

The United States and East Asia: The decline of long-distance leadership?

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The election of Barack Obama was a remarkable event in many ways. Not only was the election of a black, Democratic president a domestic milestone, but it was a potentially transformative moment for foreign policy, too. The administration of George W. Bush was responsible for some of the most divisive and counter-productive foreign policies of recent times. The standing and authority of the US had been steadily undermined as a consequence. It is clear that the election of Obama has already seen a dramatic improvement in sentiment toward the US around the world, something that bodes well for the US's 'soft power' and influence. One might expect, therefore, that US policymakers will once again be able to assert themselves in East Asia, a region in which the US has had a powerful presence and influence since the Second World War. While the region is not unique in this regard—the US as the world's sole remaining superpower has been a major factor in

the development of every other region, too—East Asia's post-war trajectory, both as the epicentre of international wars between 1945 and 1975, and as a rapidly advancing economic region throughout the era, has been especially marked by American influence.² Indeed, East Asia's recent development history, its intra-regional relations and its place in the overall international system might have been profoundly different were it not for its engagement with the United States. But will the US continue to exert such a powerful influence in the future?

To understand why the US might loom so large in East Asia's recent past and how its influence might be changing, we need to historicise its relationship with the region. This involves saying something about the nature of American power and the way it has been theorized. Consequently, the article begins with a brief consideration of the nature of 'American leadership', distinguishing it from the sort of institutionalised 'structural' power that has been an enduring part of American power and influence. The key point that emerges from this discussion is that the effectiveness and coherence of American

leadership in East Asia has fluctuated, and has not simply been a function of its underlying structural dominance. Indeed, while the contemporary international system has frequently being characterised as 'unipolar' and unparalleled, there are substantial grounds for thinking that the US capacity for exercising leadership is in decline.³ This article explains how this situation has come about. After first sketching the US's historical influence over East Asia, I explain the steady erosion of its leadership. This has come about, I suggest, partly as a consequence of the rise of China and a growing interest in an exclusive form of East Asian regionalism that excludes the US, but primarily because of America's own political, economic and strategic problems.

Bound to lead? Structure, agency and American power

Writing nearly twenty years ago, Joseph Nye argued that the US was 'bound to lead' the international system as a consequence of its overwhelming material and ideological dominance.⁴ In part, Nye was responding to Paul Kennedy's highly influential thesis, which claimed that American power was entering a period of inevitable and unstoppable decline brought about by 'imperial overstretch'.⁵ Such debates are not just historical curiosities, however. Precisely the same sorts of debates continue between those who think that American power is unparalleled and enduring,⁶ and those

who argue that its authority and even its material dominance have been eroded, especially by the costly and ill-advised wars in Iraq and Afghanistan.⁷ Before evaluating such ideas and their repercussions on US relations with East Asia, it is worth making some initial observations about the sources of American power.

One way of understanding how American influence operates, I suggest, is to distinguish between the 'structural' and 'agential' aspects of American power. Although structure and agency are deeply connected, mutually constitutive forces,⁸ it is useful to isolate the different properties associated with each to gain a clearer understanding of the nature of American power and influence. Only those countries that have enjoyed economic pre-eminence have been able to assert a concomitant influence over the international system,⁹ so it is worth spelling out how these forces have worked and why they have had such an impact on East Asia.

After the Second World War it was clear that the US had the world's largest and most dynamic economy and would play a major role in determining the shape of the emerging international economic order. One of the reasons that the US was able to exert such a profound influence on not only East Asia but also the rest of the world was this economic dominance. In 1953, the US alone accounted for around 45 percent of the world's manufacturing output,¹⁰ a situation which stands in marked contrast with

its current position of about 20 per cent, which China is expected to overtake by 2016.¹¹ Indeed, the rapid rise of China (and, to a lesser extent, India) as a global economic power has begun to undermine the primacy of the American economy,¹² something that has potentially major implications for its concomitant political influence. Initially, however, US dominance was entrenched in the Bretton Woods institutions, notably the International Monetary Fund, the World Bank, and the United Nations, and was deeply reflective of American values and preferences.¹³ When thinking about the sources of American power it is important to recognise the pervasive, enduring nature of its influence. This owes a great deal to the US ability to institutionalise an international order that reflected and enhanced its dominance,¹⁴ or turn structural potential into political agency. The possible unravelling of this multilateral order and the shift to a more unilateral foreign policy stance on the part of the US is, as we shall see, one source of its declining leadership influence.¹⁵

The links—and possible contradictions—between structural or material power on the one hand, and agential influence on the other, are also evident in US strategic dominance. Fifty years ago the US not only wielded formidable economic power through the activities of American multinationals and the centrality of its financial sector, but this was reinforced by what Chalmers Johnson described as a global ‘empire

of bases’ or military outposts.¹⁶ Of course, this is still the case, as those who emphasise the material elements of American primacy are quick to highlight.¹⁷ But the world was a very different place in the late 1940s and ‘50s; the military stand-off with the Soviet Union, and its expression in the Korean and Indochinese Wars, gave the military a prominence and importance it no longer enjoys. One of the most widely noted features of the contemporary international order is the decline of inter-state warfare,¹⁸ something that potentially robs the US of a good deal of influence and leverage. The fact that the financially-constrained Obama administration may be less enthusiastic about the military option than its predecessor may further diminish US strategic leverage that had already been undermined by the wars in Iraq and Afghanistan and the maladroit conduct of the ‘war on terror’.¹⁹ This situation stands in marked contrast with the febrile atmosphere of the Cold War, when America’s capacity to actively ‘lead’ and the willingness of other countries to follow—in the capitalist world, at least—was considerably enhanced. As Gaddis points out, much of the willingness of America’s allies to go along with its leadership flowed from the perceived legitimacy of the cause compared to the Soviet alternative,²⁰ America’s failings in Vietnam notwithstanding.

