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Democracy Developments in East Asia and the Regional Security Situation[1]

Much as other parts of the world, East Asia was swept by three successive „waves" of democratisation: post-Vietnam (Thailand, 1973-1976), post-industrial take-off/post-Cold War[2] (South Korea/Taiwan, 1987; Thailand, 1992-1995), and post-regional crisis (South Korea/Thailand/Indonesia, 1998.) The Philippines' 1986 „people's power" revolution was the response to a case of economic failure that was rather unique at the time but has since been repeated in European communist countries and could, under conditions of accelerated globalisation, yet be repeated in China or – in the reverse sense – Indonesia. The hollowing-out, from 1959 onwards, of democracy in Malaya, Singapore, Indonesia, and arguably Japan was a consequence of the Indochinese wars and their economic spoils, atypical to the extent that it outlasted „developmental dictatorships" in other parts of the world and that, thanks to the „Asean Way," there was no regional contagion.

2004 was not another „wave," but the nationalistic expression of more mature, mono-ethnic, export-oriented democracies in Northeast Asia. In the multi-ethnic states of Southeast Asia, where nationalism could not be used to the same extent, old elites frequently reasserted themselves by hijacking the reform agenda and protecting their vested interests through „economic nationalism."[3] And whereas competitive voting in China was confined to the village level and controlled by the communist establishment, continued restrictions at the national level were reflected in occasional nationalistic outbursts as well as the 2003/2004 Hong Kong crisis.

This paper analyses the impact of the more recent developments on the regional security situation. It first proposes three interstate scenarios along the lines of two (Neo-) Liberal propositions („democratic peace" and „trading state peace") as well as domestic structure and coalition-building processes. In a second step, it interprets the emerging East Asian security architecture by supplementing the interstate scenarios with a (Neo-) Realist power balancing perspective.

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1 Paper presented at the 4th Asia-Pacific Security Forum Roundtable, Paris, 16-17 September 2004.

2 One would have to include Mongolia and possibly Japan in the latter category.

3 Richard Robison/Garry Rodan/Kevin Hewison, *Transplanting the Regulatory State in Southeast Asia: A Pathology of Rejection* (Hong Kong: City University, September 2002.)

The Conceptional Framework

The breakdown of global bipolarity and a lack of multilateral security regimes notwithstanding, East Asia has been at peace since the „end of history." Latent conflict in the Taiwan Strait and on the Korean Peninsula, while expressing itself in a subregional arms race, has not turned acute. Territorial disputes in Southeast Asia have not escalated. (Neo-) Realists have explained this phenomenon with the existence of stable power balances. (Neo-) Liberals have emphasised the role played by economic interdependence. Reflectivists have pointed to shared norms and identities.

   Most of the same observers would concur that the peaceful impression could be misleading. Escalating social disorder in China could fuel tension in the Taiwan Strait. A continued meltdown of the DPRK could lead to war on the peninsula. Competing nationalisms in China and Japan could result in conflict. Non-military risks in Southeast Asia could exacerbate traditional territorial disputes. Much as in other parts of the world, the disappearance of the Cold War order has had the double effect of increasing the domestic impact of globalisation while projecting domestic dynamics on the regional screen.

   Granted some overlap, classical Liberal approaches to questions of war and peace can be roughly divided into a Manchester School (the „trading state peace" proposition) and a Kantian School (the „democratic peace proposition.") Whereas the former has been somewhat modified in analyses of early 20th century intra European relations and the latter has been criticised for, among other things, postulating the kind of mature democracies that hardly exist outside North America and Western Europe, both have been revived and refined since the early 1970s in a Liberal-Institutionalist context. Richard Rosecrance thus believes that incentives to war are absent under conditions of high interdependence.[4] Robert Keohane and Joseph Nye suggest that when the costs of avoiding the consequences of interdependence are too high, ‚it may seem more sensible, rather than changing its level, to alter its form, i.e. to institute a joint decision-making structure or procedure.'[5] Neo-Realists have adopted the opposite approach in arguing that asymmetric interdependence actually raises the likelihood of war because the more dependent state will try to break out of it.[6]

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4   Richard Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (New York: Basic Books, 1986), pp. 13/4.

