

FOREIGN POLICY ANALYSIS AND THE IR OF ASIA*

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What are some “big important things” about the international relations of post-Cold War Asia that IR theorists and foreign policy analysts will want to explain? The relative peace and stability of the region (so far) is one, in part because many expected it to be otherwise. The economic dynamism of the region might be another, notwithstanding the financial crises of the East (late 1990s) and West (late 2000s). The conventional view is that international outcomes such as stability and economic dynamism are best explained by theories of international relations. Insofar as these outcomes are the results of interactions between states, IR theories pitched at the systemic level are best suited to teasing out the constraints faced by states--such as the need to balance power or liberalize the economy—and that supposedly shape their behavior (Waltz 1979, 71-72, 121-122; Rose 1998, 145).

If the conventional view has merit, where does Foreign Policy Analysis or Foreign Policy Decision-Making (hereafter, FPA) fit in the scheme of explaining the big picture items? Nowhere, according to the conventional view. This Chapter argues that the conventional view is mistaken. FPA has important contributions to make in explaining the relative peace and economic dynamism of post-Cold War Asia. Unit level variables intrinsic to FPA such as threat perception, national identity, ideology, and leadership are indispensable to understanding those outcomes. These are not the only variables that matter, for much

depends on the decisions or outcomes to be explained. This Chapter, however, will give pride of place to these variables in illuminating Asia's relative peace and economic dynamism. While it is true that FPA explanations are less parsimonious than those advanced by structural IR theories, this Chapter will demonstrate that they are able to solve puzzles or anomalies raised by structural explanations. In so doing, FPA brings us closer to understanding the relative peace and economic dynamism, arguably the two critical wings of the contemporary IR of Asia as a whole.

This Chapter also makes a second claim: the United States is so deeply embedded in the international relations of Asia in general, and implicated in the region's relative peace and economic dynamism in particular, that its role needs to be systematically incorporated into the analysis. Resident power or not, the U.S. presence is palpable throughout the region. The two major "hot" wars it fought during the Cold War were in Korea and Vietnam and its post-Cold War posture in the region has been considered and purposeful, culminating in the Obama administration's pivot or rebalancing to Asia in 2011. The centrality of the U.S. to Asia means that it is not possible to analyze the international relations of the region without reference to the U.S. This in turn implies that understanding the factors that shape U.S. foreign policy—including the FPA variables referred to above—needs to be part and parcel of our attempt to understand the international relations of Asia. While the analysis to follow will focus on the FPA variables driving the foreign policies of the major Asian players, it will also devote sustained attention to the factors shaping U.S. policies toward Asia.

Before delving into the FPA approach, it is necessary to clarify our key terms and their inter-relationship. Relative peace and stability refer to the substantially lower frequency and intensity of major conflicts and crises in post-Cold War Asia, compared to the Cold War era. It is akin to the term "security order" that Muthiah Alagappa used to characterize post-Cold War Asia (2003). There has been no major wars in post-Cold War Asia like Korea and

Vietnam, or even short wars like the China-India border war (1962), Vietnam's invasion of Cambodia (1978) and China's attack on Vietnam (1979), the main exception here perhaps being the India-Pakistan Kargil war of 1998. By economic dynamism we mean the strong economic performance of the majority in East Asia, including China, India, South Korea, Taiwan, Singapore, Thailand, Malaysia, and Indonesia. Most of these countries have been able to achieve 6-8 percent GDP growth year after year for decades, not counting the Asian financial crisis years and its immediate aftermath. They have weathered the Western financial crisis that began in 2008 better than the U.S. and Europe, further reinforcing the perception that the world's center of economic gravity is shifting to Asia. The record of the Russia and the Central Asian states is more mixed; the description of dynamism fits them less well.

The two outcomes—relative peace/stability and economic dynamism—will be analyzed independently, and we will not touch on their inter-relationship until the end of the Chapter. Although one variant of (liberal) IR theory posits a strong link between economic interdependence and peace (Mansfield and Pollins, 2003; Goldsmith 2007), we will assume an agnostic position on the issue for two reasons. First, the relationship is not universally accepted: extremely high levels of economic interdependence between the European nations in the early 20th century failed to prevent World War I. More alarmingly, in recent years, high levels of economic interdependence between China and Japan, and between Japan and Korea, have not diffused territorial spats in the East China Sea, although these disputes have yet to spiral out of control. Second, and more central for our purposes, Asia's economic dynamism is not synonymous with Asian economic interdependence. Today's dynamism is fuelled in part by deepening interdependence, but the region was experiencing strong and resilient growth decades before it became highly economic interdependent. It was not until the 2000s that the Asian economies became more tightly enmeshed; before that, the Asian "tigers" were more economically interdependent with the U.S. and Europe than among

themselves. Analysts of the Association of Southeast Asian Nations (ASEAN), for example, tend (rightfully) to dismiss economic interdependence as a factor in explaining their peaceful relations simply because the most economically vibrant ASEAN states were far more deeply enmeshed with the U.S. economy than with the other ASEAN countries. We will return to the inter-relationship in the Conclusion, but it is worthwhile to stress that in the analysis to follow, there is no implied link—positive or negative—between relative peace and economic dynamism.

