

# THE SINGAPORE PLATE AND GREAT POWER REALITIES: THE IMPACT OF THE EAST ASIAN FINANCIAL CRISIS UPON THE GEOPOLITICAL INFLUENCE OF CHINA AND JAPAN IN SOUTHEAST ASIA TODAY

*Mr. Ricardo Lucio Ortiz, MBA*

Bangkok University International College

## ABSTRACT

Since the dawning of the 1990s, a peculiar synergetic relationship has existed and continues to evolve between ASEAN, China and Japan. For years a prudently maintained balance of power characterized the western Pacific Rim but July 1997 brushed aside convention and ushered in a new era of strategic jockeying. Now the region is in search of leadership.

The underlying premise of this study flows from the observation that the East Asian Financial Crisis has adversely impacted ASEAN's capacity to function as an effective and creditable bulwark of stability (in the geopolitical and geoeconomic sense) and security. As a direct result of this predicament, opportunities and constraints currently exist for external powers – like Japan and the People's Republic of China – to further augment their respective influence throughout the region. Yet simply describing events and processes will not suffice. Examination of pertinent issues such as cause and effect, policy intent and state behavior are requisite ingredients in the development of this report. Thus the overall structure of the paper will be rooted on putting forward rejoinders to two distinct yet corresponding country-specific questions and then subsequently to cultivate analysis of the answers given.

Indeed, the author attempts not only to illustrate the linkage between the East Asian Financial Crisis of 1997/1998 and the foreign policy designs of Japan and the People's Republic of China concerning ASEAN. But also to assess carefully the proverbial "window of opportunity" which exists for Beijing and Tokyo to assert their distinct form of leadership and vision for the future development of the western Pacific Rim. If regional events since the summer of 1997 have proved anything, it is that Southeast Asia continues to be the focus of great power interest and intervention.

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## Significance of the Issue

The decade of the 1990s has witnessed major developments unfold across the breadth of Southeast Asia. From the signing of the UN Comprehensive Political Settlement of the Cambodian Conflict in 1991 to the closure of Soviet and American military bases in both Vietnam and the Philippines respectively and from the rapid enlargement of ASEAN membership to the rising tide of democracy movements, the region has consistently continued to be a microcosm of world trends and events. But the most notable characteristic throughout the early part of the 1990s was the area's spectacular drive towards economic modernization and industrialization as well as its emergence as a new market for global capital investment and trade. Stemming from this growth and prosperity, ASEAN was emboldened in pursuing a proactive, multidimensional policy that spanned the spectrum from assertive engagement with the PRC over the Spratly Islands to the further integration of Southeast Asia into the international economy through participation in APEC. Yet 1997 radically changed not only both the internal political and economic landscapes of ASEAN member states, but also led to a drastic reconfiguration of the region's security/strategic balance. Beginning in Thailand in July 1997, the financial contagion which followed thereafter caused currencies to plunge, business enterprises to fail, banking institutions to close, governments to be overthrown, near anarchy to prevail and foreign investment and confidence to whither across Southeast Asia. From a once promising future to an unknown future, the ASEAN community now is confronted with a plethora of potentially divisive and conflicting agendas which have obligated it as a regional entity to redefine itself so as to better address the challenges of the next century.

Indeed, from an IR/IPE perspective, it is imperative to comprehend fully the parameters of what has occurred recently in Southeast Asia because of four specific reasons:

1) The United States finds itself once more actively and integrally involved in the political, economic and security affairs of ASEAN. Yet the Clinton Administration's policy vacillations from overt negligence to misguided intervention (in concert with the IMF) have demonstrated that Washington lacks both a succinct and inclusive program with regard to its presence in the area.

2) Economic and political uncertainties within the ASEAN sphere have brought to the fore once more how the elite in Southeast Asia perceive their contemporary external environment vis-a-vis the United States, Japan and China, and whether or not the convergence of those three nations in the region will lead to confrontation, cooperation or competition.

