

ASIAN POLICY CHALLENGES FOR THE NEXT PRESIDENT

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In a few short months, a new U.S. administration will take office in Washington. It will inherit a decent hand to play in Asia. The region is not currently in crisis. Relations among the great powers there – the United States, Japan, China, Russia, and India – are generally constructive. The prospect of conflict among them is remote. Asian economies have sustained robust growth despite the current U.S. slowdown. The results of recent elections in both South Korea and Taiwan present promising opportunities that did not exist a year ago. Counter-terrorist efforts in Southeast Asia have produced some impressive results. The North Korean nuclear issue is belatedly getting front burner attention. And the image of the United States has been selectively enhanced by its generous response to natural disasters in the region.

Despite this, the region needs urgent attention. In contrast to Europe, where EU integration has submerged the centuries-old destructive rivalries that spawned two world wars; in Asia, the nation-state system remains strong, balance of power considerations dominate thinking in most of the region's capitals, and America's relative power has been declining.

Accommodating the rise of newly emerging great powers without conflict is always a daunting challenge. Yet in Asia we face not the rise of a single new power, but several. China will present the most formidable geopolitical challenge, but India is also looking for a "place in the sun." And the greater assertiveness we can expect from Japan, Russia, and other Asian countries is merely part of a larger phenomenon that Fareed Zakaria has appropriately dubbed "the rise of the rest."

While the United States has been preoccupied with the situation in the Middle East, the Asian balance has been shifting quietly, if inexorably, in the direction of others. China, Japan, India, and Russia are casting a longer shadow. Size matters, and they have it. In 2007 China contributed more to global growth than America did – the first time this has occurred since the 1930s. India's economy is growing almost as fast as China's, and it is becoming an important source of entrepreneurial innovation. Russia's power is expanding in pace with the rising price of energy resources, and Moscow is determined to exploit its new situation not only for commercial

advantage but strategic leverage as well. Although Japanese growth proceeds at a more stately pace, its economy is three times the size of China's, and dwarfs India's and Russia's. Tokyo, moreover, continues steadily to amend the self-imposed restrictions that have, for decades, limited its international security role, as it seeks to become a "more normal nation."

What then should be the key features of a plausible U.S. strategy toward Asia? The starting point must be a willingness to accord Asia the attention its intrinsic importance to us demands. After all, Asia contains over half the world's population, and six of its ten largest countries. It produces more than 30 percent of global exports, and controls a much larger share of the world's savings pool. It is in Asia that the interests of the Great Powers intersect most directly, and the most consequential emerging powers -- China and India -- are located. Iran may pose the most dangerous threat of nuclear proliferation, but North Korea presents the more urgent challenge since it has already tested a nuclear "device." Asia also contains the three countries -- Indonesia, Pakistan, and India -- with the largest Muslim populations. And Asia is the most dynamic region in the world economy. It is there that we run our largest and most persistent deficits, and where we tap the gigantic Asian savings pools to finance our trade deficits and offset our puny national savings rate. These are ample reasons to pay more attention to Asia and to give our policies in the region a higher priority in the next administration.

The first task for the next administration must be the articulation of a serviceable set of goals for intensified American policy efforts in the Asian region. It cannot depend on the post-September 11 U.S. National Security Strategy that placed reliance upon the preventive use of force and the promotion of regime change. This approach was heavily discredited by our experience in Iraq.

Our choices are limited. We cannot downgrade relations with Asia or retreat from major responsibilities in the region at a time when its importance to U.S. interests is growing. Nor can we place our faith in collective security arrangements; there is no broadly shared perception of threat, and many disputes over borders persist. Willy-nilly, we must continue to perform the duties of an off-shore balancer, and that role is more readily acquitted with our current allies than without them.

The growing strength of other potential Asian great powers imposes several new requirements on American policy.

