor the unification of the Pushtu tribes straddling the border with Pakistan. Accordingly, he turned to the Soviet Union for military and economic assistance, whereas the king he had deposed, who also had plans to modernize the country, hoped to rely on Western assistance. Daoud was then overthrown on April 1978 by the local communist party, which promptly engaged in vicious factional fighting. Against the background of the Islamic revolution in Iran (January 1978–February 1979), the Soviet Union decided to invade Afghanistan in late December 1979, in part to prevent an Islamic-inspired takeover by tribes disaffected by communist misrule and in part because of concern that the US might step in if only to establish the intelligence-monitoring facility it had lost in Iran. In the event, the Americans were able to build the facility in China's far west.

The Soviet Union overreaches

The Soviet invasion and occupation proved to be a disaster. With Pakistan as a sanctuary and supported by American and Chinese weaponry, medicinal and other needs, the multiethnic tribal groups, known as Mujahideen, united by their adherence to an austere form of Islam, conducted an insurgency against the Soviet infidel occupiers characterized by acts of horrendous savagery on both sides, leading to 1.5 million, mainly civilian, deaths and to the death of 15,000 Soviet soldiers and another 35,000 injured. The economic and social costs added to the damage to Soviet morale was immense, when by 1989 there was no alternative except to accept defeat and to withdraw.³⁵ It had been the first and last occasion on which the Soviet Union had invaded a country outside its communist bloc. The experience contributed greatly to the spread of Islamist terrorism that soon spread in the Russian Caucasus, notably in Chechnya. The Soviet failure in Afghanistan contributed greatly to the end of the Cold War in Europe and in Asia, even though the deeper causes for the collapse of Soviet-style communism lay elsewhere.

The Cold War ends

The heart of the Cold War was in Europe. That is where it began at the end of World War II in 1945, and where it came to an end with the fall of the Berlin Wall in 1989, the subsequent collapse of the communist party regimes in Central and Eastern Europe (like the proverbial dominoes that would supposedly fall in Asia) and finally with the dissolution of the Soviet Union itself in December 1991. The end of the Cold War also brought to an end the communist, or Stalinist, economic system as a viable alternative to the varieties of capitalism and it also led to the disappearance of communist ideology as a framework for guiding policy making and as a means for appealing for popular support. Each of the two superpowers regarded Europe as at the center of their main strategic interests, which is perhaps why their various proxy and other wars were fought elsewhere, notably in Asia. Only in Europe did the two sets of protagonists face each other not just as military adversaries, but also as countries with opposing political, ideological and economic systems. Only in Europe was there an iron curtain between true democracies, with free markets and political liberalism on the one side and communist party-ruled states operating command or socialist economic systems and guided by communist ideology on the other side. Perhaps that was why the end of the Cold War involved such all-encompassing changes for the former communist party European states in contrast to the more adaptable ones in Asia.

In Asia (and in Cuba) it did not lead to the disappearance of communist parties and the states over which they ruled. They survived by maintaining the Leninist-type organization of their parties and by basing their popular appeal on their particular forms of nationalism. Except for the autarchic dynastic totalitarian system of North Korea, the other Asian communist states – China, Vietnam and Laos – transformed their economies into forms of market-related state capitalism, which became integrated into the international economy. Two of them, China and Korea, had been divided in effect by civil wars and it took several decades before the Cold War terminology of ‘free’ South Korea and ‘free’ China acquired approximation to the truth, when the two nasty dictatorships finally transformed themselves into democracies in the 1980s and early 1990s. At the same time, the two Koreas and China with its claim to Taiwan remained potential sources of military conflicts that could extend to the region and to the wider world.

Considered from a worldwide perspective, the Cold War has also been regarded as the ‘Cold Peace.’ When the bipolar system came to an end, it did so quietly and peacefully with the triumph of one superpower and the disintegration of the other. It has been generally accepted that this ‘Cold Peace’ was caused by the fear of the overwhelming destructiveness of nuclear weapons that once used could quickly lead to the end of the world as we know it. What was known in the Cold War as the “balance of terror” was no misnomer. It was the continual uncertainties of what even an accidental human error could bring about, that in the end prevented even the use of so-called tactical, or battlefield, nuclear weapons from ever being used.

The departing President Bush, who has been praised for his skillful diplomacy in completing the process of ending the Cold War that had been begun by his

predecessor Reagan, and for his conduct of the Gulf War (1990–91), had called for a “new world order.” But he gave little indication of what he had in mind beyond a return to the kind of liberal order envisioned by Roosevelt at the end of WWII. Nor did he have the time to initiate study or research groups that could prepare proposals on which a program for such an order could be built.

In the past, new international orders emerged out of crises, notably wars, when the major participants recognized the necessity for a new start.³⁶ No such call for a new start came from Europe, where it might have been expected, as the continent was divided on several key issues involving the development of a post-communist order. The United States faced no immediate threats or external challenges. The newly elected President Clinton had beaten the incumbent on the issue of the domestic economy. America as a whole may have been exuberant over its triumph in the Cold War, and there was a widespread view that its international role should be to extend democracy and the free market. Yet little thought appears to have been given to the implications of the transformation of America into the world’s only superpower, unconstrained by a rival or by a coalition of other necessarily lesser powers seeking to balance against its otherwise overwhelming strength. Should the United States seek to establish a new multilateral order, drawing on the Roosevelt 1945 model, which would involve complex negotiations, or should it seek to follow a pattern of separate bilateral agreements centered on America? The multilateral approach would be looser, but it would gain from enjoying greater legitimacy and from being rule-based. The bilateral approach would gain from the specificity of agreements, but the absence of generally agreed rules would place a greater burden on the United States to ensure the compliance of the others, without being able to refer to general rules. America would also be required to satisfy others that it would not give preference to its national interests in its role as the guarantor of the new world order. But despite the considerable experience of helping other countries to embrace forms of democracy since WWII, Washington did very little to try and apply that in the supposedly favorable circumstances of the new era.

Nevertheless, the legacy of the Cold War included much on which to build, including major political and economic international institutions and many international treaties to regulate more or less all aspects of international and national conduct. Now that the obstructive barriers of the communist states headed by the Soviet Union had disappeared, the forces of globalization presented new opportunities to be seized. To be sure, the legacy also included many problematic issues of all kinds, notably unresolved conflicts within and between states, the threat to order emanating from poorly governed and ungoverned rogue states, environmental issues, etc. But much had been achieved despite the Cold War, not least the absence of wars between the major powers.

Notes

1 C-SPAN, September 11, 1990. www.cspan.org.

2 Victor D. Cha, *Power Play: The Origins of the American Alliance System in Asia* (Princeton: Princeton University Press, 2016).

- 3 Chen Jian, *China's Road to the Korean War* (New York: Columbia University Press, 1994), Chapter 1, pp. 9–30.
- 4 Alexander V. Pantsov and Steven I. Levine, *Mao: The Real Story* (New York: Simon & Schuster, 2012). See, Part Two, and especially Chapter 23, pp. 343–359.
- 5 “Mao Tse-tung ‘On the Ten Major Relations.’” (April 25, 1956). *The Selected Works of Mao Tse-tung, Volume 5* (Peking: Foreign Languages Press, 1977), p. 304.
- 6 It did not feature in the Yalta agreements about involving NE Asia, and the division between the Soviet and American zones at the 38th parallel was proposed in haste by two American colonels on August 1945, only a day before Emperor Hirohito’s announcement of Japan’s surrender. The proposal was accepted by their superiors and even by Stalin without debate.
- 7 Pantsov and Levine, op. cit., claim, based on a telegram Stalin sent to Prague on August 27, 1950, that Stalin envisioned a world revolution ending in Russian global dominance: The telegram was sent in order to explain the Soviet absence from the UN Security meeting that authorized US-led intervention in the Korean War. Stalin asserted that the war would so weaken the Americans that they would be unable to fight a third world war for some time. That would give Moscow time to “strengthen socialism in Europe.” America would be bogged down in a struggle with China that would “bring about revolution throughout Far Eastern Asia” and change the balance of world forces. That would then accord with Stalin’s plan for a world revolution as a means to spread Russian hegemony, p. 376. My view is that much more evidence is required to substantiate this as a considered plan by Stalin. In any case, Stalin’s conduct during the war suggests more modest aims of weakening all the combatants, even though he seems to have been the main cause for prolonging the armistice negotiations and the fighting that accompanied them. Yet all sides were exhausted at the end and were eager to settle matters after Stalin’s death on March 5, 1953.
- 8 See “Cold War International History Project.” *Bulletin*, The Wilson Center for International Scholars (Washington, DC). Issues 3, (Fall 1993) and 6 (Summer 1996).
- 9 Apart from the number of American casualties, the figures for China, North Korea and South Korea vary greatly. Those given in the text should be regarded as no more than debatable estimates. For the full range of available figures, see “Korean War Casualty Information.” www.koreanwareducator.org/topics/casualties/p_casualties_korean_chinese.htm.
- 10 Wayne Thompson and Bernard C. Nulty, *Within Limits: The United States Air Force and the Korean War*. Air Force History and Museum Program, 1966. (Airforce Historical Studies Office, AF/HO, 1190 Airforce, Pentagon, Washington, DC 20330–1190), pp. 25, 27, 33.
- 11 William I. Hitchcock, “Trump Threatened to Nuke North Korea. Did Ike Do the Same?” *The Washington Post* (August 11, 2017).
- 12 Those offshore islands were technically part of the Province of Fujian (which was administered by the People’s Republic of China), but the islands themselves were administered by Chiang Kai-shek as part of the Republic of China and not as part of Taiwan (technically only one of the provinces of the ROK).
- 13 Xiaoyuan Liu, *Reins of Liberation: An Entangled History of Mongolian Independence, Chinese Territoriality and Great Power Hegemony 1911–1950* (Stanford: Stanford University Press and Co-Publisher, Woodrow Wilson Center, 2006).
- 14 Xiaoming Zhang, *Deng Xiaoping’s Long War: The Military Conflict Between China and Vietnam, 1979–1991* (Chapel Hill: University of North Carolina Press, 2015).
- 15 Andrei Lankov, *The Real Korea* (Oxford: Oxford University Press, updated and revised Edition, 2015), p. 15.
- 16 Sergei Radchenko, “Why Won’t China Help with North Korea? Remember 1956.” *China File* (July 9, 2017). www.chinafi-history-between-beijing-and-pyongyane.com/reporting-opinion/why-wont-china-help-north-korea-remember-1956.
- 17 James Pearson, “On North Korea, US Policy-Makers Misunderstand the History Between Beijing and Pyongyang.” *The Diplomat* (February 12, 2016). <https://thediplomat.com>.

- com/2016/02/on-north-korea, us-policy-makers-misunderstand-the-history-between-beijing-and-pyongyang.
- 18 See Odd Arne Westad, *The Global Cold War* (Cambridge: Cambridge University Press, 2005), p. 187, for the claim that the coup was carried out by young radical officers.
 - 19 Vincent Bevins, “What the United States Did to Indonesia.” *The Atlantic* (October 20, 2017).
 - 20 *The Pentagon Papers*, “U.S. and France in Indo-China, 1950–1956.” (Gravel Edition, Vol. 1, Chapter 4, 1971), pp. 179–214.
 - 21 Ministry of Foreign Affairs of Japan, “Official Development Assistance (ODA), 1954–1976.” (October 4, 2004). www.mofa.go.jp/policy/oda/cooperation/annin50/pamphlet/progress1.html.
 - 22 The sizes of the populations are based on *World Odometers*. www.worldodometers.info/world-population/.
 - 23 Linda Glawe and Helmut Wagner, “The Middle-Income Theory: Definitions, Theories and Countries Concerned: A Literature Survey.” (2016). MPRA_paper_71196_pdf. <https://mpra.ub.uni-muenchen.de/71196/>. For an excellent account of the economic success of Japan, South Korea and Taiwan, see Joe Studwell, *How Asia Works* (New York: Grove Press, 2013), especially “Journey 3, Seoul to Pohang and Ulsan,” pp. 108–133.
 - 24 The title of his book, published by Harper Collins, NY, 2000.
 - 25 *Ibid.*, p. xiv.
 - 26 Michael Leifer, *Singapore’s Foreign Policy: Coping with Vulnerability* (London: Routledge, 2000). See also Bilahari Kausikan, *Dealing with an Ambiguous World* (Singapore: World Scientific Publishing Co., 2017).
 - 27 Milton Osborn, *Region in Revolt, Focus on Southeast Asia* (NSW: Pergamon Press, 1970).
 - 28 Nixon on the Record: “End China’s Isolation.” President Nixon addresses Midwestern media executives in Kansas City, July 6, 1971. www.nixonfoundation.org/2015/07/president-nixons-america-multi-polar-world.
 - 29 John W. Garver, *China’s Quest: The History of the Foreign Relations of People’s Republic of China* (Oxford: Oxford University Press, 2016), p. 278.
 - 30 The Soviet government clearly wanted to put its nuclear threat to China out in the public domain. For example, in early August 1969, two Soviet diplomats traveled from London to Southampton University, where I was a young and relatively unknown lecturer, to ask me that question.
 - 31 In early April 1976, as a member of an officially invited academic group I was shown such a ‘tunnel.’ The entrance was concealed under the carpet of a big store in Qianmen Street, just south of Tiananmen Square. At the end of the relatively short tunnel was a metallic door, supposedly resistant to the blast of an atomic bomb, which opened out to what seemed like a huge warehouse with other tunnels leading out of it. Five years later the vast complex was opened to the public as an Underground City.
 - 32 For a detailed account of the military tension between China and the USSR in 1969, see Michael S. Gerson, “The Sino-Soviet Border Conflict: Deterrence, Escalation and the Threat of Nuclear War in 1969.” (Virginia, CNA, November 2010). D0022974. A2–2.pdf.
 - 33 Cited in John Pomphret, *The Beautiful Country and the Middle Kingdom: America and China, 1776 To The Present* (New York: Henry Holt and Company, 2016) p. 471.
 - 34 Garver, *China’s Quest*, op. cit., pp. 398–399.
 - 35 The account of the Afghan war draws on Odd Arne Westad, “Concerning the Situation in ‘A’: New Russian Evidence on the Soviet Intervention in Afghanistan.” (Cold War International History Project, *Bulletin*, No. 8–9, Woodrow Wilson International Center for Scholars, Washington, DC, Winter 1996/1997), pp. 128–132.
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3 From unipolarity to uncertainty

1991–2018

The election of President Donald J. Trump in November 2016 marked the end of American pretensions to lead the liberal world order that was established after the Second World War. The Chinese President Xi Jinping saw this as an opportunity to assert Chinese leadership of a ‘new era’ in which, in the words of the official news agency, Xinhua, “China is set to regain its might and re-ascend to the top of the world.”¹ However, not even Xi Jinping in his forward-looking address to the 19th Congress of the Chinese Communist Party (CCP) of October 18, 2017, claimed that the ascent had already happened. Meanwhile it remains to be seen in the fullness of time whether America has indeed withdrawn from the international leadership, which it once exercised, and whether China would be able and ready to replace it. At this time of writing, in the winter of 2018, the world order that was envisioned by Washington at the end of the Cold War eroded even before the ascent of Trump. Indeed, his presidency should be seen as not the cause but rather as the consequence of the unraveling of that order in the course of three previous presidencies. The re-emergence of populism in the West, the disruptive problems posed by Putin’s resurgent Russia, the challenge of an assertive and more powerful China to regional order in the East and a revival of the North Korean nuclear problem all antedated Trump’s election.

It is easier to trace how the PCW liberal order eroded than to pinpoint when it came to an end and a new era of multipolarity and disorder began. However, there can be little doubt that American trust and belief in the virtues of the liberal order and in its capacity to ensure jobs and prosperity for them and their children was damaged by the consequences of the prolonged warfare in the greater Middle East combined with the enormous economic setbacks caused by the financial crisis of 2007–08. Many Americans lost faith in the Washington political elite to govern fairly, with due regard to the interests and outlook of the white working and middle classes. The political gridlock in Washington and the polarization of American politics and society took place well before the advent of Donald Trump and his unilateralism.

The evolution of the post–Cold War (PCW) period may best be understood by considering the changing position and policies of the United States. At the time of writing, America may still be said to remain as the world’s only true superpower with the world’s largest economy and its most powerful military

force. America is also the leading center for technological innovation and its top universities are still regarded as the best in the world. Yet, the United States has lost the self-confidence with which it started off the PCW era. Americans have become weary of the prolonged wars in the Middle East and Afghanistan from which they have not yet found a satisfactory way to withdraw after over 16 years of conflict. America has become a highly divided society, with a discredited and dysfunctional political system headed by an erratic president who lacks general support and who deepens the country's social and political divide.²

In tracing the evolution of the current international order, it is perhaps most convenient to do so through America's interactions with the world since the end of the Cold War, with a particular focus on the Asia-Pacific, or Indo-Pacific, region. The character of the American international experience of this period conveniently corresponds to the three decades being considered: The 1990s may be described as that of American predominance, or even American hubris. The 2000s may be seen as a decade characterized by the emergence of international terrorism from the Middle East and of American overextension as a response. The 2010s may be regarded as the period of American nemesis (following from its earlier hubris), the ascent of China as a global power and the replacement of order by uncertainty. The Trump administration has yet to demonstrate the capacity to provide either the domestic or international leadership necessary for any order to prevail. China, under Xi Jinping, while challenging American maritime predominance in East Asia, is not in a position to do so either. Xi has projected his country as an international leader of trade, of globalization and of a new kind of intercontinental connectivity. However, it remains to be seen how successful he will be, especially in view of his country's mercantilism and its disregard of international law and of the rules of international trade.

From American hubris to new uncertainties: the 1990s

The triumphalist mood in the United States in the 1990s was palpable. No problem, no matter how gritty and entrenched in decades or centuries of miserable and sordid history, was outside our capacity to solve, usually by force. Those who did not subscribe to this worldview were supposedly trapped in the past, unable to understand the new paradigm of the 'new American century.'³

The sudden and totally unexpected disintegration of the Soviet Union in December 1991 brought to an abrupt end a bipolar system that had spanned the world for the previous four decades. It was one characterized not only by a strategic conflict between the two superpowers as tempered by the balance of nuclear power but also by a clash between two distinct ideological, political and economic systems. At a stroke the old order disappeared to be replaced in January 1992 by one dominated by the sole remaining superpower – the United States – headed by the newly elected President Clinton. The initial discussion of a 'new world order' took place earlier between Presidents Bush and Gorbachev in August 1990 in the build-up

to the first Gulf War. The two leaders saw the new world order as one to be led by the US in cooperation with the Soviet Union, involving other states as partners under the authority of the United Nations. After the dissolution of the Soviet Union, Bush envisaged the US playing the leading role in the world not only by virtue of its military and economic strength and of its various other resources, “but as the leading democracy and the beacon of liberty, we have a disproportionate responsibility to use that power in pursuit of a common good.”⁴ With the removal of the worldwide divisions of the Cold War system and with the recognition that Soviet-style socialist economics were not a viable alternative to the market-based international economy, all the barriers to the worldwide spread of capitalism disappeared. This left the United States as the sole superpower to enjoy what was called its ‘unipolar moment.’⁵

However, the speed with which this unexpected transformation of the international system took place meant that no thinking or practical preparations had been directed towards what might replace the old system. In comparison, preparations for a new liberal world order had been undertaken under the leadership of President Roosevelt for at least three years before the end of WWII. The order was meant to be universal in scope and it included the United Nations (1945) and its agencies, with the Soviet Union as a founding member. But the Soviet Union did not join the international economic institutions such as the International Bank for Reconstruction & Development (aka The World Bank) or the International Monetary Fund (IMF), which were also founded at the same time, because they were not compatible with Soviet political-economic systems. Yet the institutions and the universal values that underpinned Roosevelt’s vision of world order in 1945 ultimately prevailed with the demise of the Soviet challenge over 40 years later. However, the question as to whether that order needed reform or new thinking was never really addressed.

From the perspective of the Asia-Pacific, the experience of the process leading to the end of the Cold War differed from that of Europe, or more broadly, the West. The Cold War had begun in Europe, where an impenetrable iron curtain divided the two camps of liberal democracies with market economies on the one side and communist party states with command economies on the other. If the former were shielded by American power, the latter had been imposed by the Soviet Union. Developments in the Asia-Pacific were very much driven by nationalist aspirations for independence from colonial rule and imperialist influence. With the exception of Mongolia, which had been virtually a satellite of the Soviet Union since the 1920s, as the price for protecting it from China, the communist party states of the region, including China and Vietnam, were driven as much by nationalist aspirations as by revolutionary fervor, and in any case, they had come to power through their independent military struggles rather than by Stalin’s imposition (as in Europe). Even in the case of North Korea, where the communist regime was initially set up by the Soviet Union, as was the appointment of Kim Il Sung as its leader, Kim soon established his political independence, unlike his European counterparts, who were subject to the prospect of Soviet military intervention.⁶ Also, despite the American embargo and containment of China, the lines

between the communist and the so-called free worlds were less clear-cut in the Asia-Pacific. For example, Taiwan and South Korea may have been part of the 'free world' on account of their strong anti-communism, but for most of the Cold War era they were subject to ruthless dictatorships. The communist party states in Asia were truly independent, with their own domestic sources of legitimacy, and they did not fall like dominoes as did their European counterparts when the Soviet Union released its tight controls.

The Sino-Soviet conflict, especially after China's rapprochement with the United States in 1971–72 may have transformed the bipolar international system into a tripolar one – at least in terms of great power strategy. But the consequences for the states of the Asia-Pacific were more profound and longer lasting. The influence of historical animosities between China and its neighbors re-emerged once the constraints of the bipolar system had been loosened. This was as true for communist Vietnam as for communist North Korea, where the former had to give way to Chinese power at the end of the third Indo-Chinese War in 1989, and the latter had to be wary of China as its sole protector, now that it could no longer play it off against the Soviet Union. Most of the other Asian states had recognized the PRC in the course of the 1970s in accordance with their different ethnic, national, economic and historic interests with little regard to the continuing Cold War divisions, especially in Europe.

However, it would be wrong to suggest that the European and Asian communist party states had little in common even in the 1980s. They shared a perceived need to reform their systems of command economies and they paid close attention to the ways in which the different states attempted to reform. But economic reform in Europe was seen as requiring a loosening of Moscow's tight political controls. In China, where the attempts at reform began in 1980, the political divisions over the issue were entirely domestic. On the one side, were reformers inside the party who found common cause with most of the intellectuals on the outside, who argued that more political liberty was needed if the economic reforms were to succeed. They were opposed by more orthodox and conservative party members who regarded such views as manifestations of Western bourgeois liberalization, which, if adopted, would lead to chaos. Perhaps it was China's independence that enabled the CCP leaders to restore domestic order and establish a stable political base from which to pursue economic reform and openness to the capitalist world so quickly and successfully, less than two years after 'Tiananmen' and just a month or so after the dissolution of the communist party of the Soviet Union and of the Soviet Union itself, the "motherland of socialism."⁷ In fact, China's communist leaders made a deliberate decision to turn to the propagation of patriotism once the ideology of communism had lost such remaining popular appeal as it may have had. But regardless of China's independence and its embrace of patriotism, the leaders still accepted that their country and party had much in common with communist party states.

The collapse of communism in Europe in 1989, culminating in the dissolution of the Soviet Union at the end of 1991, did come as a shock to China's leaders. And since then much study and thought has been given in China to identifying the

causes for the collapse of those communist party systems, primarily to ensure that China does not end up falling into the dustbin of history like them. At the time, China's leaders blamed Gorbachev for proceeding with political reforms before he had ensured stability by improving economic conditions. They have continued to try to learn 'lessons' from those events. Perhaps the most important lesson from their point of view was never to waiver from the principle and practice of maintaining the CCP's absolute monopoly of power. For example, shortly after becoming leader, Xi Jinping declared that one of the reasons for the Soviet collapse was that its army had become a national state army instead of a party army and that is why it stood aside when Yeltsin took over as the leader of the Russian Federation instead of the army stepping in to preserve the USSR. Xi affirmed that the Chinese People's Liberation Army would always be the army of the CCP.⁸

In contrast, the Washington political establishment and the incoming Clinton administration saw the end of the Cold War as the triumph at last of the liberal international order.⁹ The brutal massacre of hundreds of peaceful Chinese demonstrators on the orders of China's elderly dictator on June 4, 1989, was condemned, especially in the Western world, where the CCP was seen as bound to suffer the fate of its Soviet counterpart.¹⁰ The universality of American political values was no longer contested (except by the leaders of China). The demise of the Soviet Union left the United States as the only country whose military power was of global significance and which could be expected to prevail against any opponent, or group of opponents. America was recognized as the world's leading economy and as the major source for technological innovation. Its supremacy was confirmed by its astounding military victory over Iraq in 1990–91. Using its high-tech 'Revolution in Military Affairs,' the United States had rapidly overwhelmed the Iraqi armed forces, despite their being equipped with some of the most advanced Soviet weapons systems, and in the process the United States changed the character of modern warfare, causing a transformation in the Chinese view of the enormity of the challenge in bringing its military forces up to date.¹¹

Looking ahead to the supposed new order, Western governments expected that the international organizations established at the end of WWII would be able to operate at long last as the founders had originally envisioned. For example, the UN Security Council (UNSC) would be no longer paralyzed by the Soviet veto. The commitment to uphold human rights would no longer be resisted in the name of the absolute primacy of state sovereignty. Under the auspices of the United Nations it would now become possible for the 'international community' to come to the aid of people subject to 'ethnic cleansing,' genocide and other war crimes that were perpetrated by their home governments, without concern about possible violations of a state's sovereignty. In 2005, this led the UN to adopt the resolution, the Responsibility to Protect (R2P), as a new international security and human rights norm.

Despite the triumphalist American vision of an unopposed victorious liberal international order, epitomized by Francis Fukuyama's article, "The End of History," the supposed victory turned out to be incomplete.¹² The struggle between authority and liberty has long been embedded in human thought and human practice. It can be argued that the struggle was evident in one form or another since

ancient times.¹³ A saying of the 18th century, common at the time of the American Revolution, points up the fragility of a liberal system of government and the contradiction embedded within it: “Eternal vigilance is the price of liberty.”¹⁴ In fact, the structural changes of international relations in the aftermath of the Cold War were more varied and complex than simply the emergence of American unipolarity, with its promotion of market economic forces in the form of globalization and still less in its attempts to extend democratization. From an international structural perspective, the Cold War had imposed a system of bipolarity on relations between states on a worldwide basis, requiring their governments to exercise self-discipline and avoid policies which challenged the interests of their respective superpower leader. Otherwise, they would be liable to intervention and even to being replaced, as had been the experience of those states whose governments sought to defy the strategic interests of the superpower to which they were attached. That had been the case in Iran in 1953, where the US engineered the overthrow of the government of Mossadeq, and in Hungary in 1956, when the Soviet Union invaded the country and overthrew Imre Nagy. The Cuban Missile Crisis of 1962 raised tensions between the two superpowers to new heights. And they were not dispelled even after they had reached the final stage of nuclear deterrence, called Mutual Assured Destruction (MAD). Both sets of leaders knew that MAD may have ruled out any rational decision to start a nuclear war; they also knew that such a war could happen by accident or by unintended escalation. In the absence of that high degree of tension, the structure of international relations became much looser, allowing for greater differences between regions and eventually the emergence of major powers willing to challenge particular aspects of American supremacy, as was the case, for example, with Russia and China. In retrospect, the initial American triumphalist response may best be seen as hubris.

The weakening of the PCW order at the beginning of the 21st century and indeed of the structure of the international political system itself may be seen as having arisen from American over self-confidence. That led to the overextension of its military power and its greatly enlarged financial indebtedness by its warfare in the greater Middle East; and in 2007–08 it contributed to the deepest financial crisis since the great depression of the 1930s. Not surprisingly, the United States failed to provide effective leadership in consolidating the international liberal order. It could also be argued that the problem stemmed more from the lack of preparedness for the transition from the relatively highly structured international order of the Cold War to what was to follow. The contrast with the experience of the Roosevelt administration in preparing for the post–World War II order is striking. After 1945, the Americans were able to bring about transitions to democratic governance and market-led economies in West Germany and Japan despite their defeats amid almost total destruction. But the attempt to bring about democracy and economic reform in Russia was a dismal failure. It had been ill thought out by an unprepared American leadership.¹⁵ As against that, the destruction of surplus nuclear weaponry scattered throughout the former Soviet Union was successfully accomplished – perhaps due to the various well-established arms control organizations in the US and elsewhere.

In East Asia, the Clinton administration had greater success once it conceded in 1994 that it could not use economic means to force the Leninist government of China to observe the UN Human Rights agenda. However, it then demonstrated the limits to Chinese power by sending two carrier-led battle groups two years later to prevent the Chinese from using force to obstruct democratic elections in Taiwan in 1996. That military crisis alerted Clinton to the significance of China to the maintenance of peace and order in East Asia. He then initiated policies of accommodating China's rise through an approach that Clinton called "comprehensive engagement" and after initial hesitation (which was typical of his conduct of foreign affairs) he proceeded to facilitate its entry into the World Trade Organization at the end of 2001. The Clinton administration established what was to become the main American policy for subsequent administrations of seeking to integrate China into the international economic system. The hope, or expectation, was that as China got richer, a middle class would emerge, which would seek more freedom of expression to advance its interests and greater legality to protect them from arbitrary acts by officials. Over time it was expected that such developments would lead to a process of democratization.¹⁶

The policy of the Clinton administration towards North Korea also had its inconsistencies. Beginning in 1994 with a crisis over its nuclear program that almost led to war, the crisis was resolved by persuading the North to sign what was called a 'Framework Agreement,' according to which the North would stop its nuclear program in return for being supplied with oil and two light-water reactors. But within a few years each side claimed that the other had violated the agreement. However, as the Clinton administration was running out of time, it actually exchanged visits by very senior officials. The incoming Republican President Bush (the younger) who had earlier indicated his opposition to the agreement, added for good measure a curt and rude dismissal of the internationally highly respected South Korean President Kim Dae Jong and his 'sunshine policy' of reaching out to the North with joint economic projects. In his first State of the Union address of March 2002, Bush denounced North Korea as one of three of the 'axis of evil,' along with Iran and Iraq, thereby ending the prospects for building on Clinton's initiatives.

With regard to Japan, new defense guidelines were proposed in 1995 and agreed the following year, which put the alliance once again back on a firm footing after it was in danger of eroding. In Southeast Asia, the Clinton administration supported the new multilateral groupings, most of which had been promoted by an enlarged ASEAN. But Clinton did not succeed in changing their voluntary character by seeking to make mandatory the tariff reductions that were agreed to at an Asia-Pacific Economic Cooperation (APEC) meeting, which he hosted in Seattle in 1993.

The Clinton administration record as the leader of what the previous President Bush (i.e., the older) called a "New World Order" can be regarded as mixed. The emphasis on democratization and the free market played an important role in helping the European former members of the Soviet Bloc in their transitions towards joining the democratic West, but failed in Russia itself – to the cost of

subsequent American administrations. Despite the relative success of the interventions in the Balkans, its interventions elsewhere in support of Human Rights were not crowned with similar success. In East Asia, however, despite some failures, the policies of the Clinton administration on the whole served America well, precisely because those policies did not focus on the promotion of human rights and democratization.

The consequences of 9/11: the 1990s

The idea that America was “exceptional” can be traced back to its Founding Fathers, when the concept referred primarily to the domestic character of the United States. But the assertion in 1998 of ‘indispensability’ by Madeleine Albright in the international realm suggested an overextension of the earlier claim, to something far too ambitious. It may also be seen as hubris, which duly resulted in nemesis, albeit one that was caused by the next Bush administration. Following the declaration of war on global terror after the shock of 9/11 in 2001, the US launched a war a month later against the Taliban rulers in Afghanistan, who had continued to shelter the terrorist group, Al Qaeda, which had carried out the attack of 9/11. That war garnered the support of most countries, but before it could be completed with the destruction of Al Qaeda and the Taliban, the Bush administration switched its attention to the invasion of Iraq. Even though Secretary of Defense Rumsfeld stated in October 2002, “The Taliban are gone. The Al Qaeda are gone,” the Afghan war continued through Bush’s second term, through Obama’s two terms and it is still continuing into the second year of the Trump administration. Officially, it ended in December 2014 after 13 years, as America’s longest war ever. But thousands of US combat troops are still there.¹⁷

The war against Iraq launched two years after 9/11 beginning on March 20, 2003, turned out to be the nemesis of the Bush administration. To be sure, the American forces quickly defeated the Iraqi army, but instead of being greeted as liberators, as predicted by Vice President Cheney, they were regarded as invaders and occupiers, and chaos ensued.¹⁸ Far from laying the ground for the development of democracy, elements of the American army were found in at least one notorious case to have carried out what in effect were war crimes in the treatment of Iraqi prisoners of war in the prison of Abu Ghraib. The Iraq War soon became part of a warfare that engulfed the wider Middle East to include religious, sectarian and tribal divisions, leading to the breakout of civil wars in Syria, Yemen and Libya that drew in the greater regional rivals of Saudi Arabia and Iran, who respectively led the two main branches of Islam: Sunni and Shiite. Terrorist forces were also active on all sides of these highly destructive wars, contributing to a huge number of refugees displaced within their own countries and to the outflow of large numbers of them to neighboring countries and from there to Europe.

What started off as two hugely costly wars to rebuild Afghanistan and Iraq resulted in chaos and misery for most of the Middle Eastern countries. The rising financial costs of the wars contributed to America’s indebtedness, particularly as the Bush administration decided to break with tradition and finance the warfare

through external borrowing, while simultaneously cutting domestic taxes, thereby reducing the revenue of the government. US spending on post-9/11 wars alone, was calculated to reach \$5.6 trillion by 2018.¹⁹ The United States also failed to prevent the spread of nuclear weapons first to India and Pakistan, then to North Korea and possibly by 2030 to Iran. When combined with the impact of the gravest financial crisis of 2007–08 since the Great Depression of the 1930s, the perception in much of the world, including at home, was that the United States was in relative decline. And that provided the spark for a new assertive approach by China as demonstrated by its use of coercive diplomacy to advance territorial and maritime claims in Southeast Asia virtually unopposed.

The Obama administration apparently was concerned lest conflict with China might jeopardize the willingness of its leaders to cooperate with the United States on issues of major international importance such as North Korea, or climate change. Apparently, little thought had been given to the fact that China's leaders only acted in the international sphere when they considered it was in their interests to do so. The Obama administration also feared that even a minor military incident involving the US and China could escalate rapidly into a major military confrontation, which Obama was anxious to avoid.²⁰

In Northeast Asia, similar Chinese tactics led to an ongoing confrontation with Japan, which was supported by the US, its cautious ally. Yet China, too, had reasons to be cautious. It had not succeeded in driving a wedge between the US and its Japanese ally. It also sought to avoid a major military confrontation with the United States. Even if China were to succeed in the early encounters, the Americans would be bound to respond rather than retreat and leave China in control of a region of such importance to the United States. China's leaders also had to take into account the possible domestic repercussions that could undermine social stability. Youthful nationalists would not take kindly to possible military setbacks and any military conflict with America would damage economic prospects by reducing foreign investment and access to the American market. In addition, Japan was a much more formidable adversary than any of the Southeast Asian countries, and China's leaders found that Japan could not be forced to concede by the kind of intimidation to which the Southeast Asians were subjected.

Nevertheless, the significance of American power had weakened in many respects by the turn of the 21st century. The United States was seen both at home and abroad to be facing several years of struggle to recover from its recession and its two wars in the greater Middle East. America had lost much of its self-confidence even though it still remained the main provider of the public goods of economics, trade and security in the Asia-Pacific. But it was increasingly being challenged by a China that was in the process of becoming the leading trade partner for nearly all the countries of the Indo-Pacific. In addition, China's emerging modern military strength ensured that the US could no longer exercise the unimpeded regional dominance to which it had become accustomed since the end of the Second World War. Ironically, the US, which had gone out of its way to underwrite the rapid growth of China's economy and the modernization of its military, was increasingly faced by a China that had duly become a major power

that was actively seeking to reduce, or even displace, America's regional power and influence. Far from seeing America with its allies and partners in East Asia as a source of regional stability, China's leaders had come to regard the United States and its network of alliances as instruments for carrying out what they regarded as an American strategy to contain China and to prevent it from becoming a great power, with the ultimate aim of undermining China's communist system. American relative weakness can also be seen from the failure of the Bush and Obama presidencies (2002–16) to find a unifying theme to guide their overall strategy towards the different parts of the world.

The failure of the 'pivot' or 'rebalance': the 2010s

The Obama administration recognized from the outset many of the ways in which the world had changed and that America's freedom to act unilaterally had become much more circumscribed. On assuming the presidency, Obama argued in a series of speeches that he would reach out to adversaries and initiate new approaches to the people of Africa and to the world of Islam, including Iran, and that he would seek to bring the era of nuclear weapons to an end. Arguably, his major achievement was in building an international coalition that brought sufficient pressure to bear on a reluctant Iran to agree to suspend its nuclear project for 10 to 15 years. He also sought (unsuccessfully) to reset relations with Russia. True to his word, Obama emphasized multilateral approaches as opposed to unilateralism throughout his presidency. No other president, for example, had attended more frequently the meetings of the various indigenous multilateral organizations and associations in the Asia-Pacific. It was the Obama administration, too, which sought to re-emphasize the commitment of America to the significance of the Asia-Pacific by claiming to 'pivot' or 'rebalance' to the region.

But despite his eloquence, much of what Obama wanted to achieve was frustrated not only by the opposition of a hostile Congress, but also by his painstaking process of decision making, his risk-avoidance approach and by the impression that he "sometimes lack[s] fire."²¹ This was reflected in his policies in the Asia-Pacific: For example, by his failures to address China's coercive diplomacy towards the littoral states of the South China Sea (SCS), or by not imposing a cost on China for its open disregard of international law in pursuit of its maritime and territorial claims in the SCS. Even after Obama had expressed in advance his public support for the ruling of the International Tribunal in The Hague, he hardly mentioned it after The Tribunal in 2016 had found against a China that refused to accept its authority. Earlier in 2012, the Obama administration mediated a dispute between the Philippines and China over Scarborough Shoal in the SCS requiring both sides to withdraw their forces. The Philippines duly withdrew, but the Chinese left behind some of their forces. The Americans did nothing and left the Chinese in control of the Shoal. Not surprisingly, America's allies in the region had little confidence in Obama's many assurances of support. Apart from rotating 2,500 marines from Guam through new facilities in Port Darwin in Australia and announcing that in due course the overall balance of naval ships deployed to the

region would be increased to a ratio of 60:40, few new resources were added to give weight to the Pivot so that the rate at which advanced military forces were strengthened in the region continued to favor China. Following Obama's inaction, the Chinese began dredging extensions the following year to the six or seven rocks and reefs they occupied in the Spratlys without, an active American response.

By the end of the first decade of the 21st century the United States may still have continued to be the world's sole superpower, but its so-called hegemony, based on its dominance of what the late Susan Strange identified as the "four structures of power" (security, production, finance and knowledge) had been undermined.²² American power was being successfully challenged by the combined effect of the rise of the independent power of China and to a lesser extent, India, Brazil and a resurgent Russia, which had annexed the Crimea and carried out so-called hybrid warfare in Eastern Ukraine, without a robust American response. America's long-standing major Western ally, the European Union, was internally divided and adversely affected by the financial crisis. Following Obama's departure, the NATO allies were alienated by Trump and his 'America First' approach and his strange regard for Putin. In Asia, the challenge of China was deepening: It had installed military facilities on built-up reefs in the South China Sea, China had intimidated neighbors and had begun work on some of its huge infrastructure projects. Xi Jinping has envisioned that when completed his Bridge and Road Initiative (BRI) would place China at the hub of networks of worldwide connectivity.²³ The contrast was very great with the American niggardly approach, first with the congressional resistance to the Trans-Pacific Partnership (TPP) as negotiated by Obama and then followed by Trump's immediate dismissal of it, despite its support from the other 11 countries, who valued the TPP for geopolitical as much as for economic reasons.

America's standing in the region was diminished by the fact that it was left to Japan to lead the other remaining ten countries to resurrect the TPP in the revised form of the Comprehensive Progressive Agreement for the Trans-Pacific Partnership (CPTPP), which they all signed on March 7, 2018. Despite excising a few of the chapters of the draft TPP, the new agreement is still a major advance on previous free trade agreements, as it addressed in a comprehensive manner subjects of immediate relevance to the changing international economy including the environment, labor rights, e-commerce, trade in services, etc. The CPTTP conforms in most respects with what Obama had described as an enforceable 21st-century-style trade agreement. The leadership of Prime Minister Shinzo Abe, through his concentration of foreign policy, trade and security decision making in his office also ensured Japanese acceptance of the terms of the FTA with the EU in July 2018. Consequently, Japan's agricultural lobby, which used to be so effective in the past, turned out to be weaker than expected. Instead, it proved to be a victory for Japan's economically far more important auto industry and more broadly for Japan as a real leader of global free trade. Abe's leadership was clearly different and more effective than the loud and hollow claims by China's Xi Jinping to lead the globalization of the world economy, while quietly practicing mercantilism at home.

The CPTTP demonstrated that, though desirable, American leadership was no longer necessary to advance and protect the international liberal economic order in the region. It had already become clear in Bush's second term that America could only provide leadership in a multilateral context, or perhaps more accurately, in partnership with others. Fortunately, from an American point of view, the other centers of power of global significance, which included the European Union and Japan, as well as Russia, China and other emerging powers such as India and Brazil, differed markedly in their characteristics, capabilities and capacities to act collectively in the international context. Their national interests diverged and in effect they were separate constellations of power, some seen as rising – notably China, India and Brazil – others seen previously to be stagnating if not actually as declining – Japan and the EU – had begun to revive and were able to step into the breach when America began to falter on its responsibilities as the leading Western power. Despite a Russia that is seeking to restore lost Soviet power and a China that seeks to establish a new self-centered international order, these two revisionist powers could not block the development of the existing liberal order by Japan and ten other states. Yet such was their respective international importance that together with the European Union (EU) they ended up by constraining the US under Trump's leadership from being able to impose a trade system of bilateral transactional relationships on its own. Clearly, the United States had ceased to be the 'indispensable' power.²⁴

The looser structure of international relations in the PCW era

Independently of American unipolar power, a different product of the end of the Cold War was that states found that their room for maneuver both at home and abroad had increased. As noted earlier, they were no longer subject to the discipline of what might be called the axis of conflict imposed upon them by the antagonism between the two superpowers. The more open international environment provided opportunities for people to think afresh about the nature of governance at home and about the external roles of their countries. Great and medium powers, especially, found that they had to re-configure their identities anew. This was true of such diverse powers as China, India and Japan. In China, this occasioned the replacement of socialism by nationalism as the main instrument for appealing to the people. India, bereft of Soviet support and subject to a major financial crisis in 1991, discarded its semi-socialistic economic system for a more market-led approach. In the case of Japan, the end of the Cold War coincided with the bursting of its financial bubble and the possible fraying of the alliance with the United States on which its security continued to depend. These developments were related to the repositioning of these countries in the international arena. More generally, because the regional security alliances, the so-called hub and spoke system centering on the US, no longer shared a common external enemy, they had to be re-examined and re-formulated to meet new and unprecedented circumstances.²⁵

Even the geopolitical concept ‘the Asia-Pacific’ came under challenge as being too narrow to encompass the scope of growing commercial, political, military and maritime connections between the Indian and Pacific Oceans. India in the West, the newly ascending regional great power, with what its new leader, Prime Minister Modi, called an ‘Act-East’ policy (replacing the earlier policy of ‘Look East’) favored the new term ‘Indo-Pacific’ as a better description of the new geopolitical reality. Modi increased India’s cooperative relations with Japan, South Korea, the US, ASEAN countries, Australia and even its adversary, China. In the East, the newly emerging global power China, with its ‘Go Out’ policy, since the turn of the century had taken its economic engagement to Africa, Latin America and places on the way.²⁶ A year after becoming China’s new leader, Xi Jinping in 2013 advanced the ambitious scheme of the ‘Belt and Road Initiative’ which would build new maritime and land routes to link China in vast routes of connectivity with Europe, Africa and beyond. To that end, ports were built and renovated along the Indian Ocean. These developments enhanced the strategic significance of the South China Sea as the link between the two oceans as well as the route for the value up to \$5 trillion of maritime trade. Hence the concept of the Indo-Pacific is coming into greater general use than the Asia-Pacific.

Beginning in 2008, China adopted more assertive foreign and security policies, which led to its militarization of the South China Sea and to the extension of its power further into the Indian Ocean. The different security interests and other divisions between the member states of ASEAN as well the mutual antipathy between Korea and Japan prevented these regional states from combining together to resist China’s coercive diplomacy, especially as it was adept at exploiting their differences. Despite having greatly enlarged China’s sphere of maritime influence, its leaders have refrained from adopting the new geopolitical concept of the Indo-Pacific in the belief that it was a cover for an anti-China strategy. First, some littoral states, such as Vietnam and Indonesia, have actively contested China’s maritime and territorial claims in the SCS; and second, the Chinese suspect that the four bigger states of the region, the US, India, Japan and Australia (the Quad), who have agreed to cooperate in opposition to China’s growing power and influence, have advanced the new concept of the Indo-Pacific. For the present, however, the cooperation within the Quad is limited and haphazard. The ever-suspicious Chinese, however, think that the new concept was conceived in order to suggest that these four geographically dispersed and culturally diverse countries do have something geographically in common, when what they really have in common is opposition to China and its geographical entitlements. As used in this book, the new concept relates simply to the geographical extension of the region to the Indian Ocean region. No political agenda, open or hidden, is intended.

The increased blurring of the differences between domestic politics and foreign relations has contributed to the uncertainties of the post–Cold War era.²⁷ The economic dimensions of international politics acquired greater salience in the Indo-Pacific, in part, because of the growing significance of economic globalization and, in part, because of the new importance of national economic performance for the domestic popularity of governments and the legitimacy of their political

systems. The relative success of Asian developing countries in improving their economic performance has attracted more international investment and connectivity, which in turn has helped to increase their significance in regional and global chains of production. And it has enhanced their international political standing.

The effects of globalization

It was globalization and the adoption of appropriate economic and trade policies that enabled China and then India to emerge as economic powers of regional and international significance. In this sense, globalization was principally an economic phenomenon, but globalization also facilitated the revolution in communications associated with computers and other forms of telecommunications, which were later called 'social media.' On the downside, however, globalization facilitated the growth and expansion of transnational terrorism, crime, communicable diseases, illegal migration, money laundering and piracy, thereby intensifying the impact on the international community of the dangers posed by failed states. These so-called non-traditional security concerns threatened the well-being of national societies and called for more cooperative means of dealing with them, even as traditional security worries were still evident in parts of the world, notably in Asia. Although the newly recognized non-traditional security problems were global in scope, they could only be addressed through the actions of states, whose perspectives were affected by their more parochial domestic concerns. The most urgent of these in the region was the spike in terrorism in Mindanao in the Philippines stemming from elements of ISIS who had retreated there from Iraq/Syria and also the need to address recurring natural disasters in the Philippines and Japan.

The economic benefits of globalization stemmed in many respects from the developments of chains of production in which multinational companies were able to take advantage of cheaper labor costs in developing economies. In East Asia and in China, in particular, that gave rise to the spontaneous migration of hundreds of millions of peasants from low productivity work in the countryside to much more remunerative manufacturing work with higher productivity in urban environments. In China, at least 250 million of the migrants have been unable to acquire permanent rights of residence in the major cities, where they suffer discrimination in being underpaid and in being denied various social services, education and access to housing, all of which are available to city dwellers with rights of residence. Not surprisingly, the migrants are discontented and they are regarded by officialdom as sources of social instability.²⁸

Developed countries also benefited from the investment in low-skill manufacturing in East Asia, as they became the market for cheaper manufactured goods than could be produced at home. It led to the transfer of manufacturing capacity from developed to less developed countries. That process may have benefited the relevant American and EU companies and the Western consumers of what were cheaper imported goods. Although it turned out that the loss of jobs in developed countries was overwhelmingly caused by advances in technology, notably automation, most of the anger of displaced workers was directed towards the transfer

of manufacturing factories to China and then to South and Southeast Asia. As a result, a growing gap developed over two or three decades between the income and wealth of the top 10% and the vast majorities of peoples in many developed countries. The consequences did not become fully apparent until the significant number of disenchanted people in the Western world began to play a destabilizing role in the electoral politics in the second decade of the 21st century. That gave rise to populist movements in Europe and America that blamed the so-called metropolitan elites for favoring globalization at the expense of ordinary people in their own countries. Support for established institutions and for the liberal values on which they were based weakened. The lack of support and respect for the established elites and the institutions over which they presided was intensified by the failures of the warfare in the Middle East and the miseries caused to the working and middle-class peoples in the West by the financial crisis of 2007–08. As a result, the systems of governance in the US and in much of Europe became less effective, which reduced the self-confidence of governments and contributed to the weakening of international order.²⁹

Globalization, therefore was paradoxical and confusing in its effects upon states: On the one hand, the process penalized economically those states that preferred to close their doors to the international economy, such as North Korea and Myanmar (Burma). Therefore, it was argued that the process of globalization requires state institutions to follow norms and rules generated by international or global forces and organizations external to the state and that necessarily erodes the capacity of states to determine their own socio-economic preferences. Perhaps more to the point was the argument the late Susan Strange made about the inadequacies of the current states-centered international system. She identified three in particular: The regulation of currencies by state governments, when they were an integral part of the finance of international capital and trade; second, the system encouraged states to increase economic growth rates without an effective mechanism to protect others from the environmental degradation and the effects of global climate change caused by such growth; and finally, inequalities have been increased globally between states and within states.³⁰ Yet many aspects of globalization, especially in the non-traditional security areas, require the presence of strong domestic state institutions if these new issue areas are to be properly addressed. Effective state institutions are required even in the economic sphere if international markets are to be regulated and laws duly enforced to the benefit of states individually, as well as collectively. The difficulties for governments in America and Europe in responding effectively to the new demands on their administrative capabilities are compounded by having to meet the rising costs of social security and the provision of healthcare for aging populations amid complex social changes associated with the shift of the focus of their economies from manufacture to the provision of services.³¹ Demographic problems are also affecting virtually all East Asian states, who, as a result of the unintended consequences of a globalized form of economic development, face plunging birth rates and a fast-growing elderly section of the population. Japan is already finding that its population is declining; and the cliché regarding China is that it will “grow old before it grows rich.”³² The emergence of

terrorism as a threat in many parts of the world, combined with the sudden influx of refugees from the Middle East and North Africa into Europe and the fear they engendered in the United States strengthened the appeal of populist movements and deepened distrust of democratic institutions, all of which contributed to perceptions of instability and uncertainty in much of Europe and the United States.

The tension between the parochial concerns of state governments, anxious, for example, to meet the demands of citizens for cheap energy, and the need for urgent universal measures to address the threats of climate change were evident in the failure of the Copenhagen conference of December 2009. The significance of the eventual agreement was reduced and by the time the next conference was convened in Paris six years later, the damage to the environment caused by climate change had already reached unacceptable levels in the present and not only as projected into the future. Developing countries, including China and India, recognized the urgency of the problem and an accord was duly reached in 2015 by 195 states to reduce greenhouse gas emissions. Although it was left to individual states to determine the extent and time limits of their reductions, the agreement was regarded as a significant advance. But it was also noted that there were no agreed mechanisms to enforce the commitments of the various states to cut harmful emissions. Despite the non-binding character of the Paris accord, the newly elected President Trump announced in May 2017 the withdrawal of the United States from the accord, but by the terms of the Paris agreement this could not take place before 2020. No other country followed America's example. To the contrary, the other countries asserted that they would persist with carrying out their commitments. It was thought that in due course the United States would revert to observing the accord, if only because US companies would not wish to fall behind technologically as other countries continued to favor renewable energy resources instead of fossil fuels.³³

Notwithstanding the political and economic transformations of the former communist bloc in Europe, the center of the gravity of the international political economy had shifted from the Atlantic to the Pacific, where the most rapid economic growth was located. The main beneficiary of globalization was China, despite, or as its rulers claimed, because of, the continued rule of the communist party. China rose from being primarily a regional great power into becoming a global one. Not only did it become the world's leading manufacturer and preeminent trading country, but it also became a major economic player in the Middle East, Africa and South America. According to the World Bank, China had become the main driver of the growth of the world economy.³⁴ As the world's second largest economy, China also has the second largest military budget. China's rise, however, has also been accompanied by the rise of others, such as India, Brazil, and, after an interval, a resurgent Russia, while Japan continued to remain an important player. Although the United States still remains the only truly global power with an economy accounting for nearly 25% of the world's GNP (World Bank 2016) and with by far the most powerful military forces, the spending on which outpaced the next ten countries (SIPRI 2017), its relative power has been reduced by the "rise of the rest."³⁵

Despite the significance of structural changes in the international system since the end of the Cold War, it is also important to recognize the importance of human agency in determining the changes that have taken place. For example, the statistical comparisons of the size of economies and military spending, cited earlier, do not necessarily reflect the actual relative standings of the relevant countries. Much depends also on the interests and personalities of key leaders and more broadly on the commitments made, the strategies pursued, the extent of domestic support and of the resources available, especially to major countries, to deploy in order to meet government objectives. The Clinton administration on coming to power in 2002, proclaimed its goal of extending democracy to other countries. But it soon found that it was unable to use its economic power to compel the Chinese government to comply with American demands regarding Human Rights. For China's leaders this was an existential problem involving the survival of communist party rule. Not surprisingly, President Clinton, who was not greatly interested in foreign affairs and who had not properly prepared his administration for the confrontation with China, gave way in 1994, not only because of Chinese intransigence, but also because of the pressure exerted by leading domestic corporations.³⁶

More generally, the Clinton administration had a mixed record in implementing its declared objectives of extending democracy.³⁷ Similar problems ensued from its promotion of human rights, which had come to include humanitarian intervention to save civilian populations from starvation, genocide and mass killings in what the UN later declared in 2005 to be the 'Responsibility to Protect' (R2P). In particular R2P, as originally envisioned, required military intervention in failed or broken states. Clinton continued the American intervention in Somalia begun by his predecessor, but then withdrew American forces from combat in humiliating fashion in 1994 after a military setback in October 1993.³⁸ That debacle was followed by his refusal to intervene to stop genocide in Rwanda in April–July 1994, which he then claimed to regret 18 years later.³⁹ The one success of the Clinton administration was the intervention in the Balkans in 1995, but that was achieved only after two years of hesitation amid ethnic atrocities.⁴⁰

The relative failure of these humanitarian interventions and the difficulties in carrying out in practice the high hopes for enhancing the roles of international institutions, notably of the UN, had the cumulative effect of diminishing the prestige of the United States. Despite its massive power and the absence of outright international opposition, the United States had not been able to reshape the world in accordance with its vision of free markets and democratization. But if not in the world as a whole, the US was relatively successful, together with the European Union, in expanding democratic practices and market-based economic systems to many of the former communist states of Eastern Europe. In fact, the United States had led the way in expanding the boundaries of NATO, which helped provide the encouragement and the security for countries to move in the desired democratic direction. Yet, despite the initial progress in the 1990s, movements towards populism and autocracy emerged in the second decade of the 21st century in Poland and Hungary, originally considered to be most promising for the development of democracy, as well as in other central and East European post-communist states.

It did not help the transition to democracy in these states that influential Russia, under the rule of Putin, had reverted to its more traditional autocratic political culture. The PCW approach by the United States in East Asia, however, tended to emphasize orderly governance and economic growth rather than democratization and free market norms.⁴¹ The process of democratization that had taken place in East Asia in the so-called Third Wave in South Korea, the Philippines, Indonesia, Thailand and Taiwan began in the 1980s. In other words, their democratization preceded the end of the Cold War.⁴² Subsequent international and regional developments tended to weaken the external underpinnings for consolidating, let alone expanding democratization. There were major reversals in Thailand and the Philippines after 2010. As against that, Indonesia turned to democracy after the debacle of the Asian financial crisis of 1997–98 and Myanmar partially reduced military rule and opened its economy after the ill effects of becoming exclusively dependent on China.

However, the globalization of high-tech communications through the internet, social media and the use of ‘big data’ through artificial intelligence has opened the world to the dangers of cyber warfare. Instead of expanding personal liberties and the liberal order at home and abroad, these technologies have been used especially by dictatorial governments to curtail liberty and to exercise close surveillance over the communications and activities of the citizens. China in particular has succeeded in monitoring its people and controlling the information and opinions to which they may have access beyond anything even imagined in George Orwell’s dystopian novel *1984*. China has also pioneered the use of cyber warfare to gain access to the commercial secrets and innovative technologies of foreign companies, especially of those engaged in defense-related technological advances. Additionally, it has penetrated the operations and computer archives of foreign governments. China has also used these technologies, like Russia, to interfere in the democratic politics and electoral practices of notably Australia and New Zealand, and it is beginning to do so in the United States as well.

The repositioning of the major powers

One of the most important structural changes that followed the end of the Cold War system of bipolarity was the repositioning of the great powers, especially in the Asia-Pacific. The disintegration of the Soviet Union in December 1991 resulted in an immediate change in the geo-strategic environment. The common enemy, around which America’s regional bilateral alliances were organized, was no more and that led in time to a re-making of the alliances in accordance with the different circumstances in which the United States and its various Asian allies found themselves. That often involved renegotiating the alliances and partnerships in order to resolve differences between the variations in which the allies redefined their interests. Japan, for example, found that its Cold War pacifism was no longer acceptable to its American ally, on whom it continued to depend for its security. The Gulf War of 1990–91 had shown that Japan’s contribution to the security alliance of \$13 billion, though considerable, was no longer appreciated,

even by Kuwait, whose independence had been saved.⁴³ Henceforth, the Japanese would be required to extend their support in situations of military conflict beyond the economic dimension which had hitherto been considered sufficient.

Those countries, which had direct relationships with the former Soviet Union of either a conflictual or cooperative kind had to make more fundamental readjustments. The disappearance of the remaining military threat from its northern and western borders provided China with opportunities to stabilize its border regions with the new states of Central Asia and with Russia, and it also gave China the strategic latitude to focus more intensely on its maritime regions in the south and east, which were already becoming the key locations for modernizing China's economy. However, the demise of the Soviet Union deprived India of its long-standing ally and economic supporter at a time when it had to face a severe financial and economic crisis. The Indian government had no alternative, except to abandon its socialist-type economic system, adopt a policy of liberalization and open itself to the international economy.

The new and former states, or republics of the Soviet Union in this region (Russia and the different Central Asian states) had to start anew or make fundamental adjustments in the light of their unprecedented position in the prevailing international circumstances. The provinces of the Russian Far East had to rethink their positions now that they were no longer the strategic outposts of a global superpower confronting the American superpower and its Asian allies. One of their first steps was to open the closed city and port of Vladivostok to other Russians and even to foreigners in order to provide new opportunities for residents and to discourage them from leaving altogether. Vladivostok had long been a highly subsidized outpost of European Russia and it now faced the difficult challenge of adapting to a new geopolitical reality. Although it was too important to Russia as its main gateway to the Asia-Pacific for it to be abandoned by Moscow, Vladivostok needed to establish a sustainable way of rapidly integrating into East Asia in order to satisfy Moscow's expectations. An unfavorable demography was part of the new reality: Russian residents were vastly out-numbered by the populations of the neighboring states. For example, the population of the whole of the Russian Far East numbered about 6.5 million and that of China's three northeastern provinces (aka Manchuria) was about 110 million. North Korea, with a population of about 23 million, was too impoverished to be an economic partner and it was more of a barrier, denying Russia easy access to the advanced economies of South Korea and Japan. The five new Central Asian states were originally created by the Soviet Union as republics, subordinate to Moscow in the 1920s, without having had any historical experience of separate statehood, and they were suddenly faced in the early 1990s with the formidable problems of setting up the administrations of government and foreign relations. Perhaps it was to be expected that the heads of the communist parties, which administered the Soviet Republics at the behest of Moscow, should now shed their communist affiliations, sever the ties that bound them to Moscow and assume leadership of the new sovereign independent republics. The transition may have appeared seamless, but in fact the new leaders had to build the apparatus of new governing bodies, create new identities for their

countries based on newly conceived patriotic histories, reorient their economies from their previous role within the Soviet nexus, etc., etc.

In the new, less-structured international environment of the PCW the leaders and governments of states had a wide range of options for positioning their countries afresh. As we shall see, that applied also to middle and small powers, but the choices made by the great powers carried more weight and the repercussions were more extensive. That was evident from the dire consequences of the American invasion of Iraq in 2003. It was seen as a war of ‘choice’ rather than of ‘necessity,’ like the invasion of Afghanistan.⁴⁴ Yet both have continued to drain American resources and to eat away at American self-confidence. In 2010, the war in Afghanistan became the longest in American history and, at the time of writing in the winter of 2018, there is still no definite end in sight. The conduct of the war has resulted in unleashing military conflicts in much of the Middle East and the spread of terrorism beyond that region to other parts of the world, including the Asia-Pacific. The consequences of America’s wars in the Middle East have contributed to shaping the changing geopolitics of the Asia-Pacific. The Bush and Obama administrations were unable to devote sufficient attention and resources to maintain, let alone build upon, America’s long-standing position as the provider of the public goods of the region’s security and economic development. Having facilitated the rise of China, even to the extent of overlooking its mercantilist policies, many of which contravened rules and regulations in ways damaging to American interests and the international liberal economic order, the United States proved unable to persuade China to become a “stakeholder” in the international economy, let alone ensure that its rulers would ‘follow international law in pursuing its claims in the South China Sea.’⁴⁵ Indeed, Southeast Asian states have come to regard the United States as less than a reliable partner in opposing what Obama himself called China’s “coercive diplomacy” and use of “its sheer size and muscle to force countries into subordinate positions.”⁴⁶

However, the initial regional reaction to the dissolution of the Soviet Union and the end of the Cold War was clouded by considerable uncertainty. For example, many thought that Japan would be the main beneficiary of the new era. Japan was thought to be replacing the United States with seemingly unlimited funds and an apparently superior economic model.⁴⁷ In the words of an American Senator, “The Cold War is over and Japan has won.”⁴⁸ But the ‘victory’ was short-lived, as the Japanese economic miracle burst in 1992, casting Japan into prolonged relative decline. Convinced that American relative power was no longer what it once was, China’s rulers claimed in 1992 that the world had become multipolar, and it was in that year that China for the first time mapped out the full scale of its maritime claims. Little was done to enforce them at the time; certainly not on the scale of China’s actions in the South China Sea 15 years later.⁴⁹ It was not until 1995–96, when the Chinese had to stop their military intimidation of Taiwan in the face of two American carrier-led battle groups, that the true dimensions of American preeminence were fully recognized by China and the wider region. At that time, Chinese commentaries recognized that the United States was still in their terms

the 'hegemon' and Chinese scholars began to describe the international system as made of 'one superpower and several major powers.'⁵⁰

The significance of American predominance was shown throughout the 1990s when it used its power to help preserve regional order. The United States alone took the lead in identifying and then dealing with the North Korean threat to develop nuclear weapons in the 1993–94 crisis that ended in the Framework Agreement of 1994, by which the North was to be compensated for giving up its quest for nuclear weapons by the provision of economic aid, energy supply and the building of light-water nuclear reactors that could not be converted for military purposes. The US, as just noted, deterred China in 1996. Rather than profiting from the end of the Cold War, Japan appeared to have become marginalized by the disappearance of the Soviet Union, which Japan's defense treaty with the US was designed to deter. By describing American policy towards China as "comprehensive engagement" in mid-1996 (after the Taiwan crisis) President Clinton revived Japanese fears of "abandonment" and then heightened them by not even stopping over in Tokyo on his ten-day visit to China in 1998. The 'bypassing' of Japan, as it was seen in Tokyo, was taken as an indication that despite the newly agreed upon 'guidelines,' the alliance with Japan had seemingly lost the strategic significance for the United States that it had during the Cold War. In addition, Japan's importance to China as a source of advanced technology and managerial knowhow in the 1980s had diminished in the 1990s when China became more open to trade and investment from American and European companies as memories of Tiananmen receded. Japan's relations with China were also adversely affected by the massive campaign to enhance education in 'patriotism' launched by Jiang Zemin in 1993, which singled out Japan as its main target.

Washington had been greatly disappointed by what was regarded as Japan's inadequate assistance in the prosecution of the first Gulf War of 1991 and again by the failure of Japan to help the US in the Korean nuclear crisis of 1993–94 (despite the huge strategic significance for Japan of the outcome of both events). The slide in American-Japanese relations was only arrested when the Clinton administration accepted the main findings of the 1995 East Asian Strategic Review, authored principally by Joseph Nye, the then Assistant Secretary for Security in the Department of Defense. The contribution of the new guidelines to regional order went beyond their purely bilateral security concerns. Japan expressed in public its concern at the Chinese attempt to intimidate Taiwan in 1995–96 *inter alia* by firing missiles to the north of Taiwan near the territorial waters of one of Japan's most southerly islands. As noted earlier, Chinese belligerence was stopped by the arrival on the scene of two US carrier-led battle groups, but it was important in the context of the Japan-US alliance that one of the two nuclear air carriers had been sent from its base in Japan.⁵¹ The display of overwhelming force in the region was a powerful demonstration to all the states of the region of the American ability and determination to uphold regional order and stability. The United States also updated its alliances with Australia, the Philippines and others. But as mentioned earlier, subsequent American policy towards China, including in particular

Clinton's visit to China in 1998, fed into Japanese fears of abandonment by the US, which have continued to lie near the surface of the relationship ever since.

The Clinton administration actively promoted globalization, and in so doing it provided the public goods from which nearly all the countries in the region benefited. Although intra-regional trade grew significantly in the 1990s, it was the openness of the American domestic market as the consumer of last resort that was the most important, alongside those of the EU and Japan. The forging of an agreement between China and the US was the key to China's eventual entry into the World Trade Organization (WTO) in 2001.⁵² American economic power had become more limited in the PCW era, as was demonstrated by its failure to tie the countries of the Asia-Pacific into a legally binding free trade agreement in 1995, when, at the encouragement of Japan, it was decided that member states of APEC would carry out the agreement on a voluntary basis only.⁵³ As against that, the United States persuaded Japan successfully to put a halt to the Malaysian idea of an East Asian Group or Caucus on the grounds that it discriminated against America. But in the next decade, the United States did not place obstacles to the emergence of the ASEAN Plus Three (China, Japan and South Korea), which at that stage did not appear to be deliberately aimed at diminishing American influence.

The economies of South East Asian countries did particularly well in the first six to seven years of the PCW era. Their economies grew rapidly, they attracted much foreign investment and millions of people were lifted out of poverty and there was evidence of the emergence of a middle class. But their financial institutions were still underdeveloped and they duly suffered when the Asian financial crisis broke out in 1997. They eventually recovered after an IMF bailout, but the so-called Washington consensus model of 'one size fits all' lost credibility for its failure to take into account underlying differences of culture and the uneven levels of development between countries. China was much praised in Asia, and especially by the Clinton administration, for resisting the temptation to devalue like most of the other countries in the region, but in fact it had a protected currency, and in any case, China had accumulated huge foreign currency reserves to shield it from external financial crises. It had nothing to gain from a devaluation of its currency and a lot to lose from destabilizing the region even further. Consequently, China was simply following its own self-interest, rather than going out of its way to help its regional neighbors. Japan, however, was pilloried, even though it contributed \$44 billion (ten times as much as China) to the recovery of the region while its economy was still in recession. Not for the first time in recent years, China gained from the myth of its prowess and the significance of its contributions to others, rather than from the reality of its modest generosity being recognized.

By the beginning of the new millennium, America still remained the predominant world power, but its economic significance had lost ground as Asians began to look more to their own resources to meet economic needs.⁵⁴ At the same time, China's rapid growth increased its economic weight in the region, especially as it was the first major power to sign a free trade agreement (FTA) with ASEAN in 2002, in accordance with its policy at that time of cultivating better relations with its SE Asian neighbors.

Sino-Russian relations

The American capacity to impose its policy preferences on Asia or on other major powers may have been reduced in the PCW, but its significance as the sole super-power became evident from the failure of attempts to develop a coalition of major powers to offset it. Russia, in particular in the 1990s and through to the early years of the 21st century, sought to balance against American power by forming partnerships with China and with India, and it even aimed at establishing a strategic triangle involving the three powers.⁵⁵ Little came of these attempts, as each of the three regarded its relationship with the United States as more important to its strategic and economic well-being than anything the other two had to offer – especially as their interests diverged in many respects. A clear example was the relatively mild Russian response to the American announcement in late 2001 to withdraw from the Anti-Ballistic Missile (ABM) treaty as compared to its shrill denunciation by China. Beijing regarded the American decision as a threat to the viability of its relatively small nuclear deterrent force and as damaging its hopes of unifying with Taiwan. Moscow, by contrast, did not see the American withdrawal as a threat to its security. China denounced the American decision as ‘destabilizing,’ but Moscow shrugged it off as a ‘mistake.’

