

Heritage Foundation **Backgrounder**

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MR. PRESIDENT, HEED WINSTON LORD'S WARNING ON ASIA

(Updating Asian Studies Center-*Backgrounder* No. 127, "While in Tokyo and Seoul, Clinton Must Assert American Leadership in Asia," June 30, 1993)

Winston Lord, Assistant Secretary of State for East Asia and the Pacific, has done a vital service for President Bill Clinton. In a long memo to Secretary of State Warren Christopher, later leaked to the press, Lord warned that the Administration's conflicting political, economic, and human rights policies are squandering America's prestige and influence in Asia. As a policy document, the memo is an incomplete list of the Clinton Administration's self-created problems in Asia, and Lord's policy recommendations could have been more forceful. But in a broader context, it is an illustration of Clinton's larger inability to forge a coherent foreign policy. This memo already has generated considerable embarrassment for the Administration. The Singapore *Straits Times* cited it as evidence of "astounding disinterest [in Asia] at the top" of the Clinton Administration. *The Australian* stated, "The wheels have now completely fallen off Washington's Asia policy." However, there is one reason why Lord should be thanked: he has issued a sorely needed plea for the President to do his job—to provide the leadership to defend America's long-term interests in Asia.

"Emerging Malaise"

Lord's memo is titled "Emerging Malaise In Our Relations With Asia." Whether intended or not, this title revives memories of the "malaise" in U.S.-Asian relations under Jimmy Carter, when confused U.S. policies over Korea and human rights undermined American leadership. Lord begins by crediting the Administration with "setting forth a vision of Pacific community" through such measures as maintaining U.S. military forces in Asia, holding the first meeting of the leaders of the 15-member Asia Pacific Economic Cooperation (APEC) forum, promoting democracy in Cambodia, and improving relations with Vietnam, Malaysia, and Indonesia. Lord notes, however, that recent "American measures...risk corroding our positive image in the region." He adds that "hostile unilateral U.S. actions," as perceived by Asians, "are creating a sense of resentment and apprehension" against the U.S. in Asia, and "giving ammunition to those charging we are an international nanny, if not bully."

Causes of "Malaise"

While Lord's memo does not admit this forthrightly, the main cause of the "malaise" is the confusion caused by the Clinton Administration's inability to fashion a coherent policy toward Asia. Lord notes that Asians "view us as placating domestic interest groups and criticize us for tactics that destabilize relationships central to the region's peace and security." He further notes, "we have sought to use trade measures to achieve non-trade objectives."

These criticisms are most valid with regard to China and Japan. In May 1993 Clinton committed the U.S. to using trade sanctions against China, such as removal of most-favored-nation trading status, if China failed to improve its protection of human rights. Clinton did this to placate congressional critics of China, but no appreciable improvement in human rights conditions has occurred in the last year. Since last fall, however, senior Administration officials like Treasury Secretary Lloyd Bentsen have been trying to change Clinton's policy. And as Clinton began to realize how removing MFN would reduce trade with China and cut U.S. jobs, he sought ways to soften his policy. And as Clinton began to realize how removing MFN would reduce U.S. trade with China and cut U.S. jobs, he sought ways to soften his policy. This process culminated in his May 26 decision to renew MFN for China. In announcing his decision, Clinton completely reversed his policy by recognizing that economic engagement was the best way to promote human rights in China over the long term. However, the year of debilitating political debate that resulted in Clinton reversing his policy has conveyed the clear impression to Asians of U.S. indecision and confusion.

Lord also identifies as a cause of "malaise" Asian opposition to U.S. policy toward Japan. Specifically, what Asians roundly oppose is Clinton's desire to manage trade with Japan in order to reduce Japan's trade surplus with the U.S. Australia and other Asian countries fear that managed trade agreements between Japan and the U.S. will displace their own exports to Japan.

A further cause of "malaise" indicated in Lord's memo is a concern about Clinton's lack of leadership and the State Department's waning authority over policy. For example, Lord urged Christopher to oppose "...proposals from other agencies, often pursued for domestic reasons." Here, Lord seems to be referring to the Treasury Department's open support for conferring MFN on China to defend U.S. business interests in the face of State's efforts to be tough on human rights. Lord also wants the Administration to "temper our rhetoric and work with Congress to reduce expectations." Here he may be referring to the often harsh criticism of Japan by the Office of the U.S. Trade Representative, which has sought to have Japan commit to specific reductions in its trade surplus.

The Risks of "Malaise"

The "malaise" Lord describes poses real risks to American interests in Asia. The Assistant Secretary identifies one risk as "Weakened U.S. influence in APEC." In 1992 total U.S. merchandise and service exports to APEC members supported over 5 million American jobs. If the U.S. can promote APEC as a forum for reducing trade barriers in Asia, perhaps eventually constructing a U.S.-Asia free trade area, millions more jobs could be created in the U.S. If the U.S. loses influence in APEC, it will directly affect America's future prosperity.

Lord also is concerned about the risk of adding "Fuel for [Malaysian Prime Minister] Mahathir's concept of an EAEC [East Asian Economic Caucus] excluding the United States." This is a valid concern. If formed, an EAEC that excludes the U.S. could lead to the creation of an Asian trade zone led by Japan, constituting a major shift in the global balance of power away from the U.S.

