

Is Washington Losing East Asia?
The Drawbacks of Linking Trade and Security
in America's Foreign Policy

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Abstract

This paper traces the “securitisation” of US foreign economic policy since the advent of the Bush administration. It does so with reference to US economic policy in East Asia. It argues that the US has been unable to resist the temptation to link foreign economic and security policy. While there was evidence of the securitisation of economic globalisation in US policy from day one of the Bush administration, it was September 11 that firmed up this trend. Ever since, the Bush government has seen globalisation not simply in neo-liberal economic terms, but also through the lenses of the national security agenda of the United States. Economic globalisation has been linked to security policy. This trend is notably evident in East Asia, where the United States has put an emphasis on Free Trade Agreements with military allies. However, by linking trade and security the United States has limited its range of partner countries. Only two free trade agreements – with Australia and Singapore – have been implemented in the Asia-Pacific. By securitising trade policy, the US may have weakened its overall position in Asia. Thus the paper identifies some intellectual contradictions in US strategy and raises a series of questions about the implications for world order of the consolidation of the trends identified in the paper.

Key Words: Globalisation, sovereignty, securitisation, Asia, US foreign policy.

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1. Introduction

In a recent article in *Foreign Affairs*, Peter Hakim asked whether Washington is losing Latin America.¹ One might similarly ask if Washington is losing East Asia, too. In this paper, we look at the linking of trade and security issues in George Bush's foreign policy and ask whether the outcome of this policy has been a strengthening or a weakening of America's position in East Asia. We argue that by linking trade and security, America has been damaging its position in East Asia.

Whilst America under George W. Bush is rapidly losing influence in both Latin America and East Asia, China is rapidly improving its position in international affairs. In particular, China increasingly embraces and engages East Asia.² In many East Asian countries the perception has grown, in particular during and since the financial crisis and 9/11 that they both are pushed away by Washington. China has utilised the opportunity and to fill the void. At the same time as America puts security issues in the centre of its foreign policy, China has demilitarised its rhetoric and policies. In contrast to previous decades, today it is China that promises a common future in harmony and prosperity. China's policy shift has resulted in a remarkable revision of perceptions in East Asia, as David Shambaugh has noted: "Today China is an exporter of goodwill and consumer durables instead of revolution and weapons."³

¹ Of course, Latin American opposition to the invasion of Iraq is the key issue here. Washington was outraged when in 2003 the Latin American representatives in the Security Council, Mexico and Chile, opposed a resolution which would have endorsed the incursion. Peter Hakim, "Is Washington Losing Latin America?" *Foreign Affairs* 85 (January/February 2007): 39-53 (42).

² David Shambaugh, "China Engages Asia," *International Security* 29 (Winter 2004/2005): 64-99.

³ *Ibid.*, 65.

The shock of 9/11 has lead Washington to re-direct its foreign policy in a way that has redefined the relationship between globalisation, sovereignty and security. The policy shift has also led to new approaches in research, where the three dimensions are now more inextricably linked in the normally competing scholarly literatures of security studies and international political economy than at any time in the recent past. Trends in contemporary world order must now be understood by an examination of the changing nature of the relationship between sovereignty and security under conditions of economic globalisation. The context in which such a sweeping statement can be made is, of course, the world since September 11, which brought into sharp relief some trends that had been developing in the global order in the closing stages of the 20th century but had not been fully defined and articulated.

The key player in the story is, inevitably, the United States, enjoying (if that is the correct expression) a period of unparalleled global predominance. Indeed, the US still controls a more substantial share of global power than any country since the emergence of the state system.⁴ The aim of this paper will be to outline the corresponding intellectual support system to this unprecedented American military preponderance; the elements of which are identified as a strange and paradoxical combination of liberal-idealist fundamentalism and what we call applied “concerted unilateralism”. The implication of this combination of American ideas and contemporary power is leading to the “securitisation of globalisation”. This argument rests on five assumptions.

⁴ Robert Jervis, “The Compulsive Empire,” *Foreign Policy* 137 (July/August 2003): 82-87.

- The structure of world order – be it multi-polar, bi-polar or uni-polar – has had consequences for the behaviour of key actors, especially the hegemonic actor, in a given historical era.
- The current structure, by common agreement across the scholarly and policy spectrum and notwithstanding some emerging trends, continues to be uni-polar. This assessment is made despite the erosion of American hegemony, which is in decline both in the security domain – consider the inability to end the Iraq conflict – as well as in the economic sphere. In 2006, America's continuing defeat in Iraq has contributed to the victory of the Democrats in the November mid-term elections. The high current account deficit of the United States, the decline in the real estate market, as well as continuing problems of major US car manufacturers illustrate this point.
- We are witnessing the most dramatic re-interpretation of the understanding of sovereignty, in both theory and practice, since the birth of the Westphalian system in the 17th century.
- We are also seeing a dramatic change in the economics-security nexus in foreign policy making. Nowhere is this better illustrated than in the foreign policy of the world's dominant power – the USA.
- As a consequence, the current US Administration is “securitising” the neo-liberal economic agenda and its foreign economic policy in the context of its changing view of sovereignty and security in contemporary global affairs.

We define securitisation as a process in which “an issue is framed as a security problem”.⁵ Specifically in this paper, we demonstrate how elements of US foreign economic policy have been securitised: Rather than existing in two parallel policy areas, foreign economic policy in general, and trade policy in particular, is subsumed within the wider context of the US security agenda. The Bush administration including the relevant government agencies, as well as interested lobbyists and pressure groups, have sought to treat economic policy in a manner different to the normal, conventional rules and practices of economic policy making and implementation.

In effect, foreign economic policy is declared in need of having to have a security dimension. Foreign economic policy under Bush has come to be articulated in the language of security. The audience for this re-articulation – the USA’s international economic partners – are made aware of the salience of the relationship between the two, normally discursively discrete, domains of policy and the accompanying expectation that they respond accordingly. The aim of securitisation is thus to justify the imposition of conditions and measures in the area of foreign economic policy that would not be considered the norm in this policy domain. In many ways, as will be shown in the discussion of US policy towards trade bilateral relations with Asia, the securitisation discourse is one of reward and threat.

⁵ Ole Waever, “Securitisation and Desecuritisation” in Ronnie D. Lipschutz, ed., *On Security* (New York: Columbia University Press, 1995), 75. See also Barry Buzan, Ole Waever and Jaap de Wilde, *Security: A New Framework for Analysis* (Boulder: Lynne Rienner, 1998). For an interesting case of another policy area – transnational crime – that has undergone a process of securitisation in Asia see Ralph Emmers, “ASEAN and the Securitization of Transnational Crime in Southeast Asia,” *The Pacific Review* 16 (September 2003): 419-438.