Nevertheless, the rapprochement between Russia and China was historically significant, as it not only overcame the Maoist legacy of hostility, but it helped establish a more peaceful and equitable relationship than had existed for the previous two centuries. A settlement of their disputed long borders soon followed. The reduction of their military deployments against each other facilitated the strengthening of their positions elsewhere. China’s leaders were able to focus their attention on developing the long-neglected maritime provinces in its south and east, which was essential if China was to follow the injunction by Deng Xiaoping to “reform and to open up to the international economy.” The two became ‘strategic partners’ in opposing American attempts to bolster the fading international liberal order, despite their differences of interest in other matters. They were able to cooperate in Central Asia, where they built on a previous arrangement to establish a formal regional association in 2005 called the Shanghai Cooperation Organization (SCO), which operated by consensus and was officially targeted against the “‘three evils’ of terrorism, separatism and religious extremism.” The organization helped to stabilize relations between the Central Asian governments and to facilitate China’s economic engagement with the region.

Russia aimed at building on the Soviet legacy of military deployments in two or three of the six new republics and at continuing to route the region’s energy pipelines through Russian territory. China, however, became in effect the guarantor of the independence and territorial integrity of the new Central Asian states against possible Russian claims on what it chose to regard its ‘near abroad.’ China’s main concern was to prevent the Central Asians from offering support or bases to disaffected minorities in bordering Xinjiang. The divergence of interests between China and Russia is best understood in terms of competition rather than rivalry. In many respects they shared a common antipathy to what they regarded as American

hegemony or unipolarity. In particular, they both opposed Western-led ‘humanitarian intervention’ in the Balkans and elsewhere, which was reflected in their voting in the UN Security Council, even though each made its own calculations in the use of the veto. Similarly, they both disliked the so-called color revolutions, which often led the way in carrying out peaceful demonstrations to spread democracy to the former Soviet satellites and states of the Soviet Union. Both sets of leaders saw the process as not only inspired by the West but as actively and stealthily promoted by the United States. They regarded the American attempt to extend democracy and promote Human Rights through Non-Governmental Organizations (NGOs) as designed to undermine their political systems and to establish an expanding American empire. However, the growing asymmetry between China and Russia made it difficult for them to deepen their collaboration. As the 1990s unfolded, it became clear that the balance between China and Russia had changed decisively in favor of the former. In contrast to the chaos that was Russia, China had an effective government that was presiding over a successful and rapidly growing economy. The situation of the 1950s and 1960s had been turned by almost 180 degrees. It was Russia now that began to consider China as a possible model for its own development, while at the same time fearing China’s economic penetration. As one scholar put it, their new ‘axis’ was no more than one of ‘convenience.’ The Russians and the Chinese often pursued parallel policies in the UN and elsewhere with regard to Iraq, Iran, North Korea and so on, without actually consulting closely to advance their common diplomatic positions.⁵⁶ Russia’s main center of geopolitical gravity was in Europe, of which it was historically and culturally a part. Its interests in China and Asia only began to take off after Russia became the object of American and West European economic sanctions following its hybrid attack on Eastern Ukraine and its annexation of Crimea in 2014.

India

India has emerged as a major country of more than regional significance and as a beneficiary of the end of the Cold War. The dissolution of the Soviet Union coincided with the perceived need for change in India. Its economy had been slowing down; the level of its military technology was falling behind; the Soviet Union was no longer an effective partner; and India itself was internationally and regionally isolated. As already noted, it was India’s financial crisis that brought matters to a head in 1992, after which India abandoned its Fabian socialist-type economic approaches and opened the economy to FDI and to international trade. The initial economic emphasis was on building hard and soft infrastructure that began to yield impressive results after the turn of the century. According to World Bank figures, in the 20 years from 1980 to 2000, India’s GDP grew in value from \$183.8 billion to \$462.1 billion, but in the 17 years since then, the value of India’s GDP reached over \$2.597 trillion in 2017 and by the end of 2018 it overtook the UK to be ranked fifth in the world. However, according to UN statistics, it ranks only 20th in the world according to the value of its trade and it ranks at only 100 as a country in terms of ease of doing business there. UNESCO assesses that 30%

of the population, or over 377 million mainly rural people, are illiterate. The corresponding proportion of the population for China is less than 5%. In fact, India has many obstacles to overcome before it can aspire to reach its true potential. But it has already achieved much and it has a high economic growth rate, which it should be able to maintain well into the future.⁵⁸

India is a major regional military power that is also armed with nuclear weapons, but it faces formidable adversaries, notably China. Although both India and China sought to improve relations after the end of the Cold War with exchanges of high-level visits, trade remained negligible until the turn of the century and the two remained wary of each other throughout the 1990s. Chinese leaders and scholars have tended to regard India with a degree of disdain, while the shock of the defeat by China in 1962 still reverberated in Indian circles.

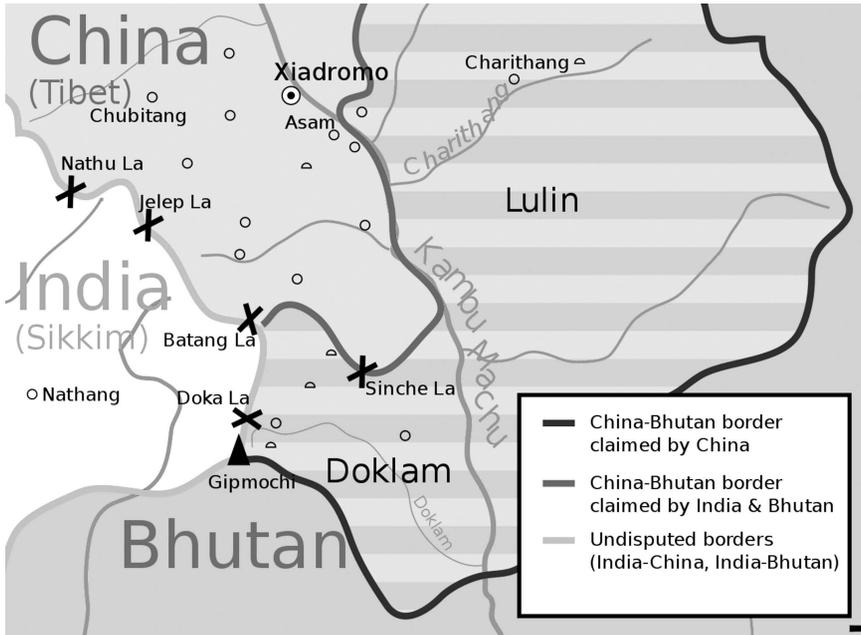
The two giants face each other across the Himalayas. In the past, the huge mountain ranges and the Tibetan plateau kept their contacts to a minimum. But since both countries became independent in the late 1940s, China, which suspected Indian designs on Tibet, gradually developed a geographical advantage by building superior transportation networks and military infrastructure, which facilitated its victory in 1962. Since then, and especially in more recent years, India has greatly improved its own military deployments and transportation near their respective lines of actual control. However, India can no longer dominate South Asia as before. China has deepened economic relations with all of India's neighbors and established military relationships with most of them and has developed modern ports in a number of them, called China's String of Pearls, which can serve both commercial and military purposes. India has responded by establishing naval and related facilities in other islands and littoral countries of the ocean in order to protect and develop its own trade routes as well as to monitor and counter China's activities. Sino-Indian relations are complex, involving both cooperative and conflictual dimensions in the knowledge that at issue are the terms of their coexistence. They are each conscious of possessing a heritage of an ancient civilization, whose influence is apparent in most parts of the region. They are both states of great size with huge populations, which effectively rules out successful invasions and occupation by foreign forces, but at the same time make their rulers alert to the vulnerabilities arising from possible separatism or rebellion assisted by foreign elements.

Since the end of the Cold War, India has increased its military superiority over its long-time adversary, Pakistan, which under the protective umbrella of China, 'its all-weather friend,' continues to support terrorist attacks in Kashmir and even further into India. But since the advent of Xi Jinping's leadership in 2012, China has modified its hostility to India as part of its overall policies towards Central and South Asia. The development of huge projects associated with China-Pakistan-Economic-Corridor, about which Pakistan has begun to complain about costs, has acquired greater significance for China in the context of Xi's BRI, and Beijing does not want the construction work interrupted by local forces supported by India. In addition, China's leaders fear that Afghanistan and its neighbors face uncertainty and increased attacks by terrorists once the American combat forces

are withdrawn, which cannot be delayed much longer. The Chinese are concerned about the possible impact on their troubled region of Xinjiang as well as on the prospects for key BRI projects planned for the region and its environs. Accordingly, China's leaders seek to promote regional stability and to promote their image as seekers of peace and prosperity for all, while at the same time trying to play a more active role in helping to bring stability through a negotiated settlement in Afghanistan. They hope to encourage India to play a constructive role in the process. Consequently, they are trying to exert their influence over Pakistan to persuade its military and security forces to stop terrorist-type attacks on India.

It was not until the beginning of the 21st century that India began to play a more active role in the broader Indo-Pacific region and it did so primarily due to its newfound relations with the United States.⁵⁹ The Indian nuclear tests of 1998, followed quickly by similar tests in Pakistan, further divided the South and East Asian giants. The US-China "Joint Statement on South Asia" issued by presidents Clinton and Jiang not only condemned the tests but also proposed that the two should form a partnership to prevent the "accelerating nuclear arms and missile race in South Asia." Not surprisingly, the Indian government issued a curt rebuttal of the presumption of the two leaders to dictate to others and it pointed out that it was China's proliferation that enabled Pakistan to acquire nuclear weapons and ballistic missiles and that the US was among the world's largest proliferators. The test and Clinton's joining with China to claim entitlement to manage security issues in South Asia created an immediate crisis between the US and India. Not for the first time a crisis between major powers provided an opportunity for them to rethink relations and make a fresh start. Thanks to long and far-reaching discussions between two senior officials, the United States started to cultivate relations with India.⁶⁰ The statement by the Indian Minister of Defense that the detonations had been prompted by concern about China damaged relations between the two Asian giants, but only temporarily. Neither stood to gain from deepening and prolonging their enmity when each wanted to focus on developing its economy and both recognized a common interest in building up their economic exchanges, rather than deepening animosities.

Yet, both sets of leaders had to cope with divergent groups and interests who benefited from tense relations and who could draw on support from hardline nationalists in certain newspapers and in social media. For example, most high-level meetings in either Beijing or New Delhi would be accompanied by Chinese military incursions across their border and hostile responses by the Indian side. A potentially serious military standoff between the two sides took place on the Doklam plateau, claimed by both Bhutan and China, which was of strategic significance to India and to China, as it commanded the high ground linking small Himalayan states and the northern route to the Indian state of Arunachal Pradesh (also claimed by China as South Tibet). Even more significant, it overlooked the Siliguri Corridor, the 24-kilometer-wide passageway between central India and its northeastern states. In June 2017, Bhutan called on India, with whom it had a security treaty, to send troops to stop the Chinese from extending a road on the Doklam Plateau. The Indians duly stopped the construction of the road and



Map 3.1 The Sino-Bhutan Border

Comment: The Doklam standoff between the Chinese and Indian forces (June 18–August 28) was illustrative of the multitiered dispute between the two giants of Asia. It can be seen simultaneously as a local border dispute; a regional one involving a third party and the question of its allegiance; a manifestation of a rivalry about identities in which India’s claim stems from its claimed identity as the inheritor of the British Raj and China’s claim stems from its claim to Tibet and to the rights of Tibetan Buddhists, with each denying the legitimacy of the other. The dispute also involves rivalry as to which of them will attain mastery of South Asia and whether the aroused nationalism in each country will allow for a compromise necessary to reach a settlement.

Source: © Baomi

both sides accused the other of violating previous agreements, with the Chinese being especially virulent. After three months it was announced that both sides had agreed to disengage and each side claimed that it was the other that had retreated.⁶¹

India has become a major regional power in its own right. It is true that its partnership with the United States that began during the second term of Bush the younger’s presidency has been very important in thrusting India into greater significance in Asia. The National Security Strategy (NSS) issued by the Trump administration in December 2017 spoke of deepening the “strategic partnership with India” and of supporting India’s “leadership role in the Indian Ocean security and throughout the broader region.” It envisioned India playing important roles in Central Asia when America begins its imminent withdrawal from Afghanistan and it also recognized India’s growing importance as a partner in the ‘Quad’ (Australia, India, Japan and the US). In effect, India was depicted as America’s

ally in South Asia and as a hedge against China. Welcome as the partnership with America may be in New Delhi, it is important that Washington should accept that India is a proud independent country with a vision of its own interests and long-term aspirations and that it will not defer to those of any other country, however powerful and well-meaning. Indian and American interests overlap in many areas and on several issues, but they also diverge on other issues, for example, on Iran, or Russia or on West Asia. Even when they do coincide, or when they are congruent, there will be differences of approach, of tone and style. In other words, as great powers with different histories, cultures and geopolitical positions, they may share an adversarial view of China, but each also seeks to establish cooperative and working relations with China in different ways from each other. In the words of India's former foreign minister and national security adviser, Shivshankar Menon, "There is a creative tension at the heart of India-U.S. relations."⁶²

Another major structural change brought about by the end of the bipolar system was the dissipation of the central strategic balance to which regional and sub-regional conflicts had previously been attached. It was the unraveling of these linkages that brought the third Indo-China War to an end and made possible a peaceful settlement for Cambodia under UN auspices. Consequently, in the 1990s conflicts tended to remain local or regional in their significance unless they directly involved any of the great powers or they raised issues that the international community could not ignore. Conflicts between South East Asian states, for example, no longer troubled the external powers.⁶³ Whereas the North Korean issue involved the United States and the regional great powers primarily because of the prospect of the acquisition of nuclear weapons by North Korea. It was this that gave a new international dimension to the Korean conflict. The Chinese, who had hoped that their diplomatic recognition of the South in 1992 would be accompanied by American and Japanese recognition of the North, came up against an American refusal because of doubts about the North's nuclear program. In fact, the North began to accelerate its work to develop nuclear weapons at the end of the Cold War because it had lost the support of its two main protectors, the Soviet Union and China. As a weak underdeveloped state, it sought its own deterrent against the United States.⁶⁴ The other major legacy from the Cold War that continued to be a source of conflict of major international significance was the Taiwan issue, which pitted the United States as the protector of Taiwan against China, which claimed the island as part of its territory.

As the major powers repositioned themselves, there was no question of their developing some kind of united front to balance against the superior power of the United States. First, their respective relations with the United States were more important to their strategic and developmental interests than relations with each other. Second, the major powers may have had some interests in common, but they also had divergent ones too. Consequently, they both cooperated and competed with each other. As the United States retained its primacy, there was no question of creating some kind of concert of powers akin to the European example at the Congress of Vienna after the defeat of Napoleon. Third, although

the possibility of military conflict could not be ruled out, especially with regard to North Korea and Taiwan, the probability of open warfare between the major powers was low, notwithstanding the continued significance of traditional security concerns. The spread of nuclear weapons also served as a restraint on open warfare. It was in this context that the United States, as the leading power in maintaining international order, was able to intervene to diffuse the Taiwan crisis in 1996 and to use its good offices to persuade Pakistan to withdraw its forces from Kargil in 1999, before conflict could break out with India, who had mobilized up to a million troops.⁶⁵ Finally, the United States as the leader of the international system, expended much effort in trying to integrate a rising China into the norms and institutions of international society and of the region.

The search for new identities

1 China

The effect of the patriotism campaign in China was to encourage the educated young in particular to imbibe the idea of victimhood and to focus on the continuing grievances China had against the United States for allegedly blocking the unification of the country and for surrounding the country with its alliances to prevent it from attaining the global leadership which was its due. But Chinese people under the leadership of the CCP had to be constantly vigilant against alleged slights by foreign countries and especially by Japan. China's leaders sought to re-establish the greatness China had enjoyed before the advent of the West, but in the 1980s and 1990s the focus was on grievances against Japan. This was probably because the atrocities and war crimes committed by the Japanese were still fresh in the memories of the older generation and it was easier to point to the vivid examples of their cruelties than to the vaguer and more abstract grievances against the Americans. There were as well living examples of hardline Japanese conservative politicians who could be relied upon to minimize or even deny past wrong doings. Perhaps that was why Deng and especially, his named successor, Jiang Zemin, focused China's ire on Japan rather than on the United States, which symbolized and embodied the 'West.' In addition, China could not afford to antagonize America. Japanese business, however, had become firmly committed to China through the 1980s and Japan was smaller and near at hand. The United States was still the world's leading economic and technological power and it provided the public goods, which facilitated the economic growth of the Asia-Pacific, and it was expected to play a key role in helping to transform the Chinese economy. Even though the new Clinton administration tried to compel the communist party-led Chinese government to observe human rights by threatening to revoke China's MFN (Most Favored Nation) status, which allowed China to trade with the US on the same terms (e.g., customs duty rates) as any of its other partners, the government held firm. The party's survival was at stake and the leaders did not seem unduly anxious, because they did not believe that the Clinton administration would carry out its threat, especially as the American business community was firmly opposed to it.

The new patriotism required the CCP leadership to promote national unity by seeking reunification with Taiwan and through the recovery of all the territorial and maritime domains within Chinese claims of sovereignty. It also called on China to attain equality of status with the United States as a step towards re-establishing China as the most important country in the world to which the others owed deference. In 1992, an official map was published that outlined all the territory and maritime domains over which China claimed sovereignty. The first challenge to this list of entitlements, as seen by China's leaders, was the development of democracy in Taiwan. That would possibly open the door to a formal separation of Taiwan from the Chinese mainland, which was unacceptable to Chinese nationalists and especially the CCP, who since the 1950s had suspected that Washington's true aim was to separate Taiwan from China. China's communist rulers were firmly opposed to the participation in Taiwanese politics of the political movement originally led by Taiwanese advocates for independence who were based in Japan and America, but which developed local roots in demanding democracy as evident from their suppression in the Kaohsiung or Formosa Incident of December 10, 1979. As noted earlier, this eventually led to the 1995–96 crisis, causing a successful American intervention. The Sino-American crisis alarmed both sides, who then improved relations with an exchange of state visits in 1997 and 1998. Jiang was first welcomed in Washington with the required pomp and circumstance, to be followed by Clinton's ten-day visit to China, in which he went out of his way to praise the Chinese, culminating in offers of a strategic partnership, a joint approach to South Asia and a public affirmation of his opposition to possible Taiwanese participation in any international organization where sovereignty was a condition of membership. In the process, Clinton managed to disparage Japan, America's key ally in the Asia-Pacific and to antagonize India, the other major Asian country, which unlike dictatorial China, was a genuine democracy, and finally by publicly limiting the scope of Taiwan's diplomatic outreach. At the end of Clinton's visit, a joint Sino-American communiqué was issued that spoke of the two as "working toward a strategic partnership" – repeating the phrase first made in their summit the previous year. This high point of Sino-American concord had hardly survived the drying of the ink of the communiqué when domestic developments in the two countries showed that there was insufficient depth of support to sustain such a lofty characterization of the relationship. China cruelly suppressed the nascent Democracy Party, whose emergence was attributed to Clinton's visit. In Washington, allegations of illegal Chinese contributions to the Clinton campaign combined with evidence of Chinese theft of blueprints of the latest nuclear warheads brought to an end the idea of a 'strategic partnership.'

China's new nationalism did not mask continuing differences within the elite about the pace and scope of the reforms and hence as to what kind of identity China should move towards.⁶⁶ Matters came to a head over the bombing by the US Air Force of the Chinese embassy in Belgrade in May 1999 in the course of the NATO bombing of Serbia. The American claim that the bombing was accidental was rejected in China. Enraged young Chinese nationalists attacked the buildings of American embassies and consulates, while the CCP leaders argued as to

whether to continue with the process of economic reform and openness, which would have included the policies of cultivating relations with the United States.⁶⁷ In the end, it was decided to continue with the reforms and to make the necessary concessions demanded by the United States in order to gain entry to the World Trade Organization, which duly took place in December 2001. By becoming a member, China undertook to make significant changes to its economy, and in the process, it deepened its integration into the international economy and set it on the path towards becoming a major player in the global economy.

The debate underlying the divide between the hardline anti-imperialists and the reformers may also be seen as a difference between those who saw nationalism in the more xenophobic ‘us versus them’ approach, as opposed to those more focused on the modernization goal of making China strong and prosperous. But as Lucian Pye pointed out 25 years ago, Chinese nationalism suffers from “a lack of content,” in the sense that it is not based on “shared ideals and worthy principles.”⁶⁸ That dimension of Chinese nationalism has become more prominent under the leadership of Xi Jinping, who has claimed continuity with past Confucian culture, but only as the source of past glory, which was laid low by the humiliations of foreigners. He has not invoked key Confucian concepts such as *ren* (benevolence, human heartedness, etc.) or *yi* (righteousness) or even *li* (ritual, correct behavior, etc.). Instead Xi uses references to past cultural glory to emphasize the narrative of China’s victimhood and the CCP’s role in the process of China’s recovery and prospective rejuvenation. Xi’s call for a new world order lacks a vision of the values on which it is to be based, or of what rules will underpin them, or how they will be enforced. Xi speaks of China as a global leader and of the different countries and peoples of the world “sharing a common destiny” and of the emergence of “cooperative security ‘to replace alliances.’ Other than evoking Chinese leadership, the vision is vague and incoherent. Perhaps it should not come as a surprise that Xi has claimed world leadership of the movement for globalization, while simultaneously practicing mercantilism in China. The contradiction in his position suggests that Xi Jinping expects the rest of the states in the world to defer to Chinese interests regardless of the costs to their own people.

2 Japan

Japan spent most of the 1990s constrained by a political system that seemed incapable of carrying out the bold reforms needed to resuscitate an economy apparently mired in deflation. An amendment of the voting system in 1993–94 did not of itself bring about the hoped for two-party system, although it did lead to a short-lived coalition government that for the first time did not include the LDP.⁶⁷ The failure to provide coherent leadership able to carry out necessary reforms meant that Japan was unable to develop a more prominent political role or indeed to provide effective economic leadership when the Asian economic crisis struck in the summer of 1997. The United States prevented the acceptance of Japan’s proposal to set up an Asian Monetary Fund. With the disappearance of its adversary, the Soviet Union, against whom the alliance with the United States was first

forged, Japan could no longer rely on confining its support to American strategic operations to the economic sphere alone. It was in danger of being marginalized by its main ally when “New Defense Guidelines” were agreed in 1995. As we have seen, even that required an initiative from the American side. Debates ensued between those who wanted a more ‘normal’ Japan free of the constraints of the ‘peace constitution’ and those who valued the distinctiveness of the constitution, which allowed Japan to be uniquely a ‘peace country’ with variants in between, but all were agreed on the desirability of seeking permanent membership of the UN Security Council.⁶⁹ Such was the disillusionment of even LDP members that in 2001 they elected Junichiro Koizumi a rank outsider to be their leader and hence prime minister. He went on to win several elections and remained in office for five and a half years. He used his popularity to begin the process of reforming Japanese politics, which after an interregnum of six years with six successive prime ministers, Shinzo Abe, took over in 2012 and carried on the task of reform by strengthening the prime minister’s office, improving the performance of the economy and transforming Japan as the leader of the international liberal economic order in the region.

Much of the contemporary debate about Japan’s role and identity in the PCW is about the difficulties in coming to terms with the harsh realities of the PCW era. During the Cold War, Japan felt safe as it sheltered under the American umbrella and became one of the world’s economic leaders. Strategic issues beyond the territory and shores of its main islands were left to the deliberations and decisions of its American protectors. The debates between the idealistic left and the nationalist right over issues of pacifism on the one side and resisting the so-called Americanization of Japan on the other both had an air of unreality as nearly all concerned failed even to think about how Japan could retain its independence in such a rough and dangerous neighborhood without American military protection. Unlike its immediate neighbors, the Soviet Union/Russia, South Korea, China and Taiwan, Japan hardly had any organizations or think tanks that studied questions of national security. Not surprisingly, the first major political casualty of the end of the Cold War was the Socialist Party of Japan, which had advocated ending the treaty with the United States and adopting the Soviet model of a socialist economy. Despite the coincidence of the economic crisis and the recession with the inability to provide adequate military support to the US in the first half of the 1990s followed by Clinton’s downgrading of Japan in favor of China in the late 1990s, it was not until Koizumi became leader in 2001 that a serious attempt was made to overcome Japan’s inertia by an attempt to dismantle the self-serving triangle of a revolving high-level membership of the governing Liberal Democratic Party (with its system of factions), the bureaucracies of the leading ministries and big business. Koizumi may not have fully succeeded by the time he left office five and a half years later, but he had weakened the hold of the system on Japanese political life.⁷⁰ A few years later a new party was elected to power in 2009, but due to its inexperience and incompetence it lost the next election by a huge majority. The LDP was returned to power under the leadership of a rejuvenated Shinzo Abe, who was able to provide Japan with a new direction. Economic growth was

restored, perhaps not to the extent promised, but at least a degree of optimism returned. Abe was able to build on some of the work of the DPJ's outgoing prime minister and concentrate decision-making power on foreign and defense matters in the enlarged office of the prime minister, while also increasing his power over foreign trade. Abe has been able to revive Japan's international standing by his firm resistance to Chinese attempts at military intimidation and by eliciting a public undertaking from President Obama to defend the Senkai/Diaoyu Islands from (Chinese) attack.

The advent of President Trump has troubled Abe, despite the latter's attempts to win over his friendship. In fact, Trump may be said to have tried to marginalize him by including Japan among the first to be penalized by imposing high tariffs on steel and aluminum imported from Japan and by excluding him from the diplomacy with North Korea and by not publicly insisting on the removal by North Korea of those missiles capable of hitting Japan as well as those with a longer range. However, Abe has proved Japan capable of replacing America as the leader of the regional liberal economic order. First, Abe picked up the baton of leadership of the TPP that was discarded by Trump by convening the other ten members to rejoin under a slightly new format, and second, Abe formed an FTA with the EU containing many of the same measures such as to protect the environment, improve worker safety to overcome non-tariff barriers and so on. Abe has also been active in promoting the 'Quad' of Australia, India, Japan and the US to work together in opposition to Chinese assertive and belligerent behavior in the Indo-Pacific. However much Japan's profile at home and abroad may have been changed by Abe's activist leadership, the old debates from the Cold War still cast a shadow over the question of Japan's identity. Despite his electoral victories with over two-thirds of the seats in parliament that would be sufficient to ensure passage of a bill to revise the constitution and even its Peace Article No. 9, opinion polls still show less than the over 50% support necessary in a referendum to allow any revision of the constitution. In other words, there is not majority public support to enable Japan to become what conservative or right-wing politicians call a 'normal country.' It is not just a question of the lingering appeal of pacifist ideals. The lack of a majority in support of Abe's objective also reflects considerable public uncertainty and even distrust of Abe and his conservative nationalist supporters.⁷¹ Some of them seek to change the verdict of WWII, which they say unfairly singles out Japan. That would be opposed by America as well as by South Korea and China. In addition there is unease about other repercussions that might follow revision of the constitution. For example, China and South Korea might see that as a prelude for a remilitarization of Japan and take preliminary retaliatory action. It could lead to Japan acquiring nuclear weapons. In other words, Japan still has some way to go before completing the process of acquiring a PCW identity. Nevertheless Japan has begun to play a more active military role in the region by increasing its military capabilities to defend its many islands to the south of Okinawa, by enhancing the maritime defenses of Vietnam and the Philippines and above all by tightening its military cooperation with the forces of the United States.

3 *India*

India changed course in 1991 amid a deep economic crisis when it had to abandon its variant of socialist economics and set aside its attachment to ‘non-alignment.’ The turnaround was occasioned by the run on its reserves as a result of the spike in oil prices caused by the first Gulf War and by the loss of its main superpower ally, the Soviet Union. However, the new course of encouraging capitalist enterprise, foreign direct investment and opening up to trade and the international economy was clearly related to the broader changes following the end of the Cold War and the demise of the Soviet Union. The new market-oriented economic policies have led to rapid growth rates and the transformation of India’s standing in the world. However, as a democracy, India’s rise has been caught up at home with difficulties in overcoming entrenched interests and accommodating to the new social changes arising from rapid economic development. India may be said to have a demographic advantage over East Asian countries, whose populations are fast aging and whose birth rates are well below the threshold necessary even to maintain the current sizes of their populations as a whole. According to statistics from the UN and its agencies, the rate of childbirth needed to maintain current population sizes is 2.2, but China’s rate is 1.57 and India’s 2.40. India is also favored by the population’s age distribution: 50% of India’s population is aged below 25. The figure for China is 30%. Only 5.3% of India’s population is aged 65 or over. The figure for China is 10.5%. But a major problem for India is its low rate of literacy. In China, the literacy rate is over 96%, but in India it is just 70%. The result is that over 350 million rural people in India are illiterate and they would not be able to follow the route of their Chinese equivalents of moving to urban areas to find work, which in China helped spark rapid industrialization in the early stages of its economic takeoff. A related problem is the poor state of Indian infrastructure as found in transport, power stations, etc. As a democracy with hundreds of different ethnicities, speaking different languages, with different religions and cultures, etc., India’s economic development will not be uniform and it will encounter many difficulties. But it should not be forgotten that following its founding in 1947, few outside observers expected India to remain united and to achieve relative success. Perhaps the appropriate country comparison should not be China but rather Pakistan, which was founded at the same time and which exhibits many of the features associated with a failing state rather than with an emerging major power.

In external affairs, India has largely abandoned the moralistic, but outdated, Nehruvian stance of non-alignment, and Indian elites have struggled to find a new balance between idealistic principles and *realpolitik*. Nevertheless India is determined to maintain what its leaders call ‘strategic autonomy.’ The country’s rise has brought about a major reorientation of relations with the United States, while the old troubles of relations with Kashmir, Pakistan, terrorism and Afghanistan continue to affect India’s attempt to reach out beyond the confines of South Asia.⁵⁸ However, with the election of the nationalistic and predominantly Hindu BJP under the leadership of Prime Minister Narendra Modi, a more vigorous India emerged in which the long process of economic reform has intensified. Important

changes have been made to improve manufacturing and exports, including FDI by American and European businesses, and the building of infrastructure with Japanese companies. Strategic relations with the United States have continued to be upgraded, as have economic relations with China. But China continues to challenge India's periphery, and border troubles continue to simmer. Under Modi, India is continuing its emergence as a major power in the region. China may find this troubling, but the two great Asian powers have been careful to avoid treating each other as enemies, and they are likely to continue their complex of relationship characterized by a combination of cooperation and competition.

The new courses adopted by the major Asian powers have not been universally welcomed in their respective countries. Continual debates have taken place about the new policies, and underlying those debates were arguments about the identities of these countries and the directions their foreign policies should follow. They were all accompanied by the growth of nationalist sentiments at popular and elite levels. The new nationalism contributed to the problems of incipient conflicts between many of the Asian states. This was especially true of those in Northeast Asia, where politically charged memories of Japan's warfare and aggression continue to obstruct the development of Japan's relations with China and with South Korea. Both sets of relations also involved conflicting claims to sovereignty over small islands, which in the case of China and Japan remain of strategic significance for the region and indeed for the wider world, as it is a key component of the geopolitical rivalry between China and the United States. That has been less true of the Korean-Japanese dispute. However, the complexities of their respective domestic politics have tended to determine the ups and downs of their bilateral relations, which then have spilled over into the international politics of the region.

In conclusion

The Indo-Pacific shares many of the developments that have characterized the ending of the liberal international order in the West. President Trump's withdrawal of America from its role as the provider of the public goods, which have underpinned the liberal international order in the Indo-Pacific as well as in the West, has led to uncertainty about the immediate future. The Indo-Pacific does not have an equivalent to the European Union as a regional organization that can still uphold liberal values and the rule of law and exert pressure on Trump to limit the damage he has been doing to the international order that has served the West, its allies and the developing countries so well since the end of WWII. However, Japan has emerged in the Indo-Pacific as a major player in advancing the cause of liberal internationalism by taking the lead in re-establishing the TPP after it was contemptuously abandoned by Trump only three days after he assumed the presidency of the US. Of course, it remains to be seen how well the new TPP, in its new format of the CPTTP, will function once it has come into force in early 2019. For the time being, however, it has kept alive the flame of liberal free trade with its promise to go beyond questions of tariff charges and customs dues to address other trade barriers, to regulate the treatment of labor, the management of the

environment and so on. The FTA signed with the EU in July 2018, contains similar provisions to go beyond tariff reductions. If successful, the CPTPP and Japan's FTA with the EU together will offer an increasingly attractive alternative in the region to China's FTAs that focus on tariff reductions, but do little to address its trade practices that its partners find so objectionable.

Even Xi Jinping's signature grand scheme, his BRI, appears to have run into problems arising from the disdain for local cultures, customs and practices by the imposition of self-serving Chinese needs, conditions and practices at the expense of local populations. Whenever there has been a change of governments in countries, which have supposedly benefited from Chinese investment in and from its construction of infrastructure, similar complaints have emerged. Loans have been imposed at exorbitant rates of interest, which exceed the sums that can be repaid, leading to the loss of assets as a kind of collateral, some of which could undermine sovereignty. Unlike projects supported by Japan, Western countries and established international banks, those of the Chinese variety lack transparency, rarely involve technology transfers, rarely demonstrate regard for the environment and often ride roughshod over local concerns – as indeed is the practice at home in China. In addition, local authorities and high-level officials are subsequently often found to have been subject to bribery by Chinese in charge of the projects. In Djibouti in the Horn of Africa, where China is building its first overseas naval base, a complainant was quoted saying, “the Chinese regard the regime in charge as if it were the country.”⁵⁹ In fact, that is precisely the practice in China, where the CCP claims to stand for China and where the love of party stands for patriotism. Where possible, new governments have cut back existing projected ventures with China. Affected countries for which public evidence is available include Bangladesh, Sri Lanka, Malaysia, the Maldives, Myanmar, Djibouti and even Pakistan.⁶⁰

America under Trump's presidency also fails to offer an attractive viable alternative for organizing trade and other economic exchanges. Trump appears to seek to replace multilateral trade agreements and their rules-based procedures with a series of bilateral agreements based on transactional arrangements. In addition, Trump has demonstrated a degree of irresponsibility to regional allies, who are increasingly questioning the degree to which they can rely on American treaty obligations to help defend them. In South Korea and Japan, the issues of becoming more self-reliant in defense and even developing their own nuclear deterrents are being more openly debated.

As noted earlier, Japan has taken over from the US the leadership in advancing the cause of liberal free trade in the region. It is too early to judge how successful the proposed new version of the TPP will be, but uncertainties abound: The structures of international society are in disarray due to the withdrawal of America from its leadership of world order and to the undermining of liberal governance in the West within and between countries by the forces of nationalism and populism. Relations between the great powers are unsettled. The advent of automation and Artificial Intelligence (AI) has begun to bring about social change of unknown consequences. If these developments were not sufficiently unsettling, we also have to take into account changes of global proportions, which we are ill prepared

to address. These include notably the effects of climate change, the various dimensions of globalization, the effects of demographic changes, such as the aging of societies, on systems of social security, healthcare and so on. These uncertainties and manifold challenges are very much in evidence in the Indo-Pacific. America and China, the two greatest economic and military powers by far, are currently failing to provide either effective leadership or visions for the future of the region that other countries find attractive. In fact, Trump's aversion to trade deficits with other countries has damaged relations with key allies, including Canada, Japan and South Korea, in the region and his trade war with China has led it to improve relations with Japan. It is too early to assess the consequences of Trump's single-minded use of tariffs as a weapon to reduce trade deficits with allies and adversaries alike. He and his policies could be a passing phenomena, or they could portend major changes in the world economy with unpredictable political implications. It is difficult, therefore, to look beyond the present uncertainties.

Notes

- 1 *Xinhua*. www.xinhuanet.com/english/2017-10/24/c_136702090.htm.
- 2 Dan McLaughlin, "Pew: The Voters Lose Faith in the Voters." *National Review* (August 4, 2016, NB, before Trump was elected President). www.nationalreview.com/corner/438689/american-voters-lose-faith-in-democracy.
- 3 Christopher R. Hill, *Outpost: A Life on the Frontlines of American Diplomacy: A Memoir* (New York: Simon & Schuster, 2014), p. 130.
- 4 George Bush and Brent Scowcroft, *A World Transformed* (New York: Vintage Books, 1999), pp. 362, 565.
- 5 Charles Krauthammer, "The Unipolar Moment." *Foreign Affairs* Vol. 70, No. 1 (1990–1991), pp. 23–33. While the title was prophetic, the author's expectation that the "moment" would be ended by a coalition of other major powers did not come about.
- 6 Tito in Yugoslavia had attained power independently of Stalin and had not been subject to the same Soviet control, as the other European communist party states.
- 7 See the account of Stapleton Roy, who was the American ambassador in Beijing at that time, by Shannon Tiezzi, Yuan Xunhui and Zhang Juan, "Evaluating the 'Rebalance to Asia': Interview with J. Stapleton Roy." *The Diplomat* (November 2, 2016).
- 8 Edward Wong, "China's Communist Party Chief Acts to Bolster Military." *New York Times* (December 2012).
- 9 As expressed by the American scholar, Francis Fukuyama, *The National Interest* Vol. 16, Summer. "the End of History" had arrived, meaning that there could no longer be an effective alternative to liberal democracy.
- 10 The British Foreign Secretary Robin Cook told the author in an interview in April 1997 that the communist party was bound to suffer the same fate as its Soviet equivalent.
- 11 Robert Farley, "What Scares China's Military: The 1991 Gulf War." *The National Interest* (November 24, 2014). For a more scholarly article, see Harlan W. Jenks, "Chinese Evaluations of Desert Storm: Implications for PRC Security." *Journal of East Asian Affairs* Vol. 1, No. 2 (Summer/Fall 1992), pp. 447–478.
- 12 Amitav Acharya, "How the Two Big Ideas of the Post-Cold War Era Failed." *Washington Post* (June 24, 2015).
- 13 The seminal arguments about these themes can be found in the classic writings of Greeks of the 5th century BCE, or among the different schools of thought in China in roughly the same period, and even earlier on the rule of law in Hammurabi's code of 18th-century BCE Babylon. A contemporary account of the fragility of the liberal

- international order is Robert Kagan, *The Jungle Grows Back: America and Our Imperiled World* (New York: Alfred A. Knopf, 2018).
- 14 According to the *Dictionary of Quotations*, the saying in its precise wording should be attributed to Wendell Phillips in a speech before the Massachusetts Anti-Slavery Society in 1852. But variations of it can be found in the writings of Thomas Paine, Edmund Burke, Thomas Jefferson and others in the 18th century.
 - 15 See “Russia’s Road to Corruption” by the Speaker’s Advisory Group on Russia, House of Representatives, 106th Congress. pdf, September 2000; and Alfred B. Evans, “The Failure of Democratization in Russia: A Comparative Perspective.” *Journal of Eurasian Studies* Vol. 2, No. 1 (January 2011), pp. 40–51. See also Janine R. Wedel, *Collusion and Collusion: The Strange Case of Western Aid to Eastern Europe* (New York: St. Martin’s Press).
 - 16 James Mann, *The China Fantasy* (New York: Viking Penguin, 2007).
 - 17 CNN, “Afghanistan: America’s Longest War.” (September 19, 2017). www.cnn.com/2017/05/31/middleeast/gallery/war-in-afghanistan/index.html.
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 - 22 Susan Strange, *States and Markets: An Introduction to Political Economy* (London: Pinter Publishers, 1988), pp. 29–32.
 - 23 Hals Brand, “America’s New World Order Is Officially Dead.” *Foreign Policy* (September 27, 2017). See also Bloomberg, “Japan Has No Interest in Deal with Just U.S., Top Government Spokesman Says.” *Japan Times* (July 23, 2018).
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 - 25 Atman Trivedi, “Asian Regional Order – US Allies to the Rescue.” *Yale Global Online* (April 19, 2018).
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 - 27 See, for example, Ryan K. Beasley and Juliet Kaarbo, *Foreign Policy in Comparative Perspective: Domestic and International Influences on State Behavior* (Los Angeles: Sage Publications, 2nd Edition, 2013).
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4 The United States and the post–Cold War transformation

Arguably, American leaders have had to address two major issues in their approaches to the Asia-Pacific, or the Indo-Pacific, region. The first derives from the global question of what kind of world order should America seek to establish in the new post–Cold War (PCW) era and by what means. The second, is how to balance relations with China with those towards Japan and the rest of East Asia. The question of world order has not attracted much attention since Bush 41 raised it towards the end of his presidency, except for the early exuberance of Clinton’s “unipolar moment.” However, the issue returned to prominence with the election of President Trump, who has been opposed to the key provisions of the kind of order which his presidential predecessors have followed in one way or another since the end of WWII in 1945. I shall return to that later in this chapter when I consider the role his presidency has played in the region. The question of the significance to be attached to China has been at the heart of American foreign policy in the region since the 19th century and especially after the establishment of the People’s Republic of China back in 1949. For the next two decades it was subject to isolation and containment by the US, before an alignment with China was reached in 1971–72 against the Soviet Union, their common adversary. With the end of the Cold War and the disintegration of the Soviet Union in 1991, the first question that arose, especially in the wake of the Tiananmen massacre of June 4, 1989, was how should Washington deal with Beijing.

Two approaches emerged. One called for encouraging gradual change through a process of constructive engagement, which, first, would continue a dialogue with China’s leaders to prevent a new isolation of the country, and to encourage the more reform-minded leaders. Economic interactions would be continued so as to encourage entrepreneurs and the rise of a new middle class, which it was thought would gradually push the country towards democracy. The other approach called for the maintenance of sanctions and the exercise of political and economic pressure in order to uphold human rights and to carry out political reform. President Bush 41 favored the first approach and Congress espoused the second. Under pressure from Congress, where human rights groups had begun to lobby against China in the late 1980s, President Bush imposed sanctions against the Chinese government in the immediate aftermath of Tiananmen. These involved only the government and its agencies, without requiring participation by the private sector,

such as business companies. The sanctions called for the end of meetings between leaders, the termination of military ties, the stopping of sales of military-related technology and the suspension of official financial assistance. Almost immediately, Bush countered his own sanctions by secretly sending a senior official to Beijing and by repeating the exercise a few months later.¹

Relations with China after Tiananmen: continuity from Bush to Clinton's first term

Alarmed by what he regarded as the spiraling downwards of Sino-American relations following the Tiananmen massacre of June 4, 1989, Bush took various measures to limit the damage amid strong congressional criticism. Eventually, there were responses to Bush from the Chinese side. But the domestic conflict within the United States soon centered on the granting to China of MFN (most favored nation – that is, the terms of trade offered to any other state) conditional on improving human rights. Congress voted against a renewal of China's MFN status that was due in 1990, but not with a sufficient majority to override Bush's presidential veto.

The next step in improving relations demonstrated the significance of presidential powers, when Bush, without consulting Congress, made a point of meeting the Chinese foreign minister in Washington in November, after his abstention in the UN Security Council vote had allowed the passage of a resolution to enable the use of force against Iraq to eject it from its illegal invasion and occupation of Kuwait. Sino-American relations nevertheless remained in a fragile condition. There was continued opposition in the US to China's repressive political system and the constant violations of human rights. The Bush and Clinton administrations continually chafed at what they saw as Chinese violations of norms and rules against the proliferation of weapons of mass destruction and the export of missiles.²

The Chinese government was also placed under constant pressure for not observing proper trade practices, acting illegally, not protecting copyright, and so on. The Chinese side suspected the United States of harboring a design to undermine the regime and also of seeking to obstruct China's rise to the great power status that they claimed its history and size merited. Hence China's leaders tended to react angrily to what was regarded as interference in internal affairs and to unequal treatment. The initial difficulties were compounded by differences over questions of trade. American statistics showed what was then regarded as a huge deficit had emerged as their trade had grown, reaching in 1993 US\$23 billion (N.B. by 2009 it had grown tenfold) and in 1994 US\$30 billion (second only to Japan). The Chinese figures showed a different story of almost balanced trade. While the Bush administration sought to open up the Chinese market, congressional critics sought to withhold the renewal of MFN. A practice developed by which Congress would vote against renewal only to be vetoed by the president, who was confident that there would not be a majority to override him.

With the advent of President Clinton in January 1993 there was a conjunction of a Democratic president and a Democratic majority in both houses of Congress,

allowing a different approach. The president set specific criteria for improving China's observance of human rights if MFN were to be renewed. Meanwhile, despite the growth of trade between them, Sino-American relations worsened as the Clinton administration not only condemned the Chinese on human rights issues, but they also accused them of nuclear proliferation, violating commitments to uphold the Missile Technology Control Regime and exporting weapons of mass destruction. But in May 1994, when the deadline was due on the MFN issue, it was Clinton who backed down, even though he acknowledged that the Chinese side had not met his conditions. Business pressure was intense, as was the proposition that many American jobs might be lost, but Clinton was also swayed by the importance of not alienating the Chinese government at a time when he sought its cooperation in handling the North Korean nuclear crisis of 1993–94.

Moreover, America's allies in Asia were anxious about the destabilizing consequences of a breakdown in Sino-American relations. In the event, Clinton's volte-face did not give rise to great problems with Congress. Yet Sino-American relations did not greatly improve, as the American side was still concerned about China's failings as a trade partner and by its failure to meet the minimum conditions for accession to the General Agreement on Tariffs and Trade (GATT). The Chinese side resented the American demands and continued to suspect that the Americans had a hidden agenda of trying to weaken the Chinese communist system and to block its emergence as a great power. Negotiations between the two tended to be characterized by public acrimony, with agreements being made only at the very last minute. The two sides also differed over Taiwan, which the administration was obliged by the Taiwan Relations Act to protect. But over and beyond the particularities at stake, the conduct of America's relations with China was bedeviled by the incompatibilities of their respective political cultures and by the suspicion that China's emergence as an independent great power would necessarily challenge deep-seated American interests.

These problems were compounded by the inconsistencies of President Clinton himself and the lack of cohesive decision making on foreign affairs in general that characterized the Clinton administration. Moreover, it seemed as if every issue that Washington regarded as a matter of international principles or norms found the US and the PRC on opposite sides. There was also a lack of coherence in the Clinton administration's avowed policy of constructive engagement with China. A careful analysis of Clinton's policy towards China argued that it was possible to discern at least three different approaches towards engagement: 'principles engagement' sought to further a human rights agenda; 'security engagement' favored military-to-military exchanges; and 'commercial engagement' asserted the applicability to China of the administration's broader preoccupation with growth and development at home and abroad. If many within the foreign-policy elite in Washington saw the handling of relations with China as evidence of the Clinton administration's maladroitness, the view in Beijing was altogether different. By 1995 many of the foreign-policy elite in Beijing concluded that a determined effort to contain China's rise to greatness could be detected as a consistent strand running through the apparently disconnected agencies of the different branches of government and the media in the United States.³

Relations with Japan

Many of the American problems with Japan acquired greater salience as the exigencies of the Cold War disappeared. Trade issues in particular loomed larger, especially in the American perspective. As the American trade deficit with Japan continued to grow, from US\$46.2 billion in 1985 to US\$49.1 billion in 1989 and then to US\$64 billion in 1993, the American government became dissatisfied with the previous approaches that had demanded the removal of trade barriers and negotiating voluntary quotas on Japanese exports. Congress in particular reacted to public-opinion surveys showing in 1989 that more Americans felt that Japanese economic power was a greater threat to the United States than Soviet military power. Two approaches were debated and in time the United States tried each in turn. The first called for opening the Japanese home markets to construct a ‘level playing field’ and the second demanded a results-orientated policy of managed trade that targeted particular trade balances or market shares of nominated sectors. President Bush opted for the first.

In launching the Strategic Impediments Initiative in 1989–90, the Bush administration initiated what has been called “the most intrusive and sweeping effort by one sovereign country to alter the economic policies and business practices of another.” The Japanese soon responded by arguing that the problems stemmed in part from American structural deficiencies. In the end, a two-way agreement was reached, but not before nationalist sentiments were further inflamed on both sides. However, American fears of the alleged dangers of Japanese investment in their country (which, interestingly, never exceeded that of Britain) abated as the Japanese depression that began in 1992 caused much of that investment to be withdrawn.

President Clinton’s administration tried the managed-trade approach. But the effect of these trade disputes was to make it more difficult to reach agreements and understandings on other issues. The security partnership was weakened first by the absence of a common enemy after the dissolution of the Soviet Union, second by their difficulties in establishing co-development and co-production of advanced weapon systems and third by continued disagreements over the free-rider issue. The Japanese government had made few, if any, adjustments to the changing security relationship between the US and the USSR that began in November 1985 with the first summit between Presidents Reagan and Gorbachev. The shock of the demise of the Soviet Union in December 1991, followed closely by the bursting of its financial bubble, gave the slow-moving over-bureaucratized Japanese government no time to think through the strategic implications for Japan.⁴ Not surprisingly, the government failed to respond adequately to the new demands placed upon it by its American ally to participate in the Gulf War of 1990–91, or to help address the nuclear crisis with North Korea in 1993–94. The immediate problem in demanding ever-greater financial contributions from Japan for American force deployments was that it might heighten resentment in both countries at the image of American soldiers as hired mercenaries. Japan’s contribution of \$13 billion to the costs of the first Gulf War may have amounted to about a fifth of the immediate military costs, but it evoked American criticism about Japan’s unwillingness

to share the human and political risks of providing a military contribution, even though Japanese strategic dependency on imported oil from the Gulf was much greater than America's. Although still close, Japanese and American security perspectives in the Asia-Pacific coincided less and less in the immediate PCW era. The question of Japan's territorial dispute with Russia over the four northern islands/South Kuriles was no longer seen by the United States as linked with the former strategic objective of containing the Soviet Union. For its part, Japan did not share the high regard that America gave to the domestic regeneration of Russia and it did not invest capital there on a commensurate scale.

Regarding the key question of China, Japan was less concerned by political repression in that country and it was more worried about the adverse consequences of isolating its giant neighbor; hence the Japanese were keen to incorporate it into the region's economic system. Japanese interests were best served by an American approach to China that was not conflict ridden, but at the same time by one that did not invite close collaboration either. A new and complex triangular relationship was emerging between Washington, Beijing and Tokyo, with Washington at the apex. Beijing relied upon Washington to prevent Japan from emerging once again as an independent military power, and Tokyo depended on Washington to provide it strategic protection and to treat China as neither an adversary nor as a close ally. Washington was tasked with maintaining a balanced relationship with both, while facilitating the economic rise of the one and the budding independence of the other. However, the immediate problem for Washington was how to encourage Japan to overcome the problems experienced during the Gulf War and to play a more active military role in support of American forces in the region, without arousing the worst fears of the Chinese and the South Koreans about, what they claimed to see as, a revival of Japanese militarism.

Korea

American policy towards the two Koreas continued to be shaped by global as well as regional concerns. It was the prospect of the acquisition of nuclear weapons by the North and the implications that would have for further nuclear proliferation in Northeast Asia and in the Third World that gave a global dimension to what would otherwise have been a regional question of how to unravel this last vestige of the Cold War in Northeast Asia. This gave rise to tortuous diplomacy by the United States, and by the Clinton administration especially, and at one point it seemed as if open warfare might break out.

In 1991, the Americans had their suspicions confirmed about the nuclear facilities being developed by the North and demanded that it submit to inspections by the International Atomic Energy Agency. It eventually agreed, but only after President Bush had removed all remaining nuclear warheads from the South at the insistence of the South, rather than as a condition imposed by the North. Nevertheless, President Bush was then subjected to criticism in Washington for having given away for nothing his main bargaining chip with the North. In the event, IAEA inspections took place in 1992 and evidence was found that some nuclear

facilities had been used for purposes other than those originally claimed. Having been all but abandoned by its Cold War backers, the Soviet Union and China, the North felt vulnerable and exposed to the unconstrained power of the US. Accordingly, it claimed the right to develop a nuclear deterrent for the purposes of defense. The North then refused to allow mutual inspections, as previously agreed with the South. The North appeared to seek a resolution through a bilateral arrangement with the US that would lead to a peace agreement and the exclusion of both China and the South. The Clinton administration sought to involve China and was unprepared to leave out its ally, South Korea. The problem then arose that it seemed as if the issue could not be settled peacefully, leaving armed conflict as the only alternative. But after the visit to Pyongyang in May 1994 by former President Carter it appeared that new progress was possible. Even the death of Kim Il-Sung in July did not bring the new negotiating process to a halt.

A complex arrangement, called the Framework Agreement, was eventually reached on August 13, 1994, by which Pyongyang would in effect give up its suspected capability to develop nuclear weapons in return for an American commitment to satisfy its more immediate energy needs with oil supplies to the value of US\$5 billion and to arrange for the provision of two new light-water reactors (which could not produce material for nuclear weapons) and other high-tech products. The Clinton administration was criticized at home for giving in to blackmail and for reaching an agreement that could not hold. But the constraints under which Washington had negotiated the agreement were severe. The option of armed conflict was ruled out because of the vulnerability of the South and metropolitan Seoul's 15 million people to the thousands of pieces of artillery along the DMZ. The application of sanctions would have required the blessing of the UN and the active participation of the Chinese.

This was unlikely in view of Chinese fears of the possible collapse of the North, whose economy was in dire straits, as famine stalked the land leading to the death of over half a million people. The South was also alarmed by the economic crisis in the North, especially as it lacked the means to pay the immense costs of a sudden chaotic unification. On the positive side, the South was keen to establish economic influence over the North with a view to developing a gradual process of reunification. China's immediate interest was in preserving the status quo, which would allow the North to remain a buffer and give time for a gradual evolution towards economic reform there. Such a development would enhance Chinese influence over the peninsula as a whole. The Chinese therefore used such influence as they possessed in Pyongyang to encourage a negotiated settlement. The Americans were fulsome in their praise for China's behind-the-scenes diplomacy that facilitated the 1994 agreement. Japan also praised the Framework Agreement. Like the others, it felt that any alternative would have been worse. At the time there was an expectation by some in Washington that the Northern regime would not survive much longer. Meanwhile, by the application of pressure and by leaving the Chinese little alternative but to use such influence as they possessed in Pyongyang, the Clinton administration was able to show its critics in Washington that the North had not 'got away with it' and more generally, the

administration claimed that its policies served the interests of preventing proliferation by demonstrating there was no easy option for other ‘mavericks’ to acquire nuclear weapons.⁵

The establishment of formal diplomatic relations by South Korea and the PRC brought into the open the differences between South Korea and the US over the question of Taiwan and more generally over the role that its ally would play in East Asian strategic issues. Although the military alliance with South Korea involving the stationing of 82,500 American troops and its support of the South against aggression from the North was not affected, it became clear that the South would not participate in the defense of Taiwan against attack from the PRC, nor would it allow its bases to be used for such a purpose. American use of its bases or troops in South Korea for strategic purposes in East Asia would have to be negotiated on a case by case basis.

Problems of engagement

Unlike his predecessor, Clinton had demonstrated little interest in foreign affairs. His campaign slogan was the well-known, “it’s the economy stupid!” and indeed the main accomplishment of his two terms in office was in the economic domain, as we shall see later. But there was no strategic framework to guide foreign policy decision makers. As already noted, the engagement with China encompassed three themes: principles (or values), military and commerce. However, there was no indication of their relative importance, or of how to deal with the Chinese if they did not meet their obligations. Nor was guidance given on how to balance engaging China with the conduct of relations with other major powers such as Japan or India.

In late September 1993, the administration tried to set out a framework and set of guidelines for US foreign policy to meet growing criticism that it lacked focus. In a speech on September 20, Secretary of State Warren Christopher rejected isolationism, and called for a renewal of internationalism, arguing that the end of the Cold War had left the US with the responsibility and a ‘unique capacity’ to provide leadership. The following day, National Security Adviser Anthony Lake set out the purpose underlying that leadership as the ‘engagement and enlargement’ of the American core values of democracy and market economics. Lake raised disquiet in Beijing and, more significantly, he troubled American allies and partners in East Asia. It was this speech that was to spark off the counter-claim of the alleged superiority of Asian values by the friendly Southeast Asian governments of Malaysia and Singapore. They claimed that the individualism underpinning Western-style democracies did not suit the political cultures of their countries, which was based much more on the centrality of the family, the respect for the heads of families and the collective ideal, which that engendered. But the call for Asian values did not survive the cronyism and lack of rules exposed by the Asian financial crisis of 1997.⁶

Ironically, only earlier in 1993, in response to a sense of deteriorating relations with China arising from disputes over trade and proliferation issues, a new

diplomatic approach was adopted, which Assistant Secretary of State Winston Lord called 'enhanced engagement.' This called for more intensive and frequent high-level meetings between the two sides. It was then linked to Clinton's call for an informal summit meeting of the leaders of APEC due to be held later that year in Seattle, which would provide an opportunity for the first meeting between Presidents Jiang and Clinton. Engagement has been accurately defined as "the pursuit of a working relationship with a disagreeable regime."⁷ In practice it came to mean for the Clinton administration a focus on establishing regular meetings by the top leaders and on developing an interdependent relationship with China. It was designed to encourage not only a wide range of economic exchanges but also exchanges in the military sphere and other dimensions of government, as well as in areas beyond the government, such as in social, cultural and educational exchanges. Engagement could accommodate both tougher approaches from sanctions, to allowing a greater range of compromises in the interest of avoiding confrontations. Underlying both approaches was the view that the policy of 'engaging' China would lead in the long run to changes in that country that would make it more market-orientated and more liberal politically.

Meanwhile, policies of engagement held out the promise that Americans would benefit from China's rapid economic growth and that they might be able to guide the newly emerging power into channels of international activity compatible with American interests. Engagement was used as an alternative to policies that called for isolating or containing China as an authoritarian state that oppressed its own people and that was a threat to American interests and to American friends and allies. Inherent in the policy of engagement was the tendency to give China the benefit of the doubt in the short term in the hope of significant changes in the longer term. But there were bound to be disagreements about how to implement the policy. Those who emphasized the benefits of commercial engagement, such as Boeing, were less troubled by the possibility that exports of high technology might be used by the Chinese military against US interests, than those who were more focused on the security aspects of engagement. Meanwhile it was Clinton who authorized giving the Chinese access to American nuclear and satellite technologies, as well as related electronics. His critics claimed that this was Clinton's repayment to companies who had been important contributors to his electoral campaigns.

Questions were raised about the way the Clinton administration responded to the discovery in 1995 that China allowed the shipment to Pakistan of 'ring magnets' used for the extraction of enriched uranium from uranium gas. On the discovery being made public, the Clinton administration then claimed that a compromise had been reached by which the US would not impose sanctions and the Chinese stated that they would only cooperate with nuclear programs supervised by the International Atomic Energy Agency (IAEA). In Congress and the media, it was claimed that the administration had once again caved in to business interests. Subsequent evidence showed that Chinese companies continued to proliferate. Part of the problem was that the Chinese side regarded nonproliferation as a Sino-American issue rather than a matter defined by international treaty and subject to

regulation by the IAEA. The significance of the dangers inherent in the acquisition of nuclear weapons by new powers became apparent in 1999 in the course of the Indo-Pakistani armed conflict over Kargil, when it was feared in Washington that it could lead to an escalation to the nuclear level. The Pakistani side had occupied territory on the Indian side of the Line of Control and was eventually dislodged with difficulty by the massed Indian forces, but only after the Americans had mediated a diplomatic resolution. Another example, which was to have long-lasting effects was the failure of the Clinton administration to insist on the implementation of agreements by China, notably the agreement over Intellectual Property Rights (IPR) that was reached in June 1996 after protracted negotiations and posturing by both sides. But the violations of IPR continued.⁸

The more immediate problem in 1994–95 was that the administration's China policy encountered a roster of different responses from various groups that were influential in Congress. These included human rights groups concerned about Chinese suppression of dissent, ethnic minorities, independent religious groups, trade unionists and so on. Christian fundamentalists were highly critical of the one-child family policies and especially the practice of abortion. Others saw China as a growing military threat to American interests in Asia and as a proliferator of WMD. Against a background of generally unfavorable reporting on China by television, radio and the newspapers, there was a significant gap between the executive and the legislative branches of government on China policy.

New approaches to Japan and to Taiwan

In February 1995, the United States released the East Asian Security Review (also known as the Nye initiative), which for the first time sought to outline American strategy for this part of the world in the PCW period. It once again emphasized America's long-term commitment to the security of the region and underlined the importance of the alliance with Japan as being the vital structure for the American-directed security system in the region. It brought to the fore the long-standing American debate as to how to balance American strategic interests between an emotional inclination towards China and a practical adherence towards Japan. The Nye report presented the alliance as an indispensable part of America's capacity to play its role as a global power. It argued in effect that rather than cultivating China, the key to protecting American strategic interests in the region was to cultivate and work with allies. That would deny China the temptation of testing the durability of those alliances. The reaffirmation of the alliance with Japan also provided a rationale for reenergizing America's other alliances in the region, including those with Australia and even the Philippines.⁹

The new approach to Japan was facilitated by the constructive role played together by the two sets of leaders in the negotiations of 1993 and 1994 that culminated in the establishment of the World Trade Organization (WTO) to replace the increasingly outdated GATT. The combined pressure by the two largest economies in the world, involving trade concessions, especially by Japan on its highly protected agriculture, made the new multilateral agreement possible. President

Clinton made a distinctive contribution in eliciting the support of other world leaders. Beginning on January 1, 1995, the WTO played a crucial role in developing the multilateral economic interdependencies that were at the core of Clinton's promotion of globalization.

By the end of the Cold War in 1991, the Taiwan issue had ceased to be such a pressing matter in the conduct of Sino-American relations as it had been in the 1970s and the early years of the 1980s. Beijing was concerned with the survival of the communist regime and with economic development and modernization through its opening to the international capitalist economy. Both Beijing and Washington seemed content to deal with Taiwan within the framework of their three bilateral communiqués and America's domestic Taiwan Relations Act (TRA). The TRA was not officially recognized by Beijing and although China objected to American arms sales to the island, as required by the TRA, the intensity of the objections varied in accordance with the prevailing state of Sino-American relations. China's objections, therefore, tended to be treated in Washington as little more than pro-forma statements. The Clinton administration did not pay much attention to the Taiwan issue in its early years. China had lost much of its strategic significance and its government was still treated with considerable reserve. Indeed, in keeping with some European allies, Washington had marginally upgraded the character of its representation on the island without regard to Beijing's views.

The Taiwan issue may have shifted to the backburner, but it was still underlying one of the sharpest divisions between the PRC and the US. As an independent political entity, Taiwan was a continual challenge to the identity of the PRC as the unitary state of China. Whenever PRC leaders perceived that the prospect of unification with Taiwan was being challenged, they reacted as if their legitimacy and even the continued existence of their state were at risk. Such contingencies necessarily involve Washington, because it is obliged by the TRA to maintain sufficient capacity to resist threats of coercion to Taiwan, as jeopardizing peace and security in the region, which would be contrary to American interests. Beyond its legal obligations, the American commitment to Taiwan was reinforced by enduring strong congressional concerns for the well-being of the island and its people. Sometimes that led to disagreements between the legislature and the executive. Presidents, unlike the Congress, must weigh the commitment to Taiwan against other aspects of American relations with the PRC and, more broadly, the relationships with allies and partners in the region. In fact, the Taiwan issue has become more important to the US in the PCW era for several reasons in the current fast-paced dynamics of the region. Taiwan has become a democracy, which raised the stakes for America. It is the only political entity in East Asia to have done so in the 30 years since the end of the Cold War and all the available evidence indicates that its people do not want to come under the dictatorial authority of Beijing. It would be hugely damaging to America's alliances and to its regional and international standing if it were to allow Beijing to impose unification. Second, as the PRC's military and strategic significance have grown in the region and beyond, the geopolitical importance of Taiwan has risen commensurately. If it were to come under the control of the PRC, Beijing would have unimpeded access to the Pacific and

it would then erode or undermine the strategic dominance the US has exercised in the Western Pacific since the end of the Pacific War in 1945. Such a development would weaken or destroy American alliances with Japan, South Korea, its partnerships in Southeast Asia and its alliance with Australia. In other words, Taiwan had become one of the strategic key-points for sustaining America's strategic role in the Asia-Pacific. But neither Taiwan's development as a fully-fledged democracy nor its emergence as a strategic point of immense geopolitical importance took place in the course of Clinton's presidency.

But Taiwan was growing in importance for Beijing, because it raised afresh the question of the territorial unity of China at a time when there was a change in the generations of leaders in both Taiwan and China. Chiang Kai-shek (Jiang Jieshi) and his son Chiang Ching-kuo (Jiang Jinguo) had passed away, as had many of their generation of mainlanders. The new leader in Taipei was the local born, Lee Teng-hui, who was unknown in China and whom Beijing suspected of favoring independence for Taiwan. Much to the annoyance of Beijing, Lee did not accept what was regarded by some as a moderate offer by Jiang to hold talks and the PRC leaders turned to the US to prevent Lee from obtaining a visa to present a commencement speech to his alma mater university in June 1995 in the US. Not for the first or last time, the US found itself caught as an adjudicator between Taipei and Beijing. Secretary of State Warren Christopher duly assured China's Foreign Minister and Politburo member, Qian Qichen, on several occasions that Lee would not be issued with an entry visa. It was at this point that Clinton gave in to bipartisan pressure in Congress to allow Lee Teng-hui to make a private visit to his alma mater, Cornell University, in June to receive an honorary doctorate. Lee delivered a relatively mild commencement speech in June 1995. Ever suspicious of Lee's possible separatist agenda, especially as Washington supposedly encouraged it, Beijing decided to demonstrate its readiness to use force to stop Taiwan from separating from the mainland. Under pressure from the military and anxious to consolidate his leadership, Jiang Zemin, who had taken charge of policy towards Taiwan, authorized military exercises to impress upon the people of Taiwan the dangers of seeking a formal separation from China. In July, amid a campaign of vilification of Lee, Beijing launched several missile salvos into the Taiwan Strait, some 85 miles north of Taipei, and it also conducted threatening military exercises on its side of the Strait.

Washington continued to engage Beijing through diplomatic means as it tried to stop it from reverting to the use of force. Seeing this as a weakness of American resolve, the Chinese threatened to carry out more military exercises and missile launches in the build-up to the first presidential elections in Taiwan that were due on March 21, 1996. This time, however, Washington had no option but to take action. It did so with care by announcing well in advance that two carrier battle groups would be deployed in the area (but not in the Strait itself) and letting both Beijing and Taipei know that the objective was 'precautionary.' Lee Teng-hui duly won the presidential election handsomely and the crisis quietly came to an end.¹⁰ The crisis proved to be something of a turning point for the Clinton administration's policy towards China. The management of the crisis was judged a success:

“A minimal show of force in the region work[ed] to reduce tensions, show American resolve, facilitate democracy on Taiwan, and leave room for making further improvements in U.S.–China relations.” Nevertheless, Washington had found itself in the middle between the two disputants as a kind of moderator – a position that was to recur in a context in which Beijing was continually becoming stronger militarily, while democracy was becoming consolidated in Taiwan and the population less willing to accept unification with Communist-ruled China. The only saving grace for Washington was that Beijing was unwilling to risk military conflict with America or an invasion of the island, and the Taiwanese did not want a military conflict with China.

Moreover, Sino-American relations did not exist in isolation. In April 1996, President Clinton visited Japan, where he signed with Prime Minister Hashimoto a Joint Declaration on Security – Alliance for the 21st Century – to provide new guidelines for Japan’s contribution to security in the Asia-Pacific. The joint declaration was based largely on the 1995 Nye report, which included the striking affirmation of the singular strategic relationship with Japan as being America’s most important “bar none.” The main thrust of the declaration was to ensure that Japan would no longer be found wanting in cases where its forces might be called upon to assist America with rear services in the event of a military conflict in the region (meaning Korea). Apparently, no thought had been given to the Taiwan issue in the course of the protracted negotiations. But Chinese military actions over Taiwan had alarmed the Japanese public and eased passage of the agreement through the Diet. The Chinese reacted with hostility, claiming that the agreement was aimed at a containment of China and that it threatened China’s sovereignty over Taiwan. Once again it demonstrated American difficulty in pursuing an integrated international strategic policy in the post–Cold War period.

