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The
New “Malaise”:
Clinton Adrift
In Asia

Moderated by Richard V. Allen



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The New “Malaise”: Clinton Adrift in Asia

EDWIN J. FEULNER

Good morning, ladies and gentlemen. I'm Ed Feulner, and on behalf of all my colleagues at The Heritage Foundation, it's a distinct pleasure to welcome you to our morning symposium examining the many inherent crises and self-inflicted problems our Administration now faces in Asia. I say self-inflicted problems as I call your attention to a new Heritage publication, just released yesterday, entitled “Read My Flips: Clinton's Foreign Policy Reversals in His Own Words.” I am still able to remember a time not very long ago when our Asia policy was respected by friends and foes alike.

Since World War II our country has been blessed by an amazing number of visionaries who have shaped our relations with Asia. Such legends include Douglas MacArthur, Edwin Reischauer, Walter Judd, Richard Stilwell, and Richard Nixon, who sadly are not with us any longer. Some giants who still are include Ray Cline, Mike Mansfield, and Steve Solarz. Their work was expanded upon under Presidents Reagan and Bush, who saw the defeat of Soviet communism and the creation of a new free trade vision implicit in the Asia-Pacific Economic Cooperation forum. These successes have many authors like Richard Allen and Karl Jackson, whom I welcome here today. There are still many others who have been involved over the years—men like Dixie Walker, Rich Armitage, Jim Lilley, Don Gregg, Gaston Sigur, and Bob Zoellick. To their work we must add the thousands of Americans and their families who paid the ultimate price in three Asian wars over the last fifty years, wars that have ensured the safety of our nation, as well as the continued American interest and presence in Asia. Our success in Asia was purchased with blood and sweat and therefore belongs to all Americans.

Bill Clinton, when he became President last year, inherited a record of leadership and respect for America in Asia that was unparalleled in the post-World War II era. It is an undeniable fact today, however, that the Administration has squandered too much of that inheritance. The last fifteen months have seen a dramatic deterioration in our valuable relations with China, Japan, Taiwan, Malaysia, Singapore, Indonesia, and so on. Be it flailing over North Korea's nuclear threat, confusion over trade and human rights with China, attempts at managed trade with Japan, or protecting juvenile delinquents in Singapore, Washington's leadership and goals are regarded by Asians as inadequate or suspect. It is now so bad that the President's own top Asia hand, Assistant Secretary of State Winston Lord, has single-handedly revived the old Carter bromide of malaise. In a long memo to his boss and the Secretary of State, Ambassador Lord warned President Clinton that his own Administration's confused policy toward Asia was, in fact, characterized by malaise.

The ironies of former President Carter's adventures in Pyongyang may take still other conferences to digest and understand properly, but we're not here today simply to find fault. We also want to assist our elected and unelected leaders with advice that could help them regain the respect and leadership needed to protect the vital interests of the United States in Asia.

To begin this task we have enlisted a stellar lineup of speakers, for whose decades of work on U.S.-Asian relations we are indeed grateful. In addition to Karl Jackson, who labored long in the Department of Defense before holding a commanding position at the White House, we'll also hear from Larry Niksch from the Congressional Research Service; my former colleague on the staff in the House of Representatives, Sean Randolph, now with the California State government; and Bob Manning from the Progressive Policy Institute.

Now, on a more personal note, I want to be sure to acknowledge my personal gratitude as well as Heritage's institutional gratitude for the chairman of today's session, Dick Allen. The Heritage Foundation has been most fortunate to have Dick as the chairman of our Asian Studies Center since its origins more than a dozen years ago. Just as he ably served Presidents Nixon and Reagan, Dick has been the critical element of our Asian Studies Center through his energy, foresight, and leadership. Beyond being a key asset to our success, Dick has also been a friend for more than thirty years, so I consider myself most grateful for the insights I know he'll share with us today. Please join me in welcoming Dick Allen and our distinguished panelist speakers.

RICHARD V. ALLEN

Thank you, Dr. Feulner. Once again we gather to analyze, and in some cases lament, the status of our Asian policy through the eyes of experts on the present direction, or lack of direction, of our policy toward that region. Many charges were waged and leveled against the Reagan and Bush Administrations. The one charge that could not be made to stick even if it had been made was that a definitive foreign policy had not been developed and followed. Whatever the shortcomings of the Reagan and Bush Administrations may have been, there was a clear sense of vision and a notion of how the United States ought to conduct its relationship with the Asian nations.

Dr. Feulner just now made mention of several of the most pressing problems. The North Korean issue, which will be discussed in great detail here today, is one such problem. Our bilateral relationship with China is another that deserves great analysis, as is the deteriorating situation with respect to the entire ASEAN region and the bilateral relationships there. What seems to be lacking in every respect is an overall picture of the strategic direction, consistency, and a lack of thematic unity in anything the Clinton Administration has done.

As Ed pointed out, we're not here just to criticize but to make positive and constructive suggestions. That's the nature of The Heritage Foundation, particularly its Asian Studies Center. There have been numerous publications you can find outside during the break or as you depart, including one entitled "Mr. President, Heed Winston Lord's Warning on Asia," which made direct reference to Winston Lord's memorandum to President Clinton. Another that has just been published by Lawrence DiRita is "Innocents Abroad: How the World Views Clinton's Foreign Policy." "Ending the Confusion in U.S.-China Policy" was yet another recent Heritage publication. In December of last year, we held a symposium in this very room entitled "The U.S. Response to Possible North Korean Aggression," which analyzed in great detail some of the options facing the Administration. One of the suggestions made during that conference just six months ago was, according to today's *Washington Post*, "finally adopted" insofar as several critics of Administration policy were called to the White House yesterday and asked for their advice. Out of that came a paper called "Ten Steps to Address North Korea's Nuclear Threat." Most recently, a very interesting and innovative analysis performed by Daryl Plunk, our colleague who is also here today, "Defusing North Korea's Nuclear Threat," made specific proposals that we will be able to discuss here today.

My task this morning is a pleasant one: to introduce friends and colleagues who are indeed experts on these subjects, and to moderate the discussion. Dr. Karl Jackson, who is going to give our keynote speech, is an old friend who has been working long and hard in the vineyards of Asia policy as well as in overall national security policy and strategy.

Karl was Deputy Assistant Secretary of Defense for International Security Affairs from 1986-1989. He has been in the Department of Defense in a number of incarnations. He is a scholar and has published books on Indonesia, Cambodia, ASEAN, and U.S.-Thailand relations. He holds a Ph.D. in Political Science from M.I.T. after graduating from Princeton University's Woodrow

Wilson School of Public and International Affairs. Karl, of course, also served as the Assistant to the Vice President for National Security Affairs from 1991-1993 after having served in distinguished capacity on the National Security Council staff as the senior person for Asia. Karl was one of those people during the Reagan and the Bush Administrations who had a firm handle or grip, if you will, on Asia policy and was principally responsible for coordinating much of the good policy that pertained to those years. So please join me in welcoming Dr. Karl Jackson.

KARL JACKSON

To talk about Asia and Asian policy under this Administration, one must begin with several caveats. It is appropriate to begin by specifying the real accomplishments in Asia policy under the present Administration. I would stipulate five of these. The first, and most important, accomplishment of this Administration in Asia is the conclusion of the Uruguay Round. Asia is the most rapidly growing part of the world's economy. We should profit disproportionately from the completion of the Uruguay Round. You may argue about the specific terms, and I think Bush actually had a better deal on specific aspects of the negotiation; but the Clinton Administration did get the thing wrapped up, and I'm convinced that they will get it through Congress.

