After hegemony: risk and promise in East Asia

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> If we accept that [hegemony] is not just controlling everything, but sustaining an environment which is consonant with one's broader economic and security interests, then by any measure, it has to be said that the United States today is in an especially favourable situation . . . We have to accept that US hegemony has never been more secure . . . [W]here the United States happens to be sitting looks less threatening, more open, and less hostile to American values than at any time in modern history.
>
> Michael Cox, 2001[1]

> One of the most difficult things to judge in the world today is the extent of American power.
>
> Jonathan Schell, 2005[2]

It is of course rather easy to make fun of mistaken predictions by one's colleagues – on the question of America hegemony or any other substantial topic of social inquiry. Not just easy, but also foolish. Few of us, and certainly not me, have a great record here.[3] Yet before starting this brief discussion of the character and trajectory of American global and regional

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1 'Whatever Happened to American Decline? International Relations and the New United States Hegemony.' New Political Economy, 6, no. 3 (2001), p.333.

2 Jonathan Schell, "A Less than Super Superpower", The Nation, March 9, 2005.

3 For a devastating assessment of the record of "experts" see Paul Monk's "Foxes, Hedgehogs and Algorithms", (http://www.austhink.org/monk/tetlock.htm), an account of Philip Tetlock's Expert Political Judgment: How Good Is It? How Can We Know?. Princeton University Press.

hegemony and the consequences for peace and security in East Asia, it is worth reminding ourselves how much "common sense" about the challenges facing us has changed. If we had been speaking here in Japan in 1985, the most likely key topic would have been the Soviet threat, especially in the northern Pacific. In 1990, of course, the conversation would have been - tinged with pride or anxiety, depending on perspective - about the unstoppable rise of Japan. In 1995, we would probably have been still in the glow of the New World Order. Five years later in 2000 all talk would have centred on the unipolar moment in world history and the invulnerability of the sole hyperpower: the Empire Strikes Back. So we know that international relations analysts - us - are slaves to fashion – and for those who would analyse resilient hegemonies, friends to power.

Today, with the hyperpower facing defeat in Iraq, undoubted overstretch of ground forces, an array of alliances in disarray, an inability to prevent nuclear proliferation in North Korea and an unwillingness to prevent nuclear weapons development by multiple "strategic partners", commitment of vast military budgetary resources to the Potemkin village-like deployment of unneeded and unworkable and provocative missile defence systems, unprecedented trade and budget deficits, and a vacuum of competence and moral authority in New Orleans televised in prime-time to the world, things look a little different. My point is that while it is a little unkind to look back at our individual and collective analytical errors, it is helpful to remind ourselves how much we are the creatures of fashion and unchallenged assumptions.

The dangers to peace and security from recent developments between the countries of East Asia are well known. These include the quite immediate danger of war between the United States and North Korea; North Korea's acquisition of nuclear weapons; the possibilities of miscalculation by the nationalist leaderships of China and Taiwan; South Korean disputes with Japan over textbooks and territory; the widening group of disputes between China and Japan, including the history textbook issue, Chinese rejection of Japanese candidacy for the United Nations Security Council, Japanese remilitarisation, closer Japanese operational and strategic alignment with the United States; and suddenly fierce competition over territory and hydrocarbon resources in the South China Sea, fuelled by both official and civil society nationalism on both sides, coupled with China's rapid expansion of strategic weapons, and Japan's increasingly likely "materializing" of its longstanding virtual nuclear weapons capability.

At the same time, there have been equally well known important structural shifts in the intertwined international relations and political economies of the region. In Robert Skidelsky's apt phrase "the China Shadow", a.k.a. "the rise of China", has become as much a staple of elite and mass media as the "decline of Japan". The transformation of the Chinese economy is primary here. This includes the world economic impact of what some Japanese commentators, without apparent irony, describe as China's "resources gorging", and the mixed pattern of threat and opportunity perceived by US and Japanese governments and corporate elites. Equally, the prolonged economic limbo into which Japan fell in the 1990s is well understood to be connected to the domestic political stasis of that country. Perennial discussion of "American withdrawal" from the region has taken on new energy with the more or less simultaneous developments of the US global strategic realignment propelled by requirements of the Iraq war, and the fruit of protracted attempts to towards regional economic integration in the form of the East Asian Summit in December 2005. The quite suddenly revealed fragility of the Bush dominance after the trifecta of Abu Ghraib, Katrina, and Plamegate will hasten this process.

These overt regional conflicts and structural shifts are, as I said, well known, and much analysed. Since I do not believe it fruitful to repeat such discussion, I will, for the most part, take them as read.[4] Here I want to look at the question of peace and security in the East Asian region in a slightly different way. More than most other regions, East Asia needs to be considered as a system with a high degree of inter-linkage. Moreover, the problems the region faces are multiple, and they are interrelated, such that even if progress is made in one field, failure to solve others may undermine

4 My own empirical analysis of one aspect of these developments is in Richard Tanter, "With Eyes Wide Shut: Japan, Heisei Militarization and the Bush Doctrine" in Melvin Gurtov and Peter Van Ness (eds.), Confronting the Bush Doctrine: Critical Views from the Asia-Pacific, (New York: Routledge, 2004). A short version of the argument is presented in Richard Tanter, "Japan, Heisei Militarization and the Bush Doctrine", Nautilus Institute Policy Forum Online, (PFO 04-42A: October 28, 2004), http://www.nautilus.org/fora/security/0442A_Tanter.html.

that initial progress. Accordingly, these problems need to be tackled more or less simultaneously.[5]

I will first discuss the character and trajectory of American hegemony at a global level, arguing that indeed there is good reason to take arguments for long-term decline more seriously than in the recent past. I have taken my title as "After hegemony", in the belief that the best summary description of the present moment is the Gramscian notion of "domination without hegemony" - coupled with severe limits in certain key respects even for a capacity for domination compared with the recent past. I will then shift the focus to East Asia, asking the same sets of questions about the current state of the long-term US hegemony in that region.

Whether a decline in American hegemony is a matter of celebration or mourning, it is a time of danger for all, because of the likelihood of war to preserve the status quo or hasten its demise, or simply a heightened chance of miscalculation. With this in mind, I will then move to a discussion of the interconnections between the domestic political processes of the four main countries in North East Asia, their principal foreign relations difficulties, and their relations with the United States.

Leaving aside the question of North Korea[6], the four principal countries of East Asia – China, Japan, South Korea and Taiwan - face extremely serious problems both domestically and in their foreign relations. The resolution of these international problems is blocked by pathologies and distortions in their domestic political processes of such depth that they point to actual or incipient systemic crises. Each of these actual or incipient systemic crises is connected to that state's long-term relationship to the United States, and the way in which that relationship has structured the internal character of these states and societies.

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5 Here I am drawing on work in progress in the Nautilus Institute's Global Problem-Solving Initiative, and a paper in preparation with Peter Hayes on the concept of global problem-solving and the role of global civil society.

6 For the purposes of this paper I will not deal with North Korea, except in passing. Obviously, this is not because I do not think North Korea, its nuclear weapons, and its relations with its neighbours and the United States are irrelevant to peace and security. Nor is it irrelevant to the argument I wish to mount. That, however, is a matter for another day.

1. The yet more bald eagle – the decline of American hegemony

> When Louis XIVth asked his Milanese adviser Trivulzio how the success of his invasion of Italy could be ensured, he received this reply: "Most generous King, three things are required: money, money, and still more money".

> The United States has adopted a new policy, a forward strategy of freedom in the Middle East. . . The establishment of a free Iraq at the heart of the Middle East will be a watershed event in the global democratic revolution.
>
> George W. Bush, November 6, 2003

> There is something odd about the world's greatest power being the world's greatest debtor.
>
> Lawrence Summers

> Right now, the US dollar is probably 40 percent overvalued versus the Japanese yen or the Chinese renminbi. How's the US going to look as a global power when the dollar is at 50 percent of its current value?
>
> Clyde Prestowitz[7]

In reaching his conclusion in 2001 that "we have to accept that US hegemony has never been more secure" Michael Cox sought to explain what he regarded as three curious and wrongheaded features of the preceding two decades of international relations arguments to the effect that United States hegemony – however that term was to be understood – had significantly declined since an immediate post-war high. Why, Michael Cox asked, did the discipline fail to anticipate the revival of US fortunes in the 1980s and 1990s? Why was the decline thesis so dominant in international studies scholarship? And why was it so influential amongst policy makers, especially in the US?

After a long and elegant demolition of the most important proponents of the thesis of US decline in the two decades before 2001, Michael Cox emphasised two powerful critics of decline: Susan Strange and Stephen Gill. Strange had emphasized the structural power of the US within the wider world system:

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7 Bruce Stannard, "Dumping of US dollar could trigger 'economic September 11'", The Australian, 29 August 2005.

the power of the dollar and its multilateral institutional expressions; American military preponderance; the network of US-dominated alliances in Europe and Asia; and American technological dominance.

Gill also stressed US structural power, on an even broader scale, including, usefully, the unique economic resource of American multiculturalism. But most importantly, Gill worked within a sophisticated elaboration of Robert Cox's Gramscian conception of hegemony, which in contrast to the conventional use of "hegemony" as equivalent to "domination", stressed the element of acceptance and consent to structures of domination seen to have value for the collectivity as a whole, and not just the dominant power. Gill explored the effects on the idea of hegemony itself of the early stages of the contemporary phase of globalisation. The analytical certainties of "methodological nationalism" were being eroded, and hence "decline" itself was a realist construct of a world of nation-states, which may well not be so helpful in a transnationalised world economy.

Before too quickly dismissing what appears in retrospect to be an expression of unwarranted "hyper-globalism" in severe need of a reality check, we should recognize that Gill's stress on transnational forms of power precisely located one crucial Gramscian moment in the undoubted recovery of US power from its low point in the military and economic disaster of the Vietnam war. In Michael Cox's words,

> Indeed, if we conceived hegemony not just in terms of the possessions of any one power, but rather the developed practices of the international economic system as a whole, it could easily be argued that the USA – precisely because of its continued structural domination within that system – had not suffered very much decline at all.[8]

Today, as American decline seems almost daily to gain plausibility, we should bear in mind Michael Cox's querulous critique of his colleagues' hasty reiterations of the deceptively "obvious" state of US decline in the past, when in fact, the post-Vietnam recovery was already underway. That cautionary note stated, however, it is now clear that after five years of the George W.

8 Michael Cox, "Whatever Happened to American Decline? International Relations and the New United States Hegemony", New Political Economy, Vol. 6, No. 3, 2001, p. 325

Bush administration, the United States has indeed moved to a dramatically weaker position compared to the secure superiority Michael Cox described in 2001.

In his famously brief notes on method Robert Cox set out a framework that took both the material and ideational aspects of power seriously, and applied each to three levels of social and political activity – the organization of production; states; and world orders. "Each of these", he suggested, "can be studied as a succession of dominant and emergent rival structures."9 Both the material and the ideational were important, and neither was a priori privileged.

Contrary to some later suggestions, Cox was well aware of the importance of the military dimension and the role of coercion. But his notion of hegemony recognized forms of dominance without hegemony, and allowed for fragmentary, partial, and incomplete levels of hegemony.

Robert Cox's approach is particularly helpful now, as his 1983 formulation immediately makes clear:

> To become hegemonic, a state would have to found and protect a world order which was universal in conception, i.e., not an order in which one state directly exploits others but an order which most other states (or at least those within reach of the hegemony) could find compatible with their interests... World hegemony, furthermore, is expressed in universal norms, institutions and mechanisms which lay down general rules of behaviour for states and for those forces of civil society that act across national boundaries – rules which support the dominant mode of production.[11]

The obvious general decline in American military and political power from 2001 to 2005 is symbolized by and caused by the path to defeat in Iraq. But

9 . Robert W. Cox, "Social forces, states and world orders: beyond international relations theory", Millennium: Journal of International Studies, 10,2 (1981), pp.137-8. See also his "Gramsci, hegemony and international relations: an essay on method", Millennium: Journal of International Studies, 12,2 (1984), and Production, Power and World Order: Social Forces in the Making of History, (New York: Columbia University Press, 1987).

much more important is the US decline from its previous position as the state that sets the rules of the system with the consent of other states, in the belief those rules will benefit the collectivity as whole. American dominance has not disappeared from the political, military and economic arenas, but its dominance is both diminished in quantity and marked in the eyes of other parties by a quality of self-interest and irrationality. In other words, it cannot, and cannot be trusted to, set the rules.[12]

Let me note these changes in three dimensions of American global power: the politics of alliances, military capacity, and economic power. I will be brief about the first two because they are generally well understood.