The importance of this ideational or ideological aspect of the Cold War in particular and of

American foreign policy more generally is also worth emphasising. While there is clearly an important structural aspect of recent US dominance of the international system,²¹ it is equally apparent that it has made an enormous difference to the constitution of the inter-state system that it has been *America* (rather than some other potential hegemon) that has been in the ascendant.²² This has been manifest in an ideological commitment to the promotion of liberalism and (to a significantly lesser extent) democracy, and to a particular view of itself as a force for enlightenment and good in world affairs.²³ Not only have such domestically rooted views about the unique historical role of the US given a distinctive cast to the nature of American foreign policy and influenced the way such policies have been pursued,²⁴ but they have made many American policymakers remarkably oblivious to the way America is perceived in the world. As Barry Buzan notes, the ‘combination of a benign self-image as the carrier of universal values and domestically driven foreign policy insulates the US from the idea that people abroad oppose it, or even hate it, because of its foreign policies rather than because they oppose or hate its values’.²⁵ This matters more now because of the declining legitimacy and thus authority of American policy. The potential importance of this point becomes clearer if the contemporary situation is contrasted with earlier phases of American dominance.

Historicising American hegemony reminds us that debates about the nature, impact and importance of American power are not new. Charles Kindleberger famously argued that the Great Depression was largely a consequence of a failure of American leadership to provide public goods, a stabilising influence, and an open economic system,²⁶ sparking a major debate about the nature and impact of American hegemony that continues to this day.²⁷ The fact that Kindleberger operated from a broadly realist position explains his state-centrism and emphasis on leadership rather than more encompassing, multi-dimensional notion of hegemony.²⁸ The key point to emphasise here is that American leadership matters today as it has throughout the post-war world, but its impact and content are powerfully mediated by contingent circumstances. At one level, as we have seen, this may reflect the bipolar structure of the post-war international order, and the size and importance of the US economy, especially for its capitalist allies. At another level, the content of American leadership—its agential component, if you will—is shaped by a combination of ideas, interests and institutional variables at both the international and national levels.

Post-war American foreign policy has shown remarkable continuity. The structurally imposed constraints of the Cold War may have made such an outcome in recent history entirely predictable, but Andrew Bacevich has persuasively argued

that a consistency of purpose has been a continuing characteristic of American foreign policy even in the post-Cold War period. Bacevich suggests that a commitment to ‘openness’ has been the continuing ‘Big Idea’ underlying recent American policy:

the removal of barriers to the movement of goods, capital, people and ideas, thereby fostering an integrated international order conducive to American interests, governed by American norms, regulated by American power, and, above all, satisfying expectations of the American people for ever-greater abundance.²⁹

While it is possible to quibble about both the extent of America’s support for the universal liberalization of population flows, and its commitment to reducing its own barriers to trade, nevertheless Bacevich highlights some important continuities in American policy. But it is one thing to have some consistency of purpose, it is quite another to see this supported and realized. For that to occur, policy—especially that of another country—must enjoy a degree of authority, legitimacy, or the promise of some instrumental pay-off that makes support or at least acquiescence worthwhile. The rest of this article looks at the evolution of American foreign policy in East Asia and argues that the sustaining

confluence of structural and agential factors that sustained American hegemony for so long are beginning to unravel.

History, hegemony and East Asia

Hegemony differs from leadership, and both aspects of American power are evident in its relations with East Asia. America’s military primacy was demonstrated vividly in its defeat and subsequent occupation of Japan, positioning the US to play a leading role in the construction of East Asia’s bifurcated post-war international order. But hegemony means more than simply imposing foreign policy preferences on weaker or subordinate powers. For hegemony to be enduring it requires a degree of consent and support from less powerful states—something both radical and liberal theorists of hegemony have highlighted.³⁰ What was striking about American hegemony in the post-war period was that for many of its allies it offered a number of potential long-term advantages, which generally outweighed possible disadvantages that came with American dominance. It is worth spelling out what these were, as the calculus of advantage has started to shift, despite the persistence of the earlier structures of dependency and domination.

Two inter-connected, but distinct and differentially realized aspects of America’s post-war relations with East Asia were vital in underpinning its overall dominance. On the one hand, the multilateral institutional order

associated with the Bretton Woods regime, broadly understood as the World Bank, the IMF and the General Agreement on Tariffs and Trade, held out the prospect of integration into what would prove to be a highly effective and expansionary economic order, and which provided strong incentives to join the US side. The incentives included access to the world's largest market on favorable terms. On the other hand, a series of bilateral, 'hub and spokes' relationships in East Asia constituted an America-centric security architecture that profoundly influenced the trajectory of regional development. Indeed, while helping to prop up American allies, it effectively foreclosed the possibility of meaningful regional integration until the end of the Cold War.³¹ Some observers suggest that the historical animosities that are such a prominent and endlessly invoked part of East Asian history 'virtually *bid* the United States to play the "hub"'.³² The reality is more complex: not only did the US treat post-war Asia very differently from Western Europe,³³ but from the start the Americans played an interventionist role in directly shaping East Asia's post-war order. The logic and impact of American bilateralism was most obvious in the reconstitution of Japan as a pivotal, subordinate part of the region's strategic architecture.³⁴ That Japan has remained in a dependent and subordinate position that has effectively prevented it from exercising regional leadership despite its economic renaissance is testimony to the durability and importance of the