The Clinton Administration's second major accomplishment on Asia was the highly successful APEC summit meeting out in Seattle. I do not think it can be faulted.

The third major success, if you will, was delinking MFN from human rights in China. You might say this is rather odd to list as a success given the fact that the Clinton Administration painted itself into that particular corner last year. You must, however, give the President credit for his courage in terms of walking out of it in a forthright way and not prolonging the MFN agony for yet another year.

The fourth success is a similar story. Abandoning numerical targets in trade policy with Japan is a success story of the Clinton Administration after the Clinton Administration had made numerical targets the center of its trade policy toward Japan. I'm no purist; I'll take help anywhere I can get it! Abandoning a policy that was wrong from the economic point of view as well as being dreadfully wrong from the U.S.-Japan alliance's point of view is a good thing, and I am willing to give the Administration credit.

The fifth success involves normalizing relations with Vietnam in the wake of a "successful" resolution of the Cambodian crisis. If the Bush Administration had remained in office, the U.S. would probably have normalized with Vietnam in roughly the same time frame.

Now let us look at the somewhat longer list of problems that I think the Clinton Administration has in Asia. I would begin with one that Ed Feulner referred to: credibility. Credibility and predictability have been the first casualties of this Administration. There has been a precipitous decline in the credibility of American foreign policy with friend and foe alike in Asia. I go out to Asia four or five times a year and speak with all sorts of friends. With the possible exception of the immediate aftermath of the fall of Saigon and Phnom Penh, I don't think American stock in Asia has been lower in my lifetime. Why?

First of all, I think that America under President Clinton is guilty of a new kind of imperial overstretch. The Clinton Administration has articulated universalistic goals such as extending democracy permanently everywhere—as well as our particular definition of human rights—as well as halting proliferation and several other different goals. They articulate these unlimited goals while daily diminishing the means with which to carry out these goals. The Administration articulates a set of global goals while decreasing its day-to-day political and military involvement in the world. Declining credibility results from this heady combination of all-inclusive global goals,

almost daily inconsistency, and empirically confirmed reluctance to contemplate the use of force in international affairs.

Korea is the only challenge on a *vital* security matter that this Administration has faced. It has had, really, a remarkably easy go. Yet the statements of President Clinton himself have been all over the map on the North Korean issue. We've been treated to watching a Secretary of Defense talk tough on Korea in the morning at the Pentagon and then watching the White House pull the rug out from underneath him that very afternoon. And then, obviously, this last week, with President Carter's visit to Pyongyang, it has been an absolute spectacle!

How are we supposed to have a credible foreign policy in the world when the present President of the United States allows a former President to go to North Korea, then that former President begins making policy on television with Kim Il-Sung, and then the present President of the United States (I have trouble distinguishing them sometimes) storms out of a meeting in Washington and says, "Look, the policy of the United States is what I said it was yesterday." The final thing with regard to Korea is that we have a situation in which the President has chosen economic sanctions as a means for bringing to heel Kim Il-Sung, the man who started the Korean War, the man who blows up cabinets and airliners, the man who has people assassinated—not your average League of Women Voters sort of person. This is one very tough nut, and it is ridiculous to think we are going to bring him to heel with economic sanctions such as preventing the sale of weapons and cutting off links with Western financial institutions. To begin with, there are virtually no links with Western financial institutions. U.S. policy is applying sanctions to the wrong sub-elite. If you want to begin to solve this crisis, you must try to impress the North Korean military elite. The only way to do that is by increasing our forces on the ground in Korea and by slowly rebuilding the credibility of the idea that the United States might actually use force in an international crisis. Of course, this will be difficult because even the minor challenges the Clinton Administration has faced have created a downward cascade of credibility. For instance, I would characterize the handling of the Somalia problem as being incompetent. Basically, when President Clinton came into office, there was an armed humanitarian assistance mission in Somalia. In addition, President Clinton faced a U.N. Secretary General who wanted to expand vastly the scope of that mission. Down to the last days of the Bush Administration, we were fighting Boutros Boutros-Ghali, saying we would not get involved in a nation-building exercise in a place where there has yet to be a nation. We refused to become a policeman for Somalia. The Clinton Administration came into power and inadvertently adopted Boutros-Ghali's agenda. Subsequently, a number of Americans were killed on the ground partly because they didn't have the equipment their commanding officer had requested. The level of incompetence was further underlined by the fact that then we turned tail and ran right after that.

In Haiti, you have a warship that shouldn't have been sent there (again a case of overreach) turned away by a group of thugs in one of the scruffiest little ports I know. Overreach, combined with loss of nerve, provides a recipe for declining credibility. In Bosnia, I think the activities of the Secretary of State can only be described as leadership by group grope. He went to Europe, and instead of leading the Western Alliance as previous Secretaries of State (both Democrats and Republicans) had done, he went to commiserate about "the problem from hell." What we ended up with was an ultimately unsatisfactory policy solution.

Beyond credibility, I think there is another problem. Fundamentally, the Administration doesn't value allies and alliances. With the Japanese or the British or anyone else, the Administration seems to believe the Cold War is over and the Soviets are gone, and therefore we do not need allies. There will never again be a crunch in international relations, and therefore if you want to admit a terrorist from Northern Ireland for the weekend simply because an Irish-American politician suggests it, you can go ahead and do it without long-term consequences. Or you

castigate Japanese Prime Ministers on the lawn of the White House frequently enough so that now the present Prime Minister of Japan won't be coming to Washington immediately after assuming office. Japanese leaders learn quickly. They saw what happened to Miyazawa and witnessed what happened to Hosokawa. As a result, Prime Minister Hata did not show up. By disregarding the patient policy of tending the alliance system, what you do is make yourself vulnerable in a crisis such as Korea. There's nothing in the bank account. You haven't invested in the alliance, and therefore you cannot draw upon your investment.

It seems to me one does not need to be a master strategist to realize it is *really* unwise to alienate most of mankind simultaneously. This Administration, at one time or another, has quite willingly courted poor relations simultaneously with China, Japan, Indonesia, Singapore, India, and Thailand. There is a single-issue concentration. This Administration emphasizes the issue of the day, and the issue is not necessarily chosen by the Secretary of State of the United States. Likewise U.S. policy towards Asia is often not controlled by the National Security Council. It's often the Department of Commerce or USTR that takes things absolutely to the brink, seemingly without concern for whether or not we are going to need the particular country tomorrow or the next day with regard to a more serious crisis.

When it comes to proliferation matters, the President has talked tough and then immediately retreated whenever the other side talked tougher. Unfortunately, Kim Il-Sung seems to have taken the measure of the man in Bosnia, Haiti, and Somalia. In the age of CNN, you just cannot have repeated mini-crises in which you display a lack of fortitude. This is having an overall impact that is fundamentally dangerous, not just to American interests in the abstract, but dangerous with regard to maintaining world peace. World peace is typically maintained by credibility rather than by the use of force itself.