The politics of alliances

The shift from Clinton's multilateralism to Bush's unilateralism has been a politically expensive development for the US, especially in Europe, but also elsewhere. The pathways are well known: the withdrawal from the Anti-Ballistic Missile Treaty, refusal to ratify the Kyoto Protocol and the Comprehensive Test Ban Treaty, and most importantly the road to war in Iraq, and the trashing of the United Nations. With the exception of Britain, "old" and "new" Europe alike have proved remarkably difficult to keep onside, especially on the Iraq war and the project of "democratisation". In Europe itself this has led to a clear sense of distance from the US that was palpable at the 2004 summit between President Bush and the European leaders that issued in paltry assistance to the US effort in Iraq. In Russia, a kleptocracy bent on reconstructing the span of the Soviet imperium is embraced.

> There can be little question . . . that the Europeans see us a dangerous but weakening power, and that the recent Bush trip to Europe is evidence of a new policy of 'containment' – the beginnings of a global attempt (European, Russian, Chinese) to contain the Bush administration.13

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11 Robert W. Cox, "Gramsci", op.cit, pp. 171-72.

12 Philippe Sands surveys this sudden collapse of the US as a rule-abiding international actor – and hence one with a diminished rule-setting capacity – in a wide range of policy areas, ranging from trade, environment, disarmament, to the elementary sin of legalizing torture in his Lawless World, Penguin 2005.

13 Tom Engelhardt, "Tomgram: Jonathan Schell on Less Super Superpower", TomDispatch.com, March 2, 2005.

European "nationalism" is a very mixed matter, but Gerhard Schroeder expressed one increasingly potent Europeanist strain of thought when he stated rhetorically that his government was formulating German policy "in Europe, for Europe, and from Europe".14

Before proceeding further, two contrary alliance trends are important to note and consider. Japan and Australia, remain for the moment firmly in the Coalition of the Willing. In fact after brief periods of considering slightly degrees of autonomy within alliance, both have significantly tightened their clutch on the imperial security blanket – with all the infantile characteristics that gem of American culture implies. 15 Most importantly, Japan has markedly shifted its foreign policy to a position much closer to and in much closer co-ordination with the US than in previous decades.

Secondly, since the invasion of Afghanistan the US has secured new military basing rights in a number of countries in Central Asia, extended its basing capacities in the Persian Gulf, and opened a "strategic partnership" with India that overturned five decades of backing Pakistan to India's detriment.

In political terms it is clear that the two winners of the war in Iraq – Iran and China. America has delivered two "own goals" to Iran's benefit, with the removal of Saddam Hussein and the installation of Shiite power. China, on which the US has been forced to become dependent both financially and diplomatic, has been elevated to centre of the world policy stage, even as it remains on the US nuclear targeting list.16

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14 Jonathan Schell, "The Less than Super Superpower", The Nation, March 9, 2005.

15 One reader – obviously someone unacquainted with young children - insisted I explain the term "security blanket". This bedraggled blanket was the beloved possession of a character in Charles Schultz's Peanuts comic strip. Like many very young children – and other individuals and collectivities – Linus derived enormous comfort from the simple presence of his blanket, irrespective of its practical utility or the lack of it. The substantive point – in line with Robert Cox's stress on the potency of the ideational as much as the material, is that rational policy discussion exists within, and is usually saturated by, a wider and highly potent structure of affects, conscious and unconscious.

16 William Arkin, "Not Just A Last Resort? A Global Strike Plan, With a Nuclear Option", Washington Post, May 15, 2005.

Military capacity

There has been much talk about American military overstretch resulting from the Iraq war and an equation of this with a decline in American military capacity as such. There is an important error here. It is certainly true that US ground forces in Iraq are insufficient to carry out the task they have been set (though clearly the "solution" to Iraq's woes dos not lie in more American troops). And it is also true that the need for rotating troops through Iraq has put great strain both on the regular army and on the US National Guard. Major redeployments from US bases in Europe and East Asia are certainly related to the needs of the Iraq war, but they are also in part the final working through of the end of the Cold War in military terms, and the transition to a new global military posture relevant in US eyes to contemporary strategic requirements.

Equally, the failure of American military power to stabilize post-invasion Iraq is taken to be a sign of military decline. This is not the case. Rather, as the Vietnam War made clear, and is still the case, military power, American or otherwise, has politically-derived limits. These limits are historically specific, and subject to expansion or contraction by fortune or policy, but they always exist and set the parameters of the actual utility of military power. Undoubted unparalleled superiority in war fighting capacity is not the relevant criterion for wars of imperial occupation.

Some suggest, in hope or fear, that demands on US troop levels because of Iraq mean that a US attack on North Korea is impossible. This is not correct. The United States would have no military difficulty in obliterating North Korea, and would do so without a major commitment of ground troops. US military planners have not been idle in the last four years, and have completed preparations for a new strategic plan known as CONPLAN 8022-02, creating for the first time a pre-emptive and offensive global strike capability against Iran and North Korea. Arkin reports that as

U.S. military forces have become bogged down in Afghanistan and Iraq, the attractiveness of global strike planning has increased in the minds of many in the military. Stratcom planners, recognizing that U.S. ground forces are already overcommitted, say that global strike must be able to be implemented "without resort to large numbers of general purpose forces."17

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17 William Arkin, "Not Just A Last Resort? A Global Strike Plan, With a Nuclear Option", Washington Post, May 15, 2005.

Gen. Richard B. Myers, chairman of the Joint Chiefs of Staff commended these planners:

> The president charged you to 'be ready to strike at any moment's notice in any dark corner of the world' [and] that's exactly what you've done.

Military overstretch or not, Myers and his colleagues are probably right in their judgement of their power to destroy. The problem would be dealing with the political consequences amongst its Korean and Japanese allies and Chinese "dialogue partner" of the announcement of the intention to do so.

And as any reference to the Korean peninsula reminds us, American military power retains a nuclear dimension. In technical and force structure terms, American nuclear weapons capacity is expanding, and its strategic forces remain on hair-trigger "launch on warning" mode – the most potentially lethal avatar of the Cold War.18

These caveats aside, however, two aspects of the military overstretch argument are highly relevant. The first is that the failure in the Iraq war has confirmed rather than eroded the "Vietnam syndrome" amongst Americans – a reluctance to approve the deployment of large numbers of ground troops. Following New Orleans, this trend will deepen, extending pre-existing domestic political limitations on overseas wars.19

The second aspect of the military overstretch is that it will deepen the foreign political limitations on the use of American power. The invasion of Iraq demonstrated the extraordinary capacity of the US military for the rational application of destructive power – as did Hiroshima and Nagasaki.

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18 Bruce Blair, "Keeping Presidents in the Nuclear Dark: (Episode #1: The Case of the Missing "Permissive Action Links"), Center for Defense Information, Feb. 11, 2004. http://www.cdi.org/blair/permissive-action-links.cfm

19 Noam Chomsky's consistent emphasis over many years on the determination of US state elites (state managers, as Chomsky calls them, more precisely), to overcome domestic popular resistance top overseas deployments of ground troops in large numbers, has been clearly confirmed by the speed of the collapse in support for the Iraq war. Gulf Wars I and II can be seen as state experiments in curing the Vietnam syndrome.

But the employment of that still growing capacity, unmatched by any other state, is highly dependent on other states and civil society in America and beyond granting the legitimacy to use that power. The "nuclear taboo" is one such limitation. The visibility of the moral degradation into which the US military has been pulled by the Iraq war will deepen the tendency to withhold that legitimisation in the near future.

This is precisely what one aspect of Robert Cox's understanding of "hegemony" points us towards – the difference between the sheer use of raw power, and its use legitimated in a framework of norms accepted by more than the dominant power. "Dominance without hegemony" in politico-military terms is not just a assessment of the present situation, but also an indication of the brittleness and shallowness of that apparently massive "less than super superpower".

The last round of erosion of US hegemony occurred following the Vietnam War, and very largely as a result of it, both politically and financially. Many see parallels between the position of the US in Iraq today and in Vietnam three decades ago.

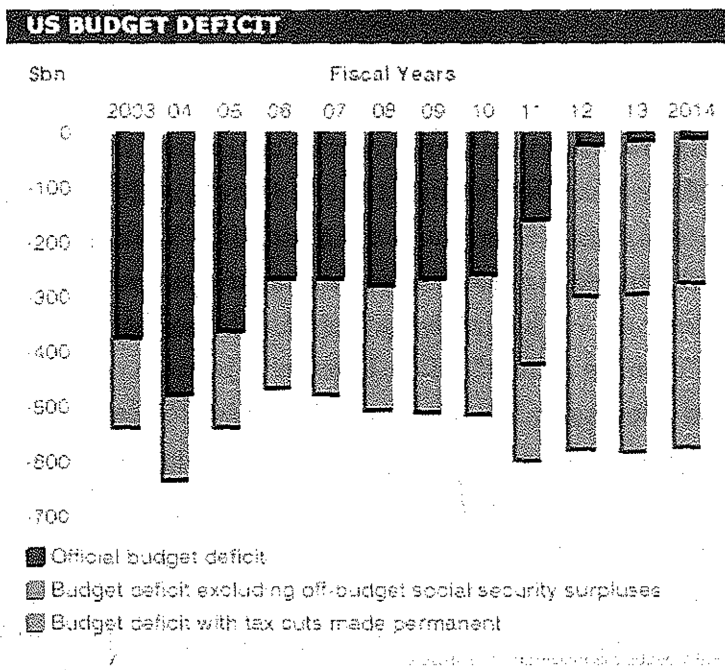
These assertions are mostly wrong. In fact, not only has the Bush administration managed to drag the US deeper into a fiscal, military and political catastrophe , and to do so far quicker than its Vietnam era predecessors, but the regional consequences of its actions in Iraq will be far greater than in the case of Vietnam. While the claims of Johnson and Nixon administration claims of a "domino effect" of a loss in Vietnam were, as history has demonstrated, an ideological fantasy, in the Middle East, West Asia and Central Asia – in other words, in Gasolinistan – it is anything but a fantasy.

Economic capacity

The question of geopolitics of petroleum brings us to the economic dimension of American hegemony and its vicissitudes. The US recovery from its 1970s decline was most marked and most successful in the economy – one of the most potent aspects of structural power beyond borders. Yet it is here that the US decline has been most abrupt and potentially damaging. The key are the twin deficits: the budget deficit and the current account deficit. Both set severe limits on US capacity to recover from its present position, both in budgetary terms and in terms of the competitive position of the US. Within a year of taking office, the Bush administration had turned Clinton's hard won record budget surplus (after two decades in the red after Vietnam and Reagan) into a deficit, which by 2004 reached $427 billion. (see figure 1)

Increasing taxation revenues or decreasing governmental expenditures could of course solve the budget deficit. The Clinton administration achieved this by both approaches, though it started from a lower base, and in much more favourable economic circumstances. Raising taxes to increase federal revenue is of course anathema to an administration that has spent five years cutting taxes. Spending reductions of the required level are practically impossible to imagine for a Bush administration with treasure flooding to support the war in Iraq, the fantasy of missile defence, social welfare that continues to rise to mop up the victims of two decades of neo-liberalism, and the literally incalculable consequences of Hurricane Katrina.