Of course, we are not arguing that security considerations have not played an important role in American foreign policy in previous years. In 1973, the eminent Harvard economist Richard Cooper argued that “trade policy is foreign policy”. Trade issues have frequently affected, and occasionally dominated, the relations between countries.⁶ Recent work re-states the obvious point about continuity of the nexus between economic and security policy.⁷ Our argument, of course accepts this. Rather, we are arguing that in recent years, American foreign policy has introduced a sharp division between friend and foe and that the policy response to this division is articulated via the securitisation of foreign economic policy. Not unlike the separation of the world that characterised the Cold War, today we once again find an inclination in Washington to distinguish between the good and the bad. On 6 November, 2001 President Bush made this division very clear: “You’re either with us or against us in the fight against terror.”⁸ Opposition to the “war on terror” has consequences for countries that do not follow America wholeheartedly.

In US policy, economic globalisation is no longer seen just in liberal economic terms, but also through the lenses of the national security agenda. By way of example we will demonstrate how governments in countries contemplating a free trade agreement with the United States are explicitly reminded of the strong connection between security and economic cooperation. We will also show that America’s economic and security position in Asia may not have been strengthened by linking trade and

⁶ Richard N. Cooper, “Trade Policy is Foreign Policy,” *Foreign Policy* 9 (Winter 1972-73): 18-36 (19).

⁷ Nicola Phillips, “The Limits of ‘Securitisation’: Power, Politics and Process in US Foreign Policy,” *Government and Opposition* 42 (Spring 2007): 158-189 (158).

⁸ The White House, “President Welcomes President Chirac to White House,” 6 November 2001, accessed on the website of the White House at <http://www.whitehouse.gov/news/releases/2001/11/20011106-4.html>, 30 March 2007.

⁸ The White House, “President Welcomes President Chirac to White House,” 6 November 2001, accessed on the website of the White House at <http://www.whitehouse.gov/news/releases/2001/11/20011106-4.html>, 30 March 2007.

security. The United States has only been able to implement two bilateral free trade agreements in Asia, widely defined: with Australia and Singapore. The exclusion of other potential partners, such as New Zealand or Taiwan, on the basis of security, rather than economic considerations, has significantly reduced the number of countries on America's list of Free Trade Agreement (FTA) partners.

Thus, George Bush's foreign economic policies have had two negative effects: First, the American emphasis on bilateral trade agreements, in Asia and elsewhere, has contributed to the weakening of the multilateral regime although it would be unfair to solely blame the US for this development.⁹ Second, by reducing the number of potential candidates for an FTA, the US has undermined its own strategy and has enabled its new rival, China, to embrace a region that hitherto had been very reluctant to develop deep ties with Beijing. Rather than prolonging uni-polarity, Bush's policies contribute towards the emergence of multi-polarity, at least in the medium-term.

The paper proceeds in three sections. Section 2 identifies the characteristics of a uni-polar world order in the early 21st century as they relate to principal elements of a securitised foreign policy. Section 3 traces the sources, and implications for policy, of the idealist-unilateralist underpinnings of contemporary American foreign policy. Section 4 examines the implications of the securitisation of US economic foreign policy, in particular with regard to the developments in Asia, especially the increasing rivalry with China for supremacy in East Asia. Given that East Asia, relatively speaking, is one of the least contentious areas of contemporary US foreign economic

⁹ Heribert Dieter, *Abschied vom Multilateralismus? Der neue Regionalismus in der Handels- und Finanzpolitik* (Berlin: Stiftung Wissenschaft und Politik, 2003).

policy, this represents a strong case study with which to test the wider theoretical assertion of the paper.

2. Uni-polarity in the Early 21st Century

Large bodies of scholarly literature and some empirical historical evidence suggest that multi-polarity creates incentives for economic integration and cooperation between allies and sees enhanced economic interaction as a major instrument of cooperative statecraft. By contrast, bipolarity, as during the Cold War era, is thought to encourage the separation of economics and politics. The analysis of uni-polarity, often a short-lived moment, is less well defined. While resisting the structural realist assumptions about the independence of state power as an analytical variable in international relations, we are of the view that the early 21st century appears to confirm Michael Mastanduno's argument that a uni-polar structure will see the hegemonic state organise economic policy and practice " ... to line up behind and reinforce its national security strategy."¹⁰ In this regard, US policy is, at the moment, a living laboratory in which we might think about what motivates the relationship between a hegemonic state and its economic and security policies.

While security issues and state power, especially military preponderance, is clearly important, there are also other salient factors. Ideational influences (the dominant neo-conservative ideology, only partly called into question by the victory of the Democrats in the 2006 elections) and the changing nature of liberal economic globalisation – are also salient in explaining US behaviour. Hence a sense of historical

¹⁰ Michael Mastanduno, "Economics and Security in Statecraft and Scholarship," *International Organization* 52 (Autumn 1998): 825-854 (827).

context is required. As Robert Jervis argues, “nations enjoying unrivalled power, *always* define their national interest in increasingly expansive terms”.¹¹ American policy has been very much constituted by where the USA stands in bi-polar, multi-polar or uni-polar historical moments. In historical terms, this is reflected in US policy in the Cold War and post Cold War eras. During the bipolar Cold War the major security rival, the USSR was not the major economic rival. Indeed, the West and East were effectively separate economic entities.¹² In this context, US economic and security policy had a good deal of distance between them. In the economic domain – especially through the Marshall Plan, its encouragement of the development of a free trade area in Europe and other actions – US economic strategy was to rebuild its allies, and indeed former military rivals (Japan and German) in a way that reflected a complementary Western economic order but a competitive East-West security divide.

As Cold War tensions declined from the late 1980s and the Soviet Empire came to an end, economic competition between the US and its politico-strategic partners increased. This was to be a period of heightened economic tension between the US and Europe across the Atlantic and the US and Japan across the Pacific.¹³ Economic growth in Europe and Asia was such that US economic primacy, and indeed, the Anglo-American way of organising a capitalist economy, appeared to be challenged. Tense relations were reflected in a range of policies that saw the economics-security

¹¹ Jervis, “Compulsive Empire,” 83.

¹² See Joan E. Spero, *The Politics of International Economic Relations* (New York: St Martins Press, 1977).