relationships established in this period.³⁵

It might be objected that Japan is not a 'normal' country and its historical ties to the US are atypical. While there is something in this,³⁶ it is still the case that the US has effectively determined the shape of the region's security institutions and its intra-regional relations—even for those countries that are not allies. The most obvious manifestation of this possibility, of course, was the US involvement in the region's two major wars in Korea and Vietnam. Somewhat surprisingly, participation in these bloody conflicts did little to undermine the idea that regional stability was dependent on the continuing strategic presence of the US in East Asia, despite stalemate in the first and US defeat in the second. Whatever the merit of this idea, (and it is not as widely or uncritically supported as it once was),³⁷ it is plain that it has influenced the evolution of the region's institutional architecture. The most enduring multilateral institution in the developing world—ASEAN—owes its existence, in large part, to the Cold War divisions that American grand strategy helped entrench, and to the prospect of America's strategic withdrawal from the region under the rubric of the Nixon Doctrine.³⁸ Similarly, two of ASEAN's most significant claims to fame—the resolution of the conflict in Cambodia and the establishment of the ASEAN Regional Forum—have been dependent on an absence of American opposition.³⁹ Even what has

arguably proved to be the pivotal moment in East Asia's post-war history—the rapprochement between the US and China which ultimately opened the way for the latter's rise via its reintegration into the international system—occurred more as a consequence of shifts in American rather than Chinese or East Asian policy.⁴⁰

The potential paradoxes of American policy were evident in the differences between, and impact of, America's economic and strategic goals as they became increasingly separate and disconnected over time.⁴¹ The most obvious expression of American influence was strategic: its policies reinforced ideological divisions across the region and help explain the limited amount of regional political integration that occurred there as a result. At the economic level, however, the consequences of American policy have been less obvious and immediate, but may have greater long-term ramifications in an era where inter-state war is less common. Indeed, it is hard to overstate the importance of much of East Asia being revitalised within the framework of an America-centric, capitalist hegemony, especially given China's recent incorporation into the global economy.

One of the key consequences of this period generally and the priority the US attached to capitalist consolidation in particular was, America's declaratory rhetoric notwithstanding,⁴² frequently anti-democratic. The exigencies of the

Cold War era actually helped consolidate the 'strong' states of Japan, South Korea and Taiwan and the patterns of US intervention that were their hallmark.⁴³ As far as America's hegemonic influence and its capacity to exercise decisive leadership were concerned, this period highlighted the limits and contradictions of its overall position. To be sure, the US was able to shape the overall structural configuration of the international system, especially during the Cold War, but it is equally clear that enthusiasm about, and support for, American economic practices was less than fulsome or universal. Indeed, the persistence of a degree of antipathy, if not outright hostility, toward the more doctrinaire aspects of the 'Washington consensus' is a surprisingly common feature of East Asia's integration into the international economic order the US did so much to constitute.⁴⁴

This was especially galling for the Americans given the otherwise unambiguous success of their overall engagement with the region. The 'East Asian miracle' may have owed much more to prosaic forms of state-led development than that label implies, but the net result, at least, was unambiguous: American aid and markets in combination with the efforts of East Asia's developmental states underpinned an historically unprecedented economic expansion across much of Northeast Asia.⁴⁵ The nurturing of successful capitalist economies may have fulfilled a crucial strategic objective in the struggle with

communism, but it also created sources of relentless competition which would steadily undercut America's economic strength at home and abroad.⁴⁶ The emergence of first Japan and subsequently China as formidable economic competitors and—paradoxically—critical sources of capital, owes much to the creation of an 'open' international economic order generally and existence of seemingly insatiable American consumers in particular. Attempting to reconcile the different objectives of strategic and economic policy would become a major problem for the US as it also found itself having to rapidly adjust to the new post-Cold War international order that it had done so much to bring about.

Life as a normal nation

In the aftermath of Japan's decade-long recession, during which it became synonymous with policy inertia and economic under-achievement, it is easy to forget just how concerned American policymakers were with the possibility that Japan might overtake it economically.⁴⁷ Throughout much of the 1980s in particular, there was an influential literature that described a seemingly inexorable process of American decline and which depicted an international order 'after hegemony'.⁴⁸ We now know, of course, that such prognoses were at least premature. But before considering the current situation, and what I suggest is the continuing erosion of American leadership, it is worth reminding ourselves of why the US seemed to be in decline.