5   Robert O. Keohane/Joseph S. Nye Jr., „Transgovernmental Relations and International Organisation," *World Politics*, Vol. 27, No. 1 (1975), pp. 39-62 (40).

6   Kenneth Waltz, *Theory of International Politics*, (New York: Random House, 1979), p. 106.

Whereas the abovementioned scholars have focused their analyses on the systemic level, proponents of the „democratic peace proposition" have frequently referred to the importance of domestic institutions and norms. Michael Doyle, for instance, has argued that free speech, electoral cycles, and the public policy process act as restraints on the ability of democratic leaders to apply force vis-à-vis fellow democracies.[7] At the same time, according to mainstream representatives of the proposition, democracies, for both normative and institutional reasons, are more prone to apply force vis-à-vis non-democracies.[8] And lastly, transitions from authoritarianism to democracy frequently results in assertive, if not aggressive nationalism.[9]

Whereas both „trading state" Liberals and „democratic" Liberals more or less tend to view their respective states and institutions as black boxes, others have proposed to differentiate between „domestic structure" (i.e. the nature of state institutions, societal characteristics, and institutional and organisational arrangements linking state and society) on the one hand and „coalition-building processes" (i.e. non-institutional policy networks that link the society to the political system) on the other. Whereas „structure" would be the main criterion to distinguish „strong" from „weak" states (the latter having fragmented political institutions and lending themselves to pressure by social interest groups), „coaliton-building focuses on policy networks that help political actors to create an intra-elite consensus in support of their policies.[10] A combined approach would assume that ‚political decisions are being modified and substantiated...through domestic processes taking place among the political system (on the one hand) and their societal environments (on the other) that transform domestic requirements.'[11] In this context, Gourevitch recommended to analyse (1) the nature of political institutions and their degree of centralisation, (2) the structure of society, and (3) the nature of the coalition-building processes (state-dominated, societal control, or democratic corporatism.)[12]

7　Michael W. Doyle, „Liberalism and World Politics," *American Political Science Review*, Vol. 80, No. 1 (1986), pp. 151-68 (160).

8　Roger Owen, „How Liberalism Produces Democratic Peace," *International Security*, Vol. 19, No. 2 (1994), pp. 87-125 (103).

9　Edward D. Mansfield/Jack Syder, „Democratisation and War," *Foreign Affairs*, Vol. 74, No. 3 (May/June 1995), pp. 79-97.

10　Thomas Risse-Kappen, „Public Opinion, Domestic Structure, and Foreign Policy in Liberal Democracies," *World Politics*, Vol. 43 (July 1991,) pp. 479-512.

11　Harald Müller/Thomas Risse-Kappen, „Internationale Umwelt, gesellschaftliches Umfeld und außenpolitischer Prozeß in liberaldemokratischen Industrienationen," *Politische Vierteljahresschrift*, Vol. 31, special issue no. 21 (1990), pp. 376-400 (392.)

12　Peter Gourevitch, *Politics in Hard Times*, (Ithaca NY: Cornell University Press, 1986.)

Interstate Conflict

In the *Taiwan Strait*, whereas both the „trading state peace" proposition and the (mainstream) „democratic peace" proposition apply as a matter of principle, they tend to mutually neutralise each other in terms of output with the result that joint decision making structures or procedures have not emerged. Although Taiwan's overall trade surplus has been increasingly rooted in mainland trade (corresponding to 15.39 per cent of its global trade in 2002), and although Taiwan remains the second most important source of FDI to China, President Lee Teng-hui (1988-2000) paid only lip-service to the „one China principle" which his successor Chen Shui-bian (2000-) would not accept as a basis for negotiations. Lee actually tried to limit investments in the PRC, and Chen only eased some of the respective restrictions. In 2003, he announced plans to revise the constitution by 2008.

