THE U.S. AND ASEAN
Research Paper

Janice Fleck
NWC Class of 1994
Dr. Marvin Ott
Mr. Pierce Bullen

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SUMMARY

The ASEAN states are experiencing sustained, substantial economic growth. Demands for popular political participation are increasing and have led to greater pluralism throughout the region. With the negotiated settlement in Cambodia, the region faces no immediate threat to its security.

The U.S. can claim a great deal of responsibility for these developments. U.S. forward military presence and our system of alliances helped contain both tensions and military budgets over the last half century. U.S. support for an open world trading system made the region's export-led growth a possibility.

Ironically, our influence in the region has lessened somewhat in post-Cold War years. Our reduced military posture and the ambiguity of our position with respect to potential conflict areas like the Spratlys temper our political clout. Our large trade deficits have made us something of a supplicant on economic issues.

The Clinton Administration is attempting to move the region toward acceptance of more liberal economic policies by pressing for the development of the Asia Pacific Economic Forum (APEC) as a multilateral vehicle for liberalization. It has reaffirmed our commitment to maintain forward presence and respect our alliances, and has accepted participation in ASEAN's new Regional Forum. At the same time, it is pursuing agressive bilateral approaches on trade issues and to force progress on human rights and democratization.

The basic thrust of these policies is consistent with the general approach which has brought such success around the world in

the "American Century": U.S. security guarantees, multilateralism, and support for open economics and democratic values. Yet we must be careful to apply this approach in a way which reflects the growing relative power of the ASEAN states, and their own limited willingness and ability to pursue cooperative solutions.

On security issues, this means continuing to support ASEAN's own efforts to develop a regional approach. This implies acceptance of a gradualistic process. It also suggests that, in the event of any real threat to peace in the region, ASEAN will continue to need backing by major powers like the U.S. to effect a solution.

Our immediate expectations for APEC's development as a venue for economic decision-making must be tempered. We have little choice in the short run but to exploit the leverage given by our own market, and to employ our arsenal of trade legislation in as predictable a manner possible. While ASEAN's defense of an Asian approach to human rights issues is largely self-serving, we must recognize that an activist policy based on denial of trade and military cooperation has little chance of success.

The legacy of a half-century of political and economic support, and our status as the sole remaining superpower, give us considerable capital for shaping developments in the ASEAN region. We will have the greatest chance of seeing our peaceful, democratic and liberal economic vision realized if we take a low-key, long term view which recognizes that the economic growth underway is the greatest force for achieving that vision. END SUMMARY.

U.S. INTERESTS IN AND POSTURE TOWARD THE ASEAN STATES

In the broadest sense, U.S. interests in Southeast Asia have remained the same over this century. However, our prioritization of those interests has shifted dramatically in response to the profound changes in the security and economic landscape of the region in the post-Cold War era.

Our policies toward the region are updated versions of the recipes that achieved the success of the "American Century": bilateral alliances, forward military presence, and the promotion of multilateral institutions. Yet our domestic economic problems - together with developments in the region - have led us to alter and reduce our military presence.

Chronic trade deficits have led us to a new agressiveness in combatting unfair trade practices and protectionism. On balance, although the U.S. is the world's remaining superpower, its influence in the ASEAN region has been reduced, and it risks becoming largely a demandeur on economic issues.

U.S. INTERESTS AND THREATS TO THOSE INTERSESTS

In many respects, U.S. interests and policy toward the ASEAN states have always been defined as a less important subset of interests and policies towards the rest of Asia, and in particular Japan and China. The U.S. conviction that it cannot acccept domination of the region by any one power has been the guiding principle for policy toward Asia for more than a century. This conviction was motivated by economic considerations - for example, the "Open Door" policy intended to assure us access to the expected

great trading opportunities in China. However, it was also motivated by the belief that any hegemonic power that achieved domination of Asia could also threaten the U.S. directly.[1]

During the Cold War, U.S. policy toward Southeast Asia went through three phases. In all of them, the prime objective was security-related - containment of a perceived Soviet and Chinese Communist threat to the region. Economic issues were largely peripheral. For most of the period, the threat was manifested chiefly by local insurgencies supported to varying degrees by the Communist superpowers.

During the first phase of most active U.S. involvement, the U.S. concluded treaties with Thailand, the Philippines and South Vietnam, built bases in all three and engaged directly and massively in the Vietnamese conflict. Following the American debacle in Vietnam, the Nixon Doctrine emphasized local burden-sharing and U.S. commitments shaped by a greater sense of limits. It was a policy focussed on Europe and intended to exclude new commitments in Asia.