¹³ See Michel Albert, *Capitalism Versus Capitalism* (London: Whurr, 1992); Clyde Prestowitz, *Trading Places. How We Are Giving Our Future to Japan and How to Reclaim It* (New York: Basic Books, 1993); Jeffrey Garten, *A Cold Peace: America, Japan, Germany and the Struggle for Supremacy* (New York: Time Books for the Twentieth Century Fund, 1992); Lester Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe, and America* (London: Nicholas Brealey, 1992).

nexus in foreign policy becoming more blurred than it had been during the era of Cold war bi-polarisation.¹⁴

This was to change further by the late 1990s. The US had enjoyed a decade of steady growth, the high-tech boom was in full flight and the Asian Economic Miracle had run out of steam – across the board, stagnation in Japan, financial crisis in other parts of Asia. Indeed, the “miracle” was pronounced dead. The atmospherics of the US-Asia relationship had seen the Asian hubris of the early 1990s give way¹⁵ to American *schadenfreude* in the late 1990s.¹⁶ US preponderance was firmly established – uni-polarity seemed to be more than just a moment. The stated desire of both the late Clinton and early Bush Administrations to preserve preponderance led to the greater harmonisation of economics and security considerations in US policy. The important point to note is that this trend was in place prior to September 11. Without elaboration at this stage, this shift had been evident in relations towards Europe and Asia – and China in particular—during the closing stages of the Clinton era.

In short, there would appear to be a correlation between the degree of dominance of the international system by the US in military terms and the manner in which it uses economic policy as an arm of security policy. The emergence of uni-polarity and the close integration of economic and security policy arguably has its origins back in the mid-1990s, especially after the series of financial crises that hit Asia, Russia, Eastern Europe and Latin America. But, it was September 11 that offered the unilateralist idealists – epitomised in the writings of members of the New American Century

¹⁴ Mastanduno, “Economics and Security,” 829-843.

¹⁵ Mortimer Zuckerman, “Debate: A Second American Century,” *Foreign Affairs* 77 (May/June 1998): 18-31.

¹⁶ See Richard Higgott, “The Asian Financial Crisis: A Case Study in the Politics of Resentment,” *New Political Economy* 3 (November 1998): 333-356.

Project – to set in train an agenda for a “post sovereign” approach to American foreign policy.¹⁷

From a reading of US policy in the contemporary era, we can say that a uni-polar moment does indeed appear to have tempted the hegemon to integrate economic and security policy more closely than under conditions of multi-polarity. It has done so in a manner in which economic policy has become an arm of security policy. Economic policy, rather than being a mere instrument of economic relations and statecraft becomes a part of the armoury of influence that the hegemon uses to develop a strategy towards potential challengers. At the general level, this can be seen in US policy towards the international economic institutions such as the International Monetary Fund (IMF) and the World Bank and especially in policy towards the World Trade Organisation (WTO) in the failing Doha Round. It can also be seen in its bilateral economic relations; for example, with the European Union (EU). The nexus between economic and security relations with the EU are now an integral part of its wider security agenda in the wake of the split with continental Europe over military involvement in Iraq. The recent attempts of the German government under Angela Merkel to establish a new form of transatlantic economic cooperation – such as a Transatlantic Common Market – can at least partly be explained by the drifting apart of America and Europe due to weaker security links.¹⁸ As the empirical

¹⁷ See Stefan Halper and Jonathan Clarke, *America Alone : The Neo-Conservatives and the Global Order* (New York : Cambridge University Press, 2004); Robert J. Leiber, *American Power and Strategy in the 21st Century* (New York: Cambridge University Press, 2005); Anatole Leiven, *America Right or Wrong: An Anatomy of American Nationalism* (New York: Harper Collins, 2004).

¹⁸ Chancellor Merkel suggested “structures similar to those of an internal market” at the World Economic Forum 2007 in Davos. Angela Merkel, “Opening Address,” 24 January 2007, accessed on the website of the World Economic Forum at http://www.weforum.org/pdf/AM_2007/merkel.pdf, 29 March 2007.

discussion in part 3 demonstrates, economic relations with East Asia have also been “securitised”.

The Economics-Security Nexus

For students of the political economy of globalisation on the one hand, or security studies on the other, the economics security-nexus is not always an easy relationship to work out. Indeed, it is often confused, always problematic. Thus, it is important to distinguish between two aspects of this relationship in order to understand what is happening in US policy in the contemporary era:

- ***The subordination of economic policy to security policy*** – in which foreign economic policy supports wider politico-military policy in the international domain. This is the traditional understanding of the relationship between high politics and low politics. It would also be the traditional view of the right balance in the relationship found in Defence establishments.
- ***The subordination of security policy to economic interests*** – from the point of view of the prevailing hegemonic power, this approach is replete with assumptions about the need only to make the world safe for the liberal economic enterprise.

The second relationship, the subordination of security policy to economic policy, was the dominant characteristic of the US policy in the late 20th century; that is the era neo-liberal globalisation proper, roughly the period from the collapse of the Soviet empire through to the financial crises of the second half of the 1990s. But it is the first relationship, the subordination of economic policy to security policy, which has

become more prominent since the late Clinton/early Bush era, with massive accentuation following September 11. The change of direction – towards the securitisation of economic policy – is to be explained in both ideational and material ways. The relevant factors are discussed in the next section.

3. Unilateralism, Securitisation and Bilateral Trade Agreements in Asia

Changes in US positions, policies and behaviour on the key issues of economic globalisation, especially its increasingly unilateralist attitude towards the reform of the key instruments of international economic management (the WTO, IMF and World Bank) and especially following the Asian financial crises, are now as well understood¹⁹ as are other aspects of its unilateral behaviour (such as walking away from the Kyoto Protocol, the International Criminal Court, the Germ Weapons Ban and Trade in Light Arms Treaty). What is less well articulated is the degree to which these policies do in fact represent a historical break with the past.

In a previous uni-polar moment – in the aftermath of World War Two – the USA used its unchallenged power (material and ideational) to set in place an international institutional infrastructure of global economic management. Although underwritten by US hegemony, the Bretton Woods System and the General Agreement on Tariffs and Trade (GATT) were multilateral in both tone and practice. For sure, the USA saw these institutions as beneficial to its national interest and its view of world order, but it defined its interests broadly and in a sufficiently inclusive manner that other countries

¹⁹ Joseph Stiglitz, *Making Globalization Work. The Next Steps to Global Justice* (London: Penguin, 2006).

felt able, nay keen, to sign on to a vision that stressed the importance of due process and the rule of law.