While not resorting to the sabre rattling of previous years, Peking responded with threatening force while continuing to ignore Chen and pressuring the US to rein him in. As a matter of principle, the potentially conflictual elements of a democratic-authoritarian dyad have worked against better cross-Strait relations. It was thus that the share of the island's population identifying themselves as „Taiwanese" rose from 16 per cent in 1989 to 62 per cent in 2004,[13] whereas support for (future) independence increased from less than 20 to 32 per cent.[14]

At the domestic level, Taiwan's state institutions, due to the country's fragmented industrial structure and weak civil society, during the 1990s displayed a relatively high degree of organisational cohesion and ‚guaranteed that the play of particularistic interests could be minimised and the scope for rent-seeking activities curtailed.'[15] This resulted in an at least partly effective reform of the financial sector[16] as well as official encouragement of the separate identity.

In terms of outcome, Chen Shuibian's combination of less restricted trade and „no one China" has become political mainstream and would not necessarily lead to increased cross-Strait tension, were it not for the uncertainties on the other side (and,

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13 Philip P. Pan, „New National Identity Emerges in Taiwan," *The Washington Post*, 2 January 2004.

14 „Pro-Independence Sentiment Increasing: Survey," *The Taipei Times*, 4 December 2002.

15 Xiaoke Zhang, „Domestic Institutions, Liberalisation Patterns, and Uneven Crises in Korea and Taiwan," The Pacific Review, Vol. 15, No. 3 (2002), pp. 409-42 (434). Whereas at least one author has explained Taiwanese ‚elite manipulation by playing the national identity card' with institutional weaknesses, others have emphasised the declining usefulness of the independence/unification cleavage for political entrepreneurs. Yuan-kang Wang, „Taiwan's Democratisation and Cross-Strait Security," *Orbis*, Vol. 48, No. 2 (Spring 2004), pp. 293-304 (297); Joseph Wong, „Deepening Democracy in Taiwan," *Pacific Affairs*, Vol. 76, No. 2 (Summer 2003), pp. 235-56 (246).

16 Zhang, „Domestic Institutions," p. 434.

to some extent, in Chen's Democratic Progressive Party.) PRC politics have been characterised by highly centralised political institutions and a weak and fragmented society. Coalition-building remains confined to political elites that have been rather successful in co-opting private business and thus separating the latter from civil society. Whereas the CCP's legitimacy, since the late 1980s, has basically been derived from economic growth, globalisation pressures, factional infighting, and increasing inequality since the mid-1990s have tempted its leadership to consider nationalism as a substitute for Marxism. Under such conditions, the „competition for legitimacy" with Taiwan[17] has become more acute, and armed conflict can no longer be ruled out.

Nascent dependence rather than interdependence would describe economic relations on the *Korean Peninsula* in the early 21st century, where Pyongyang's most important incentive for returning to the North-South negotiation table in 1998 after a seven years' hiatus was an increasingly critical economic situation. During that decade, the DPRK economy shrank by one third, and today it represents only some five per cent of the size of the southern economy. Whereas about one quarter of North Korea's global trade is with South Korea, most of the goods involved have been humanitarian aid commodities, and the (frequently loss-making) investments by South Korean companies in the North have been politically motivated. Needless to say, trade with the North has not created major dependencies for the South. Precluding a PRC-style economic opening of the DPRK, this situation is unlikely to change in the foreseeable future.

Under such circumstances, the current situation in the peninsula can hardly be described as a „trading state peace." If the North-South dialogue has nevertheless survived many setbacks, suggesting the emergence of some joint structures and procedures, the explanation would have to be found elsewhere.