Two points emerge from this period generally and from America's relationship with Japan in particular. First, despite the relentless application of bilateral pressure by the US on Japan's policymakers, it is debateable how much was achieved. Despite the seemingly interminable trade talks of the 1980s and early 1990s, the extent of Japanese trade liberalisation was modest, and most likely only where there was a domestic constituency in Japan that added additional leverage.⁴⁹ As far as wider structural reforms and the adoption of American norms and practices are concerned, the record has been even more ambiguous: market-oriented reform has again been partial and perhaps inadvertent.⁵⁰ This leads to the second point: where the greatest change has occurred as a consequence of American 'leadership', it has often come about as a consequence of longer-term, unintended consequences of very different initiatives. The greatest consequence of American leadership in this context was arguably the Plaza Accord which, while failing to do much about its ostensible target—America's trade deficit with Japan—had the effect of creating Japan's 'bubble economy',⁵¹ which would ultimately have far-reaching impact on Japan's domestic political-economy in general and the governance of its financial sector in particular.⁵²

The point to emphasise again is the disjuncture between, and differential impact of, elements of American power. The fact that the US economy

had been, and remained, of critical importance to Japan and its distinctive, politically embedded, export-dependent economy,⁵³ meant that it had potential leverage over Japanese policymakers. Such leverage was reinforced by Japan's strategic dependence and subordination, a position which has only recently shown signs of change.⁵⁴ As a consequence, many in Japan have felt compelled to cooperate with the Americans and, indeed, make concessions with tangible outcomes, at times.⁵⁵ However, there were plainly limits to what American pressure could achieve. While some observers consider America's 'penetrated hegemony' a source of strength that allows legitimacy-enhancing access by subordinate powers,⁵⁶ others fret about the way that American policy has been defined by the actions of powerful foreign and domestic lobbies.⁵⁷ But whatever the confluence of forces that shaped the discursively realised and protean content of American foreign policy, it was plain that it was not always motivated by Kindlebergian concerns about systemic stability. Notably in the presidency of George W. Bush, American policy was dedicated to the pursuit of a narrowly conceived, bilaterally pursued 'national interest'. Consequently, expectations about the potentially beneficial impact of American hegemony on the international economy were invariably unfulfilled as the US was frequently often a source of instability.⁵⁸

The decline of long-distance leadership

Much has been written about the East Asian financial crisis of the late 1990s and its aftermath,⁵⁹ and there is no intention of adding to that literature here. However, the crisis proved to be something of a turning point for both intra- and inter-regional relations and it is worth spelling out why as this period had major implications for American leadership in the region.

The first point to emphasise is that American actions in the aftermath of the crisis were frequently seen to be opportunistic, insensitive, and unhelpful. Consequently, they were widely resented across much of the region.⁶⁰ While it may have been the IMF that made the actual attempt to impose neoliberal reforms on Asian economies, (of a sort that had been resisted before the crisis), American dominance of the international financial institutions made it easy for Asian leaders to connect the dots.⁶¹ The fact that the policies proposed by the IMF were widely viewed as inappropriate and counter-productive added to the generally negative perceptions of American conduct in the immediate post-crisis atmosphere.⁶² In the longer term, the most enduring impact of the crisis may have been to transform much of the received wisdom in East Asia about the region itself, its relationship to the wider world, and what many continued to see as the inescapable necessity of American primacy.⁶³

Three factors were especially important in

catalysing this change. First, the crisis made it painfully obvious to East Asian policymakers that there were potential costs as well as benefits from integration into a global economy, especially one characterised by rapid, massive movements of mobile capital.⁶⁴ Second, it was clear that, in the event of such a crisis, the region was heavily reliant on external assistance and vulnerable to the intrusive, reform agendas of actors from outside the region. Finally, it was equally apparent that the region had little indigenous capacity to deal with such crises, and hardly any effective leadership within the region itself. Paradoxically, therefore, East Asia's much discussed leadership failures⁶⁵ may yet provide the most important challenge to, and erosion of, America's long-distance, de facto, sometimes inadvertent, leadership of the region. Indeed, some believe that 'the American approach in Asia has created a leadership vacuum into which China can and has adroitly stepped'.⁶⁶

The rise of long-term leadership competition

China was the only country to emerge from the East Asian crisis with its position unambiguously improved.⁶⁷ China's 'responsible' attitude, especially its willingness to maintain the value of its currency and not add to the region's downward economic spiral, was greatly appreciated in the region. More than that, China's constructive role contrasted with that of the US and of its key ally Japan: not only were Japan's own leadership aspirations initially

snuffed out by the US, but it was seen by some observers as having been responsible for the genesis of the crisis itself as a result of the implosion of its economy in 1990.⁶⁸ Moreover, Japan's own attempts to play a constructive leadership role by underwriting a regionally based currency swap scheme were thwarted by the US and its own deference.⁶⁹ In such circumstances, China's position was significantly enhanced, not only because its high-speed growth continued through the crisis, but especially as its increasingly deft regional diplomacy reinforced its emerging structural power. It is worth briefly indicating just how much China's position in the region has changed, because it has direct implications for the US and helps to explain the erosion of American influence.

Two aspects of the 'rise of China' are especially germane. First, and most tangibly, the remarkable expansion of China's economy—a consequence of its incorporation into a capitalist international order shaped by American hegemony—has transformed its relationship with its neighbours.⁷⁰ One of the key reasons that East Asia recovered so rapidly from the effects of the crisis was that China provided a major catalyst for regional growth. Not only has China become of central importance to the countries of East Asia, but America's position is less vital than it once was.⁷¹ Indeed, the dependence on China and Japan for continuing inflows of capital to

fund the US budget and trade deficits, making it possible to maintain its consumption pattern, marks a major shift in the balance of power between East Asia and North America, and a significant erosion of America's material dominance.⁷² Even if this latent leverage is too risky for any other state to utilise without triggering a major economic and political crisis, it still marks a potentially major turning point in the relative standing of the US and China in the regional and global economic and financial order.⁷³ This profound, continuing reconfiguration of the underlying patterns of economic integration in the region is significant enough in itself but, in China's case, it is being reinforced by a surprisingly sophisticated and effective 'charm offensive' that is winning over formerly nervous, if not hostile neighbours.⁷⁴ Such realignments are bound to have an impact on the relative standing of the US, especially when its own actions stand in such sharp contrast, most notably in the Iraq and Afghan Wars.