Figure 1 US budget deficit [20]



[20] "Does the US budget deficit matter?", BBC News, Analysis, February 4, 2004. http://news.bbc.co.uk/2/hi/business/3430565.stm#graph

But it is the second set of deficit which is probably more dangerous under the particular circumstances confronting the US. This is the linked current account deficit and the trade deficit. Practically, the current account deficit is the difference between its visible (goods) and invisible (services) exports and imports.[21] In 2004, the current account deficit reached almost 6 percent of

gross national product, and is expected to go higher still this year, with mainstream economists predicting a deficit of almost $700 billion in 2005.[22] At its last peak, at the height of the years of Reaganomics in 1987, the current account deficit amounted to only 3.5% of US GDP. To pay for both the current account deficit and the inflow of foreign investment on which the US is depending, the United States must import $1 trillion of foreign capital each year – equal to an inflow of $4 billion a day. (see figures 2, 3 and 4) . In 2004 the US current account deficit reached almost 6% of GDP, and was expected to be higher still in 2005. Compared to Japan and China, the United States has a relatively small proportion of its GDP derived from trade available to pay for these Inflows. "Right now, the US has to mortgage one year's worth of export revenues every two years to finance its trade deficit."[23]

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21 Formally, the current account deficit is the sum of the trade balance, the balance of income from labour, and the balance on international investment income and unilateral transfers such as foreign aid and remittances.

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23 Nouriel Roubini and Brad Setser, *The US as a Net Debtor: The Sustainability of the US External Imbalances*, August 2004, p.2. http://pages.stern.nyu.edu/~nroubini/papers/Roubini-Setser-US-External-Imbalances.pdf

"The broadest measure of the amount the United States owes the rest of the world – the net international investment position or NIIP – has gone from negative $360 billion in 1997 to negative $2.65 trillion in 2003. At the end of 2004, we estimate the net international position will be negative $3.3 trillion. relative to GDP, net debt rose form 5% of GDP in 1997 to 24% of GDP at the end of of 2003. It is likely to reach 28% of GDP by the end of 2004 and then keep on rising." Roubini and Setser, p. 4.

Figure 2: US current account transactions[24]

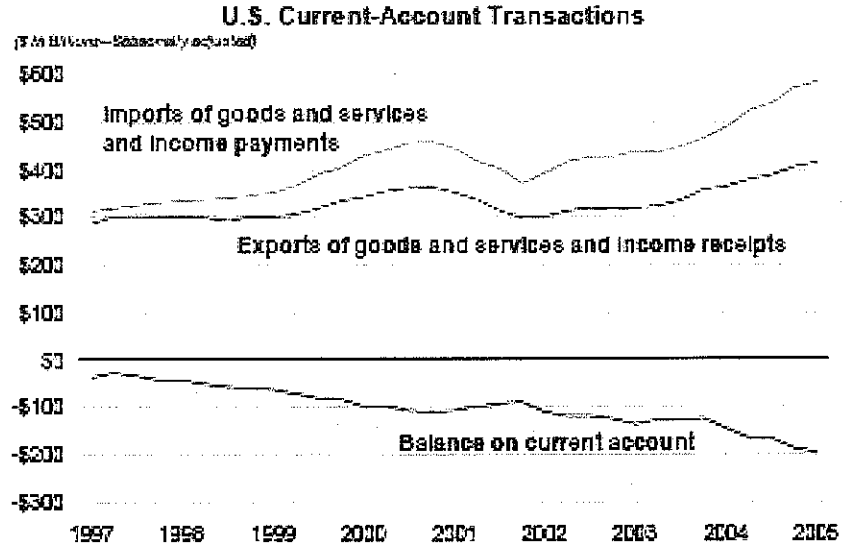
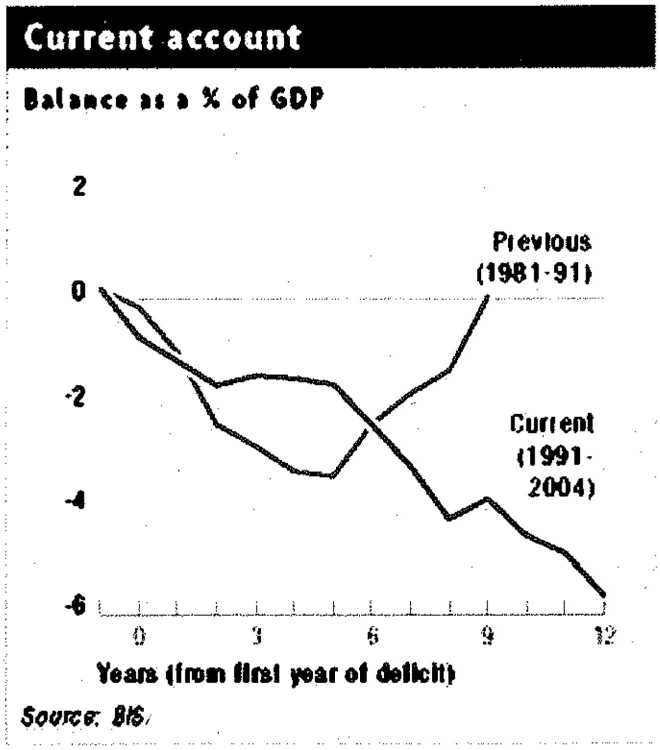


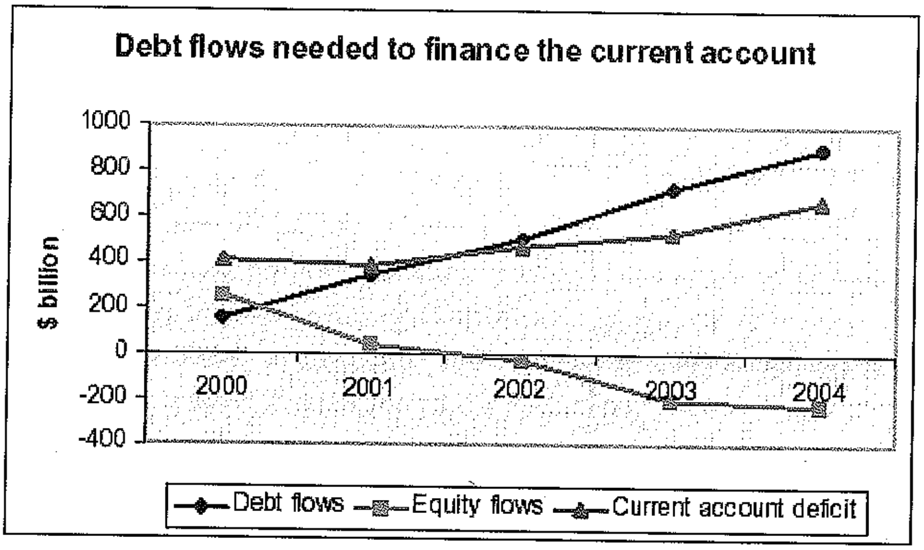
Figure 3: US current account as a % of GDP[25]



24 Source: US, Bureau of Economic Analysis, "US International Transactions: First Quarter 2005", June 17, 2005. http://www.bea.gov/bea/newsrelarchive/2005/trans105_fax.pdf

25 Martin Wolf, "Multilateral leadership can right the ship", Financial Times, June 28, 2005.

Figure 4: Debt flows required to finance the US current account deficit[26]



In the 1990s most foreign purchasers of US Treasury securities were foreign private banks. However now the main foreign creditors are central banks. As of end-2004, $$740 billion US Treasury securities were held by Japan, $174 billion by China, and $57 billion by Taiwan.[27]

To date these governments, especially Japan, have been willing to loan these vast sums to the US government in the belief that sustaining economic growth in the US is essential for the continued well-being of their own export-dependent economies.

The consequences of this arrangement has been that the Bush administration has been pursuing an apparently contradictory program of cutting taxes and spending heavily with impunity. At the same time, US consumer spending, especially on foreign produced commodities has increased to record levels. But this consumer spending has been financed by credit at low interest rates. US consumers have taken advantage of these rates to borrow and buy big, with US household debt reaching unprecedented levels (see figure 5).

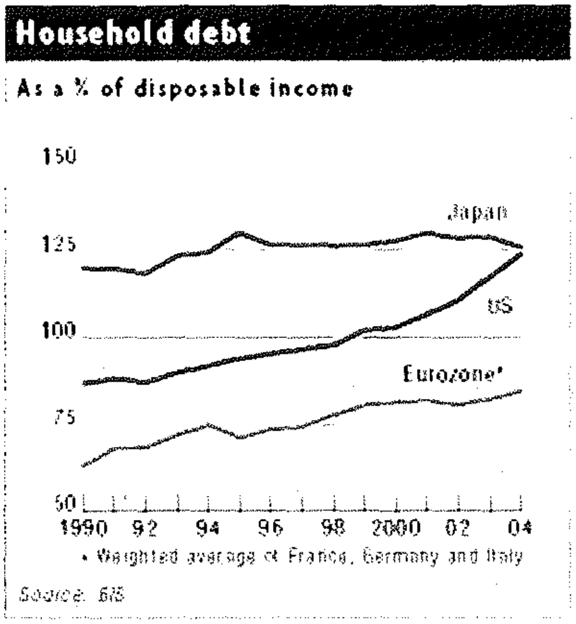
Mountains of government debt and household debt have ultimately been financed by the apparently willing central banks of Japan and China. As

26 Roubini and Setser, op.cit.

27 Arrighi, op.cit., p.63

Roger Cohen put it, "Perhaps the only working class that China's communist president, Hu Jin-tao, is assisting is the American."[28]

Figure 5: Household debt ratios[29]



All of this is underpinned by low interest rates on foreign dollar-denominated debt and an overvalued dollar. The direct cost to government of interest payments have been relatively low to date. But this happy situation for the US cannot continue. There can be no guarantee of continued low interest rates on the inflows need not just to maintain current levels of inflow, but the even greater requirements forecast for the next five years.

There are at least two powerful reasons why this is so. Firstly, foreign borrowers may fear further bad economic news from the US, especially in the form of still rising government deficits. The direct and indirect (confidence) effects of the Iraq war, Hurricane Katrina, and the unfounded portions of the US social security system undoubtedly loom large in the minds of central bankers abroad – as they do in those of the US.

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28 Roger Cohen,, *International Herald Tribune*,

29 Martin Wolf, Multilateral leadership can right the ship", Financial Times, June 28 2005

Secondly, its is the possible collapse in the value of the dollar that haunts foreign financial markets awash with dollars. The value of the dollar has fallen 35% against the Euro and 24% against the yen in the three years prior to end-2004. A small part of this shift was the recent managed upward valuation of the Chinese currency, but the great bulk of the decline has been market driven, a measure of financial markets' concerns about the underlying competitiveness of the US economy, and consequently, doubt about the desirability of holding US dollars. To the extent that foreign governments and banks hold their national treasure in the form of US dollars – and that is the meaning of the dollar's role as a reserve currency for other countries – that decline in the value of the dollar is equivalent to a comparable loss of wealth for those countries.

Technically, it would be possible for those foreign creditors to use the threat of withholding loans – effectively raising interest rates – to influence American policies. In practice, they do not exercise this theoretical leverage because of the risks to their own economies of a severe slowdown in the US economy.[30] Not for nothing, has this situation been called a "financial balance of terror".