1. Our policy toward Asia starts at home. We need to augment the underpinnings of American competitiveness across the board, and we need to focus on the long haul. Our population is aging; “baby boomers” are on the threshold of retirement; our entitlement programs are urgently in need of reform; our rate of productivity growth has slackened; the cost of oil and other resources has skyrocketed; our national savings rate has plummeted; immigration of skilled labor has slowed; Foreign Direct Investment in the United States has tapered off even as the dollar has weakened. Post-September 11 security measures have saddled us with higher overhead costs and lower efficiency. Our K-12 educational system is spotty, and our politicians appear increasingly reluctant to defend the principles of free trade. These are all troubling straws in the wind. Unless corrected, the U.S. economy will be unable to outperform other rich countries as we have for the past decade and a half. Almost all structural remedies of consequence will require bipartisanship at a time when it appears in short supply.
2. We need to refine our strategic doctrine. As outlined by the current administration, the United States has sought unchallengeable international supremacy. A declared objective is to dissuade others from becoming “peer competitors.” If we retain this goal, then China’s rise, or for that matter the rise of any other major Asian power, will be seen at some point as a threat to the United States, regardless of that country’s conduct. Sooner or later a “containment” effort will be required. If, on the other hand, the United States defines its goal more modestly as ensuring the security and prosperity of the American people, America need not feel threatened by stronger or more prosperous Asian powers, so long as they behave responsibly. The goal then can be to encourage moderate external conduct through the cultivation of balanced ties with all the emerging powers. Indeed the operational rule for policy should be to maintain better ties with each of the other major powers than they can forge between themselves. Such an approach can maximize American leverage while minimizing threats to our security and prosperity.

3. We face in Asia a host of trans-national challenges that demand redress. They include the dangers of nuclear proliferation, the persistent threat from Islamic jihadis, the need for enhanced energy security, the growing risks of global warming, the uncertainties of public health pandemics, and the recent failures of multilateral efforts to liberalize global trade. If we do not take the lead in stimulating regional and global initiatives to tackle these problems, who will? When the cold war ended, our primacy increased. Yet, others did not forge a counter-coalition as a hedge against our dominance. In part this was because America continued to shoulder a disproportionate share of the cost of public goods. We extended protection to many weak nations; we espoused the principles of free trade; we supported the development of institutions that constrained on occasion our own freedom of diplomatic maneuverability. Unfortunately, we have been investing less in such public goods that demonstrate to others the continuing value of our friendship.

We face then a triple challenge: getting our own house in order, defining with greater clarity a geopolitical strategy for Asia, and promoting concerted efforts among Asian powers to cope with pressing trans-national problems.

The distractions will be many. However large the challenges of Asia may loom, the new administration must also cope with a weakened dollar, inconclusive wars in Iraq and Afghanistan, a persistent terrorist threat from al-Qaeda, growing concerns about global warming, and looming problems at home -- including healthcare costs, social security reform, infrastructure degradation, and a sluggish economy. These issues can be expected initially to demand the lion's share of the new administration's attention.

Even with the best of intentions, the new administration will be hard-pressed in its initial months to address the array of issues demanding attention. The United States is the only major country that sweeps away the entire policymaking echelon of the government every time the White House changes hands. It will take time for the new administration to put its ducks into a row; i.e. to pick a new foreign policy team, secure their confirmation from the Senate, sort out new policy priorities, and establish working relationships with the Congress and the press.

These factors will limit the amount of serious and sustained attention that the new U.S. administration is likely initially to devote to the situation in Asia. But it cannot afford to put Asia on the back burner.

Regional Trends

In essence, there are two separate but complementary tendencies discernable in the current dynamics of change in East Asia:

- The first is the inclination on the part of Asian nations to balance and dilute China's growing influence by embedding it into a web of relationships that subtly constrain Beijing's freedom of maneuver.
- The second is a comparable desire to limit and balance the role of the United States, reflecting a widely felt discomfort with a unipolar world, the assertive style of recent U.S. leadership, and our perceived propensity to act unilaterally without adequate regard to how our actions affect the interests of others.

