
C O N T E N T S

- 3 Preface
William P. Fuller
- 5 Introduction: The America's Role in Asia Project
Catharin E. Dalpino
- 7 "U.S.-Asian Relations: The Difference in a Decade"
Han Sung-joo
- 9 Summary of Conference Proceedings
- 19 Conference Agenda
- 22 Participants

Forging a New U.S.-Asia Relationship

Conference on U.S.-Asian Relations

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THE ASIA FOUNDATION

The Asia Foundation is a nonprofit, nongovernmental grantmaking organization committed to the development of a peaceful, prosperous, and open Asia-Pacific region. The Foundation supports programs in Asia that help improve governance and law, economic reform and development, women's participation, and international relations. The Foundation gives priority to strengthening leadership and the capacity of local organizations, as well as improving public policy. Foundation grants are given for education and training, technical assistance, exchanges, policy research, and educational materials. Founded in 1954, The Asia Foundation is headquartered in San Francisco, has 15 offices in Asia, and an office in Washington, D.C.

P R E F A C E

A number of events in the last year have shaped the course of relations between the United States and the countries of Asia. In 2001, new administrations were formed in the U.S., Japan, Indonesia, Thailand, and the Philippines. American and Asian leaders alike have struggled to counter a global economic slowdown. To this list must be added the events of September 11, 2001 in the United States. As a result of this single day, new dynamics are in motion which affect America's relations with all three of Asia's sub-regions. At the same time, deeply-rooted tensions in Asia continue to demand the attention of Asian and American policymakers: on the Korean peninsula, in the Taiwan Straits, and between India and Pakistan.

Balancing these ongoing regional concerns with a broader campaign against terrorism requires careful attention to attitudes and views on both sides of the Pacific. The recent Presidential visit to Northeast Asia presents an important opportunity to examine these perspectives. We hope that this report from a high-level U.S.-Asian dialogue sponsored by The Asia Foundation can make a positive contribution in this regard.

In early 2001, a group of outstanding policymakers, scholars, and private sector representatives from Asia and the United States met in Seoul for a two-day conference to consider the state of U.S.-Asian relations and offer perspectives on policy for a new U.S. administration. Hosted by Dr. Han Sung-joo, former South Korean Foreign Minister and current president of the Ilmin Institute for International Relations, the conference was the capstone of a two-year project on America's Role in Asia organized and

sponsored by The Asia Foundation. The scope of the project and the preliminary results, published in two reports in January 2001, are described by Catharin Dalpino, Director of the America's Role in Asia Project, in the introduction to this publication. Also included are the conference chair's own views on the present course of U.S.-Asian relations, informed by discussion at the meeting. Although the conference was not intended to produce consensus on issues or to offer policy recommendations as a group, individual participants freely offered their perspectives and prescriptions, and these are highlighted in the proceedings.

At the heart of the America's Role in Asia process, and the Seoul conference in particular, is The Asia Foundation's longstanding conviction that U.S. policy, and the broader cause of U.S.-Asian relations, are best served by promoting candid dialogue between Asians and Americans. Identifying points of mutual understanding and acknowledging divergent views enable government officials and private sector leaders on both sides of the Pacific to craft policies which have the greatest chance of success, domestically and internationally.

Although the change of administration in the United States made the conference a timely one, there was ample reason to convene such a dialogue without that shift. Key events and trends over the past decade require a reassessment of dynamics in the Asia region and of the U.S. role in Asia. Political change in a diverse group of countries, ranging from Japan to Indonesia, has affected both the domestic and foreign policies of these countries. Continued tensions along historic fault lines make East Asian security an imme-

diate item on the agenda of U.S. and Asian officials alike, and a shift to nuclearization in South Asia adds a dangerous new dimension to dynamics in that region. Economic levels in Asia have surged and fallen in the past 10 years, with the region sustaining a major financial crisis in the latter part of the decade. The growing interdependence in the Asian Pacific community makes the economic fortunes of one partner a central concern to the others.

The Foundation extends its gratitude to Dr. Han Sung-joo for his expert and gracious handling of the America's Role in Asia conference. As well, we would like to thank our project director, Catharin Dalpino of the Brookings Institution, and the five chairs of the America's Role in Asia Project who have kept this effort solidly on course for the past two years: Mr. Tadashi Yamamoto of the Japan Center for International Exchange; Dr. Pranee Thiparat of the Institute for Security and International Studies at Chulalongkorn University;

Ambassador Abul Ahsan of the Independent University of Bangladesh; Dr. Ezra Vogel of Harvard University; and Mr. Casimir Yost of Georgetown University. Finally, we wish to thank The Henry Luce Foundation, the Japan Foundation Center for Global Partnership, and the General Electric Fund for their generous support of the America's Role in Asia project.

Because the Seoul conference took place before September 11, the discussion did not focus on terrorism as a central, overriding concern of U.S. foreign policy. Nevertheless, we believe the dialogue offers valuable insights that can serve to strengthen U.S.-Asian relations at this critical time and encourage cooperation to help meet the regional and global challenges related to September 11.

William P. Fuller
President, The Asia Foundation

INTRODUCTION: THE AMERICA'S ROLE IN ASIA PROJECT

In 1999, The Asia Foundation launched the America's Role in Asia project to assess U.S.-Asian relations in the context of new trends in Asia and new political dynamics in the United States. In contrast to many policy studies, the America's Role project was designed, from its inception, to solicit and consider Asian as well as American points of view. The Foundation convened two groups of leading policymakers and scholars, one Asian and the other American, for a parallel series of workshops in the spring and summer of 2000. The American task force was chaired by Ezra Vogel of Harvard University and Casimir Yost of Georgetown University. In keeping with the breadth and diversity of the Asia region, the Asian task force was divided into three subregional workshops. The Northeast Asia group was chaired by Mr. Tadashi Yamamoto of the Japan Center for International Exchange, the Southeast Asia workshop by Dr. Pranee Thiparat of Chulalongkorn University, and the South Asian group by Ambassador Abul Ahsan of the Independent University of Bangladesh.