The Vietnamese invasion of Cambodia, the Soviet-Vietnamese alliance and the Chinese invasion of Vietnam precipitated a new phase of American activism, as the U.S. increased its security cooperation with ASEAN countries and participated with ASEAN in efforts to bring about a Vietnamese withdrawal and negotiated settlement in Cambodia. Our involvement in the region remained

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[1] Bernard K. Gordon, New Directions for American Policy in Asia (London: Routledge, 1990) 7-8.

more modest than in the first phase, and our relations with the ASEAN states were conducted on a more equal and congenial footing.[2]

With the end of the Cold War, the strategic environment we have long sought in the Pacific is now in place.[3] There is no immediate hegemonic threat. Both the then Soviet Union and China cooperated in bringing about the Cambodian settlement. The Soviet Union withdrew support for Vietnam. China cooperated with ASEAN, and in particular Thailand, in maintaining pressure on the Vietnamese, and later withdrew support from the Khmer Rouge.

The end of the Cambodian conflict marks the first time since the end of World War II that regional interactions are free from the political and military penetrations and linkages of the superpowers.[4] Moreover, our interests are largely complementary with those of China, the major coming power of Asia: we both oppose domination of the region by any one state and want closer economic ties with ASEAN.[5]

The progressive evolution of ASEAN as an indigenous security actor is another development favorable to our own security vision for the region. ASEAN was created as a vehicle for reducing

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[2] Muthiah Alagappa, "U.S.- ASEAN Security Relations: Challenges and Prospects," Contemporary Southeast Asia 11.1 (1989): 1-3.

[3] Gordon 135.

[4] Donald E. Weatherbee, "Southeast Asia's New Agenda," Current History 92 (1993): 414.

[5] Clark D. Neher, Southeast Asia in the New International Era (Boulder: Westview Press, 1991) 11.

tensions among its members, most immediately those between Malaysia and Indonesia over the latter's policy of "confrontation."

For many years, the motivation for most of its members was the common need to reduce external tensions in order to devote energies to combatting domestic insurgencies and reducing the poverty which nourished them. The Vietnamese invasion of Cambodia precipitated the development of a "common diplomatic defense" which played a major role in the resolution of that conflict, and established ASEAN as a unified and respected world voice.[6]

The net result of the transformation of the strategic landscape has been a lessening of our security concerns in Southeast Asia. The spectacular economic development of the region, by lessening incentives for domestic unrest, underpins its political stability.

The United States can claim a great deal of credit for the positive developments in Asia,[7] and in particular for its economic development. The U.S. assumption of defense responsibilities throughout the Cold War allowed countries in the region to minimize their own defense budgets. U.S. support for a liberal world trading system and maintenance of a generally open domestic market provided a structure and a destination for Asia's phenomenal increase in output. U.S. economic relations with Asia during the Cold War were asymmetrical: we actively promoted the economic

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[6] Michael Leifer, ASEAN and the Security of Southeast Asia (London: Routledge, 1989).

[7] Gordon 20.

power of our allies by the transfer of critical technologies and industrial know-how, and accepted the greater restrictiveness of Asian markets to U.S. products.[8]

Reflecting the phenomenal growth of the region and the increasing importance of trade to the American economy, economic interests are receiving priority on the U.S. agenda with ASEAN for the first time. In 1992, U.S. trade with ASEAN was $60 billion, and U.S. direct investmment totalled $16 billion. ASEAN is our fourth-largest source of imports and our sixth-largest export market. Trade with the region rose at an average annual rate of 17 percent in the preceding decade.

Yet the fractious tenor of our economic relations with the ASEAN states is set by the fact that the United States has been in chronic, large deficit with every country except Brunei since the mid-1980's.[9] The U.S. is the largest market for Singapore, Thailand and the Philippines and is the second-largest market for Malaysia.[10] Of most significance to ASEAN's economic development, and to the political sensitivity of the trade to the U.S., America is the largest market for the manufactures of all of them.[11]

The internal political development of the region is also consistent with our vision for it. Generated in part by economic

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[8] Selig S. Harrison and Clyde V. Prestowitz, Jr. "Pacific Agenda: Defense or Economics?" Foreign Policy 79 (1990): 56-7.

[9] Gordon 36.

[10] U.S. Department of State, "Fact Sheet: U.S. Economic Relations with East Asia and the Pacific" Dispatch 4.48: 842.

[11] Alagappa 25.

growth and the greater levels of education it affords, there is a tenuous and sometimes faltering trend throughout the region to pluralistic politics, with stronger institutions and less reliance on personalism.[12]

U.S. POSTURE

U.S. policies toward the ASEAN states began to change during the Bush Administration. The most dramatic change was the U.S. withdrawal from the Clark and Subic military bases in 1992 following the acrimonious failure of negotiations to secure an extension of the American presence. Withdrawal from the Philippines accelerated a process already contemplated, and dictated by lessened security concerns and our own increasing resource constraints: the shift from a large, permanent presence at a single complex of bases to a more widely distributed, less fixed posture.