I think the most interesting question is not what the Clinton Administration has done, but why it has behaved as it has. How do we explain this behavior? I reject out of hand the explanation that this is just a bunch of intellectually incompetent or unpatriotic people. The problems are far more systemic. Merely changing most of the personnel won't solve the problem. If you could wipe clean the slate at the NSC, the State Department, etc., I don't think it would greatly change overall outcomes because the Administration's ideological point of view drives it in the direction of producing precisely these kinds of outcomes. Secondly, the organizational structure that they put together tends to create these sorts of outcomes.

Candidate Clinton told us all that America was broken. We weren't as competitive as our Japanese or European counterparts, and we needed to turn inward to remedy the problems of education, health care, worker training, etc. This idea that we're broke and we must turn inward echoes George McGovern's 1972 acceptance speech. "Come home, America, come home," seems to have resonated well 20 years later. With the collapse of the former Soviet Union, this Administration assumes the primary threat is entirely gone, which is, of course, partially true. Furthermore, it assumes that the threats to national security are basically internal rather than external. It's our inability to compete or our inability to dominate in a particular technology, etc., that poses a threat to our security. If one accepts this logic, it is quite safe, and in fact incumbent upon one, to cut the heart out of the defense budget and largely ignore the alliance system we have cultivated since 1945.

Perhaps the single best explication of the operational code of this Administration in foreign policy is found in the much-denied Peter Tarnoff luncheon speech: America must pare down its international involvement to a much more limited means and expect others to carry the burden. If you accept the conclusion of Peter Tarnoff, Madeleine Albright's work in the United Nations, has, in effect, operationalized the limits of power thesis into the Clinton doctrine of U.N.-centric multi-lateralism. The United States no longer leads the world by setting forth an example and say-

ing “follow me.” Instead, the U.S. now says it cannot make any significant decisions on international security matters without prior international agreement through the U.N. What is wrong here is only partially multilateralism. The problem is that it’s the wrong kind of multilateralism. What we’ve got is the mediocrity of the many rather than the U.S. leadership of the grand alliance. The U.N. can be a useful tool. George Bush demonstrated this during Desert Shield and Desert Storm, mobilizing the greatest alliance the world has seen to do something that needed to be done at *minimal* cost to the American people. There is a huge difference between assertive, U.S.-led multi-lateralism and a policy doctrine that says we can’t do anything until we have full agreement from everyone at the United Nations in advance and oh, by the way, since we cannot obtain consensus, we cannot possibly do anything—in Korea or anywhere else—especially in instances where U.S. national interests are not exactly the same as the international interests of all mankind.

Now let us consider the way the Administration organizes itself in foreign policy. First, neither intelligence briefers nor the Secretary of State of the United States can apparently get the President to spend a great deal of time prior to something becoming a crisis. Second, there seems to be only one decision-maker, the President himself, in spite of the fact that he intentionally does not concentrate on foreign policy as much as his predecessors. The Secretary of State of the United States appears to be a minor actor. I was having breakfast yesterday with a foreigner, and an experienced foreign policy hand said, “O.K., it’s quiz time. Where is the Secretary of State of the United States?” No one at the table knew. Does this not tell you something? Third, foreign policy continues to be conducted in a campaign mode. The President does not mobilize support for his foreign policy ends, for foreign policy sacrifices the American people. Instead, the President is mobilized by public opinion. The classic example is Haiti, where Randall Robinson’s hunger strike changed the policy. Essentially, the campaign mode means you use foreign policy to obtain a short-term lift politically at home. Don Oberdorfer gave a presentation several weeks ago at A.E.I. Oberdorfer said that in covering Asia for *The Washington Post* for about 35 years, he had never seen a President driven so exclusively by domestic political imperatives in making foreign policy. He contrasted President Clinton with President Johnson in saying that when it came to foreign policy, Lyndon Johnson was interested in only one thing: doing the right thing for the country and not appealing to any particular domestic constituency.

My fourth comment is an organizational one. The functional bureaus in the State Department triumphed over the regional bureaus at the very beginning of the Administration. There may have been some reassertion in recent weeks given the increased prominence of Winston Lord. At the beginning, however, the Administration designated trade as its top priority in Asia. So who did they put in charge of the inter-agency group to devise this new policy? Was it the Assistant Secretary of State for East Asia, as it would have been under the Reagan or Bush Administrations and probably every Administration going back to the Second World War? No. It was co-chaired by the Treasury and State’s economic bureau. The East Asia bureau, on the most important policy question facing Asia, was represented by the Japan desk. It wasn’t the Assistant Secretary for East Asia; it wasn’t the Deputy Assistant Secretary. Furthermore, at the White House, you find the NSC has been eclipsed by the NEC. Late in the Bush Administration, there was lots of talk about how to reorganize things to give economics a more prominent role in national security decision-making. I would submit, given the track record of the Clinton Administration, the NEC structure is not ideal.

I have said enough to introduce our discussion this morning. There are ways in which the current disarray can be fixed, but this would require bringing to the fore a different set of ideas and a different set of organizational structures. It has to do with fundamentals such as peace through strength. It has to do with rebuilding the defense budget. It has to do with keeping the alliance system strong. It has to do with working with your allies and remembering that you’re going to

need people tomorrow rather than taking them to the brink today over flogging a teenager. This is not brain surgery, and it's something that we can operate on as both Republicans and Democrats in the future. Thank you.

RICHARD V. ALLEN

Thank you very much, Karl. That was a splendid overview for our remaining discussion today. It seems to most observers that just about any plan would be better than the present one, and I think that this is something that we really want to probe later on as we get into a discussion of the lack of some overarching vision, the inability of all the players to sing from the same sheet of music, as indeed there is a sheet of music from which they could sing. So we find at the outset the inability of an Administration to define a theme, and it basically comes down, as Karl has just demonstrated, to having to make a strong national interest case for the United States—identifying national interest and pursuing that national interest and, from time to time, finding that although that national interest may temporarily collide with or perhaps sideswipe the national interest of others, subjugating what we might define as our national interest to the control of others. This was a theme that we addressed frequently from this podium in our sessions on Asia policy, and particularly, last December, we made the specific recommendation that United States forces not be subjected to the whim of the United Nations. We'll come back to that and other matters in a few moments.

I would like now to introduce our three panelists.

Larry Nicksch is a specialist in Asian affairs with the Congressional Research Service. He holds a Ph.D. from Georgetown University, has written widely on all manner of U.S.-Asian affairs, and has been published in the *Foreign Service Journal*, *Asian Wall Street Journal*, *Asian Survey*, *Far Eastern Economic Review*, and many other publications as well. Dr. Nicksch is also a Senior Advisor on Asia to Political Risk Services and serves as an adjunct fellow at the Center for Strategic and International Studies.

Sean Randolph, an old friend, is a specialist on Asia-Pacific affairs with a Bachelor's degree from Georgetown University, a Ph.D. from the Fletcher School of Law and Diplomacy, and his J.D. from Georgetown University's Law Center. Sean was a colleague of Ed Feulner's on the House Republican Study Committee, was an early member of the White House staff in 1980-1981, then joined the State Department where he was on the Policy Planning staff. He later became a special advisor for the Bureau of East-Asian and Pacific Affairs at State, then Deputy Ambassador-at-Large for Pacific Basin Affairs, and finally Deputy Assistant Secretary of International Affairs in the Department of Energy. He went on to serve in the beginning of 1988 as Director General of the Pacific Basin Economic Council, which is a 1,000-member organization designed to promote U.S. and business interests. As recently as May 1994, Sean was appointed by Governor Pete Wilson as Director of Export Development for the entire nation of California (or state of California, as it is sometimes known).