Two published reports resulted from the workshop series and were released in early 2001: *America's Role in Asia: American Views* and *America's Role in Asia: Asian Views*. Each offered recommendations for U.S. policy in the areas of security, economics, and politics. Although the reports drew heavily from the workshop discussions, they were the responsibility of their individual authors. Ezra Vogel drafted the American report and the three Asian chairs authored the Asian report, divided by subregion. Throughout the process, the American and Asian groups exchanged information on one another's meetings. However, the America's Role in Asia conference that took place in Seoul in 2001 was the first opportunity for representatives of the Asian and American groups to meet for face-to-face

dialogue and to assess the recommendations offered from both sides.

In its recommendations, the American report advocated maintenance of present U.S. security policy in Northeast Asia, with some fine-tuning. U.S. forward deployment should be retained, it said, but with greater flexibility and in more dispersed locations. The U.S. one-China principle on Taiwan should be maintained, but the United States should promote reconciliation across the Straits when opportunities present themselves. The report recommended further that the United States support South Korea in its reconciliation efforts with the North and continue pursuit of U.S.-North Korean rapprochement, but that it behooved the U.S. in its capacity as a security guarantor to keep regional dynamics in mind. In the Asian report, Southeast Asians more than others took a forward-leaning position in recommending the maintenance of U.S. deployments in the region, pointing out that great power conflict in Northeast Asia could have a spillover effect into Southeast Asia. The Asian report agreed that the United States could play a role in promoting reconciliation in the Taiwan Straits, provided U.S. efforts were flexible, even-handed, and informal.

In contrast to its more status quo approach to East Asia, the American report recommended a more vigorous approach to U.S. policy in South Asia. The U.S. must devise new and more appropriate strategies to deal with India, it said, and should take a more active role in helping to resolve the Kashmir dispute. The United States should also give greater attention to the danger of nuclear conflict in South Asia, and to nuclear proliferation originating from that region. The Asian report advocated a more active role for the U.S. in South Asia as well, but

added some key cautions. The U.S. should, for example, shore up its relations with the smaller states of the region as it pursues a deeper relationship with India. South Asians also urged the United States to ratify the Comprehensive Test Ban Treaty, in order to underscore American commitment to nuclear nonproliferation. As did Southeast Asians, South Asians urged that the United States pay greater attention to nontraditional but growing security threats in the region, such as narcotics trafficking and terrorism. These two subregions also urged that the United States increase development assistance to the poorer states of Asia, as a boon to both regional security and regional cooperation.

In their separate findings, both reports recommended that Asians and Americans work together to strengthen and maintain open markets through new World Trade Organization (WTO) rounds, while the American report went further and recommended new trade-liberalization agreements within the Asia Pacific Economic Cooperation (APEC) community. However, the Asian report cautioned against linking new trade arrangements with human rights conditionalities. Both reports considered the rise of new regional economic arrangements, such as ASEAN-Plus-Three (which convenes the 10 countries of ASEAN, plus Japan, China, and South Korea) and concluded that these new groups could be compatible with existing regional and global regimes, if both Asians and Americans viewed them as instruments for greater liberalization rather than as nationalist weapons.

Although the Asian report reflected the diversity of the region, Asians across the three subregions were unanimous in making two recommendations. First, the United States should recalibrate its democracy promotion and human rights policies to emphasize the development of more accountable and transparent administrative and political processes in Asia,

and to de-emphasize adherence to Western democratic models. Such an approach serves the cause of economic liberalization as well as political development, and is perceived to be less ideological and narrow. Second, Asians urged that Americans strengthen Asian studies in the United States, to educate younger generations of Americans on new trends in the Asia region, and on the importance of U.S.-Asian relations. This would remedy a drop in Asian studies since the end of the Cold War, and redress the imbalance of Asians studying in the United States over American students in Asia.

As the following account of the February 2001 Seoul conference demonstrates, that meeting was useful in surveying the political landscape on both sides of the Pacific and offering an important cross-check on the recommendations of the two reports. Moreover, the conference went beyond the reports to suggest potential new problems in U.S.-Asian relations as well as new opportunities to strengthen the relationship. It is the hope of the project organizers that the America's Role in Asia effort has not only provided constructive suggestions for policymakers on both sides of the Pacific, but has also demonstrated the value and utility of U.S.-Asian dialogue. For example, in the Seoul conference Asian participants gave greater weight to the threats of terrorism than did the Americans, a view which was to resonate painfully in the United States later in the year. This dialogue is an open-ended process which requires ongoing attention and the inclusion of a widening spectrum of Asian and American officials, business leaders, nongovernmental actors, and scholars.

Catharin E. Dalpino
Director, America's Role in Asia Project and Deputy
Director, Center for Northeast Asian Policy Studies,
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U.S.-ASIAN RELATIONS: THE DIFFERENCE IN A DECADE

As the foreign policy team of President George W. Bush was taking shape with a crew of old-time Asia hands, Asians welcomed the familiar faces. At the same time, though, they could not help wondering whether the policy veterans would recognize the Asia of 2001, eight years after the last Republican administration left office.

When the previous Bush administration left office in 1993, Asia was for the most part full of optimism. "Japan as Number One" was a phrase that evoked both pride and

envy. China seemed to be embarking on economic development in earnest. Members of the Association of South East Asian Nations (ASEAN) were confident in their relative stability, prosperity, and solidarity. South Korea's main challenge was containing the North's nuclear ambitions.