1. Foreign Policy Analysis as an Approach

At its simplest, FPA seeks to illuminate the factors and processes that led state A to adopt policy B with respect to issue C. For example, Graham Allison's *Essence of Decision* (Allison and Zelikow, 1999), widely considered a classic FPA work, sought to explain why the United States (A) chose the naval blockade option (B) as a means of “persuading” the Soviet Union to withdraw the missiles it had placed in Cuba (C). The factors and processes—or independent variables—he examined were rational cost-benefit calculations (Model I), organizational processes (Model II), and governmental politics (Model III), and the argument of the book was that Models II and III filled critical gaps in our understanding of why the Kennedy administration chose the naval blockade. The latter, conceived of as the decision outcome, was the dependent variable, and (theoretically speaking), could have ranged from doing nothing to an invasion of Cuba.

As the above example indicates, FPA focuses on a state's decision-making. Or as Gideon Rose put it:

[T]heories of foreign policy....take as their dependent variable not the pattern of outcomes of state interactions, but rather the behavior of *individual states* [italics]

mine]. Theories of foreign policy seek to explain what states try to achieve in the external realm and when they try to achieve it (1998: 145).

In explaining the individual state's external behavior, the FPA analyst relies implicitly or explicitly on three analytical constructs: the decision-maker(s), the decision-making process, and the decision outcome. The holy grail of FPA is to explain the decision outcome, which should be distinguished from the policy outcome. The typical FPA work will therefore home in on the (key) decision-makers, including the ideas and/or ideological convictions they bring to the job; the input of other relevant actors, such as the intelligence agencies, the military, and the treasury; and the activities of pressure groups such as lobbies and even non-governmental organizations (NGOs). By examining how these actors interact during the decision-making process, and assessing their respective influence, the FPA analyst constructs a narrative that tells us how the decision was reached.

The Chapters in parts II and IV of this volume, which focus on the foreign economic and security policies of the individual Asian states, employ these FPA analytical constructs and variables to account for the foreign policy of the state concerned. To be sure, different Chapters adduce different variables to explain the foreign policy of the state under examination; however, one would expect to see repeated references to the relevant decision-makers (e.g. Prime Minister Juichiro Koizumi of Japan), the decision-making process (e.g. the input of the Foreign Ministry vs that of the military), and the decision outcome (e.g. visiting the Yasukuni shrine). In such a discussion one would also expect unit level variables to assume pride of place in the analysis (Hill 2002; Alden and Aran 2011; Jong and Moon 2010, 358-59).

Despite the obvious importance of FPA in the study of international relations, it is a field or approach that dare not speak its name. Scholars invariably prefer to label their work

as contributions to international relations rather than foreign policy analysis, even when it is manifest that they are contributions to FPA. The reason for shunning the FPA label can probably be attributed to the strong and successful distinction between FPA and IR that Kenneth Waltz made in *Theory of International Politics* (1979). For Waltz, IR seeks to explain a few big important things, whereas FPA deals with “why state X made a certain move last Tuesday” (1979, 121). While he acknowledged that “the clear perception of [systemic] constraints provides many clues to the expected reactions of states, but by itself the theory [of international politics] cannot explain those reactions” because the latter “depend not only on international constraints but also on the characteristics of states” (1979, 122), his description of FPA left the reader in little doubt that international systemic approaches held the high (theoretical) ground. This position would only be justified if the “clues” provided by systemic theory repeatedly outperform those based on “state characteristics” in explaining “state reactions.” As I shall try to demonstrate in my analysis of the IR of Asia, this is not the case: structural IR theory comes across as inadequate in illuminating “state reactions” in Asia. It leads to one puzzle after another, which can only be solved by bringing in unit level factors or state characteristics.

To be sure, sophisticated analysts such as Waltz and Rose point to the necessity of combining systemic and unit level variables to achieve satisfactory explanations of state behavior. Out of this suggestion has emerged neoclassical realism, an approach that takes, as its point of departure, neorealism’s emphasis on the distribution of power (and the resulting systemic constraints facing states), and combines it with unit level factors to explain state behavior. Neoclassical realism tends to stress the interactions between the systemic and unit level variables, although the former tends to be privileged in the sense that it is seen as setting the broad parameters within which states concoct their foreign policies (Zakaria, 1998; Lobell, Ripsman, and Taliaferro, 2009).

From the perspective of FPA, however, the question for both neorealism and neoclassical realism is whether those broad parameters are so broad that one could drive a truck through them. That is, are the systemic constraints so broad or loose (“unconstrained”) that the policy choices run the entire gamut, from “do nothing/little” to “use military force”? Consider Waltz’s poster child example of how bipolar systemic pressures gave President Harry Truman little choice but to intervene with military force in Korea in 1950: “President Truman, at the time of the Korean invasion, could not very well echo Neville Chamberlain’s words in the Czechoslovakian crisis by claiming that the Koreans were a people far away in the East of Asia of whom Americans knew nothing. We had to know about them or quickly find out” (Waltz 1979, 170). To the Korean intervention, one might add Lyndon Johnson’s decision to fight in South Vietnam in 1965 to prevent it from falling under North Vietnamese control. Concerns about the Soviets using the North Koreans, and the Chinese using the North Vietnamese, to expand their respective influence in Asia were undoubtedly factors in U.S. decision-making during the Cold War.

