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COLLISION COURSE

America and East Asia in the Past and the Future

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PREFACE

The relationship between America and East Asia is attracting attention all round the world: its future is one of the great issues of our time. The purpose of this book is to put it in a historical perspective — to see how the relationship has developed, and where it seems to be leading. It is based on a belief in the relevance of history — which is, after all, only an attempt to understand human experience in the past. If we cannot learn from experience, we may find ourselves repeating it.

In the past half century East Asia has been transformed, from one of the poorest and most turbulent parts of the world into one of the most rapidly developing, and one of the more peaceful. America has played a critical part in this transformation, by providing ideas, money and markets, as well as security. Now the terms of the relationship are changing. Asian countries are competing vigorously with America in the economic field. Their fast growth has given them the confidence to assert themselves, and to uphold the virtues of their own heritage. Attempts by the United States to bring them into line with its own values and interests have provoked resistance. They have generated tension with one Asian country after another, and made them more conscious of what they have in common. Rancour and hostility have come to qualify relationships that were formerly characterised mainly by goodwill, or at least tolerance. America remains confident that the deep divisions within Asia will ensure continued need for

America's military presence. That confidence may not always be as well founded as it has been in the past.

This book sets out to trace the evolution of America's relations with East Asia, and to see where past experience has a bearing on present problems. It takes a long view: the aim is to set the present in the context of the past, and not just the recent past. It tries to look ahead too — not in the sense of projecting economic trends and making predictions based on them, but rather in that of pointing out risks and opportunities. The collision that the title refers to is not inevitable: it is a danger to be recognised in advance, so that it can be avoided. The main message is that, to avoid such a collision, America must stop trying to remake Asia in its own image, and accept that Asians have their own ways of doing things. Americans still have much to teach Asians, as the latter recognise by going to study in the United States, but Americans also have much to learn from Asians. In particular, they need to relearn the self-discipline shown by their own forebears — how to give up good things today for the sake of a better tomorrow.

The book is based on 40 years' experience, reading and reflection. Much of my life has been spent dealing with various aspects of America's relations with Asia, from various places. Now I have tried to supplement my experience with further reading, so as to give a connected account of the development of those relations. To a large extent I have had to rely on others for facts: without their help I could not have hoped to cover such a wide field, and present the broad picture. The conclusions drawn are my own, even when similar ones have been drawn independently by other people. For anyone who wants to know how my views have arisen out of my experience, I have included a tailpiece entitled "The Eye of the Viewer".

Most of the book was written during the (northern) summer of 1993. Various interruptions prevented me from completing it until the autumn of 1995. In revising the original text, I have tried to take account of developments during the intervening two years, without changing the balance of the book. The original argument remains unchanged.

I am grateful to all those who have encouraged and assisted me in this project. Among them I am particularly indebted to Gerald Segal, Michael Yahuda, Max Beloff, Robert O'Neil, Richard Ullman,

Evelyn Colbert, Gary Hawke, Gideon Rachman and Tommy Koh. I also wish to thank those institutions which made it possible for me to re-visit East Asia and the United States in 1993 — notably the Asia Society in New York and the Carnegie Endowment in Washington. My friends and former colleagues have been more than generous with their hospitality — especially Denis and Anne McLean in Washington, Michael and Wen Powles in Peking, David and Jan McDowell in Tokyo, and John McArthur in Taipei. So has Anne Martindell in Princeton, who has been a staunch friend to me, and to New Zealand. My son David has shared with me some of his wide knowledge of China, if not all my views. My greatest debt is to my wife, Anne Blackburn: without her encouragement, tolerance and sustained support this book could not have been written.

INTRODUCTION

The Past and the Future

Many books have been written about the interaction between America and Asia. Is there any need to write, or read, another one now? The question may become less obvious as time passes, and tensions rise. At this stage three answers can be given, in ascending order of importance.

- Most of the existing books have been written by Americans or by Asians: for all their merits, few claim to be detached. And at the moment, detachment may not go amiss.
- Many of these books, and especially those written during the last couple of decades, deal with a single Asian country and its relations with the United States, rather than with the wider picture, and the interconnections between the relationships involved.
- Few of the books already available have been written since the Cold War ended.

The collapse of the Soviet Union radically altered the relationship between America and Asia. It removed the common threat that had kept the United States and most Asian countries working more or less closely together, and had kept the differences between them under control. It reduced, if it did not remove, the main constraint on the tensions that had already developed in most of the relationships. It has made them more fragile, and less

predictable. So the present situation is different from those that earlier books have dealt with. And it matters more than it sometimes has in the past, because Asian countries have become stronger. Their relations with the United States now have a greater potential, for good or ill, not only for Americans and for Asians, but for the rest of the Pacific world, and even for Europe.