Subsequently, Jeffrey Schott noted a certain US policy schizophrenia regarding the role of economic policy and overall foreign policy for over the last two decades of the 20th century. One strong section of Congress as well as the business community expressed a preference for the separation of economic and security policy. To achieve this, Congress moved most trade functions from the State Department to the Commerce Department in 1979. During the same period, however, members of Congress were putting forward legislation that explicitly linked trade measures or financial assistance to “good behaviour”, such as implementing human rights or prosecuting drug traffickers.²⁰

Since then, there is a strong sense that the USA has defined national interest much more narrowly, largely in security terms, thus turning its back on institutional arrangements that for half a century were at the base of its more multilateral view of world order. Our point here is not to make judgements on the contemporary utility of the major international institutions – that they are in need of major reform is not the issue. Nor do we deny the existence of alternative, if largely non-influential voices in the US to the paths pursued by the Bush administration (see Higgott, 2004). Rather we wish to capture the magnitude of the change that US policy has undergone since the advent of the Bush administration and to identify the contradictions that confront analyses of current American foreign economic policy in general and trade policy in

²⁰ Jeffrey J. Schott, “Understanding US Trade Policy: Circa 2001,” paper prepared for the International Affairs Institute, Rome, 18 October 2001, accessed on the website of the Peterson Institute at <http://www.petersoninstitute.org/publications/papers/schott1001-2.pdf>, 29 March 2007.

particular. The securitisation of policy has left the US increasingly isolated both in multilateral forums and – perhaps even more surprising – in its bilateral projects. Apart from the free trade agreement with Australia, America has not implemented a bilateral agreement with an economically important economy, i.e. an OECD-country, in more than a decade, an issue which will be discussed further below.

Securitisation and Trade Policy in East Asia

It is the contention of this section of the paper that US policy towards the Asian regional agenda is significantly shaped by the influences outlined in parts 1 and 2 of the paper. At one level it is inevitable that the reassertion of the geo-security agenda over the geo-economic agenda (that prevailed in the 1990s heyday of neo-liberal globalisation) should result in policy change; especially when accompanied by the ascendancy of the unilateral idealists and the securitisation of key elements of its foreign economic policy in a number of empirical contexts. Moreover, the weakened US economy (which is not a contradiction with the argument that we live in a uni-polar hegemonic moment) since the collapse of the high tech boom has seen the Administration think more about the degree to which the security agenda could also be a prop to the domestic economy, even prior to September 11. Specifically, US economic relations with East Asia have been “securitised”. This can be seen both within the regional institutions and in bilateral economic relations.

Even prior to September 11, Asian observers had increasingly evaluated Asia-Pacific Economic Cooperation (APEC) as a tool of American foreign policy. APEC’s failure to provide any meaningful response to the biggest economic crisis in the Asia-Pacific region since 1945 made it, if not irrelevant, then less important, for many Asian

members, most of whom prefer the Association of Southeast Asian Nations (ASEAN) Plus Three process for the development of strategies to deal with future crises.²¹ The manner in which the US treated APEC in the wake of September 11 confirmed the perceptions gained during the financial crisis. Throughout the 1990s, the Asia Pacific had been a major focus of attention for US foreign economic policy. It was an important part of its neo-liberal global economic agenda, evinced by (eventually failed) US attempts to use APEC to secure Early Voluntary Sectoral Liberalisation (EVSL).²² Following September 11, US interests in regions of the world other than the Middle East and issues other than the war on terrorism were placed firmly on the back burner. Policy began to reflect a declining American concern for the viability of an issue-specific organisation such as APEC that had little to contribute towards US policy on the privileged issue of the containment of terrorism.

Rivalry between an Asian driven integration project and APEC is, of course, not new and not all questioning of APEC's continued utility stems from current American policy. Independently of the position of the US, policy elites in Asia have, from the outset, been guarded in their belief in the benefits of regionalism driven by the Pacific Caucasians (see Higgott and Stubbs, 1994).

Frustrated with the lacklustre development of APEC, and in view of the emerging FTA networks of the European Union and the USA, Asian countries have begun to

²¹ Hadi Soesastro, "Regional Integration in East Asia: Achievements and Future Prospects," *Asian Economic Policy Review* 1 (December 2006): 215-234 (220).

²² Vinod K. Aggarwal and John Ravenhill, "Undermining the WTO: The Case Against Open Sectoralism," February 2001, accessed on the website of the East-West Center at <http://www.eastwestcenter.org/stored/pdfs/api050.pdf>, 29 March 2007.

follow the bilateral trend.²³ The implementation of discriminatory trade arrangements is arguably the most significant development in intergovernmental relations since the Asian crisis of 1997.²⁴ American foreign policy has helped to foster that trend. In particular, American opposition to an Asian Monetary Fund since 1997²⁵ has been an important catalyst in the development of a dialogue between Southeast and Northeast Asia on this and other issues. Since the turn of the century, steps in the search for a new monetary regionalism have been numerous.²⁶ Regular ASEAN summits have been expanded by the participation of Japan, China and South Korea in ASEAN+3 (or ASEAN Plus Three - APT). Indeed, the APT has been gaining rapid importance in Asia.²⁷

The US has not been part of the more recent efforts to create intra-regional networks in East Asia. On December 14, 2005, the first East Asia Summit was held in Kuala Lumpur, Malaysia. The meeting was attended by the APT countries as well as India, Australia and New Zealand. Russia attended as an observer, but the “strongest shaper of economic and strategic developments in the region, as well as a member of previously established Asia-Pacific groupings ... had not been invited to attend”.²⁸

The US is suffering from what we may call “summit exclusion”, a hitherto unknown

²³ Gary Clyde Hufbauer and Yee Wong, “Prospects for Regional Free Trade in Asia,” October 2005, accessed on the website of the Institute for International Economics at <http://www.iie.com/publications/wp/wp05-12.pdf>, 29 March 2007; Patrick Ziltener, “Die Verhandlungen über bilaterale Wirtschaftsabkommen zwischen Japan und den ASEAN-Ländern, 2000-2005,” *Aussenwirtschaft* 60 (III/2005): 279-304 (279).

²⁴ John Ravenhill, “The New Bilateralism in the Asia Pacific,” *Third World Quarterly* 24 (April 2003): 299-317 (300).

²⁵ For a discussion see Yunjong Wang, “The Asian Financial Crisis and its Aftermath: Do We need a Regional Financial Arrangement?” *ASEAN Economic Bulletin* 17 (August 2000): 205-217.