Yet this picture of how the Cold War bipolar system induced the U.S. to fight in Korea and Vietnam runs into serious difficulties when one considers the other Asian cases where bipolar pressures should have, but failed to, persuade the U.S. to intervene: China (1949), Vietnam (1954) and Laos (1961). In these cases, the U.S. chose not to intervene to forestall communist victories, in effect countenancing “losing” them to the other side. Holding international structure constant, we thus observe diametrically opposite U.S. policy choices (Khong 1992, 72-83). This suggests two things. First, the correlation between (the bipolar) structure and U.S. military action is most likely to be spurious; and second, something other than structure is doing the heavy lifting when it comes to explaining U.S. military intervention in Asia during the Cold War.

2. Puzzles of Post-Cold War Puzzles in Asian Security

If the most influential structural IR theory, neorealism, seems unable to explain the pattern of U.S. military interventions in Asia during the Cold War era, it seems even less able to deal with the three big empirical puzzles of the post-Cold War era: why the U.S. has not withdrawn from Asia, why Asian actors are not balancing the U.S., and ultimately why the region has seen relative peace and stability. Solving the first two puzzles, I argue, will give considerable traction on solving the third.

The most cited analyses of post-Cold War Asia's security trajectory predicted that the region would retreat to a "back to the future" or "ripe for rivalry" scenario, based largely on the following narrative. First, the structure of the international system would shift from bipolarity to multipolarity in the aftermath of the Cold War. With multipolarity, the U.S. would have less reason to maintain a strong military presence in Asia, and would therefore withdraw partially or completely (Buzan and Segal 1994; Friedberg 1994). A power vacuum would result, causing the resident great powers such as China and Japan to try to fill it by jockeying for power. Power politics of the pre-World War II era would return and Asia would become the "cockpit of great power conflict" (Friedberg 1993/1994, 7).

This scenario, based largely on a neorealist understanding of structure and its effects, has not materialized. To begin with, the international system changed from bipolarity to unipolarity, not the multipolarity expected by the "back to the future" scenarios (Wohlforth 1999). It is unclear how unipolarity constrains the U.S., if at all. It may be argued that unipolarity gives the U.S. a free hand, i.e. it can do whatever it pleases, in which case it begs the question of how the U.S. settles on what pleases it. On the other hand, it may be argued that unipolarity will prompt the other powers will counter balance the U.S. Hence, it would be wiser for the U.S. to retrench from Asia and revert to the role of an offshore balancer at the height of its prowess (Layne 2006). Structure, as usual, gives conflicting answers to what the U.S. forward military posture in Asia should be.

Whatever the systemic pressures, the U.S. did not retrench from the region. The U.S. did leave its naval and air bases in the Philippines when the latter, in a fit of nationalistic assertion and avarice, demanded a price for staying that the U.S. refused to pay. President George H.W. Bush's East Asian Strategy Initiative (EASI) also advocated the gradual withdrawal of U.S. troops from South Korea and Japan, from the early 1990s through to the year 2000. However, in both Southeast and Northeast Asia, fears of U.S. retrenchment proved short lived. Nations such as Singapore, Malaysia, and Indonesia, concerned about the diminished presence of the U.S. in their region, were quick to offer the U.S. use of their naval facilities. Similarly, plans for significant troop reductions in Korea and Japan did not go very far. The Nye Report of 1995 halted the EASI planned withdrawals, stabilizing U.S. troops in East Asia at 100,000, on the grounds that America's security interests in East Asia required a strong military presence in the region. Why were U.S. interests so defined? In the next section, we focus one of the FPA variables discussed above—how national identity shapes threat perception—to illuminate this question.

3. Threat Perception: Challenges to the U.S. as the Asian Pacific Power

If threat perception were simply a function of aggregate or offensive power (Walt 1987), the US would not much to worry about in Asia. The Asian countries, on the other hand, would have a lot to worry about, given America's military preponderance. The questions then become: why the US has seen fit to maintain its preponderance in Asia and why this has not triggered counter balancing by the Asian countries. In the case of the US, an identity-based hypothesis--America's conception of itself as an Asian Pacific power—is better able to account for America's continued hegemony in Asia. As Samuel Huntington argued in *Who Are We*, "National interests derive from national identity, We have to know what we are before we can know what our interests are" (2005, 10). In terms of its post-World War II national identity, the U.S. has always seen itself as an Asian Pacific power,

with deep interests in the region: alliances were created, sea lanes were protected, capitalism expanded (including opening up its markets to Japan, South Korea, and Taiwan). But the U.S. was not just one of several Asian Pacific powers, it saw itself as, and aspired to be, *the* Asian Pacific power. It is this self-perception that shapes US construction of potential threats in Asia.

Most accounts of the U.S. during the Cold War accept this assumption of the U.S. as the hegemonic power in Asia (Van Ness 2002; Ikenberry 2004). In that sense, North Korea's 1950 invasion of the South, backed by the Soviet Union and China, and North Vietnam's 1961 war of national liberation against southern Vietnam, backed by China, may be seen as challenges to U.S. hegemony. The U.S. fought the wars in Korea and Vietnam to maintain its primacy in the region and its credibility worldwide. The U.S. managed to restore the status quo ante in Korea (considered a defeat in the 1950s since it failed to liberate North Korea when China entered the war) but failed to prevent Vietnam from falling under communism. From the U.S. perspective therefore, a region in which it has fought two land wars, at a cost of over 100,000 American lives and countless billions, has to be central to U.S. security.