3) Equally relevant is the continued geostrategic as well as geoeconomic value of several ASEAN member states to the global financial market environment in general, and to a balanced constitution of interests in the western Pacific Rim specifically.

4) The visible role both Beijing and Tokyo have adhered to since mid-1997 in the promotion of the region's economic recovery and the reestablishment of internal political cohesion within ASEAN. In short, the parallel attempts on the part of China and Japan to enhance their leadership credentials throughout the Southeast Asian community of nations during this hour of transition and crisis.

## Analytical Framework

Since the advent of the 1990s, a peculiar synergetic relationship has existed and continues to evolve between ASEAN, China and Japan. For years a prudently maintained balance of power characterized the western Pacific Rim but July 1997 brushed aside convention and ushered in a new era of strategic jockeying. Now the region is in search of leadership.

The underlying premise of this study flows from the observation that the East Asian Financial Crisis has



adversely impacted ASEAN's capacity to function as an effective and creditable bulwark of stability (in the geopolitical and geoeconomic sense) and security. As a direct result of this predicament, opportunities and constraints currently exist for external powers — like Japan and the People's Republic of China — to further augment their respective influence throughout the region. But simply describing events and processes will not suffice. Examination of pertinent issues such as cause and effect, policy intent and state behavior are requisite ingredients in the development of this report. Thus the overall structure of the paper will be rooted on putting forward rejoinders to two distinct yet corresponding country-specific questions and then subsequently to cultivate analysis of the answers given.

#### **With regards to Japan, the primary interrogative will be as follows:**

To the extent that Japan had commanded great power influence over Southeast Asia prior to the summer of 1997, has the East Asian Financial Crisis been a factor in causing such preeminence to expand or decline, or will it remain constant, and why? What are Tokyo's foreign policy designs with respect to ASEAN?

#### **With regards to China, the primary interrogative will be as follows:**

To the extent that the East Asian Financial Crisis has provided the PRC with a "window of opportunity," does Beijing seek to dominate Southeast Asia, to become *primus inter pares* there compared with Japan and the United States, or merely to augment its influence in the region, or none of the above? Which and why, and if none of those, what are its objectives?

#### **Key Terms/Concepts**

As it pertains to this study, the reader must have a firm idea as to the applicable relevance of the ensuing three appellations: *great power*, *dominance* and *influence*.

Still, it must be pointed out beforehand, that this essay does not revolve around an investigation of hegemonic ambitions by either Japan or the People's Republic of China toward the Southeast Asian realm. Keep in mind that hegemony, as described by the *International Encyclopedia of Government and Politics*, is "the condition in which a single state...is recognized as having superior economic and military capabilities and, hence, predominant political influence as well. The hegemon is at the apex of the hierarchy of state's power in the international system." What's more, the concept of hegemony "is understood in terms of three characteristics generally attributed to the state that is perceived to be the most powerful: capability, willingness to lead, and a high degree of legitimacy." Similarly, the hegemonic power needs to have a strong economy in order to sustain the integrity of its armed forces that, in turn, can safeguard the nation's economic interests.

Actually, neither Beijing nor Tokyo presently possesses the requisite levers to exercise effectively such widespread ascendancy in the region. Thereupon, the locus will be on more manageable and germane terminology.

#### **What exactly is a *great power*?**

In respect to Japan and the People's Republic of China, both nation-states are great powers as a result of their (1) territorial size and location, (2) natural resources and agricultural production base, (3) population size and individual per capita income, (4) trade, commerce and manufacturing sectors together with their concomitant global competitive strength and efficiency, (5) transportation and mass communications infrastructure, (6) educational system, research facilities, as well as scientific and technological prowess, (7) respective military forces and their attendant size, training and equipment which stems from defense spending, (8) financial solvency and currency reserves, (9) active involvement in the international diplomatic



arena, and (10) historical background and the national character of the people. With these power equation components in mind, it is not difficult to discern Japan and the PRC as East Asia's two most senior players compared to their ASEAN neighbors.

### **What exactly is *dominance*? And what are its parameters?**

As far as *dominance* is concerned, the term will be defined in the following manner: *the capacity of one state not only to exercise preponderant geopolitical authority upon either another state or a particular region, but also for that state to have a commanding geoeconomic as well as geostrategic presence throughout its periphery.* By and large, it reflects the ability of either Beijing or Tokyo to restrict not only ASEAN as a regional collective but also individual Southeast Asian countries in the selection, development and implementation of economic policies, diplomatic stratagems and independent national security agendas. Whereas hegemony involves mutual recognition and acceptance of the inherent inequality of the prevailing politico-economic system as well as in state-to-state relations, *dominance* does not incorporate such an element of subservience on the part of the weaker subject vis-à-vis a major power. Indeed, ASEAN members have tended to interpret either Japanese or PRC unilateral leadership as being potentially inimical to their assorted interests, and subsequently have taken measures to maintain systemic balance and to protect their prerogatives as sovereign nations. And yet, the behavior exhibited on many occasions by both China and Japan towards Southeast Asia can most definitely be construed as attempted *dominance*.

### **What exactly is *influence*? And what are its parameters?**

According to the Merriam-Webster Dictionary, *influence* is "the act or power of producing an effect

without apparent force or direct authority," or "the power or capacity of causing an effect in indirect or intangible ways." Whereas the American Heritage Dictionary defines the term as "power to sway or affect based on prestige, wealth, ability or position."

Hence *influence* will be identified as the facility of a particular country to apply a measure of authority and/or leadership over a group of nations or territorial area within which its interests and prerogatives are held to be more or less paramount. This power stems from a multitude of determinants but traditionally it is embedded upon factors such as international standing, level of economic development, domestic political cohesion, military strength and geographical proximity. Contrary to the above denotations, this appropriation of authority and/or leadership by one country over other independent and sovereign states *potentially can be achieved* through direct or forceful intervention in a given sector and/or period of time. If anything, the contemporary geopolitical and geoeconomic landscape of Southeast Asia clearly illustrates this point. That is, in the case of Japan and the People's Republic of China, *presence plus initiative facilitates influence*.

### **Objectives of the Study**

Differences abound, so do similarities. As a student of international relations within the Southeast Asian realm, I have focused most of my scholarship on canvassing the intercourse of historical experience, geography, culture, politics, economics and personalities in the formulation and implementation of foreign policy initiatives, both by resident and non-resident actors alike. With the lingering repercussions of the financial meltdown of mid-1997 in the regional atmosphere, questions have arisen regarding the utility of ASEAN as an organization as well as the vulnerability of ASEAN as a disjointed community to outside forces. Fissures have erupted which have largely invalidated the notion of ASEAN solidarity (for the present moment) as the



regional cooperative confronts its greatest crisis since the Vietnamese invasion and subsequent occupation of Cambodia in 1978. Yet in this climate of extreme fluidity and neurosis, the members of ASEAN are in agreement that reconstruction of their individual economies and restoration of domestic political constancy are of paramount importance. The goals are explicit but neither the way nor the means are apparent. Enter the dragons — Japan and the People's Republic of China.

Specifically, my research paper will be oriented towards a detailed expansion of the following four aims: a) to describe the historical progression of Japanese and PRC diplomacy towards Southeast Asia prior to July 1997 and what issues have been most prominent in the conduct of both Japan-ASEAN and PRC-ASEAN relations; b) to examine the linkage between the contagion of the East Asian Financial Crisis, the weakening of ASEAN as a paradigm of stability and its exposed position to Japanese and PRC geostrategic power plays; c) to analyze how the East Asian Financial Crisis has presented various opportunities and constraints for Beijing and Tokyo in their individual attempts to bolster Chinese and Japanese influence among the ASEAN member states; and d) to tender not only a condensed summary on the impact of the East Asian Financial Crisis upon the strategic interests, regional image and aspiring leadership role of Japan and the PRC in present-day Southeast Asia but also a novice's prognostication on what the future holds for this triangular relationship.

## Literature Review

The overriding purpose of my exposition is to become not only familiar with but also knowledgeable of the intricacies and the dynamics behind present-day Japan-ASEAN and PRC-ASEAN foreign relations by incorporating a multifaceted perspective. It is crucial for objectivity and balance to be observed and attained.

With this in mind, my bibliography draws upon a broad spectrum of literary sources and printed material from Chinese, Japanese, Southeast Asian and Western authors. Moreover, both the scope and emphases of these various publications can be characterized as being cross-disciplinary (e.g. economics, history, international relations) as well as being issue-area specific (e.g. security in the South China Sea). For instance, Asia Falling: Making Sense of the Asian Crisis and its Aftermath (1998), by Callum Henderson, delivers a complete chronological delineation of the East Asian currency devaluations through the incorporation of case studies and policy-level political analysis on the actions and reactions that led to Asia's economic turmoil. Alternatively, Derek McDougall's The International Politics of the New Asia Pacific (1997) illustrates for the reader the roles carried out in the western Pacific Rim by the United States, China, Japan and Russia in the 1990s and underscores key strategic concerns for the future.

After two years of research, what has resulted is that this two-part compilation includes articles from newspapers (e.g. The Nation), magazines (e.g. Beijing Review) and scholarly journals (e.g. Contemporary Southeast Asia). Books such as Japan's Quest: The Search for an International Role, Recognition, and Respect (1997), edited by Warren S. Hunsberger, and Engaging China: The Management of an Emerging Power (1999), edited by Alastair Iain Johnston and Robert S. Ross, are noted in the bibliography due to their value in elucidating the contemporary responses from various countries in the Asia-Pacific arena toward the rise of Chinese power and the ongoing evolution of Japanese foreign policy and its pursuit for "normal" country status. Supplementary information and data also has been procured from websites (e.g. Association of Southeast Asian Nations, the Ministry of Foreign Affairs of Japan, the Ministry of Foreign Affairs of the People's Republic of China) in order to further enhance the credibility of my observations. Other supporting



references (collected while as an exchange student at Thammasat University in Bangkok, Thailand) are discussions and interviews with academics, business consultants, resident diplomats and journalists. My aim here was geared principally towards obtaining a first-hand account of ASEAN as a functioning geopolitical entity and the manner in which both the regional organization and its individual member states have chosen to respond not only to the sudden deterioration of a once stable geostrategic environment but also to the new activism being displayed by Beijing and Tokyo.

Current IR/IPE literature concerning the western Pacific Rim can be grouped into the following four general categories: (1) the East Asian Financial Crisis and its economic, political and social repercussions upon those countries afflicted by the crash of 1997; (2) the ascendancy of China as a global and regional player; (3) the stagnation of the Japanese economy and its concomitant domestic political immobilism; and (4) the emergence of a new security paradigm for the Asia-Pacific and the rapid growth of trans-Pacific multilateralism. Additional Asia-Pacific-related publications also have accentuated the relevance of ASEAN and its need for reform and the drive towards greater pan-Asiatic regionalism.

It can be said that the challenge in the assembly of this manuscript will be to consolidate this multiplicity of opinions, analyses and theoretical approaches into a single, coherent and inclusive product. The topic is novel and so logical convergence of ideas and disciplines is necessary. Still no major publication has delved exclusively into investigating the linkage between the East Asian Financial Crisis and the foreign policy designs of external powers with regards to ASEAN, particularly those of Japan and the People's Republic of China. This paper attempts to demonstrate that correlation as well as to assess carefully the proverbial "window of opportunity" which exists for Beijing and

Tokyo to assert their distinct form of leadership and vision for the future development of the western Pacific Rim. If regional events since the summer of 1997 have proved anything, it is that Southeast Asia continues to be the focus of great power interest and intervention.

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