Apart from borrowing ever more money abroad, the Bush administration has pursued two main strategies to try to extricate itself from deficit dilemmas. The first has been an innovatory approach – at last in modern times – to running wars. Bush the Elder eased the burden of Gulf War I by constructing a broad-based multinational coalition for the war itself, and then effectively billed Japan $13 billion for services rendered to the preservation of oil flows from the Middle East. Bush the Younger, faced with an allied unwillingness to shoulder such costs, attempted to have the Iraqis pay for their own

30 Leverage by selling, or threatening to sell, US debt, is a perfectly real possibility. Central bank operations are usually so secretive it is difficult to discern instances of leverage. However, in 1997 the Japanese Prime Minister Hashimoto Ryutaro, returning home from unsatisfactory trade talks in Washington, did publicly raise the possibility selling off US Treasury securities as an encouragement to the US, though apparently it was not acted on. See also the discussion below of the recent South Korean central bank proposal to sell off US securities.

liberation. This was done firstly by granting monopoly privileges to US corporations in the servicing of the occupation and the reconstruction.[31]

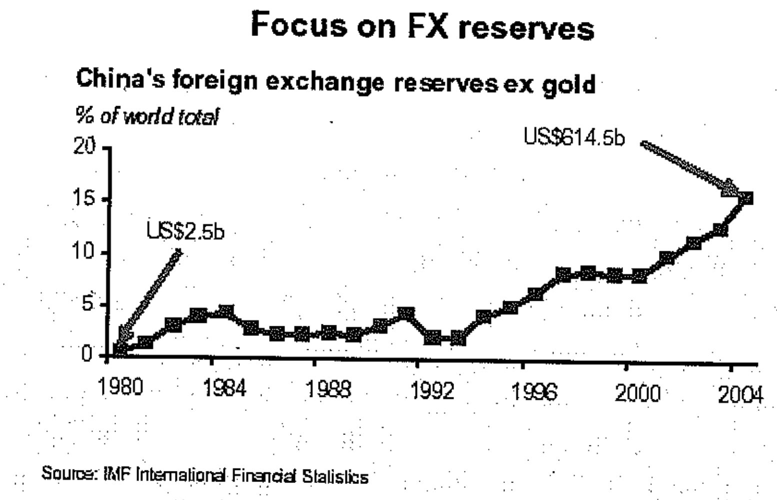
The second component was to sequester the revenues of Iraqi oil exports. Coupled with the reluctance of allied governments to match US contributions, the insurgency in Iraq has effectively thwarted both tactics. The failure of burden sharing in Iraq indicates the degree to which major allied and friendly governments no longer regard the US as capable – or willing – to perform the global politico-military regulatory role on behalf of the collectivity as a whole, rather than just for its own benefit and according to its narrow conception of interests.

The administration's second approach has been to try to repeat history. The Reagan administration sought to reduce the trade deficit with Japan in the early 1980s by persuading Japan to revalue its currency by more than 200% in the Plaza Accord. The Bush administration has attempted to reduce the rapidly expanding and already large trade deficit with China by coupling a market depreciation of the dollar over several years with aggressive pressure on the Chinese government to revalue the renminbi upwards. The Chinese government did yield to American pressure earlier this year, but to little more than a token degree, with 2.3% managed upward revaluation. This was less than one-fifth of the initial step the US demanded of China. At the same time as this token response, China announced that the value of renminbi would no longer be pegged solely to the dollar, but to a wider basket of currencies, thus to some extent at least limiting the effects on China of any further decline in the dollar.

31 While this attempt to make the Iraqis pay for their war was innovatory as far as recent industrial warfare has been concerned, it was of course a return to older, cruder ways of paying for system domination requirements. As Arrighi has pointed out, when the British empire was in a comparable position, its drained the wealth of its Asian colonies, especially India. Contemporary world orders make such direct approaches more difficult, though not impossible. Giovanni Arrighi, "Hegemony Unravelling I", New Left Review, 32 (new series) March /April 2005. Shiraishi Takashi documents the similar British approach to the funding of the foundation of Singapore in his Umi no Teikoku, (Chuokoronsha, 2003).

This Chinese spurning of remarkably direct and strong American pressure reflected two factors, both of which indicate a serious diminution of US economic and wider structural power. The first was a simple Chinese capacity to resist, born of its large foreign currency reserves (more than 15% of the world total; see Figure 6), its explosive economic growth, and the US dependency on China both for continued loans and cooperation on the Global War on Terror. There would also have been some influence from the inevitable psychological consequences of the interesting situation of a debtor insulting a creditor whose continued willingness to lend hundreds of billions of dollars annually is essential to the survival of the US in its present form.

Figure 6: Chinese foreign exchange reserves[32]



But China's willingness to resist American pressure to alter the exchange rate in America's favour was also motivated by a fear - shared by all foreign holders of US currency – that the Bush administration would try to pay for its warfare and welfare needs, and its need to staunch trade losses with China and Japan, by encouraging the dollar to fall even further – possibly by between 25% and 40% of its present value.

32 Mark P. Thirlwell, Shaking the world? China and the world economy, Lowy Institute, August 2005.

In these circumstances, devaluation on this scale amounts to what Martin Wolf calls a "brilliant US conspiracy" to exploit its capacity for seigniorage – the privilege of extracting value from the manufacture of the world's reserve currency – by "partial default through dollar depreciation".[33] *The Economist* took the point further, arguing that for the $11 trillion of dollar assets held by foreigners,

If the dollar fell by 30 percent, as some predict, it would amount to the largest default in history; not a conventional default in debt service, but default by stealth wiping trillions off the value of foreigners' dollar assets.[34]

This is not at all an impossibility. On the contrary, it is the recommendation of mainstream US economic advisors to this and previous administrations. Catherine Mann and Katrina Pluck of the Institute of International Economics point out that depreciation of 25% in the value of the dollar between 2003 and 2005 had very little effect on the US trade deficit. The conventional expectation was that if the currency declined significantly, US consumers would find the cost of foreign imported goods higher than before, that their US dollars would pay for fewer foreign imports, and so the flow of such now more expensive foreign goods into the US would slow. In fact, foreign exports did not become significantly more expensive in the US, and the trade deficit continued to worsen. This was mainly, they argue, because foreign producers decided to preserve market share in the US by absorbing the extra costs from currency changes, even at the cost of reduced profits in the short run.[35] Mann and Pluck argue that a much larger drop in the value of the dollar will be needed to substantially correct the trade deficit,

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33 Financial Times, September 30, 2003.

34 The Economist, December 2, 2004, cited by Arrighi, op cit., p.70.

35 This echoes the experience following the Plaza Accord revaluing of the yen in 1985, when the yen rose from US$1=238 yen in 1985 to US$1=93 yen in 1996. The efficiency and productivity gains of Japanese manufacturing exporters since 1985, especially those producing in Japan, were extraordinary. Despite the currency burden, exports (overwhelmingly machinery and electronic goods) rose from US$265 billion in 1985 to $450 billion. The fact that Toyota has just become the largest car-maker in the United States underscores the wider point. See Richard Tanter, "Japan Incorporated: Drowning, Waving, or Considering its Options? Conflicting interpretations of the Japanese Financial Crisis", Arena Journal, (new series), (1998) 10: 15-26.

equivalent, to an estimated cost in spending power to every American of $2,350.[36]

An adjustment of some such order of magnitude must come, and the longer it is delayed the faster and more brutal it will be for the US, and by extension, for the rest of the world economy.[37] The domestic and international ramifications of such a drop in the dollar – a national default as *The Economist* puts it – will constitute a sharp drop in American resources for dominance.

Such foreign fears are not unrealistic. Prestowitz's estimate of a 40% overvaluation in the dollar might be doubted as the hyperbole of a 1980s Japan-basher shifting his target to China, but he is not alone. The actual size of the fall is not knowable, but two things are certain.

Firstly, it is certain that this devaluation of the dollar will reflect and further decline in American hegemonic status. As Prestowitz asks,

> "How's the US going to look as a global power when the dollar is at 50 percent of its current value?"

Secondly, for East Asia, which holds most of these foreign US debts, the turmoil will be very serious indeed. So let us now shift attention to the structure and trajectory of US hegemony in East Asia.

2. American hegemony in East Asia

Van Ness takes the case of the past half century of East Asian order as defining the limits of anarchic views of international politics. Despite the diversity of the states of the region, their differing economic and political conditions, their various external alliance links, and their substantial military capacities, this is neither a balance of power nor a situation of unipolar dominance. It is true Gramscian hegemony, where Japan and China are both strategically dependent on the US, and face "a hierarchical world environment", towards which they "devise strategies based on the perceived benefits/costs of participation in that system, as compared with opting out of it." Each could reject dependency, but does not.

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36 Catherine Mann and Katrina Pluck, Institute of International Economics, April 27, 2005.

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With respect to US hegemony, the international positions of China and Japan are embedded in and supported by domestic development strategies, social identities, and ruling party legitimacy claims.38

Van Ness is primarily concerned with politico-military dimensions of hegemony, and sets that within a wider framework of "globalised economic interdependence", but does not explore the linkages in detail, either empirically or theoretically. Bruce Cumings' conception of American hegemony in East Asia, while not explicitly Gramscian, provided a politico-economic framework that has not only had enduring utility over more than two decades. The unique quality of the American hegemony, revealed in the latter stages of the Vietnam war and full blown in the fierce trade struggles subsequently is that it is a style of hegemony (a world order in Robert Cox's terms) that

> has outer limits sufficient to keep countries in the system, but not sufficient to protect the home economy against destructive competition, and not sufficient to maintain effective dependency relationships or a frozen hierarchy. The system permits upward mobility.[39]

This fits well with Van Ness's Gramscian discussion of the political-military aspects of China and Japan's present position. Today it is China that is shifting position in the system. The key questions are whether it is reaching the point where it is actively considering the costs and benefits of abandoning that position; whether the United States believes it is doing so; and what the consequences of these reassessments will be.

3. Four blockages, four systemic risks

Whether a decline in American hegemony is a matter of celebration or mourning, it is a time of danger for all, because of the likelihood of war to preserve the status quo or hasten its demise, or simply a heightened chance of miscalculation. Though they have varied in intensity and political salience over time the conflicts that China, Japan, South Korea and Taiwan are involved in with each other are all long-standing. At present, however, all four are involved in a series of serious bilateral conflicts: China and Japan, China and Taiwan, and South Korea and Japan. In each of these, the United

38 Peter Van Ness, "Hegemony Not Anarchy",

39 Cumings, "Origins", p.20.

States is also a party to the dispute, usually directly. South Korea's conflict with Japan only indirectly concerns the United States, but that dispute has links the much more serious shift in the structure of sentiments of the South Korea – US relationship which will be discussed below. These disputes are not only long-standing, but they also show no sign of being resolved soon. Yet, under certain circumstances, peaceful resolutions are conceivable. And such resolutions would open the way for dramatic economic integration with global economic and political implications.

The resolution of these international problems is blocked by pathologies and distortions in their domestic political processes of such depth that they amount to actual or incipient systemic crises. Moreover, each of these systemic crises is connected to that state's long-term relationship to the United States, and the way in which that relationship has structured the internal character of these states and societies.

Let me begin by looking briefly at each of the four countries in turn, and explore the connections between the international conflicts they are involved in and, on the one hand, domestic political blockages, and on the other hand, their relations with the United States and the internalised consequence of these relations.

China

The North Korea issue apart, China is involved in two important East Asian international conflicts: with Taiwan over the future of the island; and with Japan over the representations of history, territory and access to hydrocarbon resources in the South China Sea, and Japan's proposed candidacy for permanent membership of the UN Security Council.

China's position on these conflicts is shaped by two separate but related domestic concerns, both of which form the basis of the legitimacy claims of the post-revolutionary one party state: nationalism and economic growth. Both of these, in the Chinese setting, are highly volatile and likely impede the kind of rational and stable domestic social and political framework necessary to avoid worsening the international relations conflicts to which China is a party, irrespective of whether these are of its making or not.

The official doctrine of the current historical function of the CCP is the "Three Representatives. Then party leader Jiang Zemin enunciated this in 2002 at the 16th National Party Congress following an earlier formulation:

The CPC must always represent the development trend of China's advanced productive forces, the orientation of China's advanced culture and the fundamental interests of the overwhelming majority of the Chinese people.40

The legitimacy of the post-revolutionary CCP leadership now rests on two pillars: nationalism in the broadest sense, and economic and governmental performance. Dependence on nationalism for legitimacy sets strict limits on freedom to move in foreign relations, and by its nature is highly volatile and difficult even for authoritarian governments to control. When "to get rich is glorious", performance legitimacy is by definition hostage to economic fluctuation.