Today that landscape has changed. The region is still trying to recover from the economic and psychological effects of the financial crisis that hit in 1997. Japan has been in the economic doldrums since the Republicans last held office. China is emerging as a major economic powerhouse, more willing to flex its muscles in the region.

ASEAN, which has expanded to 10 members from six, is experiencing growing pains as well as internal instability in some of its key members, especially Indonesia. In South Asia, India and Pakistan have detonated nuclear bombs and are developing long-range missiles, while the Korean Peninsula caught reconciliation fever, at least for a while, in the wake of the North-South summit in June, 2000.

Washington must reckon with the extent to which diplomacy has moved beyond traditional state-to-state relations.

Asia today poses a critical challenge for the new U.S. administration. It must make choices beyond the familiar, fairly straightforward issues of security and trade. Problems such as ethnic and religious tensions, environmental security, narcotics trafficking, and flows of small arms are increasingly important.

Although there is widespread recognition of the leadership role played by America in Asian security and economics, there is also increasing ambivalence, even among America's close Asian allies, about the way Washington conducts its role as the primary power. The most important example is the need for greater consultation on the development of a national missile defense system to protect U.S. territory, as well as a possible theater missile defense to shield U.S. forces and allies in Asia.

In addition, there may be a gap between the United States and Asia in how each measures the main threat to security. While to the U.S. the main threat is conceived primarily in military terms, to Asia, the top priority is economic and social management. Such a difference in perception carries over into how the U.S. missile defense issue is viewed. Questions such as whether it is wise to pay a heavy political price early on for uncertain security benefits later, and whether the United States should seek "absolute security" at the risk of causing insecurity for others indicate the skepticism shared by many Asians on the subject.

That said, what probably concerns Asians most is the relationship between the United States and

China. The main worry of the United States is China becoming a strategic competitor and even hegemonic power in Asia. China's worst fears are that the United States is asserting global dominance, trying to empower Japan to militarize, and allowing Taiwan to move toward independence.

Serious tension between the two powers may force other Asian countries to choose one side or the other, as well as causing regional economic instability. Asians hope that China and the United States will be able to chart a path of Sino-U.S. cooperation based on shared interest in regional stability, peace, and prosperity. Thus, engagement and accommodation, rather than containment and confrontation, are seen as the appropriate means for dealing with erstwhile as well as potential adversaries.

Asians are somewhat split on America's role in promoting democracy and human rights. Some want it to rekindle its efforts to advance democracy, but many would prefer a hands-off policy that focuses instead on encouraging governments to be more responsive and accountable. In either case, the fall of autocratic governments in many Asian countries has spawned a new, surprisingly difficult challenge of achieving political stability and good governance.

Washington must also reckon with the extent to which diplomacy has moved beyond traditional state-to-state relations. Because large amounts of capital and technological advances have increased the scale and speed of investment deals, one country's financial situation can be affected drastically by another's private sector decisions. Asians therefore are more interested in strengthening linkages between American private sector organizations and their expanding Asian counterparts.

Asians also express the hope that, unlike 10 years ago, the United States would support regional

institution-building efforts. It should encourage proposals for Asian cooperation when it involves shared goals of reducing tensions, promoting free trade, and adhering to the rule of law. Since the Asian financial crisis that spread from one country to another, most Asians feel an acute need to strengthen regional frameworks, particularly the financial architecture.

Regional cooperative mechanisms such as ASEAN-Plus-Three (China, Japan, and South Korea) or the East Asian cooperation initiative will serve the interests of both Asia and the United States. Incorporating China and Japan into multilateral structures may be an effective way of ameliorating rivalries and preventing potential conflicts. In addition to promoting peace, East Asian regional cooperation can ultimately contribute to achieving closer economic cooperation in such areas as trade, investment, finance, and development, and advancing human security by facilitating regional efforts for environmental protection and good governance. All this will be in the interest of the United States as well.

As much as Asians look to the new Bush administration to adjust to a changed Asia, they are concerned about their own ability to adapt to the new American players and policies. The key will be more effective communication between Asia and America. The situation on both sides of the Pacific is fast evolving. Careful and consistent communication will be essential if the United States is to continue to fulfill its role in Asia.

Han Sung-joo
President, the Ilman Institute of International Relations and Former Foreign Minister, Republic of Korea

SUMMARY OF CONFERENCE PROCEEDINGS

As a necessary first step, participants in the America's Role in Asia conference considered aspects of the domestic environments in the United States and the three Asian subregions that will influence the course of U.S.-Asian relations over the next decade. Several major events, as well as ongoing political and economic trends, define daily relations: the election of a new administration in the United States; the continued effects of the 1997 Asian economic crisis; political shifts in Taiwan and Beijing's reaction to them; attempts to improve relations on the Korean peninsula; the stagnation of established regional institutions, countered by proposals for new sub-regional groupings; and the nuclearization of India and Pakistan. Below these headlines, however, are new dynamics in international and domestic affairs which may require policymakers to rethink U.S.-Asian relations and to recalibrate their policy responses.

An American speaker, noting that a re-examination of policy is inevitable with every change of administration, identified particular challenges for the Bush administration in formulating its Asia policy. Officials must factor in changes in the international system over the past decade, such as the reversal of Japan's economic fortunes, and in doing so find an appropriate style of leadership. Around the world, but particularly in Asia, there is growing discontent with the perceived unilateralism of American policymakers. Several Asian participants echoed this

concern, and called for a shift toward greater multilateralism. The U.S., for example, should consult with the Asian powers more widely on its plans for national and theater missile defense systems, and should exercise its leadership to foster greater economic multilateralism in the region. Recent proposals

for regional economic groups which implicitly exclude the United States are testimony to the need for a more vigorous U.S. role. An American participant observed that part of the task of redefining U.S. policy toward Asia is in finding the right rhetoric. "The legalistic and moralistic terminology of the cold war era," he asserted,

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"is out of synch with the present U.S. role and is ill-suited to justify American leadership and engagement in the world today." American participants added that single-interest groups now drive U.S. policy to a greater extent than groups concerned with larger policy issues. Crafting sound policies toward Asia will require stronger U.S. domestic coalitions, both among broad policy groups and between these groups and special interest forces.