The basic point is simple: America no longer needs Asian allies as it did during the Cold War. It may come to need them again in the future, but for the time being it does not, because it sees no threat it cannot meet alone, or in some temporary coalition. So Americans feel free to pursue their own interests, as they see them. And two interests seem to dominate their minds. The first is to strengthen the American economy, and to deal with pressing social problems. The second is to advance human rights and democracy wherever possible in the world. The assumption behind the latter is that American values are shared by other peoples — that everyone else wants what Americans want. The United States is therefore justified in using its influence, and if necessary its power, to advance its goals. It is inhibited only by the pressing need to get the American house in order, at least economically, and to avoid foreign commitments that may prove costly, in money or in lives. As regards Asia, the main concern of the United States is to reduce the trade deficits it has with the fast-growth economies, preferably by getting them to buy more American goods and services. But to many Americans it is no less important to get Asian governments to respect human rights and extend democratic institutions. Some want to use the economic power of the United States to promote these objectives. Most Americans assume that the divisions between Asian countries are so deep-seated, and so intractable, that the United States will have no difficulty in maintaining a dominant position in the Pacific, despite the growing strength of Asian countries.

The demise of the Soviet Union has not affected Asia in the same way. Even in the absence of an external threat like that from the Soviet Union, Asian countries still need America. Since 1945, the eastern side of Asia has been transformed into the fastest-growing part of the world economy. That transformation could not have come about, at least in such a short time, without American resources and American markets. But the result is

dependence on the United States. Although its share is declining, America still takes about a quarter of the total exports of the fast-growth Asian economies. Trade among them is growing, but they are still a long way from regional self-sufficiency. Divided by culture and history, they tend to be suspicious of one another. Some Asians even play up the divisions and fears to enhance their own influence. Nearly all want the United States to provide them with security, mainly against one another. To this extent, American assumptions are justified. But this is only one part of the picture.

During the past century or so, Asians have learned a lot from Americans — so much that some talk of "globalisation". The contemporary cultures of Asia are materialistic and egalitarian, and most Asian economies are market-based. But few Asians have fully accepted American political values.

Stability and continuity are important to them. Asian leaders have achieved a lot, for their peoples as well as themselves: the range of incomes in East Asia is narrower than in most other parts of the world, and incomes are higher. They have not relied much on democracy, and until recently they have not been much criticised for it, as least by Americans. They find it difficult to understand why they are being criticised more now, when their peoples generally are better off and have more freedom than in the past. When Americans claim to be upholding universal values, Asians tend to respond by stressing the strengths of their own cultures, and the weaknesses of others. The governments concerned come under some domestic criticism, but they usually retain broad popular support, as long as living standards are rising. Success is their main claim to authority.

For all the talk of "globalisation", Asian and American cultures are still very different. Most Americans are individualists: they value privacy, freedom, scope for initiative and enterprise. Asians put more store by the group they belong to — family, firm, or nation. They value loyalty and obedience, as well as security and stability. Duty and self-discipline matter more than freedom. In economic matters, Americans claim to put the interests of the consumer first: Asians admit to thinking first of the producer, and the country as a whole. Their approach tends to be longer-term, and they are more willing to forego immediate rewards. Asians

have a higher rate of saving, at both the individual and the national level. Americans tend to spend freely, and to live beyond their incomes. They do not readily accept increased taxes or make other sacrifices, unless they believe some great cause is involved. For 40 years, Communism provided such a cause: to defeat it, Americans did make sacrifices, as they had earlier to defeat Nazism. Now Communism has been defeated and discredited, and no comparable threat has emerged to give Americans a sense of purpose. What cause is there left that they will make sacrifices for?

Asian and American cultures are so different that closer contact can easily lead to conflict. Violence has played a large part in the development of the relationship: Americans have fought Asians three times in the past half century. The decline of Communism has reduced the danger of further conflict, but not eliminated it. Ideological differences are not, after all, the only ones that can create tension. Predictably, the triumph of capitalism has resulted in its fragmentation: Asian capitalism is no longer considered to be the same as Western capitalism. Differences over specific issues, when they become inflamed, are given wider significance, and begin to affect public attitudes to other countries. Nationalism re-emerges, in new forms, and aggravates the tensions. Without further acceleration of growth in the world economy, through the liberalisation of trade, such tensions are likely to escalate, and could eventually give rise to further conflict. In the light of the record, that possibility cannot be ignored. But war is not the most immediate danger.