The new posture consists of regional access, mutual training arrangements, periodic ship visits, intelligence exchanges, and professional military exchanges rather than permanently stationed forces.[13] The shift in approach was made possible by the agreement of first Singapore, and then other ASEAN states, to provide access. It was not intended to result in a reduction in afloat operations by the Seventh Fleet. However, it resulted in the disestablishment

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[12] Neher 18.

[13] U.S. Department of Defense, A Strategic Framework for the Asian Pacific Rim: Report to Congress 1992: 5.

of about 4100 military billets assigned to the Philippines, and a greater number throughout the Asian region.[14]

The objective of the policy change was to achieve a gradual reduction of U.S. forward deployed support personnel while maintaining sufficient ground, air and naval capabilities to reassure friendly states that they have not been abandoned. Its bottom line is to maintain sufficient capability to achieve forced entry in crises, sea lane protection, and air superiority.[15]

The advent of chronic trade deficits brought increased domestic pressures to battle perceived unfair trade practices such as dumping, and denial of market access. The United States reacted by deploying the arsenal of its trade legislation. Thailand's refusal to extend credible protection to intellectual property rights, especially on software, has been a particular problem. In general, the Asian countries' refusal to accept the entry of U.S. high-tech and service exports meant that the shift of rust-belt manufacturing jobs to Asia could not be sustained politically in the U.S.[16]

The Clinton Administration's vision for Asia is embodied in the concept of a "New Pacific Community" built on the three core elements of "shared prosperity, shared strength, and shared

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[14] DOD 14.

[15] Sheldon Simon, "U.S. Strategy and Southeast Asia Security: Issues of Compatibility" Contemporary Southeast Asia 14.4 (1993): 303.

[16] Gordon 139.

commitment to democratic values." Economic policy is at the center of the approach.[17]

The U.S. stance is activist. Joan Spero, Under Secretary of State for Economic Affairs, citing a variety of trends that are tranforming the region such as explosive economic growth, the telecommunications revolution, and growing awareness of transnational issues, said, "U.S. engagement - political, security, and economic - is required to promote and direct these trends, serving as a catalyst for the development of community. We must build the architecture and intensify the network of relationships that create community."[18]

Achievement of a successful Uruguay Round was a key plank of the Clinton Administration's approach on the core element of economics at the global level. The Administration views APEC, the forum for Asia-Pacific Economic Cooperation, as the cornerstone of regional economic cooperation, and is committed to making it a vehicle for trade liberalization in the region.[19] APEC began in 1989 as an "informal dialogue" of 12 member countries. Its 17 members are collectively the most powerful regional economy in the world, accounting for approximately half the world's gross product

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[17] Warren Christopher, "America's Pacific Future," Address at the University of Washington, Seattle, Washington, November 17, 1993.

[18] Joan E. Spero, Address to the Council on Foreign Relations, New York City, October 5, 1993 U.S. Department of State Dispatch October 18, 1993.

[19] Assistant Secretary Winston Lord, Testimony before the Subcommittee on Asia and the Pacific, House Foreign Affairs Committee, March 17, 1994.

or about 35 percent of world trade. As APEC chair in 1993, the U.S. worked to advance the theme of regional trade and investment liberalization, an effort crowned by the APEC heads of state meeting in Seattle in November 1993.[20]

With respect to security, the Administration has sought to reassure the region of our commitment to remain engaged. It has stressed that the "bedrock and continuity elements of our security relations in Asia will be our alliances, as well as a forward military presence."[21] The phased drawdown in force levels in Asia has been halted, while cuts are coming out of Europe and domestic bases. Supplementing the elements of continuity is a new emphasis on regional security dialogues, in particular the ASEAN Post-Ministerial Conference.[22] In 1993, the U.S. has gave its support to the establishment of ASEAN's Regional Forum (ARF), which provides a more formal structure for the discussion of security issues within ASEAN and extends participation to new members such as Russia, China and Vietnam.[23]

The third core element of Administration policy is support for democracy and human rights, with emphasis on the themes of the universality of human rights, the success stories that already exist in Asia in terms of political and economic development,

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[20] Joan Spero, Address to the Council on Foreign Relations.

[21] Assistant Secretary Winston Lord, Briefing on U.S. Policy Toward East-Asia Pacific Region, U.S. Department of State, Washington, August 31, 1993.

[22] Lord, Briefing.

[23] Lord, Testimony.

identification with indigenous human rights and democracy groups, and the linkages between political openness and development. Finally, the Administration has devoted increased attention to global issues such as population, refugees, the environment, narcotics, and law enforcement.[24]

CONSTRAINTS AND RISKS FOR THE U.S. RELATIVE TO ASEAN

The outlook for ASEAN regional stability, prosperity and political development and for U.S. relations is bright. Yet there are some constraints and risks on the future. They relate primarily to: 1) differing views in ASEAN on the U.S. security presence; 2) the constraints on ASEAN's own development as a security guarantor; 3) the continued rejection by most ASEAN states of the need to accept greater obligations to open markets; and 4) the ASEAN defense of a different standard on human rights and democratization.