Some Asian participants expressed concern that the U.S. strategic focus is shifting from Europe to Asia in a way that will push Russia and China closer together. Other Asians believed that a wider realignment was possible, and that U.S.-Asian disagreements over security and human rights could help foster a Russia-China-India axis. It was agreed, however, that Asian views of U.S. security policy differ

sharply, particularly in Northeast Asia. Japanese, South Korean, Taiwanese, and Mongolian attitudes toward U.S. policy remain fundamentally positive, while Chinese and North Korean attitudes are largely negative. Despite this divergence, there was unanimity on the need for the United States to continue to play an economic role in the region, and alarm that a downturn in the American economy would have a damaging impact on Asia.

An American speaker set forth a number of challenges presented by the overall Asian environment which will have an impact on the conduct of U.S. policy. Although Asian economies have resumed growth since the 1997 financial crisis, they have not yet established the institutions which can provide the transparency and the legal frameworks needed to function effectively in the

international economy. Asian governments are becoming more democratic but, buffeted in part by their growing dependency on global markets, they find it increasingly difficult to foster genuine national unity and to exert strong leadership. And while Asian regional organizations promote a community of interests, they are ill-prepared to deal with regional conflicts or controversial issues.

Asian participants agreed with this assessment on the whole, but noted that the effects of the 1997 crisis are ongoing and are little helped by the U.S. drift in attention. Indonesia is of course the greatest concern in Southeast Asia, and its continuing political struggle has left ASEAN rudderless. Asians cautioned that some of the political change seen in both

Northeast and Southeast Asia as a result of the crisis has more to do with regime change than systemic reform. Economic reconsolidation is much harder than originally imagined. Southeast Asians in particular continue to view the United States as paying insufficient attention to the complexities of the economic crisis and giving inadequate support to recovery attempts. Here U.S. policy (or its absence) appears to be driven more by U.S. domestic factors

than by concern for the region. It is not helpful, for example, to have Indonesia excluded from many military exchange activities with the U.S. Beyond these concerns, some Asian participants voiced fears that U.S. interest in Southeast Asia, in both security and economic terms, is declining rapidly in favor of increased interest in Northeast Asia.

In that subregion, the greatest attention from both the United States and Asian governments will continue to focus on flashpoints in the Taiwan Straits and on the Korean peninsula. An Asian presenter maintained that in the latter years of the previous administration, U.S. policy toward Taiwan appeared to have shifted from an emphasis on separating the island from the mainland to support for the status quo. A constructive move forward, he suggested, would be for the United States to encourage the ongoing process of economic integration across the Straits. A gradualist approach toward reconciliation between the Koreas was recommended as well by an American participant. The North Korean regime is a very traditional one, despite the revolutionary gloss, and the evidence

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points toward continued loyalty of the North Korean people to the regime. The most likely internal change will be the incorporation of a greater number of technocrats into the regime, following the Chinese reform model. This incremental process is probably for the best, given South Korea's continued economic problems.

In contrast to East Asia, South Asia has historically been on the periphery of American interests. It was never an ideological theater, as were both Northeast and Southeast Asia during the cold war, and Indian dominance of the region prohibits a role for the U.S. similar to that in East Asia. Warming U.S.-Indian relations, particularly in the economic realm, may eventually place U.S. ties with South Asia on a different footing. However, if Washington seeks a more active role in the region, it must understand that improving the climate between India and Pakistan is a halting and difficult process that will not respond to quick-fix policies, and that the region will continue to be defined by the significant asymmetry of power.

ECONOMIC ISSUES IN U.S.-ASIAN RELATIONS

Several questions provided a framework for consideration of U.S.-Asian economic relations. Is recovery from the 1997-98 financial crisis real? What are the prospects for reinvigorating the Japanese economy, and what should the Japanese economic role be in the region? How can the United States help maximize the benefits of globalization to Asian economies and help mitigate the dislocation of Asia's integration into the international economy? To aid the discussion, an American speaker assessed changes in the Asian economic landscape over the past 10 years. Chinese entrepreneurship has begun to

take hold, modifying the earlier Asian business model, predicated on the *zaibatsu* and the *chaebol*, of large-scale, horizontally-integrated companies. At the same time, runaway capital flows have exerted a damaging effect on central banks. And, while the benefits of technology on Asian economies have become more obvious, so has the growing digital divide in the region. Lastly, equity has replaced debt as the leading force in American business in Asia, with the lender receding and the venture capitalist becoming more powerful. Wall Street has been an important source of this equity, with as much as 30 percent of the market capitalization of the NASDAQ and the New York Stock Exchange related to economic and commercial agendas in Asia.

In strict economic terms, participants agreed that the urgency of the 1997 economic crisis has abated. The crisis economies can count on 3 to 5 percent annual growth rates for the time being. Moreover, the pain of the crisis is still fresh, and the countries stricken are not likely to repeat the same mistakes in the immediate future: over-leveraging balance sheets, mismatching maturities, and borrowing short while investing long. Most have managed to accumulate substantial foreign exchange reserves to break the fall of their currencies in short-term capital movements, and none adhere to the fixed exchange regimes they had in 1997. In the mid- to long-term, however, worrisome signs persist. Although the United States has been willing to open markets further to crisis countries to support their recovery, an annual American trade deficit of \$400 billion is not sustainable, particularly if the U.S. economy should decline. Equally if not more important, many crisis countries have made little headway on financial sector restructuring, which makes corporate restructuring all the more unlikely. An American participant

remarked that domestic pressure for reform is receding from the “political high water mark” that swept out incumbents and installed reform-oriented politicians in the late 1990’s.