Economic growth, legitimacy and potential systemic crisis

There is nothing very new to say about the facts of Chinese economic growth and the shift to capitalism. The effects on global resource markets, global trade, and flows of investment are well known. In East Asia, the regional competition for hydrocarbon resources in Siberia, the Russian Far East, the Caspian Sea region, the South China Sea and the East China Sea, and the broader pattern of diversification of resource-providers has been well analysed. (The conflict with Japan over East China Sea gas field development will be discussed below.)

There are however, four systemic issues here. The first is the question of performance legitimacy. The second is the assumption made about the future trajectory of economic growth. The third is the nature of systemic crises in authoritarian political systems. And lastly, China now exhibits an extremely unusual fusion of the fortunes of the Chinese Communist Party and Wall Street that renders both vulnerable to unforeseen and uncontrollable shifts of fortune.

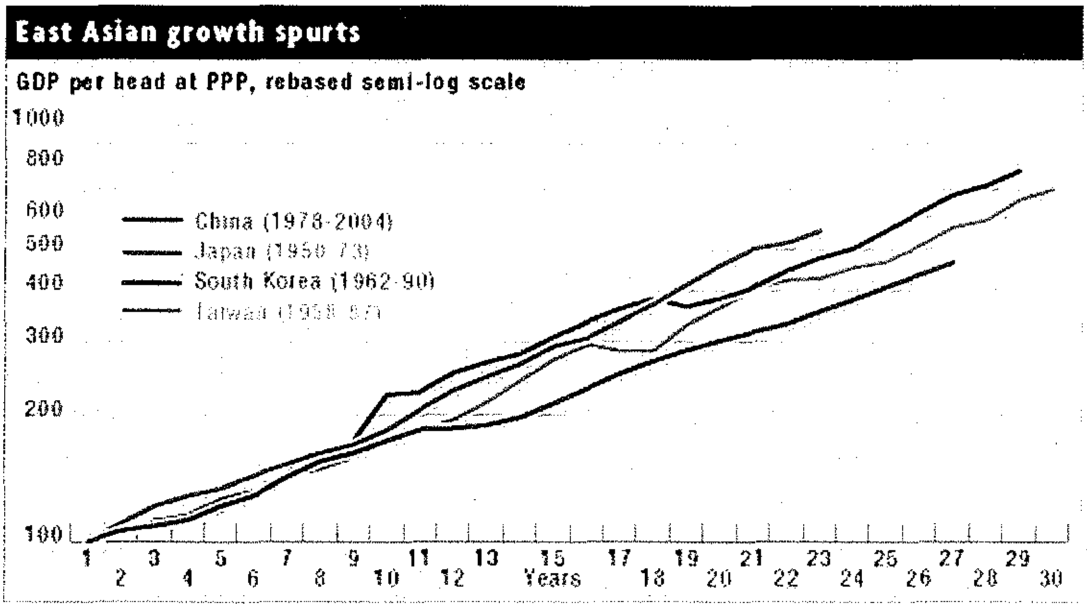
Firstly, performance legitimacy is a rational, secular foundation for legitimacy. Most advanced capitalist states depend in part on performance legitimacy, usually expressed through regular elections. However, unlike China, they do so within a framework of constitutional law, representative and responsible government, civil rights and due process, which deepen and ground the fluctuations of fortune inherent in economic performance. By

40 "'Three Representatives' to Become Party's Mission Statement", China Daily, November 13, 2002. http://www.china.org.cn/english/features/48642.htm

definition, the fortunes of a market-Leninist state depending on performance legitimacy are likely to be volatile. When in need, the Chinese leadership's temptation to cultivate the less rational versions of nationalism - in the absence of deeper grounding in constitutional commitment – will be understandably strong.

Secondly, it is often assumed that China will continue to grow in something like the trajectory on which it has embarked in the past two decades. This has both plausible and implausible aspects. The plausible part is that China still has a long way to grow. Martin Wolf quite rightly points out that China is still on an early stage of what is now an almost typical East Asian growth path. (See figure 7.) At present, Wolf argues China is held down by inefficiencies in capital allocation, but that "in the end" China should be able to outperform its neighbours which started on the same path earlier.41

Figure 7: East Asian growth paths [42]



This confirms the general sense that China will continue to grow economically to the point where its economy, however measured, will surpass all others including the United States. Just when this will happen depends on many unknowable variables. Projecting from current trends, the CIA

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[41] "Martin Wolf, "China has further to grow", *Financial Times*, April 12, 2005.

[42] *Ibid.*

estimates China's GDP will pass that of Britain in 2005, Germany in 2005, Japan in 2017, and the US in 2025. By this analysis, it will surpass the US in size by 2025 in purchasing power parity.43

Yet basing predictions on the projection of existing trends is risky. The present 9% growth rate will not be sustained. But even the assumption of sustained more modest growth rates ignores both the inevitability of business cycles in capitalism, and the particular fragilities and vulnerabilities of the market-Leninist version in China. As the long-time China observer Peter Van Ness, says, foreign analysts consistently fail "to analyse the domestic vulnerabilities of the CCP regime."

Thirdly, there is a particular character to system crises in communist social formations that will most likely still apply for some years in China's hybrid form. The effective separation of the economic system from the political system in liberal capitalist societies means that economic crises do not automatically become political crises. States are not finally responsible for system steering, and so can to a large degree escape the consequences of system steering problems. In communist political systems the fusion of economic and political steering capacities in the state directed by the dictatorship of the party ensures that system crises automatically become political crises: economic crises almost immediately become political crises.

Since economic crisis is inevitable, the threat to the stability of the regime is much more immediate than in other forms of authoritarian states. The emerging hybrid market-state capitalist mix in China may mitigate this tendency somewhat, but it remains a basic system principle. The consequence is that the CCP's fear of what it interprets as "social instability" is well founded. It is inevitable that there will be serious challenges to the CCP regime in coming years.

Fourthly, China now exhibits an extremely unusual fusion of the fortunes of the Chinese Communist Party and Wall Street. The "financial balance of terror" of the creditor-debtor relationship between China and the US sits in a wider context of mutual dependence of investment and exports that renders both vulnerable to unforeseen and uncontrollable shifts of fortune. Any serious disruption of investment flow into China will have immediate flow-on effects in employment, and hence political stability. And vice versa, even

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[43] Johnson, op.cit.

though there are other havens for mobile capital seeking still lower wages and working conditions, the size of western and US investment in China means that the US is itself dependent on the health of the Chinese economy. Connecting two inherently volatile systems is not a recipe for stability, however much material growth may finally eventuate.

Chinese nationalism and the Taiwan conflict

From at least the early 1990s, and certainly by the mid-1990s, the CCP leadership's attitude to Taiwan shifted quite sharply, leading to the 1996 Taiwan Straits Crisis.[44] The immediate cause of China's shift was the series of escalating political changes on Taiwan itself. The KMT dictatorship had transformed itself into a vibrant representative democracy, and the Taiwan-born KMT president Lee Teng-hui was actively exploring changes in the status of the island through his use of the term "Republic of China on Taiwan". Lee's phrase was only rhetorical, but implied rejection of the "one China" assumption that had been shared since 1949 by both the CCP and KMT, and which, of course, underlay the US "one China policy". The Chinese initiative was unsuccessful in the short run, being blocked militarily by the US seventh Fleet, and by the Taiwanese electorate's backing for Lee as the first freely elected president in the March 1996 election. In the longer run, however, China and the US discovered a shared interest in dampening Taiwanese moves towards juridical or even rhetorical exploration of independence.

The election of the pro-independence Democratic People's Party Chen Shui-ban as president in 2000, and his re-election in 2004 formed the centrepiece of a heightened sense of urgency for the Chinese leadership evident in its rhetoric about reunification. The CCP leadership's concerns sprang from two main sources. The first was the gathering sense of time for China running out, as Taiwan's status as a de facto independent industrial democracy took root in the global public sphere, (as the counterpoint to the latent Chinese image of state repression and corruption), combined with the complex but potent developments of a post Cold War Taiwanese national identity.

This fear is still manifest in the invariable refrain from Chinese government and government-aligned Chinese commentators that the US and other

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44 For a clear account of the military aspects of the 1996 crisis and its run-up see GlobalSecurity.org, "Taiwan Strait: 21 July 1995 to 23 March 1996". http://www.globalsecurity.org/military/ops/taiwan_strait.htm

western countries have a responsibility to intervene in Taiwanese politics to control "irresponsible nationalist forces" in Taiwan that may disturb the international status quo.

This Chinese concern about the dangers to regional peace that may be unleashed by sudden unilateral and provocative moves towards rhetorical and juridical independence is of course not completely unreasonable, given the structure of both military deployments and political attitudes creating fertile possibilities of miscalculation. But neither is it completely transparent either.

The other motivation for Chinese aggressiveness towards Taiwan in the years following Lee's election has been the Chinese government's own concern to embellish its own domestic nationalist credentials. Modern Chinese nationalism, as Wang Chaohua, has always been a fusion of an anti-systemic (originally anti-colonial and anti-Japanese) movement of opposition and echoing of a Qing dynasty nationalism of territory and ethnicity.45 In the 1990s official nationalism, official CCP-sponsored nationalism has abandoned any emancipatory pretensions 46, is almost solely "based on territorial claims from old dynastic imperial conquests, and expansion of the power of the central state".47 But this official nationalism now coexists in Chinese political space with a wide variety of civil society nationalisms, most readily evident in the virtual public sphere of the Chinese language Internet, and the actions of nationalist demonstrators48. Chinese civil society has now developed in size, diversity and strength to the point where a government accustomed to an effective freedom of political action has had adjust its policies to remain in tune with a less controlled civil society and its nationalist enthusiasms. In recent years, despite the juridical structure of party dictatorship, state concerns about controlling the nationalist genie are quite clear.

45 Wang Chaohua, "A tale of two nationalisms", New Left Review, 32 (new series), March/April 2005.

46 Though the language of "anti-hegemony", a useful stick with which beat the United States, retains faint echoes of earlier decades.

47 Wang, op.cit.

48 This includes both urban demonstrators – whether effectively autonomous or sponsored by government – protesting against, say, Japanese textbook policy, and the Hong Kong-based groups attempting to land on the disputed territory of the Diaoyu/Senkaku islands.

One aspect of Chinese nationalism is here is particularly relevant to the question of political control and stability. Racialist categories of thought are part of most contemporary nationalist thinking in East Asia. In contemporary China, the racial aspects of official nationalism in the form of Great Han chauvinism have been foremost in the ethnic swamping of the inner Asian frontiers of the Qing empire in Tibet and Xinjiang. But it is in Chinese civil society thinking about state, peoples and nations that racialist thinking is most evident and potent.

Western analysts of Chinese foreign policy usually ignore the racialist and often racist – aspects of Chinese official and civil society discourse and policy. In a rare exception, the British scholar Martin Jacques reported on the wave of racist commentary on the visit to China by US Secretary of State Condoleeza Rice in March/April 2005.

The racist character of much of it has moved liberals to protest, most significantly Liu Xiaobo, a veteran critic of mass movements in China since Tiananmen, who has written a response on the New Century Net web site. He says that of 800 messages he has read about her visit, no less than 70 involved racist comments about her colour: of these, only two were relatively moderate; the rest were vicious, describing Rice as a "black ghost", "black dog", "black woman" and "black bitch". One stated, "You are not even like a black ghost, a really low form of life," and another, "Her brain is even more black than her skin." One writer said: "I don't support racism, but this black ghost really makes people angry, the appearance of a little black who has made good.49

These characteristics of contemporary Chinese nationalism are highly relevant to the issue of international conflict both because of their highly volatile qualities, and because of the possibility that the Chinese Communist party policy bereft of any other positive sources of legitimacy may become politically hostage to the darker sides of these civil society forces. Accordingly, questions about the capacity of the forces of moderation in

49 Martin Jacques, "The Middle Kingdom mentality", The Guardian, April 16, 2005. The pioneering case for taking racialist categories of modern Chinese political thinking seriously is Frank Dikotter, The Discourse of Race in Modern China, (Stanford University Press, 1992). A parallel study of the place of race in contemporary Japanese political thinking is much needed.