THE ASEAN VIEW OF THE U.S. SECURITY ROLE

The end of the Cold War, and the subsequent resolution of the Cambodian conflict, has not brought a peace dividend to ASEAN.[25] Rather, the dissolution of the U.S.-guaranteed Cold War order has given rise to a host of anxieties about the intentions of regional states.

ASEAN states have reacted to the drawdown in the U.S. presence by undertaking force modernization and arms buildups, in particular by the enlargement of navies and the acquisition of high-

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[24] Lord, Testimony.

[25] Weatherbee 414.

performance combat aircraft.[26] These activities do not amount to an arms race. To a large extent, they reflect the attribution of a constant share of a rising GDP to defense.

To the degree that these modernized and enlarged forces are devoted to territorial defense, particularly in contiguous waters, they can be considered complementary to the role of U.S. forces in the region. However, although ASEAN has contributed greatly to the reduction of tensions among its member states, a number of territorial disputes remain unresolved and there are lingering suspicions of intentions. In that context, the buildup of forces has some potential to promote instability.[27]

All members of ASEAN welcome a continued U.S. security presence in the region. The major anxieties in the region relate to the future role of Japan and China, but particularly of the latter. The U.S. is considered the only benign major power, and the only power able to counter the possible aspirations of Japan and China. The region welcomes the moderating influence of U.S. military presence as a deterrant to a competitive arms buildup by those two states.[28]

The ASEAN countries' chief concern is that Japan, India, or particularly China may be tempted to step in to fill a perceived "security gap" in the wake of Russian withdrawal and U.S. drawdown. China's official defence budget has increased dramatically, as much

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[26] Weatherbee 415.

[27] Simon Issues of Compatibility 307-8.

[28] Simon 306.

as 60 percent over the last three years according to some estimates. Its military investments have enhanced its ability to project power beyond its borders: a rapid deployment force, air-refuelling equipment for fighter aircraft, "blue water" naval systems such as surface-to-surface missiles and electronic warfare technology, and advance missile guidance equipment. It has indicated interest in purchasing an aircraft carrier from the Ukraine.

The potential "flash point" in the view of most ASEAN countries is the Spratly Islands, where rich oil and gas reserves are presumed to underlie a region jointly claimed by China, Vietnam, Taiwan, the Philippines, Malaysia and Brunei. To ASEAN, China appears to be the only country likely to use force to take over the Spratlys, a position from which it could pose a threat to the security of all member countries. China passed legislation in 1992 defining the waters around the Spratlys as Chinese territory, and has twice used force in the South China Sea.[29]

For ASEAN, U.S. intentions with respect to the potential intra-regional conflicts of most interest to them are ambiguous. It is not clear whether the U.S. would consider intervention in such situations in its interests, or what its attitude toward China would be in the event of a conflict. Some ASEAN states, in particular Indonesia and Malaysia, were concerned throughout the

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[29] Hoang Anh Tuan, "Why Hasn't Vietnam Gained ASEAN Membership" Contemporary Southeast Asia 15.3 (1993): 286.

long process of bringing peace to Cambodia that U.S. positions were tilted toward China.

In any case, the U.S. has no explicit commitments to take action in the event of the outbreak of conflict in the Spratlys. It has refused to take a position other than to insist that sea lanes must remain open. Should conflict erupt, and the U.S. take no action, there is a risk that the value of continued U.S. presence could be called into question and its welcome reduced.[30]

ASEAN AS A REGIONAL SECURITY ACTOR

ASEAN's achievements in greatly reducing tensions among its members and increasing the global influence of its members are unquestionable. Moreover, with the establishment of the Regional Forum, the organization shows promise of expanding its role as a force for peace and stablity in the region.

Yet there are limits to ASEAN's potential to head off or resolve potential conflicts, and there are even more definite limits to its potential as a defence organization. The chief source of these limitations is the reluctance of the ASEAN states themselves to promote a development of the organization in those directions. The implication is a form of security vacuum in the event of the threat of an intra-regional conflict, should the U.S. choose not to become involved.

The driving force for the establishment of ASEAN was ardent nationalism ignited and nourished by difficult independence struggles, and its guiding principle has always been the sanctity

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[30] Simon 306.

of national sovereignty.[31] So reluctant were the ASEAN states to accept any suggestion of diminished sovereignty that they refused at the outset to establish formal security goals for the organization, although the reduction of mutual security suspicions was the true motivation for its creation. Rather, they adopted a series of programs designed to increase economic cooperation, most of which never bore fruit.[32]

Throughout its history, ASEAN has resisted the establishment of any centralized bureaucracy a la the European Union other than a small secretariat located in Jakarta.[33] Decision-making on its exclusively economic agenda has been kept firmly in the hands of national capitals.