Another issue lingering from the economic crisis is the impact of Japan’s economic stagnation on East Asia. An Asian participant acknowledged Japan’s function as the economic lynchpin of the region, but maintained that Japanese economic problems are rooted not only in fiscal and monetary policies but also in a sluggish bureaucracy and ineffective political leadership. Addressing these problems is therefore a long-term and comprehensive task. American pressure on Japan to remedy them instantly is ineffectual and even counter-productive. For example, ordinary Japanese are growing weary of Washington’s insistence that Japan loosen its monetary policy and lower interest rates, measures that some perceive to be motivated more by concern for American prosperity than for Japan.

With the caution that political realities will continue to overshadow economic prescriptions in the short-term, Asian participants believed that the United States can be instrumental in helping Asia to deal with, and benefit from, globalization. Americans can help Asians understand the “art” of regulation, specifically that liberalization can be an advantage to consumers as well as to producers. Asians and Americans can work together to forge new rules for e-commerce, ensuring that neither side prospers at the expense of the other. Finally, Americans are well-equipped to help Asians address the problems inherent in improving corporate regulation. Democratizing

corporate governance could prove to be as important to the well-being of Asian societies as democratizing political systems.

POLITICAL ISSUES IN U.S.-ASIAN RELATIONS

Since the end of the cold war, political affairs between the United States and Asia have acquired an additional dimension. Beyond the traditional definition—the conduct of official relations between governments—the political dimension now includes the issues of democratization and the protection of human rights in a given nation. As these new elements become more central to American foreign policy, they figure increasingly in U.S.-Asian relations, fueled as much

Japanese economic problems are rooted not only in fiscal and monetary policies but also in a sluggish bureaucracy and ineffective political leadership.

by positive trends in Asian democratization and the improvement of rights as by cases of repressive rule. In the past 10 years, these two definitions of political relations have at times conflicted with one another, creating the perception of interference in the internal affairs of a sovereign state and sparking nationalist reaction. It is equally true, however, that political change in much of the region has given the United States and Asia new common ground and a new basis for expanded cooperation. This discrepancy also affects relations among Asian nations, as a diverse group of governments—ranging from established democracies to various forms of authoritarianism—attempt to forge stronger bilateral relations and consider new regional configurations.

An American presenter noted that this dilemma in political relations suggests two divergent paths for U.S.-Asian relations: movement toward an increasing

cold war atmosphere in the region, in which ideological differences are sustained by confrontational relations, or toward a community of closer and more formal cooperation. It is possible, he said, to choose between these two alternatives. For example, now that China has entered the World Trade Organization (WTO), should Washington seek redress against Beijing for legal violations, or should the United States offer training for Chinese officials in the enforcement of WTO rules? Another American dissented from this framework, saying the dichotomy was “too black and white.” The United States should welcome China’s transition into the WTO, he maintained, but should hold Beijing accountable to the rules as a way of bringing China further into the international community. An Asian presenter offered still another point of view, that a genuine Asian community, which would strengthen links between Asian societies as well as governments, would by definition require a more democratic China.

An Asian speaker observed that the region is split on the role of the United States in promoting political change. Asian democracies which have close security relations with the U.S. are themselves promoters of democracy, “but perhaps more quietly.” Countries that continue to adhere to socialism and non-democratic or semi-democratic practices resent U.S. human rights and democracy policies and continue to champion the cause of “Asian values.” Another Asian participant offered a compromise view. A new Asian model has emerged from the 1997 economic crisis, which is neither a victory for American-style democracy nor a reaffirmation of the

development-first model. This post-crisis form combines both development and democracy in a mutually reinforcing way. However, Asian participants cautioned that even when dealing with Asian democratic states, the U.S. needs to know when not to push too hard, and even when it should not push at all. In their estimation, U.S. restraint exhibited during the presidential change in the Philippines, the parliamentary inquiries into the conduct of former President Wahid in Indonesia, and the recent election in Thailand was

Asian nations with some experience in democracy are finding that greater openness is not a bulwark against religious extremism or ethnic tension.

appropriate.

Asian participants also identified two factors which could slow the growth of democracy in the region in the near- to mid-term. First, the belief that democracy is a cure-all has been abandoned.

Experience is proving that, whatever freedoms it bestows upon a society, democratization can exacerbate national insecurity when traditional elites refuse to yield to new democratic leaders or systems. Even Asian nations with some experience in democracy are finding that greater openness is not a bulwark against religious extremism or ethnic tension. Support for democracy is matched, and at times overshadowed, by concern for stability. While acknowledging that reality, an American participant countered that it is too simplistic to view political development in Asia in terms of stability versus democracy. The challenge is in maintaining stability to ensure enough time for democratic development to proceed.

A second factor which Asian participants believed will affect the pace of democratization in Asia is the quest for regional order, however slow and episodic that process might be. For the foresee-

able future, any regional framework in Asia will depend upon a respect for political diversity. This is a central difference between Asia and Europe, where adherence to democratic standards is a pre-condition for membership in regional organizations. Imposing such requirements in Asia at this time would only create conflict and curtail any possibility for meaningful regional cooperation. This does not mean, they argued, that regionalism cannot stimulate democratization, but that such efforts must be tailored to present Asian political realities. In this vein, the ASEAN Vision 2020 statement calls for “open and caring societies,” a broad prescription which encourages democracy but does not mandate it.

SECURITY ISSUES IN U.S.-ASIAN RELATIONS

At times, the role of the United States as a global power requires that it look beyond the specific security challenges in a given region to the implication for that region’s security on other regions, and on broader global stability. Although participants were mindful of this broader plane in U.S. policy, they thought it useful as well to examine security concerns in Asia at the regional and subregional level, as well as differences in Asian and American perceptions of security threats.