Both tendencies are at work in the impulse to create new regional institutional arrangements. For the moment, these tendencies are not aimed at containing China or excluding the United States from Asia. On the contrary, there is a near universal desire to engage China constructively and to continue working with the United States on regional problems. These dynamics are largely positive, but it is far from clear whether Asia's institution-building efforts will be sufficient to manage great power rivalries and ensure the continuation of a peaceful and stable East Asian environment in the absence of more active and purposeful American involvement.

Another fundamental aspect of contemporary East Asia is the absence of any consensus on the role the United States should play in a nascent regional community. In part, this merely reflects the extraordinary geographical diversity of the arc that sweeps from Northeast Asia through Southeast Asia to Afghanistan and Pakistan in the west. Despite the bridging function provided by the 10 countries of the Association of Southeast Asian Nations (ASEAN), East Asia and South Asia retain largely separate identities. This is changing, driven in large measure by

complex and evolving patterns of cooperation and rivalry between China and India – indeed, for that matter between all the emerging powers in Asia that are seeking to expand their influence throughout the region.

Meanwhile, the United States has been steadily adapting its security footprint in Asia. This has entailed troop reductions in South Korea, adjustment of basing arrangements in Japan, increasing reliance on Guam as a power-projection platform, changing ad hoc patterns of defense cooperation in Southeast Asia, and the evolution of a more robust strategic partnership with India. Some elements of this approach have the flavor of an incipient containment strategy against China -- such as Washington's recent emphasis on "values-based diplomacy," its quest for a League of Asian Democracies, and proposals for quadripartite meetings of the United States, Japan, Australia, and India. For now, however, a containment strategy aimed at Beijing would be at best premature, and at worst, counterproductive.

These changes in American security policy have been driven more by shifts in U.S. strategic concepts than by consultations with regional allies. As a result, there is a discernible undercurrent of uneasiness about the strength of the U.S. commitment to regional security and its future trajectory

Meanwhile, the center of gravity in regional community building has continued to shift from trans-Pacific to pan-Asian venues. This trend gained additional momentum with the holding of the first East Asia Summit in Kuala Lumpur in December 2005 and the ensuing decision to make these summits annual events. Even though these meetings included all the major players in East Asia, Washington foreswore participation. While China, Japan, India, Russia, and Australia all acceded to the ASEAN Treaty of Amity and Cooperation – a requirement for membership in the East Asia Summit -- the United States remained a holdout. At the same time, China has energetically and successfully pursued closer ties with the ASEAN region; and Japan and India, among others, have actively followed suit.

On the economic front, intra-regional trade has expanded enormously, as have investment flows and technology transfers. Intra-Asian economic integration is now proceeding more rapidly than trans-Pacific exchanges of goods, services, and capital. It is noteworthy that by 2006 China

replaced the United States as the number one trading partner of Japan, South Korea, and Taiwan, as well as most Southeast Asian countries. As Asian countries have accelerated their growth, their skyrocketing demand for energy and other resources has pushed up prices for scarce commodities; while intensifying environmental challenges related to water, forests, and, of course, the earth's atmosphere.

Key Alliances

Against this background, the new U.S. administration will confront further pressures for policy adjustments. It will need to take a comprehensive look at the security architecture in Asia. Our defense relationships in Asia are largely an inheritance from the Cold War. Key partnerships with Japan, South Korea, and Australia continue to serve us well. Nevertheless, conditions have changed, and a review would be desirable to determine how well these legacy arrangements suit the circumstances we are likely to face over the coming decades in Asia.