ASEAN members have refused to undertake other than limited bilateral military exercises. There is a lack of interoperability among ASEAN armed forces, and differing military doctrines and orientations, for example between Singapore's forward defence out into the South China Sea and Indonesia's defence in depth.[34] ASEAN countries did not assemble a unified force to participate in the Cambodian peacekeeping exercise, rather, they sent national forces.[35]

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[31] Leifer 14.

[32] Leifer 141.

[33] Leifer 27.

[34] Simon 310.

[35] Michael Leifer, "Indochina and ASEAN: Seeking a New Balance" Contemporary Southeast Asia 15.3 (1993): 274.

The persistence of mutual suspicions also limits ASEAN's potential development as a security and defence organization. Under the influence of ASEAN, member states have accommodated their differences, but in many cases they have not been resolved.[36] Several ASEAN states have overlapping claims in the South China Sea, for example.[37] Malaysia has territorial disputes with its neighbors. Indonesia, with continued aspirations to regional leadership, has suspected Malaysia's activism within the organization.[38]

Perhaps most significantly, the ASEAN states do not have a common vision of threat and how to deal with it. The Vietnamese invasion of Cambodia was a violation of the core ASEAN principle of national sovereignty and so provided the basis of common diplomatic action.

Yet ASEAN's "marriage of convenience" with China, and in particular Thailand's near alliance with it, provoked profound unease in Indonesia and Malaysia, who saw China as more of a threat to the region than Vietnam.[39] Differences of perception of the Chinese threat persist. For example, Singapore's support for

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[36] Leifer ASEAN and the Security of Southeast Asia 14.

[37] Simon 310.

[38] Michael Vatikiotis, "Friction in the Club," Far Eastern Economic Review 22 October 1992: 16.

[39] Leifer ASEAN and the Security of Southeast Asia 92.

closer relations between ASEAN and China leads Indonesia to suspect a possible Trojan Horse for Beijing in the region.[40]

The establishment of the Regional Forum marks a watershed in the life of ASEAN, in that for the first time, it has accepted a formal structure for the discussion of security issues. Yet it came about not as a result of an internal initiative, but in response to prompting from Japan.

Differences within ASEAN about the Forum's scope are acute. At one end of the spectrum are the Philippines and Singapore, who believe that a military dimension to security cooperation is necessary, if only in the form of confidence building measures. At the other is Indonesia, the traditional defender of regional independence from external influence, which may see the greater involvement of outside powers with ASEAN as a threat to its own regional leadership aspirations.[41] Singapore, although an advocate of some new multilateral organisation to accommodate China's growing power, is concerned that the U.S. might use the establishment of a new structure to further reduce its own regional presence.[42]

ASEAN's agreement to establish the Regional Forum despite the great reluctance of some members underlines a critical fact of life: none of its member states individually nor ASEAN as a group

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[40] Vatikiotis 16.

[41] Michael Vatikiotis, "The First Step," Far Eastern Economic Review 3 June 1993: 18.

[42] Michael Vatikiotis, Far Eastern Economic Review 3 June 1993: 18; "Forging Stronger Links," 29 April 1993: 26.

have or are likely to have the diplomatic or military power to resist an aggression by a major regional power, in particular China. ASEAN's efforts succeeded in helping eliminate the Vietnamese threat to the region. After years of contempt for ASEAN, Vietnam has now come to it as a supplicant, requesting membership.

However, ASEAN was unable to dispatch Vietnam alone. It had to leverage its own power by associating China, the U.S. and the EU to its own efforts. With the end of the Cambodian conflict, ASEAN diplomacy is no longer underpinned by the joint, countervailing power of the U.S., Japan, and others. ASEAN now perceives that its best recourse in the face of expanding Chinese power is to work to enmesh it in a web of cooperative relationships. Taming of the Chinese dragon could also head off any Japanese attraction to military options.[43]

Characteristically, however, ASEAN has made no decisions on a formal structure for the ARF, although the CSCE appears to be a model. The member states have agreed only on some specific areas for "research," such as non-proliferation regimes, conflict prevention through peacekeeping, and confidence-building measures.[44]

TRADE FRICTIONS AND THE ROLE OF APEC

As in the security realm, the spectacular economic growth record of recent years masks some fundamental vulnerabilities,

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[43] Michael Leifer, "Indochina and ASEAN" 276-7.

[44] Vatikiotis, Far Eastern Economic Review 3 June 1993: 18.

vulnerabilties which shape the ASEAN countries' approach to the U.S. on economic issues. The key to ASEAN's economic success has been access to the investment funds and the markets of the industrialized societies.[45] Technological and managerial innovations have come from abroad, not from indigenous sources.