This conception of being an Asian Pacific power and *the* primary one becomes even more pronounced after the Cold War. As one of the early post-Cold War Defense Planning Guidelines of the Pentagon put it, the goal of U.S. strategy was to prevent the rise of "a new rival" or "hostile power" capable of dominating the key regions of the world (New York Times, 1992). In 1992, the top two regions where such peer competitors might emerge were thought to be Europe (Germany) and Asia (Japan); as an Atlantic as well as an Asian Pacific power, the U.S. sought to maintain its military preponderance and political influence in both regions. Far from retrenching, the U.S. encouraged the expansion of NATO in Europe, and consolidated its bilateral alliances in Asia. All five of America's Asian military allies were

“upgraded” to the status of Major Non-NATO ally: Australia, Japan, and South Korea in 1989; Thailand and the Philippines in 2003. The 1997 Review of the guidelines on US-Japan Defence Cooperation specified Japan’s expanded security role “the areas surrounding Japan” and was widely seen as a successful attempt at renewing and reinforcing the US-Japan military relationship. The latter was further strengthened by the George W. Bush administration’s “Defense Policy Review Initiative (DPRI). The Bush administration was also pro-active in encouraging U.S. allies and partners in Asia—in particular Japan, Australia, and India-- to deepen their political-military cooperation, with or without the U.S. (Twining 2007, 87-88).

The Obama administration’s rebalancing or pivot back to Asia in 2011 merely reaffirms this conviction on the part of U.S. policymakers that Asia is critical to its security and the method of ensuring U.S. security is primacy. (Clinton 2011; Bader 2012). In a sense, the pivot seems to say that the U.S. had been distracted by the wars in Iraq and Afghanistan, and as the U.S. retrenches from the Middle East, it is refocusing on Asia. In the future, 60 percent of the U.S. naval power projection will be in Asia. So, while it is not certain what the unipolar structure of world politics implies for the U.S. position in Asia, one can more easily infer that America’s conception of itself as an Asian Pacific power is enough for it to maintain its military presence, contra analysts who predicted withdrawal in the 1990s, in Asia.

4. Explaining the Paucity of Asian Counter-Balancing

If the U.S. is indeed militarily preponderant in Asia and intends to keep it that way, a second puzzle arises: why so few in Asia are resisting this primacy? Balance of power theory would expect many to augment their own hard power and to form alliances—formal or informal—to balance the power of the U.S., so that it will not be able to lay down the law on

matters of strategic importance in Asia. Yet counter balancing against the U.S. is scarcely happening. The post-Cold War military expenditures of the ASEAN states which are not U.S. allies show an upward trajectory, but they are primarily explained by military modernization (made possible by economic growth), worries about immediate neighbors and, to some extent, China. If anything, ASEAN has been at the forefront of embedding U.S. military power in the region. After some initial jitters in the early 1990s, the U.S.-Japan security relationship has been strengthened through revision of the guidelines and Japan's greater willingness to allow its Self-Defense Forces to play supporting but non-combat roles in U.S. or U.N.-led regime change or peace building operations. In recent times, Japan's strategic worries have focused on North Korea, China, and Russia (Defense of Japan 2012).

As the rising power, the China would have most reason to balance American power in Asia. Yet the consensus is that China is not doing that. China is modernizing militarily, it is developing technologies and capabilities that will give it asymmetric advantages in its neighborhood. But these capabilities are focused primarily on deterring the US in the event of conflict with Taiwan and not on challenging the U.S. role and military presence in Asia. China is militarily so far behind the United States (and Japan) that it will be several decades before its "internal balancing" can hope to approximate U.S. (not to mention its allies) military prowess.

China remains reluctant or unable to form coalitions in Asia to counter the preponderance of the U.S. With the exception of Laos, Cambodia, and Myanmar, the rest of ASEAN are either military allies of the U.S. or are more closely aligned with the U.S. than with China in military-security terms. Malaysia and Singapore, for instance, are members of the Five Power Defence Arrangements in the event that Australia is embroiled in a military conflict on the side of Malaysia and Singapore, the U.S. (at least in the 1960s) saw itself as having obligations to come to Australia's help under the ANZUS treaty. The Shanghai

Cooperation Organization (SCO) has been seen by some as a potential focal point for a China-Russia initiative to balance U.S. power in Central Asia. Balancing the U.S. is not high on the agenda of the SCO, in part because China and Russia are competing to influence the Central Asian members and in part because mutual trust among Central Asian states such as Kazakhstan and Uzbekistan remains low (Olcott 2008, 236, 249). Moreover most of the Central Asian states prefer to focus on their role in the Organization for Security and Co-operation in Europe (OSCE), suggesting an interest in diversifying their strategic links westward instead of exclusive concentration on the East.