Had his predecessors between 1988 and 1998 tried to supplement their containment of the DPRK with offers of détente, RoK-President Kim Dae-chung (1998-2002) devised his „sunshine diplomacy" as an outwardly confidence building yet implicitly subversive offer to the Pyongyang leadership. The latter, while successfully containing the more subversive elements of the formula and benefiting in material terms, made use of it to drive a wedge between Seoul and Washington, and in 2002 actually facilitated the election of Kim's ally Roh Moo-hyun as new RoK president. It would thus appear that neither the „trading state peace" proposition nor the mainstream „democratic peace proposition" apply in the Korean case, and that

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17 François Godement, „Mutual Reassurance: A Strategic Prerequisite to Solving the China-Taiwan Issue," *China Perspectives*, No. 37 (September-October 2001,) pp. 4-12.

what has emerged in terms of joint structures and procedures remains highly vulnerable to the DPRK's vagaries.

At the domestic level, however, this impression could be misleading. South Korea looks back at a long tradition of institutional failure that during the 1990s generated highly detrimental effects on financial stability and economic performance.[18] Amidst this backdrop, middle classes had by and large renounced a political role and shared the elite consensus emerging after German unification that the potential costs of reunification could, after all, be unacceptable.[19] When „sunshine diplomacy" was launched, they thus welcomed it as a means to defer such an event while containing the potentially conflictual ramifications of division.

It was thus that South Korea's civil society as organised in trade unions, student associations, and churches, much as in the Chinese case remained separated from middle and entrepreneurial classes while becoming the standard bearer of a new (pro-unification, anti-IMF) nationalism. If these groups had become stronger than their Taiwanese counterparts, then not least because of a long history of anti-establishment struggles. Until the end of the Cold War, the state prevailed through both developmentalism and anti-communism. During the second half of the 1990s, these instruments suffered serious blows with the result that the democratic RoK started off as a „weak" state.

Roh Moo-hyun's survival of his 2004 impeachment and the Uri Party's subsequent victory in parliamentary elections would appear to signal a „Taiwan style" rapprochement of more radical and more centrist forces and thus the possible emergence of a „stronger" state. Whereas this need not preclude a scenario of intra-party feuding (something that cannot be ruled out in Taiwan either,) the trend could be further consolidated through nationalism. At the same time, North Korea's „muddling through" in the absence of any system-reinforcing alternative[20] could have hit its limits as the breakdown of the 1994 Agreed Framework and growing refugee flows into China would suggest. Under such circumstances, everything that makes the Korean Peninsula and Taiwan Strait settings different – the latently subversive aspects of „sunshine diplomacy" and the DPRK's lack of economic perspective – could yet turn the present relative gains' game into the kind of zero-sum that has emerged between Taipei and Peking.

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18 Zhang, „Domestic Institutions," p. 432.

19 Chul Yang Sung, „United Germany for Divided Korea," *Korean and World Affairs*, Vol. 16, No. 3 (Fall 1992,) pp. 436-62.

20 Dae-Won Koh, „Dynamics of Inter-Korean Conflict and North Korea's Recent Policy Changes: An Inter-Systemic View," *Asian Survey*, Vol. 44, No. 3 (May/June 2004), pp. 422-41. According to a former US State Department analyst, the DPRK in 2004 suspended market-style economic reforms introduced in July 2002 amidst a backdrop of high inflation. *Chosun Ilbo*, 19 August 2004, as quoted in *Napsnet Daily Report*, 19 August 2004.

Among the dyads presented here, *Japan and China* come closest to what has been termed a „trading state peace." Their economies have been highly complementary and mutually beneficial with Japan, through both FDI and ODA, contributing to China's industrial modernisation and thus to bilateral trade. Since 2002, the PRC has been the most important exporter to the neighbour whose export growth since the regional crisis has been mostly accounted for by trade with China and Hong Kong. These exports have in turn fuelled Japan's recent economic recovery. At the same time, bilateral trade as a share of the PRC's total foreign trade decreased from 23.6 per cent in 1985 to 15.7 per cent in 2003.