As a result, the ASEAN countries are vulnerable to economic domination by external forces, especially from Japan and the Asian NICs. The fear of Japanese domination in particular provides a welcome for the U.S. economic presence.[46] In fact, the U.S. is uniquely important to the achievement of ASEAN's national goals, which are dependent on an export-oriented growth process.[47]

Because of their fundamental dependency on external forces, the ASEAN states feared that a Uruguay Round failure would spell the end of the liberal world trading system, and that the formation of the EU's Single Market and the advent of NAFTA would bring about the increasing "blocization" of world trade. ASEAN worries about the fallout of U.S.-Japanese trade differences. It also fears increasing competition from other LDCs, in particular from China.[48]

However, the ASEAN states take a highly assymmetrical view of the liberal trading system. Although they pay lip service to free trade and expect open markets elswewhere, they insist that their

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[45] Weatherbee 415.

[46] Neher 13-14.

[47] Gordon 34.

[48] Weatherbee 416.

own economies are not ready for it.[49] Thus when the U.S. insists on reciprocity for the openness of its own market, it is seen to be hectoring and badgering its best customers and closest friends. The goal of U.S. trade policy is suspected to be the prevention of imports, and its tactics are considered as harassment and intimidation.

Across the region, U.S. pursuit of its trade objectives has led to a rise in anti-Americanism. [50] At the same time, there is concern among the leadership that trade frictions will damage the security relationship.[51]

In the U.S., the East Asians are seen as unethical, sharp traders who take advantage of us.[52] There is a sense that the countries in the region owe the U.S. an "alliance dividend," and that we should be able to leverage the legitimacy and power carried over from the Cold War.[53]

The United States had hoped that a comprehensive Uruguay Round agreement would put an end to some persistent problems. We achieved less than we wanted, although the new GATT (soon to be World Trade Organization) structure gives us greater legitimacy in pursuing our interests.

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[49] Gordon 30-31.

[50] Gordon 141-2.

[51] Gordon 32.

[52] Gordon 141.

[53] Donald C. Hellman, "The United States and Asia in an Age of International Upheaval," Current History 91 (1992): 406.

Although we secured a commitment from the Third World to extend protection to intellectual property rights, those countries have ten years to phase in protection on pharmaceuticals. Moreover, we failed to get agreement to open LDC markets to our financial services. Malaysia was a key opponent to U.S. proposals in favor of the financial industry.

The new GATT rules should make it easier to bring anti-dumping cases. At the same time, however, a greater number of these cases must be pursued within the GATT, rather than only through U.S. legislation, because of the extension of the rules to a greater number of sectors.

The Clinton Administration's focus on strengthening APEC and using it as a vehicle for trade liberalization holds out the promise of achieving the comprehensive solutions not possible via individual, bilateral trade policy actions, and developing a broader U.S. agenda that will make it easier to deflect specific protectionist claimants. It could also make liberalization less politically difficult for Asian nations.[54] However, the U.S. must overcome stiff resistance within Asia to its vision for the institution.

APEC was established in 1989 at the initiative of Australia as an informal consultation group of officials from the Asia-Pacific region as a response to the strengthening of the EU and the

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[54] Paula Stern, "US Economic Policy in Asia at a Crossroads: The Challenge Facing the New Clinton Administration," Text Prepared for US-Thai Leadership Council Bangkok Meeting, March 7, 1993

formation of NAFTA. After protests from then Secretary of State James Baker, Tokyo urged Canberra to include Canada and the U.S.[55]

Although committed to free trade and economic collaboration through "open regionalism", APEC did not develop as a policy decision-making body. Its ten working groups promote exchanges of information and promote regional approaches on human resource development, tourism, trade and investment data, fisheries, trade promotion, marine resource conservation, energy cooperation, investment and industrial science and technology, transportation and telecommunications.[56]

When the U.S. took over the APEC chair in September 1992, it let it be known that it wanted APEC to evolve from a "talk shop" toward an achievement-based institution.[57] After the conclusion of the November 1993 APEC Summit in Seattle, the U.S. listed as accomplishments the group's general support for free trade and for conclusion of the Uruguay Round, the creation of a Committee on Trade and Investment which will meet for the first time at the ministerial level this year, the formation of a business advisory forum, the establishment of an APEC education program and a decision to develop an action plan on the relationship between

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[55] Susumu Awanohara and Nayan Chanda, "Uncommon Bonds" Far Eastern Economic Review 18 November 1993: 16.

[56] U.S. Department of State, "Fact Sheet: APEC Working Groups," U.S. Department of State Dispatch 4.48 (1993): 837-841.