- **The U.S.-Japan alliance** has become more balanced, more global, and more operational in recent years – a welcome evolution from the standpoint of American interests. But there has also been some recent drift – not least because of the paralysis in Japanese politics. With one party controlling the Lower House and another in charge in the Upper House, much legislation has reached an impasse. Progress on base issues– e.g., the movement of U.S. Marines from Futenma – has stalled. The conduct of U.S. diplomacy toward North Korea has inspired Japanese misgivings regarding the quality of consultations, and even provoked some charges of “betrayal.” Pyongyang’s test of a nuclear device in 2006 prompted some Japanese officials to wonder about the future efficacy of “extended deterrence,” and to contemplate changes in their longstanding “non-nuclear principles.” And Washington’s refusal to authorize sale of the F-22 fighter aircraft rankles. In the aggregate, these developments have produced Japanese frustration, malaise, and a heightened sense of isolation. The new administration will have to find ways of drawing Tokyo more actively into trilateral consultations with Seoul and Washington prior to Six-Party Talks meetings. It should push for trilateral meetings on security and other issues with Japan and China. And without dwelling on the “UK of Asia” model, it should leave no doubt about the priority we accord to

the U.S.-Japan alliance as the hub of our Asian security policy, and our willingness to take practical steps to bolster the credibility of our nuclear umbrella.

- **In South Korea** the recent presidential and legislative elections have produced a more conservative ROK administration that is well disposed to the U.S. alliance, determined to engage the North on a more reciprocal basis, and prepared to expand economic collaboration with Pyongyang -- but only as the North proceeds to dismantle its nuclear capabilities. This should permit closer coordination of U.S., ROK, and Japanese negotiating tactics for dealing with Pyongyang in the Six-Party Talks. As President Lee Myung-bak has affirmed his interest in defining a wider role in the world, there is also an opportunity to develop a broader regional and global diplomatic partnership with the ROK. At the same time, the domestic political backlash against President Lee for allegedly being too deferential to the United States on the beef import issue illustrates the care that must be taken in managing this critically important relationship. In particular, U.S. policy toward North Korea must take into account the views of our South Korean ally.
- **Australia** is a trusted friend that can be counted on when the chips are down. It values the U.S. relationship above all others, but its prosperity and security are inextricably linked to the quality of its ties with Asia. The United States can only benefit from paying close attention to Australian views and keeping the alliance robust.

The North Korean Nuclear Issue

As for North Korea, putting a cap back on its plutonium program is a worthy accomplishment, even if the program is capped at a higher level than in 2002. “Denuclearization” will have to be pursued by the next administration. It will not be easy. North Korean authorities may not have relinquished their hopes that in time other countries will grudgingly acquiesce in their status as a nuclear power. Certainly their diplomacy has raised the tactics of “buying time” and exploiting the differences among their interlocutors into a fine art.

It will be important that the next administration not get off on the wrong foot on this issue, as the current administration did in 2001. In particular, a prolonged hiatus in the talks that provides the occasion for Pyongyang to conduct a second nuclear weapons test or resume long-range missile tests would precipitate a crisis and have unpredictable consequences. The new administration must also be prepared for the possibility that the talks could fail. In such a situation, it will be important that Seoul, Beijing, and Tokyo attribute a breakdown to North Korean obduracy. If they blame U.S. inflexibility for the breakdown, we can forget about any possibility of applying tougher sanctions on Pyongyang.

Managing Relations with China

U.S. relations with China depend not simply on how we define our broad foreign policy goals, but on how we handle a host of China-related issues. Among these, economic issues are likely to be front and center. The administration has effectively utilized the talents of senior officials in State and Treasury to strengthen bilateral dialogue mechanisms with Beijing that have improved policy coordination and helped forestall ill-advised Congressional initiatives on trade and currency issues. These dialogues should be sustained by a new administration.