An American presenter identified key issues he believes will determine the prospects for security in East Asia. The single greatest of these is the degree to which China and the United States can sustain positive and constructive relations, directly and over a number of third-party issues: the Taiwan Straits, the Korean peninsula, and even nuclear non-proliferation. For example, the U.S. and China lost a significant opportunity to cooperate in the wake of the Indian nuclear tests. An Asian speaker countered that

security on the Korean peninsula and in the Taiwan Straits depends increasingly on domestic factors rather than on relations between the major powers. For example, a key determinant for Korean reconciliation will be whether South Korea can forge a bipartisan policy on relations with the North. In the Taiwan Straits, the next critical juncture will be in 2003 and 2004, during the campaign and election for president. By that time Beijing will have new leadership that might decide to test the United States on Taiwan. In anticipation of this, the speaker called for Washington to move from strategic ambiguity on Taiwan to greater clarity.

Asian participants were divided on whether such a shift would improve or harm the security environment in the Straits, and some thought it would be impossible in the American domestic political environment to effect such a change. One participant insisted that the issue was off the mark, and that a heavy military focus on U.S. policy in the Straits, whether ambiguous or “clear, “ only perpetuates tensions. Instead, the United States should begin steering its policy toward the social dimensions of cross-Straits relations. At the same time, Washington should be prepared to see China continue its military build-up, with or without the Taiwan issue. That has a separate life of its own and is not controversial within China.

Discussion moved to a consideration of security concerns in Southeast Asia, and an Asian speaker identified problems that have recently begun to emerge. First is the fear of spillover into Southeast Asia from heightened competition between the major powers. A worst case scenario is based on the convergence of several trends: the rise of China, the gradual decline of Japan, the eventual reunification of the two Koreas, and more assertive roles in East

Asia for Russia and India. Southeast Asians themselves could exacerbate these dangers with a lack of policy coherence toward the major Asian powers. For example, Southeast Asians resent and fear Chinese aggression in the Spratly Islands, and yet the nations in the region are intent on forming closer diplomatic and economic relations with Beijing.

In addition, Southeast Asians see greater international investor and business interest shifting to Northeast Asia. The reasons for this are varied and not easily remedied: perceptions of heightened political risks in Southeast Asia, lack of regional coherence, and the inability of the subregion to rise to the challenge of information technology. Lastly, Southeast Asia's own weakening states are an increasing source of concern and raise fears of the possible need for humanitarian intervention in the near future. This caused an Asian participant to point out that the United States tends to

focus on traditional security concerns, such as the potential for state-to-state hostilities, while many Asians are increasingly concerned with security problems that result from weakening states and from transnational threats such as terrorism and narcotics trafficking. Asian participants voiced fears that the United States is marginalizing Southeast Asia in the framework of great power rivalry, at a time when new security threats are rising in the region.

An Asian presenter suggested that, in contrast to Northeast Asia, where U.S. security concerns remain constant, and Southeast Asia, where U.S. concerns

have diminished since the cold war, the United States has never had a comprehensive security policy toward South Asia. Sporadic, event-driven attention from the U.S. has contributed to the region's security deficit, and has made it more difficult to detect and comprehend creeping nuclearization. 1998 was South Asia's official entry into the nuclear club, but its process had begun in 1974. He argued further that the American punitive approach to nuclear proliferation in South Asia was not effective because it did

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not address the different motives for nuclearization. For example, India went nuclear primarily for reasons of ambition, prestige, and equality with other great powers, while Pakistan chose that route largely for security reasons.

Looking to the future, Asian participants speculated that the popular scenario for sparking nuclear conflict in South Asia—the escalation of the conventional conflict between India and Pakistan—is

not as likely as the possibility for accidental or unauthorized use of nuclear weapons. This points to the need for India and Pakistan to develop a nuclear risk reduction regime. To promote security in the region, the United States should encourage these two countries to expand dialogue to work toward such a regime, rather than focusing merely on Kashmir. Participants also pointed out that an early nuclear stage is the most unstable one, particularly if the two sides do not recognize (and enforce) a separation between nuclear doctrine and a conventional military doctrine. This is another area of opportunity for the

United States, in educating a newly-nuclear South Asia on the ways in which nuclear strategic doctrine differs fundamentally from conventional doctrine, and on strategies for separating the two in policy.

PACIFIC FRAMEWORKS: REGIONAL ORGANIZATIONS AND REGIONAL ISSUES

Discussion on regional organizations and the prospects for expanding regional cooperation often

drew conflicting points of view, both between Asians and Americans and within those two groups. Underlying the debate were several fundamental issues: Is there adequate

political will on both sides of the Pacific to work toward a stronger community? Are established institutions such as ASEAN and APEC still useful? What purpose is served in forming new configurations, such as ASEAN-Plus-Three or the proposed Asian monetary fund?

An American presenter outlined major obstacles to regional integration in East Asia. There is little historical basis upon which to build a regional framework. Moreover, significant discrepancies exist between Northeast and Southeast Asia. The north contains the larger powers, while the south has smaller and less powerful countries. In other regions, the search for regional frameworks has been driven by the largest countries. In East Asia, the smaller countries have created the first regional organization, ASEAN, upon which the region is attempting to expand (through the ASEAN Regional Forum [ARF] and ASEAN-Plus-Three). Whether a functioning multi-purpose regional regime can be built on this architecture is a critical issue.

Several Asian participants expressed disappointment that the U.S. seems to have lost interest in the existing regional organizations, particularly APEC. An American speaker disagreed, commenting that both APEC and ARF could be useful vehicles for the region, particularly if the U.S. can provide effective leadership behind the scenes. An Asian speaker agreed with that point, saying that APEC fulfills a useful purpose, by legitimating liberalization in the region and by providing a framework through which

member states can search for smaller-scale partnerships. An example is the negotiations on liberalization of economic relations between South Korea and Chile.