[57] Awanohara and Chanda 17.

growth, energy and the environment.[58] In contrast, according to one report, Asian leaders left Seattle "satisfied that it would remain little more than an informal discussion group."[59]

The reluctance of some ASEAN countries to accept the further development of APEC derives in part from suspicion that the U.S. wants to use the institution to advance its own agenda on trade, the environment, labor issues, human rights, and gender equity.[60] Asians worried that the U.S. would co-opt the November Summit meeting to pressure the European Union to make new concessions in our favor on the Uruguay Round. In fact, the Summit leaders did give strong rhetorical support for a GATT conclusion, bolstered by pledging substantial new tariff cuts of their own in seven non-farm products.[61]

Prime Minister Mahathir of Malaysia is at the extreme of opposition to the U.S. vision for APEC, and showed his displeasure by refusing to attend the Seattle Summit. His own proposal for an East Asian Economic Group (EAEG) with no extra-regional membership has been vigorously opposed by the the U.S., and has received little support elsewhere in Asia. The EAEG has now been transformed into an East Asian Economic Caucus (EAEC) within APEC,

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[58] Winston Lord, "Briefing on the APEC Economic Ministers' Meeting," U.S. Department of State Dispatch November 29, 1993: 826-7.

[59] Susumu Awanohara, "Loose-knit Family," Far Eastern Economic Review 2 December 1993: 12.

[60] Weatherbee 416.

[61] Richard P. Cronin, "The United States and Asia in 1993," Asian Survey 4.1 (1994): 100.

which is to be managed by ASEAN's Economic Ministers. Should U.S. economic relations with China and Japan deteriorate in the future, the EAEC could serve as a vehicle for the regional "blocization" sought by Mahathir.[62]

However, the overriding influence of nationalism on ASEAN thinking on economic issues, and the fundamental competitiveness of the ASEAN economies, probably also explain ASEAN's reluctance to embrace the further development of APEC. Together, they suggest that the achievement of the APEC regional free trade area recommended by the Eminent Persons' Group, and supported by the U.S., will be an uphill task.

ASEAN's own experiments with economic cooperation are illustrative of the probable roadblocks in APEC's future. Less than 20 percent of the foreign trade of ASEAN countries is intra-ASEAN. Although ASEAN agreed in 1992 to work toward a free trade area (AFTA), AFTA's terms are hedged with qualifications and escape clauses which could allow domestic protectionist interests to thwart it. Countries have the right to exclude articles or entire categories of goods from liberalization.[63] Indications are that the tariff cuts will be slower and more hesitant than originally conceived, with planned tariff cuts stacked in the latter portion of the 15 year phase-in period.[64]

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[62] Weatherbee 417.

[63] Weatherbee 416.

[64] Michael Vatikiotis, "Less haste, Less speed," Far Eastern Economic Review 2 January 1993: 61.

The establishment of AFTA follows a history of failed efforts at economic cooperation. Unwilling to establish ASEAN as a binding political organization, its leaders decided to implement a series of economic joint ventures and other economic cooperative efforts as a way of diminishing regional tensions. Only two of the five proposed joint ventures have become operational since 1976, in large measure due to opposition from national interests which would have been threatened by the new activities. There was a deep-seated reluctance to cede national priorities for the sake of ASEAN. A previous attempt to establish a preferential trading arrangement foundered on member countries' reluctance to include widely traded items.[65]

HUMAN RIGHTS AND DEMOCRATIZATION

ASEAN countries respond to U.S. pressures to implement human rights reforms and adopt more pluralistic political systems with the argument that human rights must be interpreted in a cultural context, and the Asian context is different from that of the West in that it places higher value on the community. For Asian leaders, the right to economic prosperity and personal security are as important as individual political rights. They see stability as the prime value and condition necessary for economic development, thus turning the American argument on its head. They see America's crime rate and the ease with which many criminals evade punishment as evidence of the danger of according too many individual rights.

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[65] Bison Kurus, "Agreeing to Disagree: The Political Reality of ASEAN Economic Cooperation," Asian Affairs 20.1 (1993): 28-41.

They darkly suspect that the U.S. is using its human and labor rights agenda to advance the cause of protectionist forces.[66]

Whatever the leadership may argue, some in Asia believe that the stress on developing a distinctive human rights philosophy is only a ploy by the elites to maintain their existing methods of rule.[67] Moreover, when the U.S. defends itself against charges that it is imposing an alien system, it can point to the success stories that already exist in Asia, e.g. Korea and Taiwan, in terms of political and economic development, and to the indigenous human rights and democracy groups with which we identify.[68]

The bitterest clashes on human rights issues have occurred with Indonesia over its unequal pursuit of demonstrators and the military in the events surrounding the East Timor massacre, in response to which the U.S. refused to authorize a sale of F-5s and cut off IMET training. Other rights questions continue to cloud relations with the ASEAN states, including threats to suspend GSP privileges over labor rights issues.

IMPLICATIONS FOR U.S. POLICY

The Clinton Administration's prioritization of economic interests in Asia is particularly appropriate for the ASEAN states. Given ASEAN's success in reducing intra-regional tensions and the

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[66] Susumu Awanohara, Michael Vatikiotis, and Shada Islam, "Vienna Showdown," Far Eastern Economic Review 17 June 1993: 16-20.

[67] Michael Vatikiotis and Robert Delfs, "Cultural Divide," Far Eastern Economic Review 17 June 1993: 20.