Taiwan and its allies to restrain the excesses of Taiwanese nationalism should be paralleled with questions about Chinese nationalism and the capacities – or, on occasion, the willingness – of the Chinese government to control nationalism on its side of the Taiwan Straits.

Japan

Three blockages in Japan's domestic politics need to be resolved before it is able to pursue a constructive path in East Asian politics. Each of these blockages is in certain respects connected to the way in which Japan sits within the wider pattern of American hegemony, and the ways in which that hegemony has been internalised in Japanese social, political and cultural status.

The first is the general crisis of Japan's political economy that over the past two decades has been variously characterised as the crisis of "Japan Incorporated", "Japanese immobilism", and similar terms. Three elements of this crisis are central. The first is the loss of economic momentum, declining profitability, persisting low or negative growth despite below zero interest rates, relatively high unemployment and bankruptcy rates, and mountainous bad debts in the banking system and underfunding of the national pension system of American proportions. The second is the persistence of political crisis, with an effective one party state without effective parliamentary or extra-parliamentary opposition (and only limited intra-party competition. Social movements are completed disconnected from national political institutions, and even where locally active, lack effective policy transmission belts to influence the national political, bureaucratic and economic leadership. The erosion of the power and competence and legitimacy of the elite national bureaucracy that effectively steered national policy in the post-war period have worsened this political party immobilism in the last decade. The third is the decline in system steering capacity manifest in and furthered by the economic and political immobilism.

Of course, these interrelated trends require detailed explanation, and are subject to important differences of interpretation that cannot be discussed here. Two points need to be made now. The first is that there is a clear connection between this structure and immobilism and the long-term insertion of post-war Japan into the system of US hegemony. This is particularly the case in relation to the roles of politicians and bureaucrats. To a very large degree, politicians took no serious responsibility for the direction of policy, and foreign policy in particular. The Ministry of Foreign Affairs managed Japan's low profile foreign policy.

The consequences of the loss of direction and in capacity to make strategic choices is most evident in the Japanese position in its territorial disputes. Japan has disputes with each of its neighbours – China/Taiwan, South Korea and Russia. The most important is the East China Sea territorial dispute and its associated conflicts over the gas- and oil-fields that straddle the disputed maritime territory.

Without reviewing this dispute in detail suffice it to say at the moment that the essence of the dispute between China and Taiwan on the one hand and the other concerns the basic principles to be utilised to decide the maritime boundary, or more properly the Exclusive Economic Zone. China and Taiwan basically found their claim to the maritime zone extending from the coast of China to the Okinawa Trough on the basis of concepts developed in relation to the UN Law of the Sea Convention. This specifies that a continental state should be able to claim the maritime territory to the edge of its adjacent continental shelf. Japan rejects this principle, arguing rather for a "mid-line" drawn between otherwise undisputed Chinese and Japanese territories. Japan has rejected Chinese proposals for mediation to resolve the dispute.

The result can be in Attachments 1 and 2. In Attachment 2, The difference between the Midpoint Line and the Okinawa Trough can readily be seen. While denying the validity of the Japanese claim to the territories east of the midpoint line and west of the Okinawa Trough, China been very careful to restrict its East China Sea gas and oil development over the past ten to the west of the midpoint line. several oil and gas fields are now in production, and more are due to come on stream shortly. For some years Japan complained about the Chinese development, but did not do so forcefully. Moreover, for reasons that are not entirely clear, Japan did develop or even properly survey the fields east of the midpoint line, apparently assuming that time was on its side, and that somehow the Chinese would give way in future direct negotiations. By 2003 both China and Japan were in more urgent need of resources, and the conflict became quite serious.

What is important here is that Japan did not seem able to move constructively to either resolve the issue or get on with development on its own side, but rather restricted itself to increasingly shrill criticism of China for developing fields that probably in fact straddle the midpoint line. The possibility of military conflict was underscored by temporary deployment of both Chinese and Japanese naval units in the region, shadowing the other country's survey vessels, and by the dispatch of a Chinese submarine through these territories to Guam and back again.

The second major blockage is the character of the strengthening nationalism that is more and more evident in Japanese foreign policy, even as it strengthens its relations with the United States.[50]

The third blockage, the failure of reconciliation processes with Asian countries after the 1937-45 wars, and the consequent battles over interpretations of history, and the related issue of school textbooks, overlaps with the question of nationalism, but is not identical with it. There are figures who support a more assertive and Japan-centred foreign policy who are not preoccupied with the past, and who are willing to recognize both the crimes of the past and the damage caused to Japan's contemporary diplomatic endeavours by the refusal by Japan's leadership to move towards reconciliation.

These issues are well known, and the difficulties they cause equally so. But the fact that the are so well known reminds us of the tenacity with which these attitudes are held, and the likely persistence of the problems. Reconciliation in particular has an important role to play in both positively sustaining East Asian integrative movements and in reducing sources of tension and friction.51

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50 See Tanter, "With eyes wide shut". op.cit., and Nakao Hajime and Richard Tanter, *Contemporary Japanese Nationalism: A Political and Psychological Mapping*, unpublished.

51 Where power and ethnicity overlap in international relations, sexuality will engage with both. Much has been written on the western version of this regarding "the Orient". The same set of factors is relevant to relations between China and Japan (see note xx above re Dikotter's work on Chinese conceptions of race). The damage this issue can cause can be seen in the explosive Chinese reaction to the Japanese corporate party over a number of days in September 2003 in a Guangdong hotel to which several hundred Chinese sex workers were brought to service visiting Japanese company workers. The fact that this took place on the 72nd anniversary of the Japanese invasion of Manchuria, with the inevitable reminders of wartime sexual slavery, increased the resonance. ("China jails orgy organizers", BBC News, 17 December 2003.

In Japan's case, its attitudes to both the United States and China are highly ambivalent. The 1937-45 war provides one Japanese grid of meanings – with China and the US celebrated or reviled according to wider political attitudes to Japan's role in the war. Japanese ambivalence toward the United States – a mix of respect, friendship, admiration, suspicion, outrage, jealousy and outright loathing - is profound, widespread and potent, with the never very distant imagery of "the Black Ships" indicating the historical depth of the ambivalence. Japanese attitudes towards China are equally ambivalent. Historically China is both the central cultural reference point for Japanese culture and its most salient and constitutive Other.52

Speaking of the cycles of the recent past the China specialist Kokubun Ryosei said, "the Japanese are forever swinging back and forth from boundless enthusiasm for China and disillusionment". But, as Kokubun acutely points out, the dynamics of external and internal are tied together, since "underlying the current China fever is the Japan problem. Depending on one's perspective, the crux of the situation is not that China is flying so much that Japan is sinking. Accordingly it seems to me that key to restoring balance to our view of China and normalcy to Japan-China relations is for Japan to recover its own vitality and self-confidence".53

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http://news.bbc.co.uk/2/hi/asia-pacific/3326541.stm) If one had to choose one single policy initiative by which the Japanese government could improve relations with China, it might well be to impose effective regulation on Japanese involved in the organization of sex tours outside the country, and prosecute such acts even outside Japan severely. The Australian legislation on prosecution of sex crimes against children by Australian citizens committed outside the country may well be a useful guide here. The point is to be seen by China to be willingly doing something of substance to the limits of practical possibility. On the Australian legislation and that of other countries see Fiona David, "Australian child sex tourism", Australian Institute of Criminology, Trends and Issues in Crime and Criminology, No. 156, June 2000.
http://www.aic.gov.au/publications/tandi/ti156.pdf

52 See Stefan Tanaka, *Japan's Orient: Rendering Pasts in Japanese History*, 1995.

53 Kokubun Ryosei, "China and Japan in the Age of Globalization", Japan Review of International Affairs, Spring 2003, p.11. The fact that Kokubun receives death threats for uttering such "un-Japanese" views is a measure of the

South Korea

Three domestic structures of attitudes are relevant to South Korea's foreign policy conflicts. The first is the shift in attitude to the United States. The second is the continued failures of national reconciliation in relation to both the Japanese occupation period and the Korean War. And the third is the potential shift in attitudes towards China.

The shift in attitudes towards the United States is often described as "anti-Americanism, but as Bruce Cumings has argued, in fact there are a number of different elements to this shifting relationship. The Bush administration's unilateralism was as ill received in Seoul as in most other allied countries. But in South Korea, the long history of American support for military dictatorship meant that amongst some parts of the population, animus was deeper, but also took longer to be expressed because of the habits resulting from a history of political expression.

Most importantly, the emergence of the so-called "386-generation" epitomised by the election of President Roh Moo-hyun, marked a decisive shift in the balance of public attitudes. "386" refers to the group of political figures, now at the national level of politics, who were in their 30s in the 1990s [= 3] , enrolled in university in the 1980s [= 8], and were born in the 1960s [= 6]. This generation is not only more confident than their predecessors in linking civil society activism with a reformist use of state power, but combines a desire for reunification, nationalism, and mistrust of the US.

Roh's distancing from the United States over both the war in Iraq and policy towards North Korea reflects this broader shift in Korean political culture. There are of course, countercurrents from the formerly dominant conservative and pro-American groupings now in opposition. But South Korean distancing from the US has had economic dimension as well as the better-known political-military friction. In March 2005, the South Korean Central Bank announced its intention to shift part of its holdings from the US dollar to other currencies. This was followed overnight by an overnight 174-point drop in the US stock exchange. The next day, the South Korean Central Bank said it had been misunderstood, and was not proceeding as

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depth, if not breadth, of Japanese nationalist hostility to a cooperative relationship with China.

reported. But as Jonathan Schell remarked, "the dollar recovered, but not before the fragility of America's position in the world had been revealed."54

Paralleling the shift in government attitude towards the US, the Roh administration and its predecessor passed laws establishing two national truth and reconciliation commissions. The first set dealt with the military dictatorship, and the second with the colonial period. Speaking on the occasion of the 60th anniversary of liberation from Japanese occupation, Roh Moo-hyun addressed these issues in a language quite distinctive and indicative of the new attitudes. Since this indicates this shift very well, let me quote Roh at some length:

The division and conflicts attributed to the pro-Japanese acts of some people have not been eradicated even today after 60 years of liberation. When the country was liberated, the acts of the pro-Japanese people were buried in the midst of intense conflicts between rightists and leftists and the pro-Japanese forces were allowed to prosper. as a result, they have gone unpunished and we have failed to disclose the truth of history.
Fortunately, the National Assembly enacted the Special Law on Truths Concerning Anti-Korean Activities During Forcible Japanese Occupation last year, and legislated the Basic Law on the Review of Past History for Truth and Reconciliation this year. These bills will enable us to disclose the nature of pro-Japanese and anti-Korean activities, which is long overdue . . .
When the pending Special Law on the Recovery of Properties of the People Who carried Out Pro-Japanese, Anti-Korean Activities is passed in the National Assembly, a historical anomaly will be eliminated so that the descendants of the perpetrators of the anti-Korean activities will no longer be able to enjoy the wealth accumulated by their ancestors at the cost of the nation and country.55

The primary targets of these government inquiries will be those still living who were considered collaborators of the Japanese, and their descendants, especially those who made their economic fortunes from their alleged Japanese ties. Roh's government has been particularly sharp with Japan

54 Schell, op.cit.

55 "Address by President Roh Moo-hyun on the 60th Anniversary of National Liberation", *Nautilus Institute Special Report*, 05-71A: August 30th, 2005 http://www.nautilus.org/napsnet/sr/2005/0571Roh.html

about history and textbook issues, and over the territorial dispute over the island of Takeshima/Tokdo.