In particular, the problem was aggravated by a failure to think in terms of there being a triangle of Washington, Tokyo and Beijing. Clinton, however, attracted partisan hatred to an unusual level and matters were not helped by his having to contend with a Republican-controlled Congress. His re-election was accompanied by scandals in which China-related figures were exposed as having illegally donated funds to the coffers of the Democratic Party. However, Sino-American relations began to improve substantively at the official level due in large part to the more determined effort by the Clinton administration to focus on engaging the country. Jiang Zemin paid a state visit to the US in October 1997. In the course of the visit, it was agreed to ‘build toward a constructive strategic partnership.’ Meanwhile, Congress for the most part sought to highlight the misdeeds and shortcomings of the PRC regime and the failure of the president to press harder for changes in China’s behavior.

By this time, the Asian financial crisis had struck. Washington was unsympathetic and took a narrowly conceived orthodox economic approach. It insisted on the International Monetary Fund taking the lead in imposing austerity on the hard-hit economies. Washington turned down the Japanese proposal of establishing an Asian Monetary Fund. IMF policies caused some East Asian countries to suffer massive economic downturns, impoverishing their nascent middle class.

Indonesia was particularly hard hit, leading to the fall of the government and almost to the breakup of the country as the result of religious and ethnic violence and separatist revolts. Indonesia lost its role as the bedrock of ASEAN, weakening the significance of the association still further. The Clinton administration took little heed of the damage done to the region or of the geopolitical implications. The financial crisis, however, undermined belief in the so-called Washington Consensus that called for deregulation, privatization, free markets and democracy as the cure-all for economic well-being regardless of the circumstances of the countries involved. The effects of Washington's handling of the Asian financial crisis damaged American longer-term interests.

Relations with China in the balance

In 1998, Clinton reciprocated Jiang's visit by making a grand tour of China. It took nine days, longer than any previous president and, at China's suggestion he did not stop over in any other country. The Japanese called it "Japan passing" as their fears about 'abandonment' rose yet again. Clinton took the opportunity to address the Chinese public on live television about the importance of human rights. A joint statement reaffirmed the commitment of the two presidents to build a constructive strategic partnership. But Clinton angered India for denouncing its nuclear test together with Jiang (who had proliferated missiles and nuclear weapons technology to Pakistan) as the two claimed a kind of patrimony over the security of South Asia. For good measure, Clinton and his cabinet colleagues lavishly praised China for not devaluing its currency during the Asian financial crisis, while at the same time blaming Japan for not doing more. Yet China did not lose anything in the crisis, especially as it was in China's interest not to devalue (as conceded by its officials in charge of trade), whereas Japan's economy was still in a weak state. Yet China's contribution to its affected neighbors in money terms was only about \$4 billion compared to Japan's \$40 billion.¹¹ Clinton also managed to offend Taiwan, by emphasizing America's opposition to its joining international organizations in which sovereignty was a condition of membership. Less than a week or so later, Lee Teng-hui roiled the waters of cross-Strait relations on July 9 with his very public assertion that relations with the Chinese mainland constituted "a state-to-state relationship, or at least a special state-to-state relationship." In Taipei it was claimed that Lee's statement had been in part prompted by Clinton's apparent leaning to the side of Beijing.

In the course of the NATO bombing campaign against Serbia in the Balkans, American planes hit the Chinese embassy in Belgrade on May 9, 1999. The Americans claimed that it was an accident. But most Chinese in and out of government claimed it was deliberate. The incident sparked off huge demonstrations in China, which to the dismay of many Americans were led by elite students who had access to Western sources of information, showing that those most exposed to Western influence could still be capable of articulating strong nationalistic and anti-Western sentiments. Nevertheless, China's leaders decided in the end that the main target for their patriotic ire would continue to be Japan and not the US.¹²

Meanwhile, further problems emerged in Sino-American relations as Congress released the lengthy Cox Report, detailing extensive alleged Chinese thefts of American military technological secrets. At the same time, Beijing's persecution of high-profile dissidents even before Clinton left China in 1998 demonstrated to many in Washington that Clinton's public endorsements of human rights had made no headway. Finally, by conducting a good deal of the relationship with Beijing without ensuring public support back home in America, Clinton perpetuated the rifts between the White House and other branches of government and between the government as a whole and the public at large. Nowhere was this clearer than on the subject of human rights. For example, in well-known public debates with the Chinese leader Jiang Zemin in Washington in 1997 and in Beijing in 1998, Clinton had chided Jiang for being "on the wrong side of history" on the question of freedom, but Clinton had no policies in place to carry out the implications of his argument, nor were any intended.¹³

Perhaps Clinton's most important achievement in the conduct of relations with China was bringing the long and difficult negotiations on the terms of China's entry to the WTO to a successful conclusion in November 1999. At the time, the general view of American leaders was that WTO membership would lead to more thorough-going economic reforms in China and bring the country closer to Western norms, especially with regard to banking and insurance, which require closer attention to laws and regulations, as understood in the West. Membership would lead China in time to embrace multilateralism and to conform to WTO rules and adjudication procedures. Alongside these and similar developments, it was expected that liberal ideas and approaches would gain acceptance in China, which in turn would deepen China's integration into the international economic liberal order.¹⁴ Since then, China's economic performance and its international trade have certainly taken off. China's GNP grew more than tenfold and the value of its international trade at least eightfold in the decade after joining the WTO. But instead of liberalizing, the Chinese economy has become more state controlled and the leadership of the CCP has become tighter and more all-pervasive. But even with the benefit of hindsight it is not possible to point to any clear alternative to the terms of entry that were negotiated by the Clinton administration.

The popular American view of China was not improved by the spectacle of Beijing using all its dictatorial powers to suppress the Falun Gong movement. Denounced as a dangerous cult by Jiang Zemin, it was seen by most observers as just one of many Buddhist sects that had begun to flourish in China to fill the spiritual vacuum left by the decay of communist ideology. Few Americans saw China as a constructive partner, let alone a budding strategic one. Seventy-seven percent of Americans polled in 2000 saw China as an adversary or a rival, with only 12% regarding it as a friend or strategic partner.¹⁵

Clinton's legacy

Clinton's last-minute attempt to settle the North Korean issue through engagement and personal diplomacy also proved to be unsuccessful in the end.

In October 2000, the second in command of the North's military was received in the Oval Office in the White House and the Secretary of State, Madeleine Albright, soon afterwards visited Pyongyang. Clinton himself would have gone too, had an agreement to end the North's missile programs been reached before his leaving office in January 2001. Clinton also failed to broker an agreement between Israel and the Palestine Authority.

The Clinton presidency's main legacy in the Asia-Pacific rested less on what might be called the standard political and security agenda and more on the newer agenda of globalization. Even so, the Clinton administration revitalized America's alliances with Japan, South Korea, and Australia – the cornerstones for the American provision of security for the region as a whole. It also revived the alliance with New Zealand, which improved American access to the growing strategic significance of the South Pacific. Nevertheless, the more enduring legacy may turn out to be the promotion of globalization. That included encouraging structural economic reforms and supporting the building of new multilateral institutions in the region. It also addressed some of the non-traditional security threats, such as transnational crime and environmental challenges. Considerable effort was devoted to integrating China into international institutions involving proliferation and trade (such as the WTO).

The administration was committed to peacekeeping and peace enforcement, as demonstrated by its management of the Taiwan crisis of 1995–96. As we have seen, its efforts to engage China were not always crowned with success, and its policies were often inconsistent. However, like its successors, the Bush and Obama administrations, which also pursued policies of engagement with China, the Clinton presidency was unable to impose sufficient costs upon Beijing to cause it to stop renegeing on promises made and obligations undertaken to follow international rules and norms. The Clinton administration could point to its domestic economic achievements such as its budget surpluses, poverty reduction, reduction of the national debt and the passage of The North American Free Trade Agreement (NAFTA). But its legacy in the aftermath of the Asian financial crisis did not enhance America's standing in the region. Despite its policies in support of multilateralism in the Asia-Pacific, the Clinton legacy cannot be said to have advanced even the concept of a new kind of world order. Nevertheless, Clinton's approach contrasted sharply with the supposedly more Realist approach of the incoming Bush administration.

The Bush presidency, the first term: from traditional strategy to the war on terrorism, 2001–2004

The Bush administration came to office with a totally different approach, which was shaped largely by a group labeled variously as the 'neo-cons' or 'the Vulcans,' who viewed the world in terms of a conflict between good and evil and sought an altogether more robust foreign policy in support of what they saw as the strategic interests of the United States and its allies.¹⁶ The influence of the neo-cons was most evident in the first term of the Bush presidency, and while it

did not disappear entirely in his second term, there was a significant change of tone and a greater appreciation of the virtue of diplomacy. Hence it is more than usually convenient to divide the analysis into two sections in accordance with his two terms. In a number of highly publicized moves, President Bush made it clear that his main interest was in promoting what he saw as America's national interest, regardless of whether that coincided with existing international institutional practice. He was soon regarded with concern in Europe as a unilateralist who was causing a significant trans-Atlantic rift.

Unlike his predecessor, Bush had few troubles with Congress. But his administration was deeply divided between a Department of State that favored on the whole a more diplomatic approach to foreign affairs and a Department of Defense that favored a tough, assertive approach based on American manifest preeminence. Or rather, the division was between traditional moderate Republicans and the ideologically hardline neo-cons/Vulcans. With regard to the Asia-Pacific, policy initially focused on cultivating relations with key allies, notably Japan, rather than emphasizing the engagement of China. As America's key strategic partner in the region, the administration refrained from hectoring its Japanese ally on the need to restructure the economy to overcome the long stagnation, as had been the tendency in the first few years of the Clinton administration, and it focused instead on encouraging Japan to play a more active security role in cooperation with the US. Wittingly or not, this emboldened the more nationalist side of the ongoing debate in Japan about its role in world affairs. However, relations with South Korea got off to a bad start because Bush was very much opposed to his predecessor's policy of engaging the North. For good measure he let it be publicly known how much he 'loathed' the North Korean leader for allowing his people to starve while he sought to acquire WMD. Kim Dae Jong, the president of the South, suffered a setback when he was unable to elicit support for his 'sunshine policy' during a visit to the White House. In fact, at his State of the Union address in January 2001, Bush went so far as to describe North Korea as part of the 'axis of evil.' (The other two were Iran and Iraq.)

In many respects, this set the tone for relations with the South, which in turn resulted in a certain resentment of the United States that played a part in the election of Kim's successor, Roh Moo Hyun. That may be seen to have been illustrative of many of the problems the Bush administration began to encounter with long-standing allies, who were no longer as tightly bound by common perceptions of threat that existed during the Cold War. At the outset, Bush took a more sympathetic attitude towards Taiwan than his predecessor. He offered to sell the island a wider array of weaponry than had the Clinton administration, and in March 2001 the president went so far as to appear to break with the policy of 'strategic ambiguity' to declare that he would do 'whatever it takes' to defend Taiwan.

Relations with China, however, did not deteriorate. This was partly because Bush did not repeat his campaign rhetoric of regarding China as a 'strategic competitor' and partly because China was coming to terms with American preeminence and it recognized that it could ill afford a major dispute with a robust America. The administration's strategic overview prior to 9/11 was provided in

the Quadrennial Defense Review. According to the document, American forces would be restructured to meet the changes since the end of the Cold War by shifting from a ‘threat-based’ to a ‘capabilities-based’ planning. It further stated that America would preserve its global dominance and that it would be prepared to take a more proactive approach by being prepared to engage in preemptive war, while still being ready to defeat attacks and punish aggression.

The main security challenge was identified as the rise of new major powers and, in particular, there was the “possibility” that “a military competitor with a formidable resource base will emerge in the [Northeast Asian] region.” This was a clear reference to China, as Russia was still treated as a potential partner. In the event, the harsher approach to China did not materialize. In April, the Bush administration confronted its first crisis, as a reconnaissance plane (an EP-3) had to make a forced landing on the Chinese island of Hainan after colliding with a Chinese jet plane that was buzzing it near the Chinese coast. The Chinese pilot was killed and became an instant hero, as a new tide of nationalism engulfed the country. The American plane and its crew were detained. After nearly two weeks of a diplomatic standoff, the American side issued a muted apology and the crew was released. The negotiations were conducted by the State Department, and it was a prelude to a less confrontational approach by the administration towards China than might have been expected given earlier statements. For one thing, Bush was scheduled to go to Shanghai in October for the annual APEC meeting, and neither the American nor the Chinese side wanted further trouble at this point. As with the Taiwan crisis of 1996, so with this EP-3 crisis, the result was to persuade the Americans to pay more attention to Beijing and its concerns.

The impact of 9/11

The terrible attacks of September 11, 2001, changed America and its foreign policy almost overnight. Henceforth, in the words of its president, America was at war, and the question was whether others were for or against the US. It was a war of a different kind – a war against something identified as international terrorism and those states that harbored such terrorism – and it called for a readiness to engage in preemptive attack lest terrorists should strike, perhaps even with WMD. Deterrence was not feasible against groups with no fixed territory, no fixed assets and no settled population for whom they were responsible. Concerns about the dangers of proliferation took on new dimensions, as the fear was not only that ‘rogue states’ might acquire terrible weapons, but also that WMD might fall into the hands of terrorists willing to use them against large concentrations of civilians in the US and other Western countries. Clearly, much of the previous foreign-policy thinking and strategic planning that had been developed in the previous few months had been superseded. Homeland security took on a new meaning and a new urgency. Intelligence and intelligence coordination with other countries acquired greater significance. It became necessary to cooperate with others on tightening financial controls, not only to prevent money laundering and possible disruption to the international financial order but also to stop the flow of funds to terrorist organizations.

Problems with failed states now went beyond concern about the spillover effects of disorder, famine, refugees and criminality to include concern about their becoming havens for terrorists. Henceforth, the administration would seek partners according to the mission and would not allow adherence to a coalition or an alliance to determine the mission. Moreover, the war on terror would soon lead to a war against the Taliban regime of Afghanistan that harbored Al Qaeda and, more controversially, in 2003, to a war against the Saddam Hussein regime of Iraq. The administration changed course in its attitude to the major powers in Asia, namely Russia and India, as well as China and Japan. Obviously, there was less change with regard to Japan, to whom as a long-standing ally, the administration had already decided to pay more attention. But even with regard to Japan, the approach shifted from cultivating it as a possible ally against a rising China to seeing it as a particularly close friend in a web of partnerships with other great powers. Instead of seeing the great powers as potential rivals in balance-of-power terms, the Bush administration sought to cultivate them as partners working in concert against the common threat of terrorism.

Given the scale of American preeminence, the United States had little to fear from the prospect of their combining against it under the framework of multipolarity, even though the leaders of the great powers during the later 1990s had from time to time claimed to favor this. In practice, none of the great powers could afford to so alienate the United States as to risk America taking countermeasures against it. At the same time, the US recognized after 9/11 that it, too, needed their support and that it would be counterproductive for the United States to try to play the major powers off against each other. That in turn had the effect of reducing the significance of the attention paid by Washington to the points of difference and conflicts of interest that still remained with each of the powers. Significantly, the major powers of Asia immediately recognized the scale of the change. Jiang Zemin acted with unprecedented speed for a Chinese communist leader in ensuring that his supportive telephone call to Bush reached him in Washington on that very day of 9/11.

Japan, of course, did so too. The Japanese Diet very quickly passed legislation demanded by Prime Minister Koizumi to enable the Self Defense Forces (SDF) to provide armed logistic support for the looming American campaign against the Taliban regime in Afghanistan. This was the first time since 1945 that Japan had dispatched its armed forces to participate in an armed conflict, and it involved naval vessels going through the waters of East and Southeast Asia. Later, in early 2004, Koizumi went even further in prevailing upon the Diet to allow a contingent of up to 1,000 soldiers from the SDF to be sent to Iraq to contribute to establishing order there. That would be the first time since the Pacific War that Japanese soldiers were sent to what was in effect a combat zone, where they might be attacked and forced to fire back. Moreover, they were not doing so under UN auspices!

Jiang Zemin used the occasion of the APEC meeting that was held in Shanghai barely one month after 9/11 to establish what was to become a new partnership with the US. Jiang set aside the prepared agenda to allow Bush to take it over with the issue of terrorism. From a US perspective it was important to have the support of China, the long-term ally of Pakistan and a major power in the

region. China had its own fears of Islamic terrorism in Central Asia and it promised to provide intelligence and to support efforts to establish better controls over international finance in Hong Kong as well as its own banking system. The US, however, resisted Jiang's transparent attempts to tar all his adversaries (notably religious groups and 'separatists,' such as Tibetans and Taiwanese) with the brush of terrorism. However, Bush agreed to characterize Sino-American relations as 'cooperative and constructive' and he also added the word 'candid,' which was rarely cited in Chinese publications. But Bush did not go so far as Clinton, who sought "to build a constructive strategic partnership" with China. The following year the Chinese side met one of the prime American concerns about proliferation by introducing a legislative package that would enable the authorities finally to control the relevant exports from Chinese sources. The Americans reciprocated by recognizing a Muslim organization operating in Xinjiang as a terrorist one. That gave considerable legitimacy to China's suppression of alleged separatists in Xinjiang, which was universally condemned by human rights groups in the West. The American designation of the organization as terrorist also helped to assure the Chinese that the US did not contest Chinese territorial boundaries in Central Asia and that its forces deployed in the region would not be used in support of Muslim groups demanding more freedom from Beijing. The Bush administration also developed new senses of partnership with India and Russia. Not only was India recognized as one of the great powers of the region, but its standing as a democracy enhanced its image in Washington, especially as its economy was becoming more open and market-orientated. The difficulty, of course, was being able to maintain good relations with the government of General Musharraf in Pakistan at the same time.

The latter was vital to the American-led war and the attempt to establish a new order in Afghanistan. The assistance of Pakistan was also crucial in the struggle to subdue the remnants of the Taliban and Al Qaeda located in the borderlands between the two countries, where they enjoyed support from local tribes and elements of the Pakistani armed forces and intelligence organization (the ISI). Kashmir continued to be the key stumbling block between India and Pakistan. It had also become one of the core issues for Islamic extremists, who, supported in secret by the ISI, carried out terrorist acts in Kashmir and even in the Indian heartland. A summit meeting between the Indian and Pakistani leaders took place in July 2001, but it did not meet the expectations of either side and relations deteriorated still further due to the attack on the Indian Parliament by terrorists from Pakistan in December 2001. The two countries came close to war over Kashmir in 2002, and the Bush administration played an important role in diffusing the crisis. China also played a role behind the scenes, both in giving reassurance to a Pakistan that was conscious of its vulnerabilities and in encouraging moderation. It was very much in America's interest to promote better relations between India and Pakistan and, indeed, the Bush administration was instrumental in encouraging the new phase, which was characterized by a summit meeting between the leaders of India and Pakistan in January 2004 that led to further negotiations at lower levels.

The relationship with Russia was complex and covered many issues and regions, but it touched on the Asia-Pacific only at the margins. The Bush administration cultivated Russia as an important partner in the war on terror especially in Central Asia, where Russian influence over former members of the Soviet Union was still strong. American forces were able to operate bases in the region with Russian agreement and help with supplies. Russia had been committed to fighting Islamic extremism and terror long before 9/11, and it had no difficulty in supporting American efforts, gaining in return a significant reduction in American protests against Russian use of excessive force in Chechnya. Russia's agreement to engage in a major reduction of nuclear missiles in effect set aside its objections to the American withdrawal from the ABM treaty. That brought to an end Russia's common stand with China against the American intention to develop national and theatre systems of missile defense, which significantly strengthened the American hand in East Asia. For example, the Chinese found that they could no longer sustain their outright opposition to the Americans on ballistic missile defense and they had no alternative except to think in terms of negotiating with the US at some point, so as to try to ensure that Chinese interests would be taken into account.

The single-minded emphasis on the war on terrorism won support in much of the rest of the region, but concern was raised about American lack of sensitivity to the local and regional context of terrorism in Southeast Asia. Malaysia and Indonesia, with majority Muslim populations, had long been concerned about the impact of more fundamentalist influences from the Middle East on their more tolerant and moderate forms of Islam. They had histories of inter-ethnic strife and of religious violence and they were mindful of the adverse influence on their Muslim population of American attacks on Muslim countries and of American support for Israel. The Philippines, as a predominantly Christian country, welcomed a degree of American military support and training against one Islamic group identified as terrorist with links to Al Qaeda, but the long-standing insurgency in Mindanao at that point owed little to external support by fundamentalists, and there was concern from opposition parties that the government was using the 'war on terrorism' for its own local purposes. Singapore, however, was more consistent in its support for Bush, especially as its security forces had uncovered a plot by an Indonesian-based Muslim group with links to Al Qaeda to try to establish an Islamic Republic to include Indonesia and Malaysia. However, the dreadful bombings in Bali and the Marriott Hotel in Indonesia in October 2002 and March 2003, respectively, finally brought home to the resident governments that they, too, faced a serious problem.¹⁷

However, most of the governments of Southeast Asia were primarily concerned about their economic prospects, especially as they now faced a new economic challenge from China, barely after having recovered from the crash of 1997–98. Continued economic growth was seen as vital in the difficult task of consolidating or even establishing order (for example in the case of Indonesia). Although they all looked to the US in one form or another as a kind of hedge against China, and although at this point they all still relied much more on the American than the Chinese market, they were nevertheless disappointed with the continuing exclusive

focus on terrorism by the US government. Bush's address to the APEC meeting in November 2003 said hardly anything about how America might respond to the transformative economic impact on the region of the rise of China. The contrast with China's new Premier Wen Jiabao, who touched on all the broad issues and offered reassurance and new forms of cooperation, could not have been more marked. Thus, although they recognized that terrorism did constitute a major threat, which required them to coordinate more effectively within ASEAN and also to work more closely with the US, they had other important needs that were not being addressed by the Bush administration.

The challenges of the two Koreas

South Korea, like Japan, had also contributed its forces to the war against Afghanistan. But the rancor over Bush's summary rejection of Clinton's policy of engaging the North, coupled with his refusal to endorse Kim Dae Jong's sunshine policy, which was already highly controversial in South Korean politics, created new divisions between the South and its huge ally. That had the effect of further weakening Kim's standing in Korean politics, where the scandals associated with his sons and the revelation that the North Korean leader had been given US\$500 million to attend the June summit of 2000 severely damaged his sunshine policy, especially as it was deemed by most South Koreans to be one-sided, as the South poured hundreds of millions of dollars into the North without eliciting cooperative responses.

At the same time, Bush's approach heightened dissatisfaction with America among the young, who had no memories of the Korean War and who associated American policy with support for the former discredited dictators.

In particular, it sharpened objections by locals to the conditions of the status of American forces stationed in Korea, in the wake of an incident in June 2002 in which an American armored vehicle had crushed to death two Korean girls. American–South Korean relations were hardly helped by the fact that the incoming President Roh Moo Hyun won his election by exploiting the mood of hostility to the US. In a context in which the value of South Korean trade with China had begun to exceed its trade with the US and in which the Korean economy was becoming more closely linked with China, it seemed that the South was no longer as dependent on the United States. It was developing more freedom of diplomatic maneuver than had previously been the case, both in engaging the North and in exploring new relations with other regional powers, notably China. Nevertheless, when pressed, President Roh persuaded his parliament to allow South Korean troops to participate in the effort to bring order to Iraq after the 2003 war. Like President Clinton before him, President Bush had to contend with the eruption of crises in the Korean peninsula and across the Taiwan Strait. Neither had come to office with the intention of addressing either of these long-standing problems. Products of the Cold War, the Korea and Taiwan problems involved highly complex combustible mixes of remnants of civil war confrontations, systemic differences between democracies and tyrannies, regional rivalries, and differences

of interest between the great powers, with the heavy commitment of the United States.

The greatest problem that confronted the Bush administration in the Asia-Pacific was how to deal with the nuclear program of North Korea – a country Bush had listed in his State of the Union address of January 2002 along with Iraq and Iran as belonging to the ‘axis of evil.’ The administration came to office dissatisfied with the policy of engagement of the previous administration, which was seen as not having produced the necessary commitment from the North to end its medium- to long-range missile program and its missile sales. Many within the administration also disliked the Framework Agreement of 1994, on the grounds that they regarded it as based on giving in to blackmail and that in any case it was not working. But the administration was deeply divided on what alternative policy it might pursue. On the one side were those (mainly in the Department of Defense) who argued that there was no point in negotiating, as the North would never give up its nuclear card – its only ‘deterrence’ and guarantor of survival – and that sooner or later the US would have to press for a change of regime that would probably require the use of force, but would certainly require the application of sustained pressure on the North. In Vice President Cheney’s famous words, “We don’t negotiate with evil. We defeat it.”¹⁸ Against that it was argued that the risks of warfare were too high. In addition to the artillery threat to the 15 million people who lived in the greater Seoul area, the risks associated with a pre-emptive attack on the North were unacceptably high, especially as the potential for a chaotic and disastrous outcome in Northeast Asia as a whole was very real. Hence the only path immediately open was that of negotiation. The North was relieved as that helped to diffuse the American threat that was perceived to have been heightened by the new American doctrine of preemption and also because it made possible the provision of much needed additional economic aid.

In any event, the American military commitments in Iraq and to a lesser extent in Afghanistan ruled out the option of carrying out any major military attacks on the North, at least for the time being. Washington carried out a review and meanwhile continued to implement the Framework Agreement. But then suspended it after discovery in 2002 that the North had ‘cheated’ by secretly developing an uranium enrichment program. The North then withdrew from the Non-Proliferation Agreement and resumed its nuclear program, claiming that it was needed as a deterrent against an American attack. Talks only became possible after the Chinese put pressure on the North, and the Chinese agreed to convene talks that included South Korea, Japan and Russia as well, which became known as the Six Party Talks (6PT). However, the depth of the distrust between the US and the North suggested that there could be no early resolution.

Both the strengths and weaknesses of America’s preeminence in the Asia-Pacific were demonstrated by the impasse over Korea at the end of Bush’s first term. It was principally up to the United States to determine an outcome to the Korean problem, even though its regional neighbors would be the first to feel its effects. But, as already noted, the American superior military force could not be used, except in response to a Northern attack; the only option available to Bush

was to turn to the assistance of China. China's interests on the Korean peninsula were primarily to preserve the status quo, but also to prevent the North from provoking the US into introducing evermore advanced weapon systems into the region, lest these might also threaten China. From an American perspective, the nuclearization of the North not only raised the prospect of turmoil in this dangerous part of the world, where divergent interests of the great powers intersected, but it also raised global issues related to the war on terror and to the problem of proliferation. In addition to the possible use of WMD by the North against American bases and other facilities within range, the North could be the provider of WMD to other rogue states or even terrorist organizations. But the North was principally concerned with the US, which alone threatened the survival of its regime. Consequently, the three parties shared an interest in continuing the process of negotiations. The United States, however, found it useful to bring its allies and partners collectively to confront the North. Thus, despite its overwhelming power and its position as the hegemon of the global system, the US had found itself severely constrained. In the end, the process of negotiations achieved little. Even when it seemed as if an agreement had been reached, for example in 2005, it soon came to nothing because of the complications that arose from the sanctioning by the US Treasury of an obscure bank in Macau used by the Kim regime.¹⁹

The Taiwan problem

Taiwan surfaced as a potential crisis in the autumn of 2003 in the build-up to the presidential elections due there on March 20, 2004. The incumbent president, Chen Shui-bian, declared his intention to change the constitution by a referendum. Beijing saw the proposed referendum as an underhand attempt to establish a platform in preparation for formal independence. There had been an implicit acceptance by both Washington and Beijing of a status quo across the Taiwan Strait, by which Beijing would not attack and Taiwan would not become formally independent. However, when the president of Taiwan breached this understanding, Beijing looked to Washington in the first instance to keep him in check. Despite being sympathetic towards Taiwan, President Bush, on receiving Premier Wen Jiabao in December 2003, publicly chided Chen for "indicat[ing] that he may be willing to make decisions unilaterally to change the status quo, which we oppose."²⁰ Chen then backtracked on the idea of referendums having lost significant popular support. From an American perspective, Taiwan's transition to democracy was transformational not only for giving its government true legitimacy and for strengthening American support to the extent of making it impossible for a presidential administration to trade its de-facto independence for some kind of strategic deal with Beijing. The liberal democracy in Taiwan was the prime example for demonstrating that Chinese culture and traditions were not inherent obstacles to moving away from dictatorial one-party rule, as claimed by Beijing and others. However, the nub of the issue for Washington was that, willingly or not, the US had acquired the key role in ensuring the maintenance of cross Strait stability. Although there was much that Taiwan could do to defend itself from a Chinese

attack, ultimately it had to rely on American protection. What was new was that short of war, Beijing had come to rely on Washington to restrain Taiwan from making any unilateral move towards formal fully-fledged independence. Another difficulty for Washington stemmed from not allowing its broader policy towards China to be held hostage to Taiwan. At the same time, the US had to restrain a newly formed democracy without undermining it through excessive intervention or even creating adverse reactions. In addition, the dynamics of the situation were determined by developments within each of the three political entities, which could take place independently of any connection with the other two parties.

The neo-cons in Washington had lost credibility over their role in the costly and failing warfare in the greater Middle East and they were no longer capable of exercising decisive ideological influence within the Bush administration. But that still left the historical divide between the Executive and the Congress. The former had many regional and global strategic reasons to maintain good relations with Beijing, but successive Congresses were critical of Beijing and inclined to favor Taiwan, especially once it had democratized. However, Congress, too, was subject to various influences and pressures, some of which favored China, if only for economic reasons. China's rise as a military power that was anxious to have unfettered access to the western Pacific, beyond the first island chain, added a new strategic dimension to Taiwan as its geographical location straddles the maritime area between Japan and the Philippines. At present, Taiwan could also oversee some of the straits, which Chinese vessels have to transit to reach the ocean. As a result, the US strategic interest in the security of Taiwan increased considerably.

The Bush administration has been careful not to change America's commitment to the strategic ambiguity of its long-standing One China Policy and openly confront Beijing on what its government saw as an existential issue. Consequently, Bush was firmly committed to sustaining the status quo, even though that limited his role to doing little more than react to the unpredictable initiatives by Taipei and Beijing, which in turn were driven by their domestic imperatives.

Bush's second term: the reassertion of diplomacy, 2005–2008

The Bush administration had become mired in the seemingly endless wars in Iraq and Afghanistan and Bush found that, combined with his loss of revenue due to his tax cuts, he was unable to redress the massive loss of resources and the great decline of American prestige throughout the world. However, its standing in the Asia-Pacific had not been as badly affected. In fact, the administration began the year of 2005 with much praise for having taken the lead in the international response to the devastating Indian Ocean tsunami of late December 2004. Bush started with what he called a "regional core group with India, Japan and Australia," which more than ten years later became the 'Quad' as a kind of counter to the growth of China's power in the region. Meanwhile China had taken advantage of America's troubles in Bush's first term to increase its own economic and political weight in the region.

Bush adopted a new approach to the conduct of his foreign policy in an effort to redeem some of the failures of his first term. Multilateralism was no longer disparaged, and the doctrine of preemption was quietly dropped. Diplomacy returned as a key instrument of foreign policy. It was as if the hubris of 2002 and 2003 were replaced by nemesis in 2005. Personnel changes also played a part in encouraging this less militarized and confrontational approach: Several of the key neo-cons departed; and the appointment of Condoleezza Rice to replace Colin Powell as Secretary of State, who unlike the former was trusted by President Bush as a close confidante, ensured that consideration of diplomatic options received a more sympathetic hearing. Bush's second term was marked in the Asia-Pacific by a great deal of continuity with his first. Relatively good relations were maintained with allies and relations with China continued to be cordial and, if anything, the relationship thickened. At the same time, Bush developed a 'strategic partnership' with India and succeeded in persuading the US Congress and the Nuclear Suppliers Group to reach agreements allowing India to import peaceful nuclear materials. The Chinese side was not best pleased, but took care not to allow the deal to spoil its relations with the US.

The Americans had tried to use the Chinese to bring pressure to bear on North Korea and indeed the Chinese Premier, Wen Jiabao, had called for 'restraint.' The North's first nuclear test in October 2006, which coincided with a visit to Beijing by Japan's Prime Minister Abe to improve relations, outraged the Chinese, who denounced the North's behavior as 'brazen' – a term usually reserved for imperialists and other enemies. Concerned about possible reactions in South Korea and Japan, the US government immediately reassured both allies of the continued viability of its extended deterrence in order to obviate moves by either to acquire its own nuclear deterrent. The Chinese side soon cooled its anger with the North and began to press the US to show flexibility to enable all sides to return to the 6PT. The North, however, which had broken away from the 2005 talks because of the financial sanction imposed by the US Treasury, insisted that the sanctioned US\$25 million be returned to Pyongyang. They were, and negotiations were resumed, agreement was reached, which then broke down amid mutual recriminations.

Relations with allies

The way the Bush administration dealt with the North had a deleterious effect on relations with both the South Korean and Japanese allies, but not to the extent of putting the alliances in jeopardy, as may be seen from the fact that both sets of governments contributed to the wars in Iraq and Afghanistan despite popular opposition.

During the first phase of the administration's approach (2001–04), Kim Dae Jong and his successor Roh Moo-Hyun felt ignored. Bush had little time for their 'sunshine' policies of engaging the North and took no account of the divergence between his view of the North as a member of the 'axis of evil' and the majority view in the South, which regarded the North as 'errant cousins,' or at any

rate as members of the same family. Indeed, as noted earlier, Roh's election to the presidency was due in no small part to a climate of anti-Americanism, especially among younger voters who had no experience of the 1950–53 war and who tended to regard the invocations of the 'threat from the North' by the military dictators and conservatives prior to Kim Dae Jong's election in 1998 as little more than thinly disguised excuses to shore up their rule. Previous American governments were regarded as complicit in that exercise. The divergence between the US and its South Korean ally created difficulties for the alliance. Some members of Roh's cabinet openly contemplated moving closer to China, whose economy was becoming more important to the South than that of the US.

Fortunately for the alliance, the Chinese at that point alienated Korean nationalist sentiments in 2004 by claiming that the ancient kingdom of Koguryo, which spanned the territory of Korea and northeastern China had been a part of China, thereby denying the Korean claim that the kingdom was one of the founders of the Korean state. Concerns about possible Chinese goals of subordinating its Korean neighbor also emerged from a new rivalry between China and South Korea for economic influence over the North. Relations between the Bush and Roh administrations were not easy: Roh feared America might attack the North and persuaded Washington, despite misgivings by both sets of military, to agree in due course to transfer Operations Command of their joint forces to the South. At one point, Roh sought to develop a more independent role for South Korea as a 'balancer' among the great powers, and he even contemplated having the American nuclear umbrella withdrawn. Perhaps it was fortunate from the American perspective that the behavior of the North towards its benefactors to the South was always negative. The missile tests of the summer of 2006, followed by the first nuclear test in October, began to change attitudes in the South. The election of the more conservative Lee Myung Bak in December 2007 was a turning point in North-South relations. Lee did not share his predecessor's views of the benefits of the engagement with the North and began to cut back on economic assistance. US relations with the South grew closer, but it became clear that the tenor of the relationship was contingent on whether the government in the South was in the hands of leftist or conservative parties, as well, of course, by reactions to the behavior of the North and of China.²¹

American relations with Japan were also affected by differences over Korea, but unlike the Clinton presidency, the Bush administration seemed to manage to engage China without disturbing the Japanese ally. Notwithstanding the close personal relations between President Bush and Prime Minister Koizumi, the latter visited Pyongyang twice in September 2002 and again in May 2004 after extensive secret negotiations, which were not disclosed to Bush, although he was informed shortly before the visit. Koizumi and his LDP successors complained about not being consulted by the Bush administration about its dealings with the North. Fukuda in particular felt marginalized by Bush's removal of the North from the list of states sponsoring terrorism as that overlooked the significance of the Japanese abductees. The Japanese government also complained about being left in the dark by Christopher Hill's conduct of negotiations with the North and with China in the lead-up to 6PT meetings.

At times the Bush administration was irritated by the priority given by the Japanese to the question of the abductees, when from an American perspective that was a relatively minor issue of domestic concern only to the Japanese. The 6PT should focus on the major international security issues that were at stake, including the prospect of the proliferation of WMD by the North ending up in the hands of terrorist organizations. A further problem for the US arose out of the differences between Japan and South Korea over the latter's dealings with the North. Japanese took more seriously the North's missile threat, especially after one of its missiles overflowed the main island of Japan to land only several hundred miles away in the Pacific Ocean. The two also had difficulties in agreeing upon an historical evaluation of the Japanese annexation of Korea (1910–45) and the disputed sovereignty of islands off the Korean coast. The differences between the South and Japan and between the US and each of them respectively loosened their alliances with the US without undermining them. Neither had a viable alternative to the alliance as a means of hedging against China, whom they distrusted all the more due to its rapidly growing military might, and to its failure to deal more robustly with a desperate and belligerent North Korea.²²

Yet the alliances were still strong as shown by the fact that, despite severe domestic opposition, each of America's allies in Northeast Asia had sent military troops to assist the US in the wars in Iraq and Afghanistan. An additional sign of the strength of the alliance was the agreement in October 2005, that, *inter alia*, Japan too shared the American strategic interest in a peaceful resolution to the Taiwan problem – an agreement that was much criticized by Beijing. Moreover, after complex negotiations over a five-year period, the US and Japan agreed on July 11, 2006, on a plan to relocate some of the US marines from Okinawa to the island of Guam and to remove the base from urban Futenma to a less populated site in the island. However, implementation of the agreement had to wait for over a decade due to opposition from within Okinawa.

China

During the last four years of Bush's presidency it became clear that the United States was coming to terms with the rapidity of China's rise as an economic and political global player, which transcended the regional limitations of its growing military power – even though aspects of that growth troubled Washington. Since China's embrace of economic reform in the late 1970s, the United States had played an active role in encouraging it to become a member of the international system and the time had come, in the words of Deputy Secretary of State Robert Zoellick in September 2005, "to urge China to become a responsible stakeholder in that system," so the two great powers could tackle the wide-ranging global problems that lay ahead and reduce their mutual distrust. But the Chinese reacted cautiously to the 'stakeholder' idea, as many saw it as an invitation to follow American leadership (or hegemony) in world affairs. It was one thing for China's leaders to embrace the concept of being a 'responsible power,' which they could

define as they wished, but it was quite another to accept an American concept as to how responsibility could be defined. Some Chinese commentators saw the 'stakeholder' proposal as an attempt to persuade China to help America out of its weakened state. Besides which, in the official Chinese view, they had displayed their contribution to international order by the development of economic reform and growth at home and by their contribution to the growth of the world economy. In the American view, however, China had benefited enormously from the international liberal system for which America was providing the public goods at great cost to itself and it was high time for the Chinese to go beyond its present position as a 'free rider.' In fact, there was a growing view in America that China was taking unfair advantage of the US by continuing its practices of the Clinton era that were identified in the Cox Report.²³

Nevertheless, American relations with China deepened in many respects during these four years. The US continued to rely on China's convenorship of the 6PT to drive forward the negotiations over North Korea's nuclear program and it expressed appreciation for the Chinese role in reaching the agreements of 2005 and 2007, even though they did not lead to success. Bush prevailed over the hardliners in his administration, who did not accept Chinese claims that their influence over the North was limited and that they were unable to bring greater pressure upon their North Korean ally. New high-level institutionalized dialogues were begun by the two sides in this period. In 2005, Zoellick launched a senior-level dialogue on strategic issues and the following year, Secretary of the Treasury Henry Paulson initiated the US-China Strategic Economic Dialogue. Both met twice a year with the participation of high-level officials. The latter became the vehicle for the expression of American complaints about what they regarded as unfair practices that led to American job losses. In particular they continually cited the undervalued Chinese currency – even though the Chinese allowed a slow appreciation from 2005 to 2008 that amounted to about 20%. Other regular complaints included Chinese failure to implement laws on intellectual property rights and insufficient attention being paid to the safety of food, toys, and so on. These high-level meetings, however, came to be seen by both parties as little more than talking shops between the large number of ministerial members.

Various exchanges between the military also took place, including visits by leading military officers, port visits by naval ships and even a joint naval exercise for sea rescue, but the US side remained dissatisfied by the inadequacies of Chinese military transparency and by the sense that the Chinese side did not allow American visitors the same level of access to military facilities and knowhow as was given to Chinese visitors. Washington was particularly concerned by the Chinese anti-satellite test of February 2007 involving the destruction by a missile of a worn-out satellite. No warning or information was given about the test, which had profound implications for American satellite-based communications. In fact, the Foreign Ministry denied all knowledge for two weeks following the test, raising further questions about civilian control of the military. The Taiwan issue was

less divisive than in the past, even though the Americans brought pressure to bear on their EU allies in 2005 not to lift the embargo on sales of arms to Taiwan, and Beijing's adoption that year of a law against cession was deemed 'unhelpful' by the State Department.

Bush's decision to seek congressional approval for the sale of arms to Taiwan evoked only proforma objections from Beijing. The key issue from Beijing's point of view was that Bush regarded the Taiwan President Chen Shui-bian as a troublemaker and it was felt that Bush could be relied upon to thwart his attempts to promote the island's independence. Beijing in turn tacitly accepted Bush's insistence that Beijing would not use force to try and settle the issue. The election of the KMT candidate, Ma Ying-jeou, to the presidency in March 2008 had the effect of removing Taiwan as a contentious issue in Bush's last year in office. However, strategic rivalry was evident between China and America, as indicated by Bush's readiness to spend considerable domestic political capital in consolidating the 'strategic partnership' with India that he announced in the course of his visit there in March 2006. In his last year in office, Bush overcame considerable opposition in Washington to ensure the passage of a bill allowing India access to civil nuclear materials despite its long-standing unwillingness to sign the Non-Proliferation Treaty. He also promoted official international acceptance of this through the Nuclear Suppliers Group, which took place despite discreet lobbying against it by China. Bush's cultivation of a strategic relationship with India was regarded in Beijing as an attempt to balance against China. Nevertheless, that did not undermine the cordiality of China's official relations with Washington, demonstrating that Beijing did not wish to weaken a relationship that was regarded as serving its core interests of facilitating economic growth, maintaining good relations with neighbors and therefore helping to sustain continued rule by the communist party. China also benefited from the Bush administration's relative neglect of Southeast Asia, where it focused primarily on seeking cooperation on anti-terrorism policies. For example, in 2007 Bush canceled what would have been the first US-ASEAN annual summit, and Secretary of State Condoleezza Rice failed to attend the ASEAN Foreign Ministers' annual meeting for the second time in three years.²⁴

Whatever, his failings elsewhere in the world, Bush had improved American relationships in the Asia-Pacific region in his second term, particularly in deepening strategic relations with India. But these accomplishments did not redress the enormous damage he had caused in the greater Middle East and to America's standing in the world. He contributed greatly to undermining American self-confidence at home and overseas. As Bush came to the end of his presidency, the scale of the American financial crisis became clear, especially if coupled with the cost of the ongoing two long wars in Iraq and Afghanistan, which was estimated to reach \$5.6 trillion by the end of 2018.²⁵ No wonder that many in Beijing concluded that this time the United States had really begun the process of relative decline.²⁶ Overall, it was not a good legacy to pass on to President Obama, despite Bush's relative success in this region.

The Obama presidency: a new start

On assuming office President Obama attempted to change the thrust of American foreign policy to reflect what he saw as the new emerging role of the US in the world. In view of the military setbacks in the greater Middle East and of the economic crisis at home, America, he claimed, could no longer act as the world's policeman and the promoter of democracy. As Obama declared on several occasions to domestic audiences, America first had to rebuild at home. Obama took note of the new emerging major economies, especially China and India, and called for a greater emphasis on multilateralism (as opposed to the unilateralism of Bush) and for reaching out to engage adversaries. He was not against the use of force, but Obama sought to use it as an instrument of diplomacy and not as substitute for it. However, as became clearer in the course of his eight years as president, Obama was increasingly limited in the conduct of his foreign policy by a lack of available resources in being able to implement his favored policies of emphasizing the significance of the Asia-Pacific for America's immediate and long-term interests.

President Obama brought to his office enormous worldwide personal popularity that stood in stark contrast to the low standing of his predecessor. Because of his early years in Indonesia and his later home in Hawaii, Obama described himself as America's 'first Pacific president.' He saw himself as a 'game changer,' who would demand of all countries that they accept in equal measure their rights and responsibilities in the international system. He put less stress on the promotion of democracy than Bush. His chief of staff, Emanuel Rahm, described Obama as less of an idealist and "probably more *realpolitik*, like Bush 41." The National Security Strategy published under his name in May 2010 called for collective action to serve the 'common interest' of combating violent extremism; nonproliferation; balanced and sustainable economic growth; meeting the challenges of climate change, armed conflict and pandemic disease. It called for engagement with friends and allies, but declared, "we are working to build deeper and more effective partnerships with other key centers of influence including China, India and Russia" and others including Brazil, South Africa and Indonesia.

Accommodating China

In his first year in office Obama sought out China in particular as a partner for the United States in addressing the crucial global challenges of the financial crisis, nonproliferation and climate change. Unlike previous presidents, he was determined to start relations with China on a good footing. His Secretary of State, Hillary Clinton, explained on her first visit to Asia in February 2009 that human rights would not figure large in her dealings with China's leaders as such issues should not "interfere with the global economic crisis, the global climate change crisis and the security crisis." Deputy Secretary of State, James Steinberg, on October 5 called for 'strategic reassurance' between the US and China in which

the former would demonstrate to the latter America's welcome of China as a prosperous and successful power, while the latter would convince the US that its emergence as a strong power would not come at the expense of others.

In his own visit to China in November 2009, Obama sought to underscore what he saw as the new partnership with China, described by some in Washington as the G-2. Yet, at this juncture, Chinese scholars had concluded that America was declining and the only question was whether the decline was temporary or permanent. Obama was treated less well than Clinton a decade earlier. He was not given the opportunity to address the nation on television, nor was he allowed the equivalent of a 'town-hall style' meeting with students. Presidents Hu and Obama issued a lengthy Joint Statement listing many areas where they would cooperate. But that proved to be contentious in the US, first because Obama undertook to respect China's 'core interests' (defined in China as preserving CCP rule, respecting its territorial claims and facilitating its rapid economic growth) and second, because the language on Taiwan was too close to the official Chinese position. In addition, India was displeased to see the new relationship it had established with Bush swept aside, as the statement repeated the 1998 Clinton-Jiang statement of equating India and Pakistan and of arrogating to China and the US the right to manage South Asian affairs. A month later, Sino-American cooperation was not much in evidence at the much-vaunted international climate change conference in Copenhagen. At one meeting a relatively junior Chinese official, pointing his finger at his face shouted directly at President Obama. Throughout the year the Chinese had indicated that, while they were pleased to be described by American leaders as global partners, they were not interested in signing up to such a partnership – still less on American terms. Joseph Nye, the influential Harvard professor and former senior official in the Clinton administration, condemned the Chinese treatment of Obama as "downright insulting."²⁷

Earlier in the year, China's leading bank official had called for a new reserve currency to be based on the IMF Special Drawing Rights, and Chinese Premier Wen Jiabao publicly called on the US to safeguard Chinese reserves and investments in the US dollar. Meanwhile the Chinese had re-pegged their currency to the dollar and refused American requests to revalue or to take other steps to reduce the enormous American trade deficit with China. American companies were increasingly complaining that they were being discriminated against in the Chinese domestic market. The Chinese in effect demanded of the US that it defer to their national interests as defined by Beijing, to which was now added China's claims in the South China Sea. In fact, earlier that year in March 2009, Chinese vessels had harassed an American lightly armed surveillance ship, the *Impeccable*, in the South China Sea for operating in China's Exclusive Economic Zone (EEZ), which the Americans claimed was legally in international waters, whereas the Chinese self-serving interpretation of international law denied this. However, the Chinese authorities did not apply their interpretation of the law governing EEZs to the activities of their naval surveillance vessels in the waters around Japan, Hawaii or Alaska.²⁸

Relations took a downturn in early 2010 as the Chinese responded unusually sharply to the White House's announcement to Congress of its intention to sell US\$6.5 billion's worth of defensive weapons to Taiwan and the announcement that Obama would meet the Dalai Lama in March, having put off such a meeting in October 2009 out of deference to Chinese sensibilities. The Chinese also took exception to Hillary Clinton's support of the position Google took to withdraw from China on account of censorship. Articles appeared in the Chinese press quoting senior military officers and the public at large calling for taking a hard line against the US. China began to stop vessels from several Southeast Asian from fishing in waters newly claimed to belong to China. Major oil companies were being warned against operating in Vietnam's EEZ. Not surprisingly, Southeast Asian countries concluded that China was engaging in coercive attempts to deprive them of their maritime and territorial rights in the South China Sea.

The Pivot or Re-balance

By this stage, President Obama had come to accept that his earlier policy of accommodating China had not worked. The Chinese had regarded that as signifying his weakness and responded by extending their demands and becoming more assertive. Obama then adopted a new policy of cultivating relations with other Asian states and of emphasizing the need to abide by international norms, rules and laws. To this end, Secretary of State Hillary Clinton responded to the concerns of the Southeast Asians at a Hanoi meeting of the ARF in July 2010. She challenged Chinese territorial and maritime claims in the South China Sea and claimed that the freedom of navigation in the sea was a 'national interest' of the US. She deliberately ignored the Chinese assertion that the disputes over sovereignty should only be settled by bilateral negotiations between China and the other disputants and offered American assistance to mediate "a diplomatic process by all claimants." The Chinese Foreign Minister, Yang Jiechi, angrily responded by saying, as he looked at the Singaporean Foreign Minister, George Yeo, "China is a big country and you are small countries, and that is fact."²⁹ The clear implication was that the South East Asian countries should defer to China and not challenge it.

Hillary Clinton's challenge to the Chinese position was followed by her article "America's Pacific Century" of October 11, 2011, in *Foreign Policy* magazine, which argued the case for America's pivot to be "the key driver of global politics stretching from the Indian subcontinent to the western shores of the Pacific." And that view was stated more authoritatively, with more specific commitments of military and other resources, by President Obama in his "Remarks to the Australian Parliament" on November 17 that year. Both argued for a reorientation of American diplomacy, strategy and all-round commitment to this region. Many have regarded the pivot, or as it came to be called the 'rebalance,' as directed at limiting the effects of China's rise, and in China it was regarded as part of a policy of containing China. But a careful reading of Clinton's article and Obama's remarks does indeed show that China's emergence as a great and influential economic and military power was a major theme, but it was by no means the only



Map 4.1 The Pacific Ocean

Comment: Unlike the smaller Atlantic, the Pacific Ocean has been seen by American strategists as offering both economic bounty and strategic threat. Despite encompassing vast distances, the geopolitics of the Asia-Pacific (or the Indo-Pacific) are increasingly seen as the determinants of America's future.

Source: © iStock

theme, and China appeared as something to be engaged rather than to be opposed. The central theme, in fact, emphasized much more the need for America to rethink its global strategy, so as to link it more closely to the developments of the region, to which it had much to offer.³⁰ The trouble was that the Obama administration was unable to carry out the new kind of programs that could have given substance to the ideas embedded in the pivot. For one thing, it could not escape from the quagmire of the greater Middle East despite all attempts to do so. Furthermore, American resources had been stretched too thin. Also, its political system had become dysfunctional and polarized. The American people had lost much of their self-confidence. Perhaps the main themes should have been presented and debated as part of the initial proposal to establish a new world order 20 years earlier.

Problems of engagement with China

As noted earlier, in discussing the Clinton presidency, one of the problems in the policy of engagement was when and how to impose costs on the target regime for pursuing policies damaging to the relationship. Or to put it differently, how to balance short-term interests against those of the longer term. In his second term, Obama found that he had no effective answer to the continued piecemeal encroachment by China into the disputed Spratly and Paracel groups of atolls, shoals, islets and the adjacent maritime areas of the SCS. In effect, Obama was called upon to consider the risk of a military confrontation with China over its disregard of international law by its piecemeal changes to the status quo in the SCS against its possible refusal to collaborate with China to address the global problems of climate change. Unfortunately, Obama never explained to the American people what was at stake, or why he chose this particular course of action, or rather inaction.

On the question of the SCS, Obama, like his predecessors, stated that America had no territorial or maritime claims at stake and that his sole concern was that the disputants, including China, should settle their disputes peacefully and in accordance with international law. Having encouraged the Philippines to take its complaint against China to the international court and having made a point about the importance of observing its verdict, Obama's response to China's dismissal of the July 2016 rulings against them by the Tribunal in The Hague, was to say on September 8 that the ruling was 'binding'. He then went on to tell a summit of Southeast Asian leaders, "I recognize this raises tensions but I also look forward to how we can constructively move forward together to lower tensions and promote diplomacy and stability."³¹ He then continued by pointing-up the importance of climate change. Any Chinese leader, especially one as bold and determined as Xi Jinping, could only understand Obama's words as indicating that he would do nothing. Obama and his regional listeners knew that none of the other claimants had the military power collectively, let alone singly, to challenge China's coercive tactics. The Obama administration, whose naval strength was superior to that of China, chose not to risk mounting a direct military challenge to each of China's low-key salami tactics lest that lead to a major confrontation. The

Chinese military referred to their tactical approach as ‘cabbage-like.’ An islet or fishing boats of other claimants would be surrounded by an overwhelming number of Chinese fishing boats with bows strengthened with metal for the purpose of ramming other boats. The Chinese boats would be supported by large Coast Guard vessels equipped with highly modern weaponry, and these in turn would be backed by naval ships located just over the horizon.

Beginning in late 2013, the Chinese began land reclamations of the seven features they occupied in the SCS. Sand was dredged onto coral reefs, which were then concreted to make permanent features. By December 2016, the new land created reached 3,200 acres. They included deep-water ports and runways on three of the islands capable of landing aircraft of all sizes, including heavy bombers. The rebuilt islands housed an array of weapons systems, including anti-aircraft, anti-missile systems and various others, as well various monitoring and radar installations, etc. They also included most of the facilities to be found on military bases, such as hangars, etc. The American response included a continuing tightening of relations with its main allies in the region, enhancing the military dimensions of relations with regional partners its alliances, more active participation in regional multilateral groupings. But the only active military response was the conduct of occasional freedom of navigation operations (FONOPS) in which a naval ship or a military aircraft would traverse close to Chinese installations as a way of upholding customary international law despite Chinese claims to the contrary. But none of Obama’s diplomatic or other responses imposed sufficient cost on the Chinese side to cause the Chinese leadership to stop further militarization of its islands, even though Xi Jinping had explicitly told Obama that China had no plans to ‘militarize’ them.

American relations with China had begun to fray. Even the American business community, which had been the main driver of expanding relations with China, was beginning to complain more openly about Chinese unfair trade practices. These included the forced transfer of technology and IPR as a condition for operating in China, the restricted access to major sectors of the economy, unfair limits in the use of the internet, hidden subsidies for Chinese companies and so on. However, the Obama administration still sought to engage China on global non-traditional issues, such as climate change; the security and economic dialogue continued its regular meetings. Obama accepted that the relationship with China incorporated both cooperative and competitive dimensions. However, the competitive dimension was becoming more prominent. In 2014 Obama had complained of China as a ‘free rider,’ who had secured the benefits of the global trading system without accepting any of the responsibilities.

Despite the apparent downturn in Sino-American relations, the usual bone of contention over Taiwan did not materialize. In effect their relationship had benefitted greatly from the election of the KMT leader Ma Ying-jeou to the presidency in March 2008. From Beijing’s perspective, Taiwanese independence had been taken off the table, as both sides of the Taiwan Strait accepted the 1992 consensus and were able to reach many agreements on expanding economic, social, cultural and educational exchanges, culminating in the landmark Economic Cooperation

Framework Agreement (ECFA) of June 29, 2010, designed to lower tariffs on their two-way trade of \$150 billion and improve market access in services. Although the core of the problem continued to exist, both sides were prepared to leave it to be addressed sometime in the future. Tsai Ying-wen became president in March 2016 and Donald Trump won the elections in the US in November, which meant that Obama did not have to deal with the impact of her victory on Sino-American relations.

Relations with allies and partners

Obama hoped to move beyond the discussion of America's role in the region in mainly geopolitical terms by promoting the Trans-Pacific Partnership (TPP) of 12 countries, which would go beyond the issue of reducing tariffs to address problems of non-tariff barriers and to include regulations to protect the environment, to advance good governance, protect labor standards, IPR and so on. TPP aimed at setting a new standard for trade agreements that would have required member states to reform many of the ways their economies were regulated. At the same time, the TPP would have had added more substance to the American 'pivot' and improved its geopolitical leadership in the region by setting a new standard for economic relationships – a standard that was beyond China's capacity to accept in the immediate future. Obama argued that it was a case of either accepting these new rules of trade for the 21st century, or letting the Chinese impose their rules. All 12 members signed the agreement in February 2016, but the American Congress prevented ratification and in January 2017, the newly elected President Trump withdrew the US from the agreement.

Relations with Japan under the newly elected Democratic Party of Japan in 2010 under the premiership of Yukio Hatoyama proved to be difficult. Having been elected with a huge majority, the DPJ eclipsed the LDP, which had ruled almost uninterrupted for more than 50 years, the party leaders had little or no experience in government and did not enjoy the familiarity with Washington of the LDP. Although Hatoyama claimed that the alliance with the US was central to Japanese foreign policy, he demanded that it should be based on equality, in accordance with his election pledges. He also sought closer relations with China and the establishment of an ill-defined Asian community to be based on what he called 'yuai' (fraternity). Much to the chagrin of Washington, he sought to renegotiate the 2006 agreement about the relocation of the US Marine base in Futenma, Okinawa – in order to satisfy an electoral pledge to the people of Okinawa, who opposed the prospect. The issue roiled relations for the best part of a year until he accepted the core of the original agreement in June and promptly resigned.

The new Prime Minister Naoto Kan proved to be made of sterner mettle and established a more amicable relationship with the Obama administration. Nevertheless, the relatively harsh treatment by the Obama administration of a democratically elected Japanese government, that was said to be the cornerstone of America's strategic presence in the region and beyond, was contrasted unfavorably with what was seen as Obama's courtship of China.³² What brought the

relationship back to an even keel was the reaction of Obama to the behavior of China and North Korea. North Korea had greeted the advent of the Obama administration with missile tests in April 2009, in contravention of a UNSC resolution, followed by its withdrawal from the 6PT in response to the international condemnation. It then conducted its second nuclear test on May 25, which led to the imposition of further sanctions by the UNSC in June. The North responded by launching another round of missiles in July. Despite having co-signed the UNSC resolutions on sanctioning the North, the Chinese Prime Minister Wen Jiabao visited Pyongyang in October and signed several economic agreements, which at least violated the spirit, if not the letter, of the sanctions resolutions, with the effect of undermining whatever impact the sanctions may have had on the government in Pyongyang.

The Obama administration, having vowed to make no concessions to Pyongyang in order to bring it back to the 6PT and face up to its commitments on denuclearization that it made in the agreements of 2005 and 2007, had become in effect dependent on China to coax the North back to the 6PT. A North Korean torpedo then sank a South Korean naval vessel, the *Cheonan*, on March 26, 2010, killing 46 sailors. The North, with the tacit support of China, denied any responsibility. Consequently, China alienated both the South Korean and Japanese governments and created difficulties for Sino-American relations. By demonstrating that it placed its own narrowly conceived national interest in sustaining the regime in the North above regard for what was seen by America and its Asian allies as the North's reckless behavior regarding the testing and proliferation of WMD, made even worse by its provocative sinking of a South Korean ship and the ratcheting up of tension in Northeast Asia, the Chinese had shown that they could not be relied upon as partners in establishing a rules-based regional order. By the end of his term in office the Obama administration had nothing to show for the policy it had ironically called, 'strategic patience.' All that it had achieved was to grant the North more time to continue to develop its nuclear weapons and the missiles with which to deliver them.³³

At the next G-20 meeting, held in Canada in June 2010, Obama took the opportunity to firm up the alliance with South Korea, describing it as the lynchpin of regional security, and to agree with Lee, his Korean counterpart, that the US–Korean FTA negotiations almost completed by Bush two years earlier would now be completed by November 2010. Few other developments could have demonstrated that Obama's commitment to Asia was for real and that he was prepared to spend political capital in overcoming opposition from within his own Democratic Party to achieve it. The one country in which Bush was held in higher regard than Obama was India. New Delhi was taken aback by Obama's failure to even mention India by name in his first major speech on Asia in Tokyo in November 2009, prior to his going to China. Grave offense was taken at the passage in the Sino-American Joint Statement of November 17, 2009, signed by Obama and Hu in which the two pledged to "work together to promote peace, stability and development in that region." Not only was it demeaning to India, but it indicated that the US was going to work with China, India's rival and Pakistan's 'all weather

ally,' to shape the political order of India and its neighbors. The fact that the White House hastily assured New Delhi that this was a mistake and that the US government had no such intentions only rubbed salt into the wound as it indicated that India was so far from the consciousness of Obama and his foreign-affairs advisers that the offending passage went unnoticed in the first place. Since then, Obama has made amends of sorts by hosting the Indian Prime Minister Manmohan Singh on his first state visit and banquet at the White House and by heaping praise on India as a cherished global partner with which America shares interests and (unlike China) common values. In early 2010, Obama also completed Bush's move to allow India access to American civil nuclear technology.

US-India relations continued to thicken in many ways, including not only commerce but military relations as well, and both sides have benefited from the successful and politically active Indian community resident in the US. Nevertheless, Obama did not gain the level of trust in India that was enjoyed by his predecessor. The Obama administration was anxious to show that unlike its predecessor it would demonstrate American commitment to participate in the regional associations centered on Southeast Asia. To that end it overcame the doubts of military planners in Washington and early on signed up, in March 2009, to ASEAN's Treaty of Amity and Concord, which bound signatories to certain norms of behavior in the region and was a condition of their being considered for membership of the East Asian Summit. In doing so it followed what all the other great powers had done up to six years earlier.

Obama attended the APEC annual meeting in Singapore in November 2009 and became the first American president to hold a separate meeting with the ten members of ASEAN. But his commitment to the region was somewhat tarnished by his postponement of a scheduled visit to Indonesia three times for pressing domestic reasons. He was held in high regard in Indonesia because he attended school there as a youngster. Although the Indonesian president expressed complete understanding of the postponements, Obama indicated by his postponements that this was not among his highest priorities.

Obama's regional legacy

Obama's legacy was mixed. His key contributions of the 'pivot' (or rebalance) and the TPP ended up as primarily conceptual, mainly because he still had to deal with the inherited problems of the greater Middle East, the lack of appropriate resources and continued obstruction by a Congress dominated by Republican right-wing majorities. His successor Donald Trump withdrew the US from the TPP, but fortunately it was revived under Japanese leadership, whose Prime Minister, Shinzo Abe, appreciated its merits in the same way as Obama. The ideas underlying the pivot, focusing especially on the long-term importance of the Indo-Pacific to America look set to be revived by a future president.

China may appear to be making progress at American expense. For example, China's trade and economic relations with Asian countries, and especially key American allies such as South Korea, Japan and Australia, as well as most of the

Southeast Asian countries exceeded those with the United States and the gap was growing. In many instances China was becoming attractive to Asian students at the expense of the United States. A paradox was developing in which the economic well-being of most Asian states was becoming dependent on China, whom they did not fully trust, while their security depended on US military power, whose long-term commitment to the region was doubted to a certain extent and whose willingness to confront China on their behalf could not be taken for granted. Yet by his focus on what he called “quality infrastructure,” Obama has contributed to the many advantages that the American liberal order and its soft power have to offer the region as compared to the so-called Beijing Consensus and China’s self-serving global expansionism now on offer.

Meanwhile, the US demonstrated that it would continue its military missions as usual, despite a new Chinese assertiveness. Obama himself did much to reassure Japan in the course of his visit there in April 2014 by stating that the Senkaku Islands were covered by the defense treaty with Japan. He may not have entirely reassured the Japanese, but he gave the Chinese room for thought as his statement undermined the Chinese attempts to drive a wedge between the US and Japan and it removed the temptation of the Chinese military to test the American commitment to its ally. Furthermore, the return of Shinzo Abe to the leadership of Japan helped Washington strengthen its response to Chinese assertiveness (see the chapter on Japan, Chapter 6). Japan was also the main driver in the re-establishment of the ‘Quad’ in November 2017, as a mechanism for coordinating approaches towards a rules-based order in the Indo-Pacific. The Quad was seen as indicating the convergence of interests between the major democracies in the region (Australia, India, Japan and the United States).

The Obama administration had some successes in its China policy, notably in eliciting its cooperation on sanctioning Iran that made possible the agreement to freeze its nuclear program. Another was the agreement to reduce harmful emissions in the lead-up to the UN conference on climate change in 2015. But it failed to get the Chinese to implement their agreements to end cyber theft of IPR and to not militarize their islands in the SCS. But the Obama administration annoyed the Chinese by refusing to approve Xi Jinping’s Bridge and Road Initiative (BRI) and especially by trying to (and failing) to persuade its allies from joining its Asia infrastructure bank the AIIB.

Obama’s presidency has been criticized for being overcautious and for its many inconsistencies. But as far as the legacy in the Indo-Pacific is concerned the judgment must be mixed. The proposed pivot or rebalance towards the region coupled with the proposed TPP may be seen together as indicative of a far-reaching vision of strategic significance. As against that Obama failed to develop any effective strategy or tactics to counter what he himself called China’s coercive diplomacy and tactics of intimidation, which allowed it effectively to militarily takeover control of the South China Sea in defiance of the ruling of international law as embodied in the ruling of the Tribunal at The Hague. In the process, he weakened the confidence of America’s allies and partners in the readiness of the US to provide them with security against Chinese attempts at intimidation.³⁴

The Trump presidency 2017–2018 . . . ?

The advent of the Trump presidency introduced a sea change in the style and substance of American foreign policy. Trump's excessive self-regard, his unpredictability, his impulsiveness and his disregard for established norms combined to create a climate of uncertainties for allies and adversaries alike. His atavistic dislike of multilateral agreements, especially of the economic variety, was evident from his withdrawal of the US from the TPP on his third day in office. The 11 other participants had not been consulted or even informed in advance. Some had already made painful domestic economic adjustments in anticipation of the TPP, were appalled at what they saw as a reckless act that signified American unreliability. Trump's "America First" slogan (or policy) was widely perceived in Asia as the ceding of ground to China. The various attempts to ban Muslims from entering the US created resentment and hostility, especially in Malaysia and Indonesia. Yet his readiness to host Asian leaders from Southeast Asia as well as from the more significant Northeast Asia was much appreciated. His disregard of long-standing American concern for human rights was also seen in a positive light as occasioned by his welcome of visits by the Thai and Malaysian prime ministers, who had been ostracized by the Obama administration respectively, the first, for the military coup of 2014 and the second, for being investigated by the Department of Justice for corruption. Trump's single-minded preoccupation with American trade deficits, which mystified the overwhelming number of even American economists, was regarded in Asia as potentially very destabilizing. In particular there was a fear of a pending Sino-American trade war arising from his presumptuous demand that China not only cut its trade surplus with the US by \$200 billion, but that China should also change the way its economy is organized. Yet, at the same time, Trump professed admiration for 'his friend,' Xi Jinping, whose help he sought in persuading the North Korean leader to agree to denuclearize. It is perhaps too early to judge whether his contradictory and impulsive foreign policy making, will be successful in "Making America Great Again," but meanwhile Trump will have thoroughly shaken up the post-1945 liberal international order. In his first year and a half in office he has demonstrated the enormity of power that America still wields in the world, but so far, he has yet to show that he can use that power for constructive as well as for destructive purposes.