What Lord Fails to Mention

Missing from Lord's memo is a discussion of the Clinton Administration's vacillating policy toward North Korea's nuclear threat. During his visit to South Korea in July of last year, Clinton declared that North Korea cannot be allowed to develop a nuclear weapon. By late December, Administration officials appeared willing to accept a few North Korean nuclear weapons if Pyongyang did not make any more. The danger of allowing any North Korean nuclear bombs is that other countries, such as Japan and South Korea, could lose confidence in American defense guarantees and decide to build their own nuclear weapons. In addition, there is the danger that North Korea could sell nuclear weapons to terrorist states like Iran.

Also lacking from Lord's memo is any mention of the Clinton Administration's underfunding of its defense program. Last September the Clinton Defense Department issued a "Bottom-Up Review" that sug-

gested the U.S. should maintain a Navy with 12 aircraft carriers, 20 Air Force fighter wings, and 16 Army divisions. The Heritage Foundation estimates that Clinton's defense budget may be underfunded for this force level by as much as \$100 billion. Such a defense budget shortfall could lead to overall military reductions that may force the U.S. to withdraw naval and air forces now stationed in Asia. This would further erode U.S. influence in Asia and invite other powers like China and Japan to replace U.S. leadership.

How to Avoid Squandering the Gains of 12 Years

Lord's memo does not acknowledge the fact that most of the success of the last year can be attached to the sound policies of the Reagan and Bush Administrations, with the bipartisan support of the Congress. The build-up and adjustments that have sustained a needed level of U.S. military forces in Asia were made by the Reagan and Bush Administrations. The United Nations-sponsored elections in Cambodia last year were made possible because Ronald Reagan, and Democrats like Representative Steven Solarz, insisted on supporting Cambodia's freedom fighters. By 1992 the long American defense of economic and political freedoms in Asia had helped conclude the Cold War contest with the Soviet Union, allowed democracy to flourish in South Korea, Taiwan, and the Philippines, and contributed to the weakening of communism in China, Vietnam, and North Korea.

Bill Clinton assumed office in 1993 with American power in Asia and respect for American policies by Asians at an historic crest. Since that time, however, as Lord's memo makes very clear, Clinton's conflicting and confused policies have squandered respect for American intentions, and have fundamentally threatened America's leadership position in Asia. Clinton can reverse the damage to American interests in Asia caused by his aimless policies. He should:

- ✓ **End the confusion in Asia policy.** Clinton should stop the bureaucratic confusion where the Administration's economic officials promote one Asia policy while State and Defense Department officials promote another. It is time for Clinton to give structure and authority to his Asia policy team by giving primary authority to coordinate Asia policy to his National Security Council. By doing so, the President can show he is capable of using foreign policy to defend national interests, and not merely to satisfy loud domestic constituencies.
- ✓ **Delink trade and human rights.** Clinton began to delink trade and human rights goals in U.S.-Asia relations on May 26 when he decided to uncouple MFN from U.S. human rights concerns with China. Clinton, however, is making the same mistake in trying to create a new agreement to advance environmental issues and labor union rights under the proposed World Trade Organization of the General Agreement on Trade and Tariffs (GATT). While the WTO would not possess legal binding authority over member states, the environmental and labor provisions promoted by the Clinton Administration will irritate Asians. The new GATT agreement promises to lower barriers to trade, thus increasing world trade. This will also increase the prosperity of Asian states and eventually lead to greater political freedoms such as better protection of worker rights. By seeking political goals through trade, Clinton will undermine Asian support for the new GATT World Trade Organization and will increase resentment in Asia against U.S. policy.
- ✓ **Provide leadership against North Korea.** Clinton has not yet told the American people in sufficient detail the dangers posed by North Korea's nuclear weapons program. Despite considerable diplomatic effort to convince North Korea to abandon its nuclear weapons program, it is becoming increasingly apparent that political and economic sanctions may be necessary to compel North Korea to do so. Such measures will also require the deployment of additional Army, Air Force, and Navy forces to deter a North Korean attack—which Pyongyang has threatened if sanctions are imposed. Clinton must convey to Americans and to U.S. friends in Asia that a nuclear-armed North Korea is a threat both to peace in Asia and the future of nuclear non-proliferation.

- ✓ **Abandon managed trade with Japan.** Clinton should declare that he is abandoning his attempts to reduce Japan's trade surplus by seeking to manage U.S.-Japan trade in selected sectors. This policy only strengthens factions in Japan opposed to market-opening economic reforms and has created concern among Asian nations that the U.S. is seeking to lock them out of Japanese markets. Such fears, in turn, threaten to undermine U.S. leadership in APEC. Clinton should seek a U.S.-Asian free trade alliance within APEC as the primary means of breaking down trade barriers in Japan and other Asian countries.
- ✓ **Fully fund the Bottom-Up Review.** Clinton should provide the necessary funds to pay for the military force levels called for by the Defense Department's September 1993 Bottom-Up Review. By doing so, Clinton can ensure that the U.S. maintains sufficient forward-deployed military forces in Asia.

Conclusion

Winston Lord has issued a vital warning to President Clinton: America cannot afford to slide back into the policy confusion and "malaise" that characterized the Carter era's leadership in Asia. This confusion poses real dangers to the United States. American trade pressure against China and Japan could force Asians to form an exclusive trade zone that would deny job-creating opportunities to Americans. Failure to stop North Korea's nuclear weapons program could lead to nuclear proliferation in Asia. These risks, and Clinton's unwillingness to fund fully his defense program, combine to undermine American efforts of the last twelve years to build a sustained basis for American economic and political leadership in Asia. It is time for Clinton to do his job: provide the leadership necessary to fashion a coherent policy toward Asia that builds upon, rather than diminishes, America's gains in Asia after winning the Cold War.

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