Asian countries are becoming more interdependent: trade and investment within the region have grown fast, though no faster than that with the rest of the world. Yet regional co-operation is not nearly as developed as it is in Europe, or even in the Americas. Economic dynamism breeds competition, rather than co-operation. Many regional organisations have been set up in Asia, on both broad and narrow bases. Few have lasted for long, except ASEAN — and ASEAN has achieved more in the political sphere than in the economic. One reason is that Asian economies are still more parallel than complementary. They all depend on external markets, and especially on the United States. As long as the American market remains open, exclusive regionalism has

little attraction for Asian countries. The question is how long it will remain open. If the fiscal deficit were substantially reduced, deflation is likely to affect the demand for imports, from all sources, at least for a time. Asians are more worried about the North American Free Trade Agreement, which some fear will give Mexico an advantage over them in the United States, through its local content requirement. But what worries Asians most is that American attempts to force open Asian markets could lead to unilateral action, and more protectionism. High levels of unemployment in the Western world are increasing that danger in both Europe and North America. And Western markets take something approaching half Asia's total exports.

What would Asian countries do if the American market became less open? They find if difficult to work closely together, but they might then see no alternative. And co-operation might be easier for them if the United States were also pressing them on human rights and democracy. The regional conference held in Bangkok early in 1993, as a prelude to the United Nations meeting in Vienna, showed that human rights is an issue that can bring Asians together against the United States. The more America asserts its power, and uses that power to advance its political objectives, the more Asians are likely to resist. If the United States pushed human rights too hard, and used trade as a means of pressure, it might come to appear as a common threat to them, and help to overcome their divisions. America could conceivably do for Asia what Asia has so far been unable to do for itself — develop an effective form of regional co-operation.

America has done a lot for Asia. It has played a large part in raising the region from poverty to prosperity, and improving the living conditions of most people in it. But it has not fully succeeded in imparting American political values — not even in Japan, where the post-war occupation provided an unrivalled opportunity. Asian cultures have proved too tough, too resilient, for Americans to refashion. The Vietnam war showed that there is a limit to the price Americans will pay to achieve their own objectives in Asia, and that price is getting higher. Asian countries are growing stronger, and they are becoming more important to the United States as economic partners. If they formed some sort of trading bloc, they would have great bargaining power. The

interest of the United States clearly lies in encouraging them to stick to a multilateral approach to international trade, and letting them work out their own political arrangements. They will in any case develop in their own way, even if they use Western models, as Japan has shown.

Americans have long had a sense of mission towards Asia, and especially towards China. In the 19th century, and later, they tried to convert the Chinese to Christianity, with only limited success. Now it is democracy the Chinese are being asked to embrace. To Americans, democracy, like Christianity, is universally valid: to Asians it can look more like a Western ideology. The Chinese, like the Japanese, are determined to maintain their own identity: "globalisation" is not an Asian objective. Instead of going on trying to teach Asians, Americans might benefit by learning from them, at least in the economic field. The fundamental problem in the American economy is clear and simple. The country at large, and many of its people, are living beyond their means — consuming more than they produce, spending more than they earn. They are not peculiar in this: most of the Western world suffers from the same problem. But not Asia: Asians still know how to save. They do it by disciplining themselves, by taking long-term views of their own interests, by giving things up today for the sake of a better tomorrow. Americans once knew how to do this: they need to re-learn the lesson. Asians can help them.

This book traces the development of America's relations with China, Japan, and the countries adjacent to them. These are the parts of Asia in which the United States has been, and is, most deeply involved, and which are therefore most relevant to the subject. Americans were junior partners in the Western campaign to open up China, but they took the lead in opening up Japan. As the power of the United States grew, it asserted itself more: turmoil in China brought America into conflict with Japan, and led to a war that engulfed the Pacific. But when Japan was defeated, China fell under Communist control, not American. To prevent any further expansion of Communism, America went to war again, first in Korea and later in Vietnam. Public opposition made it impossible to sustain the effort. To extricate the United States, Nixon ended the 20-year confrontation with China, and came to terms with Mao. America and China worked more closely

together after Mao's death and the fall of the Gang of Four, but tensions arose over trade and human rights, and changes in the Soviet Union weakened the constraints on them. The Tiananmen incident in 1989 caused another swing in American attitudes, and opened a new round of confrontation. Meanwhile, Japan had emerged as a leading economic power, largely by exporting high technology products to America. Its success created a trade surplus, which helped to finance the American fiscal deficit, but aroused resentment, and generated protectionist pressures. South Korea, Taiwan, Hong Kong, and Singapore followed in Japan's footsteps, and got into similar difficulties with the United States. So did China as Teng's economic reforms bore fruit. Asians were migrating to America in large numbers: many did well, and aroused envy, which threatened to colour American attitudes to Asia again. Americans were worried about their economy, and their society: President Clinton called for sacrifice, at a time when the demise of Communism was making it harder to elicit. The United States began to press Asian governments harder on trade and human rights. They came together to resist the pressure on human rights, but not yet on trade.

The story has not ended: it will go on, probably for a long time. It is interesting in itself, and worth re-telling. It also carries a warning. America and Asia have clashed in the past, and could clash again in the future. Both sides are changing: Asia is steadily becoming stronger, both absolutely and relatively. Any future clash will not necessarily have the same result as those in the past.