Thus, while China has become an enthusiastic participant in a range of multilateral forums including ASEAN +3 and the Shanghai Cooperation Organisation,⁷⁵ American foreign policy during the Bush-Cheney years would become increasingly unilateral and confrontational.⁷⁶ Throwing off the constraining influence of multilateral obligations has always had its attractions as far as the US is concerned,

but during the George W Bush administration in particular, succumbing to the 'hegemonic temptation' and embracing unilateralism became the US's defining characteristic.⁷⁷ Given the influence of so-called neoconservative thinking within the Bush administration,⁷⁸ and the long-standing desire to exploit the strategic leverage that unipolarity seemed to confer,⁷⁹ the outcome was to weaken the US position internationally. What was less obvious was how this possibility would be reinforced by the increasing emphasis on security in the wake of September 11. US foreign policy was significantly reconfigured, undermining the foundations of the most distinctive and enduring aspects of American hegemony and leadership: its legitimacy-conferring, confidence-inducing, multilateral institutionalisation.⁸⁰ In this regard, it is striking how rapidly and extensively attitudes toward the US turned negative, and not just in the Middle East where its policies have had the most deleterious impact.⁸¹ While the 'war on terror' may not have been solely responsible for this transformation in attitudes, the relentless American emphasis on security made life awkward for some of the states of Southeast Asia in particular, where governments must walk a fine line between support of US policies and often hostile national sentiment.⁸² In this context, the development of a less intrusive, more 'pragmatic' and development-oriented 'Beijing consensus' has begun to assume a greater attraction for those primarily concerned with

national rather than international security.⁸³

The Obama administration, of course, promises significant change from its predecessor, and great hopes are held about what this may mean for inter-regional relations. Certainly, the rhetoric has changed, and much greater importance is attached to multilateralism and cooperation.⁸⁴ Cynics might observe, that George W. Bush had come to office promising to make the US a 'humbler' nation, a pledge that would prove to be almost laughably at odds with reality. Whatever the foreign policy style and rhetoric of the Obama presidency, many prominent American observers continue to believe that the US remains an indispensable actor in East Asia and elsewhere, no matter who may be running the country.⁸⁵ And yet it is clear the US cannot get its way as easily as it once did, and the rise of new centres of power among the so-called BRICs are creating new challenges for American diplomacy.⁸⁶ The limits to US influence and its possible institutional marginalization are becoming clearer in East Asia.

One of the most tangible manifestations of this possibility can be seen in the creation of new institutions in East Asia that self-consciously *exclud*e the US. A number of points are worth emphasising about this development. First, for a region that is stereotypically seen as being 'ripe for rivalry',⁸⁷ eternally on the point of conflagration, and wracked by barely contained instability and animosity, the fact that any form

of indigenous regionalisation is taking place is worthy of note. Not only has there not been a major war in the region since 1975, but China has been an increasingly integrated and important part of the regional economy since the Sino-US rapprochement of the early 1970s. Indeed, intra-regional relations have improved so much that there is possibly an excess of regional initiatives and suggestions for institutional development, which threaten to become too much of a good thing and suggest that a process of institutional shakeout may occur in the future.⁸⁸ Second, it is highly significant that the development of ASEAN+3, which seems poised to become the most important regional grouping, is coalescing around China.⁸⁹ While it remains to be seen quite how important this grouping will become, it is noteworthy that it has emerged at all, given that a similar Malaysian-sponsored initiative was effectively derailed in the mid 1990s by a combination of American opposition and a concomitant Japanese leadership failure.⁹⁰

For some observers, the re-emergence of China at the centre of East Asian affairs is something of a return to 'normal', and not something that American policymakers should necessarily become too exercised about.⁹¹ Predictably, enough, however, it is something that many American observers *are* concerned about.⁹² The fact that 'the United States' finds it so difficult to react to China's rise with any consistency tells us much about the constraints on and

counterproductive nature of American leadership in the contemporary era. As Christensen points out, one of the paradoxical consequences of America's East Asia policy has been 'to improve [China's] relations with its neighbors diplomatically and economically at least in part as a hedge against US power and the fear of encirclement by a coalition led by the United States'.⁹³ Equally importantly, the dynamics embedded within the political economy of the US-China relationship mean that there are limits to what the US can now do: on the one hand, America is highly reliant on continuing inflows of capital, on the other, China's position in the international division of labour makes it a pivotal cog in global production (and consumption) processes, and one that many American business elites have a vested interest in preserving.⁹⁴

The Obama administration confronts a very different geopolitical and economic landscape in East Asia than did its predecessor. On the one hand, the legacy of the 'war on terror' may constrain the new administration in surprising ways: terrorism is not considered as pivotal an issue as it once was and while this may allow the US to improve its image in the region, it may also deprive it of some strategic leverage. The victory of the Democratic Party of Japan in the 2009 elections and the pledge by the new prime minister Yukio Hatoyama to make Japan's relationship with the US more independent is

highly significant, as is Australia's decision to consider pulling out of Afghanistan.⁹⁵ That two such key allies would feel less obligated to the US is a telling indication of the shifting strategic calculus in the region. In Japan's case this rather belated pursuit of policy independence has been driven in part by the realisation that it is simply no longer part of the most important bilateral relationship that the US has in East Asia.⁹⁶