4. 1. Threat Perception: History, Geography, and Ideology

An understanding of why there is virtually no counter-coalition in the making (against the U.S.) will need to take into account threat perceptions (Walt 1987). Threat perceptions are not simply a function of aggregate power; if they were, Asian states would see the United States as a threat and balance against it. In Asia, history, geography, and ideology are especially salient in constructing or assessing threat. Where a neighbor has attacked and/or subjugated another (as Japan has Korea, China, and much of Southeast Asia), where a state with revolutionary ideology has attempted to spread that ideology (as Mao's "wars of national liberation" convulsed the new states of Southeast Asia), or where a state displayed hegemonic ambitions (as Japan did before World War II and Indonesia did in the 1960s)—these historical legacies play a crucial role in the way threats are assessed.

Thus memories of Japanese imperialism in Asia go a long way in explaining why strategic trust of Japan tends to be skin deep. The fact that Japan has been reluctant to own up to its actions during World War II adds to the distrust. That is a major reason why most in Asia—including China—view the U.S. presence as playing a stabilizing role. The U.S.-Japan alliance reassures Japan and perpetuates the condition where Japan renounces force as

an instrument of policy. Put differently, the U.S. presence and the U.S.-Japan alliance reassure Japan and restrains it from becoming too “normal.” A “normal” Japan, i.e. one that incorporates military force as an instrument of foreign policy, will evoke memories of Japan’s imperial past in Asia, (especially China) and be perceived as a strategic threat. Similarly, the founding members of the Association of Southeast Asian Nations (ASEAN)—Thailand, Malaysia, Singapore, Indonesia, and the Philippines—saw China as a threat during the Cold War because of the latter’s support for domestic communist insurgents within their borders. These ASEAN states were very much aligned with the U.S. during the Cold War, and this remains true even after the Cold War.

For historical, ideological, and geographical reasons—all unit level factors—the U.S. is therefore perceived by most in Asia as the least threatening power in the region. It is for this reason that virtually no one is balancing U.S. power in the region. The general preference is for U.S. military preponderance and hegemony to continue, in large part because of the assumption that it is that that brings peace and stability. At least that seems to be the experience of the Asian countries since the 1980s. Their frequent invocations of the “balance of power” notwithstanding, the majority of Asians assume that (American) hegemony undergirds the stability of the region. Memories of the 1950s and 1960s may be especially pertinent here: when American hegemony was challenged in Korea and Vietnam, Northeast and Southeast Asia became engulfed in war.

4.2. Leadership and Leadership Change

One FPA variable that has been difficult to incorporate systematically into the literature is the role of leadership and leadership changes and their impact on the stability of the region. Yet it is one factor that is likely to exert substantial impact on the potential flashpoints in Asia. The importance of leadership for the texture of the international relations

of the region, can be seen, for example, in the difference between Indonesian Presidents Sukarno and Suharto. With Sukarno at the helm, Indonesians were mobilized to oppose the creation of Malaysia; a military campaign was launched against Malaysia and Singapore. In the 1960s. Suharto, who deposed Sukarno, rebuilt relations with Malaysia and Singapore, helped found ASEAN, and worked to keep regional relations on an even keel. More recently, mercurial North Korean leaders have also raised tensions in Northeast Asia periodically by conducting nuclear tests, firing test missiles, as well as threatening war.

Disputed territorial claims among many regional powers in the East and South China Seas, and Taiwanese independence remain flashpoints to watch, and here again, the issue of leadership also features prominently. Space limitations allow us to touch only on the latter. The importance of leadership—who is in power and their foreign policy visions/priorities—can be seen in the last twenty years of China-Taiwan-U.S. interactions on the Taiwanese independence issue. Presidents Lee Teng-hui (1996-2000) and Chen Shui-bian (2000-2008) supported moves that brought Taiwan closer to de jure independence; these moves, such as Lee's visit to Cornell University in 1995, generated tense cross-straits relations, which in turn embroiled the U.S. (Ross 2000). In this particular instance, China was sufficiently alarmed or angered by Lee's policies that it sought to intimidate Taiwan by firing missiles under the guise of military exercises in the vicinity of Taiwan. The Clinton administration responded by sending two aircraft carrier groups toward the Straits of Taiwan to deter China. Much to the region's and America's relief, the switch in leadership from Chen Shui-bian to Ma Ying-jeou in 2008 has allowed Taiwan to put the independence issue to the back burner. In contrast to his predecessors, President Ma has pursued a strategy of rapprochement vis-à-vis China, resulting in improved relations, such that he could claim in 2010 that "the risk to the United States of a conflict between China and Taiwan is the lowest in 60 years" (CNN 2010). Different leaders, in other words, can make a difference to the peace and stability of the

region. As we shall see, that leaders can make a difference is also part of the economic dynamism story.

5. FPA and Economic Dynamism in Asia.

If it is the FPA variables, rather than international structure, that do the heavy lifting when it comes to solving the puzzles mentioned above and in explaining Asia's relative peace and stability, how do the two approaches fare when it comes to explaining Asia's economic dynamism? At first glance, it would appear that international economic structure—conceived as the “rules of the game” as dictated by the international trading and financial institutions--does a reasonably good job in explaining Asia's strong economic growth and dynamism. These “rules of the game” find expression in neoliberal theories of the international economy and they are also well represented in the Washington consensus (Rodrik 2007; Wade 2011).