The key point is that these political initiatives represent an unpicking of the fundamental domestic political structures imposed in South Korea from the Sygman Rhee regime onwards, and are in certain respects far more threatening to the wider structure of US hegemonic power in the region than the post-Roh democratization.

Taiwan

The question of Taiwanese nationalism has already been touched on in the section on Taiwan above. The key problems for Taiwan that will influence its capacity to deal with its international situation are cultural/political identity and the burden of the juridical fiction of the "Republic of China".

Over the past two decades, there has been an increasingly complex renegotiation of national identity in Taiwan. This involves a three fold engagement of psychological attitudes towards Taiwan itself – both in the form of Taiwan indigenous people, and Taiwan-born people of Chinese descent; towards the former colonial power that generated the modernisation of the island and the basis of its current economic capacity; and towards China – depending on attitude, seen as either the separated homeland or the would-be colonising power.

The US is effectively the guarantor of Taiwanese de facto independence, but at the price of requiring that the fiction of the "Republic of Taiwan" be maintained. This for the moment maintains a measure of restraint in Beijing, but equally traps Taiwan into a position where it cannot freely renegotiate its relation with China – towards either independence or reunification.

4. Risk and promise in East Asia in the context of declining US hegemony.

> Should [China, Japan, and Korea] be able to put historical grievances behind them (not really an impossible idea), should Korea and China find the formulas that will permit political reunification of their countries, and should the three countries make clear decisions about their military build-up and perhaps military collaboration, then east Asia will be a formidable force in world politics in the twenty-first

century. They will then have three major policy decisions to make: (1) how they relate to the United States; (2) how they relate to the countries in their near perimeter (specifically Southeast Asia) and their outer perimeter (South and Southwest Asia); and (3) what position they will take in the North-South struggle in the coming decades.

Immanuel Wallerstein, 2004[56]

The obvious question is "what next?" US dominance of East Asia is not going to disappear anytime soon, but it there is a clear weakening, and the possibility of at least prefigurative shifts in alignment. Much will depend, as already alluded to, on the capacities of the post-Bush presidency and the political resources available to that administration to reverse the trends discussed above. But there are important shifts away from business as usual in East Asia.

One of these prefigurative shifts, discussed already, is the loosening of ties between the US and South Korea. South Korea under President Roh Moo-hyun is at a turning point, as is American hegemony in relation to Korea. Roh may well be defeated politically57, with a conservative successor pulling Korea firmly back into the alliance in policy terms. But it seems clear that the foundations of the alliance in Korean public opinion have been eroded both qualitatively and quantitatively.

Another is the multipolarity of Chinese economic and resource diplomacy. Desperate to secure reliable and expanding sources of energy to feed its almost double digit growth rate, China has sought to diversify its sources of energy supply, especially away from a sole reliance on The Middle East. One important manifestation of this was of course the EU's decision, over the strong objections of the US both directly and through the Atlanticist structure of NATO, to lift its post-Tiananmen ban on sophisticated arms sales to China. Another is the emergence of the EU as China's most important trading partner as of 2004, leading to thoughts amongst both

56 Immanuel Wallerstein, "The Changing geopolitical Role of East asia", Commentary No. 143, August 15, 2004, http://fbc.binghamton.edu/commentr.htm.

57 Bruce Klingner, "Bruce Klingner, "Roh fights 'lame duck' tag", Asian Times, August 30, 2005.

China's friends and antagonists of the possibility of an EU-China trading bloc.58

Without acceding to the siren calls of American "strategic competitor" assessments of China, the dark side of China's "peaceful rise" in the international system should be underlined: expansion of strategic forces, production of more and more sophisticated nuclear weapons, nuclear testing, and diplomatic and economic support for genocide in its pursuit for strategic resource supplies – most notably in Burma and Africa.

But the two most important possibilities are the emergence of an East Asian economic union, and the deepening of the present small and fragile steps towards cooperative security in the region initiated by China's sponsoring of the Six-Party Talks on North Korea in Beijing over the past two years

East Asia is now the world's second intra-regional largest trading bloc.

> The ratio of intra-regional trade [in East Asia] to worldwide trade was nearly 52% in 2002. Though this figure is lower than the 62% in the EU, it tops the 46% of NAFTA. East Asia is thus becoming less dependent on the US in terms of trade.59

The December 2005 East Asian Community summit of the leaders of China, Japan and South Korea, together with those of the fifteen ASEAN states, plus New Zealand and an eager but recalcitrant Australia is the first formal step towards such a goal. While there are many reasons to be doubtful about rapid progress at this stage, the importance of the largely Chinese initiative can be measured by the hostility of the United States to the fact that it has not been invited to participate. Nothing could more clearly indicate a slide in American hegemonic economic power in the region.

Bush representatives have been continuously and publicly hostile to the proposed EAC. Michael Reiss, the director of policy planning in the State Department set out the basic position: "We would be unhappy about any plans to exclude the US from any plans for cooperation and dialogue in this region."60 Secretary of State Rice might have been speaking of American

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58 Chalmers Johnson, op.cit.

59 Funabashi Yoichi, cited in Johnson, op.cit.

60 Kokubun, op.cit.

policies in the 1930s when she said in Tokyo in the middle of 2005 that the US only wanted "openness" in East Asia. Japanese and Chinese listeners could have been forgiven for expecting that at any moment Rice would start outlining the US president's Open Door Policy – President Taft's, that is.

The response from the policy mainstream in the US is best expressed by Fred Bergsten, the loyal soldier of neo-liberalism, who after warning of a trade and currency war unless China revalues61, called on East Asian leaders at the November Summit to avoid "drawing a line down the middle of the Pacific" by complementing an East Asian Free Trade Area with participation – together with the United States and its NAFTA partners – in a Pacific Area Free Trade Association.62

The core of any East Asian economic union will be China and Japan, together with South Korea. Together with Taiwan and North Korea, both for the present excluded form the EAC planning, these countries make up the industrial and resources core of the former Japanese-dominated pre-1945 East Asia. Taiwan and North Korea are excluded because of the legacies of the Cold War. But the move towards economic integration of the big three of East Asia, so evident in their investment and trade patterns, is in conflict with their political relations, is in tension with their political relations. These in turn are shaped on the one hand by the legacies of Japan's colonial imperialism, and on the other hand by Japan's closeness to the United States, and South Korea's continuing alliance with the US, however fractious that may be at present. Both sets of issues must be resolved if there is to be any genuine progress on economic union.[63]

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61 Fred Bergsten, "A clash of Titans could hurt us all", Financial Times, August 25, 2005.

62 C. Fred Bergsten, Speech at the Japan National Press Club, Tokyo, September 2, 2005. http://www.iie.com/publications/papers/bergsten0905.pdf

63 There are many Japanese studies of the proposed East Asian Union and its underpinnings, consideration of which would lengthen an already overlong paper. One of the most important is the hard-headed assessment of Japanese soft power" in East Asia, and the related idea of a "shared East Asian cultural sphere" by Shiraishi Takashi in his essay 「東アジア地域形成と『共通文化圏』」、日本の東アジア構想、添谷義秀・田所昌幸（編集）、２００４年。The "official" version of Japan's position, from an advisory council chaired by former Prime Minister Nakasone, is Council on east Asian Community, *Policy Report: the*

The Japanese China specialist Kokubun Ryosei has emphasized the need for Japan to recognize both the fact of its interdependence with China, and the desirability of this.

> As globalization advances . . . Japanese and Chinese interests are becoming intertwined, and there is no turning back. The reality is our countries are in the same boat, and everything we do must be based on an understanding of this fundamental fact . . . Japan and China must build a cooperative relationship if we wish to survive.64

Kokubun's analysis is supported by the structural development of what Hatch and Yamamura described in the mid-1990s as the Japanese drive to establish an East Asia-centred transnational production platform, as the Japanese-led answer to the US version of globalization.65

But the difficulties rooted in twentieth century history and the nationalisms on both sides are well known, and stand a good chance of undermining the logic of structural integration between the two economies.

In principle, this logic means that interdependence should be

> "unable to deteriorate beyond a certain point...But is only when both parties act rationally to maximise their mutual benefit that interdependence can be counted on to maintain harmony. When emotions rule, a slight perception gap is enough to trigger a dispute."

Kokubun is well aware that interdependence itself breeds a certain degree of friction, and requires skilful management. Hence, "the importance of building a relationship of mutual trust between Japan and China is self evident."

Yet clearly, as I have already argued, this need is not self-evident for the presently dominant elites of China and Japan. Economic ties, which

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State of the Concept of East Asia Economic Community and Japan's Response Thereto. August 2005. It is chiefly marked by its distance from reality.

64 Kokubun, op.cit

65 Walter Hatch and Kozo Yamaura, Asia in Japan's Embrace: Building a Regional Production Alliance, Cambridge U.P. 1996.

fundamentally have never been stronger, are almost the opposite in character of political-military relations between the two.

Cooperative security

The same issues arise in relation to cooperative security. China has by and large moved to supplement its military modernisation program with a determined development of a multifaceted cooperative diplomacy in several directions within and beyond Asia. In addition to its closer relations with the European Union, China took the lead in establishing the ASEAN plus Three (China, South Korea and Japan) framework, signed a Treaty of Amity and Friendship with ASEAN to pave the way for the November EAC Summit, finally overcame five decades of tensions with India to open new economic and military ties, and initiated the first multilateral cooperative institution in Central Asia in the form of the Shanghai Cooperation Organization made up of China, Russia, Kazakhstan, Uzbekistan and Kyrgyzstan. In case the long-term importance of "China's inner Asian frontiers", as Owen Lattimore long ago emphasized, was not clear, China's recent invitation to Iran to join the SCO made the point crystal clear. Funabashi Yoichi detected a strong strain of a Chinese desire to avoid the creation of unnecessary security dilemmas typified by the Cold War:

> We are studying the origin of the US-Soviet Cold War. Why did it happen? Was there no way to prevent it? Some see that a US-China cold war is inevitable, but what can we do to prevent it?"

Van Ness makes clear the systematic character – and the historic potential - of the cooperative security approach in its "peaceful rise" that is coupled with military modernisation.

> "The Six Party Talks and the East Asian Community are in certain ways similar to other multilateral institutions in the region like ASEAN, ARF, and APEC, each with a different membership list of countries, and like them, might separately gain recognition as yet another multilateral layer of overlapping memberships in the Asia-Pacific, focused on the common objectives of maintaining strategic stability and enhancing the opportunities for greater prosperity in the region. Working together, the countries of East Asia have an opportunity both to blunt the Bush insistence on making war as a means of resolving international problems and to build instead a

security community in their region that also incorporates the United States."66

Twenty years ago, in the days when the Ohira doctrine of comprehensive security had some traction on Japanese foreign policy, Japan would have reacted with cautious support for such cooperative security approaches. Today, a more nationalist, assertive, militarised and alliance--bound Japan is part of the problem on cooperative security.

This fundamental blockage on the Japanese side reflects in part the changes in Japanese politics in recent years, which have seen a lessening of the power of economic influence through Keidanren (especially as a result of campaign finance laws) and the economic bureaucracy (in part as a result of elite scandals). Why, it should be asked, has the most powerful economic organization in the second largest economy in the world allowed the decline in political relations with China of the past two years that put its massive economic position in China at risk for such small gains?

In other respects, this political-military antagonism to China reflects the wider abandonment in conservative circles of the Yoshida doctrine, and a desire to assert national power abroad in a politico-military form. Yet this has also been coupled, especially in the past two years with a combination of aggressiveness towards China expressed by Japanese officials, and a further tightening of formal and substantive ties with the US, and closer policy coordination – as in Iraq and missile defence.

Is there a new alignment emerging, or is there more than one possible alternative to the present American-centred East Asian structure? Two alternatives to the present are imaginable, both rooted in recent but deep developments. The first is a genuine cooperative relationship between China and Japan at the centre of an East Asian union. The obstacles to this are large and growing. The more likely possibility is a realignment that sees South Korea detaching itself from the American embrace, and aligning itself with China, most likely together with an effective South Korean take-over of North Korea with Chinese blessing.