China is not only effectively bank rolling the US government and providing an increasingly important market for its neighbours,⁹⁷ but it is rapidly assuming a regional and international leadership position to match its economic importance. As a result, the US finds itself excluded from potentially important regional institutions like ASEAN+3 and the East Asian Summit; even familiar institutions are evolving or taking on new forms. The demise of the G7/8 in favour of the G20 is one example of the ways in which new players are being included in multilateral processes, which may undermine the influence and centrality of the US.⁹⁸ Even more tellingly, perhaps, the possible development of a so-called 'G2' between the US and China is a striking symbol of the new international order and the relative fortunes of its two key members.⁹⁹ In such circumstances, even a relative improvement in the reputational standing of the Obama administration may not be enough to offset the long-term decline in the material basis of the waning US hegemony.

Concluding remarks

When attempting to gauge the extent of American influence or leadership in East Asia, much depends on the time frame we adopt. When seen in the long sweep of history, the fact that there is no longer an ideological rival in the region, and that China is a capitalist country in all but name, are clearly developments of the utmost significance. The symbiotic economic relationship that has developed between the US and China is even more remarkable. China's successful incorporation into the global capitalist economy is largely a product of America's hegemonic influence and plainly of overall benefit to America's strategic position. Significantly, US policy during the Cold War—the period in which this transformation was incubating—was characterised by a high degree of integration in the agential and structural components of American power. Not only was the unambiguous ascendancy of the American economy of crucial importance to the rest of the world, but American policymakers were able to reinforce this material dominance in an institutional order that reflected its norms and furthered its broadly conceived national and strategic interests.

The foundations of this earlier order look more fragile than they once did. True, the Bretton Woods institutions are still with us, but their authority is less assured. The recent crisis that had its origins in the US not only raised

questions about the durability of Anglo-American capitalism, but also highlighted a more fundamental long-run problem: the material importance of the US economy to East Asia is simply not as great as it once was. On the contrary, of late it is the US that has become increasingly dependent on East Asia generally and China in particular to underwrite its budgetary position. Without the continuing willingness of countries such as China and Japan to continue buying American government debt, the policy options of the US government will be increasingly constrained. True, this is something of a two-way street that poses dangers for lenders as well as the borrowers,¹⁰⁰ but the net effect has surely been to diminish the relative attractiveness of the Anglo-American model. After all, unlike the first 'Asian crisis', this one was unambiguously made in the heartlands of neoliberal capitalism.

While the structural dominance of American economic interests may be in decline, it is of course possible that effective policy might limit or even reverse some of the damage inflicted during the Bush years. The great hope for the US is that the Obama administration will prove more effective than its predecessor. At one level, it could hardly be otherwise. At the same time, though, the 'rise of China' places inevitable constraints on what the US can and cannot do, a possibility that is increasingly recognised by the Obama administration itself.¹⁰¹ As far as East Asia

is concerned therefore, not only is the material preponderance of the US being steadily eroded, but its ideational influence is not as great either—especially as China’s diplomacy and continuing economic growth begins to provide an alternative model of development. If China’s growth and seemingly inexorable rise can be sustained, it seems inevitable that it will steadily undermine the US ability to provide long distance leadership. Indeed, it is no longer difficult to imagine East Asia generally and China in particular assuming a more independent and influential role on the world stage.¹⁰²

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(<http://www.amazon.com/dp/0230000339/?tag=theasipacjo0b-20>), and *Institutions of the Asia-Pacific: ASEAN, APEC, and Beyond* (<http://www.amazon.com/dp/0415465044/?tag=theasipacjo0b-20>). He wrote this article for *The Asia-Pacific Journal*.

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See also the author’s *East Asian Regionalism and the End of the Asia-Pacific: After American Hegemony*

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Notes

¹ An earlier version of this paper appeared in Dent, Christopher, ed., (2008) *China, Japan and Regional Leadership in East Asia* (Cheltenham: Edward Elgar). I would like to thank Mark Selden for some very constructive and insightful suggestions. The usual caveats apply.

² See Pew Global Attitudes Project here (<http://pewglobal.org/reports/display.php?ReportID=264>).

³ There is an extensive literature and debate about the nature of unipolarity and the possibility of decline. See, for example, Ikenberry, G.J., Mastanduno, M. and Wohlforth, W.C. (2009) 'Introduction: Unipolarity, state behavior, and systemic consequences', *World Politics* 61(1): 1-27; Joffe, J (2009) 'The default power', *Foreign Affairs* 88 (5).