China's military modernization programs require special attention. The new administration will need to distinguish between (1) generic PLA modernization that will undoubtedly continue in pace with the expansion of China's economy, and (2) potentially destabilizing programs aimed at rapid acquisition of capabilities specifically targeted against Taiwan that could complicate threat calculations and raise doubts about Beijing's intentions. The first requires prudent attention. The second should be addressed through a strategy aimed at lowering tension in the Taiwan Strait. Public rhetoric about China's military capabilities also needs to be coherent and calibrated to avoid extremes of complacency or reckless ringing of alarm bells. Common sense would suggest that the United States should not presume to define China's defense needs for it.

Given the sensitivity of the Taiwan issue in U.S.-China relations, the new administration needs to move promptly to reaffirm our position on Taiwan and to determine its approach to managing our important unofficial relationship with Taiwan.

- Cross-Strait relations. For a number of reasons, the firmness of the current administration's position on Taiwan has helped to stabilize the cross-Strait relationship during a period of acute mistrust between Beijing and Taipei. The recent Taiwan elections have opened up prospects for an expansion of cross-strait contacts and a lowering of tensions. It is still too early to tell how this will affect the situation six months from now. The question is whether Beijing and Taipei will display the statesmanship necessary to translate this promising opening into a durable stabilization of the cross-Strait relationship. Initial indicators are positive. U.S. policymakers must weigh how best to facilitate this process.
- Arms sales to Taiwan. A key challenge for U.S. policymakers will be how to calibrate arms sales to Taiwan to a lowered threat posture in the strait area if the People's Republic of China makes some confidence-building moves. These might, for example, include halting exercises in the strait area and/or redeploying some missiles. If the PRC makes such positive moves and we do not show any reflection of this in our own policy, then a promising opportunity to work back toward a lowered threat posture in the strait will have been lost. We cannot make such moves through prior agreement with the PRC since the Taiwan Relations Act must drive our arms sales (not the arms makers); but if the threat is lessened, we will have a basis for appropriate responses.
- Managing unofficial relations with Taiwan. Our unofficial relationship with Taiwan is both unique and fraught with sensitivities. In international affairs, it is rare that one can eat one's cake and have it too. Hence, we should assume that there will be tough trade-offs between trying to increase the officiality of our links with Taiwan and gaining more international space for the island. We think the U.S. interest is better served by putting the focus on expanding Taiwan's international running room. That must be done, to be sure, within the confines of a restored 1992 consensus under which Taiwan does not constantly test the constraints in areas that do not involve fundamental sovereignty issues, e.g., UN membership. However, this is a policy question that needs the careful attention of the new administration.

Southeast Asia

In Southeast Asia, the new administration should consider ways to derive greater benefit from our relationship with ASEAN. Our ability to work with ASEAN collectively has been constrained by Washington's reluctance to have Burma (also known as Myanmar) at the table. Burma remains an "outlier," and neither our reliance on sanctions nor ASEAN's preference for a softer approach has produced noteworthy results. Under these circumstances, this issue needs a new look. ASEAN cohesion is an important factor in containing bilateral frictions in Southeast Asia, in enhancing the region's ability to deal more effectively with the rising colossus of China, and in retaining a lead role in building a wider Asian community. Washington now needs to find a way to work collectively with ASEAN in ways that would strengthen the organization. There is an important congressional aspect to this, but that should not be an excuse for failing to look for a more effective policy.

South Asia

In South Asia, there has been substantial improvement in U.S. bilateral relations with India. Clearly the U.S.-India Nuclear Agreement was a keystone of that advance, and if it has not been ratified, the new administration must make an early determination whether it is sustainable. Convergent interests in the fields of security, economics, and educational exchange provide ample scope for expanding bilateral cooperation. And, happily, India-Pakistan tensions have eased. Shared concerns about energy security and environmental degradation may best be tackled in multilateral venues. The larger point is that one of the most positive legacies a new administration will inherit will be the opportunity to cooperate with India, as Henry Kissinger has noted, "on both ideological and strategic grounds."