Bob Manning is a Senior Fellow at the Progressive Policy Institute and the Sigur Institute for East Asian Studies at George Washington University. He has also written widely for *The New York Times*, *The Wall Street Journal*, *Foreign Affairs*, *The Washington Post*, *The Los Angeles Times*, *The New Republic*, and other publications as well. He was an advisor for policy to the Assistant Secretary of State for East Asian and Pacific Affairs until 1993. He has also been an advisor to the Secretary of Defense. Bob is the author of a new book entitled *Back to the Future: Toward a Post-Nuclear Ethic, the New Logic of Non-Proliferation*.

LARRY NIKSCH

My comments will be of a personal nature today rather than of any official nature. I think in all fairness we have to recognize that American policy in Asia was bound to go through a period of adjustment in the aftermath of the collapse of the Soviet Union and the end of the Cold War. There were already, even before the Clinton Administration took office, some major problems that were beginning to emerge in U.S.-East Asian relations. I think these stemmed from factors such as the changing balance of economic power in the region. Also, what I saw were certain vacuums that were already existing in U.S. policy toward China. When the Clinton Administration took office, a decline already had developed in the ability of the United States to affect human rights and democracy issues in Asia. I think there were also some elements of unproductiveness in the way we were dealing with North Korea on the nuclear issue.

Now, that all being said, the Clinton Administration did bring in what it considered to be policy changes; but most of these, it seems to me, have exacerbated some of the difficulties to which I have just alluded. They also have produced a sense of alienation and some suspicion between the United States and a number of Asian regions: Northeast Asia, Southeast Asia, and even Australia. Among some of the Clinton people, there seems to be an attitude towards East Asia of "us" vs. "them." This alienation could have long-term implications for the more fundamental aspects of the American role in Asia if it continues and if it intensifies. Prolonged alienation could well breed a progressive ignoring of U.S. entreaties and U.S. interests in Asia on the part of East Asian governments. If that takes place, a backlash in this country is a further potential danger that could threaten the basic American role in Asia and the fundamentals behind our economic and security presence in the region. It seems to me that the Administration has failed to analyze several things. It doesn't seem to appreciate the effects of the shift in the balance of economic power and the implications of this for U.S. policy. I think it has depreciated the importance of a security context for U.S. strategy in the region. I think it has failed to assess properly the reasons for the decline of U.S. effectiveness in dealing with human rights and democracy. The approaches taken by U.S. officials, at least last year and certainly into this year, have been based on attitudes and motives I think were more in tune with the 1960s and 1970s than with the 1990s.

The Administration came into office confronting the criticism and the negative image that the Democratic Party had in the 1980s that it was weak in the area of foreign policy. I think the Clinton people came in with a decision to be tough, to show the American people that they could be as tough as the Republicans, but tough on "our issues," mainly trade and human rights. Therefore, we have had this cycle, not only in Asia but elsewhere, as Karl pointed out, of the issuance of conditions, threats, warnings, and ultimatums which in the end have forced the Clinton Administration to choose between fulfilling the threats, conditions, and ultimatums or backing down. The problem has been that other governments, including East Asian governments, have been willing to confront the Administration on its threats and ultimatums. The result has been this pattern of backing down. I agree with Karl that some of the decisions to back down in hindsight were wise decisions, but the pattern has created a credibility problem for the Clinton Administration. Moreover, some of what I would call the tactical backdowns on North Korea have probably worsened what was already a difficult situation. I will get into that in a few minutes.

The Administration has really not recognized several things, the first being the inherent contradiction between its economic and human rights agenda in Asia. I think it failed to see that, to a significant component of the American business community, the U.S. economic relationship with East Asia is a positive one that should not be tampered with or disrupted by human rights criteria. I think the Administration is beginning to get the message that this relationship has

many positive aspects whereas, when it came into office, I think they looked at the economic relationship primarily in negative terms. Also, the Administration has been isolated; it has received little support on a number of issues from its Western allies and, of course, from East Asian governments. As a result, its threats of economic sanctions have had declining weight without the support of other governments because of the shifting balance of economic power in East Asia.

Moreover, in East Asia itself, there is a more critical perception of U.S. domestic society. We know what the Singaporeans have to say about that, for example, with regard to crime and other forms of social breakdown. The Administration's unwillingness to admit this, I think, limits its effectiveness in dealing with these governments on human rights and democratization issues. Moreover, as Karl alluded to, it seems to me that there has been a lack of resolve in the Clinton Administration. The Administration often doesn't speak with one voice on issues. This does reflect, it seems to me, an absence of presidential leadership.

Where does U.S. policy stand in East Asia, and where should it go in the immediate future? I am going to talk about three issues: China policy, human rights, and the North Korean problem. With regard to China, the Administration does appear to have abandoned the single-issue, human rights-focused agenda. It now, I think, faces the need to formulate an entirely new and comprehensive strategy toward China that ought to have several components. I think there still should be some human rights component in U.S. strategy. It should not be linked to economic issues; but, at least in some symbolic areas, the Administration still needs to show the Chinese government that there is a price to pay—that there will be a level of discomfort that the Chinese leaders will have to face because of their human rights practices.

Going beyond that, I think there needs to be a priority strategic and security component that features a number of elements. There ought to be an emphasis on quiet, bilateral discussions especially in the area of military-to-military contacts. The Clinton Administration has initiated that to its credit. This ought to include a long-term emphasis on China's nuclear capabilities, missile sales policies, and increasing efforts to bring China into the arms control agenda. Also, we now need to begin discussions with our major allies—the Australians, the Canadians, the Japanese, as well as the Western Europeans—seeking a common approach to deal with China in the ASEAN regional forum on issues like military confidence-building measures and maritime issues related to China's territorial claims. I think there is still time to begin this process before the ASEAN regional forum meeting in July. The Clinton Administration should engage China on a couple of contentious, possibly crisis-laden issues for the future. This should be confined to quiet diplomacy, but that kind of diplomacy should not be avoided on the South China sea question and on the Taiwan question. I think we need some detailed, albeit quiet discourse with China on both of these issues, setting forth our positions distinctly and firmly and offering the Chinese our advice as to how we view the potential consequences of their future actions.

With regard to Taiwan, I think it is incumbent on the Administration to shift policy in a couple of other areas. First, I would like to see the Administration be more assertive in seeking Taiwanese representation in legitimate international organizations such as GATT or U.N. specialized agencies. This should not apply to membership in the United Nations, which Taiwan has been pushing, but there are a number of other organizations where Taiwan ought to have a membership, where we ought to be working harder to promote that.

Second, I think it's time to modify this blatant discrimination against contact and even visits by Taiwanese officials to the United States. I would just allude to the shabby treatment of President Lee Teng-hui in Hawaii when he was transiting Hawaii on his way to the Presidential inauguration in Costa Rica. That kind of treatment of Taiwanese officials should stop now.