66 Van Ness "Why the Six Party Talks Should Succeed", July 2005, Nautilus Policy Forum Online. www.nautilus.org.

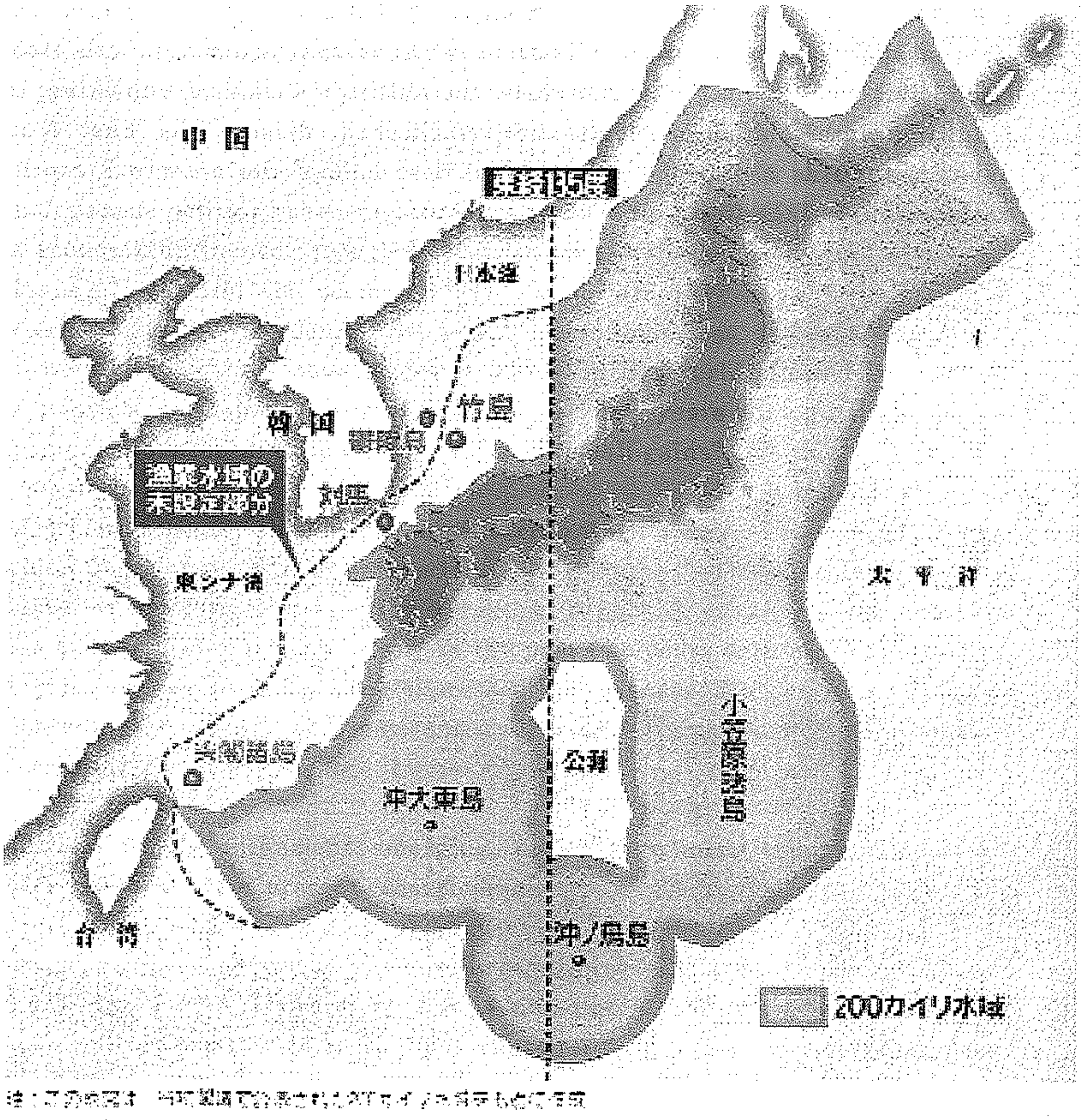
American hegemony has diminished, not disappeared. The new alignments hinted at above, are prefigurative, not actual. The task is to ensure that whichever direction is taken, the rise of China and the decline of the United States does not repeat the pattern of wars that accompanied earlier imminent shifts in hegemony. Given the way in which the four policy blockages outlined above in the domestic politics of China, Japan, South Korea and Taiwan are internalizations of American hegemony, both states and civil society in the region face the difficult tasks of unpicking the multiple interrelated problems that, unchecked, dispose the East Asian system towards a violent future in the first half of the twentieth century echoing that of the first half of the past century.

Attachment 1

Japan's maritime boundaries:

Declared Exclusive Economic Zone (blue)

Mid-point lines (----)

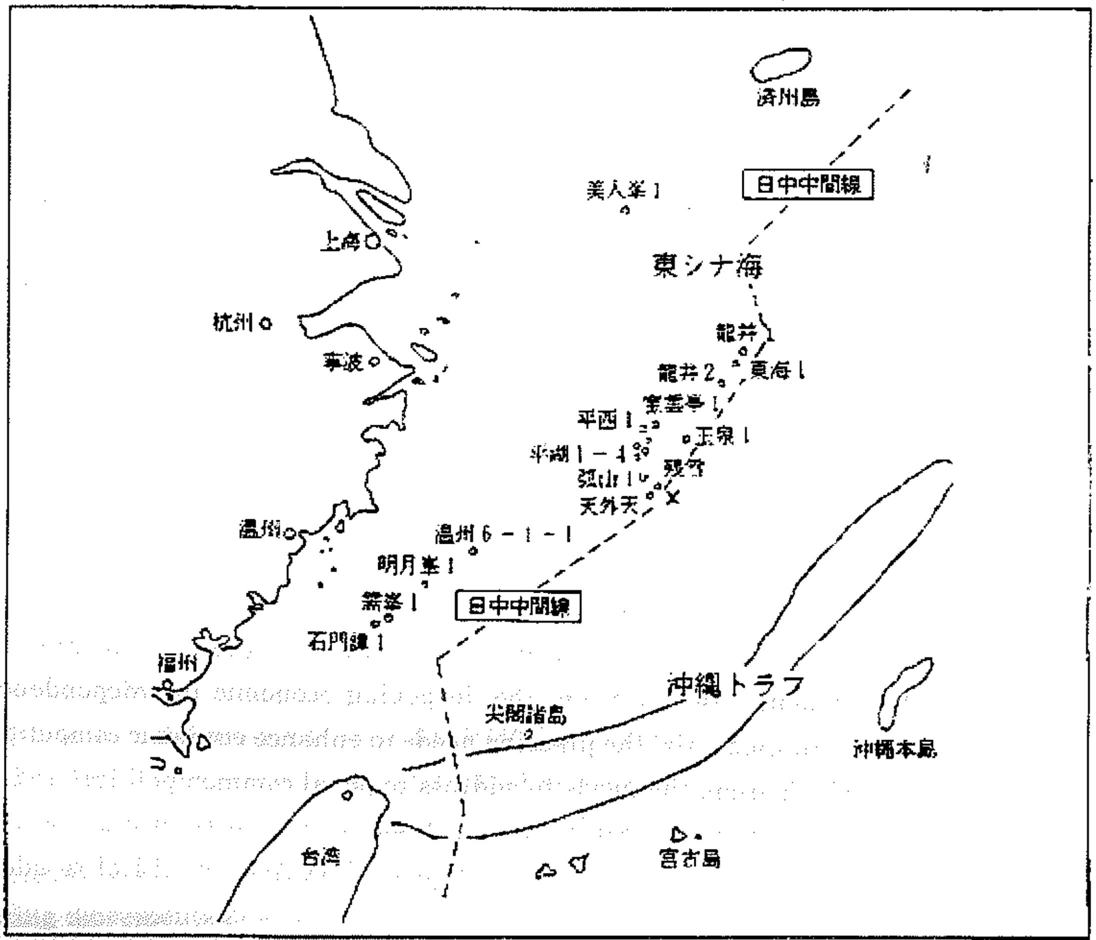


Source: http://www.php.co.jp/THE21/kokusai/takesima.html

Attachment 2

Chinese oil development in the East China Sea and the China-Japan

ocean mid-point line (= ----)



注1　Xは1995年12月初頭の石油掘削リグ・勘探査3号の錨泊位置、北緯28.15′東経124.55′、
但し精確ではない。
2　日中中間線の位置はおよそのもので、精確ではない。
出典：「東海石油勘探井位示意図」『中国石油』第32期、1989年を基に作成。
拙著『続中国の海洋戦略』（1997年、勁草書房）巻末参考地図・図表16。

中国の東シナ海石油開発と大陸棚日中中間線

Source: http://www.php.co.jp/THE21/kokusai/takesima.html

２００５年日豪シンポジウム報告集

Papers of Japan-Australia Symposium 2005

Japan, Australia and the Changing Asia Pacific Region: Prospects for Peace, Prosperity and Regional Integration

3-4 December, 2005

The University of Tokyo, Komaba

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Japan-Australia Symposium 2005

Japan, Australia and the Changing Asia Pacific Region:
Prospects for Peace, Prosperity and Regional Integration

Organized by the Committee for Japan-Australia Symposium 2005 and the Center for Pacific and American Studies, the Graduate School of Arts and Sciences, the University of Tokyo
Sponsored by Resona Asia-Oceania Foundation, Australia-Japan Foundation and Ichiko (The First High School) Fund

Dates: 3 December 2005 (afternoon), 4 December 2005 (morning)

Venue: The University of Tokyo, Komaba campus (Hall of the 18th building)

(The sessions are conducted in English. Admission free)

Programme
3 December (Saturday)
12:30 Registration

13:00-13:15 Opening speech: Yoichi Kibata (Univ. of Tokyo)

13:15-13:25 Address from the Embassy of Australia: Bruce Miller

13:25-15:40
Session 1: Overcoming New Crises
Chair: Susumu Yamakage
Lily Rahim (Sydney Univ.): Representing and Misrepresenting Islam: The Discursive Struggle between Literal and Liberal Islam in Southeast Asia's War on Terror
Rodney Tiffen (Sydney Univ.): Media and Democracy in an Age of Terrorism
Kiichi Fujiwara (Univ. of Tokyo): Imagining the Past: Wars over Memory in Japan and China
Discussant: Hiroshi Shigeta (Visiting Prof., Univ. of Tokyo, Former Japanese Ambassador to Israel and Ambassador in charge of international terrorism)

15:40-16:00 Coffee break

16:00-18:15

Session 2: Reforms and Developments

Chair: Rawdon Dalrymple

Peter King (Leiden Univ. and Sydney Univ.): Japan, Australia and Disintegrasi in Indonesia

Edward Aspinall (Sydney Univ.): The Helsinki Agreement: A More Promising Basis for Peace in Aceh?

Toru Nakanishi (Univ. of Tokyo): The Emergence of a Community among the Urban Poor: Metro Manila

Discussant: Hiroyoshi Kano (Univ. of Tokyo)

4 December (Sunday)

9:30-11:45

Session 3: The Future of Regional Cooperation and Integration

Chair: Toru Nakanishi

Rawdon Dalrymple (Sydney Univ., Former Australian Ambassador to the USA, Japan and Indonesia): Japan, Australia and the Movement for East Asian Solidarity

Richard Tanter (Nautilus Institute, Melbourne): After Hegemony: Risk and Promise in East Asia

Tsutomu Kikuchi (Aoyama Gakuin Univ.): Asians in Search of a Region: Discourse, Collaboration and Quality of Cooperation

Discussant: Susumu Yamakage (Univ. of Tokyo)

11:45-12:00 Coffee break

12:00-13:00

Session 4: Summing-up session

Chair: Yoichi Kibata

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