The basic premise of neoliberal theory is that states seek wealth (in addition to security) and that in the Western world at least, an emphasis on the offerings and opportunities provided by the market economy is the best strategy to securing wealth. While competition in the security arena tends to be associated with conflict, competition in the economic arena is considered healthy because it leads to more efficient firms and cheaper products. To begin with, we already have global economic institutions such as the World Trade Organization (and its predecessor GATT), the World Bank, the International Monetary Fund, and the Organization of Economic Cooperation and Development (OECD); those who wish to join these clubs would have to play by the rules of the game. The key rules, best exemplified by the Washington Consensus, are: open up your economy and let the (world capitalist) market shape your production, trade, and investment profiles. For example, when it comes to trade, the GATT/WTO requires its members to lower trade barriers in the name of

benefitting from the international division of labor. The general rule is for countries to open up their markets and to abjure protectionist trade policies (Siebert 2009, 75).

As suggested by neoliberal economics, pro-market reforms were indeed the first steps that the Asian tiger economies took. Beginning with Japan in the 1950s, successive tranches of Asian states plugged themselves into the capitalist world economy, opened up their markets, pursued export-led growth, and competed for foreign investment. In other words., they seem to have acted in accordance with the “rules of the game” as dictated by the global economic institutions described above and it paid off handsomely: virtually all who made the effort enjoyed impressive economic growth, with the most spectacular (China) racking up 10 percent GDP growth for two decades and more. International economic structure seems to do better than international political structure, judging by its ability to explain outcomes in its domain.

While there is an element of truth in the above narrative of the sources of Asian economic growth and dynamism, it also throws up a number of puzzles. Why did it happen in Asia, but not in Africa, Latin America, and the Middle East? After all, the rules of the global economy were exactly that: global rules for all who want to prosper. Why did most in Asia get the message whereas most in other regions did not? There is an interesting literature in Development Economics and International Political Economy that addresses this question (Phillips 2011); for our purposes, however, it suffices to say that choices made by leaders in the different regions made all the difference.

A second puzzle is whether the Asian states achieved success by subscribing to, or subverting the rules of the international economic game? The consensus is that they were selective in terms of which rules to obey and how far to go in obeying them, and that they improvised and adopted strategies—usually at variance with those recommended—to

maximize their competitiveness. The common element essential to solving both puzzles is the centrality of choice. And choice always involves decision-makers, the decision-making process, and decision outcomes, i.e. FPA.

5. 1. Ideology and Strategic/Economic Alignments in Asia

In retrospect, it seems obvious that Asia's "capitalist roaders" have been most successful in generating national economic growth, increasing their per capita income, thus forming the basis for the economic dynamism we see today. The basic but critical choice, based primarily on political ideology, was between anti-communism and communism/socialism as the most appropriate way to organize political-economic life. As detailed in the analysis above (on peace and security), Japan, South Korea, Taiwan, and the original five ASEAN countries were anti-communist and that meant that they saw the U.S. and Western Europe as their natural economic and strategic partners. Others in the region chose differently: Indochina and Central Asia took after Chinese-Soviet models of political organization and economic development, while India's market remained protected for much of the Cold War.

Those who sided with the U.S. and Western Europe have, in general, done well economically, whereas those who aligned themselves with the socialists have lagged behind. Hence in seeking to understand Asia's economic trajectory, it is helpful to begin crucial initial choices made by political elites during the Cold War. Those choices would have far reaching political, strategic, and economic consequences. International political or economic structure is unable to tell us which side the Asian countries will choose. Bipolarity may suggest it is difficult to remain neutral, but it offers few clues as to which superpower one should side with. It is the ideological predispositions of the ruling elites, thought of simply as pro-capitalist or pro-socialist/communist, that mattered most. Interestingly, our analysis also

suggests that it is possible to catch up economically if the laggards are willing or able to alter their economic ideology. China's post-1978 "capitalism with socialist characteristics," India's pro-market reforms in the 1990s, Indochina's "economic renovation," and even Russia and Central Asia's plugging into the global capitalist economy have generated economic growth on a scale that eluded them when they adhered to socialist economic preferences.

For most in Asia, sharing the market economy sentiments of the U.S. and Western Europe, however, did not necessarily mean adhering to all the rules of the capitalist economic game. Consider Japan for example. With its political and economic systems shaped by the U.S. in the post-World War II years, Japan's integration into the U.S.-led world capitalist system was a foregone conclusion. Yet what most analysts have observed is that Japan—despite being under the tutelage of the U.S.—did not adopt a *laissez faire* approach to economics. The Ministry of International Trade and Industry (MITI) selected which sectors of the economy to protect, and which ones to open to market competition. Japan is seen as the classic "developmental state" and most of the Asian states—though not all (Hong Kong being the notable exception)—that followed Japan have also adopted an industrial policy style approach to economic development (Johnson 1982; Haggard 1990). That is, while they were clear about the need to be part of the world economy, they were equally convinced about the need to retain control of the sectors to be exposed or protected. Political economists have argued that while such industrial targeting does not always succeed, it has, in general, served the Asian economies well (Wade 2011).

