



Munich Personal RePEc Archive

U.S. Foreign Policy and Asia: Peace and Prosperity or Instability and Crisis?

Khan, Haider

University of Denver

September 2013

Online at <https://mpra.ub.uni-muenchen.de/50167/>

MPRA Paper No. 50167, posted 25 Sep 2013 03:04 UTC

U.S. Foreign Policy and Asia:
Peace and Prosperity or Instability and Crisis?

Haider A. Khan
Joseph Korbel School of International Studies
University of Denver
Denver, CO 80208
hkhan@du.edu

September 2013

Abstract:

Should the U.S. reassess its grand strategy and as part of this reassessment change its policy perspective strategically in Asia? These are difficult and contentious questions. However, given the current turbulence in global politics and political economy, their importance is undeniable. I argue that the US should change its grand strategy, giving up hegemonic practices and working multilaterally with other nations---particularly the BRICS in order to achieve the twin related goals of global peace and economic prosperity. U.S. policy towards Asia is much more than mere regional policy. As the largest continent on our planet, to a large extent Asia holds the key towards the global future for better or worse. U.S. relations with Asia are, therefore, crucial for any reasonable assessment of various pathways to the global future. It is my hope that wise reciprocal (or even wise unilateral U.S.) policies will open the door towards a better planetary future. Part of this changed strategy will be to build the institutions for a hybrid global financial architecture where regional financial architectures play a crucial role for averting financial and economic crises. To this end cooperating with East Asia in particular is of great strategic significance.

Key Words: Grand Strategy, East Asia, Turbulence, hybrid global financial architecture, regional financial architecture

JEL Classifications: F3, F6

U.S. Foreign Policy and Asia:
Peace and Prosperity or Instability and Crisis?

Should the U.S. reassess its grand strategy and as part of this reassessment change its policy perspective strategically in Asia? These are difficult and contentious questions. However, given the current turbulence in global politics and political economy, their importance is undeniable. What I have to offer here are the beginnings of some serious analytical arguments - nothing more. But it is my hope that this will lead to further reflections and launch us on the way to achieve the twin related goals of global peace and economic prosperity. Thus, to use a musical metaphor, the underlying *basso continuo* in my argument is that U.S. policy towards Asia is much more than mere regional policy. As the largest continent on our planet, to a large extent Asia holds the key towards the global future for better or worse. U.S. relations with Asia are, therefore, crucial for any reasonable assessment of various pathways to the global future. It is my hope that wise reciprocal (or even wise unilateral U.S.) policies will open the door towards a better planetary future.

The end of cold war led to what some have called the “unipolar moment”. U.S. interventions in Asia and elsewhere since the end of cold war have led some prominent scholars in International Relations and Security Studies to question the US grand strategy. For example, referring to U.S. interventions in this period, Prof. Christopher Layne remarks thoughtfully:

Few raised their eyebrows about Panama (1989) or Haiti (1994, 2004). After all, the United States has a track record of wielding a big stick to maintain stability in its own backyard. But the two wars with Iraq (1991, 2003), the U.S. military interventions in the Balkans (Bosnia in 1995, Kosovo in 1999), and the invasion of Afghanistan (2001) do stand out. The first war with Iraq was fought to exert U.S. geopolitical primacy in the Gulf. The Balkan interventions aimed to “strengthen Washington’s control of NATO, the major institution for maintaining U.S. influence in European affairs” and to “project American power into the East Mediterranean region where it could link up with a growing U.S. military presence in the Middle East.” Afghanistan allowed the United States to do more than go after al Qaeda and the Taliban. The United States shored up its strategic position in the Middle East while simultaneously extending its reach into Central Asia and, in the process, challenging Russia’s influence in Moscow’s own

backyard.

Had the cold war not ended it is doubtful that the United States would have fought these wars. Why did the cold war's end lead to a new wave of U.S. expansion? That's easy. After the Soviet collapse, the United States stood head and shoulders above the rest of the world, militarily and economically. The United States, moreover, was imbued with an expansive conception of its world role and its interests. By removing the only real check on U.S. power, the Soviet Union's demise presented the United States with the opportunity to use its capabilities to exert more control over - to "shape" - the international political system and simultaneously to increase its power. When the risks of doing so appear low — and the potential rewards appear high — states with lots of power usually succumb to the temptation to use it. In the years since the cold war the United States has extended its strategic reach because it had the motive, means, and opportunity to do so.