On human rights, the outcome of the MFN issue has decimated America's human rights policy in East Asia. Like China policy, there needs to be a fundamental reassessment of strategy and the formulation of a new strategy by the Clinton Administration. I would hope that the Clinton Administration would not react to the MFN outcome by seeking cheap, symbolic victories with other East Asian countries in the area of human rights. The new strategy ought to be comprehensive, and it needs to be based on a realistic assessment of the present conditions and factors that affect how East Asian countries react to American human rights strategy. I would hope that the Administration would begin a sustained dialogue with the Australians and the Western Europeans, again seeking more unity in dealing with specific situations of human rights abuses. The United States should not isolate itself on human rights issues as it has over the last few months. We also need to initiate a sustained dialogue with ASEAN countries, Japan, and South Korea, seeking agreement wherever we can on definitions of human rights abuses and types of appropriate actions. It seems to me that private U.S. groups like The Heritage Foundation and a number of the other U.S. research organizations can play a leading role in promoting this kind of dialogue with the East Asian countries.

The Clinton Administration also should reassess the issuance of threats and ultimatums with regard to human rights, especially the issuance of threats regarding economic sanctions. I would hope that a newly formulated strategy would change some criteria for the use of economic sanctions to make those criteria more specific and more narrow in scope. It seems to me that the Clinton Administration should stop trying to expand the employment of public pressure into non-political issues like another country's criminal justice system; *i.e.*, the Michael Fay case in Singapore. Frankly, the United States lacks the moral authority to make its views respected on this kind of issue given our own society's poor record in dealing with domestic crime and social breakdown issues. The Administration displayed cultural arrogance by questioning a form of criminal punishment like caning. The Fay case was one strictly for quiet diplomacy.

It seems to me also that the Clinton Administration needs to avoid public pressure on democratic governments, specifically on human rights issues. I cite the example of Thailand in this regard. Open condemnation of democratic governments in Asia on specific human rights issues, it seems to me, weakens the effectiveness of U.S. overall support for democracy and demonstrates a U.S. lack of confidence in the ability of democratic systems to resolve problems like child labor and other specific issues of this type.

A new policy needs to stress the objectivity of conditions in these countries rather than relations with the AFL-CIO in setting strategy toward worker's rights in Malaysia and Indonesia. President Clinton made a good decision to meet with Prime Minister Mahathir in May, and the Administration has backed away from confronting Malaysia on worker's rights. I think the Administration now needs to back away from Indonesia on the worker's rights issue. Give Indonesia some breathing space in view of the Medan riot and the dangers that would be attendant should another riot of that magnitude occur. The Administration has helped to stimulate public debate in Indonesia. It should step back for awhile and see how that debate proceeds.

Let me turn to North Korea. The Clinton Administration strategy has contained the worst of two worlds since the spring of last year. There have been no sustained, high-level, comprehensive negotiations with North Korea—which, the Administration says, it agrees to in principle. And there also has been no pressure on North Korea that would inflict real penalties on Pyongyang and demonstrate U.S. resolve to other governments that are interested in producing nuclear weapons. Why has this policy contained the worst of two worlds? First, the Administration has underestimated North Korea's resolve to produce nuclear weapons; there has been too much of an analysis viewing North Korean policy as primarily using the nuclear issue as a bargaining

chip. David Ignatius's piece a week ago Sunday in *The Washington Post* was a very good analysis of that problem.

Second, the Clinton Administration has followed the tactic of withholding comprehensive negotiations in response to negative North Korean actions. The Administration has wanted to avoid the perception of making undue concessions to North Korea and has used this withholding tactic as an instrument of pressure. That has been the stick in American policy; but, in fact, the use of the withholding tactic as the instrument of pressure on North Korea has been a substitute for more material pressure in the form of sanctions that the Administration has been very reluctant to employ.

The State Department has maintained what I would call two either/or assumptions related to American policy. One is that we have either negotiations or sanctions, but we cannot have both. If we have sanctions, then it should go through the United Nations or it can't be done at all. I question the credibility of both of these assumptions. The consequences have been that the Administration has been ineffective in countering what, it seems to me, is North Korea's miniaturization strategy of reducing, step by step, the scope of its fulfillment of its nuclear treaty obligations and also reducing the scope of the U.S. diplomatic focus on North Korean fulfillment of these obligations. North Korean success in its miniaturization has threatened the credibility of the International Atomic Energy Agency. Moreover, the lack of material pressure on North Korea has influenced Pyongyang to include threats of war in its strategy. North Korea, in my view, has viewed the threat element of its strategy as successful; that is why it has intensified threats since the fall of 1993. The Administration's ambivalent strategy has made more difficult the securing of support from allies and even from China. Moreover, the lack of positive results is beginning to stimulate sentiment in South Korea to change its nuclear policies. This has always been one of the real dangers of this issue. If you look at what Prime Minister Hata said the other day about Japan's capacity to produce nuclear weapons, there is a change of tone even in the Japanese pronouncements now about Japan's nuclear policies.

The absence of sustained talks at appropriate high levels opens opportunities for private Americans to visit Pyongyang and portray themselves as more knowledgeable about North Korean policy than Administration officials. They denigrated the International Atomic Energy Agency and virtually appointed themselves as intermediaries. Moreover, I think the avoidance of high-level negotiations makes more difficult the job of making clear to North Korean leaders how the United States will respond to their actions, whether the actions are negative or positive.

Administration strategy reached a deadlock in May when North Korea removed the fuel rods and did not allow the IAEA to take the sampling of the selected rods that it desired. The Administration failed to anticipate the speed of the removal or the defiance of the IAEA. We now have the apparent confusion coming out of the Carter visit, so where do we go from here? I'll list a few points of what I think we should do: 1) abandon the either/or assumptions and the withholding tactic; 2) combine comprehensive negotiations and economic pressure into a single negotiating strategy; 3) offer concessions in a carefully planned way in comprehensive talks to gain the maximum concessions from North Korea; and 4) offer North Korea diplomatic and economic concessions but avoid making concessions in response to North Korea's military agenda that Pyongyang will produce at comprehensive talks.

It seems to me that we also need to employ economic pressure in the context of comprehensive negotiations in response to what I call North Korea's renunciation tactics: seeming to agree with you and making an agreement but then turning around and acting in a way which amounts to a renunciation of these agreements and commitments. The U.N. may present too cumbersome a vehicle for this. It seems to me that we need to be now negotiating with our allies to prepare a series of measures that could be employed within the context of comprehensive negotiations to

put economic pressure on North Korea. I think working with our allies—Japan, South Korea, and the G-7—will give us more flexibility and will make that kind of use of sanctions more effective. Finally, I think we need to look at a step-by-step military build-up; but, in the longer term, I think it is going to be incumbent on us to reassess what deterrence there is against a presumed nuclear-armed North Korea and whether our current military strategy will be effective against an assumed nuclear-armed North Korea.

In conclusion, I think we should start right now. As the first stage in our roadmap, the Clinton Administration should propose to the North Koreans negotiations over the next few weeks over North Korea's alleged offer to freeze its nuclear program. We need a concrete agreement to guarantee against reprocessing the recently removed fuel rods, insure continuous inspections, and freeze construction of new plutonium reprocessing and reactor installations. I think we ought to have an internal deadline with regard to the first stage of the talks. Let's test them on that issue. If North Korea refuses a comprehensive freeze agreement, the Clinton Administration should expand its negotiating agenda to include North Korea's nuclear treaty obligations, including special inspections and the dismantling of the reprocessing plant. It also needs to initiate economic measures against North Korea to signal Pyongyang that it expects the negotiations to achieve solid results.