One American participant was critical of the ASEAN Regional Forum as it presently functions because several actors “want to keep their hands on the steering wheel, but no one wants to step on the gas.” He did not see a different dynamic in new organizations, such as ASEAN-Plus-Three. An Asian participant took an opposing view. The impediments in ARF have not surfaced in ASEAN-Plus-Three, he said, especially with regard to financial and monetary cooperation. In particular, China views it as a useful mechanism.

Controversy also arose over the prospect of an Asian monetary fund. Some participants questioned the necessity of a separate regional fund if, as its proponents intend, it will follow the International Monetary Fund’s (IMF) direction. Would it behave differently in a financial crisis than the IMF? One Asian speaker commented that this fund would provide quicker liquidity in a crisis than the IMF. An American participant cautioned against that, saying it is also possible that the fund would be less rigorous

Is there adequate political will on both sides of the Pacific to work toward a stronger community?

than the IMF in dealing with structural inadequacies, and would therefore weaken the very institutions it was attempting to relieve.

Participants discussed two additional factors that will affect progress toward East Asian regional integration. One is the process of sequencing. In Western Europe, the integration of financial sectors was a task reserved for the latter stages of integration, after the harmonization of industrial policies and tariffs. By contrast, Asians are considering financial integration (via an Asian monetary fund) in the earliest stage. A second issue is that of membership. Successful models of regional integration have tended to proceed in increments of member states. Proposals for Asian regional integration envision wide membership from the beginning, which is likely to complicate and slow the pace.

Turning to South Asia, an Asian speaker observed that much of the regional infrastructure derived from the British colonial period was severed by political conflict after independence. In the region, threat perceptions come from next-door neighbors, and the first task in establishing regional order is in reducing tensions. At this juncture, the primary advantage of the South Asian Association for Regional Cooperation (SAARC) is as the informal venue for bilateral discussions. However, enthusiasm and momentum is growing for regional economic cooperation. For example, SAARC has negotiated a preferential trade arrangement, on a commodity-by-commodity basis. Member states have also planned a South Asian free trade area for this decade, and envision an economic union in the next.

PRIORITIES AND POLICIES FOR A NEW ADMINISTRATION

Throughout the symposium, discussion of the politi-

cal, economic, and security environments in Asia and their impact on U.S.-Asian relations gave rise to recommendations for both American and Asian policymakers in these three realms. The final session sought to consider broad recommendations for U.S. policy in Asia, and trends on both sides of the Pacific that will affect the course of relations in the foreseeable future. To this end, an American presenter outlined ongoing challenges in the U.S. policy environment that will influence U.S.-Asian relations. First is the need for managing policy at home, given the growing proliferation of players in the Washington policy process and the increasing complexity of relations between the executive and legislative branches. Beyond that is the need to balance public sector risk with private sector opportunity. As a rule, governments tend to respond most to bad news and crises, while private sectors (including both the business and non-governmental communities) are drawn to new and positive opportunities. As a result, the government is often uninterested in regions that appear to be quiet and stable, and likely to be more concerned with those that present risks and obvious threats. The challenge for the new U.S. administration in its Asia policy, he concluded, is “not to overstate the negative” in Asia, as U.S. policymakers have been inclined to do with the Middle East.

A related challenge for the U.S. administration will be in sustaining engagement, which translates into finding reliable partners and being a reliable partner itself. The dangers of American unilateralism are complicated by the fact that Americans tend to be driven by action agendas and find it difficult to conduct relations with other countries in the abstract. Accordingly, there is a tendency to deal with countries and regions on an issue-by-issue basis, even in central relationships.

An Asian speaker responded with an equally complicated picture of the Asian policy environment. Individually and through their national identities, Asians are becoming more self-assertive. Among the many causes of this are crises of governance, the decline of bureaucracies, the rise of politicians, the growth and strengthening of civil societies, and the rise of local governments. American policymakers, and the broader American public, need to develop and operate from a more in-depth understanding of this phenomenon. The most relevant of these factors for U.S.-Asian relations is the dramatic rise of civil societies in Asia. To accommodate and capitalize on this, both American and Asian policymakers need to create more opportunities for nongovernmental actors from both sides to engage in dialogue and joint actions, with each other and with governments. For example, the Common Agenda model that the United States and Japan have established should be expanded across the region, both on a bilateral and a multilateral basis.

There was considerable debate as to bilateral versus multilateral policies, and which path can best serve the cause of strengthening U.S.-Asian relations. An American participant remarked that broad U.S. strategy in the near term should be to forge a concert of powers among individual countries on specific issues, but to seek a balance of power in the region overall. In this framework, the issue is not multilateralism versus bilateralism, but the interrelationship between the two in a given circumstance. For some time, however, stability in the region will depend upon key bilateral relations. Participants considered the state of these relations at present and agreed that Americans and Asians should make a deliberate

effort to regularize and deepen discussion among the key actors. An American held that it is frequently difficult for the major powers to conduct strategic dialogues. In U.S.-Japan relations, top political leaders on both sides often find communication difficult in general. The U.S. relationship with China is, he said, too narrow. Leaders on both sides have insufficient flexibility in dealing with one another, and the relationship is frequently driven by agendas filled with “carping issues.”

American and Asian participants agreed that U.S. policymakers need to broaden their definition of security, to include such dimensions as terrorism and the consequences of faltering or failing states. To operationalize this broader view, however, Asians and Americans need to come to agreement on the best means of addressing these new threats. For example, they should consider developing a code of conduct on humanitarian intervention.