Perhaps his approach to diplomacy was best seen in the sequence of events of June 8–12, 2018 (Friday–Tuesday): Before leaving for a G-7 meeting in Quebec on the Friday morning he suggested that Russia might rejoin the group. Russia had been kicked out after invading Ukraine and annexing Crimea in 2014 and it was then subjected to severe Western economic sanctions. Since then it had orchestrated malicious interventions in several European elections and even in an American election. Trump arrived late and on the Saturday made it clear that he opposed the rules-based international liberal trade order. But he still signed the joint communiqué. Trump, apparently saw from Air Force One a press conference given by Canadian Prime Minister Trudeau, in which he complained about

Trump's new tariffs and said he would not be pushed around. Trump then withdrew his approval of the communiqué and accused Trudeau of dishonesty and weakness, saying, "our Tariffs are in response to his 270% on dairy!" Yet the US exported five to six times the value of dairy products to Canada than it imported and the value of the dairy trade amounted to only 0.02% of the total trade in goods valued at over \$583 billion in 2017. If the trade in services were included, the US enjoyed a total trade surplus with Canada of over \$25 billion.³⁵

Having insulted America's closest allies and Canada in particular and in the process displayed his ignorance and total lack of any sense of proportionality, Trump then flew to Singapore to attend his summit meeting with Kim Jong-Un. Trump then claimed it an "honor" to meet him and praised Kim as "a very worthy, very smart negotiator." Their joint statement contained only a vague commitment by Kim to work "towards" a "complete de-nuclearized" Korean Peninsula, while Trump committed the US to put an end to the annual joint exercises with South Korea, which he called, "war games" and "provocative" to the North, the ending of which, he claimed, would save the US money. It should be noted that neither the Pentagon nor the South Korean government had been informed in advance about Trump's concession on ending what had hitherto been regarded as necessary precautionary military exercises to defend against and to deter an attack from the North. Complaints from the North about their being a provocation had always been dismissed as propaganda and yet Trump had used the very same term! In his press conference, Trump acknowledged that China had already begun to resume some trade with North Korea even as he vowed to reduce American sanctions only after progress had been made on the nuclear front.³⁶

The results of Trump's three days of high-level diplomacy can be assessed as follows: (1) Relations with America's most important and loyal allies and trading partners in the G-7 were needlessly damaged without regard to the true facts of the trade, of which Trump complained and without taking into account the adverse impact on the American economy his actions are likely to cause. Trump has so far shown no appreciation of how these countries were likely to respond. (2) His warm embrace of another murderous dictator and his expectation that his personal relationship with him was the key to solving the Korean nuclear problem, belongs to the realm of faith, or it amounts to a huge gamble. Meanwhile Trump has elevated Kim's standing in the world and helped legitimize his totalitarian rule at home in the North. (3) Trump's unilateral concession of bringing the joint military exercises with the South to an end has deepened the fears of many in South Korea and especially the majority of Japanese about the value of the American security guarantees. The effects of this added uncertainty will remain long after Trump has left office, regardless of who the immediate successor might be elected by the American people, having already voted such a person to the presidency. South Korea and Japan will now have to consider the options available to them. There can be little doubt that at least one to be considered could be the so-called nuclear option. (4) China is a major beneficiary of Trump's summit with Kim. The reduction of the threat of military conflict, which seemed possible only a few months earlier helped to preserve a status quo, which the Chinese have favored all along.

Similarly, the ending of the military drills between the US and the South reduced China's threat perceptions and the prospect of Trump's withdrawal of American military forces deployed there would be as welcome to China as it will be troublesome to the Japanese. Longer term, the Chinese could look to a unification of Korea without fear of an American military presence and in the expectation of growing Chinese influence. The strategic consequences for Japan would be correspondingly adverse.³⁷ Finally, it would appear that Trump's threatened trade war with China is causing great problems for Beijing's leaders who may find that they will have to scale back their regional ambitions.³⁸

Notes

- 1 For Bush's view of the Tiananmen massacre and its aftermath, see George Bush and Brent Scowcroft, *A World Transformed* (New York: Vintage Books, 1999), Chapter 4, "Untying a Knot." pp. 86–111.
- 2 Robert S. Ross argues that by restoring important aspects of the relationship with China, Bush helped minimize the risk of sliding into a more conflict-ridden relationship, which would have damaged American interests and threatened the stability of the region. "In retrospect," he suggests, "the president's policy appears even more appropriate than it did at the time." See his, "The Bush Administration: The Origins of Engagement." in Michel C. Oksenberg, Ramon H. Myers and David Shambaugh (eds.), *Making China Policy: Lessons from the Bush and Clinton Administrations* (Lanham, MD: Rowman and Littlefield Publishers, 2001), p. 1.
- 3 Nancy Bernkopf Tucker, "The Clinton Years: The Problem of Coherence." *Ibid.*, p. 46.
- 4 Michael J. Green, *Japan's Reluctant Realism* (New York: Palgrave Macmillan, 2003), Chapter 2, "Domestic Interests and Foreign Policy." pp. 35–75.
- 5 For detailed accounts, see Don Oberdorfer, *The Two Koreas* (Boston: Addison Wesley, 1997); and Leon Segal, *Disarming Strangers: Nuclear Diplomacy with North Korea* (Princeton: Princeton University Press, 1998).
- 6 Lee Kuan Yew, *From Third World to First: Singapore and the Asian Economic Boom* (New York: HarperCollins, 2011). Lee presents a vigorous defense of "Confucian values" in Chapter 30, "America's New Agenda." pp. 487–500.
- 7 Warren I. Cohen, *America's Response to China: A History of Sino-American Relations* (New York: Columbia University Press, 5th Edition, 2010), p. 26.
- 8 James Mann, *About Face: A History of America's Curious Relationship with China, from Nixon to Clinton* (New York: Alfred A. Knopf, 1999), pp. 343–345.
- 9 Yoichi Funabashi, *Alliance Adrift* (New York: Council for Foreign Affairs, 1999), Chapter 12, "The Nye Initiative." pp. 248–279.
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- 11 Francois Godement, *The Downsizing of Asia* (London: Routledge, 2003), Chapter 6, "Challenging Asian Politics." pp. 151–178.
- 12 David Finklestein, *China Reconsiders Its National Security: The Great Peace Development Debate of 1999* (Arlington, VA: CNA Corporation, 2000).
- 13 Mann, *About Face*, op. cit., pp. 357, 366–367.
- 14 Report, "Evaluation: China's Past and Future Role in the World Trade Organization." Testimonies to U.S.–China Economic and Security Commission, August 2010. The testimonies cited President Clinton, candidate George W. Bush, Alan Greenspan,

- Sandy Berger, Charlene Barshevsy and others, each claiming in 2000–2001 that China’s membership in the WTO would bring about liberalizing changes in China and that it would benefit the economy and security of the US.
- 15 David Ownby, *Falun Gong and the Future of China* (Oxford: Oxford University Press, 2008).
 - 16 James Mann, *The Rise of the Vulcans: The History of Bush’s War Cabinet* (New York: Penguin Books, 2004).
 - 17 For a detailed study of the war on terrorism in Southeast Asia, see Rommel C. Bantaori, *War on Terrorism in Southeast Asia* (Quezon City: Rex Book Store, Inc., 2004).
 - 18 For an account of Cheney’s role in securing a negotiating position proposed by the State Department on December 12, 2003, see Glenn Kessler, “Impact from the shadows,” (*Washington Post*, October 5, 2004).
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 - 20 Brian Knowlton, “Bush warns Taiwan to keep the status quo: China welcomes US stance” (*New York Times*, October 12, 2003).
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 - 26 Sutter, *US-China Relations (op.cit.)* pp. 151–159.
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 - 28 Ankit Panda, “Are Chinese Navy spy ships Within Exclusive Economic Zones Soon to be a fact of life?” *The Diplomat* (July 24, 2017) and Bill Gerz, “Chinese Spy Ship Monitored US Missile Defense Test”, *The Washington Free Beacon* (August 21, 2018).
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- 38 Minxin Pei, “Xi Risks Losing Face in Trade War with Trump.” *Nikkei Asian Review* (July 9, 2018). See also Mark Leonard, “The Chinese Are Wary of Donald Trump’s Creative Destruction.” *The Financial Times* (July 7, 2018).

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5. Cohen, Warren I., *America’s Response to China: A History of Sino-American Relations* (New York: Columbia University Press, 5th edition, 2010).
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5 China

The ascent to global economic, political and military influence

Xi Jinping became China's supreme leader in 2012 and since then he has initiated what has been called China's 'Third Revolution' by transforming the Chinese state at home and by elevating its global role.¹ However there is much about his revolution that is ambiguous, if not downright contradictory. China may exude self-confidence and bombast in foreign affairs, but Xi's attempts to erect impenetrable electronic barriers to prevent Chinese citizens gaining access to foreign and especially Western ideas and influences, suggest a high level of insecurity, if not anxiety about the durability of communist party rule. The spending on domestic security exceeds that of the official military budget and the use of artificial intelligence in the systems of domestic surveillance enables the Chinese state to penetrate the daily lives of citizens as never before.

So far the actions and speeches of Xi Jinping suggest that his aim is for China to continue to benefit from the existing international order providing that it can be adjusted, when necessary, to serve Chinese interests. One such occasion was when the Chinese government defied the rulings of the international Arbitral Tribunal at The Hague, which in 2016 found that nearly all China's claims and acts in the South China Sea (SCS) had been illegal. A year earlier, in 2015, Xi Jinping declared on the White House lawn that China would not militarize its outposts in the South China Sea and then proceeded to do so without incurring any significant costs. But in most respects, China's leaders find it congenial to observe international law. Yet ambiguities remain. For example, when the newly elected president Trump indicated his opposition to the international multilateral trade rules and his preference for bilateralism, Xi Jinping went to the international economic forum at Davos in January 2017 to declare himself the champion of globalization and open trade. Yet China had been practicing for some time a form of neo-mercantilism, which Xi had significantly tightened in the previous five years of his leadership. Such was China's international weight that none of the business and state leaders attending the forum challenged the dichotomy between his words and his actions.

In the three decades since the end of the Cold War, China has gone on to recover from its relative isolation following the Tiananmen massacre of 1989 to become by the end of the second decade of the 21st century a major global economic and political power that is challenging the regional and even the global leadership

of the United States in many respects. China's challenge is not only directed at America's economic and military power, but also at the liberal democrat and free-market system that the US has followed at home and espoused abroad. The ultimate issue raised by China's rise as a global power is whether it is emerging as a revisionist power that is seeking to make the existing world order better serve its great power interests, or as a revolutionary power seeking to uproot the existing order and replace it with another. That and other questions related to Xi's revolution will be considered towards the end of this chapter. It is first necessary to look at China's evolution in the region since the end of the Cold War in order to understand better how it led to the ascent of Xi Jinping with his new revolutionary agenda.

China, Tiananmen and the end of the Cold War

From the perspectives of China's communist leaders, the shootings of unarmed civilian protestors by the People's Liberation Army on June 4, 1989, in and around Tiananmen Square, brought to an end the prospects for political reform in China. In their initial view it was the attempt to bring about political reform in the communist party states in Europe and in the Soviet Union that led to their dissolution. They also blamed the leadership and policies of Gorbachev. From a longer term perspective, the United States was held responsible for allegedly seeking to undermine communist rule from within by the promotion of programs of "peaceful evolution," which they traced back to John Foster Dulles and which, they claimed, had instigated the Tiananmen demonstrations.²

Most of the senior leaders in Beijing blamed Deng Xiaoping personally for the turmoil of Tiananmen. He had allowed his chosen successors, Hu Yaobang and Zhao Ziyang to encourage reform in the political arena. It was the death of the former in April that had sparked off the student demonstrations and it was Zhao Ziyang, who nearly split the party on the question of suppressing the demonstrations. Besides which, it was Deng, they claimed, who had led the reforms of the 1980s with insufficient attention to the threat of "bourgeois liberalization." Deng, who regarded his opponents as "leftists," argued that the main reason for the collapse of the Soviet Union was its failure over a long time to develop an economic system and economic policies that aimed at improving the living standards of its people. Deng's opponents, who might better be regarded as orthodox communists, sought in 1990–91 to return to a more autarchic command economic system. The economy grew by only 6% compared to the double-digit growth rate it had experienced previously. However, soon after the disintegration of the Soviet Union at the end of December 1991, Deng Xiaoping in early 1992 at the age of 87 embarked on his famous 'southern tour' to Shanghai and Shenzhen (near the border with Hong Kong) and gave a series of speeches, which once again revitalized the cause of 'economic reform and openness' that he had espoused after first becoming leader in December 1978. He not only overcame his 'leftist' opponents, but he also discarded any consideration of diminishing the rule of the communist party, as he emphasized economic reform and openness to the international economy.

The economy in 1992 grew by 14% and it maintained double-digit growth rates for most of the following two decades.³

If the ending of the Cold War in China led to a greater emphasis on the leadership role of a more dictatorial communist party, it also led to a loss of belief in communist ideology, especially by younger people. People had been disillusioned by the Cultural Revolution and by the abandonment of the communist economic system in the course of the 1980s. In addition, the collapse of communism in Europe and the Soviet Union also had an effect. China's leaders then turned to nationalism or patriotism as a means of once again gaining popular support. As early as 1982 Deng had encouraged promoting patriotic education among the young in response to reports from Japan (which were later found to be false) that the Education Ministry in Tokyo had instructed schools to use a revised history textbook, which white-washed Japan's war record. In 1985, a museum was built near Marco Polo Bridge, the site where Japan's invasion of China proper began in 1937. Similar museums were built in Manchuria (China's three northeast provinces) which had been invaded by Japan in 1931. But in 1991 the issue of patriotic education became a much more serious matter. New textbooks were prepared together with a variety of mass media products, including television series, films, comic books, books of personal reminiscences and so on, all focused on the horrors of the war waged by the Japanese in China. In addition, the emphasis at this time was on the supposedly major role that the CCP had played as the main force of resistance.⁴ Only later was acknowledgment given to the KMT and to Chiang Kai-shek for their supposed contribution. But to this day only historians in China are familiar with the truth of the matter that nearly all the fighting had been done by KMT forces. By 1993, the patriotic campaign had become all-pervasive and it was instrumental in consolidating the legitimacy of Jiang Zemin's leadership as the successor to Deng Xiaoping.

Despite the immediate anxieties of its leaders, from a strategic point of view, China benefited enormously from the end of the Cold War. The disintegration of the Soviet Union brought to an end the lingering threat from the north and for the first time in more than 150 years the Chinese landmass was free of the danger of invasion by more powerful countries. At a stroke, China acquired a new strategic latitude that enabled it to devote more attention to modern economic development in the sea-facing provinces of the south and the east and to open up the country to the largely maritime regional economies of East Asia and beyond. The military could at last focus more on modernization to meet the new forms of warfare as demonstrated by the American demolition of the Iraqi army in short shrift in 1990. At the same time, however, China lost some of its strategic value to America because it could no longer serve as a counterweight to the Soviet Union. China was able henceforth to concentrate primarily upon economic development without the fear of invasion or of major wars close to home. The new geographic dispensation facilitated the transformation from Maoist politics of divisive class struggle to Dengist politics of national unity. That of course was consistent with the renewed emphasis on patriotism. It meant too that the KMT and the people in Taiwan were no longer regarded as class enemies to be liberated, nor were the

Chinese overseas, especially in Southeast Asia, to be treated any longer as suspected class enemies. The people on Taiwan were now regarded as compatriots to be wooed so as to encourage them to unite with the Motherland, and the Chinese overseas were now to be regarded as fellow members of the Chinese race to be encouraged to contribute to the regeneration of the homeland. Likewise, the return of Hong Kong could now be subject to negotiation and Hong Kong businessmen could be encouraged to transfer their manufacturing and business knowhow to the mainland. In the early stages of the new economic modernization, these adjacent ethnic Chinese communities provided the main source of investment and momentum for economic growth, and that was why in the early 1980s China's first special economic zones, which provided privileged economic opportunities for the operation of foreign and joint enterprises, were located near Hong Kong, Macao and opposite Taiwan.⁵

From a Western and especially from an American perspective, the Tiananmen massacre evoked emotional horror and shock, especially as much of it was seen live on television. President Bush (the elder) imposed sanctions together with his Western allies, including Japan. But Bush was not keen, as he saw China as too important and he also saw himself as a friend of Deng Xiaoping. He broke his own sanctions by sending two separate emissaries to mend fences with Deng.⁶ Japan did not want China to be isolated again, as it saw the potential for disorder as a greater threat than China's potential rejuvenation as a successful major power, and it ended its sanctions in 1990. Britain, too, felt obliged to accommodate China because it needed Beijing's endorsement of a planned new airport for Hong Kong to ensure its future success, especially as the territory was to be returned to the PRC in 1997. Within a year of being imposed, the only remaining sanction was the prohibition of arms sales.

Reaching out to neighbors

China's leaders found in the aftermath of Tiananmen that their Asian neighbors, especially in Southeast Asia, whom they had previously regarded as under the influence of, and even under the control, of the United States, could help play an important role in limiting the ability of the United States and its Western allies to isolate and to contain China with economic sanctions.⁷ It was noticeable that China's Asian neighbors refrained from joining the chorus of condemnation. Not only were they wary of Western-led 'interference' in the internal affairs of Third World countries, but they too were especially concerned about the consequences of isolating China. Having seen the benefits to their own security and well-being of a more outwardly engaged China in the 1980s, they had much to fear from a return to the containment of the 1950s and 1960s. Additionally, China's neighbors knew that the possible breakdown of the Chinese state would bring nothing but trouble and economic hardship to those living within reach of China. Together with the states of northeast Asia they sought to develop relations with the giant neighbor rather than join the Western countries in imposing sanctions.

In particular, the Chinese appreciated the resumption of diplomatic relations by Indonesia in 1990. President Suharto had cut relations in 1967 over accusations of China's participation in the abortive communist coup of 1965. The Indonesian military, a major political force, had long supported the Vietnamese military as a fellow fighter for the independence of their respective countries and it was only because of its claims to lead ASEAN that Indonesia reluctantly joined Thailand in opposing Vietnam in the 1980s. But around the mid-1980s Suharto began to base his claim for legitimacy on economic performance instead of on the suppression of the communist coup. In 1985, Indonesia resumed trade with China. The end of the Cold War removed the fear of a communist threat. In 1990, Singapore also established diplomatic relations with China. Much as Lee Kuan Yew and the other founding fathers of Singapore had always insisted on its multiracial identity, China's leaders tended to portray it as a Chinese city. Consequently, Singapore continually had to present itself to its immediate Muslim majority neighbors, Malaysia and Indonesia, who had a history of anti-ethnic Chinese riots, that Singapore was indeed a multiracial city-state and not a Chinese outpost. To be on the safe side, Singapore insisted that it would recognize Beijing only after Indonesia had done so. In addition Lee Kuan Yew and other leaders, whose Chinese language skills were of a high order, always spoke to their Chinese counterparts in English. Meanwhile Chinese officials and scholars noticed approvingly that ASEAN member states admitted Myanmar into their association in disregard of American opposition.

Furthermore, China had become a key player in the resolution of the Cambodian conflict, and it was this that prompted President Suharto of Indonesia finally to recognize China in 1990. Singapore soon followed suit. Japan, as we have seen, was instrumental in lifting the embargo on loans soon after. For their part, China's leaders, perhaps for the first time, recognized the contribution that the region could make to China's diplomacy and economy. Foreign Minister, Qian Qichan, began to reach out to neighboring countries, claiming that China enjoyed 'traditional friendship.' He was keen to establish formal relations with ASEAN, and on July 19, 1991, he attended a session of the ASEAN Ministerial Meeting.⁸

South Korea also sought to reach across to China in the hope of breaking the impasse imposed by the legacy of the Cold War and bringing more pressure to bear on North Korea to be more accommodating to the South. Unofficial economic relations had existed since the mid to late 1980s between ethnic Koreans in China's northeast and South Korea. A diplomatic breakthrough was reached in 1992, when China recognized South Korea and indicated that it would not try to block its entry into the United Nations, thus forcing North Korea to join as well. It had no other supporter and it was totally reliant on China for the supply of energy and other necessities. But neither Korean state recognized the legitimacy of the other even though both had become members of the UN.⁹

China's leaders were careful to demonstrate their constructive approach to establishing a peaceable region in the PCW by recognizing as early as possible the new democratic governments and the new states that were formed after the disintegration of the Soviet Union, including those of Central Asia. These included

the so-called six stans, three of which, Kazakhstan, Kyrgyzstan and Tajikistan, bordered China, and with the participation of Moscow, which still housed the relevant documentation, they negotiated disputed aspects of their shared borders. The Mongolian Republic that held its first democratic elections in early 1991 was soon visited by PRC President Yang Shangkun, a close confidant of Deng Xiaoping, which amounted in effect to a re-recognition of the independent state of what was once a province of the Qing Dynasty and to which some in the PRC still claimed was rightfully a part of China. However, even though Mongolia, for the first time in 70 years, no longer enjoyed Soviet or Russian protection, it was highly significant that it was recognized so quickly as an independent sovereign state by the Chinese president. It enhanced Chinese professions of peaceful intent, especially in a context in which the Republic of China (Taiwan) under the rule of the KMT had not yet given up its claim to Mongolia.¹⁰ It should be noted that nearly all of China's outstanding territorial and maritime claims as set out in its official map of 1992 were based on pre-1949 claims made by the Republic.

Within two to three years of the Tiananmen disaster, China had established good working relations with nearly all its neighbors. As seen from China, those relations were valuable in themselves for stabilizing the immediate external environment at a time of internal political vulnerability, and they were also useful as a counter to what was seen as an American-led campaign to contain and punish the Chinese regime. China's neighbors, in turn, were keen to engage their giant neighbor in constructive relations, given the uncertainties of the years immediately following the end of the Cold War. In effect, these developments were the fruit of China's greater strategic latitude in the wake of the collapse of the Soviet Union and the disappearance of its latent threat to Chinese security. These developments also proved to be the genesis of a concerted regional policy by China, showing China's diplomatic skill and adaptability. They also proved to be the building blocks for China's re-emergence as a rapidly growing economy, which was tied into the East Asian region and the wider international economy.

From enmity to 'partnership': relations with the US during the Clinton administration, 1992–2000

Notwithstanding the gains the Chinese had achieved in relations with their neighbors, the relationship with the United States was the principal issue in China's foreign policy. From a geopolitical perspective, the United States was by far the dominant player in China's region and, now that the Soviet Union was no more, it was evident that China would not have been able to develop what was in effect an investment and export-led economic strategy in the teeth of American opposition. From an economic perspective, it was essential to retain cooperative relations with the US. Not only was it China's largest single market and source of advanced technology, but it also provided the public goods in the region and more broadly in the wider world, from which China's economy benefited.¹¹

This was well understood by Deng Xiaoping, who famously cautioned his successors against openly challenging the US and charged them in foreign affairs:

“Observe the development soberly, maintain our position, meet the challenge, hide our capacities, bide our time, remain free of ambitions, accomplish something and never claim leadership.”¹² Tiananmen continued to cast a long shadow over China’s relations with the United States. Although it helped that Bush himself sought to restore amicable relations, and that the change of policy engendered by Deng’s ‘southern tour’ took place while Bush was still president. But it did not alter the fact that most of China’s leaders regarded the US as an ideological adversary, whose general policy in the world was inimical to the interests of China (as these were understood by China’s communist leaders). Despite its absolute strength, many Chinese strategists perceived the US to be in relative decline as a superpower, in part because it was being restrained by the emergence of a more multipolar world.¹³ It was generally thought at the time and subsequently that the American interest in preventing Beijing from unifying with Taiwan was to keep China divided and hence limit its capacity to emerge as a truly great power.¹⁴ Most Chinese entertained ambivalent attitudes towards America: The United States was admired as providing the yardstick against which to measure China’s progress and relative power, but it was also feared for allegedly blocking China’s rise and for seeking to impose its own political values on China. As far as the military were concerned, their ability to bring credible coercive power to bear on Taiwan to prevent it from declaring independence required the capacity to inflict sufficient damage on any American naval forces that might intervene so as to keep them at bay. They knew, however, that they lacked the means to do so at this stage and that it would take a long time before they could reach that stage.

By 1992, however, the Chinese felt more confident about their domestic political recovery and, as was noted previously, Deng Xiaoping had swung the main driver of Chinese politics early that year away from a leftist preoccupation with the threat of ‘peaceful evolution’ from the West towards a policy of going all out for economic growth and opening to the outside. The US, too, had begun to shift away from the shocked reaction to Tiananmen. The agenda of Sino-American relations began to be dictated by disputes over the question of tying in the annual extension of normal trade conditions (technically known as Most Favored Nation treatment – MFN) to China’s human rights performance. Congress determined that, in the event of Beijing’s failure to satisfy the US on specific matters of human rights, it would revoke MFN. President Bush was able to veto the proposed bill every year, as there was not a sufficient majority to override the veto. But it meant that every year the Chinese government found what it saw as its legitimate domestic security concerns subject to political battles in Washington, with the threat of what it saw as economic blackmail.

Another issue was the growing American concern about the infringement of intellectual property rights. From the perspective of China’s rulers, most of the American complaints focused on China’s internal affairs, and the human rights question in particular, which threatened the survival of the Chinese communist system itself. The final year of the Bush administration raised afresh the problem of Taiwan. For reasons of domestic electoral politics, President Bush announced in August 1992 that he would allow the sale of 150 F-16 military aircraft to Taiwan.

In China this was seen as a violation of the joint communiqué of August 1982 that limited the quality of arms sales that the US could sell to Taiwan. More significantly, the sale of the F-16s, coupled with the agreement of the US to press for Taiwan's admission to the GATT and the permission granted to Taiwanese holding senior positions in government to visit the US, persuaded China's leaders that the US had shifted its policy toward Taiwan. Henceforward, "no arms sales would go uncontested, no visit unprotested, no hint of change in the procedures for US-Taiwan relations unchallenged."¹⁵ From a Chinese perspective the advent of the Clinton administration made things go from bad to worse, at least in the first few years. First, President Clinton endorsed the approach by Congress of making the granting of MFN in 1994 conditional on China's performance in a number of areas, including human rights. Second, Anthony Lake, Clinton's national security adviser, declared that the broad objective for the foreign policy of the new administration would be the "enlargement of democracy and of free trade."¹⁶ That could only bring more pressure to bear on China's communist rulers. Although they might have been expected to have fewer misgivings about the enlargement of free trade, they were less pleased that free trade was presented as an instrument for promoting democracy. As the Chinese government dug in its heels, pressure mounted from business interests, coupled with arguments that overall relations with China should not be held hostage to a single issue such as human rights. Meanwhile, Beijing quietly released two prominent dissidents from custody. Clinton gave way and formally de-linked MFN from other matters.¹⁷ It was not the first and by any means the last time that China's leaders were to find it expedient to send a troublesome citizen into exile in return for an important concession by the American government. But generally speaking, the Americans did not have good alternatives.

China's economic relations with the United States were expanding rapidly, even though these, too, raised many problems. There was a growing American deficit in trade with China. The American market was the largest one for China's exports, and Chinese imports from America of advanced technology, including supercomputers and aircraft, were very important for upgrading China's technological capacities, much of which was diverted for military purposes. Americans complained about problems of access to the Chinese market and about China's failure to implement its own laws on safeguarding intellectual property rights (IPR). The US Congress complained about the growing trade deficit as being based on unfair Chinese trading practices and the use of prison labor.

The administration placed restrictions on the sale of sensitive military technology to China and threatened economic sanctions because of the continuing Chinese proliferation of missiles and nuclear technology, which it sold to Pakistan and to certain countries in the Middle East. China had acceded to the Nuclear Proliferation Treaty in March 1992 and in the same month it promised to abide by the guidelines of the Missile Technology Control Regime. But citing technical issues related to its promises, it continued its nuclear proliferation throughout the 1990s, which had begun in the previous decade. Both the Bush and the Clinton administrations applied half-hearted sanctions and in effect winked at these dangerous

and illegal activities. Presumably Bush was keen to avoid damaging what he saw as the broader importance of America's relationship with China. And Clinton presumably did not want to put his policies of engagement at risk. There was also a view in Washington that the exports of WMD were carried out by rogue arms of companies that were difficult for Beijing to control.¹⁸ China's leaders, however, proved adept at playing off foreign competitors such as European vs. American companies seeking to penetrate the Chinese market, and they were frequently successful at utilizing the allure of their huge market to stave off foreign demands for changes in their regulatory practices, which indeed favored local producers.

It took the crisis over Taiwan of 1995–96 to concentrate the attention of both sets of leaders. The Taiwan question had become even more important to Beijing in the wake of Tiananmen when so much emphasis was placed on patriotism to bolster the legitimacy of communist rule. Not only had the issue of unification acquired greater salience, but the American attitude had become more suspect, as it was thought to have a stronger motive in maintaining Taiwan's separation from the mainland so as to keep China divided. Beijing had reacted warily to the beginnings of democratization in Taiwan in the late 1980s and early 1990s, but not with undue alarm. For example, it did not attempt to prevent Taiwan's accession to APEC, insisting only on the nomenclature of 'Chinese Taipei.' There was even a point at which Beijing's 'unofficial' representative met Taipei's equivalent in 1992 to work out the terms on which they could meet in Singapore in 1993 to settle technicalities about cross-Strait communications involving postal services, recognition of notaries, etc. The trouble was that the CCP, the KMT and the DPP ended up with different versions in 2000 about what came to be called "the 1992 consensus."¹⁹ Meanwhile, Lee Teng-hui, the leader of Taiwan, was seen as increasingly moving Taiwan away from China and towards independence, in both his domestic and external policies. As Jiang Zemin consolidated his position as successor to Deng Xiaoping, who by this time was incapacitated by advanced age, he issued an eight-point statement on Taiwan in January 1995 that was designed ostensibly to open the way to cross-Strait talks showing that he had invested his political capital and prestige in the exercise. But Lee Teng-hui in effect rebuffed him three months later. That rebuff and Lee's whole position in widening the distance from the mainland were made possible, in the view of Beijing, only because of the connivance of the Americans, who were seen as failing to live up to their commitments on the 'One China policy.' The American failure to note the intensity of China's commitment to unifying Taiwan with the mainland may also be seen as a consequence of the ending of the Cold War, after which the US no longer needed China as a strategic ally against the Soviet Union.

Objecting to a visit made in June 1995 by President Lee Teng-hui of Taiwan to his alma mater, Cornell University, where he gave a fairly conventional commencement speech, the Chinese decided nevertheless that they had to show both Clinton and Lee that matters had gone too far. By granting Lee a visa on May 22, 1995, in response to overwhelming pressure from Congress, President Clinton had unilaterally revoked the explicit assurance that his Secretary of State, Warren Christopher, had given his Chinese equivalent, Qian Qichen, only a few days

earlier that it was a 'fundamental policy' of the US not to grant visas to senior politicians from Taiwan. Qian had promptly reported Christopher's assurance to the Politburo only to find it upended a few days later. China's leaders saw this as fitting into a pattern in which American leaders were working together with Lee in incremental steps to promote the island's independence. Starting with the sale of 150 F-15s by their 'friend' Bush in 1992 and continued by the raising of the status of Taiwan by Clinton, in allowing meetings between their respective senior officials, encouraging Taiwan's accession to more international institutions and by upgrading the name of its representative office in Washington. Jiang Zemin, who was anxious to assert his domestic authority and the military who sought to bolster their nationalist credentials decided to demonstrate they could bring pressure to bear on both Taipei and Washington.

They responded the following month by conducting military exercises opposite Taiwan that simulated an invasion, and by firing missiles into the sea some 85 miles north and south of Taiwan. The PLA threats arguably (at least as seen in Beijing) influenced the results of parliamentary elections in December, as the pro-unification New Party gained marginally and the pro-independence Democratic Progressive Party did not make as many gains as expected. Emboldened by the effect on Taiwan and by America's less than robust response, the PLA, whose influence on decision making on Taiwan appeared to have grown, especially at a time when the unproven Jiang Zemin was seeking to consolidate his new leadership, went even further in seeking to intimidate Taiwan in the lead-up to the first ever presidential elections due on March 23, 1996. Missiles were launched within 30 miles of each of the island's main ports in the north and the south on March 8. Washington, under pressure to respond, announced the dispatch of two nuclear carrier-led battle groups to the area, giving time to the Chinese to scale down their intimidation and avoid actual combat, but at the same time deploying a massive show of force – the largest deployment of naval forces in the Pacific since the Vietnam War.

The PLA, as scheduled, continued its large military exercises off the coast opposite Taiwan, but launched only one more missile. This time, however, the Taiwan electorate responded adversely to Beijing's attempted intimidation: The defiant Lee Teng-hui won with a majority larger than expected and the two candidates favoring closer ties with the PRC polled only 25% between them. Beijing, of course, claimed success for its tactics, suggesting that they had also persuaded Washington to cut back its alleged support for Lee's drive towards independence. But the PLA military exercises had ended ingloriously and Lee had gained political strength from them. Tellingly, Beijing has not repeated such direct attempts at intimidation. While Clinton may have been made more attentive to the importance of the Taiwan issue for Beijing, it was also true that the US had been drawn into demonstrating an explicit and effective commitment to defend Taiwan and in the process it showed that it had the capacity to operate off China's shores with impunity. Additionally, China's bellicosity gave credence to more people in the US and even among China's neighbors to the idea that China could be a 'threat.'²⁰ This was also the year (1995) in which the Philippines found that

China had secretly established installations on Mischief Reef, barely 120 miles from the Filipino coast, giving rise to accusations of creeping assertiveness by the Chinese.

Stemming from the new strategic review (the Nye Review) of January 1995 and independently of the Taiwan crisis, the United States and Japan had agreed to upgrade their alliance to ensure that Japan would not find itself unprepared to help its US ally as it was in the Gulf War. The agreement in 1996 to do so, in the form of new PCW guidelines that allowed Japan to extend its defense operations beyond its own territory to provide rear support for American forces engaged in combat in the area around Japan (an area that was not defined, but was described as “situational”), was announced by the leaders of the two sides in April and it was to be carried out the following year in 1997. China’s firing of missiles in the seas near Taiwan landed close to Yunaguni, the most southerly of Japan’s islands, created an adverse reaction in Japan that helped smooth the way for the signing of the accord with the US in 1996. The Chinese reaction was predictably critical, especially as the Japanese refused to exclude Taiwan from the area in which potential logistic support might be granted.²¹

The Southeast Asian reaction was mute during the course of China’s attempted intimidation of Taiwan, but was critical in private discussions after the end of the crisis.²² Thus the regional consequences of China’s attempt to intimidate Taiwan were largely adverse, at least in the short term. As against that, Beijing’s readiness to use force convinced Washington thereafter about the huge significance of Taiwan for China’s leaders and it led both America and China to develop regular lines of communication at the highest levels. This did not mean that their long-standing disputes over intellectual property rights, proliferation of WMD, human rights, trade and so on did not continue to affect relations. This was particularly true for those issues that were well represented in Congress, even though the administration continually had to weigh its domestic political problems against its foreign policy objectives.

The fact that China duly took over Hong Kong on July 1, 1997, without the shakeup of its system, as many had predicted, made a good impression in Washington and eased the Clinton administration’s task of arranging for reciprocal state visits between Presidents Jiang and Clinton, which duly took place in October 1997 in the US and in China the following year. President Jiang Zemin was received amid the pomp and splendor favored by China’s leaders and their officials. Jiang was also pleased with the agreement to “build towards a strategic partnership” as affirmed in their joint statement. Clinton’s visit to China in June 1998 marked a high point in the relationship. It was the first time that an American president had gone there without taking the opportunity to stop over in any other country (apparently this was at the suggestion of the Chinese foreign minister, who sought to exclude Japan). The Japanese were not best pleased and they subsequently referred to the incident as “Japan passing.” The visit to China turned out to be the longest overseas trip by Clinton during his presidency (nine days). China’s leaders were highly praised for not having devalued their currency during the 1997 Asian financial crisis. This was seen as a major contribution to

helping to stabilize matters. In truth, the Chinese had simply followed their own interests in not devaluing.²³

China's leader was delighted to be treated as a partner by Clinton, in being praised for China's conduct during the Asian financial crisis, while the Japanese (America's mainstay ally in Asia) were openly disparaged, despite their having advanced \$44 billion to various countries and to the IMF (ten times as much as China). Clinton even raised Jiang's status still further by treating this arch proliferator to Pakistan as a fellow guardian of the world's nuclear safety by issuing a joint condemnation of the Indian nuclear tests of May 1998. Indeed, the joint Sino-American communiqué spoke of the two, as "working toward a strategic partnership" – repeating the phrase first made in their summit the previous year. Clinton also became the first president to say publicly that America did not support Taiwanese membership of international organizations for which sovereignty was a condition for membership. This had been stated before, but what drew the ire of the Taiwanese was that Clinton said it in the PRC and that he seemed to be drawing unduly close to Beijing.²⁴

This high point of Sino-American concord had hardly survived the drying of the ink of the communiqué when domestic developments in the two countries showed that there was insufficient depth of support to sustain such a lofty characterization of the relationship. China's rulers moved systematically to crush the fledgling China Democracy Party, which they regarded as an unacceptable organized challenge to communist party rule that had been encouraged if not instigated by Clinton's visit. The crushing of the tiny political party even before it had been properly formed outraged human rights groups and their supporters in Congress and embarrassed the White House. Meanwhile, reports emerged in the US of illegal Chinese contributions to the electoral funds of the Democratic Party, and Congressman Cox began a formal investigation into allegations of Chinese spying in the US and the stealing of military secrets. The idea of China as a strategic partner came in for much criticism. In China, too, popular sentiment turned against the much-vaunted 'strategic partner.' The image of the United States as a beacon of liberty and democracy was tarnished in post Tiananmen China. In 1997, a highly popular nationalistic book, *The China That Can Say No*, gave expression to this and it was followed by more scholarly 'New Left' publications that objected to globalization as Americanization.^{25 26}

To correct what appeared to be a downward spiral in their relations, the Clinton administration pressed the Chinese side to make a special effort to join the WTO in the interests of enhancing their relations. The newly appointed Premier Zhu Rongji was receptive to this, partly in order to provide a lift to the economy in the wake of the Asian financial crisis and, more importantly, as a means to enhance the reform process in China. The premier visited the US in April 1999, and he brought a package of proposals that were acceptable to Clinton and which the premier hoped to use to deepen and extend China's economic reforms. But, unexpectedly, he was rebuffed because of domestic American politics. The publications of his proposals on the internet galvanized opposition in China from those whose interests would be damaged by the proposed reforms. A month later

an American aircraft accidentally bombed the Chinese embassy in Belgrade, killing three reporters. The Chinese who were already vocal opponents of the NATO attacks on Serbia, which lacked the approval of the UNSC, erupted with fury. Not one Chinese person, even privately, accepted the American explanation that the bombing was accidental.

Popular nationalist anger was turned against the American embassy in Beijing and American consulates elsewhere. Premier Li Peng and Minister of Defense Chi Haotian publicly called on people to vent their ire against the 'common enemy' (the US). The event and Chinese reactions to it coincided with the intensification of Jiang Zemin's angry response to the demonstration of Falun Gong adherents outside the headquarters of the communist party in Beijing two weeks earlier, suggesting a heightened sense of vulnerability.²⁷ Tempers had barely cooled, before Lee Teng-hui claimed in an interview, broadcast internationally, that Taiwan was already in effect independent and that therefore cross-Strait relations were in a position of being 'a state-to-state relationship, or at least a special state-to-state relationship.' Beijing reacted with strident military rhetoric and looked to Washington to bring pressure to bear on Lee, which it duly did, while still stressing its 'One China policy.'

A difficult summer then ensued in China, involving divisions among intellectuals and the public at large, as well as the top leadership, on how to treat the US and how to engage the broader world. What has been called the liberal view, which sought to enhance China's great-power status through improved economic performance, reform and engagement with the international economy, prevailed in the end.²⁸ But it was a kind of liberalism 'with Chinese characteristics,' as it entailed the suppression of all perceived organized opposition to communist party rule from religious groups, to democrats, trade unionists and even leftist publications.²⁹ By the autumn, Jiang had restored his authority and, recognizing entry into the WTO as an opportunity to enhance China's standing as a great power, as well as to promote the reform process at home, Jiang was receptive to a request by Clinton to resume negotiations. On November 15, an agreement was reached on the terms by which America would support China's entry to the WTO. That was the major hurdle to joining, although there still remained tough negotiations with the EU before the final obstacles were cleared, so that China and Taiwan (as a customs territory) became members in early 2001.³⁰ Despite China's entry to the WTO and the burgeoning economic, educational and social ties between China and the United States, relations between the two countries continued to be subject to rapid fluctuations between amity and enmity. In part this related to the differences between their political systems and to clashes of values. For example, Beijing's vicious suppression of the semi-Buddhist sect Falun Gong, which attracted a large following for many who had lost out in the reform process and for whom the sect provided succor, raised the ire of both the human rights section of the Democratic Party and the Christian fundamentalist wing of the Republican Party in joint opposition. But as seen by Jiang Zemin, Falun Gong was a pernicious religious cult led by a dangerous man who resided in the US, whose followers had penetrated into the communist party and which constituted a threat to political

and social order.³¹ Problems also arose with the Clinton administration because of continuing disagreements over Taiwan, especially now that it had become a democracy, and, more broadly, because of differences in the respective national interests between China and the US.

China's regional multilateral diplomacy, 1995–2010

In 1995, China turned to the Southeast Asian countries and ASEAN in particular as a kind of balance to ward off possible adverse consequences arising from its attempted military intimidation of Taiwan, which was a tacit challenge to America, which was pledged to oppose the use of force against the island. Although China had become a member of several regional multilateral organizations before this date, 1995 may be seen as an important turning point, marking the time when Chinese diplomacy became more active, as opposed to being for the most part reactive to the initiatives of others. China had become a member of APEC in 1991 and was a founder member of the ASEAN Regional Forum in 1994. 1995 was the year in which the Philippines discovered that the Chinese had secretly built structures on Mischief Reef, an atoll only some 120 miles from the Filipino coast. At this point, however, Beijing found that by making procedural concessions to its neighbors it could draw on them as a kind of balance against the US. Having initiated the Taiwan crisis in 1995–96 the Chinese sought good relations with ASEAN and they were able to use consultative processes of the ARF at no cost to themselves to pay more attention to the collective views of ASEAN, and they were of course careful not to repeat the Mischief Reef land grab elsewhere in the Spratly Islands chain – at least, not until they had calculated that the regional balance of power with the United States had changed in their favor. Meanwhile the Chinese Ministry of Foreign Affairs began to use the multilateral institutions of the region to diffuse the fear of China as a threat, to consolidate friendly relations, and to strengthen China's role as a leading economic power in the region.

China had already joined a great number of international organizations and signed up to a number of important binding international agreements after the new policies of economic reform and openness to the international economy had begun in 1978. In the 1980s, these were primarily key economic organizations, from whose membership China benefited greatly at minimal cost to itself. But they had the effect of bringing many of China's domestic economic practices into greater conformity with current international practice.³² China, as noted earlier, had also signed up to several arms-control agreements and treaties in the early 1990s that committed it to restrain certain aspects of its behavior, such as the Nuclear Proliferation Treaty (1992) and the Comprehensive Test Ban Treaty (1996). China's observance of treaty norms regarding arms control and proliferation was said to be "no worse than that of other major powers."³³ Later in the 1990s, in order to gain favor with the Clinton administration, China also signed the two main UN conventions on human rights.³⁴ Beginning in 1990, China contributed personnel to UN Peacekeeping Operations, and their numbers began to increase markedly as the decade wore on, and by the end of 2008 had reached

2,000 for the year, bringing the total of China's contribution to UN Peacekeepers since 1990 to 12,000 – more than any of the other permanent members of the UNSC.³⁵ China had a particular reason for making a large contribution, as this was an entirely new and valuable experience of working together with military contingents from other countries in the unfamiliar task of international peacekeeping. In 2008, China sent three ships on a rotating basis to participate in the international anti-piracy patrols off the Somali coast in East Africa. It provided opportunities for its navy to gain experience in operating at considerable distances from home and it also won China international praise for its willingness to contribute to a new form of peacekeeping, even though Vietnam and India watched warily as Chinese naval contingents moved through waters of strategic importance to them. In short, China was becoming a participant in many of the international institutions and practices as befitted a country that sought recognition as a responsible great power. At the same time, these activities usefully enhanced its military abilities to operate at greater distances from its home bases.

China's new activism in regional institutions also served a new strategic purpose. It constituted an attempt to shape a regional order in accordance with China's preferences.³⁶ As ever, the question of the United States loomed large. For a good part of the 1990s the Chinese appeared to think that the world was tending towards a multipolar structure that would act as a counterbalance to the power of the United States (the sole surviving superpower).³⁷ In 1997, China's leaders articulated what they regarded as a 'New Security Concept' based on cooperative and coordinated security.³⁸ Now that the Taiwan issue was not so pressing, the Chinese thought their diplomatic room to maneuver had improved and that they could persuade the Southeast Asians and others of the value of their new concept. Unlike the American military alliances, they claimed that their concept was well suited to what they said was the new post-Cold War environment, characterized by 'peace and development.' The American system of alliances was said to be a remnant from a previous era and indicative of a Cold War mentality. But neither the members of ASEAN nor other regional countries responded positively. By 1999, after heated debates within the country, the Chinese, too, recognized that, far from sinking into relative decline, the US had actually gained in comprehensive strength compared to the rest of the world and that the gap between the US and the rest of the world was growing still wider.³⁹

China's leaders improved their position and their reception by the Southeast Asians by focusing on the economic dimensions of regionalism. The outbreak of the Asian financial crisis in July 1997 was a turning point for China. By not devaluing its currency as others in the region had done, China was seen to have helped the recovery. But as China's leading official on foreign trade stated at the time, it was in the best interests of China not to devalue.⁴⁰ China also provided \$4 billion mainly to Thailand and Indonesia. The Clinton administration, which largely stood on the sidelines, praised the Chinese role in the crisis, while denigrating that of Japan, even though the latter had donated \$44 billion, about half of which was given to the much criticized IMF, which in the end had enabled the stricken economies to recover. The result of the crisis was a difficult recovery for

the chastened Southeast Asians after their very rapid economic growth earlier in the 1990s. It led to a loss of American prestige for neglecting its Asian allies and partners at their time of need, as well as to a decline in the standing of the so-called Washington Consensus for having adopted the approach of 'one model suits all' without regard to variations in local circumstances. The crisis also led to a rise in China's prestige at the expense of Japan's.

These events facilitated the founding of what was called the ASEAN Plus Three (APT) that brought together the ten members of ASEAN with China, Japan and South Korea, supposedly linking southeast and northeast Asia institutionally. Chinese diplomacy dwelt on the positive dimensions of their economic relations. In 2001, Premier Zhu Rongji proposed that a China–ASEAN free-trade agreement (CAFTA) be made, which could be implemented over a ten-year period. As far as South Korea and Japan were concerned, the Chinese side was able to point out that by 2001–02 China (including the through-trade via Hong Kong) had become a bigger market for South Korea than the US, and that the Chinese economic locomotive was providing a boost for even the sluggish Japanese economy. It mattered little at this stage that the magnitude of Chinese investment in the ASEAN countries and that the value of their total trade with most of them was still below those of the United States and Japan. It was the high growth rate of the Chinese economy that provided the fast expanding market needed by the Southeast Asians, which also facilitated a rapid rise in the volume of trade. CAFTA spurred Japan to respond with its own (bilateral) free-trade agreements (FTAs) and to develop its own institutionalized relationship with ASEAN. What mattered from a Chinese perspective at that time was that the country had largely shed its previous image as a vaguely threatening outsider and had assumed that of an active, vital and fast-growing partner.

After negotiations at meetings convened by Indonesia that had lasted for more than three years, the Chinese also agreed with the ASEAN countries in 2002 to issue what was called a Declaration on the Conduct (DoC) of parties in the South China Sea. The resident states undertook to resolve territorial and jurisdictional disputes by peaceful means and to refrain from inhabiting presently uninhabited islands. Although the DoC was non-binding, it was thought that China's standing would be damaged if it were to be seen to be contravening it. The DoC was a remarkable document because by the act of signing the Chinese government had in effect recognized the right of the ten members of ASEAN to have a collective voice in addressing South China issues even though only five of the ten were fellow disputants with China. It should be noted that the Chinese government had insisted all along that maritime and territorial disputes in the SCS could only be addressed on a bilateral basis and since its claims were 'indisputable' only the question of the joint development of SCS resources was negotiable at this point. The Chinese and ASEAN also agreed to develop more confidence-building measures (CBMs) and to explore further possibilities for cooperative activities, bilaterally or multilaterally. China, which was already a signatory to the Southeast Asia Nuclear Free Zone, took an additional step in 2003 in demonstrating its commitment to meeting the interests of its ASEAN partners by being the first outsider

formally to adhere to ASEAN's 1976 Treaty of Amity and Concord, which set out a code of inter-state conduct for the region based on the sanctity of national sovereignty. China had gained by cooperation with its Southeast Asian neighbors far more than it could have expected to from its previous policy of open hostility to the US. It was far less likely, for example, that ASEAN states would provide assistance to the US in the event of a Sino-American conflict over Taiwan. Yet, in practice, the Chinese had not conceded anything of substance, while having gained much good will and, as the members of ASEAN were to see in due course, the Chinese would be able to resume a hardline policy at any time of their choosing.

In Northeast Asia in the mid-1990s in the wake of the Framework Agreement between the US and North Korea of 1994 that also drew in others as regional participants, the Chinese looked forward to the removal of American forces in South Korea. They expected in due course that they would end up exercising predominant influence on the Korean peninsula.⁴¹ Meanwhile, they encouraged negotiations between the North and the US in the expectation that these would result in the acceptance of the coexistence of both Koreas with Chinese influence growing in both.⁴² From a Chinese perspective, the US–Japan alliance had become more troubling, because it had been reinvigorated by the new guidelines agreed between the two in 1996–97. The Japanese were empowered to play a more active strategic role in the region. Nevertheless, the alliance was still considered to be preferable to the alternative of a Japan that was let loose to develop independent security policies. But once the Chinese accepted the upgrading of the American alliance with Japan they stopped harassing the Southeast Asians on their relationships with the United States. Indeed, the Chinese accepted that the Southeast Asians preferred to engage all the great powers, including also Japan, Russia and India, so as to maximize their maneuverability against each. One advantage to the Chinese was that they were less feared under such circumstances, which made their growing influence more acceptable.⁴³

Conscious of their growing military and naval power, China's leaders tried to assuage Southeast Asian concerns about how the territorial and maritime disputes in the South China Sea might be settled. The Chinese had proposed that one way of getting around the impasse in reaching an agreement between their position that their claims were 'indisputable' and the positions of other claimants would be to arrange for the joint development of resources in the SCS with them on a bilateral basis. The trouble was that the Chinese were only interested in joint development in areas claimed by others, but not in areas claimed only by them. No interest was shown until the Arroyo government in the Philippines approved an agreement between their two respective national oil companies in 2005, and then Vietnam also expressed an interest. But three years later, after a change of government, the Filipinos abrogated the agreement because of the corrupt way in which Arroyo and her ministers had conducted the negotiations and because the relevant maritime area went beyond the extent of China's claims.⁴⁴ Elsewhere, the Chinese were not shy of throwing their superior weight around, for example, by barring from China those oil companies which were engaged in exploring Vietnam's continental shelf (in part claimed by China). China's growing naval power

sparked an arms race in the region that was real and costly even if it was not openly acknowledged.⁴⁵

Aware of the existence of an influential current of thought in the US, which looked at China's rise with apprehension and a sense of impending conflict between the established and the rising power, the Chinese conducted a propaganda campaign against what was called the 'China threat theory.' A prominent adviser to China's leaders persuaded them in 2003 to promulgate what was called the inevitability of China's 'peaceful rise' (*heping jueqi*). However, the slogan was soon dropped as the Chinese for 'rise' had the connotation of 'upsurge,' which it was thought might convey the wrong idea, and the linking of that to the word 'peaceful' could send the wrong message to Taiwan, which then might no longer be deterred from seeking independence. It was then decided that Deng Xiaoping's 15-year-old statement, that China only sought 'peaceful development' was best after all, at least for official purposes.⁴⁶ The episode also revealed how seriously China's leaders took the image of their country, which they wanted to portray as a 'responsible power,' especially in light of Robert Zoellick's (the then US Deputy of State) invitation to China to become a 'responsible stakeholder' in the international liberal economic system. In other words, China was expected to contribute to that system and not just to benefit from it as a free-rider. The Chinese responded suspiciously, sensing that they were being invited to share the costs of paying for the public goods of a system created by the US to meet American objectives and to reflect its values.⁴⁷

Meanwhile the Chinese had been actively consolidating their position in South-east Asia. Educational exchanges expanded and Chinese tourism grew from under a million in 1995 to reach nearly four million in 2007, exceeding those from any other country, to jump to 18.5 million in 2016. The value of China's trade with ASEAN countries grew from \$41.6 billion in 2001 to \$213 billion in 2009 and then to \$368 billion (or 16.1% of the total of ASEAN's trade) in 2016, far exceeding that of Japan and the US. But the scale of China's economic domination of ASEAN should not be exaggerated, as it lagged behind in the provision of FDI. According to the ASEAN Statistical Yearbook of 2016–17 (on which the previous figures were based), China contributed \$9.8 billion, or 10% of overall FDI, as compared to the EU's \$32.2 billion and the US's \$12.2 billion (33% and 12.5%, respectively, of overall FDI).

Perhaps the most notable multilateral initiative undertaken by the Chinese government was in Central Asia. The Chinese were able to build on the previous experience of the incremental process of accommodation over force reductions and border agreements, begun in the last years of the Soviet Union and completed in the early to mid-1990s with Russia, whose foreign ministry possessed the relevant historical documents, and the three Central Asian states that bordered China. China first formed an arrangement with those four countries in 1994 that was to become, seven years later, the Shanghai Cooperation Organization (SCO). Embodying elements of cooperative security, on its formation SCO included a joint pledge to oppose 'the three evils' of separatism, terrorism and Islamic extremism.⁴⁸ In this way, Chinese security interests in Xinjiang were linked with

an endorsement, together with Russia, of the sovereignty and territorial integrity of Kazakhstan, Kyrgyzstan and Tajikistan. This was a region in which Chinese influence had been minimal since the fall of the Qing Dynasty in 1911 and where Russian residual power was still very great. Indeed, the Russians had established a security mechanism of their own, the Collective Security Treaty Organization (CSTO), nominally under the authority of the Commonwealth of Independent States (CIS), by which they were committed to come to the defense of whoever among them has been subject to attack. That may be seen as a genuine provision for security, unlike China's more nebulous concept of cooperative security. Most of the railway networks and lines of communication were still linked up with Russia and, as the Russian economic capabilities decayed, the greatest economic beneficiaries were the Europeans.⁴⁹

However, over the following decade, China was able to negotiate and build pipelines; invest in the extraction of oil, gas and mineral resources; and build the necessary infrastructure to transport these to neighboring Xinjiang and from there to China proper.⁵⁰ In the process, the Chinese overcame great distances and difficult terrain, and attached much of their prestige to the SCO, which was named after a Chinese city, where its headquarters were located and it was staffed mainly by Chinese. Several military exercises have been held under its auspices. As the most successful economy of the region, China was able to expand its influence and its relations with their ruling families and elites. The SCO was China's principal point of entry into Central Asia at first and China was able to build upon it to establish its separate sources of power and influence in the region, especially as its economy is far more developed and at least ten times greater than Russia's. Interestingly, the Chinese were instrumental in preventing the SCO from recognizing the breakaway statelets of Abkhazia and South Ossetia in 2008, as demanded by Russia.⁵¹

China's successful regional policies were built to a certain extent on the favorable image created by its relatively generous approach to settling its territorial disputes on the landmass of Asia (India excepted). Far from insisting on meeting its claims in full, as might have been suggested by Beijing's nationalistic rhetoric and by the pressure of its ultra-nationalistic netizens, China's rulers settled for a good deal less. One explanation, based on thorough research, argues that China's approach was determined by its domestic vulnerabilities arising from the long-standing presence of ethnic groupings (whose absolute loyalty was uncertain) in remote border regions, some of whom straddled both sides of the border.⁵²

The impact of 9/11

The Bush administration came into office determined to take a tougher line on China, which it saw as a rising peer competitor. But even before 9/11 it had modified its approach somewhat as a result of the 'EP-3 incident' off the coast of southern China in April, involving a lumbering propeller-driven intelligence-gathering American plane that managed to land after being hit by a Chinese surveillance jet causing the jet to fall into the sea with the loss of its pilot. The American crew was detained for 11 days and the ensuing diplomatic exchanges resulted

in a muted American apology that led to their release. The following month, the Bush administration announced a substantial increase in the quantity and quality of the weapons systems it intended to sell to Taiwan for its self-defense. President Bush added for good measure that he would do 'whatever it takes' to help Taiwan defend itself. Hitherto the US position of 'strategic ambiguity' had left open the degree of support that would be rendered to Taiwan so as to prevent that from being tested by either side.⁵³

The 11th of September, 2001, however, was immediately seen as a catalyst for change by both sides. The immediacy of the Chinese response, when President Jiang telephoned his sympathy and support to President Bush that very day, was unprecedented. Similarly, his willingness to turn over much of the agenda of the APEC meeting in Shanghai in October to Bush was much appreciated by the Americans. The Chinese were seen as partners in the war against terrorism, as they helped persuade the president of Pakistan to accede to the American demands for assistance in the war against Al Qaeda and their protectors the Taliban, who then governed Afghanistan. The Chinese and the Americans also began to share intelligence. The Chinese found a wider audience beyond the members of the SCO for their claim that the opposition to their rule in Xinjiang was also terroristic and was linked with external terrorist groups. The following year, the State Department declared that the East Turkistan Islamic Movement was indeed a terrorist group. The announcement coincided with the promulgation in Beijing of detailed laws prohibiting proliferation of WMD and related technology (i.e., almost ten years since China had signed the NPT!).

Both announcements may be seen as signifying the closeness that had begun to develop between the two sides. The Chinese authorities seemed to acquiesce as American forces established a significant presence in Central Asia and strengthened their ties in Southeast Asia, notably in combating terrorism in Indonesia and the Philippines. Indeed, the Chinese side went so far as to offer to rescue American pilots downed in the SCS. Although it may have seemed that China's strategic situation had worsened, China's leaders appeared to have calculated that their interests had not been greatly damaged. Despite the concern of some Chinese commentators, the bases used by the Americans in Central Asia were not near China's borders, and in any case the Russians, who were more immediately affected, did not contest them. It was not felt in Beijing that the SCO had been rendered ineffective. Its organization was strengthened and a number of joint military exercises were conducted with adjoining countries. The Chinese also found their commitment to stability in the region, as registered in their sponsorship of the SCO, useful in persuading the Asia Development Bank to provide loans for extending railway lines and upgrading roads to link Xinjiang with Central Asia. The Chinese side was also active in promoting cross-border economic relations. As for Southeast Asia, the Chinese appeared satisfied that the increased American involvement was confined largely to the question of opposing terror and that it was not an obstacle to China's enhancement of its relations with ASEAN. Indeed, rightly or wrongly, Southeast Asians felt neglected by the US, at the same time as China's interactions with the region were deepening and widening.

The Chinese government voted for the UN resolution allowing the United States to lead an invasion of Afghanistan in 2002 to topple the Taliban government and to destroy the Al Qaeda sanctuary. Although it did not favor the subsequent invasion of Iraq, the Chinese government was content to let Russia, France and others lead the opposition at the UN. The American government claimed that China helped in exchanging intelligence related to Afghanistan. But the Chinese government joined with Russia at the SCO in supporting the then Kyrgyz government demand of February 3, 2009, that the Americans close their Manas base, which was an important supply stop for the Afghan war. Kyrgyzstan subsequently relented. However, the episode demonstrated that China's support for the American war in Afghanistan was balanced by its concerns about the American military presence in a state on its borders. Nevertheless, the American side continued to praise Chinese support in public and in particular it welcomed Chinese investment in a huge copper mine in Afghanistan and its readiness to build the necessary infrastructure.⁵⁴

The Chinese approach was also affected by its policies towards Pakistan and India. The hostility between the two South Asian states tied down Indian strategy and its capacity to deploy its forces away from the confrontation with Pakistan, which limited the degree to which India could challenge China. Pakistan was China's 'all-weather friend,' the recipient of Chinese aid in building its nuclear weapons. Since the Pakistani military and intelligence services (ISI) had cultivated Islamic terror groups within the country to help sustain resistance in that part of Kashmir ruled by India, China had not pressed Pakistan unduly on the question of its relations with terrorist groups. Pakistan, and indirectly the Americans, with the use of drones to attack terrorist holdouts in Pakistan's tribal areas, have so far ensured that terrorist groups have not been able to offer effective support to Uighurs intent on resisting Chinese rule in Xinjiang. At the same time the Chinese have so far proved adept at buying-off potential threats to their economic activities in Pakistan and Afghanistan.⁵⁵

China was a huge strategic beneficiary of the long American wars in Iraq and Afghanistan. The American preoccupation with the wars and with combatting terrorism was perceived to have contributed to the relative weakening of its strategic interests elsewhere, including in East Asia. China had benefited greatly from Bush's first term as president when under the influence of the so-called neo-cons, his administration wasted American resources and prestige by its preoccupation with the damaging wars in Iraq and Afghanistan, as well as with the so-called Global War on Terror (GWOT) to the neglect of China's accelerated rise as an economic and military power in East Asia. China also benefited from Bush's second term in which more moderate policies were followed and in which there was a return to the policies of engaging China, even though they also included an upgrading of relations with India and a deepening of relations with American partners and allies in the Asia-Pacific.

China also benefited from the profligate financial and economic policies of the Bush administrations, in which the constant warfare was paid for by increasing the national debt and the irresponsible reduction of domestic taxes combined with

unregulated banking excesses that resulted in the biggest financial crisis since the 1929 crash. The crisis and the depression that followed soon spread to Europe and beyond. The Chinese government was able to use its vast foreign currency reserves to provide a stimulus for its economy to emerge virtually unscathed and to stabilize the situation for most of the economies of the Asia-Pacific region.

China's new assertiveness

Beginning in 2008, in the wake of the West's financial crisis and China's heightened nationalism, the leaders began to think that the United States was declining more rapidly than they had thought and that their own star was rising. The apparent shift in the direction of the balance of power in China's favor was noted at the party's Central Work Conference on Foreign Affairs, which was held in July 2009. The conference, which is convened only rarely, when a change of great significance is taking place, called for renewed emphasis on China's soft power, but it also adjusted Deng Xiaoping's famous dictum for keeping a low profile (*Taoguang Yanghui*) by putting more emphasis on his injunction to "get something accomplished" (*Yousuo Zuowei*). In other words, the conference called for a more active foreign policy, not to say a more assertive one.⁵⁶

An obvious example of China's new assertiveness was when, even before the aforementioned work conference, the Chinese began to challenge more openly conventional interpretations of maritime international law in order to suit their own immediate strategic and national interests. Thus on March 9, 2009, Chinese vessels carried out dangerous maneuvers to harass American surveillance ships operating within China's EEZ, but outside its territorial waters, on the grounds that the ships infringed Chinese sovereignty. The US as a global power, for whom the question of the freedom of the seas was vital if it was continue to have access to the global seas, argued that the Chinese position was not supported by the UN Convention on the Law of the Sea (UNCLOS) as signed by the Chinese without reserving their position on this point, nor was it supported by customary international law. The Chinese, however, claimed that the pertinent articles in UNCLOS supported its claims.⁵⁷ Arguably, those articles are less than absolutely clear and neither the Chinese nor the Americans are likely to put them forward for a judicial adjudication. But a senior Chinese military official explicitly stated at the Shangri-La Dialogue in Singapore on May 31, 2013, that China had sent its ships into the EEZ of the US.⁵⁸ In 2010, claiming that its national security was under threat, China strenuously objected to a joint South Korean and American naval exercise in the Yellow Sea that was designed as a response to North Korean aggressive acts against the South, including the sinking of a corvette killing 46 sailors, an incident ignored by the Chinese side.⁵⁹ Yet the exercise took place in international waters. Chinese objections to the American naval activism near their coastal waters arose from concern that the United States was seeking to curtail China's rise. China's leaders saw the American actions as characteristic of a declining dominant power seeking to thwart its rising challenger. Another example of Chinese parochial self-regard toward maritime law was its denial of Japan's claim for an EEZ with

respect to Okitonori in the Pacific, despite Chinese assertions of such claims to similar islets, reefs or cays in the South China Sea (SCS).⁶⁰ Seemingly, China denied legal rights to others, which it claimed for itself.

Further to the Chinese assessment of a decline in America power, President Obama was treated disrespectfully during his visit to China in November 2009, and a relatively junior foreign minister official was openly rude to him at the Climate Change UN Conference the following month in Copenhagen. But the brunt of the new Chinese assertiveness was felt by the Southeast Asians through Chinese enforcement of its territorial and maritime claims in the SCS, which Chinese officials elevated into 'core interests,' on a par with Tibet or Taiwan. These claims were not new. They were first stated by Zhou Enlai in 1951 in response to the San Francisco Peace Conference to which the PRC, as one of the allies in the war of resistance to Japan, had not been invited. They were repeated on several occasions in the intervening years. Maritime rights were added in 1958, and both sets of rights were reaffirmed by China's domestic law of 1992, which spelt out the full extent of its territorial claims. In 1998, another law was promulgated claiming a 200-mile EEZ and rights to continental shelves, in accordance with UNCLOS. But the Chinese have yet to clarify whether the line of nine dashes drawn on their maps which surround 80% to 90% of the SCS, in the shape of the tongue of a cow, refers only to their territorial claims and the supposed EEZs emanating from them, or whether they refer to claims of sovereignty over the waters within the line of dashes. According to UNCLOS, which was signed and ratified by the Chinese government in 1982 and 1994, respectively (and therefore cannot be said to be a western concoction), the reefs, cays and shoals occupied by the Chinese in the SCS cannot be classified as islands and therefore are not entitled to have EEZs extended from them. Nor are the Chinese legally entitled to claim sovereignty over the huge 80% to 90% of the SCS that lies within their line of nine dashes. Apart from the internationally recognized maritime claims emanating from their own coastline on, say Hainan Island, the only legally applicable maritime and territorial areas to which China is entitled to claim sovereignty in the SCS are the 12 nautical miles surrounding the various islets of which it is adjudged to be sovereign.

What characterizes China's new assertiveness is that without clarifying the basis for its claims, except for making vague references to unsubstantiated historical practice or right of possession, the Chinese authorities impose restrictions on what other states can do within the areas within their maritime jurisdiction. On several occasions they have tried to stop the exploration for oil in areas lying within the EEZs of Vietnam and the Philippines, despite their being far from any inhabitable islands claimed by China. In fact, while arrogating to itself the right to conduct oil exploration and drilling within its nine-dashed lines in the SCS, China has demanded that other claimants must first seek Chinese permission before doing so within their own EEZs. On another occasion, a Chinese naval vessel demanded that an Indian naval vessel located 45 miles off the Vietnamese coast should identify itself and explain its presence.⁶¹

China's new assertiveness has arisen primarily from four related developments: its sense of a change of the balance of power in its favor; the expansion of its

national interests to include the maritime domain in its nearby seas (*jinhai*) and its trade routes; the growth of its military power to pursue its maritime claims more effectively; and the heightening of nationalist sentiments among officials as well as among the population in general.

In addition to their sense of the decline of America mentioned earlier, China's leaders also felt that their relative power had increased significantly. In 2003, when the US invaded Iraq, the American GDP was eight times greater than China's, but less than ten years later it was not even three times greater. In 2009, China passed Germany to become the world's greatest exporter and a year after that China would pass Japan to become the world's second largest economy. China had handled the American-started international financial crisis well, at a time when the US economy fell into disorder and its politics into gridlock. The Western world of the US, the EU and Japan was mired in economic troubles while the newly emerging economies of the BASIC countries (Brazil, South Africa, India and China) were growing strongly. Thus the G-20 began to replace the G-7/8 as the decisive forum for tackling the problems of the global economy. China had developed a blue water navy that was beginning to be able to defend China's maritime interests in its near seas. In the words of one of the key advisers to China's leaders, "many Chinese officials believe that their nation has ascended to be a first-class power in the world and should be treated as such."⁶²

China's 'Go Out' policies, initiated in the late 1990s, in which its state owned enterprises (SOEs) had been encouraged with the financial backing of state banks to seek vital resources, including energy and metals, in return for the construction of infrastructure including transportation, power generation, hospitals etc., had proved to be successful. The value of China's trade with African countries rose from \$5 billion in 1995 to \$127 billion in 2010, and with Latin American countries it leaped from about \$12 billion in 2000 to over \$240 billion by 2011.⁶³

The growing maritime orientation of the Chinese economy and the corresponding importance of its maritime trade was in the process of being supported by a rapidly growing navy, which was acquiring blue water capabilities. One of the lessons learned from its military retreat in the face of the American dispatch of two carrier-led battle groups that ended the Taiwan crisis in 1996 was that modern warfare required the ability to operate in the maritime domain. Since then, China's military had concentrated on developing its naval, aerial and, what was called, its informationization capabilities of the armed forces. China's navy had moved beyond the brown water stage of coastal defense to command the green waters' defense of the near seas (*jinhai*) and it had begun to reach out into the blue waters of the distant seas to better protect civilian commercial shipping and the trade routes, which were of increasing importance for the Chinese economy. In December 2004, Hu Jintao as the Chairman of the Central Military Commission (the top military command) introduced a set of New Historic Missions for the armed forces, which over time expanded the scope of military activities to include joint operations. According to China's Defense White Paper of 2010, the PLA ensures that it is well prepared for military struggle, with winning local wars under conditions of informationization and enhancing national sovereignty.