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⁶ Zuckerman, M.B. (1998) 'A second American century', *Foreign Affairs* 77:18-31

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- ⁹ Arrighi, G. (1994) *The Long Twentieth Century: Money, Power, and the Origins of Our Times* (London: Verso).
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- ¹³ Latham, R. (1997) *The Liberal Moment: Modernity, Security, and the Making of Postwar International Order* (New York: Columbia University Press).
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- ¹⁷ Wohlforth, W.C. (2002) 'US strategy in a unipolar world', in G.J. Ikenberry (ed.), *America Unrivalled: The Future of the Balance of Power* (Ithaca, NY: Cornell University Press): 98-118.
- ¹⁸ Väyrynen, R. (2006) 'Capitalism, war, and peace: Virtual or vicious circles', in R. Väyrynen (ed.), *The Waning of Major War: Theories and Debates* (London: Routledge): 239-79.
- ¹⁹ There is already a vast literature detailing US failings in Iraq in particular and in its conduct of the war on terror more generally. See, for example, Ricks, T.E. (2007) *Fiasco: The American Military Adventure in Iraq* (London: Penguin); Galbraith, P. (2007) *The End of Iraq: How American Incompetence Created a War Without End* (Simon & Schuster).
- ²⁰ Gaddis, J.L. (2004) *Surprise, Security, and the American Experience* (Cambridge, Mass.: Harvard University Press), p 64.
- ²¹ This is, of course, a point that is made most forcefully by a predominantly north American brand of neo-realist scholarship. See Waltz, K.N. (1979) *Theory of International Politics* (New York: McGraw-Hill). For a critique of the scholarly myopia this has induced, see Smith, S. (2002) 'The United States and the discipline of international relations', *International Studies*

Review 4 (2): 67-85.

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²² Reus-Smit, C. (1999) *The Moral Purpose of the State*. (Princeton, NJ: Princeton University Press); 88.

Ruggie, J.G. (1993) 'Multilateralism: the anatomy of an institution', *International Organization* 46:561-598.

³⁰ See respectively, Cox, R.W. (1987) *Production, Power, and World Order: Social Forces in the Making of History* (New York: Columbia University Press); Ikenberry, *After Victory*

²³ Smith, T. (1994) *America's Mission: The United States and the Worldwide Struggle for Democracy in the Twentieth Century* (Princeton: Princeton University Press); McDougall, W.A. (1997) *Promised Land, Crusader State: The American Encounter with the World Since 1776* (Boston: Mariner Books).

Beeson, M. (2007) *Regionalism, Globalization and East Asia: Politics, Security and Economic Development* (Basingstoke: Palgrave).

²⁴ Mead, W.R. (2001) *Special Providence: American Foreign Policy and How It Changed the World* (New York: Alfred Knopf).

War structures replicate the earlier colonial divisions between core and periphery that proved such an obstacle to regional economic and political integration. I am indebted to Mark Selden for this observation.

²⁵ Buzan, B. (2004) *The United States and the Great Powers: World Politics in the Twenty-First Century* (Oxford: Polity), p 164

³² Joffe, J. (1995) "'Bismarck" or "Britain"?' Toward an American grand strategy after bipolarity', *Foreign Affairs* 14, p 114. [Emphasis in original].

²⁶ Kindleberger, C.P. (1973) *The World in Depression 1929-1939* (Berkeley: University of California Press).

³³ Beeson, M (2005) 'Re-thinking regionalism: Europe and East Asia in comparative historical perspective', *Journal of European Public Policy* 12 (6): 969-85.

²⁷ For an overview of the literature, see Beeson, M. (2006) 'American ascendancy: Conceptualising contemporary hegemony', in Beeson, M (ed.), *Bush and Asia: America's Evolving Relations with East Asia* (London: RoutledgeCurzon): 3-23.

³⁴ Schaller, M. (1997) *Altered States: The United States and Japan Since the Occupation* (New York: Oxford University Press).

²⁸ See Rapkin, D.P. (1990) 'The Contested Concept of hegemonic Leadership', in Rapkin, David P. (ed.), *World Leadership and Hegemony* (Boulder: Lynne Rienner): 1-19.

³⁵ McCormack, G. 2005. 'Koizumi's coup.' *New Left Review* 35:5-16; Hughes, C.W. and A. Fukushima, (2004) 'US-Japan security relations: Toward bilateralism plus?', in E.S. Krauss and T.J. Pempel (eds.) (2003), *Beyond Bilateralism: US-Japan Relations in the New Asia-Pacific* (Stanford: Stanford University Press): 55-86.