²⁶ See Heribert Dieter and Richard Higgott, “Exploring Alternative Theories of Economic Regionalism: From Trade to Finance in Asian Co-operation,” *Review of International Political Economy* 10 (August 2003): 430-454; Heribert Dieter, “Monetary Regionalism and Financial Markets,” in *Ibid.*, ed., *Report on East Asian Integration* (Paris: Notre Europe, 2006).

²⁷ Soesastro, “Regional Integration,” 219.

²⁸ T.J. Pempel, “The Race to Connect East Asia: An Unending Steeplechase,” *Asian Economic Policy Review* 1 (December 2006): 239-254 (240).

phenomenon. Furthermore, in the area of regional monetary cooperation the US has also been excluded from emerging institutions, for example the increasingly important Executives' Meeting of East Asia and Pacific Central Banks (EMEAP).²⁹

Does this represent a “new regionalism” in East Asia without a central role for the USA? It is too early to tell. If not a new regionalism then it may at least reflect a “new realism” on the part of Asian leaders in the wake of the financial crises of the 1990s and other contemporaneous changes in regional mood. The point for this paper is that the US, since September 11, has been largely disinterested in Asia-specific regionally inspired cooperative initiatives in a manner that would have been hard to envisage in the closing years of the 20th century.

Asian concerns were also a reflection of the destabilising effect on the international trade agenda of the enhanced unilateral character of US policy that has accompanied the election of the Bush Administration. While the rhetoric of the market remains strong, the impact of politics on markets is never far away. Nowhere is this better seen in US policy than in the relationships between the US government's rhetorical support for the multilateral trade regime on the one hand and practice towards trade policy on the other. The imposition of emergency tariffs in “sensitive US sectors” – on steel imports and increased agricultural subsidies in the Farm Bill in 2001 – when accompanied by the constant American hectoring of Japan, Korea and Europe to end protection and subsidies to their sensitive sectors highlights the marked disconnect

²⁹ Obviously, the exclusion of America by Asian countries in regional financial governance is primarily a consequence of Washington's handling of the Asian financial crisis, but the new importance of security policy and the division of the world in friends or foes has contributed to the willingness of Asian countries to distance themselves from the USA. For a discussion of monetary regionalism in Asia see Dieter, “Monetary Regionalism”.

between rhetoric and practice of US trade policy. So too does the current US interest in bilateral trading relationships, which is now a key element of trade policy in Asia.

For sure, the interest in bilateral trade arrangements is determined by a number of factors. Specifically, the Doha Round of multilateral trade negotiations in continual trouble since the outset, for reasons that cannot be discussed here, is a major factor. But there can be little doubt that the growing US unilateral policies and its interest in bilateral preferential trading agreements (PTAs) is in turn a major reason for the weakness of the multilateral regime. At the very least, this policy has given cause to doubt the priority that the Bush administration accords a successful Multilateral Trade Negotiations (MTN) round.

This interest in FTAs is not simply a US phenomenon. But, if the Europeans started it, and other, smaller and weaker states are now also exploring it, it is the zeal with which the interest in bilateral activities has been picked up by the US that is the major cause for concern. The role of the US, as the strongest partner in any bilateral relationship, is bound to be disproportionately influential. The US is in a position to use its hegemonic power and the prospect of preferential access to the US market.³⁰ The proliferation of bilateral PTAs is also, we can note, the issue on which the biggest divide between settled economic theory and short-term political practice can be seen in the global economy since the introduction of protectionist measures in the 1930s. On few things are economists and political scientists so agreed than that bilateral trade deals are sub-optimal and pose major threats to the multilateral trading system. This is

³⁰ Jagdish Bhagwati and Arvind Panagariya, "Bilateral Treaties are a Sham," *Financial Times*, 14 July 2003.

especially so when they offered in return for the advancement of non-trade specific agendas

Actions, rather than rhetoric, suggest that the USA currently attaches as much, if not more, importance to its bilateral deals that have moved quickly in the early years of this century with a range of countries, including Chile, Australian, Singapore, Morocco and a range of the smaller Latin American states, amongst others. In its defence, when it chose to give one, the US administration argued that was merely using its bilateral strategy to build, what former US Trade Representative Robert Zoellick called, a “coalition of liberalisers, placing the US at the heart of a network of initiatives to open markets”. But it also appears that there was a decidedly political element to the choice of partners in this process. As Zoellick, speaking at the Institute for International Economics in Washington noted: “A free trade agreement is not something that one has a right to. It’s a privilege. But it is a privilege that must be earned via the support of US policy goals. ... [The Bush administration] ... expects cooperation – or better – on foreign policy and security issues.”³¹ By way of illustration, Zoellick noted that a free trade deal with New Zealand – given its historical ban on nuclear ship visits and a failure to support the war in Iraq – was unlikely. It has also been made very clear by the US Embassy in Wellington that FTA discussions were not on the agenda and that New Zealand’s negative attitude towards US security policy was a key factor in the US position.³² By contrast, the FTA with Australia was “fast tracked” and implemented since January 1, 2005.³³

³¹ Quoted in Luke Peterson, “Bush Will Trade Only with Friends,” *New Statesman*, 23 June 2003.

³² Audrey Young, “US Toughens Trade Stance,” *New Zealand Herald*, 24-25 May 2003.

³³ Although Australia got the FTA as an incentive for its support of American security policy, the agreement was been lop-sided in favour of the US and thus resulted in very limited economic gains for Australia (for a discussion see Ann Capling, “All the Way with the USA. Australia, the US and Free Trade”, Sydney: University of New South Wales Press 2005, and Heribert Dieter, “Australia’s Bilateral

At the very least, political considerations are as important as economic ones in the development of bilateral trading agreements. Symbolically, Singapore, a strong supporter of the US in the “war on terror”, had its FTA signed in the White House with due dispatch. Chile, a country that had implemented an American-inspired economic policy for decades, had the signing of its agreement, the negotiations for which had begun prior to those with Singapore, delayed three months and signed in Miami rather than at the White House.