At that time, China's defense budget was at least three times higher as that of all ten ASEAN countries put together. Five years later it stood at over five times the ASEAN figure (\$215 billion and \$40 billion, respectively).⁶⁴ Beginning in 2010, and in subsequent years, China has conducted naval exercises in the SCS involving submarines, destroyers, aircraft with advanced communications and surveillance that were far superior to the maritime forces available to the other littoral states of the SCS.⁶⁵ Whether or not such exercises were designed to intimidate other claimants, they were displays of superior power. Arguably, the greater Chinese activism in the SCS in 2009–10 may be seen as a response to what was perceived as the provocation of others, such as Vietnam and the Philippines, who also had detained Chinese fishermen said to be illegally fishing in their EEZs.

A major part of the problems posed by Chinese fishing fleets was that fishing stocks near their own shores had been greatly depleted by over-fishing and as a result they went further out, encroaching on the fishing grounds of neighboring states. In order to protect their traditional fishing grounds, the Chinese authorities began in the late 1990s to impose bans on fishing at certain times of the year. China began in 1999 to impose bans on fishing in certain parts of the SCS, which coincided with China's more vigorous assertion of its maritime claims. The Philippines and Vietnam resisted the encroachments by Chinese fishing fleets and did not accept the unilateral imposition of yearly fishing bans by the Chinese. But their actions lacked the underlying threat posed by China as the superior power. Thus two editorials in China's state run media in June and July 2011 warned, "if Vietnam wants to start a war, China has the confidence to destroy invading Vietnamese battleships . . . no one should underestimate China's resolve to protect every inch of its territory." source? The nationalistic *Global Times* in both its Chinese and English language publications (i.e., addressing both domestic and international audiences) warned both Vietnam and the Philippines on October 25, 2011, that if they did not change their ways "they will need to prepare mentally for the sounds of cannons."

Meanwhile, the Southeast Asians had begun to beseech Washington for a protective response. Washington was in the process of beginning to reduce its military commitments to the wars in the Middle East duly responded in the summer of 2010, which marked the beginning of its overt intervention in the disputes in the SCS, which opened a new issue in its complex relationship with China. At a meeting of the ARF in Hanoi in July 2010, US Secretary of State Hillary Clinton opened the session by declaring that although the US had no claims of its own and took no position on the claims of other in the SCS, it saw the Sea as a 'national interest' for rights of passage and she called for a peaceful settlement and offered her government's services to facilitate one between all the claimants. The Chinese were furious, as Clinton was in effect dismissing the Chinese position of favoring negotiations on a bilateral basis only and maintained that she was an 'outsider' who was encouraging the Southeast Asians to resist China's 'indisputable' claims. The Chinese Foreign Minister, Yang Jiechi, angrily, looking straight at George Yeo, declared, "China is a big country, you are small. And that is a fact."⁶⁶

Some observers claimed to detect a certain pause in Chinese activism in the SCS. Whether or not that was deliberate, in the sense of taking stock, the Chinese

top leadership was involved in a complex struggle for power over the two years before Xi Jinping emerged victorious at the CCP National Congress of 2012. Given Hu Jintao's emphasis on collective leadership, a division of that magnitude at the top might very well have delayed any significant initiative from being taken. This was a time also when Chinese foreign affairs and security specialists were waiting to see what the policy consequences of the strategy of the 'pivot' or 'rebalance' announced in the autumn of 2010 by the Obama administration, were, especially as they tended to see it as directed against China, despite American denials.

In addition, China's collectivist approach, which required different institutional units to coordinate their activities in order to address multilevel cross cutting tasks, was becoming more difficult to implement over time as their divergent interests became more entrenched. This affected foreign policy, especially as the overlap between domestic and external issues had intensified in 2010–11.⁶⁷ For example, during the course of Hu Jintao's leadership, Coast Guard responsibilities carried out in the SCS involved five separate ministries including the Ministry of Transport (maritime safety), Customs, Ministry of Agriculture (fisheries), Ministry of Public Security (smuggling, piracy, etc.) and State Oceanic Administration (law enforcement and maritime surveillance). In addition sea-facing provinces such as, Guangdong, Guangxi, Hainan, Fujian, etc., all had the separate units involved in aspects of SCS activities affecting their local interests. The different state organs, known colloquially as the Five Dragons, were not unified under one command, the China Coast Guard, administered by the civilian State Oceanic Administration in March 2013, i.e., after the leadership had passed to Xi Jinping.

Enhanced 'Patriotism'

The core of the CCP's claim for legitimacy as a governing party in the post-Mao era has rested on performance, especially in presiding over the continuing growth of the economy and the improvement of people's living conditions. But even before the turn of the 21st century, as Christopher Ford has described, the lack of a broader moral purpose or vision to guide officials through the new stresses and strains of the abrupt social changes attendant upon the rapid economic growth, called for new thinking by a "Party . . . suffering a deep legitimacy crisis." The party responded with a threefold approach: First, by linking past and current perceived humiliations by the West; second, by turning back to newly imagined elements of the classical Confucian traditional culture to demonstrate China's uniqueness; and third, by emphasizing American hegemonic behavior as a state, rather than supposed inadequacies as a society. The new approach still emphasized victimhood and national renewal, but the restoration of China to high global status would rely not just on its material accomplishments, but also on its achievements as a culture, which would gain worldwide recognition.⁶⁸

Young people brought up from the kindergarten through primary, secondary, including even tertiary levels of education with strong elements of Chinese nationalism as appropriate to their levels of education, were ready from the turn

of the 21st century onwards to respond positively to this spiritually enhanced patriotism. Indeed, Chinese young people enthusiastically embraced the nationalist euphoria associated with the successes of the Beijing Olympic Games of 2008, regarding them as evidence of China's revival despite what was seen as disparagement by the West in attempts to block passage by carriers of the Olympic Torch.⁶⁹ The setbacks suffered by America in its Afghan and Iraqi wars and in the continuing military struggles against terrorism, culminating in the economic crisis of 2008, led many in China to conclude that the United States had begun its long-anticipated decline. China's young people responded forcefully in support of their government's more assertive attempts to restore possession of what the government claimed was rightfully its maritime and territorial sovereignty over the Senkaku/Diaoyu Islands in the East China Sea (ESC) against provocations by the Japanese occupiers in 2002 and 2012. Similarly, they were in full hearted support of China's application of coercive diplomacy to regain what they and the majority of Chinese saw as their indisputable maritime and territorial rights in the SCS that were allegedly lost to rapacious foreigners. They tended to dismiss the claims of the smaller littoral states as not only without merit, but also because their claims had been supposedly put forward only at the instigation of the malevolent hegemon, the United States.

To be sure, Chinese official national history is notable for the creative way in which it changes the historical account to meet the changing requirements of the CCP leaders. For example, Mao Zedong, who also felt strongly about the century of shame and humiliation, placed the blame on previous dynasties, whom he condemned for their feudalism. In that sense Mao implied that the cause of the collapse of the Qing was the clash between two social systems, with the backward one falling to the more advanced. Mao's view, therefore, was still within the Marxist framework. Similarly, he placed the blame on the failure to resist the Japanese invaders more effectively on the landlord and capitalist classes, who according to him, were only too ready to collaborate and capitulate. Arguably, that was closer to a nationalist than a Marxist viewpoint, as there is no intrinsic Marxist reason to regard nascent proletarians as intrinsically more patriotic. In Chinese films and documentaries of the war produced during the Cultural Revolution, the final victory scene was usually one in which the young peasant or urban revolutionary exposes the landlord or KMT capitalists as a traitor in the act of betraying his countrymen. Much of Mao's historical claim to legitimacy rested on the victory over the class enemy in the civil war.

The new patriotism, by contrast, has ignored class struggle and Marxist explanations altogether, and placed the blame for the century of shame and humiliation exclusively on the foreigners and especially on the Japanese invaders. Likewise, no blame is attached to China's traditional system of rule, which Mao derided as "feudal." Indeed very little explanation is given as to why such a glorious civilization-state that had lasted for several millennia should collapse so quickly to what were a comparatively small number of foreigners. Deng Xiaoping's explanation that the collapse was the fault of the Ming Dynasty rulers who had closed their doors on the outside world and had fallen behind advances in technology made

elsewhere. Such an explanation would not sit well with the new patriotic history that dwells on the glories of the past, which supposedly are being revived by the CCP in the cause of rejuvenating China. Blaming China's past collapse on the West and Japan facilitates the extension of the identity of past invaders to the source of current external dangers. The sense of victimhood has been at the heart of the new nationalism and it is instilled deep into the education curricula from kindergarten through primary and secondary school all the way to the tertiary level, producing the phenomenon of what is officially called angry youth. The CCP is presented not only as the savior of the nation, and the restorer of its lost territories, but it is now supposedly synonymous with China and it has become the embodiment of the glory that was China. Beginning with Jiang, continuing with Hu and culminating with Xi, China's leaders have pledged the communist party to rejuvenate China and re-establish its global centrality. This view is evident in the expensively displayed National Museum of China opened in March 2011 in Tiananmen Square. But the idea of rejuvenation originated more than a century earlier with Sun Yat-sen.⁷⁰

Regardless of the absence of evidence to support Chinese invoking of history in support of its claims to the SCS, the officially propagated myths are sufficient to invoke passionate nationalist sentiments, especially as no alternative views and interpretations can be made available to the Chinese public. Violent passions can quickly erupt in riots and demonstrations especially against Japanese, for example in 2010 and 2012 (see chapter on Japan for details), or Westerners (e.g., against France over the 2008 Olympics) or even other Asians (e.g., the Philippines over the SCS and South Korea over THAAD – see chapter 7 on the Koreans) whose governments have been deemed to have “hurt the feelings of the Chinese people.” Sometimes they can be used by one section of the governing elite against another. For example, following the bombing of the Chinese embassy in Belgrade, some of the more hardline leaders sought to inflame and prolong the anti-American riots and demonstrators to obstruct attempts by reformers to improve relations with the Americans in order to gain entry to the WTO with the intent to carry out deeper economic reforms. At times, however, popular nationalism can rebound against the authorities, usually because they are regarded as having been insufficiently robust in their response to what are seen as provocations by foreigners. For example, in 1998, following the resignation of President Suharto in Indonesia, rioting broke out against the local ethnic Chinese in which hundreds were killed, and young Chinese displayed their anger on the internet at what they regarded as their government's failure to defend their fellow ethnic Chinese. Or, yet an alternative form of activism feared by the authorities was when supposedly nationalist demonstrations (which are the only kind generally allowed by the authorities) have embodied various grievances against local or even national officials.

The advent of Xi Jinping as leader

Xi Jinping ascended to the position of the CCP General at the Party's 18th National Congress in November 2012. He was the first leader in the reform era not to have

been selected for a leadership role by Deng Xiaoping. He came to power when China needed significant economic and political change. As a princeling, he was not beholden to any of the main power holders in the party and, having been selected as the successor to Hu Jintao at the party's previous National Congress, he had five years to prepare for his supreme leadership, despite the power struggle with Bo Xilai. The collective and consultative organizational political framework recommended by Deng Xiaoping in order to avoid the excesses of Mao Zedong's one-man dictatorship had resulted in considerable deadlock in the complex organizational structures of the party and the state. That had encouraged the growth of factionalism and widespread corruption. The economic system relied heavily on investment in infrastructure and on exports and had begun to reach the end of its previously phenomenally high growth rates. By common consent, it required structural changes to shift it towards a greater orientation towards a consumer-led economy.

Xi's first years in office have been marked by a systematic concentration of power in his hands and in the party. All the major organs of the state and party were made subject to the authority of Party Small Leadership Groups headed by Xi himself – hence the jibe that he was “Chairman of everything.” Hitherto the party's Leadership Groups were reserved for only those matters considered to be of great importance. The significance of the party's role in all other organizations including those of the economy, both private and state-owned enterprises, has been increased. Even foreign-owned companies must have party representation in their decision-making bodies. The party's leading role in the military has also been strengthened. In one of his earliest speeches, Xi pointed out that one of the reasons for the collapse of the Soviet Union was that its armed forces were under the command of the state, which accounted for its inaction. The Chinese PLA would remain very much the armed forces of the communist party.

Perhaps Xi's most well-known reform was his thorough going campaign against corruption. It has penetrated all the organizations of the party, the state and the military, bringing down the high and mighty as lesser officials. By the end of 2016, the number of officials exposed or punished exceeded 1,300,000 and what distinguished this campaign from its predecessors has been its permanence. The others tended to peter out after about a year. The campaign has been generally popular and has enhanced the image of Xi, but he has also used it as a means of removing his political adversaries. The campaign has involved relations with foreign countries. An estimated 18,000 officials with at least \$120 billion assets are estimated to have fled China from 1990 through 2011 and Beijing has sent teams of police and security officials to repatriate them and their assets. So far only a relative small proportion of these people and their assets have been returned to China. But the Chinese teams have sometimes fallen foul of local legal and security authorities, for example, in Australia and the United States.

The centralization of power and the anti-corruption campaign have had unintended effects in making officials reluctant to take decisions, especially about big or controversial projects, lest they become more visible and targets for criticism and subject to investigations. It should be noted that corruption is extensive and

all pervasive in China and there are no effective institutionalized legal means to address it.⁷¹ It has been estimated that the economic effects of the campaign have been to reduce the country's economic growth rate in 2014 and 2015 by 1% to 1.5%.⁷² Moreover in a system in which the party is not legally accountable and in which the law is meant to assist those who govern rather than protect the rights of critics, anti-corruption campaigns are unlikely to bring corruption to an end.

Xi has also carried out the most anti-Western measures since the Mao era, and has thoroughly reversed Deng Xiaoping's policies at home and abroad of relative tolerance of intellectual discourse and checks on unrestrained personal power combined with a foreign policy of caution and openness. He has put a new emphasis on CCP controls and penetration of all social organizations and strengthened the role of SOEs in the economy. He has excluded foreign enterprise from whole sectors of the economy and demanded the transfer of technological, trade and other operating secrets of all foreign companies who wish to enjoy access to the Chinese market.

Ideology

Ideology is one of the main sources for legitimating the exercise of power in communist party-led political systems. If other systems of belief were to be tolerated, sooner or later the acceptance of the monopoly of power held by the party would be eroded. For a country of China's size, with its economic accomplishments and sense of global entitlements, it was all the more important for a leader as ambitious as Xi to be able to project an ideology intended to appeal first to a domestic audience and then to a wider international one. Building on the significance given by his predecessors in their nationalist discourse on the supposed continuity of contemporary China with its glorious past culture, Xi Jinping has made a point of elevating the crucial roles played by the CCP in advancing the rejuvenation of China as a powerful, prosperous and cultured nation in ensuring that China and its people will lead the world to a more just and peaceful new order. But he also warned that the Western forces that brought China down in the past are still trying to prevent China from recovering all its lost territories and are still trying to block China's ascent to the global leading role to which it is entitled. That is why China must keep its borders sealed against penetration by Western values, build a highly modern military and it must innovate and develop so as to take over command of the most advanced technologies.

Xi Jinping has led the way in preventing alleged Western attempts to undermine the values of the CCP and of authentic Chinese culture. He has used extensive censorship and advanced technology to prevent the use of the internet and various social media to import into China Western values and concepts. In April 2013, the CCP issued Document 9, which depicted the party as engaged in a major ideological struggle against Western liberal values. These included adherence to the primacy of constitutionalism, universal values, civil society, market economics, freedom of the press, accurate history and the use of Western standards as a measure of the success of China's reform and openness. Universities and schools

were instructed to enforce ideological education, reject Western values and to strengthen party leadership. The media, too, had to accept party leadership and to project its values. Foreign NGOs had to register with the public security organizations. In fact, in his first five years, Xi Jinping presided over a political system in which the room for debate and the exposure of wrong doing by party members narrowed considerably.

Early in his tenure, Xi spoke of what he called the Chinese Dream. Like leaders before him, going back all the way to Sun Yat-sen, he had in mind the ‘rejuvenation of China.’ Like them, he, too, has thought in terms of making China wealthy and strong and a center of global cultural influence. Unlike them, however, Xi has presided over a China that was seemingly in a position to make a reality of this modern dream. In 2012, when Xi became leader, China had the world’s second largest economy in the world and by PPP measurement it was the largest. It was the world’s largest exporter and the largest importer of energy and numerous commodities. It also held the world’s largest foreign exchange reserves and it was the main driver of the growth of the world’s economy. Yet, like his predecessors, his primary focus has been on the achievement of the domestic objective of continuing to build China into a “moderately prosperous society in all respects.” Similarly, Xi has envisioned this being reached in two stages to meet the anniversaries of the founding of the CCP (2021) and of the PRC (2049). Although Xi regarded China as being in a stage of transition, he claimed in his lengthy speech at the 19th Party Congress of October 2017 that China would become a “global leader in terms of composite strength and international influence.”

The debates about whether to put aside Deng Xiaoping’s injunction to keep a low international profile, which preoccupied much of Hu Jintao’s tenure, were (temporarily?) brought to an end as Xi embraced a more activist agenda. He set out what he called “major country diplomacy with Chinese characteristics” as a means of avoiding warfare between the established leading power, the United States and the emerging leading power, China. The prospect of such a war has been envisaged by some scholars who have based themselves on Realist theorizing and on historical experience going back to the ancient Greeks.⁷³ Xi proposed his concept of major power diplomacy to President Obama at their meeting in Sunnylands, California, in June 2013, but Xi’s offer was in effect conditional on America’s acceptance of China’s self-defined ‘core interests,’ which would have resulted in America abandoning its East Asian allies and retreating from the western Pacific. Earlier that year, Xi Jinping became the first Chinese leader in the reform era to offer China as a model for emulation by others. However, five years later, in June 2018, at the communist party’s Central Committee Conference on Work Relating to Foreign Affairs, Xi linked the concept to building a “more complete network of global partnerships.”

Xi Jinping has reached out to the Chinese Overseas through propaganda about the unity of ethnic Chinese and by using United Front methods, surreptitious communist party organs, Chinese embassies and consulates abroad, businesspeople dependent on the party-state, Chinese student organizations and so on. Those with family members in China may be reminded of their vulnerability, or may simply

be conscious of that possibility, especially at a time when the surveillance powers of the party-state are more pervasive and invasive thanks to the growing capabilities of the technology of Artificial Intelligence.⁷⁴ Xi has called for the primary loyalty of all ethnic Chinese to the communist party–led Motherland over and beyond any claims for their loyalty by the states, whose citizens they may be.⁷⁵

Perhaps more than any other Chinese leader, Xi has encouraged the growth of Chinese cultural influence on a global scale. Literally billions of US dollars have been devoted to multimedia efforts to spread Chinese official viewpoints through Central China Television stations in all countries in the world broadcast in numerous local languages. Hundreds of Confucius Institutes, ultimately controlled and funded by the ‘Publicity’ (i.e., Propaganda) department of the CCP have been established in schools and universities on a worldwide basis, ostensibly to provide Chinese language teaching and events celebrating Chinese culture. Chinese organizations and related Chinese businesspeople have also helped fund academic research on topics regarded as appropriate by the Chinese authorities. Under Xi’s leadership, the promotion of China’s self-image and viewpoints have gone well beyond the realms of propaganda to actual interference in the domestic politics and cultures of host countries. In Australia and New Zealand the loyalties of certain politicians and relevant organizations have been subverted. In the United States, Canada and in some European countries attempts have been made distort teaching and research at universities and to prevent public presentations by speakers deemed hostile to the CCP.⁷⁶

In addition to circumscribing the influence of Western values within China, Xi Jinping has attempted to undermine the principles of the liberal world order. He has denied the existence of universal values, such as human rights, and Xi has emphasized instead a view that such matters are for governments of states to determine. He presented himself at the Davos forum in January 2017 as the main international leader in upholding the principles and practice of globalization. Yet his country was the principal obstructor of the free flow of ideas and information and the prime opponent in practice of free trade, by closing off whole sectors of its economy to the outside world, while demanding access to those of others. Much as Xi advocated the importance of the market at the third plenary session of the Party’s Central Committee in 2013, in practice little was done to promote the role of the market. Instead, he presided over a tightening of state control of his home economy and of its role in directing and subsidizing its external economic activities to the cost of developed and less developed economies alike. In fact, a primary feature of his policies was to centralize decision making and elevate the role of the communist party. Indeed one of the main messages of Xi’s second Central Work Conference on Foreign Affairs of June 2018 was that foreign policy would be in the CCP’s “Central Committee’s hands.” Another key message was Xi’s determination to “lead the reform of the global governance system with the concepts of fairness and justice,” i.e., from the perspective of autocratic governments of states.

Some idea of what he had in mind may be gleaned from an important speech he delivered four years earlier: In May 2014, at the fourth Conference on Interaction

and Confidence Building (CICA), held in Shanghai and attended mainly by representatives of Asian countries, Xi envisioned a future in which Asian states would solve Asian problems helped by China's concept of cooperative security, free of the Cold War mentality associated with (American) alliance systems aimed at third countries (i.e., China). In other words, China would become the regional leader and the United States would no longer have a strategic presence in East Asia. For good measure, Xi became the first leader in the reform era to advance China as a model by declaring that China has "blazed a new trail for other developing countries to achieve modernization."⁷⁷

The BRI

This modern version of the ancient Silk Road is Xi Jinping's signature contribution to China's foreign policy and it may be regarded as constituting his vision of China's contribution to the emerging new world order, which he believes China should lead. Beginning with speeches in Kazakhstan and Indonesia in the autumn of 2013, Xi identified first a land-based continental route, followed by a maritime one. At first Chinese officials referred to the concept as One Belt, One Road (OBOR, *Yidai Yilu*) – the Belt on land and the Road at sea. Later it came to be called the Belt and Road Initiative (BRI). Both versions envisaged a parallel system of different transportation routes that in time would connect the different parts of the world in linkages stemming from China. Huge investments in infrastructure would be required in the building of all-weather roads, rail for high speed trains, linked with industrial zones, high-tech telecommunications, modern seaports with high speed links to their respective hinterlands and so on.

The BRI was put forward without first outlining clear plans or blueprints, but it was clearly designed to serve domestic as well as foreign goals. The first few years have been directed towards the building of infrastructure in Central Asia and Southeast Asia using mainly Chinese state-owned enterprises (SOEs) and Chinese state banks. Many of the projects have involved the completion of existing projects as well as the building of new projects. The goal is to combine Chinese domestic and foreign economic interests. Major overseas projects would facilitate the integration of national and provincial objectives, enabling the less-developed western regions of China to close the economic gap with the rest of the country. Importantly, the BRI would play a significant part in dealing with the country's huge overcapacity in steel, coal, cement, aluminum and nearly all kinds of industrial production. In fact, the BRI is regarded in the latest Five-Year Plan as one of several pillars promoting China's economic growth. According to map projections in Beijing the BRI aims to establish a connectivity emanating from China that will link all the continents including the polar-regions. But at the present early stage these involve projects in the less developed countries of China's western neighborhood. In the early years financing was provided mainly by Chinese banks, but also by the AIIB, which China founded and is its largest shareholder, but has an additional 68 contributing member states holding 74% of the shares. China is pledged to follow international standards in operating the bank. The AIIB

and the BRI projects are linked to the major international banks including the World Bank and the Asia Development Bank (ADB).⁷⁸

Already, a range of problems has emerged. Some involve difficulties of coordinating differences of interest between Chinese government bureaucracies and agencies. Sometimes problems arise from differences of culture and language or when challenging the geopolitical interests of middle or major powers. For example, despite the declared close strategic partnership between Xi's China and Putin's Russia, the Russian president is ambivalent about the BRI, seeing it in 2016 as a major challenge to his favored Eurasian Economic Union.⁷⁹ But the most serious problems were caused by the Chinese practice of financing huge projects through loans at undisclosed interest rates that often exceed the states' capacity to repay, leading the relevant government to cede sovereign assets to the Chinese side as collateral. The practice has been called 'predatory lending' and 'debt traps.' Countries vulnerable to this include Bangladesh, Djibouti, Malaysia, the Maldives, Myanmar and even Pakistan.⁸⁰

The Chinese authorities are finding that Asian governments are cutting back on their commitments to carry out BRI projects and in some cases are increasingly opposed to them altogether. Initially the Chinese proposed projects were welcomed as alternatives to those of the West that were burdened by long delays in meeting conditions of transparency, legality, safeguarding the environment, ensuring worker safety and so on. But often projects that could be carried out quickly and easily in China "would run into delays and cost overruns in less regimented countries; growth in debt, deficits," etc. When a new political leadership canceled those projects, tensions and further problems would arise. Examples include Malaysia, where Mahathir halted Chinese projects worth \$22 billion after winning the election from the incumbent Najib Razak. Another example is Myanmar, whose government intends to "slim down" the new port on the Bay of Bengal. Inter alia the government has found that 40% of its external debt is owed to China, which it says is "not recommendable." It pointed to Sri Lanka, where a new government found itself with expensive white elephants and interest payments on Chinese loans of \$11 billion, almost as much as its total annual tax revenue. Yet another example is the port of Gwadar in Pakistan, near the Arabian/Persian Gulf. It is being built by Chinese companies, as part of the China-Pakistan Economic Corridor (which is said to cost \$62 billion). At present (winter 2018) the port is seen as a necessary third commercial port to lift the burden from Pakistan's other two ports, which are overloaded. The Chinese presence is opposed by the local Baloch independence movement, which has carried out attacks on Chinese workers. But neighboring countries suspect that it will soon be expanded to become another naval base. Meanwhile Pakistan's indebtedness to China has reached the point at which Pakistani officials have insisted that the Chinese keep lending to relieve the country's impending insolvency. Otherwise they would turn to the IMF, which would have entailed the full disclosure of the terms agreed with China about building the CPEC.⁸¹

Xi Jinping's regional assertiveness

Xi Jinping's assertiveness is accentuated by the contrast between his emolument words and speeches about cooperative security and his coercive diplomacy in handling disputes with neighbors and in managing BRI projects, where, as we have seen, Chinese interests are pursued at the expense of those of the resident state. If the last two years of Hu Jintao's term in office were characterized by a pause in Chinese attempts to exercise control over the South China Sea, Xi Jinping's first two years saw a rapid escalation of attempts to impose a new security order in the SCS without even informing, let alone consulting the littoral states in advance. In 2013–14 heavy dredges were brought in close proximity to the seven rocks and shoals occupied by China in the Spratlys, sand and coral was brought up from the sea bottom, deposited over these islets and cemented over. Within two to three years, over 3,200 acres of ground were laid out and various military bases were built upon them, including at least three runways for heavy bombers and another three or four for lighter advanced fighter planes. Deep-water ports were built, as were hangers, barracks, different kinds of missile silos, advanced radar



Figure 5.1 Aerial View of Woody Island

Comment: Woody Island is the largest of the islets in the Paracel Group in the South China Sea that was occupied by the PRC in 1956 and is contested by Vietnam and by Taiwan. It was enlarged, and beginning in 1990, military and government buildings have been constructed. These include a runway capable of handling fourth-generation fighter aircraft and long-range bombers, as well as surface to air missiles. Deep-water ports have been built, as well as a hospital, small department stores and a school, serving a population of over a 1,000 people.

Source: © CSIS Asia Maritime Transparency Initiative/Digital Globe

installations, facilities for high-tech communications, logistics, intelligence gathering and so on. The transformation of these islets into militarized islands might not be effective in a full blown conventional war with the United States, but such warfare is highly unlikely, as the destructive consequences for the economies and well-being for each side would not be commensurate with any conceivable gain. In effect China has used its superior regional military power to impose its control over the South China Sea.⁸²

Arguably, that will increase China's power to intimidate the states of Southeast Asia, but as it is already massively superior to them in terms of military capabilities, the addition of these militarized outposts is not necessarily a decisive change in the military balance. As before, much will depend on the determination of the American government and the availability of appropriate military capabilities for the United States to act as a deterrent against possible Chinese intimidation or aggression. Meanwhile, the American exercises of freedom of navigation forays provide a kind of reassurance. However, the fact that China is a close neighbor means that Southeast Asians must always take its interests into account. The United States is a distant neighbor separated by thousands of miles of ocean, whose strategic presence in East Asia is a matter of choice, ultimately based on a calculation of the importance of the region relative to others. As a noted Singaporean diplomat and academic put it, "Asians know that China will still be in Asia in a thousand years' time, but don't know whether America will still be here in a hundred years' time."⁸³

Moreover, for a state and its leader, which claim to be an upholder of globalization and international order, Xi Jinping's dismissal of the findings of The Hague International Tribunal of July 2016 did not inspire confidence. However, if considered from Beijing's perspective, and leaving aside the dubious history on which its SCS claims are based, it can be argued that China's assertive behavior has some merit as defensive in intent. For a good deal of its relatively short history, the PRC has been subject to the threats and encirclement by one or other of the two superpowers (and for much of the 1960s by both). Since the end of the Cold War America, as the unipolar power, has carried out a complex set of policies towards China, which have combined economic and social engagement with attempts to modify communist party rule and the maintenance of military alliances supposedly aimed at preventing possible Chinese aggression. As seen from Beijing, these alliances, which have been strengthened of late, are aimed at China and designed to intimidate and prevent China to obtain what rightfully belongs to it, such as the island of Taiwan. As seen from Beijing its newly built naval power is needed to protect the trade routes on which its economy has come to depend, but it is also needed to help defend China from possible military attack or intimidation by the more powerful American military. Beijing has no interest in interfering with commercial shipping in the SCS. That would result in greater uncertainty about the safety of the sea route, raise insurance rates and damage China's own trade. But its recent moves to exercise control over the SCS, can also be regarded as measures designed to prevent others from using the sea trade routes to damage China's trade, especially at a time in which China is seeking to develop its BRI.

In other words, the Sino-American differences over the SCS can be seen as an example of the strategic dilemma in which what is seen as a defensive move by one side is seen as offensive by the other side.

China's behavior towards Japan in the East China Sea may display similar tactics in the use of small incremental steps and the entry into waters claimed by the other side by fishing vessels under the protection of powerful ships of China's Coast Guard, within reach of naval ships even further away. Although the Chinese side bases its claim over the small group of islands also on disputed history, it cannot point to claims of sovereignty made before 1969, when a UN report claimed that significant oil and gas reserves could be found in the nearby sea-beds. There is no equivalent to Zhou Enlai's statement of 1951 on the SCS. The intensity with which Chinese official and semi-official forces have brought pressure to bear on the Japanese defenders is intimately related to China's ongoing patriotic campaign against Japan with revanchist overtones. Finally, there are major strategic issues at stake involving the durability of the alliance between the United States and Japan and the question of the access of China's military forces to the Pacific Ocean. Moreover, Beijing raised the stakes of confrontation when it announced in November 2013 its imposition of an Air Defense Identification Zone (ADIZ) from the Senkaku/Diaoyu islands northwards over the East China Sea towards South Korea. But on this occasion, Japanese officials were informed about China's intention to establish such a zone as early as May 2010. An ADIZ is an area of airspace within which notification of the identity of commercial and military aircraft passing through is required in the interests of national security. The United States has not accepted the application of China's ADIZ to the flights of its military aircraft and Japan does not even allow its commercial aircraft to comply with the rules of the ADIZ.

Foreign reaction

Foreign reaction to Xi Jinping's agenda of Leninist authoritarianism, of Chinese nationalism, his BRI project, anti-Westernism and globalist pretensions has been mixed. Authoritarian leaders have approved and been enriched at the expense of their own people. Many people in the less developed countries of Africa, Latin America and even the poorer countries of Europe have been favorably impressed. But there has been a growing sentiment of opposition in the more advanced countries such as Japan, Germany, France and the US as well as most of the neighboring countries to Xi's self-serving policies. Sentiment in the US in particular has hardened against Xi-Jinping's systematic repressive policies at home, his unfair trade and foreign economic policies and the assertive and aggressive ways he followed in demanding deference from East Asians with the goal of evicting the United States from the region. It is striking that the mainstream of the EU has refused to join with China in opposition to Trump's use of tariffs that have led to a trade war. Although they do not like Trump's policy on tariffs they recognize that he is at last using American economic power to try and put a stop to China's egregious discriminatory trade practices.

Much as Xi Jinping may relish support from less developed countries (some of which have already begun to chafe at his predatory economic practices against them), it is the lack of support and even opposition from the highly developed countries, which will disturb him more. His goal of the 'rejuvenation' of China ultimately depends on access to the innovative high-technologies of these countries. The very nature of his authoritarianism militates against the prospect of the major scientific and technological innovation he demands of his countrymen.

In conclusion

Since 2008, China has developed a two-pronged foreign policy towards the United States. On the one hand, it has sought effective working relations with the superpower, which are deemed necessary for its economy and especially for raising the levels of its advanced technology, but which will help to ensure a sufficiently stable regional and international environment in which China can flourish. On the other hand, China opposes the American presence in the western Pacific as the principal threat to the endurance of its political system and the main obstacle to the achievement of national unity and of the establishment of a new world order under Chinese leadership.

Relations with the United States are currently confronted with serious problems beyond the question of balancing the 'two prongs.' The US and other highly developed countries are increasingly challenging China's existing methods of developing innovative technology by unfair means. These include compelling foreign companies to transfer their technological and trade secrets as the price of entry to the Chinese market; second, by purchasing the equity of Western companies specializing in highly advanced technology; and third by using cyber 'warfare' to gain access to civil and military IPR. President Trump has focused on his country's huge trade deficit with China, which his own business community, as well as the leaders and business communities of other developed countries, think is not the best way to address what they regard as the unfair Chinese trade and investment practices. Nevertheless, Xi Jinping seems uncertain how best to respond to Trump. The Chinese initial response was the usual nationalist bluster accompanied by warnings about how a trade war would hurt the American economy and Trump's political base in particular. But that was followed by an almost quietist response in the hope of forming a united front with the EU in opposition to his policy of raising tariffs. That seems unlikely to succeed, as the EU business community is up in arms against China's predatory economic practices and the German government is taking measures to prevent Chinese takeovers of the country's high-tech companies. There are signs, however, that China, Japan and South Korea might cooperate in some respects to protect themselves from some of the damage caused by Trump's policies.⁸⁴

If Xi Jinping's signature project of the Belt and Road Initiative is to succeed, he must address some of its more profound current failings. In particular, Chinese negotiators, especially those from SOEs, will find that they will not

succeed if they persist in predatory lending practices and in flouting standard practices, as exemplified by the World Bank. There is no shortage of examples of Chinese malpractice elsewhere in the less-developed countries similar to those cited earlier. Whatever the immediate gains and short-term advantages that may have accrued from predatory practices and from bribing foreign leaders will work against China's longer term interests and will prevent the emergence of China to the leadership of a new global order in accordance with the aspirations of Xi Jinping.

To return to the question raised at the outset as to whether China is a revisionist or a revolutionary power, or more precisely, do statements and actions authorized by China's leaders about a new global order suggest or imply a radical transformation of the international system? This is not the place to examine in depth the character of the current international system. It may be simplest to consider Chinese views of key components of the system. Despite the claims of China's leaders to be Marxists, they are firmly wedded to the preservation of statehood, sovereignty and territorial integrity. They also embrace international trade, which in turn requires the acceptance of universal rules to allow trade to take place. They accept the distinction between major and lesser powers and the responsibilities that accrue to the permanent members of the United Nations Security Council (of which China is one). In fact it is difficult to think of any key international institution, which China opposes in principle. China's leaders are clearly unhappy with certain aspects of the operations of the system as it applies to China and they would like to see changes that would better serve Chinese interests and accord better with its growing weight in international affairs.

No Chinese leader since Mao has sought or advocated revolutionary change in the international system. On the contrary, they have resisted changes that might weaken their sovereign powers at home. While claiming to lead globalization (of the economic variety) in principle, they carry out mercantilist policies in practice. In conclusion, perhaps it might be more pertinent to ask whether China's revisionism is really a form of revanchism. The PRC claim to Taiwan, which it has never ruled, contravenes the principle of self-determination, and it is also contrary to the principle that government should be based on the consent of the people. Beijing claims not to be expansionist, yet its maritime and territorial claims in the South China Sea, which are stated to be 'indisputable' are based on a reading of history that at best is highly dubious. Similarly, its claim that the various Chinese dynasties in the past never engaged in aggression and conquest is not just dubious but is downright false. Nearly all China's neighbors can point to past occasions when they have been attacked or invaded by Chinese armies. Independent scholars outside of China, who have closely examined dynastic records have confirmed that China's past rulers were just as belligerent as rulers of other empires in history.⁸⁵ Much as the world came to appreciate the policies of Deng Xiaoping from the 1990s onwards despite the lingering memory of his role in Tiananmen, it would seem that unless he should change the fundamentals of his domestic and foreign policies, the response to Xi Jinping will turn out to be far more negative.

Notes

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6 Japan

Re-emergence after a long decline

Japan thrived during the Cold War period, when under the military security and favorable economic policies provided by the United States, Japan achieved what was called an ‘economic miracle,’ which by the 1980s enabled it to challenge American postwar dominance of the international economy. Indeed, an extensive literature blossomed describing and analyzing the supposed decline of the United States.¹ However, excessive financial liquidity and overconfidence created asset bubbles that suddenly burst, plunging the value of the Nikkei stock market from over 39,000 points at the beginning of 1990 to about 20,000 by the year’s end and to 15,000 by 1992. The crisis coincided with the end of the Cold War, which presented a new and difficult challenge to Japan’s alliance with America now that the two no longer shared a confrontation with a common foe. This challenge appeared at a time in which Japan was in shock and unprepared to meet it. If it took 30 years for the Japanese ‘economic miracle’ to take place, it took another three decades before the economy began to make what appeared to be a slow, but sustainable recovery. As we shall see, it was not until 1995 that a revival of the alliance began to take place and, even then, the revival was due to an American rather than a Japanese initiative. But the election of Shinto Abe in 2012 marked the beginning of the re-emergence of Japan as a major power.

Japan’s decline, however distinct, was nevertheless a relative one. Japan’s economy remained the second largest in the world for the next 20 years, when it was replaced by China in 2010. Japan is still regarded as one of the world’s great powers, even though it has been suggested that it should be seen as a middle power, or rather that its diplomacy reflects that of a middle power.² Yet Japan is the only Asian country to have resisted China’s coercive attempts to gain control of maritime territories over which its claims to sovereignty are contested. Additionally, the other ten members of the American-led TPP (Trans-Pacific Partnership) rallied to Japan’s leadership, after President Trump withdrew America from the trade negotiations. It was left to Japan to negotiate the resurrection of the transformative multilateral economic agreement as the Comprehensive and Progressive agreement for Trans-Pacific Partnership (CPTPP) that was signed by the 11 states in March 2018. It has been ratified and it was due to take effect from January 2019. Japan is also playing the leading role in resisting Chinese attempts to impose its power and influence over other states in the Indo-Pacific.

Under the leadership of Prime Minister Shinzo Abe, since his re-election in 2012, Japan is attempting with some success to revive its power and become a genuine strategic and military partner of the United States. Nevertheless, Japan has fallen behind China by a considerable and growing margin after it replaced Japan as the second largest economy in 2010. In the following seven to eight years, the Chinese GDP grew in value to \$11 trillion and Japan's to \$4.6 trillion. In 2018, China's military budget was \$246 billion and Japan's \$46 billion. To be sure, these figures do not tell the whole story. While China's superior strength was being demonstrated not just by statistics of this kind, *Forbes* magazine, whose businesslike readers are not usually regarded as romantic fantasists, ran an article by one of its regular contributors forecasting that by 2040 Japan, not China, would be the leading power in East Asia.³ Be that as it may, there can be little doubt that even if Japan should be able to defend itself from a Chinese attack, China is currently the superior power in most ways in which power is measured.

Japan's economic decline, was not precipitated by the ending of the Cold War, but the demise of the Soviet Union changed fundamentally Japan's international and political environment in ways that required corresponding political and economic adjustments that its domestic system proved unable to bring about. The Japanese political and economic systems were both the product of the arrangements made at the end of the American occupation in 1952, which had resulted in one-party rule by the conservative Liberal Democratic Party (LDP) since 1955. A political system emerged in which the triangular arrangement between the LDP, big business and the government bureaucracy became embedded and that served Japan well in the postwar period when the economy was growing at a phenomenal rate. But the triangular arrangement had prospered behind protectionist barriers of a neo-mercantilist system in which all three had vested interests in maintaining. The economic system, too, was resistant to change as the interlocking mechanisms by which banks were invested in the major companies to whom they extended loans, which had worked so well when the economy was growing fast, turned into a kind of gridlock once the economy began to decline. Massive loans to companies remained on the books of the banks, which the companies could not repay, and yet the banks could not bankrupt the companies without bankrupting themselves. At the same time the LDP, which was tied up with the major companies, had a vested interest too in resisting major reform.⁴

The alliance of the US and Japan was not without its tensions during the Cold War despite their sharing a common foe in the shape of the Soviet Union. Within Japan there was a strong pacifist tendency that opposed signs of a remilitarization of the country. During the Cold War pacifism was supported by the Japanese Socialist Party (JSP) that had sufficient members of the Diet to block proposed changes to the constitution. The JSP opposed the American alliance and favored better relations with the Soviet Union. The more nationalist right wing of the conservative ruling LDP sought to restore what it regarded as Japan's "national culture" and resented what it saw as the Americanization of Japan. The US had to be careful in the conduct of its diplomacy, especially in the early years of the alliance, when American administrations were concerned about the possibility

that Japanese might once again re-evaluate the balance between the orientation towards the West as opposed to Asia.⁵

As in all alliances between a stronger and a weaker party, the stronger sought to avoid being dragged by the weaker into conflicts or accommodations with third parties in which it either had no interest, or which might even damage its interests. The weaker, on the other hand, feared being abandoned or being entrapped by the stronger in having to prove its trustworthiness by participating in conflicts of interest only to the stronger. At least two such incidents took place during the Cold War. In 1956 Japan sought to settle the dispute over four sets of islands to the north of Hokkaido (its most northerly big island) and to establish diplomatic relations with the Soviet Union, which would also facilitate Japan's entry into the UN. The US in effect prevented the reaching of a compromise over the islands, leaving the Soviet Union and Japan able to establish diplomatic relations, but unable to make a peace treaty, which would have paved the way for close relations between the two long-term protagonists and Japanese economic assistance in developing the Soviet Far East.⁶ The other incident was the so-called two Nixon shocks of 1970 and 1971, when the American president failed to inform, let alone, consult Japan about first, his withdrawal of the US dollar from the Gold Standard and second, his opening to China. The dispute over the islands has continued to disturb relations between Tokyo and Moscow to the time of writing in 2018 and the 'Nixon shock' similarly continues to trouble Japan's leaders, as they cannot trust Washington not to pay more attention to China than to its ally, Japan. Although Japan may be limited as a military power, its military budget, according to SIPRI still places it as among the world's top ten spenders on defense. With its highly advanced technological capacities and innovative abilities, Japan deploys formidable military capabilities in terms of quality if not quantity. China, for example, has been more restrained in practicing its coercive diplomacy against Japan in promoting its maritime claims in the East China Sea than against the weaker Southeast Asians in the South China Sea. Nevertheless, Japan's significance as a major power stems from its economic and technological strengths rather than its military. But Japan's military and nuclear potential is recognized to be immense.

The unexpected and rapid end of the Cold War left Japan unprepared to address the strategic challenge of developing a more independent role now that the bargain of the Yoshida Doctrine was no longer viable. The trade-off between allowing the United States to provide security for Japan, and to use the country as a base for its dominance of the Western Pacific, while Japan pursued economic development, had suddenly broken down. The two allies no longer faced a common enemy and the role of the Japan Self-Defense Forces (JSDF) in defending Japan, which included overseeing the three straits open to the Soviet Pacific Fleet, was no longer of immediate strategic concern to the US. In fact, in 1990–91, as the Cold War was drawing to an end, the United States had new cause to be disappointed in Japan as an ally. Japan did not participate in the international coalition assembled by the US in order to compel Saddam Hussain of Iraq to withdraw from his military occupation of Kuwait, which he had invaded illegally in August 1990. The invasion was an attempt to annex a smaller country by force, an act that violated

one of the key foundations on which international order and the institution of the United Nations was based, namely that the independence and sovereignty of weak states should not be destroyed by the strong. Japan, for whom the sanctity of the UN was at the core of its foreign policy, was expected to find a way to participate in the coalition. Another reason for America's disappointment with Japan was its tacit acceptance of a situation in which it was content to let others risk their lives to defend what was Japan's energy lifeline, while Japan simply paid out money. It was as if the Japanese regarded the soldiers of others as expendable mercenaries. Although Japan contributed \$13 billion to the war (20% of the total cost), which was its largest ever contribution to its ally's war chest, it was not included among the list of countries to which Kuwait expressed gratitude for its liberation.⁷

President Clinton, who assumed office in January 1993, responded initially to the domestic demands that troops be withdrawn from their foreign bases as part of the 'peace dividend' from the end of the Cold War. But he soon found himself embroiled in a crisis with North Korea over its nuclear program. In early 1994, it reached a point in which war was thought to be imminent. But again, Japan was found wanting, as it claimed that its domestic legal obligations prevented it from stopping or even suspending the roughly \$60 million the pro-North Korean association sent every year to North Korea. In any case, it claimed that the association would have been able to circumvent Japanese attempts to stop the money from being sent.⁸ Fortunately, war was averted and a Framework Agreement was negotiated by which North Korea would receive various economic benefits, including an annual supply of oil and two light-water nuclear reactors (that could not be used for military purposes), all of which would be arranged by an organization established in 1995 called the Korean Economic Development Organization (KEDO). It was more or less effective for the next eight years until it was stopped amid mutual recriminations between the US and North Korea. Japan, South Korea and the US were the main contributors to funding KEDO. Of the end total amount of \$4.6 billion, South Korea donated \$1.13 billion, Japan \$1 billion, the US \$400 million and the rest was made up by 23 other states.

The Clinton administration was prepared to withdraw up to 100,000 of the 120,000 forward deployed military and civilian personnel from the Asia-Pacific when the Pentagon released what came to be called the Nye Report on American strategy in East Asia (after the Korean crisis), the report advised that no further troop withdrawals should take place, leaving the number deployed at 100,000. The report stated that the American relationship with Japan was its "most important bilateral relationship bar none." In other words, the tendency to overlook or marginalize Japan had now come to an end. Yet the US necessarily had to calculate its regional and global strategic interests in more complex ways than in the bipolar context of the now defunct Cold War.

Japan, too, had to rethink its foreign and defense policies. Within the framework of the alliance, Japan began slowly and hesitantly to fashion new approaches and initiatives that suggested that the country was beginning to assert a new international role for itself. Partly at American prodding, Japan broke several taboos by first agreeing to participate actively in regional security from the late 1990s

and then into the 21st century by sending troops abroad. These developments remained controversial within Japan, but under the growing military pressure and even threats from North Korea and China there was a ‘distinct shift’ in Japanese thinking towards a “greater degree of focus on Japan’s independent military capability and power.”⁹ From the outset, Japan found that it had to deal with the new Russia separately from the US. The same became true of Japanese relations with Southeast Asia. More broadly, however, the Japanese increasingly sensed that their interests did not always coincide with those of the United States. There was a degree of resentment at being expected to contribute to what were seen as American wars in the Balkans, the Middle East and Central Asia, which were not always regarded as being in the interest of Japan and on which the Japanese were not effectively consulted. What made matters worse was that on issues closer to home, such as China and North Korea, the US could not always be relied upon to act in accordance with the Japanese interest. In other words, Japan was in danger of facing one of the classic problems of an alliance partner, of entrapment or abandonment. There has been concern at times in Japan that it might be ‘bypassed’ (or abandoned) by the US as it cultivated relations with China. At other times Japan has been wary of being dragged into commitments in the Middle East that it would prefer to avoid (an example of entrapment).

Japanese thinking about the country’s future role may be seen as divided between two major groups: First, conservatives who looked forward to Japan becoming a ‘normal’ country, with its own independent military force and strategy, and hence becoming a great power in its own right; and second, those of a more leftist or reformist persuasion who, drawing on the pacifistic outlook developed since the defeat in 1945, seek to focus more on political-economic power and to develop Japan as a country that would abjure conflict and make its mark as country uniquely devoted to the promotion of peace and the new global agenda of non-traditional security. Both in their different ways sought to establish a more distinctive Japanese international identity. The claim that Japan should become a permanent member of the UN Security Council enjoyed universal support. It was first aired in 1993 when there was caution within Japan about its readiness to take part in UN PKO and then pursued in earnest in 2005, but the two groups had different ideas as to the role Japan would play. There were also differences within each of the two groups as to how to balance the alliance with America with the relationship with China. Both recognized that ‘preventing the worst’ required a strong alliance with the US, but ‘constructing the best’ required an East Asian community that included China. In other words, what Richard Samuels has called Japan’s ‘strategic convergence’ demanded ‘hedging.’¹⁰

The constraints on developing a new role in the 1990s

Sluggish Japan is part of a region with fast-changing balances of economic and political power and uncertain relations of cooperation and competition between several great regional powers. Three new nuclear powers emerged in the 1990s and all states in the region (with the partial exception of Japan) had increased and

modernized their defense forces. But the region lacked multilateral security institutions capable of defending the national interests of members. The region continued to be characterized by the divergent political systems and security interests, with unresolved territorial and maritime disputes. The competition over energy, water and other necessary resources was growing. The pace of change, the fluidity and uncertainty of future developments in the region, all combined to present Japan with a much more confused, if perhaps less immediately threatening, regional security environment than was true of the four decades of the Cold War. However, as Japanese began to rethink their place in the world they were subject to both domestic and external constraints, which both shaped and restricted their options.

First, the country was wedded to the famous peace Article Nine of the Constitution. At no point was there a realistic possibility of obtaining the two-thirds majority in the legislature, followed by a majority in a national referendum that would have been needed to revise it. It was only through careful reinterpretations by successive LDP governments and through the passage of specific legislation that it became possible for Japan's Self Defense Forces, beginning in 1991, to participate in UN PKO missions and to be deployed abroad in support of American combat missions – but only under conditions that precluded the Japanese from taking part in actual combat. Although Japan developed powerful modern forces and an effective Coast Guard, these were firmly geared towards self-defense and not towards the projection of force.

Second, Japan was constrained by inability or unwillingness to carry out bold new economic policies and substantive institutional reform, which kept the country in economic stagnation for much of the 1990s. Even when a modest economic recovery began after 1998 it arose from the greater volume of exports to the rapidly growing economy of its giant neighbor, China, rather than from major structural reforms at home.¹¹

Third, the domestic economic difficulties led to a curtailment of Japanese external investment, especially in Southeast Asia, which contributed to the sense of Japanese decline relative to the rise of China. Much of this was due to the perception of a rising China and of a Japan in decline rather than to a consideration of the actual amounts of capital involved. For example, little was made of Japan's contribution of some \$44 billion to the IMF and the ASEAN countries during the 1997 Asian financial crisis, even though it exceeded by far China's contribution of just over \$4 billion. But China's contribution, and its refusal to devalue its currency, was praised within the region and by American leaders, with the Chinese held up as virtual saviors of the region.¹² Nevertheless the perception of decline had a basis in fact. Japanese ODA, which had been a key instrument in Japan's foreign policies towards East Asia, had been declining since the bursting of the Japanese bubble.¹³

Fourth, Japan faces a problem of a declining population. It peaked at just under 128 million in 2005 and it has been declining ever since. By 2050 government demographers calculate that the population will have dropped to 87 million. The number of children has declined for 27 consecutive years and children

(those under 15) constitute only 12.3% of the population as a whole (the lowest among the 31 leading countries). Nearly 14% of the population is 75 or older (the equivalent for the US is 6.17 and for the EU, 8.55). These trends will continue. According to government demographers, the elderly will outnumber children by about 3:1 in 2020 and by about 4:1 in 2040.¹⁴ Although Japanese will remain wealthy, household wealth will stop growing and by 2024 household wealth will have returned to 1997 levels. Tax revenues and savings will diminish, which in time will confront Japan with increasingly difficult choices about priorities and the provision of services. Defense spending will come under greater pressure and military recruitment will become even more difficult. Given Japanese aversion to immigration, these trends are unlikely to be reversed.¹⁵

Fifth, externally, Japan has been under constant pressure by its American ally to contribute more to American military and security commitments in the region and beyond. Japan can hardly disavow its key protector without facing huge new problems of how to arrange for its own national security and to assure itself of regional stability in Northeast Asia, which is characterized by strategic distrust between the resident states. The post–Cold War environment has raised anew the old problem of how to balance Japan’s Asian and Western identities, or put differently, how to balance relations between China and America. At the same time, as indicated by the problem of relocating the Futenma American marine base, the extent to which Japanese people are prepared to pay the monetary and social costs of what Americans perceive as Japan’s share of the burden of defense of Japan and the region has been thrown into doubt as never before.¹⁶

Sixth, Japan has been constrained in refashioning its identity, by demands from South Korea and China in particular, that it should address more openly its 50-year history of aggression until its defeat in 1945.

Finally, despite the recognition of a need for reform, most Japanese resisted reform in practice. With a per capita GDP of nearly \$40,000 perhaps life was too comfortable to face the upheavals that systemic reform would entail. Indeed successive opinion polls suggested that most Japanese recognized the need for fundamental reform, but they felt threatened by the future.¹⁷

Relations with the United States

The partnership with the United States has continued to remain central to the economies and security arrangements of both states, but shorn of the glue provided by the common enmity towards the Soviet Union, the alliance has been subject to new strains and old problems have acquired greater salience. Nevertheless, one issue that went back to the American rapprochement with China in 1971–72 was Japanese concern at what was seen as an excessive American preoccupation with China, often to the neglect of Japan. The key issues in the post–Cold War period were primarily political and strategic rather than the economic ones that had caused so much discord and acrimony in the late 1980s and the first year of the Clinton administration.¹⁸ Much of that soon dissipated after the bursting of the Japanese bubble.

Japanese quiescence, and what appeared to Americans as its excessive parochialism, as noted earlier, had become evident in the diplomacy over the North Korean problem in 1993 and 1994. Prior to that, in 1990, the then leading LDP politician had gone to Pyongyang, then desperate about Gorbachev's impending recognition of the South, and all but agreed to a proposal by Kim Il Sung that relations be normalized with reparations being paid not only for the period of annexation (1910–45), but for the period after 1945 as well. Nothing came of the proposal, but the Japanese politician had failed to inform, let alone consult, the South Korean or American governments.¹⁹ When the nuclear crisis broke out in 1993 the Japanese government was aware of the difficulties of overcoming a Chinese veto at the UN; it nevertheless insisted that it would not carry out sanctions against the North without a UNSC resolution authorizing them.

American dissatisfaction with its ally as a 'free-rider' was only matched by Japanese concern about entrapment.²⁰ It was the recognition of that, coupled with the sense that the alliance had been allowed to drift for some years, which led to its revamping. The two major defense reviews, by the US and Japan respectively that were released in 1995 set the terms for revitalizing the alliance. The Japanese review had been carried out by a coalition government, which had replaced the LDP for less than a year, whose head was the Socialist Party leader, Tomiichi Murayama, which ensured that it did not meet with the customary opposition in the Diet. Murayama is best remembered for his open apology for Japanese aggression in the Pacific War, but his leadership in promoting the revitalization of the alliance was important, even if it was at the instigation of the LDP majority in his cabinet. The Japanese review recognized the alliance as indispensable for the defense of their country and as the key for regional peace and security.²¹ By the time an agreement was reached between the two sides in April 1996, the socialist prime minister, Murayama, had been replaced by the more hawkish LDP leader, Hashimoto, and opinion in Japan had been affected by China's attempt at coercive diplomacy by firing missiles in waters near Taiwan, which at their northerly point were less than 200 miles from Japan's most southerly small island. Although it was North Korea, rather than China, that had been uppermost in the determination of the new security guidelines, it was the March 1996 crisis over the Taiwan Strait that was the catalyst and that ensured that the China question would loom larger afterwards.²²

The new defense guidelines went beyond those of 1978 so as to allow Japan to cooperate militarily with the United States, not only in the defense of Japan itself, but also in the defense of the 'areas surrounding Japan.' In other words, Japan accepted that stability in the region was linked to Japanese security and that in the new international circumstances Japan would go beyond allowing the Americans to use bases in Japan, by providing active logistic support to American forces. The revised guidelines were made public the following year, and in May 1999 the relevant legislation was passed by the Japanese Diet without full debate. Meanwhile, in August 1998, the North Koreans increased the growing unease about security issues in Japan, by test-firing a Taepodong-1 missile into the sea across the Japanese archipelago, which demonstrated publicly that the whole

of Japan was vulnerable to North Korean missiles. That facilitated the signing in August 1999 of a memorandum of understanding with the US, committing the two to deepen their cooperation in researching the development of theatre missile defense (TMD).²³

This seemingly smooth consolidation of Japan's relations with the United States had been interrupted first, by differences over the handling of the Asian financial crisis in 1997–98 and second, by the China factor. To take the financial crisis first, America seemed to behave less like a sensitive ally and more like a rival anxious to assert its supremacy. Despite their economic stagnation at home the Japanese did respond positively by proposing to establish what was called an 'Asian Monetary Fund'; in fact, this had been suggested even before the July crisis and was continually proposed throughout 1997, only to be blocked by the United States on the grounds that only an international response in accordance with international rules would do. Others suspected that the US feared that it was in danger of being frozen out of Asia with its leading role being usurped by Japan.²⁴ The key role in addressing the financial crisis was played by the IMF, in which the American voice was preeminent. Yet Japan contributed more to the financial bailout of Thailand, Indonesia and South Korea (Japan committed US\$21 billion to the US's US\$14.2 billion and Japan advanced an additional \$23 billion to the IMF).²⁵

Yet Japan was widely blamed for the crisis, not least by the Clinton administration, because of its failure to reform its domestic economy. What made the situation more galling was the exaggerated praise for China (as noted earlier). Perhaps at a deeper level the economic crisis shattered the myth of the alleged superiority of the Japanese economic model, paralleled by the so-called Asian developmental state. This now stood condemned for having encouraged a lack of transparency in business and financial institutions and the development of crony capitalism. The image of Japanese leadership in the guise of the flying geese model was seemingly exposed as a mirage. By this stage, Japan no longer provided the stimulus for regional economic growth, as it no longer provided the market that once stimulated Asian growth, and as direct investments in its neighbors' economies continued to decline. The regional institutions such as ASEAN and APEC, on which so much Japanese diplomatic capital had been spent, proved unable to rise to meet the challenge of the crisis. Although it may be argued that they were not designed to serve such a purpose, they nevertheless lost much of the *élan* they once had. The Japanese aspiration to establish a Pacific community, which had appeared close to being realized in the early 1990s, now seemed to have been dashed. As a distinguished Japanese columnist put it at the time, "Japanese hopes for peace through economic development and integration have been compromised."²⁶

The China factor also contributed uncertainties to the viability of the alliance as seen from Japan. It was not so much the effect of Chinese criticism of the enhanced security role that Japan had assumed with the concurrence of the US that was at the root of the problem; rather, it was the warming of America's relations with China. Japan has naturally always been sensitive to the conduct of relations between America and China. While in principle favoring American policies

of engagement as opposed to confrontation with China, the Japanese have been concerned lest their main economic partner and provider of security should seek to cultivate relations with China at the expense of Japan. Not surprisingly, there was considerable dismay in Japan at the conduct of Clinton's presidential visit to China in June 1998. Not only were Japan and every other Asian country left out of Clinton's itinerary, but he and his closest aides also went out of their way to praise China and to disparage Japan on Chinese soil. In the course of the visit, US Secretary of the Treasury Robert Rubin praised China as 'an island of stability' amid the Asian economic storm, and simultaneously sharply criticized Japan.²⁷ Japanese Foreign Ministry sources expressed concern that "the United States may try to use both a China card and a Japanese card." Other high-level diplomats were privately speculating that under such conditions Tokyo might be forced to review its strategy and become a political superpower that could contend with the United States and China.²⁸ After Clinton's return from China, Washington sought to mollify Japan, and in any case Sino-American relations began to deteriorate, making the idea of their forming a 'constructive strategic partnership' recede in significance. Nevertheless, the episode increased Japanese uncertainties.²⁹

9/11, however, saw an immediate reconfirmation of the depth of the alliance. The Japanese government, led by Prime Minister Koizumi, reacted speedily by passing legislation that enabled Japan to dispatch a small number of ships, including three destroyers, to help refuel American and coalition ships on mission to the fighting in Afghanistan. A public opinion survey in October 2001 registered 71% in support of the American war on terrorism, but the margin in favor of sending Japanese forces overseas was narrower, 49% for and 40% against.³⁰ This was the first time that Japanese naval forces had been sent to support combat since the Second World War and it had met with little domestic opposition. More controversially, Koizumi went even further at the end of 2003 by agreeing to dispatch up to 200 Japanese from the Self Defense Force to provide humanitarian help and to contribute to reconstruction work in Iraq, despite the opposition of Japanese public opinion and the growing risks to foreign workers there. In 2004, the air force (ASDF) contributed to flying supplies to Iraq. Koizumi and President Bush established close personal relations, but his successors after 2006 were short-lived as prime ministers and did not develop such familiarity with Bush.

The contingent was duly withdrawn from Iraq once its mandate ran out in 2006 and the ASDF was pulled back in 2009. The incoming DPJ government withdrew the naval mission in the Indian Ocean once its mandate ran out in December 2009. Whatever the precise military value these missions may have had, they were seen as important politically by both the Bush and the incoming Obama administrations and they constituted precedents for the dispatch of SDF overseas should a future Japanese government wish to do so again. The advent of the DPJ government in September 2009, which had only been formed by an amalgamation of opposition parties a year earlier, had no experience of governing. It antagonized the bureaucracy by blaming it for Japan's ills and had vowed to reform it. The new government sought to transform Japan's foreign relations and it came to power with the idea of establishing a more 'equal' relationship with the United States,

and with the aim of emphasizing the Asian dimension of Japan's foreign relations. But having sidelined the bureaucracy with its extensive experience and wide range of personal contacts with foreign diplomats, the DPJ government was at a disadvantage compared to its predecessors in conducting foreign policy.³¹ Prime Minister Hatoyama (the son of the Prime Minister in 1956 who was stopped by the American Secretary of State Dulles from making a deal with Moscow about their disputed islands) sought to establish an Asian Community based on what he called 'yu'ai' (commonly translated as 'fraternity'), from which the Americans would be excluded. China was at the heart of his vision, and although Beijing praised Hatoyama and his concept, vague as it was, there was no time to take it further in the nine months of his premiership. A more serious attempt to cultivate relations with China was taken by the prominent politician Ichiro Ozawa, who led a group of over 600 parliamentarians and businesspeople to Beijing to deepen economic and political relations. But that too did not produce enduring results, as he soon fell out of favor with the DPJ on the grounds of corruption. However, the main issue in relations with the US at that point involved the American military bases in Okinawa – the main island, is located about 400 miles south of Japan proper with a chain of smaller islands chain stretching 700 miles to nearby Taiwan. It used to be the Kingdom of Ryukyu from the 15th to the 19th centuries, which paid tribute to both China and Japan until it was annexed by Japan in 1879. In fact, some scholars in China have voiced support for its independence movement and a few have claimed that the Ryukyu Islands belong to China. Presumably, such claims enjoyed a degree of official support in order for them to have been made public.³² It was the scene of a terrible battle in 1945 before Japan's surrender to the US. Its location was ideal for the US military, who leased it until returning it to Japan in 1972. Many of the people of Okinawa resent the presence of 70% of America's military forces out of the total in Japan as a whole. They claim they are paying a disproportionately high price for the defense of Japan and the security of the East Asian region in terms of environmental damage, pollution, excessive noise, accidents and assaults (including sexual ones). With a population of 1% of Japan's total, many Okinawans feel that their land and resources are unfairly exploited by Tokyo. The LDP reached an agreement with the US to move the American base of Futenma located in the densely populated urban center of Ginowan to Henoko, a less populated site by the sea, and to relocate several thousand of US marines stationed there to the American island of Guam, some 1,400 miles away in the Pacific. But the agreement had not been implemented, because it had aroused intense opposition by Okinawans who wanted the base removed from their islands altogether. Much to the initial indignation of the American side, the DPJ government wanted to renegotiate the agreement. The American Secretary of Defense, Robert Gates, on a visit to Japan on 20 October 2009, went so far as to rule out any renegotiation. But Washington soon recognized that it could not treat a democratic ally in such a peremptory manner and tried to come to terms with the DPJ government. However, Japanese ministers were publicly divided on the issue and Hatoyama was inconsistent in his approach. Despite claiming that he sought more 'equal' relations with America, he continually insisted that the relationship

with the United State was the ‘cornerstone’ of Japan’s foreign policy. Hatoyama proved to be disappointing as a leader and, having promised to reach a decision on Futenma, he endorsed the relocation by the end of May and promptly resigned. Meanwhile resistance to the relocation of the base had intensified in Okinawa and it was by no means clear how the new Prime Minister, Naoto Kan, would be able to implement the agreement, especially after he was held responsible for his party’s poor performance in the elections to the Upper House in July, only weeks after becoming prime minister.

As will be considered in more detail in the sub-section on China later, the dispute with China over the Senkaku/Diaoyu Islands (which were occupied by Japan and claimed by China and Taiwan) took a turn for the worse under the DPJ administration. In particular, two incidents inflamed the situation. The first in 2010, involved the attempt to put on trial the captain of a trawler who had rammed two Japanese Coast Guard vessels, who was released without trial after much Chinese pressure. The second was two years later, when the purchase by the Japanese government of three islands in the Senkaku/Diaoyu group to forestall their falling into the hands of a right wing governor of Tokyo, resulted in a furious and even a violent Chinese response, whose government accused Japan of illegally nationalizing the islands.³³

In 2011, the American alliance proved its worth by the rapidity of the dispatch of assistance by the American military to deal with a massive earthquake that registered 9.0 on the Richter scale and the resulting huge tsunami that hit the nuclear plant Fukushima Daiichi.³⁴ That was also the year in which America’s leaders declared their intention to ‘pivot’ or ‘rebalance’ to Asia so as to underscore their view of the region as central to the future development of the US.³⁵ The deterioration of relations with China over the Senkakus added to the impression of the incompetence of the government and a dejected DPJ lost the 2012 election by a landslide to the LDP with its newly revived leader, Shinzo Abe, who had resigned as prime minister in 2007 after only a year in office.³⁶

Abe had the reputation of being a right-winger in the mold of his late grandfather Nobusuke Kishi (Prime Minister 1957–60), whom he much admired. But in his first term as Prime Minister Abe reached out to China and ‘broke the ice’ (to quote the Chinese) in their frozen relationship by making a visit to Beijing his first foreign destination and by reaching an agreement in which they made mutual concessions even on the highly contentious history issues. Beijing noted too that Abe refrained from visiting the controversial Yasukuni shrine, where the souls of the Japanese war dead (including 12 convicted Class A war criminals are located). In his 2006 book *Toward a Beautiful Country* Abe referred to British and American political history to illustrate his wish to see Japan as a sovereign nation that can assert its national interests in equal relationships with other powers. Like his grandfather, Kishi, he was unhappy with Japan’s position as an American protectorate. Instead he favored the restoration of Japan as a ‘normal’ country, as a more self-reliant great power. In the course of his first premiership Abe did not reveal his personal nationalist beliefs and agenda in practice, but had his book been consulted more closely Abe’s reputation would have more closely resembled that of a conservative than that of the rabid right-winger he is often depicted to be.³⁷

Under the LDP, Japanese assertions of their national identity began to shift from the liberal pacifistic side of the spectrum towards a point at which the use of force beyond Japan's territorial bounds might be more acceptable. The threat from North Korea and the increasing military pressure from China shifted the debate in Japan. Topics that were formerly taboo, such as collective defense, launching preemptive attacks and even considering the feasibility of becoming a nuclear power, entered the Japanese mainstream of acceptability for debate. Indeed, in July 2015 Abe's cabinet reinterpreted Article 9 of the constitution to allow 'collective self-defense,' allowed as a sovereign right by the Charter of the United Nations.

Abe's approach to foreign policy on his return to the premiership in December 2012 may be said to have been based first, on the need to strengthen the alliance with America so as to more proactively balance against a rising and assertive China and second, on the need to improve the performance of the Japanese economy. His economic program, called Abenomics, advanced three principal policies, called 'arrows,' which called for monetary easing, fiscal stimulus and structural reform. The economy he inherited was in recession, overloaded with debt and gripped by a long period of depression. An economic revival was essential if his larger political and strategic objectives were to come even close to being achieved. By 2017 Abe had achieved a measure of success. The GDP had grown by \$500 billion and although the national debt was regarded as still too high it had at least been steadied. But household incomes had not increased and some of the structural reforms remain to be carried out. Nevertheless, he sought to raise Japan's international standing, and to reform the education system to restore Japanese pride in their nation and its culture. He also elevated the importance of a values-oriented diplomacy by forming partnerships with Australia, India and the US, as fellow democracies and adherents to the rule of law. His approach went beyond the Yoshida Doctrine to embrace more activist participation in regional and global security issues as a partner of the United States and not as a passive subordinate, or what his grandfather, Kishi, derisively called in his resignation speech, "a loser country." Tellingly, Christopher W. Hughes called the new approach "the Abe Doctrine."³⁸ It resulted in a more assertive and high risk foreign and security policy for Japan.