South Korea and Taiwan basically "mirrored" Japan's economic strategy (Rodrik 2007, 147). Both had governments that were single-minded about economic growth for domestic political as well as geopolitical reasons (Doner, Ritchie and Slater 2005). Strong economic growth enhanced the political legitimacy of the South Korean and Taiwanese

governments; it also provided the moral and material bases for them to counter threats of being absorbed by North Korea and China. South Korea and Taiwan's predominant economic objective took the shape of building up their "industrial capabilities and [fostering] a strong manufactured base" (Rodrik 2007, 147). Private enterprise was encouraged, with the state playing a facilitating role. Both governments also picked "priority sectors" for their economies by providing subsidized loans (South Korea) or tax incentives (Taiwan) to favored sectors (South Korea). These selected infant industries were protected from foreign competition while being "goaded [by the state] to export from day one." The point to be made is that like Japan, Korea and Taiwan were selective about the sectors they opened up (to the ravages of the market economy), backed critical industries, and ensured that they were poised for export-led growth. The key to their success—a formula followed by China later—was to experiment, innovate, and pace themselves while responding to the pressures of liberalization. (Rodrik 2007, 148-49).

In other words, while the international economic system does pressure states to open up their markets, concoct investment friendly policies, and facilitate exchange rate convertibility, and while the high growth Asian countries have in general moved in accord with these dictates, their policymakers have also sought to control the timing, pace, and scope of their liberalization actions. Protecting infant industries until they are strong enough to compete, timing when to free up interest rates, and timing one's ascension into the WTO, are all part and parcel of the how agency matters in the foreign economic policy of these Asian countries.

5.2 Leadership

The analysis of Asia's economic dynamism would not be complete without some discussion of the role of leaders and leadership. While forward-looking bureaucrats pursuing

growth orientated strategies are crucial, they were only able to perform their roles because of political decisions at the highest levels. In the case of Japan, South Korea, Taiwan, and the original ASEAN-5, the decision to pursue capitalist growth and all that it entailed was unproblematic largely because the political elites running those countries were ideologically anti-communist, which also meant that the U.S. and the West were their natural political-economic allies. This was especially true during the Cold War. For China and India, however, communist ideology and socialist tendencies respectively prevented their full integration into the global capitalist economy. Both had to shed substantial chunks of their ideological precepts before they could partake in, and reap the benefits of the global economy.

Imagine a world in which Deng Xiaoping and Manmohan Singh had stuck with the economic models they inherited instead of jettisoning them: would we be debating the rise of China and India and their implications for world politics today? Rather unlikely. We would be trying to figure out why the two geographic giants of Asia have remained economic pygmies and the implications for their domestic stability as well as possible external repercussions. Deng and Singh's decisions to open up China and India's economies (in the late 1970s and early 1990s respectively) ushered in a period of rapid growth in the next few decades such that today, their economic, political, and military clout inform all discussions of the international relations not just of Asia, but of the world. Two domestic decisions, made possible by leadership changes in China in the late 1970s and in India in the early 1990s, and driven by the need for domestic political legitimacy, would alter the contours of world politics.

The factors that nudge China and India in the direction of market reforms are well known, but what needs to be emphasized are the roles of Deng Xiaoping and Manmohan Singh in taking the final decisions—often over formidable opposition—to market reforms. In

China's case, it has much to do with Deng's conviction that his country was economically backward; one of the first things he did upon returning to power in the late 1970s was to embark on study tours of the capitalist countries. In 1978, for example, thirteen officials of Vice-Premier rank embarked on 20 study trips, visiting 50 countries (Vogel 2011, 218). Deng's own tour of Thailand, Malaysia, and Singapore, persuaded him that China could catch up without necessarily liberalizing politically.

In the case of India, analysts often point to the economic shocks of the 1980s in convincing Indian Finance Minister M Singh to modernize. An Oxford-trained economist, Singh did not need the crisis of the 1987 to convince him about the advantages of a more open economy; what the crisis did was to allow him to win the argument. Since then, India has made impressive progress, racking up 6-7 percent growth per annum in the last twenty years. It would, however, be incorrect to say that India has not looked back. While the direction of travel is undoubtedly toward economic opening, domestic politics and ideology have not infrequently halted or even reversed policies that economic officials had considered settled and in the long term interest of the country.

Deng and Singh's decisions to re-insert their countries into the world economy and adopt selected market friendly economic policies will probably rank as two of the most important decisions of the last half-century. To be sure, their decision to take the plunge has just as much to do with the need to secure domestic political legitimacy—with globalization and the revolution in communications, leaders who fail to respond to the aspirations of their citizenry will have difficulty legitimating their power. By choosing to join the world economy, they transformed their countries from economically lethargic giants into the economic juggernauts they are today. If not for these transformational leaders and their decisions, scholars and practitioners of international relations would not be fussing about

rising powers and their implications for world peace and prosperity. Leadership and political legitimacy, in other words, matter.

6. Challenges of the FPA Approach

If we have succeeded in making a case for FPA's ability to address important puzzles about Asia's international relations that seem to have confounded structural IR theory, it seems appropriate to also point to some challenges that confront the FPA analyst. The first challenge is about an embarrassment of riches: there are numerous unit level variables out there clamoring for the attention of the FPA analyst. In this Chapter, we have focused on threat perception, identity, ideology, and leadership as FPA variables that can help us understand the foreign policy choices of the key actors, and in so doing, also enable us to explain the relative peace and stability as well as economic dynamism of the region.