By way of corroboration of our argument, Nicola Phillips notes the centrality of reward in the Australian context and sanction in the New Zealand context. She also endorses our interpretation of US policy attitudes towards Singapore, Chile and APEC and, in addition, identifies the potential salience of positive trade inducements on offer to a US president in return for support for its foreign policy (especially in the war on terrorism) by Middle Eastern Countries.³⁴ Somewhat bizarrely, however, Phillips sees no visible pattern to sustain a general argument.³⁵ Given that the case of New Zealand is not an exception but rather the norm—Egypt, Indonesia, Kuwait, Pakistan, the Philippines, Qatar, Sri Lanka, Taiwan and even Switzerland have all explored the possibility of negotiations for an FTA, and have all been rebuffed.³⁶ Of course there will be exceptions, but we are at a loss to know just how much evidence would be needed to sustain a securitisation argument. Whilst security consideration

Trade Agreement with the United States: Significant Drawbacks, Few Gains?” *Journal of Australian Political Economy* 57 (June 2006): 85-111.

³⁴ Phillips, “The Limits of ‘Securitisation’,” 178.

³⁵ *Ibid.*, 179.

³⁶ Simon Evenett and Michael Meier, “An Interim Assessment of the U.S. Trade Policy of ‘Competitive Liberalization,’” February 2007, accessed on the personal website of Simon Evenett at <http://www.evenett.com/articles/CompLiberalization.pdf>, 29 March 2007.

did not play a role in the case of Switzerland, there is a plausible argument that they did on the other cases.

Of course, it does, as they say, take two to tango and such bilateral free trade deals undoubtedly prove popular to the policy elites of the small states that are offered them.³⁷ Australia and Singapore, as but two examples among many have, been keen partners in this process. But bilateral PTAs represent a cheap and easy process by which the USA secures trade concessions or political support in other areas, in what are invariably and self-evidently asymmetrical negotiations and bargains. The rewards for the junior partners – rather than securing substantial economic gain – should perhaps be seen, somewhat paradoxically, more as exercise sovereignty enhancement and good publicity for the political leaders securing them. Needless to say, FTAs are resolutely defended by the governments of the small partners.³⁸

Table 1: Bilateral Free Trade Agreements in the Asia-Pacific (as of October 2006, at least one country from the Asia-Pacific))

Participating countries	Year of Ratification/Effective Date
1. Australia – New Zealand	1983/1983
2. New Zealand – Singapore	2000/2001
3. Japan – Singapore	2002/2002
4. Australia – Singapore	2003/2003
5. Singapore – USA	2003/2004
6. Chile – South Korea	2003/2004

³⁷ An articulate defence of FTAs is to be found in Barry Desker, *East Asia: From Plurality to Pragmatism – Changing Attitudes Towards Bilateral and Regional Trading Arrangements* (Singapore: Institute of Defence and Strategic Studies, 2003).

³⁸ On Singapore, see *Ibid.*

7. China – Macao	2003/2004
8. China – Hong Kong	2003/2004
9. China – Thailand*	2004/2004
10. India – Thailand	2004/2004
11. Australia – Thailand	2004/2005
12. Australia – USA	2004/2005
13. Japan – Mexico	2004/2005
14. New Zealand – Thailand	2004/2005
15. Japan – Thailand	2004
16. India-Thailand	2004/2005
17. India-Singapore	2005/2005
18. Chile-China	2005/2006
19. EFTA-South Korea	2005/2006
20. Japan-Malaysia	2005/2006
21. South Korea – Singapore	2005/2006
22. Chile-India**	2006
23. Japan-Philippines	2006

* Early harvest program within the ASEAN–China-FTA.

** Preferential agreement (no comprehensive free trade)

Sources: Tubagus Feridhanusetyawan, *Preferential Trade Agreements in the Asia-Pacific Region* (Washington, D.C.: International Monetary Fund, 2005); website of the Asian Development Bank <http://aric.adb.org>, accessed on 30 October 2006.

Table 2: Bilateral Agreements being negotiated or feasibility studied (at least one country from the Asia-Pacific)

1. Australia – China	16. India- Japan	32. Malaysia - USA
2. Australia – India	17. India – Singapore	33. Mexico - New Zealand
3. Australia – Japan	18. India - South Korea	34. Mexico – Singapore
4. Australia – Malaysia	19. Indonesia – Japan	35. New Zealand – South Korea
5. Australia – Mexico	20. Indonesia – USA	36. Panama – Singapore

6. Australia – United Arab Emirates	21. Japan – Brunei	37. Peru – Singapore
	22. Japan – Chile	38. Peru – Thailand
7. Chile - Malaysia	23. Japan – India	39. Philippines - USA
8. China – India	24. Japan - Switzerland	40. Singapore – Sri Lanka
9. China – New Zealand	25. Japan – South Korea	41. South Korea – Mexico
10. China - Island	26. Japan - Vietnam	42. South Korea – South Africa
11. China-Pakistan	27. Canada – Singapore	43. South Korea – USA
12. China – South Africa	28. Canada - South Korea	44. Thailand – Pakistan
13. China - South Korea	29. Malaysia – New Zealand	45. Thailand – USA
14. Hongkong – New Zealand	30. Malaysia – Pakistan	
15. India - Malaysia	31. Malaysia – South Korea	

Sources: Feridhanusetyawan, *Preferential Trade Agreements*; website of the Asian Development Bank <http://aric.adb.org>, accessed on 30 October 2006.

The bilateral free trade agreements listed in tables 1 and 2 clearly show the relative failure of America's new trade policy. Rather than being able to open new markets for American companies, there has been very little success. Singapore has had an open trade regime for a long time, thus resulting in very limited economic gains for the US. Australia, although having been a relatively protected economy until 1984, had also liberalised its import regime significantly in the last two decades. Nevertheless, the agreement with Australia is showing a strong increase of American exports to Australia in the first months the implementation of the agreement.³⁹

But Australia is by far the largest economy in America's bilateral net. Virtually all the other countries or regional groups, such as Southern African Customs Union with which the Bush Administration has commenced negotiations, are (economic) small

³⁹ See Dieter, "Australia's Bilateral Trade Agreements".

fry – with the exception of Malaysia, South Korea and Thailand. Notwithstanding the unresolved status of the negotiations, even if concluded the FTAs with Bahrain, Panama, Colombia, Peru, Bolivia, the United Arab Emirates and Oman will not generate significant economic gains for the United States.⁴⁰ Obviously, there is a lack of countries that are both important economically and willing to accept the conditions imposed by the Bush administration. Of course, an FTA with South Korea or Japan would alter this picture.

We are not, of course, suggesting US policy is the only reason for this trend. There is a regional interest in bilateral agreements, reflecting disillusionment with APEC and the Doha Round. More specifically, bilateral trade arrangements are felt to give regional policy elites greater control over national trade policies, reflecting the concern that their influence over deliberations within the context of the WTO are not always as significant as they would wish. As such, bilateral free trade agreements are statements of sovereignty. Thus, while the US may see bilateral agreements as a way of bolstering or rewarding good partners in the fight against terrorism, East Asian leaders also see them as a useful policy tool.