Abe lost little time in taking steps to implement the new approach. In December 2013 he instituted the National Security Council with nine members under his presidency, that included the Minister of Defense and such senior military officers as may be invited to address particular issues, but also heads of agencies concerned with the economy, civil defense and so on. This was the first time since the war that the military were authorized to participate in decision making involving the whole range of foreign and strategic affairs. Later on, a Dynamic Joint Defense Force capable of defending and, if necessary, retaking remote islands, was added to the JSDF. The upper ceiling on the defense budget was removed and the spending on the military was increased for the first time in many years, but it still kept to the 1% limit of the country's GDP. An International Peace Support Law was passed in 2015 that ended the requirement for legal approval for every

single foreign mission involving the SDF. Other security laws were passed, all with the objective of facilitating a seamless cooperation with American forces that was global in scope.

The Obama administration responded positively on the whole to Abe's security overtures. They dovetailed well with its "pivot" initiative. Two months after his election, Abe visited Washington in February 2013 and welcomed Obama's initiative to promote the TPP, which he regarded as indicative of an American intention to become deeply invested in Asia's future. On a visit to Japan in April 2014 Obama reaffirmed his commitment to the defense of the Japanese occupied islands, Senkaku, in accordance with the provisions of the US-Japan defense treaty, despite the Chinese claims to the islands they called Diaoyu. The following year, in 2015, the two allies established a mechanism to better coordinate their military activities. Abe's relationship with President Obama, however, was cordial rather than close. Japanese fears of 'abandonment' were not far from the surface, partly, because of the perception of Obama's apparent determination to search for a partnership with the Chinese leader Xi Jinping and partly, due to a Japanese perception of Obama's weakness in responding to Putin's aggression in the Ukraine, which was believed to have emboldened the Chinese leadership over the South China Sea. In fact, at one point, Abe told his colleagues that Obama was "not being strategic" in his commitment to the region.³⁹ In addition, the Japanese were not best pleased with Obama's formal protest against Abe's softer approach to sanctioning Russia in the context of his attempt to cultivate Putin in the hope of reaching a settlement of their dispute over the islands called the Northern territory in Japan and the South Kuriles in Russia. Abe also had hoped to weaken Sino-Russian ties and to gain more access to Russian energy supplies from its Far East. The Abe administration apparently was not comfortable with the moralistic dimension of Obama's approach to foreign policy, even though Abe did much to try and satisfy Congress and Obama in his speeches of remorse and conciliation to the US Congress in April 2014 and in Honolulu in 2016. As against that Obama had done much to facilitate the reconciliation between South Korea and Japan by the agreement they reached in 2015 that supposedly brought their dispute to a close over the Korean 'comfort women' who had been made sex slaves by the Japanese military during the war. As Obama's presidency was drawing to a close, the *Washington Post* lamented the failure of his administration's policy to encourage 'good behavior' in the South and East China Seas by a policy of "diplomacy, quiet warnings and restrained military gestures." It went on to point-up the instructions given to senior American defense officials by the administration that they should take care in their speeches and comments at the Shangri-La Dialogue in June 2016, to avoid saying anything that "might upset their Chinese counterparts." By contrast, the Chinese military officials were subject to no constraints as they asserted Chinese rectitude and denounced the United States for "openly flaunting its military power . . . and for organizing its allies to antagonize China."⁴⁰

Given the importance of personal relations between their leaders in the past, the prospects for American-Japanese relations looked very promising towards the end of the Obama administration. Abe was the first foreign leader to schedule

a meeting with the newly elected Trump in November 2016 and by April 2018 he had met President Trump more often than any other foreign leader. But by that time it had become clear Trump was beginning to marginalize the Japanese leader, despite their apparent rapport.⁴¹ Apparently, it was not enough just to flatter Trump, but it was also necessary to possess dictatorial powers, which he could admire, or to satisfy his immediate policy preferences. Japan became the only major ally to be denied a reprieve from the higher tariffs Trump had placed on imports of steel and aluminum, which had been targeted at China on March 1, 2018. A week later Trump announced his intention to hold a summit meeting with North Korea's leader, Kim Jong-Un, but in his various comments about his intention to remove Kim's intercontinental ballistic missiles, which directly threatened the United States, Trump did not mention the need to remove also the short and medium range missiles that threatened Japan. It was as if he deliberately ignored Japanese requests that they be included in his agenda. Abe's additional high-profile insistence that the return of Japanese, who had been abducted to North Korea in the 1960s and 1970s should also be on the agenda of the Trump and Kim meeting, received perfunctory acknowledgment by the Trump administration.

It seemed as if Abe's Japan counted for little in Trump's policy of "America First," or of "Making America Great Again." Perhaps, too, Trump's approach to Japan may have been shaped by his long-standing complaint about Japan's trade surpluses with the US, which Trump repeatedly mentioned in the course of his presidential campaign. But given Trump's volatility, his treatment of Japan could rapidly and completely change, especially if he were to sense that he could benefit from such a change. Meanwhile, Trump was known to be keenly seeking a bilateral FTA with Japan, but having taken the lead in re-establishing the TPP (or the CPTPP in its revised version), from which Trump withdrew, Abe firmly rejected negotiating a bilateral deal. Instead he has promised to leave the path open for the United States to rejoin the TPP. For the time being, the military dimensions of the alliance remain strong, but Abe appears to be intent on improving relations with other regional powers, including China, to hedge against the new uncertainties introduced by the Trump presidency. Abe can also be expected to continue to build up Japan's all-round military capabilities. There has been no overt indication of his views about the prospects for the acquisition of a nuclear military capability by Japan. His American ally clearly would oppose such a move, which would erode still further the credibility of the nuclear deterrent it has extended to other allies too, but Abe would seem to be keeping the option open in a tacit way, so as to avoid antagonizing the ally he still needs, while quietly reminding Washington that there are limits to the extent of Trump's volatility that are acceptable to Japan. By April and May 2018, China, Japan and South Korea began to get closer as a kind of hedge against Trump's unpredictability.⁴²

Relations with China

The importance of Japan's relations with America is matched only by its relationship with China. The key question in Japan's foreign policy since the Meiji

revolution of 1868 has been how to balance Japan's ties to Asia with its ties to the West. In the post-Cold War period this has morphed into balancing the relationships with China and the US. America is the indispensable ally, which provides for the defense of Japan and the security of the region. China has become Japan's major trading partner and the two economies are closely interdependent. America and Japan are fellow democracies and share many liberal values, whereas dictatorial China and democratic Japan share something of an East Asian identity.⁴³ The Japanese difficulty in balancing relations between China and the US has been the divergence between the economic and security dimensions of the two relationships. As China's economic importance has grown at the relative expense of the US, the significance of the provision of security by the United States has risen to counter increasing Chinese military assertiveness and the provocations of North Korea, which had been enabled by China.

In the immediate post-Cold War period, as China pursued policies seeking integration in the international economy, it appeared as if Japan would be able to establish an enduring more positive relationship with its giant neighbor. Japan had a less pronounced interest in human rights than the other members of the G-7 and it gave greater priority to stability in the Asia-Pacific region. Japan did not want to see China to retreat into an angry isolation, which might lead once again to domestic upheavals. The Japanese regarded the continued stability of China as vital not only for Japan, but also for China's neighbors, who likewise feared the consequences of further upheavals in the giant country. Japan did not share the same enthusiasm for imposing sanctions on China after the Tiananmen massacre as did its American ally. Indeed, Japan was the first of the G-7 countries to resume ODA to China.

In fact, Sino-Japanese relations rapidly improved after 1990. After a certain delay Japanese FDI in China reached new heights and in 1993 Japan once again became China's most important trading partner. Relations seemed to have reached a new and exalted level that the Japanese hoped would enable the Chinese to give less prominence to their troubled history. The two sets of leaders looked forward to building on the good will established by the visit of the Japanese emperor in 1992 when he offered his own, albeit reserved, apologies for the war. The official website of the Chinese Ministry of Foreign Affairs noted that this was the first time that a Japanese emperor had visited China and added cryptically, "it [the visit] filled in the gaps in the history of Sino-Japanese relations."

This paved the way for many-sided dialogues and exchanges that then took place between the two sides. These also included high-level meetings between military representatives. The early 1990s was also a period in which Japan was seeking to define a new post-Cold War international identity that would be centered on the UN, while China at the same time was seeking to overcome its isolation by cultivating relations with its neighbors. Japan was actively promoting what was to become the ASEAN Regional Forum (ARF), primarily with the intention of establishing a multilateral framework that would induct China into security discussions with countries of the region.⁴⁴

At deeper levels, however, problems remained, and they soon surfaced as China's leaders began to regain self-confidence in their country's ability to survive and

prosper and as their Japanese counterparts re-emphasized the significance of the alliance with the United States. The two are incipient rivals within the region and the Chinese were concerned, on the one hand, by the prospect of Japan becoming an active regional partner of the US in security matters, thereby becoming once again an effective regional military power in its own right, while also contributing to what they already feared was the prospect of an American containment of China. On the other hand, the Chinese also worried about the consequences if the American commitment to remain militarily engaged in the region were found to be less enduring than was presently asserted. In particular, they feared that Japan might seek to become a military power once again if the Japanese were to be suddenly bereft of the American military presence. For their part, the Japanese were concerned as to what China's military modernization might portend and called in vain for greater transparency on the Chinese side.

The changing domestic politics of each country adversely affected their relations. In China the renewed emphasis on the sense of victimhood in the 'century of shame and humiliation' that followed the Opium War of 1839 and culminated in Japan's aggressive war of 1931–45 was at the heart of Jiang Zemin's campaign of 'education in patriotism' that he had launched in 1993. The campaign helped to consolidate Jiang's leadership as the successor to the ailing Deng Xiaoping and as a means of uniting the people under the leadership of the CCP after the divisions exposed in 1989 and the demise of socialist economics and socialist ideology. A new generation imbued with patriotic pride in a rising China found outlets in the new social media to vent their nationalistic spleen, one dimension of which was the focus on the horrific extent of Japanese wartime brutality and the inadequacy of Japanese apologies and atonement for its aggression.⁴⁵ In Japan, too, a new generation who had not experienced the war except for the destruction of their country by American bombing culminating in the dropping of two atomic bombs, adopted a pacifist outlook. Japan's economic miracle in the decades after the war imbued the people with a growing patriotic pride also in their practice of democracy and their social achievements, which endured beyond the bursting of economic bubble in 1991. If the younger Chinese were outraged by Japan's failure to atone for their wartime past, the younger Japanese were angered by the Chinese refusals to accept official apologies, (of which by one account there had been 31). They were also affronted by the anti-Japanese violence that erupted in China due to incidents, real and imagined.

In 1995, following a Chinese nuclear test, carried out only three days after it had been announced that an international conference embracing nearly all states had agreed to renew the NPT indefinitely (and within a context in which the other declared nuclear powers had stopped conducting tests since 1992), the Japanese government took the unprecedented step of canceling the aid of US\$92 million that had been promised for the year. Japan was also prominent in its sharp criticism of China's creeping assertiveness in the South China Sea in the dispute with the Philippines over Mischief Reef in March 1995. Chinese also rioted to strengthen their country's opposition to Japan's attempts to become a permanent member of the UN Security Council. Both developments were much resented in China. Japanese attitudes towards China were also beginning to harden.⁴⁶

The Japanese government had already publicly expressed its concern about the possibility that China might use force to resolve the Taiwan question even before the Chinese responded in 1995–96 to what they regarded as unacceptable provocations with threatening military exercises and the launching of missiles near Taiwan's two main ports. The Japanese government expressed its concern in public at missiles being directed to the north of Taiwan near the territorial waters of one of its most southern islets. The episode also affected Japanese public opinion so that the announcement in April 1996 of the agreement about strategic guidelines with the US did not attract much domestic criticism. Yet not long before, popular opposition to the American military presence had been raised, significantly as a consequence of the rape of a Japanese teenager by three American marines in Okinawa.

The Japanese government did not modify the guidelines or back down in any way in the face of Chinese criticisms that they could involve combat in the Taiwan Strait. The official view was that this was a commitment in principle that did not have clearly defined geographical limits, but the chief secretary to the cabinet publicly asserted that they did cover the Taiwan Strait. Interestingly, the Japanese government ignored the Chinese protests and neither confirmed nor denied his statement. The Japanese meanwhile had become increasingly concerned about the annual double-digit percentage increases in China's military budget, China's effort to acquire a power projection capability and about the advanced weapons purchases from the Russians. They pressed the Chinese in vain for greater transparency.⁴⁷

Further indications of the deterioration of relations between the two greatest regional powers emerged from their dispute over Japan's confirmation of its participation in the American-led research to develop a theatre missile defense system. Claiming that this would provide cover for Taiwan too, the Chinese protested that this would alter the strategic balance to their disfavor. It would degrade their nuclear missile capabilities, which were the only counterweight they had to the superiority in conventional forces enjoyed by the US and its allies in the region. The Japanese paid little heed to the Chinese protests, in part because they had become alarmed by the growing threat of missiles from North Korea after one of these traversed the main island of Japan to splash down in the seas beyond. But also, because the Chinese side appeared to be pressing for the long-term withdrawal of American forces from Japan without the Chinese acknowledging that the Japanese had any legitimate security needs of their own. On the contrary, any attempt by the Japanese to identify these, still less to prepare for them, evoked customary accusations about the alleged revival of Japanese militarism and demands that the Japanese atone for their past aggression. The Japanese too protested at naval intelligence-gathering by Chinese ships in Japan's exclusive economic zone. After reaching a relative improvement of relations in the mid-1990s the decade ended amid distrust and recriminations as President Jiang Zemin completed a visit to Japan in November 1998 that was marked by acrimony.⁴⁸

Within Japan, attitudes towards China had changed over the decade for a number of complex reasons. The younger generation that had replaced the postwar

leaders of the LDP no longer had the latter's emotional attachment to China and was irritated by Beijing's tendency to play the history card whenever it sought something from Tokyo. By the same token they were disturbed by Beijing's failure to make clear to its own people the extent of Japanese aid and soft loans to China that accounted for over 50% of all bilateral assistance received by China since 1978. It was only in the course of Jiang's visit that an official document was signed in which China formally thanked Japan for its assistance, which Premier Zhu Rongji in October 2001 acknowledged had been "a major help in the development of the Chinese economy and the construction of the Chinese state."⁴⁹ Yet none of this was apparent in the patriotism campaigns launched by the Chinese authorities in the early 1990s. Policy towards China was traditionally the province of the Ministry of Foreign Affairs, which had been driven continuously by the strategy of engaging China so as to encourage its development towards a more open and stable society at home, and to push it towards taking on greater responsibilities as a member of the international community.

In the latter half of the 1990s that approach began to be challenged by the defense establishment, and in 1997 the annual report of the Self Defense Agency for the first time mentioned China as a potential threat. Generally, as Japan itself has become more nationalistic, partly in response to the harsher regional environment, policy towards China became subject to more domestic debate.⁵⁰ The mutually dependent economic relations they were able to foster since the early 1990s, however, have mitigated Japan's difficulties with China. Japan became China's most important trade partner and China ranked as Japan's second in 2007, but if the trade with Hong Kong were included the relative change took place in 2003. The value of trade trebled from US\$18.2 billion in 1990 to US\$62.2 billion in 1996, and then increased to over US\$132 billion in 2003. By 2009, it reached \$232 billion and China's share of Japanese trade exceeded 20%. Although trade had not been without friction, trade disputes have been far more amenable to resolution than those of the political or territorial variety.⁵¹

These developments did not prevent a souring of relations. Chinese began to characterize the relations as 'cold politics, hot economics.' As noted in the previous chapter, nationalistic anti-Japanese passions were inflamed on the Chinese side over the alleged failure of the Japanese to atone properly for their wartime brutal aggression. Prime Minister Koizumi's visits to the Yasukuni Shrine, where the souls of millions of Japanese dead soldiers and those of 12 A-Class war criminals were located, stoked the fire of Chinese anger. Koizumi, with implicit reference to their 1978 peace treaty's injunction against interfering in the domestic affairs of either country, regarded Chinese protests as undue interference in Japanese internal affairs. In 2005, the downturn in relations reached an all-time low as anti-Japanese violent demonstrations broke out in many of China's cities, culminating in destruction of Japanese property in Shanghai. China's leaders called a halt to the riots and Koizumi's replacement as Prime Minister, Shinzo Abe in October 2006, coupled with Hu Jintao's weakening of Jiang Zemin's Shanghai group in the Politburo, paved the way for 'breaking the ice' in relations between the two countries. A joint statement was signed in which the Chinese not only

expressed appreciation for Japanese aid and investment that helped kick-start China's economic growth, but they also acknowledged for the first time that Japan had pursued policies of peace since the end of the war in 1945. Additionally, the two sides agreed in effect to leave the history issue to be decided by historians by setting up a joint group of historians to carry out a study and report later. For his part, Abe quietly refrained from visiting the Yasukuni Shrine.⁵²

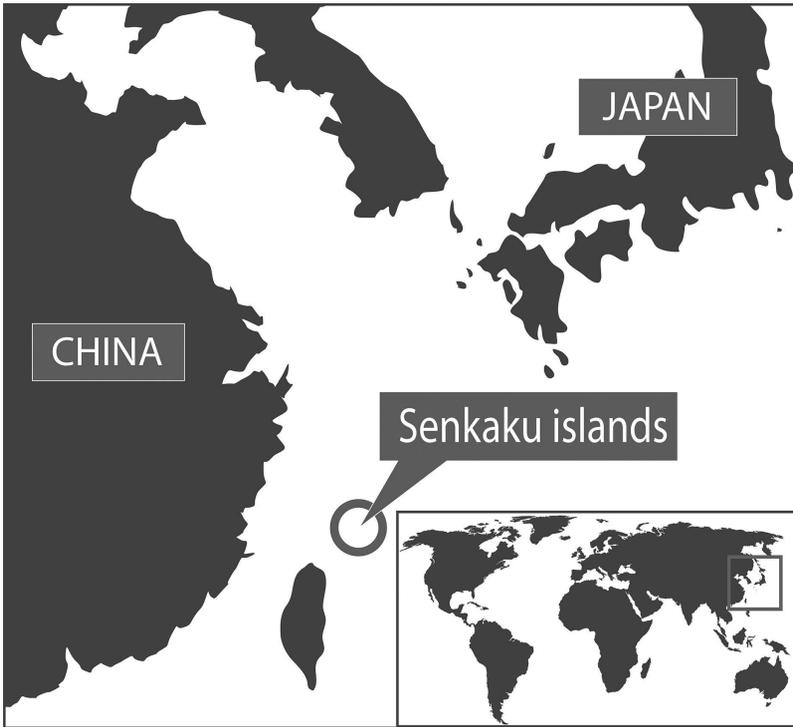
Ironically, the agreement was reached with one of the most right-wing politicians to become Prime Minister in the post-Cold War period. It was Abe who took the lead on the question of North Korea's abduction of Japanese citizens, which in effect blocked any possible separate nuclear deal with the North, and it was he who proposed a quasi-alliance of democracies that in effect would constitute a regional grouping that would exclude China. However, the October 2006 rapprochement signified a recognition by both sets of leaders that they had much to lose, and much to gain, from establishing a good working relationship. The initial breakthrough was followed by a succession of top-leader visits to each country and the signing of many agreements to upgrade socio-political relations, especially during the albeit brief premiership of the China-friendly Yasuo Fukuda (September 26, 2007–September 24, 2008). Perhaps, the most striking was the agreement to go in for joint development of oil and gas exploration and extraction in one of the disputed areas near the maritime border claimed by Japan for its Exclusive Economic Zone. It was agreed that Japan could invest in a Chinese field, which the Japanese claimed extracted resources from the Japanese EEZ. But little came of this after Fukuda left office.⁵³

The election of the DPJ in August 2009 (the first time that an opposition party won a majority in the Diet in its own right) did not bring about an expected improvement in relations with China. The Chinese side did not appear to trust its first Prime Minister, Hatoyama, with his vague concept of an East Asian community to be based on fraternity (“*yu-ai*”). Nor did the visit in 2010 by the leading DPJ politician, Ichiro Ozawa (known as the Shadow Shogun) and his group of 143 Diet members and 470 mainly businesspeople lead to a distinct change in economic relations. However, progress was made in establishing the long mooted Chiang Mai currency swap arrangements. An initial fund of \$120 billion was established by an ASEAN Plus Three (APT) meeting in 2009 that was doubled the following year.⁵⁴ The ‘three’ were China, Japan and South Korea, who had already begun to meet separately in 2008 and soon institutionalized the arrangement by founding the Trilateral Cooperation Secretariat in Seoul in 2011.

By this stage the international politics of the Asia-Pacific region had begun to undergo fundamental changes in response to the combination of China's emergence as the most important regional economy, with the new political and strategic assertiveness with which China was pursuing its maritime and territorial claims in the South and East China Seas. The United States, by contrast, was constrained by the economic recession that followed its financial crisis of 2007–08 and by the draining effects of its prolonged warfare in the greater Middle East. It was in that context that Japan's relations with China began to deteriorate. The Chinese deepened their suspicions about the warmth of Japanese relations with

Taiwan (Japan's former colony), suspicions, which did not resonate well with Japanese people across the political spectrum. Even those on the moderate left, who generally favored better relations with China, felt sympathy for Taiwan after Chinese attempts to intimidate the island and its people. They had cordial feelings toward Taiwan as a fellow democracy and a corresponding distaste for China on the grounds of human rights and poor governance. At the same time the territorial conflict over the Senkaku (or Diaoyutai) Islands had intensified as China challenged the status quo by sending fishing boats close to the islands, protected by coast guard vessels, and by Chinese naval and air-force patrols in the nearby area. The Japanese responded by protecting what they claimed as their sovereign territory and adjacent waters with their own Coast Guard and by monitoring the movement of Chinese maritime and air-born vessels.

These developments inflamed nationalist sentiment on both sides. A pattern developed by which Chinese boats caught fishing in the EEZ of the islands would



Map 6.1 The Senkaku/Diaoyu Islands

Comment: Unlike the PRC's claims in the South China Sea, its claims to the Senkaku/Diaoyu Islands were not officially announced until the 1970s following a UN statement asserting the existence of oil reserves in the adjacent sea. Be that as it may, the islands have aroused deep nationalist passions on both sides. Of late the PRC has persisted in its penetrative patrols into the nearby sea, even as it has lowered the tone of its nationalistic protests.

Source: © Shutterstock 113645965, Vaddimus

be detained together with their crew and captain and then returned to China. In 2010, an incident occurred, which brought the incipient confrontation to a head. An intoxicated captain of a Chinese trawler deliberately rammed two Japanese Coast Guard vessels. He was promptly arrested. The crew was detained and then returned to China. But, contrary to usual practice, the captain was going to be put on trial. The Chinese authorities furiously accused Tokyo of using the incident to claim the right of local jurisdiction over the captain in order to advance their claims of sovereignty over the islands. Anti-Japan rioting erupted in China, exports of rare earths to Japan were mysteriously cut back and four Japanese engineers were suddenly arrested as spies. The DPJ government gave in and returned the captain to his home-port, where he was welcomed as a hero.⁵⁵

No sooner had matters settled down, when in 2012 the DPJ government was accused by Beijing of seeking to nationalize three of the islands when it authorized their public purchase from a private family owner in order to prevent their purchase by the very right-wing governor of Tokyo, who would undoubtedly have used the islands to provoke trouble with China. Japanese Prime Minister Naoto Kan thought that he had won the agreement of the Chinese leader, Hu Jintao, to proceed with the purchase, was dismayed to find that Hu denied that any such agreement had been made.⁵⁶ Another bout of violent riots erupted in up to 85 cities across China in August and September (some demonstrators used the occasion to protest against the Chinese authorities). Using riot police, China's leaders ended the disturbances by the end of September. On this occasion the Japanese government did not back down. Although the Chinese side claimed that Japan had unilaterally changed the status quo, the purchase of the islands did not have any bearing on the basis on which either side claimed sovereignty.

Further afield, Japan and China became rivals more than partners elsewhere in Asia. The development of a new national consciousness in each state led to greater mutual suspicion as evidenced by Chinese objections to Prime Minister Koizumi's visits to the Yakusuni shrine and by Japanese disquiet at growing Chinese assertiveness in the region, especially at the continued growth of Chinese military power. Japan's Defense White Papers of 2008 and 2009 noted the increasing presence of the Chinese navy in the waters around Japan, including in Japan's EEZ. The two sides also disagreed about nuclear matters, as the Chinese side angrily rebutted Japanese complaints about China's lack of transparency about its nuclear weapons and strategy. The paradox was that their growing economic interdependency has not led to a corresponding improvement of relations in other spheres.

In 2012, China and Japan coincidentally acquired new leaders, Xi Jinping and Shinzo Abe respectively, who were strong-minded, proud nationalists and each, in his own way, determined to change the character of their country's domestic politics and foreign relations. In the process of consolidating and extending his own personal power at home, Xi also developed a more robust foreign policy. He also laid out a strategic vision to enhance China's global leadership with his Belt and Road Initiative designed to establish connectivity across several continents with China as the hub.

Xi's conduct of foreign policy was not without its inconsistencies. Shortly after becoming leader, Xi convened a conference on diplomatic relations with countries on China's periphery, attended by the CCP's Central Committee and leading members of the foreign policy establishment, with the aim of cultivating better relations with them. But at the same time Xi carried out a nationalistic policy of pursuing China's maritime and territorial claims through coercive diplomacy in both the South and East China Seas. Under Xi's leadership, the Chinese military pressure on the Senkaku/Diaoyu islands and their maritime surrounds increased substantially, culminating in 2013 with China's unilateral announcement of it having established an Air Defense Identification Zone (ADIZ) stretching from the islands to the Chinese coast. It was promptly rejected by Japan and the US, with the latter immediately sending bomber aircraft through the zone without notifying the Chinese authorities. The official Chinese aim of 'persuading' the Japanese that sovereignty over the islands was in dispute between them was not accepted by Japan. For one thing, a Japanese acceptance would have undermined their claim to have annexed the islands in January 1895 after having ascertained over the previous ten years that they were *terra nullius* (i.e., land belonging to no state), and not as a consequence of the settlement of the 1895 Sino Japanese war, as claimed by Beijing. The Chinese claim was based on the affirmation of a history of ownership since ancient times. In other words, the Chinese found that the coercive diplomacy they employed to get their way in Southeast Asia did not work against a stronger Japan. In addition, Chinese assertiveness in Northeast Asia only served to bring Japan and the United States closer together. It also had the effect of strengthening America's relations with South Korea and Taiwan too, except that, under the presidency of the KMT's Ma Ying-jeou (2008–16) Taiwan experienced cordial relations with Beijing. It should be noted that in contrast to China's display of animosity toward Japan over maritime issues in the East China Sea, Taiwan reached an agreement in 2013 with Japan about fishing in the disputed waters. The agreement was amended in 2015 and again in 2018. These agreements on issues of sovereignty and relations with Japan indicated an important difference on matters relating to the 'One China' question and Taiwan even between the KMT and the CCP.

China's coercive diplomacy was also an attempt to drive a wedge between America and Japan by emphasizing what was portrayed as the very right-wing character of Prime Minister Abe and by indicating the high cost America was paying for supporting its ally – the latter tactic had worked for China in its aggressive behavior in the South China Sea. But it failed in the case of Japan, as demonstrated in April 2014 by Obama's public confirmation on Japanese soil that their defense treaty applied to the islands too. Abe and Xi had brief encounters in the course of regional conferences beginning in 2013, but it was their fourth meeting in November 2014, which marked a significant turn in Sino-Japanese relations. Preparations had been made in advance by their senior diplomats, who issued a 'four-point consensus,' which was then endorsed by the two leaders. The meeting took place despite Abe's having sent a gift of flowers to the Yasukuni Shrine just the day before and the criticism meted out to him by China's official press.

Neither side made concessions to the other, even though the Chinese public had been primed to prepare for one by Japan.⁵⁷ It should be noted that no anti-Japanese demonstrations have taken place in China since Xi Jinping became leader. That may be illustrative of Xi's tendency to exercise personal control over political matters, rather than indicative of a different approach to the conduct of relations with Japan, but it has eased social relations between the two protagonists.

At the level of political elites, the distrust between Tokyo and Beijing was palpable, as Abe sought to counter China's growing influence in Southeast and South Asia, by establishing strategic partnerships throughout the region and especially with fellow democracies, including India and Australia, but also Vietnam, the Philippines and Singapore. Japan also competed with China in developing infrastructure projects in continental Southeast Asia and in India. It was less constrained than the United States by human rights considerations in reaching out to Myanmar, Thailand, Malaysia under Najib, or the Philippines under Duterte. As noted earlier, Abe had also made a special point of strengthening Japan's ability to contribute militarily to America's regional partners and even to some of its commitments to others elsewhere. He clearly regarded the growth of Chinese influence in the world as detrimental to Japanese interests.

However, both Abe and Xi recognized in practice the complexity of the relationship between their two countries, which combined competition and cooperation. For example, they realized that their economies, the second and third largest in the world, could benefit greatly from deepening their relations. China's official press, including the *China Daily* (July 8, 2017) for example, commented favorably on a summit meeting with the headline, "Souring Relations Behind, Serious Engagement Ahead." The Chinese recognized that Japanese participation in the BRI would contribute much needed extra investment and perhaps, more importantly, the benefits of its long experience of overseas development assistance (ODA). The Japanese government has increasingly emphasized the importance of its infrastructure exports and Shinzo Abe has indicated his willingness to work with Xi Jinping on his BRI projects in accordance with international norms and governance standards.⁵⁸

There is no question that the uncertainties introduced by the Trump administration have brought China and Japan closer, if only as a hedge against future unpredictable behavior by Trump and his administration. He has targeted both countries in his determination to reduce their trade surpluses with the US. But neither China nor Japan wished to see their respective relations with the US deteriorate. Xi Jinping and Donald Trump have engaged in complex negotiations involving trade, the survival of the Chinese telecommunications company ZTE and the Trump-Kim summit. Japan meanwhile has taken up the flag of upholding the liberal order discarded by Trump, and Abe succeeded in reviving the TPP and hopes that in due course the US will rejoin. Abe still needs to maintain the security alliance with the US, which even the Trump administration recognizes as vital for the US, especially because of the uncertainties of Trump's summit with Kim Jong-Un, which was first canceled by Trump on May 25 and then renewed on May 27. The summit that was duly held in June was welcomed by Abe as promising to reduce

the nuclear and missile threats from the North, while Xi Jinping welcomed it as an opportunity to restore his influence over Korean matters. However, judging from the reaction of the Chinese government to the initial economic demands of the Trump administration in May 2018, the Chinese leadership regarded the continuation of economic relations with the US as vital for its objective of transforming the Chinese economy into a global leader. By their mutual hedge, Japan and China have something on which they could hope to fall back in the event of a breakdown in economic relations with America. Japan could have better access to the Chinese market and China could have easier access to Japanese high-tech. But the repercussions of the Sino-American trade war drew attention to the strength of the American economy relative to China's – the extent of which tended to be under-estimated.

Relations with Russia

With the end of the Cold War, Japan's relations with Russia ceased to be directly linked with the American security guarantee and they began once again to center on bilateral and regional questions. Two issues in particular came to dominate the diplomacy between them. The first was the territorial dispute over the group of four islands immediately to the north of Japan, which under Russian occupation since WWII was claimed to be the southern end of the Kurile Islands chain. The Japanese, however, claimed sovereignty, saying that they were extensions of Japan, calling them 'the Northern Territories.' The second was the economic question about forging links between the Russian Far East and Japan and in particular whether the Japanese would invest significantly in Russia and whether Russia would supply Japan with oil, gas and timber. Underlying these two issues were deeper ones about the balance of power in the region and about the political identities of these great powers who had lost ground in the 1990s relative to China. If the Russians tended to vacillate about how to balance their foreign policy between a Western and a Eurasian orientation and about the significance to attach to China, the Japanese also varied between a nationalistic emphasis on the recovery of territory and the geopolitical advantages of forging closer relations with Russia. But in the absence of pressing reasons for a compromise, nationalist forces in both countries were able to ensure that little progress was made. Indeed, it was not until after 9/11, when Russia drew closer to the United States, that the prospects for an accommodation improved. These prospects became linked with complex geopolitics on the subject of whether a putative oil and gas pipeline from eastern Siberia would be directed to China or to the Russian port of Nakhodka and thence to Japan and South Korea.⁵⁹

As Gilbert Rozman has argued, the potential for a Russo-Japanese deal emerged from their diplomacy in the Gorbachev period. It would have involved a revival of the 1956 agreement by which two of the islands would be transferred to Japan with an agreement to develop the other two jointly. That would enable a formal peace treaty to be signed that in turn would open the gates to deepening economic ties and Japanese economic assistance, leading eventually to a resolution

of the two remaining islands.⁶⁰ However, during the course of the 1990s little of concrete significance was achieved, even though various attempts at making a breakthrough took place. Economic and trade relations also fell short of previous expectations as the value of trade in the 1990s rarely exceeded the Soviet–Japanese peak of US\$6.1 billion reached in 1989, and Japanese FDI fell short of that of the UK, let alone those of the US and Germany. In addition to residual historical problems, Japanese caution in business also stemmed from the poor Russian record of settling its past commercial debts (US\$1.1 billion was still owed in 1996) and from its uncertain domestic business climate.⁶¹

The political sphere was no more rewarding. In an attempt to settle the past legacy and to deepen Russia's engagement with the Asia-Pacific region, Yeltsin in 1992 sought to put relations with Japan on a new footing by proposing to sign a peace treaty and by saying that he saw Japan as 'a potential alliance partner.' In the end, however, Japan was accorded a lower priority as Yeltsin abruptly canceled his visit to Japan that was due in September that year and traveled the following month to South Korea and then to China in December. He did not visit Tokyo until October 1993, and all that was agreed was that there was in fact a dispute over the four islands and that it would be settled in due course according to 'justice and international law.' The next major attempt followed Prime Minister Hashimoto's declaration of a new 'Eurasian diplomacy' in 1997. That led to the 'no necktie' summit in Krasnoyarsk in November that year and to an agreement to settle matters by the year 2000. But each side misunderstood the other. The Japanese thought that the territorial issue had finally been all but settled in their favor, whereas the Russians thought that economics had been decoupled from the territorial issue and that massive Japanese economic investment was coming their way. The Russians then offered to conclude a peace treaty in advance of a territorial settlement. Nationalist sentiments in both countries opposed concessions, and none of the leaders was persuaded that the possible geopolitical advantages of a settlement outweighed the political costs of confronting the domestic opposition.⁶²

Russo-Japanese relations took a turn for the better after 9/11. Russia became in effect a partner of the United States in the war against terror and its strategic partnership with China lost some of its luster. As Japan found its economic and diplomatic standing in much of Asia increasingly challenged by the rising significance of the Chinese economy, the advantages of a new deal with Russia became more evident. Prime Minister Koizumi forged a new relationship with President Putin. Much emphasis was placed on the building of a new pipeline to shift Russian oil from eastern Siberia to Nakhodka and thence to Japan. The Japanese offered to pay US\$7 billion for the pipeline and a further US\$2 billion to develop the area. Russia had already all but agreed with China on an alternative pipeline to Daqing in China's northeast. The latter was temporarily put on hold as different vested interests in Russia fought over their respective preferences. Of course, at issue were decisions of important geopolitical consequences and it seemed that by the spring of 2004 the Japanese proposal had won favor, in part because of the political problems of Yukos Oil, which was associated with the Chinese project, and in part because of the commercial advantage of being able to access more countries.

Three months after his election, Prime Minister Abe visited Moscow, in April 2013, with the aim of reaching a peace treaty, which had eluded his predecessors since WWII. Obama approved the visit, seeing it as another opportunity to integrate Russia into the international community, but Beijing described it as “a naive attempt to contain China.” The critical turning point for relations between all four powers was the Russian role in the Ukraine crisis and its annexation of Crimea in 2014. This caused the West to impose economic sanctions, which in combination with the sharp drop, by 50%, in the price oil and gas (on which the Russian economy depended), greatly damaged the Russian economy, causing Putin to place more importance on cultivating relations with Asia and China in particular. China was receptive to deepening their ‘strategic partnership,’ which had been announced in 2004 and followed in 2008 by their final agreement on their long-standing border dispute. The two shared grievances against the West and were opposed to the United States on most issues, especially as they feared that the United States sought to undermine their domestic political systems by promoting liberal values and supporting NGOs and civil society. China and Russia also cooperated in military affairs as well as in anti-Western diplomacy.⁶³ Japan’s Prime Minister, Shinzo Abe, saw an opportunity to build on his new approach to Russia now that Putin wanted to revive the economies of the provinces of Russia’s Far East and perhaps reduce its dependency on China. Abe was personally committed to raising Japan’s stature in addition to pursuing Japan’s national interests. Several reasons have been put forward to explain his single-minded determination to cultivate Putin so as to improve relations with Russia: It may be seen as his sense of a filial obligation to his late father who had tried to fulfill his lifetime’s ambition of normalizing relations with Russia when he was Foreign Minister (1982–86). In addition, Abe’s own agenda of freeing Japan from the burdens of the postwar order and recovering his country’s full independence required the signing of a peace treaty with Russia so as to complete the last unfinished hand-over from WWII. That could not be done without settling the dispute with Russia over the sovereignty of the four groups of islands to the immediate north of Japan. Finally, Abe’s style of diplomacy emphasized a personal approach and he claimed to have established a personal rapport with the Russian leader Vladimir Putin.⁶⁴

Abe’s principal arguments in trying to win Putin’s favor were strategic and economic. From a strategic perspective Abe contended that Russia was in danger of subordinating itself to China, whose economy was more than ten times larger than Russia’s and whose economic interests differed substantially from Russia’s. China was integrated into the international economy with a variety of economic interdependencies arising from its vast and comprehensive economy. Russia, by contrast was a producer of energy and raw materials that depended on their export. It was one thing to deal with Europe, several of its economies including the leading one, Germany, depended upon importing oil and especially gas from Russia, and it was quite different to export these products to China, which had access to them from other sources. By relying on China, Russia was becoming dependent upon a country, which no longer offered ‘friendship prices’ and which despite the rhetoric, was increasing its influence over areas which had

traditionally been zones of exclusive Russian control, notably Central Asia and parts of central Europe. Russia's Eurasian Economic Union is greatly penetrated by Chinese economic interests and is in danger of being overwhelmed by China's BRI. Japan, by contrast, can help develop the Russian Far East with superior technology, better financial arrangements and Japan could be instrumental in helping gain Russia access to the more vibrant Indo-Pacific.

At a meeting with Putin in Sochi in May 2016 Abe presented a two-point program to develop relations to a higher level. First, the islands dispute could be settled under the formula of 'Two Plus Alpha,' by which Japan would be granted sovereignty of the two smallest groups of islands, leaving the two bigger ones to be settled later, but meanwhile Japan would be granted special rights. Second an eight-point plan for economic development was also presented. Later that year in November at the APEC meeting in Vladivostok Abe and Putin reached agreement on a wide range of projects. Finally, in December 2016 the two leaders met in Yamaguchi (Abe's home), where they were supposed to finalize arrangements, but little came of it.⁶⁵

However, despite Abe's best efforts over the nearly five years during which he and Putin visited each other or met on the sidelines of conferences numerous times, culminating in the meeting in May 2018, little progress had been made. Quite simply, Putin was not prepared to risk upsetting China, his 'trustworthy partner' for cultivating Japan, a military ally of the United States. As if to drive home the point, the Russian "New Foreign Policy Concept" issued on November 30, 2016 presented a list of Russian foreign policy priorities in the Asia-Pacific region in which Japan was ranked fourth after China, India and Mongolia.⁶⁶ Abe, however, still hoped that he could make a breakthrough in his relations with Russia. He held his 21st meeting with Putin on May 27, 2018, but little progress was made. For some time there has been agreement in principle that Japan would help develop the economies on the islands, but there is no agreement under whose law would the development take place. Not only would that raise questions of sovereignty, but it would also raise practical issues such as how and where possible disputes would be settled. Meanwhile Russia has installed military equipment on one of the bigger islands and deployed more than 2000 troops. Japan issued a formal protest in February 2018. It would seem that despite Abe's best efforts, he has been unable to achieve a rapprochement with Russia's Putin. Just as Abe was seeking to weaken Russia's relations with China, Putin was seeking to weaken Japan's alliance with the United States. Neither seems probable under present circumstances.

Japanese policies in Asia

Despite its relative decline, Japan has continued to be a major player in Asia. In the 1970s and 1980s it played a key role in promoting the 'East Asian economic miracle' and its trade and accumulated investments continued to be critical for the economic development of South Korea and most of the Southeast Asian countries. Rapid economic growth was seen by most of the Asian governments as a key factor in enabling them to stay in power and consolidate their fragile political

systems. At the same time Japan remained an important counterbalance to China's growing economic penetration.

Notwithstanding its relative economic stagnation and the difficulties in reforming its political system, Japan was quite proactive in the politics of the region for much of the 1990s. In part this was due to the end of the bipolar structure of international politics of the Cold War, which provided more freedom of maneuver for great and medium powers, especially within their own region – what was described in Japan as the 'loosening of the bonds of unipolarity.' Japan also felt the need to meet the challenge of a rising China by enmeshing it within the regional groupings and by addressing together problems created in the region by the Asian financial crisis.

By this time, Japan had already been a key player, 'a leader from behind,' in the formation of both the key regional economic and security groupings of APEC and the ARF.⁶⁷ In their first few years both institutions demonstrated a degree of activity as they worked out the scope of their activities. As we have seen, Japan was instrumental in 1994–95 in preventing APEC from going beyond its original conception as a consultative forum geared to facilitating economic cooperation to become a mechanism for enforcing free trade. After consolidating the alliance with the United States, Prime Minister Hashimoto made a point of making his first foreign visit to Southeast Asia rather than the US as was customary. In what was to be called the Hashimoto Doctrine he argued that the alliance with the US was of benefit to the region as a whole and sought to tighten relations with ASEAN, arguing that the stability and development of the two sides (Japan and ASEAN) were inseparable. Specifically, he sought institutionalized exchanges with ASEAN and each of its members, in terms of regular meetings of leaders, cultural exchanges and joint actions to meet the new security problems of terrorism, the environment, health, governance, and so on. But Japan's attempts to provide leadership in Asia faltered in the 1990s when it was grappling with the consequences of its economic crisis.

Ironically, Japan's relative decline removed some of the external constraints which had hitherto prevented Japan from playing a more prominent international role. By the opening of the 21st century, Southeast Asians were more concerned at a possible scale back of Japan's economic weight, especially in view of the rapid rise of the Chinese economy that was challenging the neighboring economies. As they were being drawn into closer interdependent ties with China, Southeast Asians saw the advantage of balancing or hedging against Chinese dominance. A Japanese offer at the ASEAN meeting in May 1999 in Hanoi to provide up to US\$30 billion was accepted as a major contribution to facilitate economic recovery from the Asian financial crisis of 1997.⁶⁸ In the new multilateral setting of ASEAN Plus Three (APT) that included China, Japan and South Korea, Japan found itself in the early years cast in the role of counteracting China. China's agreement in November 2000 to establish a free-trade agreement with ASEAN to be implemented within ten years, evoked a rapid reaction from the new Japanese Prime Minister, Koizumi, who set out on a tour of Southeast Asian capitals during which he proposed a model of regional integration to be based on the Asia-Pacific region rather than East Asia. In January 2002, Koizumi launched an initiative to

expand Japanese socio-economic relations in Southeast Asia. He also sought to dilute the APT, in which Japan was losing ground to China, by calling for the inclusion of Australia and New Zealand. Koizumi also began the trend for Japan of establishing separate free-trade agreements with individual ASEAN states, notably Singapore, while further FTAs were being considered with Thailand and South Korea.⁶⁹

However, by the time of the APEC meeting in October 2003 it seemed as if Japan had been greatly outshone by China. A leading Japanese commentator, Yoichi Funabashi, lamented Japan's diminishing presence and its 'inability' to adapt to the rapidly changing environment in Asia. While China was successfully advancing a China-centered pattern of regional integration, Japan was so bogged down by its own special domestic interests, notably in agriculture, that it was unable even to start negotiations with Thailand. The Thai premier complained of Japan as 'a strange country where the Ministry of Agriculture does not listen to decisions of the Prime Minister.' Singapore's Senior Minister, Lee Kuan Yew, observed that "it has become the norm in Southeast Asia for China to take the lead and Japan to tag along." Yet, in 2001, Japan's trade with ASEAN was more than three times that of China, and its investment was many more times greater, both in terms of current flows and overall accumulated stock. The test for Japan was to "convert its market strength to diplomatic strength."⁷⁰

Both the strengths and weaknesses of Japan's relations with ASEAN emerged at the ASEAN – Japan Commemorative Summit held in Tokyo in December 2003 to mark the 30th anniversary of Japan's relations with the association. It was a meeting heavy in symbolism and tribute to the past rather than a forward-looking one with a dynamic agenda for the future. It was widely seen as an attempt by Japan 'to play catch-up' with China. It provided an opportunity for ASEAN to express its appreciation for Japan's positive role and it was therefore fitting that this was the first occasion on which an ASEAN summit meeting was convened outside Southeast Asia. A declaration was issued calling for deepening ties and enhancing cooperation in the fields of political and security affairs, as well as in financial policies and information technology. More aid was offered and economic partnerships were established or endorsed. Further talks were announced on establishing free-trade agreements with Malaysia, Thailand and the Philippines, but no indication was given that a way had been found to overcome the objections of Japan's powerful agricultural lobby. The latter had demonstrated its effectiveness in these matters only two months earlier by blocking an FTA with Mexico.⁷¹

The summit, however, raised the regional profile of Japan and it reaffirmed Japan's long-standing position as a major contributor to and upholder of ASEAN, with whom it shared a deep history and a commitment to common values. The summit also provided a reminder that, despite the attention currently being paid to China as the new economic hub of the sub-region, Japan's trade with ASEAN still exceeded by far that of China. According to ASEAN statistics, trade with Japan in 2001 was valued at US\$122.3 billion, while that with China was US\$55.4 billion. Moreover, the prime minister of Singapore, Goh Chok Tong, expected Japan's position as the most important trading partner and investor in ASEAN to remain

‘unchallenged’ for the next 20 years, and only in 50 years’ time Japan would ‘have to share that position’ with China.⁷² By 2008 China was catching up fast, at least in trade. Its trade with ASEAN came to \$192 billion, only \$20 billion behind Japan. Seven years later, China’s trade with ASEAN exceeded that of Japan by \$130 billion, but Japan’s FDI was still much greater with the bulk invested in manufacturing, unlike China’s, of which 95% was invested in finance and real estate.⁷³

Rivalry with China was evident also in Japan’s dealings with South Korea. There is much that divides the two democracies, especially over their respective treatment of the history of Japan’s colonization of Korea in the first half of the 20th century. Relations were only normalized in 1965 and, despite their both being allies of the United States, there were few or no military relations between the two in the Cold War period. Since then, relations have improved, especially as the effects of the democratization of the South brought the two sides closer. Notably, that extended, at least initially, to the historically sensitive domain of military relations. Military talks begun in 1991 led to the holding of joint military exercises in 1998. Meanwhile, Japan joined South Korea in managing the KEDO initiative that grew out of the Framework Agreement the Americans signed with the North in 1994. Following the North’s firing of a missile that traversed northern Japan on August 31, 1998, Japan joined the South and the US in the Trilateral Coordination and Oversight Group that coordinated the approaches of the three to the North. The North Korean Taepodong missile that over flew Japan shocked the Japanese public into recognizing the country’s new vulnerability and increased public support for the SDF and for ballistic missile defense.

However, South Korean relations with Japan became adversely affected by some of the repercussions of the process of democratization. Some of the previous military rulers and their conservative administrations, who had brutally suppressed demonstrations and persecuted dissenters, had collaborated with the Japanese military occupiers in the past, including President Park Chung-hee, (1961–87) the key figure in modernizing the economy. He was also the leader who established diplomatic relations with Japan in 1965 and it was Park who was able to turn the former subordinate relationship with Japan and its dependency on America to Korean economic advantage. Nevertheless, his legacy included also a sharp divide between the political left and right, which continues affect relations with Japan and even the US. The latter is seen as having colluded with the military rulers in using the ‘threat from the North’ to maintain a dictatorship that favored a continuing American military presence in the country. That is why it took the great human rights figure Kim Dae Jong, who had long confronted the military dictators and who had been elected president, who could make possible a reconciliation with Japan. In 1998 he visited Tokyo and received a significantly worded written apology by Prime Minister Obuchi for Japan’s past history of deep wrongdoings. Unfortunately, right-wing members of later conservative Japanese governments did not reciprocate. Obuchi’s apology did not lead to a decent burial of the history issue, and a row about new Japanese history textbooks erupted again 18 months later. Although Japan played a major role in the economic development of South Korea, little of that has brought them closer in other spheres. Amid

a surge of new nationalism in both countries, negative feelings about the other continued to prevail. Opinion in governing and popular circles in South Korea entertained much more favorable views about China, with whom economic relations were booming.⁷⁴

Japan did not take part in the first multilateral talks on Korea involving China, the US and the two Koreas meeting in New York in so-called two plus two talks arising out of the armistice at the end of the war in 1953. But these meetings came to an end with the advent of the Bush administration. Although both the South and Japan favored a negotiated outcome to the problem of the North, they had different agendas. The South now looked to Russia and especially China for help in handling the North. Kim Dae Jong also fashioned a new policy of engagement with the North, the so-called sunshine policy. Although controversial in the South, it was highly emotionally charged, as it was driven in part by the desire of some 15 million (a third of the population) who had relatives in the North and in part by a new nationalist assertiveness that desired reunification. It culminated in an unprecedented summit in June 2000 between Kim and the leader of the North, Kim Jong-Il, but its significance was undermined, when it transpired later that Kim Dae Jong paid his Northern counterpart \$500,000 for the privilege of meeting him. Perhaps less worried by the nuclear and WMD issues, the South was more concerned by the thousands of artillery pieces deployed by the North within reach of Seoul, the interests of the South clearly favored reconciliation and engagement with the North. Japan, however, especially, after experiencing over-flights by North Korean missiles, was more concerned with the missile and WMD threat. Its initial response was to launch its own first spy satellite in order to be able to monitor developments in the North independently of its American ally. It also suspended support for KEDO (which had only resumed under American pressure). The Navy and Coast Guard were instructed to pursue and if necessary to fire on intruders into Japanese waters, and in December 2001 a ship (thought to be North Korean) was indeed pursued and sunk. This first use of naval force since 1945 met with public approval (which would have been unthinkable only a few years earlier). Moreover, public support was forthcoming for the decision to support the deployment of TMD, notwithstanding the known opposition of China.⁷⁵

With the advent of the Bush administration, the attempts at engagement of the North by the previous Clinton administration came to an end, much to the embarrassment of Kim Dae Jong. However, with Washington preoccupied with the coming war on Iraq, the Japanese Prime Minister took the initiative to hold his own summit with the leader of the North, Kim Jong-Il, in September 2002. The summit had been reasonably well prepared and it took place with the blessings of America, China and the South. Washington had been unable to agree on a clear policy and, like the other countries of the region, Japan hoped for some kind of a negotiated settlement, as the alternatives of conflict or a collapse of the regime in the North would have been highly damaging to Northeast Asia as a whole. In addition to the prospect of masses of refugees destabilizing the South and the adjacent parts of China, the chaos and the cost of reunification would have been too much for the South to bear. Japan would have been expected to help with vast

amounts of capital at a time of economic stagnation. Additionally, a region, which had enjoyed rapid economic growth and development, would suddenly become blighted. In principle, the summit was a success, as the North hoped that reconciliation with Japan would open the door to huge reparation funds that would help revive its decrepit economy and that an understanding with Japan would lead to new relations with the US. Accordingly, the North readily agreed to suspend missile tests and acknowledged that it had indeed abducted Japanese citizens in the past. But the lack of humanity in the way the abductees had been treated by the North and the dearth of relevant information soured relations almost immediately. So that, rather than leading to reconciliation, the summit in the end left Japan and the North even further apart. Nevertheless, Koizumi visited Pyongyang for a second time in May 2004 and although he did make a little progress regarding the abductees, no breakthroughs were achieved.⁷⁶

Japan then rejoined the negotiation process with the North as part of the multilateral approach demanded by the Americans, which was made possible by the part China played as a facilitator and host for talks that began in Beijing in August 2003. Once again it was China that was gaining the plaudits for its deft diplomatic role, while Japan was left to a lesser role. Japan meanwhile had created difficulties in relations with South Korea by resurrecting its claim in the spring of 2005 to the islands of Takeshima/Dokdo, which stirred up all the historical animosity of the South towards Japan, which had seemingly been addressed by Obuchi's written apology to Kim Dae Jong back in 1998. It also led to a temporary breakup of the joint approach with the South and the US.

Each of the three states had different as well as common interests in addressing the North. Much to the irritation of the other members of the 6PT, the Japanese side, driven by domestic pressures, insisted on keeping the question of its abductees on the agenda of the talks. Indeed the Japanese required American support in order to ensure that it remained on the agenda. However, as the American lead negotiator pursued a more unilateral diplomatic approach from the summer of 2005, the Japanese side began to feel excluded. In particular it complained in vain about the announcement by the White House in June 2008 of the intention to remove North Korea from the State Department's list of states sponsoring terrorism, as that was seen as weakening its position regarding the abductees. However, by the time the North was removed from the list in October, Shinzo Abe, who had replaced Koizumi as prime minister and who had ridden to power as the principal political advocate of the cause of the abductees, had himself been replaced by the more moderate Yasuo Fukuda in September 2008, and the question of the abductees was no longer given the same prominence.⁷⁷

The rapidity of the change of prime ministers in Japan (five since Koizumi stepped down in September 2006) had been seen as illustrative of the weakness of the Japanese political parties and the failure of leadership to carry out needed reforms and to chart a course for Japan's future. The fall of the first three was seen as a product of the decay of the Liberal Democratic Party, which had ruled the country almost without a break since 1955, but its successor, the Democratic Party of Japan, was a disappointment, too. Gerald Curtis, the leading American expert

on Japanese politics, lamented in June 2010, as the last but one, DPJ prime minister, Naoto Kan, faced a setback in the elections to the Upper House: “The public is ready to be led, but it has no leaders.” He noted that not one was “addressing a number of pressing issues – from reforming the taxation system, to immigration and national security.”⁷⁸

In his first term as prime minister, Shinzo Abe and his foreign minister, Taro Aso, tried to encourage the formation of a coalition of democracies, including Australia, the United States, India and Japan to be called ‘the arc of freedom and democracy.’ China was purposively excluded, despite the temporary improvement in bilateral relations initiated by Abe and his successor, Yasuo Fukuda. However, little came of that at the time, but it was resurrected after Abe’s return to power in 2012, but India especially did not want to be seen to be formally aligned against China. On the other hand, a major joint military exercise was held in February 2007 in the Indian Ocean drawing on the navies of the United States, India, Australia, Singapore and Japan, which was then followed up by a quadrilateral meeting at assistant ministerial level by the four countries, excluding Singapore, that drew a *démarche* from China in June. A trilateral arrangement then emerged between Australia, Japan and India, from which Australia withdrew in 2008 out of deference to Chinese concerns. The highlight of this dimension of Abe’s foreign policy, which sought to counterbalance China’s new assertiveness, was the signing of a security pact with Australia in March 2007, in which *inter alia* they agreed to share intelligence and coordinate policies in East Asia – a pact that has endured beyond changes of governments in both countries.⁷⁹

It was the more nationalist leader Abe who began to formulate and implement new thinking and new policies towards the region. The DPJ government was too divided and incompetent to live up to its promises of a more Asia-centered foreign policy. Building on the theme of his speech to the Indian parliament in 2007 of the connectivity between the two oceans, Abe has emphasized the Free and Open Indo-Pacific Strategy (FOIPS) that included new regional promotions of trade, security and development. Although broadly welcomed in Southeast Asia, there was some concern lest the unstated resistance to China, evident in Japan’s new policies, might be regarded as provocative by Beijing. Nevertheless, Japan has become more active in the Indo-Pacific. By taking over the leadership of the TPP (dropped by Trump) with its new acronym of CPTPP, Japan heads a trade organization that will deal with non-tariff barriers, the role of state-owned enterprises, environmental, labor issues and so on that will set a new standard for international trade that will go far beyond the kind of tariff reductions of most FTAs and the proposals envisaged by the China backed RCEP. The 11 members of the CPTPP include, Malaysia, Singapore and Vietnam, influential members of ASEAN, with Thailand seeking to join at the end of 2018.⁸⁰

Japan has further developed its security cooperation with the countries of the Indo-Pacific. In addition to more frequent meetings with senior officials of the ‘Quad’ (Australia, India, Japan and the US – the four major regional democracies) and the conduct of military exercises, Abe has established non-traditional security mechanisms with ASEAN, focusing on Humanitarian Assistance and Disaster

Relief (HADR). Japan has also enhanced its program of assisting individual states in South and Southeast Asia in building their maritime capacities by the transfers of technologies, defense equipment, patrol ships, high-speed boats and by enhancing training and joint exercises. While aimed at combatting piracy and other illegal maritime activities, this assistance should also be useful in resisting maritime encroachments by China.⁸¹

Unlike most Western countries, Japan has not paid much attention to human rights abuses by Asian governments and it has continued to provide developmental assistance and what it calls ‘high quality’ infrastructure to the less developed countries in Southeast Asia that would otherwise be totally dependent on China. The two major Asian countries compete openly for large infrastructure projects. If China can offer speedier, cheaper terms, Japan offers legality, greater transparency, technology transfers and training, local employment and generally, ‘high quality.’ The efforts by Japan to step up its activities in the broader region helped to fill the gap left by the US, especially due to the uncertainties of Trump and his administration.⁸²

Conclusion

By way of conclusion, it is clear that the alliance with the United States remains the cornerstone of Japan’s foreign relations at least for the medium term. The unpredictable President Trump does not appear to recognize the value of alliances, nor of multilateral trade agreements, but he may yet find that the United States will be placed at a great disadvantage if he should continue to devalue the alliance with Japan. By any measure, the alliance continues to be the cornerstone of American strategic and economic power in the Indo-Pacific. Japan’s recovery that began in this century has gathered steam under Shinzo Abe’s return as leader in 2012. Abe has responded proactively in the Indo-Pacific to the lack of vigor in the region shown by the Obama administration and the absence of leadership by the Trump administration. He has led the revival of the TPP and agreed an FTA with the European Union, incorporating some of the distinctive new features of the TPP. Together they promise to introduce a new pattern of regional economic relations that reduce non-tariff barriers and improve the harmonization of domestic economic regulations. The more successful the new regional economic exchanges become the more they will point-up the self-serving narrow character of the Chinese proposed regional economic order. Abe has also injected new life into the ‘Quad’ of the big four enduring democracies in the region (Australia, India, Japan and the US) and he has played the key role in enhancing what Andrew Oros has called, ‘the Security Renaissance’ of Japan itself. Together with Xi Jinping, who became the leader of his country at roughly the same time, they have shown sufficient flexibility to be ready to set aside the deep-seated differences between their two countries, at least temporarily, to hedge against the damaging unilateralism of the American President Donald Trump.

Notes

- 1 The most notable was Paul Kennedy, *The Rise and Fall of the Great Powers* (New York: Random House, 1987). Also notable, published even earlier, was Ezra Vogel,

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7 DPRK and ROK

Issues of identity

President Trump has claimed that as a result of his summit with the North Korean leader Kim Jong-Un in Singapore on June 8, 2018: “There is no longer a nuclear threat from North Korea.” But as Secretary of State, Mike Pompeo, confirmed at the July 25 Senate Foreign Relations Committee hearing, “North Korea continues to produce fissile material, nuclear bomb material.” Although the North Koreans may have dismantled an outdated missile test facility and an ICBM assembly building, they are building others. Experts estimate that the North possesses 30–60 nuclear weapons, with a capacity to build a dozen more annually. Moreover, the North has made no explicit commitment to suspend either the building of long-range ballistic missiles, or the enrichment of uranium for use in nuclear weapons.¹ Consequently, it is too early to suggest that the long-standing threat of a nuclear crisis stemming from the Korean peninsula is over.

Towards the end of the second decade of the 21st century North Korea (the Democratic People’s Republic of Korea – DPRK) has come to present the most intractable and immediate threat of an outbreak of a war that could embroil North-east Asia with disastrous effects on the world as a whole. At issue is the survival of a totalitarian regime of a relatively small country that simultaneously challenges China (its ostensible ally) the United States and the American allies, Japan and South Korea. The DPRK regime does not recognize the legitimacy of the South (the Republic of Korea – ROK) and it is thought in Washington that the DPRK leaders seek to unify the two Koreas, if necessary, by force, using its nuclear power to blackmail the South and to deter external intervention. Meanwhile, the DPRK has been proliferating Weapons of Mass Destruction (WMD) to various regimes in the Middle East and Africa and possibly to non-state actors too. Since the beginning of the 21st century the DPRK has developed nuclear weapons and missiles capable of reaching the territories of their immediate neighbors. Having tested an intercontinental ballistic missile (ICBM) in November 2017, it is only a matter of two to three years before it will be capable of threatening the mainland of the United States.² The DPRK has deterred America and its allies from military attack by its deployment of thousands of pieces of artillery and rocketry, hidden deep in the mountains and these could destroy greater Seoul and its 25 million people within minutes of being given the order to fire. It has been argued that the DPRK and the US could reach a tacit understanding of mutual deterrence along

the lines drawn by the United States and the Soviet Union during the Cold War. As against that, Americans have argued that such an arrangement would not stop the DPRK from proliferating to other 'rogue states' or even to terrorist groups. The DPRK economy is so decrepit that it has little of value to export beyond a relatively small amount of coal and other raw materials, it therefore relies on the export of WMD, drugs and other illegal substances. A second argument against a strategy of mutual deterrence is the old Gaullist one, namely that deterrence would leave America's allies (in this case, Japan and South Korea) exposed: An American threat to respond in kind to a nuclear attack by the DPRK on Japan or South Korea would lack credibility if the North were able to retaliate by destroying one or more major American cities with nuclear strikes. In such a situation it would make strategic logic for the two allies to acquire their own nuclear weapons. Such a development would probably undermine the American strategic position in East Asia and beyond. The consequential sense of uncertainty and tension has been augmented by the unpredictability of the erratic President Trump. The aggravated tension has injected a new urgency in American and international attempts to persuade the DPRK to agree to denuclearize by the imposition of economic sanctions and deepening the isolation of the country. Out of the nine separate sanctions imposed by the UNSC since 2006, following the North's first nuclear test, three were announced in 2017.

The origins and development of the threat of war

The hostility between the United States and North Korea goes back to the Korean War (1950–53) and the extension of the Cold War system to East Asia. The end of the Cold War and the demise of the Soviet Union deprived the DPRK of its main economic and military support, leaving it unable to ensure its survival as an independent country by its skillful maneuvering between its two giant neighbors, as it had done for the previous 40 years. Its founder and long-term leader, Kim Il-Song, did not trust his only ally, China, to uphold the security of his country, except when it was in China's interests to do so. Nor was he willing to place the security of his regime and country in the hands of the United States even in the unlikely event that he would meet its demands to "denuclearize." His son and grandson have each followed in his footsteps and accepted the logic of his nuclear program as a strategy for the survival of the regime and for retaining the objective of eventually reuniting Korea by force if necessary, as Kim Il Sung had attempted long ago. In order to understand how a relatively small country of 25 million people has retained its independence in defiance of its two giant neighbors and the world's only superpower as well as the important economic powers, Japan and South Korea, it is necessary to look more closely at the DPRK and at the outlook of its leaders.

The DPRK has remained the world's last communist totalitarian state, much of whose domestic politics and the making of foreign and defense policies are hidden from the outside world. However, the history of the DPRK and the evolution of its ideological pronouncements shed some light on the outlook of the regime.

Since its foundation by Kim Il Sung in 1948 the DPRK has been ruled first by him until his death in 1994, then by his son, Kim Jong Il until his death in 2011, and since then by his grandson Kim Jong Un. Hence the DPRK is often seen as in the grasp of a dynastic dictatorship within a Leninist framework. Kim Il Sung was placed in power by the Soviet Union and it provided his armed forces with the training and the weaponry to invade the South in 1950 in the expectation that the Americans would not intervene. After the unexpected American intervention, he and the DPRK were saved by the intervention of the Chinese ‘volunteer’ army, which fought the US-led UN forces to a stalemate, until an armistice was signed on July 27, 1953. One of the significant ways in which the war was conducted was the lengths to which the Soviet Union and the United States took care to avoid extending the war to each other. Hence, neither side let it be known that American and Soviet fighter planes had engaged each other in the skies over North Korea.³ Similarly, Truman’s dismissal of General MacArthur, the commander of US (technically UN) forces in Korea for publicly challenging the president’s authority by advocating the bombing of the PRC. In addition to countering MacArthur’s challenge to his civilian authority, Truman also feared that bombing China, the ally of the Soviet Union, could trigger a new world war. The involvement of the two superpowers and China in the Korean War demonstrated how high were the stakes for all three. It also showed how a small country of little previous strategic significance to either the United States or the Soviet Union could suddenly become geopolitically vital. Consequently, both superpowers kept a tight rein over their respective allies. As a result, Kim Il Sung in the North and his counterpart in the South, Syng Man Rhee, were restrained from restarting the conflict in the hope of drawing in support from their respective superpower ally.⁴ At the end of the War in July 1953, the DPRK became of crucial importance for China as a buffer between the Manchurian provinces, the new heartland of China’s industrialization, and the United States with its South Korean ally. Similarly, it had become pivotal for the Security of the Soviet Far East. Although Kim was effectively prevented from attacking the South, he and his regime were able to survive and prosper with the help of the Soviet Union and its East European allies. In fact, well into the 1960s the economy of the North out-performed that of South.

The DPRK’s assertion of independence

Kim then spent most of the 1950s by alternately purging perceived Russian and Chinese sympathizers in his communist party so as to consolidate his total control at home. He achieved full independence from his two giant patrons, China and the Soviet Union, in 1956. In the reformist political climate in the communist world that followed Khrushchev’s denunciation of Stalin at the Soviet Party Congress in February that year, a number of Stalin-type dictators in Eastern Europe were replaced by reformers, notably in Hungary, where its new leader went so far as to propose leaving the Warsaw Pact. Around this time Moscow and Beijing sent high-level envoys to Pyongyang to bring pressure to bear on Kim Il Sung to respond positively to the reformers in his Party. At this point, supported by

Mao, the Soviet Union invaded Hungary in October and put in place a leader who accepted subordination to Moscow. As a result of the new hardline in the communist world the envoys had to withdraw from Pyongyang, leaving Kim triumphant and free to purge the local reformers. Thereafter Kim was suspicious of the liberal tendencies he perceived to be present in the Soviet establishment. To a certain extent he was relieved in 1964 when the more predictable conservative Brezhnev replaced Khrushchev. But his tilt towards Mao's China came to an abrupt end during the Cultural Revolution. He was called a 'fat revisionist' by Red Guards and lampooned for his luxurious style of living. Perhaps, freed from the close supervision of his giant allies in the 1960s, Kim seemed convinced by the student-led riots in the South and the replacement and assassination of leaders that it was ripe for absorption by the North. Kim authorized commando raids to further disrupt order there.