²⁹ Bacevich, A.J. (2002) *American Empire: The*

- ³⁶ Hook, G.D. et al. (2005) *Japan's International Consensus', Journal of Development Studies* 41 (2): 197-219. (London: Routledge).
- ³⁷ Alagappa, M. (2003) 'Managing Asian security: Competition, cooperation, and evolutionary change', in M. Alagappa (ed.), *Asian Security Order: Instrumental and Normative Features* (Stanford: Stanford University Press), p 595.
- ³⁸ Yahuda, M. 1996. *The International Politics of the Asia-Pacific, 1945-1995* (London: Routledge).
- ³⁹ Haacke, J. (2003) *ASEAN's Diplomatic and Security Culture* (London: Routledge Curzon).
- ⁴⁰ Cumings, B. (1999) 'Still the American century', *Review of International Studies* 25: 271-299.
- ⁴¹ Mastanduno, M. (1998) 'Economics and security in statecraft and scholarship', *International Organization* 52: 825-854.
- ⁴² Smith, *America's Mission*
- ⁴³ Woo-Cumings, M. (2005) 'Back to basics: Ideology, nationalism, and Asian values in East Asia', in Helleiner, E. and Pickel, A. (eds.) *Economic Nationalism In a Globalizing World* (Ithaca: Cornell University Press): 91-117. Nor should American scholars and policymakers be surprised at this seemingly contradictory outcome: increased militarization and the preoccupation with security had a similar, if less marked impact on the US itself. See, Hogan, M.J. 1998. *A Cross of Iron: Harry S. Truman and the Origins of the National Security State 1945-1954* (Cambridge: Cambridge University Press).
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- ⁴⁷ Vogel, E.F. (1980) *Japan as No 1: Lessons for America* (Cambridge, Mass. : Harvard University Press).
- ⁴⁸ Keohane, R.O. (1984) *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press); Kennedy, Rise and Fall.
- ⁴⁹ Schoppa, L.J. (1997) *Bargaining with Japan: What American Pressure Can and Cannot Do* (New York: Columbia University Press).
- ⁵⁰ Lincoln, E.J. (2001) *Arthritic Japan: The Slow Pace of Economic Reform in Japan* (Washington: Brookings Institute Press).
- ⁵¹ Brenner, R. (2002) *The Boom and the Bubble* (London: Verso).
- ⁵² Calder, K.E. (1997) 'Assault on the Bankers' Kingdom: Politics, markets, and the liberalization of Japanese industrial finance', in M. Loriaux and et al. (eds.), *Capital Ungoverned: Liberalizing Finance in Interventionist States* (Ithaca: Cornell University Press): 17-56.
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- ⁵⁴ Dickie, M. and Russell, A. (2009) 'Okada seeks to redefine Japan-US relations' *Financial Times* September 17.
- ⁵⁵ George, A. (1997) 'The role of foreign pressure (gaiatsu) in Japan's agricultural trade liberalization.' *The Pacific Review* 10:165-209.
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- ⁵⁸ Beeson, M. And Broome, A. (forthcoming) 'Hegemonic instability and East Asia: Contradictions, crises and American foreign policy', *Globalizations*
- ⁵⁹ Robison, R. et al. eds. (2000), *Politics and Markets in the Wake of the Asian Crisis* (London: Routledge); Haggard, Stephan (2000) *The Political Economy of the Asian Financial Crisis* (Washington: Institute for International Economics).
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- ⁶⁷ Breslin, S. (2008) 'Towards a Sino-centric regional order? Empowering China and constructing regional order(s)', in Dent, C. (ed.), *China, Japan and Regional Leadership in East Asia* (Cheltenham: Edward Elgar): 131-155.
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cooperation—initiatives that are occurring despite US opposition—adding to the impression of declining US influence. See Katada, S.N. (2002) 'Japan and Asian monetary regionalisation: Cultivating a new regional leadership after the Asia financial crisis.' *Geopolitics*7:85-112.

⁷⁰ Ziegler, Dominic (2007) 'China and Its Region: Reaching for a renaissance', *The Economist* March 29.

⁷¹ *The Economist* (2007) 'Test of stamina', April 14, p 87.

⁷² Murphy, R.T. (2006) 'East Asia's dollars.' *New Left Review*40:39-64; Ravenhill, J. (2006) 'US economic relations with East Asia: From hegemony to complex interdependence?' in M. Beeson (ed.) (2007) *Bush and Asia: America's Evolving Relations with East Asia* (London: Routledge): 42-63.

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⁸⁰ Ikenberry, G.J. (2004) 'The End of the Neo-Conservative Moment.' *Survival*46:7-22; Beeson, Mark and Higgott, Richard (2005) 'Hegemony, institutionalism and US foreign policy: Theory and practice in comparative historical perspective', *Third World Quarterly*26 (7): 1173-88.

⁸¹ In Europe and Asia, the numbers of those holding 'favourable views' of the US has also dropped sharply. Even in apparently stalwart allies like Australia, positive feeling toward the US and China were about the same, as were expectations that they would behave 'responsibly' in international affairs. See respectively, Pew Global Attitudes Project (2006) *America's Image Slips, But Allies Share U.S. Concerns Over Iran, Hamas* (Pew Research Center: Washington). Available here (<http://pewglobal.org/reports/display.php?ReportID=252>); Cook, Ivan (2006) *Lowy Institute Poll 2006: Australia, Indonesia and the World* (Lowy Institute: Sydney). The latest survey results demonstrate just what a difference the Obama administration has made to international attitudes toward the US. From a low of 55% approval in the UK and 39% in France, favourable views have grown to 69% and 75% respectively under Obama. There have been similarly dramatic transformations in approval ratings among Muslim publics in key countries such as Turkey and Indonesia. See Confidence in

Obama Lifts US Image Around the World, (Pew Research Centre: Washington), available here (<http://pewglobal.org/reports/display.php?ReportID=264>).

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⁸⁷ Friedberg, Aaron (1993/94) 'Ripe for rivalry: Prospects for peace in a multipolar Asia', *International Security*18 (3): 5-33.

⁸⁸ In addition to Asean+3, which includes Japan, China, and Korea as well as the ASEAN countries, there have been discussions about and/or meetings of an East Asian Summit, an East Asian Community, and various permutations of ASEAN plus or minus. See Pempel, T.J. (2006) 'The race to connect East Asia: An unending steeplechase', *Asian Economic Policy Review*1239-254.

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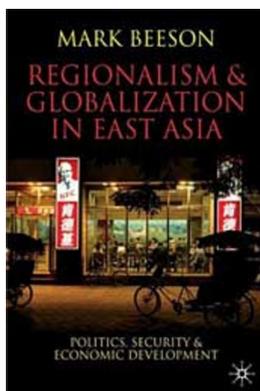
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