The picture in Pakistan is less promising. Its political stability is fragile. The military retains its dominance; civilian institutions have not flourished. The Taliban has been resuscitated. The Northwest Frontier provinces have become a safe haven for terrorists, increasing incentives for cross-border preemptive strikes. How to bolster the Pakistani military's effectiveness in bringing order to these remote areas without pushing them into an expanded political role; how to overcome domestic resistance to the provision of wider market access in the United States for

Pakistani textiles; and how subtly to help the civilian government of Pakistan to weather the inevitable strains to which it is subject will be among the key challenges for a new administration.

And in Afghanistan, security conditions have deteriorated at a time when North Atlantic Treaty Organization (NATO) countries are reluctant to volunteer additional forces. The drug trade provides expanding financial support for the insurgency, and the corruption of local officials makes it difficult to gain headway against it. A new administration will have to devote more effort and resources to combating the drug trade by helping to cultivate alternative crops and working with the Government of Afghanistan to find an effective eradication method for poppies.

Trans-national Policy Challenges

In order to tackle a host of pressing trans-national challenges and take some of the sharp edges off of geopolitical maneuvering among Asian powers, the next administration should explore possibilities for augmenting collaboration with all major Asian powers.

Nuclear Proliferation. The viability of the Non-Proliferation Treaty (NPT) regime has been eroded by the nuclear activities of North Korea and Iran. The U.S.-India Nuclear Agreement has also reinforced a perception that the United States attaches diminished importance to that regime. The next administration must take steps to ameliorate that perception. As four prominent American statesmen – George Shultz, Henry Kissinger, Bill Perry, and Sam Nunn – have recently written, “We face a very real possibility that the deadliest weapons ever invented could fall into dangerous hands. The steps we are taking now to address these threats are not adequate to the danger.”

We will have no possibility of persuading others to forego their nuclear ambitions if we are unprepared to put more serious effort into reducing our own arsenal and modernizing the NPT. And this will require visible changes in our nuclear policy. Whether the vision of a “zero nuclear world” is realistically attainable remains highly uncertain. But there are a host of steps – e.g., major reductions in our own nuclear arsenal, augmented efforts to enhance the safety and

security of currently deployed weapons, some internationalization of the nuclear fuel cycle, a ratification of the Comprehensive Test Ban Treaty, etc. – which are worthy of exploration.

In the first instance, we would need to enlist the cooperation of the Russians. If we can make headway with Moscow, this might give impetus to a broader effort to modernize the NPT. The cooperation of Japan, India, China, and others would be essential. It is unclear, and unlikely, that the two-tiered NPT system can be sustained. What is obvious is that if wholesale increases in the number of nuclear weapons states is to be avoided, we will have to provide the lead, and elicit the cooperation of other key countries who either possess such weapons or aspire to their acquisition.

Countering Terrorism. The Global War on Terror was an unfortunate misnomer. It encouraged excessive emphasis on military force. It conflated a host of differing political forces whose interests often diverged. It persuaded some that the enemy was Islam, rather than a few misguided groups within Islam's ranks disposed to a permanent jihad against the "infidels." We should not lump potential Islamist enemies together; the trick is to divide them, and deal with them in a discriminating way. And we should take account of successes and learn from the methods that produced them.

In Southeast Asia, intelligence sharing, cooperative police work, and coordinated efforts to deprive al-Qaeda and local affiliates of their traditional sources of financing have produced surprisingly impressive results. These were doubtless facilitated by a growing awareness that most victims of terrorist attacks were local Muslims. This has outraged many Muslim leaders and prompted some to speak out against co-religionists who use the Koran to justify unspeakable violence against innocent civilians.

The picture is less encouraging in South Asia, and especially in Pakistan -- where the remnants of the Taliban have regrouped; where safe havens for terrorist training exist in the Northwest tribal areas; and where cross-border assaults against known terrorists in, for example, Waziristan are now provoking violent responses against soft targets in Pakistani urban areas, thereby fueling additional political turmoil.

Meanwhile, in Afghanistan, the local insurgency continues to fester, as noted above. The next administration will have its hands full in South Asia.