As a final topic, participants discussed measures that Asian policymakers could pursue to strengthen U.S.-Asian relations. Asians and Americans agreed that greater coherence in policy coordination from Asian countries, within nations and across national borders, would not only aid U.S.-Asian relations, but would also boost regionalism. The same, of course, is true of the United States, although by sheer numbers the task is obviously more difficult on the Asian side.

Nevertheless, an Asian participant noted, “The only way we can expect the United States to play a larger role is for Asians to define and articulate their own roles. Enhanced solidarity among Asian nations is a precondition for a more effective American role.”

CONFERENCE AGENDA

Sunday, February 18, 2001

OPENING DINNER

Moderator
Scott Snyder
 Representative, The Asia Foundation, Korea

Welcoming Remarks
William P. Fuller
 President, The Asia Foundation

Speaker
H.E. Lee Hong-Koo
 Former Prime Minister, Republic of Korea

Monday, February 19, 2001

Welcoming Remarks
Han Sung-joo
 President, he Ilmin Institute of International Relations

THE NEW ADMINISTRATION TAKES SHAPE: A VIEW FROM WASHINGTON

Speaker
Mr. Casimir Yost
 Director, Institute for the Study of Diplomacy,
 Georgetown University

Speaker
Mr. Douglas Paal
 President, Asia Pacific Policy Center

MAIN POINTS OF THE AMERICA'S ROLE IN ASIA: AMERICAN VIEWS REPORT

Speaker
Dr. Ezra Vogel
 Henry Ford II Professor of Social Science, Harvard
 University

MAIN POINTS OF THE AMERICA'S ROLE IN ASIA: ASIAN VIEWS REPORT

Speaker
Dr. Zakaria Haji Ahmed
 Tun Razak Chair for Southeast Asian Studies,
 Ohio University

Speaker
Ambassador Abul Ahsan
 Vice President, Independent University of Bangladesh

Speaker
Dr. Wang Jisi
 Director, Institute of American Studies, Chinese
 Academy of Social Sciences

LUNCHEON: CHALLENGES FOR A NEW AMERICAN ADMINISTRATION

Moderator
William P. Fuller
 President, The Asia Foundation

Speaker
Ambassador Stapleton Roy
 Managing Director, Kissinger Associates

ECONOMIC AND TRADE ISSUES IN U.S.-ASIAN RELATIONS

Moderator
Dr. Jesus Estanislao
 President, Foundation for Community Building in the
 Asia-Pacific

Speaker
Ambassador Linda Tsao Yang
 Director, Pacific Pension Institute

Speaker
Dr. Yoshio Murakami
 General Director, International Affairs, "The Asahi
 Shimbun"

Speaker
Dr. Rahul Mukherji
Assistant Research Professor, Centre for Policy
Research

Speaker
Mr. Robert Theleen
Chairman, ChinaVest, Inc.

Speaker
Ambassador Nguyen Duc Hung
Assistant Minister of Foreign Affairs, Vietnam

MEETING WITH PRESIDENT KIM DAE-JUNG

RECEPTION AND DINNER: NEW ISSUES AND DIRECTIONS IN U.S.-ASIAN RELATIONS

Moderator
William P. Fuller
President, The Asia Foundation

Speaker
Ambassador Kim Kyung Won
President, Institute of Social Sciences

Tuesday, February 20, 2001

POLITICAL ISSUES IN U.S.-ASIAN RELATIONS

Moderator
Dr. Zakaria Haji Ahmed
Tun Razak Chair for Southeast Asian Studies, Ohio
University

Speaker
Dr. Rahul Mukherji
Assistant Research Professor, Centre for Policy
Research

Speaker
Mr. Ralph Boyce
Deputy Assistant Secretary, Bureau of East Asian and
Pacific Affairs, U.S. Department of State

Speaker
Dr. Cheng-Yi Lin
Research Fellow, Institute for European and American
Studies, Academia Sinica

Speaker
Dr. Dino Patti Djalal
Head of Political Section, Embassy of Indonesia,
Washington, D.C.

Speaker
Dr. Ezra Vogel
Henry Ford II Professor of Social Science, Harvard
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SECURITY ISSUES IN U.S.-ASIAN RELATIONS

Moderator
Mr. Casimir Yost
Director, Institute for the Study of Diplomacy,
Georgetown University

Speaker
Mr. Ralph Cossa
Executive Director, Center for Strategic and
International Studies, Pacific Forum

Speaker
Ms. Melina Nathan
Associate Research Fellow, Institute for Defense and
Strategic Studies, Nanyang Technological University

Speaker
Dr. Rifaat Hussain
Chairman, Department of Defense and Strategic
Studies, Quaid-I-Azam University

Speaker
Dr. Wang Jisi
Director, Institute of American Studies, Chinese
Academy of Social Sciences

Speaker
Dr. Ahn Byung-joon
Professor, Political Science, Yonsei University

LUNCHEON: NEW DEVELOPMENTS ON THE KOREAN PENINSULA

Moderator
William P. Fuller
President, The Asia Foundation

Speaker
Professor Robert Scalapino
Professor Emeritus, University of California at
Berkeley

PACIFIC FRAMEWORKS: REGIONAL ORGANIZATIONS AND REGIONAL ISSUES

Moderator

Mr. Tadashi Yamamoto

President, Japan Center for International Exchange

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Executive Director, Center for Strategic and International Studies, Pacific Forum

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Professor Kim Byung Kook

Department of Political Science, Korea University

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Ambassador Stapleton Roy

Managing Director, Kissinger Associates

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Vice President, Independent University of Bangladesh

PRIORITIES AND POLICIES FOR THE NEW ADMINISTRATION

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President, Asia Pacific Policy Center

Speaker

Han Sung-joo

President, the Ilmin Institute of International Relations

CLOSING REMARKS

H.E. Han Sung-Joo

President, The Ilmin Institute of International Relations

William P. Fuller

President, The Asia Foundation

CLOSING DINNER

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