Ironically, the growth of interdependence absolute terms in has also produced tensions. Confronted with energy shortages, the PRC in 2003 intensified gas exploration activities along the disputed Sino-Japanese border in the East China Sea. Earlier, Tokyo had bribed Russia into building an oil pipeline from Lake Baikal to the Sea of Japan rather than to Daqing in the PRC. At the same time, prospects for a new East Asian regionalism appeared increasingly dimmed by a not so subtle China-Japan competition for the leading role. According to Western observers, ,as long as the mutual relations remain ambiguous and unresolved conflict elements linger on, the full potential in the economic relationship will not be realised.'[21]

Japan is a constitutional monarchy that since 1955 has almost constantly been governed by the conservative Liberal Democratic Party (LDP) which consists of personal networks and bases its power on vested interests in the bureaucracy, agriculture, and construction industry. Following the bursting of Tokyo's economic bubble in the late 1980s, these lobbies were rather successful in opposing structural reform. At the same time, civil society was weak, and the freedom of individual citizens vis-à-vis the state did not produce major domestic tension.[22]

Under such circumstances, it is no surprise if restructuring efforts undertaken by Prime Minister Junichiro Koizumi (2001-) have only produced mixed results. By 2003, gains made by the opposition Democratic Party of Japan (DPJ) in lower house elections signalled the possible emergence of a two party system. Amidst this backdrop, Koizumi, by paying annual visits to the controversial Yasukuni Shrine, dispatching warships to the Arabian Sea and soldiers to Iraq, while at the same time pushing for a reform of the 1947 „peace constitution" started to play a nationalistic card, thus putting the DPJ on the defensive.[23] At the same time, a PRC that itself had

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21 Hanns-Günther Hilpert/Renée Hak, „Introduction," idem., *Japan and China. Cooperation, Competition, and Conflict*, (Basingstoke/New York: Palgrave, 2002,) pp. 1-11 (8).

22 Karel van Wolferen, „Japan's Non-Revolution," *Foreign Affairs*, Vol. 72, No. 4 (September-October 1993,) pp. 54-65.

23 Whereas DPF lader Katsuya Okada has indicated that Tokyo needs to revise the Constitution to enable the use of force in UN-authorised activities, former DPJ deputy leader Ichiro Ozawa

been toying with nationalism since the mid-1990s[24] viewed these developments as proof of a revived Japanese militarism. As a result, the new Chinese leadership under Hu Jintao failed to repair the damage done to the bilateral relationship during the final years of his predecessor.[25] Even though „trading state peace" has prevailed over (mainstream) „democratic peace," joint decision-making and procedure remains limited to a few technical issues, and segments of the Japanese public have come to view China's economic rise as a threat.[26]

Also at the domestic level, Japan's 1990s economic crisis and a series of corruption scandals involving officials and the corporate sector had signalled nascent structural change. Under the double impact of industrial maturity and globalisation, civil society started making demands on the state that the state was increasingly ready to consider, not least in the field of foreign cooperation and aid.[27] It was thus that, following a Chinese nuclear test in 1995, Tokyo symbolically cut down its assistance to the PRC for a couple of months. This trend may have started to undermine the old, intra-elite „corporatist model," in which the importance of consensus building among relevant players accounted for an impression of ‚slow moving and low key,' and in wich ‚a firm national consensus including all relevant elite factions, the opposition, and society (ensured) that Japanese security policy (was) first and foremost a matter of foreign economic policy.'[28] As has been observed in the Korean case, the possibility of „weak" (democratic) players turning stronger and of „strong" (non-democratic) players turning weaker has thus to some extent validated the (mainstream) „democratic peace" argument.

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insisted that this would not require a revision. *The Japan Times*, 23 August 2004, as quoted in *Napsnet Daily Report*, 2 September 2004.

24 In this context, the PRC leadership sometimes condoned (if not actively organised) and sometimes forbade demonstration by „fishermen" in waters surrounding the disputed Senkaku islands. In August 2004, the Chinese police had to prevent Peking citizens from attacking Japanese visitors during the Asia Soccer Cup finals.

25 Since the early 1990s, Tokyo Defence white papers had reflected concerns over China's military modernisation. A 1998 visit to Japan by the PRC's then head of party and state Jiang Zemin had resulted in a fruitless controversy on the empire's war record. In 2001, both sides had engaged in a brief trade war. At this point, China's public image in Japan had suffered a historical low.