Energy Cooperation. The high cost of energy is becoming a major threat to the continued growth and prosperity of Asia, just as it is elsewhere in the world. Ensuring access to energy resources is a top foreign policy priority of states throughout the region. Meanwhile, producer nations appear intent on keeping energy prices at unusually high levels. We consequently face a massive crunch on resources.

The United States can make a major contribution to containing these incentives for rivalry by encouraging policies that foster cooperative approaches to energy security. Most Asian countries are major consumers of imported fuels. All would benefit from expanded cooperation with the United States in efforts to persuade the Organization of the Petroleum Exporting Countries (OPEC) and other producers to expand exploration for oil and natural gas, to accelerate the commercial development of alternative environmentally-friendly fuels, to utilize existing sources of energy more efficiently, and to stockpile reserves for emergencies. In this connection, the requirement that membership in the International Energy Agency remain based on participation in the Organisation for Economic Co-operation and Development (OECD) makes little sense. It excludes the two-largest contemporary sources of new energy demand – China and India. The next administration should break this nexus, and open the door to membership to the major energy consuming nations of Asia.

International Economic Cooperation. The health of the U.S. economy is now tied to Asia in fundamental ways that if not grasped quickly by the new administration could have unintended and potentially adverse consequences. Asian countries hold roughly half of the world's foreign currency reserves – some \$3 trillion – which gives them formidable financial leverage; arguably even the possibility of going their own way if, in their judgment, global financial institutions are unresponsive to their interests and fail to acknowledge their growing heft in the world economy. Already Asians are creating regional bank swap arrangements and promoting a regional bond market. They are proliferating bilateral and regional free trade agreements. They are fashioning national sovereign wealth funds to invest in assets that offer higher returns than U.S. Treasuries. These linkages will become clearer as the current global financial crisis runs its course and

demonstrates whether flagging U.S. economic performance will significantly slow Asian economies or, conversely, whether their continued buoyancy will help pull the U.S. economy out of a slump.

Regardless, a number of trade-related issues will need to be high on the agenda of the new administration: namely, the restoration of fast-track negotiating authority, the completion of the Doha round, the ratification of the US-ROK Free Trade Agreement, and determination of the weight to be attached to Asia-Pacific Economic Cooperation (APEC) in pursuing Asian trade initiatives. Neglect of these issues will deal a body blow to U.S. global economic leadership.

Cooperation to Clean Up the Environment. The Asian region faces the world's most severe environmental challenges as economic growth has outpaced the adoption of measures to ensure supplies of clean air and water. U.S. leadership in this area has lagged as we have questioned the scientific case for global warming and rejected the Kyoto protocols without offering credible alternatives. The consequences are becoming more immediate as Asian pollution is beginning adversely to affect the environment in parts of the United States. U.S. self-interest alone should place the necessity for a more active approach on this issue high on the agenda of the new administration. A central requirement will be a policy approach that is not perceived by the major developing states of Asia as a constraint on their future growth prospects. China and India are heavily reliant on coal to meet their power needs. If they face a choice between assuming expanded environmental responsibilities and accepting slower growth, or sustaining high gross national product (GNP) growth at the cost of polluting the planet, they will opt for the latter. Kyoto-style limits have been a non-starter with them, certainly in the absence of a fund provided by wealthy countries to cover the incremental costs of greener but more expensive power plants. Assistance in the transfer of key technologies will be essential. One example of the kinds of projects that would pay dividends would be collaboration with India and China, among others, to test coal gasification with carbon capture and sequestration on a commercial scale.

Regional Community Building. As a priority matter, the new administration will also need to define more clearly how the United States intends to position itself with respect to the East Asia community-building process. Do we wish to be an "inside" or an "outside" player, and what balance should be struck between these alternative approaches? The United States has been only

modestly engaged in the East Asia community-building process, and has largely adopted a “wait and see” posture. We have put scant thought or energy into APEC, while remaining aloof from the ASEAN Plus Three and the East Asian Summit.