SEAN RANDOLPH

I would like to thank The Heritage Foundation for the opportunity to be here today. It is a pleasure to be back in Washington among so many old friends. Before beginning my remarks, I should say that when the invitation was first extended to participate in this forum, I was in the private sector, but have since then accepted an appointment with the State of California. Any views I express today are therefore my own.

In discussing Asian trade policy, we should first ask what are the economic stakes for the United States. I will try not to burden you with too many facts and figures, but they do say something about why Asia is so important.

- ◆ Excluding Japan and the United States, average economic growth in the Pacific is projected to be 5.8 percent for 1994. Within that figure you have many countries that are growing much faster, such as Malaysia, Thailand, or China, that are all in the 8-10 percent range.
- ◆ Three main factors are propelling this growth:
 - ① high domestic consumption driven by rising middle classes;
 - ② growing trade between Asian countries; and
 - ③ an economic boom in China that is making it the primary engine of economic growth in the region. In fact, according to the World Bank, Southern China, Hong Kong, and Taiwan ("Greater China") are fast becoming the world's fourth major "growth pole" after the United States, Western Europe, and Japan. Chinese imports grew 25 percent in each of the last two years.
- ◆ ASEAN is our fifth-largest export market worldwide (U.S.-ASEAN trade has grown 17 percent per year for the past decade). We now export more to Singapore than to Italy, more to Malaysia than to the former USSR, and more to Indonesia than to Central and Eastern Europe.
- ◆ The United States now does 40 percent of its trade across the Pacific, up from 24 percent in 1980. The United States holds the largest stock of direct foreign investment in Asia (\$78 billion) and is the largest current investor in the region, ahead of Japan.

What are the implications for U.S. business?

- ◆ First Boston estimates that over \$600 billion will be spent by Asian nations on infrastructure over the next five years.
- ◆ General Electric predicts that Asia will place more than 45 percent of all global orders for power generation equipment over the next 10 years.
- ◆ Demand for telecommunications services and equipment is soaring.
- ◆ China is fast becoming the world's largest market for commercial aircraft. Since deregulating in 1988, the number of commercial airlines has risen from 1 to 40, generating demand for 1,200 new aircraft by 2010.
- ◆ Asia is the world's fastest growing area in terms of disposable income, with growth rates three times those of Europe or the U.S. In China's coastal provinces, consumption is growing 20 percent per year.
- ◆ Morgan Stanley Asia predicts that the total market capitalization of regional exchanges—not including Japan or China—could rise to \$5 trillion by 2000, a 430 percent rise from current levels and the equivalent of all U.S. exchanges combined.

The U.S. economic stake in Asia is clear: the United States must maintain a position of economic leadership in Asia if it wants to preserve and strengthen its position of global leadership. After many years of being too content to sit in its home market, U.S. business is out there actively investing and exporting in the region. The bad news, unfortunately, is that U.S. political leadership on Asian economic matters is inconsistent and often counterproductive.

This is disappointing, considering that President Clinton made a very promising start. I agree with Karl that he deserves some credit. The success of the Uruguay Round will be a big plus for Asia. Lifting the embargo on Vietnam was also a positive step.

The President's campaign highlighted Asia and APEC. Last summer he took an important step in proposing the Leaders' Summit held on Blake Island, Washington, in connection with November's APEC conference in Seattle. The President didn't create APEC (which is the product of a long, painstaking process that enjoyed support from both Presidents Reagan and Bush), but he did move the process forward, increasing its stakes and its visibility with the American public. But much of the goodwill that was created in Seattle has been dissipated by a series of tactical and strategic blunders that suggest underlying disarray in regional economic policy.

There are several specific problem areas to which I would point. Again, my topic is economic rather than political, but they flow together.

CHINA: I won't go into the issue of MFN for China in detail, since it has been analyzed exhaustively. Suffice it to say that the President's executive order requiring significant overall progress in seven specific areas of human rights delivered on a campaign position but was unenforceable without running the risk of significant damage to American exports, to the long-term U.S. economic position in China and Asia, and ultimately to U.S. jobs.

The withdrawal of MFN would have undercut U.S. political influence and leverage on a range of issues such as enforcement of intellectual property rights and cooperation in global strategic issues. The prospect of a rupture in U.S.-China relations was also very unsettling to other nations in Asia whose prosperity is increasingly linked to China's and who fear the consequences of domestic instability there.

In the end, President Clinton should be congratulated for breaking the political linkage between trade and human rights. It would have been easier to have gone for the middle ground

through some half-way measure to apply sanctions selectively, although this would have been ineffective and a source of continuing debate and friction. In the end, he did the right thing. What was unfortunate was that we spent a year arguing about this, in the course of which our credibility was severely damaged.

JAPAN: The collapse of trade talks with Japan in February was another setback for U.S. policy. The goal of setting numerical targets for U.S. imports, if pursued to its logical conclusion, would have several negative effects: 1) it would have undermined the credibility of U.S. commitments to multilateral negotiations and institutions such as the WTO; 2) it would have strengthened the ability of Japan's bureaucracy to regulate the economy at a time when momentum is growing from both consumers and business to deregulate—a trend that is very much in our interest; 3) it would have given Japan the moral high ground (which it clearly does not deserve) as a defender of free trade. It also offended other less-powerful exporting nations, such as Australia, who saw a negotiated U.S. market share as coming at their expense.

As with China, this policy delivered on positions staked out during the campaign—largely under the influence of the revisionist school of trade—but threatened to skew trade policy toward Japan with only marginal material results. In his recent announcement that talks with Japan would be resumed, Mickey Kantor claimed victory on the issue of “objective criteria,” but it is by no means clear that the two sides are any closer than before on how to measure progress. In fact, I anticipate an eventual falling back to sectoral or structural approaches similar to those pursued by Presidents Reagan and Bush.

Again, what we've seen is a pragmatic backing down on a high-profile issue, and inconsistency continues to be the gap between the President's free-trade rhetoric and his managed-trade goals.

SOUTHEAST ASIA: I should also mention the threat to withdraw GSP for Indonesia based on alleged violations of labor rights. Similar threats have also been made against Malaysia and Thailand. Fortunately, it doesn't appear that action will actually be taken against any of these countries (particularly with Indonesia hosting APEC this fall), but the Administration's position is widely viewed in Asia as an arrogant, politically motivated intervention in their domestic affairs.

This misplaced emphasis on social/political issues in bilateral trade relations has spawned a counterproductive debate in Asia on “Asian” vs. “Western” values. I believe this is a false debate and that Western values of liberty and basic human rights do apply to Asia. But the inappropriateness of the means chosen to apply them (trade) has perversely generated a backlash that is undermining our ability both to support human rights more broadly and to gain support for our policies from other members of the international community. And, frankly, when these countries have virtually full employment and (as in Singapore) a wide range of worker benefits, they see us as being in a poor position to deliver lectures on workers' rights.

APEC: Finally, I should mention APEC, where the Administration made such a promising start. The U.S. is currently seen as pushing too hard in APEC, seeking formal agreements and legalistic negotiations in contrast to the more consensual, evolutionary, and “free market” approach favored by most Asians. This may be causing some Asians to hesitate in their support for APEC.