26 Willy Lam, „China and Japan: The Separation of Economics and Politics," *China Brief*, Vol. 4, no. 17 (2 September 2004.)

27 Keiko Hirata, *Civil Society in Japan*, (New York: Palgrave Macmillan, 2002.)

28 Risse-Kappen, „Public Opinion, Domestic Structure, and Foreign Policy in Liberal Democracies," pp. 491/2.

The Regional Security Architecture

East Asia's security architecture consists of a forward-based US military presence, US alliances and partnerships, and yet inconclusive attempts at regionalisation. Whereas the US alliance and partnership network since the late 1980s could be considered as a „democratic" regime as a matter of principle, it did not always inspire common responses to non-democratic challengers such as China and North Korea. At the same time, virtually every regional player openly or discretely welcomed the continued presence of the US military as „benign balancer" of a supposedly rising PRC and a supposedly irrational DPRK.

Prior to September 11 2001, Washington appeared reluctant to make a military comeback in Southeast Asia. This was mostly due to the fact that the region was confronted with non-military rather than military threats, and that dealing with such threats would have implied an involvement in internal affairs, something the US had tried to avoid since its withdrawal from Indochina and that most regional states would have rejected at that point. The first hint at a new American approach came with the 2001 Quadrennial Defence Review,[29] which even in its pre-September 11 version referred to the „East Asian coast from the Bay of Bengal to the Sea of Japan" as forming part of an „arch of instability." This was a rather precise definition of the (mostly maritime) areas into which a supposedly rising PRC was supposedly moving and where Washington was determined to create „favourable military balances of power."[30]

After September 11, the arch was turned into a circle surrounding China that now included a greater number of non-democratic partners. At the same time, anti-terrorism made it necessary to get re-involved in the domestic affairs of countries such as the Philippines where local, regional, and international terrorists had benefited from the increase of non-military threats since the Asian crisis. Participation in the antiterror-front was now rewarded with a higher degree of American tolerance for human rights and democracy deficits, something which prompted even the PRC to join up. If, some US-Taiwan disagreement notwithstanding, this did not actually prompt Washington to neglect its traditional military relationships with Northeast Asian partners, then because the Bush administration's strategic thinking remained latently preoccupied with power balancing.[31] In this sense, the participation of Japanese, South Korean, and other East Asian forces in the Afghanistan and Iraq

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29 *Quadrennial Defence Review*, (Washington: Department of Defence, 30 September 2001.)

30 *Ibid.*

31 While one cannot rule out the emergence of power concerts as a matter of principle, these would probably not outlast the 19th century European prototype which broke down after nine years because of political system differences.

campaigns were meant to strengthen alliances, and they were facilitated by the fact that neither Tokyo nor Seoul had been challenged by international terrorists at home.[32]

As a consequence, East Asia, as well as Pacific Asia and the Far East, have been organised into two partly overlapping security complexes, one more and the other less consistent with the (mainstream) „democratic peace" proposition. It is thus that Tokyo and Seoul have followed the lead of European nations such as Britain and Poland, but in the absence of an East Asian Nato or EU, medium-term implications could be far more serious. Initially, the Japanese and South Korean societies were about evenly split on the Iraq dispatch with both Koizumi's and Roh's approval ratings benefiting from their respective hardline approaches to the April and June 2004 kidnappings.[33] At the same time, Japanese policies were oriented towards a strengthening of the US alliance whereas the RoK was more interested in keeping it from falling apart.[34] And whereas Japanese criticism of the troop dispatch has been stronger among the older generation who experienced the Pacific War, those who lived through the Korean War tend to support it.[35] Lastly, DPJ opposition to the Iraq involvement has been unanimous but ineffective, whereas Roh Moo-hyun has to prove his nationalist credentials to both the Uri leftwing and a majority of voters.