But the relative failure of American bilateral agreements has to be explained. Whilst the arguments for the trend towards preferential arguments are clear, the selectivity of American trade policy cannot be explained without considering security policy. As noted earlier, economic and security concerns have always been intrinsically linked in American foreign policy. However, the intensity of the link has greatly varied. As the example of New Zealand has shown, even supporters of one dimension of American

⁴⁰ See Evenett and Meier, “An Interim Assessment,” 26.

security policy – New Zealand sent troops to the operation “Enduring Freedom” in Afghanistan – cannot take sympathetic treatment in trade policy for granted. Of course, all states pursue a multidimensional economic policies (bilateral, regional and multilateral) but the important point here is that a strong US use of the bilateral PTA, as reward for support of wider policy issues, is a reflection of the linking of the economics-security nexus in a way that we have chosen to call the “securitisation” of foreign economic policy.

China Rising

It is widely understood in Washington foreign policy circles that one element of an interest in bilateral PTAs in Asia reflects a desire on the part of the Bush Administration to contain what it sees, as the rising politico-economic influence of China in the region. Whilst we are seeing limited success of America’s foreign policy in Asia, the rising superpower China is benefiting from both America’s mistakes and its remarkably skilful foreign policy. In many parts of the world, the United States is losing the battle for the hearts of the people.⁴¹ Whilst American so-called “soft power” is in decline, China’s is rapidly rising. As Gideon Rachman has noted, it should be impossible for a rich, free and culturally powerful country to loose a soft power contest with China, which is neither a democracy nor culturally all that influential. Nevertheless, China came close to America in a poll conducted by the German Marshall Fund in twelve European countries. Whilst the US received a popularity rating of 48 out of 100, China scored 45.⁴² In Europe in 2006, the proportion of citizens that valued U-S. leadership has shrunk from 64 percent in 2002

⁴¹ See Clyde Prestowitz, *Rogue Nation: American Unilateralism and the Failure of Good Intentions* (New York: Basic Books, 2003), 1-14.

⁴² Gideon Rachmann, “The Hard Evidence that China’s Soft Power Policy is Working,” *Financial Times*, 20 February 2007, 13.

to 37 percent in 2006, whilst the proportion of those that consider US leadership undesirable has risen from 31 percent in 2002 to 57 percent in 2006.⁴³ In Asia, the US role as the “world policeman” has been criticized by interviewed people: 53 percent in India, 73 percent in South Korea, 77 percent in China and 79 percent in Australia think that the USA plays the role of the “world’s policeman” more than it should.⁴⁴

In Asia itself, Beijing is rapidly increasing its efforts to gain influence. China’s aid to the Philippines today is four times as generous as the aid America offers, and twice as many Indonesians are studying in China as are studying in America.⁴⁵ In trade, the success of China is also obvious. Whilst America has only concluded a few bilateral agreements in Asia and elsewhere, China has implemented or is negotiating as many as 27 bilateral agreements, many of them with other Asian countries.⁴⁶ Of course, we are not arguing that bilateral preferential agreements should be the preferred method for managing international trade.

Whilst America is suffering from the negative images that the invasion of Iraq continues to provide, China is benefiting from a fading memory of the atrocities at Tiananmen Square in 1989. In economic affairs, the continuing economic growth of China helps to make it increasingly indispensable. China is not only a successful

⁴³ German Marshall Fund, “Transatlantic Trends. Key Findings 2006,” accessed on the website of the *German Marshall Fund* at http://www.transatlantictrends.org/trends/doc/2006_TT_Key%20Findings%20FINAL.pdf, 29 March 2007, 5.

⁴⁴ The Chicago Council on Global Affairs, “The United States and the Rise of China and India: Results of a 2006 Multination Survey of Public Opinion,” accessed on the website of the *Chicago Council on Global Affairs* at <http://www.thechicagocouncil.org/UserFiles/File/GlobalViews06Final.pdf>, 29 March 2007, 51.

⁴⁵ Rachman, “The Hard Evidence”.

⁴⁶ „China und die ASEAN-Staaten spielen Lego“, *Neue Zürcher Zeitung*, 16 October 2006, 14.

exporter, having replaced the US as the largest source of imports to the EU⁴⁷, it has replaced Japan as the world's third largest importer after America and Germany.

China has profited from unwise US foreign policy decisions in recent years. Influenced by what Jagdish Bhagwati called the “Wall Street – Treasury Complex”⁴⁸, the US used the Asian financial crisis to achieve foreign economic policy goals that would have been unattainable without the crisis. One example is the opening of South Korea for foreign direct investment. At the same time, Beijing by not devaluing its currency contributed to the management of the turmoil winning it considerable kudos in the region.

In October 2003, changing perceptions of America and China became obvious during the State visits of both American President George W. Bush and Chinese President Hu Jintao in Australia. Within two days, both Presidents visited Canberra. One of the visitors was greeted in a friendly manner, and that visitor painted a picture of a future in harmony and prosperity. The other visitor had to be protected against demonstrations – even during his speech in front of Australian parliament. The second visitor did not talk about opportunities, but rather about enemies and threats. Only five years before, it would have been inconceivable that a Chinese head of state would have been greeted in a predominantly Anglo-Saxon country with such unrestricted enthusiasm, whilst the American President had to sneak in the back door.

Nor is it likely that the Chinese economic offensive, coupled with rising investment in soft power, will end anytime soon. Instead, what we are witnessing in 2007 with

⁴⁷ *Financial Times*, 23 March 2007: 8.

⁴⁸ Jagdish Bhagwati, “The Capital Myth. The Difference between Trade in Widgets and Dollars”, *Foreign Affairs*, 77 (May-June), 7-12 (7).

increasing clarity is the new economic strategy of Beijing. In February 2007, the Chinese government announced a reversal of monetary policy. Rather than piling up more and more foreign reserves, China will establish a “National Foreign Exchange Investment Company” with at least \$200 billion to invest abroad.⁴⁹ Future earnings channelled into that fund could see it reach \$500 billion within a year. This is, of course, a relatively small portion of China’s foreign reserves, which currently stand at \$ 1,100 billion. And in practical terms, much of this investment will be used to secure the continued supply of raw materials to the Chinese economy. But the potent political symbolism of this fund cannot be over-estimated in a regional context. US development assistance and American foreign direct investment look somewhat meagre when compared to these amounts. The irony, of course, is that the Chinese surpluses are primarily generated in trade with America.