Those of course are not the only relevant unit level variables. One can easily think of a host of others: regime type, strategic culture, interest groups, executive-legislative processes, operational codes, and cognitions of leaders that are relevant to explaining the foreign policies of Asian states. Some of these concepts or theories of foreign policy are better specified than others, and some are more relevant to certain kinds of polities, so the analyst has to exercise judgment in picking the ones that are most relevant, and well specified, given the problem. FPA certainly comes across as less parsimonious than the main IR theories in terms of the independent variables or what really matters. All neorealists need to figure out is, for example, the ordering principle (say anarchy) and from there, they can derive the logic (self help) that drives states (balance power). But as we have tried to argue, this theoretical elegance and parsimony comes at a price—it often gets things wrong (such as the absence of balancing in the wake of hegemony), and it raises as many puzzles as it solves. Moreover, as puzzles and anomalies accumulate, the original theory morphs or proliferates

into other forms, such as defensive realism, offensive realism, neoclassical realism, etc., leading some scholars to conclude that it is a degenerate research program (Vasquez 1997).

A second challenge concerns the lack of archival data. Whatever theories or variables we begin our analysis of country X with, FPA is very much about tracing the fate of these variables in the decision-making process. To do that, good data is required. Virtually no Asian country has the kind of declassification (of official papers) process found in U.S. Presidential libraries or the National Archives of countries like Britain and Australia. The general absence of declassified records means that it tends to be difficult for scholars of Asian foreign policy to produce accounts of major decisions with the detail found in works about U.S. or French decision-making. This in turn also makes it difficult to test theories. Formidable challenges confront the FPA scholar who wants to capture the foreign policy dynamics, past or present, of China or India, not to mention North Korea or Myanmar. While interviews with policymakers, perhaps supplemented by public documents and reports, can go some way in producing good first drafts of the history of certain decisions, they are not a substitute for accounts based on records of the decision-making meetings. To be sure, the latter may be scripted, or the decision may have already been reached before the meeting, but even then, the advantage is held by those who have seen the documents and are thus able to judge their relevance in the context of existing understandings of the decision.

The data challenge, however, is not insurmountable. Important works that based in part on the available archival sources have enhanced our understanding, for example, of Mao's decision-making during the Korean War (Chen 2001), the role of ideology in the Sino-Soviet split (Luthi 2008), and the diverse perspectives of Southeast Asian countries on the Vietnam War (Ang 2010). Luthi's study of the Sino-Soviet split, for example, was explicit about the challenges in accessing Chinese and Russian central archives; he had some success, however with Chinese provincial archives which contained transcripts of selected Politburo

meetings; he also consulted archives in Germany and Poland for transcripts of meetings with Chinese and Soviet leaders, allowing him to support his analysis with more documentation than is usual. In a similar vein, Ang's analysis of Southeast Asian responses to the Vietnam War made use of American, British, and Australian archives--in particular transcripts of conversations of Southeast Asian leaders with their counterparts in those countries--to arrive at a more better documented and more nuanced picture of Southeast Asia's reactions to the U.S. intervention and withdrawal from Vietnam.

7. Conclusion

For too long, FPA scholars have ceded ground to structural IR theories' mantra that it is impossible to explain international comes by using unit level factors. This Chapter has suggested that structural IR theories such as neorealism and neoliberalism throw up more puzzles than answers when it comes to explaining post-Cold War Asia's peace and economic dynamism; we argued that FPA variables such as political ideology, threat perceptions, and leadership, seem to take us closer to understanding those outcomes. Our approach brings back the role of agency and choice in a way that suggest that they trump structure, not only in explaining the foreign policies of individual states, but also in explaining international outcomes such as peace and economic dynamism. It is in basic agreement with Iain Johnston's observation that "It is hard to see how a balancing outcome would be produced if most of the major actors in the system refused to balance" (1998: 58). Which is exactly the situation in Asia: most of the major actors are not balancing the U.S. for reasons discussed above. By countenancing U.S. hegemony, Asia has reinforced a major "pathway" to achieving stability or "security order" (Alagappa 2003).

We end our analysis by speculating on a question that we have intentionally bracketed so far: the interactive effects of the "two big important things" examined in this Chapter.

Relative peace and economic dynamism should, all other things being equal, have mutually reinforcing effects. Liberal theory suggests that economic interdependence, a force behind Asia's economic dynamism, creates incentives for states (benefitting from intra-Asian trade and investment) to avoid military conflict. The logic is compelling up to a point. States that have been racking up high growth rates have been able to do so against a backdrop of relative peace and stability. The improvement in material wellbeing brought about by strong economic growth in turn incentivizes Asia's policymakers to avoid policies that threaten peace and stability, so that the virtuous cycle continues. However, it would be unwise to assume that relative peace and economic dynamism are always mutually reinforcing. Strong economic growth also allows some to modernize their military, acquire greater political, economic, and military clout (think China, India, and Indonesia); it can also generate heightened nationalism and perhaps even a sense of regional entitlement, which may make their neighbors feel insecure. Perhaps that is why many in the region want the non-resident power—the U.S.--to remain strong and hegemonic. A strong U.S. presence and a U.S. that conceives of itself as an Asian Pacific power they assume, will keep the ambitious of the rising powers in check, while ensuring that they—the small and middle powers--will not be entirely dependent on the resident economic juggernauts for their continued prosperity.

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