(Christopher Layne, *The Peace of Illusions*, Ithaca: Cornell Univ. Press, 2006: 2)

To the historically informed and sensitive observers, these events require deep reflection. Like Great Britain at the end of WWI, U.S. today is no longer a creditor nation. In fact, it is the biggest debtor nation in recorded history. Since the financial crisis and the great recession, the developed parts of the world economy have been in deep economic and social crisis. Although the BRICS and some other developing economies show healthy signs of growth, the worsening of wealth and income distribution in developing and developed countries alike, are deeply destabilizing trends. Indeed signs of looming crisis are everywhere. Under these circumstances, the order of the day should be seeking multilateral solutions to economic and political security problems.

But Asia does present special problems for the U.S. It is not only geographically vast, it is also enormously complex with a rich and complicated history. We can simplify by dividing Asia into four regions-- Middle East and Central Asia, East Asia, Southeast Asia and South Asia. Even in this simplified geopolitical and geo-economic scheme, I cannot hope to do justice to all the problems in all the sub regions. I will quickly mention the most salient problems in the three other regions before focusing a bit more on East Asia. But before turning to this let me point out some recent trends in rethinking US diplomatic history in the region.

Beginning at least with the distinguished historian, Charles S. Maier's "Marking Time: The Historiography of International Relations, other scholars such as Sally Marks and Christopher Thorne attracted the attention of responsible historians to the parochialism, lack of linguistic and area training and thus the inability of the US IR and History scholars to "enter the texture of a foreign society"(Thorne 1988). Partly as a response to these challenges, a group of scholars such as Odd Arne Westad, Chen Jian, Qiang Zhai, Shu Guang Zhang, Michael Sheng, Fredrik Logevall, Mark Bradley and Yukiko Koshiro have joined earlier distinguished group that includes the likes of Akira Iriye, Bruce Cummings and Robert J. McMahan.

Our own distinguished colleague Prof. Suisheng Zhao has made many important contributions in the areas of Chinese Nationalism and Chinese Foreign Policy. Thus the practical policy makers today in the US, if they so desire, do have a lot of reliable scholarly sources to go to particularly with respect to East Asia.

With this background for East Asian policy challenges in mind I will now turn to the sub-regions in Asia.

The main problems in Middle East are--- without exaggeration or dramatization - maintaining peace, distributing the gains from resource development to the people in the region and elsewhere in developing countries. Here, the major initiatives will have to come from the people in the region themselves. But the U.S. can play the role of a facilitator and honest broker while protecting its own legitimate national interest.

In South and Southeast Asia the problem is not so much to establish democracy as to deepen it. In the process, regional cooperation will need to be enhanced a great deal. Here, the ASEAN is a good example. But the SAARC falls short by a great deal. Perhaps from the U.S. perspective, engaging through APEC and bilaterally with South Asia on economic and cultural - educational - scientific cooperation holds the greatest constructive possibility and hope for the future.

I now turn to East Asia. This is the area that since the late 19th century beginnings of the U.S. open door policy has engaged the attention of U.S. policy matters the most. And rightly so. After the dramatic first half of the twentieth century, the key foreign policy strategy of containment was applied to East Asia in the post - Korean war

environment in an atmosphere of deep tension. Unfortunately, this tension still exists today. The engagement with PRC since 1971, has been a major success for U.S. policy. But for too many U.S. policy makers it is still set within the previous coldwar- like framework. To many observers it seems that the fear from rising Japan in the late 1980s appears to have been transferred to China in the 21st century.

Without ignoring the serious and potentially destabilizing threat from North Korea, it is clear that only a flexible diplomatic strategy that is based on mutual cooperation between U.S., China, Japan and the smaller powers in the region can ensure peace. The further long run strategic goal should be promote gradual confidence building measures, cooperation in specific economic and political disputes in providing energy, environmental, trade, and financial security. Ultimately, this should be tied to the grand strategy of collective security in the region. This will preserve, indeed deepen the economic benefits to the U.S. Equally important, over time, it will extricate the U.S. from politically and militarily costly entanglement in East Asia.

For all these reasons strategically focusing on and ongoing with East Asia should be the cornerstone of the shift in U.S. grand strategy over the next decade.

I now wish to focus on one specific area crucial for ensuring economic prosperity once peace prevails. This is technically called the problem of establishing a new global financial architecture. But I will deal with it as non – technically as possible.