As Shambaugh has noted, China been on a steady upward trend: “Bilaterally and multilaterally, Beijing’s diplomacy has been remarkably adept and nuanced, earning praise around the region. As a result, most nations in the region now see China as a good neighbor, a constructive partner, a careful listener, and a non-threatening regional power.”⁵⁰ Of course, we are under no illusion regarding the future of Chinese foreign policy. Once Beijing will have achieved superpower status – although there continue to be quite a few hurdles on the way – it is quite likely that Beijing will drop its benign façade. As Thomas Moore has argued, China’s regional strategy as part of its Grand Strategy is “cooperating to compete”.⁵¹

⁴⁹ Andreas Hoffbauer, “China will mehr Rendite”, *Handelsblatt*, 12 March 2007, 24.

⁵⁰ Shambaugh, “China Engages Asia,” 64.

⁵¹ See Thomas G. Moore (forthcoming), “China’s Rise in Asia: Regional Co-operation and Grand Strategy” in Heribert Dieter, ed., *The Evolution of Regionalism in Asia* (London: Routledge, 2007).

5. Conclusion: Is US Foreign Economic Policy Losing Asia?

The purpose of US strategy in the Bush era seems to be to use its military, technical, and what it believes to be its moral superiority to advance a very specific view of liberalism and freedom. But contrary to the manner in which ideas of liberalism and freedom are articulated by the neo-conservatives around the Bush Administration, these are contested concepts, not universal truths. The Bush view of liberalism has assumed universalist properties, and does so at the very time when many traditionally significant proponents of liberalism are abandoning this conceit. The Bush view takes no account of the fact that liberal norms embedded in the political cultures of many Western societies might not be similarly suited to societies with different philosophical and cultural underpinnings. But US strategy has presented us with a paradox. In order for its view of freedom to be advanced globally, it requires deliberate acts of forceful intervention. Its logic suggests that, if needs be, the rest of the world must be forced to be free.

Within this wider context and of more immediate concern for this paper, we have argued that the USA has securitised its foreign economic policy goals. This has had an impact on US attitudes and actions towards multilateral institutions, to which it has become increasingly antithetical, and in the strengthening of bilateral elements of its foreign economic policy. In so doing it has increased the gap between short-term security goals and longer-term requirements for international cooperation. In addition, the short-term securitisation of foreign policy has marginalized the role of other actors – especially, the international institutions, global corporate America and civil society – in setting the agenda for, and propagating, US interests abroad.

In the bilateral context, using US policy towards East Asia as a case study, we have identified the increasing recourse to PTAs as an illustration of the securitisation of foreign economic policy. While this growing regional interest in PTAs is driven by the US, we have not suggested that the US is overtly forcing states into these agreements. Rather the agreements are offered as part of a strategy of inducement in return for support in other areas of foreign and especially security policy. The empirical evidence, however, clearly shows that the Bush administration has not been particularly successful with its push for securitisation. Up to now, only two bilateral free trade agreements are implemented.

Moreover, the wider structural economic context becomes increasingly important. US GDP is now only 80 percent of that of East Asia. East Asia's share of total world trade is, at approximately 25% almost double that of the US at 13%. As of 2003, East Asian exports are double those of the US; inter-regional trade in East Asia is strengthening rapidly and the US share of East Asian export trade has declined to 25%. Holdings of foreign currency reserves in East Asia are now more than 20 times those of the United States.⁵² As a consequence, the ability of the US to set the regional agenda is becoming less convincing than at anytime in the last two decades. The likelihood that it will actively support greater institutional cooperation in the region, or that this support will be accepted, should not be taken for granted (Munakata, 2003: 10.) Of course, quantitative indicators alone are not definitive. East Asian in general, or China alone, cannot axiomatically secure enhanced political leverage over the US

⁵² John Ravenhill, "US Economic Relations with East Asia: From Hegemony to Complex Interdependence" in Mark Beeson, ed., *Bush and Asia: America's Evolving Relations with East Asia*, (London: Routledge, 2006), 12-13.

given that the region does not formulate policy towards the US in a way that reflects any such aggregate interest. Decision-making resides firmly at the level of the constituent states. Thus the agenda setting abilities of the US still far outweigh those of any single East Asian state.

Further, the US is still the major bilateral economic partner for most significant states in the region and the greatest guarantor of security in the context of a rising Chinese presence in the region. For East Asia to narrow the asymmetry with the USA it needs to enhance its collective institutional decision making capabilities. For this to occur, *endogenous* regional collective leadership needs to strengthen. How this might be achieved is the most important, and problematic, regional policy issue for the future. There is no obvious sign that a successful collective outcome might be assured. But this may not always be the case. While it cannot be discussed here, the prospect of building strong East Asian support for regional multilateralism represents one of the most interesting lines of scholarly and policy inquiry for the early decades of the 21st century.⁵³ If China, in the longer term, comes to be seen as an economic opportunity, rather than just a security threat—as indeed would appear to be the case—things could change. China is the one state that could replace the USA as an alternative consumer market for the producing states of the region.

We have most probably seen the high water mark of the unilateral moment, and some sense of commitment to multilateral cooperation and agendas geared to underwriting global public goods, even if only comparable to those that existed prior to the Bush administration, can perhaps be regained and a constructive reformist international dialogue about the management of the 21st century liberal global economic order,

⁵³ See Dieter and Higgott, “Exploring Alternative Theories”.

while hard to achieve, might not be impossible. But this will require a considerable change of thought on the part of the American foreign policy establishment over the next few years. As we have demonstrated, the linking of economic and security goals has not led to the reaffirmation of American hegemony in the region; rather, the recent policies of the United States have contributed to the weakening of the multilateral system without resulting in a stronger network of bilateral ties.

In Asia in particular, the outcome of American policy is almost tragic. It has induced traditional supporters of the multilateral regime, such as Japan and South Korea, to adopt a new trade policy based on bilateral agreements. Furthermore, by weakening the multilateral regime and by securitising its trade policy, the United States has, unintendedly, enabled the emerging superpower China to develop a dense network of bilateral trade agreements in Asia. Should China at some stage in the future choose to securitise its regional trade policy, it may be able to consolidate its position as a regional political superpower. The US has not yet lost Asia, but its policy choices since the turn of the century have done nothing to ensure that such a course of action is not possible.