The WTO is another source of concern in Asia, where the U.S. position (forcing labor onto the WTO agenda) is viewed by most governments as a thinly disguised vehicle of attacking the natural advantage they have in low-wage manufacturing. American leadership is

generally welcomed in Asia, but not when we are seen to be pushing political issues in a way they consider inappropriate (linked to trade). When they see us as trying to make APEC into a major institution, they wonder how we're going to use it against them, and our recent performance doesn't give much cause for reassurance.

What should we draw from all this?

The Administration's economic policy in Asia is showing signs of disarray, as demonstrated in Winston Lord's now-famous "malaise" memo. We are witnessing a process of ad hoc, short-term decision making dictated by narrow interests or interest groups—whether human rights advocates or organized labor seeking a payback for its loss on NAFTA—rather than a broad strategic vision.

Disarray is also suggested by the fact that the Administration chose to take on virtually all of Asia at the same time. One issue at a time would be enough to handle, but the simultaneous pursuit of aggressive unilateral trade policies with nearly every major Asian nation has compounded our difficulties in the area.

When we do this, our position and influence in the region suffer. One consequence I foresee is a backlash. There is growing self-confidence in Asia as 43 percent of Asia's exports now go to other Asian nations and their relative dependence on the U.S. market has fallen from 30 percent in 1986 to 21 percent in 1991. Most of these countries are doing very well economically and are increasingly self-confident. One manifestation is Malaysia's proposed East Asia Economic Caucus, a regional trade forum that (unlike APEC) excludes the United States.

We are seeing deep inconsistencies in the very foundations of the Administration's Asia policy. The emphasis on globalization and multilateralism seen in NAFTA and GATT clashes with "get tough" unilateralism. The fit between two of the announced pillars of the Administration's Asia policy—expanding trade and promoting democracy—is not clear, and the two are frequently in conflict.

With the global system in flux, compromises will occur, and the Administration should not be faulted for every change in course. But the inconsistencies in economic policy in Asia and its apparent lack of any strategic footing have undermined both U.S. credibility and leadership. If this is permitted to continue, we run the risk of forfeiting both economic leadership in Asia and the tremendous opportunities being generated there for U.S. business.

The challenge to the United States is to maintain political leadership; support the continued evolution of Asia toward more open, civil, and democratic societies; and ensure that U.S. business is positioned to benefit from the area's dynamic economic development. For this to happen, and if we are going to participate fully in Asia's economic success, our policies must be clear, our goals consistent, and our actions decisive. It is important that direction and consistency be restored to Asian trade policy before next November's APEC summit in Indonesia, which will put the Asian stamp on APEC. It will also be the last and best opportunity for the Clinton Administration to put a new, more constructive cast on its policy and reverse the damage done in the past six months.

ROBERT MANNING

It's tough coming at the end while trying not to be outrageously redundant. I was asked to talk about the personnel, management, and execution of Asia policy by the Clinton Administration. But before doing so, I want to put this Administration in an historical context. That is, the Clinton Administration came into office at a moment in history when Asia was coming of age after three decades or more of incredibly dynamic economic growth. It also is a period of generational

leadership change in Asia, which we will soon see in China, probably before the end of the summer, when Deng Xiaoping may no longer be with us. We've already seen generational leadership changes beginning in 1986 in the Philippines, in South Korea, Taiwan, and so on. But at the same time, Asia has no real regional identity, no sense of community, no institutions whatsoever compared to Europe, and no security institutions other than the bilateral alliance network with the United States. And until APEC—which was really not formed until 1989 and which is still more of a talk shop than an institution at the moment, unfortunately—Asia really had no economic institutions, either. One of the major challenges is one of institution-building. In my view, that requires leadership and vision, and the only place it can come from is the United States, which is a big problem.

Furthermore, you don't need to be a rocket scientist to figure out that what we've seen since the eighteenth century in Europe is that when you get a large urban middle class, you also get a shift towards a more accountable, pluralistic government. We have seen this process in Asia over the past decade, beginning with the "people power" revolution in the Philippines, in South Korea in 1988 when that country's incredible economic dynamism produced a middle class that saw the military give up power to a civil movement, and in the free elections in Taiwan. In my view, the Taiwanese experience will have more of an impact on the future of mainland China than anything Congress says or U.S. policy does or says. I would argue that Tiananmen was also, in essence, a product of dynamic economic growth, producing new social forces that the Leninist political structure of China could not accommodate. I think you will see upon Deng's departure a similar outpouring. We saw this same dynamic in Thailand in early 1992 when you had people out there in the streets with their cellular phones taking on the military successfully and restoring democracy. So, in the face of these trends, you wonder why the Administration is pushing so hard on an open door. I would argue that democracy is something that you cannot export, almost by definition.

So I would argue that the first problem the Clinton Administration faces in Asia is a lack of expertise—a poor understanding of regional dynamics. This has been starkly illustrated in the last couple of days. Here we are, in my view, just a step or two away from what could be a horrible conflagration on the Korean peninsula, and they're holding graduate seminars in the White House. This is, to say the least, a rather interesting style of crisis management. We face a decrepit dinosaur in North Korea that is so big, bad, and ugly we can't even talk to them. Instead, we have to send former Presidents quasi-free-lancing to do the job. I find this appalling as well. How did we get to this point?

I do want to say that, concerning GATT/NAFTA/APEC, the Administration has managed these issues well, consistent with U.S. interests. These are really the fundamentals here—free trade institution-building—and they have been managed well. I also have to give the President credit for having a very clear grasp of how Asia fits into his domestic agenda. This is why it's so striking that there is an incredible disconnection between the articulation of a macropolitical vision and the incoherence and incredible incompetence in the execution of the policy.

In terms of personnel, I think one of Clinton's bigger problems was his pledge to cut the White House staff by 25 percent. That limited the ability of the White House to coordinate policy. At a minimum, I would have challenged Congress to cut its staff before I did, because it is Congress that wastes a lot of people's time producing reports and documents no one ever reads at the taxpayers' expense. As Karl Jackson will testify—and I watched him age about ten years in the scope of about six months when he was a senior director for Asia and Brent Scowcroft tried to run that shop with two people—it doesn't work. Yet this Administration is continuing to try to do that, and the result is a reduced capability by the NSC to coordinate because people don't

have time to work the issues. Instead, they are pushing and processing paper more than trying to focus on an issue.

This has helped shift power to the functional bureaucracies at the State Department—proliferation, human rights, trade—so that when an issue came up, such as human rights, that shop took it or, in the case of Korea, the proliferation shop took it.

On personnel, I also think they seemed to have made a very conscientious effort, along with the 25 percent cut, to carry out a quota hiring process. The criterion was not getting the best and the brightest by any means at all. Many people either didn't get jobs or took a year to get jobs because the Assistant Secretary or Undersecretary told them "I can't hire you until we get a woman" or "pick your minority for the job." This has also been another factor in the disarray.

In terms of actual personnel, I think a conscious effort was made to keep out anybody who knew anything about Asia, particularly Japan. In this sense, the Clinton Administration differs very sharply with both the Reagan and Bush periods. I can think of people like Bob Zoellick, Paul Wolfowitz, Dick Solomon, Karl Jackson, and others down the list who were very capable people with long experience in dealing with both Asia and Asians. You just don't have that in this Administration. There is no one above the level of the Deputy Assistant Secretary, with the exception of Charles Freeman in the Defense Department (whose scope is a little more limited), whom I consider someone with that kind of background in Asian expertise. So there is a real contradiction when our President says our future lies in this region and yet has nobody who knows anything about it.