As befitted a communist party leader of ambition and self-regard, Kim Il Sung claimed to have developed a version of Marxism-Leninism, called *Juche*, that was said to be suitable for the Korean people and which contributed to the legitimacy of the Kim regime. Later it was promoted for adoption by revolutionaries in developing countries. *Juche*, usually translated as "self-reliance," connotes a fierce sense of independence and a refusal to bow before superior powers. It draws on a long Korean tradition of promoting independence despite the country's vulnerability to superior powers as conveyed by its self-descriptions as a shrimp among whales. Critics have associated it with a racial or ethnic Korean nationalism. The official explanation of *Juche* was provided in a lengthy essay signed by the son and successor Kim Jong-Il in 1982. Much emphasis was placed on the revolutionary independence of the DPRK as led by his father, especially by his practice of 'anti-flunkeyism,' meaning the refusal to be subordinate to stronger powers. The dictatorial rule of the Kims has been characterized by a ruthless isolation of the population from the outside world, enforced by an all-pervasive security system and supported by an all-encompassing propaganda extolling the cult of the supreme leaders. The highly centralized command economy privileged the elite. The leaders feared the destabilizing effects of opening the country to the outside world. Its citizens would then recognize the scale of the false propaganda they had been fed all these years. They would be able to see the enormity of the economic gap between the two Koreas in which the per capita GNP of the South exceeded that of the North's by a factor of 15 to 40 times (depending on how the differential is measured). It is difficult to see how the Kim regime could survive such a disclosure.⁵

If the first major external crisis that threatened Kim Il Sung's rule came from upheavals in the communist world in 1956, the second came from the capitalist world in the 1970s. By this time the leaders of North and South Korea had reacted to the rapprochement between China and the US by issuing on July 4, 1972, their first Joint Statement that looked forward to peaceful reunification. Although neither leader changed his fundamental position a new benchmark had been set that never fully disappeared in the years ahead. Indeed, in subsequent years relations continued to be conducted through frequent secret meetings and the occasional

public dialogue, without achieving a fundamental breakthrough. However, the Joint Statement may be seen as an acceptance by both North and South of the enormity of the change that had taken place in their immediate international environment caused by the Sino-American realignment. Much as Kim Il Sung recognized that he could no longer practice his 'equi-distant foreign policy between his nominal two allies, China and the Soviet Union, he nevertheless tended to rely on their economic assistance. The aid was given in the guise of trade whereby the imports of agricultural goods from China and industrial and military goods from the Soviet Union were grossly underpriced. In an attempt to outpace the fast development of the economy of South Korea in the late 1960s and early 1970s, Kim abandoned his autarkic economy program and purchased complete factories from Japan and Europe only to find that he could not repay the accumulating external debt especially after the quadrupling of the price of oil in 1973 in the wake of the Arab-Israeli war. Although the Soviet price was still less than that on the international market, it was too much for the DPRK. The Kim regime then in vain attempts to raise sufficient hard currency began counterfeiting American dollars, drug smuggling and the proliferation of WMD.⁶ In the process it destroyed its international reputation and came to be regarded as a "rogue state."

The ROK: from dictatorship to democracy

The ROK (Republic of Korea – South Korea) developed in a different trajectory from the North. After the War Syngman Rhee ruled as a dictator under the facade of democracy until his ouster in April 1960, which was followed by a brief period of ineffective democracy until a military coup led by General Park Chung Hee (President 1963–79) under whose harsh rule the 'economic miracle on the Han' took place which in due course was to elevate the ROK from a less developed country into a member of the OECD (the Organization for Economic Cooperation and Development – open to democratic states with highly developed market economies). Park's economic miracle was modeled on Japan and benefited from the infusion of investment from reparations from Japan on the establishment of diplomatic relations in 1965 and from American investments arising from the ROK's contribution of up to 300,000 combat troops to the Vietnam War. He was assassinated in 1979 and was succeeded by another general, who then had to yield to pressure for elections, which were won by another military man, Roh Tae Woo, because the two main democratic candidates, Kim Dae Jung and Kim Young Sam canceled each other out. However, Kim Young Sam won the next elections in 1993 to be followed by Kim Dae Jung in 1998, which set the path for establishing the ROK as a fully-fledged democracy.

However, the prosperous middle-class Korean society was a sharply divided society in terms of politics between conservatives and those on the left. The division was also reflected in cultural regional and personal terms. The conservatives tended to be older and have closer relations with those who had ties to the Japanese occupiers from before 1945. That was largely true of the 30 years of dictatorial military rule after Syngman Rhee. Perhaps the best known was Park

Chung Hee, who had received a Japanese military education and who modeled his economy on that of Japan, which he recognized relatively early in his presidency, notwithstanding the general Korean antipathy towards the Japanese occupation. He like the other military presidents took a hardline stance against the DPRK. The reformers, or those on the left, have an abiding antipathy to the Japanese occupation and to their earlier military dictators. They also tend to regard their American allies with a degree of distrust for having allegedly supported dictatorial rule and they also believed that the conservatives and their American supporters exaggerated the threat from the North in order to justify their dictatorial rule. Hence the Korean left is more willing to reach an accommodation with the North in the hope of achieving national unity.⁷

The impact of the end of the Cold War

The accession of Gorbachev brought about major geopolitical changes in East Asia, as well as in the Atlantic region. They affected the Korean peninsula too. In a context in which the Soviet leadership had become dissatisfied with its economic relations with the North, the reformist Soviet leader sought to cultivate a new relationship with the economically vibrant East Asian countries, especially South Korea. Even before that in 1983 South Korea had begun to reach out to the allies of the North in the communist world to facilitate their participation in the Olympic Games in Seoul (September 17–October 2, 1988) and also to try and reach out to North Korea. In October 1987, in an attempt to undermine the holding of the Seoul Olympics, the North Koreans had bombed a Korean Airlines flight killing all 115 people on board, leading President Reagan in the spring of 1988 to designate North Korea as a state sponsor of terrorism. Nevertheless, the Olympic Games proved to be a great success and helped to overcome any residual objections by hardliners in Moscow and its allies to developing relations with the South. Although the DPRK had largely isolated itself diplomatically by its attempts to sabotage the Olympics, the ROK's policy of reaching out to the communist world, dubbed 'Nordpolitik' (as a reminder of West Germany's 'Ostpolitik') included the DPRK in its outreach as well as China. Seoul's new policy provided an opportunity for DPRK and American diplomats to meet in Beijing, but Washington was not ready for 'new thinking' about the North. Roh and Gorbachev sealed their new relationship by meeting in San Francisco in June 1990. Gorbachev, who was in dire economic straits was also assured of significant funding. At the end of September diplomatic recognition was formalized. The new post-Soviet governments in Eastern Europe soon followed suit and also recognized the South. These developments underscored the scale of the repercussions of the North's loss of economic and military support from the Soviet bloc. It resulted in a severe famine in the early 1990s and much diminished supplies of advanced weaponry.

The full scale of the disastrous political and diplomatic consequences for the DPRK of the loss of Soviet support also became clear. While denouncing the Soviet betrayal, Kim Il Sung secretly met Chinese leaders across the border in September 1990, but failed to gain reassurance that they would not also

recognize the South, with whom China's economic relations far surpassed that of the South's trade with the Soviet Union. In fact a month later China and the ROK exchanged trade offices with consular diplomatic status. Kim also failed to develop new relations with Japan and the United States, whose governments were already concerned by the pace of the North's nuclear program. Kim even tried a new approach to the South, but the two sides could not agree on a proposed joint declaration on the question of unification. The DPRK's position continued to deteriorate when China's Premier, Li Peng, visited Pyongyang in May 1991 to inform his hosts that China would no longer conduct its trade on a concessional barter basis, but henceforth it would be based on hard currency in accordance with international market prices. To add salt to the wound, he also said that China would not veto an application by the South to join the UN later that year, leaving the North no alternative but to join as well, leading to its acknowledgment of the legal existence of the ROK as a separate state – dealing a huge blow to the North's claims for legitimacy as the only authentic representative of the Korean people. The following year China accelerated the process of its diplomatic recognition of the South in order to 'punish' Taiwan for its policies of widening its international space. By establishing full diplomatic relations with South Korea, China would bring about a cancellation of Taiwan's relations with the ROK. That relationship was of far greater significance to Taiwan than those small states in Latin America, the Caribbean and Africa, as well as a few Pacific island microstates with which it had been able to retain diplomatic relations.⁸

With a failing economy and famine stalking the land, the DPRK regime found succor through the secret development of a nuclear program, which it hoped would provide what it saw as a deterrent against the US and a bargaining counter to use to extract economic supplies from those it deemed its enemies. It also developed a range of missiles and material for the production of weapons of mass destruction, which were exported to what the US regarded as rogue states in exchange for much needed foreign currency.⁹

The two nuclear crises

It was the development of the nuclear weapons program and the suspected proliferation of WMD by North Korea that led to two major confrontations with the United States. The first, which almost led to a US attack on the North, was resolved in 1994 by reaching what was called an Agreed Framework. This was essentially a grand bargain by which North Korea would abandon its quest for nuclear power that it claimed was for peaceful purposes, in return for economic aid, supplies of heavy oil and the building of two light-water nuclear reactors. The latter could not be used to make nuclear weapons. But in 2002 the incoming Bush administration, whose neo-conservative members had opposed the Framework Agreement from the outset, let it lapse. The North was accused of violating the terms of the Agreement by secretly starting a program to enrich uranium and the North in turn accused the Americans of not following through on its commitments. If the US had considered the Agreement within the framework of

nonproliferation, the DPRK saw it in the context of the normalization of relations between the two sides.

The collapse of the Agreed Framework deprived the DPRK of much needed economic assistance. However, at issue for the North was not just economics. Rather it was the survival of the regime. Until the end of the Cold War its two giant neighbors, China and the Soviet Union, had propped up the North and the North had skillfully exploited the differences between them to its own ends. With the end of their support the North found itself bereft. China's leaders had tried in vain to persuade their difficult ally to follow the Chinese economic path of reform and openness. But the regime feared that it would be undermined by following that path. Moreover, both its internal and external circumstances differed substantially from China's much more favorable situation when it first began its reforms in the late 1970s. The provision of economic support was a necessary, but insufficient means for regime survival.¹⁰ The regime saw itself under threat from America and its allies, without being certain of the backing from its remaining ally, China. The North had sufficient artillery massed near the DMZ that could devastate the Southern capital Seoul and the 20 to 25 million people living in the greater metropolitan area, who accounted for a quarter of the total population of the South. So far that had served as a deterrent against attack even though Pyongyang knew that in such a case its army would then be rapidly annihilated by a combination of American and South Korean forces.

It was in the course of the 1990s that the North recognized that the Northeast Asian balance of power had changed decisively against it. In the first few years of the 21st century its attempts to find a diplomatic solution that could provide security for the survival of the regime were not succeeding. The Chinese who had recognized the South in 1992 had hoped to elicit corresponding recognition of the North by the US and Japan, but that did not materialize. The North, which had progressively lost trust in Beijing, hoped for bilateral talks with Washington that would lead to mutual recognition and a peace treaty. In any event the Northern regime looked upon the acquisition of nuclear weaponry as the ultimate guarantor for its survival. Kim Jung-Un, who replaced his father on his death in 2011, accelerated the development of the nuclear and missile programs to the point where he has claimed that his nuclear weapons can reach all parts of the US mainland. That was disputed by the US government, which argued that Kim's claim was premature. However, it accepted that the DPRK could do so within the next three years.

The two Koreas become more independent

Meanwhile Kim Jung-Un's relations with China and its leader Xi Jinping continued to deteriorate since Kim's accession in 2011 followed by his gruesome execution of his uncle who had been the principal driver of relations with China. Xi was concerned that the reckless young Kim, who still under thirty when he became leader, might provoke the Americans by his nuclear program into causing them to deploy advanced weaponry to defend the US and its allies from missile attacks by the North which would also have the effect of undermining China's deterrent

forces aimed at the US. The Chinese could point to the deployment in South Korea of the Terminal High Altitude Area Defense anti-missile system (THAAD) as a case in point. Ostensibly designed to block DPRK missiles, it could also impact China's missile deterrent forces. At the same time Kim resisted Chinese attempts to subordinate his defense requirements to China's, lest they reach a deal with the Americans over his head and at his expense. Xi and Kim however, did meet seven years later as they saw the need for mutual consultations on the eve of Kim's hastily arranged summit with Trump in 2018. Even a year earlier in a gesture regarded as rude by the Chinese side, Kim chose not to meet the special envoy Xi sent ostensibly to report on Xi's Party Congress of October 2017. A former leader of Korean affairs of the Chinese Ministry of Foreign Affairs, and a leader member of the Foreign Ministry's think tank, Yang Xiyu, stated that China "would never accept North Korea as a nuclear power," adding that Kim had "renege on the commitments made by his father and grandfather" to denuclearize.¹¹

South Korea had already begun to see its interests as not always in correspondence with those of its main ally and supporter, the United States. Having become an economic player of global as well as regional significance South Korea, which had begun to democratize just before the end of the Cold War, was beginning to be treated by the US more as an ally and less as a client state. The 'Nordpolitik' successfully promoted by President Roh Tae Woo in 1988 had its origins in the Foreign Ministry at least five years earlier. The idea was to reach out to the allies of the North and to the North too. The Americans helped the South to present the policy to Moscow and Beijing, indicating their approval, but they did not adopt the policy themselves with regard to the DPRK. As we have seen, the ROK's new northern policy succeeded first in establishing formal relations with Russia and then with China.

Seoul, which had pioneered new policies towards Moscow and Beijing and had also reached out independently to the DPRK while keeping Washington informed, had become very sensitive to the prospect that it might be disadvantaged by a separately negotiated deal between Washington and Pyongyang. There were intimations of this under its first democratically elected president, Kim Young Sam. As a conservative, who came to office with the blessing of the former military rulers, he did not openly depart from American policy, but he nevertheless reached independent agreements with the North in 1992 on the denuclearization of the peninsula. By this stage it had become apparent that a change of generations had taken place in South Korea from those who had fought in the Korean War (some of whom had even collaborated with the Japanese occupiers before 1945) to younger people collectively known as '386.' They were born in the 1960s, attended university in the 1980s and were in their 30s. They had no memory of the devastation of the war, and they opposed the American presence in their country, especially for its having supported the dictators and they disbelieved the account of the cruelty and poverty pervasive in the North. They became the core supporters of the left as opposed to the right, which had dominated politics until then. Hence it was under President Kim Dae Jong (a genuine democrat and humanitarian, who had suffered

for his beliefs at the hands of previous rulers) that the divergence with the US became more apparent. In pursuing what was called a 'sunshine policy' Kim Dae Jong sought to engage the North through economic palliatives and social interactions, including the setting up of a special economic zone between the two sides in which the South provided the materials and the technology and the North the cheap labor. He even held a summit meeting with the North Korean leader Kim Jong-Il in the summer of 2000, that was later revealed as having required him to pay the North Korean leader \$500,000. His policy of engaging the North had the support of President Clinton, who in the dying days of his presidency also reached out to Kim Jong Il and was close to an agreement that could have brought to an end the North's nuclear and missile programs. But Clinton left it too late, to the final days of his administration. Clinton's engagement of the North was ended by the incoming President Bush in 2002, who for good measure humiliated the distinguished South Korean President Kim Dae Jong and followed that up by including North Korea among Iran and Iraq as his 'axis of evil' in his first State of the Union address. By this stage the 386 generation had come to recognize that the North was not the socialist paradise depicted by propaganda, but the policies and behavior of the incoming Bush administration did little to change that generation's antipathy towards the United States.

American difficulties

The so-called neo-cons who dominated the first Bush administration began their dangerous adventurism by ruling out meaningful diplomacy with the North even before their invasions of Afghanistan and Iraq, whose terrible consequences had yet to be overcome 16 years later. A marked change took place in Bush's second term. Although the influence of the neo-con hardliners had not completely disappeared before the Republicans lost the mid-term elections in both Houses of Congress in November 2006, the President and Secretary of State, Rice, together with the newly appointed diplomat in charge of East Asian Affairs, Christopher Hill, were able to side-step the hardliners and actually carry out negotiations with the North. In response to credible evidence in early 2005 of the DPRK's acquisition of a few nuclear weapons the Bush administration offered to provide it with energy aid, security guarantees and diplomatic relations in return for the abandonment of its nuclear weapons program. The administration took part in 6 Party Talks (6PT) with the two Koreas, Japan, Russia chaired by China and a putative agreement to dismantle the DPRK's nuclear program was reached in September 2005. However, further progress was held back by the American Treasury's blockage of DPRK accounts in Banko Delta Asia in Macao, which had the effect of denying the North access to the international financial system. Bush refused the North's offer of bilateral talks in the spring of 2006, and Pyongyang then responded by carrying out missile tests in July in defiance of the objections of Washington and Beijing's calls for restraint. Later in July the UNSC passed a resolution criticizing the North without China or Russia casting a veto. The North then announced

on October 3 that year that it would soon test its first atomic device and, despite the international outrage that its leader must have anticipated, the test duly took place a week later. Paradoxically, or perhaps because of the DPRK's game plan, negotiations with the Americans resumed. After technical difficulties were overcome about the accounts in the Macao bank in 2007, an agreement was reached to dismantle the North's nuclear facilities and in 2008 some of them were destroyed. However, the new arrangements soon fell apart because of suspicion that the North was holding back from disclosing the full range of its nuclear assets, including its proliferation (dramatically exposed by the Israeli bombing of a nearly built North Korean reactor in Syria).

The Bush administration in the end had little to show for its efforts of bringing continuing pressure to bear on the North through UN authorized economic sanctions, in its first term and an ambiguous combination of coercive and pragmatic diplomacy in the second. The Obama administration adopted a policy towards North Korea that came to be known as 'strategic patience.' It entailed increasing sanctions and a reluctance to engage in negotiations on nuclear issues until such time as the North should take steps to halt their nuclear program. Not surprisingly, little was achieved as the North continued to accelerate its development of more advanced ballistic missiles and an increase in its variety and numbers of nuclear weapons. All three presidential administrations, Clinton, Bush and Obama, tried to encourage and to press China to use its power and influence over the DPRK to persuade its rulers to change course and stop its missile and nuclear programs, allowing for complete international inspection. In return the US, Japan and South Korea would provide security guaranties and sufficient economic assistance to meet the needs of the North. China gained much international goodwill for the role it had played in the 6PT and for agreeing in the UNSC to the imposition of increasingly severe economic sanctions on the North.

China's problems

But even though China accounted for 90% of the North's trade and was its main source of oil, it refused to use these and other 'tools' at its disposal to compel the North to change course. The restraint shown by China's leaders in not compelling the Kim rulers to adopt new policies, even as relations between the two leaders had become openly hostile, has not been without major cost to China's own security and broader geopolitical interests. China increasingly faced an enhanced array of American weapon systems actively deployed in its northern and eastern maritime neighborhood. The prospects for better relations with South Korea cooled due to Chinese attempts to use economic boycotts to pressure South Korea to prevent its deployment of an American anti-missile system, especially as the pressure turned out to be counterproductive. Such tactics may have elicited deference from smaller economically dependent states in Southeast Asia, but South Korea was already an important international player, a member of the OECD and the Group of 20 and was not susceptible to such attempts of intimidation. If Beijing

had hoped to take advantage of the election of the more leftist President Moon in May 2017 to drive a wedge between Seoul and Washington, it had clearly failed at that point.

In fact, China could claim little success in its policies towards the two Koreas after the promise of the early 1990s, when China, unlike Russia, enjoyed good relations with both Koreas. The demise of the Soviet Union left the DPRK even more dependent on China just when its strategic importance for China seemed to have disappeared. As noted earlier, in the spring of 1991 the Chinese Premier Li Peng visited the DPRK and informed his hosts that China intended to cease subsidizing its trade with the North and would henceforth use hard currency based on international market prices. For good measure he added that China would not veto South Korea's application to join the UN – meaning that the North would have no alternative to accepting the South as a separate state. A year later after the new intensification of China's economic reforms and opening to America, associated with Deng Xiaoping's 'Southern Tour,' China drew closer to South Korea, which it formally recognized in August 1992. Although Pyongyang did not object publicly to the move, it was a bitter setback as it hoped for a package deal linking China's recognition of the South with American and Japanese recognition of the North. These events, of course, deepened the North's distrust of China. According to Wikileaks, Chinese 'senior officials' in 2009 and 2010 had let American equivalents know of their 'dismay' with Pyongyang's behavior and that it would no longer be regarded as "a useful or reliable ally." In fact, by the end of 2017, relations between the two countries had become openly hostile. At that point Xi Jinping had not even met Kim Jun Un in the six years since he became leader, even though he had met with the South Korean president Moon Jae In and his predecessor on several occasions.

Even before the advent of the Trump presidency, China's leaders had let it be known that they would not come to the aid of the DPRK if it were to initiate a war. In 2017, China did not veto any of the three UNSC resolutions that sanctioned North Korea, but it did insist on softening them somewhat. China's objective was to pressure and perhaps punish the North, but not to the point of bringing about the collapse of the regime. Above all, the Chinese communist government favored stability on the Korean peninsula. The alternative from Beijing's perspective was chaos that would be unpredictable in its geographical reach and consequences. One possibility, which had not been openly discussed in either Beijing or Washington, was that the North Korean leader could be displaced in a palace coup by someone favored by Beijing. However, in the event of a collapse of the DPRK regime the US government had informed China's leaders that it would send forces to the North to capture its nuclear weapons and other WMD, lest they fall into the hands of terrorists or other dangerous groups. But American forces would then withdraw to the DMZ, leaving security in the area bordering China to the Chinese and the future of the peninsula primarily to the Korean people.¹² Given the level of strategic distrust between Washington and Beijing, China's leaders would be unlikely to accept such assurances at face value.¹³

Trump's uncertainties?

However, the prospect of an imminent war appears to have receded. The drums of war that were beaten so loudly by Trump and Kim in 2017 quieted in 2018. Trump has a pattern of increasing tensions in advance of negotiations in order to gain leverage over his adversary so as to obtain what he considers a better deal. Apparently, he applied that in this case. Kim Jong-Un, however, was intent on developing a nuclear and missile delivery system as quickly as possible and once he had succeeded, he too was prepared to ratchet down the tension.

Be that as it may, Kim issued a conciliatory message to the South on New Year's Day and the newly elected President Moon Jae In obliged by inviting the North Koreans to participate in the Winter Olympic Games, which happened to be scheduled to take place in the South that February. That led to a meeting between the two Korean leaders, which enabled President Moon to facilitate a summit meeting between Donald Trump and Kim Jong-Un in June in Singapore. Prior to that Kim visited Xi Jinping (their first ever meeting) in Beijing and then again in Dalian. The two sides issued different accounts as to which one had requested the meetings, suggesting that Xi demanded a kind of deference that Kim was unwilling to grant. Nevertheless it seemed as if Kim was unwilling to face the American leader without the assurance of backing from China.

The summit duly took place in Singapore on June 8 with all the pomp and photo opportunities to satisfy each leader. Trump immediately declared the summit a success and claimed that he had diffused the nuclear threat from North Korea and that everyone could now 'sleep safely.' Others were less satisfied. Their joint statement was vague on details and contained fewer commitments by the North than the statement agreed in 2005. In addition Trump had unilaterally agreed to stop the annual military exercises conducted between the US and South Korea, which had hitherto been regarded as defensive and necessary for purposes of coordination. He called them "provocative," which was the term the North Koreans used. For good measure Trump announced his intention to remove American forces from the South in due course. Kim, however, is not known to have made any concessions. His agreement to 'denuclearize' was in line with previous commitments made by North Korean leaders. It called for the removal of all such threats to the North, including those from South Korea, Japan, the nearby seas and perhaps even from American territory. In other words it entailed ending America's strategic presence in Northeast Asia.

Trump had failed to inform let alone consult with his allies whose security he was so cavalierly undermining in his concessions to Kim. Not surprisingly, Japanese and South Koreans have begun to debate more openly their options for becoming more self-reliant in arranging for their own defenses. The American defense establishment is quietly seeking to minimize and even overcome what they regard as Trumps' ill-advised statements and commitments. The North Koreans are reportedly being prepared to make some stage-managed arms reductions, while surreptitiously continuing to produce nuclear warheads and missiles of various types.¹⁴ Meanwhile a divergence appears to have emerged

between Washington and Seoul over their respective approaches to the North: President Moon seeks an accommodation with the North through increased communications, notably by reviving rail links. In contrast the Trump administration is intent on maintaining ‘maximum pressure’ on the North through economic sanctions.

Notes

- 1 David Welna, “FACT CHECK: U.S. And North Korea After Their Singapore Summit.” (*National Public Radio*, Inc. July 31, 2018).
- 2 According to the US Secretary of Defense, General Mattis. (*CNN*, December 16, 2017).
- 3 Xiaoming Zhang, “China, the Soviet Union, and the Korean War: From an Abortive Air War to a Wartime Relationship.” *Journal of Conflict Studies* Vol. 22, No. 1 (Spring 2002).
- 4 In the case of Syngman Rhee see, Victor D. Cha, *Power Play: The Origins of the American Alliance System in Asia* (Princeton: Princeton University Press, 2016), Chapter 5, “Korea: ‘Rhee-Strain’.” pp. 94–121.
- 5 Andrei Lankov, *The Real North Korea: Life and Politics in the Failed Stalinist Utopia* (Oxford: Oxford University Press, 2013). See, in particular, Chapter 3, “The Logic of Survival (Domestically).” pp. 109–144.
- 6 Jasper Becker, *Rogue Regime: Kim Jong Il and the Looming Threat of North Korea*. (New York City: Oxford University Press, 2005). pp. 65–66.
- 7 For a more extensive account of developments in South Korea, see Scott A. Snyder, *South Korea at the Cross Roads: Autonomy and Alliance in an era of Rival Powers (A Council on Foreign Relations Book)* (NY: Columbia University Press, 2018). See also Daniel Tudor, *Korea, The Impossible Country* (Clarendon, VT: Tuttle Publishing Co., 2012).
- 8 The account in this and the previous paragraph drew on Don Oberdorfer, *The Two Koreas* (Boston: Addison Wesley, 1997).
- 9 For an account of the first nuclear crisis, see Leon V. Segal, *Disarming Strangers: Nuclear Diplomacy with North Korea* (Princeton: Princeton University Press, 1999). See also Mike Chinoy, *Meltdown: The Inside Story of the North Korean Nuclear Crisis* (New York, NY: St. Martin’s Press, 2008), Chapter 1, pp. 1–20.
- 10 Scott Snyder, *China’s Rise and the Two Koreas: Politics, Economics, Security* (Boulder, CO & London: Lynne Rienner Publishers, 2009) especially, chapter 7, pp. 163–182.
- 11 *South China Morning Post*, “Kim Jung-un’s Rejection of Father’s Pledge Led to North Korean Nuclear Crisis, Chinese Ex-Diplomat Says.” (December 20, 2017).
- 12 David E. Sanger, “A Tillerson Slip Offers a Peek into Secret Planning on North Korea.” *The New York Times* (December 17, 2017).
- 13 Wang Jisi and Kenneth Lieberthal, *Addressing US-China Strategic Distrust* (Washington, DC: Brookings Institution Press, 2012).
- 14 Jessica T. Matthews, “Singapore Sham.” *New York Review of Books* Vol. LXV, No. 13 (August 16, 2018), pp. 37–38. See also, Jeffrey A. Bader and Ryan Hass, “Since Singapore, Letting North Korea Off the Hook.” (Washington, DC: Brookings Institution Press, July 17, 2018).

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1. Lankov, Andrei, *The Real North Korea: Life and Politics in the Failed Stalinist Utopia* (Oxford: Oxford University Press, 2013).

The author is a former student and resident of North Korea, who is an academic at a South Korean university and who is regarded as one of the world's leading experts on the politics and foreign policy of the DPRK. The book provides fascinating insights into the North Korean state and the character of its politics.

2. Snyder, Scott A., *South Korea at the Crossroads: Autonomy and Alliance in an Era of Rival Powers* (New York: Columbia University Press, 2018).
Perhaps the leading American scholar on the subject, argues that South Korea is emerging from a situation in which it had little say in determining its own security to the point at which it must take responsibility for its future. It must choose between the increasingly uncertain alliance with the United States and leaning towards China. At issue is not only the security of the South and the question of unification with the North, but the security arrangements of Northeast Asia as a whole and therefore of America's continuing role in the Asia-Pacific.
3. Snyder, Scott A., *China's Rise and the Two Koreas: Politics, Economics, Security* (Boulder, CO and London: Lynne Reiner Publishers, 2009).
This earlier book by Snyder addresses the impact of the growth of China's power on its difficult relationship with the North and its attempt to draw the South closer.
4. Cha, Victor D., *Alignment Despite Antagonism: The United States-Korea-Japan Security Triangle* (Stanford: Stanford University Press, 1999).
Cha brings to the subject the experience of being a government official with responsibilities in Washington to managing relations with both allies and the discipline of being one of the leading academics on the subject. In particular he illuminates the American difficulties in managing a tripartite alliance with two partners who experience difficulties in maintaining good relations with each other.
5. Kim, Byung-Kook, and Vogel, Ezra F., (eds.), *The Park Chung Hee Era: The Transformation of South Korea* (Cambridge, MA: Harvard University Press, 2011).
Park Chung Hee may be regarded as the father of modern Korea, who started the "economic miracle on the Han." The essays by leading scholars provide an excellent overview of the various dimensions of this controversial authoritarian ruler, whose legacy continues to shape the ROK.
6. Straub, David, *Anti-Americanism in Democratizing South Korea* (Stanford: Shorenstein Asia-Pacific Research Center, 2015).
The study demonstrates the difficulties facing an ally with military bases stationed on its partner's soil, despite there being need for security purposes. But in this case the bases go back to the end of the Korean War after which the United States necessarily lent support to the ruling dictatorial regimes. America inevitably became associated with the harsh military rulers, some of whom had collaborated with the hated Japanese occupiers. By 1998 when the South finally began to democratize the middle-aged and younger generation had no memories of the War and did not regard the Americans as supporters of democracy.

8 Democratization and the evolution of Taiwan

Taiwan has survived and prospered after experiencing two major threats to its existence. These occurred because of unexpected reactions by American governments to events in which Taiwan and its people played no part. The first was in 1950, when Truman interposed the American Seventh Fleet between the Chinese mainland and Taiwan on the outbreak of the Korean War to prevent a Chinese military takeover of the island. Taiwan's political independence was then ensured for the next 20 years as a Cold War ally of the United States. The second was in the 1970s, when the Nixon/Kissinger rapprochement with China threatened to be consummated by the American willingness to turn a blind eye to whatever means Beijing chose to bring about unification with Taiwan (i.e., including by armed force).¹ However, the ramifications of the Watergate events and Nixon's resignation delayed the American recognition of Beijing until the Carter administration did so on January 1, 1979, which allowed Taipei time to prepare for the inevitable, and which inclined Congress to pass the Taiwan Relations Act over the objection of the president. In fact, unbeknown to successive American presidents since Eisenhower in the 1950s, the KMT leader Chiang Kai-shek had been in constant secret communications with the CCP leaders Mao Zedong and Zhou Enlai to preserve the One China and to foil Washington's attempts to use the offshore islands crises of Quemoy (Jinmen) and Masu (Mazu) to separate Taiwan from China, on the grounds that it would be much easier to guarantee its defense.² This was not the first or the last time that a smaller power had exercised leverage over its greater power ally.³

In the course of the post-Cold War (PCW) – which for East Asia began with the Sino-American rapprochement of 1971–72 – Taiwan, as noted earlier, survived the trauma of de-recognition by the United States. On the whole, Taiwan also avoided becoming enmeshed in the regional conflicts involving Vietnam and China, or the broader strategic maneuvering and political conflicts between China and the Soviet Union. It neither sought, nor was asked to contribute to American military engagements elsewhere although General MacArthur did consider calling on Taiwan to contribute forces to the Korean War. But nothing came of it. The transfer of American diplomatic recognition resulted in the recognition by the KMT leader, that the party could no longer rule as the representative of mainlanders aspiring to return to their Chinese homeland, especially as the KMT had

already rejected Deng Xiaoping's idea of unifying with China under his scheme of 'one China, two systems.' Beginning in the 1980s under the more tolerant leadership of Chiang Kai-shek's son, Chiang Ching-kuo, local Taiwanese were recruited into senior positions in the KMT to replace some of the older superannuated elders from the mainland. The Taiwan-born Lee Teng-hui, who had been governor of Taiwan Province since 1981, was promoted to be vice president in 1984. Martial law ended in July 1987, which officially opened the door to the development of democracy and also to cultivating social and economic relations with China. By this stage, Taiwan had become one of the four 'East Asian tigers' (including Hong Kong, Singapore and South Korea), or one of the Newly Industrialized Countries (NICs). In that capacity it was to contribute greatly to the early modernization of the Chinese economy. But the process of transforming Taiwan into a democracy spelt trouble with Beijing and headaches for Washington.

Taiwan remained the one issue which had the potential to lead to armed conflict between America and China. As noted in the section on the Cold War, Taiwan had long ceased to be central to their Cold War confrontation. Moreover, the management of Taiwan in Sino-American relations was ostensibly framed by their three communiqués of 1971, 1979 and 1982, coupled on the American side by the Taiwan Relations Act of 1979. What changed in the 1990s were the greater emphasis on nationalism in China and, more importantly, the transformation of Taiwan into a fully-fledged democracy. The conflict across the Taiwan Strait brought to the fore a basic contradiction in the international system concerning two of the legitimate grounds on which a modern state can be formed. The one is based on ethnicity, culture and history (or inheritance) and the other on self-determination by its people. In any event, all member states of the United Nations are presumed to be governed with the consent of their citizens, whether or not that is a true reflection of reality. International recognition of a state according to the Montevideo Convention of 1933 is a separate matter. Article 3 of the Convention explicitly affirms, "The political existence of the state is independent of recognition by other states."⁴ Accordingly, Taiwan, or its official legal name, the Republic of China, is a state, even though it is recognized by fewer than 20 other states. Even if they were all to withdraw their recognition it would still remain a state, but clearly it is better to be recognized by some states, however small, than not have any such recognition. If nothing else, it facilitates Taiwan's participation in the international community.

In the 1980s, Taiwan was still subject to a KMT dictatorship that claimed the right to rule China in the name of the Republic of China. In other words, it did not dispute Beijing's claim that Taiwan was a part of China. The difference was over who was entitled to rule the Chinese people. This was implicitly acknowledged in the formulation in the 1972 Shanghai Communiqué, which stated that America did not challenge the claim that Chinese on both sides of the Taiwan Strait agreed there was but one China. From Beijing's point of view that formulation still applied and that was also implicit in the American adoption of the One China *Policy*, as opposed to Beijing's One China *Principle*. The American insistence on the word *policy* was more than a play on words. It allowed Washington to assuage Beijing that it had not deviated from its pledge to uphold the 1972 joint

communiqué to ‘acknowledge’ the ‘claim’ to there being ‘One China’ of which Taiwan was a part, but it did not mean that Washington formally *recognized* Beijing’s sovereignty over the island. That position also allowed Washington to insist that any attempt to unify Taiwan with the Chinese mainland must be done peacefully, without intimidation and with the agreement of both sides. In other words, Washington retained the right to stop Beijing from trying to use force to impose unification. However, the democratization of the island gave legitimate political voice to a significant proportion of the population who did not accept that they were Chinese in the sense of wanting unification with the mainland. The rise of a new political party, the Democratic Progressive Party (DPP), whose charter called for outright independence, challenged a fundamental tenet of the nationalism of the PRC, which claimed on the basis of its reading of history that China’s unity was incomplete without the inclusion of Taiwan. Besides which, both the KMT and the PRC pointed to conferences and treaties by the wartime allies against Japan confirming that Taiwan should be returned to China. Further, as seen from Beijing in the contemporary setting, American continued military support for the island could only be driven by an unstated desire to keep China disunited, thereby preventing its rise to the greatness to which it was entitled. As seen from the United States, however, and especially by its supporters in Congress, the democratization of Taiwan intensified the American commitment to its defense, even as its military strategic importance may have declined as a result of the transformative effects of the technological revolution in military affairs.

The stage was set for a Beijing confrontation with the leadership of President Lee Teng-hui, who had assumed the leadership of the KMT as the protégé of the late Chiang Ching-kuo in 1988. Once he had consolidated his leadership, Lee, who was Taiwan born and who had been to Japanese and American universities, sought to reflect, and indeed to give leadership to, Taiwanese feelings of their own separate identity from China and of the desire to establish their own independent state rather than be integrated into the Chinese mainland. In 1992, the two unofficial bodies established on either side of the Taiwan Strait to handle technical cross Strait matters had agreed temporarily and unofficially on a formula which would enable them to meet the following year in Singapore to handle non-political matters, such as the exchange of mail, the ratification of documents and so on. The formula on which they agreed was subject to later disputes, began with their acceptance of there being one China and, at the time it was established that there had been only a verbal acknowledgment that they differed in their understanding of the relevant meanings. Six years later the scholar and KMT politician, Su Chi, called the agreement “the 1992 consensus” (Jiuer Gongshi). The phrase became accepted dogma by the CCP as signifying acceptance of its One China Principle, as against possible advocacy for an independent Taiwan by the DPP.⁵

From an American perspective, the democratization of Taiwan had the effect of greatly complicating the American diplomatic and strategic goal of working with Beijing on major regional and global issues, while maintaining good relations with Taipei. The passage of nearly four decades since 1979 has not made the American task of balancing relations between the two any easier. The relentless

rise of Chinese economic and military power over these years has been accompanied by the development and consolidation of democracy in Taiwan. Throughout these decades, the US has relied on the policy of “strategic ambiguity” plus an adherence to what successive administrations have called the “One China policy.” The former refers to the American commitment to uphold peace in the area, meaning that it avoided a specific undertaking to defend Taiwan, while also refraining from a promise not to intervene if Taiwan were to be attacked. Consequently, neither side could provoke the other in the knowledge of how the US would respond. As noted earlier, the ‘One China Policy,’ unlike the ‘One China Principle’ favored by China, does not explicitly commit the United States to support the unification of Taiwan with the Chinese mainland. Instead, it commits the US to withhold recognition of “two Chinas” or of “One China and One Taiwan” and obligates Washington to accept such an arrangement as may be agreed by both sides across the Strait, provided it should be reached in a peaceful way, without coercion and with the consent of the people on both sides of the Strait. In other words, any agreement would be subject to the consent of the people of Taiwan as exercised democratically. As we shall see later, that has not ended the prospects for unification, but rather it has led to a variety of proposals as to how some kind of unity could be achieved that would allow Taiwan to retain its autonomy and self-government.

In retrospect, it is ironic that the spark which lit the movement for the democratization of Taiwan was the transfer of diplomatic recognition from the Republic of China (ROC, or Taiwan) to the People’s Republic of China. This had been long desired by Beijing for signifying American acceptance of the legitimacy of the PRC and for increasing the prospects for unification with Taiwan. Formal recognition by the US was also greeted as crucial for the modernization of China’s economy and as helpful in promoting the all-round reforms needed in the aftermath of the disastrous legacy of Mao’s Great Proletarian Cultural Revolution. American de-recognition of the ROC had the effect of undermining its legitimacy in at least two ways: First, it could no longer be a member of international organizations where statehood was a condition of membership, especially as it retained recognition from a rapidly dwindling number of other states. Second, the ROC could no longer credibly claim to be the true representative of China, waiting across the Strait for the CCP to be overthrown. The aging leadership of the Nationalist Party (or Kuomintang – KMT), which had ruled Taiwan as a dictatorship for 35 years, accepted reluctantly the argument of its leader, Chiang Ching-kuo, of the need for political change. Technically, the ROC had claimed to be the government of the whole of China, of which Taiwan counted in the state structure as but one province out of a total of 35 provinces, three administrative regions, and 12 municipalities. Following American de-recognition that was no longer tenable in practice.

During the Cold War, a movement agitating for independence and for political change had become more prominent among Taiwanese communities overseas, especially in the key countries of the US and Japan. It now became more openly active in Taiwan. President Chiang Ching-kuo accepted the need to recruit more local Taiwanese into the KMT and to recognize the ethnic diversity of the people on the island. He also allowed for greater tolerance for different points of view

and even permitted the formation of political parties, other than the KMT. In other words, he changed the basis of political legitimacy of the ROC from its roots in mainland China, (to which the KMT was pledged to return as rulers) to one that drew its support from the people of Taiwan. Henceforth, the KMT in effect claimed that it represented the people of Taiwan, without giving up its argument that Taiwan would eventually be unified with the Chinese mainland, but only once the PRC should adopt a more open and tolerant political system. It was that reorientation of the KMT that paved the way for the emergence of democracy, which then gave the people a major voice in shaping the development and destiny of Taiwan. It also gave them a voice in the conduct of cross Strait relations, which greatly complicated Beijing's objective of unification. By becoming a fully-fledged democracy on top of being a highly successful economy, Taiwan widened its support base in the United States, whose continuing support has been essential to sustaining Taipei's de-facto independence from Beijing. The process by which Taiwan moved from a dictatorship to a democracy was long and complex.

It involved local resistance to KMT rule, including general demands for democracy. Demands for independence were not voiced openly until the 1990s and since then they have been tempered by fear of a military response by China. It was in the 1980s when the removal of martial law and the end of the KMT dictatorship led to the emergence of long-suppressed literary, social and political cultures. The ruling party had to transform itself from a China-centric authoritarian organization peopled by aging mainlanders resistant to change to a more adaptive organization focused on Taiwan and composed of younger people more representative of the ethnic variety of Taiwan residents. The transition also required the KMT to separate itself from the state, legally, politically and financially, none of which took place without problems. In fact, that separation had not been completed in the financial aspects even 20 years since other political parties began to compete in elections with the KMT. Nevertheless, the KMT has learned to tolerate opposition political parties and to accept the transfers of power by open and fair elections. Taiwan and the KMT were fortunate that those and their families who had suffered killing, brutalities and persecution under the KMT dictatorship did not seek vengeance or retribution in the course of the process of democratization. It speaks volumes for the character of the Taiwanese people that the transition to democracy took place peacefully despite the terrible legacy from the recent past and the divisions over how to respond to China's unceasing pressure and threats to impose unification by force.¹

The legacy of the KMT police state included the '228 Incident' of 1947 in which the security forces caused the deaths of thousands of civilians and the 'disappearances' of tens of thousands including many of the elite of Taiwan society. Forty years passed before the ending of martial law in 1987 allowed the issue to be discussed openly. Until then grieving could only be done in private and many felt their loved ones had been forgotten. As late as 1980 (i.e., after the US had shifted recognition to the PRC) another terrible incident occurred in the southern city of Kaohsiung. It was that attack on a group of prominent reformers that made President Chiang Ching-kuo (who had been selected by the KMT after the death of his

father, Chiang Kai-shek in 1975) recognize the need for change. Under American pressure, combined with that from the reformist group, *Dang Wai*, ‘outside the party’ (or non-KMT), Chiang began to widen membership of the KMT to include local Taiwanese and in 1984 appointed Lee Teng-hui, as his vice president. In 1986, the Democratic Progressive Party was formed and, despite opposition from KMT conservatives, Chiang quietly tolerated it, but only after being assured by DPP moderates that the key KMT positions on opposition to both communism and Taiwan independence would not be infringed. The following year in 1987 Chiang responded to the requests of KMT seniors by opening the door to China for aging veterans to visit relatives after a 40-year separation. In fact, trading and other exchanges with China had begun under the official radar at least three years earlier. In 1988, he also abolished martial law, and, in 1988, the year of his death, Chiang legalized the existence of other political parties. That was the occasion of the formal emergence of the Democratic Progressive Party. Chiang, or CCK, as he is still affectionately known, played a crucial role in Taiwan’s transition to democracy. Even though for 15 years he was head of the secret police (1950–65) and was no liberal or democrat, Chiang did not resort to violence to maintain his power, like the overwhelming majority of other dictators. He also set the tone for tolerance and moderation in the conduct of politics in Taiwan.

The international and regional context within which Taiwan embarked on democratic political reform was conducive to such a development. The 1980s were marked by the onset of reforms in China under Deng Xiaoping’s leadership. The disintegration of the Soviet Union in December 1991 marked the final ending of the global Cold War. Initially, it was seen by the Clinton administration in Washington as a victory for democracy and the free market, which Washington thought it could extend throughout the world. However, as we have seen, Clinton soon encountered insuperable obstacles in carrying the mission, of which the most intractable was China, when in 1994 the US president found that he could not use the threat of withholding tariff concessions on the grounds of the CCP’s abuse of human rights. The so-called new world order to be based on the observance of the norms and rules of the UN charter was fast appearing illusory. New regional balances of power were emerging, new states were being formed and economic globalization was expanding. Economic interdependence was spreading and under the aegis of multinational companies new chains of production and distribution were being formed across state boundaries without much regard to the differences between political systems.

The Taiwanese and Chinese economies greatly benefited from these developments and, as we shall see, they were drawn closer together. However, the political developments for them separately and collectively were altogether different. The period of change for them both began a decade earlier in the 1980s. China’s economic reforms and opening to the outside world occasioned domestic and social strains and contradictions, which led to demonstrations and the massacre of June 4, 1989. In Taiwan, the ‘economic miracle’ of the previous years was consolidated in the 1980s as the economy moved up a level to high tech and especially into computer-related semi-conductors. By the end of the 1980s, traders

and businesspeople were expanding their horizons to the huge market across the Strait. However, developments in the political realms at home and abroad were complex and less favorable. To be sure, it was possible to point to some promising aspects of the changing international environment: The focal points of interstate conflict in Asia no longer involved Taiwan, even indirectly; instead they centered on China and Vietnam in Indo-China and on the Soviet misadventures in Afghanistan. The American renewed interest in spreading democracy could be seen as supportive of Taiwan's transition from authoritarianism. But American attention at both popular and elite levels tended to be drawn to the promise of the Chinese market and the prospects for political change there, as shaped by the US. Meanwhile, Taiwan was in danger of becoming isolated in world affairs. It was no longer represented in the United Nations or other international bodies where statehood was a condition of membership. As the 1980s unfolded, more states shifted their recognition of China to the PRC. By the end of the decade the count of diplomatic recognition between the PRC and the ROC was 144 in favor of the former, leaving the latter with only about 50 – a number that was bound to be reduced as China's international importance continued to grow. Clearly Taiwan had to attend to its international prestige and standing. The vibrancy of its economy and its technological inventiveness were important and its position as one of the leading international traders was highly significant as attested by the presence in Taipei of the unofficial representative bodies of most of the important states. But much of the significance of those accomplishments could be damaged if Taiwan's image as a democracy, as well as a practitioner of market economics were to be damaged.

Lee Teng-hui had succeeded Chiang to the presidency, but not without political struggle with other leaders in the KMT. Lee had never lived in China and had been brought up within Japanese-occupied Taiwan. He had studied in Kyoto during the war and in the US in the 1950s, returning to work as an economist in Taiwan before completing his education at Cornell University, where he earned a PhD in agricultural economics in 1968. Lee had no contact with China, let alone the CCP. He was fluent in the local dialect, Hokien, but less so in Mandarin. Indeed, it was often said that he spoke better Japanese. Not surprisingly, Lee never found favor with the more hardline mainlanders in the KMT and as long as he was president he was careful to avoid infringing on the core belief of the KMT that Taiwan and China were destined to be united. He cultivated what was called the KMT "mainstream," while strengthening the powers of the presidency. It was only after he ceased to be president that he became such a major advocate for Taiwanese independence. Meanwhile, he initiated many policies designed to consolidate Taiwan's de-facto independence as a state in his conduct of domestic and international affairs.

In his first five years in office, taking into account the continuing political significance of the KMT traditionalists and the deepening but disorganized cross Strait economic relations, Lee recognized the need to develop closer and more formalized relations with China. New institutions were established, some of a semi-official nature, on both sides of the Strait designed to deal with functional issues arising from conducting cross strait exchanges. One meeting took place in

Singapore in 1993 after reaching a compromise of sorts in 1992 on the issue of the One China Principle in which it was verbally agreed that each side would have a separate understanding of the meaning of 'One China.' It was something on which Beijing insisted and which then suited the old style KMT, especially as it was opposed by the nascent DPP and only just tolerated by the KMT 'mainstream.' The latter two groups, however, succeeded in limiting the remit of the meeting to relatively minor issues. A decade later Beijing elevated the significance of what came to be called the "1992 Consensus" as a precondition for talks with Taipei representatives.

If political groups in Taiwan were still sharply divided on whether and how to negotiate with the PRC, that was not true of their Chinese counterparts. With the shocks of Tiananmen and the demise of the Soviet Union behind them, Beijing's successors to Deng Xiaoping had formed a consensus to continue his policies towards Taiwan. These emphasized peaceful reunion, allowing Taiwan autonomy on the basis of 'one country, two systems,' meanwhile promoting economic and other exchanges. At the same time Deng's approach advocated the employment of military pressure if Taiwan were to refuse unification. Within China, the Taiwan issue rose in political significance in the wake of Jiang Zemin's launch of a huge all-embracing campaign in 1993 to promote patriotism. In January 1995, Jiang reached out to Taiwan with an eight-point proposal, which from Beijing's perspective took into account Taiwanese sensibilities, but Lee Teng-hui in effect rejected it in April. In Taiwan, too, the tide of nationalism was turning. Lee Teng-hui drew attention to the emergence of what he called "New Taiwanese." People for whom Taiwan was their home, their place of permanent residence, who were united by their political culture of democracy and the free market under the rule of law and also who aspired to a common future as they developed further along those lines. This nationalism differed fundamentally from that of the CCP that stressed the bonds of ethnicity and history.

In the first half of the 1990s, Lee Teng-hui began to emphasize that the KMT was changing from a China-oriented to a Taiwan-oriented party. Externally, Lee adopted a 'flexible,' or a 'pragmatic diplomacy' separate from mainland China, which was ruled as a different entity. Lee spent the first six months of 1994 visiting SE Asian countries on what was called "vacation diplomacy." In an interview with a Japanese writer, he further annoyed Chinese leaders by likening himself to Moses, leading his people away from an oppressive 'alien regime.' He referred to the KMT dictatorship, but Beijing assumed his reference was to the CCP. By this point, people on the island had begun to identify themselves as Taiwanese or as Taiwanese and Chinese in contrast to the minority who thought of themselves as exclusively Chinese. This was reflected in the growing popularity of the DPP.

Matters came to a head in 1995 when the United States government went back on its word to Beijing and responded to pressure from Congress to allow Lee Teng-hui to visit the country in June, where he delivered a relatively low-key political speech. In Beijing's view, it constituted a provocation and it would not have been possible without the backing of Washington. It responded the following month with military exercises opposite Taiwan that simulated an invasion and it

also fired six missiles only some 85 miles to the north of Taiwan. A few months later, in March of 1996, the Chinese repeated the exercise so as to intimidate the people in advance of the presidential elections (the first ever). Contrary to their expectations, Lee Teng-hui won easily. But more to the point, from a strategic perspective, the United States sent two carrier-led battleships to the area. That brought the Chinese displays of force to an end.

The crisis had the effect of alerting both the Chinese and American presidents of the dangerous potential for armed conflict over Taiwan and they both took steps to improve relations, culminating in exchange of presidential state visits in 1997 and 1998. President Clinton made a point of emphasizing the significance of the new stage in Sino-American relations, by describing it as building towards a strategic partnership. The crisis had another and perhaps more ominous result in persuading the Chinese military that it had to build capabilities that would deter or deny American forces access to the area around Taiwan.

The stakes rose for all sides, especially after the Taiwanese elected the leader of the Democratic Progressive Party (DPP) to be president in 2000. The charter of the DPP called for independence, but Chen at first was at pains to disclaim any such aim. A distrustful Beijing followed the response of Washington, which in turn tried to discourage Chen from provoking Beijing. In a sense, Washington became hostage to the domestic politics in Taipei and Beijing. Chen's policies were driven very much by his domestic Taiwanese concerns and Beijing's reactions to his moves were shaped to a certain extent by political developments among the elite, which were largely hidden from the outside world. While none of the parties sought military confrontations, their complex set of relationships was characterized by fundamental distrust between all three parties. The fear in Washington, especially, was that the potential for warfare was ever present. The irritation with Chen and what was seen as his unnecessary provocations of Beijing culminated in his being warned publicly by President George W. Bush, in the presence of China's Premier Wen Jiabao, against attempting to "unilaterally change the status quo" by seeking to hold referenda designed to promote his agenda for independence. The fact that the main driver of change in cross Strait relations was the domestic politics in each side is illustrative of the way in which the strategic relations of the great powers in the new international system could be held hostage by parochial domestic politics.

The last two years of Chen's presidency were characterized by an avalanche of scandals and accusations of corruption, which besmirched the reputation of the DPP and resulted in Chen's conviction of corruption along with his wheelchair-bound wife after he ceased to be president. Ma Ying-jeou of the KMT was elected as the next president in 2008 with an unprecedented 58% of the vote. Unlike his predecessor, Ma accepted Beijing's view of the '1992 consensus' that there was but one China with both sides differing on its interpretation. He presided over the improvement of cross Strait relations by deepening economic ties and various other related exchanges. He became the first KMT leader to meet his CCP counterpart for 70 years when the two met in Singapore on November 7, 2015. But it is important to note that two weeks earlier on October 25, Ma marked the

70th anniversary of Japan's relinquishing control of Taiwan by saying that it was "important to remember the good things Japan did for the island, while not forgetting the bad." He demonstrated a different approach to Tokyo from Beijing on issues relating to the East China Sea. Based on Ma's East China Peace Initiative of 2012, a fisheries agreement was reached the following year with Japan, freeing over 50 square kilometers of waters for Taiwan's fishermen near the Senkaku/Tiaoyütai Islands. At the same time, he forged closer relations with Beijing, which allowed Taiwan slightly more access to international organizations and also to retain diplomatic relations with the 22 states that still recognized the ROC. The most important consequence of his policies towards Beijing was the development of more extensive economic growth. According to the IMF, the ranking of Taiwan's per capita GDP (in PPP figures) in the course of Ma's presidency increased by ten places, pass that of several G-7 countries.

The rise of Chinese military power over the years reached the point in the second decade of the 21st century when it has begun to challenge the dominance of maritime East Asia by the United States and its regional allies. As a result, the strategic significance of Taiwan has changed. It is located at the center of an island chain between Japan to its north and the Philippines in the south and it commands one of the key maritime access points between China and the Pacific Ocean. According to a growing view in Washington, the balance of power in East Asia would be fundamentally altered against the strategic interests of the US and its allies if Taiwan were to be unified with the Chinese mainland on the current terms demanded by Beijing. Not only would that allow the Chinese powerful navy and air force unfettered access to the Pacific Ocean, but it would sever the easy security links between the American forces in northeast Asia from those in the Philippines and create new difficulties for them to operate in the South China Sea. Yet, if Taiwan's strategic value to the United States has increased because of the growth of Chinese military power, so has Taiwan's vulnerability.

The policies of Ma Ying-jeou of cultivating closer ties with the Chinese mainland, especially in the economic sphere, may have reduced tensions with Beijing and saved the Obama administration from the difficulties of balancing the risks of confrontations with Beijing over Taiwan, in addition to the problems over the South China Sea, with the perceived need to cultivate it in order to work with Beijing on Climate change, Iran, etc. However, it was precisely Ma's closer economic relations with China which became highly controversial in Taiwan. Ironically, according to the CIA World Factbook, trade grew most during the presidency of Chen Shui-bian, from less than US\$10 billion in 2000 to over \$66 billion in 2008 and during Ma's eight years as president it reached about \$75 billion. The difficulty for Ma arose from the fact that the distribution of the economic benefits from the economic relations with China was profoundly unequal with wages static, youth unemployment rising and the high growth of property prices rising. Secondly, there was a fear of a deepening economic dependency on China as the population was overwhelming identifying itself as exclusively Taiwanese. The frustration of young people found expression in the occupation of the legislature by students for nearly a month in the spring of 2014 in a protest that was called

the Sunflower Movement. The student demonstration stopped the attempt to ratify the service sector trade agreement signed with China the previous year due to the lack of transparency in the negotiations. The movement garnered public support, leading to KMT losses in local elections later that year. Ma left the presidency in 2016 with dismal showings in opinion polls.

Much to the chagrin of the CCP and its forceful leader Xi Jinping, the DPP leader Tsai Ying-kuo was elected by the largest margin ever and her triumph was accompanied by a DPP victory in the legislature for the first time, giving it a 60% majority. However, Tsai's approval ratings soon fell. Although her policies to revive the economy and to avoid destabilizing cross Straits relations were not the main cause of her troubles, the difficulties in implementing them by an inexperienced government in the context of Taiwan's many social divisions played a big part in eroding support. The hostile response from Beijing to Tsai's refusal to support the 1992 Consensus by name also damaged her. Beijing's manifest distrust of her and the DPP, which for the first time was in charge of the legislature, did not augur well for the future after the eight years of relative peace.

Tsai's inaugural speech of May 2016 and others that followed maintained the moderate approach she had adopted during the campaign and since the election. She avoided language that could be construed as favoring independence, she accepted the status quo in cross Strait relations bequeathed by the previous Ma Ying-jeou administration, judged to be friendly by Beijing. Tsai, for example, made a point of making clear that she accepted the existing agreements and other mutually beneficial arrangements between the two sides, which necessarily included the 21 signed under the Ma presidency. However, Xi Jinping did not respond favorably and his government began to exert pressure by carrying out a number of measures to demonstrate its superiority and capacity to inflict growing costs on the people of Taiwan for Tsai's refusal to recognize the "1992 Consensus." These included reducing the number of Chinese tourists, ending all official communications, denying the renewal of participation in international health and civil aviation organizations that had been granted President Ma and depriving Taiwan of recognition from five of the 23 states that had still maintained diplomatic relations with the ROC. Beijing also increased the number and types of military flights and naval vessels exercising near and around Taiwan. In January 2018, Beijing announced that it would allow civil flights near the median line in the Taiwan Strait, without consulting the relevant Taiwan authorities in accordance with a 2015 joint agreement. In response, the Taiwan civil aviation authority cut the number of flights of two Chinese airlines to Taiwan during the Chinese New Year holiday period.

In the summer of 2016 Tsai initiated a New Southbound Policy (NSP) oriented to 18 countries in Southeast and South Asia plus Australia and New Zealand, designed to formalize and extend its economic and other relationships in the region and reduce its dependency on China. She had taken the precaution of assuring China and business interests that the NSP was not designed to reduce exchanges across the Strait, but it was rather aimed at strengthening Taiwan's economic, cultural, educational and inter-personal linkages with countries around

the region and the promotion of sharing resources, skilled people and markets. Dialogue mechanisms would be developed across the countries of the region to build trust and resolve differences. Unlike similar policies of the Lee Teng-hui and Chen Shui-bian administrations, the NSP would not be narrowly focused on economics. In fact, the NSP could point to some initial successes in the tourism and educational sectors in 2016, but if it is to flourish in the longer term it will require better coordination at home between the relevant agencies and bureaucracies. However, the main problem facing the new policy stems from China's growing ability to squeeze Taiwan's regional and international space, by bringing pressure to bear on states to limit contacts and exchanges with Taiwan. Taiwan must utilize those areas where it enjoys comparative advantages such as academic freedom in the educational sphere, technological and scientific innovation in particular areas, aspects of agricultural techniques and so on. It cannot hope to compete with China in sheer size and economic attraction in a context in which China's exports to the 18 countries in 2016 exceeded those of Taiwan by the margin of \$400 billion to \$65 billion.

In sum, Taiwan requires an externally oriented economy if it is continually to expand and upgrade its economic performance and to provide the appropriate education for a high-tech work force. It must do so in the context of unrelenting pressure from China, which in the context of its growing all-round regional and global power has yet to demonstrate a readiness to envision alternatives to Deng Xiaoping's 40-year-old offer of the 'one country, two systems' model for unification, which has been tarnished by Beijing's interference in the application of the model to Hong Kong. Despite more or less continuous unofficial talks between the two sides, deep distrust pervades cross-Strait relations and current trends suggest that the gap between Taiwanese and Chinese views is widening. Xi Jinping's 'China Dream' with its emphasis on national rejuvenation after the ravages of imperialism of which the separate existence of Taiwan is the last major example. On the other side of the Strait, the up and coming generations have overwhelming identified themselves as Taiwanese in terms of adherence to democratic norms, education and culture. However, the evidence of opinion polls is that they do not wish to confront China and that they would be satisfied in the continuation of the ambiguities of Taiwan's current de-facto political autonomy. At issue therefore is whether Xi Jinping would be willing and able to accept the ambiguities of the status quo without a formal acceptance by Tsai Ying-wen of the "1992 Consensus." Meanwhile, Taiwan must continue to rely on the US for its defense against the Chinese military, despite the uncertainty about the priority given to it by previous American leaders, and especially by the erratic President Trump.

Beyond the significance to be attached to the vagaries and differences of the policies and characters of its last three leaders and their administrations, the fate of Taiwan and its democracy is intimately dependent on developments in East Asia as a whole. Since the global financial crisis of 2007–08, democracy has been in retreat in East Asia. As the most important economic partner of nearly all the countries in the region, China has benefited from that trend, especially as many within the region consider that America's commitment to the region has

been uncertain at least since it became trapped by its Middle Eastern wars. Xi Jinping has used China's newfound economic, political and military power to expand China's regional and global influence. He has won the support of more than 60 countries for his ambitious BRI plans to provide connectivity from China to Europe and Africa by land and by sea. More recently, he has begun to promote the Chinese model of political dictatorship and control of the economy by the state. That has had the unexpected effect of elevating the importance of Taiwan as a counter model. By claiming that China's system is in accord with Confucian culture of the past, Xi is strengthening the long-standing CCP argument that democracy is not suitable for China. But that is contradicted by the success of democracy in Taiwan. That contradiction can only be fully resolved by denying that Taiwan is Chinese, in the sense of sharing the history and culture of the Chinese people on the mainland, or by eradicating Taiwan's democracy. The first option implies that Taiwan is separate from China proper and the second option requires the adoption of CCP rule by the people of Taiwan. The logic of the first option leads to independence and the logic of the second leads to coercion. A third option is to carry on with the current practice of maneuvering to avoid a full resolution. With its democratic politics and free market economics, Taiwan has so far resisted Beijing's version of Sinicization.⁶ At the same time, by demonstrating its military coercive powers, Beijing has prevented Taiwan from becoming formally independent. In effect, both Beijing and Taipei have tacitly worked within the framework set by the US in its TRA of 1979. Taiwan has not declared formal independence and Beijing has not used force to impose unification on Taiwan, although each has tested the American commitment. Beijing did so in 1995–96 and, less directly in more recent years, by demonstrating its growing military power to possibly thwart a timely American military intervention to save Taiwan from an invasion. Taipei did so when Chen Shui-bian sought to use a referendum to prepare for independence.⁷

Due to the newfound significance of China's military power and its energetic extension of its outreach beyond its immediate neighborhood, Taiwan's survival in its current form has acquired a significance beyond its own local concerns. Its geopolitical position (noted earlier) places it at the heart of the triangular strategic relationship between China, Japan and the United States. China has modernized and strengthened its armed forces to the extent that if Beijing were to acquire Taiwan and operate its forces from there it could severely weaken and perhaps even undermine the American alliances in the western Pacific. Without a credible alliance with Japan, it is difficult to see how America could continue to be a major power in East Asia and in the maritime areas of the western Pacific Ocean.

However, the threat to American and Japanese national interests by China's increasing capabilities to attack and occupy Taiwan necessarily raises the risk to China's leaders from actually carrying out such an attack. They could hardly expect the Americans and the Japanese simply to stand aside if such an attack were to take place. In addition, the Chinese would have to take into consideration the possibility of significant resistance by Taiwan to an attack and attempted takeover. Besides which, there would probably be adverse economic

consequences at home and abroad, especially if an attempted invasion did not go well. Under such circumstances it is possible the survival of CCP rule could be endangered. So far, Xi Jinping and his colleagues have been careful to avoid warfare, especially with a major power. Instead they have confined themselves to attempts at intimidation (to win without fighting) and to carrying out ‘salami tactics’ in which they change the status quo in their favor by small incremental steps, which individually do not merit a warlike response, but which over a period of time make a significant difference. Such tactics worked in Southeast Asia (with the exception of Indonesia) but they have not worked with Japan, a powerful and determined opponent. Attempts to intimidate Taiwan by military means have so far had the effect of increasing the number of Taiwanese who reject Beijing’s political overtures. For example, Taiwan’s Premier, William Lai, twice in April 2018 spoke of his plan for Taiwan to gain “full independence” against the background of China’s first live-fire military drill in the Taiwan Strait since Tsai Ying-wen became president.⁸

The only model for unification Beijing has offered Taipei is the limited autonomy envisioned by Deng Xiaoping in the early 1980s of “one country, two systems,” which was rejected then by Chiang Ching-kuo and the KMT before it was applied to Hong Kong. More than 20 years after the territory’s retrocession to China in 1997 it looks even less attractive to the Taiwanese than it did initially. Xi Jinping’s CCP government interferes evermore blatantly in the running of Hong Kong as a free society under the rule of law. There are other models that could lead to a new form of unity, such as a confederation, or “one country, two separate governments” and so on. But the distrust between the two sides is too great. Perhaps with all its uncertainties, the most likely development in the immediate future is a continuation of the *status quo*.

Notes

- 1 Jay Taylor, *The Generalissimo: Chiang Kai-shek and the Struggle for Modern China* (Cambridge, MA: Harvard University Press, 2007), p. 573, citing *Foreign Relations of the United States* (Washington, DC: U.S. Government Printing Office, 1969–1976), Vol. 17: *China, 1969–1972*, p. 560.
- 2 *Ibid.*, p. 501.
- 3 Robert Hathaway, *The Leverage Paradox: Pakistan and the United States* (Washington, DC: Wilson Center, Asia Program, 2017).
- 4 The Text can be found as the “Montivedo Convention on the Rights and Duties of States.” (Oslo: UiO: The Faculty of Law). www.jus.uio.no/english/services/library/treaties/01/1-02/rights-dutiesxml-statesxml.
- 5 For further details and analysis, see Alan Romberg, *Rein in at the Brink of the Precipice: American Policy Toward Taiwan and US-PRC Relations* (Washington, DC: The Henry L. Stimson Center, October 2003). See also Richard C. Bush, *Untying the Knot: Making Peace in the Taiwan Strait* (Washington, DC: Brookings Institution Press, 2005); See, too, Alan M. Wachman, *Why Taiwan? Geostrategic Rationales for China’s Territorial Integrity* (Stanford, CA: Stanford University Press, 2007); and Steven M. Goldstein, *China and Taiwan* (Cambridge: Polity Press, 2015).

- 6 For an argument about the significance of Taiwan, containing an excellent account of the development of Taiwanese society, see Shelley Rigger, *Why Taiwan Matters: Small Island, Global Powerhouse* (Lanham, MD: Rowman and Littlefield Publishers, 2014).
- 7 See Nancy Berkopf Tucker, *Strait Talk: United States-Taiwan Relations and the Crisis with China* (Cambridge, MA: Harvard University Press, 2009).
- 8 Asia Times Staff, "Taiwan Plots Independence as Chinese Military Drill Starts." *Asia Times* (April 16, 2018).

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1. Rigger, Shelley, *Why Taiwan Matters: Small Island, Global Powerhouse* (Lanham, MD: Rowman and Littlefield, 2014).
The book provides an excellent account of the development of a distinctively Taiwanese society as well as an argument about the international significance of Taiwan as an autonomous democracy.
2. Bush, Richard, *Unchartered Strait: The Future of China-Taiwan Relations* (Washington, DC: Brookings Institution, 2013).
A former director of America's informal representative institute in Taiwan and a distinguished researcher at Brookings builds on previous work to elucidate the difficulties each side confronts in trying to reach a settlement. He analyzes what each side can do to break the long-standing impasse, while noting the changing circumstances and the policy implications for the US.
3. Wachman, Alan M., *Why Taiwan? Geostrategic Rationales for China's Territorial Integrity* (Stanford: Stanford University Press, 2007).
A penetrating examination of why Taiwan is seen in the PRC as essential for the territorial unification of China, whereas Mongolia is not. After all, Mongolia is far more integral to China's past identity and was actually separated from China by an external power.
4. Goldstein, Steven M., *China and Taiwan* (Cambridge: Polity Press, 2015).
A lucid analysis of the two main stages in the bilateral relationship marked by the democratization of Taiwan in the 1990s, with America as the key outsider.
5. Tucker, Nancy Berkopf, *Strait Talk: United States-Taiwan Relations and the Crisis with China* (Cambridge, MA: Harvard University Press, 2009).
A historian's account based on documentary evidence supplemented with interviews with many of the key American officials and Chinese scholars. It is a lively analysis, which succeeds in delving into the many contradictions in official accounts and the frequent differences between actions and words.
6. Taylor, Jay, *The Generalissimo: Chiang Kai-shek and the Struggle for Modern China* (Cambridge, MA: Harvard University Press, 2007).
This is a major and meticulously researched biography of the man who could have ruled China, except for having been fatally weakened by the Japanese invasion. He led Taiwan from his defeat in the civil war until his death in 1975. He used it as a potential springboard for regaining the mainland. Together with Mao and Zhou Enlai he tacitly prevented Eisenhower from laying the ground for separating Taiwan from the mainland and becoming independent. Yet he also presided over the economic transformation of the island.

7. Hughes, Christopher, *Taiwan and Chinese Nationalism: National Identity and Status in International Society* (London: Routledge, 1997).