This relatively passive posture is scarcely commensurate with the degree to which U.S. interests may be affected by new institutional arrangements. It also means that U.S. engagement in the intellectual process of thinking through these issues is lagging behind that of Asians, who have been intensely focused on community building for much of the last decade. East Asians have not yet formed definitive ideas about the organizational structures that are best suited to managing emerging regional realities. It is precisely for this reason that deeper U.S. involvement is so important. Key Asian countries currently find themselves in an awkward position. They are taking steps to which the United States will eventually react, though for the moment the United States is merely watching from the sidelines. We have, to be sure, promoted one sub-regional effort – the Six-Party Talks – to tackle the North Korean nuclear problem. If further headway is achieved, this could serve as the embryo for broader security collaboration in Northeast Asia – an area bereft of institutional arrangements to ameliorate regional rivalries.

Global Governance. It is already apparent that existing global institutions are not configured in ways that accurately reflect contemporary power realities. The UN Security Council under-represents the emerging powers and excludes major global players such as Japan from a permanent seat; The World Bank and International Monetary Fund (IMF) pursue purposes that have not been adequately redefined to meet current needs. The G-8 extends membership to Canada, but not China; to Italy, but not India; to Russia, but not Brazil. The group’s deficiencies should be remedied. To better accommodate Asia’s rising power, China and India should be included. Reforming the United Nations, the World Bank, and IMF pose tougher dilemmas because of their wider membership. Progress will doubtless be slow. But the new administration should put these matters on the agenda, and devote high level attention to them.

Democracy and Human Rights. The new administration would be well advised to modulate its rhetoric on promoting democracy and human rights, This does not mean downgrading or downplaying the importance of these issues. Economic development has been the principal driver of democratic change in East Asia. Respect for human rights has increased as governing

systems have become more representative. Yet neither economic development nor the introduction of more pluralistic politics can be accomplished overnight. These processes generally take decades. The United States can promote respect for democracy and human rights most effectively by providing an example for others to emulate -- by keeping our doors open to Asians who seek access to U.S. colleges and universities; by strengthening our International Military Education and Training (IMET) programs; by encouraging the work of non-governmental organizations fostering judicial and political reform; and by lending our political and moral weight to wider respect for openness, diversity, and pluralism throughout Asia.

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We have, then, identified a host of policy challenges and opportunities for the new administration. They include:

- Devoting to Asian issues the attention and resources their intrinsic importance to the United States demands.
- Maintaining a favorable Asian balance in the face of rapidly rising Chinese and Indian power, determined Japanese and Russian efforts to expand their clout, and perceptions that the U.S. role is diminishing.
- Putting our approach to counter-terrorism in the Middle East and South Asia on a new strategic footing that neither overshadows nor underrates a host of other foreign policy challenges.
- Clarifying the American role in fashioning a regional community in Asia from which we have remained relatively aloof.
- Preserving a cohesive U.S.-Japanese alliance at a moment when more Japanese are asking tough questions about the reliability of our “extended deterrence.”
- Retaining a constructive response to China’s relentless “rise.”
- Capitalizing on recent election outcomes in South Korea and Taiwan to bolster the U.S.-ROK alliance and ease cross-Strait tensions.
- Adjusting our approaches to the changing political dynamics in Southeast Asia and South Asia.

- Curbing the spread of nuclear weapons at a time when the continued viability of the two-tiered NPT is under stress.
- According a higher priority to energy security and environmental issues in Asia and beyond.
- Responding to the “rise of the rest” by adjusting the membership in various international organizations.

These and other issues are addressed in greater detail in the series of policy briefs commissioned by The Asia Foundation, and included in this volume. We hope that policy advisers to the Democratic and Republican presidential candidates will read them carefully and heed their thoughtful advice.

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