It has been shown that IMF must and can change in a direction which allows for greater national policy autonomy (Khan 2013,2011,2008a,b, 2006, 2004). It has also been shown that the IMF needs complementary regional institutions of cooperation in order to create a stabilizing hybrid global financial architecture that will be more democratic and pro-development in terms of its governance structure and behavior. Thus regional financial architectures will need to be integral parts of any new global financial architecture (GFA).The tentative steps taken towards regional cooperation in Asia since Asian financial crisis are discussed to illustrate the opportunities and challenges posed by the need to evolve towards a *hybrid* GFA. The opportunities and challenges arising from the current global crisis should be analyzed in this context. Such

an analysis pinpoints the need for the US to play a significant constructive role in both reforming the IMF and supporting East Asian regional financial architecture.

Conclusion:

By 2007 most foreign policy commentators had concluded that the unipolar moment had passed. As Samantha Power observed (quoted in Cohen, NYT, Nov. 12, 2007) the “core fact of recent years” had been the erosion of U.S. power. In today’s world the vast U.S. military power seem less important than economic capabilities. The global economic position of the U.S. is much weaker than ever before since WWII. Bush’s tax cuts, enormous war expenditures in Iraq and Afghanistan and increases in military budget generally have produced stratospheric deficits. After the first world war the U.S. had switched from being a big debtor to Europe, particularly U.K., to being the largest creditor with dollar edging out the pound sterling by 1929 (Eichengreen 2012). Today the U.S. is the world’s largest debtor country. Every year it is compelled to borrow more than 800 billion dollars from China, Japan, South Korea and other nations. In the recent crisis, U.S. economy is at best partially buoyed up by attracting funds from other nations that pour their surpluses into U.S. corporations and financial institutions.

This is a highly unstable situation financially and politically. A soft landing requires wise planning, partial withdrawal with off – shore hegemony or less by U.S. and strategic peaceful engagement with East Asia as a major partner.

Can this be done? Can the U.S. really manage it? While the challenge may seem overwhelming, the U.S. of all the nations in our planet has indeed an immensely rich foreign policy tradition from which to draw valuable lessons and apply them. These include:

the imaginative defensive pragmatism of the peacemakers of 1780s and 1790s as manifested by the basic realism of Washington, Hamilton and Adams; the shrewd mixture of idealism and practicality of Jefferson, Monroe, John Quincy Adams and Lincoln; the cultural and diplomatic flexibilities displayed by the likes of Townsend Harris and Dwight Morrow; the exemplary commitment to public service shown by Elihu Root, Eugene Meyer, Henry Stimson and Many others; the brave and noble if partly misguided fourteen points of Wilson; the amazing intuitive grasp of complex foreign policy issues by FDR — to mention only a few. The tradition continues till

today.

However to use the famous expression of Abraham Lincoln, the North Americans must “disenthrall” themselves from chauvinistic and simplistic ideas about the U.S., its history and role in the world. No nation has ever been nor will ever be God’s chosen people. Prudence in engaging with the world and especially prudence in the use of still considerable U.S. power will be increasingly necessary to avoid disaster. As the New York Times columnist Roger Cohen wrote in 2007 (Oct.1):

“The American idea can still resonate...[but]...our leaders must embody it rather than impose it.” This wisdom applies with particular force with respect to Asia, especially East Asia.

References:

Khan, Haider A.(2004) *Global Markets and Financial Crisis: Towards a Theory for the 21st Century*, Basingstoke, UK:Macmillan/Palgrave

------(2006). “Managing global risks and creating prosperity : the role of the IMF and regional financial architectures” in Junji Nakagawa,ed. *Managing Development: Globalization,Economic Restructuring and Social Policy*, Routledge:17-41.

------(2008a) “Can Obama Do It?” in *Globalization, Development and Democracy* , <http://gddn.blogspot.com/> Last accessed Feb.11,2011.

------(2008b) “Making Globalization Work: Towards Global Economic Justice. MPRA , Munich, Germany. <http://mpra.ub.uni-muenchen.de/7864/> Last accessed Feb. 11, 2011.

------(2011), “ Analyzing the Impact on Financial Crisis on Developing

Countries,” Report submitted to the UNDP, NYC

----- (2013). “Development Strategies: Lessons from South Korea, Thailand, Malaysia and Viet Nam”, in Augustin Fosu ed. *Lessons from Successful Development Strategies*, Oxford: Oxford University Press: