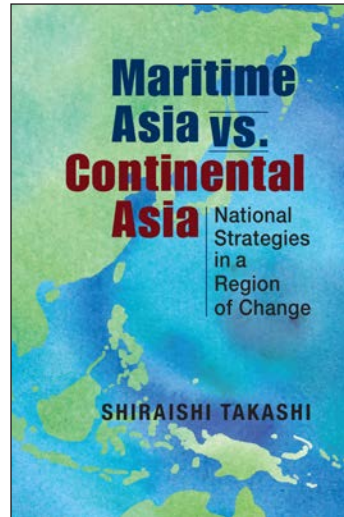


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Maritime Asia vs.  
Continental Asia:  
National Strategies in  
a Region of Change

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# Introduction

**Over the course of the coming four chapters, I discuss a set of questions in connection with history and current affairs in the East Asia/Asia Pacific/Indo-Pacific region and Japan's position within it. Chapter 1 outlines my understanding of the future trends in this region. I want to approach the question in a long-term, say ten- to fifteen-year perspective, up until around 2030. I then examine current events in the chapters that follow and discuss the present situation and future prospects. I look at some of the long-term trends, the current conditions, and the future outlook, while always keeping in mind the history of the region over the past thirty years, from the mid-1980s. I refer to the region with the term *East Asia/Asia Pacific/Indo-Pacific*. I know that this is a convoluted way to talk about the region, but I will explain why I use the term in the course of the pages that follow. For now, suffice it to say that when we try to understand international relations in this vast region from the Pacific to the Indian Ocean, it is important not to be too fixated on any geographical framework. A broader, more flexible perspective makes it easier to understand the dynamics of international relations in the region.**

## **NINETEENTH-CENTURY CIVILIZATION**

Let me start with a quote from *The Great Transformation*, a classic in the social sciences, by Hungarian economic historian and political economist Karl Polanyi. He wrote the book during World War II while living in the United States, his place of exile. It opens with the bold declaration that “nineteenth-century civilization has collapsed.” The book then continues:

Nineteenth-century civilization rested on four institutions. The first was the balance-of-power system which for a century prevented the occurrence of any long and devastating war between the Great Powers. The second was the international gold standard which symbolized a unique organization of world economy. The third was the self-regulating market which produced an unheard-of material welfare. The fourth was the liberal state. Classified in one way, two of these institutions were economic, two political. Classified in another way, two of them were national, two international. Between them they determined the characteristic outlines of the history of our civilization. (Polanyi 2001: 3)

Of these four systems, Polanyi himself particularly emphasized the self-regulating market. He believed that two competing principles drove the history of the nineteenth century: the principle of economic liberalism, which aimed at the establishment of a self-regulating market, and the principle of social protection, which aimed at the conservation of humanity, nature, and productive organization. The tensions and clashes between these principles, he argued, were what had caused such phenomena as imperial rivalries, pressure on currencies and exchange rates, unemployment, and class conflict (Polanyi 2001: 138).

But this interpretation is debatable. I believe that the most important reason for the collapse of nineteenth-century civilization was the rise of Germany and the disruption this caused to the European balance of power. This was an outcome of the development driven by German industrialization from the 1870s onward. Rather than looking to the contradictions inherent in the self-regulating market, I believe it makes better sense to explain the collapse of nineteenth-century civilization in terms of the uneven economic development of the European powers, and the failure to maintain and recalibrate the balance of power. I might also add that from our twenty-first-century perspective, the term “nineteenth-century civilization” is an overly Eurocentric way of putting things; probably a term like “nineteenth-century system” would be more neutral and objective.

In quoting Polanyi on nineteenth-century civilization, however, it is not my purpose to offer a competing explanation for why this system collapsed, but rather to draw attention to Polanyi’s important insight: that during the “long nineteenth century,” from the end of the Napoleonic Wars in the mid-1810s to World War II, what Polanyi referred to as “nineteenth-century civilization” existed in Western Europe, the center of the world system at the time, and that this “civilization” was built on four institutions: the balance of power, the gold standard, self-regulating markets (a market economy), and the liberal state.

## THE TWO SUPERPOWERS AND THE TWENTIETH-CENTURY SYSTEM

What systems provided the foundations for the twentieth-century system that succeeded the nineteenth-century civilization after the latter's collapse? During the Cold War, the bipolar global system was built. The Eastern bloc, centered on the Soviet Union, was built on four systems: imperial control, managed trade, a socialist economy, and the party state. The West, led by the United States, was conventionally known as the "Free World." This too was built on the four systemic pillars: the Pax Americana; a liberal trade system centered on the dollar standard (the dollar-gold standard until the early 1970s) and the General Agreement on Tariffs and Trade (GATT) and eventually, after the end of the Cold War, the World Trade Organization (WTO); the liberal democratic state; and a market economy.<sup>1</sup>

The Eastern bloc dissolved following the collapse of the socialist states in Eastern Europe and the breakup of the Soviet Union. As globalization progressed, the system of the US-led "Free World" appeared to represent the inevitable long-term tendency of world history. Indeed, in the early years of the new millennium, this system seemed set to encompass the entire globe, following US intervention in Afghanistan and Iraq after the terrorist attacks of 11 September 2001. Immediately after the end of the Cold War, Francis Fukuyama spoke of the "end of history," and during the first decade of the new millennium there was much talk of an "American empire." From today's perspective, it is clear that much of this was exaggerated and the product of a passing moment in world history. In fact, as we are well aware now, the twentieth-century system has changed substantially in many ways. The main reasons for this change were the uneven development of the world economy and in particular the economic rise of China and other emerging economies and states. This became clear in the global financial crisis that began with the collapse of Lehman Brothers in 2008. Today, as the global financial crisis recedes into the past, we are aware that global politics and the world economy are undergoing massive changes, even though we do not yet have a good sense of where these changes are taking us. This, I believe, is the "new normal" of the age in which we are living today.

How should we view the changes currently under way in the global system? Or, to put it in more concrete terms, what are the main factors driving these changes, and how are they affecting the global system? These are big questions. On an intuitive level, though, I think there is no question that the main drivers of the changes in the global system, as

Murakami Yasusuke (1992: 351) cogently argued long ago, are industrialization and the technological innovation that underlies it. Industrialization has always taken place unevenly and led to uneven development in the world economy. This means constant changes in the distribution of wealth. Changes in the distribution of wealth lead, sooner or later, to changes to the distribution of power. The balance of power shifts. And this changes the global or regional order. How is this process of change taking place?

Some people hypothesize a “hegemonic shift” and posit that a major war is likely to happen whenever such a shift takes place. But this view perhaps gives excessive importance to the historical fact that US hegemony happened to come about as the result of two world wars. Methodologically, the hypothesis tends to regard states as virtually the sole actors in global politics. This theoretical perspective, which very much simplifies the dynamics of world history, can perhaps be described as “methodological statism.” The major paradigms in international political theory include realism, liberalism, and in recent years constructionism, which looks closely at historically and politically constructed identities. In these terms, it is fair to say that the theory of hegemonic shift tilts rather too far toward realism.

We see evidence of a similar point of view in everyday patterns of speech, when people refer to “Japan” doing such-and-such a thing, or “China” doing this or that. This view is built on an assumption that since there is no such thing as a global government, the world exists in a state of anarchy. Within this anarchical world, states act logically as coherent actors in accordance with their own *raison d'état*: this leads to an assumption that the best way to analyze international politics is to treat each state as if it had its own individual personality.

## **GLOBAL GOVERNANCE AND GLOBAL TRENDS**

The claim that no world government exists is certainly true. But this is not the same as saying that the world exists in a state of anarchy. Nowadays, we often come across references to “global governance.” The phrase should remind us that in fact the world is far from being an anarchy. Although a global government *per se* may not exist, many international regimes are well established. These include the United Nations, as well as the International Monetary Fund (IMF), the World Bank, and the WTO. On a regional basis, there are organizations such as the North Atlantic Treaty Organization (NATO) and the US-led hub-and-spokes Asian security system. Elsewhere, there are supranational and regional organizations like the European Union (EU) and the Association of

Southeast Asian Nations (ASEAN). Numerous systems, rules, and bodies are in place on a global and regional basis, along with the regulations, conventions, and norms that support them. After World War II, the “Free World” came into being, centered on the United States. This was built on four main supporting systems: the US-guaranteed peace (*Pax Americana*), the free trade system centered on the dollar standard (until the early 1970s the dollar-gold standard) and GATT/WTO, the liberal democratic state, and the market economy. After the end of the Cold War, with globalization, this became the dominant system, and looked set to spread across the entire globe. I repeat these historical reminders here to underline the fact that the world is far from being a complete anarchy.

It is also a fact that although individual states may behave as coherent actors in international politics, each state nevertheless makes decisions and takes actions based on a given political process. To assume that states can act and think rationally and logically simply does not accord with the reality.

Also, as many commentators have pointed out, nonstate actors have become increasingly important as globalization has progressed. This is another important implication of the term “global governance.” For example, financial markets are closely connected across the world, and financial bodies, institutional investors, hedge funds, and rating agencies play important roles alongside central banks and governments. In national security too, nonstate actors such as pirates off the coast of Somalia and the Straits of Malacca, al-Qaeda, and drug cartels are important actors that cannot be ignored. Likewise, in aid to developing countries, institutions like the Ford Foundation and the Bill and Melinda Gates Foundation are performing an important role in setting the global agenda alongside the United Nations, the World Bank, the Organization for Economic Cooperation and Development (OECD) and its Development Assistance Committee (DAC), and government bodies. In an age like the present, when production networks spread over a region across national borders, it is impossible for a country to make plans for its economic development strategy without considering how that country can position itself in the transnational value chains.

## **THE SOCIAL SCIENCES AS A WAY OF UNDERSTANDING THE WORLD**

As people go international, moving across national borders more frequently and cheaply, concepts of nationality and immigration inevitably change. In this context, what can only be described as global norms are



in the process of being made and systems are being built, albeit still in embryonic form for now. This is not to say that differences between civilizations will disappear. Nevertheless, changes are under way that go beyond civilizational differences, although admittedly the extent and nature of these changes vary considerably from one region to another. English is becoming a world language, and global norms are being formed that considerable numbers of people around the world accept as valid and legitimate. Globalization, or the revolution in information and communication technology, has shrunk time and space. People, goods and services, money, as well as information and knowledge now cross national borders, and they circulate on a greater scale and with greater speed than ever before. This has led to the formation of different orders in different regions. The nature of nation-states is changing, and non-state actors—including foundations, nongovernmental organizations (NGOs), companies, individuals, as well as organized crime syndicates and terrorist groups—are coming to play an important international role, both positively and negatively. Methodological statism is, I believe, inadequate to help us understand this world. This is not to deny the importance of realism. But it does mean that other paradigms, such as liberalism and constructionism, need to be deployed alongside realism to understand contemporary international relations.

There are two more things I would like to say at the outset on this general topic. The first regards trends in the social sciences in the United States. Since the 1980s, political science education at US universities has become very much systematized and professionalized. Signs of this tendency were already there when I was a graduate student in the United States in the 1970s. This has had important bearings on the work produced by US-trained social scientists. In US graduate schools, the mission of political science departments is to educate a new generation of academics who are capable of teaching political science in US universities. Naturally, this means that the priority in terms of quality control is to ensure that the training provided produces scholars capable of teaching political science classes at a certain level as soon as they have graduated with their PhDs and found a teaching position at a university somewhere in the United States. For this, around two years of coursework is normally required, during which students are introduced to realism, liberalism, and constructionism as the chief paradigms of international political science and study the representative texts and key concepts of each.

When these people come to write their dissertations, they tend to produce work based on these paradigms that looks methodologically sophisticated, but is often not very useful for a reader looking to under-

stand a given political phenomenon. In fact, in many cases, after reading books produced by these scholars, I find myself wondering what I have learned from the experience. They seem to spend a lot of time telling you things you already know. After reading books like these for more than forty years, I have become convinced that the world we live in is simply not amenable to being meaningfully analyzed using paradigms like these. In terms of methodology, I use an approach that Peter Katzenstein, a former colleague of mine at Cornell, calls “eclecticism.” In other words, I combine a variety of perspectives in different ways depending on the subject, and attempt to make sense of international politics and political economy by giving due importance to history. So that is roughly where I stand, methodologically speaking.

Another trend is the tendency to try to explain social phenomena by analyzing general structures that go beyond individuals: by looking at institutions and structures and, in recent years, at the ideas and patterns of thinking shared by the members of a particular society. This is not something I intend to discuss explicitly here, but it is another tendency that has been quite prominent in the social sciences in recent years—particularly among scholars whose approach is based on the study of institutions. Institutions can be designed, and different institutions produce different outcomes. Take elections, for example. If we imagine replacing a current system with an alternative system, it is possible to analyze with a fair degree of objectivity what kinds of changes might occur in the makeup of the elected body as a result. This is attractive, and I expect this focus on institutions and structures to become even more influential in the future. But there is perhaps a tendency with this approach to pay less attention to the question of *how* a person acts within a given system or structure. This means that questions about what or how people think, particularly people in strategically important positions, and what decisions they make, are perhaps downplayed and understudied. But ultimately it is people who run systems. And this means that the question of how we think about structures and people—or structures and agency—is something to which we need to pay careful attention, particularly when analyzing current affairs, even when we don’t discuss it explicitly.

## NOTE

1. This describes the system in Western Europe. In East Asia, it was only in Japan that the combination of a liberal democratic system and market

## 8 *Maritime Asia vs. Continental Asia*

economy was present from the outset. Elsewhere in “Free Asia,” democratization came much later: from the mid-1980s in the Philippines, South Korea, and Taiwan and after the fall of the Suharto regime in 1998 in Indonesia. The extent to which Malaysia and Singapore can be considered as democracies is the source of considerable disagreement even today.