Written at a time in which Taiwan was only beginning to develop as a democracy and Beijing and Taipei both claimed to speak for China, this book examines the separate nationalism developing in the island and the tensions between the formal statehood of the ROC and the new Taiwanese nationalism. The argument is placed within the international context of the growing power and weight of the PRC.

9 Southeast Asia

America's relative decline and China's rise

The turn of the 21st century coincided with the fading of the influence of the end of the Cold War. It had ceased to be the driver of structural change in international politics. As already noted, the United States remained the sole superpower, but its wings had been clipped. China's power and influence was growing, but not to the extent of having reached a level equivalent to the comprehensive power of the United States (i.e., the combination of economic, military, technological and soft power), which was still evident throughout the world as a whole. The rise of China made itself evident globally in the economic sphere, where according to the World Bank, it was the "main driver of economic growth since 2008."¹ But the scope of its comprehensive power was more evident in the Indo-Pacific and especially in the sub-region of Southeast Asia, where it does not encounter a resident major power. Its powers in Northeast Asia were constrained by Japan (in many respects a major power), South Korea and Taiwan, especially as all three were allied formally or informally with the United States. Even North Korea has been an obstacle to the extension of Chinese power. The exercise of Chinese power and influence has been increasing in recent years in the littoral states west of the Malacca Strait, but, in this sub-region, China faces the major power of India partnered by the United States and Japan. It is in Southeast Asia where the character of China's new assertive power and its challenge to the United States are most on display.

Several major events that took place in the first decade of the new century may be regarded as markers in changing the balance of power in the region. The first was 9/11 of 2001, which resulted in the diversion of American military, economic and other resources to seemingly endless warfare in the greater Middle East and to a preoccupation with a global struggle against terrorism. On a conservative estimate, that accounted for \$5.6 trillion, or at least for a quarter of the US federal public debt of \$21.48 trillion at the end of 2018.² The second was China's admission to the World Trade Organization in December 2001, which accelerated China's economic growth, enabling the country to surpass Japan as the world's second largest economy, and Germany as the world's leading merchandise trader, all within ten years. The third was the American financial crisis of 2007–08, which resulted in a hugely damaging recession, especially in the US and the EU. The fourth important event, which cannot be dated so precisely but which became evident from around 2015 onwards, was the crisis of confidence in the domestic

liberal political institutions in the Western world and the rise of populist nationalism amid dissatisfaction with the effects of globalization. The prime examples of the Western disillusionment were the British vote on June 23, 2016, to leave the EU followed by the election of Donald Trump to the American presidency later that year, on November 8. The final consequential event was China's adoption of a new assertive foreign policy beginning in 2008, which changed the political geography of Southeast Asia, the Indian Ocean and Central Asia. This trend intensified after Xi Jinping became leader in 2012 and the adoption of his Bridge and Road Initiative a year later.

9/11: the key turning point

As discussed earlier, 9/11 was the key turning point in the process of the weakening of American power and influence in the region and perhaps in the world as a whole. Terrorism, which suddenly thrust itself onto the American consciousness, where it has remained to this day, was not such a pressing issue for the countries of the Asia-Pacific, except insofar that it had to be addressed in order to continue to assure the Bush administration that they were 'with it' and not 'against it.' But it was not at the top of the issues of immediate concern to countries still recovering from the Asian financial crisis of the late 1990s. Their security interests dovetailed with their need to develop their economies, and although the Japanese and American commercial presence in the region at the turn of the century still exceeded that of the Chinese, the latter were seen as the more active. In addition, the sense of American neglect, which still lingered from the 1997 Asian financial crisis of four or five years earlier, intensified as the Bush administration became preoccupied with its wars in Afghanistan and Iraq in particular, and such attention as was paid to Asia tended to be drawn to Central and Northeast Asia. The fact that the two wars were sometimes depicted as wars against Islam eroded the regard with which the US had been held in Indonesia and Malaysia, where Muslims were in the majority. The generally favorable response to the American war against the Taliban and Al Qaeda in Afghanistan was dissipated with the launch of the war against Saddam Hussein in Iraq in 2003. Russia and China had made no secret of their unhappiness in the UN Security Council at what many Europeans regarded as the American rush to war and the two veto powers drew quiet satisfaction from the divisions that occurred between the United States and some of its main NATO allies in Europe. America's allies in Northeast Asia, Japan and South Korea, who greatly depended on the supply of energy from the Middle East, were unenthusiastic, and their military support was mainly logistic and was of limited duration. American prestige suffered as it got bogged down in its two long and costly wars and as its military became overstretched.

By the end of the first decade of the 21st century, it became clear that the main beneficiary in the Asia-Pacific region of the American commitments in the greater Middle East was China. Most states in the region were keen to avoid becoming dependent on China and wanted to hedge against the uncertainties posed by China's rise. But they were not confident in the reliability of the United States as

the guarantor of security and stability against the potentially disturbing consequences of China's growing weight with its more powerful and opaque military force. Apart from the question of the extent of the degradation of American military power in the wake of budgetary cutbacks and the ongoing wars in Iraq and Afghanistan, regional concern grew as America, and the Obama administration in particular, was unable to divert resources to the region in accordance with its declared policy of the 'pivot' or the 'rebalance.' In addition, regional allies and partners doubted the credibility of the security assurances of the Obama administration in the light of its perceived preference to avoid putting at risk its partnership with China, which it regarded as vital for reaching international agreements on nuclear issues with Iran and for managing climate change and other matters of urgent global significance.³

As a result of America's relative decline in the region, the countries of Southeast Asia became more vulnerable to pressure from China. Their local regional organization was unable to offer an effective response despite having reached an agreement in 2002 (The Declaration of Conduct) to maintain the status quo in the South China Sea (SCS). Although the 50th anniversary of the founding of their regional organization, the Association of South East Nations (ASEAN) had been celebrated in 2017, its ten member states were still subject to disunity. Whatever its achievements may have been in the previous 50 years, ASEAN still suffered from some of its original shortcomings: It lacked the means to act as a collectivity, nor was it a rule-making body. It operated by consensus, and adherence by member states to its resolutions continued to be entirely voluntary. The formation of ASEAN in 1967 had followed the end of Indonesia's low-intensity military campaign (Konfrontasi) against the establishment of the Federation of Malaysia. Just as in Europe, where the ending of the enmity between France and Germany paved the way to the establishment of the European Community, so in Southeast Asia the conclusion of the confrontation between Indonesia and Malaysia made possible the formation of ASEAN. But unlike the European example, ASEAN was founded to enhance the sovereignty of its members, not to dilute it. Likewise, ASEAN was not designed to integrate their economies, let alone develop a common market. Each state had its own national security interests, which for many involved guarding against immediate neighbors.

Nevertheless, in the first few years of the 21st century, China was not interested in exploiting divisions between the members of ASEAN. To the contrary, Southeast Asians were still benefiting from China's so-called smile diplomacy of cultivating closer economic and political relations with ASEAN and its member states, which began in the wake of China's failure to intimidate Taiwan in 1996 due to the intervention of the American navy. The Chinese were careful not to extend any further their much-criticized takeover of Mischief Reef (within the EEZ of the Philippines) in the SCS in 1995, but they neither withdrew nor acknowledged any wrong doing. Recognizing that whatever may have been the case in the past, China's presence in Southeast Asia was bound to deepen and to grow, the members of ASEAN sought to encourage China to play a more active part in their regional activities as a way of socializing the giant country into the

international and regional modes of their behavior. In 1996, China became a Dialogue Partner with ASEAN, whose practice of multilateralism appealed to China's leaders as it operated by consensus, its decisions or resolutions were not binding on member states and it did not allow interference in the domestic affairs of member states. China was much praised in SE Asia for its behavior during the Asian financial crisis in 1997–98. In 2000, China's Premier Zhu Rongji proposed an FTA with ASEAN, which was duly signed in 2002 (less than a year after China had joined the WTO). Despite its insistence that territorial and maritime disputes with other states should be handled on a bilateral basis only, China in 2002 signed a Declaration of Conduct (DOC) with ASEAN that was designed as far as possible to sustain the status quo, manage differences peacefully and avoid conflict in the SCS. Remarkably, the multilateral agreement included all the members of ASEAN, when at least half were not parties to any of the disputes. By 2005 the value of trade between China and ASEAN was \$120 billion, having leaped from \$20 billion in 1995. At this point, however, problems had begun to emerge, but not all were necessarily caused by the Chinese side. For example, due to its size, its better infrastructure and other comparative advantages the Chinese had largely displaced the SE Asian economies in their competition for the advanced markets of the US, the EU and Japan. Similarly, the Southeast Asians lost out in the competition for investment from those countries.

China begins to take advantage

However, the Chinese were beginning to use their growing economic advantage for political ends by trying explicitly to reduce Japanese influence and to cast doubt on American alliances. Such attempts rebounded to China's disadvantage, especially in those countries which did not share a border with it and which were reminded of past and even current histories of Chinese efforts to subordinate them. Many remembered China's attempts to undermine resident governments by its support for communist insurgencies. More recently, Beijing has continued to demand political loyalty from resident Southeast Asian citizens of Chinese descent, exacerbating difficult relationships between ethnic Chinese and other resident ethnicities and also between Beijing and some of the SE Asian states. Nevertheless, the Southeast Asians continued to hope that in time China would become 'socialized' into observing the norms of regional behavior.⁴

In the Chinese perspective, however, America was the one country that really mattered when it came to the question as to whether or not China could achieve its aims in SE Asia. These included consolidating its "core interest" in the SCS to the exclusion of intervention by the American Navy, gaining the deference of resident states, completing the current and future projects associated with BRI and being recognized by the US and Japan as the paramount power in the region. Chinese officials and scholars readily conceded that the United States still remained the world's only superpower, but they also claimed that its relative power had begun to decline even before 9/11.⁵ There were newly emerging powers to add to the existing ones, which meant that America had become more constrained in its ability to act unilaterally. More often than not it needed partners in order to carry



Map 9.1 South China Sea Islands

Comment: There is no evidence to support China’s historic claims. Chinese cartographers only began to lay claim to the islets and maritime domain in the South China Sea in the 20th century. The official ROC map was issued in 1947 and the relevant documentation is located undisclosed in Taipei.

Source: © iStock

out its foreign policy objectives. Chinese scholars had little doubt that America’s relative power was declining. At issue was whether the decline was temporary or permanent. Meanwhile, it was thought that the erosion of American power was taking place gradually until the financial crisis broke in 2007–08. It was that

event, which suggested to China's leaders that the balance of power was changing in China's favor (as noted at a Party conference held in July 2009).⁶

2009 happened to be a deadline for claimants in the SCS to submit their territorial claims to a committee of the UN. Vietnam and Malaysia submitted their claims jointly. The Chinese responded by submitting a denial of the legitimacy of the claims of the two states and by attaching a map of the nine-dotted line in the SCS, without explanation, which constituted the huge extent of China's claims to almost 90% of the sea as a whole. China's national interests were expanded to include the maritime domain in its nearby seas and its maritime trade routes. Henceforth they were described as among China's "core interests." By this stage, China had developed sufficient military power to pursue its maritime claims more effectively and there had been a distinct heightening of nationalist sentiments at official, as well as popular, levels. China began to react more forcefully to what it regarded as 'provocations' by other claimants (mainly Vietnam and the Philippines), who had built on 'their' reefs and atolls and carried out explorations for energy in partnership with foreign oil companies in waters also claimed by China. Chinese fishing boats and Coast Guard vessels began to obstruct what they claimed were illegal intrusions by American warships in China's Exclusive Economic Zones (EEZs) in the SCS even though most maritime trading states contested China's interpretation of maritime international law on that issue. Chinese officials became increasingly intolerant of the expression of opposing views by their Southeast Asian colleagues. An exasperated Chinese foreign minister famously declared to Southeast Asian colleagues at a meeting of ASEAN in July 2010, "China is a big country and you are small countries, and that is a fact."⁷

That ASEAN meeting should be regarded as the symbolic turning point for the change in the strategic relations between ASEAN and China on the one side, and also between the US and China on the other. That was the last time when China's aggressive behavior in pursuit of its claims in the SCS was openly challenged by ASEAN and the US (separately, or together). Following the prior complaints voiced by ASEAN member states, the American Secretary of State, Hillary Clinton, proceeded to declare that America, too, had a "national interest in the SCS" – the first time when that was stated in such an open forum by a senior US official. The Chinese blamed the US for causing the ASEAN states to complain in this way, even though American defense officials, who had accused the Chinese of dangerous behavior in trying to block the legal passage of US naval ships in the SCS in the last two years, also noted earlier Southeast Asian complaints about Chinese illegal behavior in the SCS. However, neither in Clinton's *Foreign Affairs* article of October 31, 2011, nor in Obama's speech to the Australian Parliament two months later, which committed America to 'pivot' to the Asia-Pacific as the key to its future, was the question of an American national interest in the SCS raised again except as to repeat the long-standing US commitment to uphold its right to free navigation in the sea.⁸

Strategic relations in the 1980s and 1990s

In order to gain a better perspective on how Sino-ASEAN relations developed from this point onwards it may be worthwhile to consider briefly the previous period of strategic relations between China and the Southeast Asian states, i.e., the two decades after the end of the Cold War, before discussing the next stage of developments. From a Chinese perspective, ASEAN shared their opposition to Vietnam's invasion and occupation of Cambodia and to Vietnam's support for the entry of the Soviet navy into East Asia. China also appreciated the useful diplomatic role ASEAN had played in galvanizing diplomatic condemnation of Vietnam in the UN. Thailand in particular, as the frontline state of ASEAN, became especially close to China. ASEAN also played a significant role in facilitating the UN peace agreement on Cambodia in 1989, which otherwise might have been embarrassing for China due to its support for the Khmer Rouge. In the 1980s, the policies of the ASEAN countries in opposition to the Vietnamese invasion and occupation of Cambodia were based on their fundamental objection to the invasion of any Southeast Asian state by another. That principle lay at the heart of the formation of ASEAN in the first place. The preservation of the sovereign independence and territorial integrity of its member states may be regarded as the key achievement of the association since its foundation all those years ago in 1967. From a Chinese perspective, the key issue was preventing the Soviet Union and its regional ally, Vietnam, from changing the balance of power through their encirclement of China.

Despite Western condemnation of the Tiananmen massacre of June 4, 1989, good relations with China and SE Asian countries continued into the 1990s, not only because the Southeast Asian governments tended to avoid raising human rights issues in their foreign relations, but also because it was very much against their interests for their giant neighbor to undergo further instability and isolation, especially as the troubles of the Cultural Revolution were still fresh in their collective memories. For their part, China's leaders were especially keen to encourage good relations with neighbors at a time when relations with Western countries were in doubt. They and their resident ethnic Chinese had played hugely important roles as contributors to the economic modernization of China in the 1980s, and Deng Xiaoping, in particular, regarded the maintenance of good relations with these pro-Western countries as keeping the door open for re-engaging the capitalist West to restore a favorable international balance of power that would facilitate his goal of 'peace and development.' In that context it was important that it was in 1990 when Indonesia re-established diplomatic relations with China and it was soon followed by Singapore.

The ethnic Chinese communities, who dominated much of the economies in Southeast Asia, found that they were finally regarded as useful intermediaries with China in the development of economic relations between the two sides. Hitherto their loyalties had been suspect in Mao's China and to a certain extent in the

1980s, too, as representatives of bourgeois ideology, but they were also distrusted by indigenous Southeast Asians as alien migrant communities, who had parasitically and unfairly dominated commerce and whose patriotic loyalty was in doubt. In addition, a new pattern of migration from China began to emerge. The traditional Chinese communities of Chinese in Southeast Asia were now being joined by university-educated younger people, the beneficiaries of Deng Xiaoping's reforms and openness to the outside world. Most of these new immigrants, who were products of Mao's China, left for the developed countries of the West, but a good number established themselves in the newly modernizing and cosmopolitan cities of Southeast Asia. They were able to use to advantage their modern connections and networks with China proper and the Chinese officials and enterprises developed new attitudes and approaches towards them. But like the earlier 'Overseas Chinese' people, they were not directly involved in China's foreign policy making. For its part, Beijing treated them as before with degrees of ambiguity, regarding them in some sense as Chinese from whom loyalty was expected, but as a separate category from the 'compatriots' of Hong Kong, Macao and Taiwan. Hence, Beijing would still find difficulties in responding to cases of riots and brutal treatment against local ethnic Chinese residents in Southeast Asia, when a sense of obligation to intervene on their behalf, especially when pressed by young nationalists on China's social media, had to be balanced against the conduct of relations with the host country. Such was the case with Indonesia in 1998, or Vietnam in 2014.⁹ But China's policies towards Southeast Asian countries in the main were not determined by such considerations, even though Beijing was becoming more protective of its growing number of interests and people located overseas.

The Chinese government reinforced its relations with the ASEAN countries after the failure of its military coercion of Taiwan in 1995–96. By this time their economic relations were deepening as the growing Chinese economy was beginning to need to import more food and raw materials. In addition, the Chinese were beginning to respond positively to the ASEAN version of multilateralism, with its insistence on consensual decision making, voluntarism and non-interference. If ASEAN sought to integrate China in the 'ASEAN Way,' China was happy to oblige by increasing the institutional links and by establishing varied interdependencies. In particular, China's standing in the region rose as a result of its refusal to devalue its currency during the Asian financial crisis of 1997, even though, as noted in Chapter 5 on China, it was merely acting in accordance with its own interests. Nevertheless, the contrast with America's lack of attention was striking. China and ASEAN then proceeded to discuss forms of cooperative security and, as we have seen, despite China's preference for bilateralism, it signed a multilateral Declaration of Conduct (DOC) with ASEAN in 2002. This was the high point of China's so-called smile diplomacy in Southeast Asia and of China's claim to be following a non-threatening policy of 'peaceful rise.'

China's new activism

As already noted, China did not accept the American terms in 2005 for becoming a 'responsible stakeholder,' preferring instead to follow its own interests as it

saw them. China soon became more active in the region in a manner commensurate with the growth in its capabilities. More ominously, from the perspective of China's Southeast Asian neighbors, some of whom contested Chinese territorial and maritime claims in the SCS, China's activism in pursuit of its claims did not elicit an effective response from the United States. To be sure, the Chinese were careful to advance their claims incrementally in a series of small steps, first by harassing Southeast Asian fishing boats with bigger and more numerous boats, some of which were armed; second, by bringing into play large and technologically advanced Coast Guard vessels; and third, by keeping powerful naval vessels in intimidating positions just over the horizon. Chinese military officers dubbed such measures as "cabbage tactics" to enmesh claimed islets. In the United States, they became known as "salami tactics," meaning that each maneuver was too small to require a military response, but collectively they effectively changed the status quo in China's favor. China's leaders had once again proved to be masterful students of changes in the balance of power and practitioners of the politics of power in judging that the Obama administration would refrain from imposing unacceptable costs for their assertive actions in the SCS.

In 2013, China began to dredge vast amounts of sand from the bottom of the SCS, which it deposited on the seven reefs and atolls it occupied, claiming that the buildings which it was erecting there would be used for civilian purposes. But within two or three years it became evident that these were military installations, including long runways suitable for bombers and fighters, deep water ports, radar and high-tech military facilities of various kinds. According to the US Department of Defense, by mid-May 2016 as much as 3,200 acres of land had been reclaimed, enabling the Chinese to build airfields, military ports and related modern facilities.¹⁰ The American authorities duly objected, but they confined themselves to occasional assertions of 'rights of free passage' by sending a warship to pass close to one of the islands. The Obama administration, in keeping with standard American position, stated that it had no territorial or maritime claims of its own and that its concern was only with ensuring that international law be observed, so that the shipping in this vital waterway not be interrupted. It declared that the ruling of the International Tribunal in The Hague on maritime rights in the SCS should be binding. But when the Chinese refused to recognize the Tribunal or the ruling that it issued in 2016, the US government restricted itself to verbal protest and pious hopes that the problem would be solved by diplomacy. In effect the US government did not impose any cost on the Chinese side for what Obama, himself described as its "coercive diplomacy," or for its disdainful dismissal of international law.¹¹

China's leaders took advantage of the change in America's fortunes to adopt a more assertive set of policies. As noted in Chapter 5, on China, these arose primarily from four related developments: a sense of a change of the balance of power in its favor; the expansion of its national interests to include the maritime domain in its nearby seas (*jinhai*) and its trade routes; the growth of its military power, enabling it to pursue its maritime claims more effectively; and the heightening of nationalist sentiments among officials as well as among the population in general.¹² China has deployed powerful Coast Guard ships, backed by its modern

naval vessels, which far out-gunned the combined maritime forces of other littoral states. The ASEAN states have been divided on how best to respond to the Chinese challenge and have come to depend on what they regard as a less than reliable American counterforce to balance against Chinese power. At the same time, an informal diplomatic and military coalition is emerging between India, Australia, Japan and the US (the so-called Quad) to strengthen the defensive capacities of the littoral states of the SCS and to soft balance against China. Whatever the significance of these measures, they are not sufficient to weaken the effective military control that China can exercise from its enlarged islands.

Xi Jinping announced the maritime dimension of his BRI in Indonesia in 2013. The Southeast Asian dimensions of his initiative are based in part on enhancing existing projects and in part on promised new ones. Some have made visible progress over the following five years and others are still being negotiated or renegotiated. For example, the pipeline from Yunnan to the Andaman Sea in Myanmar has been completed, but the Chinese modernization of the port of Kyaupyu is subject to renegotiation. The extent of Chinese investment overseas has been queried at home in China, while some recipient countries have begun to question the terms under which projects have been agreed as unduly favorable to Chinese interests and to local ruling elites. Some countries in Southeast Asia, especially the less developed, such as Laos, have found themselves excessively indebted to China and even an upper-middle income country, such as Malaysia, after the change of government in 2018, canceled a costly Chinese project to run an eastern railway, especially as a local company would have charged over 30% less. Among the many problems Chinese projects have encountered in the region is a general distrust of China, which has been intensified by its behavior in the SCS, by its air of superiority and by its self-serving secrecy.¹³

China's challenges

So far, the major Chinese challenge has been to regional rather than global order. The traditional Chinese view of order is hierarchical and there is a view that what China requires of its immediate Southeast Asian neighbors is deference rather than dominion. In other words, China demands of such neighbors that they acknowledge Chinese superiority and accept the righteousness of its actions. In the words of one of Singapore's most experienced and perceptive diplomats,

China does not merely want consideration of its interests – it expects deference to its interests to be internalized by ASEAN members as a mode of thought. It wants the relationship to be defined not just by a calculation of ASEAN interests vis-à-vis China, but 'correct thinking' which leads to 'correct behavior' . . . correct thinking is a permanent part of the sub-conscious. This differentiates Chinese diplomacy from the diplomacy of other major powers and represents a melding of Westphalian diplomatic practice with ancient Chinese statecraft.¹⁴

Traditional Chinese statecraft antedates the extension of the Westphalian system to East Asia, and much as Chinese contemporaries complain that they were not a party to the making of the rules and norms of that system, there are core features of it, which are central to China's diplomatic vision and practice. These include sovereignty, territorial integrity, non-interference, diplomacy, the state system itself, the privileged status of great powers and so on. China does not reject international law in principle, as it generally serves Chinese interests, but in practice the Chinese government ignores or rejects the law, where its interpretation leads to adjudications that damage expressed Chinese interests. Hence China's denial of the legitimacy of The Hague Tribunal, as well as its findings in July 2016 that rejected the legal basis for Chinese claims in the South China Sea, should not be seen as a rejection of international law as such. After all, there are precedents for the refusal of great powers (including the US) to accept adverse decisions of the international court.¹⁵ Perhaps more revealing of the Chinese proprietorial view of the region is the vision of the future security in Asia presented by Xi Jinping in 2014 as to be determined by Asians alone, whom he claimed shared a "common destiny." He asserted that security in Asia would be based on cooperation involving the peaceful settlement of disputes through consultation and dialogue.¹⁶ The United States was not mentioned by name, but its military alliances were disparaged as the legacy of 'Cold War thinking.' In the second decade of the 21st century, the Chinese government has repeatedly demanded that the US should not 'intervene' in disputes in the South China Sea, as it was 'external' to the region. As part of his call for a "new type of great power relations" Xi Jinping has called for "mutual respect" for each side's "core interests," which, if followed by the US, would mean in effect the end of America's alliances in East Asia and of America's security role in the region. In sum, China may be seen as seeking to become the predominant regional power, but in the wider world the Chinese government has stated that it seeks only to *reform* the current order and not to replace it.¹⁷

The two powers, America and China, have tended to carry out hedging strategies against the possibility that the other might carry out policies damaging to its major security interests. But gnawing at the American position was the view that most Asian countries, including all its allies, had come to depend on the Chinese economy even as they still looked to the United States as their security guarantor. However, that view was not necessarily accurate. It is true that China became the largest trader in merchandise goods with ASEAN in 2009 and that since then the gap between China and the others has progressively widened. But that was not true for investment, and it is by no means clear that China's lead on trade was true of all sectors. A brief look at the shares of trade and investment of the top five economic partners of ASEAN show a complex pattern: intra-ASEAN trade accounted for 24.5% of total trade in 2016 and China 16.5%, Japan, the EU and the US accounted for about 10% each. But the distribution of FDI was very different: Intra-ASEAN FDI accounted for 24.5% of the total, EU for 31.5%, Japan for 14.5%, US for 11.6% and China for 7.5%. In other words, these official ASEAN statistics do not show that China exercises economic dominance.¹⁸ The size of

the Chinese market, however, may be alluring, as is the extent of its pledges to invest vast sums in support of infrastructure projects linked to the BRI, but few of these have yet to materialize. China's trade and investment is distributed unevenly among the countries of SE Asia, with its economic impact being felt most in the poorer countries of Cambodia, Laos and Myanmar, which border China and where it is clearly the dominant economic power. However, China is by far the most powerful regional military power and, as already noted more than once, it has been using that in its practice of coercive diplomacy.

The uncertainty in Sino-American relations, combined with the rise of India, the importance of South Korea and Japan and the significance of ASEAN, which included the newly awakening Indonesia, led to a complex pattern of regional security. It was both multitiered and multilayered. It was multitiered because the United States, though weakened, was still the provider of public goods. It remains the ultimate guarantor of the safety of the seas for the trade on which all the East Asian countries have come to depend. Although the volume of its trade with countries of the region may no longer exceed that of China, it is still the main market for the chains of production that characterized regional economic relations.¹⁹ China was becoming the hub for the regional economies, but for many it was also a dangerous competitor for foreign investments and domestic foreign markets. It had also become Asia's greatest military power. Unlike the United States, China had maritime territorial disputes in the region and its growing influence in Southeast Asia, especially, is viewed with degrees of trepidation.

Japan remains a major regional power in its own right despite the relative decline since the bursting of its financial bubble in the early 1990s. It was, in effect, an economic and political competitor for China in Southeast Asia and China's leaders were conscious of the Japanese capacity to become once again a significant military power and even possibly a nuclear one. India, which had become both a partner and a competitor of China, began gradually to establish a presence in Southeast Asia, where it was especially welcomed by Singapore.

There is a wide gap between the interpretations of history between China and many of its neighbors. The contemporary Chinese account is of a benevolent and peaceful unitary state that never sought to expand or to intimidate its smaller neighbors. Vietnamese, Koreans and others remember the history differently. Conscious of the apprehensions of their Southeast Asian neighbors in particular (despite their rarely being voiced in public) China's leaders have been keen to emphasize their peaceful intent and to stress the significance of their so-called win-win economic exchanges. They have sought to cultivate soft power in the region through encouraging students to attend schools and universities in China, through tourism, social and educational exchanges and even military to military relations. The concern of the Southeast Asians to avoid confrontations with China and the Chinese interest in promoting good relations has provided another layer to regional security.²⁰

China benefits in Southeast Asia from the way in which trade figures are presented and from its state centric behavior as an economic entity. By contrast, American economic activities in the region are conducted largely by the private

sector and by its multi-national companies, which do not necessarily use the American homeland as the technical base for their operations. As a result, statistical representation of their economic activities in Southeast Asia tend to underestimate their true extent and significance. For example, American multinationals conduct a large proportion of the region's chains of production and trade, but these are presented in international statistics, such as those of the UN, as activities by states.²¹

The impact of Trump

The advent of the Trump administration, with its slogan of “America First” and policy of economic nationalism, illustrated by Trump’s immediate withdrawal from the Trans-Pacific Partnership trade agreement negotiations, did not augur well for its allies and partners in the Asia-Pacific. His narcissistic personality, his erratic behavior, combined with his ignorance and short attention span, tend to confound friend and foe alike. Trump has long held idiosyncratic views on trade, in which he regards deficits with other countries as bad for America and for its workers. Among the Asian economies he has criticized on these grounds are China, Japan, Thailand, South Korea, Malaysia, India, Taiwan, Indonesia and Vietnam. In November 2017 Trump visited Asia for two weeks in which he reassured Japan and South Korea about the US defense commitment to them in the light of recent North Korean nuclear and missile threats; delivered a speech redolent of economic nationalism to an APEC meeting in Vietnam, informing the representatives of the 21-member countries that the “US is going to focus on its own interests.” As if to confound Trump, the other 11 members of the TPP met on the sidelines of the same APEC meeting and made further progress to reach an agreement without the US. The new agreement, called the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), was duly signed in January 2018, ratified later in the year and will come into effect in 2019. Trump meanwhile went on to attend an ASEAN meeting in the Philippines, where he had a cordial meeting with President Duterte and then left for home before the convening of the East Asian Summit meeting.

By the spring of 2018, the Trump administration had sent mixed signals about its readiness to confront Chinese assertiveness and its growing power and influence in SE Asia. At times, Trump has indicated that he might not stand by previous commitments to allies in order to avoid displeasing China when he needed its support over North Korea. For example, early in May 2017 a senior Pentagon official stated that a request to send a naval ship within 12 miles of Scarborough Shoal had been refused by Washington. Yet three weeks later an American naval vessel passed close to one of China’s artificial islands in the SCS in accordance with the Freedom of Navigation policy of the Obama administration.²² The disarray within the Trump administration in Washington has added to the confusion and uncertainty as to who speaks for US policy.

As for Trump himself, he has shown a special regard for Vietnam. Prime Minister Nguyen Xuan Phuc, who visited the White House in late May 2017, becoming

the first leader from Southeast Asia to do so. They discussed America's trade deficit with Vietnam and claimed to have agreed on deals said to be worth billions that would help offset the deficit, and they also agreed to upgrade military relations, especially in the naval sector. On Trump's visit to Vietnam for the APEC meeting in Danang in November, he was able to celebrate the occasion of the first visit by an American naval vessel since the end of the American Vietnam war, in the shape of the nuclear aircraft carrier, the Carl Vinson, and its escort ships. Trump was also able to consolidate the improvement of relations with Thailand and the Philippines he had begun over previous months. This was one of the benefits of Trumps disregard for liberal values, including human rights, that had caused the Obama administration to downgrade relations with those two countries in addition to Malaysia, from which China had benefited. But the mending of American ties with those three members of ASEAN was not necessarily at the expense of China. First, each of the three had become better placed to balance relations between the two great external powers; second, the three SE Asian states still hoped to attract Chinese investment in heavy industrial infrastructure associated with BRI, which would contribute to the growth of their economies and expand their trade, if and when these investments were forthcoming; and third, it would contribute to the restoration of at least a degree of cohesion to ASEAN, as these three founding members returned to the fold of the centrality of the association in which it was once again possible to cultivate balances of power within the group and with the major and medium external powers.

The main problems affecting the evolution of ASEAN and indeed of Southeast Asia as a whole, which as always depended to a large degree on the balance between the major external powers, had become less centered on intramural divisions and conflicts. To be sure, these had not suddenly disappeared, but they had become less pressing. The three aforementioned countries of Malaysia, the Philippines and Thailand, still faced acute domestic political problems, but at least they were better placed to balance relations with the United States and China, rather than having to lean more to one side than the other. Indonesia and Singapore also benefited from the new arrangements, as Indonesia could present itself as the tacit leader of ASEAN by its unwillingness to defer to China over SCS issues involving Natuna's EEZ, including the redrawing of its maritime boundaries with Singapore and the Philippines. The danger for Indonesia was that it would be seen as an outlier of ASEAN if the other three ASEAN states had become more dependent on China without being able to counterbalance that potential dependency with developing closer relations with the US. Singapore, too, stood to benefit from the new dispensation. An ASEAN that was divided within and that was externally torn between the two major global powers, would have exposed the city state's vulnerability and dangerously narrowed its room for maneuver. None of the Southeast Asian states would have welcomed a dependency on China. Indeed none would be content with a situation in which its economic prospects and future security were monopolized by any one state, especially if it were China. Even the Cambodian regime of Hun Sen, which has been ostracized by both the US and the EU for the tightening of its authoritarianism, recognizes the advantages to be

had from alternatives to complete reliance upon China. The role of Japan as a subsidiary economic partner of Cambodia and Cambodia's economic relations with fellow members of ASEAN have become even more important as the remnants of democracy and the rule of law are fast eroding in that benighted country.²³

The impact of terrorism

At the outset, it is important to recognize that the threat to the sub-region of Southeast Asia arising from 9/11 and its aftermath, including the intensification and expansion of terrorist transnational organizations and networks emanating from the Middle East is real, but its significance should not be exaggerated. The numbers of active Southeast Asian recruits who fought for ISIS in the Middle East pales in comparison to those from Europe and a good number of those recruits had already been members of different locally brewed terrorist groups and movements of extremists.²⁴ Southeast Asians have considerable experience in dealing with terrorism going back to the struggles for independence which included guerrilla warfare, some of whose tactics would be regarded today as acts of terror, especially those involving communist party-led insurgencies in Malaya and the Philippines. It is only in more recent times that acts of terror became associated with Islamic extremist groups under the influence of austere forms of Islam emanating from the Middle East.

Islam first took root in Southeast Asia from the 12th to the 15th centuries, principally among the ethnic Malays in what are now the territories of Malaysia, Indonesia, southern Philippines and southern Thailand. Indonesia, with 220 million Muslims out of a population of 261 million has the world's largest number of Muslims. Malaysia has about 20 million Muslims out of a total population of just over 31 million. In the Philippines, Muslims account for only 6% out of a population of just over 103 million and they are located mainly in the south in Mindanao Island, where they account for 20% of the population. Eighty percent of the population of the four southerly provinces of Thailand profess Islam, but they account for only about a fifth of Thailand's Muslims of about 3.5 million out of a total Thai population of 70 million.

In practice, Islam had adapted to local customs and religions, which allowed for a tolerant and diverse pattern of observance of Islamic rituals, despite, for example, the division in Indonesia between the 'modernist' and 'traditional' schools. The advent of statehood and nation building in the postcolonial era called for establishing clear cultural identities for nations and new purposes for their government administrations. These brought about conflict between ethnic groups, especially where they were divided by religion too. The establishment of Malaysia, for example, became possible only when a balance of populations acceptable to the Malays could be found with the ethnic Chinese in 1963, which would ensure a Malay majority in the new state. Yet Singapore, with its predominantly ethnic Chinese population, was expelled from the Federation two years later in 1965 and even so anti-Chinese riots broke out in 1969. In Indonesia, following the failed coup of 1965, the massacre of up to half a million alleged communists

and ethnic Chinese was carried out mainly by Muslim groups. In addition to those well-known cases, low-level insurgencies in southern Thailand and southern Philippines by Muslims have been continuing off and on for several decades. Nevertheless, the religious practice of Islam still retained its more traditional Southeast Asian character, until that began to change in the course of the last 15 years of the 20th century.

Two reasons may be advanced for the drift towards the deeper intolerance between adherents of religious faiths in the sub-region. The first attributes this to the social and cultural disruptions caused by the shifts of populations from established rural village life to the upheavals of urban living, where many rural migrants lack necessary schools and feel uprooted. Political leaders and political parties have increased their appeal by invoking religion, which has enhanced the authority of religious teachers and extremist preachers. The linkage of appeals to nationalist and religious identities have sharpened divisions between Buddhists and Muslims – the main religions in Southeast Asia.²⁵

The second main reason may be attributed to the spread of the more austere and intolerant version of Wahhabist Islam over the last three to four decades. Saudi Arabia has spent the equivalent of some \$100 billion in the sub-region in order to finance the establishment of tens of thousands of Muslim schools, or Madrasas, together with religious teachers or Imams. Many of the former students have come to occupy positions of authority in state bureaucracies and other important institutions, where they have contributed to the promotion of more hardline versions of Islam. That has had political consequences, especially in those Southeast Asian countries where Muslims are in the majority, Malaysia and Indonesia, or where they may be concentrated in significant numbers in defined local parts of the country, such as three provinces in southern Thailand, in southern Philippines and in the western part of Myanmar.

The three southern provinces of Thailand (whose territory was conquered and annexed by the Kingdom of Siam in 1785) are inhabited by ethnic Malays, the majority of whom are Muslims. Many feel the subject of discrimination by the majority Buddhist population to the North. That has led to an insurgency of minority and competing groups spurred by ethnic grievances; however, they have found little or no support from Malaysia with whom they share a common border, ethnicity and the Islamic faith. As one of the founding members of ASEAN, Malaysia recognized the inherent dangers in challenging the territorial integrity of a neighboring state. But its efforts at mediation have yet to prove successful. The Thai insurgency has drawn support from indigenous Muslim groups and from local Islamic leaders who reject the rigidity of Jihadists of the ISIS (the Islamic State of Iraq and Syria, *Daesh* in Arabic) or of the Al Qaeda kind. There is a danger, however, that the longer the insurgency should continue the violence is likely to escalate, and the younger participants might find the more extreme versions of Islam attractive. Apparently, ISIS regards Thailand as a location for 'transit' for Islamic fighters and not as a potential center for an Islamic revolution. But the threat will persist as long as the insurgency continues and the grievances of the ethnic Malays in southern Thailand remain unaddressed.²⁶

In a rare public criticism of a neighbor and a fellow member of ASEAN, Malaysia's then Prime Minister Najib Razak told the sixth heads of government meeting of the Australian-ASEAN conference that Myanmar's Rohingya crisis was a major security crisis for the Southeast Asian region. He argued that the despair of hundreds of thousands of uprooted people with no hope for the future will be "a fertile ground" for radicalization and recruitment of Daesh and Daesh-affiliated groups. He claimed that "the situation in Rakhine state and Myanmar can no longer be considered to be a purely domestic matter" and offered Malaysian diplomatic help to end the crisis as well as Islamist conflicts in southern Philippines and southern Thailand.²⁷

In Malaysia, Islamic issues have been politicized in part because of the growth of the influence of the austere versions of Islam, as promulgated over the last three decades in Saudi and Gulf-funded Madrassas, and in part, because of the corruption and breakdown of democratic politics. However, against all expectations, Najib Razak lost the election of March 2018 to a coalition of four opposition political parties, headed by the charismatic former leader of UMNO, the 92-year-old Mahathir Mohammed. Najib had become highly unpopular for his egregious corruption to the extent that his downfall may not necessarily be attributed to his more divisive political preferences. Obviously, it remains to be seen whether the new more inclusive, but untested, coalition government will be able to address Malaysia's many complex problems involving ethnic and religious divisions on top of pressing economic and security issues. Unfortunately, the prospect of the emergence of terrorism in the guise of religious extremism cannot be dismissed entirely. The Obama administration ostracized Najib, who then received support from China, which began various projects aimed at incorporating the country in its BRI. Malaysia became heavily indebted to its new patron. But Najib lost the 2018 election, in part because of the corruption abetted by Beijing and its SOEs. His replacement, Prime Minister Mahathir Mohammed, has lost little time in renegotiating some projects and canceling others. It remains to be seen how he may develop a new balanced relationship between Beijing and Washington.²⁸

As noted earlier, Indonesia has the world's largest population of Muslims, 231 million out of a total population of 266 million. By tradition and due to the dispersion of Muslims among the 18,000 islands, which make up Indonesia, the Islam practiced in the country reflects the multicultural and pluralistic character of the country. Its 1945 constitution recognized six religious faiths as embodying that religious plurality, but more recently, in November 2017, the Constitutional Court unanimously endorsed the principle of religious freedom by extending the provision to all faiths and not just to the original six. However, a movement for making the country an Islamic state (Darul Islam Indonesia) that can be traced back to the Japanese occupation cannot be ignored. The movement still has adherents prepared to advance the cause, some of whom have been attracted to ISIS. But they are in relatively small numbers, especially as a proportion of the Muslim population as a whole. Despite the prevalence of traditional moderate versions of Islam, such has been the intensity with which the more recent adherents of Wahhabism hold their faith that they were able not only to cause a popular and

effective mayor of the capital city to be outvoted after his being accused of blasphemy on the flimsiest grounds, but also to cause him later to be tried, convicted and sentenced to two years imprisonment. Muslim extremism has become a factor in the build-up to the presidential elections due in 2019.

The principal threats in Southeast Asia posed by the terrorism that emerged out of Al Qaeda in the wake of 9/11 and from the other terrorist groups, which sprung up in the wake of the American wars in the Middle East, notably ISIS, are located in Mindanao island in the South of the Philippines. These groups are able to move with relative freedom in the pirate-infested Celebes and Sulu Seas, where the maritime borders of the Philippines, Malaysia and Indonesia converge. It took five months from March 2017 for the Filipino armed forces aided by special forces from the US and Australia and a financial contribution from China to the value of \$12 million to subdue the ISIS-affiliated terrorists in Marawi, whom they greatly outnumbered. Marawi is (or was) the Filipino city with the largest number of Muslim residents. The city was destroyed, and 400,000 civilians were displaced, and it now faces the mammoth task of rebuilding with local and regional administrations notorious for corruption and inefficiency aided by a federal government with an equally poor bureaucracy.

About a fifth (4.4 million) of a highly heterogeneous population of 22 million in Mindanao are Muslim. The Muslims are among the poorest and less-educated people on the island, whose rebellion against discrimination has taken the form of an insurgency since the 1960s under the leadership of the Moro Islamic Liberation Front in demanding self-determination. After prolonged attempts to negotiate a peace agreement, one was reached in October 2012, but the implementation of it has been held-up and it is uncertain whether the Duterte administration will be willing and able to do so. Should it fail, it is likely to plunge the island into anarchy, terrorism and criminality.²⁹ The main threat of terrorism in Southeast Asia stems from misrule and military failings in the island of Mindanao, coupled with the contentious and unruly maritime triangle between Indonesia, Malaysia and the Philippines, through which terrorists at present can pass with ease.

Up until 9/11, the Bush administration had opposed Clinton's policy of engaging China, which was regarded as America's 'strategic competitor,' but that changed overnight. China immediately signed up to the new cause, which also resonated with its position in the SCO. It agreed to share intelligence and to work with the US to stop money laundering and to limit proliferation of WMD, which now took on a new urgency to prevent them falling into the hands of terrorists. Having no territory or population to defend, it was felt that terrorists could not be deterred like state governments and it was therefore all the more important to strengthen the measures against proliferation. China duly took measures to rein in companies, which the Americans had accused of proliferating in the past. Although the US resisted Chinese pressure to regard all Muslims who resisted Chinese rule in Xinjiang as terrorists, the US government did condemn one of the Uighur organizations, ETIM (East Turkistan Islamic Movement) in August 2002 in response to Chinese demands. At a stroke, China had been transformed from a strategic competitor of the US to one whose relationship was described as "cooperative and

constructive.” Bush usually added the word “candid,” which was usually avoided in Chinese publications.³⁰

The other great powers, in their different ways, all helped the US in the war to dislodge the Taliban government and Al Qaeda from Afghanistan that was launched barely a month after 9/11. As an example of the transformed strategic realities of the need to be on side with the Americans, the Chinese maintained a discrete silence over the presence of American bases in Central Asia – a development that would have disturbed them greatly under different conditions. India and Pakistan pledged to help the US side, which then faced the problem of balancing its relations with the two, particularly as the Bush administration had decided to recognize India as a great power that need not always be tied with its protagonist, Pakistan. Yet, in 2002, the two South Asian nuclear powers nearly came to war over a Pakistani incursion into an area close to Kashmir and the US helped to diffuse the crisis, together with the Chinese, who behind the scenes reassured Pakistan about its security and encouraged moderation. Russia, too, allowed the US to establish bases in Central Asia for its war against Afghanistan, even though it was not at all enthusiastic about the unprecedented American military presence in a region previously within the Soviet/Russian sphere of influence. By this stage, the regional balance of power had begun to change in China’s favor. In comparison, Russian power and influence was receding despite its best efforts to remain relevant, and doubts were increasing about American determination to devote the resources and will power to remain engaged in the long term.

In Southeast Asia, the single-minded American pursuit of its anti-terrorist agenda, notably in the Philippines, did not evoke opposition in the countries of Southeast Asia, especially as Indonesia, with its own homegrown *Jemaah Islamiya* terrorist group, was hit by at least four major bombing incidents between 2000 and 2009. Improved intelligence operations by local security forces aided by the US and Australia were instrumental in greatly weakening the terrorist groups despite their ties to Al Qaeda and later to ISIS. Asian states, however, were troubled by what they regarded as the American neglect of other issues of immediate concern to countries still recovering from the Asian financial crisis of the late 1990s. Their security interests dovetailed with their need to develop their economies, and although the Japanese and American commercial presence in the region still exceeded that of the Chinese, the latter were seen as the more active.

Meanwhile the American war in Afghanistan has continued to grind on, reaching its 6000th day on March 7, 2018, without the American people having received an official explanation of the current purpose it is supposed to serve, let alone as to when the American involvement might end.

To conclude on a more optimistic note, let me cite the observation of the noted Southeast Asian scholar Joseph Chinyong Liow:

The existence of internal security legislation, which allows for periods of detention without trial, and efficient policing and intelligence networks have provided the governments of Singapore and Malaysia the wherewithal to effectively contain the terrorist threats that have emerged within their borders.

In addition to this, multinational cooperation among the four states and their ASEAN neighbors has allowed for extensive exchange of information and joint operations that has helped national security and law enforcement agencies to effectively disrupt terrorist activities in the region.³¹

Notes

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An indispensable guide, the *Dictionary* profiles each of the countries of the region and provides detailed analyses of over 450 individual entries listed alphabetically. They include the major events, treaties, political parties, institutions, biographies and so on.
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Presented as a personal guide to understanding the dynamics of power and the vast array of conflicts in the region, the book's author is an academically informed journalist and human rights organizer, who has lived, studied and worked in most of the countries of Southeast Asia for several decades. He analyzes in detailed lively fashion the key dynamics of change in this variegated but inter-locked region with an eye to the external pressures of the major powers, notably China.

4. Kausikan, Bilahari, *Dealing with an Ambiguous World* (Singapore: World Scientific Publishing Co., 2017).
The author, who is Singapore's Ambassador at Large, was previously in charge of policy making in the Ministry of Foreign Affairs (2001–13). Based on public lectures, the book provides a pithy and sharp series of observations about the challenges facing the world, China and the US, the region and Singapore. Underlying the different analyses is a coherent and typically no-nonsense Singaporean worldview, which against all the odds has enabled the city-state in Lee Kuan Yew's words to transverse from the "Third World to the First."
5. Storey, Ian, *Southeast Asia and the Rise of China: The Search for Security* (London: Routledge, 2011).
The book considers the different phases of China's relations with Southeast Asia from the Cold War through the engagement of the 1990s to the more challenging 21st century, before analyzing more closely China's bilateral relations with each of the Southeast Asian countries. It is thoroughly researched and provides a clear account of the complex relationship until at the end a more assertive and contentious China makes an appearance.
6. Suryadinata, Leo, *The Rise of China and the Overseas Chinese: A Study of Beijing's Changing Policy in Southeast Asia and Beyond* (Singapore: ISEAS Publishing, 2017).
This long-time observer of the Overseas Chinese in Southeast Asia notes a change in both the kind of Chinese who are immigrating to the region and in China's adoption of a new trans-nationalist approach to them. The new immigrants are better educated than their forebears and more attuned to the communist-centered patriotism with which they grew up. For its part, Beijing is claiming a proprietorial interest in them, which will be troublesome to the resident states of which they have become citizens.
7. Natalegawa, Marty, *Does ASEAN Matter? A View from Within* (Singapore: ISEAS Publishing, 2018).
The author, a former Indonesian foreign minister and ASEAN official, takes into account the past expansion of ASEAN's aspirations and activities from its modest beginnings to a diplomatic community, a founder of other regional groupings and a center of economic development and of operations for the major powers. But now he argues it has to re-establish its relevance in a more hostile world.
8. Pye, Lucian W., *Asian Power and Politics: The Cultural Dimensions of Authority* (Cambridge, MA: Harvard University Press, 1985).
Although this book is strictly not focused on Southeast Asia and the regions international politics, it has so much to say about the character of politics in the different regions, including Southeast Asia, that it would be remiss not to include it as one of the enduring classics.

10 Conclusion

Looking ahead

The principal argument of this book is that after almost three decades since the end of the Cold War the world has reached a period of great uncertainty. The liberal international order that grew out of the Second World War, and, which was supposedly confirmed by the demise of the Soviet Union and its empire of communist party states in 1989–91, has been eroding ever since. The advent of Presidents Trump and Xi Jinping suggests that the liberal order has finally come to an end. In fact, the prolific Dr. Kissinger, whose views are still sought by world leaders, reflected recently over lunch, “I think we are in a very, very grave period for the world.” Kissinger also observed, “Trump may be one of those figures in history who appears from time to time to mark the end of an era and to force it to give up its old pretenses.”¹

Donald Trump and Xi Jinping may indeed represent the end of an era and be harbingers of the future direction of the world. But it should also be recognized that their respective visions and policies have encountered major problems and obstacles that may yet derail them. Despite Trump’s boasting of his superiority as a dealmaker, the only single bilateral deal he has made so far is with Mexico and it was extended to Canada. It looks very much like Clinton’s North America Free Trade Agreement (NAFTA).² Similarly, for all the bombast about how his “Bridge and Road Initiative” would be a win-win for all the parties involved, the projects developed so far to fulfill Xi Jinping’s grand design have been to the obvious benefit of primarily China and its State Owned Enterprises (SOEs). The opacity of the agreements usually suggested corruption and deals harmful to local people. In many instances the new infrastructure could not provide the projected profitability and partner countries have usually been left heavily in debt, frequently beyond their capacity to repay.³ Meanwhile the trade war unfolding between Trump’s America and Xi’s China threatens to create new problems for the world’s two largest economies and additional uncertainties for the world as a whole, as well as for the region.

Given the current lack of international order amid the continual unraveling of what remains of the old liberal international system, it is even more unusually hazardous to try and sketch out what even the more immediate future may hold. In looking ahead for possible developments in the next decade or so, three possible scenarios will be outlined before attempting to identify what issues are most

likely to shape future developments. Rightly or wrongly, the underlying assumption in the attempt to envision the immediate future is that the existence of states with nuclear weapons will likely continue to deter major wars between the great powers and will similarly continue to limit the character of warfare between the less powerful states.

The three scenarios to be considered are (1) Trump's state-centric international series of bilateral arrangements; (2) Xi Jinping's China-centric series of connectivities spanning the world; and (3) the restoration the liberal economic international system, modeled on the TPP. It will be suggested that the most likely development over the next decade or so will be a hybrid system of ad-hoc arrangements of a semi-liberal kind, designed to meet the functional needs of states and other entities.

The Trump scenario

Donald Trump was elected president of the United States in November 2016, by drawing support mainly from those disenchanted with what they saw as the combination of the Washington elites at home and the role of American companies abroad in upholding what was regarded as an unfair so-called liberal order. Trump ran as a populist and a nationalist with the slogan of "Make America Great Again." The main issue to be addressed here is whether the implications of what he has espoused and has attempted to carry out add up to a viable approach for the international system to adopt. His personal failings and his abuse of the American institutions and legal norms are beyond the scope of consideration here.

At issue at this point is whether Trump's transactional approach in favor of bilateral deals amounts to a viable approach for the international system as a whole. His bilateralism may be seen as illustrative of his disdain for multilateral agreements as mechanisms for other countries to get America to pay grossly excessive amounts for their trade and defense.

Trump's defenders point to the end of the Soviet Union as the turning point for NATO in which the bonds of cross Atlantic interdependence in facing a common enemy were broken and when a re-evaluation of the mutual contributions of the 29 members to the collective defense should have taken place. Instead 20 to 30 years later, the US was still left providing 73% of NATO's expenditure. And although some countries had begun to meet their obligation to commit 2% of their GDPs to common defense, others had not. Meanwhile the demise of the Soviet Union back in 1991 had removed the immediate and common threat to America and Western Europe. Perhaps as a result, few if any European governments had procured the military resources, or exerted the necessary effort, to reach the stage of achieving the interoperability of weapon systems and battlefield tactics with their American allies. The Western alliance had lost much of its coherence as a security community and the ongoing divisions within Europe had reduced its economic weight in comparison to China and other emerging economies.

These trends had become apparent even before Trump took office, but he introduced what his supporters regarded as a much needed dose of realism even at the risk of undermining the collective defense obligations of NATO and of weakening

the economic bonds tying the Western countries together in the liberal international order. The attempt to blame the loss of American manufacturing jobs on China and other low-cost labor manufacturers was on weaker ground because much of that was due to the advent of automation. Nevertheless, after the failure of the previous three American presidents to make China pay a price for its unfair and perhaps illegal trade practices, Trump was surely right to be the first American president to do so, even though the imposition of high tariffs was not necessarily the best way to act. Not only did it lead to a trade war, but by including the Japanese and Europeans for whom tariffs were raised, Trump lost the opportunity to combine with them to bring even greater pressure to bear on China to desist. But Trump was surely right to object to the enormous price the US was paying to be the world's policeman and to sustain international institutions when they were past their sell-by date and when the days of unquestioned American global leadership were no longer accepted.⁴

If there is much to be said in favor of his critique of the international order that he found on assuming office, there is little to show for Trump's alternative sense of order. His impulsive approach is based on an old European 17th-century style of Realism in which mercantilist states competed in trade in zero-sum fashion in which the trade surplus of one state was necessarily at the cost of its trading partner. It's as if Trump and his advisers have never heard of or read the classical economic writings in the late 18th and early 19th centuries of Adam Smith or David Ricardo, which demonstrated conclusively the general and specific advantages of free trade. The idea that American trade deficits meant that the United States was "losing" to other countries, who were "stealing American wealth" was not only old-fashioned, but it totally missed the point that American consumers and producers were acquiring products they wanted at the cheapest prices available, while domestic production was moving up the value chain. Trump's tariff and protectionist measures against, say China, would lead either to the transfer of trade deficits to other countries or to sealing off the American economy to the outside world behind high tariff barriers. The effect would be a contraction of the economy.

Trump may be a Realist, but his narrow approach to trade is in many respects similar to the *dependencia* school of international political economy, which failed miserably when applied to some of the countries in Latin America and in India. Additionally, Trump's zero-sum approach to trade fails to take into account the creative and expansionary character of the capitalist economic system. The populist and nationalist character of his proposed economic system is antithetical to the currently perceived need to address global problems such as the diminishing stocks of fisheries, or supplies of fresh water, let alone the many pressing problems of climate change, movements of population, etc., which all require multilateral cooperation. Trump's scenario is clearly unworkable as a basis for international order, even though it may yet exercise influence on whatever emerges from current uncertainties.

Xi Jinping's model

In a number of speeches and presentations, Xi Jinping has put forward what may be seen as a vision of China's development and of its role as a world leader that

collectively amount to what may be regarded as an alternative international order to the one that has been led by America.

Xi presented himself at the meeting of world leaders at Davos, Switzerland, in early 2017 as the global cheerleader for globalization after Trump had withdrawn from the project. Xi did so even though his country, China, was no respecter of the intellectual property rights of others and it had closed off entire domestic economic sectors to foreigners, while demanding of foreign companies that they hand over their commercial and technological secrets as a condition for conducting business in China. This suggested that he was demanding from others an acknowledgment of China's exceptionalism as a country. Xi claimed that China's communist party had built on the glories of its past civilization to create a successful model that other developing countries should strive to emulate. He expected deference from his country's neighbors and wanted the United States to put an end to its alliances in the region as remnants of "Cold War thinking." The alliances were regarded as aimed at containing China. Were the Americans to do so they would bring to an end their long-standing strategic position in the western Pacific, leaving China as the dominant power not only in East Asia but throughout the Indo-Pacific.

In his speeches and in his support for projects associated with his 'One Bridge, One Road' program, or the 'Bridge and Road Initiative,' Xi Jinping has spelt out a vision of China being at the hub of a massive series of maritime and continental connections spreading from China to virtually the whole world, including both arctic regions. Xi's vision for the future of the globe under China's leadership, however, suffers from several deep-seated flaws as a model for the world as a whole, which suggest that it is very unlikely to be realized. The problems arise less from being self-centered on China and on putative Chinese leadership than on the kind of China that he has presented. To put it kindly, Xi's view of China is derived from a mythological history, or to put it more accurately, it is drawn from a series of lies and self-deception that is enforced by punishment, especially of fellow Chinese citizens who may disagree. Xi's China is supposedly based on Confucian virtue and harmony. It is a country that allegedly has never invaded others and which has always followed peaceful ways. There is no place in his history for China's many military invasions of neighboring peoples, let alone the genocide inflicted on Dzungaria by the Qing, or Manchu, invaders. Lest it be objected that the Qing were Manchu and not Han Chinese, it should be noted that officially they and the dynasty are classified as Chinese.

As noted in the previous but one paragraph, Xi's presentation of himself and his country as a leader and upholder of globalization and the liberal international trade order is also mendacious, or it is based on self-deception. The Chinese economy, the second largest in the world (and the largest according to the PPP measurement) is based on a state-controlled currency, and the exclusion of foreign investors and entrepreneurs from certain sectors. Moreover, foreign companies wishing access to China's large market are required to form joint ventures with local companies and to transfer to them their commercial and technological secrets. American, European and Japanese chambers of commerce in China have

long complained about these practices. Governments of those companies have begun to take countermeasures. In 2017–18 those governments have begun to try to restrict Chinese SOEs backed by all kinds of government subsidies from buying high-tech companies. Some have focused on investing in start-up firms specializing in AI and other forms of innovation. Chinese use of cyber warfare to gain unlicensed IPR is increasingly being restricted. These various measures are likely to restrict Chinese capacities to be truly innovative. They will probably increase China's dependence on Western technology and, combined with the communist party's domestic political repression and its strictures against importing Western ideas, they are likely to delay or even obstruct Xi's dreams for 2021 and 2049.

In addition to the domestic constraints on achieving his imperial ambitions, Xi Jinping is also experiencing significant structural problems in the development of the various projects necessary for the construction of the new Silk Road, or BRI. Some of these have been noted in the earlier chapter on China, but it is worth listing the key ones together in order to illustrate the magnitude of the problems to show that these go beyond technical problems that lend themselves to be remedied by practical, if expensive, solutions. Rather they go to the heart of the difficulties that the Chinese in particular have encountered in appreciating the cultures and concerns of others, especially in conceiving how the world is seen through their eyes. Meanwhile, Chinese negotiators have prevented projects and their different dimensions being put out for tender and have insisted on secrecy, allowing Chinese SOEs to have exclusive rights to drawing up and executing planned projects with their material and Chinese labor in disregard of safety and environmental concerns. The funding by the Chinese side is by Chinese banks, which often charge above current commercial rates of interest. In such a context, it is understandable that Chinese officials have preferred to conduct their business with unaccountable local 'strongmen.' Doubtless in time China's communist leaders and their bureaucracies would be able to adjust to the necessity of not imposing huge debts on poorer countries that exceed their capacity to repay even in the face of difficulties in attracting finance for constructing projects needed for the BRI. Chinese negotiators would have to learn to reach agreements with greater transparency, less corruption and with more attention to the needs and openly expressed wishes of locally affected peoples.

Chinese communist leaders in particular, however, would also have to change their mindsets from seeking to impose their views on others and from looking for so-called anti-China conspiracies and to begin to try to understand the cultures, outlooks and interests of others, without placing them in the context of exclusively Chinese cultural contexts. Many peoples from other countries and different cultures experience similar self-centered parochial problems, but with the passing of the European colonial outreach, few set themselves the task of transforming the world as Xi Jinping and his colleagues seem to have set themselves. In other words, Xi's prospects for establishing an international order with Chinese characteristics seem remote for the immediate future and they do not look too rosy for the years beyond.

The revival of the liberal order⁵

Such a revival could build on the remnants of the previous order. Under Japanese leadership an attempt is being to rebuild the equivalent of the TPP from which Trump withdrew the United States within days of assuming the presidency. Combined with Japan's EU FTA it could be a promising attempt to create a new type of multilateral trade system that would go beyond agreements on tariffs, customs arrangements and so on. It would be a multilateral trade system that would seek to harmonize common rules and practices across a wide range of domestic economic activities concerning, for example, from labor safety to collective bargaining, subsidies for agriculture, the management of intellectual property rights, measurements to protect the safety of pharmaceutical products, to ensure appropriate balances between the interests of consumers and producers and so on. These are highly complex matters on which to reach agreements between the diverse interests within existing domestic economies, let alone between competing economies with different priorities, for example between the divergent economies categorized as poor underdeveloped, less developed, different gradations of developing economies, all the way to those categorized as highly developed. And even the latter experience differences of interest between those who may be rich or poor in various resources.

Clearly it will be no easy task to build a new liberal trade order from the existing TPP (or rather CPTPP). With due respect to Japan, it lacks the experience of America's international leadership and it does not enjoy even a fraction of the economic and military power of the United States. Much would depend therefore on how the US may recover from a four- or eight-year Trump presidency and what enduring effects it may have. Even if the effects of a Trump presidency may not be long-lasting, it may take time for a recovery to take place and the recovery may be uneven. It is one thing to argue, as has been stated here, that the Trump approach does not offer an outline of a new international order to replace the current eroded one, but it is quite another that the United States could not undermine or even obstruct the emergence of another.

Sooner or later, and preferably sooner, the United States would have to be incorporated into whatever shape a revived liberal trade order may emerge. Not only is the United States by far the largest economy in the world, it possesses the largest and the technologically most advanced military power; it is also the source of the most advanced technological innovation, its major universities are recognized as the best and among the best in terms of scholarship and research. Those resources and achievements would sooner or later lead America to the heart of any new liberal order that might emerge. Moreover, just as America is needed by the rest of the world, America's greatness was only achieved by being open to the rest of the world. Much as Trump and his supporters may rail against migration, only a moment's reflection will show that America was founded by immigrants and flourished ever since by admitting further immigration. Indeed the bulk of the achievements made in the US in the sciences, the humanities, etc., would have been inconceivable without the contributions of the first and second generations of immigrants.

It may have been left to Japanese and to some Europeans to ensure that the torch of liberty is kept alive, but this applies principally to trade and economic matters. Admittedly, these cannot work without a significant degree of political liberality, in the sense of structured debates about policy choices in which wittingly, or not, values are involved. Even in Xi Jinping's more centralized (even by Chinese communist standards) dictatorial system it has been found that such debates have emerged. Therefore, liberalism may expand through the revival of trade, but much would depend on how deeply the recent attachment of nationalism and populism have penetrated Western politics. Also, of course, it is too early to judge the extent to which the dissatisfaction with the liberal order and globalization has spread. While the question of trade may be addressed fairly soon, if only to prevent the deterioration of the international economy, the broader issue of a liberal revival would take much longer.

A hybrid muddle-through

In the absence of the emergence of a clear-cut preference for any of the three scenarios briefly sketched out earlier, it would seem that the most likely future development of the region would embrace elements of all three. Some of these had emerged even before the advent of the two presidents, who each made their separate dubious contributions since. In the absence of a single leader with an effective and acceptable vision of order with necessary capabilities to enforce it the former unipolar order is likely to be replaced by multipolarity. The international system has experienced periods of multipolarity characterized by balances of power in past centuries. But these have been largely confined to European states and to colonial extensions from them. Asia, as a whole, has no such experience. There were periods when powerful dynasties in China were able to establish hierarchical systems of direct or indirect control on their periphery, but India was a world apart. China never ruled Japan and despite occupying Vietnam for a thousand years, China may have invaded the country several times in the intervening years, it has not controlled or ruled the country since then. Similarly, the Chinese had from time to time invaded countries of continental Southeast Asia, but with the exception of much of Vietnam the cultures and systems of authority owe more to ancient India than to China.

In other words, there is no experience of multipolarity in Asia. Chinese authorities who have claimed to welcome the advent of such a system seem to have done so in order to weaken American predominance. They have yet to explain how such a system might work in practice. For example, would it involve the formation of some kind of 'Concert of Powers' on the 19th-century European model? Or perhaps it might be based on a balance of power system? The trouble is that the countries of the Asia or Indo-Pacific are in the process of dynamic change, whose development and outcome are unknown. Strategic distrust is evident throughout the region.

Nationalism has re-emerged as a major force in most countries of the region. Arguably, it draws on different sources from the quest for independence from

colonial rule and the attempt at nation building of the 1950s and 1960s. In its current form, it is linked with the search for new identities after the end of the Cold War. The communist party states have replaced communism with nationalism or patriotism to ensure their survival; China and South Korea have developed a cult of victimhood with which to badger Japan, which in turn is responding with greater effort to bolster its defenses against a resurgent China. India, the emerging other great Asian power, is also experiencing a nationalist revival, as Hindus have stepped up their antagonism to resident Muslims.

As is well-known, nationalism can be both constructive and destructive in its effects. It draws on myths masquerading as truths. Nowhere is this illustrated more clearly than in China's communist party-led historiography in which all current views and concepts are anachronistically projected backwards to emphasize current versions of what it means to be Chinese, using concepts of sovereignty and territorial integrity and adherence to peaceful relations with others. Japanese nationalists propagate the myth of the ethnic uniqueness of the Japanese people, which acts as an obstacle to the migration of caregivers to a fast-aging population and to addressing the rapid decline of the population figures. In some Southeast Asian countries, the new nationalism is contributing to discrimination against minorities and to frictions between states.

There is no clear way ahead for the region. China's communist party leaders appear to think that their country has become the dominant power in the region, but they face formidable problems, which they have so far evaded rather than encountered and still less overcome. They may yet succeed, but among the international problems they face in a neighborhood in which they are distrusted and even feared are resistance by major and middle powers including the US, Japan and India, Australia, the two Koreas, Indonesia and perhaps others. Their grand scheme, the BRI has run into problems of their own making. They appear to fear open warfare, as any setbacks may endanger their own rule at home.

The United States may prove to continue to suffer from its self-inflicted wounds for the next decade or even longer, but it has many strengths despite its problematic political system. It enjoys a culture of innovation, it continues to benefit from an inflow of skilled immigrants, its economy is still highly productive, its military is still stronger than its competitors, its better universities are among the world's best and, unlike its Asian and European allies, partners and adversaries, its demographic future looks positive. However, the United States has little or nothing to gain from future developments based on Trump's version of Realism. It would encounter nothing but resentment, it would probably face hostile coalitions that may vary accordant to different issues and that may form or disband in different regions. Above all, the values which underpinned American independence, and which gave it endurance and self-belief in the ensuing years would not long survive in a world of unbridled Realism, where in the words of Thucydides "the strong do what they can and the weak do what they must."

The immediate future for the region looks highly uncertain as the two greatest powers, America and China, struggle with each other for advantage, and lesser powers led by Germany in Europe and by Japan in the Indo-Pacific seek

to develop interconnected economic coalitions bound by rules openly negotiated. Whatever the promise of such coalitions or groupings, they will lack the capacity to enforce their rules or to provide for the security of their members. India will not be in a position to provide the required leadership for a long time ahead. Given the character and practice of the Chinese Communist Party, it too cannot provide appropriate leadership. That leaves the United States. Even if it were to shed the presidency and legacy of Trump, the only kind of leadership that could revive the liberal order would also have to address new pressing global problems with which the world has no experience. With the advent of the technological revolution emanating from Artificial Intelligence we are on the cusp of profound economic, social and political changes, whose development is unknown. Meanwhile, the world and our region will have to muddle along as best we can.

Notes

- 1 Henry Kissinger, “We are in a very, very grave period.” (*The Financial Times*, July 20, 2018).
- 2 Peter Baker, “Trump signs new trade deal with Mexico and Canada after bitter negotiations” (*The New York Times*, November 30, 2018).
- 3 Tom Miller, *China’s Asian Dream* (London: Zed Books, 2017).
- 4 For a discussion of American views of the international role of the US see, Charles A. Kupchan, “The Clash of Exceptionalisms: A New Fight Over an Old Idea” (*Foreign Affairs*, March/April 2018 Issue).
- 5 This account benefited from Gideon Rose, “The Fourth Founding: The United States and the Liberal Order” (*Foreign Affairs*, January/February 2019).

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