If the Bush administration has thus arguably contributed to a strengthening of democracy in both South Korea and Japan, results are almost diametrically opposed. The Seoul-Washington rift over North Korea is thus likely to widen with South Korea moving closer to China and Japan moving closer to the US.[36] At the same time, the DPRK's domestic dynamics would still make it difficult if not impossible for Pyongyang to swallow the southern bait. To complicate matters further, democratic South Korea has been normalising its relations with democratic Japan[37] while entering into its first major dispute with non-democratic China over a 1300 years old territorial problem that could signal future tension following Korean reunification. In sum, regional multilateral solutions to the DPRK issue are no more likely than a

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32 According to an FBI analyst, The RoK had nevertheless been targeted by al-Qaida in 1994. *Chosun Ilbo*, 5 October 2004, *Napsnet Daily Report*, 5 October 2004.

33 Mario Canseco, *Filipino Hostage Freed, But Test Not Over for Arroyo*, (Manila: Centre for Public Opinion and Democracy, 24 August 2004.)

34 Yoichi Funabashi, „Japan, South Korea Agonise over Troop Dispatch to Iraq," *Japan Focus*, 9 December 2003.

35 *Ibid.*

36 Recent plans for an American troop realignment in the Pacific would appear to reflect a similar logic. *The Japan Times*, 18 August 2004, as quoted in *Napsnet Daily Report*, 2 September 2004.

37 Whereas North Korea, in theory, could also play a „Japanese card," Japanese nationalism would probably outweigh any Pyongyang concessions made over secondary issues.

solution under American auspices, which leaves a possibility of change from within to be furthered by RoK and possibly PRC subversion.[38]

Rather than contributing to an enlargement of the democratic camp, Washington's military return to Southeast Asia has propped up authoritarian and semi-authoritatian rule at the expense of civil society, especially in cases where civil society had an important Muslim component. By inference, Megawati's less than full-hearted embrace of the antiterrorist ideal and Arroyo's reticence in letting American soldiers deal with the likes of Abu Sayyaf and MILF[39] (significantly, Malaysia promised to send a medical mission to Iraq whereas the Philippines withdrew its soldiers following the kidnapping of one of its citizens in July 2004) could be blamed on democratisation/democracy. Whereas the state-centred US approach comes at the expense of regional integration in both empirical (e.g. Singaporean and Malaysian misgivings about Indonesia's determination to fight terrorism) and conceptional terms (i.e. the strengthening of domestic coalitions that are less than fully committed to free trade,) it risks to aggravate internal conflicts with a high cross-border escalatory potential. At the same time, it leaves the „trading state" alternative almost entirely to new players such as China which has been cultivating Southeast Asian partners in the second, non-democratic security complex while luring South Korea out of the first.

If one were to combine this kind of power-balancing approach with the previous analysis of domestic dynamics, the more bellicose elements of the „democratic peace" could theoretically be neutralised by a new transregional coalition using „trading state"-rhetorics (i.e. Asean+3.) At the same time, however, these rhetorics could turn out to be hollow to the extent that „weak liberalising" (Southeast Asian and PRC) domestic coalitions find themselves confronted with „liberalising" coalitions in Japan, South Korea, Taiwan (and possibly the Philippines,) which in turn would inspire a convergence and mutual reinforcement of the „democratic" and „trading state" propositions. For such a development to bring about the regionwide enlargement of the democratic-capitalist camp that the Asian crisis failed to achieve, the US would have to recommit themselves not just to the Clintonian ideal, but to solving the societal root causes of terrorism and other non-military risks.

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38 In 2004 it was reported that Chinese companies had started to realise major investments in North Korea thus encouraging the emergence of a private sector. *Donga Ilbo*, 24 August 2004, as quoted in *Napsnet Daily Report*, 24 August 2004.

39 David Capie, „Between a Hegemon and a Hard Place: The ‚War on Terror' and Southeast Asian-US Relations," *The Pacific Review*, Vol. 127, No. 2 (June 2004,) pp. 223-48.