When you get to the Japan policy, those with expertise have been viewed as suspect. Instead, the Clinton Administration seems captured by outdated, circa 1988 or 1989, revisionist views of Japan that do not square at all with reality in my view. On China we had a policy that has been driven by CNN-Tiananmen imagery and the Congress. If you look at Clinton's campaign rhetoric—I made a careful study of this—there is nothing he said during the campaign that would have led inexorably to the May 1993 executive order that these great strategic geniuses in his Administration negotiated with no national security waiver whatsoever (in the middle of the Korean crisis, it was quite striking).

The other key issue, Korea, I think will be a defining crisis not only in terms of the geopolitics of East Asia, but also in terms of the entire international system, certainly the proliferation regime. There is no one above the level of the Korea desk officer who has background and in-depth knowledge of Korea. Ken Quinones is the only one I know of in the State Department who is a Korean-speaking officer working on Korea. I find that just stunning. I guess that leads you to hold seminars in the White House as a form of crisis management.

In terms of the State Department's management, I was really struck when Ambassador Lord came in and they essentially took Japan out of his portfolio. One former Assistant Secretary commented to me, "If they did that to me I would ask them to find another boy." But it didn't stop there. They then took Korea out of his portfolio and gave it to the Political/Military Affairs Bureau, which was a good part of the reason why they have had trouble managing policy on Korea. This kind of mismanagement, I would argue, affects not only global proliferation, but also more fundamentally the future of the Korean peninsula and Northeast Asia. Not to mention that the policy has failed to integrate the global and regional aspects with a broader concept, and that's why you get the Russians proposing conferences and so on.

Again, regarding personnel, the reason APEC was managed well is that the two senior officials in charge have been managing this issue since 1989. Bob Fauver and Sandy Kristoff, who are both civil servants, were moved into the White House, and they got it right. In fact, one of the interesting little anecdotes about the formation of the NSC on Asia is that Tony Lake literally ran

out of money before he got to Asia after he finished hiring all of his friends. He had to detail officers from other agencies due to the 25 percent cut. Winston Lord was in essence allowed to recreate his Beijing embassy in Washington. He brought in his former economic counselor, Kent Wiedeman, who was put in charge of Asia at the NSC, and brought in his former DCM, Peter Tomsen, to be his deputy at State. This leads me to the Lord memo, because it was the most accurate analysis of U.S.-Asia policy that I have seen. But when a document says "Gee, we really dug ourselves into this very, very deep hole," somebody should be asking who did the digging. Nobody seems to be doing that, so we have the "teflon" Assistant Secretary.

Let me just say a couple of words on the NEC structure. As Karl said, there was discussion in the Bush Administration about elevating economic issues. I think it could be achieved by restructuring the NSC to include the economic agencies and appointing a second Deputy National Security Advisor for International Economics, which would be less bureaucratic. If you get the right person with the right relationship to the President, I think it could work very well. You can talk all you want about structure; but at the end of the day, it really comes down to people. If you have the right structure and the wrong people, it won't work; but if you have the wrong structure and the right people, somehow you can get a network that can carry out policy. During the Reagan and Bush Administrations, there was an Asia policy mafia that worked together very well. You didn't have leaks or freelancing, and you had a fair amount of success.

Let me go back to ideology just briefly because I think it is important. Soon after the Clinton Administration came to power, they were talking about a Radio Free Asia. This recalls a misplaced cold war mentality, because Radio Free Europe's purpose was to question the legitimacy of Eastern Europe and their governments. While I think we should expand broadcasting in Asian languages to Asian countries, there's no reason why the Voice of America (VOA), which has a certain amount of credibility and experience, should not take the lead. This illustrates the Administration's confrontational missionary approach of showing everybody how great we are rather than simply leading by example.

On Japan, I think Sean correctly alluded to the ideology of revisionism that the Administration bought into wholesale. This was until, of course, it spooked the bond market, and then the Administration retreated. In my view, now we have a policy that is perhaps too soft on Japan, because there has to be some sort of structural dialogue dealing with the macroeconomic and structural problems in the relationship. That is why we created the Structural Impediments Initiative. The Administration seems to have reduced the framework document (which in itself is not a bad document) to talks covering three or four sectors, forgetting the rest of it as a practical matter. This illustrated the Administration's tendency to stake out unattainable positions and then retreat, causing them to get gun shy and too narrow in their pursuits, which is a problem.

Across the board, we see the influence of special interests. In China you have the human rights crowd, the proliferation crowd, and organized labor. In Thailand you have a similar thing, and in Indonesia and in Malaysia you see the worker's rights and human rights community.

The most unbelievable example was the Singapore issue. Here we saw the President of the United States publicly and systematically engaged on a question that has nothing, in my view, to do with politics or human rights, but is a question about a legal system. Now suppose a Singaporean got convicted of murder in Virginia, faced the death penalty, and the Singaporeans mounted the same protests. How could that possibly be a political issue? There is also a practical aspect: once we publicly questioned the legitimacy of the Singapore system, there was no way for them to back down, and of course they didn't. We ended up looking like a fool with a "superpower Singapore" pushing us around. You have to ask what kind of policy process is it that there is nobody in the State Department or the NSC who could advise President Clinton to avoid this issue. As I recall, this originally came up at a press conference, where somebody asked him a

question about the Singapore caning and he said, "Gee, I don't know anything about it. I'll have to look into that," and then felt compelled afterwards. I found it just a stunning indictment of policy management to allow the President to become mired in this dispute.

This leads me to the question of Asian values versus Western values. I think it is a bogus issue because the Singaporeans have developed a very elaborate critique that looks at the United States' murder rate, incarceration rate, education system, and breakdown of the family, even challenging Warren Christopher to walk the streets of Anacostia after 8:00 at night, and so on. By pursuing this missionary approach, we have encouraged an Asian notion of a different approach to human rights. In my view, Asia's political trends are going our way. Asia is becoming more democratic as a steady trend, and I think it will continue as long as the economic growth continues. I do not buy Lee Kuan Yew's notion that authoritarianism is a long-term alternative. I do think that the Asians are developing democratically in the proper sequence. That is, before building a substantial urban middle class, they are resisting pressing too hard on questions of liberalization.

We are going to see democracies that reflect the particular histories and cultures of their societies, and it is already clearly moving in that direction. There are limits to what U.S. policy can do to influence this process, except at the margins. I think it is incumbent upon us to support emerging democracies. I think we have done that well in Korea, for example, and we're trying to do that now in Russia, apparently with less success (unless you like the mafia). We also must stay on the right side of nationalism to avoid discrediting the forces of change. I think that is the challenge. There is now a flawed notion that we have a great policy challenge of creating democracies in Asia. The correct policy should reflect a sharing of responsibility to create a system so that both Asians and Americans feel there is enough of a stake in this that they want to make it work. This is the challenge I referred to earlier as institution-building. I don't see an Administration strategy behind any policy that would lead you in that direction, although the President did make tough decisions on MFN and Japan. Perhaps these decisions indicate the beginnings of a learning curve.