[68] Winston Lord, Testimony.

absence of an immediate external threat, our security interests are in fact minimal.

The basic elements of our policies toward the ASEAN states are sound. The promotion of multilateralism on economic issues and open trading systems makes even greater sense in today's world of exponentially increasing linkages than it did in the early post-World War II era. Support for indigenous regional efforts to deal with security issues, combined with the maintenance of U.S. naval and airpower in the region as a security guarantor, is the best approach in a situation in which the greatest potential threats are perceived to come from within the region, rather than from an external threat, and at a time when our own resource constraints necessarily limit our military presence in the region.

However, our pursuit of these broad policies, and our expectations from them, must be shaped by the several constraints discussed previously. Above all, our policies should be focussed on the long term. We must take account of the rapidly evolving shifts in power positions within the Asian region, and between the region and ourselves.

The explosion of economic power of the ASEAN states is the key development in the region. That economic power is being transformed into greater military power. At the same time, successful cooperation on Cambodia has created a new self-confidence which is moving the ASEAN states to contemplate greater responsibilities for security issues.

Our influence in the region has been lessened somewhat. The ASEAN states recognize our declining relative economic position. They recognize the ambiguity of our security presence in the region, given that conceivable conflicts within the region are all between nations in which we have important interests. In any case, our military posture in Asia is focussed on interests and possible conflicts in North Asia. It is not realistic to expect that we could leverage our military posture to extract cooperation on economic and other non-security issues with the ASEAN countries.

Secure in their own cultures and less dependent on the U.S. for economic or military assistance, the ASEAN countries's self-confidence extends to their relations with the U.S. Our greatest instrument of leverage is access to our domestic market.

Therefore, we must be prepared to be patient. Above all, we must work to counter the impression that we are imposing our own agenda on a region with strong views of its own.

ASEAN's approach to institutional development is clearly one which enshrines nationalism and insists on gradualism. We will not be able to change these basic orientations and should not try. Should we do so, we risk bringing about our own worst-case scenario: a region united only in its hostility and agreement to exclude us.

We have been willing to respect ASEAN's evolutionary approach to development of security issues. Although some have recommended the development of an Asian version of NATO, we have not attempted to force such a construction on a reluctant region. Neither did we

sandbag ASEAN's own proposal to develop a wider regional approach in the Regional Forum initiative.

It is in APEC that we are trying to move the ASEAN states in directions in which they hesitate to go. While we should continue to support APEC's development as a vehicle for liberalization, we should take a longer view and a lower key approach. If APEC is to develop as a viable regional economic organization, the dynamic must come from the pressure of real, expanding intra-regional economic linkages, not from political pressure.

The ASEAN countries' opposition to our vision for APEC relates partly to nationalism, and partly to the fact they are economic competitors. However, the root cause is a general unwillingness to accept responsibilities for a liberal world trading system commensurate with their new economic clout.

Rather than trying to force solutions via APEC, we should continue to work our bilateral relationships on economic issues. We should not hesitate to use the leverage of access to our markets through vigorous application of our trade legislation. Rather, we should try to reduce opportunities for ASEAN countries to politicize the issues by making our responses more automatic and predictable. The outlook is for continued acrimony. Given the ASEAN countries' own current lop-sided dependency on our market and our own limited security interests, ASEAN has more to lose than we do.

One approach which could bear fruit over time would be to step up our efforts to encourage American investment in the region.

Over time, U.S. firms can serve as a lobby for more liberal economic policies. In any case, greatly stepped up investment appears critical to exploit the opportunities coming from the expansion of domestic markets, opportunities which the Japanese are now much better poised to seize.

The ASEAN states' defense of a special standard on human rights and political liberalization is largely self-serving. Similar versions of arguments which justify the denial of rights to assure the continued power of incumbents are heard around the world. At the same time, we must recognize that we have limited means to impose change. We should also recognize that the greatest force for change is the economic growth taking place throughout the region.

Our effort to advance the values we support should thus rely more on carrots - the provision of assistance - than on sticks - the denial of trade or military ties. To the maximum extent possible, sanctions in the event of egregious abuses should be applied in a multilateral context.

Although our influence is in some ways more limited than in the past, we still have great opportunities to shape the development of the ASEAN states, and to preserve our own interests into the next century. Japan and China are the two states with the greatest potential for superpower status. Neither has shown any interest or capability for defining and shaping a regional

political or economic order. They are both the source of profound unease throughout the region.[69]

Given these intra-regional suspicions, and our own 50 year record as the backstop of economic growth and political security for the region, we still have a great deal of capital - political, military, and economic - to expend. We must be careful to use that capital in ways which do not undermine fundamental perceptions of the United States as a force for peace and prosperity.

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[69] Morton Abramowitz, "Pacific Century: Myth or Reality" Contemporary Southeast Asia December 1993: 258-62.

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